



Branca International S.p.A.

Sustainability and Awareness Report

2021

ACTING RESPONSIBLY
IN AN INTERCONNECTED WORLD

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Letter from the chairman

Sustainability and Awareness are the cornerstones we have chosen to guide the action of the Branca International Group. Sustainability as a relentless search for a totally balanced relationship for the social and environmental context of which we are part. Awareness that a large or small business can be defined as healthy, both from an economic and relationship point of view, if it has the right balance between giving and receiving, between rights and duties.

Nowadays we are in an even greater need of Sustainability and Awareness. We live immersed in an era of enormous changes, also with the emergence of unpredictable and unexpected events that lead to momentous changes in the status quo, impacting the life of entire communities and countries and even the whole world. First the pandemic, then the war that broke out on Europe's doorstep in February 2022 and, partly linked to this, the current, dramatic crisis resulting from the increase in the cost of raw materials and energy supplies. In this time where the unexpected seems to have become the rule, only by strengthening at every level our capacity for sustainable and aware relations between ourselves and the world, then also between our actions as a company and the social and environmental fabric that hosts us, can we manage to face up to new and uncertain scenarios with a balanced mind and transform them into opportunities.

In the autumn of 2021, the year to which this Sustainability and Awareness Report refers, we managed to put the acute phase of the pandemic behind us. These were – for our Group just as for the whole world – extremely complex times, during which the commitment of our people, their spirit of belonging and the new technologies at our disposal allowed us to cope with the limitations to our ability to live and work together. This was possible thanks to the development of technology but also in the Awareness that human beings need relationships that cannot be limited to distance contact.

The return of people to our production facilities and offices to a working dimension based on relations and sharing was the most positive news of 2021, accompanied by the enthusiasm for a return to growing together again. With it we recorded other important results that this Sustainability Report faithfully reports: revenues and sales volumes grew, our “corporate welfare” was further strengthened, the trend of improving our energy efficiency in production continued (less energy consumed per unit of product).

I have always believed that the Company is a living organism that lives and interacts with the outside world, in a continuous and mutual exchange, setting itself the ultimate goal of creating well-being not only for itself but also for the entire community, and for the environment. For this reason, when we speak about “profit” we mean “generative profit”: a “profit” pursued and achieved with the utmost respect for the social context and natural environment, and such as to generate lasting benefits for all the stakeholders with which the Group interacts.

Thus, “generative profit” means paying attention to and caring for the

environment, which should not be considered as a mere “resource” to be exploited. It means practising an idea of business that sees people at the centre. Women and men, be they customers, workers, suppliers or professional partners, seen as a “noble end” of our actions and never as a means.

Faithful to this chosen principle, the Branca International Group, with a unity of intent that unites the various international realities, works for the well-being and professional enhancement of its employees; it selects suppliers with the dual objective of guaranteeing customers top-quality raw materials and of attracting long-term partners who share the same values and principles; and it looks at its customers as “co-entrepreneurs”.

This vision of ours draws strength and reason from a strong and intimate relationship between our past and our future. On the one hand, there is our history, tradition and a formula of relentless success, created in Italy and today existing in 160 countries around the world. On the other hand, there is an eye always looking to the future, to research and innovation, in the continuous effort to satisfy our customers and to operate in harmony and balance with the new scenarios that are offered to us. In short, NOVARE SERBANDO, Innovation within Tradition: the motto of our founder and our motto.

I close by thanking all our employees and co-workers, both inside and outside the company, who actively contribute to creating value and well-being for themselves, for the company and for the whole of society in general, giving continuity to this wonderful entrepreneurial adventure founded 177 years ago.

The logo for 'Vino di Branca' is written in a white, elegant, cursive script. The word 'Vino' is connected to 'di', which is connected to 'Branca'. The signature has a long, sweeping underline that extends to the right.

Niccolò Branca

Branca International and F.lli Branca Distillerie S.p.A.

President and CEO

Methodological note

The 2021 Sustainability and Awareness Report of the Branca International Group (hereinafter also “Branca” and “Group”) represents the communication tool of the activities carried out, the commitments undertaken, the performance and results achieved by the Group as part of its constant commitment to sustainability, understood in every aspect: social, environmental and economic.

In line with the previous edition, the scope of the reporting, and of the data and information contained herein, includes all the major Branca International Group companies: Fratelli Branca Distillerie S.p.A., 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.

There were no significant changes in the organisational structure, ownership structure and supply chain between 2020 and 2021.

The 2021 Sustainability and Awareness Report is prepared in accordance with the “GRI

Sustainability Reporting Standards” defined in 2016 by the Global Reporting Initiative (GRI), updated in 2020 for the indicator relating to GRI 306 - Waste produced and in 2018 for the indicator GRI 403 - Health and Safety, adopting the “In accordance - Core” approach and is in line with the following reporting principles, defined 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 2021 - 31 December 2021 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 "Awareness-based Business 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 2019 and 2020 data is shown. Moreover, where useful for a more accurate and clearer representation of performance, the data is presented separately by company/geographical area, while in other cases it is consolidated at Group level. Where data from previous years has been updated or supplemented, the changes are disclosed in the notes.

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 data, the use of estimates has been limited as far as possible and, if present, they are appropriately reported.

The Sustainability and Awareness Report was 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.

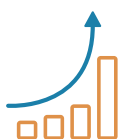
The Sustainability and Awareness Report will be published and disseminated through the Group's dedicated communication channels, including the website:

www.brancainternational.com



The main results

AN OVERALL VISION



337

million euros
revenues in 2021
(+ 47.6%)



72.434

tonnes of
bottled product
(+ 32%)



299

employees in total
62 employees of Fratelli Branca Distillerie S.p.A.
201 employees of Fratelli Branca Destilerias
28 employees of Branca USA
5 employees of Branca International
3 employees of the Fratelli Branca Study Center



-5,6%

energy intensity index



-14%

Emission intensity index

2

Production facilities, in Milan
and Buenos Aires,
and a sales company
in the United States



160

Export countries



99%

of Group employees
with long-term contracts



-8,3%

Waste generation index



-17,6%

Water consumption index





About us

*OUR IDENTITY
AND HISTORY*

Group profile

Branca International S.p.A. 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 176 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 intends to present itself as a model of responsible business and, by applying the principles of the Economy of Awareness at both corporate and community levels, it aims to foster 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 has been active since 1999 and is the result of the re-organisation process initiated by the current Chairman and CEO, Niccolò Branca.

Branca International Group has maintained its headquarters in Milan and controls the three companies engaged in the production and marketing of spirits, the nerve centres of the Branca world, namely, the historic Fratelli Branca Distillerie S.p.A., 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 latest addition Branca USA Inc., with 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 the five conti-



nents: 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 certain 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 is also active in 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.p.A., in fact, 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 of redesigning the corporate structure launched by Niccolò Branca then allowed the reconversion of unused factories and the organisation of industrial production, commercial activities and real estate management into separate companies, which are today run in an entrepreneurial fashion with the role of management and coordination played by the holding company with the strategic aims of growth and value creation.

The Group also operates 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 wealth of 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 in the study and research on 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 LIQUEUR 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 widespread diseases at the time, including cholera and malaria. This marked the launch of the Fernet-Branca herbal liqueur and 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 internationally. In the space of just a few years, thanks to its great properties, the founder's intuition and the waves of Italian migrants that reached unprecedented peaks during the Great Depression, the Fernet-Branca liqueur began to spread initially in Europe and, subsequently, also in North and South America.

In those years, Fratelli Branca soon developed from a small craft industry 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 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 Argentina called F.lli Branca Destilerías S.A. for the production of the liqueur locally. In 1982, the Company relocated to the Tortuguitas plant in the Province of Buenos Aires, which is still today 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, the Argentine market has grown significantly under the strategic guidance of Niccolò Branca as Chairman,

with the support of the local management. 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 also gradually extended its production facility.

The continuous expansion of the Group, from the original Fernet-Branca liqueur, has included the creation of a number of other "historic" brands - such as Stravecchio Branca and Brancamenta - and the additions to 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.



Major milestones from 1845

MARKED BY INVENTIVENESS AND CREATING



1845: Foundation

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: one of Italy's most exciting entrepreneurial adventures started in Milan with the foundation of Fratelli Branca Distillerie and 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 took over the management of 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 an eagle seizing a bottle of Fernet-Branca in its claws as it flies over the world. A decade later, on 27 November 1905, the company logo, which, at the turn of the century, had invaded bars, restaurants and patisseries around the world, was officially registered with the Italian Ministry of National Economy.



1907

Dino Branca took over the management and started building the new factory in Via Resegone 2, Milan, which still houses the production plant the Branca Museum, inaugurated in 1911.



1918

Dino Branca transformed Fratelli Branca Distillerie into a società anonima, an anonymous company, increasing its share capital to 150 million lire. He also 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 awarded 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 Street.



1941

A new company was established in Buenos Aires (Argentina) called Fratelli Branca Destilerías. The Fernet-Branca liqueur was already widely known in Argentina through the Italian migrants at the end of the 19th century and, given its enormous success, in 1925 the company decided to license 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 passed the reins to his son Pierluigi. He initiated the full recovery and commercial and communication expansion in Italy.



1965

Pierluigi renewed the company focusing primarily on its Italian operations, launching a novel liqueur called Brancamenta, which combined the beneficial and digestive properties of the original liqueur with a pleasant, fresh minty flavour. In the United States, he moved 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

It was Giuseppe Branca who developed the acquisition strategy regarding historical Italian brands, such as the 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 wines and an extra-virgin olive oil. The company also entered into an exclusive 29-year concession agreement with the City of Milano for the exclusive use of the Torre del Parco – an iron panoramic tower located in the city's Sempione Park – to be renamed the Branca Tower, in return for its restoration at the company's expense. In 1990, he launched the extension plans for the Via Resegone plant, which would subsequently be used for the Branca Museum.



1999



A holding company called Branca International S.p.A. was 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, with enormous drive, played an important part in the revamping and reorganisation of the Group according to the principle of innovation within tradition and also started to look into the concepts of sustainability and corporate ethics, which inspires all the work of Branca International.

The strategic and operational decisions adopted from then onwards would lead Distillerie to gain new, significant positions in the reference markets, competing with leading 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 bolstered and the entire internationalisation and product diversification process continued and intensified.

2001

Branca acquired the historic Turin-based distillery Carpano, which had invented Vermouth in 1786 by adding 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 continued its relentless growth in Italy and abroad, extending its original vermouth market in line with the Branca motto of "Innovation 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, a real espresso coffee liqueur based on the original recipe invented in 1860 by Ugo Borghetti and already distributed by the company in 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 in Milan features an observation deck at the top and a café at the base.



2004



The old Fernet-Branca distillery in 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 reality linked with the nearby city of Basel (Switzerland).

2006

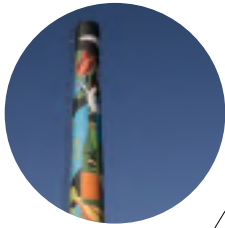
Branca Real Estate S.r.l. started operating fully.



2009



The Branca Museum opened to the public in the heart of Milan, showcasing a wealth of company history and culture. It offers visitors the opportunity to learn about the raw materials, tools, herbs, roots and spices and production processes, with a valuable insight into the brand's creation and development.



2015

Branca celebrated its 170th anniversary, an important milestone for the company, its tradition and its soul. For the 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 essay "Branca, sulle ali dell'eccellenza" (Branca on the wings of excellence), acclaimed as the best publication of the year by the Osservatorio Monografie Italiane (OMI) and 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 Branca products in North America. Yet another step forward in ensuring the Group's expansion in the US market.



2020

Branca celebrated its 175th Anniversary. To celebrate this milestone, a television commercial was broadcast and a partnership with the Teatro alla Scala was launched: the students of the theatre were the protagonists of a new calendar, with the aim of enhancing young talents, and a new scholarship was established. In Argentina, a Fernet-Branca commemorative pack was produced and advertised through a large social media campaign.



Today

Today Branca is present in 160 countries on five continents, with a widespread and well-organised distribution network. The company is increasingly engaged in diversifying 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 176 years.

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 the 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, now into its sixth generation. In fact, the “within Tradition” part of the motto encompasses

ses the intuition of the founder, who started a long tradition of hard work and know-how, an inimitable craftsmanship that is still based on the original unchanged recipes. Conversely, innovation 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 allows it to combine and balance profit and ethics for the creation of a generative value, harmoniously bringing together the company, its employees and the communities that welcome them. The results of this conscious activity pursued by Branca are superior-class products and a management approach sensitive to 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 176 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,

for example, entries into the Branca world included: Borghetti products (Caffè Borghetti and Sambuca Borghetti) and Carpano products (Carpano Classico - "Rosso" on the Argentine market -, Bianco, Dry, the recent Carpano Botanic Bitter and the new Ready-to-drink products: Carpano Negroni and Carpano Mi-To, the historic Punt e Mes and vermouth par excellence Antica Formula), Candolini grappas (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 and Templeton Rye whiskies, the Passoã speciality and the

prestigious Tsarine Champagne. In addition, in 2021, the premium gin of the Tobermory brand was introduced for distribution.

Furthermore, in Argentina, Fratelli Branca Destilerías distributes the Strega and Limone Strega liqueurs, 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. During 2021, two variations of the Sernova Vodka brand were also added to list of products distributed: Tropical Passion and Sweet Apple Pear.

The following pictures show the portfolio of Branca brand products and their respective logos.

BRANCA PRODUCTS AND OTHER HISTORIC BRANDS ACQUIRED



OTHER BRANDS DISTRIBUTED IN ITALY



OTHER BRANDS DISTRIBUTED IN ARGENTINA



MAIN BRANCA PRODUCTS AND OTHER HISTORIC BRANDS ACQUIRED



FERNET BRANCA

Created in 1845, Fernet-Branca has preserved, over the years, 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 give the product its typical brown colour and are sourced from four continents: rhubarb from China, galingale and camomile from Europe and Argentina, to name but a few. The herbs, spices and roots are processed in alcoholic infusions, extracts or decoctions. The production process takes a whole year, during which time 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 less conventional way of living and, consequently, a great longing for novelty in all fields, including taste and flavour. 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 with its "thrill of intense pleasure" released with 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 par excellence, is an auteur distillate with a warm and enveloping taste and complex woody notes of dried fruit. Its secret derives from Fratelli Branca's ability to show 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, the leading player in 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 has produced 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 harmonised, revealing a complex yet 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 in Turin back in 1786, by Antonio Benedetto Carpano, the actual inventor of vermouths. Antica Formula has come down to us in its original and unique recipe, thanks to the passion and capacity of Fratelli Branca 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 bottled in precious blown glass bottles bearing the reproduction of its 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 its original recipe, the spicy and citrus notes harmonise together, complementing each other with the aromas deriving from absinthe and 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 particular spicy note to the product.



CARPANO DRY

Carpano Dry is characterised by its dry taste, thanks to a lower sugar content than its peers and to a selection of refined 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 unspoiled mountain areas, and Origanum dictamnus, a herbaceous plant from the island of Crete that gives the product its typical flavour.



CARPANO BOTANIC BITTER

Created and launched in 2019, by combining the typical experience of the Carpano brand in choosing and dosing herbs and botanicals with the new consumer needs to reinterpret classic cocktails, Carpano Botanic Bitter, unique in its kind, is the result of the careful selection of ten aromatic herbs infused according to traditional methods to create a perfect balance of all its botanical components. Its aromatic and balanced taste is an excellent match for Carpano vermouths in the preparation of quality cocktails such as Negroni or Americano.



CARPANO READY-TO-DRINK NEGRONI E MI-TO (MILANO-TORINO)

Created and launched in 2020 by adapting the knowledge and production experience of the Carpano brand to the trend of consuming authentic, high-quality cocktails at home. The Carpano Ready-To-Drink cocktails, made exclusively with Carpano products and available in a 10cl single-serve format that can be purchased individually or in packs of 10, are convenient for keeping in the fridge, ready to use. The Carpano Ready-To-Drink cocktails follow the iconic recipes of Negroni (Carpano Classico, Carpano Botanic Bitter and Carpano Gin created specifically for this product) and Milano-Torino (Carpano Classico and Punt e Mes).



PUNT E MES

Punt e Mes has a legendary history. The story goes that in 1870, in the Carpano wine bar, a stockbroker, in the midst of a discussion with colleagues, ordered a vermouth laced with half a dosage of china, using the local dialect expression "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 regulars to the haunt, who began ordering Punt e Mes with a simple gesture to the waiter to indicate the mix of sweet and bitter: a thumbs up sign (signifying a "Punt" – a point) followed by a horizontal line drawn in the air with an outstretched hand (signifying the "Mes" – a half point). Punt e Mes is known and appreciated today across the world for its balanced taste 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 opening of the Pescara-Ancona railway line and 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, smooth taste and an enveloping flavour, Caffè Borghetti has a rich and intense aroma that is hard to forget and a pleasant after-taste of espresso coffee that can win everyone over whatever the 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 the 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 – a favourite with Italians – acquired by Fratelli Branca Distillerie in 1987. Produced from carefully selected distillates of the highest quality, Candolini has widened its presence on the market by launching a range of single-grape-variety versions, using quality distillates from individual grapevine varieties: "Candolini Bianca", "Candolini Classica", "Candolini Riserva", "Candolini Ruta", "Candolini Gran Miele", "Candolini Monovitigno Moscato Barrique" and "Candolini monovitigno chardonnay".



SERNOVA

Sernova is a unique product, right from its name, which is a combination of “Novare Serbando”, the motto of the Fratelli Branca distilleries (Innovation 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 process of producing Sernova - 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. In 2020, two new variants in Argentina, Vodka Sernova Wild Berries and Vodka Sernova Fresh Citrus, and in 2021 two more, Tropical Passion and Sweet Apple Pear, from selected alcohol produced locally and filtered with a unique and noble process, with natural flavor.



MAGNA MATER

The name Magna Mater, which means the “great mother”, is reminiscent of the “Mother Barrel”, a symbol of the time-honoured tradition of the Branca distilleries. This wooden barrel kept in the Milan plant, is one of the biggest and oldest in Europe, and it is where one of the most important stages in the production process takes place. 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 becomes refined with the help of oxygenation and substances released by the wood. The selection of 7 fine brandies, the oldest of which has aged for 27 years in the Branca Cellars, 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, embracing the product with great sophistication and exclusiveness. Each bottle is numbered and enclosed inside prestigious packaging with graphics that recall the grandeur of the Mother Barrel. The Branca family coat of arms embossed on the lid and in the details of the seal symbolise 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 a blend of Sangiovese grapes with the addition of other black grape varieties. Chianti Classico Riserva, the result of prolonged ageing in wood and subsequent refining in the bottle, is characterised by an intense red colour with garnet reflections, a persistent bouquet and 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 various product categories, are an important element in the Branca brand strategy. Within the various possibilities, Branca focuses on the world's most highly recognised and respected competitions for the product categories in which it operates. The following provides an overview of some of the main awards recently won by products in the Branca portfolio¹:

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	Best sweet vermouth - The world drinks awards 2021 Gold Medal - Excellence Spirits Awards 2020 Silver medal – International spirits challenge 2019 Gold medal – San Francisco World Spirits Competition 2017
CARPANO	Best dry vermouth - The world drinks awards 2021 Silver medal – International spirits challenge 2019 (Bianco) Double Gold medal – San Francisco World Spirits Competition 2016 (Bianco) Double Gold medal – San Francisco World Spirits Competition 2016 (Classico)
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

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

Awards and recognitions RECEIVED BY BRANCA AS A BUSINESS REALITY

Niccolò Branca and Branca International Group have won some important awards over the years.

These include: the prestigious “2007 Results Award” promoted by Bain & Company, the Il 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 award from 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 in 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”.

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.

Most recently, in 2020 Fratelli Branca Distillerie received the “Industria Felix, L'Italia che compete” award, selected from among 122 companies with registered offices in Italy that stood out for their management performance, financial reliability and sometimes sustainability: Lombardy and Veneto excelled with 22 awards each, including Fratelli Branca Distillerie, which was chosen from 18 strategic sectors and awarded this prize on the basis of objective criteria, which took into account an indisputable algorithm on competitiveness (assessed on the basis of the financial statements filed), the Cerved Group Score (the financial reliability indicator of one of the most important rating agencies in Europe) and also, as in the case of Fratelli Branca Distillerie, the sustainability report.

