



**SUSTAINABILITY  
REPORT  
2017**





**SUSTAINABILITY  
REPORT  
2017**









*Our deepest wish is that this project  
should be good for the people of Montalcino, good for Italy,  
good for America and good for all those  
who love quality wines.*

**JOHN F. MARIANI, 12 SEPTEMBER 1984**  
**FROM THE SPEECH INAUGURATING**  
**THE BANFI WINERY AT MONTALCINO**





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## LETTER FROM THE CHAIRMEN

*Dear friends,*

*We again fulfilled our commitment to the preparation of a sustainability report on related Banfi Italia Companies' performance during 2017, which has been going on for some time.*

*The feature of the year we are now going to tell you about was exceptionally low rainfall which affected crops in Italy as in the rest of Europe. We faced this particularly difficult situation by making more intensive use of our water storage facilities, drawing more water than the average amount. By utilising these reserves we managed to keep loss of output down.*

*While weather conditions always have an impact on agricultural production, fortunately this is not the case in other activities in the chain. Work in the wineries continued successfully, repeating the positive results Banfi had already achieved in previous years as regards water purification. In 2017 about 65,000 cubic metres of purified water, equal to about 79% of total, was put back into the water cycle out of about 82,000 cubic metres drawn from wells, about 12,000 cubic metres of which was used for irrigation. This water flowed into the river Orcia, thus returning to the ecosystem for use.*

*The process of research which is a fundamental aim Banfi has always pursued also continued in 2017. Among the various activities, we mention the planting of more than 4 hectares of vineyards resistant to specific plant diseases.*

*During the year we also went on with our many activities in support of the Local Communities. Among the most important projects we mention the opening of the first permanent studies centre on Sangiovese wine: Sanguis Jovis - Alta Scuola del Sangiovese through the Banfi Foundation. This project has three main objectives: training, scientific research and cultural communication. It has opened the way to other initiatives and forms of collaboration which the Banfi Foundation has already pinpointed and which it intends to develop in the forthcoming years.*

*Pursuing Banfi's strategic vision, we again confirmed that our priority is to develop internal communication. In this area, the Sustainability Report is an invaluable way of providing increasingly close exchanges of information in addition to an opportunity of sharing growth objectives.*

*Finally, with the intention of supporting Banfi's sustainability vision, at the same time linking it to precise growth targets, we started to lay down a sustainability strategy plan, a fundamentally important instrument for determining objectives, resources, action to take and expected results over a medium- and long-term horizon as to the sustainability challenges which Banfi has decided to meet. The sustainability strategy plan will be completed during 2018; therefore, it will be dealt with in the next edition of the sustainability report.*

*Proud of the virtuous path which has led to the preparation of this document and ever more convinced of the importance of this instrument in affirming the values and principles which guide us on the way, we thank all those whose daily efforts make it all possible.*

## Chapter 1

# BANFI: OUR NUMBERS, MANIFESTO AND VALUES



## BANFI IN NUMBERS



Italian Regions

2

Tuscany  
Piedmont



Territories

3.125

in ha  
**Tuscany**  
3.075ha of which  
1.600ha of cultivated  
land

Montalcino (SI)  
Casalappi (LI)  
Cerreto Guidi (FI)  
Castellina in Chianti (SI)  
Centoia (GR)  
Bolgheri (LI)

**Piedmont**  
50ha of which  
35ha of vineyards

Novi Ligure (AL)  
Acqui Terme (AL)



Average employees

393



Turnover

62,1

in million Euros  
Total aggregate turnover  
Wines\*

5,1

in million Euros  
Total aggregate turnover  
Hospitality\*

\* net of intercompany balances



Value distributed  
to third parties

95,52%

of the aggregate  
value generated  
and distributed  
to third parties



Countries

86

Wine  
distribution



Certifications

6

ISO 9001  
ISO 14001  
SA 8000  
BRC  
IFS  
OHSAS 18001

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## OUR MANIFESTO

Since it came into being nearly forty years ago now, Banfi has always understood the importance of its area as an asset to sustain and promote by constant effort. In fact wine, more than other products, is an intrinsic expression of the bond between the soil and man's skilful toil. Aware of this, therefore, Banfi has tended to operate by not only adopting a sustainable system of production, careful to safeguard the surrounding environment, but also by preserving the area's heritage in its entirety: its culture, its history, its evolution.

Banfi's undisputed leading role in creating the extraordinary success of Brunello and Montalcino all over the world has been played while uninterruptedly sustaining its surrounding area and its community.

"No man is an island", John Donne says in his poem, because he is "part of the main", and the same can be said of the Company, according to its philosophy: it could only have achieved the extraordinary success of its wines through supporting its area and the community of which it is an integral part.

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## OUR PRINCIPLES AND VALUES

In going about its day-to-day activities, Banfi bases its behaviour on the observance and affirmation of the universal principles laid down in the following international documents:

- Universal Declaration of Human Rights (1948);
- Rio Declaration on Environment and Development (1992);
- Paris Climate Agreement (2015);
- Global Compact (2000);
- International Food Standards by Codex Alimentarius Commission.

Banfi's commitment to laying down and affirming the principles and ethical values which guide and bind the behaviour of our stakeholders and all those with whom the Company comes into contact has taken the form of the preparation of a Code of Ethics, which has been adopted by both Banfi Società Agricola S.r.l. and Banfi S.r.l.

In the Code of Ethics Banfi has enshrined the principles by which it stands and the rules of conduct which govern our relations with consumers, workers and sup-

pliers, in addition to the procedures for putting the provisions of the Code into practice.

We draw attention to the following principles among those stated in the Code of Ethics:

- fairness in relations with our employees;
- protection of the environment;
- observance of the rules;
- honesty;
- transparency;
- respect for privacy;
- fair competition;
- integrity.

In addition to preparing the Code of Ethics, Banfi has adopted an Organisational, Management and Control Model under Legislative Decree 231/2001, thus further strengthening its own internal control and risk management system.







## Chapter 2

# OUR STORY, THE TERRITORIES, OUR PRODUCTS AND HOSPITALITY SERVICES

## BANFI'S HISTORY

When the two Mariani brothers, John and Harry, came to Montalcino in the mid-seventies to import Brunello into the United States, they realised the great potential, which was then still unfulfilled, of this wonderful area. So they decided to invest there and in 1978 started buying the first land which would afterwards make up the Banfi Estate at Montalcino. They began with the former Argiano Farm, the property of the Gaetani Lovatelli family (700 ha), a small piece of land in Poggio alle Mura and some plots in the Camigliano Estate and ended in 1983 by purchasing the entire Poggio alle Mura Estate, including the historic mediaeval castle, thus bringing the total estate to the present 2,830 ha.

At the same time the Marianis bought the historic Bruzzoni farm at Strevi and the La Richetta Estate at Novi Ligure, both in the Province of Alessandria in the Region of Piedmont.

Up to the very early 1990s, Banfi went through a period of great excitement and of building. These were the years in which the first vineyards were planted, in which the big zoning projects and research into Sangiovese were conducted, when the foundations were laid for what the Banfi of the future would be, today's enterprise.

The Banfi headquarters during these years was still in Rome, in the fabulous villa in Piazza Mincio which was the inspiration for its very name: Villa Banfi. It was only in 1992 that everything became concentrated at Mon-

talcino; the Rome villa was unused until it was sold at the end of the 1990s. The move to Montalcino also led to the change of name from Villa Banfi to Castello Banfi.

They were the years in which the Company consolidated and settled down; while Brachetto d'Acqui was revived in Piedmont, it was a fundamentally important time for Montalcino and its symbolic wine.

The Brunello "phenomenon" burst on the scene with the stupendous 1990 vintage and its high value was at last recognised in Italy, but above all in international markets. In this period Banfi's presence and the impulse it gave were essential for the growth and global diffusion of the Brunello brand, but not only this, because it was during these years that Brunello eventually reached even the most distant and hitherto unexplored regions thanks to Banfi.

In 1995 and 1997 Banfi issued en primeur sales certificates for Brunello. This transaction, carried out in Italy for the first time, was enormously successful and helped to spread the name of the Company together with that of Montalcino and all its surrounding area.

There was a far-reaching generational change between the end of the 1990s and the beginning of the new millennium which leads Banfi to our own days. It was a key period in the management of our Company, when an organisational structure based on sharing was introduced.

## BANFI'S HISTORY

It was also the period in which the Company began to pay ever-increasing attention to the work environment and to the area in which it operates, striving to obtain certifications until we succeeded in obtaining the SA8000 in 2005, the first Italian agricultural farm to do so.

But these were also the years during which all our accommodation facilities started operating, from the wine shop to the two restaurants and the hotel, the last to open in 2007. This was a fundamentally important move on the part of Banfi, which from a wine grower became a local business, a business in an area which is Brunello di Montalcino but which goes well beyond wine.

With the publication of the first edition of the Sustainability Report in 2015, a circle closed in which Banfi's sense of belonging to the territory of Montalcino and its roots in the area grew ever stronger.

For the Company, moreover, the last decade has been a time of expansion in other Tuscan vine growing areas, among the best known of which are Bolgheri, Chianti, Chianti Classico and Maremma.







# 1978

The foundation of Villa Banfi in Montalcino.



# 1979

The acquisition of the Bruzzone Winery in Strevi (Piedmont).



# 1980

The zoning process is started.



# 1982

The clonal selection process is started on Sangiovese.



# 1983

The Poggio alle Mura Castle is acquired and becomes the company's emblem.



# 1984

The inauguration of the winery in Montalcino – a milestone in modern wine production.



# 1986

Villa Banfi Foundation is established.



# 1990

The harvest that changed the history of Montalcino.



# 1992

The inauguration of the Bottle and Glass Museum.



# 1997

The first Brunello "Poggio alle Mura" harvest, the result of 20 years of research into Sangiovese.



# 1998

The Jazz&Wine Festival is founded in Montalcino.



# 2005

The SA8000 Ethical Certification is obtained (after UNI EN ISO 9001 and ISO 14001).



# 2007

The inauguration of "Il Borgo", the pearl of our hospitality facilities.



# 2009

The use of lightweight bottles becomes reality.



# 2014

Tuscan Estates: a first phase of acquisitions is completed.



# 2015

Sustainability Report No. 0.



# 2017

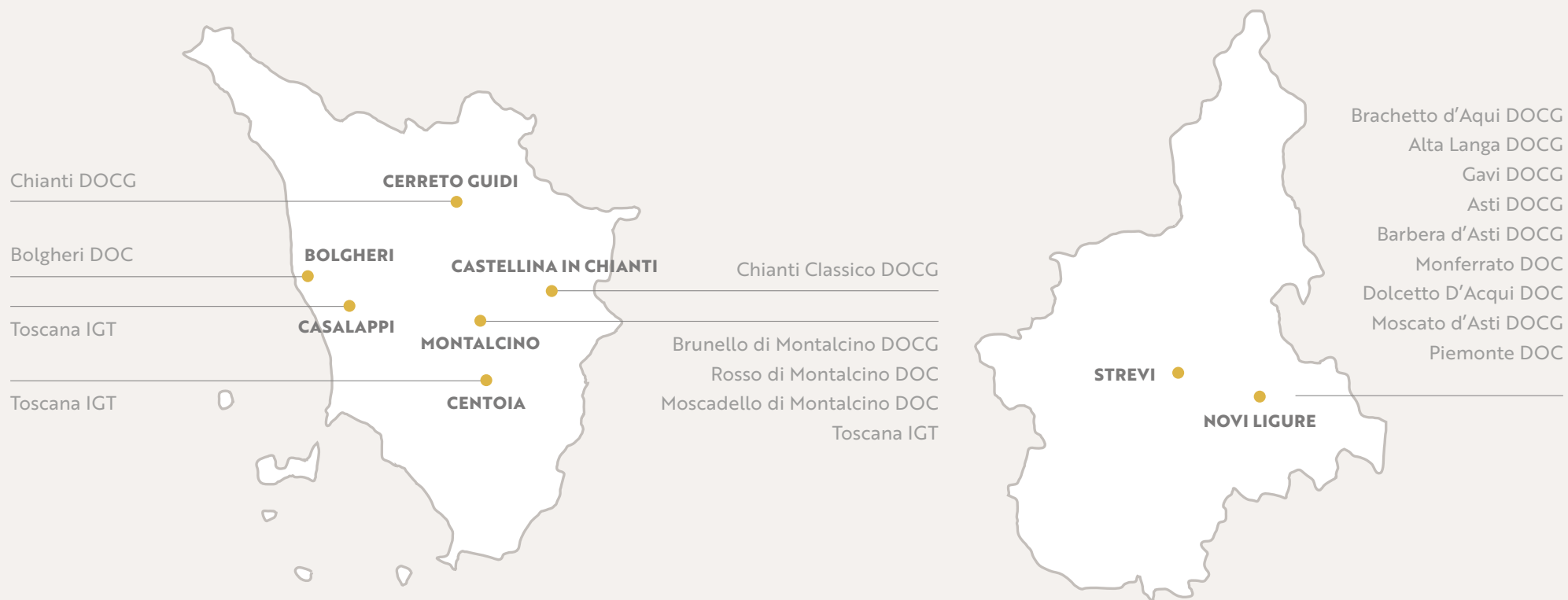
Promoters of the foundation of the Sanguis Jovis – Alta Scuola di Formazione del Sangiovese.

The creation of "Horizon", a revolutionary winery concept.

Publication of the book "La Ricerca dell'Eccellenza."

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## BANFI TERRITORIES



G4-4

## WINES

### Tuscany



**Rosso di Montalcino**  
Castello Banfi  
DOC



**Brunello di Montalcino**  
Castello Banfi  
DOCG



**Brunello di Montalcino**  
Poggio all'Oro  
Riserva DOCG



**Rosso di Montalcino**  
Poggio alle Mura  
DOC



**Brunello di Montalcino**  
Poggio alle Mura  
DOCG



**Brunello di Montalcino**  
Poggio alle Mura  
Riserva DOCG



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## WINES

### Tuscany



**Belnero**  
Toscana IGT



**Cum Laude**  
Toscana IGT



**Summus**  
Toscana IGT



**Excelsus**  
Toscana IGT



**San Angelo**  
Toscana IGT



**Fontanelle**  
Toscana IGT

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## WINES

### Tuscany



**Florus**  
Moscadello  
di Montalcino  
DOC



**Fonte alla Selva**  
Chianti Classico  
DOCG



**Fonte alla Selva**  
Chianti Classico  
Gran Selezione  
DOCG



**Chianti Classico**  
Banfi  
Riserva DOCG



**Chianti Classico**  
Banfi  
DOCG



**Chianti**  
Banfi  
DOCG

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## WINES

### Tuscany



**Chianti Superiore**  
Banfi  
DOCG



**La Pettegola**  
Toscana IGT



**Badalei**  
Toscana IGT



**Aska**  
Bolgheri DOC



**Stil Novo**  
Governo all'Uso  
Toscano  
Toscana IGT



**Centine Bianco**  
Toscana IGT



G4-4

## WINES

### Tuscany



**Centine Rosé**  
Toscana IGT



**Centine**  
Toscana IGT



**Le Rime**  
Toscana IGT



**Fumaio**  
Toscana IGT



**CollePino**  
Toscana IGT



**Col di Sasso**  
Toscana IGT

G4-4

## WINES

### Piedmont



**Principessa Gavia**  
DOCG



**Principessa Gavia**  
**Perlante**  
DOCG



**La Lus**  
Albarossa



**L'Altra**  
Barbera d'Asti  
DOCG



**L'Ardi**  
Dolcetto d'Acqui  
DOC



**Asti**  
DOCG



**Rosa Regale**  
Brachetto D'Acqui  
DOCG

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## WINES

### Piedmont



**Sciandor**  
Moscato d'Asti  
DOCG



**Banfi Brut**  
Metodo Classico



**Cuvée Aurora**  
Talento  
Metodo Classico



**Cuvée Aurora Rosé**  
Talento  
Metodo Classico



**Tener**  
Vino Spumante  
Brut



**Tener Extra Dry**


















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## HOSPITALITY

### IL BORGO

						
Deluxe Room Riserva	Junior Suites	Classic Suites	Suite Riserva	Suite Poggio all'Oro	Restaurants	Pool Bar
2	7	3	1	1	2	1
40m <sup>2</sup>	55 – 65m <sup>2</sup>	70 – 80m <sup>2</sup>	75m <sup>2</sup>	110m <sup>2</sup>		
						
Heated swimming pool	Hall for weddings or events	Meeting area	Enoteca wine shop	Balsameria barrel cellar	Farmhouse	
1	1	1	1	1	1	





## IL BORGO

### 2017 AWARDS AND ACKNOWLEDGMENTS

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**TRAVEL+  
LEISURE**

**#8**  
hotels in Italy



**Winner**  
Wine Country Retreat



**Condé Nast  
Traveler**

**#20**  
hotels in Europe



**Andrew  
Harper®**

**TOP 100**  
hideways in the world  
**#20**  
hotels in the world

## IL BORGO

### AFFILIATIONS

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**VIRTUOSO.**  
SPECIALISTS IN THE ART OF TRAVEL



**SIGNATURE**  
TRAVEL NETWORK



**Traveller  
Made®**

## IL BORGO

Il Borgo is the **boutique hotel** in Castello Banfi, which opened in March 2007 in the old village perched under the walls of the Castle, built in 1700 for the peasants who worked for the noble landowners.

**2 rooms and 12 suites and junior suites** have been fashioned in the interior of the castle, elegantly decorated in a Tuscan manner (without overlooking present-day technologies), embellished with hand-executed decorations and surrounded by a Mediterranean-style garden with its eye-catching white rose bush, a heated swimming pool, breakfast room, pool bar and reading room, all perfectly in harmony with our staff's warm welcome and dedication.

**Il Borgo** is certainly our Company's most secluded and most chic location, where guests can derive the maximum enjoyment from their visit to the Banfi Castle in an intimate, exclusive and luxurious environment. The hotel is a seasonal business which is open from the end of March to the middle of November; while it is closed in the winter we do practically all the maintenance and make most of the investments necessary for us to have the hotel ready on the first day it is open to the public and meet the needs of our guests, many of whom, after 10 years of activity, still return for their annual appointment with Il Borgo.

We are very keen on safeguarding the privacy of our guests, and both for this reason and also to improve our service we have prepared satisfaction questionnaires regarding their stay, which do not take the place of dialogue but help us to have a clearer idea of their expectations and to continue on our process of professional growth, with the **pursuit of excellence** in our sights.

We have made a great effort to create a **food and wine experience**, offering a guided tour of the private wine cellar only to Il Borgo guests, followed by a tasting of Banfi wines. Another important food and wine experience are courses in cuisine, during which our guests can cook using other Banfi and local products such as extra-virgin olive oil, our Etruscan balsamic seasoning (Condimento Balsamico Etrusco) and Banfi plums. After this hands-on cooking course, our guests dine with our Chef, accompanying all the courses with our wines. For our younger guests, we give courses in making pasta, pizza and ice-cream using our new Banfi flour and organic pasta.

Another experience which is very much in demand is the **Chef's Table**, which is a private four-course supper with four Banfi wines in a garden with a view over the vineyards: here we have tried to create both a simple





## IL BORGO

atmosphere and an unforgettable experience at the same time.

Two other vital elements in our food and wine experience are our restaurants: **La Taverna** and **Sala dei Grappoli**.

**La Taverna**, open for lunch and supper on request only, is a classical Tuscan restaurant in the shade of our Castle, which is positioned beneath the vaulted arches of the former barrel cellars where Brunello di Montalcino once rested in large oak casks and which pays great attention to seasonal raw materials.

The **Sala dei Grappoli** is our fine dining restaurant, open when Il Borgo is open and constituting the highest level of **food and wine experience**. Our Executive Chef, Domenico Francone, has created an Italian and Mediterranean cuisine for this establishment which is based on products in season and makes modern dishes using sophisticated cooking techniques. Dinner can be served al fresco on the terrace from which the spellbinding sight of the lights of the historical Castello Banfi can be enjoyed.

We mainly use zero miles products for all our food and wine experiences, many of them organic, and we try to work principally with small-scale local producers.

We spend all the low-season periods searching for the best producers in the Provinces of Siena and Grosseto so that we can always provide an experience which bonds in with our area.

We show a list of all the local suppliers we work with on all our menus.



## Chapter 3

# THE BANFI STAKEHOLDERS

# STAKEHOLDERS

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## Human resources

A sense of belonging and a high level of professionalism are the distinguishing features of Banfi's human resources.



## Agents

The relationship with agents is characterized by a strong sense of belonging within the Company and by stable, long-term ties.



## Customers, consumers and guests

The relationship with these persons is characterized by continuity over time and the development of commercial synergies.



## Suppliers

The relationship with suppliers are based on close collaboration and the encouragement of innovation.



## Competitors

Relations with competitors are marked by a spirit of collaboration in developing the territories in which we operate and promoting our product.



## Trade unions

Relations with trade unions are characterized by a high degree of participation and an eye on innovation.



## Journalists and bloggers

This group is an additional source of information about developments in its market and a channel for disseminating the Banfi image among consumers.



## Owners

Relations with owners are distinguished by the sharing of decisions and the delegation of powers.



## Capital providers and Financial institutions

Trust between the Company and other businesses in the sector is at the basis of their ongoing relationship.



## Public institutions and Consortia

Banfi has frequent and ongoing dealings with Public Institutions. It works in harmony with companies belonging to the Banfi consortia and values its competitors.



## Local community

Safeguarding the local community, the organization of cultural initiatives and preserving the local economic fabric are distinguishing features of the relationship between Banfi and this stakeholder.



## Environment

Banfi's relationship with the environment is based on the aim of reducing the Company's impact and appreciating the value of its surroundings.



G4-16

## IDENTIFICATION OF STAKEHOLDERS

Making out who our stakeholders are required Banfi's senior management to engage in a process of analysis which concentrated on the following areas:

- **the relationships that the Banfi establishes with the reality that surrounds it;**
- **the issues relevant to the Banfi's business.**

All those who influence and/or are influenced by Banfi's business, products, services and performance were pinpointed. Banfi endeavours to seek the involvement of these persons and entities in developing and building on lasting relationships in different ways and at different intervals. These are the ways these stakeholders are engaged:

- Banfi has adopted specific procedures for communicating **with its human resources** by installing a suggestion box for anonymous inputs on the part of workers. Their requests are also discussed at periodic meetings of the Ethics Committee, the internal body responsible for the oversight of critical issues in the management of relations with human resources which meets several times a year.
- **Relations with agents** are cultivated at formal annual meetings at which, in addition to the discussion of technical and commercial matters, the attention of the participants is drawn to aspects in which Banfi believes they should be particularly involved. Moreover, there are meetings with agents with whom the

Company has been working for more than twenty years, referred to as the meetings of the "Board of Wise Men", which are separate opportunities for listening to the workers who have such a long-standing relationship with Banfi.

- Banfi holds periodic meetings **with customers** (i.e. those to whom the Company sells its products to be sold on to the end consumers) at which the trade relationships which have been initiated are managed. Banfi does not arrange any specific meetings with consumers (a category which includes the end users of their products, who cannot be identified specifically) or guests (its hospitality facilities customers) but keeps them informed of events, fairs or other activities developed with reference to its own business sector.
- **Relations with suppliers** are managed at periodic meetings held according to business requirements.
- Banfi mainly relates **with its competitors** through the periodic events arranged by the organisations and consortia of which it is a member.
- **Trade unions** are involved, through the workers' union representatives, in periodic meetings with the Ethics Committee.
- Banfi has frequent relations with **journalists and bloggers** in two main ways: by meeting them on specific occasions like events or fairs or at produc-

tion sites such as wineries and by developing initiatives on social networks.

- **Relations with owners** mainly take the form of periodic Owners' Meetings, at which, according to requirements, consideration is given to aspects related to the Company's performance, financial position and operations.
- Banfi has constructed relations with **capital providers and financial institutions** which have strengthened over time: specific meetings with these organisations are held according to business requirements.
- **Relations with public institutions and consortia** are conducted at ad hoc meetings: at those with Public Institutions issues are discussed that are important for the growth of the local areas and at those with Consortia themes are dealt with that are common to the various enterprises operating in these areas.
- Opportunities for **meeting the local community** are sought by carrying out activities specific to the area. Every year Banfi engages in conducting many projects in support of the local social fabric and the Company's surroundings.
- **Environment protection** consists of carrying out targeted projects in the framework of which meetings with other Banfi stakeholders take place according to the circumstances.



During 2017 Banfi took action to respond to requests made at meetings held with the following stakeholders: human resources, public institutions, consortia and the local community. Requirements emerged from these meetings in the areas of health and safety at work, projects in support of local areas and consumer protection.

#### The main measures taken as a result were:

- **The Social Performance Team** was formed (to replace the Ethics Committee) and its members included workers' union representatives.
- **Maintenance work was carried out** on the premises used as a canteen/leisure facilities and some accident prevention materials were replaced.
- **More time was devoted to specific training sessions** on fire fighting and first aid.
- In the framework of the **"Vino Veritas"** project, supported by the Italian Police, bottles of Brunello di Montalcino were made with labels giving information on responsible drinking.
- Banfi joined a project launched by the Italian Ministry for Cultural Heritage and Activities for the restoration of some **whale fossils** discovered in the estate area, at present in the Company's custody, in order to allow these valuable finds to be shown to

the public.

- An event was organised to present the **Sustainability Report** in order to inform local public authorities, competitors and journalists of the highlights achieved with reference to sustainability.

#### Relations with the major trade unions:

Banfi takes an active part in the activities of some sector associations in different ways. Examples are:

- **Confagricoltura** (Italian Agricultural Federation) by supporting many of its periodic initiatives;
- **Confindustria Toscana Sud** (Southern Tuscany - General Confederation of Italian Industry) by being represented on the executive committee and chairing the food section of the Italian Wines Union (Unione Italiana Vini);
- **Federvini** (Italian Federation of Industrial Producers, Exporters and Importers of Wines) by being represented on the Executive Committee.

Enhancing its environment protection measures, for ten years Banfi has been using recycling tunnel **sprayers** for watering vineyards. In 2017, thanks to its long-standing cooperation with **New Holland Agriculture**, another step forward was made when it started using New Holland's Blue Cab 4, a module with a category 4 pressurised cabin which **correctly and completely isolates the cabin interior from the outside world so that the operator is perfectly safe.**



## Chapter 4

# MATERIALITY ANALYSIS

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## MATERIALITY ANALYSIS

**During 2015** the Company began a materiality analysis process, involving senior management, which led to the determination of the issues which are material to Banfi. This process started as a result of the findings which emerged from the analysis and from the identification of the Company's stakeholders. This exercise, in fact, brought to light the factors in Banfi's activities and role to which each stakeholder attaches importance. These factors were then considered and compared with the most important factors for the Company, thus leading to the determination of its material issues. The materiality analysis process is updated periodically.

**During 2017** the Company further refined the content of its materiality analysis, rationalising the material issues which had already come to light and determining its immaterial issues. At the end of this further examination, some issues which had previously been defined as material (innovation while respecting tradition, the sense of belonging to the Company, the family management of business) were considered as merely distinctive factors characteristic of Banfi in particular. These factors, therefore, no longer material, have therefore been dealt with in certain separate chapters of the Report, thus leading, in practice, to a substantial review of the original materiality matrix in the previous editions of the document.

- The material issues are those of high importance both to Banfi and to its stakeholders.
- Among them, the issues which have the greatest impact on the internal boundaries of the organisation are the enhancement and growth of human resources and the defence of quality.
- Those which are most important for the organisation's external boundaries are environmental protection and the enhancement and development of its surrounding area.
- Each material issue is dealt with in a specific chapter of this document.
- Banfi's new materiality matrix is reported below.



# MATERIALITY MATRIX



## Social issues

- 01 Enhancement and development of human resources
- 02 Consumer education
- 03 Shortage of skilled labour
- 04 Company welfare
- 05 Diversity
- 06 Performance assessment
- 07 Developing and spreading good practice in the chain
- 08 Talent attraction
- 09 Maintaining employment levels

## Environmental issues

- 10 Environmental protection
- 11 Climate change
- 12 Biodiversity protection
- 13 Intensity of cultivation

## Economic issues

- 14 Support to wine production
- 15 Generated economic impacts
- 16 Enterprise value
- 17 Brand

## Cross-cutting issues

- 18 Defence of quality
- 19 Enhancement and development of the territory
- 20 Logistics
- 21 Supplier selection
- 22 Fight against fraud and forgery





## Chapter 5

# GOVERNANCE AND VALUE CREATION



## GOVERNANCE STRUCTURE

Banfi Società Agricola S.r.l. and Banfi S.r.l. are the two companies that are responsible for the business management. Both companies are governed by a board of directors consisting of five members, joined by John Mariani, Honorary Chairman with an advisory function.

The chairman and vice-chairman of the board of directors have been given specific operational authority and some executives have also been given certain powers to manage the activities for which they are competent.

The companies have also appointed sole statutory and independent auditors, separating accounting control from auditing the financial statements. Finally both companies have appointed a supervisory board. The following chart describes the Company's governance bodies.



G4-3

G4-7

G4-34

## CORPORATE STRUCTURE



Banfi Holding Co.

Villadco



**99,76%**

**0,24%**



Banfi Società Agricola S.r.l.



Banfi S.r.l.

**89,529%**

**10,254%**

**0,197%**



Banfi Holding Co.

Banfi Products Co.

