



# *la Molisana*

sustainability  
report

2022

LESS PLASTIC  
about  
**280.000**  
kilos  
EVERY YEAR

With the support of

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Spin-off dell'Università Cattolica del Sacro Cuore

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# Letter to the Stakeholders

The ingredients of our success

Courage, roots and madness. For a century La Molisana has been making pasta with the uncontaminated water of Matese Park and with top-quality semolina, derived from wheat that our company has a fanatical interest in. And yet we cannot forget that there are three secret ingredients in our products, three words that have inspired key figures of the company's history and that today continue to be a source of inspiration for all the people who run our pasta factory, a company that is constantly focused on innovation but with very strong roots in local tradition.

The first ingredient is the courage that led Domenico Ferro to leave his home town in Campania, where he already had a business, to start all over again in Molise, building the first stone grinding mill in just a few years, in 1910. With the same courage, his son Giuseppe Ferro, who had the gift of insight, succeeded

in growing and diversifying the business, working for the revival of the mill that the bombs of the retreating Germans had destroyed on 13 October 1943 and creating the conditions for the company to prosper until the boom of the 1980s.

However, rebuilding and growing what has been destroyed also means having roots, a feeling of love and a sense of responsibility towards the community. Roots are the solid foundations on which to build something of absolute value, something that resonates with the community, something it will fight to keep.

Giuseppe's sons, Domenico and Vincenzo, drew on their family roots and took the helm of the company in 1972, planning the expansion of the mill and its relocation to a new location. They founded F.lli Ferro - Semolerie Molisane snc, which later became a joint stock company. The facility is trusted and respected by the entire industry, in Italy and abroad.

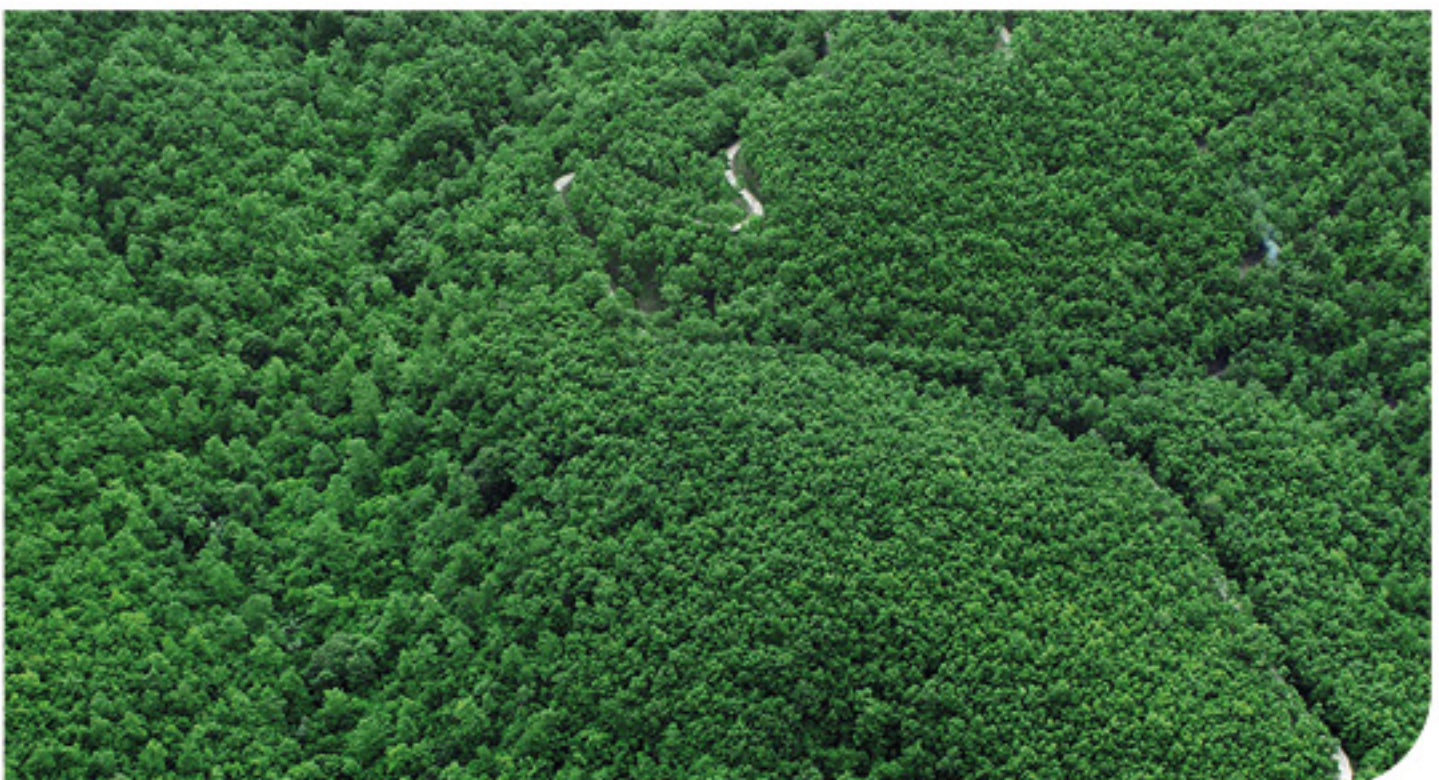
All that was missing to complete the recipe for success was a pinch of madness. This was added by Giuseppe Ferro Jr, who dreamt of acquiring the historic pasta factory in the area where F.lli Ferro had become a landmark in the milling industry over the decades. Giuseppe shared his dream with the rest of the family: Flavio, Rossella and Francesco. And in 2011 he made it come true by acquiring La

Molisana.

The acquisition was not the end but rather the beginning of a new challenge that the Ferro family prepared to take on with the courage and folly of those who came before, together with the strong anchorage of family and company roots.

The ingredients of our family history are thus mixed with new and ambitious goals: to directly manage the entire integrated pasta supply chain, being the drivers of the relaunch of a historical brand, creating new jobs.

The reason why our family accepted the challenge is the desire to offer Molise a chance at redemption. Our attachment to our roots goes hand in hand with the conviction that what makes us great is not the success we achieve but the courage that lets us get back on our feet every time we fall attempting to launch ourselves wholeheartedly past obstacles. In 10 years we have revived the pasta factory, allowing a dynamic energy to take shape and transform La Molisana into a company that is always in motion, that never stops investing, always distinguished by that pinch of madness that is the desire to innovate. Over time, we built a team that is able to take on market challenges and to make a difference, creating passion, company loyalty and a sense of belonging. These are the new ingredients that will help La Molisana grow, writing new pages of a successful family and business history.



# 2022 Highlights

## ECONOMIC LANDSCAPE, GOVERNANCE AND MANAGEMENT OF THE SUPPLY CHAIN

- Economic value generated of **258 million euros**, **+36.9%** more than the previous year
- **94.8%** of the economic value generated was distributed to the stakeholders we deal with on a daily basis: suppliers, employees, lenders, shareholders, the public administration and the community and local region
- **27 million euros** invested in **innovation** in the last two years, over **100 million** in the last 10 years
- **Supply chain contracts** with minimum guaranteed price for 7,429 hectares cultivated in Southern Italy
- **92,750 tonnes of 100% Italian semolina** purchased in 2022 (+3.2% compared to 2021)
- **120 farms monitored** with grano.net®, a farming decision-support technology
- **156,331 tonnes of pasta produced** in 2022, +4.4% compared to 2021
- **3 new products** of whole wheat pasta: linguine, mixed pasta and ridged orecchiette
- **2 approval audits** carried out on high-risk suppliers, in the absence of certification or membership in the SMETA circuit
- **1,306 active suppliers** in 2022, of which **21%** based in **Molise** and **90% in Italy**
- **Integrated supply chain** between mill and pasta factory: a guarantee in terms of traceability, safety and quality
- **Optical sorting and decorticator machines** for a mill with high levels of innovation, speed and efficiency
- System certifications for **ISO 9001 Quality** and for **Traceability in ISO 22005 agri-food companies**



## ENVIRONMENT

- **Paper packaging** extended to Le Integrali, with calculation of the **Material Circularity Indicator**
- **66.5% of packaging materials come from renewable sources**, an increase of +3.9 percentage points compared to 2021
- **98.7% of materials** purchased for both **packaging** and for **food products** come from **renewable sources**
- **2 trigeneration plants** with a total capacity of 3.2 MW, providing 85% of the electricity requirements in 2022
- **Photovoltaic plant** with a capacity of 2.1 MW for electricity production with a total surface area of approximately 10,270 m<sup>2</sup> and 2.5 GWh/year of production, in operation from 2024.
- **New site** totally powered by the recovery of excess heat and cold from the production process
- **-1.7% energy intensity**: energy consumed by plants/pasta produced
- **Emissions intensity unchanged** compared to production
- **-24.7% of waste** produced compared to 2021
- **100%** of the waste produced is **non-hazardous** and sent for **recycling or recovery**
- **1,620 tonnes** of fresh and dry production waste **recovered** for feed production
- **Pallet Pooling**, a logistics initiative to reduce waste created by broken pallets (-77%), wood used (-72%) and CO<sub>2</sub> emissions (-56%)

## SOCIAL

- **209 direct employees** of which **26% are young people under 30** and **18% are women**
- **75%** of employees are from **Molise**
- **28 new hires** in 2022, of which 16 young people under 30 and 10 women
- **2,343 training hours provided**, +10% compared to 2021
- Approximately **60,000 euros in donations** to support local associations
- **More than 650,000 euros in sponsorships** of local organisations







# Report drafting criteria

La Molisana continues its sustainable development with great commitment. In this third edition of our sustainability report we reaffirm our desire to continue to monitor our achievements, providing detailed descriptions of major initiatives to inform our stakeholders of the main results achieved in terms of environmental, social and economic performance, as well as our future projects and objectives.

## Scope of reporting

The contents of this report refer to the 2022 financial year and cover the La Molisana S.p.A. pasta factory. In order to allow for a correct representation of performance and trends, data for the years 2021 and 2020 are shown where possible. In order to ensure the reliability of the data, however, the use of estimates has been limited as much as possible, and where present they are appropriately noted as such.

Our aim is to ensure that stakeholders have a clear understanding of the company's sustainability initiatives. To this end the document analyses and illustrates the performance and impact generated with respect to the issues most relevant to the company and its stakeholders, using the Universal Standards of the Global Reporting Initiative (GRI) in their 2021 version, which came into force for reports published after 1 January 2023.

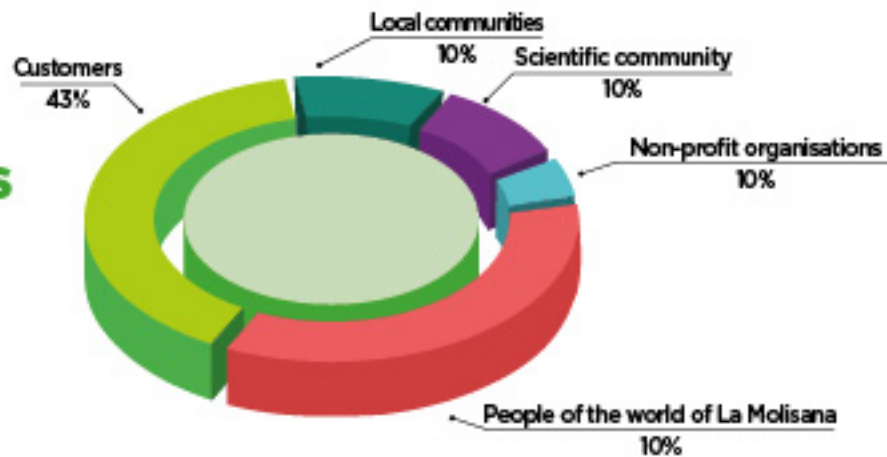


## Our stakeholders

For La Molisana, a relationship of trust with stakeholders is an essential prerogative for sustainable development. Our relationship with stakeholders is fuelled by continuous dialogue, allowing them to get to know each other and helping us understand their needs. To ensure a lasting and profitable discussion, the company is committed to identifying the key figures involved in promoting regular feedback and engagement initiatives. With this goal in mind, over many years we have created a stakeholder map based on internal surveys of the company departments responsible for the day-to-day management of dealings with the various categories of stakeholders:



## Categories of stakeholders involved



*In 2019, La Molisana began a Stakeholder Engagement process, sending questionnaires to a representative sample of our stakeholders and asking them to voice their expectations, focusing on the mainly on social, environmental and governance impact. The results of this process provided us with a clear overview of how*

*La Molisana's stakeholders perceive sustainability and were compared with the company's activities. This tool is a valuable opportunity to establish a two-way conversation, listening to our stakeholders and enabling them to develop a clear picture of the business and the community in which we operate.*

## Materiality analysis

Constant dialogue with stakeholders enables La Molisana to identify and monitor priority issues in its sustainable development. The topics reported in the Report were selected on the basis of the results of the materiality analysis, which was the subject of a major update in 2022.

In fact, the materiality analysis process underlying the Sustainability Report was based on the new methodological references provided by the GRI 2021 Universal Standards and according to the indications contained in the European Sustainability Reporting Standards produced by the European Financial Reporting Advisory (EFRAG, an international technical body that deals with accounting standards) for sustainability reporting according to the European CSRD (Corporate Sustainability Reporting Directive). The analysis was carried out in collaboration with senior management and the support of an external consultancy firm and developed in three clear phases.

The identification of material social and environmental impacts was a preliminary activity aimed at pinpointing potentially important topics for La Molisana and for the external context in terms of the main sector-specific concerns and topics of interest for the company's main stakeholders. This phase involved an initial analysis of internal and external documentation. The list of the most relevant impacts was subsequently refined and validated through the involvement of the managers of all the departments and business areas, gathering information on the priorities of the company's business strategies, the current management approach, the main risks and impacts and any emerging regulatory stimuli.

The phase of analysing the company's impact on the outside world from an inside-

out perspective sought to establish a scale of priorities for each topic, considering the interests of La Molisana in relation to its goals and strategies and those of its stakeholders. In both cases, the topics were evaluated on a scale from 1 to 5, with 1 indicating the lowest relevance to the company's business strategies or to stakeholders and 5 indicating the highest. This assessment was carried out through a meeting with corporate functions and a select panel of Group stakeholders.

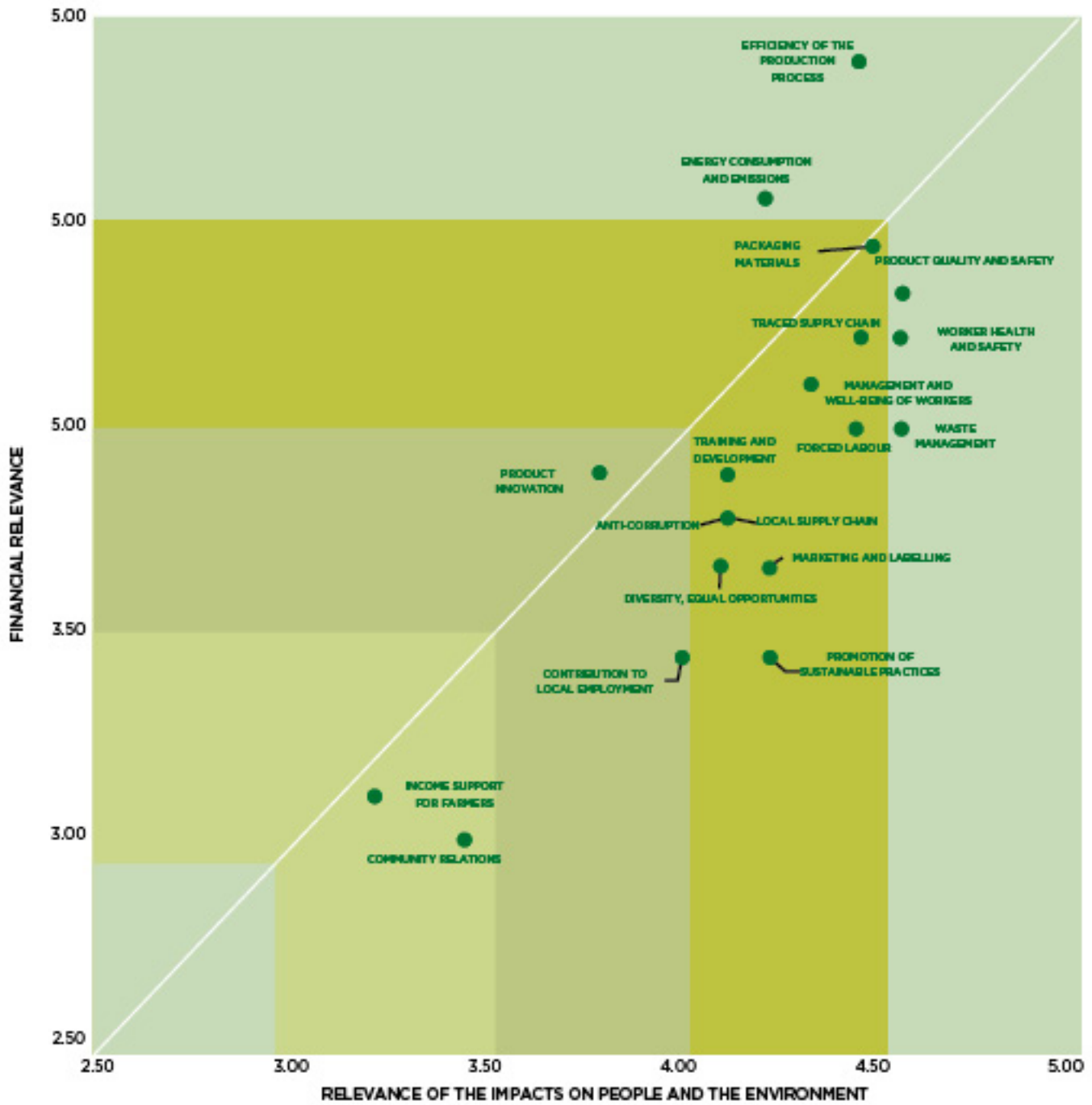
The assessment of impacts on society and the environment was supplemented by a financial relevance assessment, considering the topics from an outside-in perspective, which led to an analysis of the financial risks and opportunities related to the sustainability topics identified. All topics that received an above-average score for either the company or its stakeholders from an impact or financial perspective were considered significant, or "material", and were therefore included for consideration in this document. In the validation phase, the Materiality Matrix was shared with our internal team.

The reporting of non-financial data therefore focused on material topics, i.e. the topics that were most relevant in terms of positive or negative, actual or potential, impacts on people and the environment, or financial issues, in terms of risks and opportunities.

The results of the materiality analysis conducted in 2022 are graphically represented in the Materiality Matrix, which for each material topic charts the importance of the impacts for La Molisana on the X axis and the financial importance on the Y axis.

<sup>1</sup> For example, Confindustria's 2020 Sustainability Report, "Sustainable development in the agro-food sector" by Federalimentari, "What do Stakeholders want to know?" of the GRI, the Materiality Map of the Sustainability Accounting Standards Board, Sustainability Reports and Non-Financial Statements of comparable entities.

# MATERIALITY 2022



ENVIRONMENTAL TOPICS AND GRI DISCLOSURES	ENVIRONMENTAL IMPACTS	FINANCIAL IMPACTS
<p><b>EFFICIENCY OF THE PRODUCTION PROCESS</b></p> <p>[GRI 301 Materials] [GRI 302 Energy] [GRI 303 Water and Effluents]</p>	<ul style="list-style-type: none"> <li>• Negative environmental impacts resulting from the <b>inefficient consumption</b> of primary resources, such as water and semolina, within the company's production processes</li> </ul>	<ul style="list-style-type: none"> <li>• Risks associated with an <b>inefficient management</b> of internal processes (higher costs and waste)</li> <li>• <b>Opportunities</b> for increased efficiency of activities through technological investments in production processes</li> </ul>
<p><b>PACKAGING MATERIALS</b></p> <p>[GRI 301 Materials]</p>	<ul style="list-style-type: none"> <li>• Negative environmental impacts resulting from the <b>consumption of packaging materials</b> (plastic, paper, cardboard) in terms of natural resource consumption and waste generation</li> </ul>	<ul style="list-style-type: none"> <li>• Risks associated with <b>inefficient management</b> of internal processes (higher costs and waste)</li> <li>• <b>Reputational risks</b> and opportunities related to customers' perception of packaging sustainability</li> </ul>
<p><b>ENERGY CONSUMPTION AND EMISSIONS</b></p> <p>[GRI 302 Energy] [GRI 305 Emissions]</p>	<ul style="list-style-type: none"> <li>• Negative environmental impacts resulting from <b>energy consumption and greenhouse gas emissions</b> that contribute to climate change</li> </ul>	<ul style="list-style-type: none"> <li>• Risks arising from the <b>price of energy</b></li> <li>• Economic opportunities from <b>increased energy efficiency</b> (trigenerator), the issuing of white certificates and self-generation of energy from renewable sources</li> <li>• Financial opportunity <i>vis-à-vis</i> lending institutions, linked to the use of energy from renewable sources, in keeping with European targets to reduce greenhouse gas emissions from fossil fuels</li> </ul>
<p><b>WASTE MANAGEMENT</b></p> <p>[GRI 306 Waste]</p>	<ul style="list-style-type: none"> <li>• Environmental impacts related to the <b>production of waste</b> from production operations and the development of circular economy initiatives and/or recovery of industrial waste and by-products</li> </ul>	<ul style="list-style-type: none"> <li>• Financial risks and opportunities arising from waste management (<b>lower costs</b> due to efficiencies and recovery of materials; <b>higher costs</b> due to risk of fines for mismanagement)</li> </ul>
ECONOMIC TOPICS AND GRI DISCLOSURES	IMPACTS ON PEOPLE AND THE ENVIRONMENT	FINANCIAL IMPACTS
<p><b>LOCAL SUPPLY CHAIN</b></p> <p>[GRI 204 Procurement practices]</p>	<ul style="list-style-type: none"> <li>• Positive impacts generated on the supply chain by <b>sourcing from Italian farmers</b></li> </ul>	<ul style="list-style-type: none"> <li>• Economic benefits resulting from the <b>stability of supply relations with national producers</b></li> <li>• Economic risks linked to the <b>availability of raw materials imported from abroad</b></li> <li>• <b>Reputational risks</b> and opportunities <i>vis-à-vis</i> consumers linked to the provenance of raw materials from Italy or imported from abroad</li> </ul>
<p><b>TRACED SUPPLY CHAIN</b></p> <p>[GRI 417 Marketing and labelling]</p>	<ul style="list-style-type: none"> <li>• Positive impacts generated <i>vis-à-vis</i> the consumer by <b>ensuring control of the supply chain and access to information</b> on the origin of the wheat</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Economic and reputational risks</b> and opportunities of ensuring the <b>control of the supply chain and the provenance of the raw material</b> to consumers</li> </ul>
<p><b>PROMOTION OF SUSTAINABLE AGRICULTURAL PRACTICES</b></p> <p>[GRI 308 Supplier environmental assessment] [GRI 414 Supplier social assessment]</p>	<ul style="list-style-type: none"> <li>• <b>Impacts on the environment and biodiversity</b> resulting from the use of <b>soil, water and pesticides</b> in farming</li> <li>• <b>Impacts on farmers</b>, promoting sustainable practices for more <b>efficient use of resources</b> and higher quality raw materials</li> </ul>	<ul style="list-style-type: none"> <li>• Economic opportunities related to an improved <b>quality of wheat</b></li> <li>• Economic opportunities arising from the promotion of <b>crops more resilient to climate change</b></li> <li>• <b>Supply risks</b> related to soil depletion and the availability of water and fertilisers needed to ensure current wheat production</li> </ul>
<p><b>CONTRIBUTION TO LOCAL EMPLOYMENT</b></p> <p>[GRI 202 Market presence]</p>	<ul style="list-style-type: none"> <li>• <b>Positive economic impacts</b> on the local community resulting from the <b>hiring of employees</b> from the region</li> </ul>	<ul style="list-style-type: none"> <li>• Economic opportunities deriving from a <b>good reputation in the local community</b> and ability to attract skilled labour</li> </ul>
<p><b>ANTI-CORRUPTION</b></p> <p>[GRI 205]</p>	<ul style="list-style-type: none"> <li>• <b>Negative impacts</b> on the company resulting from <b>cases of corruption and unethical behaviour</b></li> </ul>	<ul style="list-style-type: none"> <li>• Financial risks arising from <b>economic sanctions and loss of reputation</b></li> </ul>

