



Branca International S.p.A.

Sustainability and Awareness Report

2019

ACTING RESPONSIBLY
IN AN INTERCONNECTED WORLD

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Letter by the Chairman

We started working on this new Sustainability and Awareness Report just several weeks before Italy, and the entire world, were overwhelmed by the Covid-19 emergency, leading to a deep and widespread crisis that has affected not only the health and social sphere, but has also had - and will continue to have - a clear effect on the economy. And our values as well.

As in all times of great crisis, the situation we are facing will usher in momentous change: many already speak of a "new normal", a reality to be reckoned with and to which we will have to adapt.

I am deeply convinced, and I have said so many times in the past, that much of what the future holds in store for us depends on the behaviour of each and every one of us: it is, in fact, rather utopian to think that science, politics, economics or religion alone will allow us to face this new reality: it will be equally fundamental to seek a balance within ourselves and with the world around us. I am increasingly convinced that we need a re-evolution of consciousness and a re-discovery of self-awareness: the affirmation of a principle of social ethics that can make us feel interconnected and responsible for each other will allow us to transform the crisis into an opportunity for growth and progress.

In this process, the challenges of sustainability are clearly becoming ever more complex, having to harmonize the challenges of the past with the weaknesses emerging in recent months. But I am certain - and the most recent researches and studies comfort me in this - that in the coming years, also thanks to the drive of the younger generations, there will be an increasing focus on this concept, understood in the broadest possible terms: sustainability not just with regard to energy and the environment, but social sustainability above all. Our behaviour must comprehensively aim at and comply with the concept of sustainability as a re-appropriation of balance in all walks of life.

Which is why I have decided to call this new 2019 report a "Sustainability and Awareness Report", having always been convinced that Awareness is a key word, particularly at this juncture in history, which extends the concept of sustainability to embrace consciousness, self-awareness and interdependence. For a long time now I have been dedicating myself to and talking about the principles of the Economy of Awareness, which have enabled us to successfully lead the company through five generations, with the sixth already in the company, even at the most difficult of times.

Over the years, in fact, grounded on these principles, we have invested in a Code of Ethics and in occupational health and safety, prepared environmental reports, chosen to continue to work in Italy and, while constantly innovating, strived to keep alive the values and traditions of the past, always guaranteeing a high quality product, according to the motto of our founder "Novare Serbando", which translates as "Innovating within Tradition".

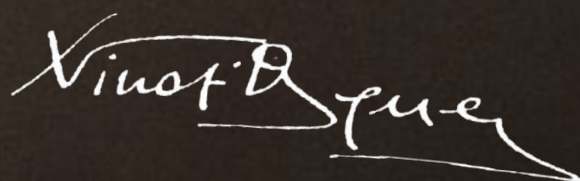
In 2020, we celebrate the 175th anniversary of Fratelli Branca Distillerie and it is there to be seen how much the company has grown since 1845. From my ancestor Bernardino's small workshop in Milan we have burgeoned into a Group with a global vocation, Branca International, which nevertheless maintains strong ties with Italy and the city of Milan. In 2019 we inaugurated a new venture in New York, in the United States, fanning out to include real estate, finance and research alongside our core business, the production and marketing of fine spirits of the highest quality.

During this evolution, however, we have never abandoned the sense of balance that has allowed us to combine economic efficiency, environmental protection and consideration of the social impact of our activities, always committing ourselves to the achievement of long-term benefits for the communities in which we operate. Since taking over the helm of the Group, I have always likened the company to a living organism interrelated with other living organisms. My desire being not so much to build a successful business but a company of value, in which people are seen as an end, not a means, and well-being and happiness are tied with the entire system in which we live, viewing ethics as important as profit to realize a generative value, because a financially healthy company can then nourish the fabric within which it operates.

Our company has always focused on care, which is not just about being good but aiming at synergy: attention to others and the environment, in fact, springs from the soundness of and trust in our deepest nature. People, in particular, have always been at the heart of our thinking and of the Group management; creating relationships based on listening, dialogue and transparency with our human resources, customers, suppliers and all our stakeholders is an essential requirement for ensuring a serene working environment and promoting the success of our organisation. This is why, in recent years, we have multiplied our corporate welfare initiatives, introduced new reporting systems for our partners and developed further projects that promote the concept of responsible consumption and, in general, support healthy lifestyles.

Thanks to our certified Environmental Management System, we have also been able to verify the continuous improvement of the data on energy consumption, atmospheric emissions, the efficient use of water resources and the management of waste and effluents. We are striving, as best we can, to adopt the most innovative packaging and disposal solutions, also through collaboration with recognised partners in the sector.

We are aware of the challenges ahead of us and ready to tackle them with enthusiasm, confiding in the conviction that the right balance of intelligence, passion and grit can turn this new crisis around into a great opportunity and direct it towards the achievement of the common good.



Niccolò Branca
President and CEO
of Branca International

Methodology note

The 2019 Sustainability and Awareness Report of Branca International Group (hereinafter also referred to as "Branca" or the "Group") is a tool for effectively communicating the activities, commitments, performance and results achieved by the Group, as part of our ongoing commitment to sustainability, comprehensively understood in its social, environmental and economic aspects.

Unlike the previous editions of this report, the scope of the reporting, and of the data and information contained herein, includes all the major Group companies: Fratelli Branca Distillerie S.r.l., Fratelli Branca Destilerías S.A., Branca USA Inc., Branca Real Estate S.r.l. and Centro Studi Fratelli Branca S.r.l.. On the other hand, the direct majority and minority shareholdings have not been examined in detail, although they are nevertheless mentioned in the sections on Group composition. Any exceptions to the scope of reporting or specific in-depth analyses are stated in the individual sections.

Among the new elements of the 2019 Financial Statements is the entry into the Group of Branca USA Inc., which started operating that same year, for which reason only the data relating to 2019 have been analysed. There were, however, no significant changes in the organisation, ownership structure and

supply chain.

The 2019 Sustainability and Awareness Report has been prepared in accordance with the "GRI Sustainability Reporting Standards" defined in 2016 (and updated in 2018) by the Global Reporting Initiative (GRI), according to the "In accordance - Core" option, and is in line with the following reporting principles, as established by the standard, for the definition of the content and quality of the report:

- *STAKEHOLDER INCLUSIVENESS*
- *SUSTAINABILITY CONTEXT*
- *MATERIALITY*
- *COMPLETENESS AND ACCURACY*
- *BALANCE*
- *CLARITY*
- *COMPARABILITY*
- *RELIABILITY*
- *TIMELINESS*

The information set out in this report, for the 1 January 2019 - 31 December 2019 reporting period, reflects the principle of materiality or relevance, as required by the GRI Standards. The analysis of materiality and the Group-relevant issues are described in the section on "Business - aware Management - Sustainability issues and materiality analysis".

At the end of the document is the GRI Content Index, which provides comprehensive evidence of the coverage of all GRI indicators associated with the material issues.

In order to allow the comparability of data over time and ensure continuity of reporting, the comparison with the 2017 and 2018 data is shown. Moreover, where useful for a more accurate and clearer representation of performance, the data are presented separately by company/geographical area, while in other cases they are consolidated at Group level.

The data and information contained in the document have been collected through appropriate reporting packages sent to the various Group companies. In particular, most of the environmental data referring to the Italian company Fratelli Branca Distillerie comes from the Environmental Declaration drawn up annually and verified by a third-party certification body. For a correct representation of performance and to guarantee the reliability of the data, the use of estimates has been limited as far as possible and, if present, they are appropriately reported.

The Sustainability and Awareness Report has been prepared by an ad hoc Working Group, whose members represent all the

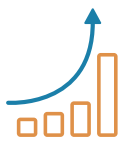
social, environmental and economic reporting areas of the various Branca International Group companies. The entire final document was approved by the Chairman. For this reporting period, the Company has opted not to have the report audited by an external company.

The Sustainability and Awareness Report will be published starting this year and disseminated through the Group's dedicated communication channels, including the website:

www.brancainternational.com



Our key achievements



263,5

million euro
Turnover in 2019

2

manufacturing plants
in Milan and Buenos Aires,
and a commercial company
in the United States



About us

*OUR IDENTITY
AND HISTORY*

Group profile

Branca International S.p.A. is a wholly Italian owned holding company, led by the Branca family for five generations, with the sixth already working in the company: a well-established Italian company that has been operating for 175 years in the alcoholic beverages sector.



VISION

Branca International is an Italian group with an international vocation that operates according to a vision of balance and interdependence of all its activities - from the production and distribution of spirits, to real estate and financial activities - at all levels of production. Branca International kick-starts positive growth circuits within the framework of a single living entity, interconnected both internally and with the external environment, respecting the past, present and future generations.



MISSION

Branca International prides itself as a model of responsible business and, by applying the principles of the Economy of Awareness at both corporate and community levels, aims to promote a definitive alliance between ethics and profit. The Group pursues the objective of enhancing its activities by taking care of its stakeholders, as well as the planet and its resources. Branca International puts sustainability first, in order to achieve lasting profit over time and a model of ethical and responsible development at all levels of business.

The long entrepreneurial history of the Branca family began in Milan, in 1845, with the founding of a distillery, Fratelli Branca Distillerie by Bernardino Branca. The Group's current configuration dates to 1999 and is the result of the re-organization process initiated by the current Chairman and CEO, Niccolò Branca. Branca International Group has maintained its headquarters in Milan and controls the three companies dedicated to the production and marketing of spirits, the nerve centres of the Branca world, namely, the historic Fratelli Branca Distillerie S.r.l., based in Milan, Italy, at the plant in Via Resegone, the Argentine Fratelli Branca Destilerías S.A., based in Tortuguitas in the province of Buenos Aires, and the newly founded Branca USA Inc., its commercial headquarters established in 2019 in New York, USA, with the aim of managing the import, distribution and direct sales of Branca products in North America. Through these three companies, Branca markets its products in 160 countries on five continents: the Milan plant serves the domestic market as well as the European and Asian markets, while the Buenos Aires



production facility is dedicated to the Argentine market and several other South American countries, such as Chile, Uruguay, Paraguay and Bolivia. Thanks to numerous partnership agreements signed over the years, the Group is also involved in the distribution of high-end international products on domestic markets. Branca International Group also operates on the real estate market through Branca Real Estate S.r.l., which holds the Group's real estate assets, including its properties used for industrial, residential, commercial and cultural purposes and its agricultural estates, in Italy and abroad. The international expansion and large-scale growth of Fratelli Branca Distillerie S.r.l., in fact, had prompted the company to invest in production facilities in several European countries, as well as in North and South America (New York and Buenos Aires) in the early decades of the 20th century. The policy initiated by Niccolò Branca, aimed at redesigning the corporate structure, made it possible to convert the unused plants and organize the production and commercial and the real estate operations as separate companies, which are now managed according to a business approach, with the holding company responsible for laying down the strategic guidelines and coordinating operations to foster growth and value creation.

The Group is also active in the financial sector; through the centralised management of financial flows and investments it pursues the twofold objective of (i) facilitating the expansion projects of its subsidiaries - strengthening their presence in the relevant sectors through the acquisition of brands and companies in Italy and abroad - and (ii) diversifying investments, by enhancing the many international relations secured over the years.

Finally, Branca International Group also operates in the cultural sphere through its Centro Studi Fratelli Branca S.r.l., a cutting-edge laboratory for study and research in the field of medicinal herbs which, in addition to guaranteeing the control and quality of all Branca brand products, is also involved in promoting innovation initiatives, such as the Branca Academy, the Branca Museum and the Branca Tower, recently renovated and reopened to the public.

The history of Branca International

FROM CRAFT HERBAL LIQUEURS FOR MEDICINAL PURPOSES TO INDUSTRY LEADER

In 1845, an apothecary, Bernardino Branca, created and started producing, in his laboratory in Milan, and selling a medicinal preparation based on herbs, spices and roots for the treatment of various diseases that were very widespread at the time, including cholera and malaria. This marked the creation of the Fernet-Branca herbal liqueur and the start of the long history of Fratelli Branca Distillerie, the original core of the Branca International Group.

The product was so successful that, in a very short time, the fame of this herbal liqueur had spread throughout Italy and abroad as well. In the space of just a few years, thanks to its great properties, the founder's intuition and the Italian migrant waves that reached unprecedented peaks during the Great Depression, the Fernet-Branca liqueur spread first in Europe and then in North and South America.

In those years, Fratelli Branca soon developed from a craft activity into a successful enterprise, to the point that the original factory in the Porta Nuova

district of Milan had to be extended to meet the demand for the wide range of products that, in the meantime, had been added to the Fernet-Branca and, later, it was replaced by a new plant in Via Resegone, which is still today the Group's production facility. In 1935, the considerable growth in consumption at the end of the 19th century also led the company, which until then had relied on a trusted distributor, to invest in the creation of the Buenos Aires plant and, in 1941, it founded a subsidiary in Argentine called F.lli Branca Destilerías S.A. for the on-site production of the liqueur. In 1982, the Company relocated to the Tortuguitas plant in the province of Buenos Aires, which still today is the headquarters of Fratelli Branca Destilerías, and which has since been transformed into a technologically state-of-the-art alcoholic beverage production plant. Since 2000, the year in which the new Tortuguitas production plant was built, under the strategic guidance of Niccolò Branca as Chairman, with the support of the local management, the Argentine

market has grown significantly. Even during the difficult years of the economic crisis that hit the country, F.lli Branca Destilerías S.A. tackled the emergency with courage and innovation, avoiding staff layoffs and confirming its investments in the company and its development, to the extent that, between 2006 and 2015, it gradually even enlarged the the production facility. The Group's continuous expansion, from the original Fernet-Branca liqueur, has led to the creation of a number of other "historic" brands - such as Stravecchio Branca and Brancamenta - and the expansion of the product portfolio through a policy of acquisitions, extension lines and the entry into other sectors related to its core business. From 1999 to the present day, the strategic and operational decisions adopted by the Group have enabled it to occupy significant new positions in its reference markets and to compete with leading multinationals, protecting the company's independence and keeping the founding family at the helm.



From 1845 to now

MARKED BY INVENTIVENESS AND CREATIVITY



1845

Bernardino Branca invented Fernet-Branca, a herbal liqueur based on a unique and still secret recipe that would make history. From a cottage industry to the opening of the factory in corso di Porta Nuova, in Milan, the foundation of Fratelli Branca Distillerie represents one of Italy's most exciting entrepreneurial adventures, with the distribution of the Fernet-Branca liqueur throughout Italy.

1862

Stefano Branca entered the company, launched several new products and organised the great International Exhibition of 1881 in Milan, which was an immediate success.



1891

When Stefano died, his wife Maria Scala successfully managed the company until their son, Bernardino, came of age.

1895

A new logo was created for the company by Leopoldo Metlicovitz featuring the iconic image of the eagle grasping bottle of Fernet-Branca in its claws as it flies over a globe. A decade later, on 27 November 1905, the logo, which, at the turn of the century, had invaded bars, restaurants and patisserie shops around the world, was officially registered with the Ministry of National Economy.



1907

Dino Branca took over the management and started building the new factory in via Resegone 2, Milan, which is still the current production plant, also housing the company Museum, inaugurated in 1911.

1918

1918 Dino Branca transformed Fratelli Branca Distillerie into a società anonima, an anonymous company, consolidating its capital to 150 million lire, and extended its operations by building factories around the world. After World War I, he was active in the reconstruction and industrial recovery effort. In 1933, he was authorised to use a Pontifical noble title and, in 1938, king Victor Emanuel III granted him the transmissible title of Conte di Romanico, in recognition of his important contribution to industry and social welfare.





1930

The new plant of Saint Louis, in Alsace, was opened.

1932

Two new companies were incorporated, S.A. Fratelli Branca Distillerie in Chiasso (Switzerland) and Fratelli Branca & C. Inc. in New York (USA), where, in 1934, a plant for producing the medicinal Fernet-Branca was opened at 131 Hudson St..



1941

A new company was established in Buenos Aires (Argentina) called Fratelli Branca Destilerías. The Fernet-Branca liqueur was already widely known in the country, thanks to the migration there of many Italians since the end of the 19th century and, given its success, in 1925 the company had licensed Hofer & C. – the exclusive distributor of the product in South America – to produce the liqueur in Argentina using the extract sent from Italy.



1955

Two years before his death, Dino Branca retired as Chairman and was succeeded by his son Pierluigi, who initiated the full recovery and business and communication expansion in Italy.



1965

Pierluigi innovated the company focusing primarily on its Italian operations, launching a novel liqueur called Brancamenta, which combines the beneficial and digestive properties of the original liqueur with a fresh minty flavour. In the United States, he shifted the product from the pharmaceutical to the retail channel.



1981

The Centro Studi Fratelli Branca research facility was founded, for quality control and research on medicinal herbs.



1985

Giuseppe Branca developed the acquisition strategy of historical Italian brands, such as Distilleria Candolini of Tarcento. He established Villa Branca S.r.l., based in Mercatale Val di Pesa, and the Branca product portfolio welcomed new entries, such as the Villa Branca Chianti Classico and Villa Branca Chianti Riserva wineries and an extra-virgin olive oil. The company also entered into an exclusive 29-year concession agreement with the City of Milano for an iron panoramic tower located in the city's Sempione Park called the Park Tower, and renamed the Branca Tower as a result of the operation, in exchange for its restoration at the company's expense. In 1990, he launched the Via Resegone factory expansion project, subsequently dedicated to the Branca Museum.



1999



A holding company, Branca International SpA, founded after the death of Pierluigi Branca: Niccolò Branca, Pierluigi's son, was appointed Chairman and also became CEO of Fratelli Branca Distillerie. Niccolò Branca greatly boosted the overhauling and reorganisation of the Group according to the principle of innovation within tradition, while also starting to look into the concepts of sustainability and corporate ethics, which inspires the work of Branca International. The strategic and operational decisions adopted from then onwards would lead Distillerie to new and significant positions on the reference markets, competing with prime multinational companies. The existing brands were strengthened, new products acquired and extension lines created. The group's operations in Argentina and the US were also strengthened and the entire internationalisation and product diversification process continued and intensified.

2001

Branca acquired the historical Turin-based distillery Carpano, which had invented vermouth in 1786 by adding an infusion of herbs and spices to white muscat wine. The company's production operations were moved to the Milan headquarters of Fratelli Branca Distillerie. Since then the brand has grown continuously, in Italy and abroad, extending its original vermouth market in line with the Branca motto of "innovating within tradition" (Novare Serbando): in the following years, in fact, two new products Carpano Dry and Carpano Botanic Bitter were launched.



2001



This year marked another new entry in Branca's product portfolio with Caffè Borghetti, an espresso coffee liqueur based on the original recipe invented in 1860 by Ugo Borghetti and distributed by the company since 1982.

2002

The restoration of the Branca Tower was completed and it re-opened to the public. This much loved landmark in the Sempione Park features an observation deck at the top and a café at the base.



2004



The old Fernet-Branca distillery of Saint-Louis (France), built in the early 20th century, was transformed into a Museum, the Espace d'Art contemporain Fernet-Branca, which opened on 15 June 2004 and has become part of the cross-border cultural unit with the nearby city of Basel (Switzerland).

2006

Branca Real Estate Srl started operating.



2009



The Branca Branca Museum opened to the public in the heart of Milan, showcasing the history of the company and offering visitors the opportunity to learn about the raw materials, instruments, herbs, roots and spices and production processes, with an insight into how the brand was created and evolved.



2015

Branca celebrated its 170th anniversary, an important milestone for the company, its tradition and its soul. On this occasion the Group unveiled, as its gift to the City of Milan, the newly restyled chimney of the via Resegone plant, decorated by internationally renowned street artists in a blaze of colours and patterns inspired by the herbs and bottles that have secured the fame of Fernet-Branca. The publisher Rizzoli also published the monographic work "Branca, sulle ali dell'eccellenza", acclaimed as the best publication of the year by the Osservatorio Monografie Italiane (OMI) and, last but not least, the Ministry for Economic Development recognised the industrial excellence of Branca by issuing a limited edition postage stamp.

2019

The Branca USA subsidiary was established in New York, for the purpose of managing the import, distribution and direct sale of all Branca products in North America. Yet another step forward in ensuring the group's expansion on the US market.



Oggi

Branca is present in 160 countries on five continents, with a widespread and well-organised distribution network. The company is increasingly engaged in differentiating its offer, expanding well beyond the field of liqueurs and

vermouths, even though the original herbal liqueur invented by its founder continues to represent the core of its business, the secret of a success story that has continued seamlessly for 175 years. The latest new products, unveiled in 2019, are Carpano Botanic

Bitter, which completes the array of aperitifs, and Stravecchio XO. In addition to the production and distribution of spirits, today Branca International Group also operates in the real estate, cultural and financial sectors.

Our values

*FROM OUR MOTTO "NOVARE SERBANDO"
(INNOVATION WITHIN TRADITION)
TO THE PRINCIPLES OF THE ECONOMY OF AWARENESS*



The motto "Novare Serbando" - Innovation within Tradition - handed down from one generation to the next, has always represented the leitmotif of the company's growth, based on quality and innovation yet respectful of tradition, in line with socio-economic developments, market trends and consumer needs. A motto as a nutshell expression of the Company's guiding values which, today, feature alongside the principles of the Economy of Awareness.

The expression "Innovation within Tradition" sums up the way in which Branca International Group manages the present and looks to the future, never forgetting the values that have consistently guaranteed the solidity of the family's industrial and business progress over six generations. In fact, the

"within tradition" part of the motto encompasses the founder's intuition, which started a long tradition of know-how, the expression of an inimitable craftsmanship that is still based on the original unchanged recipes. Innovation, instead, has allowed the company to grow and develop, becoming the success story we all know today.

The keyword and core value of the Group is, in fact, Awareness, which combines and balances profit and ethics and harmoniously brings together the company, its employees and the communities in which they operate. The results of this conscious activity pursued by Branca are superior-class products and a management approach centred on the needs of the local communities.

Our brands

Fernet-Branca, the liqueur invented by the founder in 1845, undoubtedly remains the flagship product of Branca International Group, the secret of its seamless success over a period of 175 years.

However, during this time Branca has also focused on differentiating its offer, expanding well beyond the field of liqueurs and vermouths. In addition to consolidating its historic products (Fernet-Branca, Brancamenta, Stravecchio Branca and, since 2019, Stravecchio Branca XO), the Group has also pursued a policy of strategic partnerships aimed at penetrating new markets

and has expanded its product portfolio through extension lines and the acquisition of other prestigious brands. Hence the acquisition of Borghetti (Caffè Borghetti and Sambuca Borghetti) and (Carpano Classico - "Red" on the Argentine market -, White, Dry, the recent Carpano Botanic Bitter, the historic Punt e Mes and vermouth par excellence Antica Formula), Candolini grappas (a leader in Italy), Sernova vodka (standard and flavoured), Magnamater brandy and Chianti Villa Branca wine.

The products distributed by Fratelli Branca Distillerie include: De Luz cognac,

Nicholson gin, Tobermory, Deanston, Bunnahabhain, Templeton Rye and Southern Comfort whiskies, the Passoã speciality and the prestigious Tsarine Champagne. Furthermore, in Argentina, Fratelli Branca Destilerías distributes the liqueurs Strega and Limone Strega, the renowned wines of the Fabré Montmayou and Infinitus wineries, as well as world-famous whiskies such as The Macallan, The Famous Grouse, Highland Park and Cutty Sark.

The following pictures show the logos of the Branca product portfolio.

THE ORIGINAL BRANCA PRODUCTS AND OTHER HISTORIC BRANDS SINCE ACQUIRED



OTHER BRANDS DISTRIBUTED ITALY



OTHER BRANDS DISTRIBUTED ARGENTINA



LIST OF MAJOR BRANCA PRODUCTS AND THE HISTORICAL BRANDS ACQUIRED:



FERNET-BRANCA

Created in 1845, Fernet-Branca, over the years, has preserved the personality and originality that has enabled it to conquer the five continents. Its secret formula, handed down from father to son, an example of great experience and passion for know-how, has guaranteed the long standing excellence of Fernet-Branca. The recipe features twenty-seven herbs, spices and roots, which confer the product's typical brown colour and are sourced from four continents: rhubarb from China, galanga, camomile from Europe and Argentina, to name but a few. Herbs, spices and roots are processed in alcoholic infusions, extracts or decoctions. The production process requires a year, during which the mixture is left to rest in oak barrels, evolving and refining all its aromatic components. This long process gives Fernet-Branca its inimitable flavour.



BRANCAMENTA

Brancamenta was created in the Sixties, a period of radical change triggered by the economic boom, with a new more individualistic and unconventional way of living and, consequently, a great longing for novelty in all fields, including taste and flavours. In these years, Fratelli Branca Distillerie, thanks to the great and special intuition that has always been its hallmark, decided to research and start the production of a perfect drink for every season and created Brancamenta, which surprises consumers and admirers for the "thrill of intense pleasure" that it releases in every sip. The recipe, composed of herbs and spices, is enriched with the essential oil of Piedmont peppermint, the most prized peppermint worldwide. This produces a high quality, natural and particularly refreshing amaro liqueur.



STRAVECCHIO BRANCA

Stravecchio Branca, the Italian brandy of excellence, is an auteur distillate with a warm and enveloping taste and complex woody notes of dried fruit. Its secret is Fratelli Branca's ability to care for a centenary product that reflects the know-how of its producers. Taste and perfume remain unaltered thanks to the secret of the oak mother barrel, which defines one of the most delicate phases of the production process: the melange of different spirits aged from a minimum of three to a maximum of ten years. The Mother Barrel always contains a third of the mix, a peculiarity that produces the unique bouquet of Stravecchio Branca since 1888.



STRAVECCHIO BRANCA XO (EXTRA OLD)

Comes from the balanced mixture of spirits obtained from the distillation of fine Italian wines and left to rest in oak barrels first and then in the so-called "Mother Barrel". This second phase is decisive and all the components are slowly enriched and harmonized, revealing a complex and balanced personality. It is at this point that spirits aged up to 20 years are added to achieve an elegant, intense and satisfying profile with a particular aromatic nose.



ANTICA FORMULA

This excellent Italian vermouth was created by Antonio Benedetto Carpano, the inventor of vermouth itself, in Turin, back in 1786. Antica Formula has come down to us in its original and unique recipe, thanks to the passion and capacity of Fratelli Bionca Distillerie to keep the product unchanged over the years, with its unique bouquet and unmistakable vanilla notes. This "nectar of the Gods", characterised in taste and aroma by an infusion of carefully selected mountain herbs and spices, including the precious saffron, is produced in limited quantities and packaged in precious blown glass bottles with the reproduction of the original 1786 label.



CARPANO CLASSICO
(CARPANO ROSSO IN ARGENTINA)

Carpano Classico, also called Carpano Rosso in Argentina, was created in the 20th century and is the classic Italian vermouth, with a strong character, citrus notes and persistent flavour. Its bitter-sweetness is perfectly balanced, thanks also to the use of fresh bitter orange peels and burnt sugar, which also gives the product its particular amber colour. In the original recipe, the spicy and citrus notes harmonize and complement the aroma of absinthe, making this classic balanced vermouth perfect for blending.



CARPANO BIANCO

Carpano Bianco was created in the 1930s and is the classic Italian white vermouth, sweet, with a fresh and rich aroma. The aromas and mineral quality of the wines, which make up the blend of Carpano Bianco, are balanced with spicy and citrus notes. It is the Carpano range product featuring the most aromas. The initially sweet taste is immediately replaced by botanical and complex, slightly bitter, notes that make the product pleasant and suitable for any occasion. The main ingredients are fresh bitter orange peel, mace and cinnamon, which confer a peculiar spicy note to the product.



CARPANO DRY

Carpano Dry is characterized by its dry taste, thanks to a lower sugar content than its peers and to a selection of fine Italian wines that allows the product to maintain its organoleptic properties over a long time. Characteristic ingredients of Carpano Dry are Absinthe, cultivated in Italy, in uncontaminated mountain areas, and Origanum dictamnus, a herbaceous plant from the island of Crete that gives the product its typical flavour.



CARPANO
BOTANIC BITTER

Created in 2019, by combining the typical experience of the Carpano brand in choosing and dosing herbs and botanicals with the new consumer needs to enhance classic cocktails, Carpano Botanic Bitter, unique in its kind, is the result of the careful selection of ten aromatic herbs infused according to a craft method to best balance all its botanical components. Its aromatic and balanced taste perfectly marries the Carpano vermouth for preparing quality cocktails such as Negroni or Americano.



PUNT E MES

Punt e Mes has a legendary history. The story goes that in 1870, in the Carpano shop, a stockbroker, in the midst of a discussion with colleagues, ordered a slightly different vermouth with half a dosage of china, using the local dialect "Punt e Mes" (a point and a half). Shortly after, the bizarre origin of the new name was emphasised by a curious custom adopted by the regulars to the shop, who began ordering Punt e Mes with a simple gesture to the waiter, a thumbs up sign (signifying the point of sweetness) followed by a horizontal line drawn in the air with an outstretched hand (signifying the half point of bitterness). This was enough to indicate that the customer wanted a Punt e Mes. Today it is known and appreciated across the world for its correct balance between the intriguing citrus hint of the Carpano range and the bitter notes conferred by china and absinthe. It has an intense red colour streaked with vermillion and its aroma is reminiscent of Port wine, aromatic herbs, toffee and cloves.