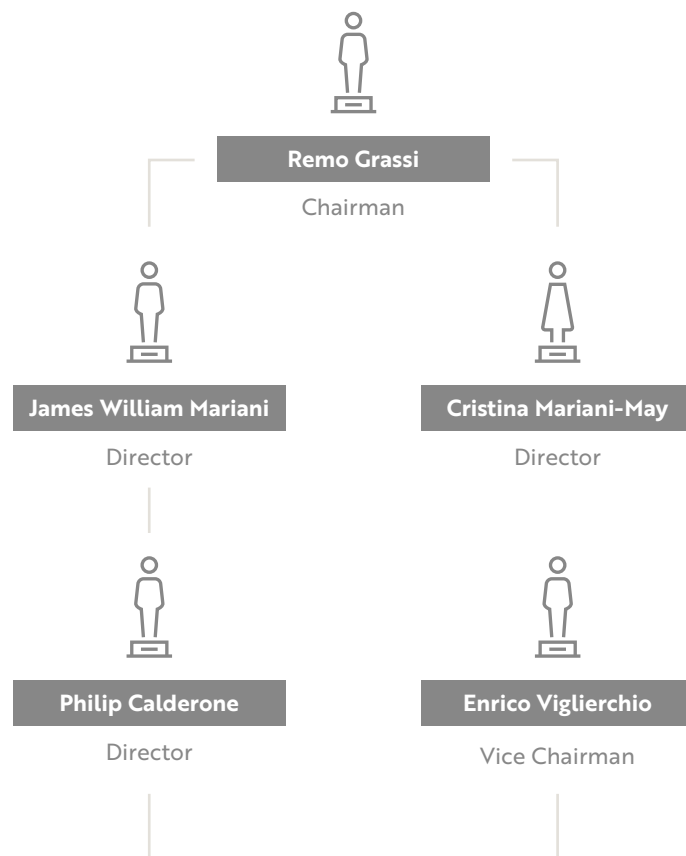
Villadco



## GOVERNANCE MODEL



**Joh F. Mariani**  
Honorary Chairman

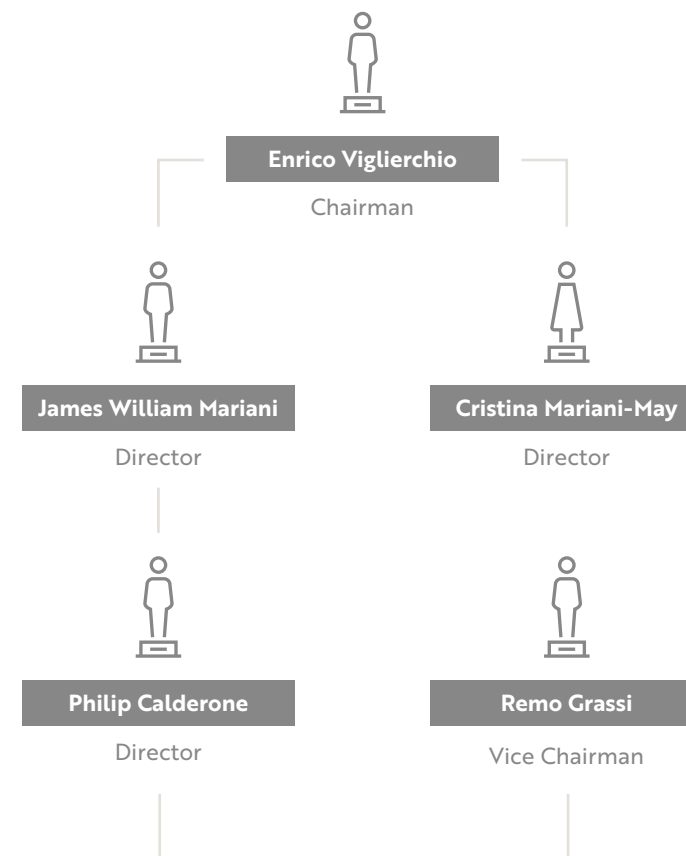


### BANFI SOCIETÀ AGRICOLA S.R.L.

<b>STATUTORY AUDITORS</b>	Sole Statutory Auditor	Francesco Bonelli
	Alternate Auditor	Marco Turillazzi

<b>INDEPENDENT AUDITORS</b>	PwC SPA
-----------------------------	---------

<b>SUPERVISORY BOARD</b>	Chairman	Marco Turillazzi
	Member	Lorenzo de Martino



### BANFI S.R.L.

<b>STATUTORY AUDITORS</b>	Sole Statutory Auditor	Emanuela Giorgini
	Alternate Auditor	Marco Turillazzi

<b>INDEPENDENT AUDITORS</b>	PwC SPA
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<b>SUPERVISORY BOARD</b>	Chairman	Marco Turillazzi
	Member	Lorenzo de Martino

EC-6

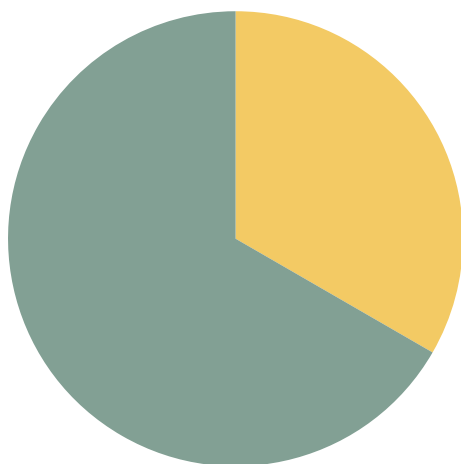
## LOCAL SENIOR MANAGERS

Local 33%  
Non-local 67%

### BANFI SOCIETÀ AGRICOLA S.R.L.

2017

33,33%

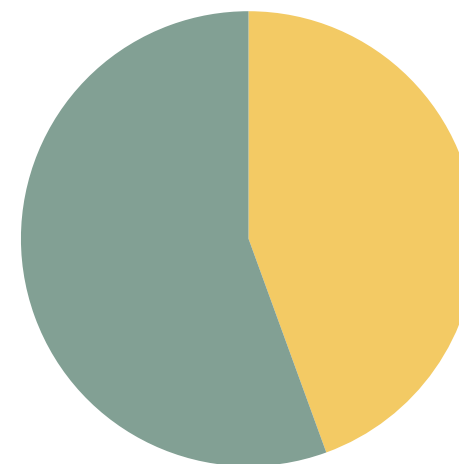


SENIOR MANAGER	2017	2016	2015
Local	1	1	1
Non-local	2	2	2
<b>Total</b>	<b>3</b>	<b>3</b>	<b>3</b>

Working side by side with the board of directors is the operations committee, composed of the heads of department and having the twofold duty of transforming the lines of strategy laid down by the governing bodies and acting as the venue for proposing and discussing new projects and innovations. The expertise and aptitudes vary greatly; the charts which follow show their places of origin and the proportions of persons born in the various areas with which the companies are associated.

Local 44%  
Non-local 56%

### BANFI S.R.L.

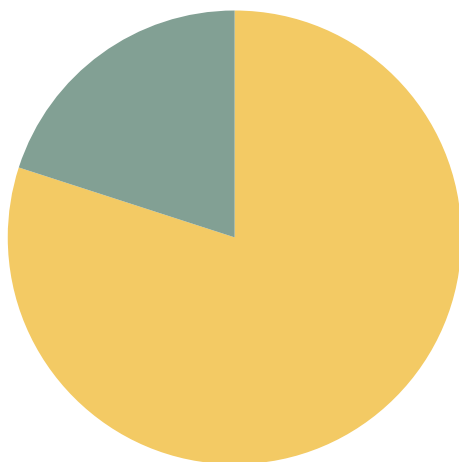


SENIOR MANAGER	2017	2016	2015
Local	4	4	4
Non-local	5	5	5
<b>Total</b>	<b>9</b>	<b>9</b>	<b>9</b>

G4-9

# EQUITY

■ Banfi Società Agricola S.r.l. 80%
 ■ Banfi S.r.l. 20%



	BANFI SOCIETÀ AGRICOLA S.R.L.			BANFI S.R.L.		
	2017	2016	2015	2017	2016	2015
Equity	94.731.874	93.274.282	89.453.537	23.705.152	23.543.665	22.898.671

Values in Euros



G4-9

EC-1

DMA

## ECONOMIC VALUE GENERATED AND DISTRIBUTED

Value creation is shown in the table below, which reports data broken down by company without considering related concerns. The chart below also gives the average total value distributed during the three-year period, as well as the part of economic value generated and allocated to human resources.

The path leading to value creation is described in the following chapter, which presents the factors which, taken together, produce the economic value referred to above. As regards any other additional information concerning both companies' results of operations, financial position and cash flows, reference should be made to their 2017 financial statements, which are published on the website: [castellobanfi.com](http://castellobanfi.com)

ECONOMIC VALUES [€/000]	BANFI SOCIETÀ AGRICOLA S.R.L.			BANFI S.R.L.		
	2017	2016	2015	2017	2016	2015
<b>Economic value generated</b>	<b>40.198</b>	<b>40.820</b>	<b>39.699</b>	<b>55.146</b>	<b>56.502</b>	<b>65.033</b>
Operating costs	(30.115)	(27.632)	(31.556)	(46.043)	(46.218)	(53.100)
Remuneration of personnel	(6.892)	(6.930)	(7.040)	(7.320)	(6.819)	(6.213)
Remuneration of capital providers	(315)	(292)	(239)	(611)	(166)	(168)
Remuneration of Public Authorities	(311)	(739)	(259)	(518)	(359)	(772)
Investment in the community	(42)	(30)	(21)	(51)	(30)	(9)
<b>Economic value distributed</b>	<b>37.675</b>	<b>35.623</b>	<b>39.114</b>	<b>54.544</b>	<b>53.592</b>	<b>60.262</b>
<b>Economic value retained</b>	<b>2.523</b>	<b>5.197</b>	<b>586</b>	<b>603</b>	<b>2.910</b>	<b>4.772</b>

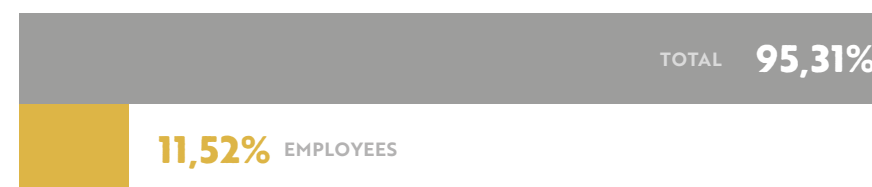
2017 - 2015 AVERAGE VALUE DISTRIBUTED

BANFI SOCIETÀ AGRICOLA S.R.L.



2017 - 2015 AVERAGE VALUE DISTRIBUTED

BANFI S.R.L.





EC-4

## MAIN FINANCING RECEIVED FROM PUBLIC AUTHORITIES

Below are the main financings received from public authorities, broken down by forms and methods:

	BANFI SOCIETÀ AGRICOLA S.R.L.		
ECONOMIC VALUES [€]	2017	2016	2015
Government Grants	878.394	947.756	453.589
Tax Deductions	1.794	-	-
Advanced Capital Grants	453.582	308.587	583.426
Exemption from tax on Social Security Contributions	1.271.630	1.273.136	1.263.532
<b>Total</b>	<b>2.605.401</b>	<b>2.529.479</b>	<b>2.300.548</b>

	BANFI S.R.L.		
ECONOMIC VALUES [€]	2017	2016	2015
Government Grants as per Budget	72.981	215.632	114.886
Tax Deductions as a reduction in current tax burden	6.876	5.922	-
Exemption from tax on Social Security Contributions	54.798	54.278	21.147
<b>Total</b>	<b>134.654</b>	<b>275.832</b>	<b>136.034</b>

In the agricultural sector, there are sundry forms of incentives and both contributions from public funds to the modernisation of equipment and crops and operating grants for certain cultivations or working practices.

## Chapter 6

# OUR VALUE CHAIN AND SENSE OF BELONGING

## OUR VALUE CHAIN

Banfi operates in the agriculture sector, mainly in wine production, and Hospitality through the management of the Banfi Castle – Il Borgo.

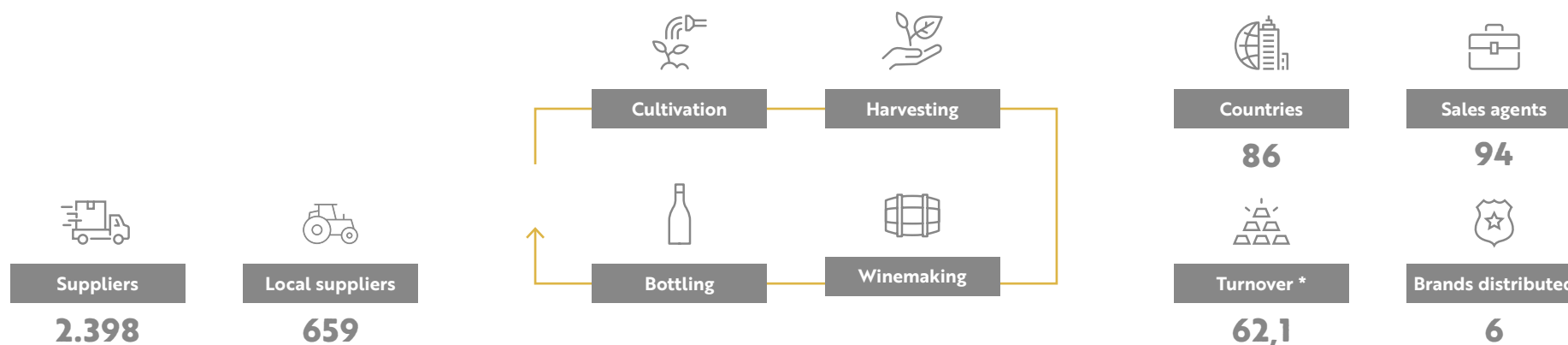
Below we present Banfi's value chain seen through these two areas of business; this presentation outlines the main figures involved in the business.



G4-8

## VALUE CHAIN

### AGRICULTURE



\* in million Euros, Wine production turnover, net of Intercompany balances

### HOSPITALITY



\* Customers' countries of origin

in million Euros



G4-12 EC-9 DMA

## PROCUREMENT

Banfi relies on a selected number of first-rate **suppliers** for the conduct of its activities. Locally, the main types of purchases for Agriculture and Hospitality are raw food products (grapes, bulk wine and local products).

At **national and global level**, on the other hand, relations with suppliers mainly concern services (such as, for example, utilities) and durable goods (such as, for example, equipment and machinery).

Banfi undertakes to adopt a sustainable approach to the management of its goods and services procurement cycle. It works with its suppliers constructively in searching to apply practices which aim at continuous improvement and innovation and does all in its power to certify its corporate processes.

**The objectives the Company sets itself in the management of its procurement cycle are:**

- **to manage the main risks** and mitigate their effects;
- **to work with its partners** in uniting efforts to make its services and products better and better;
- **to enhance transparency** as the means for extending sustainability principles to the entire chain.

Among the aspects which are features of Banfi's ethical conduct in managing supply contracts, we mention our keenness on **precise compliance with contractual clauses**, especially as regards payment obligations.



G4-12

## TYPE OF WINE PROCUREMENT



### AGRICULTURE

#### DURABLE GOODS

- Agricultural machinery
- Cuttings
- Plant construction material
- Irrigation systems

#### CONSUMER GOODS

- Fuels
- Fertilizers
- Pesticides and phytopharmaceuticals
- Workers' personal protective equipment and devices
- Uniforms

#### SERVICES

- Consultancy
- Agricultural services
- Utility
- Maintenance



### WINEMAKING

#### DURABLE GOODS

- Winemaking equipment
- Tanks
- Casks
- Barriques

#### CONSUMER GOODS

- Winemaking material
- Laboratory testing product
- Workers' personal protective equipment and devices

#### RAW MATERIALS AND SEMI-FINISHED GOODS

- Grapes
- Bulk wine

#### SERVICES

- Consultancy
- Utility
- Maintenance



### BOTTLING

#### DURABLE GOODS

- Bottling plants
- Stock management equipment

#### CONSUMER GOODS

- Bottles
- Packaging
- Packaging material
- Workers' personal protective equipment and devices

#### SERVICES

- Consultancy
- Utility
- Maintenance



### DISTRIBUTION

#### DURABLE GOODS

- Trucks
- TIR (International Road Transport) trucks

#### CONSUMER GOODS

- Pallets
- Shipment material
- Fuels
- Workers' personal protective equipment and devices

#### FINISHED GOODS

- Other food products
- Wines to be distributed

#### SERVICES

- Transport
- Utility



G4-12

## TYPE OF HOSPITALITY PROCUREMENT



### HOTEL

#### DURABLE GOODS

- Furniture
- Tapestries
- Electronic materials

#### CONSUMER GOODS

- Food products
- Hygiene products
- Consumer products
- Workers' personal protective equipment and devices

#### SERVICES

- Laundry
- Rental
- Utility
- Magazine subscriptions
- Maintenance



### CATERING

#### DURABLE GOODS

- Furniture
- Equipment
- Kitchen equipment

#### CONSUMER GOODS

- Food products
- Wine
- Workers' personal protective equipment and devices

#### SERVICES

- Laundry
- Utility
- Maintenance



### WINE SHOP

#### DURABLE GOODS

- Furniture
- Shop equipment

#### CONSUMER GOODS

- Food products
- Wine
- Pottery
- Leather goods
- Workers' personal protective equipment and devices

#### SERVICES

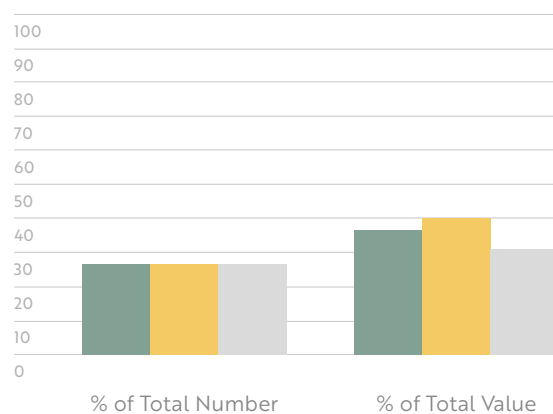
- Utility
- Maintenance

G4-12 EC-9

## LOCAL SUPPLIERS

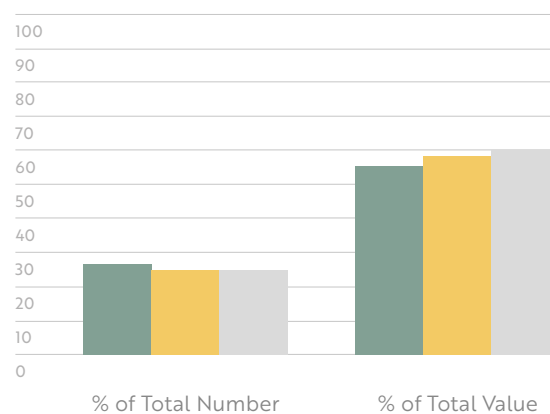
2017 2016 2015

### BANFI SOCIETÀ AGRICOLA S.R.L.



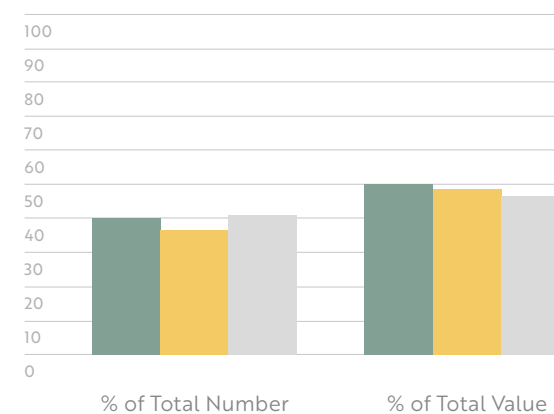
LOCAL SUPPLIERS	2017	2016	2015
N° of Local Suppliers	240	237	266
% of Total Number	37,62	36,29	36,89
% of Total Value	46,55	48,68	42,51

### BANFI S.R.L.



LOCAL SUPPLIERS	2017	2016	2015
N° of Local Suppliers	555	533	559
% of Total Number	26,79	25,69	25,74
% of Total Value	57,42	59,80	61,65

### HOSPITALITY BANFI S.R.L.



LOCAL SUPPLIERS	2017	2016	2015
N° of Local Suppliers	157	150	198
% of Total Number	40,36	36,86	41,77
% of Total Value	49,92	49,91	47,89

Local suppliers include:

- those based in the provinces of Siena and Grosseto for Banfi Società Agricola S.r.l.;
- those based in the provinces of Siena, Grosseto and Alessandria for Banfi S.r.l.



## PRODUCTION

The factors responsible for Banfi's output differ according to business area:

- the agronomy area oversees the management of its **agricultural production** plants (vineyards, orchards, cereals), while the winemaking area deals with the transformation of grapes into wine and the subsequent processes until the finished product is obtained;
- the managers of the **hospitality services**, collaborating with other company departments, runs catering, guest reception and sales to the public.

The main aspects of Banfi's ethical conduct in managing its businesses are:

- **as regards environmental impact**, constant attention to respecting and protecting the environment, with a special commitment to reducing the consumption of materials, water, energy and to cutting down the production of waste and CO2 as much as possible;
- **as regards the management of human resources**, a decisive factor in production activities, the compliance with employment contracts and related regu-

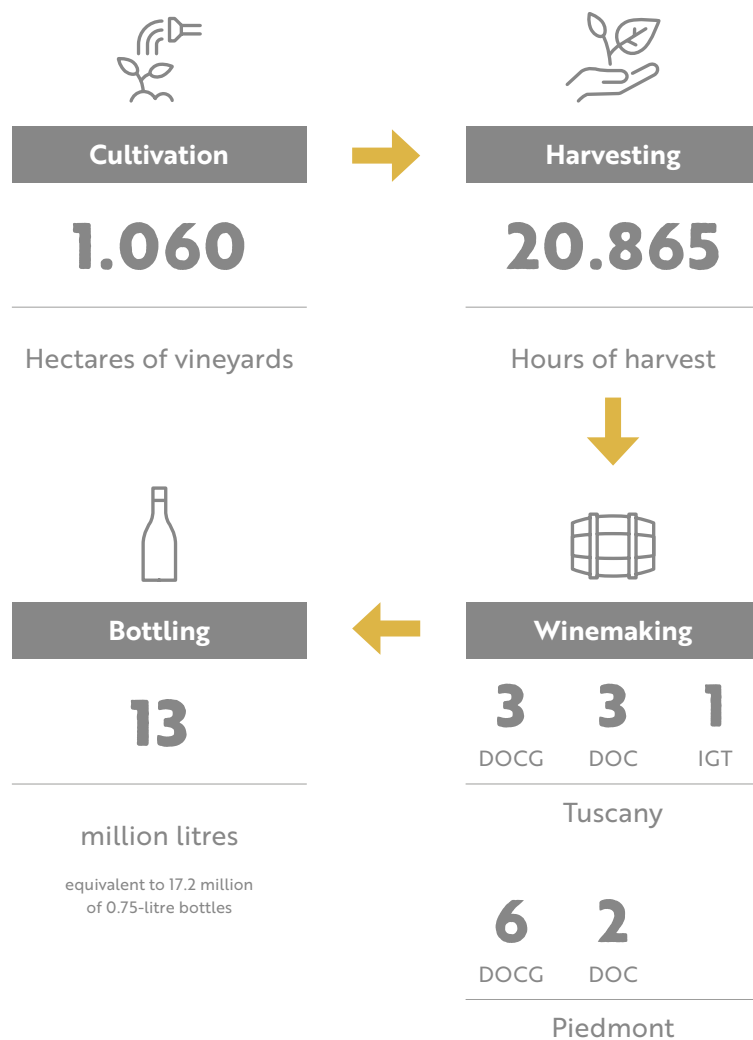
lations, attention to safety standards, a direct commitment to fostering these standards in all forms and concern for training issues. These are the factors which are most characteristic of Banfi's vision and which help to develop a strong sense of belonging.

As these themes are materiality issues for Banfi, they are dealt with at length in the chapters devoted to them.

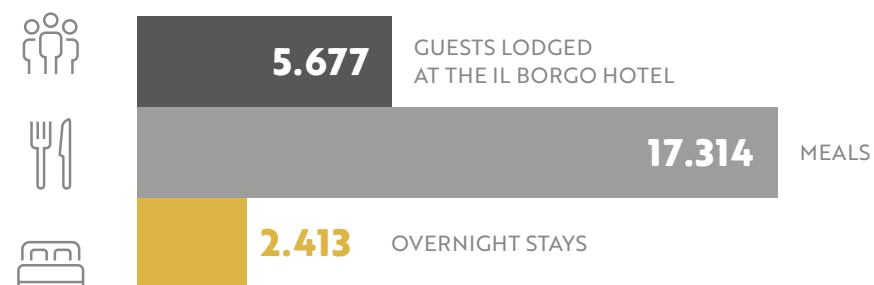
The main figures which give a picture of Banfi's production are reported below.



## AGRICULTURE



## HOSPITALITY



## DISTRIBUTION

The manner in which Banfi's products and services are distributed in the two business areas also differ:

- **agricultural products** are distributed by means of a network of intermediaries, agents and importers in 86 countries worldwide. Distribution is supported by the logistics unit, which is responsible for handling and availability, while the marketing unit manages promotional aspects;
- **the hospitality services** (provided at the Banfi Castle - Il Borgo) are distributed through agencies in Italy and abroad and at promotional events and trade fairs, as well as through the website and online services specific to the sector.

To be mentioned among the aspects of Banfi's ethical conduct in the management of the distribution of its products and services is the particular care taken in selecting commercial partners. The Company seeks out firms which share and foster the basic principles of the fight against counterfeiting, fraud and corruption, commit themselves to respect for human rights and safeguard their workers. Another factor sought for in Banfi's commercial relations is that their partners should promote responsible drinking.

Finally, another aspect of the distribution of Banfi's products and services is that it commits itself to building up long-standing relationships with its partners, laying stress, in this case too, on the importance of developing a sense of belonging.

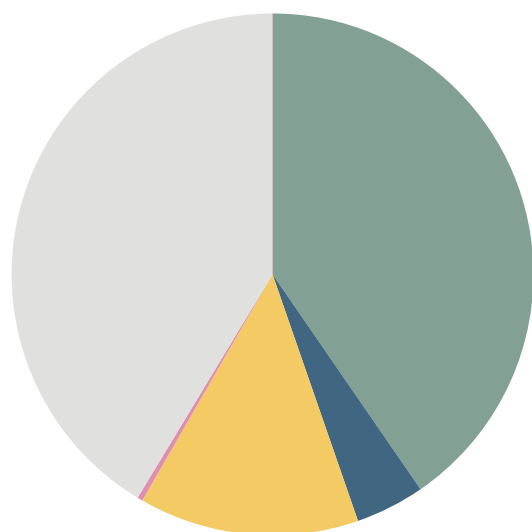
The main figures for the internationalisation of Banfi's distribution network are reported below.



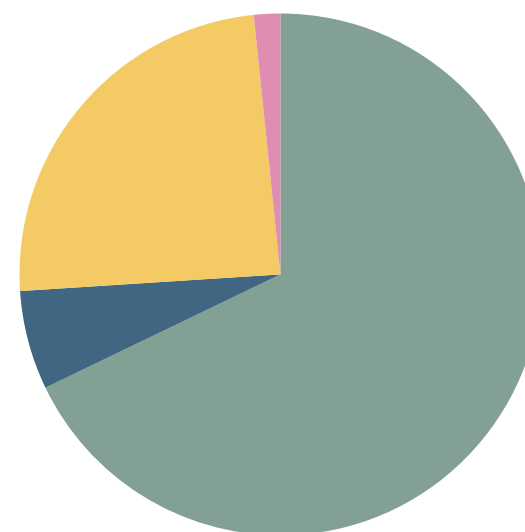
G4-8

# WINE DISTRIBUTION AND HOSPITALITY

AGRICULTURE | BREAKDOWN BY % OF WINE SALES



HOSPITALITY | BREAKDOWN BY % OF HOTEL GUESTS





## SENSE OF BELONGING



With the passage of time, Banfi has cultivated and consolidated relations of trust with its suppliers, employees, agents and customers which have generated a strong sense of belonging on the part of these categories. The figures which are the best evidence of this feeling are given in the chart below, which show the number of those (employees, suppliers, agents and customers) who have had continuous relations with Banfi over time.

The information provided for employees relates to their recruitment date and the actual time spent in service for Banfi.

## Chapter 7

# LEVERAGING AND DEVELOPING OUR HUMAN

DMA



## WHY MATERIAL?

Banfi is convinced that the **quality of its produce is firmly linked to the growth and retention of a trained and motivated workforce**. The creation of a strong sense of belonging among those working in Banfi is a fundamental element for the development of workers' development and enhancement.



## MANAGEMENT METHODS

In Banfi personnel enhancement and development are achieved by taking measures specifically directed at creating a strong sense of belonging to the Company. Among these measures we mention the following:

- **reward systems**
- career development paths designed to **exploit specific skills**
- **providing special** and not only statutory **training**



## ASSESSMENT AND MONITORING

The social responsibility system is audited periodically in order to ensure that the conditions for maintaining certification continue to be satisfied. The following monitoring procedures are conducted when these audits take place:

- an analysis of the training hours held and the number of employees given training
- an analysis and discussion of the results and the objectives attained.

## OUR HUMAN RESOURCES



Employees

**393**

of which 361 in Montalcino  
and 32 in Strevi



New hires age < 30 years

**55,17%**

+43% compared to 2016



Total worked hours

**571.000**



Permanent workforce

**59,45%**



Average age of employees

**43,18**

years



Average length of service

**14      9**

years

months



G4-9

G4-10

LA-1

DMA

## WHO WE ARE

**Human resources** are the point from which we wish to start in describing our approach to sustainability.

Banfi is an enterprise with a very diverse labour force of about **400 people** who are constantly engaged in making it possible to achieve the Company's objectives, in seeking continuous excellence and in overcoming the challenges which they meet from day to day.

Banfi acknowledges the unique, indisputable value of each single person as a bearer of knowledge, culture and different experiences which make the workplace an even more stimulating environment.

**A feature of our human resources is in fact that they have particular characteristics depending on where they come from and what kind of work they do.** The indissoluble union binding the products and services delivered to their territory is the prime factor in the combination of the culture which is the expression of the people living in the territory and the culture sought for and brought in from outside.