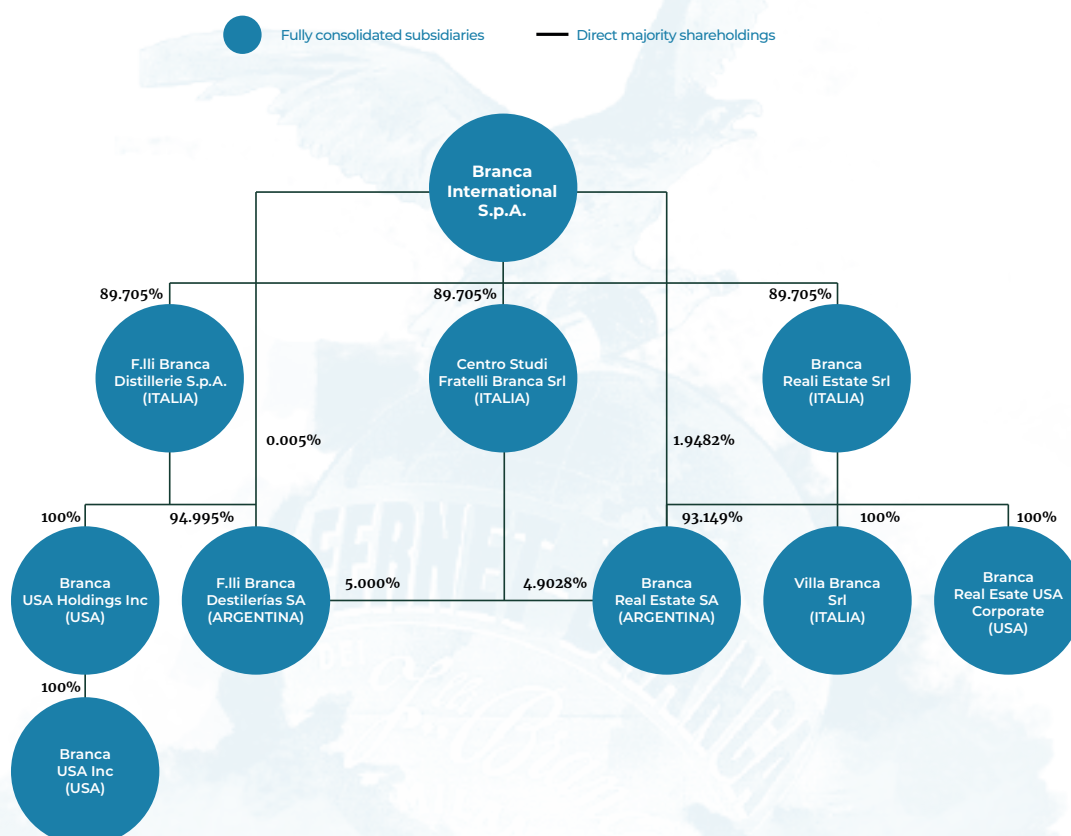
Governance



The reference area adopted for the preparation of the Sustainability and Awareness Report takes into account the Group's two production hubs, namely Fratelli Branca Destilerías S.A. and Fratelli Branca Distillerie S.p.A., and 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.

STRUTTURA GRUPPO BRANCA INTERNATIONAL S.p.A.



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. Such principles are guaranteed also through a continuous auditing process that ensures their actual application and effectiveness. Branca has in fact structured its own Corporate Governance organisation, within which the roles and responsibilities of the professional figures engaged in the management and control of corporate processes are represented. Moreover, in order to guarantee “quality certification” for its activities in favour of the counterparties with which it deals, the Group has adopted a 231 Organisational Model. The key bodies involved in the governance of Branca Group are:

• **Board of Statutory Auditors:** this body constantly monitors the activities of the corporate bodies to ensure that they consistently comply with internal directives and the corporate purpose pursued by Branca. Furthermore, it ensures the safeguarding of company assets, the reliability of all data and the prevention of fraud and material errors.

• **Supervisory Body:** (SB, 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 its updating. The Board is also the recipient of regular 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 (which has a single member, called the “Sindico Titular” in Argentina) which performs 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 control by the Parent Company, the shareholding structure of Fratelli Branca Distillerie is wholly in the hands of the Branca family.

Composition of the Board of Directors	< 30			30 - 50			> 50			OVERALL		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
BRANCA INTERNATIONAL S.p.A.	0	0	0	0	1	1	5	0	5	5	1	6
FRATELLI BRANCA DISTILLERIE S.p.A.	0	0	0	1	2	3	4	3	7	5	5	10
FRATELLI BRANCA DESTILERÍAS S.A.	0	0	0		2	2	5	0	5	5	2	7
BRANCA USA Inc.	0	0	0	1	1	2	3	0	3	4	1	5
BRANCA REAL ESTATE ITALIA S.r.l.	0	0	0	1	1	2	3	2	5	4	3	7
BRANCA REAL ESTATE ARGENTINA S.A.	0	0	0	0	0	0	6	0	6	6	0	6
BRANCA REAL ESTATE USA	0	0	0	2	0	2	2	0	2	4	0	4
CENTRO STUDI FRATELLI BRANCA S.r.l.	0	0	0	0	1	1	3	2	5	3	3	6

² Fratelli Branca Distillerie and Fratelli Branca Destilerías are audited by a leading firm of auditors.

As shown in the table above, the Board of Directors of Fratelli Branca Distillerie is made up of 10 members, of which 5 are women (50%), while there are 7 Directors in Fratelli Branca Destilerías with 2 female components (29% of the total). The Board of Directors of Branca USA is composed of 4 male and 1 female. Today, the Boards of the three companies are chaired by Niccolò Branca, who is also CEO of the Parent Company Branca International. 29.4% of the total number of directors on the boards of the entities included in the table above are women.

LAWFULNESS, TRANSPARENCY, ETHICS AND INTEGRITY

The Branca Group is committed to ensuring fairness and correctness in corporate relations in all the countries in which it operates. The Group 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 every individual in all parts of the world.

Branca's commitment to the recognition of its founding values, as a unique heritage capable of spreading a business culture geared to lawfulness, fairness and loyalty, has been achieved through a range of tools introduced over time:

- The 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.
- The 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.
- The 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 duties, with respect to 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.
- The Sustainability and Awareness Report, which serves as a further tool available to stakeholders for the purpose of disseminating Branca's commitment to upholding its Corporate Social Responsibility policy.

The subsidiaries are also consistently committed to ensuring, in all their decisions, compliance with local and industry-wide regulations, as well as 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 non-compliance reports or incidents or incurred 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 contexts where Branca International operates.

THE PRINCIPLE OF COLLABORATIVE MERITOCRACY AND HUMAN RESOURCE MANAGEMENT

The Governance approach adopted by the company has been defined as "Collaborative Meritocracy", i.e. a culture of accountability and not power, an organisational rationale based on cooperation and the recognition of merit not only of individuals 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 to 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 of its individual employees, 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 resource management policies also include a particular focus on 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 linked to its various areas of activity: from human resource management, to respect for the environment, 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, assured consumer

safety, a commitment to the inclusive development of social and environmental issues in all the processes governing actions in the countries where the Group operates.

According to Branca, establishing relationships based on listening, dialogue and transparency with people are essential for guaranteeing a serene working environment and, at the same time, promoting the success of the organisation. The Branca International Group's approach is to enhance the value of its staff and to understand their needs and expectations, for example by encouraging the adoption of a series of corporate welfare projects and initiatives aimed at improving quality of life and guaranteeing that almost all work contracts are permanent.

Branca International also pays great attention to respect for the fundamental rights of its employees as an integral part of the Branca 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 labour and child labour and respect for freedom of association and collective bargaining.

As regards its products, one of the Group's main challenges is to promote the concept of responsible consumption, focusing - through the various projects it promotes - the company's commitment to spreading a culture of quality drinking that coincides with the pleasure of taste.

Environmentally, a certified Environmental Management System (ISO 14001) has been adopted, which recognises the commitment towards ongoing improvements in terms of energy consumption, air emissions, the efficient use of water resources and the management of waste and effluents. Furthermore, in demonstrating its sensitivity towards environmental issues, Fratelli Branca Distillerie has signed up to 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). In addition, the Food Safety and Quality Management System, already certified in previous years, in compliance with the BRC and IFS standards, has been brought into line with 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 some management systems such as ISO 22000 and ISO 14001, and in 2021, ISO45001, in addition to developing specific policies.

Moreover, during 2017, the organisation model, already introduced in 2014, together with a code of conduct and the Code of Ethics, was updated on several occasions to be in line 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 a limit, such as a 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 existing 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 in 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 while showing full respect for people, the area where it operates, the local communities and the end consumer, remembering that we are all interconnected with each other and with our surrounding environment, and that we all share a common goal; it is precisely for this reason that it believes it is a moral duty to also take non-financial aspects into account when considering new business scenarios.

Moreover, the Group's goals are shared with all people, so that everyone has a clear vision of the purpose of their work within a common project.

Our stakeholders

Stakeholders, also according to the definition in the GRI Standards, are defined as entities, groups 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 2019, during the preparation of its Sustainability and Awareness Report, Branca updated its stakeholder map to better define their relevance and the influence of their expectations on the strategic actions implemented by the Group. This mapping was also confirmed for 2021.

The mapping 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 significant stakeholders

in light of changes that have occurred within the company itself and in the context where 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 business priorities, as far as possible, with the interests expressed by 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 one of the most important tools it has for creating value in all the countries and communities in which it operates.

CLIENTS

Clients are the Branca International Group's number one focus: the very success of the individual 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 outlets and the hospitality industry, but the more recent ones as well, learning how to exploit the potential of Internet and new technologies.

END CONSUMERS

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 are conveyed in a coherent and responsible manner.

SHAREHOLDERS

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.

SUPPLIERS

Branca International requires its suppliers to manage their operations responsibly, in line with the Group's ethical standards. Branca also actively cooperates 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 meet their needs and respond to their demands. The Group also takes an active part in cultural exchanges and other projects for the enrichment of the community.

EMPLOYEES

People are Branca International's most precious resource and are considered as an end and not as a means. 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 including the social media represent an increasingly strategic element for building solid relations with both customers and end consumers, as well as for 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

Meeting the needs of the bartender community, in its 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 GRI Standard sustainability reporting guidelines, 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 “material” topics was carried out in three steps, as illustrated below, involving the various realities of the Group and the various countries.

STEP 1

Benchmark analysis

To ensure the consistency of Branca reporting with the macro-trends and industry best practices, 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, it was possible to identify an initial long list of sustainability topics that are potentially relevant for the Branca International Group.

STEP 2

Topic assessment

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

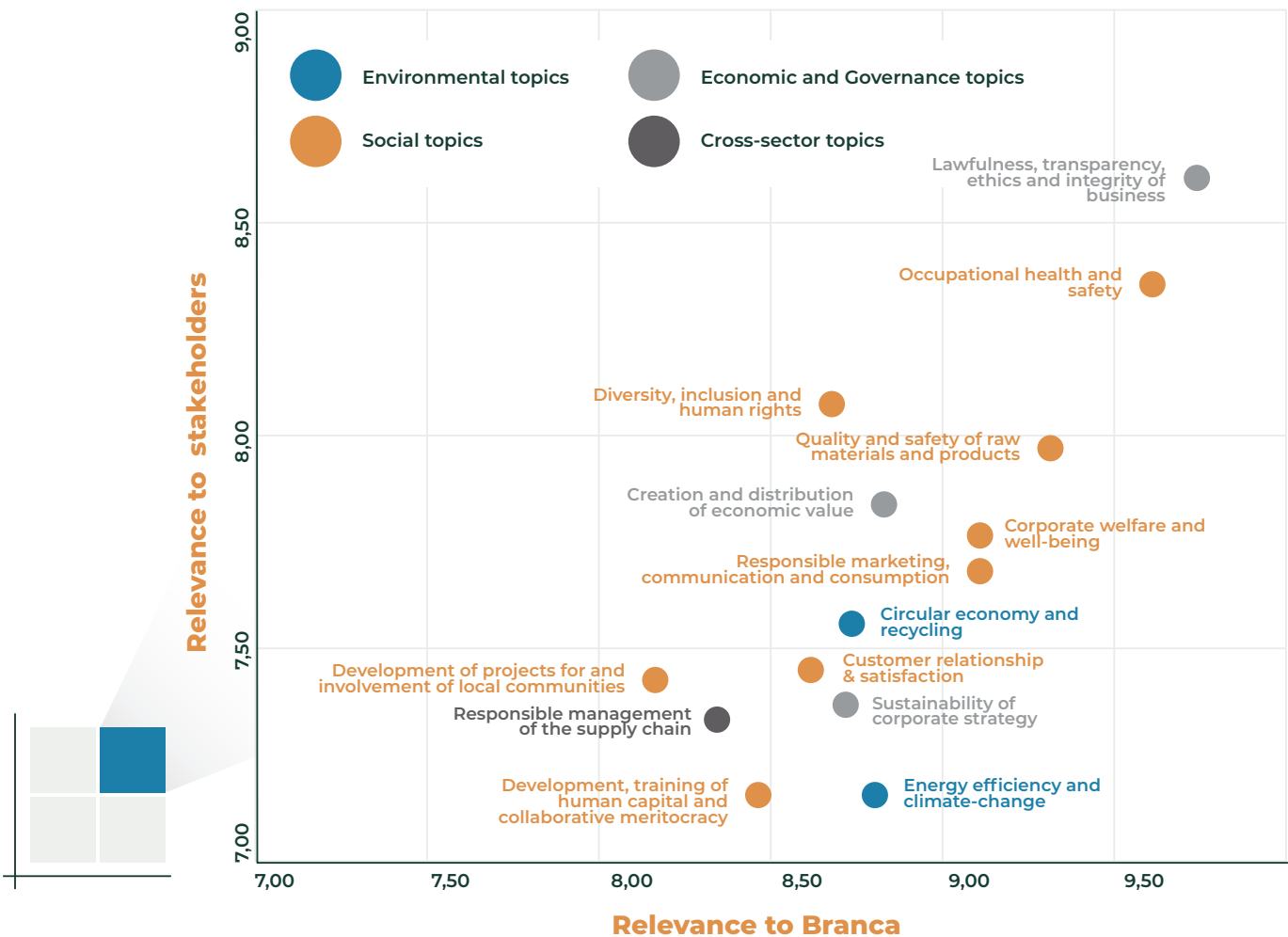
STEP 3

Materiality matrix

Based on the outcomes of the analysis, a materiality matrix was built 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 in 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 were defined.

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



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

In detail, the topics are reported using the appropriate GRI Standard indicators within the various 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 its sustainability policies and strategies; in this way, it will better understand the changes occurring in the place it operates at any specific moment and identify the areas on which it should focus its stakeholder engagement activities. Consequently, these topics will be the ones for disclosure, including non-economic and financial disclosure.

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 to be used for monitoring purposes – to be achieved by 2030.





Given the level and breadth of the goals, the implementation of the Agenda requires considerable involvement of all components of society, from businesses to the public sector, civil society, philanthropic institutions, universities and research centres, and also information and culture professionals.





Beginning with the 2019 edition of the Sustainability and Awareness Report, Branca International decided to refer to the SDGs, and in particular to the targets most affected by its activities, with a view to including its own sustainability goals and performance figures within a broader and more ambitious framework, in line with the Group's way of doing business and understanding the meaning of 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.

SUSTAINABLE
DEVELOPMENT
GOALS

SDG	DESCRIPTION OF THE GOAL	SUSTAINABILITY TOPICS OF BRANCA INTERNATIONAL*	RELATED SDG TARGETS
	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
	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
	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
	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
	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
	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 throughout the world, pursuing a strategy based on the following strategic levers:

THE STRATEGIC LEVERS OF BRANCA

- OUR BRANDS
- OUR HERITAGE, BUILT UP OVER 176 YEARS IN 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 AS A MEANS, ACCORDING TO THE BROADER RATIONALE OF “COLLABORATIVE MERITOCRACY”



The Branca International Group operates according to an increasingly international vision, continuing a long-established trend of expansion and recently further confirmed by the creation of Branca USA in 2019.

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

The year 2021 was the second characterised by the COVID-19 pandemic, strongly marked by the uncertainty caused by new waves of the pandemic and trends in consumption outside the home, also resulting from severe limitations imposed in some key markets. From a macroeconomic point of view, the year saw a strong recovery in the world GDP, which collapsed in 2019, and numerous problems related to the trend in the “global supply chain” which inevitably had an impact on the Group’s activities.

During 2021, the management of the Branca product portfolio confirmed the strategy of maintaining the 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, both on the domestic market and on the

international markets in which the Group competes. In addition, during the year, the premium gin of the Tobermory brand was added to the portfolio of distributed products and two products were introduced into the Argentine market: Vodka Sernova Tropical Passion and Vodka Sernova Sweet Apple Pear.

In terms of management and innovation, the Group’s important digitisation programme, which had already started in 2018, continued during 2021. The programme is structured in several cross-functional projects strands that have transversally involved a number of companies, with the main aim of re-engineering, simplifying and automating key business processes and improving operational fluidity, performance and service level both internally and externally with precise and continuous sharing of information and KPIs.

On the US front, Branca USA benefited from the suspension of the import duties, imposed by the previous American administration, on spirits coming from Europe and in particular from Italy. Branca USA continued its commitment in 2021 to create the foundations for solid, sustainable and lasting growth through the preparation of annual business plans aimed at ensuring that the American branch would be successful on the market and create economic value by hiring the best industry talents and building strong partnerships with distributors, customers and marketing agencies. In general, the Branca

International Group’s further development objectives on a like-for-like country and brand basis include:

- **continuation and consolidation of the Group’s international development;**
- **extensions to seasonal and regional consumption of some brands;**
- **extension of the product portfolio to existing customers;**
- **expansion of the existing customer base;**
- **improvements in internal operational integration.**

Group financial highlights

The Group-wide operating results are presented in the following summary tables, which show the 2021 highlights of the consolidated Balance Sheet and Income Statement of the Group companies, namely Branca International S.p.A., Fratelli Branca Distillerie S.p.A., Fratelli Branca Destilerías S.A., Branca USA Inc., Branca USA Holding Inc., Branca Real Estate S.r.l, Branca Real Estate USA Corp., Branca Real Estate Argentina S.A. and Centro Studi Fratelli Branca S.r.l. The 2021 figures are compared with the two previous years.

KEY ITEMS OF THE INCOME STATEMENT	CONSOLIDATED FIGURES		
AMOUNTS IN THOUSANDS OF EURO	2019	2020	2021
<i>Revenues</i>	263.533	228.434	337.103
<i>EBITDA</i>	78.666	72.585	111.964
<i>EBIT</i>	71.726	66.544	100.441
<i>Net Result</i>	55.894	33.899	36.451

As indicated in the table, the main items of the Income Statement (Revenues, EBITDA, EBIT and Net Result) referring to the year 2020 highlight the contraction produced by the COVID-19 pandemic. Conversely, despite the fact that the first months of the year were still negatively affected by the restrictions introduced to counter the spread of the pandemic, the figures for 2021 show robust growth, due in part to the adjustment of the inflation coefficients applied to the financial statements of Argentine companies (Fratelli Branca Destilerías S.A. and Branca Real Estate Argentina S.A.) and to the change in exchange rates (Euro/Argentine Peso and Euro/US Dollar), and partly to an effective growth in the Group's sales, mainly in Italy, the USA and Argentina. In fact, in 2021, the Branca Group's total sales volume, equal to approximately 62.3 million litres, marked an increase of 25.5% compared to the previous year.

The results obtained in 2021 are even more appreciable if one considers that, in addition to the persistent effects of the pandemic especially at the beginning of the year, other important critical events occurred: the state of political and economic uncertainty in Argentina which led to a further growth in inflation rates (50.9%) and the weakening of the local currency (-22.1%); the international transport crisis which led, among other things, to a significant increase in costs and delivery times; the first signs of growing costs for the procurement of raw materials, packaging and energy sources. These trends, which have been further exacerbated due to the increasing tensions between Russia and Ukraine and their effects on global geopolitical and economic stability, have added uncertainties to a situation already made highly critical by the COVID-19 pandemic.

The main items of the Group's Consolidated Balance Sheet are presented below. As can be seen from the table, Current Assets and Payables at the end of 2021 increased partly due to the growth of the Group's turnover (trade receivables, inventories and trade payables) and partly due to the (available and invested) liquidity produced by the Group, while the Shareholders' Equity increased by approximately 5% mainly due to the net profit generated in 2021.