SOCIAL TOPICS AND GRI DISCLOSURES	ENVIRONMENTAL IMPACTS	FINANCIAL IMPACTS
EMPLOYEE MANAGEMENT AND WELL-BEING [GRI 401 Employment]	<ul style="list-style-type: none"> <li>Impacts on employee well-being related to the creation of a positive and productive working environment, level of stability/turnover of the workforce, availability of benefits and other forms of supplementary welfare</li> </ul>	<ul style="list-style-type: none"> <li>Economic risks and opportunities from the level of staff satisfaction and the ability to retain people and attract a skilled workforce</li> </ul>
WORKER HEALTH AND SAFETY [GRI 403 - Occupational health and safety]	<ul style="list-style-type: none"> <li>Impacts on the health and safety of employees generated during the course of their work or through health promotion programmes offered voluntarily and aimed at protecting health, even outside the workplace</li> </ul>	<ul style="list-style-type: none"> <li>Economic risks and opportunities related to workers' health and safety conditions (management costs and possible sanctions, reputational risks)</li> </ul>
TRAINING AND DEVELOPMENT [GRI 404 Training and education]	<ul style="list-style-type: none"> <li>Impacts on employees related to the boosting of professional knowledge through training, and increasing motivation through the periodic evaluation of performance and professional development plans</li> </ul>	<ul style="list-style-type: none"> <li>Financial opportunities related to increasing internal expertise, improved employee satisfaction and an increased ability to retain and attract a skilled workforce</li> <li>Productivity risks related to obsolete skills and knowledge and loss of skilled labour</li> </ul>
DIVERSITY AND EQUAL OPPORTUNITY [GRI 405 Diversity and equal opportunity]	<ul style="list-style-type: none"> <li>Positive social impacts generated by promotion of diversity (gender, age, cultural, etc.) and equal opportunities at work, in particular by ensuring equal pay and equal opportunities for growth</li> </ul>	<ul style="list-style-type: none"> <li>Economic opportunities from a respectful working environment (increased attractiveness and ability to retain skilled labour)</li> <li>Reputational risks</li> </ul>
FORCED LABOUR [GRI 409 Forced or compulsory labour]	<ul style="list-style-type: none"> <li>Negative social impacts generated by incidents of forced labour by business partners, particularly suppliers in the Rossi supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Financial and reputational risks related to insufficient knowledge and management of critical working conditions along the supply chain</li> </ul>
PRODUCT QUALITY AND SAFETY [GRI 416 - Customer health and safety]	<ul style="list-style-type: none"> <li>Impacts on health and safety of consumers generated by the consumption of the company's products</li> </ul>	<ul style="list-style-type: none"> <li>Economic and reputational risks related to product safety and quality</li> </ul>
MARKETING AND LABELLING [GRI 417 Marketing and labelling]	<ul style="list-style-type: none"> <li>Impacts related to the accuracy and adequacy of information communicated to consumers about products and services, both in terms of labelling (e.g. product composition and packaging) and marketing communications</li> </ul>	<ul style="list-style-type: none"> <li>Economic reputational risks arising from improper communication towards consumers</li> </ul>
PRODUCT INNOVATION [Non-GRI topic]	<ul style="list-style-type: none"> <li>Positive impacts generated by investments in Research and Development for product improvement and innovation (response to consumer needs)</li> </ul>	<ul style="list-style-type: none"> <li>Financial opportunities related to the launch of new products in response to market needs</li> </ul>

# Looking towards the future since 1912

## The pillars of our commitment

In the food industry, there is a growing demand for transparency with regard to value chain processes. Topics such as our impact on the environment and biodiversity, employment and economic development and respect for workers' rights or the importance of the link with the local community have been our top priorities since our founding in 1912. The Ferro family renewed them with new vigour when

they took over the pasta factory. In fact, since 2011, we have introduced several initiatives to guarantee the continuation of our high-quality production and the consolidation of a sustainable approach, proving that it is possible to combine business with social and environmental responsibility. Our sustainability strategy revolves around 4 pillars and can be broken down into clear targets and actions.



These are initiatives and values recognised by stakeholders with respect to their commitment in various fields, which will be further detailed in this report:

- Cultivate a connection with the region by promoting the engagement of wheat producers to promote sustainable agricultural practices and obtain a high-quality ingredient with a high protein content, ensuring that farmers receive a fair price.
- Promote the well-being of employees by guaranteeing respect for workers' rights throughout the supply chain, adopting the SMETA (Sedex Member Ethical Trade Audit) approach that promotes ethical practices towards employees and suppliers.
- Reduce our environmental footprint by investing in highly energy-efficient technologies that increase output and productivity and promoting the recovery of production waste as part of the circular economy.
- Promote technical skills and employment by chairing a Technical Training Institute to create a hub of qualified candidates to be hired in the local industry through long-term training programmes.
- Work to promote food education and healthy lifestyles to combat rising rates of obesity.
- Develop innovative products that meet new dietary requirements and guarantee the highest food safety standards.

# Our contribution to the 2030 Agenda

La Molisana's commitment to sustainability is part of a broader global effort. In fact, in 2015 the 193 Member States of the United Nations signed the 2030 Agenda for Sustainable Development, a plan of 17 Sustainable Development Goals (SDGs) supported by 169 targets to confront the main global economic, social and environmental challenges. The **2030 Agenda** is not only a UN-approved

document that proposes new and effective strategies for a sustainable future, but above all, it is a global project that binds member states to their commitments and calls upon everyone – institutions, businesses, society, associations – to contribute through a conscious and shared approach.

## SUSTAINABLE DEVELOPMENT GOALS



La Molisana is in line with the 2030 Agenda because it has always supported a way of doing business that balances profit with an ethical and cultural commitment. This commitment is enriched by the awareness that entrepreneurs now play a decisive social role as observers and collectors of urgent requests, which goes far beyond the production of consumer goods. Our approach in the company to the SDGs has been to implement a series of actions in the 11 years since La Molisana was acquired by the Ferro Group in 2011. During this period we have worked hard to restore the centrality of the connection that always united the company to the region, creating shared value for employees

and the community and contributing to 11 of the SDGs, as detailed in the following table.

In this approach to the Sustainable Development Goals, after having identified the material topics and initiatives implemented to support the SDGs, La Molisana was able to define 16 specific targets relating to the 11 SDGs supported by the company's activities. The individual actions implemented by La Molisana to help achieve the various SDGs identified and integrated into the company's business strategy are described below.





### Target 2.4

By 2030, ensure sustainable food production systems and implement resilient agricultural practices that **increase productivity and production**, that help maintain ecosystems, that **strengthen capacity for adaptation to climate change**, extreme weather, drought, flooding and other disasters, and that progressively improve land and soil quality.

#### Our projects and actions

After years of research conducted by a pool of agronomists, La Molisana has selected **the best seeds** to cultivate in the central-south region of Italy to produce pasta made from **100% Italian wheat**.

- La Molisana's commitment to sustainable agriculture begins with the supply chain agreements signed in 2016, establishing a guaranteed minimum price and bonuses that encourage the production of protein-rich wheat, involving several farms.
- We are committed to quadrupling the amount of durum wheat we purchase, promoting specific programmes to **increase farmers' skills** and promote environmentally friendly agricultural practices.
- Thanks to **CGS Sementi** and Horta, the farmers in our supply chain have access to [www.grano.net](http://www.grano.net), an **online support** tool dedicated to the production of all varieties of wheat.



### Target 3.4

By 2030, **reduce by one third premature mortality from non-communicable diseases** through prevention and treatment and promote mental health and well-being.

### Target 3.9

By 2030, **substantially reduce the number of deaths and illnesses from hazardous chemicals** and air, water, and soil pollution and contamination.

#### Our projects and actions

- La Molisana produces 17 different shapes of high-fibre whole wheat pasta, 3 shapes of gluten-free pasta and 5 shapes of organic pasta.
- Uses a variety of communication channels to promote food education based on the Mediterranean Diet, a healthy and balanced diet typically followed in Mediterranean countries in which grains, particularly whole grains, play a central role
- We have adopted **Thermopest**, an alternative ecological system to traditional chemical systems (gases and fumigants) to eliminate invasive insects through the simple action of heat.





#### Target 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.

#### Target 4.7

By 2030, **ensure all learners acquire knowledge and skills needed to promote sustainable development**, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship, and appreciation of cultural diversity and of culture's contribution to sustainable development.

#### Our projects and actions

- Since 2014, La Molisana has chaired the **Istituto Tecnico Superiore Demos advanced technical training institute** on a non-remunerated basis. The institute has become **a leading academy in Molise and an incubator for highly qualified candidates** hired by local businesses, with an employment rate of 80%.
- With the **"Open Factory"** programme, **La Molisana opens the doors of its factory to students from Italian and international high schools and universities** with the goal of providing them with a wealth of useful information to improve their awareness of their purchasing choices.



#### Target 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.

#### Our projects and actions

- We promote inclusion and equal opportunities in professional development – **33% of Department Heads at La Molisana are women.**





#### Target 6.4

By 2030, **substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater** to address water scarcity and substantially reduce the number of people suffering from water scarcity.

#### Our projects and actions

- In 2014, La Molisana supported the Molise Region to establish a self-certification protocol for the uncontaminated water from the Matese mountains and **create a Quality Charter**.
- Our production lines use a closed cooling water system, **reducing the amount of water used** for production processes by 15% since 2018. The company has also been planning to adopt additional measures to recover purified water and use it as cooling water for cogeneration plants.



#### Target 7.2

By 2030, double the global rate of improvement in energy efficiency.

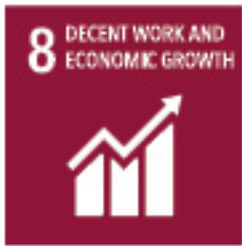
#### Target 7.3

By 2030, **double the global rate of improvement in energy efficiency**.

#### Our projects and actions

- The **two trigeneration systems** installed at the factory in 2013 and 2020 **meet up to 90% of the electricity demand**, 100% of cooling energy demand and 20% of thermal energy demand.
- For the remaining portion that is not covered by trigeneration, La Molisana has decided to boost the **self-production of energy from renewable sources**, planning to equip itself with a 2.1 MW **photovoltaic plant** with a surface area of about 10,270 square metres that can produce about 2.5 Gwh/year.
- The diesel boiler was replaced with a **steam boiler**, reducing methane gas consumption by 20%.





#### Target 8.4

**Improve progressively**, through 2030, **global resource efficiency in consumption** and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead.

#### Target 8.8

**Protect labour rights and promote safe and secure working environments** for all workers, including immigrants, especially women, and precarious workers.

#### Our projects and actions

- Our employee-centred approach has led to the creation of the **Cura et Labora programme**, in collaboration with **Fondazione Giovanni Paolo II**, to promote employee health through prevention and screening programmes, as well as initiatives to promote food education and physical activity.
- Our commitment to our employees has earned us the **SMETA4PILLARS certification** in recognition of our ethical treatment of our staff.



#### Target 9.4

By 2030, **upgrade infrastructure and retrofit industries to make them sustainable**, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

#### Our projects and actions

- **In the last two years La Molisana has invested around €27 million** to increase efficiency and quality, implementing advanced and sustainable technologies that place us among the best practices of the sector.



#### Target 11.4

**Strengthen efforts to protect and safeguard the world's cultural and natural heritage.**

#### Our projects and actions

- **La Molisana supports an ambitious project** that promotes sport as a leading driver of growth for young people and the region. Founded in 2017, **Magnolia** is not only a **women's basketball club**, but also represents the desire to promote basketball culture, from mini-basketball to the youth team, throughout the education system.
- La Molisana supports numerous cultural initiatives in the area, including **Molise Cinema** and **Alta Marea Festival**.



### Target 12.2

By 2030, achieve **sustainable management and efficient use of natural resources**.

### Target 12.3

By 2030, **halve per capita global food waste** at the retail and consumer level and reduce food losses along production and supply chains, including post-harvest losses.

### Target 12.5

By 2030, **substantially reduce waste generation** through prevention, reduction, recycling, and reuse.

#### Our projects and actions

- Our **new paper packaging** is sourced from FSC-certified renewable sources and certified by Atilcelca as 100% recyclable.
- All of our **production waste** is recovered. Paper and plastic are sent for recycling, and food waste is recovered for the production of animal feed.

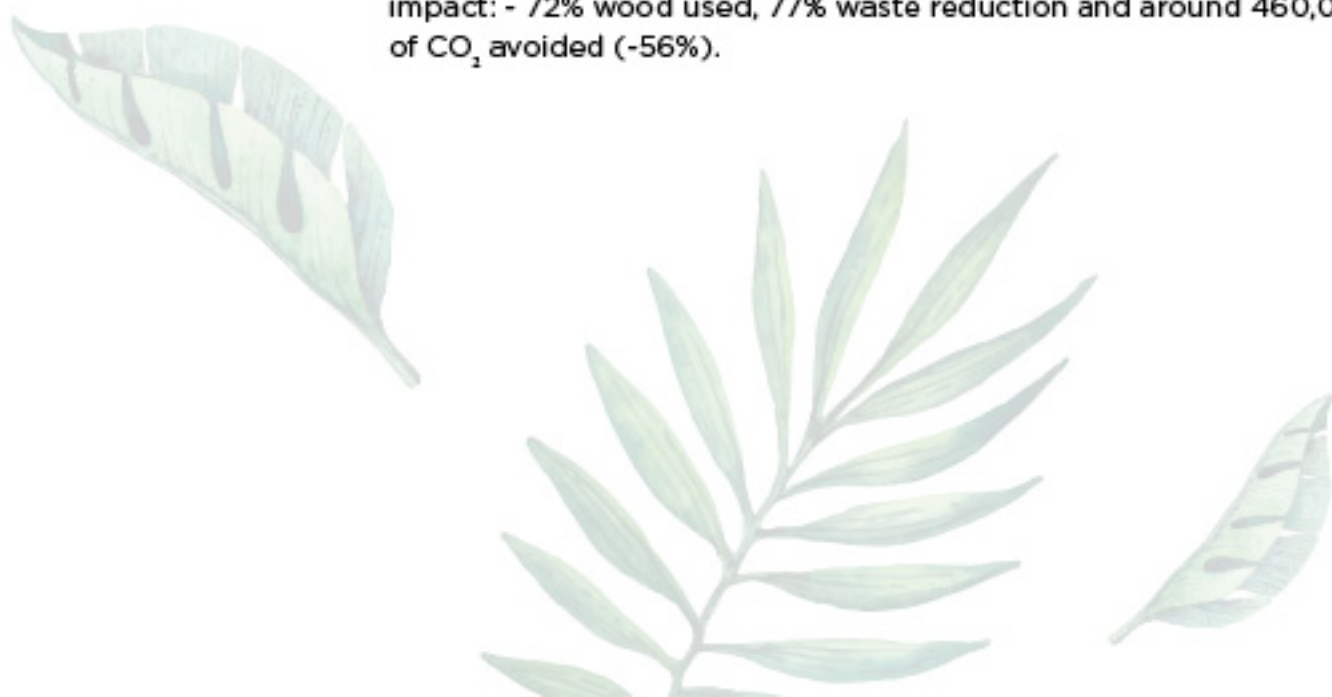


### Target 13.1

Strengthen **resilience and adaptive capacity** to climate-related hazards and natural disasters in all countries.

#### Our projects and actions

- The investments made in the development of trigeneration plants have enabled us to make our energy consumption considerably more efficient.
- With the aim of further contributing to the fight against climate change, we plan to build a photovoltaic system to cover the energy needs not yet met by trigeneration.
- We have adopted the Pallet Pooling system, which helps us increase the efficiency of our logistics and significantly improve our environmental impact: - 72% wood used, 77% waste reduction and around 460,000 kg of CO<sub>2</sub> avoided (-56%).



# CHAPTER

# 1

## **One hundred years of Quality** and love for our homeland

Acquired in 2011 by the Ferro family, La Molisana pasta factory continues to combine quality and innovation more than 110 years after its founding thanks to its strong ties with the local region. Its growth, which in a decade has made it the 4th player in the semolina dry pasta market and the 2nd in the whole wheat pasta market, is the result of a strategy centred on three levers: the integrated supply chain, the link with the local region and above all product and process innovation.

## 1.1 Our history



### **1912: Foundation of the La Molisana Pasta Factory.**

Pastificio La Molisana opens as an artisanal pasta factory in the unspoilt heart of Molise. In just a few decades, it becomes an industry leader in the production of semolina pasta.

### **1927: Grand Palm of Honour and Gold Medal for the production of pasta products (Rome Trade Fair).**

At the Rome Trade Fair, La Molisana is awarded the Grand Palm of Honour First Prize and the Gold Medal for producing quality pasta products.

### **1966: The first brand.**

The name La Molisana against a backdrop of four interwoven ears of wheat creates a simple yet evocative logo.

### **1987: The updated logo.**

The logo is redesigned to include a feudal emblem, combining the symbols of the province and city of Campobasso. The red and blue colour scheme derives from the two oldest brotherhoods in Molise: the Crusaders and the Trinitarians. The six towers represent the gates of the ancient medieval town of the region's capital.

### **1991: The missing Mill.**

La Molisana begins construction of the mill a short distance from the factory to complete its production chain. The competitive advantage of the mill would become even clearer in 2011 when the factory was acquired by the Ferro Group,

which had been milling for over a century.

### **2011: A new chapter. The Ferro age.**

Having earned an excellent reputation and financial stability in over 100 years of operation, the Ferro Brothers, millers from Molise, acquire the historic pasta factory. To relaunch the business, they focus on taking care of the entire pasta supply chain, from field to fork. The mill and the pasta factory provide the stimulus for a strategic synergy to monitor the entire production cycle. A new path is charted, and La Molisana decides to highlight the moment by relaunching the traditional brand, symbolising continuity with the past. The company returns to represent the region with pride and looks towards the future with hope.

### **2012: Sartoria della Pasta.**

La Molisana describes the quality of its products using the term "Sartoria della Pasta" (Pasta Couturier), a metaphor that associates the excellence of the agro-food industry with Italy's proud sartorial tradition. The global reputation of Made in Italy products revolves around these two sectors: food and fashion. Sartorial style is adopted as the emblem of La Molisana, entrusting the company's rebranding campaign to the German photographer Dirk Vogel to give the company a fresh but sophisticated new image.

**2013: Launch of Square Spaghetti.**

La Molisana launches Square Spaghetti onto the market, replacing traditional spaghetti. The new shape is a success.

**2015: Food Service. La Molisana creates a new line for the catering industry.**

In 2015, La Molisana launches two new lines aimed at the restaurant and catering sector: Collezione da Chef (for smaller operations) and Grandi Cucine (for large-scale catering).

**2016: Square Spaghetti wins awards.**

In 2016 Spaghetto Quadrato Integrale also received the "Innovation Award" of the Italian Food Awards presented at SIAL in Paris, and recognition as "Most Innovative Product" at Bellavita Expo.

**2018: Conversion to 100% Italian wheat.**

After nearly 10 years of collaboration with a group of agronomists, the company successfully researched and identified the best seeds that will ensure extraordinary quality. Cultivating them in fields in central-southern Italy that offer a warm climate and soils better suited to the cultivation of durum wheat, the company has established supply chain agreements with local farmers. This allowed La Molisana to follow every step of the cultivation process, reaching very high quality levels and growing from 8,500 to 23,000 tonnes of 100% Italian wheat. Today the company can write "ONLY ITALIAN WHEAT" on its packaging because it can count on the strength of the supply chain and a clearly traceable path to the wheat's origin.

**2019: Leonardo Prize for Italian Quality**

In 2019, at a ceremony attended by the Italian President Sergio Mattarella, the Italian Minister of Economic Development, the Chairman of the Leonardo Committee and other top institutional representatives, La Molisana received the 2019 Italian Quality Award as a mark of national excellence and an expression of Made in Italy quality on the global markets.

**2020: Trighetto, La Molisana's triangular spaghetti, wins at the Parma Food Awards. Recognised for the best packaging.**

Trighetto wins the award for best packaging at the 2020 Parma Food Awards. The triangular

spaghetti came first in the pasta and rice category. Organised by Tespi Mediagroup, the 2020 Food Awards are a B2B initiative designed to highlight the work of food sector businesses that have shown innovation and excellence in the design and launch of marketing and communications activities.

**2021: New Paper Packaging.**

La Molisana presents its new packaging that is 100% recyclable in paper and sourced from responsibly managed FSC-certified forests, replacing the plastic packaging of the Le Classiche line.