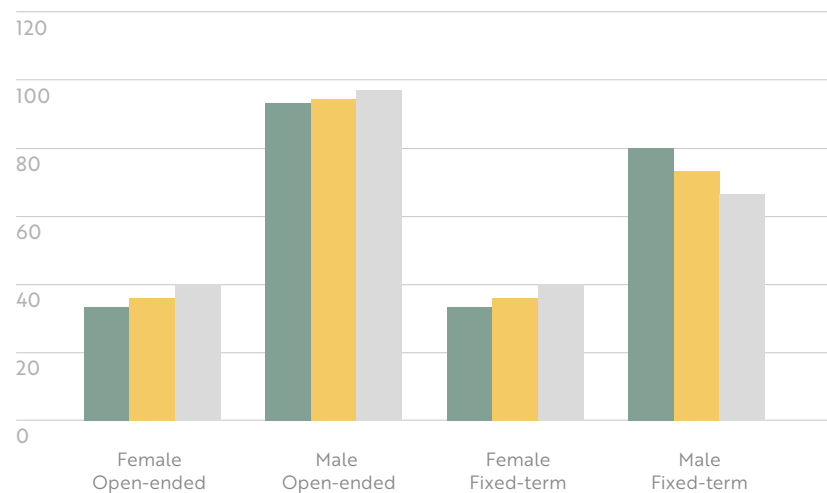


G4-10 LA-1

## TOTAL ANNUAL AVERAGE NUMBER OF EMPLOYEES

2017 2016 2015

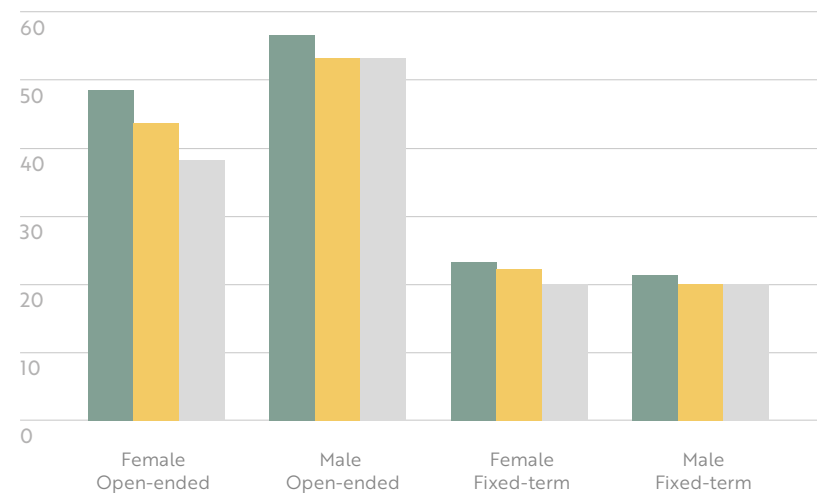
### BANFI SOCIETÀ AGRICOLA S.R.L.

**TOTAL 2017** **243**


TOTAL N° OF EMPLOYEES	2017	2016	2015
Open-ended Contracts	129	132	139
Female	35	37	41
Male	94	95	98
Fixed-term Contracts	114	111	108
Female	34	38	41
Male	80	73	67
<b>Total</b>	<b>243</b>	<b>243</b>	<b>247</b>

2017 2016 2015

### BANFI S.R.L.

**TOTAL 2017** **151**


TOTAL N° OF EMPLOYEES	2017	2016	2015
Open-ended Contracts	105	98	92
Female	49	44	38
Male	56	54	54
Fixed-term Contracts	46	42	39
Female	24	22	19
Male	22	20	20
<b>Total</b>	<b>151</b>	<b>140</b>	<b>131</b>



Another factor which is a strong characteristic of Banfi's human resources is the seasonality typical of the agricultural and hospitality sector, which is seen in the recruitment of staff during certain periods of the year at peak times for the work to be done.

**Seasonality is managed** differently in the two companies: Banfi S.r.l. concentrates recruitment at the beginning of the season, while Banfi Società Agricola S.r.l. normally recruits in January offering contracts expiring at the end of the year in order to ensure that the employees can complete the necessary number of working days, thus managing any periods in which work is concentrated or interrupted owing to weather conditions.

The reason for this difference in the way human resources are managed is the **large number and diversity of the types of work** in Tuscany, carried out over an area of over 1,600 hectares and consisting of planting, uprooting, breeding and cultivation, while the area cultivated in Piedmont is about 35 hectares.

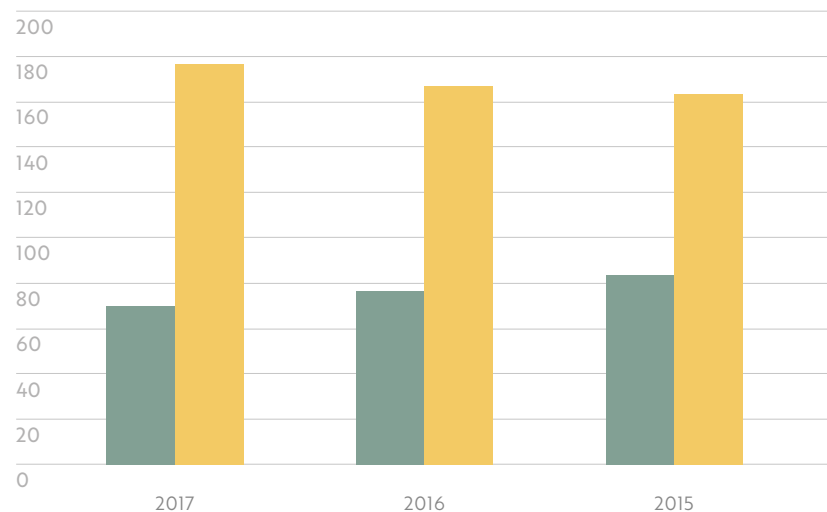


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## TOTAL ANNUAL AVERAGE WORKFORCE

Donne Uomini

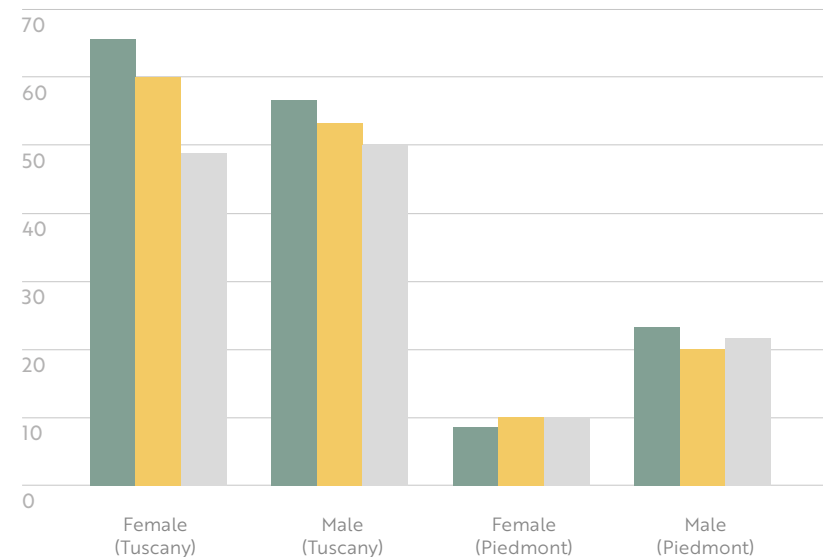
BANFI SOCIETÀ AGRICOLA S.R.L.	
<b>TOTAL 2017</b>	<b>244</b>



TOTAL AVERAGE WORKFORCE	2017	2016	2015
<b>Tuscany</b>	244	244	249
Female	69	75	83
Male	175	169	166
<b>Total</b>	<b>244</b>	<b>244</b>	<b>249</b>

2017 2016 2015

BANFI S.R.L.	
<b>TOTAL 2017</b>	<b>155</b>



TOTAL AVERAGE WORKFORCE	2017	2016	2015
<b>Tuscany</b>	123	113	98
Female (Tuscany)	66	60	48
Male (Tuscany)	57	53	50
<b>Piedmont</b>	32	32	34
Female (Piedmont)	8	9	9
Male (Piedmont)	24	23	25
<b>Total</b>	<b>155</b>	<b>145</b>	<b>132</b>



LA-1

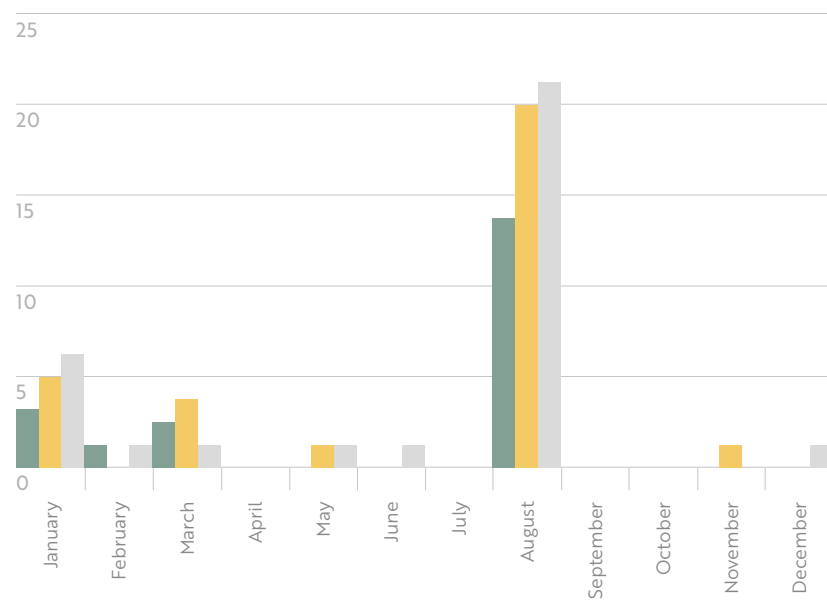
## WORKFORCE PERFORMANCE

2017 2016 2015

### PIEDMONT WINE BANFI S.R.L.

DELTA VS 2016

(9)

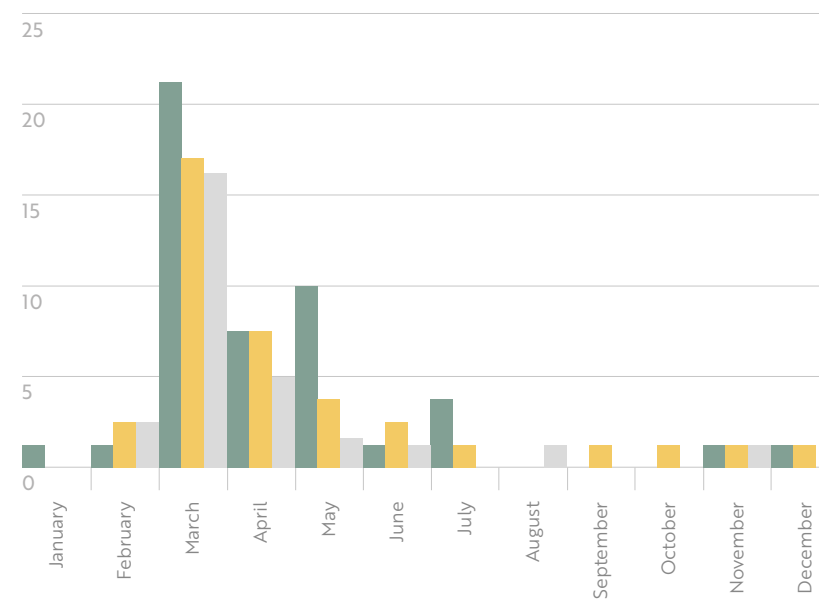


2017 2016 2015

### HOSPITALITY BANFI S.R.L.

DELTA VS 2016

(8)



G4-11 LA-2

Hence the large number of fixed-term workers, which makes the size of the workforce variable in the different periods of the year and is reflected in the analyses reported in the chapter, whose starting point will generally be the average number of workers.

**The reporting period for our in-depth analysis is the calendar year.**

All the employees are covered by national or provincial labour agreements. There is no company agreement.

At Banfi at the moment we are considering the introduction of **company welfare and diversity** schemes to give further support to our human resources.

**A number of National Collective Labour Agreements (CCNL) are adopted owing to the variety of activities carried out by Banfi at the various operating offices:**

- **Agricultural Workers** (at the Montalcino and Novi offices);
- **Agricultural Employees** (at the Montalcino and Novi offices);
- **Agricultural Executives** (at the Montalcino office);
- **Services Sector - Confcommercio** (at the Montalcino office);
- **Executives in the Services Sector - Confcommercio** (at the Montalcino office);
- **Public Commercial Concerns** (at the Montalcino office);
- **Food Industry** (at the Strevi office).

Owing to this peculiarity, Banfi considers it a value to operate a Human Resources Office directly in house, which handles both administrative matters (recording attendance, preparing payslips, relations with public bodies, personnel budget and statistical analyses), as well as plans and evaluates training programmes and career development (making use of incentive schemes among other methods).

Banfi's commitment to appreciating and enhancing its human resources is seen in the care it takes not only with employees already in the company's service but also with newly recruited staff.

In fact Banfi pays its employees over 20% above average national collective labour agreement rates and undertakes to bring most newcomers into the world of work at a higher grade than they would normally be entitled to. This policy is reflected in the data reported below.

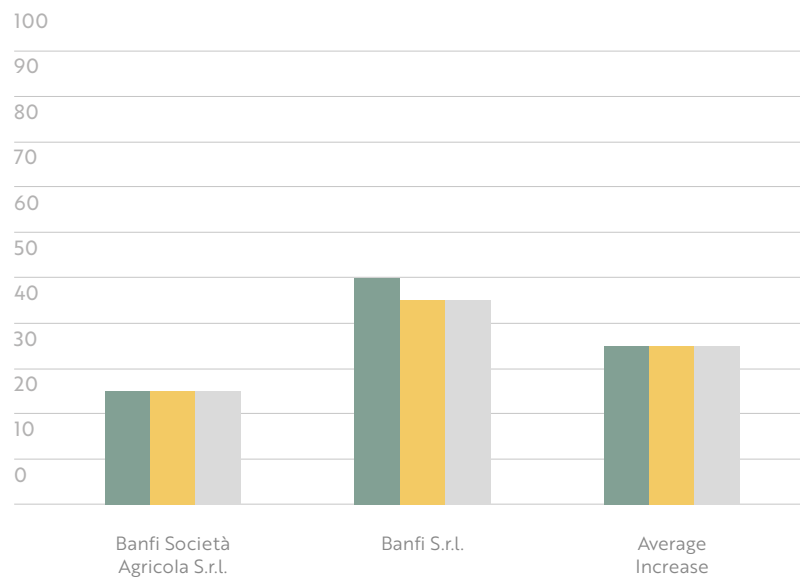


EC-5

LA-2

## SUPPLEMENTARY COMPANY AGREEMENT

■ 2017 ■ 2016 ■ 2015



% PAY INCREASE COMPARED TO NCLA*	2017	2016	2015
Banfi Società Agricola S.r.l.	13,93	13,80	14,15
Banfi S.r.l.	39,12	36,22	36,64
Average Increase	23,79	22,34	22,27

\* National Collective Labour Agreement

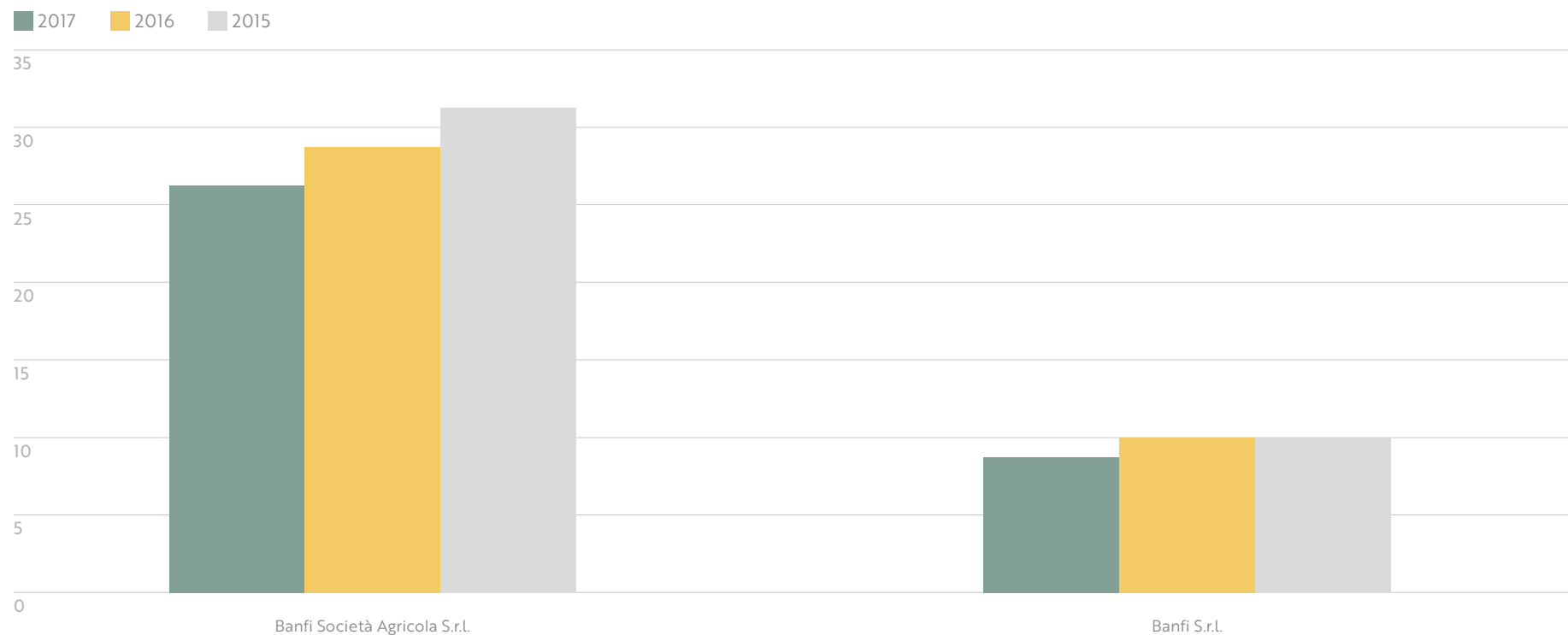
COMPANY RELATIONSHIP	Position	Grade in Company	Minimum Grade under the NCLA*	% Increase
Banfi Società Agricola S.r.l.	Office worker	3 <sup>rd</sup> Category	6 <sup>th</sup> Category	24,14
	Manual worker	5 <sup>th</sup> Basic Grade	6 <sup>th</sup> Basic Grade	11,06
		6 <sup>th</sup> Basic Grade	6 <sup>th</sup> Basic Grade	
Banfi S.r.l.	Office worker	4 <sup>th</sup> Grade	6 <sup>th</sup> Grade	14,89
		5 <sup>th</sup> Grade	6 <sup>th</sup> Grade	7,28
	Manual worker	5 <sup>th</sup> Basic Grade	6 <sup>th</sup> Qualified Grade	48,63

\* National Collective Labour Agreement

LA-8

## % OF TRADE UNION MEMBERS

The relationship with the trade unions is a fundamentally important instrument for discussion through which Banfi obtains and provides important information regarding human resources management. Transparency, trust and cooperation are the main driving forces of the relations between the parties. The chart shows the three-year trend in the workers' participation in trade union associations.



% OF TRADE UNION MEMBERS OUT OF TOTAL	2017	2016	2015
Banfi Società Agricola S.r.l.	27,60	28,46	32,49
Banfi S.r.l.	10,68	10,02	10,03



LA-1 LA-3

## CHANGE IN THE WORKFORCE

In 2017 Banfi's constant regard for attracting and retaining staff with the skills necessary to conduct its different business activities again took the form of a **rise in the trend of new hires** that had been recorded in previous years.

This sensibility led to the recruitment of 29 new resources under open-ended contracts, over half of whom under 30 years of age.

Net of terminations – 22 people in all in 2017 (-12% compared to 2016), the average age of employees is still just over 40 in line with that recorded in 2016 (+0.35%). The youngest person in the company is 19 years old and the oldest 71.

2017 again confirmed the strength of the bond between employees and the Company; there was an increase of about one month, equal to +0.68%, in average length of service compared to 2016.

Further evidence of this trend is a similar increase in employees returning to work after **parental leave**, even if the amount of such leave rose: all these members of staff came back to work after their leave.

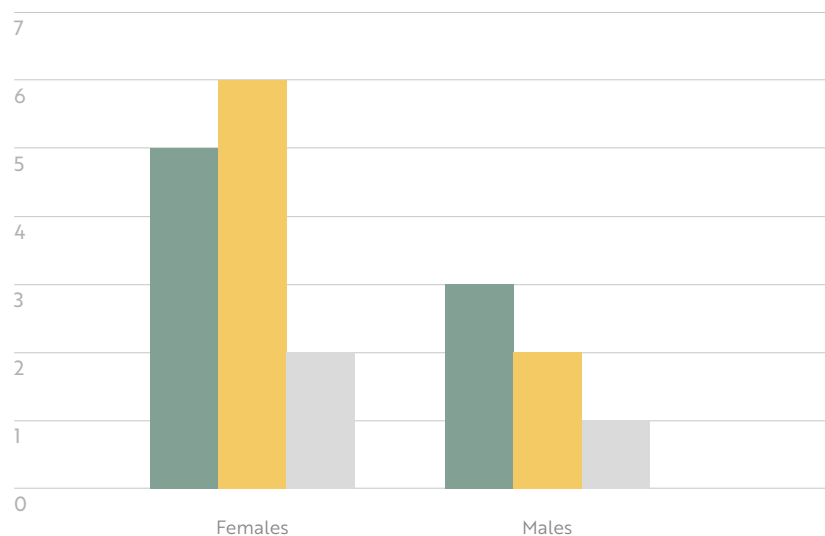


LA-1 LA-3

## PARENTAL LEAVE

2017 2016 2015

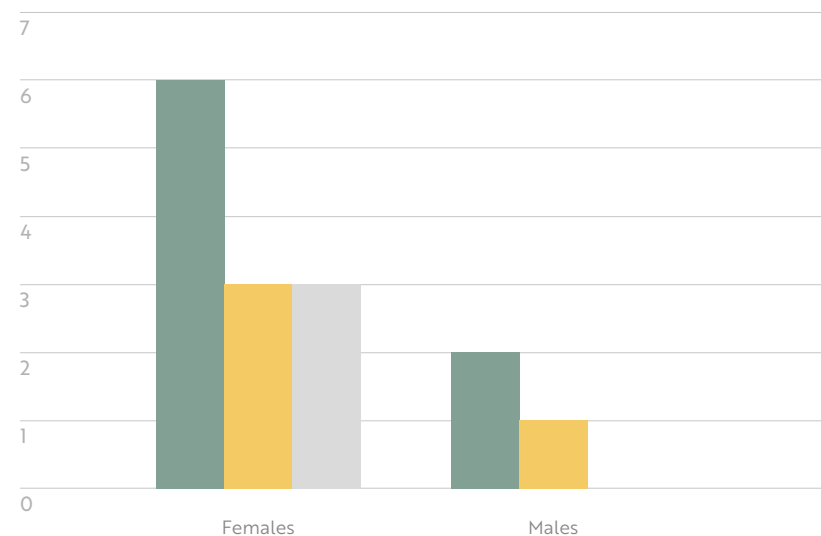
### BANFI SOCIETÀ AGRICOLA S.R.L.

**TOTAL 2017** **8**


PARENTAL LEAVE	2017	2016	2015
Females	5	6	2
Males	3	2	1
<b>Total</b>	<b>8</b>	<b>8</b>	<b>3</b>

2017 2016 2015

### BANFI S.R.L.

**TOTAL 2017** **8**


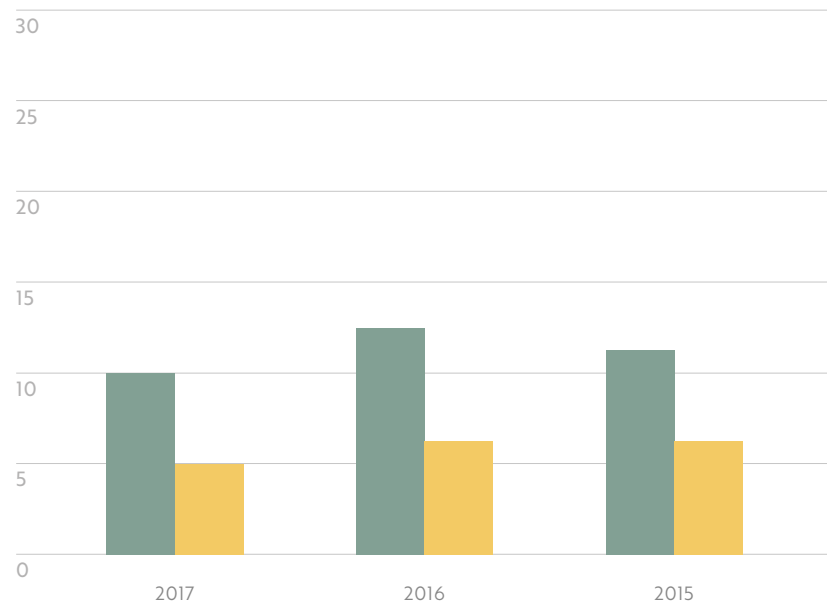
PARENTAL LEAVE	2017	2016	2015
Females	6	3	3
Males	2	1	-
<b>Total</b>	<b>8</b>	<b>4</b>	<b>3</b>

LA-1 LA-3

## RECRUITMENT RATE

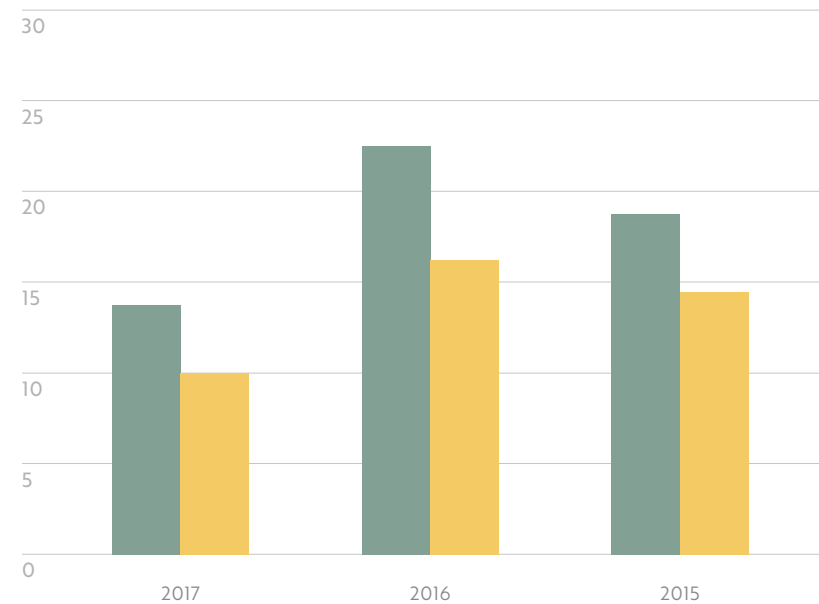
■ Year-End % Recruitment Rate of Employees ■ Average % Recruitment Rate of Employees

### BANFI SOCIETÀ AGRICOLA S.R.L.



■ Year-End % Recruitment Rate of Employees ■ Average % Recruitment Rate of Employees