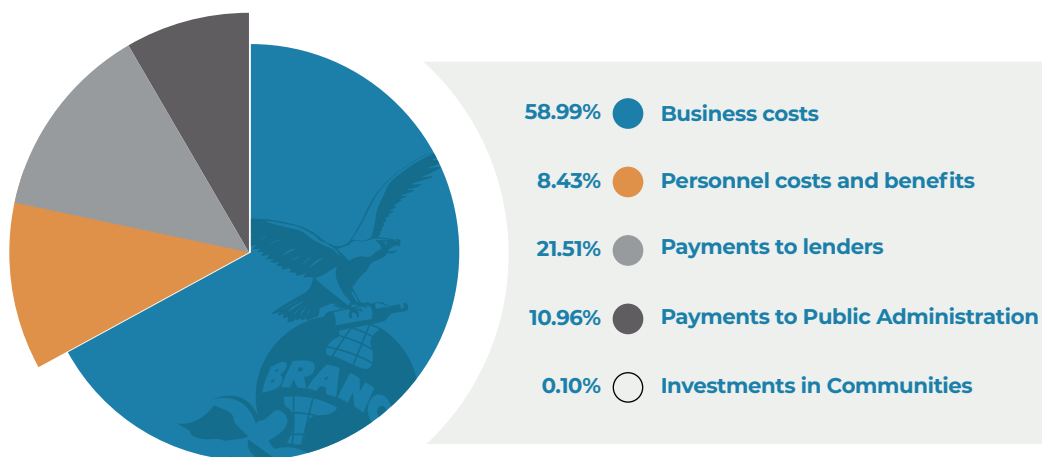
KEY ITEMS OF THE BALANCE SHEET	CONSOLIDATED FIGURES		
AMOUNTS IN THOUSANDS OF EURO	2019	2020	2021
<i>Current Assets</i>	616.057	620.423	694.231
<i>Fixed Assets</i>	72.727	173.491	179.982
<i>Shareholders' equity</i>	622.189	737.091	772.884
<i>Payables</i>	63.558	53.411	94.866

Direct economic value generated and distributed

The table below shows the figures of the Group's Consolidated Financial Statements, restated according to the GRI Standards, 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 the decline in 2020, caused by the restrictive measures introduced to counter the spread of COVID-19, the economic value generated by the Group regained force, reaching approximately € 337.1 million, up by approximately 47% compared to 2020. This trend, as already indicated in the previous paragraph, was partly due to the adjustment

of the inflation coefficients applied to the financial statements of the Argentine companies (Fratelli Branca Destilerías S.A. and Branca Real Estate Argentina S.A.) and to the change in exchange rates (Euro/Peso Argentine and Euro/US Dollar) and, in part, due to an effective growth in the Group's sales, mainly in Italy, the USA and Argentina. This trend is reflected in the economic value distributed which amounted to about € 299.8 million, up by about 50% compared to 2020: this increase was higher in percentage terms, than that of the economic value generated due to the introduction of measures to restrict the main operating costs.

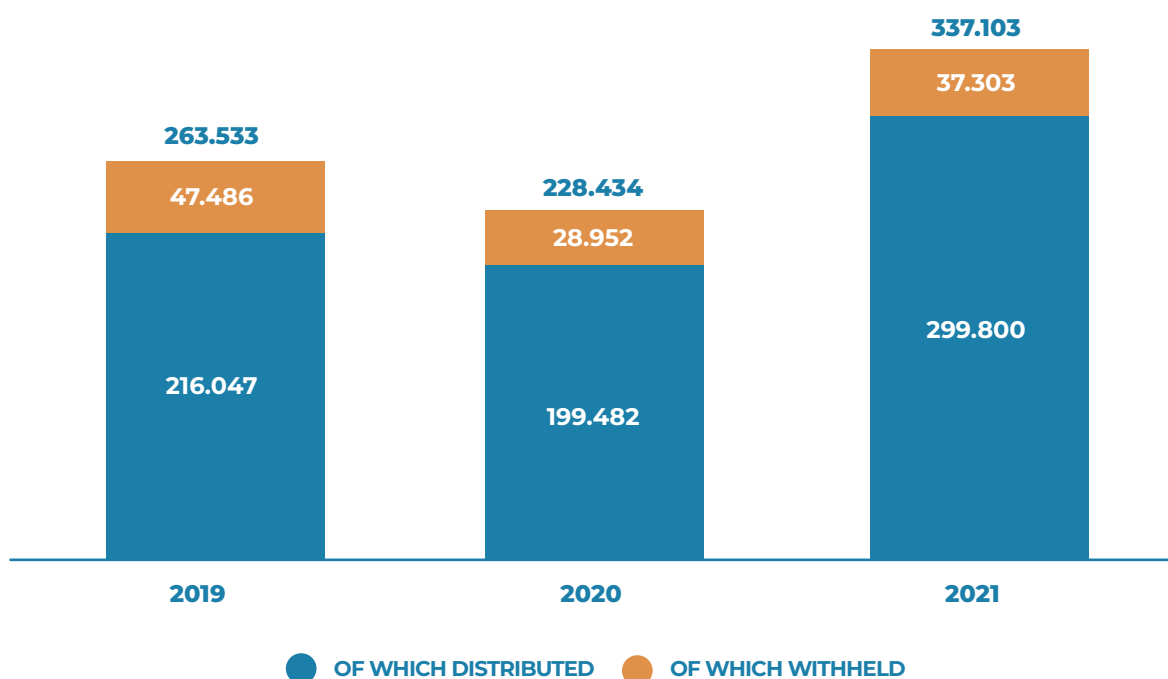
KEY ITEMS OF THE RESTATED INCOME STATEMENT	CONSOLIDATED FIGURES		
AMOUNTS IN THOUSANDS OF EURO	2019	2020	2021
<i>Economic value directly generated</i>			
<i>Revenues</i>	263.533	228.434	337.103
<i>Economic value distributed</i>			
<i>Business costs</i>	144.159	122.091	176.856
<i>Personnel costs and benefits</i>	22.707	22.242	25.285
<i>Payments to lenders</i>	27.649	35.648	64.499
<i>Payments to Public Administration</i>	21.238	18.920	32.853
<i>Investments in Communities</i>	294	581	307
<i>Total economic value distributed</i>	216.047	199.482	299.800
<i>Economic value retained</i>	47.486	28.952	37.303



Specifically speaking, as represented in the pie chart, the economic value distributed was primarily allocated (59%) to business costs incurred to purchase goods and services (production costs, payments to suppliers) and, to a lesser extent, to employees' wages and salaries (which also increased compared to 2020), the remuneration of lenders and the State (taxation), whereas a small amount of the value distributed went on investments in

Communities, such as on contributions and donations. The economic value retained, equal to the difference between the generated and distributed value, was approximately € 37.3 million, up by 28.8% compared to the previous year, also due to the growth in sales developed in 2021 by the Group, but slightly down as a share of the economic value generated (from 12.7% to 11.1%).

ECONOMIC VALUE GENERATED (THOUSANDS OF EURO)

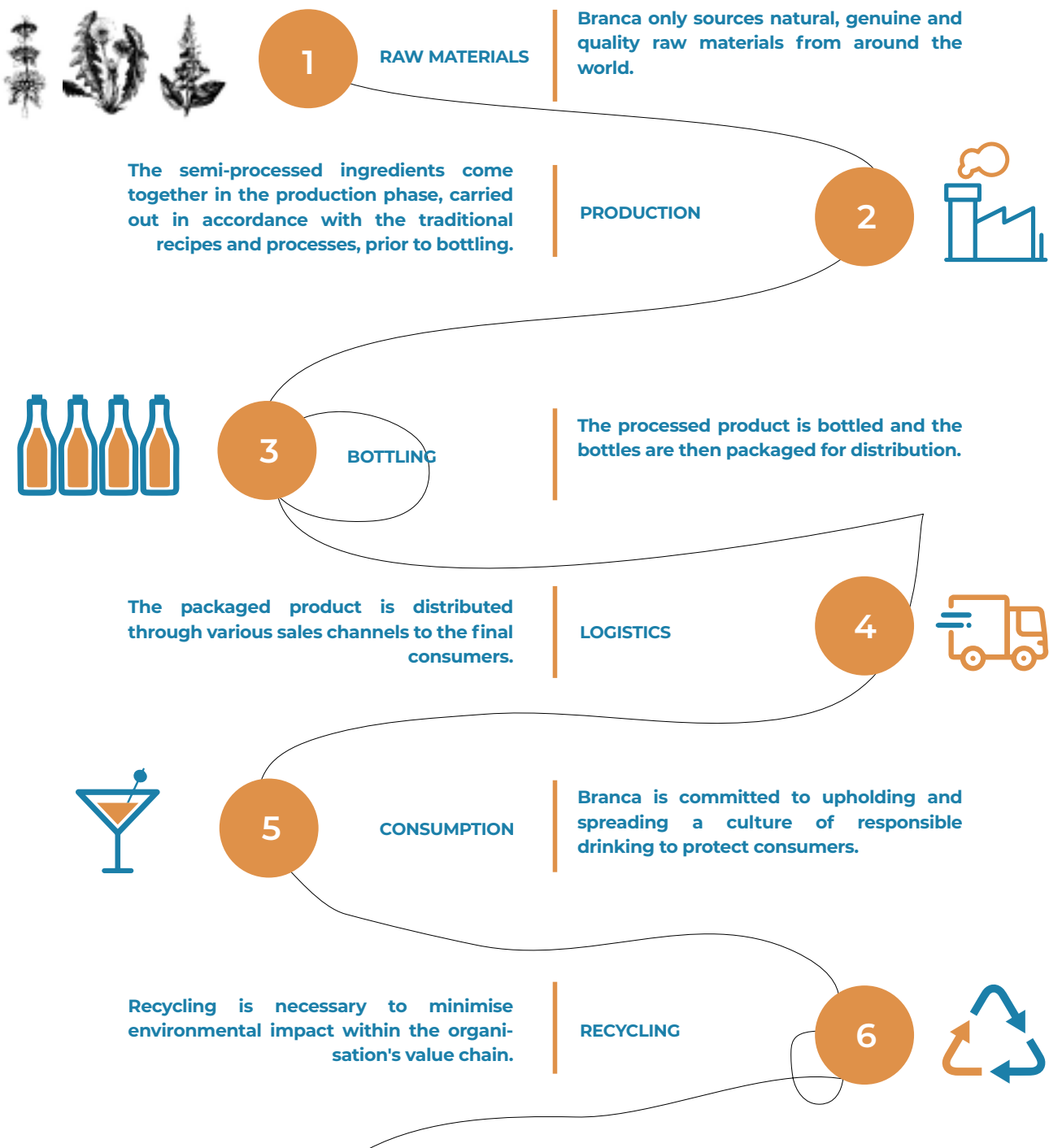




Branca product excellence

Authentic, Italian-style quality and innovation in accordance with tradition are the values that have always distinguished Branca products, making them unique and therefore highly appreciated worldwide. In order to meet increasingly stricter 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 essential as the sources for the supply of raw materials,

especially aromatic plants, are distributed over 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 rigorous quality controls throughout 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, long-lasting business relationships with entities from all over the world.

The Group is committed to constantly seeking out 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 production requirements
- analysis of the key economic and financial indicators
- analysis of the standards adopted by the supplier on a voluntary basis
- assessment of the industrial supply.

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

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

As regards supplier selection, the Group also prefers those 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 any non-conformities.

The supplier selection stage is followed by the establishment of a partner relationship and the assessment and monitoring of the supplier's performance and compliance with contractual conditions. These activities include sampling and laboratory analyses,

conducting regular audits on suppliers and assessing any non-conformities that have emerged.

The main goods and services sourced by the Group, primarily in Italy and Argentina, are listed below:

- 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 production materials
- promotional materials (e.g. point-of-sale materials, gifts-on-pack)
- logistical services
- plant and machinery
- automation services
- general services
- production support services
- company fleets of cars.



FOCUS COFFEE BEAN SUPPLIES

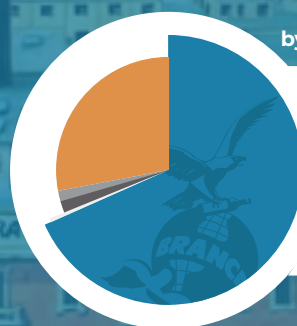


Branca's partner coffee bean producer pays relentless attention to technological innovation and compliance with national and international regulations to protect the environment and consumers, and has taken the following steps to confirm compliance with its procurement commitments:

- 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 an "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 raise the awareness of employees regarding crime prevention;
- adoption of a Code of Ethics to guarantee transparency and fairness in business relations.

The following pages provide qualitative and quantitative information about the supply chain of Fratelli Branca Distillerie, Fratelli Branca Destilerías and Branca USA. Since the latter is not a production plant but a distribution company, it has a more limited number and type of suppliers compared to the Italian and Argentine companies.

Fratelli Branca Distillerie S.p.A



Value of orders 2021
by geographical area (%)

75,0%	ITALY
14,4%	EUROPE (EXCLUDING ITALY)
5,0%	ASIA
5,0%	AFRICA
0,6%	ARGENTINA

In 2021, Fratelli Branca Distillerie had dealings with a total of 72 suppliers. The pie chart features a breakdown of the value of orders by geographical area.

The company procures a part of its raw materials through brokers that collaborate with Fratelli Branca Distillerie, so

as to guarantee top quality. The brokers that assist with the purchase of certain types of materials, monitor the market and purchase from suppliers offering the best raw materials on the market, in the reference period. Consequently, for some materials that the company

procures, the origin of a supplier/broker may be different from the origin of the material acquired.

Number of suppliers and value of orders³ placed by geographical area (Fratelli Branca Distillerie)

	2019		2020		2021	
	NUMBER OF SUPPLIERS	VALUE OF ORDERS (%)	NUMBER OF SUPPLIERS	VALUE OF ORDERS (%)	NUMBER OF SUPPLIERS	VALUE OF ORDERS (%)
TOTAL	72	100,0	72	100,0	72	100,0
ITALY	57	69,0	50	75,0	50	75,0
EUROPA (EXCLUDING ITALY)	11	28,2	11	14,4	11	14,4
ARGENTINA	1	0,6	2	0,6	2	0,6
AMERICA (EXCLUDING ARGENTINA)	1	0,1	0	0	0	0
ASIA	1	1,4	5	5,0	5	5
AFRICA	1	0,7	4	0,7	4	5

³ The breakdown by geographical area of the value of placed orders was made taking account of the origin of the purchased material and not that of the supplier/broker from whom the material was purchased.

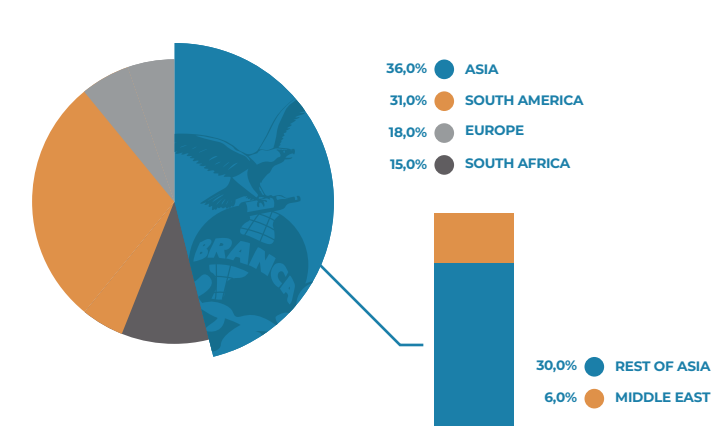
As can be seen from the table above, about 89% of the orders (in terms of value) in 2021 were placed with Italian or European suppliers: this is largely due to the decision to use local suppliers for the procurement of packaging

materials - the category that has the greatest impact on orders - so as to guarantee quality and minimize the impact of logistics. On the other hand, the scenario relating to other types of raw materials, such as herbs, spices and roots i.e.

those elements most directly related to the quality of the product, is quite different. In this case, in fact, as can be seen in the graph below, a more international overview emerges, which indicates that these materials come from different areas of the

world, in particular from South America and the Asian continent, confirming the Group's search for excellence, which it has identified over the years through the selection of the best raw materials to be used in its production process .

DRY RAW MATERIALS
(HERBS, SPICES AND ROOTS)
BY GEOGRAPHICAL AREA - 2021



As already mentioned, the supplier assessment process takes a number of criteria into consideration. More specifically, an assessment questionnaire is prepared by Branca, which identifies:

- compliance with the required technical specifications
- promptness with expediting requests and deliveries
- administration, in specific terms: precision and accuracy in administrative procedure
- management of non-conformities, in particular: promptness, flexibility and effectiveness in managing non-conformities
- design and production organisation, with checks and assessments of the development and production process
- logistical organisation through checks and assessment of the logistical process
- environmental and safety quality system to check and assess the existing system
- customer assistance, with checks and assessment of the customer service level
- risk management, through checks and assessment of the risk management processes.

⁴ The table refers to all 72 qualified suppliers of raw materials and primary packaging materials.

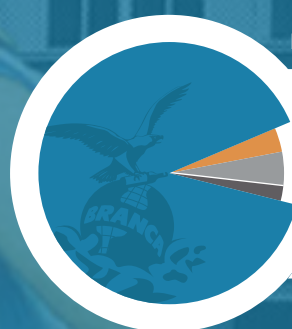
The Group has also adopted a “Green Procurement” strategy, which guarantees the procurement of the greenest and most sustainable products and services, also on the basis of a cost-benefit assessment. 86% of the suppliers of Fratelli Branca Distillerie possess at least one certification for a management system on quality or the environment, energy, occupational health and safety and/or food safety.

PERCENTAGE OF
QUALIFIED SUPPLIERS
HAVING CERTIFICATIONS (%)⁴
(FRATELLI BRANCA DISTILLERIE S.P.A.)

	2021
ISO 9001	68%
ISO 14001	28%
OHSAS 18001/ISO 45001	22%
ISO 2200, BRC, IFS (on the subject of food safety)	20%
% OF SUPPLIERS WITH AT LEAST ONE CERTIFICATION	86%

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

Fratelli Branca Destilerías



Value of orders 2021
by geographical area (%)

86,6%	ARGENTINA
1,0%	ITALY
7,3%	EUROPE (EXCLUDING ITALY)
4,8%	AFRICA
0,1%	AMERICA (EXCLUDING ARGENTINA)

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 and 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 one or more suppliers are then selected when this

testing process is complete. Since both are production plants, the main types of goods and services procured by Fratelli Branca Destilerías are substantially the same as those indicated above for Fratelli Branca Distillerie. More specifically, the first two categories of goods and services purchased i.e. raw materials and packaging materials, account for 86% of the value of all orders (on the local market), while dry raw materials account for 14% of the value of all orders (via imports). In 2021, Fratelli Branca Destilerías worked together with 32 suppliers: the details of

the value by geographical area can be seen in the adjacent graph. As with Fratelli Branca Distillerie, part of the purchases made by Fratelli Branca Destilerías are through brokers, whose origin may be different from the origin of the purchased material. As can be seen in the table, the value of placed orders is almost entirely concentrated in Argentina (86.8%).

NUMBER OF SUPPLIERS
AND VALUE OF ORDERS⁵
PLACED BY GEOGRAPHICAL AREA
(FRATELLI BRANCA DESTILERÍAS)

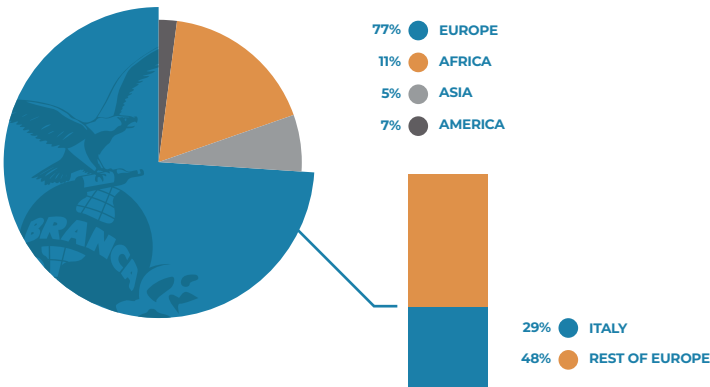
	2019		2020		2021	
	NUMBER OF SUPPLIERS	VALUE OF ORDERS (%)	NUMBER OF SUPPLIERS	VALUE OF ORDERS (%)	NUMBER OF SUPPLIERS	VALUE OF ORDERS (%)
TOTAL	24	100,0	20	100,0	32	100,0
<i>ITALY</i>	5	3,1	3	3,5	5	1,0
<i>EUROPE (EXCLUDING ITALY)</i>	5	4,7	4	8,9	6	7,3
<i>ARGENTINA</i>	9	89,7	11	86,6	18	86,8
<i>AMERICA (EXCLUDING ARGENTINA)</i>	2	0,5	0	0	1	0,1
<i>ASIA</i>	1	0,2	1	0	0	0,0
<i>AFRICA</i>	2	1,7	2	1,0	2	4,8

⁵ The breakdown by geographical area of the value of placed orders was made taking account of the origin of the purchased material and not that of the supplier/broker from whom the material was purchased.

On the other hand, if we analyse other types of raw materials, such as herbs, spices and roots, a more international overview emerges which, as for the associated Italian company, indicates that these materials come from various parts of the world, in particular from Europe and Africa, as illustrated below.

On the other hand, with reference to the supplier qualification process, it should be noted that 100% of Fratelli Branca Destilerías qualified suppliers possess at least one certification for a management system on quality or the environment, energy, health and safety and/or food safety.

DRY RAW MATERIALS
(HERBS, SPICES AND ROOTS)
BY GEOGRAPHICAL AREA - 2021



⁶ The table refers to 24 qualified suppliers of raw materials and primary packaging materials. These suppliers represent about 80% of turnover over the total orders placed.

	PERCENTAGE OF QUALIFIED SUPPLIERS HAVING CERTIFICATIONS ⁶ (FRATELLI BRANCA DESTILERÍAS)	2021
ISO 9001		81,8%
ISO 14001		36,4%
OHSAS 18001/ISO 45001		18,2%
ISO 2200, BRC, IFS (on the subject of food safety)		63,6%
% OF SUPPLIERS WITH AT LEAST ONE CERTIFICATION		100%



Branca USA

As regards Branca USA, the objective it set itself in its third year of activity was to establish long-term relationships with all the suppliers in its existing supply chain.