**2022: 110 candles - from 1912 to 2022**

Poste Italiane announces the issue by the Ministry of Economic Development of an ordinary stamp belonging to the topical series "the Excellences of the production and economic system" dedicated to La Molisana, Antico Molino e Pastificio, on the 110th anniversary of its founding.





## 1.2 Rebirth at 100

On the eve of its 100th birthday, La Molisana started a new life. Acquired in 2011 by the Ferro Family, the historic brand began to climb the ranks of Italian industrial pasta factories, and in just ten years earned fourth place on the dried semolina pasta market and became second in the whole grain pasta market, first in the premium segment. This is undoubtedly the result of a collective commitment, of all the

people in the company who have worked to achieve a common goal, coordinated by four different and complementary protagonists who have been able to guide their teams through courage and self-sacrifice. Alongside them, Vincenzo Ferro, third-generation ancestor of the family, bearer of memories and conduit between the past and future.



### Giuseppe Ferro

**Chief Executive Officer** of the Pasta Factory, a man **focused on the future**, with an aptitude for finance and a life committed to durum wheat. He has travelled throughout Italy to secure contracts and give the brand the positioning it deserves. For someone like him satisfaction lasts just for a moment, then gives way to a new challenge.



### Flavio Ferro

**Group Plant Manager**, with a strong personality, a **tireless worker** never afraid of a challenge and prepared to make sacrifices.



### Rossella Ferro

The public face of La Molisana is a **passionate woman, loving mother and award-winning entrepreneur**: a skilled multitasker, Rossella Ferro is **Head of Marketing** and instils her young team with passion and vision.



### Francesco Ferro

**Mill Plant Manager**, responsible for managing and operating the Mill. **He distils the reliability and know-how** of four generations to steer the family business.

# The vision of Domenico Ferro

La Molisana has always been a pioneer of quality Made in Italy, as demonstrated by the numerous awards it has received throughout its history.

This vocation has remained constant over the years and has been certified on numerous occasions since the acquisition by the Ferro Group. A tradition of wheat encompassing four generations, meticulous attention to detail throughout the production process, the constant search for high-quality raw materials and sustainable technologies, this heritage is condensed into a product that combines artisanship with the safety provided by industrial production processes.

Our passion for raw materials stems from the company's founder, Domenico Ferro, whose knowledge and deep love for durum wheat has been passed down to today's generation, guaranteeing high-quality finished products year after year. This focus extends beyond raw materials to the entire supply chain — from farming practices, to packaging, to production, to supplier selection — with the aim of continuing to enhance a centuries-old heritage and tradition.

Keeping the link with the region alive has always been a determining aspect of our founder's vision and continues today in the Group's business strategy through the cultivation of a strong local supply chain ecosystem. Our trusted and certified suppliers are selected according to rigorous technical, quality, economic and financial criteria and must hold certain certifications in order to partner with us.



### 1.3 Our values

La Molisana is more than mere pasta. It is the concrete result of the story of a family of millers over four generations and a region, Molise, a place with unique characteristics that make

it ideal for producing a superior product. A product whose ingredients certainly embody the values that have characterised our pasta factory for over a century.



#### Our Roots

It is a small region with a strong grain growing tradition, fed by the freshwater springs of the Matese National Park and the mountain air, which help to preserve the wheat and dry the pasta. These are the unique characteristics of a productive region that forever seal the gratitude and attachment that La Molisana has for its homeland.

These natural assets are complemented by the knowledge passed down through the generations, the preservation of traditional skills and investments in cutting-edge technologies that optimise know-how as well as raw materials.

#### Our Integrated Supply Chain

The ability to offer a product whose entire production process is managed and monitored by the company is our great added value. The care we take in our products begins with the grain of wheat and ends at the table, providing consumers with a guarantee of traceability and consistent quality. Every link of the supply chain boasts the highest food safety standards, from the optical grain selectors and stone decorticators at the mill, to the next-generation production lines equipped with precision sensors to detect the smallest defect at the pasta factory.





## Our People

Companies and their histories are made by people, especially those whose work connects different fields and thus generates innovation. La Molisana's success is absolutely a team effort, drawing on the effort of the countless people who have worked to achieve a common goal through courage and self-sacrifice. We can also rely on human resources who have inherited the experience of their ancestors to become the custodians of knowledge passed down through the generations. The company firmly believes in the human value of teamwork, built over time thanks to the creation of a team of specialised, passionate and motivated personnel with complementary professional backgrounds and a shared enthusiasm for the pasta factory and its projects.



## Innovation

Our investments in innovation in every field, from production to communication, stem from our profound desire to bridge the gap between the limitations of a small region lacking in infrastructure and the industry-rich central-south region of Italy to become the technologically and ecologically advanced company we want to be. In the last two years alone, the company has invested around 27 million euros in innovation, with the aim of making its machinery more efficient and technologically advanced and responding to the needs of the modern consumer attentive to food safety, well-being and, above all, Italian character. These are the cornerstones of the new purchasing choices that companies must adopt in order to grow and project themselves into the future.

# CHAPTER

# 2

## Product Innovation

### New Forms

For La Molisana innovating is a frame of mind that is combined with a daily commitment: in the last ten years the company has invested over €100 million to support technological and product innovation, aware that new technology can enhance the centuries-old milling tradition passed down through four generations and raise food quality and safety standards through increasingly sustainable processes. At the same time, investments aimed at researching and developing new products are a priority in order to grow in the various product categories and are accompanied by a commitment to promoting innovation and sustainability in the supply chain.

## 2.1 Our products

For La Molisana, innovation is not only a practice rooted in the company's history, but also the result of precise choices, starting with the ability to control the supply chain. In fact, more than 90% of the semolina used in our pasta factory is purchased from the Group's mill, F.lli Ferro Semolerie Molisane Srl, for which La Molisana is the exclusive customer.

Most of the semolina purchased (54%) comes from 100% Italian wheat, destined for the production of pasta under the La Molisana brand for the Italian market. Semolina of mixed origin (Italy/foreign) is used exclusively for products commissioned by other retail chains under the distributor's own brand name and for the international market.

Raw materials purchased for pasta production	u.m.	2020	2021	2022	Delta % 2022-2021
Semolina from wheat grown 100% in Italy	t	74,692	83,991	86,620	3.1%
Semolina from organic wheat grown 100% in Italy	t	4,360	5,892	6,130	4.0%
Other types of semolina (Italian/foreign mix) for private label pasta produced for third parties	t	80,251	67,796	79,605	17.4%
<b>Total semolina</b>	<b>t</b>	<b>159,303</b>	<b>157,679</b>	<b>172,354</b>	<b>9.3%</b>
Other raw materials (vitamins, eggs, spinach, tomato, squid ink)	t	220	207	230	11.4%

Production data	u.m.	2020	2021	2022	Delta % 2022-2021
Generic pasta produced	t	134,309.8	134,341.9	140,493.5	4.6%
Organic pasta produced	t	3,590.2	4,912.3	5,502.4	12.0%
Whole wheat pasta produced	t	9,496.6	10,426.5	10,335.2	-0.9%
<b>Total pasta produced</b>	<b>t</b>	<b>147,396.6</b>	<b>149,680.7</b>	<b>156,331.0</b>	<b>4.4%</b>

In addition to semolina and other auxiliary raw materials for production, La Molisana purchases finished products for resale, such as gluten-free products, ready-made sauces, flour and semolina.

In 2022 we experienced a significant increase

in the amount of pasta purchased externally due to an accident that occurred in August: a fire forced us to suspend the operation of a short pasta production line for about 30 days, with repercussions also in the following months.

Finished products purchased and destined directly for sale	u.m.	2020	2021	2022	Delta % 2022-2021
Pasta	t	7,769	3,112	10,165	226.7%
Gluten Free Pasta	t	304	293	331	12.8%
<b>Total pasta</b>	<b>t</b>	<b>8,073</b>	<b>3,405</b>	<b>10,496</b>	<b>208.3%</b>
Gnocchi	t	2,424	2,411	2,393	-0.7%
Gluten Free Gnocchi	t	181	208	174	-16.3%
<b>Total gnocchi</b>	<b>t</b>	<b>2,605</b>	<b>2,619</b>	<b>2,567</b>	<b>-2.0%</b>
Cous cous	t	258	308	304	-1.4%
Tomatoes (peeled, puree)	t	3,100	8,761	4,943	-43.6%
Sauces (bolognese, arrabbiata, basil, marinara)	t	0	443	246	-44.4%
Pestos	t	0	17	104	517.0%
Soft wheat flour	t	1,273	997	862	-13.5%
Durum wheat semolina	t	5,549	4,759	3,968	-16.6%

## Our product line



### Classic

Today we produce over 100 different shapes of pasta which can be divided into a number of product categories. The basic range includes some 60 products — some short, some long — produced using **only stone-ground Italian wheat with a minimum protein content of 14%**. As well as the familiar classics, the range also includes new shapes which have helped the brand to earn the distinction of **pasta innovator**: square spaghetti, pasta cubes, triangular spaghetti, squared-shaped pasta tubes, hollow square spaghetti, ridged farfalle and heart-shaped rigatoni.

In addition to innovation, we are committed to monitoring the quality of our products: For over two years **eight shapes** have been **audited** by an external third party, DNVGL - Business Assurance, one of the leading international certification bodies, **to certify their firmness**. The La Molisana pasta formats were found to be firm, consistently compact and elastic when chewed, retaining their shape and consistency even under stress.



### Integrali

La Molisana has also entered the **health food market** with the relaunch of the Whole Grain Line, ensuring a **high-quality product produced using 100% stone-ground Italian wheat**.

An extensive range of long and short pasta shapes, produced according to a **unique recipe that guarantees well-being without compromising taste**, high in fibre, with a delicate flavour, our whole grain pasta is **extruded through bronze dies** to better absorb sauces.



## Special

A line of large pasta shapes and pasta nests, with around 30 products distinguished by a slightly textured surface that holds sauces well in **the unique shapes crafted in the great pasta-making tradition.**

Attractive shapes in a delicate **amber-yellow colour** with a high protein content (here again, never less than **14%**) to ensure extraordinary firmness and resilience when cooked.



## Organic

La Molisana offers an assortment of organic pasta made from ingredients cultivated exclusively through agricultural practices that are **free of chemical fertilisers** and pesticides. This range is ideal for those who are attentive to the environmental impact of farming without sacrificing the typical rough, authentic taste of our pasta made from 100% Italian wheat and produced using bronze dies.

On the packaging, the presence of the European Community logo reassures consumers about the origin, quality and compliance with EU organic regulations.





## Gluten Free

A line of products that is **ideal for people with coeliac disease** thanks to its blend of naturally gluten-free ingredients. **Flavourful and original with a delicate taste and bronze-extruded process**, this pasta is the perfect base for any recipe.

Perfect for those who like to push their culinary boundaries thanks to the combination of flavour, consistency and texture. The products in the Gluten Free range are sourced externally from certified suppliers who guarantee that they are gluten-free as per regulations.



## Sfiziosa

A range that includes all our **Gnocchi** and **Cous Cous** pastas, guaranteeing the scrupulous quality and safety controls employed for supplier qualification.



## Semolina

With the Sfarinati line, **La Molisana puts more than 100 years of experience in milling to good use**. For four generations we have been selecting the finest grains and processing them in our mill, where they are only allowed to enter if accompanied by a passport certifying their health and hygiene conformity in accordance with Regulation EC no. 852/2004 - 178.2002 - 466/2011 as amended.

Thanks to **stone hulling**, a modern technology that uses an ancient method, **the grain is purified of any bacteria** and ground down to the heart of the grain. Starting from our “core” business, we decided to further develop semolina, suggesting uses other than making pasta, for which it is naturally suited.



## Rossi

In 2019 La Molisana further expanded its product range by launching the “Rossi” (Reds) line, **tomato-based products of 100% Italian origin** with full traceability thanks to controls along the entire supply chain, from seedling to picking, to keep the taste of a fresh, quality tomato alive. The line includes peeled tomatoes, puree and, from 2021, tomato-based sauces (bolognese, arrabbiata, basil, marinara).

All products are sourced from **seeds indigenous to Apulia**, cultivated using sustainable agricultural practices, in fields located a short distance from the processing plants to ensure a short time between harvest and production and thus the unmistakable freshness of high-quality tomatoes. From 2021 we also launched our pestos on the market, in red, tomato-based and green, basil-based versions.

## 2.2 Form and substance: an ongoing search

For many years, **innovation and continuous research into pasta shapes** has distinguished La Molisana. The first big leap forward was the launch of **Square Spaghetti** in 2013, which became an instant best-seller and a stalwart of La Molisana. This small but profound revolution broke the classic spaghetti out of its traditional cylindrical form. With an even thickness of 2 x 2mm, it is substantial, full bodied and satisfyingly chewy, offering a pleasantly palatable experience that seems to last forever. Thanks to this unusual thickness, it is beloved by home cooks and chefs alike because it **virtually never overcooks and is perfect cooked slowly in butter**. The **Product of the Year award is just one of the many recognitions that confirm the need for innovation in the sector**. La Molisana became synonymous with innovation and soon after launched two more new products:

**Ridged Farfalle** and **Ridged Orecchiette**. In 2019, we launched four new and unusual pasta shapes designed for superior firmness, to retain their shape and texture when cooked and to provide inspiration for exciting new recipes:

**Trighetto** (Triangular Spaghetti), **Spaghetto Quadrato Bucato** (Hollow Square Spaghetti), **Quadrotto** (Square Pasta Tubes) and **Cubetto** (Pasta Cubes). An exciting range designed to revolutionise everyday home-cooked pasta dishes and bring a unique element to restaurant menus. The **Associazione Professionale Cuochi Italiani** (Professional Association of Italian Chefs) has collaborated with La Molisana for many years, **offering the experience of its chefs** to test and develop a product designed for use in restaurants.



### Love at first sight

On Valentine's Day 2021, La Molisana ran an advert that depicted two pasta hearts next to each other with the quote "FALL IN LOVE EVERY DAY", prompting many to ask whether the shape existed and if it were possible to make it. So, with truly grass-roots inspiration, La Molisana decided to create a new heart-shaped pasta extruder. The engineering process focused on delivering a harmonious shape and the right proportions, and before long the heart took shape. La Molisana went back to the social media community and thus **Rigacuore** was created, and was officially launched in June 2021.

As well as creating new pasta shapes, **La Molisana is committed to innovating the very substance of its products.** Since 2016, the company has focused on the well-being line after engaging with the growing market of consumers who wish to lead healthy lifestyles, starting with what they eat. The company thus completely overhauled its **Whole Grain Line**, creating a pasta with a warm and inviting colour processed using bronze extruders for a textured surface that holds sauces well.

As well as having a high vitamin and mineral content, La Molisana's whole grain pasta has a **high protein content** of over 14% and is **high in fibre** (approximately 8 g per 100 g of product). It is a recipe that helps the body to absorb nutrients, makes you feel full for longer, and supports a low glycaemic index. Thanks to these choices and the ability to combine taste and nutritional value, in just a short time La Molisana has earned a second-place ranking in the whole-wheat dry pasta market.

In any case our focus on innovation does not remain within the company, but also involves other local organisations. Aware of the new needs of consumers who are showing increasing interest in food as a source of health and well-being, La Molisana is in fact involved in research and development projects focused on this issue, in collaboration with universities.

Among these, since 2019, in cooperation with the company F.lli Ferro Semolerie Molisane and the University of Molise, we have been working on the **"Fibre Plus" project** aimed at developing a new technology for the production of **dry pasta enriched with plant fibres, bioactive, functional and nutraceutical ingredients.** By following general nutritional guidelines and those aimed at the prevention (primary and secondary) of chronic degenerative diseases and related risk factors, the project aims to increase consumers' overall fibre intake, which today is far below desirable levels, especially in more typically Western diets rich in refined foods. The aim of the project is therefore the study and development of new products from

enriched semi-finished ingredients.

The commitment in this field also translated into commercial results: in 2022 the La Molisana line was expanded with the introduction of **three new whole-wheat pasta products:** linguine, mixed pasta and ridged orecchiette. In the same year a new project financed by MIUR "Integri - Pasta and bakery products: integrity, wholesomeness and sustainability" was launched, led by the University of Molise, with the participation of other prestigious Italian universities and companies in the food sector.



## 2.3 Innovation in the field: precision agriculture and genetic improvement

La Molisana's propensity for innovation is also demonstrated by its focus on the introduction of new practices in the supply chain, starting from the cultivation of wheat. To promote an increasingly innovative and sustainable approach to farming, Horta, a company specialising in the development of services dedicated to the agricultural and agro-industrial sectors, has developed **grano.net**<sup>®</sup>, a decision support system (DSS) designed to enable the cultivation of durum wheat in a dynamic way, adapting it to the specific agricultural and climatic conditions growers operate in.

Made available through CGS Sementi to farmers who produce durum wheat for La Molisana, the system thus provides "decision support", allowing agricultural policies to be implemented that are targeted to the actual needs of the individual crop, while still respecting environmental and economic sustainability. Through the collection and analysis of meteorological and cultivation data, it is able to **create predictive models on plant development with respect to local agro-environmental conditions, identifying nutritional needs, interactions with biotic and abiotic stressors**. The result is a series of "suggestions" on the right amount of seed, the quantities of fertiliser needed and the fertilisation timing, the possible products to be used and the timing of

weed and disease defence.

**Information about the crop and climate conditions are continuously fed to the DSS** through agrometeorological sensors and rapid crop monitoring measures. Weather data is uploaded to the server in real time, supplying a series of mathematical models that can develop **reliable simulations of the current and future condition of the soil, the crops and the pathogens**.

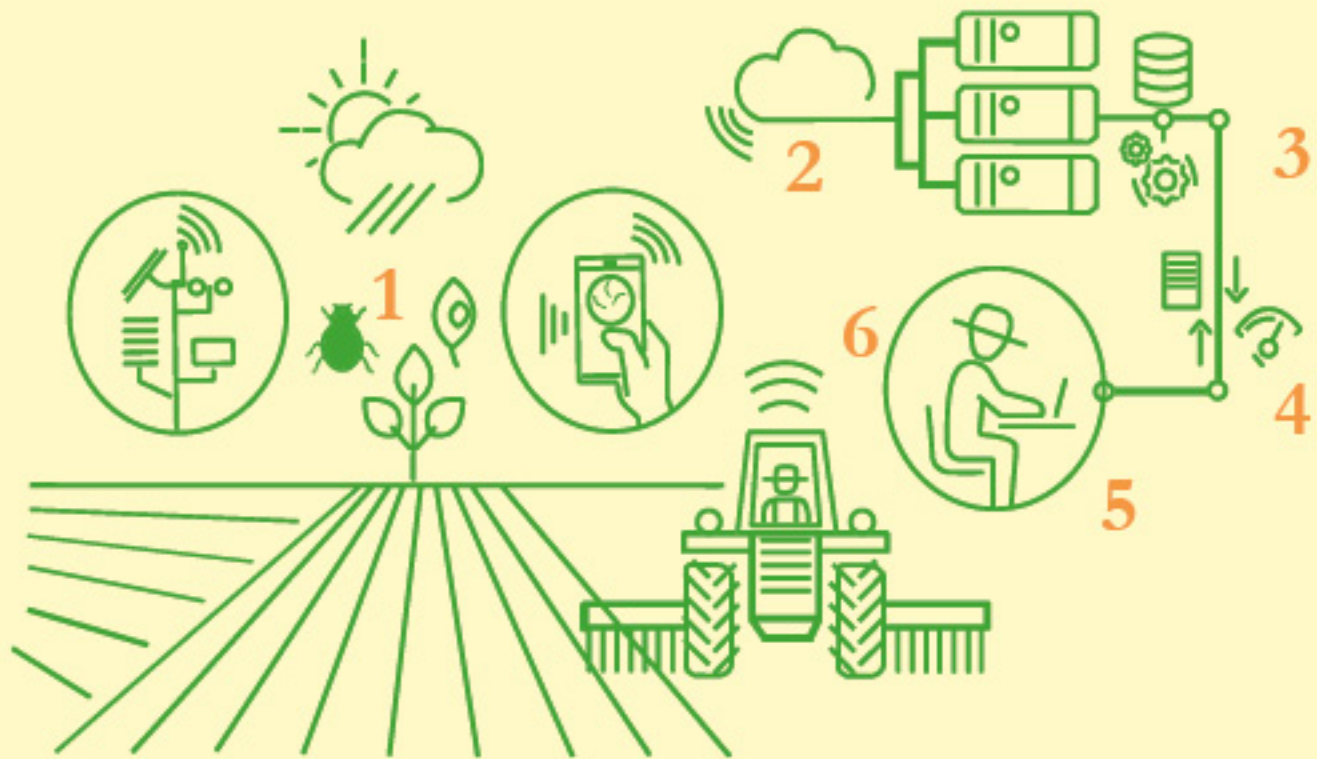
Agricultural support systems like grano.net<sup>®</sup>, combined with continuous training provided to farmers, contributes to the achievement of environmental, social and economic sustainability targets by:

- Preserving **soil fertility**, water resources and non-renewable energy sources.
- Protecting **public health** by developing products free from mycotoxins and contaminants.
- Guaranteeing the **fair distribution of value** throughout the supply chain (including farmers).
- **Ensuring appropriate production in terms of quality and quantity**.

In the 2021/2022 campaign, about 120 farms were monitored through grano.net<sup>®</sup> and CGS Sementi, covering about 1200 hectares of durum wheat cultivation of the Maestà variety, with a total of about 5000 tonnes of product.



## The functioning of decision support systems (DSSs)



DSSs are IT platforms that collect crop data in real time via sensors and scouting tools (1), organise this data in cloud systems (2), interpret it by means of advanced modelling and big data techniques (3), and integrate it, automatically producing information, alerts and decision support (4). Users use this

information for precision agronomic crop management (5). Crop operation data also enter the databases (6), so as to generate a continuous flow of up-to-date information between the crop, the DSS and the user.



## Aspects of cultivation techniques to be considered for improving production potential and quality

# Wheat cultivation technique

Varietal selection

Sowing and seeding density

Nitrogenous fertilisation

Weed control

Plant protection

Having analysed and assessed the contribution that the introduction of **new Precision Farming technologies** can offer for the development of sustainable practices, and in particular in the area of Integrated Pest Management (see the box, "What is Integrated Pest Management?"), **La Molisana aspires to be a promoter of the development and dissemination of such innovations along its supply chain.**

In our opinion, the way to respond to the challenges of the sector is through the **genetic improvement of seeds**, with the aim of achieving a further increase in grain quality and resistance to disease and environmental stress through genetic research. It is now known that traits such as productivity, protein content, pre-germination resistance or plant height are controlled by certain genes known collectively as QTL (Quantitative Trait Loci).