### BANFI S.R.L.



LA-1

LA-3

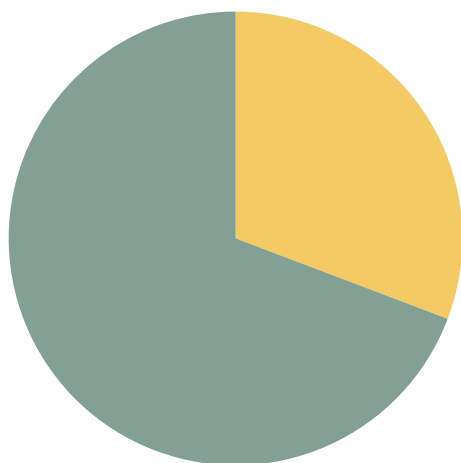
## NEW HIRES BY AGE GROUP

■ Age < 30 years 31%
 ■ Age of 30-50 years 69%
 ■ Age > 50 years -

**BANFI SOCIETÀ AGRICOLA S.R.L.**

**TOTAL 2017**

**13**



**DELTA VS 2016**

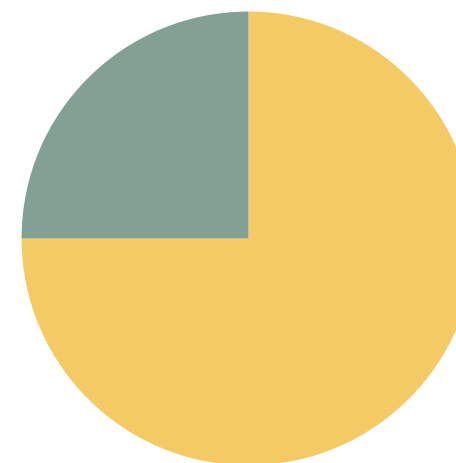
**(2)**

■ Age < 30 years 75%
 ■ Age of 30-50 years 25%
 ■ Age > 50 years -

**BANFI S.R.L.**

**TOTAL 2017**

**16**



**DELTA VS 2016**

**(8)**



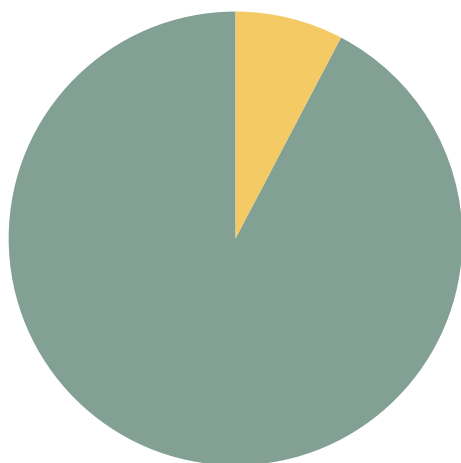
LA-1

LA-3

## NEW HIRES BY GENDER

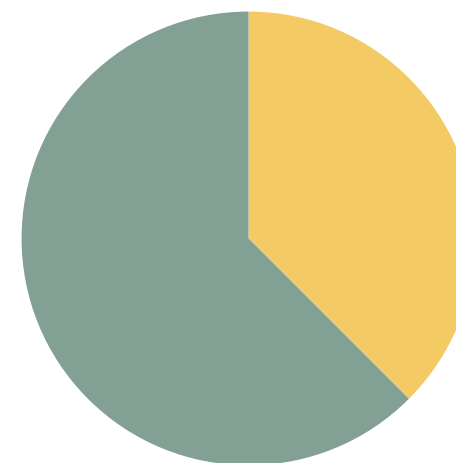
Females  
8%

Males  
92%

**BANFI SOCIETÀ AGRICOLA S.R.L.****TOTAL 2017****13****DELTA VS 2016****(2)**

Females  
37%

Males  
63%

**BANFI S.R.L.****TOTAL 2017****16****DELTA VS 2016****(8)**

LA-1 LA-3

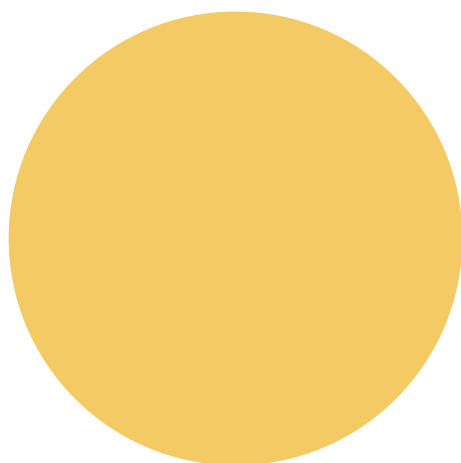
## NEW HIRES

Tuscany  
100%

**BANFI SOCIETÀ AGRICOLA S.R.L.**

**TOTAL 2017**

**13**



**DELTA VS 2016**

**(2)**

LA-1 LA-3

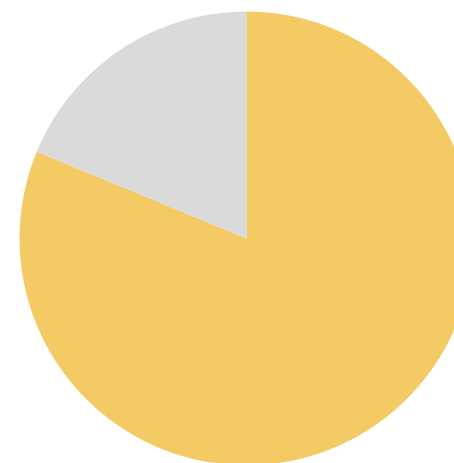
## NEW HIRES BY AREA

Tuscany 81%  
Piedmont 19%

**BANFI S.R.L.**

**TOTAL 2017**

**16**



**DELTA VS 2016**

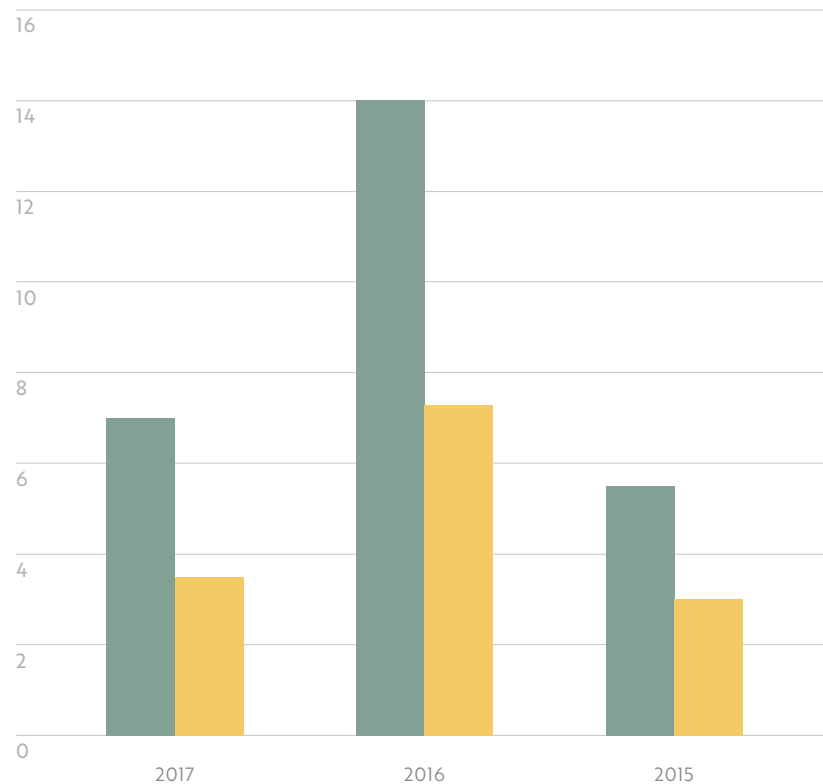
**(8)**

LA-1 LA-3

## TURNOVER RATE

■ Year-End % Turnover Rate of Employees ■ Average % Turnover Rate of Employees

### BANFI SOCIETÀ AGRICOLA S.R.L.



■ Year-End % Turnover Rate of Employees ■ Average % Turnover Rate of Employees

### BANFI S.R.L.



LA-1

LA-3

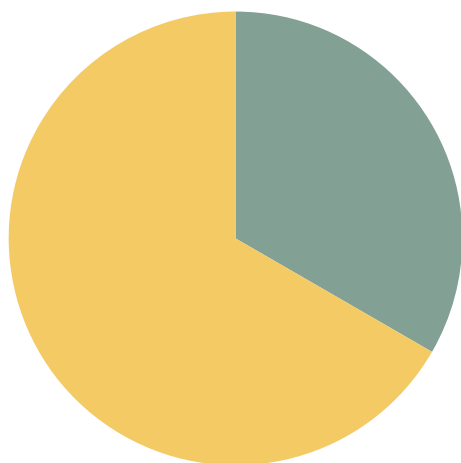
## TERMINATIONS BY AGE GROUP

■ Age < 30 years  
67%
 ■ Age of 30-50 years  
33%
 ■ Age > 50 years  
-

**BANFI SOCIETÀ AGRICOLA S.R.L.**

**TOTAL 2017**

**9**



**DELTA VS 2016**

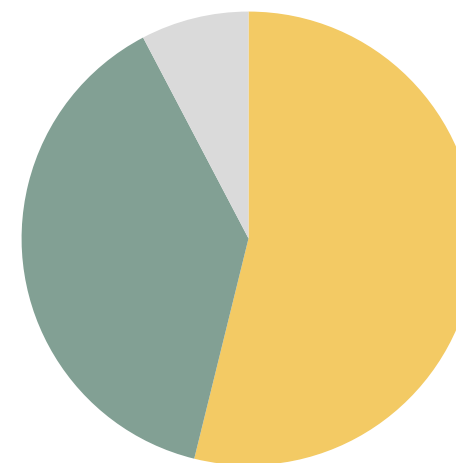
**(9)**

■ Age < 30 years  
54%
 ■ Age of 30-50 years  
38%
 ■ Age > 50 years  
-

**BANFI S.R.L.**

**TOTAL 2017**

**13**



**DELTA VS 2016**

**(6)**



LA-1 LA-3

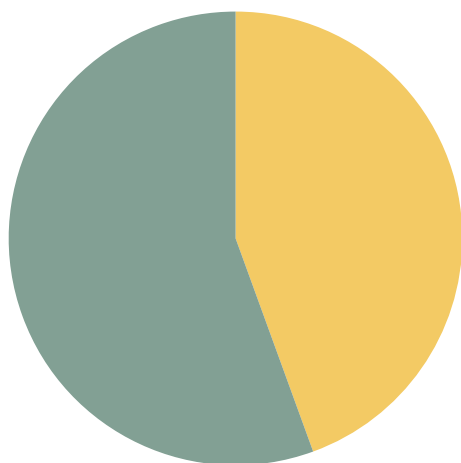
## TERMINATIONS BY GENDER

Females 44%  
Males 56%

BANFI SOCIETÀ AGRICOLA S.R.L.

TOTAL 2017

9



DELTA VS 2016

(9)

LA-1 LA-3

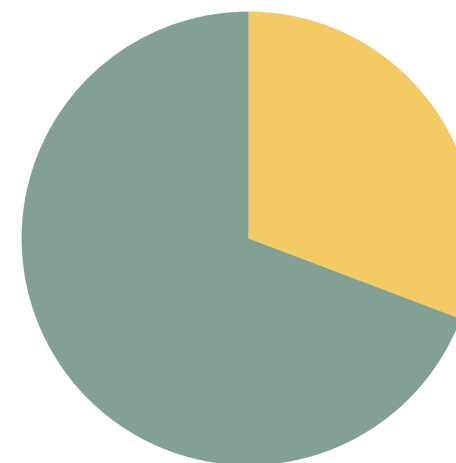
## TERMINATIONS BY GENDER

Females 31%  
Males 69%

BANFI S.R.L.

TOTAL 2017

13



DELTA VS 2016

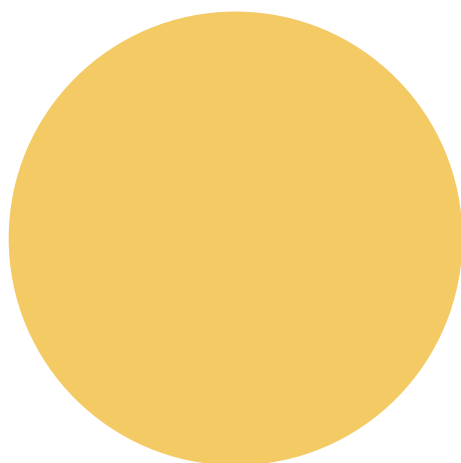
(6)

LA-1

LA-3

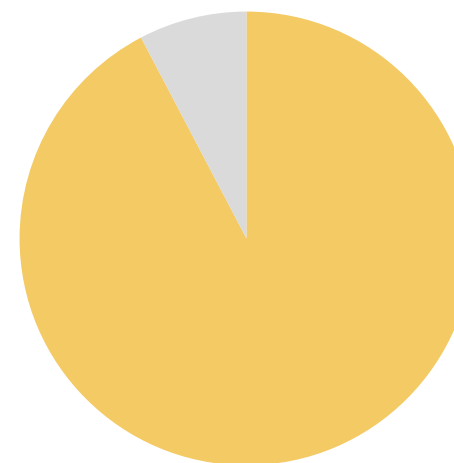
## TERMINATIONS BY AREA

Tuscany  
100%

**BANFI SOCIETÀ AGRICOLA S.R.L.****TOTAL 2017****9****DELTA VS 2016****(9)**

Tuscany  
92%

Piedmont  
8%

**BANFI S.R.L.****TOTAL 2017****13****DELTA VS 2016****(6)**

LA-6 LA-7 LA-9 LA-10 DMA

## HEALTH, SAFETY AND TRAINING

The agricultural sector is one which those who work in it are intrinsically exposed to a high level of risk to their health and safety. There is a **substantial amount of manual labour** in the various kinds of work in the field (such as pruning, harvesting, treatments, etc.) and in the winery (such as wine-making, decanting, bottling, laboratory testing, etc.) in addition to the need to use special products.

Similarly, there are intrinsic risks in the hospitality sector (such as cooking, gardening, etc.) owing to the very nature of these tasks.

Aware of this circumstance, Banfi has always paid the utmost constant heed to the **reduction of risk** by arranging targeted training courses and the dissemination of best practices and awareness on the part of not only lecturers and instructors but, above all, on the part of colleagues with seniority in the company.

In addition to the provisions of workers' health and safety regulations, the Company has put **an extensive system of delegated authority** in place whereby not only are supervisors designated but these aspects are managed as near to the scene as possible.

Banfi has also set itself the objective of increasing

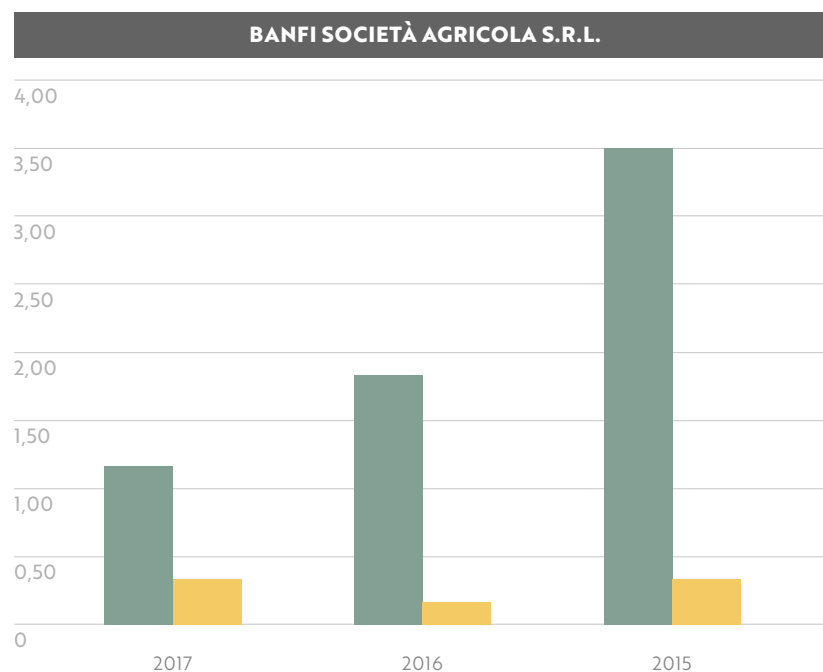
training hours for **first aid and fire prevention** during the forthcoming years, starting in 2018.



LA-6 LA-7 LA-9 LA-10

## ACCIDENT RATE BY GENDER

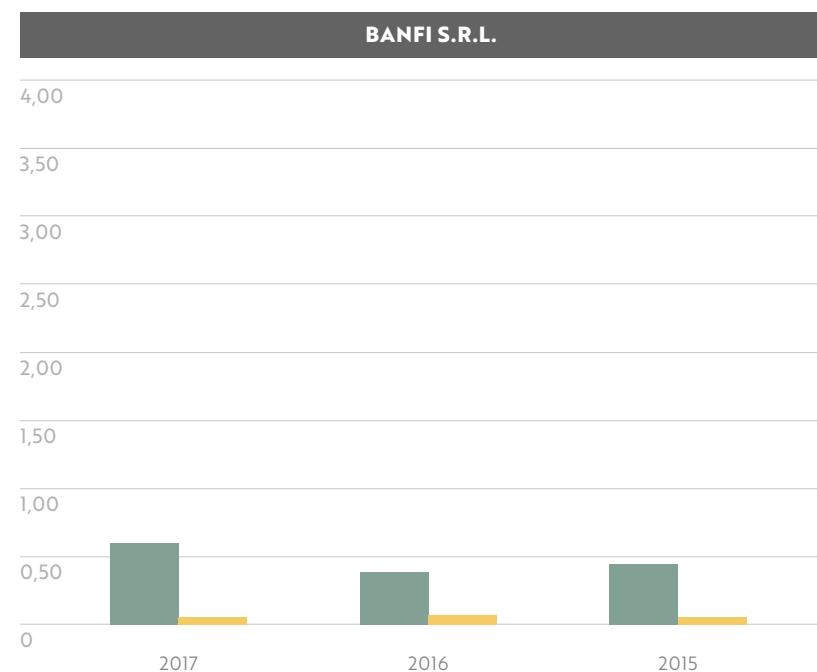
Females Males



ACCIDENT RATE BY GENDER	2017	2016	2015
Females	1,12	1,82	3,51
Males	0,26	0,20	0,39
<b>Average Rate</b>	<b>0,48</b>	<b>0,64</b>	<b>1,34</b>

Banfi's prime health and safety objective is to bring the number of accidents down to zero. As evidence of this commitment, the accident rate data show a falling trend at Banfi Società Agricola S.r.l. over the past three years. Minimum changes were recorded at Banfi S.r.l. on an infinitesimal value basis during the period.

Females Males



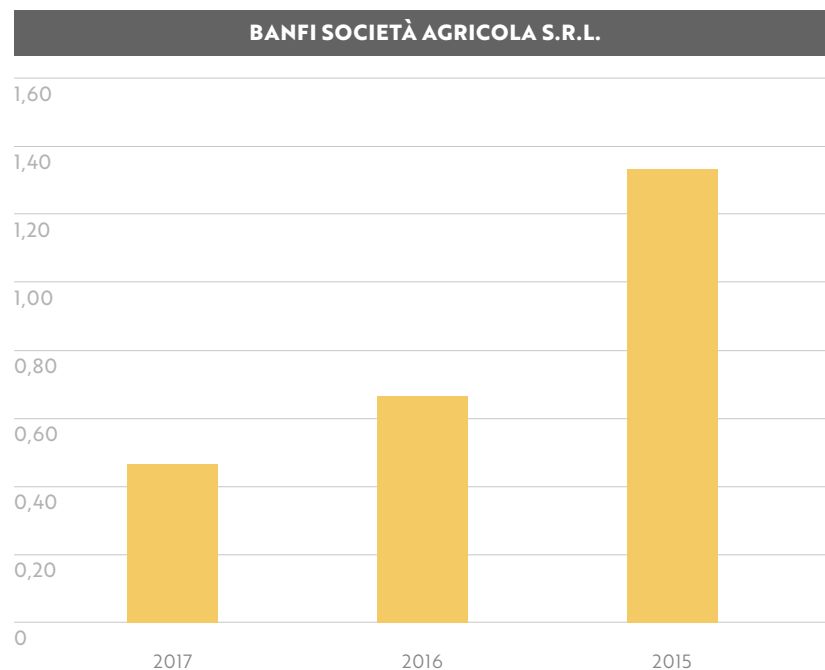
ACCIDENT RATE BY GENDER	2017	2016	2015
Females	0,56	0,43	0,49
Males	0,06	0,11	0,06
<b>Average Rate</b>	<b>0,30</b>	<b>0,26</b>	<b>0,24</b>



LA-6 LA-7 LA-9 LA-10

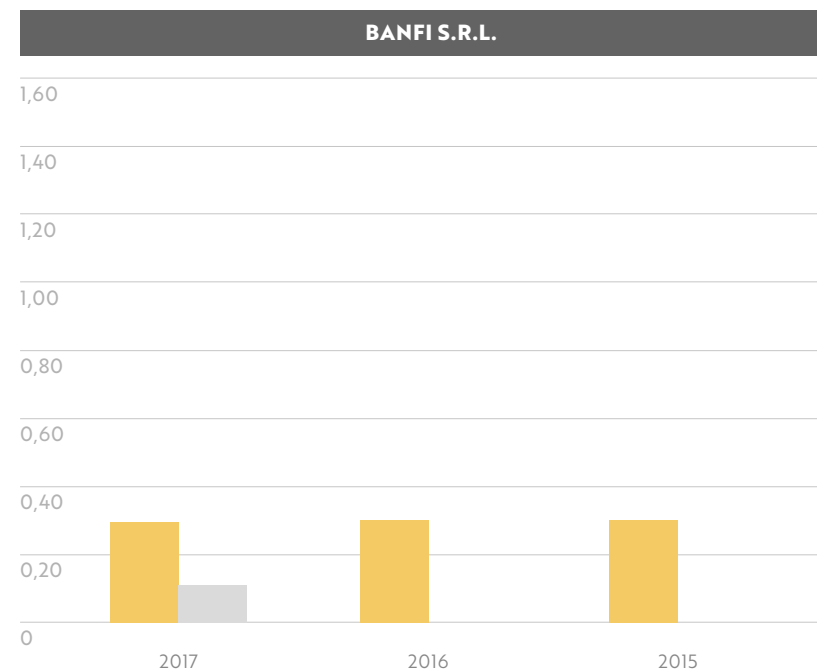
## ACCIDENT RATE BY AREA

Tuscany



ACCIDENT RATE BY AREA	2017	2016	2015
Tuscany	0,48	0,64	1,34
Average Rate	0,48	0,64	1,34

Tuscany Piedmont



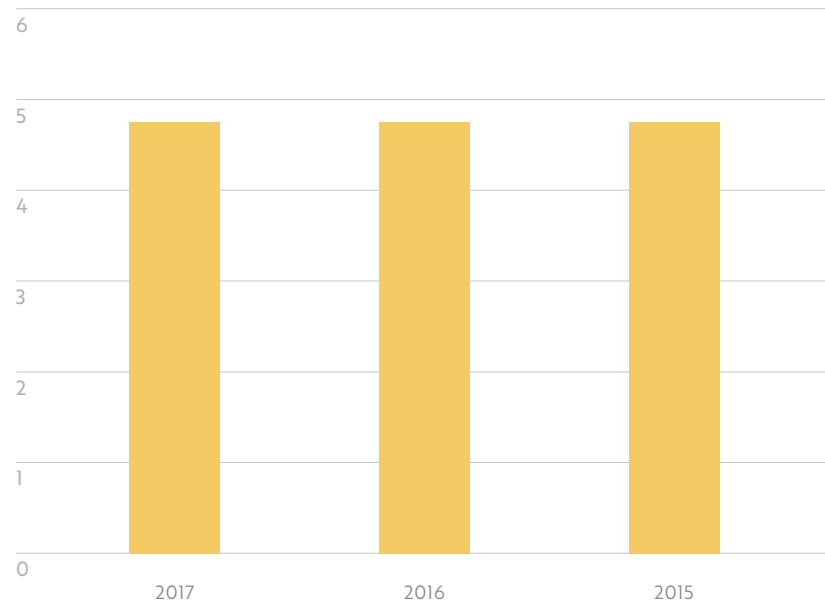
ACCIDENT RATE BY AREA	2017	2016	2015
Tuscany	0,33	0,32	0,32
Piedmont	0,15	-	-
Average Rate	0,30	0,26	0,24

LA-6 LA-7 LA-9 LA-10

## RATE OF ABSENTEEISM

■ Tuscany

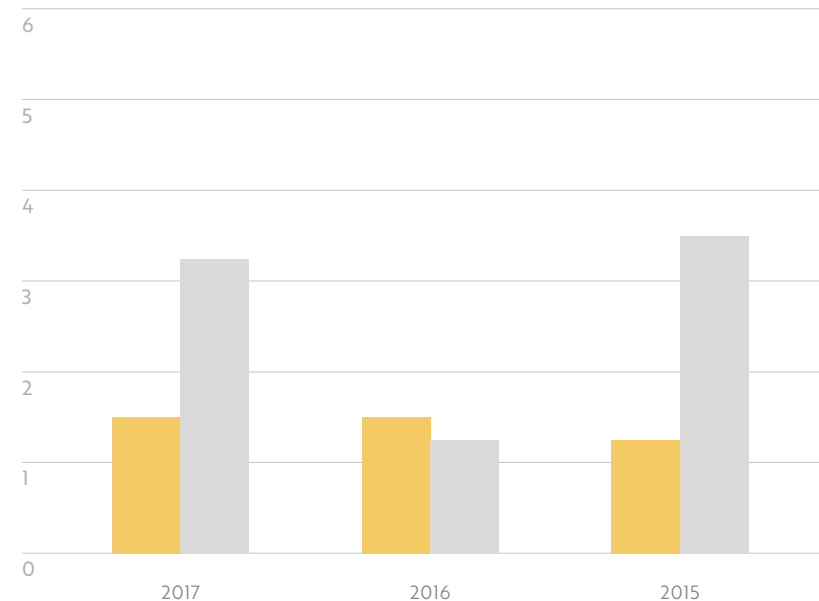
### BANFI SOCIETÀ AGRICOLA S.R.L.



RATE OF ABSENTEEISM	2017	2016	2015
Tuscany	4,79	4,80	4,80
Average Rate	4,79	4,80	4,80

■ Tuscany ■ Piedmont

### BANFI S.R.L.

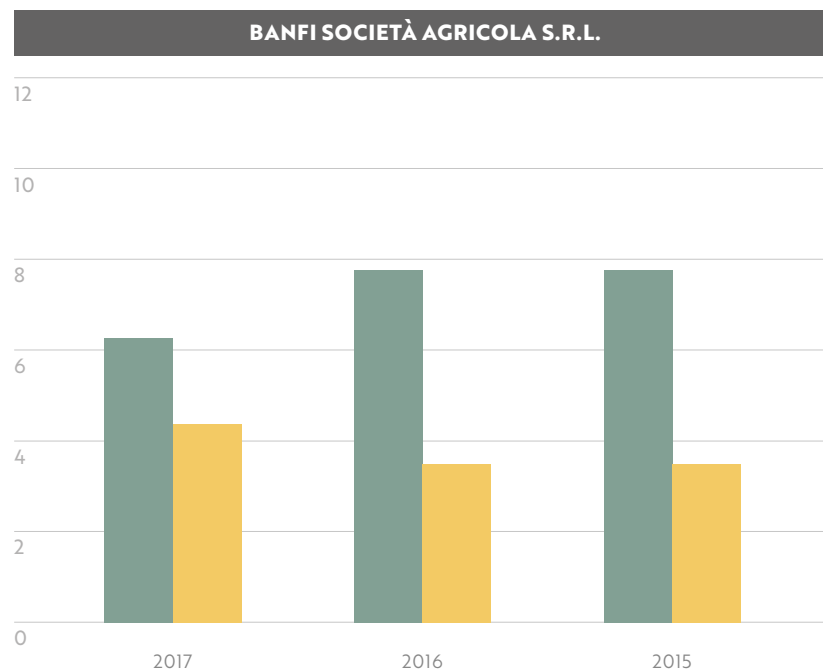


RATE OF ABSENTEEISM	2017	2016	2015
Tuscany	1,56	1,59	1,22
Piedmont	3,20	1,19	3,78
Average Rate	1,87	1,51	1,79

LA-6 LA-7 LA-9 LA-10

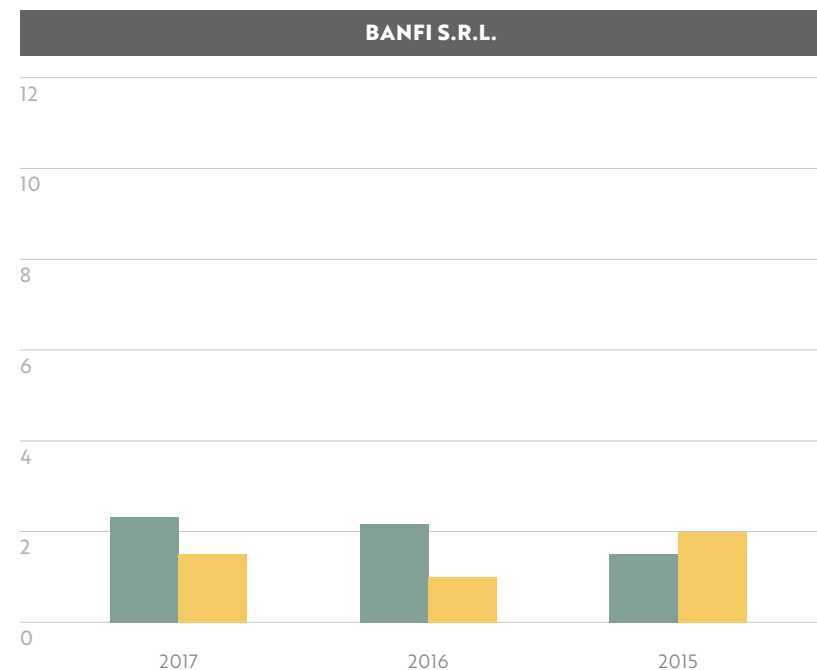
## RATE OF ABSENTEEISM BY GENDER

Females Males



RATE OF ABSENTEEISM	2017	2016	2015
Females	6,19	7,90	7,90
Males	4,26	3,50	3,50
<b>Average Rate</b>	<b>4,79</b>	<b>4,80</b>	<b>4,80</b>

Females Males



RATE OF ABSENTEEISM	2017	2016	2015
Females	2,07	2,18	1,51
Males	1,69	0,91	2,01
<b>Average Rate</b>	<b>1,87</b>	<b>1,51</b>	<b>1,79</b>

DMA LA-6 LA-7 LA-9 LA-10

## TRAINING

**Average training hours have tended to rise substantially.** Banfi's twofold aim is to raise the number of hours of training delivered each year and to create a reporting system which provides more structured support to training hours reports in order to include the optional training hours in these reports. These hours of training have not been properly set out in reports up to now.



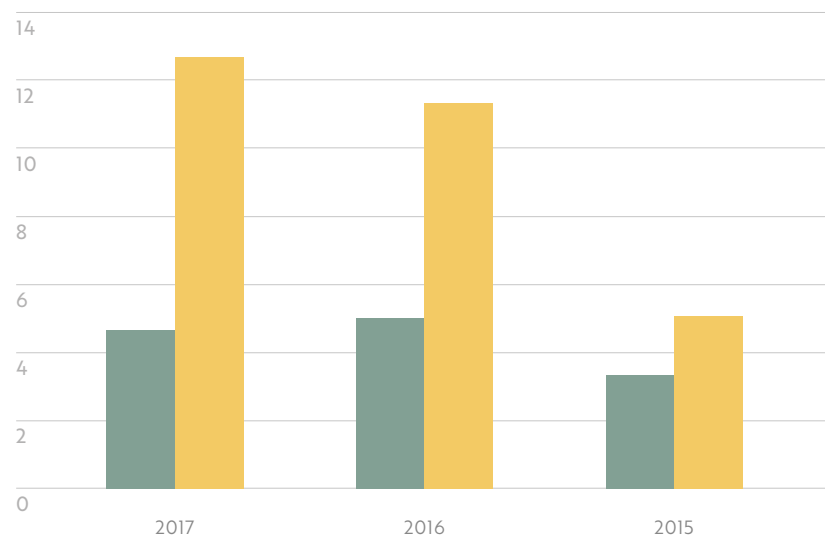


LA-6 LA-7 LA-9 LA-10

## ANNUAL AVERAGE TRAINING HOURS BY GENDER

Females Males

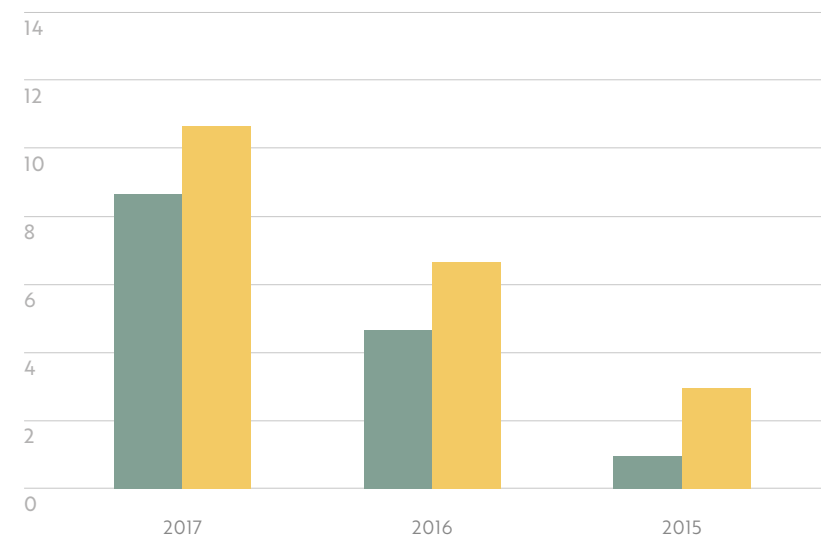
### BANFI SOCIETÀ AGRICOLA S.R.L.