CAFFÈ BORGHETTI

Caffè Borghetti is the authentic espresso coffee liqueur from the original recipe created by Ugo Borghetti in 1860, to celebrate the inauguration of the Pescara-Ancona railway line, which in a short time became famous throughout Italy and Europe. With its typically Italian flavour, it reflects tradition and the original processes which have become the hallmark of a culture, a recipe that has remained the same for a long time. A special blend of Arabica and Robusta coffee beans of excellent quality, prepared directly at the production plant in huge coffee pots. Aromatic, with a sweet soft taste and an enveloping flavour, Caffè Borghetti has a rich and intense aroma that is hard to forget and a pleasant aftertaste of espresso coffee, able to conquer everyone in every occasion.



SAMBUCA BORGHETTI

Based on a painstaking selection of star anise flowers, of oriental origin, which guarantee the excellence of its flavour and aroma. Its elegant bottle, with golden decorations, and special name "Sambuca Borghetti Oro", are designed to highlight the uniqueness, preciousness and perfection of the star anise flower. Transparent and crystalline, the nose is sweet, with a soft and delicate taste.



GRAPPA CANDOLINI

Candolini is the smooth and elegant grappa preferred by Italians, acquired by Fratelli Branca Distillerie in 1987. Produced from carefully selected distillates the highest quality, Candolini has widened its presence on the market by launching a range of monovarietal versions, using quality distillates from single grape varieties: "Candolini Bianca", "Candolini Classica", "Candolini Riserva", "Candolini Ruta", "Candolini Gran Miele", "Candolini Monovitigno Moscato Barrique", "Candolini monovarietal chardonnay".



SERNOVA

Sernova is a unique product, right from its name, which comes from a merger of "Novare Serbando", the motto of the Fratelli Branca distilleries (Innovating within Tradition). It is a sophisticated and delicate vodka, a high quality product made in Italian style, the fruit of Branca's wisdom and passion. The production process - which, in Italy, is made from locally-grown wheat - consists of a succession of distillation and filtration phases, during which the vodka is refined and perfected. To guarantee a neutral and pure product, Sernova is also filtered with black diamonds, a unique case in the Argentine market.



MAGNA MATER

The name Magnamater, which means the "great mother", conjures up the "Mother Barrel", a symbol of the century-old tradition of the Branca distilleries, the wooden barrel kept in the Milan plant, one of the biggest and oldest in Europe, which hosts one of the most important stages in the production process. An impressive name that underlines the excellence and exclusive nature of the distillate, the result of a unique process inspired by experience and refinement. The brandy, distilled from selected wines from all over Italy, is left to rest in oak barrels, where it refines with the help of the substances released by the wood and oxygenation. The selection of 7 fine brandies, the oldest of which is aged for 27 years, produces a unique and excellent formula. The subsequent passage in the Mother Barrel allows the aroma and flavour of the spirits to blend together, amalgamating and balancing the characteristics of the blend. The black frosted glass bottle has gold scratches on the label, giving an impression of great sophistication and exclusiveness. Each bottle is numbered and enclosed inside a prestigious packaging with graphics that recall the magnificence of the Mother Barrel. The Branca family coat of arms embossed in the lid and in the details of the seal represent the value of tradition.



VILLA BRANCA

Chianti Classico is a highly aromatic wine with a lively and fragrant fruitiness, a powerful warm taste and a good structure. It is the result of the combination of Sangiovese grapes with the addition of other black grape varieties. Chianti Classico Riserva, the result of prolonged aging in wood and subsequent refinement in the bottle, is characterised by an intense red colour with garnet reflections, a persistent bouquet, a lively and fragrant fruity taste. It has a harmonic flavour and a remarkable structure.

INTERNATIONAL COMPETITIONS AND AWARDS

International competitions, with panels of experienced tasters that award prizes to different product categories, are an important element of the Branca brand strategy. Within the various possibilities, Branca focuses on the world's top wine competitions for the product categories in which it operates. Following is an overview of several of the main awards recently won by products in the Branca portfolio¹

¹ A full picture of the prizes can be found in the Group's website, in the pages dedicated to each product.

PRODUCT	MOST RECENT AND IMPORTANT PRIZES RECEIVED
FERNET-BRANCA	Silver medal – International spirits challenge 2019 Gold medal – Los Angeles International Spirits&Wine Competition 2016
BRANCAMENTA	Silver medal – International spirits challenge 2019 Gold medal – San Francisco World Spirits Competition 2016
ANTICA FORMULA	Silver medal – International spirits challenge 2019 Gold medal – San Francisco World Spirits Competition 2017
CARPANO	Silver medal – International spirits challenge 2019 (Bianco) Double Gold medal – San Francisco World Spirits Competition 2016 (Bianco)
PUNT E MES	Silver medal – International spirits challenge 2019 Double Gold medal – San Francisco World Spirits Competition 2016
BORGHETTI	World Liqueur awards – World's Best Coffee Liqueur 2019
CANDOLINI	Double Gold medal – Los Angeles International Spirits&Wine Competition 2018 Gold medal – Best of Division and Best of Category Los Angeles Gold medal – Los Angeles International Spirits&Wine Competition 2016

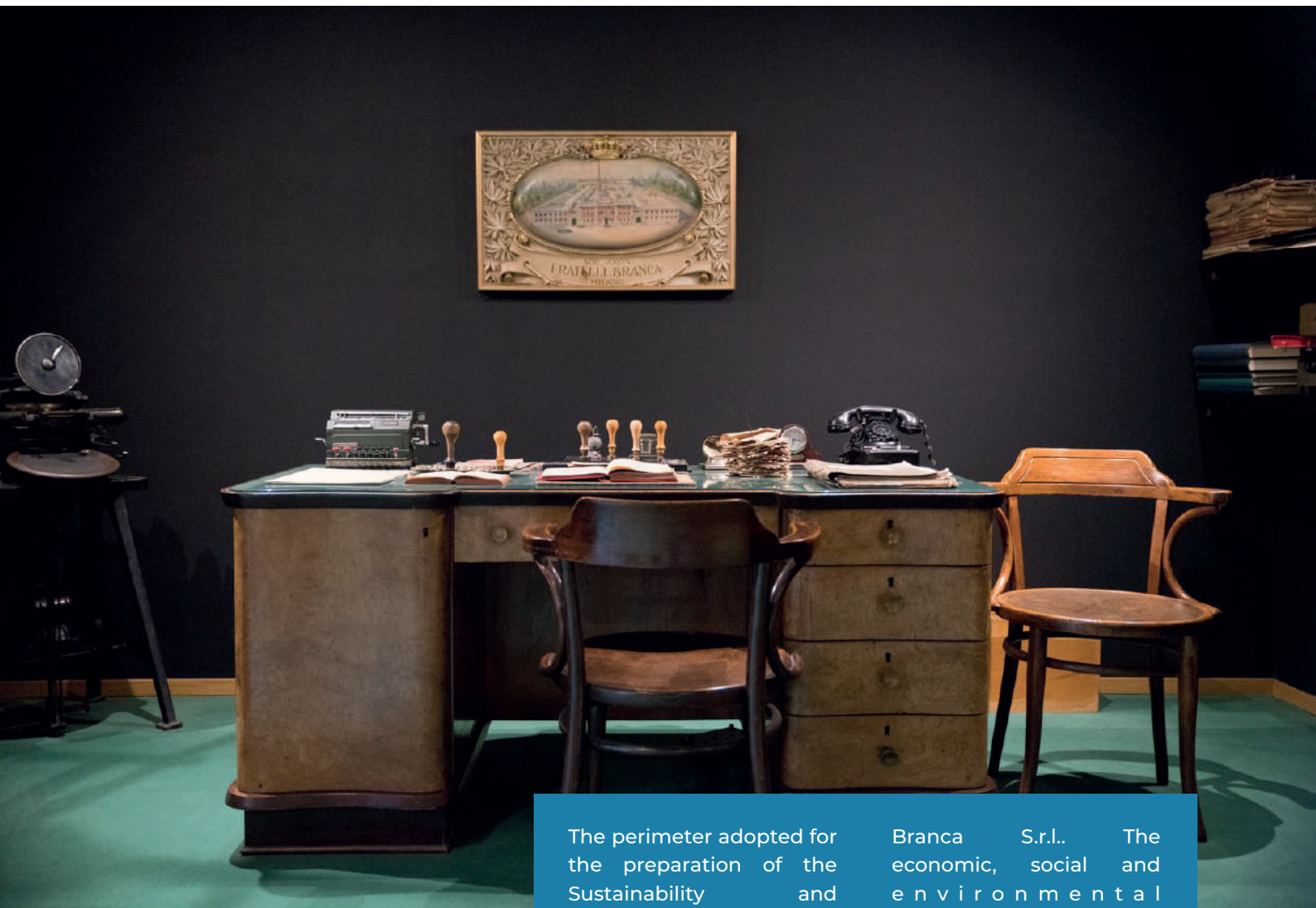
The importance for business of the prizes

AND AWARDS RECEIVED BY BRANCA

Niccolò Branca and Branca International Group have won important awards over the years, such as the prestigious "2007 Results Award" promoted by Bain & Company, Il Sole 24 Ore, Centrale dei Bilanci and Università Bocconi, the awarding in 2007 of an Honorary Professorship at the Faculty of Economics of the Universidad del Salvador, in Buenos Aires, the appointment as Cavaliere del Lavoro by the President of the Italian Republic Giorgio Napolitano in 2011, the recognition of LIDE Italia and the Argentine Consulate for Branca's commitment to building relations between Italy and Argentina, the "Di Padre in Figlio - Il gusto di fare impresa" prize, for the best generational changeover and a special mention for the Financial Performance category in 2013, the International "Aware Leader" prize granted by the Republic of San Marino in 2016 and the appointment, in the same year, as Official Knight of the Order of Saint Agatha of the Republic of San Marino. For two years running, Chairman Niccolò

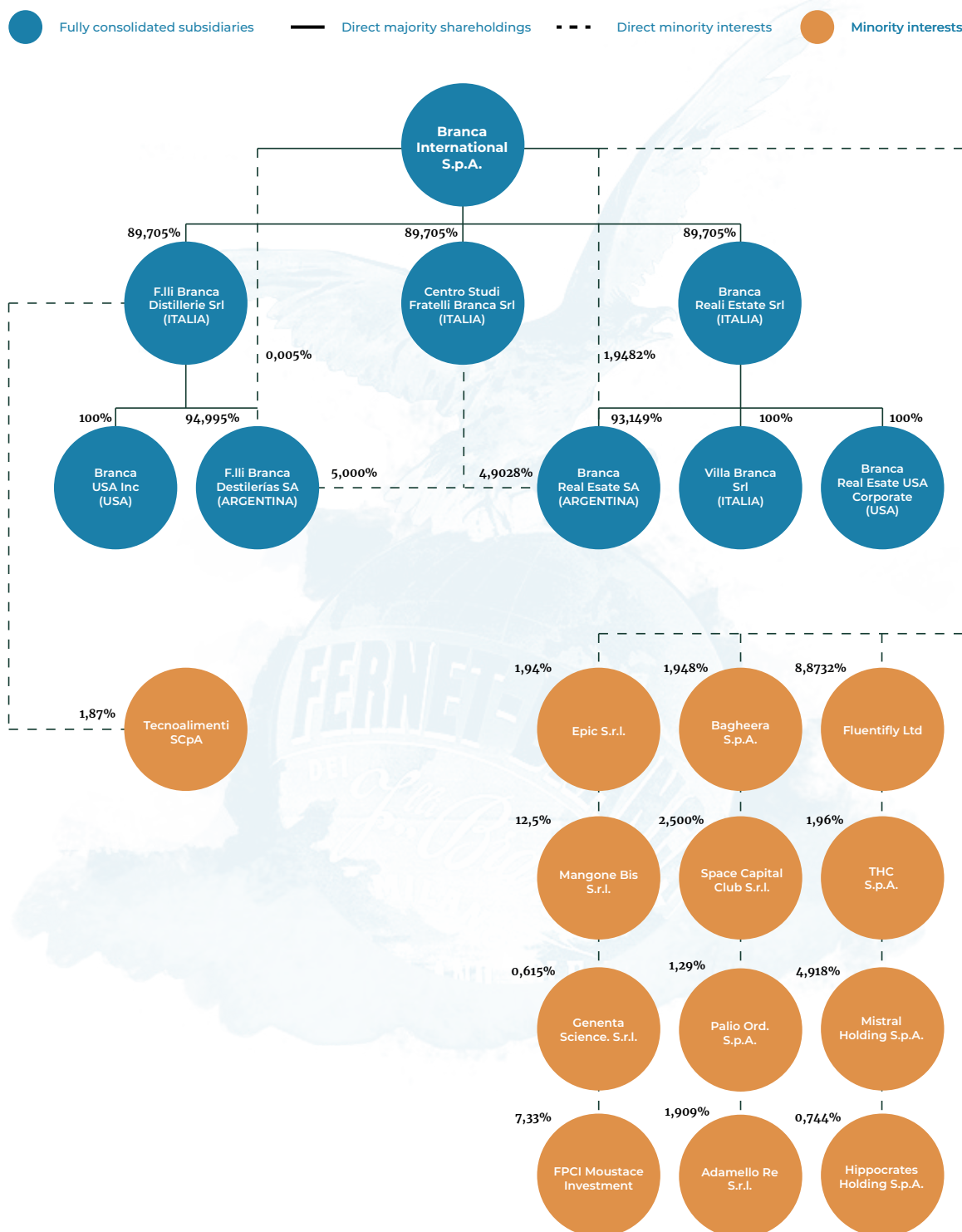
Branca made it into the top three of EY's "Entrepreneur of the Year" award, Global Category in 2008 and Finance in 2009; in July 2010, he was included by the monthly magazine Capital among the Italian entrepreneurs who have made Italy great, receiving the "Golden Book of Italian Entrepreneurship" at an event attended by the Prime Minister. In December 2011, he received the Seal of the University of Parma and in 2016 he was awarded the "Captains of the Year" Award - Lombardy, and the "Growth & Sustainability" Award, special mention, "Business Excellence Award". Last but not least, in July 2019, Chairman Branca received an award from the UADE (Universidad Argentina de la Empresa) for his exceptional management performance and commitment to education and, in December, Forbes and Business International awarded him the "CEO Italian Awards 2019" in the Food & Wine category.

Governance



The perimeter adopted for the preparation of the Sustainability and Awareness Report takes into account both the Group's two production companies, namely, Fratelli Branca Destilerías S.A. and Fratelli Branca Distillerie S.r.l., and then also Branca USA Inc., Branca Real Estate S.r.l. and Centro Studi Fratelli

Branca S.r.l.. The economic, social and environmental performance is reported for all these entities, in accordance with the GRI 2018 guidelines for the definition of the contents of Sustainability Reports.



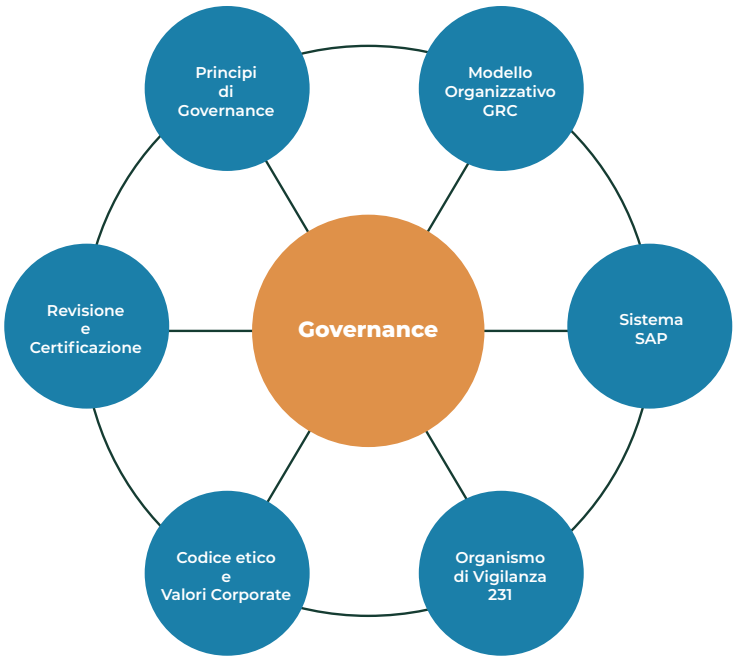
Branca International S.p.A. adopts best practices in terms of Governance and collaborates on an ongoing basis with the management of its part-owned companies, respecting their operational autonomy.

The corporate governance system of Branca International Group is inspired by the principles of fairness and transparency in management and information to stakeholders, which is guaranteed also through a continuous auditing process that ensures their concrete application and effectiveness. Branca has in fact structured its own Corporate Governance

organisation, within which the roles and responsibilities of the professional figures involved in the management and control of corporate processes are represented.

Moreover, in order to guarantee "quality certification" for its activities in favour of the parties with which it interfaces, the Group has adopted a 231 Organisational Model. The key bodies involved in the governance of Branca Group are:

- **Board of Statutory Auditors**
which constantly monitors the activities of the corporate bodies to ensure that they consistently comply with internal directives and the purpose pursued by Branca. Furthermore, it is tasked with safeguarding the company's assets, ensuring the reliability of the data produced and preventing fraud and material errors;
- **Supervisory Board**
(appointed pursuant to Legislative Decree 231/01) which is responsible for supervising the operation of and compliance with the Organisation, Management and Control Model, as well as updating it. The Board is also the recipient of periodical and "event-specific" information flows. The latter, in particular, allow any persons who become aware of possible violations of the Code of Ethics or the provisions of the Model to submit reports to protect the Company's integrity.



The two companies², Fratelli Branca Distillerie and Fratelli Branca Destilerías, have adopted a traditional system of corporate governance, with a Board of Directors ("Directorio" in Argentina), which is tasked with the management of the company, and a Board of Statutory Auditors (with a single member, called the "Sindico Titular" in Argentina) which performs internal control functions, as described above. According to the Articles of Association, the Board of Directors is vested with the widest powers for the ordinary and extraordinary management of the company and has the power to carry out any actions deemed appropriate for the implementation and achievement of the company's purpose. By virtue of the control by the Parent Company, the shareholding structure of Fratelli Branca Distillerie is wholly owned by the Branca family. The current Board of Directors of the Company was appointed by the Shareholders' Meeting on 24 April 2019.

² Fratelli Branca Distillerie and Fratelli Branca Destilerías are audited by a prime auditing firm.

COMPOSITION OF THE BOARD OF DIRECTORS	< 30			30 - 50			> 50			OVERALL		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
FRATELLI BRANCA DISTILLERIE S.r.l.	0	0	0	0	2	2	6	2	8	6	4	10
FRATELLI BRANCA DESTILERÍAS S.A.	0	0	0	1	4	5	9	0	9	10	4	14
BRANCA USA Inc.	0	0	0	1	0	1	2	0	2	3	0	3

As shown in the table above, the Board of Directors of Fratelli Branca Distillerie is made up of 10 members, of which 4 are women, 40%, while there are 14 Directors of Fratelli Branca Destilerías with a 29% female membership, 4 in total. Finally, the Board of Directors of Branca USA is composed of 3 male members. Today, the Board of the three companies is chaired³ by Niccolò Branca, who is also CEO of the Parent Company Branca International.

³ Niccolò Branca is Executive President of Fratelli Branca Distillerie and President of Fratelli Branca Destilerías, as well as, since 2020, President of Branca USA.

LAWFULNESS, TRANSPARENCY, ETHICS AND INTEGRITY

Branca Group is committed to ensuring fairness and correctness in corporate relations in all the countries in which it operates and consistently controls and monitors the adoption, by its partners or third parties, of an ethical and non-discriminatory behaviour, based on respect for the work environment and the personality and

dignity of each individual anywhere in the world.

Branca's commitment to the recognition of its founding values, as a unique heritage capable of spreading a business culture that is conducive to lawfulness, fairness and loyalty, is achieved through various tools that have been introduced over the years:

- a Code of Ethics, drawn up in 2006, following the Group's evolution and expansion, which gathers the core values rooted in the corporate culture that underlies people's actions and defines the commitments and ethical responsibilities of Branca's directors, employees and collaborators, both in conducting business and in managing relations;
- an Organisation, Management and Control Model, established pursuant to Legislative Decree 231/01 (also referred to as the 231 Model), which is tasked with preventing an array of criminal offences, such as those against the Public Administration, corporate and financial offences, crimes against the environment and occupational health and safety;
- a Code of Conduct, which is an integral part of the 231 Model and sets out the rights, duties and responsibilities undertaken by the Group, through its governance bodies and its employees, in the performance of their activities, towards the Group's direct and indirect stakeholders or other interested parties capable of influencing its operations or who are affected by it in any way;
- a Sustainability and Awareness Report, which serves as a further tool made available to the stakeholders for the purpose of disseminating Branca's commitment to upholding its Corporate Social Responsibility policy.

The subsidiaries too are consistently committed to ensuring, in all their decisions, compliance with the applicable local and industry-wide regulations, besides high standards of integrity, transparency and ethics in the management of their business.

In addition to the above, Branca also focuses on ensuring compliance with all regulations applicable to product quality, consumer health and safety, the environment and marketing practices: all areas in which, in the last three years, the Branca Group has recorded no reports or incidents of non-compliance or received monetary sanctions.

Within the Group, there are no companies or operating units based in Countries with low taxation or trade union restrictions. Moreover, in the last three years, no cases of corruption have been recorded and/or reported in any of the companies in which Branca International operates.

THE PRINCIPLE OF COLLABORATIVE MERITOCRACY AND HUMAN RESOURCES MANAGEMENT

The Governance approach adopted by the company has been defined as "Collaborative Meritocracy", i.e. a culture of responsibility and not power, an organisational rationale based on cooperation and the recognition of the merit not only of the individual but of all the people who, with their work and support, contribute to implementing the original idea.

The value of Collaborative Meritocracy is that it encourages the sharing of ideas and proposals and helps develop a strong sense of self-responsibility in individuals, based on the awareness that the benefits and well-being of the company as a whole, and its individual resource, coincide and are intrinsically linked.

Proactivity, assertiveness, accountability, integrity and execution skills are, in fact, the pillars of the company's business, according to a principle of work environment organisation based on the simplification of procedures, the circulation of information, and a culture of collaboration and responsibility.

The human resources management policies also include particular attention to the principles of meritocratic selection and talent attraction and retention. Last but not least, the Group maintains a constant and constructive dialogue with the trade union organisations in all its local entities.



Awareness-based business management

The Branca International Group has grown over the years maintaining its core values, which remain current and valid today. These values are inspired by the principles of the Economy of Awareness reflecting the spirit with which the Group is committed to developing its business, through respect and care of its people. This attention is manifested every day through the initiatives carried out by the various areas of activity: from human resources management, to respect for the environment, to the welfare programmes implemented by Branca for its employees and their families.

The values and guiding principles around which the Group has developed and which have been handed down for six generations include attention to people, seen as an end and never as a means, responsibility for growth, product excellence and quality, a guarantee of

the utmost consumer safety, a commitment to the inclusive development of social and environmental issues in all the processes carried out in the countries where the Group operates.

According to Branca, establishing listening relationships, dialogue and transparency with people are key to guaranteeing a serene working environment and, at the same time, promoting the success of the organisation. The Branca International Group's approach involves the enhancement of its resources and a commitment to understanding their needs and expectations, for example by encouraging the adoption of company welfare projects and initiatives to improve the quality of life and hiring almost always on a permanent basis.

Branca International also pays great attention to respect for the fundamental rights of its employees as an integral part of its corporate culture. In this regard, the Group carries out its most significant operations in Italy and Argentina, countries that have ratified and implemented the UN Universal Declaration of Human Rights and the fundamental conventions of the International Labour Organization (ILO), including the abolition of forced and child labour and respect for freedom of association and collective bargaining.

Regarding its product output, one of the Group's main challenges is to promote the concept of responsible consumption, focusing - through the projects it promotes - on the commitment to spreading a culture of quality drinking that coincides with the pleasure of taste.

Environmentally, we have adopted a certified Environmental Management System (ISO 14001), which recognises the commitment to continuous improvement in terms of energy consumption, atmospheric emissions, the efficient use of water resources and the management of waste and effluents. Furthermore, in demonstrating sensitivity towards environmental issues, Fratelli Branca Distillerie has applied EC Regulation no. 1221/2009 EMAS, which provides for a certification system for the achievement of outstanding results in environmental improvement.

Fratelli Branca Distillerie has also implemented certified occupational health

and safety management systems (OHSAS 18001, later ISO 45001), which were confirmed in 2019 on the basis of appropriate audits. In addition, the Food Safety and Quality Management System, already certified in previous years, in compliance with BRC and IFS standards, has been adapted to the requirements of ISO 22000, the quality standard adopted in 2015. The system set up in accordance with the ISO 22000 standard was audited and confirmed in September 2019.

The Argentine subsidiary, Fratelli Branca Destilerías, has also implemented several management systems such as ISO 22000 and ISO 14001, in addition to developing specific policies.

Moreover, during 2017, the organisation model, already introduced in 2014, in conjunction with a code of conduct and the Code of Ethics, was updated on several occasions with new regulations and company requirements.

It should also be noted that Fernet-Branca and Brancamenta products are Kosher certified.

These aspects, like the others mentioned above, will be discussed in more detail below in the dedicated chapters.

Moving towards the future, Branca is aware of the challenges that lie ahead and that it will only be able to achieve its objectives with the ongoing commitment of its people and by consistently listening to its stakeholders.



Branca's Economy of Awareness

AND CULTURE OF SUSTAINABILITY

Since taking office in 1999, the current Chairman and CEO Niccolò Branca has laid the foundations for the development of the principles of the Economy of Awareness and their application within and across the company: a new entrepreneurial approach that places people at the centre of the Group's thinking and action and in harmony with the environment and the community.

The expression "Economy of Awareness" originates from the etymological meaning of "economy". (from the Greek *oikos* - home, dwelling - and *nomos* - norm, rule), as thriving in harmony with oneself and everything around us, and from the idea of awareness as a sense of limit, as balance, in production, consumption and growth.

The pillars of corporate sustainability for the Branca International Group are based precisely on these principles, i.e. on awareness of the interdependence between economic, social, environmental and human aspects when doing business.

Branca has always worked to maintain a number of fundamental values such as using only natural products and focusing on quality, environmental protection and health and safety at work, and is convinced that profit is essential to make a concrete contribution to collective prosperity, if pursued according to an ethical perspective.

Only by creating profit, in fact, can a company remunerate its staff, pay its suppliers, make investments in research and development, help fund

public services through taxation: if the company performs successfully it can create prosperity for the community as a whole. According to Branca, however, profit must be pursued based on full respect for people, the environment, the local communities and the end consumer, remembering that we are all interconnected, between ourselves and with the natural environment, and that we all share a common goal; it is precisely for this reason that it believes it is its moral duty to also take non-financial aspects into account when considering new business scenarios.

Moreover, the Group shares its objectives with all its people, so that everyone has a clear vision of the goals and the common project they are working to achieve.

Our stakeholders

Stakeholders, according to the definition in the GRI Standards, are defined as entities or individuals that can reasonably be expected to be significantly affected by the organisation's activities, products and/or services or whose actions can reasonably be expected to affect the ability of the organisation to successfully implement its strategies or achieve its objectives. They are the Group's principal focus, the people with whom the Group relates and who are the main reference for its strategic decisions and daily actions.

The development of active collaboration and opportunities for discussion and dialogue with stakeholders are fundamental means for increasing the perception of the Branca International

Group in the external environment and among the interests and expectations of its stakeholders.

In 2020, during the preparation of its new Sustainability and Awareness Report, Branca updated its stakeholder map to better define their relevance and the influence of their expectations on the strategic actions performed by the Group.

Updating the mapping activities has made it possible to identify not only the specific areas of interest for each stakeholder category, in view of the definition of priority action areas, but also new significant stakeholders, in light of changes within the company itself and the context in which it operates.

As also highlighted by the materiality analysis, which will be presented later on, the identification of priority aspects responds to the need to combine and align the business priorities, as far as possible, with the interests expressed by the stakeholders, in order to give prospective depth to the Group's actions.

Branca International is increasingly aware, in fact, that satisfying the needs and legitimate expectations of its stakeholders is an important tool for creating value in all the countries and communities in which it operates.

Clients are the Branca International Group's number one focus: the very success of the single brands and of the Group as a whole depends on our ability to understand their needs and identify the most effective product distribution channels. As the market evolves, it is essential to identify not only the traditional distribution channels, such as large-scale retail and Ho.Re.Ca., but the more recent ones as well, learning how to exploit the potential of the Internet and new technologies.

CLIENTS

The focus on spreading a culture of responsible drinking and the protection of consumer safety through the development of a quality product is a key aspect of Branca International's management policy.

The Group believes that understanding consumer trends and their attitude towards the consumption of alcoholic beverages is essential to ensure that its messages come across in a consistent and responsible manner.

FINAL CONSUMERS

Branca's shareholders are increasingly attentive to how the Group creates sustainable value, particularly in the long term. Corporate social responsibility today plays a strategically important role because, in addition to strengthening the Group's reputation, it is the spirit with which Branca looks to the future.

SHAREHOLDERS

SUPPLIERS

Branca International requires its suppliers to manage their operations responsibly, in line with the Group's ethical standards. Branca also actively collaborates with its entire supply chain in areas of mutual interest, with the aim of establishing relations based on mutual trust and ensuring good business management.