These can be identified and selected using marker genes, enabling the development of genetic improvement (breeding) programmes. A key role in this field will also be played by **nanotechnology**. This will make it possible to create **molecular-sized sensors, solar energy accumulators, motors and instruments** that, for example, can be used for the instantaneous detection of pathogens, toxins or heavy metals in food, for diagnosis at the cellular level, for the delivery of plant protection products to specific targets within the plant, for the modulation of photosynthesis, redesigning the agricultural development plan for more sustainable, healthy, nutritionally balanced and efficient grain production in the name of circular economy.





## *What is meant by Integrated Defence?*

*Integrated Pest Management refers to compliance with a series of principles set out in European Directive 2009/128 needed to encourage low-pesticide pest management, favouring the adoption of practices and active ingredients that present the least risk to human health and the environment.*

*The principles underlying integrated pest management are as follows:*

- Application of proper agronomic practices (crop rotation, choice of varieties that are resistant or less susceptible to adversities, balanced fertilisation, correct sowing time and density, maintenance of the soil in good fertile conditions, etc.) that make it possible to limit the presence and avoid an increase in harmful organisms to levels that cause damage to the crop, thus making it possible to effectively reduce the use of plant protection products.*
- Monitoring of harmful organisms with appropriate methods and tools.*
- The responsibility of the professional user in choosing whether to intervene, when and with which tools, to contain the harmful organisms, also following the advice of qualified consultants.*
- The assessment of alternatives to chemical solutions, if available.*
- The choice of products among those available that have the least negative effects on human health and the environment.*
- The use of necessary levels: the dose per hectare of foliar herbicides takes into account the species present, their development and environmental conditions.*

*In this field, the training of wheat growers is essential so that they have all the information about the pests that must be defended against, their cycle, the conditions that may favour their attack, the monitoring systems available, and the means of prevention and control.*

## *“Molise Network” project*

*The Europe 2020 Strategy introduced a new instrument to foster innovation: European Innovation Partnerships (EIPs).*

*The “Agricultural Productivity and Sustainability” European Innovation Partnership (EIP\_AGRI) has as its primary objective to “build bridges between cutting-edge research knowledge and technology and farmers, forest managers, rural communities, businesses, NGOs and advisory services” (Regulation EU 1305/2013, art. 55(1)(d).*

*To support this, there are Operational Groups, instruments for the dissemination of innovation that are set up in each Member State for the promotion of innovation projects that companies, researchers, technicians and other relevant actors can participate in. Through its participation in PSR Molise 2014-2020 within the framework of Intervention 16.1.1 “Operational Groups of the EIP for agricultural productivity and sustainability”, La Molisana is the lead partner of the Operational Group called “ReteMolise”.*

*In detail, the project aims to set up a structured network of monitoring and services along the supply chain through the development of a Sustainability Protocol that concretely follows the guidelines laid down in the ISCC (International Sustainability & Carbon Certification) and certifies the supply chain’s commitment to:*

- Reduce GHG (greenhouse gas) emissions from agricultural operations over time.*
- Protect soils with high carbon stock and biodiversity.*
- Apply agronomic practices that respect the soil, air and water.*
- Respect workers’ rights.*
- Pursue the goals of Agenda 2030.*

*The project also aims to encourage agri-food companies to join quality schemes in order to position Molise companies in new settings and markets that require proof of sustainability. It consists of two phases:*

*Phase I - Set-up for the establishment and start-up of the Operational Group.*

*Phase 2 - Operational phase for the implementation of the project proposal. For access to Phase II, the Operational Group will participate in the call for tenders being issued by the Molise Region’s Agriculture Department for the development of the technical group’s integrated research process.*



# CHAPTER

# 3

## **Full food responsibility**

### Controlling the integrated supply chain

Our commitment to food responsibility is based on a firm control of our entire supply chain. La Molisana not only looks at the proximity of its suppliers, but also builds a relationship of trust and shared values with them over the long term. The goal is to combine the quality of the raw materials that characterise the local region with sustainability guaranteed by the best practices that combine tradition and innovation to offer the best product, guaranteed by the numerous certifications that the past factory has earned.

### 3.1 Proximity, quality, ethics: the relationship with suppliers

To produce high-quality pasta, it is important to rigorously monitor our suppliers and the raw material to ensure that the high standards set by the company are met. La Molisana has established **direct, long-lasting business arrangements** that support the pursuit of shared values and common goals. Thanks to our integrated supply chain and the longevity of our brand, we have established a reliable and sustainable supply chain based on solid foundations: **the quality of the raw material, the proximity of our operators, ethical conduct and sustainable agricultural practices**. We base our relationship with the supply chain on principles of **ethics, integrity and social responsibility** by making sure that suppliers, sub-suppliers and contractors are committed to the protection of human and labour rights, including:

- The fight against child labour
- The fight against forced labour
- Ensuring a healthy and safe workplace
- Freedom of association and membership in trade unions
- Non-discrimination
- The fight against the use of any form of physical or verbal violence
- Appropriate working hours in accordance with national or specific agreements
- Adequate remuneration in accordance with national or specific agreements

We are also committed to engaging openly with all relevant internal and external parties, promoting the adoption and spread of the principles of corporate responsibility among our suppliers, contractors and sub-suppliers and rewarding their commitment to

continuously improve the principles established by the **Ethical Trading Initiative (ETI) Code of Ethics** founded on the conventions of the **International Labour Organisation (ILO)**.

For high-risk suppliers who do not hold certifications or memberships in the **Sedex Members Ethical Trade Audit (SMETA) circuit**, the company conducts an approval audit at least every three years. In 2022 two supplier audits were carried out, while there were no new suppliers assessed on environmental and social criteria.

La Molisana's main semolina supplier, Flli Ferro Semolerie Molisane srl, is certified according to the international Sedex Members Ethical Trade Audit (SMETA) standard.

In overall terms, in 2022 La Molisana worked with **1,306 suppliers, 21% of which were based in Molise and 90% in Italy**. A residual share (less than 5%) is based in non-EU countries.

Considering the percentage weight in terms of turnover for each category out of the total number of suppliers, **the largest share (46.8%) pertains to the purchase of raw materials** – understood as semolina and auxiliary raw materials (vitamins, eggs, spinach, tomato, squid ink) – followed by suppliers of packaging (11.5%) and finished products (6.8%) such as: pasta, gluten free products, gnocchi, products of the "Rossi" range, etc. Among suppliers of services, those with the greatest impact on expenditures are suppliers of capital goods (machinery, industrial equipment, buildings, etc.) and for maintenance (8.9%), suppliers of promotional and marketing services (8.5%) and transporters (7.7%).

#### Active suppliers in 2022, by category and % of expenditures





### 3.2 Guaranteeing the best raw material: wheat fanatics

Over 100 years of **history, our integrated supply chain and the unspoilt land** on which we operate — Molise, blessed with the perfect conditions for making pasta — are just some of the elements that make La Molisana's pasta so special.

**Pasta is a simple product made from water and semolina.** For a truly excellent final product, the raw materials must be of the highest quality. At La Molisana, where we manage the entire supply chain, this is an essential prerequisite. The first element — **the pure spring water from the Matese National Park**, flowing at 1850 metres above sea level — is provided by mother nature and is perfect for making pasta, while the second element — the **wheat** used to derive the semolina — is guaranteed by us here

at La Molisana and is a true passion.

Procuring the best raw materials is not something that can be left to chance. **It means understanding your market and building relationships with reliable suppliers.** Over four generations, the Ferro Family has gained knowledge and credibility in selecting the best varieties of certified and traceable durum wheat.

# The Integrated Supply Chain: from wheat to pasta

## What do we mean by the pasta supply chain?

The first link in the supply chain is selecting wheat based on its nutritional qualities.

- For products aimed at the Italian market, we use 100% Italian wheat grown in the central-south regions of Italy: **Molise, Marche, Apulia, Lazio and Abruzzo.**

- We have selected certain varieties including **Maestà, Don Matteo and Marco Aurelio** for their quality and high yield.

- Grain quality can be divided into four key areas: yield, protein content, resistance to disease and environmental stresses (resilient agricultural systems) and the technical and nutritional quality of the grain. We only accept wheat that meets the most rigorous standards and is accompanied by a certified grain passport. After a lengthy process to analyse and classify the wheat in our laboratory, the grinding process begins. The grain is sifted, purified and husked. The stone-ground flour is usually obtained using a cylinder which continuously grinds the wheat until only the semolina remains. This is then mixed with pure water to make the dough. During extrusion, the dough is forced through a perforated Teflon or bronze cylinder to create the final shape. The pasta is then dried using warm air cycles and cooled to reach the ideal temperature for packaging.

Finally, the pasta is stored in silos before final packaging.

## What makes our supply chain special?

La Molisana is one of the few businesses in the sector to benefit from a fully integrated supply chain. This means that we are able to monitor the entire production process from field to fork. Our responsibility became even more evident in 2011 when the factory was acquired by the **Ferro Group**, a family of millers with over a hundred years of experience and owners of a milling plant (**Semolerie F.lli Ferro Srl**) which today produces around 150,000 tonnes of durum wheat each year, with a daily production capacity of approximately 600 tonnes and a storage capacity of around 23,000 tonnes.

The integrated supply chain offers important competitive advantages. The synergy between our mill and our pasta factory set us apart from most of our competitors, providing consumers with a guarantee of traceability, safety and consistent quality. It also affords us significant economic benefits thanks to economies of scale and production synergies.

### 1. Wheat Fields

For years we have focused on the search for high quality Italian durum wheat in the regions of Central-Southern Italy, closely following each stage of cultivation with the aim of supporting Italian agriculture and raising quality standards.

### 2. Silos

We operate one of Europe's leading storage facilities in the middle of the Tavoliere delle Puglie plain. This state-of-the-art facility is equipped with advanced technology to preserve and monitor durum wheat.

### 4. Pasta Factory

Located at 730 metres above sea level, our pasta factory is one of the highest in Central-Southern Italy. A cutting-edge facility optimised by continuous investments, it has 11 production lines, 20 packaging lines, a storage capacity of 50,000 pallets and trigeneration systems to produce sustainable energy.

### 3. Mill

For over 100 years, we have only accepted wheat certified by a grain passport to confirm compliance with the food hygiene and safety standards under REG. (EC) 852/2004, 178/2002, 466/2011, as amended. Using the best technologies available, such as optical selectors, stone decorticators and soft grinding techniques, we obtain safe and healthy semolina that is delivered fresh to the factory every day.

## Supply contracts for high-quality Italian wheat

The principles of sustainability to which La Molisana aspires in its relationships with wheat suppliers are put into practice through **supply contracts, an important tool to support Italian agriculture.**

Thanks to these agreements, La Molisana guarantees that the **high quality and sustainability standards** it requires are met, while producers see their efforts recognised through the stability of an established agreement, a **guaranteed minimum price** and a bonus based on the sale price.

Specifically, this is between €3 and €10 per tonne, depending on the protein content (>15%). These contracts enable La Molisana to express its commitment **to promoting the development**

**of the local economy and protection small Italian producers.** From 2018 to today, we have signed a series of agreements with farmers in the centre south in Molise, Apulia, Marche, Lazio and Abruzzo, which have enabled us to go from a purchase volume of 8,500 to 23,000 tonnes of wheat in just five years.

For the 2022 harvest in particular, the agreements covered 7,429 hectares of land. Considering that an average farm in Italy cultivates 11.10 hectares of land (ISTAT data 2021), this means that in 2021 alone we supported the equivalent of 699 producers. Today, we are extremely proud to be able to **offer our customers pasta made from 100% Italian wheat.**

PROTEIN CONTENT

NEVER LESS THAN

14%

HIGH YELLOW INDEX

>24  
MINOLTA POINTS



HIGH GLUTEN QUALITY

75  
GLUTEN INDEX

## Supply contracts: the social, economic and environmental advantages

### GUARANTEED MINIMUM PRICE

Supply contracts guarantee that farmers receive a **guaranteed minimum price** for their produce and benefit from long-term employment prospects through a project aimed at constantly increasing production.

### BONUSES

Bonuses are introduced to reward the cultivation of **high-quality** durum wheat.

### CO<sub>2</sub> REDUCTION

Our supply contracts **optimise transport logistics** and lower CO<sub>2</sub> emissions.

### TRAINING FOR FARMERS

Programmes are promoted to help farmers **improve their skills**.

### TRACEABILITY OF INFORMATION

**Traceability of information** is optimised at the various stages of the supply chain.

### SUSTAINABLE PRACTICES

Supply contracts promote and introduce **more sustainable agricultural practices**.

## Sua maestà il grano

**Improving the competitiveness** and economic sustainability of our growers, **rewarding the development of domestic production** to reduce imports, **developing innovation in farming**, promoting better product quality and **higher environmental sustainability** standards thanks to the use of technology that supports conscious and informed decision-making. These are the main goals of the *Sua Maestà il Grano* project supported by La Molisana.

Together with **Cassa Depositi e Prestiti** and **Intesa Sanpaolo**, **La Molisana** has signed a new **supply chain contract established by the Italian Ministry of Agricultural Policy** worth over **€9 million** to support the growth and development of four companies in La Molisana's supply chain operating in Molise and Apulia. The Sua Maestà il Grano project centres on **creating a specific supply chain for high-grade durum wheat** with superior quality standards and high yields in

a highly traceable context with certified food safety standards, guaranteeing specific and nutritional characteristics and protein content.



GRANOMAESTÀ



### 3.3 Semolina processing: experience, technology and excellence

As already noted, one of the most important characteristics of La Molisana is the strength of its **integrated supply chain** and our many years of experience in the art of milling. For over one hundred years, the Ferro Family has selected the best wheat varieties and ground them at the family mill using **skills passed down for five generations to produce only the**

**finest semolina**. Because no single variety of wheat is able to meet all of the requirements that make the perfect pasta, the ancient knowledge of master millers is essential to select and combine the finest grains with diverse yet complementary chemical and physical properties to create the perfect blend.

#### The mill. A guarantee of excellence

An important competitive advantage for the company is the Mill, which combines experience and innovation: it employs **highly specialised staff and modern equipment** that are constantly updated, including **new optical sorters** that, thanks to optical recognition and advanced algorithms, classify each individual grain and expel imperfect grains at high speed. These include nine dedicated to the selection of non-compliant grains in terms of weight, shape, presence of stains, and two to the control of the presence of minimal traces of soya.

La Molisana has made an investment in this facility that offers considerable advantages, guaranteeing high levels of grain hygiene and the purity of the semolina produced while considerably reducing the risks of allergens.

Highly specialised machines also offer a **more ecologically sustainable production process** which reduces the amount of grain that can't be processed due to its size or structure and therefore reduces waste. Our mill's instrumentation also includes infrared (NIR) technology, which allows wheat and semolina samples to be analysed in seconds.

Over the years, grain unloading has been improved with, among other things, **the introduction of centrifugal fans for a 95% reduction in grain dust**, which, rather than being emitted into the atmosphere, is distributed into suitable cone-shaped containers for recovery

and disposal. The milling department is also highly **innovative and efficient**. In 2006, the **pre-grinding stone decortication process** was adopted. Stone decortication takes place at the start of the traditional milling process and can be considered as a preventive treatment before the full grinding process begins. Using stone husking, a good part of the bran – and with it the bacterial charge contained in the bran layers – is removed by an abrasive action between two grinding stones, all while keeping the grain intact.

The decorticating machines – nine of them being newly installed – ensure:

- **Superior hygiene and sanitation** by lowering the total bacterial load and substantially reducing residues from any crop protection products, heavy metals, pesticides and mycotoxins that may be present.
- **Better quality** flour (less presence of stains, moulds, bacteria, mycotoxins and ash).
- **Increased** grinding yield.
- The production of **by-products** with bioactive components **for livestock**.

NEVER LESS THAN

14%

PROTEIN CONTENT

LOW ASH CONTENT

0.82

SS

HIGH YELLOW INDEX

>27

MINOLTA POINTS

HIGH GLUTEN QUALITY

85

GLUTEN INDEX

### Keywords for an excellent semolina

#### HIGH PROTEIN CONTENT

Enhances the pasta-making aptitude of durum wheat.

#### HIGH PROTEIN QUALITY

Determines the firmness, elasticity and ability of the dough to retain its original shape during and after cooking.

#### HIGH YELLOW INDEX

Indicates the presence of carotenoids which determine the colour of the pasta.

#### LOW ASH CONTENT

Ensures a balanced flavour of the pasta without a "bitter aftertaste" and enhances its yellow colour.

Cleansed of bacteria, mycotoxins and mould through the stone husking process, La Molisana's wheat guarantees a **pasta that is not only highly compliant with food safety standards but also distinctive in terms of taste quality**. The end result is a purified semolina that retains all of its natural properties and is high in protein, highly nutritious and straw-yellow in colour.

# CHAPTER

# 4

## **An excellent, certified pasta**

High quality and food safety are pillars of La Molisana's business, attested to by strict internal and external controls and adherence to international standards and certifications. At the centre of it all is the satisfaction of our customers and consumers, whose voice is attentively listened to through efficient customer care platforms.

## 4.1 From semolina to pasta

When it arrives at the factory, just a few metres from the Mill, the **fresh semolina is stored in different silos** according to type. After the initial **sifting**, the process to make the pasta begins in earnest, starting with working the dough composed of about 70% semolina and 30% water.

After around 15 minutes, the dough is pressed and **extruded through bronze** dies, the moulds that give the pasta its distinctive shape. The bronze extrusion process is more onerous and offers a higher quality than its Teflon equivalent, giving the pasta a porous and textured surface, perfect for holding sauces.

The pasta is pushed through the dies and is cut to the right size for each shape using special blades, after which it is transferred to large

ovens to begin **drying**, which can last three hours for short shapes and ten hours for long shapes.

La Molisana uses a moderate temperature for drying to preserve the natural properties of the semolina. The pasta is brought out of the oven warm and is then **stabilised, humidified and cooled before being sent to be packaged**.

This delicately balanced series of processes is what creates La Molisana pasta every day, distinctive for its unmistakable warm, golden-yellow colour, an intense aroma of wheat, a high protein content and superior firmness when cooked.

## The water of Molise

**Pasta is a simple product made from just two ingredients: water and wheat.** The properties of these two elements give the final product its intrinsic quality.

In 1995, **Legambiente established that the best water sources in Italy were located in Molise**, and in 1998 the scientific journal *Newton* defined Molise's water as the best in Italy. Rich in mineral oils — **with an extremely low fixed residue, which lends a consistent lightness — and low in sodium** (less than 20 mg/litre) **and nitrates**, the water of the Matese mountains is suitable and recommended for children and people on a low sodium diet.

**This microbiologically pure water originates**

**in the Matese National Park** amid mountains that reach 2,050 metres high and is **collected in the heart of the land itself** at Riofreddo, via a window cut into the rock at 506 metres above sea level, from where it is diverted into the water distribution network. **From here, the water is sent directly to our pasta factory, where it is mixed with the semolina to make the dough** for the finest pasta.

Since 2017, thanks to a project promoted by the Molise Region, **this precious natural heritage has been certified by a stamp** which attests to the quality of the water and of the production activities that use it.

CAPTURED IN THE HEART  
OF THE MATESE

VERY LOW NITRATE CONTENT

VERY LOW DRY RESIDUE  
AND ALWAYS LIGHT

RICH IN MINERALS  
AND VERY LOW SODIUM LEVELS

## 4.2 Certified quality and safety

La Molisana maintains its philosophy in all formats produced: **the highest quality and food safety** attested by strict internal and external controls and analyses carried out at different stages of the process (on impurities, weight or defects) and by adoption of the leading international standards. Based on a hazard analysis, La Molisana defines a **strict control plan** covering raw materials, finished products and resold products.

Product analyses are conducted in-house following a methodology defined in the relevant procedure and, thanks to our **internal laboratory**, include a **close analysis of the protein content, moisture, size and sensory characteristics and a control of any defects** in the finished and packaged products. As an additional control measure, the internal investigations are confirmed by external laboratories, with the aim of verifying the microbiological analyses, the mycotoxin and allergen content and the hygiene quality of the product, among other things. Conversely, food safety analyses are conducted exclusively by external laboratories accredited according to ISO/IEC 17025:2018.

This is a process that offers the company important results: in fact, the analyses and

controls conducted in 2022 **did not detect any instances of non-compliance with regulations or self-governance codes regarding the impact of our products on human health and safety.**

La Molisana also holds certifications that guarantee the quality of its management processes, including **ISO 9001**, the most well-known and recognised quality improvement standard, and **ISO 22005** on the traceability of agro-food businesses.

In addition, La Molisana has earned **IFS** (International Food Standard) and **BRC** certifications, both of which aim to promote the effective selection of mass distribution food suppliers based on their capacity to provide safe products that conform to specific contractual and legal obligations. These are the leading food safety standards recognised by the Global Food Safety Initiative (GFSI), an international project that focuses on strengthening and promoting food safety throughout the supply chain.

Our organic range of products has also obtained European certification and has the right to display the **VEGAN OK** logo on certain pasta lines. Furthermore, most of our products are certified **KOSHER** and **HALAL**.

## CERTIFIED FIRMNESS













To **celebrate the firmness that distinguishes its pasta**, in 2018, La Molisana decided to give scientific meaning to the term and obtain **DNVGL certification not only for its products**, but also for the firmness of its pasta.



This process, which involved all key players in the production chain, aimed to standardise production processes and guarantee the achievement of pre-established quality targets that define the quality of our products. To this end, a specific

technical document was drawn up, describing the composition and quality characteristics of the products subjected to certain tests (characteristics of the semolina, certain production technologies and post-cooking tests).