AVERAGE TRAINING HOURS BY GENDER	2017	2016	2015
Females	4,94	5,12	3,75
Males	12,94	11,41	5,36

Females Males

### BANFI S.R.L.



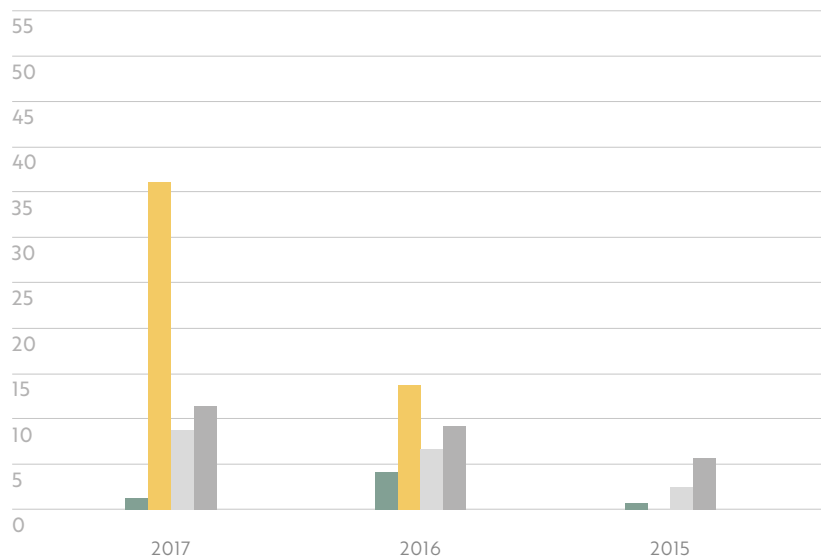
AVERAGE TRAINING HOURS BY GENDER	2017	2016	2015
Females	8,56	4,54	1,18
Males	10,20	7,00	3,13

LA-6 LA-7 LA-9 LA-10

## ANNUAL AVERAGE TRAINING HOURS BY POSITION

Executives Middle Managers Impiegati Operai

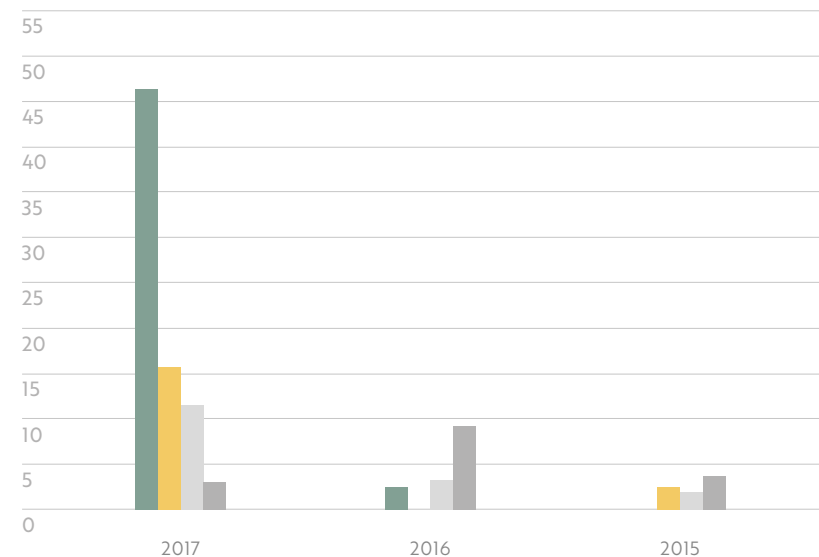
### BANFI SOCIETÀ AGRICOLA S.R.L.



AVERAGE TRAINING HOURS BY POSITION	2017	2016	2015
Executives	1,67	4,00	0,63
Middle Managers	36,02	14,50	-
Office workers	9,22	6,95	2,24
Manual workers	10,72	9,88	5,43

Executives Middle Managers Impiegati Operai

### BANFI S.R.L.



AVERAGE TRAINING HOURS BY POSITION	2017	2016	2015
Executives	47,13	2,50	-
Middle Managers	16,27	-	2,04
Office workers	11,51	3,08	1,58
Manual workers	3,34	9,24	2,95

LA-1

LA-3

## APPENDIX

### YEAR-END DATA

In accordance with GRI principles, the year-end data are also presented after having commented on the average data, which are deemed to be more meaningful in that they provide a true representation.

#### BANFI SOCIETÀ AGRICOLA S.R.L.

TOTAL N° OF EMPLOYEES	2017	2016	2015
Open-ended Contracts	126	125	137
Female (Open-ended)	35	34	40
Male (Open-ended)	91	91	97
Fixed-term Contracts	3	-	-
Female (Fixed-term)	2	-	-
Male (Fixed-term)	1	-	-
<b>Total</b>	<b>129</b>	<b>125</b>	<b>137</b>

#### BANFI SOCIETÀ AGRICOLA S.R.L.

TOTAL N° OF EMPLOYEES	2017	2016	2015
Full time	125	120	133
Female (F.T.)	34	31	38
Male (F.T.)	91	89	95
Part time	4	5	4
Female (P.T.)	3	3	2
Male (P.T.)	1	2	2
<b>Total</b>	<b>129</b>	<b>125</b>	<b>137</b>

#### BANFI S.R.L.

TOTAL N° OF EMPLOYEES	2017	2016	2015
Open-ended Contracts	104	101	92
Female (Open-ended)	48	47	39
Male (Open-ended)	56	54	53
Fixed-term Contracts	9	5	5
Female (Fixed-term)	6	4	4
Male (Fixed-term)	3	1	1
<b>Totale</b>	<b>113</b>	<b>106</b>	<b>97</b>

#### BANFI S.R.L.

TOTAL N° OF EMPLOYEES	2017	2016	2015
Full time	104	99	87
Female (F.T.)	48	47	36
Male (F.T.)	56	52	51
Part time	9	7	10
Female (P.T.)	6	4	7
Male (P.T.)	3	3	3
<b>Total</b>	<b>113</b>	<b>106</b>	<b>97</b>

LA-1 LA-3

## APPENDIX

### YEAR-END DATA

#### BANFI SOCIETÀ AGRICOLA S.R.L.

YEAR-END TOTAL WORKFORCE	2017		2016		2015	
Type of Relationship	Female	Male	Female	Male	Female	Male
Directors	-	2	-	2	-	2
Project Workers	-	-	-	-	1	-
Subordinate Employment	37	92	34	91	40	97
Trainee	-	-	-	-	2	-
<b>Total</b>	<b>37</b>	<b>94</b>	<b>34</b>	<b>93</b>	<b>43</b>	<b>99</b>

#### BANFI S.R.L.

YEAR-END TOTAL WORKFORCE	2017		2016		2015	
Year-end Total Workforce	Female	Male	Female	Male	Female	Male
Directors	-	2	-	2	-	2
Project Workers	-	-	-	-	-	-
Subordinate Employment	54	59	51	55	43	54
Trainee	1	-	1	-	1	-
<b>Total</b>	<b>55</b>	<b>61</b>	<b>52</b>	<b>57</b>	<b>44</b>	<b>56</b>



LA-1

LA-3

## APPENDIX

### YEAR-END DATA

#### BANFI SOCIETÀ AGRICOLA S.R.L.

YEAR-END TOTAL WORKFORCE	2017	2016	2015
<b>Tuscany</b>	<b>131</b>	<b>127</b>	<b>142</b>
Female	37	34	43
Male	94	93	99
<b>Total</b>	<b>131</b>	<b>127</b>	<b>142</b>

#### BANFI S.R.L.

YEAR-END TOTAL WORKFORCE	2017	2016	2015
<b>Tuscany</b>	<b>93</b>	<b>89</b>	<b>78</b>
Female (Tuscany)	50	48	39
Male (Tuscany)	43	41	39
<b>Piedmont</b>	<b>23</b>	<b>20</b>	<b>22</b>
Female (Piedmont)	5	4	5
Male (Piedmont)	18	16	17
<b>Total</b>	<b>116</b>	<b>109</b>	<b>100</b>

## Chapter 8

# PROTECTING THE ENVIRONMENT

DMA



## WHY MATERIAL?

**Protecting the environment is a primary element in Banfi's activities.**

Respecting, protecting and safeguarding the ecosystem are basic principles which rule and inspire the work of our Company. We are aware that it is only by caring for the environment in this way that we can ensure the continuity, growth and development of our produce.



## MANAGEMENT METHODS

In Banfi environmental protection is achieved by adopting measures and procedures specifically directed at attaining the following objectives:

- **keeping down consumption** and the exploitation of natural resources (e.g. water, energy, soil);
- **developing and using alternative agronomic techniques** (e.g. integrated pest control, organic crops) instead of traditional techniques with a strong impact on the environment;
- **supporting and taking part in research and development projects** (e.g. experiments with resistant vines).



## ASSESSMENT AND MONITORING

**The environmental management system is audited periodically in order to ensure that the conditions for maintaining certification continue to be satisfied.**

These assessments are accompanied by the periodic monitoring, checking and auditing of our effective capacity to attain our environment protection objectives.

Our **in-house testing laboratory**, in addition to the universities and external professionals which also help us, are an ever-present, sophisticated tool for the measurement of the efficacy of the actions we take.

G4-14

## THE PARAMOUNT ROLE OF THE ENVIRONMENT FOR BANFI

Banfi's integration in the environment around it is the result of a process of safeguarding and **appreciating the value of the ecosystem** which has intensified over the years and is continuing to evolve. This commitment draws its inspiration from the global challenge that many countries have espoused, accepting the principles laid down in various international climate agreements (Rio Conventions on Environment - 1992, Kyoto Protocol -1997, Paris Agreement - 2015).

The fight against **climate change**, in fact, is a vital element which guides the Company's decisions and behaviour in handling environmental issues and in its awareness of the substantial impacts of the climate on agricultural products, which strongly affects their availability, quantity and quality, as well as their selling price.

The careful management of the **variegated ecosystem** in which Banfi operates is a positive example of perfect harmony between the management of production and the protection of the vast bio-diversity of the Company's environment. Indeed the Company has one of the highest ratios between wooded and cultivated areas. Various measures have been taken to preserve this wealth, including planting local varieties, conserving and managing the Company's own woods and creat-

ing some water access points for fire-fighting purposes and giving wild animals access to water. In addition to the different crops (plum tree, cherry tree, olive tree, durum wheat, spelt, legume crops), there are over 120 species of spontaneous herbaceous plants on the Banfi estate, some of them rare by now, which thus constitute a veritable floral bio-diversity reserve.

Banfi operates in an area that is at serious risk of erosion owing to its physical features, the geological and soil characteristics of the terrain and the marked seasonality of rainfall. Banfi has always obviated the unfavourable impact on the environment of these aspects **by taking measures to keep erosive phenomena in check**, while realising more than 150 km of ditches for water control, 80 km of underground drainage systems, 10 km of dry stone walls or embankments and planting new grass in the vineyards over time. The great variety of activities which the Company carries out in its various sectors of operations inevitably entails the production of a considerable amount of **waste**, which Banfi has always managed by means of a structured approach. The quantity of waste produced from one year to another varies according to the work done, such as planting and uprooting vineyards, in which cement posts are replaced by metal and chestnut wood posts.

Again, owing to the nature of its many different activities, Banfi uses huge quantities of **water**, which vary substantially from one year to another, above all owing to differences in weather conditions. Requirements for water are managed in various ways, all aiming at keeping environmental impacts down to a minimum, such as using artificial ponds which collect rainwater during the winter in order to draw less water from the rivers, developing a variable rate irrigation system for the efficient utilisation of water resources and taking care to reduce waste in the use of water in the work done in wineries.

The main aspects of this commitment are the many different initiatives directed at **reducing greenhouse gas emissions**. Steps have been taken to reduce the consumption of diesel oil in cultivation and the various winery work phases: consumption is being gradually shifted to electricity, which is now procured entirely from renewable sources, leading to the abatement of CO<sub>2</sub> emissions.

EC-2

## CLIMATE CHANGE AND BANFI'S CONTRIBUTION

Banfi holds that the risks and opportunities involved in its business must be analysed and understood as the first step in effectively fighting climate change so that it can make informed decisions and formulate practical counteracting or development measures.

The table below describes the main risks and opportunities presented by climate change which can affect Banfi, showing the effects they may have and the consequent action to be taken.

RISKS (R)/OPPORTUNITIES (O)	TYPE	POTENTIAL IMPACT	ACTION
Environmental legislation changes (R)	Legislative	<ul style="list-style-type: none"> <li>Penalties for delayed compliance</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing monitoring of regulatory formalities to be complied with</li> <li>Taking part in information and supporting activities through trade associations</li> <li>In-house implementation of specific procedures</li> </ul>
Extreme weather events (R)	Physical	<ul style="list-style-type: none"> <li>Damage to the Company's assets and stoppage of work</li> <li>Default based on the extent of damage and the shortage of sufficient financial resources to tackle emergencies</li> </ul>	<ul style="list-style-type: none"> <li>Adopting specific Business Continuity &amp; Disaster Recovery procedures, not just regarding IT security</li> <li>Protecting facilities and diversifying production at a local level, where possible</li> <li>Transparent and collaborative relations with financial institutions for sufficient lines of credit</li> <li>Internal land consolidation works, including the treatment of non-productive plots</li> </ul>
Extreme weather events (R)	Physical	<ul style="list-style-type: none"> <li>Loss of annual production</li> </ul>	<ul style="list-style-type: none"> <li>Taking out all-risk insurance policies against climate events</li> <li>Relocation of production, where possible</li> <li>Constructing irrigation systems to support and sustain crops</li> </ul>
Developing new techniques and cultivation experiments (O)	Physical/Legislative	<ul style="list-style-type: none"> <li>Improvement/increase in product quality/quantity</li> </ul>	<ul style="list-style-type: none"> <li>Experimenting with resistant crops and officially introducing them into cultivable varieties</li> <li>Replacing traditional treatment techniques with new and less impacting ones</li> <li>Defending bio-diversity and multi-cropping, instead of specialisation</li> </ul>



EN-6

## CONSUMPTION REDUCTION

Banfi's contribution to climate change fight is to consider that energy and CO<sub>2</sub> saving measures constitute an important strategic guideline to include in all new structural and non-structural investments. The table below reports the main actions taken during the three-year period, including direct saving in terms of energy and CO<sub>2</sub>.

CONSUMPTION REDUCTION	COMPANY	2017	2016	2015
<b>Toshiba Printer</b>	<b>Banfi S.r.l.</b>			
Paper (n° of sheets)		20.000	15.000	15.000
CO <sub>2</sub> (TN)		0,17	0,13	0,13
<b>Pellet Boiler (Borgo)</b>	<b>Banfi S.r.l.</b>			
CO <sub>2</sub> (TN)		23,34	23,34	23,34
Electricity (MJ)		183.121	183.121	183.121
<b>Air-conditioning system (Cubo)</b>	<b>Banfi S.r.l.</b>			
CO <sub>2</sub> (TN)		6,90	6,90	-
Electricity (MJ)		54.958	54.958	-
<b>Air-conditioning system (Telephone exchange unit)</b>	<b>Banfi Società Agricola S.r.l.</b>			
CO <sub>2</sub> (TN)		5,11	5,11	-
Electricity (MJ)		40.010	40.010	-
<b>Diesel oil condensation boiler (Borgo)</b>	<b>Banfi S.r.l.</b>			
CO <sub>2</sub> (TN)		0,16	-	-
Electricity (MJ)		1.959	-	-
<b>Heat Pump (Castle Kitchen)</b>	<b>Banfi S.r.l.</b>			
CO <sub>2</sub> (TN)		1,67	-	-
Electricity (MJ)		13.058	-	-
<b>LPG condensation boiler (Balsameria)</b>	<b>Banfi S.r.l.</b>			
CO <sub>2</sub> (TN)		4,82	-	-
Electricity (MJ)		72.370	-	-
<b>Total CO<sub>2</sub> consumption reduction (TN)</b>		<b>42,17</b>	<b>35,48</b>	<b>23,47</b>
<b>Total electricity consumption reduction (MJ)</b>		<b>365.476</b>	<b>278.089</b>	<b>183.121</b>

EN-7

## CONSUMPTION REDUCTION

The table below reports the main actions taken during the three-year period to obtain energy and CO<sub>2</sub> savings by means of economies in materials and services during production. For example in 2017 Banfi began to collaborate with MAGDI S.r.l. in delivering wine to customers in the Rome area exclusively with electric vehicles instead of traditional diesel engine vehicles.

CONSUMPTION REDUCTION	COMPANY	2017	2016	2015
<b>Recycled cardboard</b>	<b>Banfi Società Agricola S.r.l. &amp; Banfi S.r.l.</b>			
Trees (n°)		1.282	1.300	1.272
Water (CM)		37.594	38.122	37.321
CO <sub>2</sub> (TN)		<b>279</b>	<b>283</b>	<b>277</b>
Electricity (MJ)		2.337.638	2.370.470	2.320.675
<b>Recycled glass</b>	<b>Banfi Società Agricola S.r.l. &amp; Banfi S.r.l.</b>			
CO <sub>2</sub> (TN)		<b>2.813</b>	<b>3.048</b>	<b>2.576</b>
Electricity (MJ)		15.625.451	16.935.528	14.310.020
<b>Deliveries in Rome by electric vehicles</b>	<b>Banfi S.r.l.</b>			
CO <sub>2</sub> (TN)		<b>14</b>	<b>-</b>	<b>-</b>
<b>Total CO<sub>2</sub> consumption reduction (TN)</b>		<b>3.106</b>	<b>3.331</b>	<b>2.853</b>
<b>Total Electricity consumption reduction (MJ)</b>		<b>17.963.089</b>	<b>19.305.998</b>	<b>16.630.695</b>
<b>Total water consumption reduction (CM)</b>		<b>37.594</b>	<b>38.122</b>	<b>37.321</b>

## PROTECTING CROPS AND THE ENVIRONMENT: FERTILISATION AND TREATMENTS

Since the early 1990s, Banfi has started **environmentally friendly** cultivation programs, thanks to careful control of the use of fertilizers and other agrochemicals, thus significantly reducing the quantities used and with the exclusive use of **active ingredients without an aggressive impact**. The continual innovations and modifications that have taken place in recent years are based on a technical approach which tends to take protective measures only as necessary and not as prevention, partly with the assistance of the new weather station system.

In fact it was in 2017 that we modernised the **sensor system which observes meteorological data**: electronic weather stations took the place of the traditional mechanical weather huts in eight different Company Locations (five in Montalcino and three at External Firms) so that the Company's entire area is covered.

The weather stations transmit data to a portal which **monitors weather conditions in real time** directly from smartphones and personal computers. Additionally, the weather station management system uses the data collected to produce models which forecast the conditions for the growth of fungal diseases. These models help our experts, together with their experience and the constant monitoring of our vineyards, to assess the

phytosanitary condition of the vines and intervene at the most appropriate times and in the most appropriate manner in order to confront difficulties, reducing waste to a minimum and reducing the impact on the environment, workers and consumers of the measures they take. In support of scouting operations, of the close supervision and verification of the quantities and limits of each product, of the sharing of information and know-how with our partners, with the help of the zoning project and the database of previous harvests, the Company manages to make the best possible use of the various treatments of its crops both in terms of number and effectiveness.

The recent addition of **organic crops** of cereals and fodder is also a new technique to supplement the traditional methods used until recently and is an opportunity for continuing to study the question of organic products for orchards and vineyards too.

Accordingly, we present the **results for the three-year period**, pointing out that they are calculated on the basis of the quantities of the commercial products used and not of the active ingredient alone. In future years, the Company is inclined only to state the active ingredient in its reports, since this is certainly immediately easy to understand and enables the reader to compare

the quantities used with the conditions, especially the weather conditions, which caused them to be used. The 2017 data give account of this reading complexity in a better way than any other figure. In fact in 2017 average consumption rose precisely because products containing lower concentrations of active ingredients with a lower impact on the environment were used in spite of excellent weather conditions.

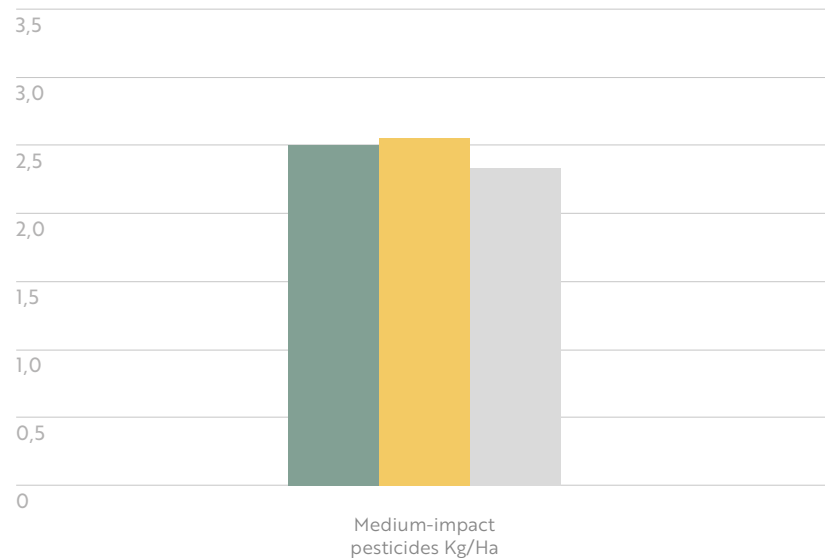
### BIO-BED

The project, created in collaboration with the Department of Agronomy and Agroecosystem Management of the University of Pisa, completely eliminates the environmental dispersion of oily residues from agricultural applications that remain in the **wash water**. After each treatment, tractors and sprayers are washed in a specific zone where the wash water is collected and transferred to a "biological bed". This bed is formed from a mixture of straw and manure, inside of which colonies of bacteria develop that decompose oil residues and residual active ingredients. The Bio-Bed wastewater is collected in a well and then is analysed periodically. The bed is regenerated periodically in order to keep it effective. During the last three-year period the processing involved **172,000 to 195,000 litres** of wash water, with a total reduction in accidental leakage of oil residues and agrochemicals.

## TREATMENT OF VINEYARDS

2017 2016 2015

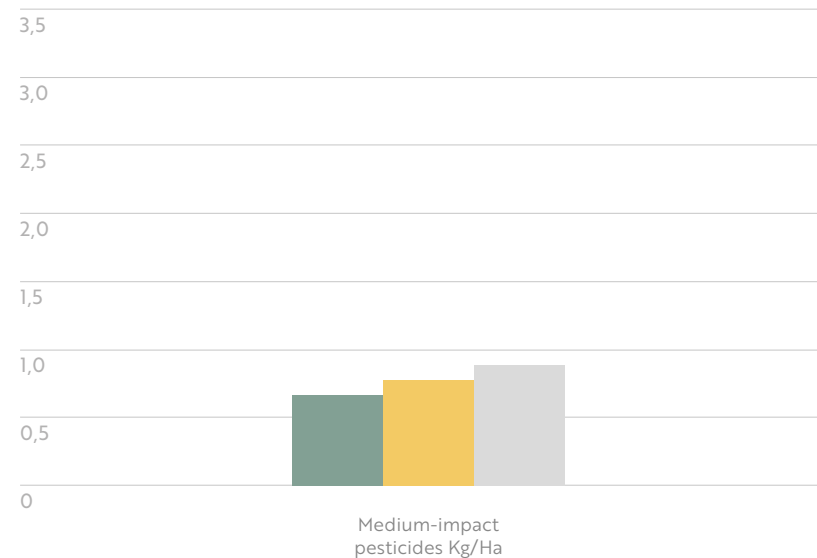
### BANFI S.R.L.



VINEYARD TREATMENTS IN KG/HA	2017	2016	2015
Pesticides, average Kg/Ha	2,50	2,53	2,43

2017 2016 2015

### BANFI SOCIETÀ AGRICOLA S.R.L.

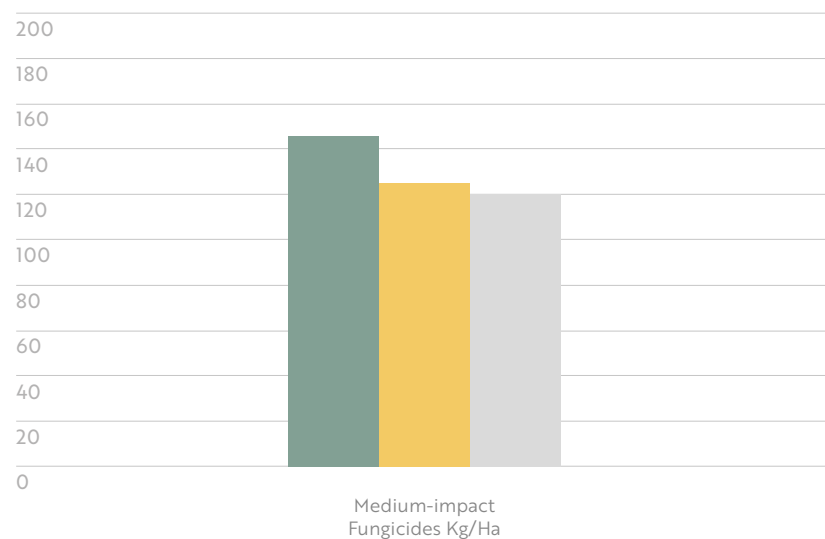


VINEYARD TREATMENTS IN KG/HA	2017	2016	2015
Pesticides, average Kg/Ha	0,63	0,70	0,83

## TRATTAMENTO VIGNETI

2017 2016 2015

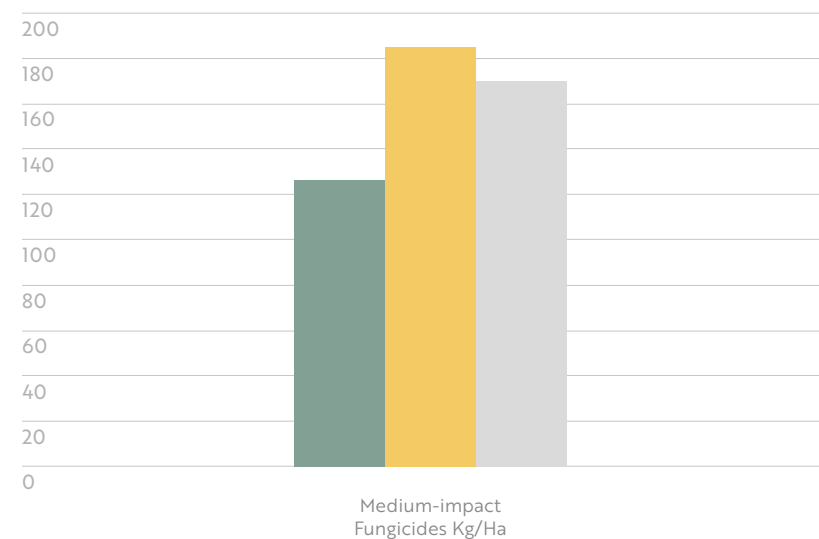
### BANFI SOCIETÀ AGRICOLA S.R.L.