LOCAL COMMUNITIES

Branca has always been an integral part of the communities in which it operates. It is committed on a daily basis to establishing a constant and constructive dialogue with the local communities to understand and satisfy their needs and respond to their demands. The Group also actively promotes cultural and other projects for community improvement.

EMPLOYEES

People, considered as an end and not a means, are Branca International's most precious resource. The Group is committed to enhancing their career paths, protecting health and safety in the workplace and implementing activities that increase the sense of cohesion, for example through welfare programmes.

PUBLIC ADMINISTRATION

Relations with the Public Administration are inspired by the principles of fairness and transparency and are managed with impartiality. The Group acts in compliance with the applicable laws and regulations and adopts an organisational and management model designed to prevent any violation of current legislation and ensure full compliance.

TRADE ASSOCIATIONS

Dialogue with trade associations enables the Group to keep in step with industry trends and develop coordinated initiatives on issues of common interest, such as responsible consumption, which require the participation of several players in order to be effective and cannot be limited to individual companies.

PRESS/MEDIA

Generally speaking, the press and media includes the social media and represent an increasingly strategic player in building solid relations with both customers and end consumers, as well as establishing a real dialogue with the various target groups. Consistent two-way relationship-building and communication activities are based on the principles of transparency and content relevance.

BARTENDERS

The satisfaction of the bartender community, in their broadest sense, is key to creating a preference for Branca portfolio brands over the competition. In this perspective, the communication activities developed by the brands are based on transparency and relevance of content, on providing elements of differentiation and uniqueness, and on enhancing common elements between the brands and the communities of which they are a part.

Sustainability and materiality analysis

The identification of the most distinctive and relevant topics for the business is the key tool for defining value creation strategies, ensuring the implementation of activities and establishing the contents of communication and dialogue with stakeholders. Following the adoption of the sustainability reporting guidelines contained in the 2018 GRI Standard, the Group has identified a set of "material" topics, i.e. the most relevant topics to be included in its reporting.

The process for identifying the sustainability topics for reporting purposes was carried out in three steps, as illustrated below, involving the various souls of the Group and the various countries.

STEP 1

Benchmark analysis

To ensure the consistency of the Branca reporting with the macro-trends and best practices in the industry, a number of general and specific publications on sustainability for the food & beverage sector were examined and a benchmark analysis was conducted on a panel of peers and competitors. Thanks to these activities, we were able to identify an initial long list of sustainability topics of relevance to the Branca International Group.

STEP 2

Topic assessment

For the purpose of limiting the possible topics and identifying those that are material and relevant to the business of Branca, the level of relevance for each topic - both internally and with regards to the key stakeholders - was established by means of an online survey involving 26 persons, including the CEOs and key management positions in Italy, Argentina and the USA,.

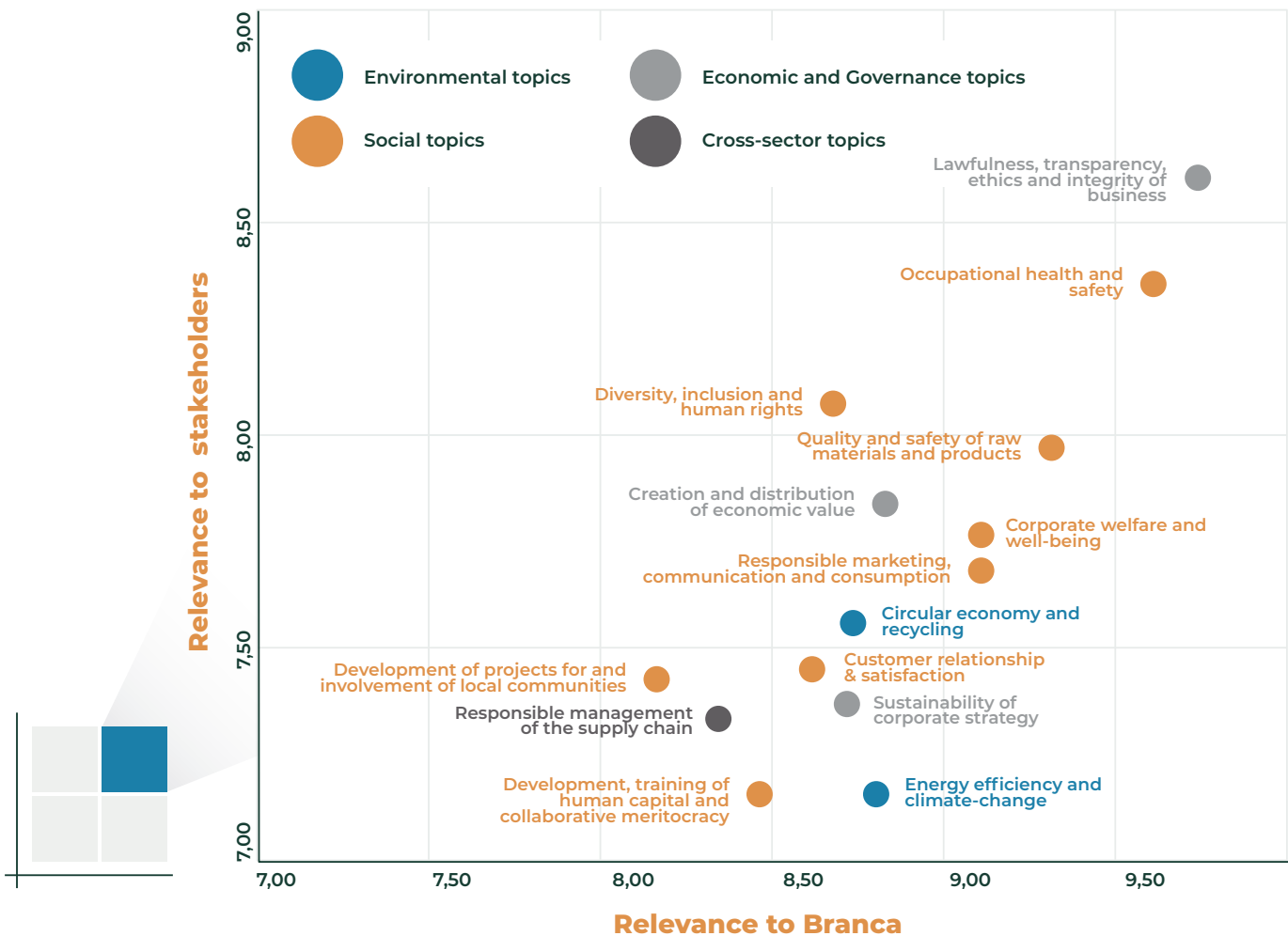
STEP 3

Materiality matrix

Based on the outcomes of the analysis, we then built a materiality matrix containing - in order of priority - the 14 most relevant and strategically important topics for Branca. The matrix, shown below, was shared with and validated by the Chairman's office and a Working Group of the company.

The sustainability topics set out in the matrix represent the "backbone" of the Sustainability and Awareness Report based on which the indicators, data and information to be reported in the document have been defined.

The themes are arranged on the basis of relevance (on a scale from 1 to 10) to Branca (x axis) and to stakeholders (y axis) and are grouped into 4 macro-areas: environmental, social, economic and governance, cross-sector topics.



The 14 topics shown in the matrix above are those that emerged as the most relevant (with a score higher than 7 and therefore of high or very high relevance), ordered on the basis of the relative importance between them. During the analysis, another 9 topics were also assessed, but they obtained lower scores, thus resulting less relevant to Branca International, in relation to the others, and not included in the report.

In detail, the topics are reported according to the appropriate GRI Standard indicators within the different chapters of the Sustainability and Awareness Report, as highlighted below (further details on the GRI indicators are provided in the appendix).

MACRO - AREA	SUSTAINABILITY TOPICS	GRI TOPIC - SPECIFIC DISCLOSURE	REFERENCE CHAPTER(S)
ECONOMIC AND GOVERNANCE TOPICS	<ul style="list-style-type: none"> • Lawfulness, transparency, ethics and integrity of business • Sustainability of corporate strategy • Creation and distribution of economic value 	<p>GRI 201: ECONOMIC PERFORMANCE (2016)</p> <p>GRI 205: ANTI-CORRUPTION (2016)</p> <p>GRI 307: ENVIRONMENTAL COMPLIANCE (2016)</p> <p>GRI 416: CUSTOMER HEALTH AND SAFETY (2016)</p> <p>GRI 419: SOCIOECONOMIC COMPLIANCE (2016)</p>	<p>About us: our identity and history</p> <p>Awareness-based business management</p> <p>Creation and distribution of economic value</p>
SOCIAL TOPICS	<ul style="list-style-type: none"> • Quality and safety of raw materials and products • Customer relationship & satisfaction • Responsible marketing, communication and consumption • Corporate welfare and well-being • Development, training of human capital and collaborative meritocracy • Occupational health and safety • Diversity, inclusion and human rights • Development of projects for and involvement of local communities 	<p>GRI 102: GENERAL DISCLOSURES (2016)</p> <p>GRI 205: ANTI-CORRUPTION (2016)</p> <p>GRI 401: EMPLOYMENT (2016)</p> <p>GRI 402: LABOR/ MANAGEMENT RELATIONS (2016)</p> <p>GRI 403: OCCUPATIONAL HEALTH AND SAFETY (2018)</p> <p>GRI 404: TRAINING AND EDUCATION (2016)</p> <p>GRI 405: DIVERSITY AND EQUAL OPPORTUNITY (2016)</p> <p>GRI 406: NON-DISCRIMINATION (2016)</p> <p>GRI 412: HUMAN RIGHTS ASSESSMENT (2016)</p> <p>GRI 417: MARKETING AND LABELING (2016)</p>	<p>Branca product excellence</p> <p>Our people: profile, well-being, health and safety at work</p> <p>Branca, culture and local communities</p>
ENVIRONMENTAL TOPICS	<ul style="list-style-type: none"> • Energy efficiency and climate-change • Circular economy and recycling 	<p>GRI 302: ENERGY (2016)</p> <p>GRI 306: EFFLUENTS AND WASTE (2016)</p>	<p>The environment: sustainable business and impact mitigation</p>
CROSS-SECTOR TOPICS	<ul style="list-style-type: none"> • Responsible management of the supply chain 	<p>GRI 102: GENERAL DISCLOSURES (2016)</p> <p>GRI 204: PROCUREMENT PRACTICES (2016)</p> <p>GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT (2016)</p> <p>GRI 412: HUMAN RIGHTS ASSESSMENT (2016)</p> <p>GRI 414: SUPPLIER SOCIAL ASSESSMENT (2016)</p>	<p>Branca product excellence</p>

In the future, the definition of these topics will become the main tool adopted by the Group for the preparation of sustainability policies and strategies, to grasp changes in the space/time environment in which we operate and to identify areas on which to turn the spotlight of our stakeholder engagement activities. Consequently, these topics will be included in our disclosures, including those of a non-economic and financial nature.

Branca and the 2030 Agenda

THE UN SUSTAINABLE DEVELOPMENT GOALS


In 2015, the United Nations approved the Global Agenda for Sustainable Development, which consists of 17 Sustainable Development Goals (SDGs), linked to 169 targets and over 240 indicators for monitoring, to be achieved by 2030. Given the level and breadth of the goals, the



implementation of the Agenda requires the strong involvement of all components of society, from businesses to the public sector, from civil society to philanthropic institutions, from universities to research centres and information and culture professionals.



Beginning with the 2019 edition of the Sustainability and Awareness Report, Branca International has decided to refer to the SDGs, and in particular to the targets most affected by its activities, in order to fit our sustainability objectives and performance within a broader and more ambitious framework, consistently with the Group's way of doing business and understanding development.

This report is the first step towards the achievement of the UN Sustainable Development Goals, with a view to progressively integrating them within the Group's strategy and reporting, and ultimately to highlighting the contribution of the Branca International Group to their achievement.

	DESCRIPTION OF THE GOAL	SUSTAINABILITY TOPICS OF BRANCA INTERNATIONAL*	RELATED SDG TARGETS
 <p>3 GOOD HEALTH AND WELL-BEING</p>	Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none"> • Quality and safety of raw materials and products • Responsible marketing, communication and consumption • Occupational health & safety • Development of projects for and involvement of the local communities 	<ul style="list-style-type: none"> • 3.5 Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol • 3.6 By 2020, halve the number of global deaths and injuries from road traffic accidents
 <p>4 QUALITY EDUCATION</p>	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<ul style="list-style-type: none"> • Development, training the human capital and collaborative meritocracy 	<ul style="list-style-type: none"> • 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
 <p>5 GENDER EQUALITY</p>	Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> • Corporate welfare and well-being • Diversity, inclusion and human rights 	<ul style="list-style-type: none"> • 5.1 End all forms of discrimination against all women and girls everywhere • 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	Ensure access to affordable, reliable, sustainable and modern energy for all	<ul style="list-style-type: none"> • Energy efficiency and climate-change 	<ul style="list-style-type: none"> • 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<ul style="list-style-type: none"> • Creation and distribution of economic value • Sustainability in corporate strategy • Occupational health & safety • Responsible management of the supply chain 	<ul style="list-style-type: none"> • 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services • 8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> • Circular economy and recycling 	<ul style="list-style-type: none"> • 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse • 12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle

	DESCRIPTION OF THE GOAL	SUSTAINABILITY TOPICS OF BRANCA INTERNATIONAL*	RELATED SDG TARGETS
	Take urgent action to combat climate change and its impact	<ul style="list-style-type: none"> • Energy efficiency and climate-change 	<ul style="list-style-type: none"> • 13.2 Integrate climate change measures into national policies, strategies and planning
	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	<ul style="list-style-type: none"> • Lawfulness, transparency, ethics and integrity of business 	<ul style="list-style-type: none"> • 16.5 Substantially reduce corruption and bribery in all their forms

* The topic “Customer relationship & satisfaction” is not linked to any SDG



Creation and distribution of economic value



Year after year, Branca continues to export quality Made in Italy brand products and its model of awareness business worldwide, pursuing a strategy based on the following strategic levers:

THE STRATEGIC LEVERS OF BRANCA

- OUR BRANDS
- OUR HERITAGE, BUILT UP OVER 175 YEARS ON THE MARKETPLACE, WITH IMPORTANT AND INNOVATIVE ADVERTISING TOOLS
- OUR HIGH STANDARDS OF PRODUCT QUALITY: RAW MATERIALS, PRODUCTION PROCESS AND QUALITY CONTROL SYSTEM
- OUR UNIQUE PRODUCTS, THE RESULT OF SECRET HISTORICAL RECIPES
- OUR "MADE IN ITALY" BRAND KNOW HOW
- OUR CRAFTSMANSHIP IN THE WORLD OF SPIRITS SHINES A LIGHT ON THE PRODUCT, BUT ALSO THE PERSONALITY OF TASTE, MAKING IT ACCESSIBLE TO EVERYONE
- OUR GEOGRAPHICAL EXPANSION OVER THE YEARS SINCE THE ESTABLISHMENT OF THE BUSINESS IN THE MID-19TH CENTURY
- OUR PEOPLE-CENTRED APPROACH, VIEWING PEOPLE AS AN END AND NEVER A MEANS, ACCORDING TO THE BROADER RATIONALE OF "COLLABORATIVE MERITOCRACY"



The Branca International Group operates according to an increasingly international mission, continuing along the path opened up over many years and recently further confirmed by the establishment of Branca USA activities in 2019.

Against this backdrop, without prejudice to the appreciation for Italian products and to the widely-recognised quality of Branca products, the economic results can also be influenced by external variables over which the management has no control, as described in detail in the following pages.

During 2019, the Branca product portfolio management confirmed the strategy of continuing to focus on existing and traditionally strong products, such as Fernet-Branca and Brancamenta, and on the vermouth and aperitif segment. This segment continues to attract particular interest from consumers, in both the domestic and the international markets in which the Group competes. Moreover, during the year two new products were launched on the Italian market - Stravecchio XO and Carpano Botanic Bitter, discussed in more detail in the following chapter - and two on the Argentine market, Vodka Sernova and Brancamenta Ricetta Italiana. Furthermore, the portfolio of distributed products has acquired a number of high-value whisky brands, albeit with limited volumes, and a gin brand to complete the range.

In terms of management and innovation, the Group's important digitisation programme, launched in 2018, continued to be implemented in 2019. The programme consists of several cross-functional project strands that have involved a number of companies across the Group, with the main aim of re-engineering, simplifying and automating key business processes and streamlining operations, while improving performance and service level, both internally and externally, through the timely and continuous sharing of information and KPIs.

Among the most important events of the year, the most challenging project was undoubtedly the replacement of the historic American distributor with the establishment of the Branca USA Inc. subsidiary. The decision was taken at the end of 2018, but it was only after the termination of the exclusive arrangement with the historic distributor that it was possible to start distributing our products in the United States, at first by means of indirect imports and then by importing them directly. The new company, wholly owned by Branca International S.p.A., was initially responsible for managing the commercial aspects and continuing to implement the marketing strategy and, once the necessary licences had been obtained, to import directly from the parent company, incorporating the margins previously allocated to the distributor. At the end of the year, the figures presented

by the new company confirmed the soundness of the decision taken and the strategy adopted.

The newly established company immediately proved capable of adapting its business model to the new regulations put in place by the US Government, which include the increased tariffs and duties applied directly to products. Branca USA is committed to creating the foundation for solid, sustainable and lasting growth by drawing up annual business plans to ensure that the US subsidiary succeeds in the market and creates economic value by hiring the best talents in the industry and building solid partnerships with distributors, clients and marketing agencies. Overall, the following further development objectives of Branca International Group, within the same country/brand perimeter, can be highlighted:

- **continuation and consolidation of the Group's international operations;**
- **deseasoning and deregionalisation of consumption of certain brands;**
- **extension of the product portfolio to customers already served;**
- **extension of the served customer base.**

Group financial highlights

The Group-wide operating results are presented in the following summary tables, which show the 2019 highlights of the consolidated Balance Sheet and Income Statement of the Group companies, namely Fratelli Branca Distillerie S.r.l., Fratelli Branca Destilerías S.A., Branca USA Inc., Branca Real Estate S.r.l and Centro Studi Fratelli Branca S.r.l., compared with the two previous years.

KEY ITEMS OF THE INCOME STATEMENT	CONSOLIDATED FIGURES		
AMOUNTS IN KEURO	2017	2018	2019
Revenues	362.931	273.238	263.533
EBITDA	135.497	91.445	78.666
Operating result	130.805	85.182	71.726
Net result	76.639	57.541	55.894

In recent years, at the consolidated Group level, the main Income Statement items (Revenues, EBITDA, Operating result) have been influenced essentially by external variables, in particular the effects of the depreciation of the Argentine Peso.

The Argentine economy, in fact, for two years in a row recorded a high inflation rate (^{53.8%}) and a currency devaluation (^{59.2%}), with a significant negative impact on the purchasing power of consumers and the level of consumption⁺. As at 31 December 2019, FMCGs (such as packaged food, beverages and other consumables) had fallen for 18 straight months and had contracted by 7.3% compared to the previous year. The aperitifs category in Argentina decreased by 18.5% in the same period.

Despite the difficulties of an unfavourable environment, the company policy based on the production and sale of quality and premium-priced products and adequate cost control management enabled Fratelli Branca Destilerías to achieve and maintain a gross profit and positive operating result.

The main items of the consolidated Balance Sheet (Current Assets and Shareholders' Equity) are presented below and show an increase in values over the three-year period and a drop in payables.

KEY ITEMS OF THE BALANCE SHEET	CONSOLIDATED FIGURES		
AMOUNTS IN KEURO	2017	2018	2019
Current assets	570.521	584.951	616.057
Shareholders' equity	527.173	580.015	622.189
Payables	100.655	69.030	63.558

⁺ Source: INDEC
(Instituto Nacional de
Estadística y
Censos)/Ecolatina

Direct economic value generated and distributed

The table below shows the reclassified highlights of the Group's Consolidated Financial Statements, according to the GRI Standard, in order to identify the direct economic value generated by the Group's production activities - equal to revenues from sales and other revenues - and its distribution among some of the main macro-categories of stakeholders. After a stable trend in the previous three years, between 2017 and 2019 the economic value

generated (totalling about € 263.5 million in 2019) dropped, mainly as a result of the reasons highlighted in the previous paragraph, which is also reflected in a reduction in the economic value distributed (totalling about € 216.0 million in 2019), although lower in proportion to that of the economic value generated thanks to the cuts in business costs and also due to the decrease in raw material costs.

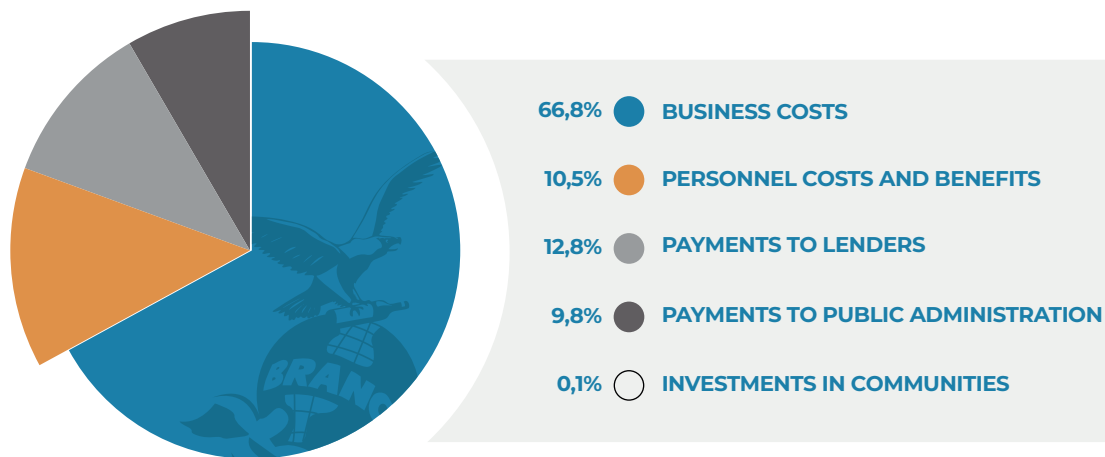
KEY ITEMS OF THE CONSOLIDATED INCOME STATEMENT

CONSOLIDATED FIGURES

AMOUNTS IN KEURO	2017	2018	2019
<i>Economic value directly generated</i>			
<i>Revenues</i>	362.931	273.238	263.533
<i>Economic value distributed</i>			
<i>Business costs</i>	201.832	154.287	144.159
<i>Personnel costs and benefits</i>	26.880	17.139	22.707
<i>Payments to lenders</i> ⁵	22.273	32.455	27.649
<i>Payments to Public Administration</i>	47.540	20.838	21.238
<i>Investments in communities</i>	465	323	294
<i>Total economic value distributed</i>	298.990	225.042	216.047
<i>Economic value retained</i>	63.941	48.196	47.486

⁵ The item "Payments to lenders" only considers the proportion of dividends distributed outside the Organisation.

DIRECT ECONOMIC
VALUE GENERATED
AND DISTRIBUTED

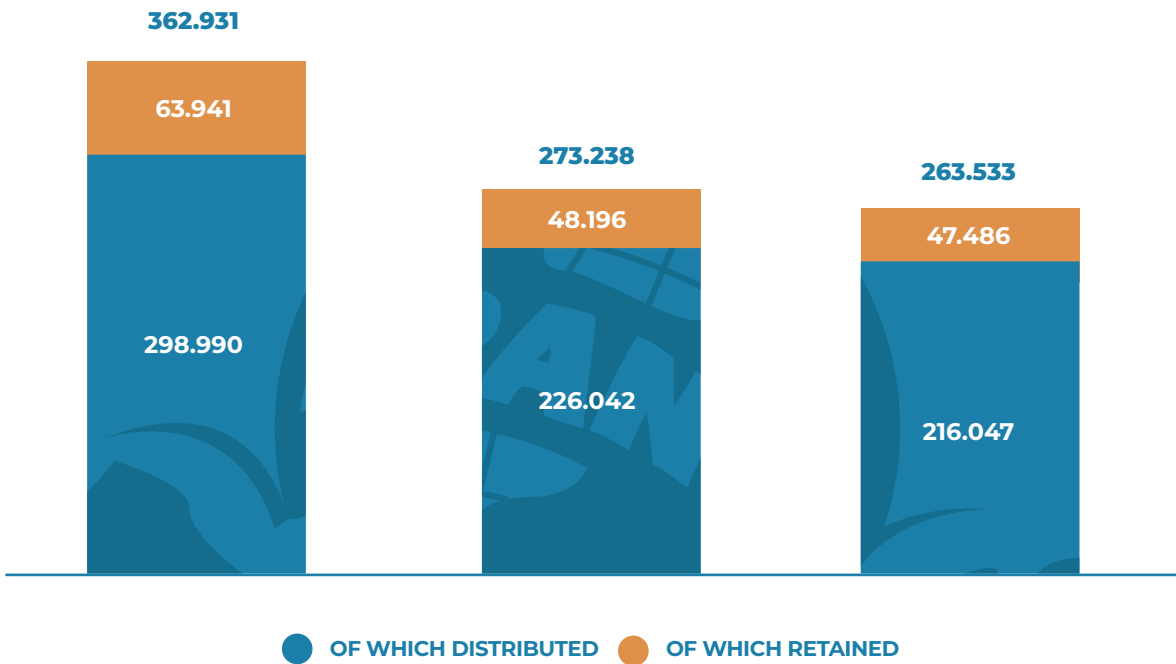


Specifically speaking, as efficiently represented in the pie chart on the right, the economic value distributed was primarily allocated (66.8%) for business costs incurred to purchase goods and services (production costs, payments to suppliers) and, to a lesser extent, for the employees' wages and salaries, and the remuneration of lenders, the State (taxation), and investments in Communities, for example, through grants and donations. Throughout 2019, the economic value distributed remained relatively stable

compared to 2018, although it dropped more significantly if compared to 2017.

Overall, the economic value retained, equal to the economic value generated less the economic value distributed totals approx. 47.5 MEuro, stable by comparison with the previous year.

ECONOMIC VALUE GENERATED (KEURO)



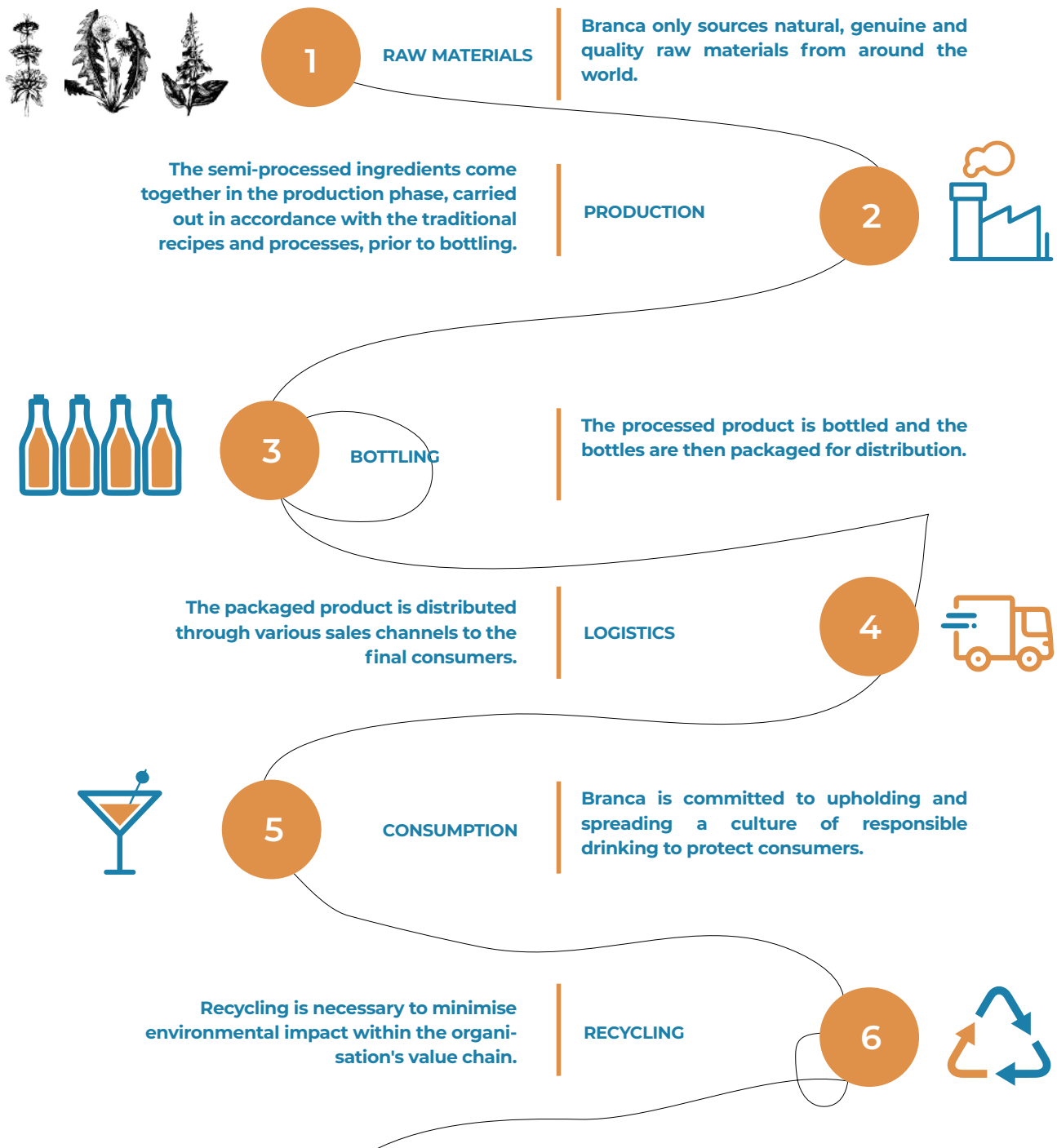


Branca product excellence

Quality and innovation Made in Italy, in accordance with tradition, are the values that have always distinguished Branca products, making them unique and therefore very appreciated worldwide. In order to meet increasingly higher quality standards and offer consumers superior class products, Branca carefully oversees the entire production process and collaborates closely with all the suppliers involved. This collaboration is all the more fundamental as the sources of supply of raw materials,

especially aromatic plants, are distributed on four continents.