## Our certifications

OUR CERTIFICATIONS	DESCRIPTION	SCOPE OF REFERENCE
 <p><b>BRC - FSMA</b> (standard for the US market)</p>	<p>Certification in accordance with the food quality and safety standard developed by the British Retail Consortium and recognised by GFSI. First established to certify British mass producers, it is now internationally recognised and applied</p>	<p>Production and packaging in plastic or paper for dried durum wheat semolina pasta, egg pasta and special pasta</p>
 <p><b>IFS</b></p>	<p>Certification in accordance with the food quality and safety standard recognised by GFSI. First established to certify German, French and Belgian suppliers, it is now internationally recognised and applied</p>	
 <p><b>KOSHER</b></p>	<p>Certification of compliance with Jewish dietary restrictions</p>	
 <p><b>HALAL</b></p>	<p>Certification of compliance with Islamic dietary restrictions</p>	
 <p><b>ISO 22005</b></p>	<p>Leading international standard for the certification of agro-food traceability systems. The standard can be applied by any organisation that operates in any phase of the agro-food industry</p>	<p>Durum wheat semolina pasta. Traceability in agro-food supply chains. "General principles and basic requirements for the design and implementation of systems"</p>
 <p><b>ISO 9001:2015</b></p>	<p>Globally recognised certification which defines the requirements of quality management systems in workplaces or the standards that organisations must adopt to achieve the results promised to end customers</p>	<p>Development and production of dried durum wheat semolina pasta, egg pasta, pasta enriched with vitamins, spinach pasta and tomato pasta. Commercialisation of special pastas and other semolina-based products.</p>
 <p><b>DNVGL product certification</b></p>	<p>Certification of the "firmness" of durum wheat pasta.</p>	<p>Dry pasta - Product Specifications - "Durum wheat semolina pasta produced with high quality semolina and DEFINED technologies"</p>
 <p><b>Organic certification</b></p>	<p>The organic certification is issued by the relevant body and recognises the achievement of certain standards set by the European Union. It is awarded to companies operating in various fields (e.g. production, preparation, commercialisation and import of organic agricultural and food products, livestock and animal products and more)</p>	<p>Production and sale of organic pasta</p>
 <p><b>Vegan OK</b></p>	<p>Ethical certification created to denote all of the vegan products sold and released in Italy</p>	<p>Products that meet the guidelines may display the Vegan OK logo.</p>
 <p><b>Crossed grain</b></p>	<p>The Spiga Barrata mark is the symbol of the Italian Coeliac Association, which guides coeliacs in their choice of packaged food products that are safe and suitable for the specific requirements of a gluten-free diet</p>	<p>Use of the logo on all gluten-free products.</p>
 <p><b>GFCO</b></p>	<p>Certification promoted by the Gluten-Free Certification Organization (GFCO). This certification is particularly common in North America and is a voluntary indication for products aimed at people on a gluten-free diet.</p>	<p>Use of the logo on all gluten-free products for the US market.</p>
 <p><b>SMETA 4-pillar protocol</b></p>	<p>Certifies adoption of SMETA (Sedex Members Ethical Trade Audit), a procedure for conducting audits of one's suppliers that comprises the best practices for conducting audits in the ethical and social areas and is based on four pillars: working conditions, health and safety, working environment, business practices</p>	

## 4.3 Customer Care

**Consumers are at the centre of the company's policy:** La Molisana developed a specially designed platform to listen to their voices, collect positive and negative comments, provide information on how to find the product, take prompt action in the event of any issues and educate them on how to use the product. **It is a virtuous and circular two-way learning platform**, but above all, an essential tool to generate dialogue and loyalty between consumers and understand their needs.

As such, we have entrusted **the management of our customer care** services to qualified personnel in the marketing department who know our products well and are able to assist our consumers with professionalism at any stage.

Specifically, since 2013 we offer the following services:

- A freephone helpline open every day from 3 pm to 5 pm
- An email account monitored 12 hours a day

- A WhatsApp number monitored 12 hours a day

In addition to these tools that are specifically designed to facilitate communications, the company's social media (Facebook and Instagram) are also available to our users. These channels enable our operators to respond to users about any issues. Each report is managed according to an established procedure that involves the quality control, logistics and marketing departments who each intervene in line with their expertise. **All reports are documented, processed and archived.**

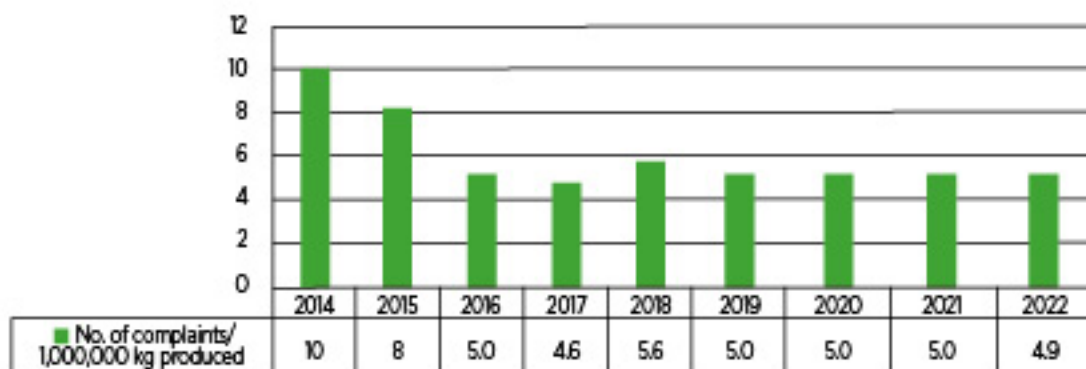
The main strength of our customer care service lies in the **speed with which we respond**. Complaints received on our WhatsApp service are handled in under an hour and in real time via our Freephone service. Complaints sent to our email account are monitored on a daily basis. Finally, we send a small gift to the consumer to thank them for taking the time to contact us.

The complaints registration system is divided into two areas:

• *Complaints by end consumers received via our Freephone number: These complaints are received by our marketing department and handled by the Quality Assurance department. Compared to 2014, the ratio of complaints to kg produced has been cut in half, from 10 to 5, and remained constant over the last three years.*

• *Complaints by business operators forwarded by Mass Distribution clients: These complaints are received, handled and analysed by the Quality department.*

### No. of complaints/1,000,000 kg



There was a slight decrease in freephone complaints in 2022, both in absolute and relative terms (versus kg of pasta produced).

# CHAPTER

# 5

## **Technology, efficiency and investments for environmental responsibility**

Respect and care for the environment are a must for La Molisana and translate into concrete actions to provide a better environment for future generations. Thanks to technological innovations and investments, the pasta manufacturer is committed to reducing emissions and resource use in its plants, as well as to promoting increasingly sustainable logistics.



## 5.1 Our production sites

La Molisana is committed to ensuring that the technologies used at its production sites are constantly up to date, reducing the impact of our activities on the environment as much as possible. **Over the years, we have continued to invest in innovation at our sites** to improve the efficiency of our production process and

### Energy efficiency and emissions

An important part of the company's focus on environmental and economic sustainability concerns the control and rationalisation of energy consumption. For this reason, La Molisana has

reduce the use of natural resources. In 2022 alone the company invested around €18 million in modernising plant and machinery. These investments also include the purchase of the photovoltaic plant, which is expected to become operational by 2023.

installed two **trigeneration systems**, the second one in 2020, **with a total installed power of 3.2 MW, capable of supplying around 80% of the electricity** the factory uses.



### The Benefits of Trigeneration

#### ***What is a trigeneration system?***

*It is a system that makes it possible to self-produce electricity, thermal energy and cooling energy.*

#### ***How does it work?***

*A trigeneration plant consists of an endothermic engine powered by methane gas whose axis is coupled with an alternator and frequency regulator system capable of producing electricity. Together with the cooling circuit of the engine and the flue gas exhaust system, thermal energy is recovered via special exchangers and sent to the general fluid distribution manifold in the thermal power plant. Downstream of the cogeneration system, an absorber capable of converting hot thermal energy into cold energy was installed, which is connected to the general chilled water system.*

#### ***What are the benefits?***

*The system is able to meet 85% of the pasta factory's electricity demand, 100% of its cooling energy demand and 17% of its thermal energy demand.*

*It also offers the following environmental benefits:*

#### ***• Lower fuel consumption***

*Thanks to an improvement in the overall efficiency of the plant, which with the same amount of primary energy is able to produce electrical, thermal and cooling energy, resulting in considerable savings (PES - Primary Energy Saving) compared to production from separate conventional plants.*

#### ***• Lower CO<sub>2</sub> emissions***

*Lower fuel consumption means up to 30% lower CO<sub>2</sub> emissions.*

In April 2020, the **steam boiler** became operational, replacing the old diathermal oil boilers. The new boiler **uses an innovative system to recover thermal energy from combustion fumes** through three air/water heat exchangers. This means that the fumes are released into the atmosphere at temperatures below 90°C, **guaranteeing thermal efficiency of over 97%**. The system is entirely automated and can be adjusted according to workload based on the production calculations carried out at the factory. Consequently, the hot water system is effectively part of the Industry 4.0 revolution. Our investments in energy efficiency have been supported by the granting of **white certificates**, one of the principal tools to promote energy efficiency in Italy. In fact, thanks to the savings of Tonnes of Oil Equivalent (TOE) achieved with our trigeneration systems, **the company now receives several energy efficiency certificates from GSE, Italy's Energy Service Operator, which are processed through a trading mechanism**. This is a commitment that will continue over the next few years, with a constant focus on optimising energy consumption. Specifically, to reduce the consumption associated with the purification plant, we are evaluating an electromechanical upgrading project

with the replacement of machines (pumps, aerators) and the installation of frequency inverters controlled by process probes. **La Molisana has set itself the ambitious goal of becoming self-sufficient, using only self-produced sustainable energy**. Consequently, a **photovoltaic system** with a capacity of 2.1 MW and a total surface area of 10,270 square metres is about to be completed, generating approximately 2.5 GWh of renewable energy per year and further lowering CO<sub>2</sub> emissions. In February 2021, with completion scheduled for early 2023, works began on a major **expansion of the production plant** complete with a **new company headquarters** based on architectural and technological innovation with the aim of reflecting the brand's vision and values in the structure. The new headquarters, with a floor area of approximately 1,800 square metres on three levels, ground floor dedicated to the new employee changing rooms and the upper floors to offices, are **totally powered by the recovery of excess heat and cold from the production process** by means of two heat exchangers that meet the offices' thermal needs.

La Molisana's energy consumption <sup>2</sup>		u.m.	2020	2021	2022	Delta % 2021-2020
Natural gas	Total gas consumption	m3	8,877,770	10,627,593	10,706,140	0.7%
	Gas / pasta produced	GJ	317,895	380,892	384,188	
Electricity	Gas / pasta produced	m <sup>3</sup> /t	60.2	71.0	68.5	-3.5%
	Total electricity purchased and consumed	kWh	10,570,511	2,543,821	4,556,669	79.7%
	Electricity purchased / pasta produced	GJ	38,054	9,158	16,404	
	Electricity purchased / pasta produced	kWh/t	71.7	17.0	29.1	71.5%
	Total electricity self-produced by trigeneration and consumed	kWh	17,457,884	25,780,104	25,245,512	-2.1%
Company car fleet consumption for company/personal use	Total diesel consumed for trucks and vehicles	GJ	62,848	92,208	90,884	
	Electricity purchased / pasta produced	kWh/t	118.4	172.2	161.5	-6.2%
	Total electricity self-produced by trigeneration and sold	kWh	664	3,896	31,536	709.4%
	Diesel consumed / pasta produced	GJ	2.4	14.0	113.5	
Company car fleet consumption for company/personal use	Total petrol consumed for trucks and vehicles	l	0	857	414	-51.9%
	Petrol consumed / pasta produced	GJ	0.0	27.9	13.4	
	Petrol consumed / pasta produced	l/t	0.0	0.0057	0.003	-53.7%
	Total diesel consumed for trucks and vehicles	l	44,761	60,404	63,595	5.2%
Total	Diesel consumed / pasta produced	GJ	1604.5	2170.9	2284.8	
	Diesel consumed / pasta produced	l/t	0.304	0.404	0.407	0.8%
Total	Total energy consumption	GJ	357,553	392,248	402,890	2.7%
	Total energy consumption/pasta produced	GJ/t	2.4	2.6	2.6	-1.7%

<sup>2</sup> Energy consumption data for the years 2020 and 2021 have been updated with the addition of diesel and petrol consumption for the company car fleet, previously not measured.

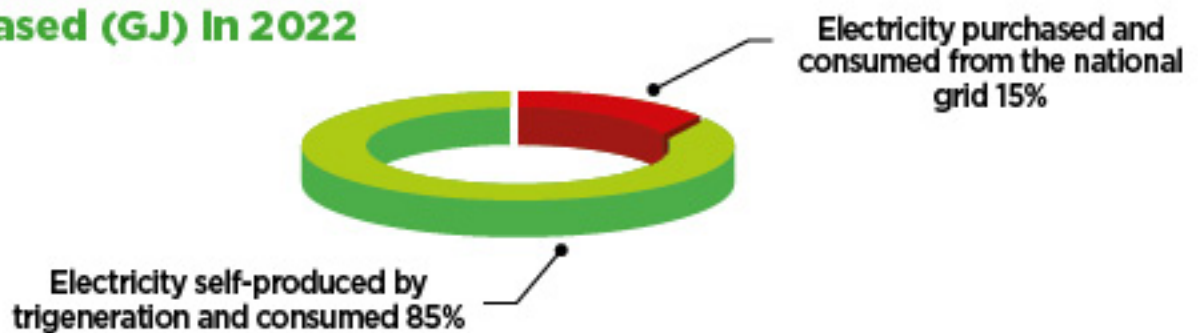
2022 is the second year for which the effects of full use of the last trigeneration plant can be analysed. Comparing the figures to 2021, there was an **increase in the purchase of electricity** by as much as 79%, caused primarily by the need to carry out maintenance on one of the trigeneration plants between November and December, which required its temporary shutdown.

However, the **decrease in the energy purchased compared to 2020** remains evident: the self-

produced energy from the plant provided 85% of the electricity needs, leading La Molisana to reduce the quantities purchased from the national energy grid by 57%.

In general, there was an increase in total energy consumption compared to 2021 (+2.7%) due to an increase in production. Relating this figure to production volumes and thus calculating La Molisana's **energy intensity**, it can be seen that it is **decreasing (-1.7%)**.

## Electricity self-generated and purchased (GJ) In 2022



As a consequence of the energy sources used, the company's **greenhouse gas emissions** derive almost entirely from the direct consumption of fossil fuels for **production and transport operations** covered by Scope 1 - Direct Energy Consumption. With the aim of reporting and analysing our environmental impacts more comprehensively and thoroughly, as of this Report in addition to natural gas we have started to detail our consumption of diesel and petrol for the company car fleet.

Overall, considering direct Scope 1 energy consumption and purchased Scope 2 electricity (according to the Market Based method explained in the following box), La Molisana generated around **23,824 tonnes of CO<sub>2</sub> equivalent** in 2022. As for energy consumption, while the absolute value increased compared to 2021 (+4.5%), **the emission intensity** relative to production **is stable (+0.0%)**.

### SCOPE 1

Greenhouse gas emissions generated directly by La Molisana relating to fossil fuel combustion systems used for operating company sites.

### SCOPE 2

Indirect greenhouse gas emissions deriving from the generation of electricity purchased by La Molisana.

**Market Based:** This reflects the average strength of emissions generated by electricity that the organisation has specifically chosen. It may be calculated using default emission factors that represent the residual mix, or rather the energy and emissions that are not monitored or reported.

**Location Based:** This reflects the average strength of emissions generated by the total production of electricity in Italy.

Emissions of tonnes of CO <sub>2</sub> equivalent <sup>3</sup>	2020	2021	2022	Delta % 2022-2021
SCOPE 1	18,071	21,636	21,744	0.5%
SCOPE 2 (Market Based)	4,926	1,167	2,080	78.3%
SCOPE 2 (Location Based)	3,423	781	1,433	83.5%
<b>TOTAL EMISSIONS SCOPES 1 + 2</b>	<b>22,997</b>	<b>22,802</b>	<b>23,852</b>	<b>4.5%</b>
<b>(Market Based)</b>				
<b>TOTAL EMISSIONS SCOPES 1 + 2</b>	<b>21,494</b>	<b>22,437</b>	<b>23,177</b>	<b>3.4%</b>
<b>(Location Based)<sup>4</sup></b>				
<b>TOTAL EMISSIONS SCOPES 1 + 2 (MARKET BASED) / PRODUCTION (t)</b>	<b>0.156</b>	<b>0.152</b>	<b>0.152</b>	<b>0.0%</b>

With regard to **other polluting emissions**, La Molisana's focus on limiting them as much as possible led to the adoption of the **thermopest technology**. This is an ecological system, an alternative to traditional chemical means (gas and fumigants), for the elimination of insects both in agro-industrial structures and facilities (mills, pasta factories, feed mills) and in goods transport vehicles. Thermo ventilators,

with temperatures of at least 50–55°C, were distributed to all of the company's production sites for 48 hours to suppress all insect life stages. The main advantage of this system over its predecessor is that does not use methyl, a highly toxic and stable substance that remains in the atmosphere for more than 300 years.

## Managing water resources

La Molisana is **highly conscious of its production cycle's water consumption** and promotes its responsible use through process optimisation and water recovery practices in its facilities. In addition to being used in production as an ingredient, the water withdrawn is also used for washing the dies, in toilets and for the operation of the trigeneration plant. Overall, water withdrawals amounted to 114,739 m<sup>3</sup> in 2022, an increase over 2021 both in absolute

terms (+17%) and in relative terms in relation to the pasta produced (+12%). However, this increase is consistent with the levels of 2019, and more importantly lower than 2018. Despite significant growth in production from 2018 to 2022 and the commissioning of the trigenerator, **the quantity of water withdrawn measured in cubic metres per tonne of pasta produced decreased by 15% compared to 2018.**

Water supply by source (m <sup>3</sup> )	2020	2021	2022	Delta % 2022-2021
Total water withdrawals (fresh water withdrawn from the waterworks)	77,779	97,978	114,739	+17%
Water supply (m <sup>3</sup> ) / Production (tonne)	0.528	0.655	0.734	+12%

Most of the water used for the dough is **released back into the atmosphere as water vapour** as a result of the normal evaporation process during the drying phase, while the water used for cooling the production lines is recovered through chillers. Consequently, wastewater comes mainly from consumption for hygienic purposes and from the use of

die washing machines. With regard to the discharge of **effluents** produced by the plant, the company has started a process to **optimise the management of the existing purification plant**, aimed at improving the qualitative characteristics of the water discharged into the public sewerage system.

<sup>3</sup> Emissions were calculated using the following emissions factors:

Scope 1: "Defra - UK Government GHG Conversion Factors for Company Reporting"

Scope 2 - Market-Based: The Association of Issuing Bodies - Residual Mixes and European Attribute Mix 2021 for Italy. Residual mix 2021 factor for Italy. Data expressed in tonnes of CO<sub>2</sub>. However, the percentages of methane and nitrous oxide have a negligible impact on total greenhouse gas emissions (CO<sub>2</sub> equivalent), as inferred by the relative technical literature.

Scope 2 - Location Based: The Association of Issuing Bodies - Residual Mixes and European Attribute Mix 2021 - Production mix 2021 factor for Italy. Data expressed in tonnes of CO<sub>2</sub>. However, the percentages of methane and nitrous oxide have a negligible impact on total greenhouse gas emissions (CO<sub>2</sub> equivalent), as inferred by the relative technical literature.

<sup>4</sup> The scope 2 Location Based emissions data for the years 2020 and 2021 changed slightly from those published in the 2021 Sustainability Report due to an update of the emission factors used.

Test reports on the effluent of the treatment plant show a significant improvement in terms of contaminant concentrations compared to past available data.

Our goal is to **implement the treatment of the purified water** with a refining system that allows it to be reused as cooling water in the nearby trigeneration plant. The recoverable quantity is approximately 100,000 m<sup>3</sup>/year with a hydraulic flow rate characterised by the existing lifting system of 8 l/s. The treatment chosen is a function of the specific materials

used for the heat exchanger units serving the cogenerators in order to avoid their accelerated degradation compared to the design forecasts. This choice will result in the possibility of discharging the refined water used for cooling within the rainwater collection network with consequent compliance with the emission limit values set by the regulations for discharge into surface water bodies without the need for further treatment.

## Managing waste and by-products

The investments made by La Molisana to improve the efficiency of its production process also have positive implications for circular waste management. **Using lower amounts of raw materials means less waste**

**generated**, resulting in benefits for the environment. Specifically, we implement projects to encourage the **recovery of almost all production waste**, preventing it from going into landfills.

Waste (kg) by category	2020	2021	2022	Delta % 2022-2021
Paper and cardboard packaging	444,980	424,350	409,250	-3.6%
Mixed packaging	-	69,560	166,770	139.8%
Plastic packaging	231,840	180,350	118,070	-34.5%
Iron, steel and other metals	19,890	155,680	24,620	-84.2%
Wastewater treatment sludge	17,000	13,400	13,660	19%
Liquid waste	-	120,660	-	-100%
Insulating materials	35,280	-	-	-
Other	4,760	9,100	-	-100%
<b>Total</b>	<b>753,750</b>	<b>973,100</b>	<b>732,370</b>	<b>-24.7%</b>



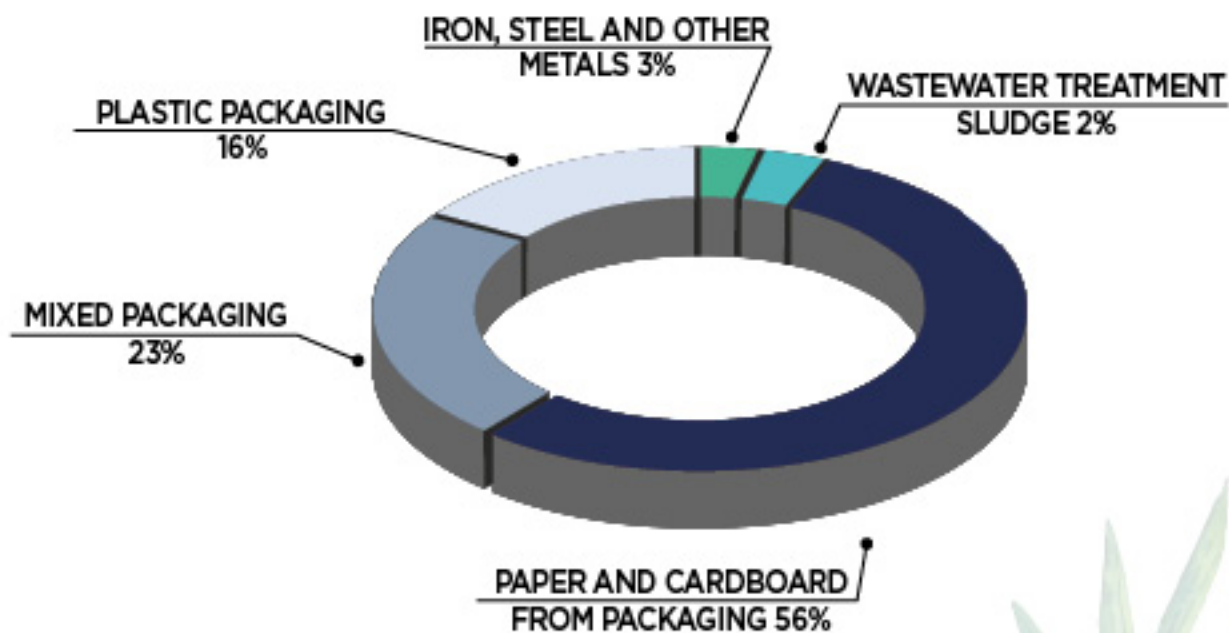
La Molisana's waste comes mostly from the **waste of paper, cardboard and plastic packaging**. Due to the renovation and expansion of factories and offices, 2021 data included "extraordinary" waste normally not produced (or produced in smaller quantities) such as metals, bulky waste, electronic equipment and mixed packaging. In 2022 the situation practically returned to normal, with all of the "extraordinary" product categories noted being reduced to zero, with the exception of mixed packaging, which is still growing by around 140% compared to 2020.