In addition, to respond to the impacts of COVID-19 on the supply system, Branca USA strengthened its relationships and worked to encourage greater flexibility with its import partners, transport companies and warehouses. In practice, to cope with the still existing difficulties due to the pandemic, Branca USA enhanced the transparency of its production processes, sharing its short and medium-term forecasts with its suppliers. In addition, Branca USA worked on a number of special initiatives to ensure continuity of supplies (chartering of vessels, moving the supply chain to the east coast of the United States).

In 2021, Branca USA had dealings with a total of 10 suppliers, all from the US, of which 25% hold at least one certification. Due to the difficulties related to the

pandemic, Branca USA retained its existing suppliers and no new screening was performed, while in-depth studies were launched on specific issues, such as social aspects and those related to health and safety, in particular for “front line” workers and those more involved in the health emergency.

PERCENTAGE OF QUALIFIED SUPPLIERS HAVING CERTIFICATIONS (%) (BRANCA USA)		2021
ISO 9001		10,0%
ISO 14001		10,0%
OHSAS 18001/ISO 45001		10,0%
ISO 2200, BRC, IFS (on the subject of food safety)		0%
% OF SUPPLIERS WITH AT LEAST ONE CERTIFICATION		25,0%

Quality and safety of raw materials and products



Protecting the authenticity of aromatic and medicinal plants and an emphasis on the quality of natural ingredients sourced from four continents have always been essential elements in Branca's production philosophy. Strict quality control of the production chain and compliance with the original recipes are still today key elements in 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 where it operates. 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, complying with work environment rules and respecting 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 and tradition - featuring the use of original secret recipes - and on an internationally renowned brand.

FRATELLI BRANCA DISTILLERIE S.p.A.

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 2021), on which it bases the company's Quality policy, a benchmark for the company's approach to quality. The latter, in fact, is explicitly referred to in the Code of Ethics, which states

the founding values of the company and its operational guidelines for Quality and Food Safety. By adopting this management system, Fratelli Branca Distillerie guarantees its unswerving attention to Branca product consumers, ensuring the same levels of quality, safety and reliability. The annual audit by the certification body is based on testing compliance with the following principles:

- product quality and safety (food safety);
- internal communications and along the production chain;
- effectiveness of the Hazard Analysis Critical Control Point (HACCP) system;
- traceability of all activities;
- precision in the approach to selecting suppliers and raw materials with checks on the document procedures adopted to guarantee the safety and quality of the products supplied;
- constant application of the Company's Code of Ethics.

Fratelli Branca Distillerie is also committed to ensuring top-quality, safe and reliable products from all points of view, made with safe and state-of-the-art machinery and procedures, in compliance with the laws and regulations in force in the countries in which it operates.

To ensure the achievement of the above objectives, the company carries out constant research and development - both with a view to regulatory compliance and the possibility of offering it to the market - by adopting control tools and systems within the production process. and along the entire value chain.

With reference to supervision over the production process, attention and involvement in the following activities is always high:

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 ensures regular training for its production personnel, with regard to food hygiene and safety.

In 2021, the following measures were adopted by Fratelli Branca Distillerie to effectively monitor the value chain:

- prior selection of suppliers and monitoring during the supply phase;
- checks on the compliance of raw materials with the defined specifications, both during the offer and purchase stages;
- implementation of controls on the automation process in the production chain, to guarantee constant product quality;
- checks and monitoring along the production chain, from the entry of raw materials to product distribution;
- product traceability;
- regular product recall checks and tests, to guarantee a prompt response from the company in the event of food safety related defects.

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

- Development of 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. Conversely, as regards 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. It is worth noting that during the reporting period no failures to comply with regulations or voluntary codes regarding the information and labelling of Branca products were found;

- Continuous commitment in assessing and reviewing the types of bottle caps or tops with a view to mitigating the risk of any tampering (adulteration) by making clear any attempts to do so.

FRATELLI BRANCA DESTILERÍAS

Also in Argentina, Fratelli Branca Destilerías has implemented a Quality and Food Safety Management System, based on the ISO 22000: 2018 standard, certified since 2007 by Bureau Veritas and accredited by the UKAS body. Every year the company undergoes a recertification audit by the certifying body with excellent results: in 2021, in particular, no non-conformities and no findings were reported, for the fourth consecutive year.

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 it has laid down. To achieve this objective, the company has implemented the following:

- a management policy on quality, food safety and the environment
- a firm structure of documents consisting of: a Food Quality and Safety Management System manual, a Good Manufacturing Practices manual, an HACCP plan, a POES (Procedimientos Operativos Estandarizados de Saneamiento) and procedures, instructions and operating procedures for the implementation of the standard's requirements. (QA, dealing with NCs, audits, training, etc.)
- Good Manufacturing Practices (GMP)
- a staff training plan
- a Hazard Analysis and Critical Control Points (HACCP) system
- monitoring of critical control points, GMP activities and application of POES.

In relation to safety, health and the environment, the Company has adopted an integrated system, which follows the guidelines of the ISO 14001 and ISO 45001 standards, and established policies which commit it to comply strictly with applicable national, provincial and municipal regulations, and adhere to the most advanced management criteria on fairness and transparency. For the identification of legal requirements, there is a monthly monitoring service on updates to regulations and in 2021 the plan involving third-party audits was adopted.

In addition, the company has defined a Code of Ethics, in compliance with international and national best practices in corporate governance, with the aim of directing its activities according to the principles of legality, fairness and loyalty.

As far as internal KPIs are concerned in relation related to the subject of product quality, considerable progress has been made over the last year, certifying the company's commitment and constant development:

- Good Manufacturing Practices (GMP) index: the report, based on monthly internal audits, showed an improvement of 1.6% over the 2020-2021 period, based on a number of criteria that took into account increased company hygiene, more extensive staff training and infrastructure improvements;
- Number of consumer complaints: the company's target of reducing the number of annual consumer complaints to 50 was maintained in 2021.
- Energy and process savings: the optimised maceration processes and technical improvements to machinery (including reprocessing costs and downtimes), enabled the company to make even greater energy savings than the previous year.

Fratelli Branca Destilerías also took the following initiatives:

- launch of new products, Vodka Sernova Sweet Apple Pear and Vodka Sernova Tropical Passion, both of which are made from selected locally produced alcohol and filtered through a unique and noble process, with a natural flavour
- improvement in the coding of packaging using laser printers that optimise traceability and help to make savings on running costs and the use of ink
- automation of the infusion system in the process, optimising strict control of alcohol, infusion and water dosages, improving hygiene and optimising costs
- internal audits to ensure and maintain compliance with ISO 22000:2018
- with regard to suppliers and distributors, clear definition of obligations and responsibilities in contracts and implementation of quality audits, to check on predefined quality targets, environmental care and other relevant aspects.

Consumer protection and promoting responsible consumption

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

The basic idea, conveyed by Branca, is that its products can add pleasure to life, provided they are consumed in a responsible and moderate manner.

At Branca, promotion and communication activities are conducted in accordance with the current marketing regulations and no cases of non-compliance have been reported with respect to these. All advertising campaigns are always attentive to both context and content and , promote responsible consumption; they 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 and each advertisement, promotional video or commercial also carries the warning "Drink responsibly".

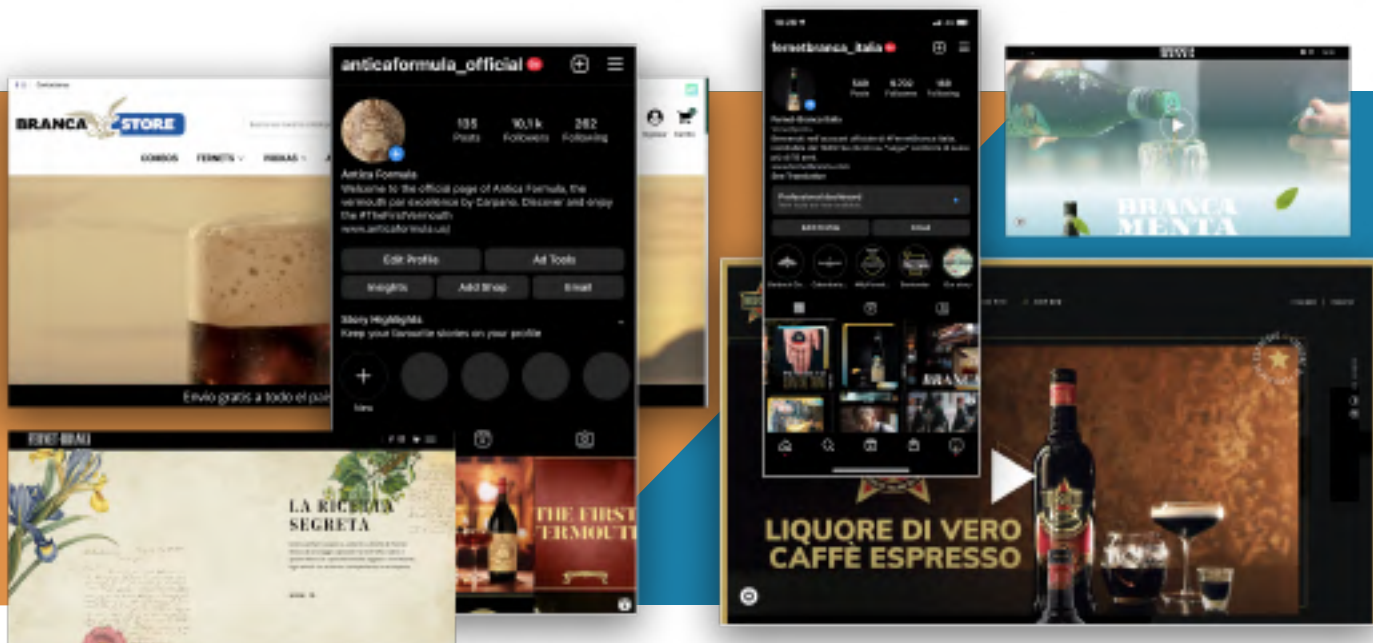
Fratelli Branca Destilerías also pays great attention to promoting messages recommending responsible consumption and spreading a drinking culture geared to enhancing the idea of sharing, in particular through campaigns, promotional stands and product labelling. The Argentine company has also implemented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

As regards labelling, the same recommen-

dations on responsible consumption can be found on the products of Fratelli Branca Distillerie in Italy and of 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 social media is closely and consistently monitored. In addition to Netiquette, which invites users via Facebook to consume responsibly, Branca regularly monitors the digital content produced or conveyed 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 monitoring activities have the primary objective of ensuring that the Branca name is always associated with a message that promotes responsible consumption, seen as a founding element of the culture of quality drinking.



Branca firmly believes that dialogue and cooperation 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, which Fratelli Branca Destilerías takes part in, 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, Branca's consumer protection actions are also included in its 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 reference value in the way that 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 complied with in all relations established with stakeholders.

The principles in the Economy of Awareness, which guide the sustainable development of all the Group's activities, also specifically focus attention on 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, Branca USA is also planning to set up in-house training programmes for its

employees, to ensure that all the work performed internally and externally, is perceived as responsible and sensitive to the health and safety of its consumers.

Customer Relationship & Satisfaction

Achieving customer satisfaction is one of Branca's key objectives. With reference to Quality, the company is extremely focused on maintaining consistently high standards as regards customer/consumer care by collecting the various requests for information, reports and complaints and providing adequate responses.

End-customer satisfaction and the involvement of the bartender community are, in fact, considered key and distinctive elements for the recognition of Branca brand products compared to that of our main competitors, so as to create a preferential relationship with the relevant stakeholders. With this in mind, the communication

activities developed by the individual brands are based on the transparency and relevance of the contents, on providing 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 barladies, 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 for visits to the plant, etc.).

FRATELLI BRANCA DISTILLERIE S.p.A.

The main communication, relationship and engagement initiatives with customers, consumers and, more generally, the stakeholders, performed by Fratelli Branca Distillerie over the last year, including the following in particular:



Collection of streetwear dedicated to Fernet-Branca and created by the IUTER clothing brand

a collection that combines the values of the brand and its authentic heritage with the freshness, modernity and innovation of IUTER. Iuter is, in fact, an independent, all-Milanese brand, which started as a crew from the skate and hip-hop sub-cultures, and has evolved to become one of the most important brands in the streetwear sector, in Italy and abroad. For Fernet-Branca it created a collection that, in line with the communication launched in 2020, communicates an enormous sense of freedom without forgetting its origins and history. The items of clothing, which were sold out in a few months, portrayed the icons and symbols of the brand, its historical posters and calendars, its herbs and spices, the world of coins and the link with the bartender world.

Celebration of the 50th anniversary of the iconic Brancamenta glass

For the fiftieth anniversary of the broadcast of the Brancamenta TV campaign that brought success to the famous glass of ice turning it into an immediate icon of the brand, a Long Video – conceived and created by Publitalia80 – went on air from 25 April 2021 with an exceptional testimonial: Gerry Scotti. It was the TV campaign from 1971, with the famous “Brrr... Brancamenta” jingle, which defined the Fratelli Branca Distillerie liqueur as the ideal, ice-chilled drink with friends in the evening. The collaboration with Publitalia80, which saw Gerry Scotti as the protagonist of Brancamenta’s icy journey, aimed to convey the quality and unique characteristics of the product, whose perfect drinking mode is with three ice cubes or at -20° spiced with lively company. A partnership that focused on brand positioning with a targeted and effective media plan, including TV and digital channels.



Fernet-Branca Special packs, Christmas 2021

Undisputed protagonists at the end of the year, the usual and long-awaited special packs to collect. Four key words in the Brand Manifesto were artistically reproduced on the pack in four different illustrated versions. Through four lively, dynamic digital videos, they animated the digital network with a touch of vivacity and originality. Here are the 4 words and their concepts:

- Freedom, on the wings of an eagle flying over the world. Its spirit is one that is uncompromising and becomes the hero of an incomparable story.
- Passion, in recounting and highlighting the fascinating Fernet-Branca history and its courage in facing everyday challenges.
- Roots, in Milan in 1845. The infusion of 27 herbs and spices from 4 continents and a year's rest in oak barrels.
- Secrets, of a family history that has been handed down from father to son for over 175 years. The symbol of a boundless community.

FRATELLI BRANCA DESTILERÍAS

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

In fact, the bolstering of these channels has enabled the creation of a constructive dialogue with consumers that has had a positive effect on the development of some new products (including the new vodka variants in the Sernova brand): 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 these new entries with the final consumer communities.

Below is an overview of the main initiatives performed in 2021 by Fratelli Branca Destilerías:



The Friend's Day

The Friend's Day is an important date for Fernet-Branca, whose brand values include friendship as one of its major cornerstones. The campaign aims to show Fernet-Branca as another member of the group of friends, who is always there.

Branca FTS FMS – free style master series

Rap-battles have become a phenomenon followed by millions of fans (Gen Z and Mill) and represent the fastest growing genre over the last 3 years, surpassing even Esports and football.

FMS is the only Free Style professional league in the world. It has turned rap battles into a sport, a discipline and a competition over a 10-day contest.

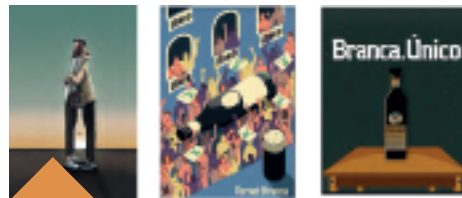
For this reason Branca Argentina decided to become the all-round sponsor for the event, to connect and create relationships with possible new buyers.



Team Punto e Mes

As part of the "Branca Team" project, various initiatives have been developed for the Punt and Mes brand. The plan had a number of objectives, including continuing to accompany the Branca Family bartenders, and also presenting Punt and Mes as a cult product, showing its versatility, increasing its presence in networks and enhancing bartender loyalty. 170 bartenders from the Branca Family were invited to create two audiovisual contents showing the preparation of two cocktails: Punt e Mes & Tonic e Punt e Mes signature cocktail.

After creating the videos, the bartenders shared their content on their social networks. At the end of the event, a prize was awarded to the two winning projects. The project enjoyed very high participation rates, with 146 participating bartenders and 292 videos received, which obtained over 110,000 views and more than 3,000 comments.



"Your art sets you apart"

Fernet-Branca presented its exclusive art poster competition, "Your art sets you apart", to reinforce, once again, Branca's commitment to art. After an innovative launch with shows and surprises, the fourteenth edition of the "Arte Único" competition brought together more than 2,500 artists from all over the country. The artists had the opportunity to show all their creativity and talent in works that represent the spirit of the brand.

In December 2021 Arte Único held its awards gala in virtual Live format via YouTube. The event, hosted by Nico Ochiatto and Flor Jazmín Peña, demonstrates the brand's relentless commitment to art.

2,500 artists from every province in the country took part to compete for the \$ 500,000 in prizes in all categories.

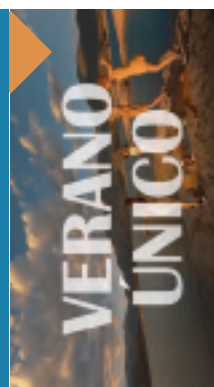


Vodka Sernova Sweet Apple Pear and Vodka Sernova Tropical Passion

Launch of new products, Vodka Sernova Sweet Apple Pear and Vodka Sernova Tropical Passion, both of which are made from selected, locally produced alcohol and filtered through a unique and noble process, with a natural flavour.

Verano Único

After almost two years of pandemic in which many recreational activities were affected, holidays, parties, events, discos and bars can once again provide the ideal occasion for entertainment and having fun together. A UNIQUE SUMMER is an audiovisual production which shows different ways of enjoying holidays, appealing to the great variety of options that the country offers to satisfy everyone's preferences: on the beach, in the mountains, as a couple or with friends, highlighting the differences that make them unique, just as the Fernet Branca brand is unique.



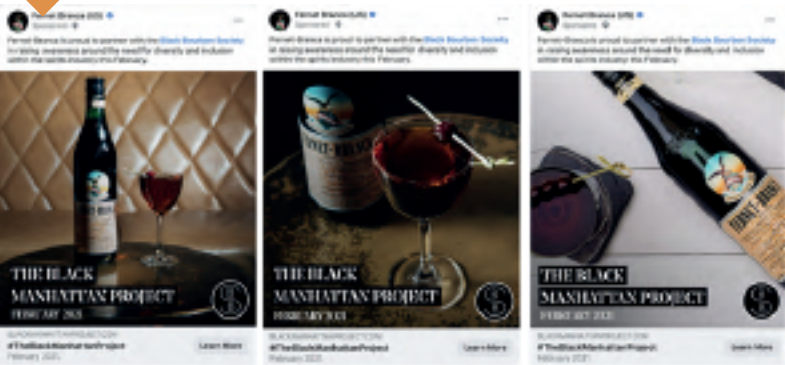
BRANCA USA

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

Some of the main initiatives in 2021 included:

Fernet-Branca: Black Manhattan project in partnership with the Black Bourbon Society

In honour of “Black History Month”, Fernet-Branca sponsored the “Black Manhattan Project”, a month-long social media awareness campaign on the need for diversity and inclusion in the alcohol industry. Focused on the Black Manhattan Cocktail, the campaign obtained 33 million media views during the month of February.



Fernet-Branca: partnership with the Inter Miami team

In 2021, Branca USA began its first sports partnership in the United States with Inter Miami (Club Internacional de Fútbol Miami), a Miami-based American football team owned by David Beckham and José R. Mas. The Branca portfolio was featured in two “Branca Bars”, with additional brand insignia throughout the DRV PNK Stadium.





Our people

EMPLOYEE PROFILE, WELL-BEING, HEALTH & SAFETY

As already mentioned, Branca International is a people-centred business, committed to enhancing the skills and to understanding the needs and expectations of our employees, as fundamental elements for ensuring the success of the Group and its individual companies, according to the principles of the Economy of Awareness.