The careful selection of the various ingredients used in the production process, as well as respect for the traditional recipes, handed down from one generation to the next and never altered, have enabled Branca International to guarantee strict quality controls up and down the entire production chain.



Responsible management of the supply chain

The Branca International Group views its supply chain as a fundamental asset for guaranteeing the quality of its products. Suppliers, in fact, are considered strategic partners in the creation of value and the development of a superior product that comes from high quality raw materials. The search for suitable suppliers qualified to meet the high production standards requires the establishment of stable and long-lasting business relationships with entities from all over the world.

The Group is committed to constantly exploring new sourcing opportunities, maintaining relationships with alternative and complementary partners, with regard to the supply of specific goods. The selection of new suppliers is therefore a particularly sensitive activity for Branca, both to guarantee the quality of its products and to ensure the creation of relationships with suitable parties.

Branca is committed to implementing a strict selection process based on economic, environmental, social and local criteria and aims, where possible, to establish partnerships that can guarantee long-term supplies and relationships based on the principles of equity, transparency, fairness and mutual trust.

The supplier selection process envisages the following steps:

- general technical pre-assessment;
- assessment of the necessary qualifications based on the production requirements;
- analysis of the key economic and financial highlights;
- analysis of the standards adopted by the supplier on a voluntary basis;
- assessment of the supply.

When selecting suppliers, a particularly sensitive element - also considering the geographical extension of our supply chain - is the respect of local regulations, including those on human rights, by the parties operating outside the company perimeter. Attention to compliance with these provisions is constant and continuously updated in relation to regulatory developments. In the Branca International Group, all our partners selected as official suppliers are located in countries that have ratified the main ILO and UN conventions, and whose legislation already independently treats human rights violations as offences.

In addition to strictly complying with these regulations, Branca is also responsible for disseminating the values and principles expressed in its Code of Ethics to its suppliers and for periodically checking its correct application. Suppliers are in fact required to sign our Code of Ethics and to undertake to comply with it as a general condition of contract.

Furthermore, regarding supplier selection, the Group prefers suppliers who have their own business continuity plan, who guarantee full compliance with the specific and restrictive taxation envisaged by the alcoholic beverages sector and who have timely and effective management of non-compliance.

The supplier selection stage is followed by the establishment of a collaborative relationship and the assessment and monitoring of the supplier's performance and compliance with the

contractual conditions. The latter activities include sampling and laboratory analysis, conducting periodic audits on suppliers and assessing any non-conformities that may emerge.

Following is a list of the main goods and services sourced by the Group, primarily in Italy and Argentina:

- dry raw materials (e.g. herbs, spices, roots, natural flavourings);
- alcoholic raw materials (e.g. alcohol, wine spirit, grape marc spirit, wine);
- packaging materials (primary, secondary);
- ancillary materials;
- promotional materials (e.g. point-of-sale material, gift on pack);
- logistical services;
- machinery and plants;
- automation services;
- general services;
- production support services;
- company vehicle fleets.



FOCUS COFFEE BEAN SUPPLIES

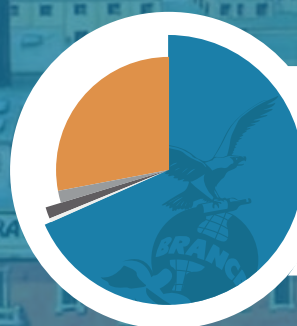


Branca's partner coffee bean producer is consistently attentive to technological innovation and to compliance with the national and international regulations for the protection of the environment and consumers, and has taken the following steps to confirm compliance with its procurement commitments:

- implementation of a Quality System according to the ISO 9001 standard, which involves the entire production chain with the aim of guaranteeing high quality standards and greater customer satisfaction (ISO 9001 Certification - Regulation 02);
- adoption of the "Organisation, management and control model" in accordance with Legislative Decree 231/01: although it is optional, the adoption of this model is considered an opportunity to strengthen the control system and make the resources employed more aware of crime prevention;
- adoption of a Code of Ethics to guarantee transparency and fairness in business relations.

The following pages present qualitative and quantitative information about the supply chain of Fratelli Branca Distillerie, Fratelli Branca Destilerías and Branca USA. The latter, not being a production plant but a distribution company, has a more limited number and type of suppliers and differs from the Italian and Argentine companies.

Fratelli Branca Distillerie



Value of orders
by geographical
area in 2019 (%)

69,0%	ITALY
28,2%	EUROPE (EXCEPT ITALY)
1,4%	ASIA
0,7%	AFRICA
0,6%	ARGENTINA
0,1%	AMERICA (EXCEPT ARGENTINA)

In 2019, Fratelli Branca Distillerie had a total of 72 suppliers. The pie chart on the right features a breakdown of the value of orders by geographical area.

The company procures a part of its raw materials through

brokers, with which Fratelli Branca Distillerie collaborates to guarantee the highest quality. The brokers, engaged in respect of certain types of materials, are tasked with monitoring the market and purchasing from

suppliers offering the best raw materials on the market, in the reference period. This means that, for certain materials, the supplier/broker may be based in a different country from the country of origin of the raw materials.

NUMBER OF SUPPLIERS AND VALUE OF ORDERS⁶ PLACED BY GEOGRAPHICAL AREA (FRATELLI BRANCA DISTILLERIE)

	2017		2018		2019	
	SUPPLIERS	ORDERS (%)	SUPPLIERS	ORDERS (%)	SUPPLIERS	ORDERS (%)
TOTAL	86	100,00	70	100,00	72	100,00
<i>Italy</i>	64	79,3	52	55,2	57	69,0
<i>Europe (except Italy)</i>	19	16,2	14	42,3	11	28,2
<i>Argentina</i>	1	0,3	1	0,3	1	0,6
<i>America (except Argentina)</i>	0	0,00	0	0,00	1	0,1
<i>Asia</i>	1	3,6	2	1,6	1	1,4
<i>Africa</i>	1	0,6	1	0,6	1	0,7

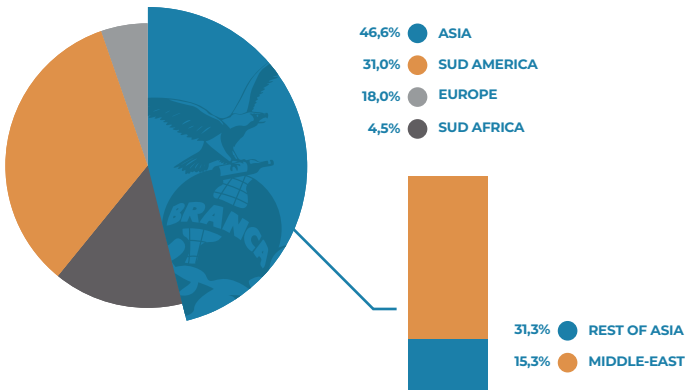
⁶ The value of the orders has been broken down by geographical area taking into account the origin of the purchased materials and not the location of the supplier/broker from which the materials were purchased.

As can be seen from the table above, about 97% of orders in 2019 was placed with Italian or European suppliers: this is largely due to the choice of using local suppliers for the procurement of packaging materials - a category that has the greatest impact on the orders - in order to guarantee quality and

minimise the impact of logistics. On the other hand, the scenario differs for other types of raw materials, such as herbs, spices and roots, which are more directly related to product quality. In this case, as we can see in the pie chart below, a more international picture emerges, showing how

these materials are sourced from different areas of the world, particularly South America and Asia, testifying to the Group's quest for excellence over the years, identifying and selecting the best available raw materials for its production.

DRY RAW MATERIALS
(HERBS, SPICES AND ROOTS)
BY GEOGRAPHICAL AREA



As already mentioned, the supplier evaluation process takes into account different criteria. Specifically, an evaluation questionnaire is prepared by Branca to determine:

- fulfilment of the required technical specifications;
- punctuality in processing requests and deliveries;
- administration, specifically precision and accuracy of the administrative procedure;
- management of non-conformities, in particular timeliness, flexibility, effectiveness in managing non-conformities;
- design and production organisation, with verification and evaluation of the development and production process;
- logistical organisation through verification and evaluation of the logistical process;
- environmental quality and safety system to verify and evaluate the system in place;
- customer assistance, with the verification and evaluation of the customer service level;
- risk management, through the verification and evaluation of risk management processes.

⁷ The table refers to 24 qualified suppliers of raw materials and primary packaging materials. These suppliers account for about 80% of the turnover regarding total orders.

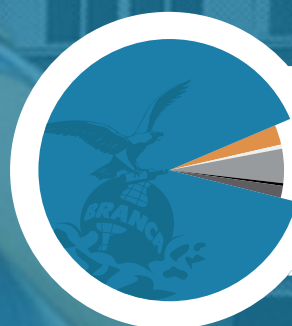
The Group has also adopted a "Green Procurement" strategy, which guarantees the procurement of the greenest and most sustainable products and services possible, also on the basis of a cost-benefit assessment.

Over 87% of the suppliers of Fratelli Branca Distillerie possess at least one certification including quality management system, environment, energy, occupational health and safety and/or food safety.

PERCENTAGE OF QUALIFIED SUPPLIERS POSSESSING A CERTIFICATION(%) ⁷ (FRATELLI BRANCA DISTILLERIE)	
	2019
ISO 9001	58,3%
ISO 14001	29,2%
OHSAS 18001/ISO 45001	25,0%
ISO 2200, BRC, IFS (in food safety)	16,7%
% OF SUPPLIERS WITH AT LEAST ONE CERTIFICATION	87,5%

Finally, all new suppliers are assessed including environmental and social criteria.

Fratelli Branca Destilerías



Value of orders
by geographical
area in 2019 (%)

89,7%	ARGENTINA
3,1%	ITALY
4,7%	EUROPE (EXCEPT ITALY)
1,7%	AFRICA
0,5%	AMERICA (EXCEPT ARGENTINA)
0,2%	ASIA

According to the production plan, Fratelli Branca Destilerías identifies its procurement needs of domestic raw materials and packaging materials on a monthly basis, and determines its need for imported raw materials annually (with quarterly reviews). During the supplier selection phase, the company conducts an economic evaluation and a qualitative assessment of the service: for each shortlisted supplier, an evaluation is carried out on the basis of certain analyses set out in the

quality standard adopted and the supplier is then selected after this verification process. Since both are production plants, the main types of goods and services procured by Fratelli Branca Destilerías are substantially the same as Fratelli Branca Distillerie. Specifically, the first two categories of goods and services purchased account for 86% of all orders (on the local market), while dry raw materials account for 14% or orders (via imports). In 2019, Fratelli Branca Destilerías had 24 suppliers: the pie chart on the right

features a breakdown of the value of orders by geographical area. Like in the case of Fratelli Branca Distillerie, Fratelli Branca Destilerías also procures part of its goods and services through brokers, who may be based in a different country from the country of origin of the purchased materials.

NUMBER OF SUPPLIERS
AND TOTAL ORDERS⁸ PLACED BY
GEOGRAPHICAL AREA
(FRATELLI BRANCA DESTILERÍAS)

	2017		2018		2019	
	SUPPLIERS	ORDERS (%)	SUPPLIERS	ORDERS (%)	SUPPLIERS	ORDERS (%)
TOTAL	19	100,00	23	100,00	24	100,00
<i>Italy</i>	1	0,6	5	1,4	5	3,1
<i>Europe (except Italy)</i>	4	6,3	4	5,2	5	4,7
<i>Argentina</i>	10	87,4	12	89,0	9	89,7
<i>America (except Argentina)</i>	3	0	0	0	2	0,5
<i>Asia</i>	0	0	0	0	1	0,2
<i>Africa</i>	1	5,7	2	4,4	2	1,7

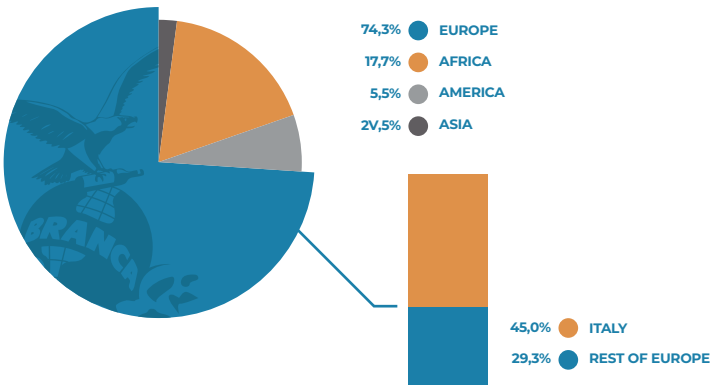
⁸ The value of the orders has been broken down by geographical area taking into account the origin of the purchased materials and not the location of the supplier/-broker from which the materials were purchased.

As shown in the table, almost all the orders were placed locally, in Argentina (89.73%).

If, instead, we examine the other types of raw materials, such as herbs, spices, roots, a more international picture emerges which, like in the case of the Italian subsidiary, indicates how these materials are sourced from various parts of the world, in particular from Europe and Africa, as illustrated below.

With reference instead to the supplier evaluation process, it should be noted that 100% of suppliers of Fratelli Branca Destilerías possess at least one certification including quality, environmental, energy, health and safety and/or food safety management system.

DRY RAW MATERIALS
(HERBS, SPICES AND ROOTS)
BY GEOGRAPHICAL AREA



⁹ The table refers to 24 qualified suppliers of raw materials and primary packaging materials. These suppliers account for about 80% of the turnover regarding total orders

PERCENTAGE OF QUALIFIED
SUPPLIERS POSSESSING A
CERTIFICATION (%) ⁹
(FRATELLI BRANCA DESTILERÍAS)

	2019
ISO 9001	81,8%
ISO 14001	36,4%
OHSAS 18001/ISO 45001	18,2%
ISO 2200, BRC, IFS (in food safety)	27,3%
% OF SUPPLIERS WITH AT LEAST ONE CERTIFICATION	100%



Branca USA

As far as Branca USA is concerned, in its first year of activity, the target set for the supply chain was to enter into partnerships with three specific players, namely shipping agents, nationwide hauliers and customer brokers, all of which were assessed as technically qualified and commercially well positioned. Branca USA is in fact structured to organise efficient ocean shipments of final products from the Milan plant to the three selected partners. The managed warehouses are strategically located to ensure maximum efficiency, close to two main logistical hubs in New Jersey and California. All domestic shipments are also focused on optimising intermodal transport (e.g. water-road), thus contributing to a significant reduction in the company's carbon footprint. The shipping and haulage companies are subject to an annual review of their services, ensuring transparency throughout the supply chain, with the

full traceability of each packaged bottle, from the factory to the final customer. In 2019, Branca USA had dealings with a total of 10 suppliers, all of which are US-based, 20% of which possess at least one certification. Starting next year, the company is considering developing specific training programmes for its partners, in particular on the recycling of materials used in

transport and packaging, as well as implementing screening activities involving the new suppliers, with regard to environmental, social and human rights issues.

PERCENTAGE OF QUALIFIED SUPPLIERS POSSESSING A CERTIFICATION (%) (BRANCA USA)

	2019
ISO 9001	10,0%
ISO 14001	10,0%
OHSAS 18001/ISO 45001	10,0%
ISO 2200, BRC, IFS (in food safety)	0%
% OF SUPPLIERS WITH AT LEAST ONE CERTIFICATION	20,0%

Quality and safety of raw materials and products



Protecting the authenticity of medicinal herbs and an emphasis on the quality of natural ingredients sourced from four continents have always been essential elements of Branca's production philosophy. Strict quality control of the production chain and compliance with the original recipes are still today key elements of the Group's core values: innovation within tradition and the search for excellence in all fields.

Branca also confirms its desire, as reiterated in its Code of Ethics, to ensure fairness and honesty in company relations in all the countries in which we operate. The Group, in fact, is committed to consistently reviewing the work of its partners and third party collaborators to ensure that they behave ethically and fairly, respect the work environment and the personality and dignity of people in every part of the world.

For Branca, quality is synonymous with excellence, achieved through the hard work of all the people who, with perseverance and commitment, strive daily to spread the values of a unique brand throughout the world, building on a history of expertise, skills and respect for fundamental and essential principles.

The Group believes that one of its primary objectives is to ensure the excellence of its products on the market. Branca products are marketed by leveraging on their uniqueness, tradition - featuring the use of original secret recipes - and an internationally renowned brand.

FRATELLI BRANCA DISTILLERIE

To support the continuous improvement of its production processes and assert its position in the food chain as a mark of superior quality, Fratelli Branca Distillerie has implemented a Food Quality and Safety management system certified according to the ISO 22000 Standard (verified and confirmed in September 2019), at the basis of which is the company's Quality policy, a benchmark of the company's approach to quality. The latter, in fact, explicitly refers to the Code

of Ethics, in which the founding values of the company and the operational guidelines for Food Quality and Safety are laid down. By adopting this management system, Fratelli Branca Distillerie guarantees its wholehearted attention to Branca product consumers, ensuring the same levels of quality, safety and reliability. A certifying body annually verifies compliance with the following principles:

- product quality and safety (food safety);
- internal communication and along the production chain;
- effectiveness of the hazard analysis critical control point (haccp) system;
- traceability of all activities;
- effective selection of suppliers and raw materials;
- consistent application of the company's Code of Ethics.

Fratelli Branca Distillerie is also committed to producing superior quality, safe and reliable products, from all points of view, using safe and state-of-the-art machinery and procedures, in accordance with the laws and regulations in force in the countries where it operates.

In order to guarantee the achievement of these objectives, the company carries out constant research and development activities - with a view to ensuring both regulatory compliance and responding to market needs - through the adoption of control instruments within the production process and along the entire value chain.

The following measures have been put into place to effectively monitor the production process:

It is also essential to specify the presence of any allergens on the label, as well as container disposal instructions and warnings about responsible consumption.

As already mentioned previously, in 2019 Fratelli Branca Distillerie rolled out two new products on the Italian market: in July, Carpano Botanic Bitter, a new addition to the range, with the aim of grasping new business opportunities in a highly competitive market and, in September, Stravecchio XO, alongside the already existing Stravecchio Branca, targeting more demanding consumers.

Finally, as required by current food safety regulations, the company is constantly committed to assessing risks to consumer health throughout the entire product life-cycle and periodically implements training programmes for its production personnel, with regard to hygiene and food safety.

In 2019, the following measures were put into place to effectively monitor the production process:

- prior selection of suppliers and monitoring during the supply phase;
- verification of compliance of raw

materials with the defined specifications, during both the tender and procurement phases;

- implementation of controls on the automation process of the production chain, to guarantee constant product quality;
- checking and monitoring the production chain, from the entry of raw materials to product distribution;
- product traceability; periodical product recall checks and tests, to guarantee a prompt response from the company in the event of food safety related defects.

We wish to point out that no non-conformities have been reported or found, in relation to regulations/self-regulation codes, either as a result of internal controls or following inspection by the competent authority, the Ministry of Agricultural, Food and Forestry Policies, regarding the labelling of products.

- labelling: all products marketed within the EU are labelled in accordance with the relevant European regulation (Regulation (EU) No 1169/2011). The labels also carry information on the safe use of the product and the related environmental and/or social impacts, if the products are intended for countries where this type of information is required by law.

Regarding the promotion of responsible consumption of alcoholic beverages, the labels - especially those on certain specific products - carry information on the best way to enjoy the product. No non-compliance with regulations or voluntary codes regarding the information and labelling of Branca products was found during the reporting period;

- continuous commitment to assessing and reviewing the types of bottle caps or tops to minimise the risk of tampering, to ensure that any such attempts become immediately obvious.

FRATELLI BRANCA DESTILERÍAS

In Argentina too Fratelli Branca Destilerías has implemented a Food Quality and Safety Management System, based on the ISO 22000 Standard, certified since 2007 by Bureau Veritas and accredited by UKAS. Every year the company undergoes a recertification audit process by the same certifying body, with satisfactory results: in 2019, in particular, no non-conformities or observations were reported. The company's target, in line with the Group objectives, is to guarantee product safety,

ensuring compliance with current legislation and the strict quality parameters laid down. To achieve this objective, the company has provided the following:

- a set of strategic company documents, consisting of: a Food Quality and Safety Management System manual, a Good Manufacturing Practices manual, a HACCP plan, POES and procedures, instructions and operating procedures for the implementation of the standard requirements;
- Good Manufacturing Practices (GMP);
- a staff training plan;

- a Hazard Analysis and Critical Control Points (HACCP) system;
- monitoring of critical control points, GMP (Good Manufacturing Practices) activities and application of POES (Procedimientos Operativos Estandarizados de Saneamiento);
- last but not least, product labeling includes pictograms for recycling and disposal and warning pictograms on the risks of consumption by pregnant women.

Regarding internal product quality KPIs, considerable progress has been made over the last year, pointing to the company's commitment and constant evolution:

- Good Manufacturing Practices (GMP) index: the report, based on monthly internal audits, showed an improvement over the period of eleven percentage points, based on criteria taking into account the increase in company hygiene, broader staff training and infrastructure improvements;
- number of consumer complaints: during 2019, the company achieved its target of reducing the number of annual consumer complaints from 115 to 50;
- energy and process savings: thanks to the optimisation of the maceration processes and technical improvements to the machinery (which included reprocessing costs and downtime), increased energy and process savings were recorded of between eight and twelve percentage points.

Fratelli Branca Destilerías also promoted the following initiatives, among others:

- Rolling out new products (Sernova vodka and Brancamenta Ricetta Italiana, both in 2019) and new packaging (3-litre bottle with pouring device);
- performing quality controls on all production chain outputs (raw materials, semi-finished and finished products);
- developing and approving analytical techniques to determine the quality of raw materials and updating of analytical techniques for semi-finished and finished products;
- developing and installing new equipment capable of optimising work times (reducing manual operations), increasing process hygiene and reducing energy consumption. In the manufacturing sector, in particular, production processes have integrated automation of the alcohol feeding and delivery system, perfecting the rigorous control of alcohol dosages, improving procedures and optimising costs;
- developing new packaging materials, such as brighter laminated labels, which also guarantee good packaging strength and easy recycling;
- introducing a "Wrap-around" packaging system, to optimise the packaging process, and implementation of a new cell design for some products
- (Sernova vodka) optimising the space and dynamics of the production process;
- implementing improvements in the development of the bottle top for Fernet-Branca and Brancamenta Ricetta Italiana products, for which a new art design has been introduced, featuring the design of the upper part of the Italian Fernet-Branca with the addition of the word "Branca" on the bridges to demonstrate the correct seal at production and prevent tampering.

Consumer protection and promoting responsible consumption

For many years now Branca has been actively engaged in promoting the responsible consumption of alcoholic beverages: the company's communication campaigns aim to spread a culture of quality drinking that coincides with the pleasure of taste, as opposed to binge drinking.

The basic idea, conveyed by Branca, is that its products can add pleasure to life, provided they are consumed conscientiously and moderately.

At Branca, promotion and communication activities are conducted in accordance with the current marketing regulations, with respect to which no cases of non-compliance have been reported. All advertising campaigns, which are consistently attentive to both context and content, promote responsible consumption and are based on creative storyboards aimed at discouraging underage drinking, drink driving and drinking by pregnant women. Commercial communications on TV are aired exclusively in protected time slots, avoiding, in the case of Fratelli Branca Distillerie, any associations with the world of sport and motoring. Each advertisement, promotional video or commercial also carries the warning "Drink responsibly".

Fratelli Branca Destilerías also pays great attention to promoting messages recommending responsible consumption and spreading a drinking culture grounded on the importance of sharing, in particular through campaigns, promotional stands and product labelling. The Argentine company has also implemented specific controls in relation to the tasting activities

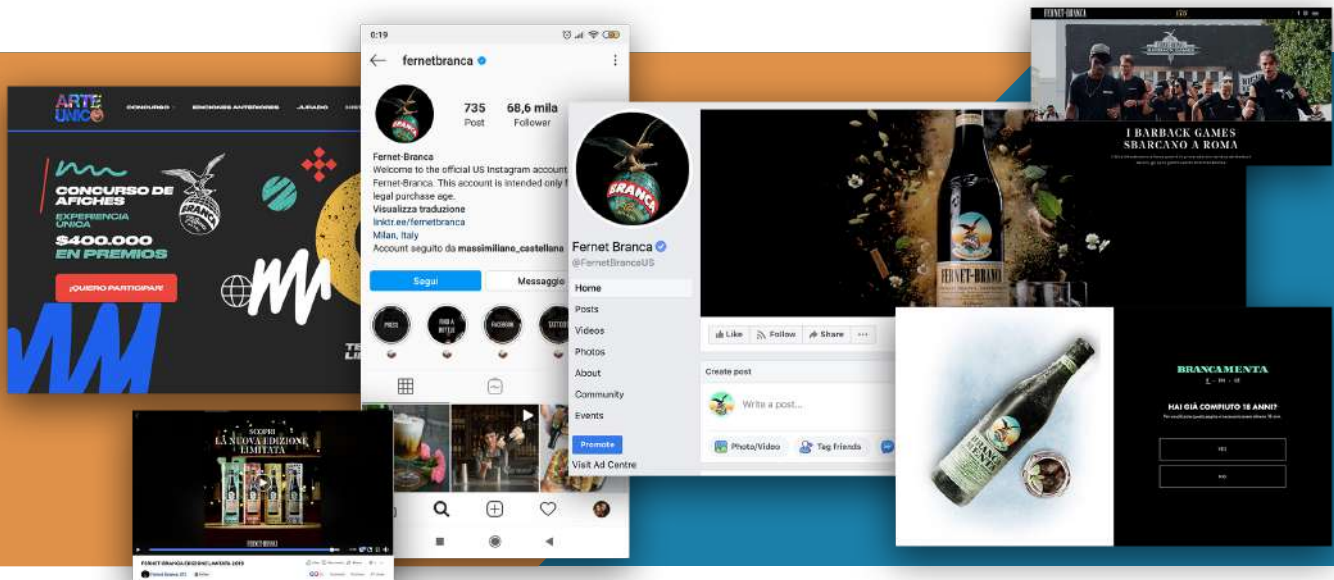
carried out at its premises, to monitor consumption by visitors, and has put up posters informing about the ban on underage drinking at its promotional stands.

Regarding labelling, the same recommendations on responsible consumption can be found on the products of Fratelli Branca Distillerie in Italy and Fratelli Branca Destilerías in Argentina.

In order to protect minors, access to the institutional and product websites making up the digital universe of Branca products is regulated by an age check system that prevents minors from accessing the contents.

Generally speaking, communication through the social media is closely and consistently monitored. In addition to Netiquette, which invites to responsible consumption on Facebook, Branca regularly monitors the digital content produced or disseminated by its suppliers, as well as its own and third-party Fanpages, through an active moderating system, and conducts online and traditional press reviews. All these media activities have the primary objective of ensuring that the Branca name is always associated with a message that promotes responsible consumption, understood as a founding element of the culture of quality drinking.

Some examples of messages and communication campaigns on the Group's websites



Branca firmly believes that dialogue and collaboration with institutions and trade associations is key to promoting responsible consumption and sharing its values with the broader public. To this end, in Italy, the Group participates in the drafting of association guidelines on Responsible Consumption, in particular through Federvini and Federalimentare, both members of the employers' organisation Confindustria, and Centromarca.

The Cámara Argentina de Destiladores Licoristas, on the other hand, has set up a Corporate Social Responsibility programme for promoting responsible consumption, in which Fratelli Branca Destilerías participates, and which involves, among other things, raising awareness among parents and children on responsible consumption and monitoring alcohol levels. In addition to marketing and promotional activities, consumer protection at Branca also involves

research and development, certification, manufacturing, production and distribution. All these activities are designed and managed with a focus on consumer health protection, which is therefore an essential value in the way Branca conducts its business. The Code of Ethics and Code of Conduct of Fratelli Branca Distillerie further ensure that the Group's founding values and principles are consistently observed in all relations established with stakeholders.

The principles of the Economy of Awareness, which guide the sustainable development of all Group activities, also specifically call for enhancing the quality of people's lives, which can be achieved through awareness of the interdependence between all human beings and between all activities, both inside and outside the company.

Last but not least, the newly established Branca USA is also planning to set up

in-house training programmes for employees in the future, to ensure that the work carried out, both internally and externally, is perceived as responsible and attentive to the health and safety of its consumers.

Customer Relationship & Satisfaction

Achieving customer satisfaction is one of Branca's key objectives. Regarding Quality, the company is extremely focused on maintaining consistent and high standards, on customer/consumer care by collecting requests for information, reports and complaints and adequately responding. Final customer satisfaction and the involvement of the bartender community are, in fact, considered fundamental and distinctive elements for Branca brand appreciation, vis-à-vis our main competitors, in view of the creation of a preferential relationship with the relevant stakeholders. From this point of view, the communication activities developed by the individual brands are based on transparency and on the relevance of content, on emphasising elements of

differentiation and uniqueness (e.g. Accademia Branca), on enhancing common elements shared by the brands and the relevant communities (e.g. the city of Milan, the bartenders, etc.).