**In 2022 all waste generated was non-hazardous and was sent for recycling or recovery.** La Molisana has undertaken several collaborations with suppliers who "close the loop" by recovering and recycling production

waste. One example is packaging cartons, which are delivered back to the suppliers who, owning a paper mill, provide for their recovery or recycling. Furthermore, separate waste collection is carried out in all La Molisana plants, including in the pasta manufacturer's offices.

As far as ingredients are concerned, nothing is wasted: **In fact 75% of the wheat grain is used to make semolina**, the remainder is broken down into **flour and durum wheat middlings**. These by-products are used for **animal feed** and are then sold to feed mills as straight feed. Approximately 1,620 tonnes of fresh and dry scrap was recovered and sold in 2022, which is about 1% of production.

### % Waste produced by waste category - 2022



## 5.2 Packaging: our business card

La Molisana's focus on quality and sustainability during production continues in its product packaging. In fact, for those who work in close contact with the retail world, **packaging is the brand's most important calling card**, conveying the company's values and messages in the very last mile where the purchase takes place.

La Molisana has invested a great deal to achieve a packaging that, through contemporary design, is able to express its value heritage: more than a century of history, the choice of only Italian wheat, the ingredients' origin, the integrated supply chain from mill to pasta factory. In 2021, with the aim of concretely demonstrating our attention to the environment and communicating our willingness to commit to a strategic path towards sustainability, we introduced a **new totally recyclable paper packaging for the Le Classiche line** (see box below "Packaged in paper for the love of the environment"), **further extended to the Le Integrali line in 2022**. We have therefore increased our purchases of **FSC paper** for packaging (+54% compared to 2021) at the expense of plastic film, the consumption of which fell by 21% compared to 2021. With regard to secondary packaging, the materials most commonly used in the storage and transport of products are cardboard boxes, wooden pallets and plastic in the form of tapes, labels and stretch wrapping, the purchases of which increased compared to 2021 due to the growth in production. Instead, we use glass containers closed by metal caps for the packaging of our "Rossi" products.

Concerning the origin of **non-food materials** purchased, **most (66.5%) originate from renewable sources**, i.e. from natural resources such as paper, which are not exhaustible or are managed in such a way that they can be regenerated by natural processes in the time scale of human activities. Considering also the purchases of raw materials used for the production of pasta and finished products

destined for retail sale, all of which are of organic origin, we can state that **98.7% of the total flow of materials purchased by La Molisana comes from renewable sources**.



Non-food materials purchased*	u.m.	2020	2021	2022	Delta % 2022-2021
Plastics for primary packaging (film)	t	1,860.8	1,487.7	1,171.7	-21.2%
Plastics for secondary packaging (labels, tape, stretch film)	t	124.6	133.7	193.8	+37.5%
Cardboard (boxes, trays, cases)	t	7,093.5	7,448.6	8,299.3	11.4%
FSC-certified paper for packaging	t	0.0	750.8	1,158.3	54.3%
Generic and office paper	t	100.4	391	57.4	46.9%
Wooden pallets	t	184.71	185.92	2311	24.3%
Glass for bottles	t	1,318.8	3,299.6	3,459.1	4.8%
Metal for capsules	t	54.6	98.9	89.0	-10.0%
<b>Total non-food materials</b>	<b>t</b>	<b>10,737.4</b>	<b>13,444.3</b>	<b>14,649.8</b>	<b>9.0%</b>
from renewable sources	t	7,378.61	8,424.42	9,746.2	15.7%
	%	68.7%	62.7%	66.5%	3.9 pp
from non-renewable sources	t	3,358.8	5,019.9	4,903.6	-2.3%
	%	31.3%	37.3%	33.5%	-3.9 pp

\* The data refer to the quantities purchased during the year in question, with the exception of the plastic used for primary packaging, for which it was possible to calculate the actual consumption (purchases net of inventory and sales).

## Packaged in paper for the love of the environment

Aware of the demands of consumers who are increasingly attentive and sensitive to the issue of plastic in the environment, La Molisana decided to change its look and opt for a new packaging, **totally recyclable in paper**. In fact, our pack has earned 501/19 certification by Aticelca, an impartial certification body, attesting to the recyclability of its paper.

Thanks to this choice, the company has reduced the plastic added to the market by about 280,000 kg per year.

The paper that makes up the packaging comes from renewable and sustainably managed sources according to **FSC Mix certification**.

With the aim of further solidifying this choice, in 2022 La Molisana requested a specific consultancy for the quantification of the so-called **Material Circularity Indicator**. This indicator was devised by the Ellen McArthur Foundation and aims to measure the level of circularity of a product by assessing information on:

- The origin of the materials (fraction resulting from recycling, reuse, biological origin)
- Characteristics of the product and its use (mass, durability, intensity of use)
- End-of-life management (recyclable, reusable



fraction of the product, recycling efficiency)

The result of the MCI index ranges between 0 and 1, where 0 indicates a non-circular product and 1 indicates a fully circular product. This analysis, carried out with the support of Studio Fieschi & Soci, allowed us to confirm and guarantee that **the current packaging is more circular than the previous packaging thanks to the organic origin of the paper and therefore the reduction of virgin materials used.**<sup>5</sup>

<sup>5</sup> When calculating the MCI, the Ellen McArthur Foundation considers virgin material to be any material that does not come from re-use, recycling or is not of sustainable biological origin.



## Application of the Circularity Index

Results - MCI Comparison

### Main product characteristics

#### Current packaging:

- Fraction of biological origin 63%
- 37% virgin material
- 100% end-of-life recyclability
- 60% recycling efficiency

#### Previous packaging:

- Fraction of biological origin 0%
- 100% virgin material
- 100% end-of-life recyclability
- 75% recycling efficiency

Current packaging



Previous packaging



With the aim of advancing the company's efforts in reducing the use of plastic and further limiting its negative impact on the environment, La Molisana embarked on the "Zero Impact" project with Lifegate: a programme to offset the CO<sub>2</sub> emissions generated by the company's packaging and paper products.

Today it is thus able to totally offset the emissions from the production of pasta packaging and cartons. Lifegate's scientific team calculated the carbon footprint and estimated the total compensation in carbon credits to support reforestation and forest protection projects in Madagascar, Brazil and Ticino Park.

## What is carbon offsetting and what are carbon credits?

Carbon offsetting of a given amount of climate-changing emissions consists of the direct (i.e. by directly implementing the project) or indirect (i.e. by financing third-party projects) implementation of a project that reduces climate-changing gas emissions by a share equal to the amount of emissions to be offset. Carbon offsetting allows a company, entity or organisation to **take responsibility for the emissions it cannot reduce** (or has not yet reduced) through internal measures. Since climate change is a global phenomenon, **any reduction in greenhouse gas emissions is effective regardless of where it takes place on the planet.** Carbon offsetting can take place through

**the purchase of carbon credits. One carbon credit corresponds to one tonne of CO<sub>2</sub> absorbed or avoided.** Carbon markets exist under both mandatory (compliance) and voluntary schemes. **Compliance markets** are created and regulated by **mandatory national, regional or international carbon reduction schemes** (e.g. EU-ETS).

**Voluntary markets** operate outside compliance markets and allow companies and individuals to **purchase carbon offsets on a voluntary basis** without being used for compliance purposes.

## THE ZERO IMPACT PROJECT



Uses an **environmental impact assessment** to quantify carbon dioxide emissions (kg of CO<sub>2</sub> equivalent) released into the atmosphere by any activity, product, service, event, lifestyle



Proposes projects and actions to **reduce emissions of CO<sub>2</sub>** through resource optimisation strategies and the reduction of consumption



Offsets residual CO<sub>2</sub> through carbon credits generated by the creation and protection of forests in Italy and around the world (Bolivia, Costa Rica, Madagascar, Panama, New Zealand, etc.) and energy efficiency projects

### 5.3 Efficiency in logistics

We are aware of our environmental impacts even with respect to logistics and are therefore committed to reducing them through **optimised transport management**. La Molisana's logistical traffic mainly takes place on the **road** (about 80%) and on the **sea** (20%). An extremely small portion, less than 1%, takes place via **intermodal rail transport** used in particular for the transport of products to Eastern Europe. The geographical breakdown of product distribution is **60% to Italy and 40% to foreign countries**. Among the main foreign countries, the USA accounts for about 10% of total volumes, followed by Australia (about 5%) and Japan (about 3%). The company has initiated discussions with transport providers in order to further analyse its environmental impacts and collect information about transport-related emissions.

As part of its commitment to improving logistics efficiency, La Molisana completed the acquisition of the former Zuccherificio del Molise: the aim is to build a large wheat storage centre and exploit the strategic location of the facility, adjacent to the railway, to create an important logistics hub, with advantages in terms of transport efficiency and effectiveness. Together with the logistics provider CHEP, we are also working on the development of new transport optimisation initiatives, in addition

to the already existing **Pallet Pooling**. Under traditional pallet logistics systems, distribution companies are responsible for managing the pallets used to transport the goods and products packaged by suppliers and, therefore, must return them to the client.

The distribution companies unload the laden pallets at their destination and collect an equal number of empty pallets in return. The companies must therefore move things around on their platforms to free up space before being able to collect pallets from other clients and must periodically collect the pallets that have accumulated on the platforms and return them to the clients. Under the Pallet Pooling system, however, **pallets are leased by a third party** that makes them available and handles **delivery and collection**, freeing the transport companies from pallet management and avoiding unnecessary movements with respect to the interchange system. Under pallet pooling, the **unladen kilometres travelled by the vehicles are drastically reduced**.

The reduction of environmental impacts achieved by La Molisana through the use of CHEP Italia's pooling system is guaranteed by the Certificate of Sustainability received from CHEP on the promotion of a sustainable logistics model.



+wood saved equal to  
**392,056 dm<sup>3</sup>**  
+379 trees

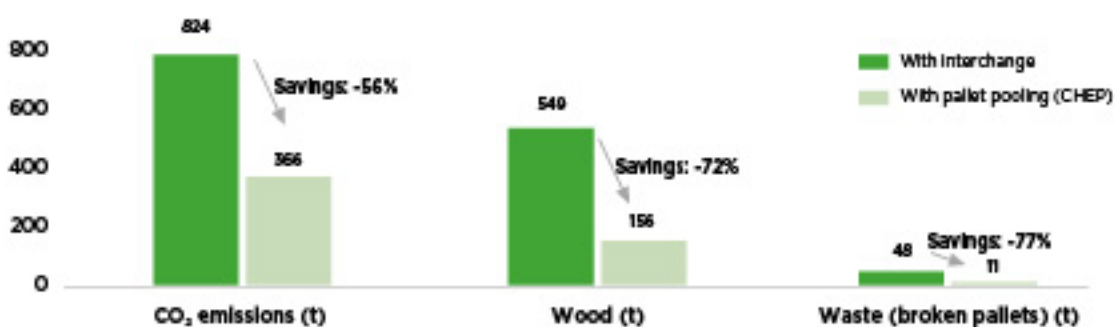


+CO<sub>2</sub> reduction of  
**457,906 Kg**  
+equivalent to 10 trips  
-in trucks around the earth



+Waste reduction of  
**36,982 Kg**  
-equivalent to 9 trucks  
of waste

#### Interchange v Pallet Pooling: the savings In 2022



# CHAPTER

# 6

## **People at the centre:** competitiveness and social responsibility

Here at La Molisana, our employees are a key strategic asset and a source of expertise, passion, dedication indispensable not only to the success of the business, but also its very existence. This means not only promoting the professional growth and fulfilment of employees, but also capitalising on the talent in the region. At the same time, we constantly prioritise training and the promotion of safety and well-being in the workplace.

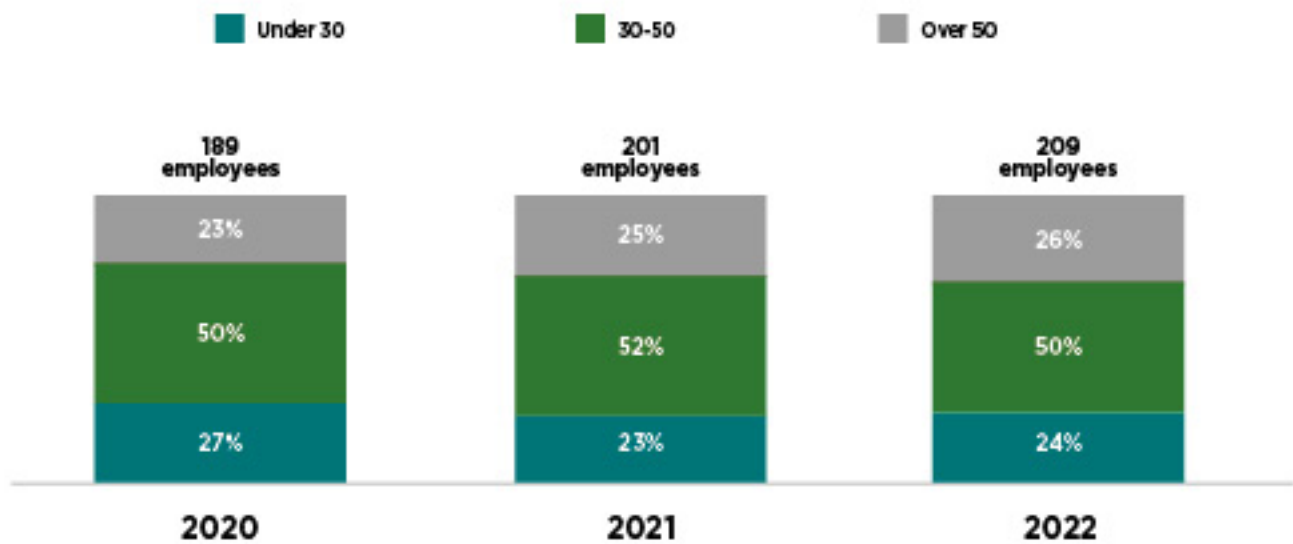
## 6.1 Our people, our world

La Molisana is committed to promoting the professional growth of its employees, offering them equal opportunities for growth, respecting their rights, protecting their safety, as well as their physical, cultural and moral integrity. Indeed, we believe in the value of training as the basis for the development of skills and talents. Training is a particularly important aspect for us as it motivates new generations to stay in Molise thanks to the opportunity to engage in exciting and fairly paid work. We also encourage a culture based on merit. This value stimulates

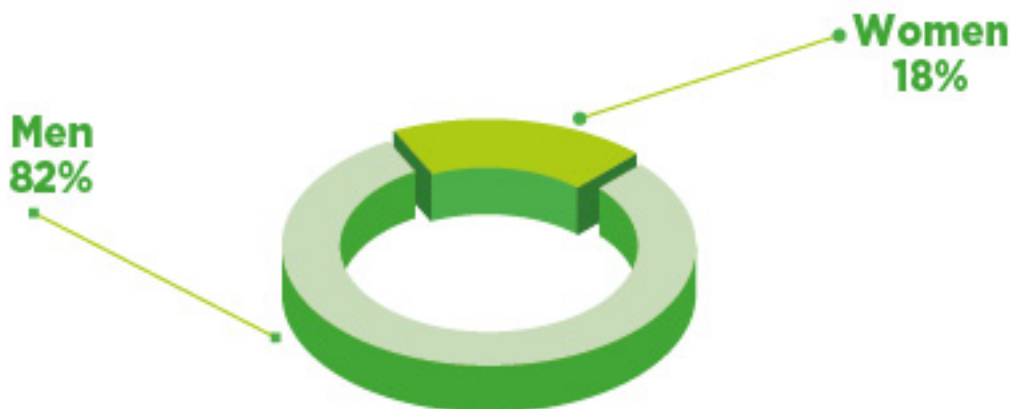
intergenerational integration within the company, enabling young people to express their potential while encouraging more senior colleagues to guide them with the experience they have gained over the years.

**As at 31 December 2022 the company had 209 direct employees**, 26% of which are **under 30** and 18% women, mainly office workers. In addition to the employees, there are 83 resources with other types of contracts, including **70 external contractors** who support La Molisana with warehouse and cleaning work and **13 interns**.

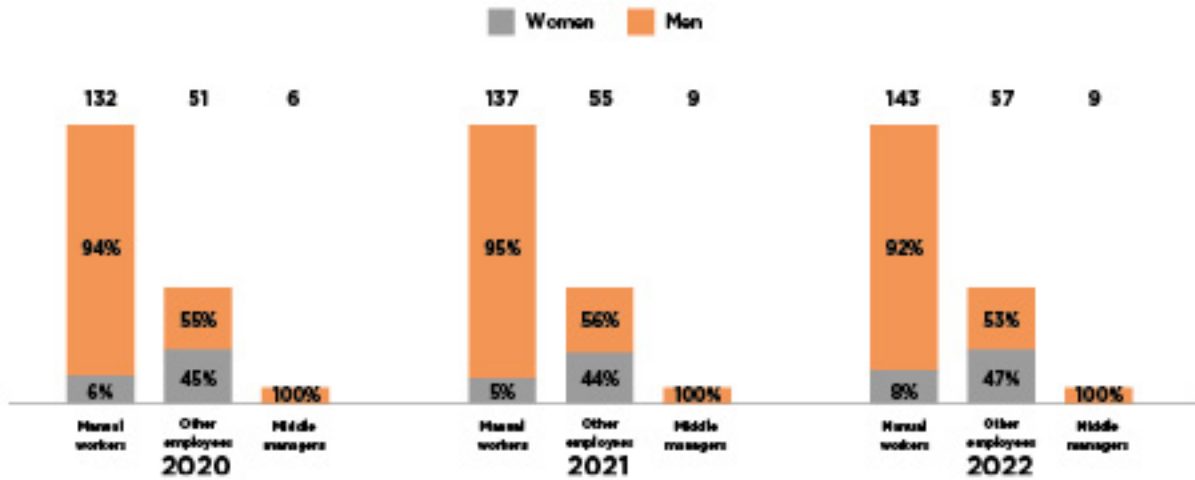
### Employees by age group



### Employees by gender - 2022



## Employees by gender - 2022



La Molisana is committed to guaranteeing **employment stability** for its employees. Consequently, **85% of company employees have permanent contracts**. The slight decrease in the number of permanent employees is explained by the fact that most of the staff

hired in 2022 are in entry-level positions with a one-year permanent contract, as per the hiring policy. The percentage of full-time contracts stands at 97.6%. There are in fact five employees with part-time contracts, two of whom are women and three men.

Employees by contract type	As at 31 December 2020			As at 31 December 2021			As at 31 December 2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent	145	21	166	154	27	181	146	31	177
Fixed term	13	10	23	16	4	20	7	25	32
<b>Total</b>	<b>31</b>	<b>158</b>	<b>189</b>	<b>170</b>	<b>31</b>	<b>201</b>	<b>38</b>	<b>171</b>	<b>209</b>

### Cura et Labora

Another step towards Corporate Responsibility – a principle that takes a comprehensive view of employee well-being – is the **Cura et Labora initiative** launched in collaboration with **Fondazione Giovanni Paolo II**, with the aim of promoting employee health at the workplace and preventing chronic illnesses. **Cura et Labora is a prevention and screening programme** that begins with simple blood tests followed by **further investigations and initiatives that focus on food education** and physical activity as the essential ingredients of a healthy lifestyle. Understanding that, for many, the pace of modern life can be a deterrent that discourages standard health screenings, **the project has a programme that provides regular health checks for**

**employees at their place of work** in order to:

- **Promote perception of the work place** as a place to take care of personal well-being;
- **Raise awareness among employees** about the culture of prevention.
- **Enable employees to access routine screening services** carried out at their place of work and establish routines;
- **Raise awareness about healthy lifestyles** through events to promote healthy diets and physical exercise.

Active in the company since 2017, the initiative was suspended due to the Covid emergency and will be resumed in 2024.

## 6.2 Seeking, developing and attracting local talent

La Molisana has always **been committed to finding the most talented candidates in our region**, with the aim of attracting them and enabling them to make a concrete contribution to the company's growth. In support of this vision, we offer our people a stimulating working environment capable of developing the skills of each individual and able to

guarantee real opportunities for professional growth.

For this reason we have defined a **personnel selection process** with the dual objective of finding the best employees in the company to fill vacant positions - increasing loyalty - and attracting the best talent available on the market.

