

Sustainability Report 2019





Sustainability Report
2019

JOHN F. MARIANI, SEPTEMBER 12, 1984
FROM HIS SPEECH DURING THE DEDICATION
OF THE BANFI WINERY IN MONTALCINO

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Letter from the Chairmen

GRI 102-14

Knowledge, sharing and growth. We have often reiterated that these, more than others, are the words guiding our way towards a culture of extensive and participated sustainability. We have continued along this way also in 2019, accepting the challenge that these three words bring about, always in the belief that progress derives from the ability to intercept change and from the willingness to constantly question ourselves.

In this spirit, this year we have focused on founding elements of our company's DNA, working on the specificities that characterize us with the intention of bringing to light and promoting our corporate identity and strengthening the central role of communication.

This undertaking, oriented on the present but with an outlook to the future, has resulted in clarifying the set of elements at the base of our identity: the vision, defining what we consider will be the context for our operation in the future, and the mission, identifying our role, our approach to understanding the existing, and to meeting future, challenges. Great attention was also paid to listening to our stakeholders, with the development of a survey to collect their perspective on sustainability issues. The project will continue in the future and will allow to strengthen our position with all our corporate interlocutors.

In addition, 2019 saw us again playing a leading role in the territory: the event "*L'evoluzione sostenibile: territorio, condivisione e crescita*" (Sustainable evolution: territory, sharing and growth) was the opportunity to bring our territory and the importance of the bond it determines among the entities operating in the territory to the center of the debate. A unique approach to convene important representatives from Universities, Public Institutions and Consortia, and to stress the importance of the centrality of the local dimension in the wider context of sustainability.

Further to these important moments, this year we have approached an issue again which has always been on our mind: the use of the water resource. As you are aware, Banfi, since the inception of its activity, has always demonstrated significant attention to this issue, also thanks to the construction of a water treatment plant, whereby, over the years, it has been possible to avoid the waste of large quantities of the resource. We are convinced of the importance of this approach, so this year we have completed the construction of a treatment and recovery plant, able to purify the water outflow from the treatment plant for re-use also for some winery activities, thus allowing for an additional savings of the resource. With these topics we present the 2019 Sustainability Report, which tells the story of a year that gives us great expectations for our wine production.

The year was characterized by difficult weather conditions, as often in recent years: a warm winter with very little rain was followed by May with temperatures below the seasonal average and heavy rain. As a result, an overall decrease in production was recorded in almost all Italian regions, except for Tuscany, which in contrast recorded a 10% increase.

The year also marks the achievement of another important goal for the hospitality department, with Castello Banfi joining the prestigious Relais & Château family.

A year that has gone by. While we write this report, we are still experiencing the suffering of a world health emergency, which severely hit us at the beginning of 2020, the year we are in now. An emergency brought about by a flu-like virus, the Corona Virus (CoVid-19) which rapidly spread all over the domestic territory, especially hitting several regions in the North and Center. The spreading of the virus then continued, crossing the domestic borders and spreading into Europe and the United States. The effects of the contagion in many instances has caused the loss of human lives and has put the health system heavily to the test, particularly in the first weeks of the emergency. Dramatic days, spent between uncertainties and fear for an unknown and unexpected condition. Under the circumstances, as a Nation, we were forced to adopt drastic measures to contain the contagion, measures that have upset our lives, not just forcing us into social isolation, but also

shutting down work activities of entire production departments.

At present, we do not know when the alarm that CoVid-19 has generated will stop sounding. We do not know whether and when we will be able to go back to normal, the normal way of life we experienced up to 2019. We are facing a period of high uncertainty, which we are living, as everyone else, abiding to the new rules of behavior and the regulations that have been enforced upon us. In this context of rising difficulties and always open challenges, despite all, our thought for sustainability lives on, supported by the belief that our actions can give an important contribution to implement a sustainable development model.

With these words and with a special thank you to all those who are committed daily to advancing the project, we hope you will enjoy reading this report!

Banfi: corporate identity and strategy

Banfi, numbers

2 

regions

1,473 

ha cultivated
in Tuscany*

35 

ha cultivated
in Piedmont



406



average
employees

92.9%



distributed
value

67.4



million €
Total combined turnover
in Italy

MISSION

We were born pioneers, and we wish to bring our tradition of scientific research to the service of the territories where we choose to operate. We wish to help people and territories to express their best potential, sharing with them our knowledge and passion.