VINEYARD TREATMENTS IN KG/HA	2017	2016	2015
Fungicides, average Kg/Ha	147,22	126,66	121,91

2017 2016 2015

### BANFI S.R.L.



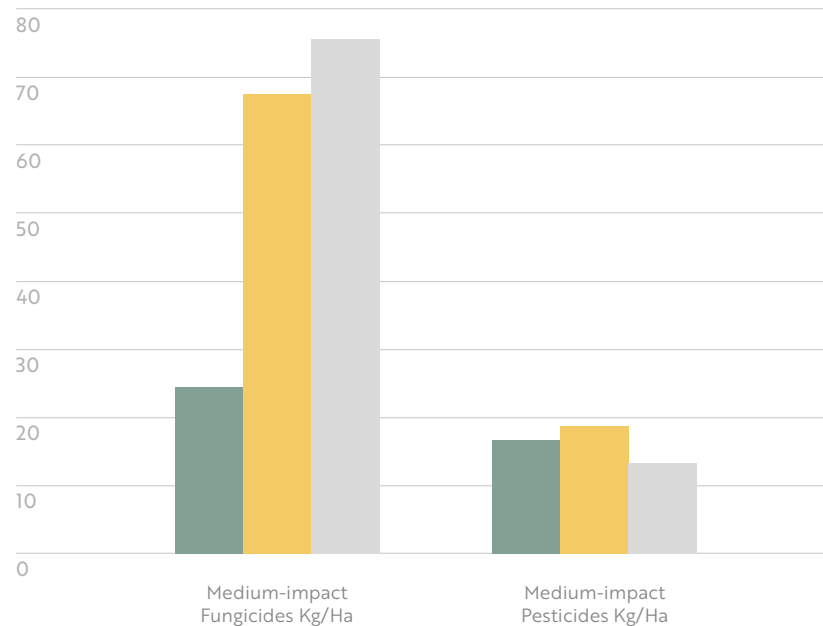
VINEYARD TREATMENTS IN KG/HA	2017	2016	2015
Fungicides, average Kg/Ha	125,02	182,84	176,59



## TREATMENT OF ORCHARDS

2017 2016 2015

**BANFI SOCIETÀ AGRICOLA S.R.L.**



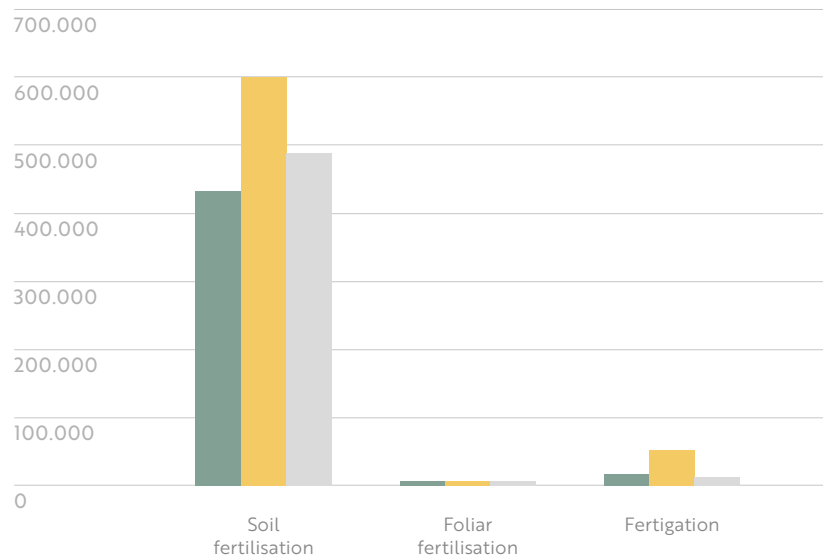
TREATMENTS OF ORCHARDS IN KG/HA	2017	2016	2015
Fungicides, average Kg/Ha	24,38	68,21	76,13
Pesticides, average Kg/Ha	17,32	19,11	12,81



## FERTILISATION

2017 2016 2015

### BANFI SOCIETÀ AGRICOLA S.R.L.

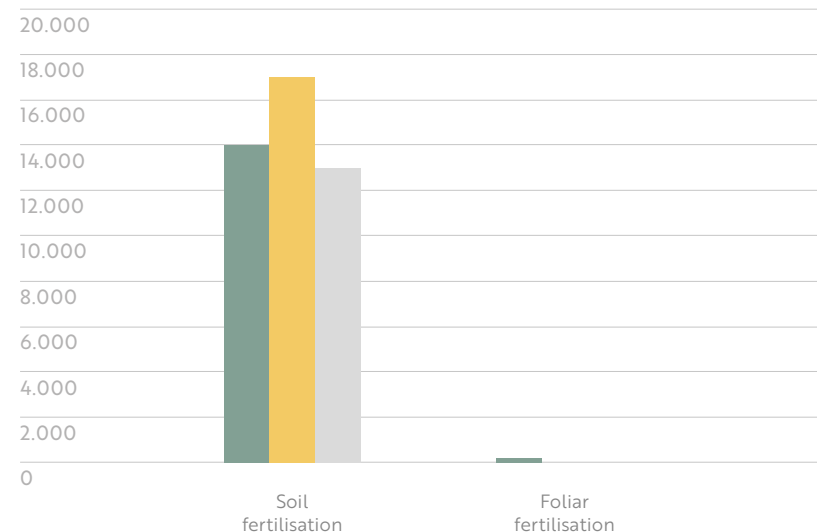


FERTILISATION IN KG	2017	2016	2015
Soil fertilisation	442.450	595.800	496.477
Foliar fertilisation	7.453	6.386	7.953
Fertigation	24.800	68.700	17.581
<b>Total</b>	<b>474.703</b>	<b>670.886</b>	<b>522.011</b>

The data for the three-year period are also provided; they are similar to those for 2017, in which fewer operations than in the past were required, confirming that fertigation (the combined use of irrigation water and fertilisers, only possible owing to the quality and technology of our irrigation system) and foliar fertilisation (urgent treatment for a lack of specific nutritional elements, thanks to a faster absorption capacity on the part of plant leaves with respect to roots) are good practices.

2017 2016 2015

### BANFI S.R.L.



FERTILISATION IN KG	2017	2016	2015
Soil fertilisation	14.300	17.200	13.500
Foliar fertilisation	316	-	-
<b>Total</b>	<b>14.616</b>	<b>17.200</b>	<b>13.500</b>

## HOSPITALITY'S CONTRIBUTION TO RESPECT FOR THE ENVIRONMENT

In 2017 an **electric car** was acquired to take our guests from the castle to the winery and vice versa (covering an area of 4 kilometres). The castle park has a charging pole for the company cars and also for those of our visitors.

Among the activities our guests mostly ask for, the **electric bicycles** put at their disposal are becoming more and more popular. In 2017 we created **paths through the vineyards and woods** which were greatly appreciated for electric bicycles, mountain bikes and walks in order to enhance and protect the environment in which the hospitality facility is immersed. To those who wish always to stay in contact with nature, we offer riding trips round the estate and excursions on foot in Val d'Orcia and on Mount Amiata. Our electric golf cars are always at the disposal of guests with mobility difficulties and of our staff.

### LAUNDRY MANAGEMENT

Not having our own laundry but well aware of the large consumption of both water and electricity, we inform our guests that bed linen and towels will be changed **on request only**. We have put a card in the rooms, on which guests can request changes in order to make the system easier.

### WASTE MANAGEMENT

Waste in the bins in rooms and gardens is **recycled** by the housekeeping staff. In the kitchen we also recycle paper, cardboard, metals, cans and glass.

### WEED FLAMING

This technique is used throughout the area of the Castello, enabling the control and elimination of **weeds** with the use of fire.

From an ecological point of view, weed flaming has a negligible environmental impact, as burning LPG produces only water vapor and carbon dioxide, with a clean flame free of particulates.

Therefore, there are no additional costs following treatment associated with the disposal of additional waste and toxic residues.





## OTHER CONTRIBUTIONS AND PROJECTS TO REDUCE ENVIRONMENTAL IMPACT

### CONSTRUCTION OF A PORTER'S LODGE AT THE MONTALCINO WINERY

In 2017 the construction started of a building referred to as **porter's lodge** used for the control of access to the premises by customers and suppliers.

In designing and constructing this building, special attention was paid to **energy efficiency criteria**, first of all in the choice of materials for the opaque shell, which reduces dispersion inside almost to nil. The same care was taken with the choice of the glazed areas. The lighting equipment proposed rigorously uses LED technology and will be operated by means of a bus system with the possibility of creating scenery and running the plant remotely using an APP to install on a personal computer and/or smartphone. Hot water for the bathrooms will be produced by a **thermodynamic solar panel**. When the building has been completed and after it has been inspected its Energy class will be decided; it is expected to be N-ZEB, equivalent to **class A+++**. The works for the building are expected to be completed in June 2018.

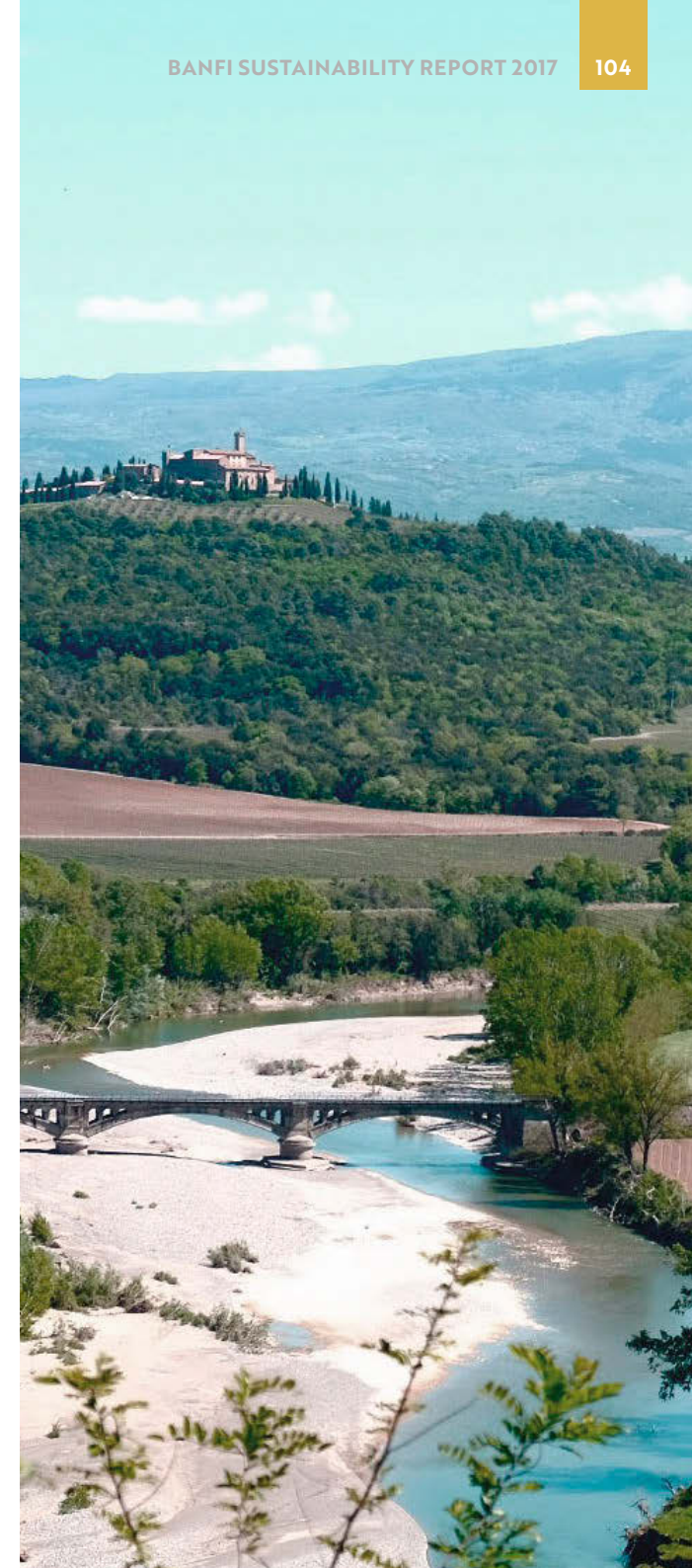
### RECYCLING PURIFIED WATER PROJECT

Work on the realisation of the project for the recycling and reuse of water, presented in 2015, started in 2017. Its main objective is to **reduce the amount of water**

**taken from the water layer** by using wells and returning water to the environment that has been purified after its use in the production cycle.

Up to now a secondary treatment cycle has been created to reuse some of the water coming out of the purification plant directly (this is water that has been treated in the high quality MBR **ultra-filtration system**) to fill the fire fighting tank and for irrigation; this water is also reused, after a further inverse osmosis treatment, for technological equipment in the winery, such as evaporation towers, evaporators, condensers and boilers, and to wash floors.

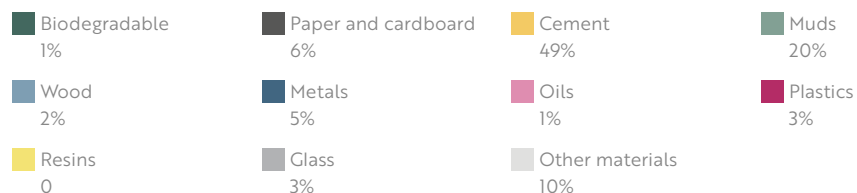
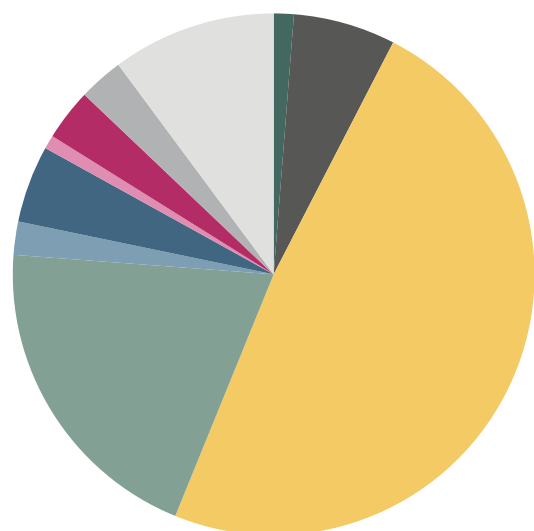
The amount of water discharged from the purification plant will fall from 57,000 cu. m to 44,000 cu. m a year, while COD will drop from 30 mg/l to 26 mg/l. These data show that the amount of COD discharged every year will drop from 1,710 kg to 1,170 kg, a reduction of over 30%. The result of these measures will be 13,000 cu. m year less water drawn from the water layer.



EN-23 DMA

## WASTE BY TYPE 2017

BANFI SOCIETÀ AGRICOLA S.R.L.



Banfi has an ongoing commitment to reducing and limiting the generation of discards and waste, a virtuous behaviour for substantially decreasing the sources of environmental impact. Mere reduction, however, is not the only variable, since how dangerous the waste is and how it is treated (recycling versus disposal) also significantly affect its impact.

WASTE BY TYPE	2017	2016	2015
Biodegradable materials	14.760	-	-
Paper and cardboard	75.414	61.784	65.108
Cement	578.410	390.920	1.067.500
Muds	238.530	22.901	7.590
Wood	24.540	17.010	23.040
Metals	56.999	34.393	32.355
Oils	10.090	14.070	1.320
Plastics	38.145	25.380	29.500
Resins	-	2.220	13.960
Glass	32.870	21.820	41.180
Other materials	120.840	142.789	140.172
<b>Total</b>	<b>1.190.598</b>	<b>733.287</b>	<b>1.421.725</b>

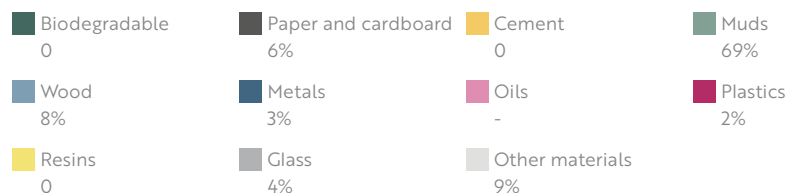
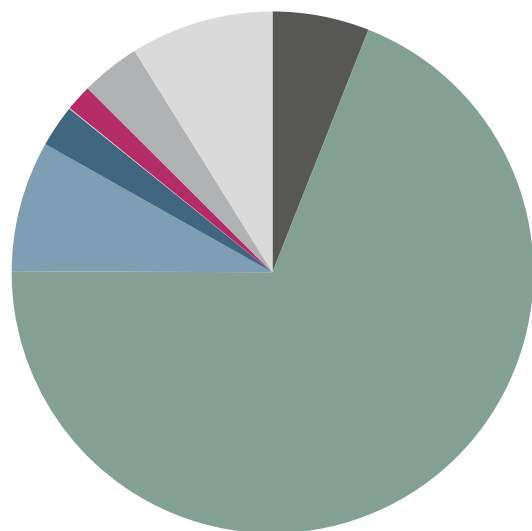
WASTE BY TYPE AND DISPOSAL	2017	2016	2015
<b>TOTAL NON-HAZARDOUS WASTE</b>	<b>1.171.854</b>	<b>711.079</b>	<b>1.416.572</b>
Recovery	921.784	676.988	1.380.826
Disposal	250.070	34.091	35.746
<b>TOTAL HAZARDOUS WASTE</b>	<b>18.744</b>	<b>22.208</b>	<b>5.153</b>
Recovery	17.423	17.577	3.208
Disposal	1.321	4.631	1.945
<b>Total</b>	<b>1.190.598</b>	<b>733.287</b>	<b>1.421.725</b>
<b>% OF NON-HAZARDOUS WASTE</b>	<b>1,57%</b>	<b>3,03%</b>	<b>0,36%</b>



EN-23

## WASTE BY TYPE 2017

BANFI S.R.L.



WASTE BY TYPE	2017	2016	2015
Biodegradable materials	-	-	-
Paper and cardboard	15.238	19.010	12.520
Cement	-	-	-
Muds	175.120	84.595	93.550
Wood	20.550	-	-
Metals	6.630	110	5.530
Oils	120	40	15
Plastics	4.150	3.960	-
Resins	-	940	-
Glass	9.280	5.630	9.300
Other materials	22.488	6.783	522
<b>Total</b>	<b>253.576</b>	<b>121.068</b>	<b>121.437</b>

WASTE BY TYPE AND DISPOSAL	2017	2016	2015
<b>TOTAL NON-HAZARDOUS WASTE</b>	<b>252.848</b>	<b>119.645</b>	<b>121.150</b>
Recovery	59.478	28.650	27.600
Disposal	193.370	90.995	93.550
<b>TOTAL HAZARDOUS WASTE</b>	<b>728</b>	<b>1.423</b>	<b>287</b>
Recovery	570	190	125
Disposal	158	1.233	162
<b>Total</b>	<b>253.576</b>	<b>121.068</b>	<b>121.437</b>
<b>% OF NON-HAZARDOUS WASTE</b>	<b>0,29%</b>	<b>1,18%</b>	<b>0,24%</b>

EN-3

EN-8

DMA

## WATER AND ENERGY CONSUMPTION

The data regarding the **consumption of water by the amount of litres and megajoules necessary to produce a litre of wine** are set out below. These are considered the best indicators to measure the efficacy and efficiency of the production process.

In recent years **Banfi made efforts to reduce and limit the consumption of water and electricity**, making investments in the wineries of Montalcino and Strevi.

5.05 litres of water were consumed at Montalcino and 2.21 litres at Strevi in 2007, the year in which the most important projects started, while now consumption is about **3 litres** at both wineries.

It should be noted that consumption was higher for both companies in 2017 mainly owing to the exceptionally low rainfall which caused a drop in the quantities produced starting from the wine-making phase and a higher incidence of overheads.

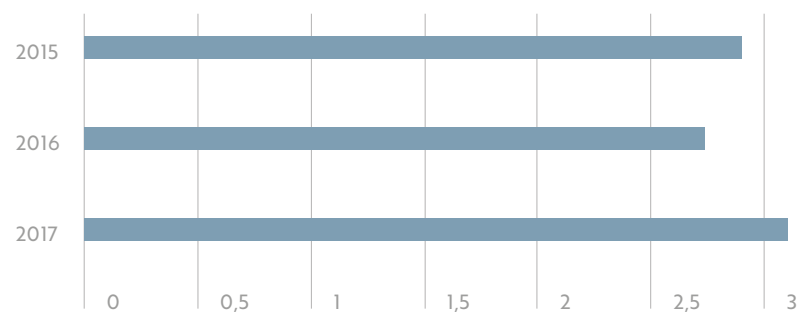
The same remarks may apply to energy owing to the **average rise in temperatures** in the past few years.



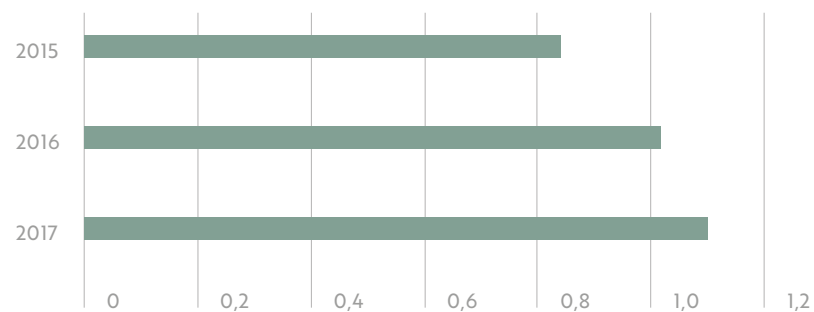
EN-3 EN-8

## WATER AND ENERGY CONSUMPTION

2017-2015 WATER CONSUMPTION PER WINE LITRE  
BANFI SOCIETÀ AGRICOLA S.R.L.

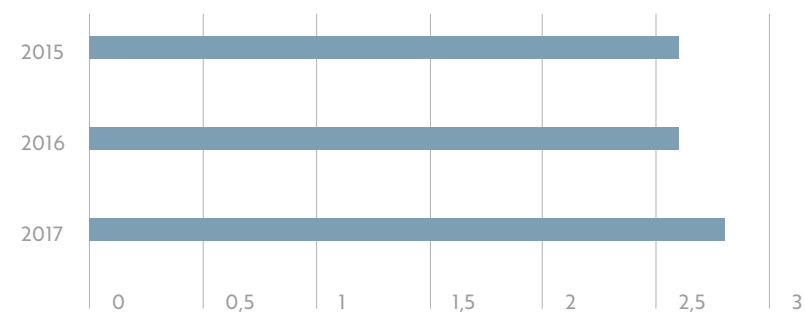


2017-2015 ENERGY CONSUMPTION PER WINE LITRE  
BANFI SOCIETÀ AGRICOLA S.R.L.

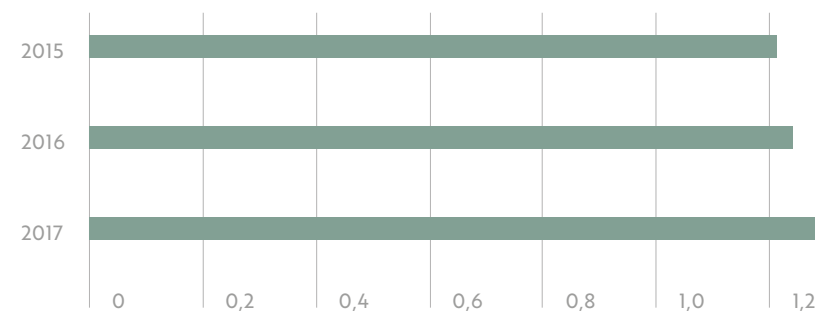


PER WINE LITRE	2017	2016	2015
Water (Lt)	3,05	2,74	2,82
Energy (MJ)	1,09	1,03	0,84

2017-2015 WATER CONSUMPTION PER WINE LITRE  
BANFI S.R.L.



2017-2015 ENERGY CONSUMPTION PER WINE LITRE  
BANFI S.R.L.

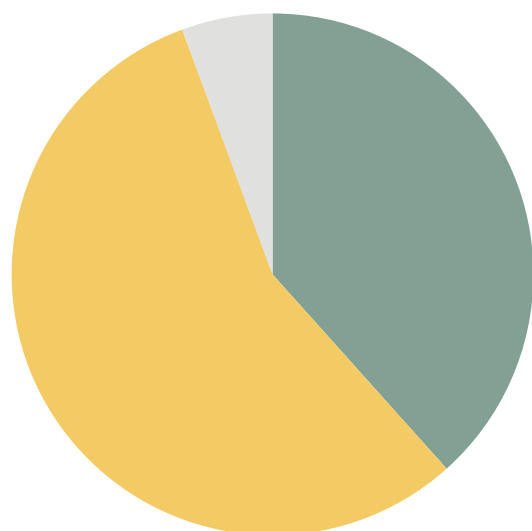


PER WINE LITRE	2017	2016	2015
Water (Lt)	2,82	2,64	2,65
Energy (MJ)	1,31	1,23	1,22

EN-3

## ENERGY CONSUMPTION BY USE 2017

BANFI SOCIETÀ AGRICOLA S.R.L.



■ Motor vehicle traction 38%
 ■ Production 56%
 ■ Heating 6%

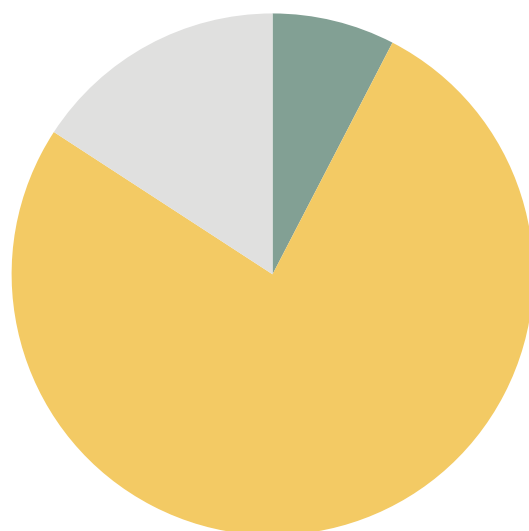
We present, broken down by source and use, the data for the consumption of energy and water during the three-year period, stressing above all that the exceptionally dry weather in 2017 was a decisive factor in the rise in water consumption. Our primary aim was to safeguard not only the year's output but the very lives of the vineyards and orchards.

ENERGY CONSUMPTION BY USE AND SOURCE IN MJ	2017	2016	2015
<b>Motor vehicle traction</b>	<b>16.373.724</b>	<b>15.942.936</b>	<b>15.067.261</b>
Petrol	171.200	342.400	171.200
Diesel fuel	16.202.524	15.600.536	14.896.061
<b>Production</b>	<b>23.897.712</b>	<b>24.270.316</b>	<b>19.811.954</b>
Electricity	18.192.762	16.738.528	18.061.593
LPG	5.704.950	7.531.788	1.750.362
<b>Heating</b>	<b>2.399.515</b>	<b>4.244.564</b>	<b>5.989.771</b>
Diesel fuel	1.155.600	1.284.000	1.070.000
LPG	1.243.915	592.241	100.097
Oil	-	2.368.323	4.819.674
<b>Total</b>	<b>42.670.951</b>	<b>44.457.815</b>	<b>40.868.986</b>

EN-3

## ENERGY CONSUMPTION BY USE 2017

BANFI S.R.L.



■ Motor vehicle traction 8%
 ■ Production 76%
 ■ Heating 16%

ENERGY CONSUMPTION BY USE AND SOURCE IN MJ	2017	2016	2015
<b>Motor vehicle traction</b>	<b>672.003</b>	<b>858.054</b>	<b>725.032</b>
Petrol	672.003	858.054	725.032
Diesel fuel	6.768.790	6.173.473	6.444.488
<b>Production</b>	<b>6.759.374</b>	<b>6.160.633</b>	<b>6.431.648</b>
Electricity	9.416	12.840	12.840
LPG	1.398.162	1.587.137	1.405.552
<b>Heating</b>	<b>77.040</b>	<b>312.440</b>	<b>85.600</b>
Diesel fuel	292.736	267.693	360.284
LPG	356.898	335.638	368.578
Oil	671.488	671.366	591.090
<b>Total</b>	<b>8.838.955</b>	<b>8.618.664</b>	<b>8.575.072</b>

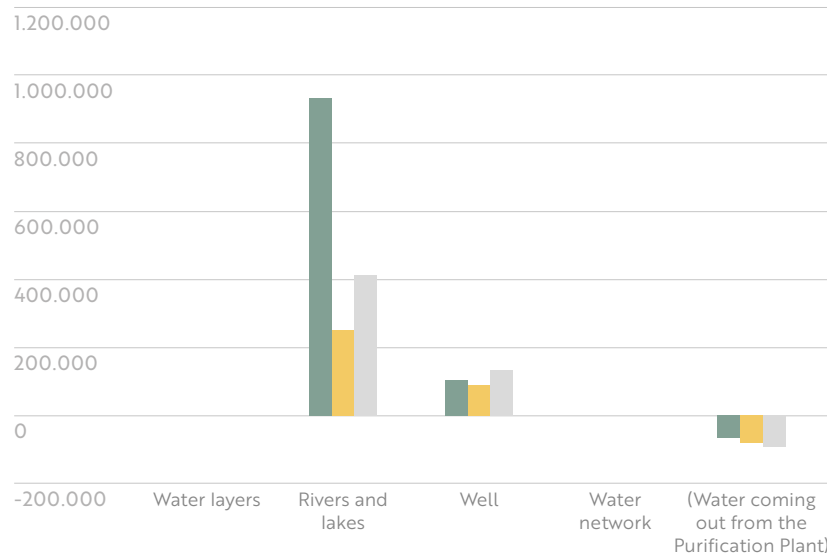


EN-8

## NET WATER CONSUMPTION

2017 2016 2015

BANFI SOCIETÀ AGRICOLA S.R.L.	
<b>TOTAL CUBIC METRES 2017</b>	<b>955.727</b>
<b>DELTA VS 2016</b>	<b>833.516</b>

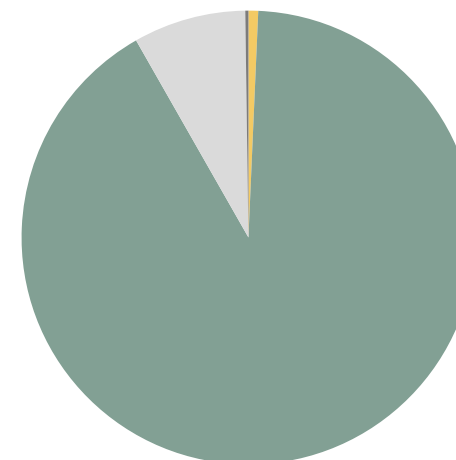


WATER CONSUMPTION - CUBIC METRES	2017	2016	2015
Water layers	7.041	-	280
Rivers and lakes	929.368	105.481	288.838
Well	81.895	79.479	108.963
Water network	2.282	4.835	1.816
(Water coming out from the Purification Plant)	(64.859)	(67.584)	(73.728)
<b>Total</b>	<b>955.727</b>	<b>122.211</b>	<b>326.169</b>

In view of the possibility of severe shortages of water, our Montalcino facility is provided with an extensive system of water basins (ponds and tanks) to counter such serious crises. If water is well dosed and used in some specific stages (such as the onset of ripening) it is an important factor in safeguarding both the quality of production or to rescue the vines.

BANFI SOCIETÀ AGRICOLA S.R.L.