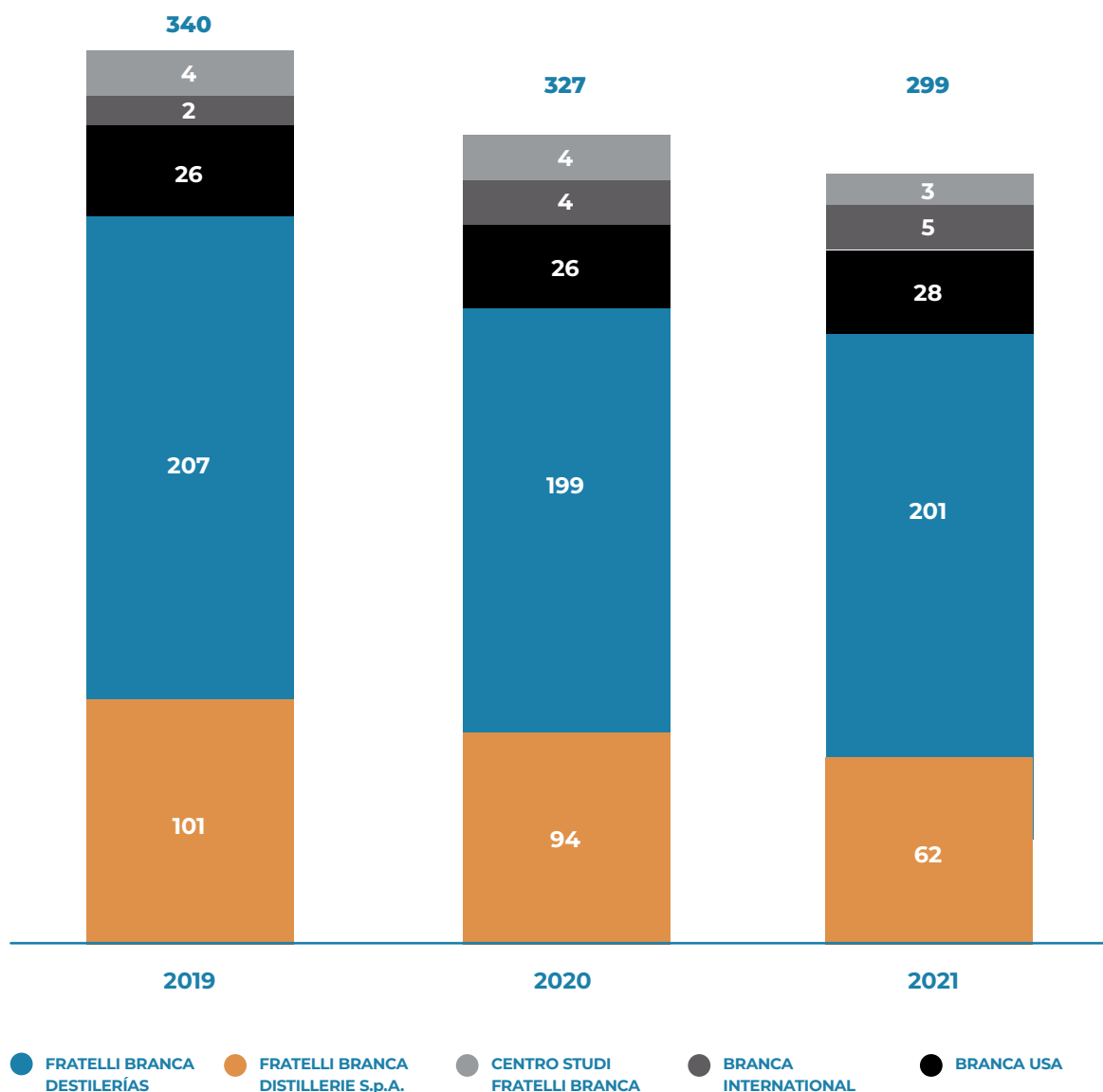
The creation and maintenance of relations built on listening, dialogue and transparency with people – who are considered as an end and never as a means – are the main requirements to guarantee a positive, serene and cohesive working environment, and to promote the success of the organisation through the application of collaborative Meritocracy tools.

Group employee profile

⁷ The total includes employees of the companies Fratelli Branca Distillerie S.p.A., Fratelli Branca Destilerías S.A., Branca USA Inc, Centro Studi Fratelli Branca S.r.l and employees who are hired directly by the Parent Company Branca International S.p.A. For simplicity, the company names are not repeated in the graphs and tables.

At 31 December 2021, the Branca International Group had a total of 299 employees⁷, 99% of whom were hired on permanent contracts. The decrease of 28 resources compared to the previous year, which was limited in percentage terms (-8.6%), is mainly attributable to two factors: the continuation of the consequences of the pandemic on the reference markets, particularly in the first half of the year, and the decision of Fratelli Branca Distillerie to outsource bottling activities starting from the second half of the year as part of an agreement which envisaged the third-party company absorbing the resources affected. In fact, although there has been an increase in those joining the company (29 in 2021), the increase in those leaving was greater (47 in 2021 against 26 in 2020). As regards gender composition, in 2021 female staff members represent 19.1% of the total workforce.

EMPLOYEE TREND BY GEOGRAPHICAL AREA AND COMPANY



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

NUMBER OF GROUP EMPLOYEES BY GENDER, CONTRACT TYPE AND COMPANY	2019			2020			2021		
	Permanent	Fixed term	TOTAL	Permanent	Fixed term	TOTAL	Permanent	Fixed term	TOTAL
F.LLI BRANCA DISTILLERIE S.p.A.	94	7	101	93	1	94	61	1	62
MEN	65	4	69	62	1	63	37	0	37
WOMEN	29	3	32	31	0	31	24	1	25
F.LLI BRANCA DESTILERÍAS	207	0	207	199	0	199	201	0	201
MEN	195	0	195	188	0	188	186	0	186
WOMEN	12	0	12	11	0	11	15	0	15
BRANCA USA⁸	26	0	26	26	0	26	28	0	28
MEN	12	0	12	11	0	11	14	0	14
WOMEN	14	0	14	15	0	15	14	0	14
BRANCA INTERNATIONAL	2	0	2	4	0	4	5	0	5
MEN	1	0	1	2	0	2	3	0	3
WOMEN	1	0	1	2	0	2	2	0	2
CENTRO STUDI FRATELLI BRANCA	4	0	4	4	0	4	3	0	3
MEN	2	0	2	2	0	2	2	0	2
WOMEN	2	0	2	2	0	2	1	0	1
TOTAL	333	7	340	326	1	327	298	1	299
MEN	275	4	279	265	1	266	242	0	242
WOMEN	58	3	61	61	0	61	56	1	57

⁸ The 2019 figure relating to Branca USA has been adjusted by aligning it with the number of employees leaving during the first year of activity, with a consequent total number of employees in 2019 which falls to 340 from the previously reported 345.

The following table provides a breakdown of employees by professional group and working hours (full time and part-time) at consolidated level.

NUMBER OF GROUP EMPLOYEES BY GENDER AND PROFESSIONAL GROUP	2019			2020			2021		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
<i>Senior Managers</i>	27	3	30	28	3	31	23	5	28
<i>Middle Managers</i>	37	17	54	34	18	52	35	15	50
<i>Office staff</i>	112	37	149	103	36	139	94	37	131
<i>Manual workers</i>	103	4	107	101	4	105	90	0	90
<i>TOTAL</i>	279	61	340	266	61	327	242	57	299

NUMBER OF GROUP EMPLOYEES BY GENDER AND WORKING HOURS	2019			2020			2021		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
<i>FULL TIME</i>	278	59	337	266	60	326	242	55	297
<i>PART-TIME</i>	1	2	3	0	1	1	0	2	2
<i>TOTAL</i>	279	61	340	266	61	327	242	57	299

In addition to the above mentioned employees, every year F.lli Branca Distillerie and F.lli Branca Destilerías host internship and agency/temporary workers, as follows.

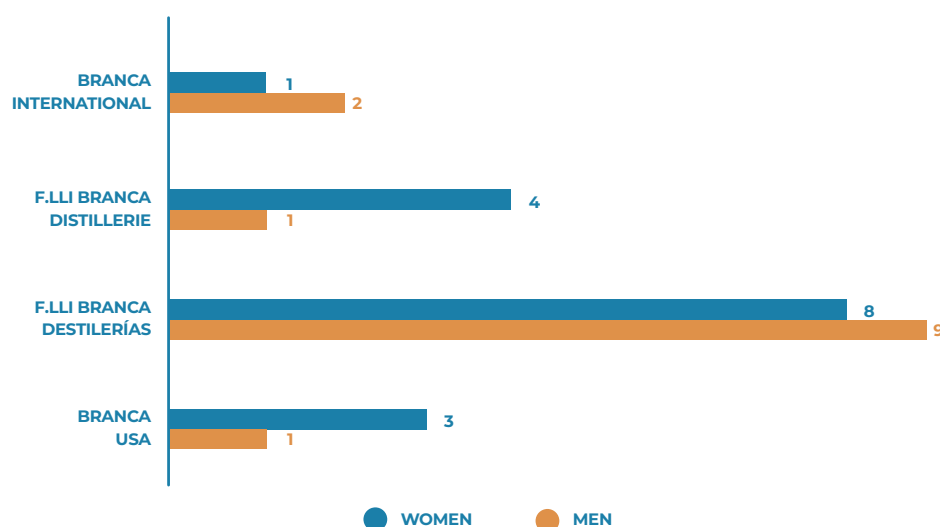
NUMBER OF AGENCY/TEMPORARY WORKERS AND INTERNS BY GENDER ENGAGED BY THE GROUP	2019			2020			2021		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
<i>INTERNS</i>	3	1	4	2	0	2	4	3	7
<i>AGENCY TEMPORARY WORKERS</i>	14	4	18	20	6	26	20	2	22
<i>TOTAL</i>	17	5	22	22	6	28	24	5	29

Employee turnover⁹

During 2021, there were 29 new hires and 47 employees leaving. With reference to the employees hired in 2021, the chart below shows the breakdown by gender. Most of the new employees are in the 30-50 age bracket. The incoming turnover increased compared to previous years and stood at 9.7%¹⁰.

⁹ The number of incoming and outgoing staff and the turnover rates do not take into account the outgoing employees of Centro Studi Fratelli Branca and Branca International who were 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.

NEW HIRES IN 2021



¹⁰ The incoming turnover rate equals the ratio between the number of incoming employees and the total workforce at 31/12.

INCOMING TURNOVER RATE BY GENDER AND GROUP COMPANY	2019			2020			2021		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
F.LLI BRANCA DISTILLERIE S.p.A.	18,8%	15,6%	17,8%	1,6%	6,5%	3,2%	2,7%	16,0%	8,1%
F.LLI BRANCA DESTILERÍAS	8,2%	50,0%	10,6%	1,1%	0,0%	1,0%	4,8%	53,3%	8,5%
BRANCA USA	100,0%	100,0%	100,0%	9,1%	13,3%	11,5%	7,1%	21,4%	14,3%
BRANCA INTERNATIONAL	0,0%	0,0%	0,0%	50,0%	50,0%	50,0%	66,7%	50,0%	60,0%
CENTRO STUDI FRATELLI BRANCA	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
TOTAL	15,3%	43,8%	20,6%	1,9%	8,2%	3,1%	5,37%	28,1%	9,7%

With regard to outgoing employees, the number is up significantly on the previous year, with an outgoing turnover of 15.72% in 2021 at Group level¹¹.

¹¹ The outgoing turnover rate equals the ratio between the number of outgoing employees and the total workforce at 31/12.

NUMBER OF OUTGOING EMPLOYEES BY GENDER AND GROUP COMPANY	2019			2020			2021		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
<i>F.LLI BRANCA DISTILLERIE</i>	5	2	7	6	4	10	21	8	29
<i>F.LLI BRANCA DESTILERIAS</i>	15	0	15	9	1	10	11	4	15
<i>BRANCA USA</i>	2	3	5	2	1	3	0	3	3
<i>BRANCA INTERNATIONAL</i>	0	0	0	1	1	2	0	0	0
<i>CENTRO STUDI FRATELLI BRANCA</i>	1	0	1	0	1	1	0	0	0
<i>TOTAL</i>	23	5	28	18	8	26	32	15	47

OUTGOING TURNOVER RATE BY GENDER AND GROUP COMPANY	2019			2020			2021		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
<i>F.LLI BRANCA DISTILLERIE S.p.A.</i>	7,2%	6,3%	6,9%	9,5%	12,9%	10,6%	56,8%	32%	46,8%
<i>F.LLI BRANCA DESTILERIAS</i>	7,7%	0,0%	7,2%	4,8%	9,1%	5,0%	5,9%	26,7%	7,5%
<i>BRANCA USA</i>	16,7%	21,4%	19,2%	18,2%	6,7%	11,5%	0,0%	21,4%	10,7%
<i>BRANCA INTERNATIONAL</i>	0,0%	0,0%	0,0%	50,0%	50,0%	50,0%	0,0%	0,0%	0,0%
<i>CENTRO STUDI FRATELLI BRANCA</i>	50,0%	0,0%	25,0%	0,0%	50,0%	25,0%	0,0%	0,0%	0,0%
<i>TOTAL</i>	8,2%	8,2%	8,2%	6,8%	13,1%	8,0%	13,2%	26,32%	15,72%

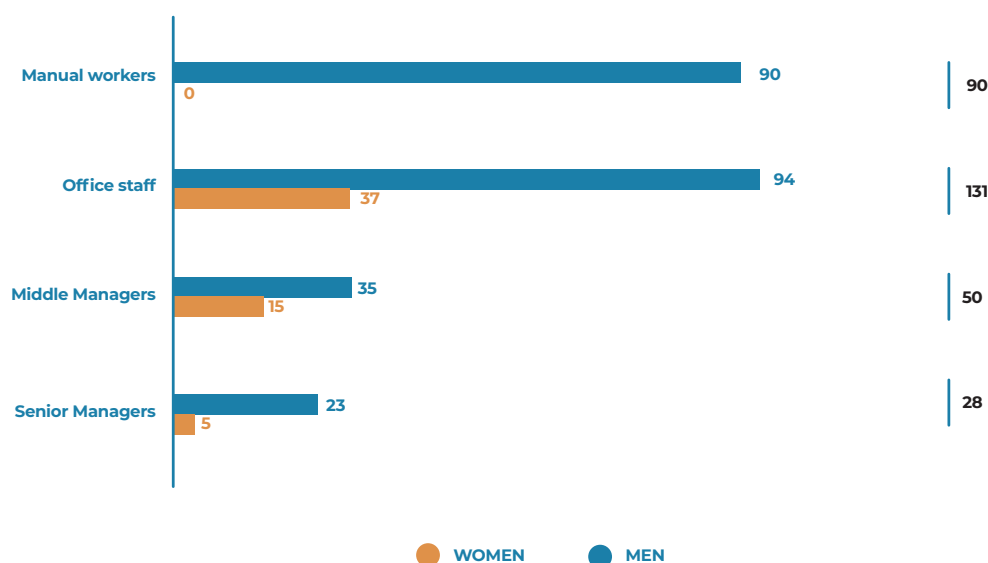
Diversity and inclusion in the work environment

As explained in the Code of Ethics, the Group recognises the central and essential role of 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.

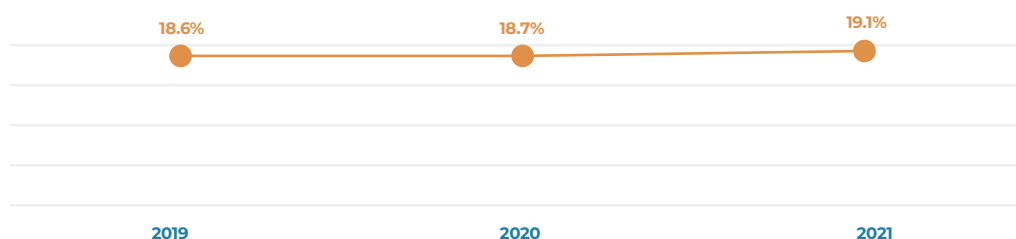
Since the Group has offices and plants not just in Italy but in other countries around the world, and operates in almost all international markets, it believes that the contribution from human resources from different nationalities and cultures is key to the enrichment and growth of the Group as a whole. 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 staff recruitment, training, remuneration, promotion, transfers and termination are designed to exclude any discrimination-based reasons.

In 2021, the presence of women in the Group increased slightly to 19.1% compared to 18.7% recorded in 2020. For details of the female presence by Group company, please refer to the table in the Appendix

NUMBER OF EMPLOYEES BY GENDER AND PROFESSIONAL GROUP – 2021



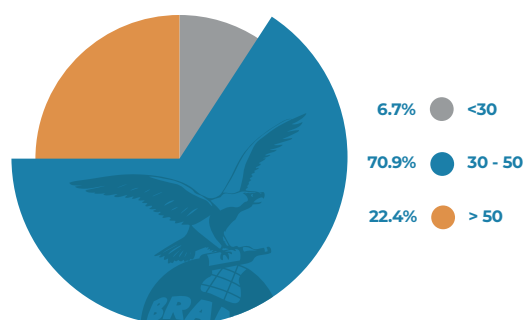
PERCENTAGE TREND OF FEMALE EMPLOYEES



GROUP EMPLOYEES BY AGE GROUP – 2021

¹² Age groups are as follows: <30: persons under 30 years old (30-year-olds excluded); 30-50: between 30 and 50 years old (30- and 50-year-olds included); >50: over 50 years old (50-year-olds excluded).

As regards the age of employees, the Group's largest age group¹² in 2021 is the 30 - 50 bracket, (212 people representing 70.9% of the total workforce). The percentages of employees under 30 and over 50 are 6.7% and 22.4% respectively.



NUMBER OF EMPLOYEES BY GENDER AND PROFESSIONAL GROUP AND AGE GROUP AT 31/12/2021

	< 30			30 - 50			> 50			TOTAL GROUP 2021
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	
Senior managers	0	0	0	6	5	11	17	0	17	28
Middle managers	0	0	0	23	10	33	12	5	17	50
Office staff	8	9	17	73	24	97	14	3	17	131
Manual workers	3	0	3	71	0	71	16	0	16	90
TOTAL	11	9	20	173	39	212	59	8	67	299

Overall, all Group companies 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 2021 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 50% of employees are protected by trade union agreements¹³.

¹³ The marker is not applicable for the Branca USA.

PERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE LABOUR AGREEMENTS

	2019	2020	2021
<i>F.LLI BRANCA DISTILLERIE S.p.A.</i>	100%	100%	100%
<i>F.LLI BRANCA DESTILERÍAS</i>	45,4%	47,2%	50,5%
<i>BRANCA INTERNATIONAL</i>	100%	100%	100%
<i>CENTRO STUDI FRATELLI BRANCA</i>	100%	100%	100%

¹⁴ Basic salary is the minimum fixed amount paid to an employee for performing the tasks assigned to him or her, excluding any additional remuneration such as overtime payments or bonuses. Total remuneration, on the other hand, includes both the basic salary and additional amounts such as those based on years of service, cash bonuses and shares (stocks and shares), benefits, overtime, time owed and any additional allowances including travel, food and accommodation expenses and childcare contributions.

REMUNERATION

The Group adopts a remuneration policy aimed at motivating and retaining people who are deemed to possess the necessary professional qualities required.

Detailed data on the gender pay gap, i.e. the gender parity in the ratio of the average value of basic salary¹⁴ and total remuneration between female and male employees, is provided in the Appendix.

With reference to Fratelli Branca Distillerie, Fratelli Branca Destilerías and Branca USA, the ratio¹⁵ between the basic salary received on average by female workers and the remuneration of men with the same job is always higher than 70% for the categories

of senior managers, middle managers and office staff. Also with reference to total remuneration, the ratio is still higher than 70%. Moreover, these values are down compared to 2020.

¹⁵ 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 group.

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 in the industry.

The Group promotes the skills development of its employees through management skills assessment, individual coaching and skills coaching programmes, and individual development plans aimed at the assignment of roles of greater responsibility for management, and also 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 shows that the number of training hours for the employees of the Group Companies fluctuated significantly over the 2019-2021 three-year period due to the impacts of the pandemic. In 2020 the hours decreased significantly compared to the previous year, while in 2021 there was a slight recovery, thanks to the attenuation of the impacts of the pandemic. In 2019, Fratelli Branca Distillerie introduced skills coaching as an individual training methodology, aimed at enhancing the skills that require

improvements, as part of its talent development paths. As regards Fratelli Branca Destilerías, on the other hand, a training plan was launched in 2018 that includes induction courses for new hires, training courses on health, safety and hygiene 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. Similarly during 2020 the Italian company also worked on digitisation of its training activities following the strong acceleration linked to the reorganisation of activities in response to COVID-19.

Branca USA also provided training activities to all its employees in 2021.

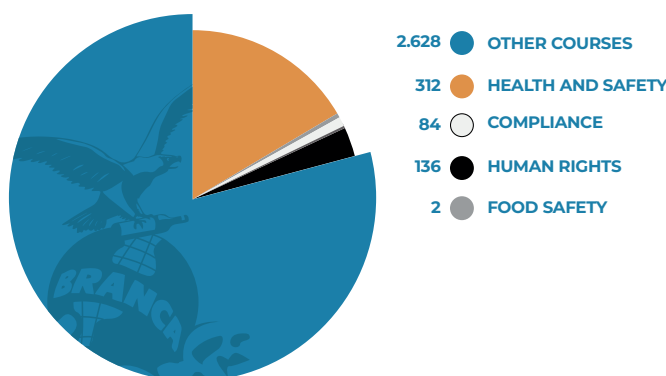
At Group level, the total number of training hours provided during 2021 was 3,162, an increase of 14.5% compared to 2020.¹⁶

¹⁶ Details of the total number of hours provided and the number of employees involved in training are available in the Appendix. The limited number of training hours provided to employees of Branca International and Centro Studi Fratelli Branca is a consequence of the limited number of employees and the fact that health and safety training can be cyclical and not repeated every year for the same employees.