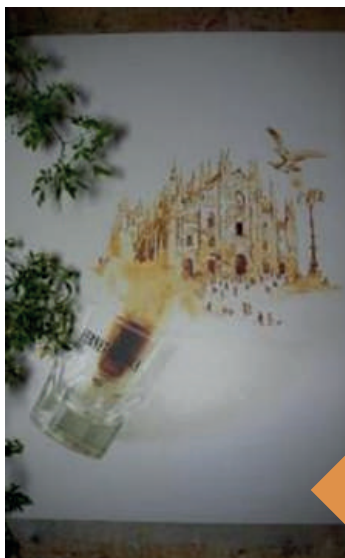
In fact, the Group consistently strives to provide customers/consumers with direct, immediate and easily available communication channels with the various companies (web solutions, emails, invitations to visits to the plant, etc.).

FRATELLI BRANCA DISTILLERIE

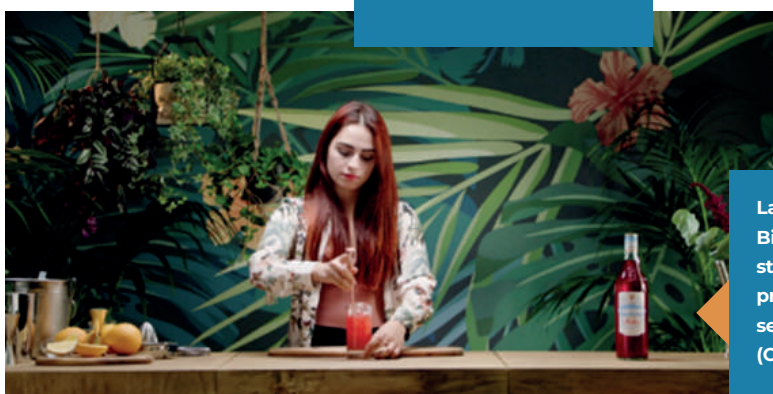
Following are several of the main communication, relationship-building and involvement initiatives targeting customers, consumers and, more generally, stakeholders, carried out by Fratelli Branca Distillerie over the last year:



Creation of the “Branca-Milano” cocktail in April 2019, the recipe of which was donated to the City of Milan, represented by the Mayor Giuseppe Sala



The Fernet-Branca brand attended the Milan Design Week in 2019, during which original exhibits (paintings, visibility materials, etc.) from the Branca collection were on display in bars and clubs in Milan offering BrancaMilano cocktails. Also collaborating in the project were students from the Brera Academy of Fine Arts by narrating and documenting the evolution of social life and art in literary cafés;



Launch campaign of Carpano Botanic Bitter involving bartenders in the storytelling videos and cocktail preparation, to support the female segment of the bartender community (October-December 2019)

Creation of the "Accademia Branca", a six-month training programme, free of charge in 2019, at Branca Distillerie to support talented bartenders in becoming bar managers. The training programme investigates matters that are not usually addressed in masterclasses of this kind (from the profit and loss statement of a cocktail and a bar to the implications of managing a bar in Milan or London or New York, from skills in interpreting the atmosphere and mood of customers to yoga techniques for controlling stress, from the use of digital communication for promoting oneself and one's bar to creating communities and synergies). Between May and December 2019, the project featured 2 training sessions for 50 bartenders



Last but not least, also in 2019 the procedure for managing reports/external non-conformities was overhauled and improved.



First Italian edition of the Barback Games, as part of the Bar Show in Rome, held on 23 and 24 September 2019; the Fernet-Branca sponsored games involved more than 200 barback and bartender players and an audience of about 1,000 people. Launched in 2007, the Barback Games were held for the first time in San Francisco and quickly became one of the most important bar tours worldwide. The competition involves a series of quite demanding challenges, the goal being to prove how the barback is essential to the success of a venue through strength, speed and endurance events. During the competition, in fact, competitors show the skills that night after night enables them to guarantee consistent service, impeccable cocktails and unforgettable evenings for their customers. Barbacks are a unique opportunity to nurture, develop and retain the bartender community and all the staff working behind the bar.

FRATELLI BRANCA DESTILERÍAS

As far as the Argentine company is concerned, there has been an important expansion of communication channels with consumers, which has also led to an improvement in the quality of the products delivered to customers (in the storage and distribution phases).

In fact, the strengthening of these channels has enabled a constructive dialogue with consumers that has positively influenced the development of new products (Brancamenta Ricetta Italiana, Sernova): in particular, thanks to the numerous surveys and tests conducted throughout the country, it has been possible to report and make numerous improvements or changes in the formulation of the products, ultimately leading to a wider and more positive reception of the latter by the final consumer communities.

Following is an overview of the main initiatives carried out in 2019 by Fratelli Branca Destilerías:



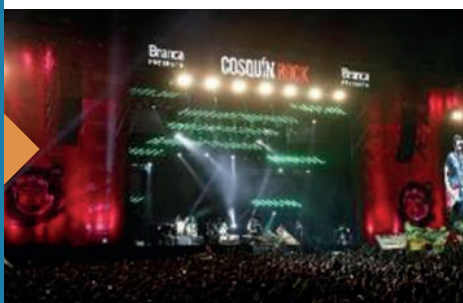
In 2019, the Branca Academy was launched in Argentina as well, with the programme being illustrated at the Red House to the 70 invited bartenders. The project consists in the creation of a permanent training facility at the Tortuguitas plant, for exchanging information on the major Branca brands and sharing experience and lessons learned by experts on the subject of cocktail preparation. At the end of the event the first training cycle was presented, aimed at providing bartenders the best "tools" for their work and creating a space for development, where they can share and exchange experience and knowledge



For the first time in 2019, Branca attended the Lollapalooza Music Festival, the most important held in the Federal Capital and the area of Greater Buenos Aires and among the top festivals worldwide. On 29, 30 and 31 March, in a dedicated space, Fernet Branca showcased experiences and great entertainment with various activities and surprises targeting an adult audience (18+), including setting up a DJ Set, experiencing virtual reality with lasers, or expressing one's artistic inclination with digital graffiti, winning prizes and gifts

Fernet-Branca was also present at the 2019 edition of the WRC Rally held in Cordoba from 25 to 28 April, where the most renowned stage of the race, called the "Super Especial", was renamed "Fernet Branca". At the end of the competition, during the prize-giving ceremony, the driver and co-driver of the winning team were awarded the Fernet-Branca Trophy (the only brand that rewards the winners), specially designed for this Rally. The event also featured the Rallymanía marquee, where motor racing enthusiasts had the opportunity to enjoy the traditional "Branca con Cola" drink in dedicated spaces. Fernet-Branca was also the official sponsor of the 2019 MXGP Patagonia Argentina, the first event of the Motocross World Championship, supporting the most extreme sports activities and strengthening consumer loyalty

On 9 and 10 February, Branca participated in the 2019 Cosquín Rock, in the Cordoba mountains, unfolding an all-round campaign called "Paraíso Fernetista", with promotional activities on the social media, lotteries for distributing branded T-shirts, a roadshow, branded glasses sold in the major supermarket chains, besides a widespread presence of the brand in the Fanatic VIP spaces, the Musicians Bar and the Branca Truck



In 2019, at an event held in the old headquarters of one of the top banks in Buenos Aires, there was the presentation of the first Branca coin in Argentina, a collector's item representing the icons of Argentine culture, well known within the community of Branca brand fans around the world and already present in 20 countries



The Fernet-Branca Digital Media communication campaign, a strategy based on 3 pillars – Recipe; Lifestyle/Events; Heritage/History/Family – creating quite a buzz in the social media, in terms of interest and interactions, plus a press campaign for promoting Antica Formula vermouth, on important publications and guides like The New Yorker, Wired, Sports Illustrated, Vanity Fair, NYTimes Sunday Magazine, SF Chronicle Gift Guide, Chicago Tribune Gift Guide



Tales of the Cocktail

Branca participated in this important sales conference, in three different events: Grab-and-Geaux cocktail breakout, Spirited Dinner, Tasting Room.

Bar Convent Brooklyn

Branca attended this event with its own stand, on the main floor, also sponsoring the welcome cocktail area (focusing on Fernet-Branca). A special coin dedicated to the event was also distributed.

Camp Runamuck

At the camp's 2019 edition, held in Kentucky, Branca sponsored a reunion dinner for the "Camp Runamuck Branca Campers", the participants in the previous editions hosted by the Fernet-Branca Camper.

Portland Cocktail Week

At the event, Branca hosted a Happy Hour and organised a field trip for sourcing the ingredients for preparing the dinner and cocktails.

Like the other Group companies, Branca USA strongly believes in the power of communication and in forging a solid relationship with its customers, studying and periodically monitoring the US market to maintain its high quality and provide valuable input to the head office.

Following is an overview of the main initiatives carried out in 2019:

The Branca Bar Tour - an initiative aimed at involving consumers by spreading the history and magic of Branca products, also with tasting events – and the Branca Games, an annual games contest, one of the best in the sector, celebrating its 12th edition in 2019, with the participation of over 2,000 bartenders and 12 different regional events, besides the finals held in San Francisco.



Speed Rack

Branca attended this nationwide cocktail competition featuring the best bartenders in time-based challenges, with the proceeds going to breast cancer information, prevention and research organisations. On this occasion Branca sold dedicated coins for charity.





Our people

EMPLOYEE PROFILE, WELL-BEING, HEALTH & SAFETY

As already mentioned, Branca International is a people-centred business, committed to valorising the skills and understanding the needs and expectations of our employees, as fundamental elements for the ensuring the success of the Group and its individual companies, according to the principles of the Economy of Awareness. The creation and maintenance of listening, dialogue and transparency relations with people, considered as an end and never as a means, are the main requirements to guarantee a positive, serene and cohesive working environment, and to promote the success of the organisation through the application of collaborative Meritocracy tools.

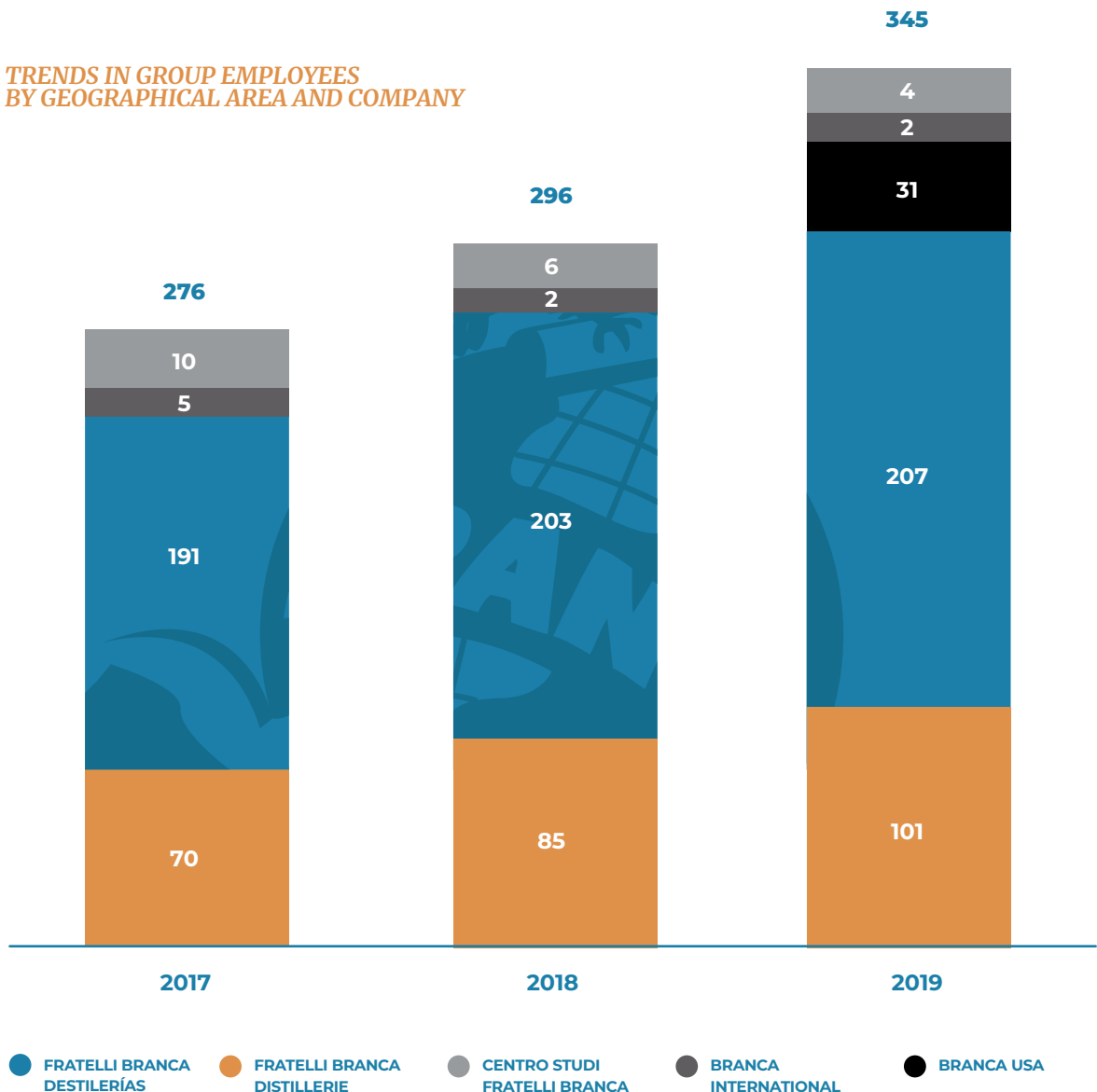
Employee profile

¹⁰ The total figure includes the employees of Fratelli Branca Distillerie Srl, Fratelli Branca Destilerías SA, Branca USA Inc, Centro Studi Fratelli Branca Srl and the employees hired directly by the parent company Branca International SpA. For the sake of simplicity, the company names are not repeated in the graphs and tables.

¹¹ Contracts other than Fratelli Branca Distillerie apply to employees of the Centro Studi Fratelli Branca and Branca International companies, which provide for different benefits, for example.

At 31 December 2019, the Branca International Group had a total of 345 employees¹⁰, 98.0% of whom were employed under indefinite-term contracts. The 49 new resources more compared to the previous year is mainly due to the opening of the US branch, which had 31 employees at the end of 2019, and to the new hirings at Fratelli Branca Distillerie¹¹ (+18.8% compared to 2018). As regards the gender breakdown, in 2019, women accounted for 18.6% of the total workforce, up 68.4% compared to the previous year.

TRENDS IN GROUP EMPLOYEES BY GEOGRAPHICAL AREA AND COMPANY



The table below shows the number of employees broken down by gender, type of employment contract (fixed-term and open-ended employment contracts) and geographical area/company:

NUMBER OF EMPLOYEES BY GENDER, TYPE OF CONTRACT AND COMPANY	2017			2018			2019		
	OPEN- ENDED	FIXED	TOTAL	OPEN- ENDED	FIXED	TOTAL	OPEN- ENDED	FIXED	TOTAL
F.LLI BRANCA DISTILLERIE	68	2	70	80	5	85	94	7	101
MEN	46	2	48	54	4	58	65	4	69
WOMEN	22	0	22	26	1	27	29	3	32
F.LLI BRANCA DESTILERÍAS	191	0	191	203	0	203	207	0	207
MEN	183	0	183	196	0	196	195	0	195
WOMEN	8	0	8	7	0	7	12	0	12
BRANCA USA	-	-	-	-	-	-	31	0	31
MEN	-	-	-	-	-	-	14	0	14
WOMEN	-	-	-	-	-	-	17	0	17
BRANCA INTERNATIONAL	5	0	5	2	0	2	2	0	2
MEN	2	0	2	1	0	1	1	0	1
WOMEN	3	0	3	1	0	1	1	0	1
CENTRO STUDI FRATELLI BRANCA	10	0	10	6	0	6	4	0	4
MEN	4	0	4	3	0	3	2	0	2
WOMEN	6	0	6	3	0	3	2	0	2
TOTAL	274	2	276	291	5	296	338	7	345
MEN	235	2	237	254	4	258	277	4	281
WOMEN	39	0	39	37	1	38	61	3	64

The following table breaks down the employees by professional group and working hours (full time and part-time) at consolidated level.

NUMBER OF GROUP EMPLOYEES BY GENDER AND PROFESSIONAL GROUP	2017			2018			2019		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
<i>Senior managers</i>	19	1	20	24	2	26	27	3	30
<i>Middle managers</i>	24	7	31	28	9	37	38	17	55
<i>White-collar</i>	91	27	118	104	23	127	113	40	153
<i>Blue-collar</i>	103	4	107	102	4	106	103	4	107
TOTAL	237	39	276	258	38	296	281	64	345

NUMBER OF GROUP EMPLOYEES BY GENDER AND WORKING HOURS	2017			2018			2019		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
FULL TIME	236	37	273	257	36	293	280	62	342
PART-TIME	1	2	3	1	2	3	1	2	3
TOTAL	237	39	276	258	38	296	281	64	345

Besides the above mentioned employees, every year F.lli Branca Distillerie and F.lli Branca Destilerías hosts interns and agency/temporary workers, as follows.

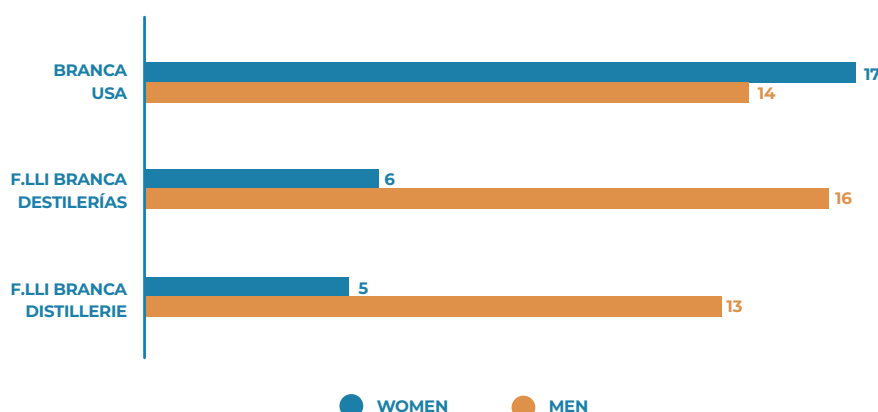
NUMBER OF AGENCY/ TEMPORARY WORKERS AND INTERNS ENGAGED BY THE GROUP BY GENDER	2017			2018			2019		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
<i>Interns</i>	0	0	0	1	2	3	3	1	4
<i>Agency/temporary workers</i>	2	0	2	15	3	18	14	4	18
TOTAL	2	0	2	16	5	21	17	5	22

Employee turnover¹²

During 2019 there were 71 new employees compared to 31 outgoing employees. The table below shows the breakdown by gender of the employees hired in 2019. The majority of new employees belong to the 30-50 age bracket (64.8%). Employees under 30 and over 50 account for 22.5% and 12.7% of the total, respectively. The increase in the figure in 2019 is due to the new employees hired at Fratelli Branca Distillerie, which continued to strengthen its marketing and sales staff in support of the strategy aimed at consolidating the Italian market and developing exports, and the employees of Branca USA, which has been in place since 2019, who were all hired during the year. Incoming turnover at Group level in 2019 is 20.6%¹³.

¹² The number of incoming and outgoing employees and the turnover rates do not take into account the outgoing employees of Centro Studi Fratelli Branca and Branca International transferred to F.lli Branca Distillerie. Any differences in the balance of incoming and outgoing employees and employees in service in the year may depend on the employees with a terminated contract and the manner in which the data is sourced from the system.

NEWLY-HIRED EMPLOYEES IN 2019



¹³ The incoming turnover rate is given by the ratio of incoming employees to total employees at 31/12.

INCOMING TURNOVER RATE BY GENDER AND GROUP COMPANY	2017			2018			2019		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
F.LLI BRANCA DISTILLERIE	10,4%	9,1%	10,0%	6,9%	0,0%	4,7%	18,8%	15,6%	17,8%
F.LLI BRANCA DESTILERÍAS	14,8%	0,0%	14,1%	11,7%	0,0%	11,3%	8,2%	50,0%	10,6%
BRANCA USA	-	-	-	-	-	-	100,00%	100,00%	100,00%
BRANCA INTERNATIONAL	50,0%	0,0%	20,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
CENTRO STUDI FRATELLI BRANCA	50,0%	33,3%	40,0%	33,3%	33,3%	33,33%	0,0%	0,0%	0,0%
TOTAL	14,8%	10,3%	14,1%	10,9%	2,6%	9,8%	15,3%	43,8%	20,6%

EMPLOYEE TURNOVER

¹⁴ The outgoing turnover rate is given by the ratio of outgoing employees to total employees at 31/12.

As far as outgoing employees are concerned, the number is substantially stable compared to the previous year, with a Group-wide outgoing turnover rate, in 2019, of 9.0% ¹⁴.

NUMBER OF OUTGOING EMPLOYEES BY GENDER AND GROUP COMPANY	2017			2018			2019		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
F.LLI BRANCA DISTILLERIE	5	2	7	4	4	8	5	2	7
F.LLI BRANCA DESTILERÍAS	16	2	18	10	1	11	18	0	18
BRANCA USA	-	-	-	-	-	-	2	3	5
BRANCA INTERNATIONAL	2	0	2	0	2	2	0	0	0
CENTRO STUDI FRATELLI BRANCA	1	0	1	0	3	3	1	0	1
TOTAL	24	4	28	14	10	24	26	5	31

OUTGOING TURNOVER RATE BY GENDER AND GROUP COMPANY	2017			2018			2019		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
F.LLI BRANCA DISTILLERIE	10,4%	9,1%	10,0%	6,9%	14,8%	9,4%	7,2%	6,3%	6,9%
F.LLI BRANCA DESTILERÍAS	8,7%	25,0%	9,4%	5,1%	14,3%	5,4%	9,2%	0,0%	8,7%
BRANCA USA	-	-	-	-	-	-	14,3%	17,6%	16,1%
BRANCA INTERNATIONAL	100,00%	0,0%	40,0%	0,0%	200,0%	100,0%	0,0%	0,0%	0,0%
CENTRO STUDI FRATELLI BRANCA	25,0%	0,0%	10,0%	0,0%	100,0%	50,0%	50,0%	0,0%	25,0%
TOTAL	10,1%	10,3%	10,1%	5,4%	26,3%	8,1%	9,3%	7,8%	9,0%

¹⁵ The employee turnover rate is higher than 100% because the number of employees hired directly by the parent company has gradually dropped over the years and the number of outgoing employees in the year (e.g. outgoing female employees in 2018) is higher than the number of total employees at 31/12 of the same year (e.g. female employees employed at 31/12/18).

Diversity and inclusion in the work environment

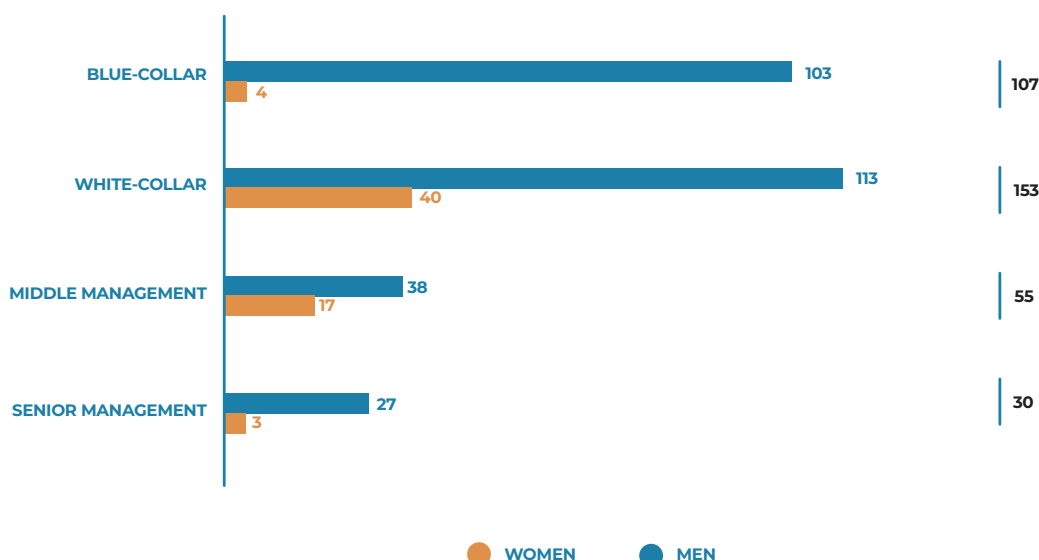
As explained in the Code of Ethics, the Group recognises the central and essential role of the people employed at all levels in achieving the company's objectives and therefore undertakes to enhance and develop its human capital, viewed as an end and not as a means.

Since the Group has offices and plants not just in Italy but also in other countries around the world, and operates in almost all international markets, it believes that the contribution by human resources from different nationalities and cultures is key to the enrichment and growth of the Group as a whole. Branca International rejects all forms of discrimination, particularly on grounds of race, gender, age, nationality, religion and personal or political beliefs, and is committed to guaranteeing equal opportunities in work and professional advancement. Therefore, its policies concerning recruitment, training, remuneration, promotion, transfers and termination are designed to exclude any discrimination-based reasons.

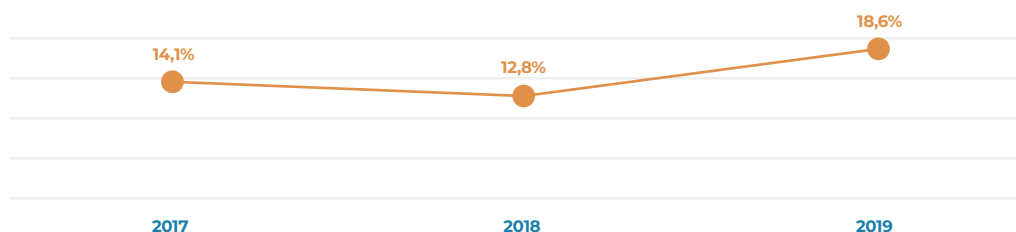
In 2019, the number of women in the Group increased by more than five points compared to the previous year, from 12.8% to 18.6%. This increase is due in particular to the establishment of Branca USA, with 54.8% of all employees being women. In terms of the type of work performed, there is a more limited female presence among blue-collar workers.

The table in the appendix provides further details regarding the number of female employees by Group company.

NUMBER OF EMPLOYEES BROKEN DOWN BY GENDER AND PROFESSIONAL GROUP – 2019



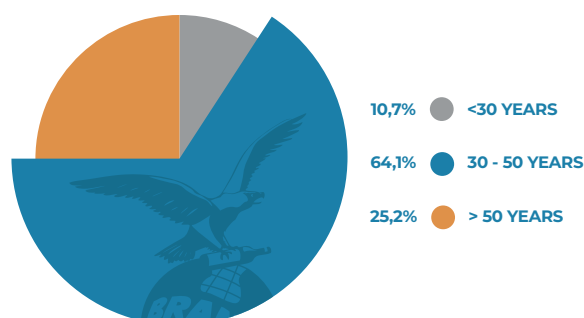
PERCENTAGE TRENDS OF FEMALE EMPLOYEES



GROUP EMPLOYEES BY AGE GROUP – 2019

¹⁵ The breakdown by age group is as follows: <30: persons aged below 30 years (excluding 30-year olds); 30-50: persons aged between 30 and 50 years (including those aged 30 and 50); >50: persons aged above 50 years (excluding 50-year olds).

In terms of employee age, the largest age group¹⁶, at Group level, in 2019, was between 30 and 50 (221 human resources, equal to 64.1% of total employees). The percentage of employees aged below 30 and above 50 account for 10.7% and 25.2% of total employees, respectively.



NUMBER OF EMPLOYEES BROKEN DOWN BY GENDER, PROFESSIONAL GROUP AND AGE GROUP AT 31/12/2019

	2017			2018			2019			TOTAL GROUP 2019
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	
Senior managers	0	0	0	10	3	13	17	0	17	30
Middle managers	0	0	0	27	14	41	11	3	14	55
White-collar	23	6	29	67	26	93	23	8	31	153
Blue collar	8	0	8	72	2	74	23	2	25	107
TOTAL	31	6	37	176	45	221	74	13	87	345

On the subject of diversity, in 2019 Fratelli Branca Destilerías collaborated with four non-governmental organisations dedicated to improving the quality of life of families in vulnerable circumstances. The Argentine branch has also worked with foundations whose mission is to promote equal educational opportunities through programmes that further inclusion at school and improve the quality of education for children and young people from families with limited financial resources.

Overall, all Group companies, including Branca USA, operational since 2019, apply the same Code of Ethics, which sets out challenging values and principles on inclusion, human rights, equal opportunities and non-violence.

Industrial relations

Branca has established a constructive dialogue with trade unions and workers' representatives, with a view to fully meeting the needs of its stakeholders. In 2019 all the employees of Fratelli Branca Distillerie, Branca International and Centro Studi Fratelli Branca were hired under the relevant national collective labour agreement (CCNL). With regard to Fratelli Branca Destilerías, it should be noted that around 45% of employees are protected by trade union agreements¹⁷.

¹⁷ The indicator is not applicable for Branca USA.

PERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE LABOUR AGREEMENTS	2017	2018	2019
<i>F.LLI BRANCA DISTILLERIE</i>	100%	100%	100%
<i>F.LLI BRANCA DESTILERÍAS</i>	50%	46,3%	45,4%
<i>BRANCA INTERNATIONAL</i>	100%	100%	100%
<i>CENTRO STUDI FRATELLI BRANCA</i>	100%	100%	100%

REMUNERATION

The Group adopts a remuneration policy aimed at motivating and retaining people in the company who are deemed to possess the necessary professional qualifications and skills.

Detailed data on the gender pay gap, i.e. the average difference between the remuneration for men and women who are working, is provided in the appendix.

With reference to Fratelli Branca Distillerie, Fratelli Branca Destilerías and Branca USA, the ratio¹⁸ of the average base remuneration for women to that for men with the same job is always over 81%, in the case of middle managers,

white-collar and blue-collar employees. Instead, with regard to the total remuneration, in the case of the same professional groups, the ratio was over 86%, in 2019.

Base remuneration is defined as the minimum fixed amount that an employee is paid for the performance of his/her tasks and duties, without counting any additional benefits, such as overtime or bonuses. Total remuneration, instead, is made up of the base remuneration plus all other benefits, such as seniority bonuses, cash bonuses and share ownership, overtime and any additional

allowances including travel expenses, accommodation and subsistence allowances and childcare contributions.

At the end of 2018, with the support of specialised consultancy companies, a Group-wide survey of positions and roles was launched to compare remuneration with the market. This benchmarking analysis was conducted with reference to the general market for several roles and companies in the sector for more specific roles.

¹⁸ The ratio is calculated by dividing the average value of the basic salary or total remuneration received by female employees by the average value of the basic salary or total remuneration received by male employees, for each professional category.

Development and training of our human capital

Branca International believes that training is key to the professional development of its people, to achieve the highest standards of efficiency.

The Group promotes the skills development of its employees through management skills assessment, individual coaching and skill coaching programmes, and individual development plans aimed at assigning roles of greater responsibility to management and market-based merit policies.

Branca has implemented or planned training programmes at all its offices aimed at professional and personal development, with the aim of enhancing the skills and competences of its employees. The table below, in fact, shows how the number of training hours for the employees of Fratelli Branca Distillerie and Fratelli Branca Destilerías has progressively increased over the 2017-2019 period, especially at the Argentine plant. Since 2019, Fratelli Branca Distillerie has introduced skill coaching as an individual training methodology, aimed at enhancing the skills that require improvements, as part of its talent development paths. As far as Fratelli Branca Destilerías is concerned, a training plan was

launched in 2018 that includes induction courses for new recruits, training courses on health and safety at work, and technical-specialist courses. The Argentine company is also working on a project to digitise and systematise most of the training and monitoring activities through a web platform (from 2020 also the Italian company will work on a Project for the digitisation of training activities for the development of "core-competences", linked to the Performance Management System as a tool to identify training needs). The newborn Branca USA has planned training activities starting from 2020.

At Group level, training in 2019 totalled 6,563 hours, up 16.2% compared to 2018, confirming the Group's growing focus on its employees and their personal and professional development. The 2017 figures are lower than in the other years and less significant in terms of comparability, as the figures for F.lli Branca Destilerías are not available.¹⁹

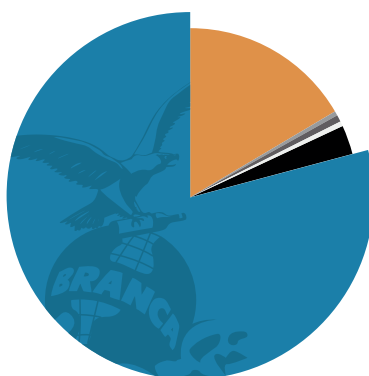
¹⁹ A detailed breakdown of the total hours of training provided and the number of employees involved in the training programmes is shown in the appendix. The limited number of training hours provided to the employees of Branca International and Centro Studi Fratelli Branca is due to the small number of employees and to the fact that health and safety training may be cyclical and therefore not provided, each year, to the same employees.

**AVERAGE
HOURS OF TRAINING PER
EMPLOYEE BY GENDER
AND GROUP COMPANY**

	2017			2018			2019		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
F.LLI BRANCA DISTILLERIE	5,8	7,5	6,3	2,8	3,5	3,0	6,1	4,4	5,6
F.LLI BRANCA DESTILERÍAS	N.D.	N.D.	N.D.	27,0	12,9	26,5	30,2	8,5	28,9
BRANCA INTERNATIONAL	2,0	4,0	3,2	0,0	0,0	0,0	0,0	0,0	0,0
CENTRO STUDI FRATELLI BRANCA	2,0	0,7	1,2	0,0	1,3	0,7	8,0	0,0	4,0
TOTAL	1,2	4,6	1,7	21,2	5,0	19,1	22,5	3,8	19,0

In the 2017-2019 period, at Group level, Branca focused primarily on the following strategic training areas:

- Technical and specialist programmes;
- Occupational health and safety;
- Compliance;
- Food safety;
- Anti-corruption;
- Human rights;
- Skill coaching and mental mapping;
- Yoga, mindfulness, meditation and more.



- 5,233 TECHNICAL AND SPECIALIST TRAINING AND OTHER TYPES OF PROGRAMMES
- 1,096 OCCUPATIONAL HEALTH AND SAFETY
- 21 COMPLIANCE
- 44 ANTI-CORRUPTION
- 32 HUMAN RIGHTS
- 137 FOOD SAFETY

Specifically, in 2019, Fratelli Branca Destilerías focused on health and safety at work and technical-specialist training. Below is a list of the programmes provided by the company for its employees during the year:

- SSMA training (Salud, Seguridad y Medio Ambiente);
- correct use of personal protective equipment;
- emergency evacuation plan;
- fire hazard and the correct use of fire extinguishers;
- electrical hazards;
- correct use of forklifts;
- manual lifting of loads;
- explosive atmospheres;
- LOTO standard;
- work permits;
- GHS (Globally Harmonized System of Classification and Labelling of Chemicals);
- HIV/AIDS and other sexually transmitted diseases;
- drug abuse;
- healthy living;
- first aid and cardiopulmonary resuscitation;
- cardiovascular prevention;
- effects of tobacco on health.

PERIODICAL PERFORMANCE ASSESSMENT

In 2019, for the first time, Fratelli Branca Distillerie started evaluating the performance of all senior and middle managers, amounting to 16 and 22 persons, respectively. The evaluation process also involved the managers hired by the Parent Company Branca International. That same year, also for the first time, the performance evaluation process of Fratelli Branca

Destilerías, which, until 2018, like in Italy, had only concerned senior and middle managers, involved all employees. Branca USA has also launched a periodic performance assessment process, aimed at all employees.

Occupational health & safety

²⁰ Even in the companies Branca International and Centro Studi Fratelli Branca, not present in the following detailed views, no accidents occurred in the reporting period.

As already highlighted in relation to the training activities for employees, creating and maintaining a safe working environment for the health and well-being of all people is a fundamental principle for the Branca International Group.²⁰

Health and safety at work, in fact, is among the most complex issues for the sustainability of a company and although the results can be quickly summarised on the basis of simple indicators, there are many underlying factors, which require the integrated and coordinated management of an array of different aspects, such as work organization, risk management, plant status, production process management, people training, prevention policies and the company culture itself.

FRATELLI BRANCA DISTILLERIE

Being aware that performance in terms of health and safety protection is one of the indicators of good company management as a whole, since 2010 Fratelli Branca Distillerie has adopted and implemented an occupational health and safety management system certified according to OHSAS 18001, as recognised by Legislative Decree 81/08. In June 2019, the company, classified as a Significant Accident Risk Company under Legislative Decree 105/15 (Seveso Directive), migrated its Occupational Health and Safety Management System to the workplace environment, obtaining the Certification of conformity according to the ISO 45001 standard. Therefore the system is extended and applies to all Fratelli Branca Distillerie's processes and activities, such as marketing, sales, logistics, human resources, maintenance, purchasing, system processes, as well as laboratory insourcing,

research and development, cleaning and sanitising, and the outsourced repacking-copacking process.

Fratelli Branca Distillerie has re-iterated its commitment - undertaken in accordance with the current legislation and regulations - and its sensitivity towards the issues of environmental protection and safety, prevention, control and reduction of major accidents in the workplace, defining specific activity plans aimed at achieving continuous improvement through the definition, control and review of its objectives.

The company also has also put in place an Integrated Environment - Safety and Health Management System.

The company is therefore committed to ensuring the participation and involvement of workers in all the phases of the integrated management system, always making the relevant information available for

consultation. In this regard, an Environmental Policy, Occupational Health and Safety Policy and Significant Accident Prevention Policy have been prepared and displayed at several points at the Italian plant, setting out the company's goals in the various areas.

With a view to ensuring the updating and adequacy of the emergency management procedures, as well as pursuing continuous improvement in the performance of the Safety Management System, the company provides for annual inspections by the certification body, as well as a constant review of its procedures, operating instructions, check lists and the periodic monitoring of the health and safety at work and Risk Assessment Documents. Moreover, at least once a year, a strategic meeting is held with the participation of all members of the SPP (Prevention and Protection Service). For all aspects relating to

health and safety at work, the management holds a consultation meeting with the Chief Medical Officer and ensures, throughout the year, a constant supply of personal protective equipment (PPE) to the relevant employees.

With regard to training, in accordance with the applicable regulations, Branca provides for a training programme at hiring followed by periodic

refresher courses. The Training Plan is drawn up and approved annually, focusing on the environment and health and safety issues.

Training is strongly tied to raising staff awareness about the above mentioned issues, in order to increase their consciousness and the importance of all roles within the organisation.

The various commitments undertaken in this area have made it possible to report excellent results in terms of health and safety at work. In fact, as shown in the table below, in the three-year period under review, Fratelli Branca Distillerie recorded only two accidents in the workplace, one in 2017 and one in 2019.

ACCIDENT RATES AT WORK (FRATELLI BRANCA DISTILLERIE)	2017	2018	2019
NUMBER OF ACCIDENTS²¹	1	0	1
ACCIDENT FREQUENCY RATE²²	7,58	0,00	5,98

²¹ The accident figures relating to Italy do not take commuting accidents into account. In the reference period, there were 3 commuting accidents in 2017 and 0 in the other years.

²² (Number of accidents involving more than three days work-related accident leave / number of hours worked) x 1,000,000.

On the subject of employee health and safety, the company constantly monitors the risks arising from the tasks performed and undertakes to implement all the necessary activities that can protect staff health and safety, including an annual update of the assessment of work-related stress, including an analysis of objective data (so-called "sentinel events"). Fratelli Branca Distillerie identifies and regularly updates its objectives in terms of health and safety in the workplace, consistently with the management policy that provides for continuous improvement in the monitoring of these issues and the definition of a series of commitments. Including:

- **Guaranteeing the continuous updating of the Safety Management System, which defines the roles, tasks, responsibilities and tools for risk prevention across the organisation, applying a Risk Based Thinking method;**
- **Ensuring that the necessary resources are available to establish, implement, maintain and improve the integrated management system;**
- **Preventing occupational accidents and illnesses through activity and process-specific risk assessment;**
- **Keeping the internal emergency plan updated and promoting its dissemination among the workers and other stakeholders;**
- **Identifying the necessary tools for the effective management, performance control and review of the Safety System;**
- **Promoting information, training and education on the risks and hazards associated with the company operations and promoting employee awareness, at all levels, with regard to the protection of occupational health and safety, and the proper application of the procedures for the prevention of major accident;**
- **Disseminating the objectives of the health and safety system and its implementation programmes through staff involvement and consultation with the Health & Safety Representative (HSR);**
- **Monitoring operational control activities regarding the plant, equipment and maintenance procedures, in order to prevent health and safety and accidents;**
- **Planning actions and the management of plant and equipment, in relation to any changes capable of affecting safety and risk prevention;**
- **Developing and promoting a culture, within the organisation, that ensures the effectiveness and efficiency of the system.**

FRATELLI BRANCA DESTILERÍAS

In 2019, as shown in the table below, Fratelli Branca Destilerías, on the other hand, recorded only one accident, down by one unit compared to the previous year. It should also be noted that there was a constant decrease in the accident rate in the 2017-2019 period: 2.17 in the last year of reporting (2019) compared to 4.73 in the previous year.

ACCIDENT RATES AT WORK (FRATELLI BRANCA DESTILERÍAS)

	2017	2018	2019
NUMBER OF ACCIDENTS ²³	4	2	1
ACCIDENT FREQUENCY RATE ²⁴	10,38	4,73	2,17

²³ The accident figures relating to Argentina do not take commuting accidents into account.

²⁴ (Number of accidents involving more than three days work-related accident leave / number of hours worked) x 1,000,000.

Consistently with the Branca Group's management of health and safety issues, the health and safety management system of Fratelli Branca Destilerías also conforms with the guidelines of the OHSAS 18001 standard and complies with current local regulations. In fact, during 2019, the annual survey of risk agents was completed to ensure the safety and well-being of people, considered a top priority for the company and the Group.

Following the same approach adopted by Branca for some time now, over the past year the Argentine company has worked at defining a standard based on the international criteria used to identify, classify hazards and risks and investigate accidents through an ad hoc risk matrix for assessing the level of risk involved. In particular, a precise assessment of the risks associated with explosive atmospheres and the safety of machinery in production cycles has been carried out with the support of a medical department and based on an analysis of the root causes.

In this regard, the company has established a team of professionals tasked with performing health and safety services and is supported by an expert in occupational hazards and their prevention. A dedicated committee assesses events with a significant impact and adopts timely corrective and mitigation actions. The most relevant actions identified during 2019 include the redesigning of lorry traffic at the plant, the improvement of machine safety protections (carried out by updating the safety maps of all the machines), the implementation of a LOTO ("Lock Out, Tag Out") standard and a behavioural safety programme, as well as the identification of physical barriers of at least three metres between pedestrians and industrial vehicles, to reduce the risk of accidents at work.

The company has also planned the following initiatives to promote the health and safety of its employees:

- Outsourced medical service (for a total of 12 hours per week), provided by an occupational physician directly at the company;
- Medical cover for all employees, together with life insurance and a free flu vaccination campaign for all families;
- Healthy meals at the company canteen;
- A company nutritional expert engaged to assist employees to follow healthy eating patterns that best suit their needs;
- Promotion of employee participation in health and safety issues through specific training programmes and communication methods involving multiple tools (physical posters, electronic posters, emails, company intranet);
- Provision for a joint health and safety committee, in compliance with the current regulations, with the participation of the workers' representatives (trade unions); the committee meets on a monthly basis and records all meetings in special minutes;
- Organisation of six-monthly meetings relating to the health and safety management system together with all company operating areas.

In 2019, Branca USA did not report any occupational accidents and, overall, none of the Group companies reported fatal accidents at work, nor any occupational diseases, over the three-year period in question.

Employee well-being

Branca strongly believes in the well-being of its resources and the balance between work and private life. Among the main welfare initiatives implemented by Fratelli Branca Distillerie are the following benefits and bonuses:

FRATELLI BRANCA DISTILLERIE

CORPORATE BENEFITS

- Corporate credit card
- Corporate mobile phones
- Corporate vehicle fleet
- Corporate recreational club

FAMILY SUPPORT ALLOWANCES

- Reimbursement of summer holiday camp costs for employees' children
- Reimbursement of middle school textbook expenses to support education
- Education bonus for employees' children admitted to secondary school
- Education bonus for employees' children graduating from secondary school
- University scholarships for employees' children
- Bonuses for employees' children passing their university exams in the year and for final graduation

HEALTH BENEFITS

- Supplementary health insurance
- Professional and non-professional accident liability insurance for certain groups of employees

OTHER BONUSES

- Seniority allowances
- Seniority medal
- Gift packages at Christmas and Easter
- Paid leave for various reasons

As already mentioned in the paragraph on training, the importance of yoga courses, reserved to all employees, is also emphasised among the well-being initiatives for Branca employees. Besides being an area of training not usually offered by companies, they also represent an encouragement and an opportunity to pursue physical and mental well-being at work as well, which has always been one of the founding elements of Branca's cultural heritage and values, being consistent with the idea that the company is a living body where everyone can make the best use of their abilities and contribute to the achievement of a common goal.

It should also be noted that, in October 2017, Fratelli Branca Distillerie received the BSCI - Business Social Compliance Initiative certificate, a recognition that testifies to the company's commitment to decent working conditions and respect for gender equality.

BSCI member companies are committed to implementing the values and principles set out in the Code of Conduct throughout their supply chain, based on the following values: continuous improvement, collaboration and empowerment, and to ensuring compliance with the following principles: freedom of association and right to collective bargaining, non-discrimination, adequate remuneration, reasonable working hours, worker protection, prohibition of child labour, prohibition of forced labour, environmental protection, ethical trade.

In essence, businesses that choose to adopt the Code of Ethics must abide by its principles

and fulfil their responsibility to respect human rights within their sphere of influence. The Code is based on a number of international conventions, such as the Universal Declaration of Human Rights, the Children's Rights and Business Principles, the Guiding Principles on Business and Human Rights, the OECD Guidelines, as well as the United Nations Global Compact and the conventions and recommendations of the ILO (International Labour Organization), which are fundamental for the improvement of working conditions in the supply chain.

In 2018, Fratelli Branca Destilerías defined the three pillars on which it bases its entire business strategy: employee welfare, environmental protection and social development in the geographical areas and communities in which it operates. In 2019, 84% of employees said they were satisfied with the benefits and perks offered by the company, including, for example, insurance cover, flu vaccines, canteen, reduced rates for transport, health care and Christmas gifts.

In addition, there are specific initiatives for employees' children, such as: reimbursement for participation in summer camps, reimbursement for the purchase of books for lower secondary school to promote education, bonuses for the promotion of children attending secondary school and at secondary school graduation, a bonus for university exams taken during the year and for university graduation. Below is an overview of the initiatives implemented in 2019.

FRATELLI BRANCA DESTILERÍAS

FAMILY SUPPORT ALLOWANCES

- Family Day, organised to acquaint the employees' families with the plant and its facilities (over 35 families and 120 participants in 2019)
- Children's Party, dedicated to the employees' children aged 12 or less, also featuring a small gift (170 gifts distributed in 2019)
- School materials and bags for employees' children (over 170 backpacks to over 90 families in 2019)

HEALTH BENEFITS

- Nutrition: expert advice for employees desiring and/or in need of support. Healthy food and eating environment at the canteen
- Annual check-up for employees by the Chief Medical Officer
- Flu vaccination programme, according to the public health calendar, for employees and their families (over 100 doses administered in 2019)

BRANCA USA

With reference to Branca USA, the company, founded in 2019, has entered into a partnership with the Professional Employment Organization, which provides healthcare coverage at attractive prices for employees and their families.



The environment

*SUSTAINABLE BUSINESS
AND IMPACT MITIGATION*

Responsible use of resources

Branca believes that a business should strive to protect the environment in general, as well as being respectful of the applicable regulations in force at any given time. Environmental protection and the sustainable use of natural resources are in fact key priorities of the Group as a whole.

Branca has adopted a Code of Ethics that affirms the principles of fairness, loyalty and professional reliability that underpin all the activities and conduct of its people. These principles also form the basis of the Environmental Policy adopted by Fratelli Branca Distillerie and Fratelli Branca Destilerías in 2019, aimed at defining the companies' commitment to the responsible management of all environmentally relevant activities.

These issues are pursued through the definition of appropriate action plans that provide for the implementation of specific activities. The definition of precise and measurable objectives, the monitoring and control of the progress achieved, as well as the periodic updating of these targets are all part of a continuous improvement process defined for the optimisation of its operations, on top of

compliance with the relevant regulations.

For Branca, commitment to the environment is of particular importance and goes beyond the simple management of the organisation's direct impact on the ecosystem: the concrete and qualified contribution that the Group intends to make to sustainable development translates into the possibility of activating processes for the promotion and dissemination of environmentally correct values and behaviour by its stakeholders.

Both companies, Fratelli Branca Distillerie S.r.l. and Fratelli Branca Destilerías SA, have adopted an environmental management system in accordance with ISO 14001 to allow the consistent and comprehensive management of all environmental aspects. This system, revised and updated over the years, has the purpose of controlling, coordinating and improving all the environmental aspects associated with industrial activities - including the management of energy consumption, atmospheric emissions, the efficient use of water resources and the management of waste and effluents.

In line with its commitment to the environment, Fratelli Branca Distillerie has also decided to comply with EC Regulation no. 1221/2009 EMAS, which provides for a Europe-wide certification system that recognizes the achievement of best results in environmental improvement. The awarding of this certification in December 2011, and the registration of Fratelli Branca Distillerie in the European Register of EMAS companies, testifies to the company's commitment to the optimal management of resources and the continuous improvement of its environmental performance.

The purpose of this chapter is to illustrate the Group's main environmental performance providing, for each topic, a general overview of consolidated data at Group level and then further investigating the most relevant aspects relating to the two production sites in Italy and Argentina, to which almost all environmental data (energy consumption, emissions, waste) are associated. In the case of Branca USA, which has a more limited environmental impact, not being a production site, in-depth analyses are reported only where relevant.



Energy consumption²⁵

²⁵ The translation of consumption data into GJ is based on the factors provided by the UK Department for Business, Energy & Industrial Strategy (UK Government GHG Conversion Factors for Company Reporting), Conversions and Fuel properties sheets.

Branca is committed to managing its activities responsibly, in order to reduce the environmental impact of its operations and products throughout their life cycle. Although the Group is not an energy-intensive company, it has always been committed to protecting natural resources, aiming to progressively downsize energy consumption, in particular electricity and natural gas, which account for almost all consumption and are the most widely used energy sources at the production sites in Italy and Argentina.

ENERGY CONSUMPTION CONSOLIDATED	2017	2018	2019
<i>Natural gas (GJ)</i>	13.464	14.457	10.987
<i>Electricity (GJ)</i>	15.441	16.286	14.657
<i>Petrol (GJ)</i>	-	-	1.223
<i>Total (GJ)</i>	28.905	30.743	26.867
<i>Total annual output (t)</i> ²⁶	64.096	59.214	54.789
<i>Energy intensity (GJ/output in tonnes)</i>	0,45	0,52	0,49

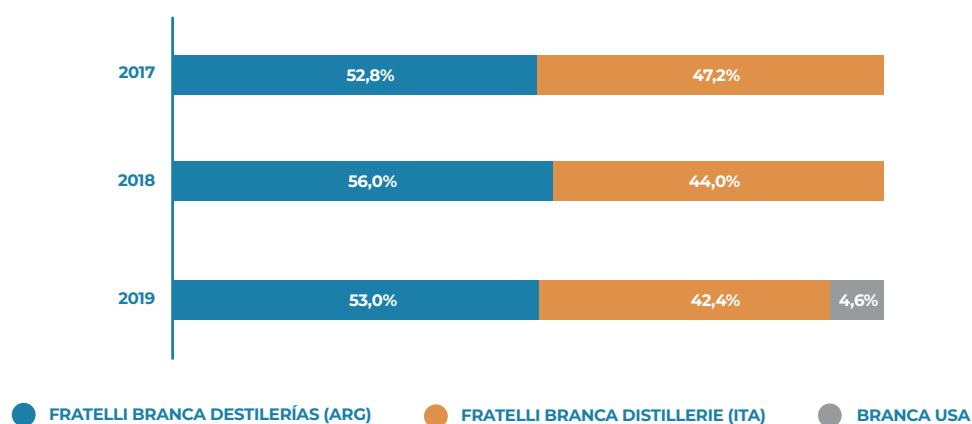
²⁶ Output is measured in tonnes of bottled product.

Unlike in previous years, in 2019 energy consumption also includes petrol consumption for vehicles used by Branca USA employees²⁷, which is why the energy intensity index, although down since 2018, is slightly higher than in 2017. The slight increase in the index, calculated on the basis of the tonnes of bottled product, is also affected by fixed consumption figures (especially electricity) needed to maintain plant operations, even if the output is lower. During the year, however, there was an overall drop in consumption of 12.6% compared to the previous year, thanks to the efficiency measures implemented and, in part, also due to a lower total annual output compared to 2017-2018. Moreover, in 2018 there had been an increase in energy consumption by Fratelli Branca Destilerías following the installation of new systems, the use of which was optimised in 2019, as explained in more detail in the following paragraphs.

The following graph shows the contribution of each company to Branca's overall consumption. Also in light of the higher production volumes, the greatest contribution comes from Fratelli Branca Destilerías, while, as previously mentioned, the consumption of Branca USA is residual (starting from 2019).

²⁷ Branca USA does not have the data relating to the energy consumption of the building in which the offices are located, since the related costs are included in the monthly rental contract and cannot be separated.

DETAILED BREAKDOWN OF ENERGY CONSUMPTION BY COMPANY (GJ)



Following is an in-depth analysis of energy consumption by each company.

FRATELLI BRANCA DISTILLERIE

With a view to continuously improving its environmental performance, Fratelli Branca Distillerie has implemented the following energy efficiency actions:

- Replacement and installation of heating systems for the production of domestic hot water, steam and heating;
- Replacement of the diesel steam generator with new-generation lower-capacity equipment;
- Installation of a new heat generator for the production of hot water and for heating;
- Installation of solar panels for the production of hot water;
- Installation of a new refrigeration system and a new air treatment unit;
- Replacement of traditional lighting systems with LED technology. In particular, in 2017, all the Museum's lighting fixtures were replaced, saving 11,017 kWh for the 70 lights with an estimated 2,420 hours of lighting per year, of the corridors, offices and courtyard.

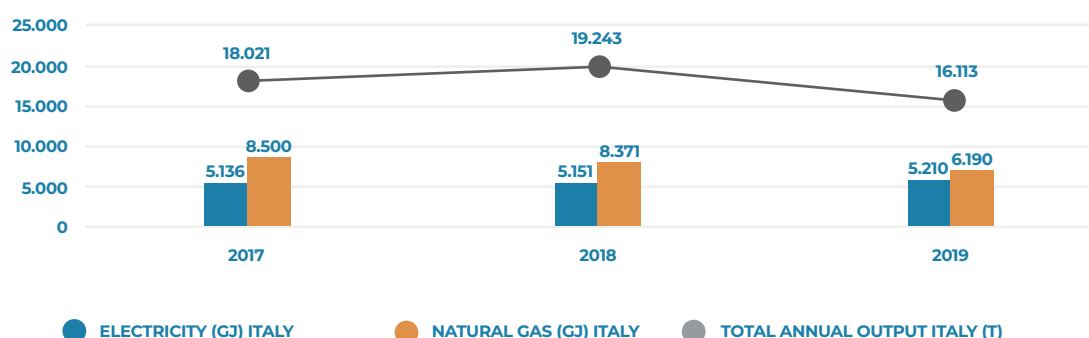
natural gas consumption as a result of the energy efficiency initiatives implemented with respect to the heating systems. The downward trend of the energy intensity index - down from 2017 and stable between 2018 and 2019 - shows how, beyond the production levels that vary from year to year, the improvements have consistently reduced the amount of energy required per tonne of output. Electricity consumption levels, which remained constant between 2018 and 2019, as well as the energy intensity index which, despite the drop in production volumes, increased only slightly in 2019, due to the "basic" consumption (in particular electricity) required to maintain the plant operational; this basic consumption, in fact, does not vary and remains constant even with a lower output.

Fratelli Branca Distillerie has also installed a photovoltaic panel system to serve the chimney lighting system, functioning with LEDs, with a storage system aimed at making the system entirely autonomous and powered by renewable energy. To date, however, the latter has had a limited contribution, which is why it is not monitored in the Environmental Declaration.

The table below shows how, in 2019, total energy consumption decreased compared to 2018, due in particular to a reduction in

ENERGY CONSUMPTION
FRATELLI BRANCA DISTILLERIE

	2017	2018	2019
Natural gas (GJ)	8.500	8.371	6.190
Electricity (GJ)	5.136	5.151	5.210
TOTAL (GJ)	13.636	13.522	11.400
Total annual output (t)	18.021	19.243	16.113
Energy intensity (GJ/output in tonnes)	0,76	0,70	0,71

ENERGY CONSUMPTION (GJ)
AND TOTAL ANNUAL OUTPUT (T)

FRATELLI BRANCA DESTILERÍAS

Fratelli Branca Destilerías too, following the mapping of its main sources of energy consumption, has carried out several initiatives related to improving energy efficiency from 2017 onwards. These include the following:

- Automation of water pumping wells, which, besides improving water use efficiency has also optimised electricity consumption;
- Construction of a new production facility with a transparent sheet metal cladding, which saves electricity for lighting;
- Acquisition of new data processing equipment with improved performance and lower energy consumption;
- Development of a LED lighting system, not only for the production areas but also inside the offices and internal traffic routes;
- Reduction of the boiler operating time, with consequent reduction of the natural gas used, following an analysis of the steam demand required for production during the day and the achievement of daily requirements even with

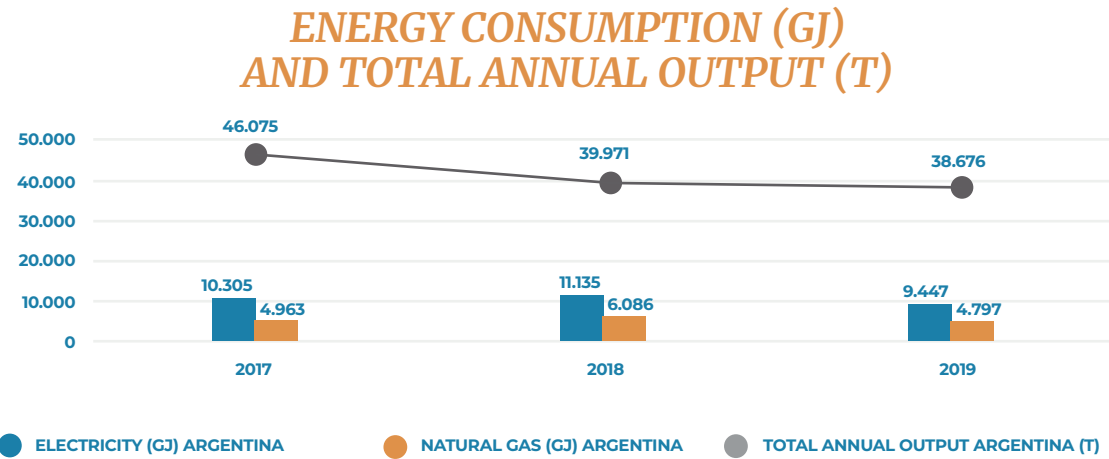
limited boiler operation;

- Introduction of a shutdown configuration and optimisation of the operation of the air compressors - identified through an analysis of the demand as responsible for one of the most significant proportions of electricity used - which has made it possible to reduce electricity consumption;
- Installation of auxiliary services (steam production, compressed air) in places close to the point of demand, to improve the energy efficiency of each item of equipment.