We wish to be an evolving enterprise while respecting the environment, the people and the communities we belong to.

Vision and mission

GRI 102-12

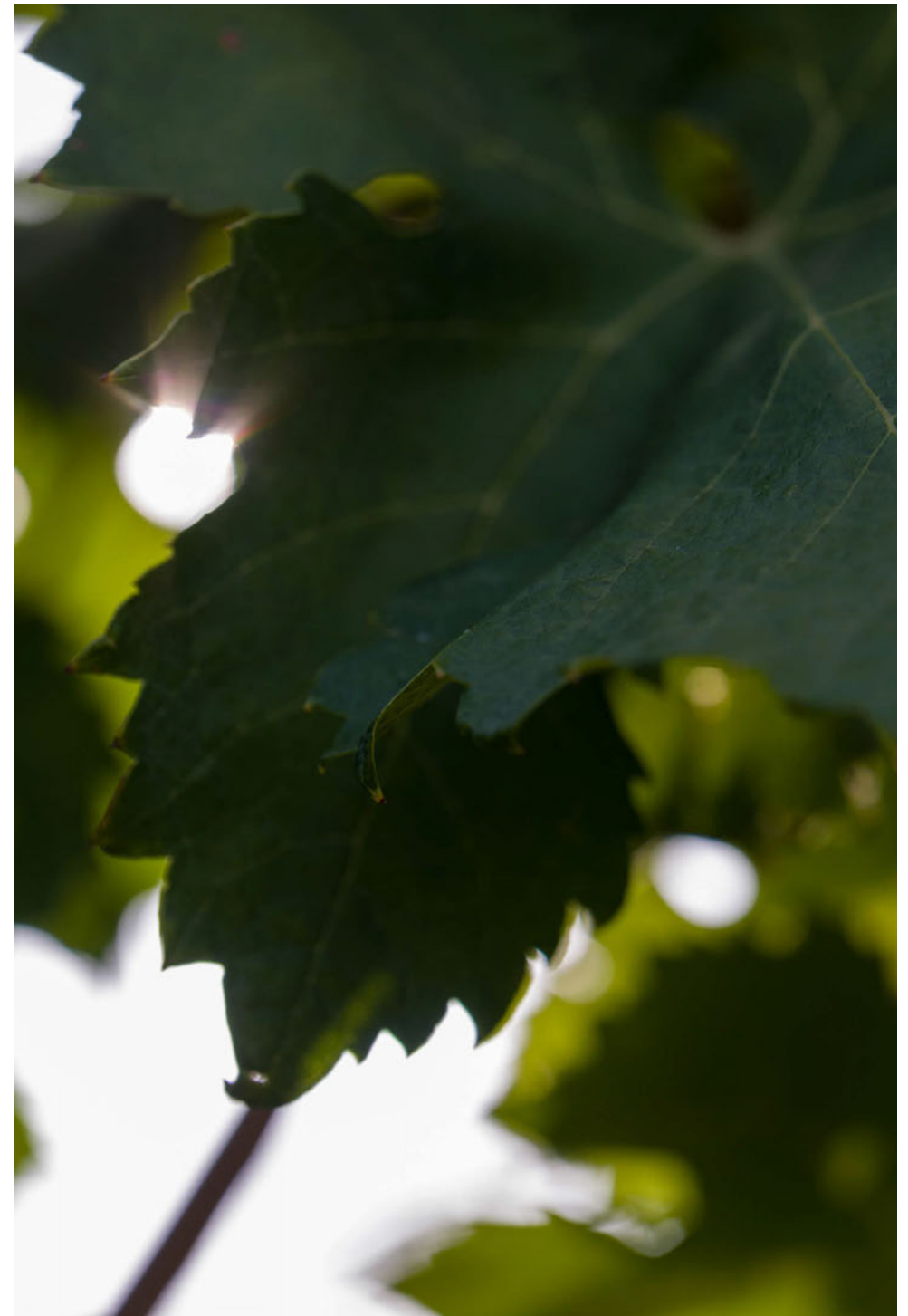
GRI 102-16

The history of Banfi tells an extraordinary success story, starting over 40 years ago, which has reached the present day and tells the story of a company with a reality that is deeply rooted in the territory and which has been able to play an undisputable leadership role in creating the extraordinary success of Brunello di Montalcino worldwide.