AVERAGE HOURS OF TRAINING PER EMPLOYEE BY GENDER AND GROUP COMPANY	2019			2020			2021		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
F.LLI BRANCA DISTILLERIE S.p.A.	6,1	4,4	5,6	2,7	2,1	2,5	6,6	3,7	5,5
F.LLI BRANCA DESTILERÍAS	30,2	8,5	28,9	12,0	10,7	12,0	13,5	11,7	13,4
BRANCA USA	-	-	-	5,2	4,7	4,9	4,9	4,3	4,6
BRANCA INTERNATIONAL	0,0	0,0	0,0	2,0	0,0	1,0	0,0	0,0	0,0
CENTRO STUDI FRATELLI BRANCA	8,0	0,0	4,0	6,0	1,0	3,5	0,0	0,0	0,0
TOTAL	22,5	3,8	19,0	9,4	4,2	8,4	12,0	6,1	10,9

During the three-year period 2019-2021, at Group level, Branca focused primarily on the following strategic training areas:

- Technical and specialised courses
- Occupational Health and Safety
- Compliance
- Food Safety
- Anti-corruption
- Human rights
- Skills coaching and mental maps
- Yoga, mindfulness, meditation etc.



Specifically, in 2021 the training provided was related to Technical and Specialised Training (categories that fall under the item “Other courses”), Health and Safety, Compliance and to a lesser extent Food Safety. As regards the training dedicated to the development of role skills, carried out in Fratelli Branca Distillerie, this consisted of two master courses, reserved for as many employees, respectively one in digital skills (relating to the marketing area) and the other in assessment tools for the HR area.

As regards Fratelli Branca Destilerías, one can add that, during 2021, particular attention was paid to employee training in the field of occupational health and safety and in the technical and specialised area. All the courses that the company held for its employees during the year are listed below:

- SSMA training (Salud, Seguridad y Medio Ambiente);
- correct use of PPE
- emergency evacuation plan
- fire risks and correct use of extinguishers
- electrical risks
- correct use of fork-lift trucks
- lifting loads manually
- 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
- heart disease prevention
- effects of tobacco on health
- COVID-19 prevention

PERIODICAL PERFORMANCE ASSESSMENT

In 2019, Fratelli Branca Distillerie launched a performance assessment process for the first time and in 2021 this involved all senior managers, almost all middle managers and 56% of office staff. This assessment also involved the senior managers hired by the Parent Company Branca International. Until 2018, the process of assessing the performance of staff at Fratelli Branca Destilerías, as in

Italy, only concerned the categories of middle managers and senior managers, whereas in 2021 it involved, for the second time, 100% of employees. Branca USA also maintained the periodic performance assessment process, launched in 2019, aimed at all employees.

Occupational health & safety

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 key principle for the Branca International Group¹⁷.

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 organisation, risk management, plant status, production process management, people training, prevention policies and the company culture itself.

¹⁷ Also in Branca International and Centro Studi Fratelli Branca, which are not included in the following detailed views, no accidents occurred in the reporting period

FRATELLI BRANCA DISTILLERIE S.p.A.

Being aware that performance in terms of health and safety protection is one of the indicators of good company management as a whole, in 2010 Fratelli Branca Distillerie 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 was classified as a Significant Accident Risk Company under Legislative Decree 105/15 (Seveso Directive) and migrated its Occupational Health and Safety Management System obtaining the Certification of conformity according to the ISO 45001 standard.

Therefore, the system extends and applies to all Fratelli Branca Distillerie 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 displays 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, by defining specific activity plans aimed at achieving continuous improvement through the definition, control and review of its objectives.

The company also has an Integrated Environment - Occupational 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, making all the relevant information available for consultation at all times. In this regard, copies of the 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 organises annual inspections by a certification body, as well as a constant review of its procedures, operating instructions, check lists and the regular monitoring of the indicators on health and safety at work and the 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 occupational health and safety, the management holds a consultation meeting with the Company Doctor and ensures, throughout the year, a constant supply of personal protective equipment (PPE) for the relevant employees.

With regard to training, in accordance with the applicable regulations, Branca provides a training programme when new employees are hired which is followed by regular refresher courses. The

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

Training is strongly linked to raising staff awareness about the above mentioned issues, in order to increase their

understanding and the importance of all roles within the organisation.

The various commitments undertaken in this area have made it possible to ensure excellent results in the area of

safety at work. In fact, as shown in the table below, in the three-year period under review, Fratelli Branca Distillerie recorded just one accident in the workplace in 2019. There were no accidents recorded in 2021, just as in 2020.

ACCIDENT RATES AT WORK (FRATELLI BRANCA DISTILLERIE S.P.A.)	2019	2020	2021
<i>Number of accidents</i>	1	0	0
<i>Accident frequency rate¹⁸</i>	5,98	0	0

On the subject of employee health, the company constantly monitors the risks arising from the tasks performed and undertakes to implement all the necessary activities so as to protect staff health, including an annual update of the assessment of work-related stress, with 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, in line with the management policy that provides for continuous improvement in the monitoring of these issues and the definition of a series of commitments. These include:

- 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 consultations with the Workers' Health & Safety Representative
- monitoring operational control activities regarding the plant, equipment and maintenance procedures, in order to prevent health and safety risks and accidents
- planning actions and the management of plant and equipment, in relation to any changes that might affect safety and risk prevention
- developing and promoting a culture, within the organisation, that ensures the effectiveness and efficiency of the system.

¹⁸ (Number of accidents involving more than three days work-related accident leave/number of hours worked) x 1,000,000.

FRATELLI BRANCA DESTILERÍAS

In 2021, as shown in the table below, Fratelli Branca Destilerías recorded only one accident, a stable number compared to the previous year. There was also a slight reduction in the index (from 2.34 to 2.12 between 2020 and 2021), mainly due to a higher number of total hours worked compared to the previous year.

ACCIDENT RATES AT WORK (FRATELLI BRANCA DESTILERÍAS)	2019	2020	2021
Number of accidents ¹⁹	1	1	1
Accident frequency rate ²⁰	2,17	2,34	2,12

¹⁹ The accident rate figures relating to Argentina do not take commuting accidents into account.

²⁰ (Number of accidents involving more than three days work-related accident leave/number of hours worked) x 1,000,000.

In line with the Branca Group's management of health and safety issues, the health and safety management system of Fratelli Branca Destilerías also complies with the guidelines of the OHSAS 18001 standard and current local regulations. In fact, during 2019, the annual survey of risk agents was completed to ensure the safety and well-being of staff, considered a top priority for the company and the Group. The company received ISO 45001 certification in January 2022 following an initial audit conducted in October 2021.

The classification of hazards and risks and for the investigation of accidents took place, as in 2020, using an ad hoc risk matrix that allows the level of risk encountered to be assessed. In particular, a precise assessment of the risks associated with explosive atmospheres and the safety of machinery in the production cycles was conducted with the support of a medical department and based on an analysis of root causes.

In this regard, the company established a team of professionals tasked with performing health and safety services, supported by an expert in occupational hazards and their prevention. A dedicated committee assessed all events with a significant impact and adopted timely corrective and mitigation actions. The most relevant actions identified 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. In addition to these initiatives, already adopted in 2020, an analysis of the risk of potential explosions has also been carried out.

The company has also provided for 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 in the workplace; the service goes beyond the requirements of current local regulations and is supervised by SSMA and HR
- medical cover for all employees, together with life insurance and a free flu vaccination campaign for all families
- possibility to enjoy 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 on health and safety issues through specific training programmes and means of communication involving a variety of tools (physical posters, electronic posters, emails, company intranet)
- a joint health and safety committee, in compliance with current regulations, with the participation of the workers' representatives (trade unions); The committee meets on a monthly basis and minutes all its meetings
- organisation of half-yearly meetings on the health and safety management system together with all company operating areas.

BRANCA USA

Branca USA did not record any injuries in 2019 or in 2020. The Company is committed to providing a workplace free from risks of physical injury, which, given the nature of the business and compliance with the provisions of the Occupational Safety and Health Act of 1970 (OSH Act), are in any event relatively low.

Employee well-being

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

FRATELLI BRANCA DISTILLERIE S.p.A.

CORPORATE BENEFITS

- Corporate credit cards
- Corporate mobile phones
- Corporate fleet of cars
- Corporate recreational club

FAMILY SUPPORT ALLOWANCES

- Reimbursement of summer holiday camp costs for employees' children
- Reimbursement of middle school textbook expenses to support education of employees' children
- Educational bonus for employees' children passing end-of-year assessments at secondary school
- Educational bonus for employees' children passing their secondary school leaving exams
- Scholarships for employees' children attending university
- 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
- Insurance for all employees of the group with a supplementary policy in the event of Coronavirus

OTHER BENEFITS

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

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.

Companies that have signed up to the BSCI are committed to implementing the values and principles set out in the Code of Conduct throughout their supply chain, based on the values of continuous improvement, collaboration and empowerment, and 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 and 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 UN 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.

FRATELLI BRANCA DESTILERÍAS

FAMILY SUPPORT ALLOWANCES

- Children's Day: a day dedicated to employees' children up to the age of 12, including a small gift for each child (154 gifts given in 2020)
- School equipment - free backpacks for employees' children (157 backpacks given to 89 families in 2021)

HEALTH BENEFITS

- Nutrition: assistance from a nutritionist for queries from employees wanting and/or needing support. Presence in the company canteen of food selected for a healthy diet
- Annual medical check-up: health checks for employees through the company doctor
- Extension of the flu vaccination campaign: in line with the official public health calendar, a vaccination programme for staff and their families is provided
- Psychological support for employees

BRANCA USA

With regard to Branca USA, the company in 2021 continued to work with an organisation (Professional Employment Organization) with the aim of offering its staff comprehensive health coverage, while keeping the costs paid by employees and their families below the national average. Branca USA is committed to offering the best health care policy within its financial capabilities that is at least in line with the national average for employer-paid coverage. The effort to keep employee costs stable between 2019, 2020 and 2021 was particularly important in a year marked by the global pandemic. Employees were offered a range of medical plans with various cost options that could be suited to their specific individual and/or family needs. Some of the initiatives implemented in 2021 are shown below.

FAMILY SUPPORT ALLOWANCES

- Paid leave for family purposes
- Maternity and paternity leave

HEALTH BENEFITS

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

OTHER BENEFITS

- Additional pension contribution plans (401(k)) matched by the employer



The environment

*SUSTAINABLE BUSINESS
AND IMPACT MITIGATION*

Responsible use of resources

Branca believes that a style of management that is not only respectful of the rules, but also aware of the wider need to protect the environment, is a key prerequisite for running any business. Environmental protection and the sustainable use of natural resources are in fact key priorities for 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 significant 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 regular updating of these targets are all part of a continuous improvement process defined for the optimisation of its operations, regardless of any need

to comply with relevant regulations.

Its commitment in favour of the environment is of particular importance to Branca, and goes beyond the simple management of the organisation's direct impact on the ecosystem: the actual 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 Fratelli Branca Distillerie S.p.A. and Fratelli Branca Destilerías SA, have adopted an environmental management system in accordance with ISO 14001 to allow comprehensive management of all environmental aspects. This system, revised and updated over the years, enables all the environmental aspects associated with industrial activities to be controlled, coordinated and improved, including the management of energy consumption, air 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 also decided to comply with EC Regulation no. 1221/2009

EMAS, which provides for a Europe-wide certification system that recognizes the achievement of excellent 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 optimised management of resources and the ongoing 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 examining the most relevant aspects relating to the two production sites in Italy and Argentina, to which almost all environmental data (energy consumption, emissions, waste) is associated. As regards Branca USA, which has a more limited environmental impact since it is not a production site, in-depth analyses are reported only where relevant.



Energy consumption²¹

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, nevertheless, always been committed to protecting natural resources, aiming to progressively reduce 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.

²¹ The conversion of consumption into GJ was done by referring to the factors made available by the UK Department for Business, Energy & Industrial Strategy (UK Government GHG Conversion Factors for Company Reporting), Conversion and Fuel properties sheets.

CONSOLIDATED ENERGY CONSUMPTION	2019	2020	2021²²
<i>Natural gas (GJ)</i>	10.987	11.182	14.525
<i>Electricity (GJ)</i>	14.657	14.620	18.175
<i>Petrol (GJ)</i>	4.741	3.102	3.540
<i>Diesel (GJ)</i>	616	224	273
<i>TOTAL (GJ)</i>	31.001	29.128	36.512
<i>Total annual output (t)²³</i>	54.789	54.819	72.434
<i>Energy intensity (GJ/output in tonnes)</i>	0,57	0,53	0,50

²² In 2021, Branca outsourced part of its bottling operations. The figures shown also include the data for the third-party producer.

²³ Output is measured in tonnes of bottled product.

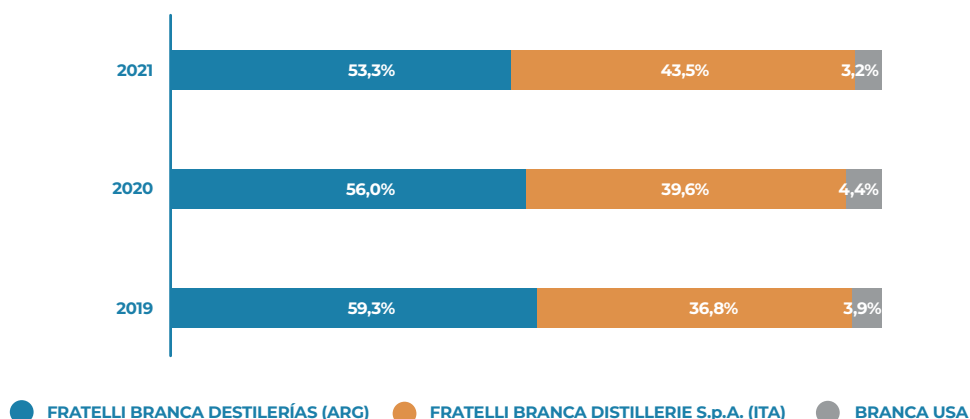
Overall, energy consumption increased in 2021 by about 25% compared to the previous year: specifically, there is an increase in all items that make up the total consumption compared to 2020.

Natural gas and electricity show a fairly similar increase; the increase in petrol and diesel consumption is more limited, both in absolute terms and as a percentage.

Despite the increases described above, the energy intensity index also decreased in 2020. This positive trend is due to the strong increase in productivity in 2021 (+ 32%).

The graph below shows the contribution of each company to Branca's overall consumption. The greatest contribution comes from Fratelli Branca Destilerías.

BREAKDOWN OF ENERGY CONSUMPTION BY COMPANY (GJ)



A few in-depth analyses relating to the energy consumption of the individual companies are shown below.

FRATELLI BRANCA DISTILLERIE S.p.A.

With a view to continuously improving its environmental performance, Fratelli Branca Distillerie has continued with the following actions:

- **optimisation of energy consumption through continuous monitoring, technological improvement and raising staff awareness;**
- **greater attention to all stages of the production process to prevent energy waste and pollution risks.**

Furthermore, at the Fratelli Branca Distillerie's headquarters there is a solar panel system that feeds the chimney LED lighting system, with a power storage system making it entirely autonomous and "clean". Due to its limited contribution, this system is not subject to monitoring in the Environmental Declaration.

As can be seen in the following table, total energy consumption in 2021 increased compared to the previous year.

This trend is closely linked to the reduced affects of the COVID-19 pandemic which allowed production to increase significantly and, as a consequence, also energy consumption.

More specifically, the consumption of natural gas increased by 38%, while that of electricity by 37%.

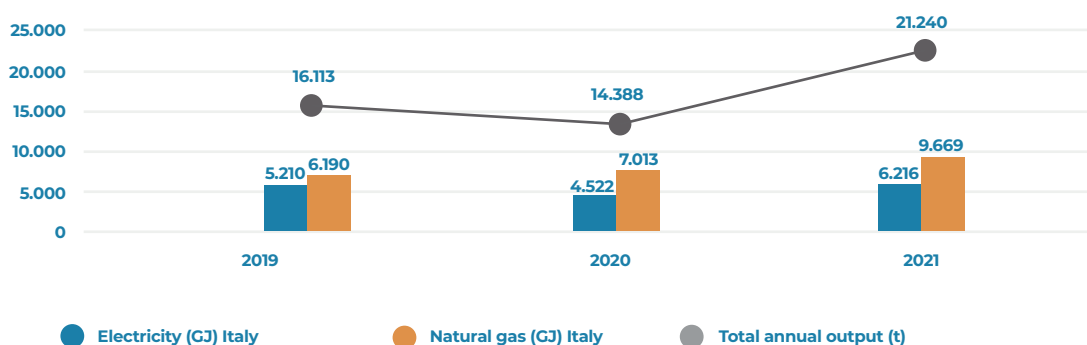
It should be noted that these consumption figures also include those of the third-party company which has been tasked, since 2021, with the bottling of products from Fratelli Branca Distillerie.

The increase in production (+ 48%, which also considers the production of the third-party company) has a greater impact on the energy intensity index, which shows a lower value compared to the previous year.

ENERGY CONSUMPTION FRATELLI BRANCA DISTILLERIE S.p.A.

	2019	2020	2021
Natural gas (GJ)	6.190	7.013	9.669
Electricity (GJ)	5.210	4.522	6.216
TOTAL (GJ)	11.399	11.535	15.885
Total annual output (t)	16.113	14.388	21.240
Energy intensity (GJ/output in tonnes)	0,71	0,80	0,75

Energy consumption (GJ) and total annual output (t)



FRATELLI BRANCA DESTILERÍAS

During 2021, Fratelli Branca Destilerías continued to operate in accordance with its environmental policy, complying with regulations, striving for continuous improvement and pollution prevention, reducing emissions, reducing water consumption and reducing the production of waste.

After carrying out a mapping of the main sources of consumption, Fratelli Branca Destilerías pursued several initiatives related to improving energy efficiency that were started in 2017 and also continued in 2021. These include the following:

- automation of water pumping wells, which helped to improve water use efficiency and also optimised electricity consumption
- construction of a new production building with transparent sheet metal cladding, which helped to save on 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 along the internal road system
- reduction of the boiler operating time, with consequent reduction in the use of natural gas, following an analysis of the steam demand required for production during the day, highlighting that once the daily requirements were reached the boiler operation could be restricted
- introduction of a switch-off configuration and optimization of the operation of air compressors which, through an analysis of demand, were identified as responsible for one of the most significant amounts of electricity used; this

measure made it possible to reduce electricity consumption

placement of auxiliary services (steam production, compressed air) in locations close to where they are required, in order to achieve greater efficiency in energy consumption associated with each piece of equipment

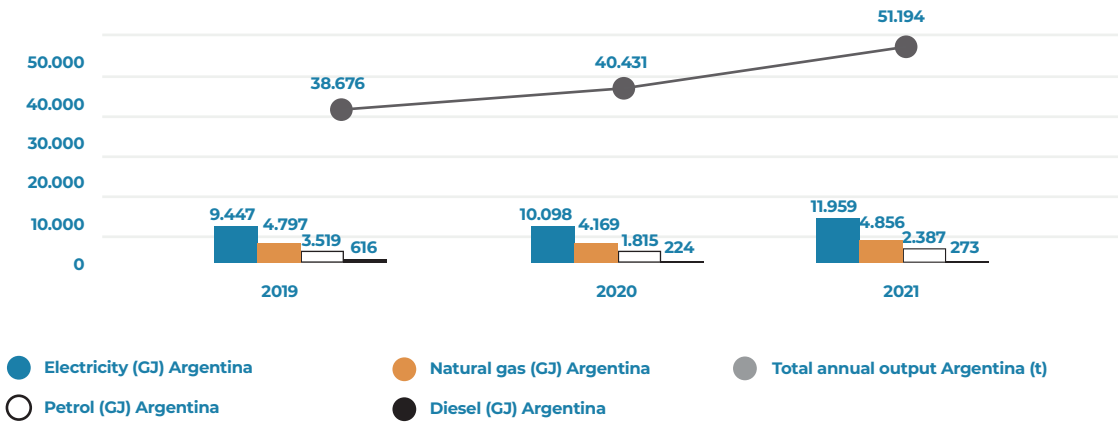
training of staff on energy-saving issues.

As illustrated in the following table, on account of these initiatives, the consumption of natural gas in 2021 increased less than production (16% versus 20%). In 2021, the consumption of electricity and those for transport also increased but, again due to the increase in production, the energy intensity index also decreased.

²⁴ Since 2020, it has also been possible to collect data on the consumption of motor fuels and consequent emissions for F.lli Branca Destilerias. In order to ensure trend comparability, these figures have been redetermined and added for 2018 and 2019 as well, thus recalculating the totals and the indices. However, the trend analyses are unchanged.

ENERGY CONSUMPTION FRATELLI BRANCA DESTILERIAS ²⁴	2019	2020	2021
Methane gas (GJ)	4.797	4.169	4.856
Electricity (GJ)	9.447	10.098	11.959
Petrol (GJ)	3.519	1.815	2.387
Diesel (GJ)	616	224	273
TOTAL (GJ)	18.379	16.306	19.475
Total annual output (t)	38.676	40.431	51.194
Energy intensity (GJ/output in tonnes)	0,48	0,40	0,38

Energy consumption (GJ)
and total annual output (t)



Air emissions

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

More specifically, the Group has decided to report climate-changing, greenhouse gas emissions on the basis of the "Scope" distinction indicated in the GHG Protocol.