## GROSS WATER CONSUMPTION BY SOURCE 2017



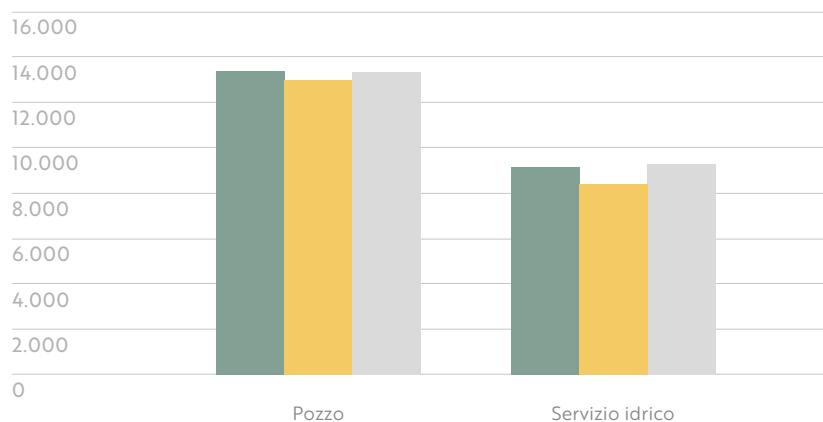
Water layer 0,69%	Rivers and lakes 91,06%
Well 8,02%	Water network 0,22%

EN-8

## CONSUMI NETTI ACQUA

2017 2016 2015

BANFI S.R.L.	
<b>TOTAL CUBIC METRES 2017</b>	<b>23.016</b>
<b>DELTA VS 2016</b>	<b>1.543</b>

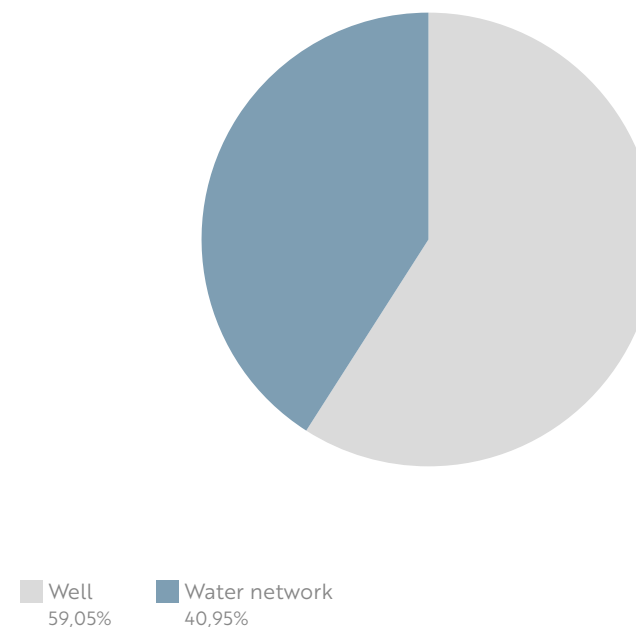


WATER CONSUMPTION CUBIC METRES	2017	2016	2015
Well	13.592	13.047	13.338
Water network	9.424	8.426	9.513
<b>Total</b>	<b>23.016</b>	<b>21.473</b>	<b>22.851</b>

In order to make the consumption of water drawn from the Orcia and Ombrone more sustainable, limiting its amount, the Company first created a comprehensive water system composed of ponds and tanks which mainly collect rainwater and communicate with each other and then further reduced consumption substantially by using variable rate irrigation, i.e. by only giving the vines as much water as they actually need. The total capacity of the ponds and tanks is about 662,500 cu. m.

BANFI S.R.L.
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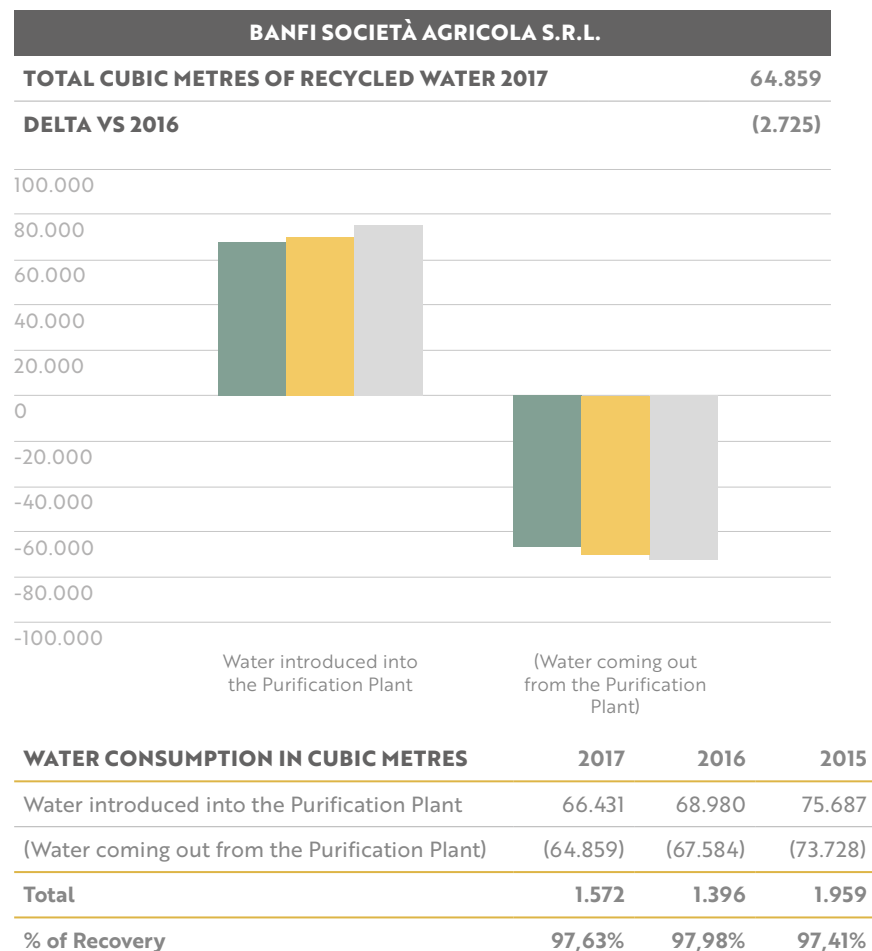
## GROSS WATER CONSUMPTION BY SOURCE, 2017



EN-10

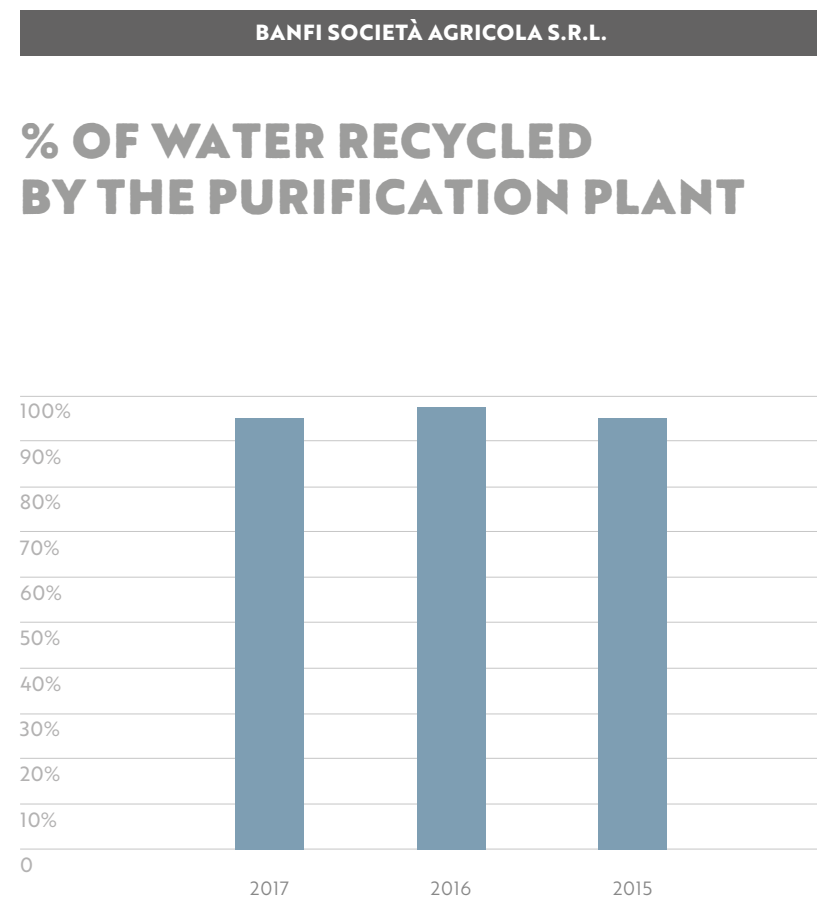
## CUBIC METRES OF WATER FROM PURIFICATION PLANT

2017 2016 2015



Water purification and the percentage of water recycled has always been a prime concern of Banfi's sustainability operations. The Company equipped itself with a purification plant as far back as 1982 and continually make substantial investments in technological renewal and research and development in order to enhance its effectiveness and efficiency, but also in order, in the near future, to be able to reuse water for other purposes.

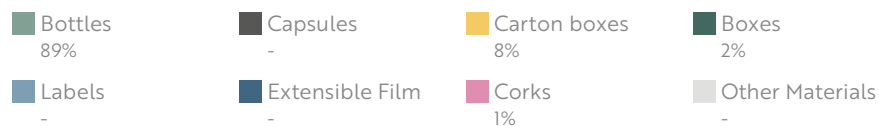
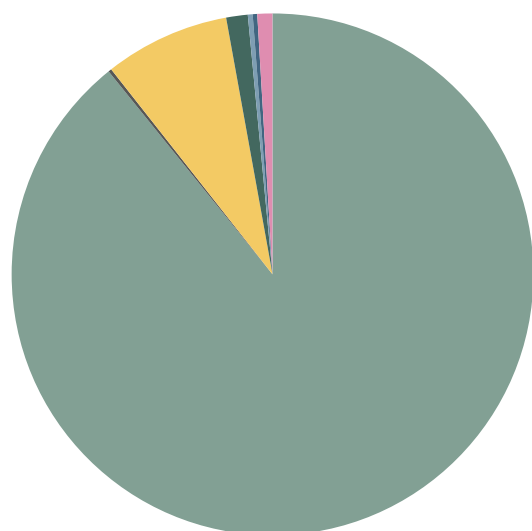
% of Recovery



EN-1

## MATERIALS BY TYPE FOR AGRICULTURE 2017

BANFI SOCIETÀ AGRICOLA S.R.L.



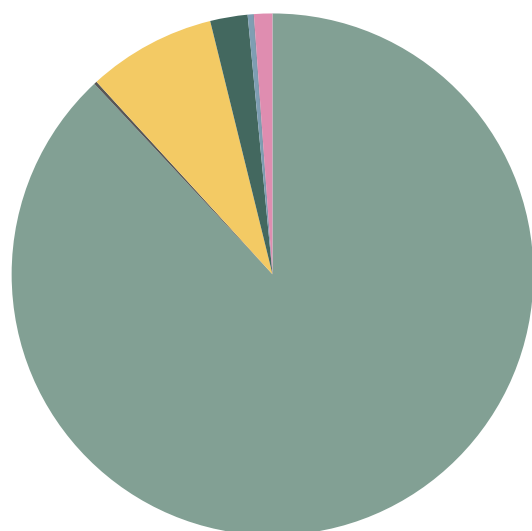
The materials used in wine production are very specific and a very high proportion of these materials consists of glass, which accounts for about 90% of consumption in terms of weight as shown in the charts and tables below. Hence Banfi's commitment to use lightweight bottles and recycled glass has a strong impact on the saving of energy and materials to safeguard the environment.

MATERIALS BY TYPE - 2017 (IN T)	2017	2016	2015
Bottles	4.908	5.013	5.366
Capsules	11	11	14
Carton boxes	427	432	424
Boxes	73	98	112
Labels	17	15	18
Extensible Film	15	19	17
Corks	51	50	52
Other Materials	-	-	-
<b>Total</b>	<b>5.503</b>	<b>5.638</b>	<b>6.004</b>

EN-1

## MATERIALS BY TYPE FOR AGRICULTURE 2017

BANFI S.R.L.



Bottles 88%	Capsules -	Carton boxes 8%	Boxes 2%
Labels -	Extensible Film -	Corks 1%	Other Materials -

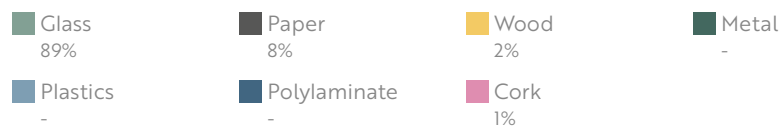
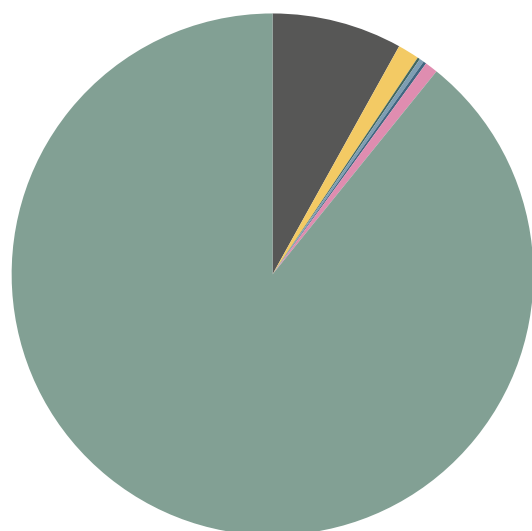
MATERIALS BY TYPE (IN T)	2017	2016	2015
Bottles	2.295	2.025	2.145
Capsules	5	5	5
Carton boxes	207	187	192
Boxes	60	64	59
Labels	10	9	9
Extensible Film	-	-	-
Corks	30	28	29
Other Materials	-	-	-
<b>Total</b>	<b>2.607</b>	<b>2.317</b>	<b>2.439</b>



EN-1

## MATERIALS BY COMPOSITION 2017

BANFI SOCIETÀ AGRICOLA S.R.L.

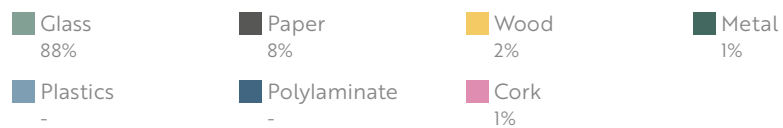
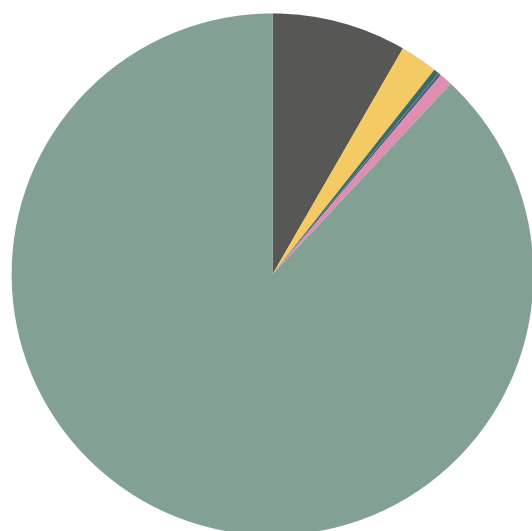


MATERIALS BY COMPOSITION (IN T)	2017	2016	2015
Paper	444	447	442
Wood	73	98	112
Metal	8	11	12
Plastics	15	19	17
Poly laminate	10	10	12
Cork	44	39	42
Glass	4.908	5.013	5.366
<b>Total</b>	<b>5.503</b>	<b>5.638</b>	<b>6.004</b>

EN-1

## MATERIALS BY COMPOSITION 2017

BANFI S.R.L.



MATERIALS BY COMPOSITION (IN T)	2017	2016	2015
Paper	217	196	201
Wood	60	64	59
Metal	9	9	8
Plastics	-	-	-
Polylaminate	5	5	5
Cork	21	19	21
Glass	2.295	2.025	2.145
<b>Total</b>	<b>2.607</b>	<b>2.317</b>	<b>2.439</b>

## Chapter 9

# DEFENDING QUALITY



## WHY MATERIAL?

Product quality is the most important and distinctive feature which Banfi commits itself to pursuing from day to day in the conviction that the delivery of high quality products and services is the best way to make its name and grow.

The vision leading us on in this commitment is encapsulated in this thought of ours:

*We work with our hands, we think with our hearts  
For a better world of wine.*



## MANAGEMENT METHODS

**The quality of our products** and services springs from the goodness of the raw material and our ability to transform it into the finished product. Quality is defended and enhanced mainly by taking the following measures:

- searching for the best production practices in the field;
- searching for the best wine-making practices in the winery;
- endeavouring to provide a service which is increasingly heedful of consumer requirements.

In 2001 Banfi Società Agricola S.r.l. and Banfi S.r.l. obtained the certification of their quality management system according to standard ISO 9001 as confirmation of the soundness of our present operating methods. Additionally, in 2006 Banfi Società Agricola and Banfi S.r.l. obtained the BRC and IFS certifications, which guarantee the quality and safety of the food products offered to consumers.



## ASSESSMENT AND MONITORING

Our in-house testing laboratory, in addition to the universities and external professionals which also help us, are an ever-present, sophisticated tool for the measurement of the efficacy of the actions we take. The quality management system is audited periodically in order to ensure that the conditions for maintaining certification continue to be satisfied. These assessments are accompanied by the periodic monitoring, checking and auditing of our effective capacity to attain our quality management objectives. In detail:

- **in house**, we satisfy ourselves every day of the soundness of our production processes by measuring the quality parameters which are a distinctive feature of Banfi products;
- **externally**, we measure our consumers' satisfaction with both our products and our services by conducting positioning analyses and consumer surveys and on the basis of the awards we receive.

## FOOD QUALITY AND SAFETY

A keystone in Banfi's day-to-day affairs is the objective of producing safe and quality food products. It is of primary importance to satisfy consumers' requirements, care for their health and well-being and ensure responsible consumption; these aims are pursued in the following ways:

- **compliance with regulations** in the various agrifood and other sectors;
- **certifications** and external auditing of both products and processes;
- **implementation and development of an integrated system of analysis from the field** to the consumer which increases know-how and steers the Company's decisions with higher standards in view;
- **an ongoing and intensive programme of investment** in R&D, both process and product, which is aimed at respecting tradition.





## BANFI PRODUCTS: WINE

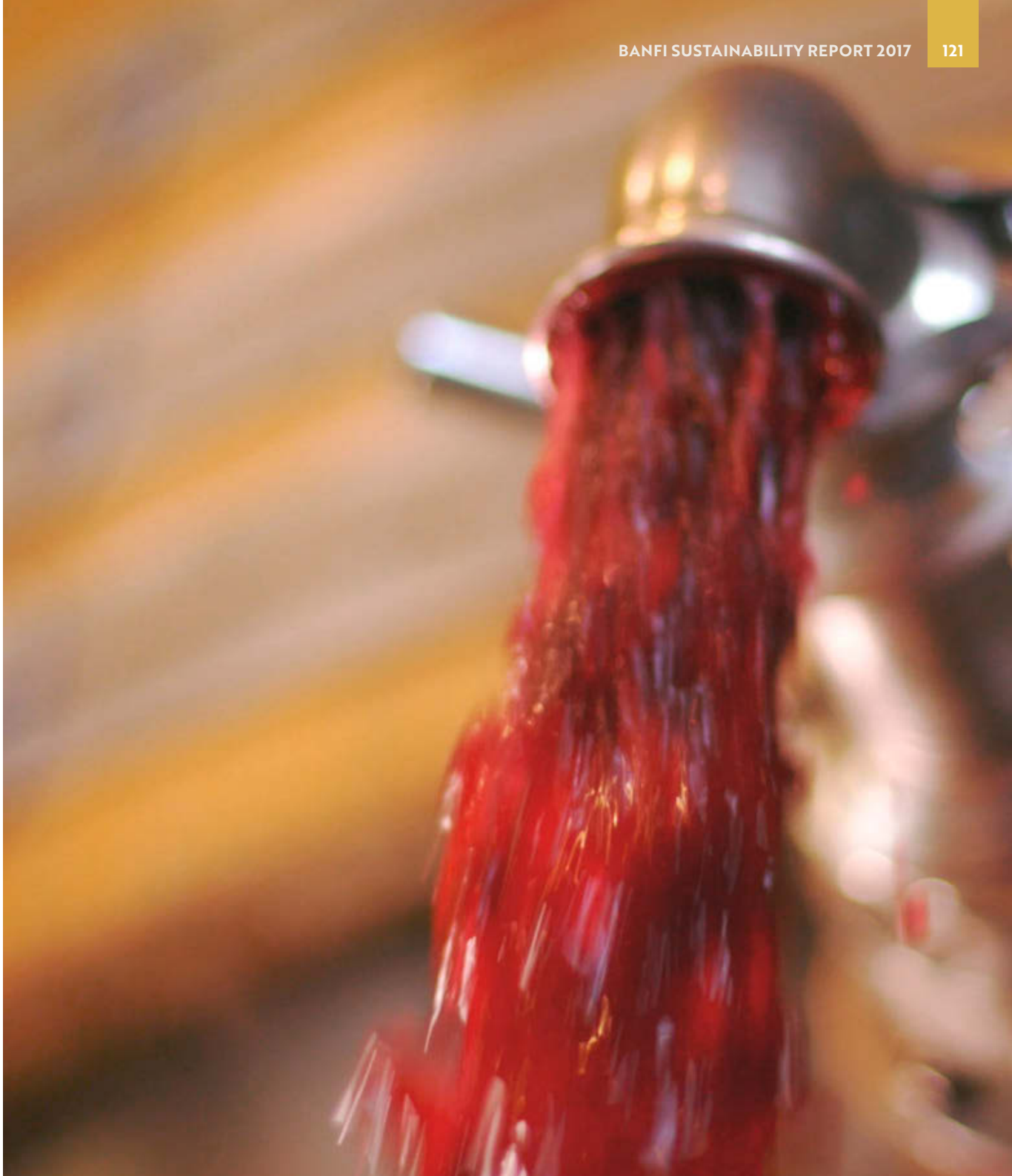
Banfi's main product is wine.

From the time it was founded, Banfi has always considered it fundamental for its strategic development and for the pursuit of its vision to build up its role as a wine producer by concentrating its activities in the two areas of Montalcino and Strevi, planting vines of the most valuable varieties and accompanying its wine with less important varieties which expand the opportunities provided in the areas in which it operates.

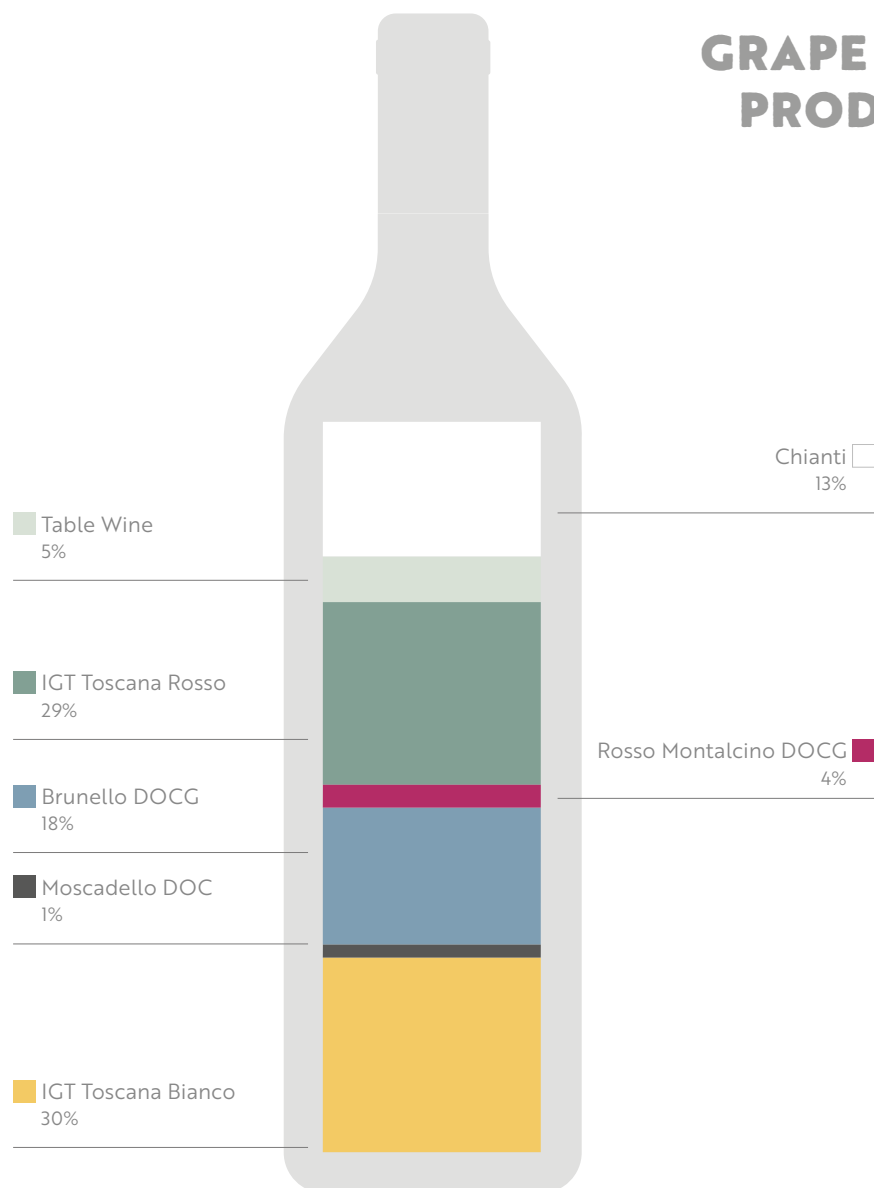
The composition for the 2017 crop year is set out below by product name.

As can be seen from the charts below, 70% of the wine produced at Montalcino consists of red grapes, of which Sangiovese, with 40%, is the best wine produced locally, while Chardonnay, Pinot Grigio and, recently, Vermentino are the wines most representative of Banfi's production.

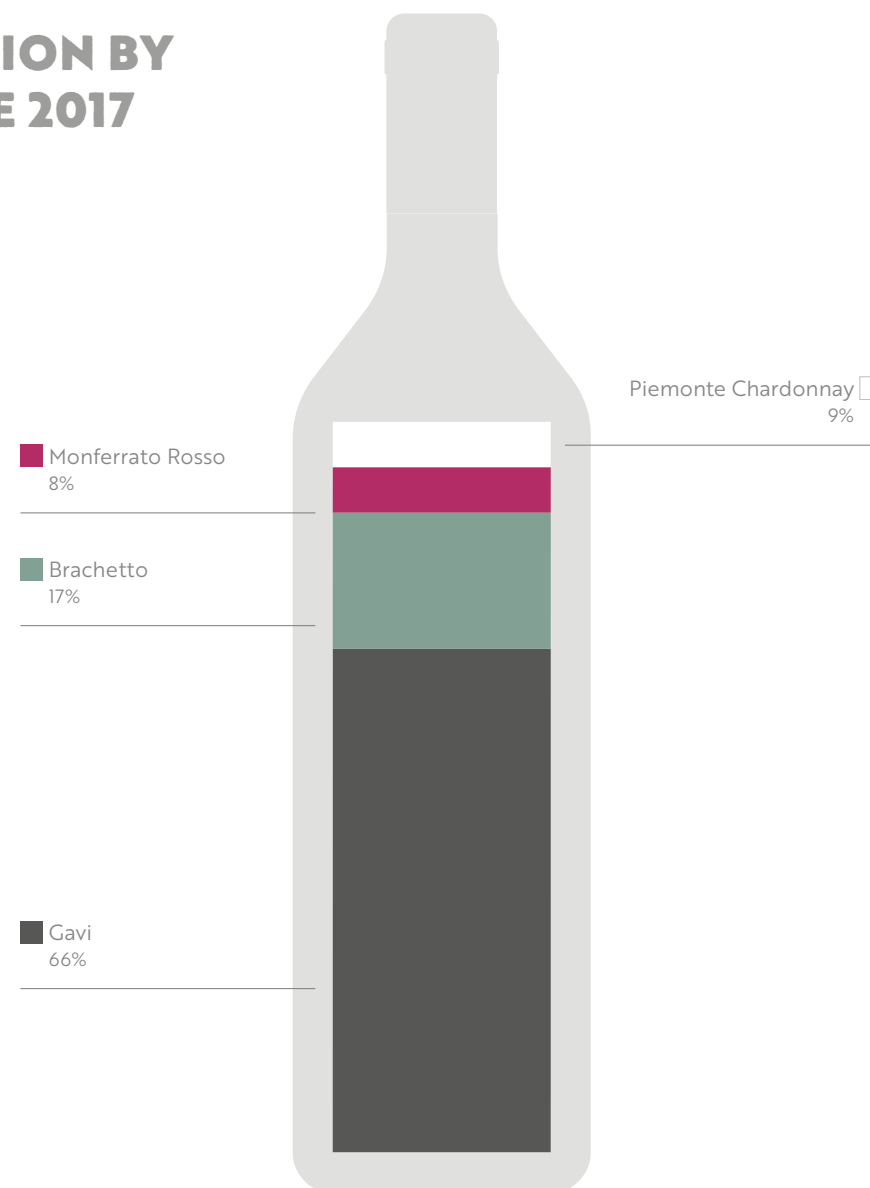
In Piedmont the picture is inverted with 75% white wines (Cortese and Chardonnay) and 25% red, mainly Brachetto.