In 2019, these initiatives contributed, as shown in the table below, to reducing both electricity and natural gas consumption and, consequently, total energy consumption compared to the previous two years, partly due to the decrease in production volumes. The energy intensity index, relative to consumption per tonne of output, also

dropped again in 2019, after increasing in the previous year. At the end of 2017, in fact, new systems had been installed at the production site, in particular a higher-capacity boiler which, in the commissioning phase in 2018, had entailed higher energy consumption. Thanks to the efficiency measures implemented, it was possible to reduce gas and electricity consumption in 2019, substantially returning to the 2017 levels.

ENERGY CONSUMPTION FRATELLI BRANCA DESTILERÍAS	2017	2018	2019
Methane gas (GJ)	4.963	6.086	4.797
Electricity (GJ)	10.305	11.135	9.447
TOTAL (GJ)	15.268	17.221	14.244
Total annual output (t)	46.075	39.971	38.676
Energy intensity (GJ/output in tonnes)	0,33	0,43	0,37



To give an idea of the extent of the reduction, the amount of energy saved in 2019 is equal to the electricity consumed by 300 people and the annual gas consumption of 35 households. This monitoring was carried out by the company itself based on the Energy Consumption Index measured in giga joule/cubic meters of finished product.

Air emissions

At Branca, the emissions into the atmosphere mainly come from energy consumption and refrigerant gas refills for the HVAC systems.

Specifically, the Group has chosen to report greenhouse gas emissions on the basis of the "Scope" distinction provided for in the GHG Protocol:

- **Scope 1 - Direct emissions from the combustion of fossil fuels - i.e. methane gas consumed in the Fratelli Branca Distillerie and Fratelli Branca Destilerías plants in Italy and Argentina and automotive petrol consumed by Branca USA - and from refrigerant gas refills;**
- **Scope 2 - Indirect emissions from the production of electricity sourced from the grid and consumed for powering systems and lighting.**

In the light of the fact that, to date, Branca does not adopt specific policies for the purchase of certified electricity from renewable sources, the Scope 2 emissions have been calculated according to the location based criterion (with consequent appropriate emission factors), which takes into account the national energy mix of the country in which the site/plant is located.

In 2019, direct emissions (Scope 1) amounted to 845 tCO₂ eq, down by 25.8% compared to 2018. In the same period, indirect emissions from the use of purchased electricity (Scope 2), amounted to 1,613 tCO₂ eq., down by 13.6% compared to 2018.

²⁸ The direct emissions of CO₂ (Scope 1) have been measured based on the overall refrigerant gas refills and natural gas consumption. The total tonnes of CO₂ eq are based on the emission factors provided by the UK Department for Business, Energy & Industrial Strategy (UK Government GHG Conversion Factors for Company Reporting).

EMISSIONS AND EMISSION INTENSITY CONSOLIDATED

	2017	2018	2019
Scope 1 emissions (tCO ₂ eq.) ²⁸	768	1.138	845
Scope 2 emissions (tCO ₂ eq.) ²⁹	1.863	1.866	1.613
Totali emissions (Scope 1 and Scope 2) (tCO₂ eq.)	2.631	3.004	2.458
Total annual output (t)	64.096	59.214	54.789
Total emissions / output ratio (tCO₂e/t output)³⁰	0,041	0,051	0,045

²⁹ The indirect emissions of CO₂ from electricity consumption (Scope 2) at the Italian plant have been measured based on the calculation parameters indicated by the Italian Istituto Superiore per la Protezione e la Ricerca Ambientale (ISPRA). The Scope 2 emissions at the plant in Argentina, instead, have been measured based on the emission factors provided by the Secretariat for Electric Energy of the Argentine Ministry of Energy.

The overall drop in emissions in 2019 compared to 2018 (-18.2%) is due to the decrease in total output, the energy efficiency policies put into place and the replacement, over the years, of obsolete systems with new-generation plants featuring a lower environmental impact. The slight increase in the emissions to output ratio, as already mentioned in the section on energy consumption, is due to the fact that the plants also feature a proportion of "fixed" consumption, regardless of decreased output volumes, with a consequent impact on emissions, especially Scope 2 emissions related to the consumption of electricity purchased from the grid.

Regarding refrigerant gases alone, the main source of emissions comes from the quantity of R22 recharged in 2018 and 2019 at the Argentine plant.

³⁰ Output is measured in tonnes of bottled product.

EMISSIONS FROM REFRIGERANT GASES CONSOLIDATED

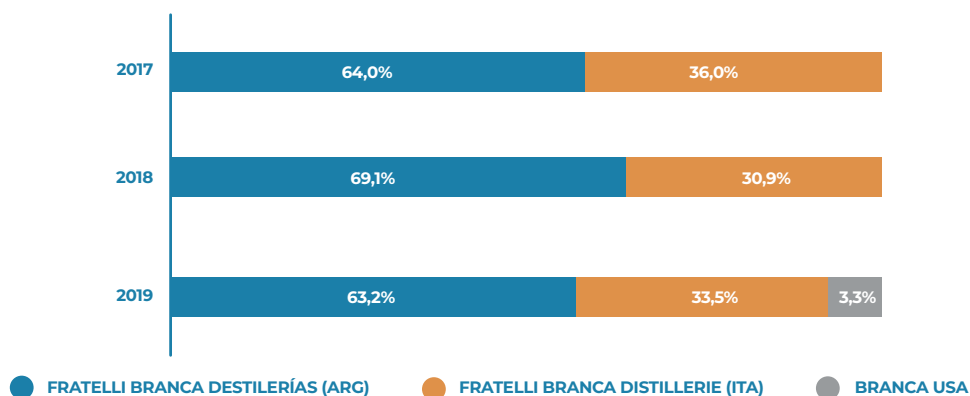
	2017	2018	2019
<i>Direct emissions from refrigerant gases (tCO₂ eq)</i> ³¹	6	320	141

³¹ To calculate the emissions from R427A refrigerant gas fillers the emission factor 2.138 indicated in the technical data sheet of the gas manufactured by Linde Group has been used. (https://www.linde-gas.com/en/images/Refrigerant-s%20environmental%20GWPs_tcm17-111483.pdf)

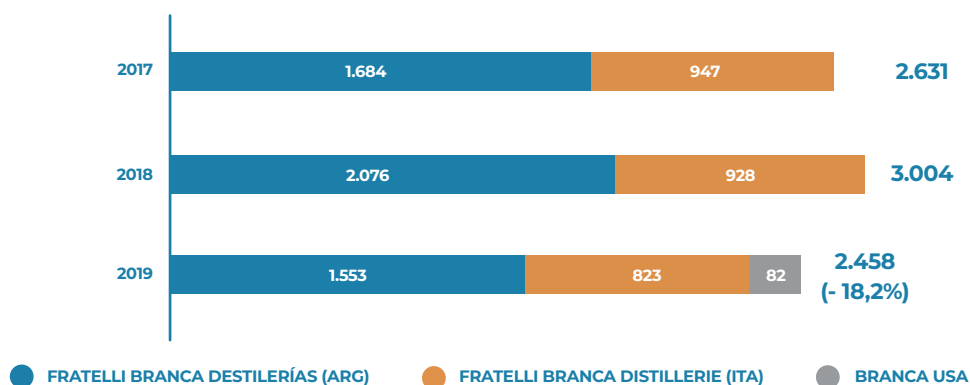
It should be noted that the figures concerning refrigerant gas refills do not feature a linear trend, with the values higher in certain years and close to zero in others, depending on the system maintenance works and replacements.

The following graphs show each company's contribution to the overall emissions of Branca and the breakdown of 2019 emissions by source. The following paragraphs also present details on the atmospheric emissions of the Group companies, in particular Fratelli Branca Distillerie and Fratelli Branca Destilerías and their respective production sites.

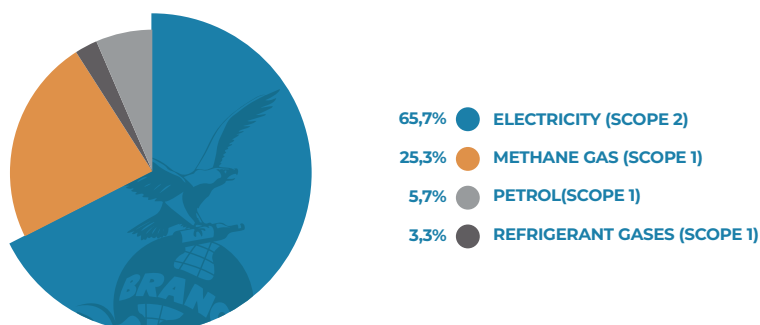
DETAILED BREAKDOWN OF (SCOPE 1 + SCOPE 2) EMISSIONS BY COMPANY



DIRECT AND INDIRECT EMISSIONS DETAIL (TOTAL SCOPE 1 + SCOPE 2; tCO₂ eq.)



MAKE-UP OF EMISSIONS BY SOURCE TCO₂E, SCOPE 1 + SCOPE 2) – 2019



As far as other types of emissions into the atmosphere are concerned, the report does not provide detailed information as SO₂ and NO_x emissions are insignificant.

FRATELLI BRANCA DISTILLERIE

With reference to Fratelli Branca Distillerie, in 2019 Scope 1 and Scope 2 emissions totalled 393 tCO₂ eq. and 430 tCO₂ eq. respectively. The trend of total emissions is decreasing over the three-year period, while the ratio of emissions to bottled product dropped between 2017 and 2018 and increased slightly again in 2019. This variation, as explained in the section dedicated to energy consumption, is due to the fact that the plants also feature a proportion of "fixed" consumption, in particular of electricity (with related emissions counted in Scope 2), even with lower output volumes, with a consequent unavoidable increase in the indicator against lower output.

EMISSIONI ED EMISSION INTENSITY FRATELLI BRANCA DISTILLERIE	2017	2018	2019
<i>Scope 1 emissions (tCO₂ eq.)</i>	487	473	393
<i>Scope 2 emissions (tCO₂ eq.)</i>	460	454	430
<i>Total emissions (Scope 1 e Scope 2) (tCO₂ eq.)</i>	947	927	823
<i>Annual total output (t)</i>	18.021	19.243	16.113
<i>Total emissions/output ratio (tCO₂e/t output)</i>	0,053	0,048	0,051

FRATELLI BRANCA DESTILERÍAS

As far as Fratelli Branca Destilerías is concerned, in 2019, Scope 1 and Scope 2 emissions totalled 370 tCO₂ and 1,183 tCO₂, a decrease compared to 2018 (-44.3% for Scope 1 and -16.2% for Scope 2 emissions), due to the energy efficiency initiatives undertaken in recent years, which have determined a reduction in the consumption of natural gas and electricity. The trend in emissions per tonne of bottled product is set to fall again in 2019, after the increase in 2018 due - as in the case of the increase in energy consumption - to the commissioning of the new plants and the new boiler.

EMISSIONS AND EMISSION INTENSITY FRATELLI BRANCA DESTILERÍAS	2017	2018	2019
<i>Scope 1 emissions (tCO₂ eq.)</i>	281	664	370
<i>Scope 2 emissions (tCO₂ eq.)</i>	1.403	1.412	1.183
<i>Total emissions (Scope 1 e Scope 2) (tCO₂ eq.)</i>	1.684	2.076	1.553
<i>Annual total output (t)</i>	46.075	39.971	38.676
<i>Total emissions/output ratio (tCO₂e/t output)</i>	0,037	0,052	0,040

BRANCA USA

The only emissions from the activities of Branca USA amount to 82 tCO₂ eq linked to car petrol consumption.

Circular economy and recycling



Waste minimisation and correct waste management play a central role in the Group's environmental policy, which has always been based on the three pillars of waste reduction, recovery and recycling. Branca uses only natural products in its production cycles. There is no waste from processing/sub-products as any non-compliant products undergo rework processes.

The use of hazardous substances such as detergents, sanitizers and lubricating oils (for which safety data sheets are kept up to date, on the basis of regulatory requirements) is limited to the cleaning and maintenance of the premises and systems.

The table below shows the total quantities of waste produced in the last three years by the Branca Group (Italy, Argentina and the USA). The trend features a reduction in the total quantity of waste in 2019 compared to the previous year (-6.3%), also due to the decrease in output volumes. The ratio of waste to output (t of bottled product) increased, between 2017 and 2018, mainly due to the increase in waste of Fratelli Branca Distillerie explained in the following paragraph, while it remained stable between 2018 and 2019.

WASTE PRODUCTION INTENSITY CONSOLIDATED	2017	2018	2019
<i>Total hazardous waste (t)</i>	2,79	0,95	4,53
<i>Total non-hazardous waste (t)</i>	3.185,73	3.745,10	3.527,85
<i>Total waste (t)</i>	3.188,52	3.746,05	3.532,38
<i>Total annual output (t)</i>	64.096	59.214	54.789
<i>Total waste/total output</i>	0,050	0,063	0,064

Below is an in-depth investigation concerning the various Group companies.

It should be noted that the data and indicators relating to the quantity and intensity of waste production at the Argentine and Italian plants are not comparable due to the different waste classification systems in the various countries.

In 2019, total waste production at Fratelli Branca Distillerie amounted to 2,404.48 tons, a drop of approx. -7.8% compared to 2018 when growth was recorded.

More specifically, the trend in the quantity of waste for the three-year period 2017/2019 shows an increase in the quantity of washing water disposed of in 2018 and 2019 compared to 2017, justified partly by the increase in output and partly by intensified plant cleaning operations, as well as by activities to improve the disposal of the wastewater. The figures for wet waste disposal also show an increase due to the increase in output.

During 2019, spray cans were also identified as hazardous waste, packaging containing residues of hazardous substances or contaminated by such substances and materials contaminated by hazardous substances, justifying the increase in hazardous waste in 2019 compared to 2018, as shown in the table below.

WASTE BY TYPE AND DISPOSAL METHOD (t) FRATELLI BRANCA DISTILLERIE	2017		2018		2019	
	HAZARDOUS WASTE	NON- HAZARDOUS WASTE	HAZARDOUS WASTE	NON- HAZARDOUS WASTE	HAZARDOUS WASTE	NON- HAZARDOUS WASTE
Total waste production	2,13	1.809,03	0,29	2.583,26	1,58	2.402,90
Disposed	2,04	1.708,60	0,25	2.499,32	1,30	2.321,04
Recovered	0,09	100,43	0,04	83,94	0,28	81,86

As highlighted above, the majority of waste is classified as "non-hazardous", while the proportion of hazardous waste is negligible, accounting for only 0.07% of the total in 2019. In its Environmental Statement, Fratelli Branca Distillerie monitors waste on the basis of three detailed indicators, as follows:

with applicable regulations.

For a more in-depth analysis of the data, the following table provides a comprehensive picture of waste disposal activities, also featuring the ratio of waste to total annual output for the 2017-2019 period.

- Indicator relating to non-hazardous waste including wet waste, filtration aids, effluents. This indicator refers to the manufacturing process (processing waste, filtration wastewater and aids);
- Indicator relating to non-hazardous waste including paper/cardboard, plastic, iron, electrical equipment. This indicator refers to the bottling process (packaging materials, etc.);
- Indicator relating to the hazardous waste produced in connection with the bottling process.

The trend in the ratio of total waste to total annual (bottled) output shows minimal variations with regard to the amount of hazardous waste (which remains negligible), while the amount of non-hazardous waste tends to vary more over time. These variations, in addition to the reasons described in the previous paragraphs, also depend on the fact that the waste accumulated in previous periods can be disposed of in a given year (such as the larger amounts of packaging disposed of in 2019 compared to the previous years), which obviously also affects the size of the indicator.

As regards the type of disposal, part of the waste produced (wood, glass, unsorted or mixed waste) is disposed of through the municipal waste disposal service AMSA (Azienda Municipale Servizi Ambientali), which disposes of the collected waste materials at its disposal facilities. The other types of waste are disposed of through special licensed companies. The company also engages authorised companies for transporting waste materials, in compliance

**WASTE PRODUCTION INTENSITY
FRATELLI BRANCA DISTILLERIE**

	2017	2018	2019
<i>Total hazardous waste (t)</i>	2,13	0,29	1,58
<i>Total non-hazardous waste (t)</i>	1.809,03	2.583,26	2.402,90
<i>Total waste (t)</i>	1.811,16	2.583,55	2.404,48
<i>Total annual output (t)</i>	18.021	19.243	16.113
<i>Total waste/total output</i>	0,100	0,134	0,149

Consistently with the company's commitment to a responsible waste management policy, precise areas of action have been identified for specific activities aimed at the continuous improvement of environmental performance. In the specific case of waste they consist of:

- Staff involvement and awareness raising with regard to correct waste sorting methods, through training programmes and checks by area managers and through dedicated waste reduction

initiatives, such as banning the use of plastic bottles and cups in offices;

- The centralised issuing of specific operating instructions to all staff members regarding the environmental aspects related to company processes;
- The recovery and re-use of materials, with 100% recovery of hazardous and non-hazardous waste and, continuing from 2016, the separate recovery of urban waste such as plastic, paper and cardboard.

FRATELLI BRANCA DESTILERÍAS

In 2019, Fratelli Branca Destilerías defined its environmental policy by overhauling its waste management activities with a view to reducing waste production.

To achieve its new targets, it continued and, indeed, boosted the waste reduction and disposal activities previously launched.

In particular, action was taken with regard to the following types of waste:

- Organic industrial waste of an organic nature (spent herbs), which are disposed of through a pressing process and reuse as an organic fertilizer and raw material for the production of "compost";
- Biological sludge, produced at the wastewater treatment plant, the quantity of which is

significantly reduced through a specific decantation centrifuge process.

Regarding the management of solid urban waste, the company has adopted the Plan de Gestión Integral de Residuos Sólidos Urbanos (GIRSU), which provides for the on-site separation of recyclable/reusable waste products.

Below is an overview of the specific destination of the waste (recycling, reuse, composting, etc.).

WASTE BY TYPE AND DISPOSAL METHOD (t) FRATELLI BRANCA DESTILERÍAS	2017		2018		2019	
	HAZARDOUS WASTE	NON- HAZARDOUS WASTE	HAZARDOUS WASTE	NON- HAZARDOUS WASTE	HAZARDOUS WASTE	NON- HAZARDOUS WASTE
<i>Total waste production</i>	0,66	1.376,70	0,66	1.161,84	2,95	1.124,70
<i>Disposed</i>	0	70,1	0	98,5	2,1	25,48
<i>Recovered</i>	0,66	1.306,6	0,66	1.063,34	0,85	1.099,22

In 2019, compared to the previous year, Fratelli Branca Destilerías recorded a decrease in total waste production, which totalled 1,124.70 tons, confirming the previous years' trend. The overall drop is the result of the gradual decrease in non-hazardous waste and is not affected by the increase in hazardous waste recorded in 2019, compared to the previous years, when the quantity of waste had remained almost constant.

Beginning in 2019, a portion of the non-hazardous waste is reused and a portion used for energy recovery. Hazardous waste is a negligible proportion of the total waste at the Argentine plant as well.

The following table shows the trend in the ratio of total waste (hazardous and non-hazardous) to annual output.

WASTE PRODUCTION INTENSITY FRATELLI BRANCA DESTILERÍAS	2017	2018	2019
<i>Total hazardous waste (t)</i>	0,66	0,66	2,95
<i>Total hazardous waste (t)</i>	1.376,70	1.161,84	1.124,70
<i>Total waste (t)</i>	1.377,36	1.162,50	1.127,65
<i>Total annual output (t)</i>	46.075	39.971	38.676
<i>Total waste/total output</i>	0,030	0,029	0,029

The trend appears to be constant over the three-year period, without any significant variations. The quantity of waste, in particular non-hazardous waste, which accounts for almost all the waste, follows the trend in annual output.

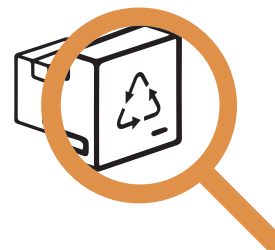
In order to comply with the commitments undertaken, consistently with the Group's long-term waste management goals, the company has planned and introduced the following initiatives in the last year of reporting:

- Disposing spent herbs according to a circular approach, by deciding to use this raw material as animal feed;
- Incinerating non-recyclable waste with energy recovery: the proportion of non-recyclable waste (<2%) is used in co-processing (incineration with subsequent energy recovery). Downstream from this initiative, the important goal of Zero Waste To Landfill (ZWTL) was achieved in September, with periodical monitoring through the waste production index (WPI) measured in kg of landfill disposable waste/m³ of finished product.

- Redesigning the waste sorting methods and staff training on correct waste disposal: to improve the plant's performance in terms of recycling, in fact, the separation process has been broadened and new containers introduced for each type of waste;
- Valorising recyclable waste: each separate waste fraction is assessed in terms of the relevant disposal methods, treatment and disposal/sale price. After the assessment, the treatment of certain fractions is optimized thus increasing the sale prices;
- Significantly reducing the amount of non-recyclable waste through ad hoc recyclers, for landfill disposable waste;

FOCUS

SUSTAINABLE PACKAGING AND RECYCLING



For Branca, product packaging, besides being very important for brand recognition purposes, is also functional to guaranteeing the high quality of our products and to protect them during transportation. The care with which Branca selects and procures all its packaging materials is an integral part of its commitment to minimizing the environmental impact.

The packaging used by the Group for its products can be classified in the following three categories:

- Primary packaging: consists of the container that directly contains the product, i.e. the bottle, the cap and the label;
- Secondary packaging: is the exterior packaging of the primary packaging used to group together a number of bottles and designed both to facilitate shelf replenishment at the point of sale and as sales packaging for the final consumer. This category of packaging includes cardboard packaging, pallets or displays;
- Co-packing or special packaging: consists of outsourcing non-standard types of packaging, such as gifts on pack.

Over the years Branca has built up strong ties and long-lasting relationships with its suppliers, in order to guarantee quality and minimize the impact of transport.

Research into innovative solutions for reducing the materials used and monitoring developments in the packaging sector are activities that the Group conducts, on behalf of both Fratelli Branca Distillerie and the Argentine company, with the aim of reducing the overall product weight and environmental impact, also through dedicated initiatives and projects.

Glass, for example, is the main primary packaging for all our products. Recycling of this material is a comprehensively ecological process, because it reduces the amount of waste to be treated or disposed of at landfills, thus minimizing environmental damage. Furthermore, the recycling of waste bottles also reduces the amount of raw materials needed for bottle production purposes, especially silica sand and calcium carbonate, thus further reducing the impact on the environment resulting from extraction activities, to the benefit of local areas and communities. Scrap glass also reduces energy consumption: each tonne of this scrap, in fact,

saves 1.2 tonnes of raw materials and about 100 kg of fuel. The use of scrap glass in the glass-making mixture also lowers the temperature required for melting and consequently less fuel is required.

Fratelli Branca Distillerie has completed the process of overhauling the secondary packaging specifications, which has led to lighter specifications, less impacting but equally high performing, such as cardboard, the most used type of secondary packaging, or paper, a wholly recyclable material, which entails lower production and disposal costs, as well as ecological protection of forest resources (the recovery of a ton of cellulose material can save 3 trees 20 metres tall).

With reference to co-packing, and in particular the materials used in connection with gifts on pack, Fratelli Branca Distillerie is experimenting with the replacement of plastic materials currently used with recyclable (e.g. paper-based) materials or permanent resources (e.g. steel).



FOCUS SUSTAINABLE USE OF WATER

Water is at the heart of Branca's production process and is one of the main resources we use. Water consumption is related to total output and to the plant sanitization requirements.

The Group is sensitive to water stress issues that have a direct impact on the local areas and is, therefore, consistently committed to the responsible use of water resources, ensuring an efficient and rational use of water in the production processes.

Below are details of the policies implemented at the two main production sites in Italy and Argentina.

FRATELLI BRANCA DISTILLERIE

The water management system adopted at Fratelli Branca Distillerie is structured in such a way as to identify the areas on which to concentrate any major efforts to optimise water consumption and avoid unnecessary waste.

The company's water consumption is tied to product output and to the sanitization of the production plants. Water effluents are divided into three main flows: process water, rinsing water and wastewater. The wastewater management process requires that the process water from the various departments is channelled through a special network into two water tanks and is then disposed of by specialised companies. The cleaner rinsing water, produced by the last rinsing of the plants, is discharged directly into the sewers, because it contains no detergents or pollutants. Finally, the wastewater, consisting of industrial effluents, is periodically checked to ensure quality

before being discharged.

The most relevant areas for improvement, identified with respect to water resource management, are closely related to production processes and almost always concern technical interventions on the production plants. Among the various activities carried out by Fratelli Branca Distillerie to contain water consumption are:

- **Maintenance and monitoring activities on the plants, by the managers and operators of the various departments;**
- **Investments in consumption optimisation projects;**
- **Staff awareness, through information and training activities, to ensure correct behaviour for safeguarding the water resources.**

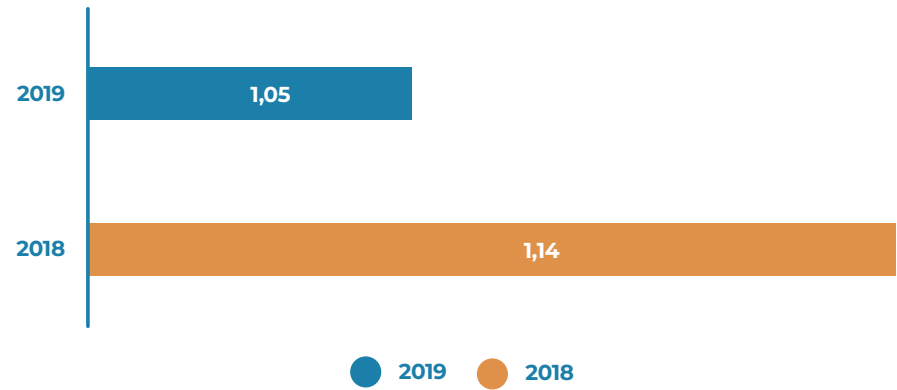
FRATELLI BRANCA DESTILERÍAS

Fratelli Branca Destilerías also focuses on containing and optimising water consumption. The company, which sources its water exclusively from underground aquifers, also aims to protect them from over-exploitation, which would damage the very quality of the water resource it removes.

All the water used at the plant is pumped from four underground wells, stored in an elevated tank and then distributed for production processes, service areas and personal hygiene.

Water consumption is monitored on the basis of the water consumption index (WCI), calculated in cubic metres of consumed water, in relation to the output volume. The graph on the right shows how, in 2019, the index dropped by -8.57% compared to 2018 (1.14%).

WATER CONSUMPTION INDEX



In 2019, a system of re-utilization for the effluent treatment plant and a rainwater collection system were also installed.

The initiatives put into place to achieve the above goals include:

- Analysing business processes, in order to understand the most impacting activities and evaluate possible programmes for reducing these impacts (also related to water consumption);
- Optimising the water recirculation system for reusing the water consumed, resulting in daily savings of about 10m³;
- Automating the water pumping systems in each of the wells, to avoid over-exploitation and preserve water quality;
- Implementing recirculation systems by means of a hydraulic pump, to minimise the consumption of groundwater that is not directly incorporated in the product (e.g. cleaning and equipment washing operations);
- Training internal and external operating personnel, as part of the ISO 14001 environmental management system implemented at the plant since 2015;
- Incorporating the treated effluent recirculation system at the treatment plant for re-utilization in the equipment cleaning process.



Branca, culture and local communities

Since the beginning, the Branca family has always shown a great attention to its culture and social context, as well as to its transformations and needs. An excellent example of this are the posters and advertisements published since February 1865, produced by the best advertising agencies of the time, as well as the company's participation in the great exhibitions of the twentieth century and the promotion of various cultural initiatives for the local communities.

It is precisely in the light of this historical link between the Group and culture, in all its different forms, that Branca today continues to sponsor and support cultural activities, either directly or in partnership with local, national or international organizations, aimed at involving local communities and sharing its history and values.