Newly hired personnel by age group and gender	2020	2021	2022
<b>Under 30</b>	<b>16</b>	<b>15</b>	<b>16</b>
Women	4	0	4
Men	12	15	12
<b>30-50</b>	<b>9</b>	<b>12</b>	<b>10</b>
Women	3	4	5
Men	6	8	5
<b>Over 50 years</b>	<b>4</b>	<b>1</b>	<b>2</b>
Women	1	0	1
Men	3	1	1
<b>Total employees</b>	<b>29</b>	<b>28</b>	<b>28</b>
Total women	8	4	10
Total Men	21	24	18

Personnel who interrupted or terminated employment by age group and gender	2020	2021	2022
<b>Under 30</b>	<b>2</b>	<b>6</b>	<b>11</b>
Women	0	2	2
Men	2	4	9
<b>30-50</b>	<b>3</b>	<b>7</b>	<b>7</b>
Women	1	2	2
Men	2	5	5
<b>Over 50 years</b>	<b>0</b>	<b>3</b>	<b>2</b>
Women	0	0	0
Men	0	3	2
<b>Total employees</b>	<b>5</b>	<b>16</b>	<b>20</b>
Total women	1	4	4
Total Men	4	12	16

Turnover rate by gender and age group	2020	2021	2022
<b>Overall turnover rate</b>	<b>18.0%</b>	<b>21.9%</b>	<b>23.0%</b>
<b>Incoming turnover rate</b>	<b>15.3%</b>	<b>13.9%</b>	<b>13.4%</b>
Incoming turnover rate - Women	4.2%	2.0%	4.8%
Incoming turnover rate - Men	11.1%	11.9%	8.6%
Incoming turnover rate - Under 30	8.5%	7.5%	7.7%
Incoming turnover rate - Between 30 and 50	9.6%	11.4%	66.7%
Incoming turnover rate - Over 50	7.8%	2.2%	24.5%
<b>Outgoing turnover rate</b>	<b>2.6%</b>	<b>8.0%</b>	<b>9.6%</b>
Outgoing turnover rate - Women	3.2%	12.9%	21.7%
Outgoing turnover rate - Men	2.5%	7.1%	6.2%
Outgoing turnover rate - Under 30	4.5%	12.0%	4.0%
Outgoing turnover rate - Between 30 and 50	3.2%	6.7%	11.1%
Outgoing turnover rate - Over 50	0.0%	6.5%	2.4%

This is combined with a strong focus on young people, through company policies that represent a concrete contribution to the **fight against youth unemployment**. In fact, La Molisana works together with institutions and schools (high schools and universities) to improve employment prospects and boost job creation in the region. All personnel searches open to the public are also published in the "Work with us" section of the [www.lamolisana.it](http://www.lamolisana.it) website. As proof of the commitment to promote and retain **local resources**, 75% of all La Molisana employees were born in Molise. Among the positions with greater responsibilities (managers), this share stands at 11%. **In 2022, 28 people joined La Molisana, including 16 young people under 30 and 10 women**, for an incoming turnover rate of 13.4%. Conversely, 20 people terminated their employment with La Molisana in 2022, for an outgoing turnover rate of 9.6%, thus more than offset by new hires. The figures indicate an overall turnover of 23.0%. Valuing people also means **developing skills**, which is a key issue for La Molisana. We promote a working environment where all employees feel personally involved in defining their own development and career path, encouraging continuous learning through on-the-job experience, in-person or online training, and

personalised coaching and mentoring. In 2022 La Molisana provided **2,343 hours of training (+10% compared to 2021)**, with a particular focus on blue-collar workers. With respect to the total workforce, the courses provided averaged 11.2 hours per employee. In addition to issues related to **health and safety**, training focused on the development of **soft skills, language skills** and especially the growth of **technical and digital skills** to support the digitisation of production departments and the development of **new technologies** to run new high-performance and technically advanced production lines.

### Hours of training provided in 2022, by topic (%)





## Hours of training by professional category \*

From 1 January to 31 December 2020

Total	Hours (men)	Average hours/Men	Hours (women)	Average hours/Women	Tot Hours	Average hours/Category
Middle managers	40	6.7	-	-	40	6.7
Other employees	34	1.2	10	0.4	44	0.8
Manual workers	322	2.6	98	12.2	420	2.7
<b>Total</b>	<b>396</b>	<b>2.5</b>	<b>108</b>	<b>3.5</b>	<b>504</b>	<b>2.7</b>

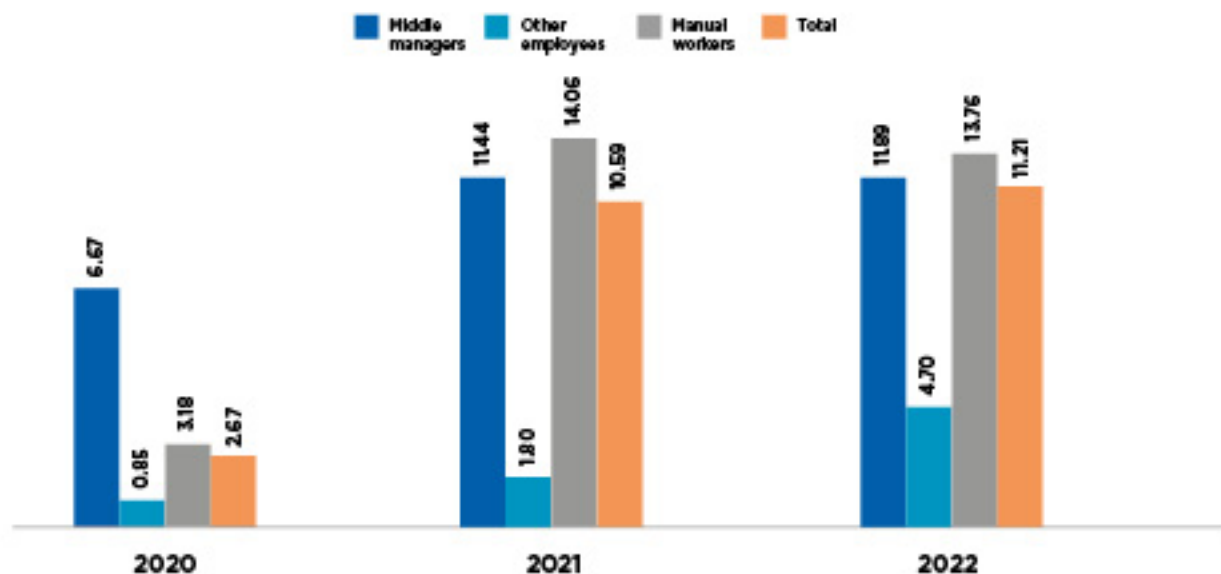
From 1 January to 31 December 2021

Total	Hours (men)	Average hours/Men	Hours (women)	Average hours/Women	Tot Hours	Average hours/Category
Middle managers	103	11.4	-	-	103	11.4
Other employees	74	2.4	25	4.3	99	1.8
Manual workers	1,870	14.4	56	5.3	1,926	14.1
<b>Total</b>	<b>2,047</b>	<b>12.0</b>	<b>81</b>	<b>4.6</b>	<b>2,128</b>	<b>10.6</b>

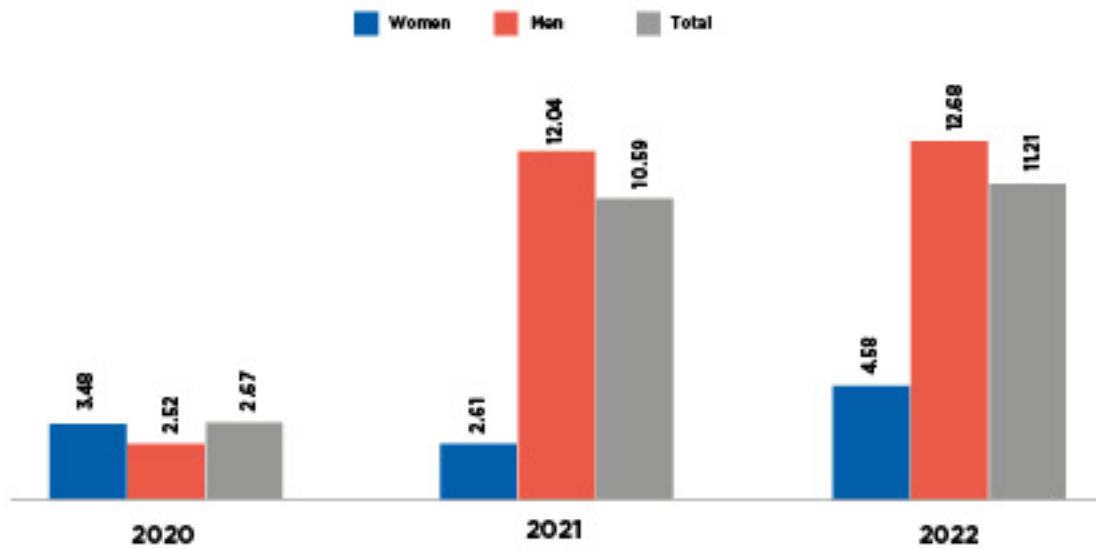
From 1 January to 31 December 2022

Total	Hours (men)	Average hours/Men	Hours (women)	Average hours/Women	Tot Hours	Average hours/Category
Middle managers	107	11.9	-	-	107	11.9
Other employees	152	5.1	116	1.0	268	4.7
Manual workers	1,910	14.5	58	8.0	1,968	13.8
<b>Total</b>	<b>2,169</b>	<b>12.7</b>	<b>174</b>	<b>2.6</b>	<b>2,343</b>	<b>11.2</b>

## Average hours of training by category (2020-2022)



## Average hours of training by gender (2020-2022)



To complement its strategy of promoting personal and professional growth, the employee **Performance Appraisal System** plays a **valuable role in optimising and developing the professional growth of people**. The tool forms the basis of career pathway and skills development programmes and enables recognition of the contributions each person makes to the company's objectives.

In particular, the Performance Appraisal System consists of **dialogue and feedback between employees and their managers in order to set annual targets** and the associated performance levels. Collaborators are then assessed based on those targets and the advancement of their skills, especially in

leadership. The Performance Appraisal System is part of a broader global talent development programme through which we monitor and evaluate the potential for professional growth among the teams.

La Molisana has also established **performance-based incentive schemes and bonuses** defined in collaboration with department and sector managers. Each December, vouchers worth between €250 and €1,000 are awarded.

### 6.3 Occupational health and safety

We are committed to providing a clean and safe working environment to everyone who works in our offices, production sites and sales network.

For this reason, La Molisana has a **management system that complies with the UNI INAIL Guidelines** consisting of a Manual, Procedures and Operating Instructions, as well as a continuous improvement programme for risk mitigation. In compliance with current law, we have performed a thorough risk assessment

in cooperation with the external Prevention and Protection Service Manager (RSPP), the company physician and the Workers' Safety Representative (RLS), identifying the tasks that expose workers to the greatest dangers. The risk assessment document (RAD) is updated on average every year and/or when there are substantial and significant changes in the work and following any accidents or reports of occupational disease.

During 2022 various **internal audits** related to the safety management system and verification of regulatory compliance and adequacy of risk assessment were performed.

The involvement of employees takes place in particular through the promotion of training courses on the reference legislation to all

employees and especially new hires, focusing in particular on the risk areas associated with the duties carried out. La Molisana also has a trained emergency team able to respond in the event of a fire or explosion and to administer first aid.



Accident rate <sup>6</sup>	2020	2021	2022	Delta % 2022-2021
Total recordable accidents	1	2	5	150%
With severe consequences (more than 6 weeks of absence)	0	1	0	-100%
Accident rate	2.89%	5.57%	13.76%	8.2 pp
Rate of accidents with serious consequences <sup>7</sup>	0%	2.78%	0%	-2.78 pp

In 2022 there were **five accidents at work** (+3 accidents compared to 2021), mainly contusions and cuts without any serious consequences,

involving employees in the machine room, packaging and logistics departments

## In viaggio verso le aziende

La Molisana joined the INPS initiative In Viaggio Verso le Aziende promoted by the Italian Public Retirement Body with the aim of offering Italian businesses a free tax advice delivered on site. Thanks to the presence of trained INPS personnel in a mobile office located at the entrance to the factory, La Molisana employees

can receive advice about their pensions and taxes, particularly with regard to topics such as EPAs, specific measures for people who entered the workforce before the age of 19, future pension forecasts and mandatory contributions, helping them to navigate the complexities of the legal system.

<sup>6</sup> Ratio between accidents at work (excluding accidents during travel) and hours worked, multiplied by 1,000,000.

<sup>7</sup> Ratio between serious accidents at work (excluding accidents during travel) and hours worked, multiplied by 1,000,000.

# CHAPTER

# 7

## **The importance of transparent communications**

There are no barriers between our communication channels. Our online and offline channels are two parts of the same whole, adopting different mechanics, language styles and metrics and reaching diverse target audiences. This philosophy has enabled us to implement strategies that reach different markets while conveying a single, consistent message, from television commercials to the digital competition linked to product purchases, from packaging to company tours.

## Towards an inclusive language

In 2023 La Molisana plans to update all commercial and values copy on its packaging, on the website, and on all its channels. In an increasingly connected and changing world, La Molisana intends to communicate in an aware, plural, representative and open manner to create narratives that respect all individualities and

cultures with the aim of taking a comprehensive approach against prejudice and discrimination. This will take place with the support of our communications agency HUB09 and Na.Co - Contaminated Narratives for Present Worlds - an association of experts in anti-racist semantics and diversity.

### 7.1 Online communications

#### Website

The website still represents an irreplaceable online business card and a fundamental communication and relationship tool with stakeholders, helping to strengthen the corporate identity. In fact the website retraces the entire history of the pasta factory, guaranteeing not only a showcase for advertising and product sales, but also a space to

tell the story of La Molisana's roots, values, people and commitment.

With the publication of its first Sustainability Report, the company developed a section entirely dedicated to its commitments in the areas of food, environmental and social sustainability.



La Molisana has also always invested in food education because it believes that food production is first and foremost an ethical issue and that companies in the agri-food sector cannot avoid doing their part. Worrying trends on the increase in obesity - especially child obesity - have led the pasta factory to promote a food education programme based on the Mediterranean Diet, recognised by UNESCO World Heritage in 2010. In the website you can

find a blog entirely dedicated to nutrition, with the goal of helping consumers to learn about the nutritional properties of different products and their proper consumption through articles accompanied by scientific sources as well as useful insights into, for example, nutrition during pregnancy or in the case of diabetes. The commitment to popularising the Mediterranean diet is also reflected in the collection and publication of

first-course recipes aimed at suggesting creative ideas for cooking La Molisana pasta. We want to propose a look at the combination of taste and health, for example through recipes with whole-wheat pasta, always with a focus on sustainability, against the waste of any food through the use of leftovers. To put into practice and disseminate these important principles, La Molisana created a collection

of Single Dish Cookbooks. The first book, dedicated to children between the ages of 6 and 13, is the result of a collaboration with nutritionists from UNIMOL (University of Molise, Faculty of Medicine, Chair of Nutrition), while the second, created together with nutrition expert Dr Evelina Flachi, was tailored to the needs of athletes.



From 2023, with the "Parola alla Pasta" (Word to Pasta) project, the communicative role of packaging will take a further leap forward thanks to the introduction of a QR Code that will allow the consumer to access a wealth of information dedicated to the product and the company through continually renewed content without the need to download any application. Video recipes based on

the chosen pasta type, which can offer tasty and healthy hints on how to consume during the shopping experience, but also scientific contributions through detailed, certified information that will give a voice to agronomists, nutritionists and researchers on topics of common interest such as the origin of the raw materials, sustainability and good consumption habits.

## Social media strategy

In addition to the website, La Molisana invests in social media and is open to collaborations with bloggers and talented chefs with the aim of promoting organic and authentic growth in these channels and enabling the messages, content and promises of the brand to take root. The company considers the digital sphere to be a special place where it can engage with the audience with no filters and express the true "spirit"

of the brand: playful, committed, contemporary but proud of its traditions, interweaving different voices and tones to show the human side of a historic pasta factory. La Molisana likes to encourage dialogue and debate in these virtual spaces and to listen to consumers to gain an understanding of their feelings and needs, thus also playing an active and socially valid role in the community.

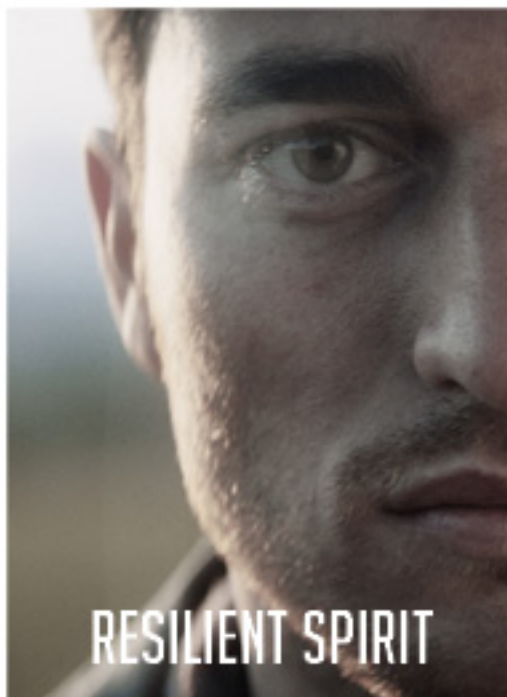
## 7.2 Our campaigns



### Tifiamo il gusto | 2019

For many Italians, regardless of their age, gender or religion, pasta and football are two cornerstones of everyday life. These two important milestones ignite passions and bring people together. Unfortunately however, the national team doesn't always qualify, and football, while representing an incredible spectacle, is currently a battleground between opposing clubs and fans.

La Molisana has always had close relationship with sport. We believe that every sport has an ethical heritage and that being involved in sport allows people to share a universal language that promotes integration and respect for friends as well as adversaries. Tifiamo il gusto (We support flavour) means that away from the pitch there is a place where we can come together regardless of the result: around the dinner table after the final whistle!



### Spirito Tenace | 2020

"Spirito Tenace" (A Fighting Spirit) is La Molisana's 2020 advertising campaign. It is an emotional story of Italy's production history and an ode to merit that encompasses the modus operandi of Italian businesses: strong roots, ambitious vision and just a pinch of madness. In a nutshell, it is a summary of the ethical values that distinguish our craft.

The advert, released against the backdrop of the dramatic explosion of COVID-19, hit many different universal messages. It expressed the fighting spirit of the Italian people: the wisdom of staying united, the courage of those who don't give up and don't pass the buck, and the sacrifice of those called upon to act.

The cross-channel campaign ran at all of our contact points and reached consumers across all of our traditional and digital channels to reinforce its positive messages.



## #PensiamoalFuturo | 2020

La Molisana illustrated the main actions it has implemented to continue its path towards sustainable growth and reduce its environmental impact through a 5-minute clip featuring our employees and posted on social media.

In under a minute, Beatrice, Francesca, Matteo and Renato, with the help of a transparent chalkboard, described the benefits of Pallet Pooling, the Trigeneration System, Thermopest® and the future Solar Plant project.



## The Fibre of the Champion | 2022

Almost three years after the "Resilient Spirit" commercial, the partnership with Marcell Jacobs allowed for a return to topics that arouse empathy, emotion and a sense of belonging in the audience.

In fact, with his personal story Marcell Jacobs shows that success is not just a matter of ambition, rather it is the will to build something of value for oneself and for others. The spokesperson of La Molisana embodies the brand's values with his experience and speaks to new generations by instilling confidence.



## 7.3 Other communication initiatives

### Company tours

La Molisana is convinced that the role of food businesses is not simply to produce consumable goods, but to educate stakeholders to adopt a critical approach when choosing which products to buy, encouraging them to ask questions about the ethics of the brand, to demand comprehensive information and to check that the product they are buying meets certifiable and traceable quality standards. For this reason, a major part of our company communications strategy revolves around guided tours of our sites. La

Molisana believes in the philosophy of an “open door factory” because it offers a possibility to demonstrate what we do with no filters and explain our processes and decisions. Opening up our company spaces to display the work and passion behind the quality of our products also has an ethical value. It helps to build a healthy product culture and encourage consumers to develop a critical conscience, creating a special relationship of trust with the consumer.



### Business

We devote particular attention to engaging with our business stakeholders. Indeed, if the current challenge for Italian companies in the agri-food sector is to grow in international markets, where the demand for “Made in Italy” is practically recession-proof, this requires strengthening its identity in order to survive imitations and counterfeiting. The ability to tell a

unique and captivating story that demonstrates the profound heritage of regional specialities is becoming increasingly important for Italian companies. Buyers in the major foreign markets want to buy not only the product but above all the story of the region and the supply chains, which represent a distinctive element that express a special kind of value.



## Schools

La Molisana has always welcomed young people to its facilities through the organisation of increasingly engaging and informative guided tours for schools delivered by a dedicated team. The tour is divided into several phases, focusing in particular on the history of the company and a visit to the production facility. We tailor the tour to the age groups and curricula of the participants, prioritising technical aspects over communications and marketing. We are also involved in several projects for schoolchildren,

including the "Mani in Pasta" workshop, a fun event where children can experience the process of working the dough.

The mascot Spighetto, on the other hand, offers hints on food education, notions that the children can enthusiastically take home with them. This is a small contribution that expresses our desire to be close to consumers, because we are convinced that a discerning consumer is an aware citizen and therefore a resource for the community.



## Supply chain operators

For years La Molisana has had a convention in Campobasso with supply chain operators from Molise, Abruzzo, Marche, Lazio and Apulia, with

whom it has signed supply chain agreements to consolidate relations of trust with a view to an increasingly fruitful and long-term collaboration.

## Internal communications

La Molisana is very active in communicating with external stakeholders, especially consumers, with whom it interfaces through multiple channels, but its communications are also directed towards internal stakeholders in the knowledge that the most authoritative ambassadors of the brand are the employees

themselves, and that informing them correctly is fundamental to generating a sense of belonging and involvement. To this end La Molisana created the House Organ, the monthly magazine that constantly updates the staff on planned activities, news and objectives.

# CHAPTER

# 8

## **Investments and value for the local region**

La Molisana is strongly attached to its roots, not only to keep the values of tradition strong, but also because Molise continues to offer ideal conditions for the production of quality pasta. For this reason, the company has always been involved in a wide variety of initiatives to promote the area, the people and local cultural and sporting associations, as well as supporting projects having a broader national scope. Alongside this is the important distribution of the value generated to stakeholders, value which is constantly growing as the company develops.

## 8.1 Generating and distributing value

Economic stability is an integral part of our concept of sustainability: in fact, the ability to generate value is an indispensable factor for the development of actions, practices and strategies aimed at improving social and environmental impacts.

The indicator of economic value created and distributed provides a measure of the wealth produced by an organisation through its core business (economic value created) and a representation of how this is redistributed to the various stakeholders that the organisation deals with (economic value distributed).