- **Scope 1 – Direct emissions from the combustion of fossil fuels - i.e. methane gas consumed in the Fratelli Branca Distillerie plant in Italy and the Fratelli Branca Destilerías plant in Argentina and consumption for transportation - 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 light of the fact that, to date, Branca does not adopt specific policies for the purchase of electricity certified 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.

- **Scope 3 – Indirect emissions which include all emissions that are generated by the company's value chain and which do not fall within Scope 1 and 2.**

In 2021, direct emissions (Scope 1) amounted to 1,019 tCO₂ eq, a decrease compared to 2020. In the same period, indirect emissions resulting from the use of purchased electricity (Scope 2), amounted to 1,860 tCO₂ eq, an increase of 22% compared to 2020. As a last item, starting from this year, the Scope 3 emissions of the third-party company tasked with the bottling of Fratelli Branca Distillerie products have also been included.

²⁵ The direct emissions of CO₂ (Scope 1) have been calculated 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). Since 2020, it has also been possible to collect data on the consumption of motor fuels and consequent emissions for F.lli Branca Destilerías. In order to ensure trend comparability, these figures have been redetermined and added for 2018 and 2019 as well, thus recalculating the totals and the indices. However, the trend analyses are unchanged.

CONSOLIDATED EMISSIONS AND EMISSION INTENSITY

	2019	2020	2021
Scope 1 emissions (tCO ₂ eq.) ²⁵	1.125	1.215	1.019
Scope 2 emissions (tCO ₂ eq.) ²⁶	1.613	1.516	1.860
Scope 3 emissions (tCO ₂ eq.) ^{25/26}	N/A	N/A	229
TOTAL EMISSIONS (Scope 1, Scope 2 e Scope 3) (tCO ₂ eq.)	2.738	2.730	3.108
Total annual output (t)	54.789	54.819	72.434
TOTAL EMISSIONS/OUTPUT RATIO ²⁷ (tCO ₂ eq.)	0,050	0,050	0,043

²⁶ The indirect emissions of CO₂ from electricity consumption (Scope 2) at the Italian plant have been calculated based on the parameters indicated by the Italian Higher Institute for Environmental Protection and Research (ISPRA). Conversely, the Scope 2 emissions at the plant in Argentina have been calculated based on the emission factors provided by the Secretariat for Electricity of the Argentine Ministry of Energy.

²⁷ Output is measured in tonnes of bottled product.

Overall, the total emissions (Scope 1 and Scope 2 and Scope 3), recorded an increase of about 380 tonnes, which however is more than offset by the increase in production (and in general by the resumption of activities following the attenuation of the negative effects caused by the COVID-19 pandemic). Thus, the ratio between emissions and production output marks an improvement, also due to the policies on energy efficiency and on the replacement of old plants with modern systems with lower environmental impact that have been implemented over the years.

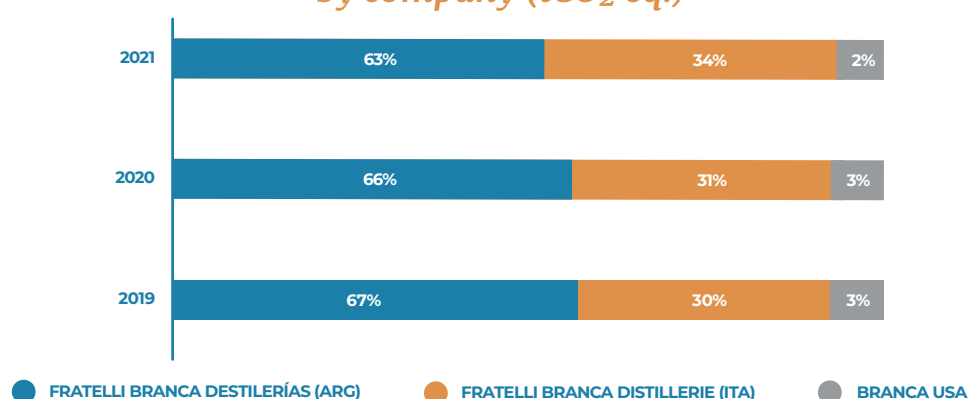
²⁸ The direct emissions from refills of the refrigerant gas R⁴¹⁰ have been calculated by using the emission factor defined by the DEFRA ²⁰²¹ standard parameters.

	Consolidated emissions from refrigerant gases	2019	2020	2021
	Direct emissions from refrigerant gases (tCO ₂ eq.) ²⁸	141	360	21

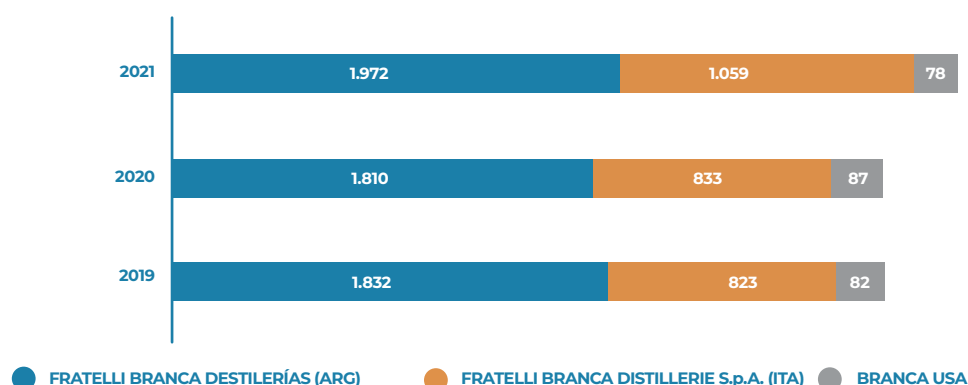
It should be noted that refills of refrigerants do not have a linear trend, but it is possible to detect years in which the values are higher, while in others they are close to zero, depending on the maintenance work and replacements carried out on the systems.

The following graphs show the contribution of each company to Branca's overall climate-changing emissions and the breakdown of 2021 emissions by source. In addition, some details relating to the climate-changing emissions of the Group's companies are shown in the following paragraphs, in particular of Fratelli Branca Distillerie and Fratelli Branca Destilerías, with their respective production sites.

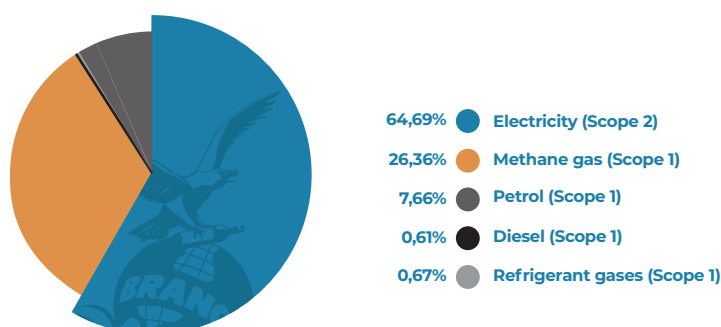
Breakdown of emissions (Scope 1 and Scope 2) by company (tCO₂ eq.)



Breakdown of emissions (Scope 1 and Scope 2) by company (tCO₂ eq.)



Breakdown of emissions by source (tCO₂e, Scope 1 + Scope 2) – 2021



FRATELLI BRANCA DISTILLERIE S.p.A.

With reference to Fratelli Branca Distillerie, one can note that, in 2021, Scope 1, Scope 2 and Scope 3 emissions amounted to 1,059 tCO₂ eq. The emissions trend recorded an increase compared to the previous year of +27%, followed however by an increase in total production output of +48%. This data, if taken together, explains the improvement in the performance of the index representing the ratio between emissions and production output, which recorded a value of 0.050 in 2021.

²⁹ Since 2020, it has also been possible to collect data on the consumption of motor fuels and consequent emissions for F.lli Branca Destilerías. In order to ensure trend comparability, these figures have been redetermined and added for 2018 and 2019 as well, thus recalculating the totals and the indexes. However, the trend analyses are unchanged.

Emissions and emission intensity FRATELLI BRANCA DISTILLERIE S.p.A.

	2019	2020	2021
Scope 1 emissions (tCO ₂ eq.)	393	460	467
Scope 2 emissions (tCO ₂ eq.)	430	374	363
Scope 3 emissions	N/A	N/A	229
Total emissions (Scope 1, Scope 2 and Scope 3) (tCO ₂ eq.)	823	833	1.059
Total annual output (t)	16.113	14.388	21.240
Total emissions/output ratio (tCO ₂ eq.)	0,051	0,058	0,050

FRATELLI BRANCA DESTILERÍAS

As regards Fratelli Branca Destilerías, in 2021, Scope 1 and Scope 2 emissions were 474 tCO₂ and 1,498 tCO₂, respectively. Scope 1 emissions decreased while Scope 2 emissions increased, with a total increase of about 150 tonnes compared to 2020. The increase in emissions is offset by a strong increase in total production output, which is also seen in the emissions/output ratio which has decreased for the third consecutive year.

Emissions and emission intensity BRANCA DESTILERÍAS

	2019	2020	2021
Scope 1 emissions (tCO ₂ eq.) ²⁹	649	668	474
Scope 2 emissions (tCO ₂ eq.)	1.183	1.142	1.498
Total emissions (Scope 1, Scope 2 and Scope 3) (tCO ₂ eq.)	1.832	1.810	1.972
Total annual output (t)	38.676	40.431	51.194
Total emissions/output ratio (tCO ₂ eq.)	0,047	0,045	0,039

Finally, it should be noted that the emissions deriving from the activities of Branca USA amounted to 78 tCO₂ eq. in 2021, a decrease of 9 tonnes compared to 2020.

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 waste reduction, recovery and recycling. Branca uses only natural products in its production cycles. There is no waste from processing or sub-products as any non-compliant products return to be re-processed.

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

The table below shows the total amount of waste produced in the last three years by the Branca Group (Italy, Argentina and, to a lesser extent, the USA). The trend shows an increase in the total amount of waste in 2021 compared to the previous year (+21%). The ratio between waste and production output improved in 2021, since, as seen in the previous paragraphs, the increase in production output has contrasted positively with the increase in waste.

<i>Consolidated waste production intensity</i>	2019	2020	2021
<i>Total hazardous waste (t)</i>	4,53	4,12	5,22
<i>Total non-hazardous waste (t)</i>	3.527,85	3.259,93	3.957,70
<i>Total waste (t)</i>	3.532,38	3.264,05	3.962,92
<i>Total annual output (t)</i>	54.789	54.819	72.434
<i>Total waste/total output</i>	0,064	0,060	0,055

Below is an in-depth examination relating to 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 various countries.

In 2021, the total production of waste for Fratelli Branca Distillerie was 2,376.33, an increase compared to 2020. This increase is linked to higher production.

The decrease in the amount of hazardous waste recorded in 2021 is, however, due in particular to the attenuation of the effects caused by the health emergency. In fact, hazardous waste includes both the containers of alcohol used for sanitising, and the cloths and other materials used for sanitising operations.

In 2021, waste classified as "hazardous" represented 0.06% of the total.

Waste by type and disposal method (t) FRATELLI BRANCA DISTILLERIE S.p.A.	2019		2020		2021	
	Hazardous waste	Non hazardous waste	Hazardous waste	Non hazardous waste	Hazardous waste	Non hazardous waste
Total waste production	1,58	2.402,90	3,06	2.113,63	1,43	2.374,8
of which disposed of	1,30	2.321,04	2,52	2.050,04	1,43	2.324,6
of which recovered	0,28	81,86	0,54	63,59	0	50,2

In the Environmental Declaration, Fratelli Branca Distillerie monitors waste through three detailed indicators³⁰, as follows:

- indicator relating to non-hazardous waste including wet waste, filtration aids, effluents. This indicator refers to the manufacturing process (processing waste, waste water and filtration 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.

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 own disposal facilities. Conversely, the other types of waste are disposed of through specialist, licensed companies. The company also engages authorised companies for transporting waste, in compliance 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 output³¹ for the 2019-2021 three-year period.

The table below shows that the trend in the ratio of total waste to annual production output (bottled) recorded a positive variation (the indicator is reduced) between 2020 and 2021, consistent with the trend in production. These variations, in addition to what is described in the previous paragraphs, also depend on the fact that, in a given year, quantities of waste accumulated in previous periods may be disposed of, with consequent variations in the indicator.

³⁰ For consistency with the data presented for Argentina, this document does not show the values of the three distinct indicators, but only a summary indicator (tot. waste/tot. Bottled output)

³¹ Bottled product expressed in tonnes

Waste production intensity FRATELLI BRANCA DISTILLERIE S.p.A.

	2019	2020	2021
Total hazardous waste (t)	1,58	3,06	1,43
Total non-hazardous waste (t)	2.402,90	2.113,63	2.374,9
Total waste (t)	2.404,48	2.116,69	2.376,33
Total annual output (t)	16.113	14.388	21.240
Total waste/total output	0,149	0,147	0,112

In line with the company's commitment to responsible waste management, specific areas of action have been identified on which specific activities will be conducted for the continuous improvement of environmental performance. In particular, as regards waste:

- **involvement and raising awareness of staff on the correct ways of sorting waste through training courses and tests by area managers and through waste reduction initiatives, such as the abolition of plastic bottles and cups in offices;**
- **centralized drafting of specific operating instructions to regulate and give instructions to the entire company population on environmental aspects associated with company processes;**
- **recovery and reuse of packaging and packaging materials, with the recovery of 100% of packaging and the recycling of municipal waste such as plastic, paper and cardboard through appropriate sorting.**

During the second half of 2020, research activities were undertaken to verify the possible reuse of raw-material residues, coming from the production processes. The research yielded good results as regards both the reuse of coffee grounds and the recovery of spent raw materials. The studies and necessary further in-depth technical analyses continued that demonstrated the feasibility of the project.

During 2021 the project carried forward and a total of 96.3 tonnes of coffee grounds were recovered which will be reused for other purposes, such as soil improver.

The subsequent progress and further results obtained will be detailed in the next "Sustainability and Awareness Report 2022".

Further actions in this area were postponed due to the pandemic and the consequent inability to operate freely within the plant and will be scheduled again once the health emergency is over.

FRATELLI BRANCA DESTILERÍAS

During 2020, Fratelli Branca Destilerías maintained its environmental policy defined in 2019, which redesigns the overall management of waste within the company, with the aim of reducing waste production. During 2021, the status of ZWTL ("Zero waste to Landfill") was maintained, which is monitored through the IRT (Total Waste Index) measured in kg of total waste/m³ of finished product. With respect to this index, the target was reached and exceeded in 2021.

In order to achieve these targets, all activities already under way to reduce the amount of waste produced and sent to external disposal centres continued and were increased during 2021.

In particular, action was taken on the following types of waste:

- **industrial waste of an organic nature (spent herbs) which undergoes a pressing process for its reuse**

as organic fertiliser and raw material for the production of "compost"

- **the quantity of biological sludge, generated by the effluent treatment plant, is significantly reduced through the use of a special decantation centrifuge**

For the management of solid urban waste, the company adopts the Plan de Gestión Integral de Residuos Sólidos Urbanos (GIRSU), which provides for the recyclable/reusable elements of the waste produced to be separated on site.

The relevant methods of waste disposal and recovery are detailed below.

Waste by type and disposal method (t) FRATELLI BRANCA DESTILERÍAS

	2019		2020		2021	
	Hazardous waste	Non Hazardous waste	Hazardous waste	Non Hazardous waste	Hazardous waste	Non Hazardous waste
Total waste production	2,95	1.124,95	1,06	1.146,05	3,79	1.582,6
of which disposed of	0,85	25,53	0,65	0	3,79	0
of which recovered	2,1	1.099,22	0,41	1.146,05	0	1.582,6

In 2021 Fratelli Branca Destilerías recorded increased values, compared to 2020, both in terms of the production of hazardous and non-hazardous waste, with a total of about 1585 tonnes. It should be noted that, even in 2021, almost all of the waste (98%) was destined for recycling or reuse (including energy recovery).

Also for the Argentine company, hazardous waste counts for a minimal quantity of the total. The table below shows the trend in the ratio of total (hazardous and non-hazardous) waste to annual production output, which in 2021 recorded a slight increase.

<i>Waste production intensity</i> FRATELLI BRANCA DESTILERÍAS	2019	2020	2021
<i>Total hazardous waste (t)</i>	2,95	1,06	3,79
<i>Total non-hazardous waste (t)</i>	1.124,95	1.146,05	1.582,55
<i>Total waste (t)</i>	1.127,90	1.147,11	1.586,34
<i>Total annual output (t)</i>	38.676	40.431	51.194
<i>Total waste/total output</i>	0,029	0,028	0,031

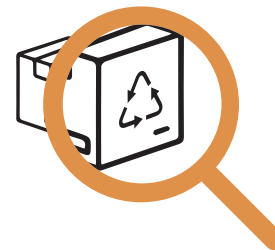
The trend appears to be constant over the three-year period, without any significant variations, only a minimum increase in 2021. This is because in 2021, both production and waste increased in similar fashion.

To comply with the Group's commitments on waste management, the company adopted the following initiatives in the last year of reporting:

- **redesigning of the waste sorting methods and staff training on correct waste disposal:** to improve the plant's performance in terms of recycling, the types of materials for sorting were increased and new containers were introduced for each type of waste
- **making the most of recyclable waste:** each sorted waste fraction is assessed in terms of appropriate disposal methods, treatment and disposal/sale price. The choice of the type of treatment takes account of the aim of obtaining more competitive sale prices
- **reduction of a significant volume of non-recyclable waste** through ad hoc recyclers, for waste that should otherwise be sent to landfill
- **disposal of spent herbs according to a circular approach,** by deciding to use this raw material as animal feed.

FOCUS

SUSTAINABLE PACKAGING AND RECYCLING



Product packaging is extremely important to Branca for brand recognition purposes but it is also essential for guaranteeing the high quality of 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 environmental impact. The packaging used by the Group for its products can be classified in the following three categories:

- primary packaging: this consists of the container that directly contains the product, i.e. the bottle, the cap and the label
- secondary packaging: this is the exterior packaging to group together a number of bottles and designed both to facilitate shelf filling at the point of sale and as sales packaging for the end consumer. This category of packaging includes cardboard packaging, pallets or displays
- co-packing or special packaging: this 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 minimise 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 in landfills, thus minimizing environmental damage. In addition, the remelting of waste bottles reduces the amount of raw materials needed for bottle

production, especially silica sand and calcium carbonate, thus further reducing the impact on the environment resulting from mining, which benefits local areas and communities. Scrap glass also reduces energy consumption: each tonne of recast scrap glass, in fact, saves 1.2 tonnes of raw materials and about 100 kg of fuel. The use of cullet (i.e. scrap glass) in the glass-making mixture also lowers the temperature required for melting and consequently less fuel is required.

The glass recycling system is a closed cycle: it starts with recovery and ends with recycling. The glass is collected and transformed and this cullet becomes a quality raw material, ready to be used again in the production facilities for new glass containers.

Therefore this process is ecological since the glass of the containers in question is 100% recyclable for an infinite number of times; it can be used in any condition of contact with food, including sterilisation. It guarantees absolute impermeability to gas (0.0 cm³/m²/24h/23°C), vapours (0.0 g/m²/24h/38°C) and humidity and micro-organisms. It is composed of silica, sodium and calcium oxides, coming from silica sand, soda and calcium carbonate with the addition of cullet in variable percentages depending on the availability of cullet on the market. For the items produced by Fratelli Branca Distillerie, the range of use of recycled glass is:

- 75-85% for coloured glass (green AG-Red Brown-Dead leaf-Noble Green or VN)
- 55-65% for Half White glass
- 15-35% for White and Extra White glass

A total of 80% of Fratelli Branca Distillerie products use coloured glass (e.g. Fernet, Brancamenta, Caffè Borghetti, Antica Formula, Carpano) in which the recycled part is in the highest percentage.

The materials that make up the secondary packaging of the glass are also totally recyclable:

- Polyethylene shrink film: 100 % recyclable
- Lid in cardboard: 100 % recyclable
- Polypropylene interlayer: reusable
- Wooden pallet: reusable

Fratelli Branca Distillerie has completed the process of reviewing its secondary packaging specifications. This has led to the use of materials with lighter specifications and less impact 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 one tonne of cellulose material can save 3 trees with a height of 20 metres)

Moreover, also with regard to secondary packaging and especially cardboard, Fratelli Branca Distillerie undertakes to use packaging specifications with the maximum possible percentage of recycled material. In fact, the percentage of recycled material in the corrugated cardboard packaging purchased by Fratelli Branca Distillerie is higher than 56%, i.e. the maximum percentage of recycled material inside cardboard: the packaging is designed and manufactured in compliance with the material recycling standard (UNI EN 13430-2005).

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 the currently used plastic materials 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 used. Water consumption is more highly related to total output and to the plant sanitisation requirements.

The Group is sensitive to water stress issues that have a direct impact on local areas and is, therefore, constantly committed to the responsible use of water resources, ensuring an efficient and rational use of water in its 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 where major efforts should be concentrated to optimise water consumption and avoid unnecessary waste.