Over the years, the Branca family has sponsored many cultural initiatives and projects aimed at enhancing the company's business culture and identity

and enhancing the Group's ties with the communities in which it operates or with which it is historically linked. These include the restoration of the Sempione Park Tower in Milan, now called the Torre Branca (Branca Tower), setting up of the Branca Museum inside the production facility at Via Resegone, transforming the Saint-Louis (France) plant into a permanent exhibition space for modern art, establishing the Carpano Museum in Turin, restyling of chimney of the Branca plant, in connection with the celebrations for the 170th anniversary of Fratelli Branca Distillerie, sponsoring the "Arte Unico" competition in Argentina, and much more besides: timeless events and symbols of a company approach that looks to the future without losing sight of the past, which must always be valorised and preserved.

The following paragraphs describe the main activities carried out by the Group in this area over the years, mainly in Italy and Europe.

Key cultural initiatives

Branca Museum

History, tradition and innovation

The "Branca Collection" Museum, inaugurated in 2009, is a company museum created by the Branca family with the aim of spreading knowledge about the history, tradition and culture of Branca and the company's evolution from its origins to the present day. Visitors are greeted by the unmistakable aroma of Fernet-Branca, which pervades the rooms of the museum and accompanies them on a journey through which they can relive the history of the company, breathe in the aroma of the Branca brand products, take a close up view of the tools of the craft and the dawn of its history and then follow the evolution of technique and innovation. An itinerary that winds its way in over 1,000 square metres and features paintings, sculptures, raw materials and work tools that recount the story of a brand built on quality and passion.

The "Branca Collection" is the result of ten plus years of research, selection and restoration work and also comprises a rich collection of advertising posters and campaigns and calendars, highlighting the attention to communication that distinguished Branca already in the mid-nineteenth century, with the use of state-of-the-art techniques. The museum also showcases various objects that have been donated to the "Branca Collection" by enthusiasts. The Collection, therefore, is not only a company museum focusing on the history of the Branca brand, but also a space in which the displayed items take on a twofold meaning of historical documents of a production system and conceptual communication and organisational tools. The museum also plays an

educational role, through its "open doors" policy for organizations and schools in Milan and its surroundings, with free access to the sections of the museum dedicated to the history of the company, as well as the offering curricular training internships and/or apprenticeships for young secondary school/university graduates.

The museum has greatly expanded its visitors in recent years, reaching a total of around 4,500 visitors in 2019, confirming the satisfactory results that had already been recorded in previous years, also thanks to the positive feedback and reviews on Tripadvisor. The number of extraordinary openings during the weekend and during the "week of culture", as well as the evening openings have also increased, pointing to a great deal of interest from the community.



Branca Tower

Designed by Giò Ponti and erected in a record time of only two and a half months, in 1933, for the 5th Triennale Exhibition, the "Branca Tower" is a major landmark in Milan and is considered a true work of art. With its exciting panoramic viewing platform and its height of 108.60 metres, made of special flanged and bolted Dalmine steel tubes, it ranks tenth tallest accessible building in Milan. In 1972 it was closed down because in a bad state of repair, but it was subsequently refurbished by the Branca family and reopened as a tribute to the city of Milan in 2002 and has been known since then as the "Branca Tower". It welcomes thousands of visitors a year and continues to serve

the city by offering tourists, but above all locals, a different perspective on the beauty of Milan.

Consistently with Branca's social commitment to the local community, a new transparent glass structure has been erected at the base of the Tower, serving as a bar and restaurant but which does not block the view of the tower, while at the same time providing a creative venue where people can meet up, symbolising this creative link between Milan's past and future, by also hosting shows and cultural events.

In 2017, in connection with the 15th Anniversary of the Tower's reopening, Branca sponsored a conference dedicated to Giò Ponti at its historic

headquarters in Via Broletto 35, which was attended by the Chairman of the company Niccolò Branca and by Donatella Bollani, deputy editor-in-chief of Domus, the prestigious architecture magazine founded by Ponti himself, Emilio Faroldi, pro-rector of the Polytechnic University of Milano, Maria Vittoria Capitanucci, an architecture historian, and Vanni Pasca, critic and design historian. The round table was followed by an event at the Branca Tower itself.

Also in 2019 the Tower welcomed about 20,000 visitors to its panoramic platform.



Fernet-Branca Fondation

Part of Fratelli Branca's history has taken place in France. In 1909, in fact, the Milan-based company opened a distillery in St. Louis, in the Alsace region. The building, 50 metres long, is surmounted by a copper eagle, the emblem of Fratelli Branca Distillerie, designed to dominate the company's pavilion at the 1906 International Trade Fair in Milan.

Today, the distillery is no longer in operation and the building, registered as a "monument historique" since 4 July 1996, has been converted into the seat of the Fondation Fernet-Branca.

The idea of transforming the old Fernet-Branca distillery into a museum of contemporary art came in 2003, based on a joint project by the local authorities

and the Branca family, always sensitive towards social and cultural issues and interested in finding a new use for the building, which for many years had been a dynamic hub of the town and district of Saint-Louis. In 2003, Count Niccolò Branca signed an agreement with the municipality of Saint-Louis under which he made the property available for the construction of the museum for 23 years. The project is part of the cross-border cultural context with the nearby Swiss city of Basel, which hosts the Fondation Beyeler, the Tinguely Museum, the Schaulager, and the annual "Art'Basel" show, and with Weil am Rhein, in Germany, where the "Vitra Design Museum" is located.

The factory has since been redeveloped to a design by the architect Jean-Michel Wilmotte, featuring two phases: an initial phase involving the refurbishment of the exhibition spaces and the visitor services and facilities, followed by a second phase for covering the courtyard with a glass ceiling and creating an underground restaurant in the former cellars where the original barrels are still located. The museum was inaugurated on 15th June 2004 by the President of the French Republic.

Branca, in partnership with Eataly and the Museum network of Turin, has also dedicated a museum to the history of the Carpano brand.

The Carpano Museum is located on the first floor of the former factory, which is currently occupied by the Turin branch of the Eataly restaurant and food retail chain, and highlights the key events in the history and production process of Carpano vermouth.

This historic itinerary begins in Turin, in 1786, when Antonio Benedetto Carpano invented the King's favourite drink in the ancient workshop in Piazza Castello, and ends in Milan, in the present day, at the Fratelli Branca distilleries.

Carpano Museum





Branca Chimney

This street art project dedicated to the restyling of the Branca factory flue gas stack in via Resegone came from a joint idea by Orticanoodles and Fratelli Branca Distillerie in 2015, in connection with the company's 170th Anniversary, and symbolises the union between enterprise and contemporary art, with the aim of enhancing the chimney as a common urban element in industrial architecture, which, before the mural was painted, went largely unnoticed, despite its height, but which has since been transformed into a landmark that can no longer be ignored from far or near.

The restyling project of the chimney, which was built in the early 20th century, is faithful to the company's motto "Innovation through Tradition" and therefore features the key elements of the Branca brand communication and bright colours, preserving its original shape and connection with the local community.

For the artists Orticanoodles the mural, one of the tallest in Europe, represents the laborious and skilful production process of the famous Fernet-Branca brand: a colourful tangle of herbs that intertwines and climbs up towards the sky of Milan, in the midst of bottles and historical icons of the company, such as the globe surmounted by an eagle and the irreverent crocodile of the 1920s. The herbs depicted here create playful shapes and colours that can be clearly seen in full only at a distance of hundreds of metres. For the project, which required a total of about 10 days to be completed, the Orticanoodles used the so-called "spolvero" technique, the same used by Michelangelo in the 1500s.

The project continues inside the factory where the Branca employees and their family members were asked to collectively contribute to this work of art by signing their names in the roots at the base of the chimney, symbolising the

roots of the company and its history. The company's choice of a street art project is undoubtedly linked to the aspiration to reach as many people as possible through a work capable of recounting the history of Branca in images, by dialoguing with the community. This art project has changed the Milan skyline, thanks to an innovative work with an original and colourful charm both in the day and at night. In fact, thanks to a partnership with Futuro Luce the chimney shines brightly at night too, lit up by a led system in which light and cutting-edge technology come together with the values of tradition, excellence, refinement and contemporary Milanese art.



Concurso "Arte Único"

With the aim of maintaining the historic link forged by Fernet-Branca with art, in 2008 a poster competition was launched by Fratelli Branca Destilerías in Argentina to promote and encourage art among young people across the country. The 12th edition of the event began in 2019, with the participation, among others, of famous artists such as LOUTA, Eugenia "La china" Suarez, Malena Sanchez and Juan Guilera. The motto for 2019 was "Arte único, historias únicas" and the artists had the opportunity to create works inspired by the spirit of Fernet-Branca using any discipline, including photography, drawing, painting, design and video as well, in the "Afiche Motion" category.

Recent events

There follows an overview of several more recent activities carried out in Italy and Argentina, while the activities of Branca USA are clearly still limited, since the company has been operational only since 2019, but which, however, consistently with the Group's corporate culture, believes that commitment to the benefit of the local communities is not only a means of spreading knowledge of corporate brands, but also a way of crafting a true corporate citizenship.

FRATELLI BRANCA DISTILLERIE

Between 2018 and 2019, Fratelli Branca Distillerie participated and actively collaborated in many of the initiatives and events sponsored by the City of Milan, meeting up with the different cultural groups and organizations, coming together and sharing ideas with its stakeholders, and developing and strengthening its ties with the local communities.

Among these initiatives, for example, in 2018, was the participation in the philatelic exhibition "Filatelica delle Poste" held at the "Triennale Design Museum", where the model of the Branca Tower was exhibited, and the "999" exhibition, also held at the Triennale, at which Branca held two meetings to talk about the genuineness of the company's culture in the relationship between nature and product, as a centuries-old commitment to research, innovation and identity.

Instead, in 2019, the company, with the Branca Museum, participated in the annual Open House Milano event, which is part of the broader Open House Worldwide circuit, an international event that takes place on four

continents and 42 cities around the world, according to a format created in London in 1992. Other important events, in 2018 and 2019, were "Fuoricinema", a non-stop marathon of daytime meetings and free night screenings in the heart of Milan, during which artists from the world of cinema, music and entertainment meet the public, with journalists and presenters acting as moderators, and the "Milano Arch week", a week of events dedicated to architecture promoted by Triennale Milano with Politecnico di Milano and the City of Milan, during which access to the Branca Tower was free.

The Branca Museum itself also plays a leading role in cultural initiatives, such as visits by university lecturers, scientists and other scholars, book presentations and conferences to share the history of Italian enterprise and the culture of spices, herbs and roots.

Among the more social events in the last year it is certainly worth mentioning that the company hosted events sponsored by several important associations, such as the Federazione Gourmet

Europa (European Gourmet Federation), Lions and Rotary. The company also participated in the annual seminar organised by Museimpresa for defining new projects among the curators of the 88 member museums. The Branca Museum also hosted the Stampa Estera di Milano for the usual Christmas dinner in 2019.

Regarding product-related events, Branca has participated in numerous activities with important Made in Italy brand companies which, like Branca, are the advocates of a culture of quality "know-how". These include Moreschi, Piacenza Cashmere, with whom it shares a common history as an Italian family enterprise with an international vocation, as well as being an excellence in their respective sectors. In 2019, Branca took part in the great monthly Style event, sponsored by the weekly magazine of the Corriere della Sera newspaper, to celebrate Milan.

Also product related was another event held in 2019, when the Carpano brand celebrated its 233rd Anniversary, an amazing

milestone in the history of both Carpano and Branca, two Italian brands with a similar tradition, product quality and community and

consumer focus. Thanks to the acquisition by Branca, the Carpano brand has been able to consolidate its great success, both in Italy and

abroad, disseminating the excellence of Made in Italy brand products, like vermouth, all over the world.

FRATELLI BRANCA DESTILERÍAS

Fratelli Branca Destilerías considers attention to and support for local communities an integral part of its business, which involves the creation of sustainable value over time. The company promotes its commitment to the local community through a series of partnerships with institutions, schools and foundations with the mission of promoting equal educational opportunities through programmes for improving school inclusion, quality education for children and young people from low-income families (more than 5,700 young people reached in 2019), as well as support in the development and implementation of business ideas. Below is a list of the institutions and foundations supported by Fratelli Branca Destilerías, by area of intervention.

Support to children and families:

- Caritas San Miguel;
- Fundación Padres;
- GASEB Foundation;
- Fátima Foundation;
- Banco de Alimentos de Buenos Aires
- Maria Cecilia Cancer Foundation.

Education:

- Cimientos Foundation;
- Ayudar a Soñar Foundation.

Support to employment:

- Carita's workshops.

Fratelli Branca Destilerías also collaborates with Fundación Par. Fundación Añil, Fundación Conin-Leche, Hospital de Niño Ricardo Gutiérrez, Fundación María Cecilia de ayuda al Niño Oncológico, Colegio María Guadalupe Barrio Las Tunas, ALCEM Asociación (combating multiple sclerosis), Del Chaco School, Scuola Técnica Secundaria y Primaria Fonavi, Municipality of Malvinas.

Among the social initiatives promoted and organised by Fratelli Branca Destilerías is the

"#MenoresNiUnaGota Campaign", in connection with which the company has developed, together with FADA (Federación Argentina de Destilados y Aperitivos), a responsible consumption campaign to limit the consumption of alcohol among under 18 year-olds. The initiative is part of the company's more general commitment to support the spread of an advertising campaign, carried out with the Consejo Publicitario Argentino, which aims to spread the "Awareness of the ban on alcohol consumption among minors", in particular through social media channels.

In 2019, a digital campaign was launched on the social media to raise awareness about this issue, especially among the parents of teenagers. Finally, through the Fundación Padres, the company sponsored a number of workshops in schools with students and their parents, offering venues and spaces for dialogue and reflection on the subject. These initiatives have produced excellent results. with over 2,800,000 people contacted and more than 7,300,000 interactions on social networks and other platforms.

Last but not least, there was the Familia Branca initiative, created to continue strengthening the link with the most widely acclaimed bartenders at national level. In 2018, training programmes were launched with Brand Ambassadors of Branca products, tours of the production facilities and various workshops in a range of different disciplines, providing tools and knowledge for the work of bartenders; the initiative is continuous and is renewed every year.



Appendix

32 The figure relating to the hours of training also by professional category is not available.

33 The figure relating to participants in training programmes also by professional category is not available.

34 The number of participants in anti-corruption training programmes for Fratelli Branca Distillerias is not available, nor are the figures for 2017.

The following tables provide an in-depth and detailed insight into the Group's human resources, in accordance with the adopted GRI Standard for reporting.

FEMALE EMPLOYEES BY GROUP COMPANY	2017				2018				2019			
	MEN	WOMEN	TOTAL	% WOMEN	MEN	WOMEN	TOTAL	% WOMEN	MEN	WOMEN	TOTAL	% WOMEN
F.LLI BRANCA DISTILLERIE	48	22	70	31,4%	58	27	85	31,8%	69	32	101	31,7%
F.LLI BRANCA DESTILERIAS	183	8	191	4,2%	196	7	203	3,4%	195	12	207	5,8%
BRANCA USA	-	-	-	-	-	-	-	-	14	17	31	54,8%
BRANCA INTERNATIONAL	2	3	5	60,0%	1	1	2	50,0%	1	1	2	50,0%
CENTRO STUDI FRATELLI BRANCA	4	6	10	60,0%	3	3	6	50,0%	2	2	4	50,0%
TOTAL	237	39	276	14,1%	258	38	296	12,8%	281	64	345	18,6%

HOURS OF EMPLOYEE TRAINING BY GENDER AND GROUP COMPANY	2017			2018			2019		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
F.LLI BRANCA DISTILLERIE	276	164	440	162	95	257	423	141	564
F.LLI BRANCA DESTILERIAS	N.D.	N.D.	N.D.	5.297	90	5.387	5.881	102	5.983
BRANCA INTERNATIONAL	4	12	16	0	0	0	0	0	0
CENTRO STUDI FRATELLI BRANCA	8	4	12	0	4	4	16	0	16
TOTAL	288	180	468	5.459	189	5.648	6.320	243	6.563

NUMBER OF EMPLOYEES TRAINED BY GENDER AND GROUP COMPANY	2017			2018			2019		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
F.LLI BRANCA DISTILLERIE	68	39	107	86	44	130	82	36	118
F.LLI BRANCA DESTILERIAS	N.D.	N.D.	N.D.	850	0	850	1.286	6	1.292
BRANCA INTERNATIONAL	1	3	4	0	0	0	0	0	0
CENTRO STUDI FRATELLI BRANCA	2	1	3	0	1	1	3	0	3
TOTAL	71	43	114	936	45	981	1.371	42	1.413

RATIO OF THE BASIC SALARY OF WOMEN TO MEN IN % - 2019	SENIOR MANAGERS	MIDDLE MANAGERS	WHITE- COLLAR	BLUE- COLLAR
<i>FRATELLI BRANCA DISTILLERIE</i>	N.D.	81%	87%	95%
<i>FRATELLI BRANCA DESTILERÍAS</i>	N.D.	N.D.	92%	N.D.
<i>BRANCA USA</i>	66%	92%	104%	N.D.

³⁵ For confidentiality reasons, the relations of Branca International and Centro Studi Fratelli Branca are not shown.

RATIO OF TOTAL REMUNERATION OF WOMEN TO MEN IN % - 2019	SENIOR MANAGERS	MIDDLE MANAGERS	WHITE- COLLAR	BLUE- COLLAR
<i>FRATELLI BRANCA DISTILLERIE</i>	N.D.	86%	86%	95%
<i>FRATELLI BRANCA DESTILERÍAS</i>	N.D.	N.D.	92%	N.D.
<i>BRANCA USA</i>	54%	91%	105%	N.D.

GRI Content Index

2018 GRI STANDARD

GRI DISCLOSURE	DESCRIPTION	REFERENCES	OMISSIONS/NOTES
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GRI 102 General disclosures

Organizational profile

102-1	Name of the organization	About us: our identity and history > Group profile (p.9)	
102-2	Activities, brands, products and services	About us: our identity and history > Our brands (p. 17-21)	
102-3	Location of headquarters	About us: our identity and history > Group profile (p.9)	
102-4	Location of operations	About us: our identity and history > Group profile (p.9-10)	
102-5	Ownership and legal form	About us: our identity and history > Group profile (p.9)	
102-6	Markets served	About us: our identity and history > Group profile (p.9-10)	
102-7	Scale of the organization	Key results: an overall vision (p.7)	
102-8	Information on employees and other workers	Our people: employee profile, well-being, health & safety > Employee profile (p. 63-65)	
102-9	Supply chain	Branca brand excellence > Responsible management of the supply chain (p. 46-52)	
102-10	Significant changes to the organization and its supply chain	About us: our identity and history > Group profile (p.9) Branca brand excellence > Responsible management of the supply chain (p. 46-52)	
102-11	Precautionary Principle or approach	The environment: sustainable business and impact mitigation > Responsible use of resources (p. 79)	
102-12	External initiatives	Local communities, art and culture (p. 94-100)	
102-13	Membership of associations	Local communities, art and culture (p. 94-100)	

Strategy

102-14	Statement from senior decision-maker	Letter by the Chairman (p. 3-4)	
102-15	Key impacts, risks, and opportunities	Creation and distribution of economic value (p. 38-43) Our people: employee profile, well-being, health & safety (p. 62-77) The environment: sustainable business and impact mitigation (p. 78-93)	No detailed mapping is available to date.

GRI DISCLOSURE	DESCRIPTION	REFERENCES	OMISSIONS/NOTES
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GRI 102 General disclosures

Ethics and integrity

102-16	Values, principles, standards and norms of behavior	About us: our identity and history > Lawfulness, transparency, ethics and integrity (p. 26)	
102-17	Mechanisms for advice and concerns about ethics	About us: our identity and history > Lawfulness, transparency, ethics and integrity (p. 26)	

Governance

102-18	Governance structure	About us: our identity and history > Governance (p. 23-26)	
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Stakeholder engagement

102-40	List of stakeholder groups	Awareness-based business management > Our Stakeholders (p. 30-31)	
102-41	Collective bargaining agreements	Our people: employee profile, well-being, health & safety > Industrial relations (p. 70)	
102-42	Identifying and selecting stakeholders	Awareness-based business management > Our Stakeholders (p. 30-31)	
102-43	Approach to stakeholder engagement	Awareness-based business management > Our Stakeholders (p. 30-31)	
102-44	Key topics and concerns raised	Awareness-based business management > Our Stakeholders (p. 30-31)	

Reporting practice

102-45	Entities included in the consolidated financial statements	Methodological note (p.5-6)	
102-46	Defining report content and topic boundaries	Methodological note (p.5-6)	
102-47	List of material topics	Awareness-based business management > Sustainability topics and materiality analysis (p. 32-34)	
102-48	Restatements of information		There are no information reviews compared to the previous published edition.
102-49	Changes in reporting	Methodological note (p.5-6)	
102-50	Reporting period	Methodological note (p.5-6)	
102-51	Date of most recent report		The latested document was published in 2016.
102-52	Reporting cycle	Methodological note (p.5-6)	
102-53	Contact point for questions regarding the report	Methodological note (p.5-6)	For information requests the dedicated channels on the websites of the single Group companies can be used.

GRI DISCLOSURE	DESCRIPTION	REFERENCES	OMISSIONS/NOTES
GRI 102 General disclosures			
102-54	Claims of reporting in accordance with the GRI Standards	Methodological note (p.5-6)	
102-55	GRI Content Index	Table of correspondence with GRI standards (p. 103-108)	
102-56	External assurance		This document has not been audited by an external company.

TOPIC-SPECIFIC DISCLOSURE

GRI DISCLOSURE	DESCRIPTION	REFERENCES	OMISSIONS/NOTES
Economic and governance topics			
<i>Lawfulness. transparency. ethics and integrity of business</i>			
103-1, 103-2 103-3	Management approach	About us: our identity and history > Lawfulness, transparency, ethics and integrity (p. 26)	
205-3	Confirmed incidents of corruption and actions taken	About us: our identity and history > Lawfulness, transparency, ethics and integrity (p. 26)	
307-1	Non-compliance with environmental laws and regulations	About us: our identity and history > Lawfulness, transparency, ethics and integrity (p. 26)	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	About us: our identity and history > Lawfulness, transparency, ethics and integrity (p. 26)	
419-1	Non-compliance with laws and regulations in the social and economic area	About us: our identity and history > Lawfulness, transparency, ethics and integrity (p. 26)	

Sustainability in corporate strategy

103-1, 103-2 103-3	Management approach	Creation and distribution of economic value (p. 27-29)	
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Creation and distribution of economic value

103-1, 103-2 103-3	Management approach	Creation and distribution of economic value (p. 38-43)	
202-1	Economic value directly generated and distributed	Creation and distribution of economic value > Economic value directly generated and distributed (p. 42-43)	

Environmental topics

Energy efficiency and climate change

103-1, 103-2 103-3	Management approach	The environment: sustainable business and impact mitigation > Responsible use of resources (p. 79) The environment: sustainable business and impact mitigation > Energy consumption (p. 80-83)	
302-1	Energy consumption within the organization	The environment: sustainable business and impact mitigation > Energy consumption (p. 83-83)	
302-3	Energy intensity	The environment: sustainable business and impact mitigation > Energy consumption (p. 83-83)	

GRI DISCLOSURE	DESCRIPTION	REFERENCES	OMISSIONS/NOTES
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Environmental topics

305-1	Direct (Scope 1) GHG emissions	The environment: sustainable business and impact mitigation > Atmospheric emissions (p. 84-86)	
305-2	Energy indirect (Scope 2) GHG emissions	The environment: sustainable business and impact mitigation > Atmospheric emissions (p. 84-86)	
305-4	GHG emissions intensity	The environment: sustainable business and impact mitigation > Atmospheric emissions (p. 84-86)	

Circular economy and recycling

103-1, 103-2 103-3	Management approach	The environment: sustainable business and impact mitigation > Responsible use of resources (p. 53-55)	
306-2	Waste by type and disposal method	The environment: sustainable business and impact mitigation > Circular economy and recycling (p. 87-93)	

Social topics

Quality and safety of raw materials and products

103-1, 103-2 103-3	Management approach	Branca brand excellence > Quality and safety of raw materials and products (p. 53-55)	
417-1	Requirements for product and service information and labeling	Branca brand excellence > Quality and safety of raw materials and products (p. 54)	
417-2	Incidents of non-compliance concerning product and service information and labeling	Branca brand excellence > Quality and safety of raw materials and products (p. 54)	

Customer relationship & satisfaction

103-1, 103-2 103-3	Management approach	Branca brand excellence > Customer Relations & Satisfaction (p. 58-61)	
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Responsible marketing, communication and consumption

103-1, 103-2 103-3	Management approach	Branca brand excellence > Consumer protection and promoting responsible consumption (p. 56-57)	
417-3	Incidents of non-compliance concerning marketing communications	About us: our identity and history > Lawfulness, transparency, ethics and integrity (p. 26)	

Corporate welfare and well-being

103-1, 103-2 103-3	Management approach	Our people: employee profile, well-being, health & safety > Employee well-being (p. 76-77)	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Our people: employee profile, well-being, health & safety > Employee well-being (p. 76-77)	

Development, training the human capital and collaborative meritocracy

103-1, 103-2 103-3	Management approach	Our people: employee profile, well-being, health & safety > Development of human capital and training (p. 71-72) About us: our identity and history > The principle of Collaborative Meritocracy and HR management (p. 26)	
205-2	Communication and training about anti-corruption policies and procedures	Our people: employee profile, well-being, health & safety > Development of human capital and training (p. 71-72)	

GRI DISCLOSURE	DESCRIPTION	REFERENCES	OMISSIONS/NOTES
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Social topics

401-1	New employee hires and employee turnover	Our people: employee profile, well-being, health & safety > employee profile > incoming & outgoing employees (p. 66-67)	It was not possible to calculate the turnover rate by age group due to the unavailability of figures for 2017.
404-1	Average hours of training per year per employee	Our people: employee profile, well-being, health & safety > Development of human capital and training (p. 71-72)	
404-3	Percentage of employees receiving regular performance and career development reviews	Our people: employee profile, well-being, health & safety > Development of human capital and training > Periodical performance assessment (p. 72)	Qualitative information.
412-2	Employee training on human rights policies or procedures	Our people: employee profile, well-being, health & safety > Development of human capital and training (p. 71-72)	

Occupational health & safety

103-1, 103-2 103-3	Management approach	Our people: employee profile, well-being, health & safety > Occupational health & safety (p. 73-75)	
403-1	Occupational health and safety management system	Our people: employee profile, well-being, health & safety > Occupational health & safety (p. 73-75)	Qualitative information.
403-2	Hazard identification, risk assessment and incident investigation	Our people: employee profile, well-being, health & safety > Occupational health & safety (p. 73-75)	Qualitative information.
403-3	Occupational health services	Our people: employee profile, well-being, health & safety > Occupational health & safety (p. 73-75)	Qualitative information.
403-4	Worker participation, consultation and communication on occupational health and safety	Our people: employee profile, well-being, health & safety > Occupational health & safety (p. 73-75)	Qualitative information.
403-5	Worker training on occupational health and safety	Our people: employee profile, well-being, health & safety > Occupational health & safety (p. 73-75) Our people: employee profile, well-being, health & safety > Development of human capital and training (p. 71-72)	
403-6	Promotion of worker health	Our people: employee profile, well-being, health & safety > Occupational health & safety (p. 73-75)	Qualitative information.
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Our people: employee profile, well-being, health & safety > Occupational health & safety (p. 73-75)	Qualitative information.
403-9	Work-related injuries	Our people: employee profile, well-being, health & safety > Occupational health & safety (p. 73-75)	
403-10	Work-related ill health	Our people: employee profile, well-being, health & safety > Occupational health & safety (p. 73-75)	

Diversity, inclusion and human rights

103-1, 103-2 103-3	Management approach	Our people: employee profile, well-being, health & safety > Diversity and inclusion in the work environment (p. 68-69)	
405-1	Diversity of governance bodies and employees	Our people: employee profile, well-being, health & safety > Diversity and inclusion in the work environment (p. 68-69)	Employees by age group are presented for 2019 only because the breakdown for 2017 was not available, for Italy.
405-2	Ratio of basic salary and remuneration of women to men	Our people: employee profile, well-being, health & safety > Remuneration (p. 70)	No data are published for certain companies, as indicated in the paragraph, for confidentiality reasons.
406-1	Incidents of discrimination and corrective actions taken	Our people: employee profile, well-being, health & safety > Diversity and inclusion in the work environment (p. 68-69)	No episodes of discrimination have been found in the reporting period.

Development of projects for and involvement of the local communities

103-1, 103-2 103-3	Management approach	Local communities, art and culture (p. 94-100)	
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GRI DISCLOSURE	DESCRIPTION	REFERENCES	OMISSIONS/NOTES
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Cross-sector topics

Responsible management of the supply chain

103-1, 103-2 103-3	Management approach	Branca brand excellence > Responsible management of the supply chain (p. 46-52)	
204-1	Proportion of spending on local suppliers	Branca brand excellence > Responsible management of the supply chain (p. 46-52)	
308-1	New suppliers that were screened using environmental criteria	Branca brand excellence > Responsible management of the supply chain (p. 46-52)	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Branca brand excellence > Responsible management of the supply chain (p. 46-52)	
414-1	New suppliers that were screened using social criteria	Branca brand excellence > Responsible management of the supply chain (p. 46-52)	



Branca International S.p.A.

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2019