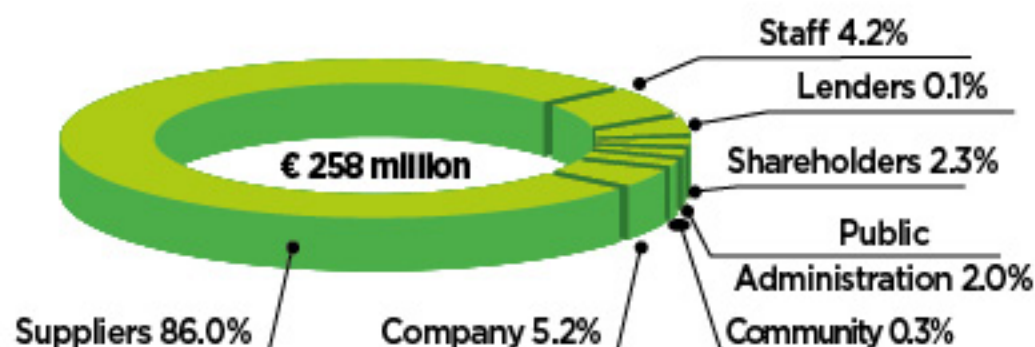
In 2022 La Molisana generated an economic value of €258 million, 36.9% more than in the

previous year, again confirming a sharply rising trend. Of this value, 5.2% was retained by the company for depreciation, amortisation and allocations to funds and reserves, while 94.8% was thus distributed to the stakeholders it deals with on a daily basis:

- Suppliers: expenditures for the purchase of ingredients, goods and services
- Employees: wages and salaries, contributions and severance pay
- Lenders: interest on loans
- Shareholders: dividends
- Public Administration: income taxes and other taxes
- Community: donations to volunteer organisations

Economic value created and distributed (€)	2020	2021	2022	Delta % 2022-2021
Economic value generated	177,988,495	188,418,622	257,992,814	36.9%
Economic value distributed	161,166,251	180,653,514	244,534,022	35.4%
• Suppliers	139,900,072	160,715,524	221,814,840	38.0%
• Staff and Associates	9,640,444	9,746,844	10,733,557	10.1%
• Lenders	119,655	117,430	182,122	55.1%
• Shareholders	7,000,000	5,000,000	6,000,000	20.0%
• Public Administration	4,282,062	4,493,444	5,085,808	13.2%
• Community	224,018	580,272	717,695	23.7%
Economic value retained	16,822,244	7,765,108	13,458,792	73.3%

### Economic value retained and distributed to stakeholders % (2022)



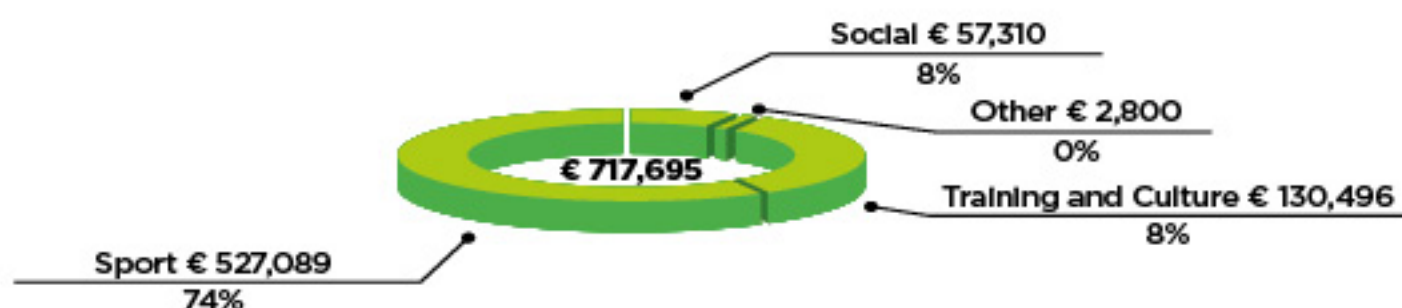
## 8.2 The relationship with the community and associations

In 2022 we reached €60,200 in donations to support associations, while sponsorships, mainly dedicated to organisations in the Molise region, exceeded €650,000. Most contributions go to support sports associations (74%), education and culture (18%) or to

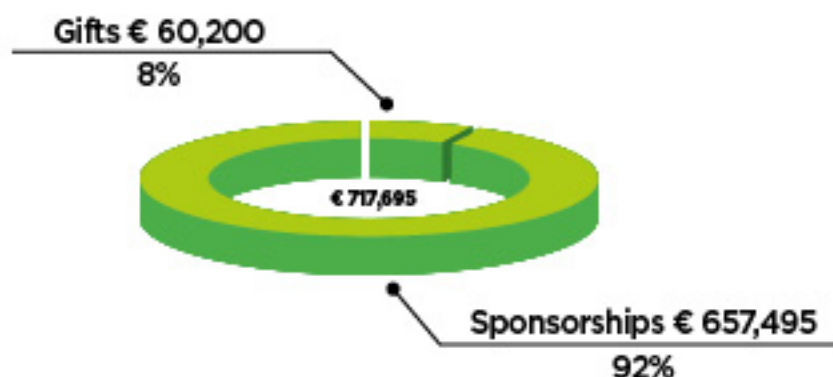
support social projects aimed at a variety of stakeholders (8%). Some of the main initiatives supported in these areas over the past year are described below.

### Contributions to the community by area (2022)

Contributions to the community by area (2022)



### Contributions to the community by type (2022)



### Molise Cinema

In 2022 La Molisana continued to sponsor MoliseCinema, now in its 20th edition. This is a festival dedicated to the promotion of the most recent and innovative productions of Italian and international cinema that favours young authors and new styles, with a particular focus on short films and documentaries. The Festival has always offered the public a highly varied programme, hosting hundreds of actors, directors, producers and insiders, over

time becoming a constant point of reference in the cultural life of Molise and Southern Italy. In the "Film Molise" section, the Festival seeks to promote the region as a location for film and audiovisual productions. Furthermore, the association organises training in schools, together with festivals, screenings, meetings, exhibitions and events related to film culture throughout the entire year.

## Alta Marea Festival

One of the cultural events supported by the company is the Alta Marea Festival, a project of the Alta Marea Cultural Association, founded in 2021 by a group of young people with a passion for film and art. In 2022 its second edition was held, which again enlivened the Borgo Antico of Termoli, a terrace of light-coloured stones

directly overlooking the sea ready to become a cradle of culture and entertainment. The heart of the event was the Film Festival, but in addition to the film world the festival provided space for exhibitions, shows, concerts and performances, creating a temporary cultural centre.

## Literary Campaign

2022 saw the launch of the second edition of Literary Campaign, a cultural salon conceived and promoted by company president Vincenzo Ferro. The event includes a series of initiatives

dedicated to book presentations by authors at the Officina della Pasta, an unusual and alluring location inside the pasta factory.



## The Demos Institute

*Aware of its role as an employer in the region and the existing mismatch between the demand for and supply of jobs, in 2014 La Molisana accepted the presidency of the Demos Higher Technical Institute in the person of Rossella Ferro.*

*In a short time the Institute became a point of reference for young people and businesses in Molise, creating a source of highly qualified technical professionals who are then hired by local companies with 80% employment success.*

## Rigacuore Sospeso

Looking beyond the borders of Molise, the company also supports associations and initiatives of national scope. Among these we would like to mention in particular "Rigacuore Sospeso", a solidarity campaign in collaboration with SpesaSospesa.org held between 11 February and 11 March 2022 at all points of sale in Italy that offer Rigacuore, the heart-shaped pasta that is ideal for a message of solidarity that kicks off on Valentine's Day.

SpesaSospesa.org is a circular solidarity project established in 2020 to support people in need. It is a virtuous, sustainable model devised by the Lab00 Foundation, which, thanks to the Regusto digital platform makes it possible to manage transactions of essential goods while guaranteeing maximum transparency and traceability of the flows. With Regusto companies can donate or sell basic necessities at a social price, while private individuals can contribute cash donations for the purchase of goods. In the local communities non-

profit organisations, associations and volunteers are involved as logistical hubs for the collection and distribution of basic necessities to families.

In collaboration with this project, La Molisana donated two meals to the most needy for every two packs of Rigacuore purchased, resulting in the donation of 86,000 meals in one month.

The success of the initiative prompted La Molisana to organise the "Rigacuore Sospeso Tour", a gastronomic-solidarity tour in collaboration with Chef in Camicia, which toured various Italian cities (Milan, Rome, Naples, Pescara) in a food truck combining regional cuisine and charity. At each stop, the Chefs in Camicia presented a "local version" of a Rigacuore dish, promoting the culture and products of each region. For every dish purchased at an average price of seven euros, La Molisana donated a meal with SpesaSospesa.org.



## Support for sports: Magnolia Basket, CUS Mollise, San Nicola mini-slalom

In 2017, the company invested in a women's basketball team in Serie A2, creating Magnolia, a non-profit basketball association founded through the economic and social support of La Molisana and other generous local businesses. The goal was to bring two of Molise's dreams back to life: to restore pride to the region's basketball tradition and to create a sports centre that would stimulate the development of talented athletes.

This is a commitment with important social repercussions in a region where the problems of marginalisation, bullying, obesity and addictions affecting youth and more vulnerable groups are increasingly felt, accompanied by

the social and cultural degradation associated with unemployment. We are convinced of the role of sports in combating all expressions of youth distress thanks to the educational value of teamwork and personal sacrifice combined with passion, collective commitment to a result, and the culture of merit.

In addition to the Magnolia project, La Molisana also supports regional sports through numerous other initiatives, including sponsoring the Campobasso football team for the 2022-23 season, the sixth edition of the San Nicola Slalom and the EnergyTime Spike Devil volleyball team.





# GRI Content Index

Declaration of use	Molsana S.p.A. submitted a report with reference to GRI Standards for the period from 1 January 2022 to 31 December 2022		
GRI 1 used	GRI 1 - Foundation - 2021 version		
GRI STANDARD	DISCLOSURE	LOCATION	OMISSION / COMMENTS
<b>General Disclosures</b>			
<b>GRI 2: GENERAL DISCLOSURES - 2021 version</b>	2-1 Organisational details	The criteria for preparing the Report. Chapter 1 <i>A hundred years of quality, innovation and love for our homeland</i>	La Molsana S.p.A, head office at Contrada Colle delle Api 100/A, 86100 Campobasso CB
	2-2 Entities included in the organisation's sustainability reporting	The criteria for preparing the Report	
	2-3 Reporting period, frequency and contact point	The criteria for preparing the Report	
	2-4 Restatements of Information		Energy consumption data for the years 2020 and 2021 have been updated with the addition of diesel and petrol consumption for the company car fleet, which was not recorded in previous years. The scope 2 Location Based emissions data for the years 2020 and 2021 changed slightly from those published in the 2021 Sustainability Report due to an update of the emission factors used.
	2-5 External assurance		The Report is not subject to external assurance
	2-6 Activities, value chain and other business relationships	Chapter 1, sec. <i>Our history, Rebirth at 100</i> Chapter 2, sec. <i>Our products</i> Chapter 3, sec. <i>Proximity, quality and ethics: the relationship with suppliers; Guaranteeing the best raw material: wheat fanatics; Semolina processing</i> Chapter 5, sec. <i>Efficiency in logistics</i>	
	2-7 Employees	Chapter 6, sec. <i>Our people, our world</i>	
	2-8 Workers who are not employees	Chapter 6, sec. <i>Our people, our world</i>	
	2-9 Governance structure and composition	Chapter 1, sec. <i>Rebirth at 100</i>	La Molsana has adopted a traditional system of governance with a Board of Directors (consisting of five members) and a Board of Statutory Auditors (consisting of three statutory auditors and two alternate auditors, external to the company). The auditing firm is entrusted with the statutory audit of the accounts.
	2-10 Nomination and selection of the highest governance body		Renewals and new appointments of the Board of Directors take place at the shareholders' meetings to approve the financial statements.
	2-11 Chair of the highest governance body		The Chairman of the Board of Directors, Giuseppe Ferro, together with Flavio Ferro and Rosa Ferro, holds the position of Managing Director and Sales Director.
	2-12 Role of the highest governance body in overseeing the management of impacts		The Board's responsibilities include defining the company's strategic lines and objectives, including sustainability policies.
	2-13 Delegation of responsibility for managing impacts		The Board of Directors is responsible for the process of defining and managing the impacts identified as important for La Molsana, assisted by the heads of the key functions.
	2-14 Role of the highest governance body in sustainability reporting		The Board of Directors is responsible for reviewing and approving the information.
	2-15 Conflicts of interest		In compliance with the provisions of Italian Legislative Decree 231/2001, the Board of Directors appointed a Supervisory Body composed of a single member with the task of verifying the adequacy of the Organisation and Management Model (OMM) and the Code of Ethics.
	2-16 Communication of critical concerns		The Supervisory Body is responsible for regularly monitoring and verifying the effectiveness of the Model and must report any critical issues to the Board of Directors.
	2-17 Collective knowledge of the highest governance body		A member of the Board of Directors participates in the process of updating the materiality analysis.

	2-18 Evaluation of the performance of the highest governance body		At present there is no formalised performance evaluation system in place for managing the impacts on the economy, environment and people
	2-22 Statement on sustainable development strategy	Letter to Stakeholders Our contribution to the 2030 Agenda Our sustainability mission	
	2-23 Policy commitments		La Molisana has formalised product quality and traceability policies within the framework of ISO 9001 and ISO 22005 certified quality management systems, and a Code of Ethics pursuant to Italian Legislative Decree 231 that lists the Principles that inspire the company's conduct and that all stakeholders are required to respect. La Molisana is also a member of Sedex, ensuring adherence to and dissemination of the SMETA guidelines for ethical and responsible business practices in global supply chains.
	2-24 Embedding policy commitments	Our sustainability mission Our contribution to the 2030 Agenda	
	2-25 Processes to remediate negative impacts	Chapter 4, sec. <i>Customer Care</i> Chapter 6, sec. <i>Occupational health and safety</i>	
	2-27 Compliance with laws and regulations		The company paid penalties to the tax agency in the amount of €1,288 for late payment of income tax, a penalty to INPS in the amount of €1,567, and one to the Customs and Monopolies Agency in the amount of €1,098.
	2-28 Membership associations		Unionfood; the company also adheres to SMETA (Sedex Members Ethical Trade Audit), a procedure for conducting ethical and social audits of its suppliers based on four pillars: working conditions, health and safety, working environment, business practices
	2-29 Approach to stakeholder engagement	The criteria for preparing the Report	Our stakeholders
	2-30 Collective bargaining agreements		100% of La Molisana's employees are covered by collective bargaining agreements.
<b>Material topics</b>			
<b>GRI 3: Material Topics - 2021 version</b>	3-1 Process to determine material topics	The criteria for preparing the Report, <i>Materiality analysis</i>	
	3-2 List of material topics	The criteria for preparing the Report, <i>Materiality analysis</i>	
<b>Contribution to local employment</b>			
<b>GRI 3: Material Topics - 2021 version</b>	3-3 Management of material topics	Chapter 6, sec. <i>Seeking, developing and attracting local talent</i> Chapter 8, sec. <i>The relationship with the community and local associations</i>	
<b>GRI 202: Market Presence - 2016 version</b>	202-1 Proportion of senior management hired from the local community	Chapter 6, sec. <i>Seeking, developing and attracting local talent</i>	
<b>Local supply chain</b>			
<b>GRI 3: Material Topics - 2021 version</b>	3-3 Management of material topics	Chapter 3, sec. <i>Proximity, quality and ethics: the relationship with suppliers; Guaranteeing the best raw material: wheat fanatics.</i>	
<b>GRI 204: Procurement practices - 2016 version</b>	204-1 Proportion of spending on local suppliers	Chapter 3, sec. <i>Proximity, quality, ethics: the relationship with suppliers</i>	
<b>Anti-corruption</b>			
<b>GRI 3: Material Topics - 2021 version</b>	3-3 Management of material topics	Chapter 1, sec. <i>Our values Our Sustainability Mission</i>	
<b>GRI 205: Anti-corruption - 2016 version</b>	205-3 Confirmed incidents of corruption and actions taken		No corruption incidents occurred in 2022.
<b>Traced Supply Chain</b>			
<b>GRI 3: Material Topics - 2021 version</b>	3-3 Management of material topics	Chapter 3, sec. <i>Proximity, quality and ethics: the relationship with suppliers; Guaranteeing the best raw material: wheat fanatics; Semolina processing</i> Chapter 5, sec. <i>Packaging: our business card</i> Chapter 7, sec. <i>Online communications</i>	
<b>GRI 417 Marketing and labelling - 2016 version</b>	417-1 Requirements for product and service information and labelling	Chapter 5, sec. <i>Packaging: our business card</i> Chapter 7, sec. <i>Our online communications</i>	

Promotion of sustainable agricultural practices			
GRI 3: Material Topics - 2021 version	3-3 Management of material topics	Chapter 3, sec. <i>Proximity, quality and ethics: the relationship with suppliers: Guaranteeing the best raw material wheat fanatics</i>	
GRI 308: Supplier environmental assessment - 2016 version	308-1 New suppliers that were screened using environmental criteria	Chapter 3, sec. <i>Proximity, quality, ethics: the relationship with suppliers</i>	
GRI 414: Supplier social assessment - 2016 version	414-1 New suppliers that were screened using social criteria	Chapter 3, sec. <i>Proximity, quality, ethics: the relationship with suppliers</i>	
Efficiency of the production process			
GRI 3: Material Topics - 2021 version	3-3 Management of material topics	Chapter 5, sec. <i>Our production sites</i>	
GRI 301: Materials - 2016 version	301-1 Materials used by weight or volume	Chapter 2, sec. <i>Our products</i> Chapter 5, sec. <i>Packaging: our business card</i>	
GRI 303: Water - 2018 version	303-1 Interactions with water as a shared resource	Chapter 5, sec. <i>Our production sites</i>	
	303-2 Management of water discharge-related impacts	Chapter 5, sec. <i>Our production sites</i>	
	303-3 Water withdrawal	Chapter 5, sec. <i>Our production sites</i>	
Packaging materials			
GRI 3: Material Topics - 2021 version	3-3 Management of material topics	Chapter 5, sec. <i>Packaging: our business card</i>	
GRI 301: Materials - 2016 version	301-1 Materials used by weight or volume	Chapter 5, sec. <i>Packaging: our business card</i>	
Energy consumption and emissions			
GRI 3: Material Topics - 2021 version	3-3 Management of material topics	Chapter 5, sec. <i>Our production sites; sec. Efficiency in logistics</i>	
GRI 302: Energy - 2016 version	302-1 Energy consumption within the organisation	Chapter 5, sec. <i>Our production sites</i>	
GRI 305: Emissions - 2016 version	305-1 Direct (Scope 1) GHG emissions	Chapter 5, sec. <i>Our production sites</i>	
	305-2 Energy indirect (Scope 2) GHG emissions	Chapter 5, sec. <i>Our production sites</i>	
Waste management			
GRI 3: Material Topics - 2021 version	3-3 Management of material topics	Chapter 5, sec. <i>Our production sites</i>	
GRI 306: Waste - 2020 version	306-1 Waste generation and significant waste-related impacts	Chapter 5, sec. <i>Our production sites</i>	
	306-2 Management of significant waste-related impacts	Chapter 5, sec. <i>Our production sites</i>	
	306-3 Waste generated	Chapter 5, sec. <i>Our production sites</i>	
	306-4 Waste diverted from disposal	Chapter 5, sec. <i>Our production sites</i>	
Employee management and well-being			
GRI 3: Material Topics - 2021 version	3-3 Management of material topics	Chapter 6, sec. <i>Our people, our world; Seeking, developing and attracting local talent</i>	
GRI 401: Employment - 2016 version	401-1 New employee hires and employee turnover	Chapter 6, sec. <i>Seeking, developing and attracting local talent</i>	
Occupational health and safety			
GRI 3: Material Topics - 2021 version	3-3 Management of material topics	Chapter 6, sec. <i>Occupational health and safety</i>	

<b>GRI 403: Occupational health and safety – 2018 version</b>	403-1 Occupational health and safety management system	Chapter 6, sec. <i>Occupational health and safety</i>	
	403-2 Hazard identification, risk assessment, and incident investigation		
	403-3 Occupational health services		
	403-4 Worker participation, consultation, and communication on occupational health and safety		
	403-5 Worker training on occupational health and safety		
	403-6 Promotion of worker health		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
	403-8 Workers covered by an occupational health and safety management system		
	403-9 Work-related injuries		
<b>Training and development</b>			
<b>GRI 3: Material Topics – 2021 version</b>	3-3 Management of material topics	Chapter 6, sec. <i>Seeking, developing and attracting local talent</i>	
<b>GRI 404: Training and education – 2016 version</b>	404-1 Average hours of training per year per employee	Chapter 6, sec. <i>Seeking, developing and attracting local talent</i>	
	404-3 Percentage of employees receiving regular performance reviews	Chapter 6, sec. <i>Seeking, developing and attracting local talent</i>	
<b>Diversity and Equal Opportunity</b>			
<b>GRI 3: Material Topics – 2021 version</b>	3-3 Management of material topics	Chapter 6, sec. <i>Our people, our world</i>	
<b>GRI 405: Diversity and equal opportunity – 2016 version</b>	405-1 Diversity of governance bodies and employees	Chapter 6, sec. <i>Our people, our world</i>	La Mollana's Board of Directors consists of five members, one of whom is a woman, and four men, all over 50 with the exception of one member who is in the 30-50 age bracket.
<b>Forced labour</b>			
<b>GRI 3: Material Topics – 2021 version</b>	3-3 Management of material topics	Chapter 3, sec. <i>Proximity, quality, ethics: the relationship with suppliers</i>	
<b>GRI 409: Forced or compulsory labour</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Chapter 3, sec. <i>Proximity, quality, ethics: the relationship with suppliers</i>	
<b>Product Innovation</b>			
<b>GRI 3: Material Topics – 2021 version</b>	3-3 Management of material topics	Chapter 1, sec. <i>Our values</i> Chapter 2, sec. <i>Form and substance: an ongoing search</i>	
<b>Non-GRI topic</b>	Product innovation, new formats, investments aimed at innovating production processes	Chapter 1, sec. <i>Our values</i> Chapter 2, sec. <i>Form and substance: an ongoing search</i>	
<b>Product quality and safety</b>			
<b>GRI 3: Material Topics – 2021 version</b>	3-3 Management of material topics	Chapter 4, sec. <i>From semolina to pasta; Certified quality and safety</i>	
<b>GRI 416: Protection of customer health and safety – 2016 version</b>	416-2 Assessment of the health and safety impacts of product and service categories	Chapter 4, sec. <i>Certified quality and safety</i>	
<b>Marketing and labelling</b>			
<b>GRI 3: Material Topics – 2021 version</b>	3-3 Management of material topics	Chapter 7, sec. <i>Online communications; Other communication initiatives</i>	
<b>GRI 417: Marketing and labelling – 2016 version</b>	417-2 Incidents of non-compliance with regard to information and labelling of products		In 2022 there were no incidents of non-compliance with regard to product information and labelling.