The company's water consumption is tied to product output and to the sanitisation of the production plants. Water effluents are divided into three main flows: process water, rinsing water and effluent. The waste management process requires the process water coming from the various departments to be conveyed through a special network into two water containment tanks, whose disposal is entrusted to specialised third-party companies. The clean water ("white" water), relating to the last rinse of the production plants, is fed directly into the sewer system, as it is free from any type of detergent and pollutant residues. As regards industrial effluent ("black" water), Branca conducts regular checks to ensure the

quality of the outgoing flows, before being discharged.

The most significant areas for improvement, identified with respect to water resource management, are closely related to production processes and almost always concern technical maintenance work on the production plants. The following are some of the various activities carried out by Fratelli Branca Distillerie to limit water consumption:

- maintenance and monitoring activities on the plants, by the managers and operators of the various departments
- investments in consumption optimisation projects
- raising staff awareness, through information and training activities, to ensure correct behaviour to safeguard water resources
- refresher courses were provided to operators in order to optimise product switch-overs on machinery during the production phase, with the aim of minimising the washing required in the process
- installation of meters to report water flows, differentiating between consumption for production and civil consumption.

Annual water consumption FRATELLI BRANCA DISTILLERIE S.p.A.

	2019	2020	2021
Annual total Consumption (m ³)	24.510	17.911	23.988
Annual total production (t)	10.763	7.725	12.560
CONSUMPTION/PRODUCTION RATIO*1.000	2.277	2.319	1.911

The water used by Fratelli Branca Distillerie comes from the principal water mains of the city of Milan.

In 2021, the consumption/production ratio of Fratelli Branca Distillerie recorded an improvement of 17.6% compared to 2020.

FRATELLI BRANCA DESTILERÍAS

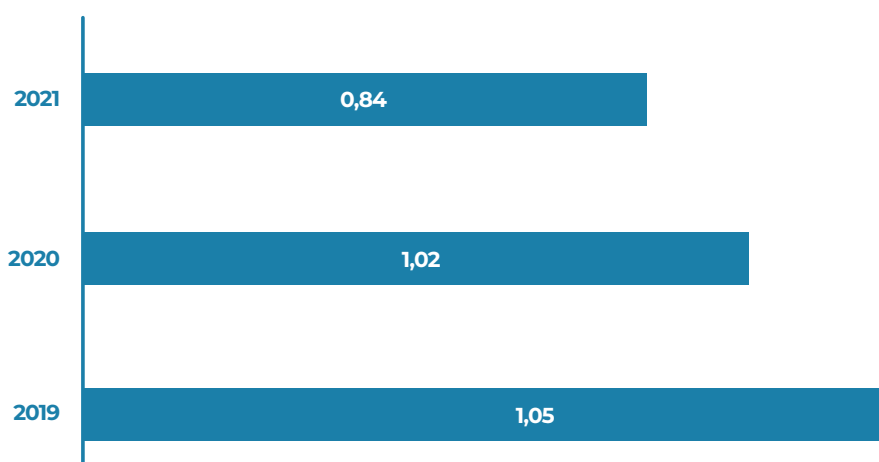
Fratelli Branca Destilerías also focuses on limiting and optimising water consumption.

The system for reuse of the effluent treatment plant and the rainwater drainage collection system were maintained in 2021. A raising-awareness campaign was run on responsible water consumption.

The initiatives organised to achieve the above goals include:

- **analysing company processes, in order to understand the most impacting activities and evaluate possible programmes for reducing such impacts regarding water consumption**
- **optimising the water recirculation system that helps to reuse the water consumed, resulting in daily savings of about 10 m³**
- **automation of 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 of internal and external operating personnel, as part of the ISO 14001 environmental management system implemented at the plant in 2015**
- **incorporating the effluent recirculation system used at the treatment plant for re-utilisation in the equipment cleaning process.**

WATER CONSUMPTION INDEX (WCI)



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 it draws. All the water used at the plant is pumped from three underground wells, then stored in an elevated tank with a capacity of 120 cubic metres and is subsequently

distributed for production processes, service areas and personal hygiene.

In 2021, the consumption/production ratio of Fratelli Branca Destilerías recorded an improvement of 17.6% compared to 2020, similar to the figure recorded by Fratelli Branca Distillerie.



Branca, culture and local communities

Since the beginning, the Branca family has always paid great attention to its cultural and social context, as well as to its changes and needs. An excellent example of this are the adverts published in February 1865, the posters and “publicity campaigns” produced by the best advertising agencies of the time, as well as the company’s participation in the great exhibitions in the twentieth century and the promotion of various cultural events for the local communities. It is precisely in light of this historical link between the Group and culture, in all its various forms, that Branca today continues to sponsor and support cultural activities, either directly or in partnership with local, national or international organisations, aimed at involving local communities and sharing its history and values.

Over the years, the Branca family has sponsored a range of cultural initiatives aimed at enhancing the company’s business culture and identity and enhancing the Group’s ties with the communities where it operates or with which it has historical links. These include the resto-

ration of the Sempione Park Tower in Milan, now called the Torre Branca (Branca Tower), creation of the Branca Museum inside the production facility in Via Resegone, transformation of the Saint-Louis plant in France into a permanent Modern Art exhibition space, establishment of the Carpano Museum in Turin, restyling of the Branca-plant Chimney for the 170th anniversary celebrations of Fratelli Branca Distillerie, sponsorship of 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 cherished 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 where they can relive the history of the company, breathe in the aroma of Branca brand products, take a close-up view of the early craft tools and then follow technological evolution and innovation. A tour that winds its way 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 or more years of

research, selection and restoration work and also includes a rich collection of advertising posters and campaigns and calendars, highlighting the particular attention paid to communication by Branca already in the mid-nineteenth century, with the use of state-of-the-art techniques. The museum also displays various items 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 organisations and schools in Milan and its surroundings, with free access to the sections of the

museum dedicated to the history of the company. It also offers curricular work experience and/or apprenticeships and internships for young school leavers and university graduates.

In recent years, the museum has experienced a large flow of visitors who have confirmed their satisfaction also through positive feedback on the TripAdvisor platform. When possible, special openings are planned during weekends and the “culture week” period as well as evening openings, in response to the great interest from the community.



Branca Tower

Designed by Giò Ponti and erected in 1933 in record time of just two and a half months, to celebrate the 5th Three-year Exhibition, the “Branca Tower” is a major landmark in Milan and is considered a real work of art. With its breathtaking panoramic viewpoint and its height of 108.60 metres, made of special flanged and bolted Dalmine steel tubes, it is the tenth tallest accessible building in Milan. In 1972 it was closed due to a poor state of repair, but it was subsequently renovated by the Branca family and reopened in 2002 as a tribute to the city of Milan 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 local residents, a different perspective over the beautiful landscape of Milan. In line with Branca’s social commitment to the local community, a new transparent glass structure has been erected at the base of the Tower, providing a charming view of the Tower and acting as a new venue where people can meet up and enjoy the creative feel of Milan as a symbol of culture that looks to the future. The structure was conceived as a restaurant-bar and also hosts innovative, cultural events.



Fernet-Branca Foundation, Saint Louis

Part of Fratelli Branca's history has also been written in the annals of France. In 1909, in fact, the Milan-based company opened one of its distilleries in Saint Louis, in the Alsace region. The building, 50 metres long, is topped by a copper eagle, the emblem of the 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" on 4 July 1996 on recommendation of the Prefect of Alsace, 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 was conceived in 2003, based on a joint project of the local authorities and the Branca family, who had always been sensitive to social and cultural issues and interested in finding a new use for the building that for many years had been a hive of activity in 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 is home to the Fondation Beyeler, the Tinguely Museum, the Schaulager, and the annual "Art'Basel"

Exhibition – and with Weil am Rhein in Germany which houses the "Vitra Design Museum".

The works were designed by the architect Jean-Michel Wilmotte, who studied the move to the future exhibition centre in two phases: an initial phase involving the use of the exhibition and visitor reception spaces, followed by a second phase for covering the inner courtyard with a glass roof 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 France.

In partnership with Eataly and Turin's Museum Network, Branca has also dedicated a museum to the history of the Carpano brand.

The Carpano Museum is located on the first floor of the former plant which currently houses the Turin branch of the Eataly restaurant and retail food chain. It highlights the key historical events and production process of Carpano vermouth. This historic journey began in Turin, in 1786, when Antonio Benedetto Carpano invented the King's favourite drink in the ancient workshop in Piazza Castello, and ended in Milan, in the present day, at the Fratelli Branca distilleries.

Carpano Museum





Branca Chimney

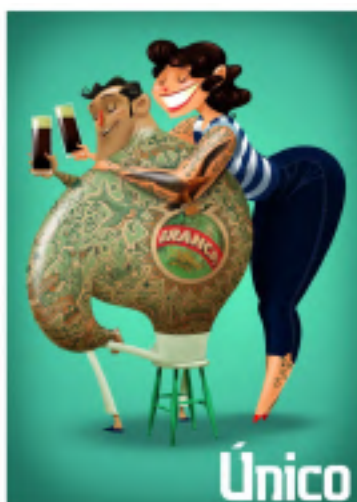
This Street-art project dedicated to the restyling of the Branca-plant chimney in via Resegone came from a joint idea by Orticanoodles and Fratelli Branca Distillerie in 2015, to celebrate the company's 170th Anniversary. It is a project that symbolises the union between the enterprise world and contemporary art, with the aim of enhancing the value of the chimney which is a common urban element in industrial architecture. Before being turned into a mural, it went largely unnoticed, despite its height, but since its transformation into a colourful landmark it stands out in every direction. The restyling project of the chimney, which was built in the early 20th century, is faithful to the company's motto of "Innovation within Tradition" and therefore features the key elements of the Branca brand communication with bright colours, while preserving its original shape and ties with the local community.

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

The project continued inside the plant where all the Branca employees and family members – who were an integral part of this work-of-art by collectively contributing towards the collective paint work – were allowed to sign their names in

the roots at the base of the chimney, symbolising, as it were, the roots of the company and its history. The company's choice of a Street-art project is undoubtedly linked to its aspiration to reach as many people as possible through a work-of-art capable of recounting the history of Branca through images that dialogue with the community.

This art project has given a facelift to the Milan skyline, thanks to its innovative style affording an original and colourful charm both day and night. In fact, thanks to a partnership with Futuro Luce, the chimney shines brightly at night too, lit up by a LED lighting system where 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 historical link between Fernet-Branca and Art, a poster competition was launched in 2008 by Fratelli Branca Destilerías in Argentina to promote and encourage art among young people throughout the country. More information on the 2021 edition and how it was carried out in the context of the Covid-19 pandemic is outlined in the next paragraph and in the initiatives already described in Chapter 4.

Recent events

The following provides an overview of the latest events in Italy and Argentina. The activities in this area organised by Branca USA are clearly still limited, since the company has only been operational since 2019. Nevertheless, in line with the Group's corporate culture, it believes that a commitment to the benefit of local communities is not only a means of enhancing corporate brand perception, but also a way of crafting a true corporate citizenship. Some of the initiatives arranged by Branca USA are described in Chapter 4.

FRATELLI BRANCA DISTILLERIE

Fratelli Branca Distillerie continues to actively work together in numerous social initiatives in contact with the various cultural realities in the area, creating occasions for sharing views and ideas with its stakeholders, developing and strengthening partnership networks with citizens even within the context of the pandemic. For 2021, it is worth highlighting the following events within the scope of the Branca Collection Museum (which in the early part of the year managed to host, in line with the restrictions due to the pandemic, about 300 people):

- **participation in the MuseoCity project with the Municipality of Milan, through the creation, also involving support from the media, of a video giving a virtual tour of the Branca Collection for the YouTube channel**
- **the creation of a virtual visit video of the Branca Collection Museum for the Week of Culture promoted by Musei d'Impresa, published on the YouTube channel and made available with a link from the Museimpresa association**
- **the increased use of social media with the dissemination of images, videos and interaction with the public on the Facebook and Instagram channels and the**

creation of live virtual visits with tourism guides

- **the development of virtual meetings with a few tourism-association groups in Milan and virtual educational meetings with high schools and universities (Bocconi), to tell the story of the company and the reasons behind the creation of a company museum as an account of the Company's style of communication**
- **virtual attendance at the annual seminar organised by the Museimpresa association to define new projects among the curators of the 105 member museums**
- **attendance together with the 130 company curators at the Museimpresa seminar held at the "Cubo" in Bologna for the definition of new cultural projects.**

There were also live link-ups to the Branca Tower with tourism guides, as well as several videos posted on social channels of Facebook and Instagram. Due to the restrictions related to the pandemic, the Branca Tower remained closed in January, March, April and December; despite this it hosted a total of 7,500 people in 2021.

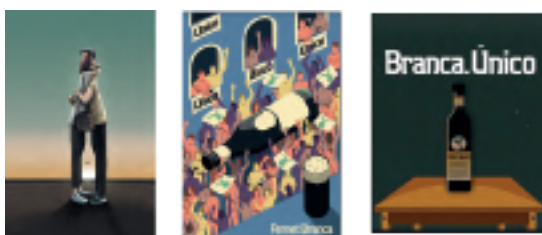
The Branca Collection Museum is often the protagonist of cultural initiatives such as, for example, visits by university professors, scientists and

men of culture, book presentations and conferences to share the history of Italian business and the culture of spices, herbs and roots.

With reference to the initiatives concerning its products, over the years Branca has taken part in arranging a number of activities with other important and typically Italian-style companies which, like Branca, are the mouthpiece of a culture with top-quality "savoir faire".

During 2021, Fratelli Branca Destilerías continued to develop its artistic and cultural platform, through the Arte Único Poster Competition, now in its 14th edition, maintaining its rich and broad-based tradition and enabling young and new Argentine artists to capture and publicise their artwork.

The Covid-19 pandemic forced us to adapt and transform the Arte Único competition into an entirely virtual event, an innovative and technological experience. In this sense, the call for entries, as well as the launch and award-ceremony events were held via streaming, adapting to the new reality and allowing artists to take part from home. The year 2021 saw the participation of about 2,500 artists, who presented more than 10,000 original works. The theme of the event for 2021 was “Your art sets you apart”, a theme also linked to the brand’s advertising campaign.



Fratelli Branca Destilerías considers caring for and supporting local communities an integral part of its business, which entails the creation of sustainable value over time. The only way to strengthen the ties between Fratelli Branca and its local communities is to get involved and be closer to the people who need it most. Teaming up with the most vulnerable sectors to change their environment. Strategy: several foundations and institutions are supported by Fratelli Branca Destilerías S.A. to assist children families, education, decent work and employment. The company supports institutions with various activities and fund-raising events. Together with these allied foundations, partnerships were

created in various projects in favour of inclusion.

Child and family care:

Caritas San Miguel
Fundacion Padres
Garrahan Children's Hospital Foundation
Fundacion SI
Maria Cecilia Cancer Foundation
Ricardo Gutierrez Children's Hospital.

Education:

Cimientos Foundation
Caritas
Fundacion SI
Fundacion Padres.

Employment and occupation support:

Caritas
Fundación Proactiva.

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 Maria Guadalupe Barrio Las Tunas, ALCEM Asociación (combating multiple sclerosis), Del Chaco School, Scuola Técnica Secundaria y Primaria Fonavi, Municipality of Malvinas.

The social initiatives promoted and organised by Fratelli Branca Destilerías that are particularly worth mentioning include the “#MenoresNiUnaGota Campaign”, in partnership with FADA (Federacion Argentina de Destilados y Aperitivos), the responsible consumption campaign that aims to raise awareness to prevent, stop and refuse underage alcohol consumption, from a preventive and educational perspective, which reached over 25,000 people.

In 2021 Branca Distilerías engaged in initiatives for the protection of the environment, in particular through the donation of 200 trees. It also gave part of the herbs used in its production processes for a municipal project involving the creation of organic family gardens. In addition, the partnership with FADA also led to the



communication of “Responsible Alcohol Consumption Day”, which aims to educate adults on healthier drinking habits. This campaign was held through digital media, newspapers and social media with a message on the theme of responsible consumption of alcohol at home.

It is also right to mention the Famiglia Branca initiative, created in 2019 and aimed at the best, well-known bartenders. In 2020 a new section was launched within the scope of the Famiglia Branca: the “Branca Team” community of bartenders, created as a consequence of the emergency situation that bartenders, bars and the catering industry in general were facing due to the pandemic, and whose spirit was to show that in difficult times the Famiglia Branca can provide support, help and company. This initiative also continued in 2021, with the development of contests to promote the two new versions of vodka in the Sernova brand.

In 2021, Fratelli Branca Destilerías cooperated with hospitals and associations to help local communities. In addition to donating alcohol for sanitising local hospitals, to help combat the COVID-19 pandemic, the company also collaborated with the Maria Cecilia Foundation, delivering Christmas gifts and vouchers to medical staff. The Foundation, which deals with child cancer patients, stemmed from a joint project between an NGO and the municipal hospital. The latter has a medical team and a reception system for the families of children who receive comprehensive diagnoses and treatments. The Maria Cecilia Foundation is also tasked with procuring disposable materials used in diagnostic and therapeutic procedures, the purchase of implantable catheters for the infusion of chemotherapy and the acquisition of drugs that are not covered by the health service.

BRANCA USA

According to Branca USA, engagement with local communities is a way not only to introduce its brands to local markets, but also a way to support local initiatives, such as working with charities to raise funds or to raise public awareness about various issues. In 2021, Branca USA renewed its support for the “Speed Rack” event, reserved for women bartenders. The purpose of the event is to enhance the role of women in the cocktail industry and to collect donations in the fight

against breast cancer.

In January 2020, Branca USA became an official corporate sponsor of Women of the Vine & Spirits, supporting their mission to “empower and advance women in the alcoholic beverage industry and push the alcoholic beverage industry towards a more diverse and inclusive era that enables everyone to succeed”.

This partnership also continued in 2021.



Appendix

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 EMPLOYEE BY GROUP COMPANY	2019				2020				2021			
	MEN	WOMEN	TOTAL	% WOMEN	MEN	WOMEN	TOTAL	% WOMEN	MEN	WOMEN	TOTAL	% WOMEN
F.LLI BRANCA DISTILLERIE	69	32	101	31,7%	63	31	94	33,0%	37	25	62	40,3%
F.LLI BRANCA DESTILERÍAS	195	12	207	5,8%	188	11	199	5,5%	186	15	201	7,5%
BRANCA USA	12	14	26	53,8%	11	15	26	57,7%	14	14	28	50,0%
BRANCA INTERNATIONAL	1	1	2	50,0%	2	2	4	50,0%	3	2	5	40,0%
CENTRO STUDI FRATELLI BRANCA	2	2	4	50,0%	2	2	4	50,0%	2	1	3	33,3%
TOTAL	279	61	340	17,9%	266	61	327	18,7%	242	57	299	19,1%

HOURS OF EMPLOYEE TRAINING BY GENDER AND GROUP COMPANY	2019			2020			2021		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
F.LLI BRANCA DISTILLERIE	423	141	564	146	66	212	246	92	533864
F.LLI BRANCA DESTILERÍAS	5881	102	5983	2231	118	2349	2520	176	2696
BRANCA USA	0	0	0	45	58	103	68	60	128
BRANCA INTERNATIONAL	0	0	0	0	0	0	0	0	0
CENTRO STUDI FRATELLI BRANCA	16	0	16	0	0	0	0	0	0
TOTAL	6320	243	6563	2422	242	2664	2834	328	3162

NUMBER OF EMPLOYEES TRAINED BY GENDER AND GROUP COMPANY	2019			2020			2021		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
F.LLI BRANCA DISTILLERIE	82	36	118	37	10	47	37	25	62
F.LLI BRANCA DESTILERÍAS	1286	6	1292	887	6	893	641	31	672
BRANCA USA	0	0	0	11	15	26	14	14	28
BRANCA INTERNATIONAL	0	0	0	0	0	0	0	0	0
CENTRO STUDI FRATELLI BRANCA	3	0	3	0	0	0	0	0	0
TOTAL	1371	42	1413	935	31	966	692	70	762

<i>RATIO OF BASIC SALARY OF WOMEN TO MEN IN % -2021</i>	SENIOR MANAGER	MIDDLE MANAGER	WHITE COLLAR	BLUE COLLAR
<i>FRATELLI BRANCA DISTILLERIE</i>	N.D.	88%	70%	N.D.
<i>FRATELLI BRANCA DESTILERÍAS</i>	124%	92%	103%	N.D.
<i>BRANCA USA</i>	54%	103%	86%	N.D.

<i>RATIO OF TOTAL REMUNERATION OF WOMEN TO MEN IN % -2021</i>	SENIOR MANAGER	MIDDLE MANAGER	WHITE COLLAR	BLUE COLLAR
<i>FRATELLI BRANCA DISTILLERIE</i>	N.D.	88%	70%	N.D.
<i>FRATELLI BRANCA DESTILERÍAS</i>	124%	92%	103%	N.D.
<i>BRANCA USA</i>	54%	103%	86%	N.D.

GRI Content Index

2018 GRI STANDARD

GRI DISCLOSURE	DESCRIPTION	REFERENCES	OMISSIONS/NOTES
GRI 102 General disclosures			
<i>Organizational profile</i>			
	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)	
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.

Sustainability and Awareness Report

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