## GRAPE PRODUCTION BY PRODUCT NAME 2017



**BANFI SOCIETÀ AGRICOLA S.R.L.**

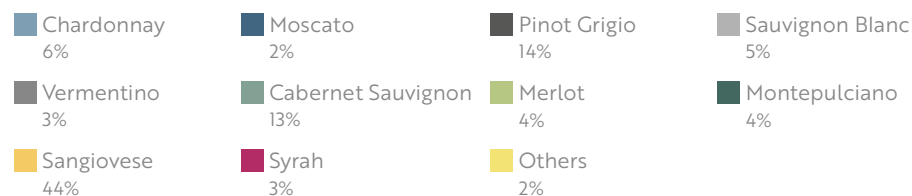


**BANFI S.R.L.**

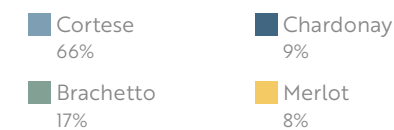
## GRAPE PRODUCTION BY VARIETY 2017



### BANFI SOCIETÀ AGRICOLA S.R.L.



### BANFI S.R.L.



## BANFI PRODUCTS: MORE THAN WINE

Banfi's passion and love for the area of Montalcino tell us of a story which goes beyond wine which encourages the Company to make similarly authentic and prestigious products. Even if the vine continues to be **the main crop**, over the years the Company has introduced other productive agricultural activities which exploit the areas of the estate which stand out for their specific, highly divergent characteristics, while leaving the many-hued features of the typical Tuscan landscape unspoiled. The Company's second biggest crop in terms of extent, in fact, are plum trees.

75 hectares mainly located along the rivers Orcia and the Ombrone bear Agen plums, of which Banfi is the biggest Italian producer. The fruit is dried and sorted at the Company's fruit centre and then sent to a packaging cooperative in Modena.

Owing to the favourable weather conditions at the time the fruit ripens, Banfi plums are very rich in polyphenols and have a hydroxycinnamic acid content about three times greater than that found in the average of fruits of other Italian origins. Banfi also cultivates 39 hectares of **olive trees** on the hills on the southern side of the estate, 50% consisting of single plants or rows of olives intercropped with vineyards according to the Tuscan tradition. In addition to a small number of his-

toric plants, recently "restored" by expert "craftsmen" in removing dry rot and disinfecting and strengthening old wood, there are more recent plants, managed through a vase-shaped growing system, which have become increasingly important for the environment.

Then there are **Olio d'Oliva Banfi** and **Olio Poggio alle Mura**: two exquisite oils which are the fruits of this extraordinary soil. Of the 356 hectares of herbaceous crops, all organically grown, we mention the Cappelli variety durum wheat (started in 2016 with 10 hectares) and the land given over to spelt (a total of 50 hectares of *Triticum monococcum* and *Triticum turgidum* ssp *dicoccum* crops).

Starting this year, Banfi adds its own brand of pasta to its products, for its own use in its restaurants and for sale exclusively in the **Enoteca wine shop**.

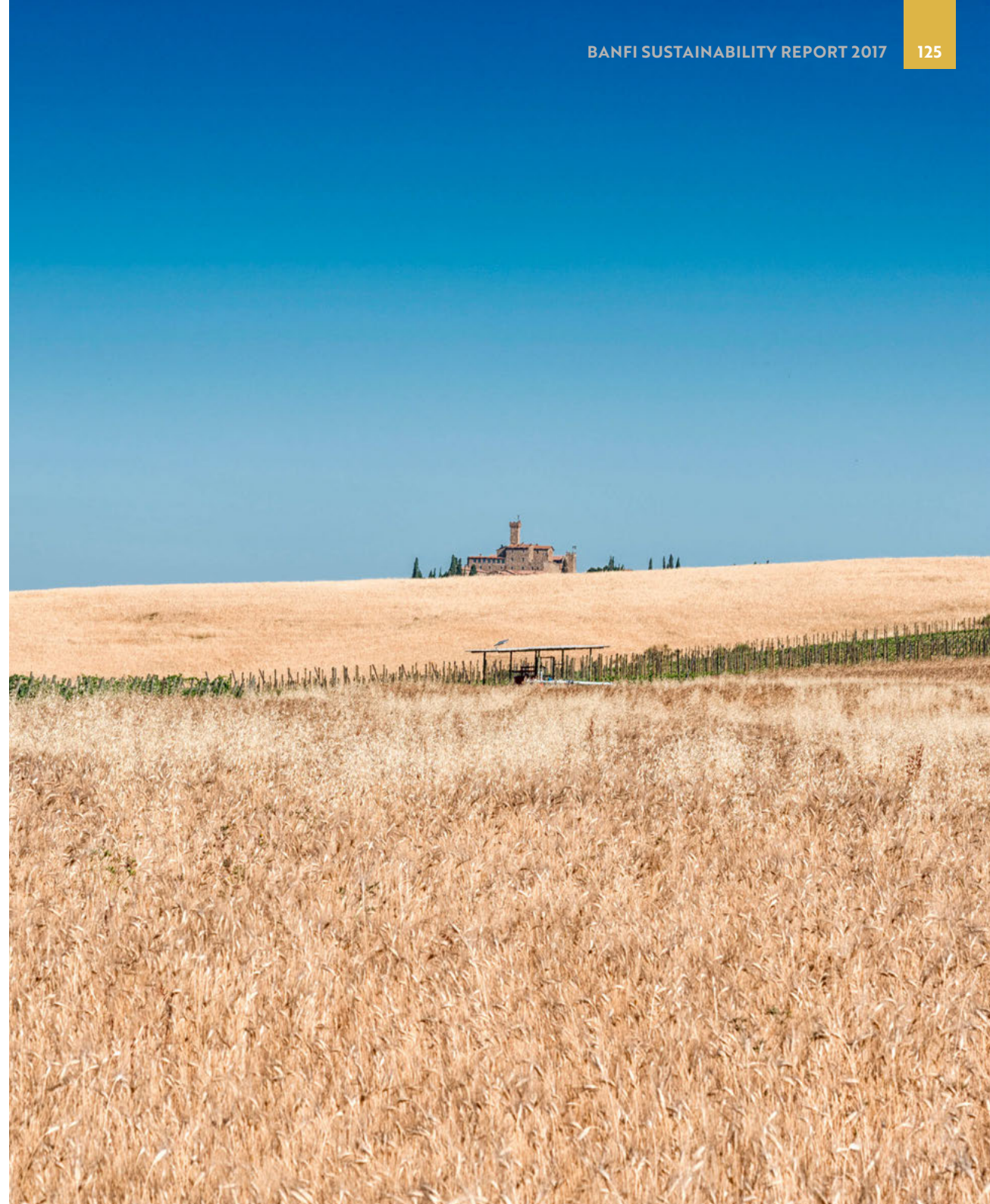
There are four different formats of Cappelli pasta (mille righe, vitoni, spaghettoni and nastri), all dried at a temperature of lower than 38°C in order to preserve the sensory characteristics of the raw material. The entire production process of Banfi's organic **durum wheat pasta** has a short chain: it starts with being sown on Montalcino land, is ground at the Borgioli di Calenzano Mill and hand-processed and packaged at





the historic Fabbri Pastificio pasta making factory. The Condimento Balsamico Etrusco balsamic seasoning deserves a separate mention.

Produced with variable percentages of **white Moscadello and Trebbiano grapes**, after the must has been cooked and cooled, it goes into a barrel where the “balsamisation” process starts. After this it is decanted in progressively smaller barrels (from 60 to 25 litres) and different woods (oak, chestnut, cherry, ash and mulberry wood) until it has aged for about 12 years.





## CERTIFICATIONS

At the beginning of the 2000s, Banfi decided to start adopting management tools which characterized and determined its strong corporate approach to sustainability, obtaining two certifications for its management systems, **ISO 9001** and **ISO 14001**, with which it makes progress in the fields of quality and the environment at all levels. The systems take in all the Company's processes and ensure that they meet high quality standards and that Banfi's vision is one of continuous improvement by means of R&D projects regarding crop and production quality and efficiency.

Furthermore, Banfi acts in conformity to two important food safety standards, **IFS and BRC**, meeting which is very much in request in the European market, which guarantee the high product quality and conformity.

Both of them provide for certification audits on the part of Third-party Bodies.

In 2005 Banfi was the first wine-growing company in the world to obtain the **ethical SA8000 certification**, which guarantees and verifies the fairness and correctness of employment relationships concerning social responsibility. The **Ethics Committee** was formed, composed of a representative from the management and representatives elected by the employees for the

social responsibility management.

The Committee's duty is to take positive action to improve the Company's system and support workers in reporting issues which are analysed and resolved if possible by taking steps to make the appropriate changes.

In 2017, after **12 years of ethical certifications**, on the occasion of transition to the new edition of SA8000, Banfi decided to give greater prominence to the importance of the ethics committee by increasing the number of employees' representatives on the Committee, which has taken on the name of **Social Performance Team**. The active participation of the workers enhances the collaborative approach to achieving the Company's objectives in a climate of exchanges of ideas, transparency and reliability.

In 2017 Banfi also familiarised itself with **OHSAS 18001**, a workers' health and safety management standard. Banfi holds the **Full (AEO) Authorised Economic Operator** certificate issued by the Customs Agency. This gives it a status as a reliable, solvent company and guarantees that it strictly complies with customs regulations and product safety requirements.

Most of the wines Banfi sells in Italy and all round the world are their own produce but they also sell imported wine including organic wines; in order to import these, the Company had to ask to be certified by **ICEA, the Italian Institute for Ethical and Environmental Certification**, which assists and monitors the Company's importing transactions periodically.



● Banfi Società Agricola S.r.l.

● Banfi S.r.l.

## NON-CONFORMITY

The certification process and its systems provide a better way of managing non-conformities, i.e. services or products which do not meet the expected standards of quality or degree of respect of the environment. The table below shows the non-conformity trends that have been observed broken down by reason, area of interest and, especially, if the non-conformities have been found internally or during a process of audit conducted by an outside body. All the non-conformities in the table have been correctly handled and resolved. The trend of each item is stable and the few variations depend on easily identified factors.

NON-CONFORMITIES OBSERVED	BANFI SOCIETÀ AGRICOLA S.R.L.			BANFI S.R.L.		
	2017	2016	2015	2017	2016	2015
Production/ Procurement quality	25	23	26	10	13	10
Production/Quality non-conformities observed internally	17	8	10	13	6	17
Production/Quality non-conformities observed by the certifying body	6	5	7	7	3	6
Product Distribution/Complaints	7	21	3	3	4	2
Environmental procurement	3	-	-			
Environmental non-conformities observed internally	9	16	9			
Environmental non-conformities observed by the certifying body	-	-	1			
Total non-conformities	67	73	56	33	26	35
<b>Total CO<sub>2</sub> reduction (T)</b>						



## INTERNAL TESTING PROCESS: THE ROLE OF THE **TESTING LABORATORIES**

The presence of testing laboratories in the Montalcino and Strevi wineries, assisted by external **laboratories and consultants**, is a decisive factor in improving the quality of our products and their food safety.

The testing analysis programmes carried out in house follow each phase in the “life” of a wine in detail from the grape to the finished product.

It has been decided to check certain **parameters** in each phase of production in order to obtain a product which corresponds to the **wine’s proper specific and enological characteristics**, while succeeding in standardising a high level of quality of the finished product.

**Microbiological control** over bottled wine rules out any possible re-fermentation ensures that the product put on the market is stable from both the microbiological and sensory points of view.

In addition to in-house tests, analyses of residues of phytopharmaceuticals, biogenic amines and ochratoxin A carried out by external laboratories confirm that legal limits are complied with in full and assure the end consumer of a **healthy product**.

In short, a careful programme of analytic tests guaran-

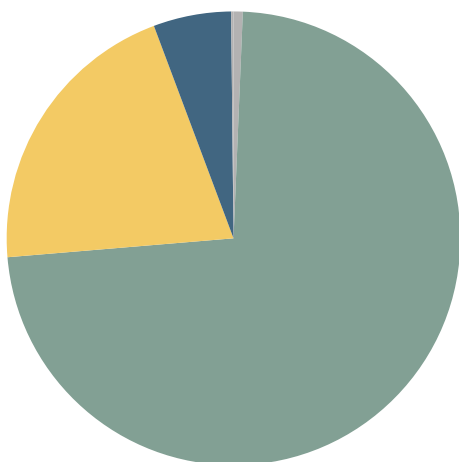
tees that the **product distributed is safe**, meets the criteria laid down in law, has no harmful effects on human beings and at the same time maintains a **high standard of quality** in conformity to the Company’s policy and to the benefit of the end consumer.



## N° OF IN-HOUSE TESTS

### BANFI SOCIETÀ AGRICOLA S.R.L.

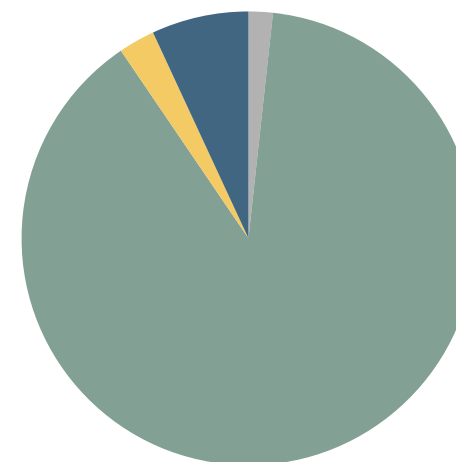
■ Grapes 1%
 ■ Wine 73%
 ■ Incoming materials 21%
 ■ Purification plant 5%



N° OF IN-HOUSE TESTS	2017
Grapes	1.062
Wine	118.541
Incoming Materials	33.478
Purification plant	8.993
Boiler	276
<b>Total</b>	<b>162.350</b>

### BANFI S.R.L.

■ Grapes 2%
 ■ Wine 89%
 ■ Incoming materials 3%
 ■ Purification plant 7%



N° OF IN-HOUSE TESTS	2017
Grapes	200
Wine	10.275
Incoming Materials	300
Purification plant	800
Boiler	100
<b>Total</b>	<b>11.675</b>



## R&D

The **product/process innovation** that so often in the wine industry merges and blends into a single concept represents the foundation of the development and sustainability of the Company. Less environmentally invasive agronomic practices, age-old techniques adapted and made feasible by organized production processes are the keys to competition and a link with the history of our product and our land, whose value is inextricably tied to the finished bottle.

The opportunity for experimenting and developing new enological techniques, refining existing approaches and investing in understanding our vineyards and our product, continuously improving its quality, are the primary objective of research and development. One major element is seeking to strengthen bonds with local suppliers in the cultivation of grapes and/or the production of bulk wines.

Work with internal and external experts and broader cooperation with the academic world and with support agencies, public entities and consortia reflect the need to dedicate an increasing amount of time and resources to innovation, both to “generate” new products and to improve production processes so as to soften their impact on the planet’s resources.

Saving water, reducing chemical applications in the vineyard, reviving ancient wine-making techniques often discarded because of high costs, are the main projects in which Banfi is involved. Publications such as **La Ricerca dell’Eccellenza** (The Quest for Excellence) are the outcome of about 40 years of study and research, the zonal organization of company land and the analysis of historic vintages.

COMPANY	2017	2016	2015
Banfi Società Agricola S.r.l.	762.366	737.080	728.516
Banfi S.r.l.	289.370	209.070	196.327
<b>Total</b>	<b>1.051.736</b>	<b>946.150</b>	<b>924.843</b>

Values in Euros

The table reports the value of R&D investments that are certified for the purposes of the acknowledgment of tax credit.

## THE QUEST FOR EXCELLENCE AND THE BANFI 3.0 RESEARCH PROJECT (2016-2024)

**The quest for excellence** is the enthralling chronicle of the voyage which began 40 years ago in the discovery of our Montalcino area and its incredible potential. The attention Banfi has paid to sustainability has led to its concern with production aspects, which also involve the necessary processes and treatments.

By adopting **new and alternative forms of training vines**, attaching importance to scouting in order to analyse possible attacks by the various pathogens as soon as they appear and treating vines with plant health products only as necessary, the Company reduces the use of various commodities in treatments thus diminishing their residues in its wines.

The reader may consult the two editions of the **“La Ricerca dell’Eccellenza”** on our website for further details.

The **Experimental Vineyards Project** is a part of our Corporate Research, Experimentation and Development Policy. The project’s aims are to try out Agonomic Management practices ensuring greater Environmental Sustainability and to assess the worth of newly planted vineyards, characterised by promising new genotypes obtained from crosses or selections, with conspicuously high standards of quality and/or

lower sensibility to the main fungal plant diseases. **Two vineyards have been planted with 25 different varieties** of grape, 18 from selected crosses of 17 from black grape vines, 7 from white grape vines and 1 from a grey grape vine.





## HOSPITALITY AND THE DEFENCE OF QUALITY

The defence of the quality of a **hospitality service** in addition to that of the quality and safety of food products requires additional close attention to customers' needs and must fit in with the offer to the market. Integration with the production chain and the surrounding area are crucial factors in being able to provide an all-round tourist experience.

The various **certifications** which Banfi S.r.l. has obtained are essential parts of a process in which the Company looks internally and externally in order to enhance its offer to visitors. In support of these certifications, the Company's **affiliations** to sundry circuits in itself is an element of "certification" and quality standards in addition to serving to award it a class.

### HOSPITALITY: OUR AFFILIATIONS

Our membership of Virtuoso Hotels & Resorts and Signature Travel Network, mainly for the US market, and Traveller Made, mainly for European agencies, is the best of the best in the present luxury sector: about 23,000 travel agencies belong to only one of these three networks, which they use to book hotels and, in our case, tours of the winery and lunches or suppers accompanied by Banfi wines.

As we belong to this community, we make an ongoing

commitment to improving the **standards** of our services, which is necessary in order to go on collaborating with these circuits.

In these **networks**, it is also vital to attend the various annual trade fairs, at which we present the latest news regarding our facilities to our partner agencies and which certainly provide us with the best opportunity to prepare for the following tourist seasons from the points of view of sales and visibility.

### HOSPITALITY: OUR AWARDS IN 2017

The various awards obtained by our hospitality businesses in 2017 are listed below:

- **Travel & Leisure:** number 8 in the top hotels in Italy
- **Afar's travelers choice:** Winner "Wine Country Retreat"
- **Conde Nast Traveller's choice awards:** number 20 in the TOP HOTELS IN EUROPE
- **Andrew Harper 2017:** Top 100 Hideways in the world (number 20 wine hotel)
- **Best Pastry Chef** at the Chef Awards 2017



## Chapter 10

# ENHANCING AND DEVELOPING THE TERRITORY



## WHY MATERIAL?

**Banfi is aware of the importance of its territory and the local communities as elements to support and value.**

The link created with our territory is an asset to safeguard and enhance in a vision which takes in a world which is wider than that of our Company, to which we can transfer our sustainability culture.



## MANAGEMENT METHODS

Banfi takes an active part both organisationally and through its own representatives in the **Local Bodies** which protect, promote and develop produce and the territory, such as the various protection consortia, to which the Company contributes its experience to enhancing and raising the value of local products.

Banfi also fosters **cultural and sports** events both directly and indirectly. This helps to support the services sector. Finally, acknowledging that a sense of belonging to one's territory is an added value, Banfi prefers to recruit staff and develop commercial relations at local level.



## ASSESSMENT AND MONITORING

Banfi's constant presence locally by means of carrying out projects and activities which are repeated in new forms every year and **the high level of loyalty of employees and suppliers** provide continual feedback for appraising and monitoring our commitment to the enhancement and development of our territory and the local communities.



EC-7

DMA

## SUSTAINABILITY PROJECTS

Banfi started its voyage to Montalcino almost 40 years ago; a voyage rich in experiences, challenges, conquests and successes as extraordinary as they are lasting. Years which have been a never-ending discovery of the incredible potential of this area, something to support and foster with unabating commitment. Aware of this, the Company has adopted a production system which is sustainable and which concerns itself with the safeguarding of its surroundings, preserving the area's heritage in its entirety: its culture, history and development.

Sustaining the area and its community have been the basis and have supplied the impulse for the birth and growth of the extraordinary success of Brunello wine and Montalcino all over the world as the Company has maintained its leadership.

Banfi has supported numerous projects during its history in sport, music and culture in all its forms.

In recent years, thanks to the enthusiasm of some Montalcino inhabitants, new more organised activities have come into being, in which the Company believed in at once, like **Brunello Crossing**, whose first edition took place in 2017. This competition is a trail which is an intelligent combination of sport, territory, food and

wine, enormously successful in terms of participation from the beginning.

Just as much fervour was put into the promotion of **L'Eroica Montalcino**, which was also held for the first time in 2017, a vintage tourist cycling event on a white road route through the magnificent landscapes of the Val d'Orcia and the Crete Senesi, an event that has brought past cycling values to light again – “rediscovering the beauty of toil and the zest of heroic feats”.

Among sporting events we also mention the **Tuscan Rewind rally**, in its eighth edition, which Banfi has supported from the beginning, and **Endurance**, a horse race which also came to the area for the first time in 2017. Banfi is also energetically committed to visual and musical arts: 2017 was the twentieth anniversary of the **Jazz&Wine festival**, one of the most long-lived and successful festivals in Italy. The first Italian festival to unite prestigious music and quality wine, founded in Rome, was taken to the splendid backdrop of the Montalcino fortress thanks to Banfi: from one edition to another, famous Italian and international artists have followed each other on the Montalcino Jazz&Wine stage, bathing the community in the glow of a lively form of tourism.

Banfi has established strong synergies with the **OCRA - Officina Creativa dell'Abitare** - design workshop as a part of its assiduous support of local culture in organising courses, events and workshops.

The **Bottle and Glass Museum** dedicated to Giovanni Mariani, accommodated in a wing of the former Poggio alle Mure Castle, now Banfi Castle, in the old stable and the olive pressing room, which still holds equipment dating back to 1857, obviously also falls under the category of culture. The museum illustrates the various eras of glass production through history, from the 5th century BC to the current day. Perhaps the most interesting display within the entire museum focuses on ancient Roman glassware, which according to some authorities is one of the world's largest private collection of such pieces.

Other cultural activities supported by Banfi are the **Filarmonica Puccini Montalcino** with its band, choir and music school and the **“Musicisti Nati”** project whose fifth edition in 2017 brought Made in Tuscany musicians together in Montalcino, obtaining a brilliant success.

Banfi also supports **Winenews Laboratory for taste education**, a project which thrusts its roots deep into the

past, into the physiognomy of our land, where we still glimpse ancient orchards in the heart of Montalcino and where a corner of green has been created evoking the forms, customs and culture of times past. Here the **vegetable garden** is a remembrance of the past but above all a didactic tool for children for a future in which they can live healthily respecting others and the environment. This is a versatile project ranging over three main themes: agrifood, dietary and psycho-socio-anthropological.

Yet another cultural activity is the support of the **Banfi Foundation**, established in 1986 with the objective of fostering and diffusing the philosophy and culture associated with the world of wine. The Foundation is a non-profit making organisation whose aim is to encourage, disseminate and deepen, both in Italy and in other countries, the study of and research into wine and to spread knowledge of vine-growing culture and practices from antiquity to our own day. Now the **Sanguis Jovis – Alta Scuola del Sangiovese** is the perfect expression of the principles in the Foundation's charter.

Sanguis Jovis – Alta Scuola del Sangiovese, opened in 2017, is the first **permanent centre of studies of Sangiovese wine**, which comes from the vine that is most

cultivated in Italy. The project was born of the desire to enhance and disseminate the culture of Sangiovese in Italy and abroad by means of scientific research, communication of knowledge and highly specialised instruction. Here advanced scientific culture and the culture of technical and productive innovation meet business culture. At the head of Sanguis Jovis are Prof. Attilio Scienza, an eminent lecturer in vine-growing at Milan University, in his capacity as President, and Prof. Alberto Mattiacci, Professor of Business Administration and Management at Rome La Sapienza University, as Director.

This project took concrete form with the first edition of the **Summer School**, in which the theme was "Aspects of Sangiovese in Tuscany". The mainspring of Sanguis Jovis is Scientific Research: original projects conceived with the support of Italian and foreign scholars.

#### The first research grants provided in 2017 regarded:

- a Research project on the cerebral correlates of the Sangiovese wine tasting;
- Sangiovese data and its history; and
- increased productivity and higher quality of grapes and wine through the exploitation of natural resources: the modification of Sangiovese (by genome editing) to obtain clones resistant to peronospora and

powdery mildew and of two M4 rootstocks.

In 2017 the Company contributed to the costs of new costumes for the historic **Sagra del Tordo** (Festival of the Thrush), an event which has taken place every year and is in its 60th edition, participated in by the four **Districts of Montalcino**, the throbbing heart of the economic, recreational and cultural life of the local community, which are also supported by the Company in various ways.

Banfi sponsors the **Misericordia di Montalcino** (Montalcino Works of Mercy Association), a most important town organisation which provides first aid and health-care and social services in the area with the voluntary, unpaid support of its members. In 2017 Banfi gave the Association an additional contribution by selling cases of special label bottles of Brunello produced for the **50<sup>th</sup> anniversary** of the Brunello di Montalcino Consortium. The proceeds of the sale were used to buy defibrillators for the Montalcino cardio-protection project.

Now we come to the last project we describe in which Banfi has been engaged in local activities: its membership of the **Fondazione Territoriale Brunello di Montalcino** (Local Foundation), whose mission is to reinvest a

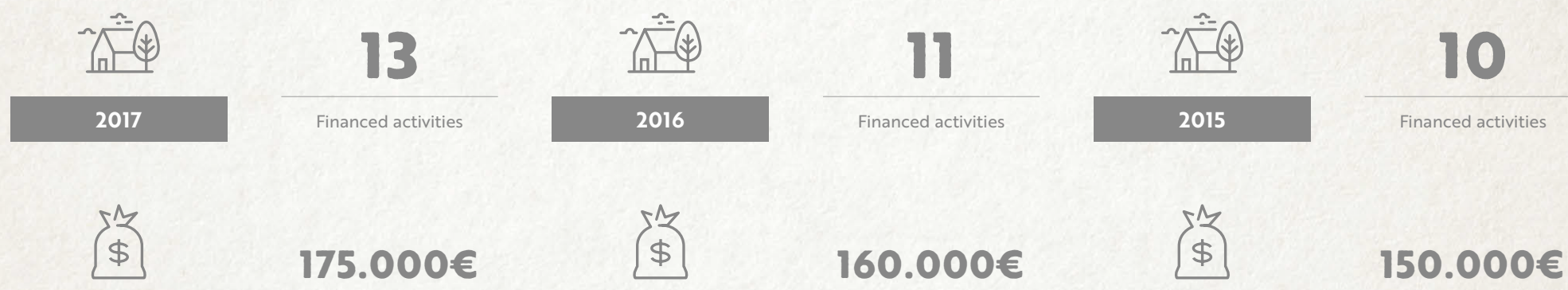
part of the profits obtained from the production and sale of Brunello in Montalcino itself. Following bank foundation models, the objective of the Foundation, whose establishment was approved by the Brunello Consortium General Meeting in 2016, is to give financial support to area development projects on various fronts from tourism to the recovery and restoration of artistic and cultural assets and also to social and integration projects.

A whale fossil was discovered in a Banfi vineyard in 2007, which was one of the most ancient and complete and best preserved in the Mediterranean and which was afterwards given the name of Brunella. A series of activities have been carried out in collaboration with the Municipality of Montalcino and ISA, the Institute for Archaeological and Anthropological Studies: summer camps and higher education courses which focus on the excavation and restoration of the find, scientific meetings and workshops and guided tours of the restoration laboratory for adults and children.





## FINANCIAL INVESTMENTS IN THE COMMUNITY



## Capitolo 11

# METHODOLOGICAL NOTES

G4-32





With the preparation of the first Sustainability Report (hereinafter also referred to as the "Report") in 2015, "number 0", the two companies Banfi Società Agricola S.r.l. and Banfi S.r.l. started their series of reports on corporate social responsibility matters in a single document, then published "number 1" in 2016, based on GRI (Global Reporting Initiative) guidelines and distributed to all its stakeholders.

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Banfi renews its commitment this year too with the preparation of the second edition of the Sustainability Report in compliance with the GRI G4 guidelines at the "Core" reporting level.

G4-32

The contents of the document have been selected by the company management and are set out in compliance with the reporting standards laid down in the GRI guidelines. As in the previous edition, in conformity to materiality principles, an account is given of the most important issues for the Company and its stakeholders in order to give a full and fair view of the sustainability scenario in which Banfi operates. The data and information are conveyed by using as clear a language as possible, providing full and up-to-date information which is comparable over time, the figures for the previous years also being supplied (2016 and 2015). Finally, the aim of the data collection process is to ensure that the data are accurate and reliable.

This document is the result of a comprehensive exercise which involved the whole company transversally, engaging it in collecting and verifying the data and information to be reported. The Company formed a special committee to oversee

the whole process, which actively consolidated the data and conducted a final audit. The committee's specific function, in fact, was to steer and supervise the project.

The data collection process involved the use of existing corporate information systems with the additional use of internal documentation and other official sources.

The reporting cycle is annual and the reporting scope comprises Banfi Agricola S.r.l. and Banfi S.r.l.. No consolidated financial statements have been prepared for those companies and the relevant financial data have been drawn from their separate financial statements.

The list of indicators examined and their location in the Report are given in the GRI Content Index at the end of this document.

No material changes were observed in the organisation's size, structure, ownership or chain of supply during the reporting period.

G4-13

By setting its sights on the "CORE" level of reporting, Banfi has had to improve the indicators and the formulae for their calculation and this has led to a revision of historical data in the relevant tables. These variations, however, are never decisive for the analysis of trends and their comparison with the data in previous editions. No changes with respect to the previous editions were observed in the scope of analysis or objectives.

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#### SCOPE OF THE DOCUMENT

This report relates to the two affiliated companies Banfi Società Agricola S.r.l. and Banfi S.r.l.

#### CONTENTS OF THE DOCUMENT

The contents of this Report are based on the outcome of dialogues with our stakeholders, the requirements of Global Reporting Initiative G4 and those of the sustainability rating.

#### GLOBAL REPORTING INITIATIVE (GRI)

This Report has been prepared in accordance with GRI-G4 guidelines – Core option.

#### SUPPORT IN THE PREPARATION OF THE DOCUMENT

This document has been prepared with the help of PwC's technical and methodological expertise. There is no provision for external Assurance.

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**Your opinion counts!**

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