Over the years, the company has been able to accept challenges and to adapt to changes and currently represents a reference both for wine production and for other relevant local agriculture productions, as well as for the important role played in the hospitality industry with Castello Banfi – Il Borgo.

A virtuous path, which started in a territory that Banfi has been able to safeguard and enhance over the years. A territory not only composed of environmental peculiarities, but also history, culture and tradition, a true heritage in which production aspects and sustainability topics are perfectly integrated.

Banfi is aware of these distinctive features, and this year has formalized two fundamental elements of our corporate identity, to communicate how we look to the future and how we intend to assert our role in the world.



Fundamental values

GRI 102-12 GRI 102-16

In its daily activities, Banfi draws inspiration from the respect and assertion of the values of the Constitution of the Italian Republic, the Universal Declaration of Human Rights, the Rio Declaration on Environment and Development, the Charter of Fundamental Rights of the European Union, the Paris Climate Agreement, the Global Compact and the International Food Standards of the Codex Alimentarius Commission.

Furthermore, Banfi recognizes the commitment to implement the sustainable development goals defined in the 2030 agenda adopted on 25 September 2015 by the United Nations General Assembly as a substantial element to guarantee a lasting progress.

The attention towards the recognition and the promotion of shared values guides the conduct of all at Banfi and is also ratified in the Code of Ethics and in the Organization, Management and Control Model pursuant to Leg. Decree no.231/2001, tools which strengthen the internal control and risk management system. Both Banfi Società Agricola S.r.l. and Banfi S.r.l. have adopted the Code of Ethics which ratifies the reference values and conduct rules regulating relationships with consumers, personnel and suppliers and, more in general, addresses and binds the conduct with all corporate interlocutors. Among these, compliance with regulations,

honesty, transparency, confidentiality, fair competition, integrity, correctness in relationships with employees, safeguard of the environment must be highlighted.

Starting from this setting and recognizing the importance of the entire value system, Banfi has identified the four values that best represent its corporate identity, expressing the values that have always differentiated Banfi, making the company unique.

Pioneerism

We have always blazed new trails, respecting the history of the territories and the individuals living there.

Research

We study to experiment and innovate, from the soil to the winery, all the way to the market.

Sharing

We support training and dissemination of knowledge which only has a value for us when it becomes a common legacy.

Respect

We are committed to building a better future, working, every day, in harmony with the environment, communities and our people.



Strategic Sustainability Plan

With the purpose of developing an increasingly structured and long-term approach in managing sustainability topics, in the course of 2019 Banfi continued its path towards the definition of the Strategic Sustainability Plan, the most important instrument to govern future challenges in managing the economic, social and environmental dimension of the business.

The Strategic Sustainability Plan, over a medium/ long-term period, identifies all the objectives and actions to be developed and correlates resources and goals to be achieved. Furthermore, by assigning responsibility to each identified action, it will be possible to guarantee constant monitoring of the plan, with a periodic reporting on the achievement of predetermined goals within the Sustainability Report.

The development of the Plan started from the analysis of the 17 Sustainable Development Goals (SDGs) defined in the 2030 Agenda for Sustainable Development.

The document, presented in New York in September 2015, has defined the global challenges that member countries will have to confront, identifying 169 goals towards sustainable development, global growth and cooperation among Nations.

The objectives set out in the 2030 Agenda are based on these 5 directives:

- **People:** eliminate hunger and poverty in all its forms, guarantee dignity and equality;
- **Prosperity:** guarantee prosperous and full lives in harmony with nature;
- **Peace:** promote peaceful, fair and inclusive societies;
- **Partnership:** implement the agenda through solid partnerships;
- **Planet:** protect natural resources and the climate of our planet for future generations.

The 17 Sustainable Development Goals are illustrated below:



The joint analysis of the Sustainable Development Goals and of our specificities allowed us to identify the topics of interest on which to build the Strategic Plan.

These topics, in line with the material subjects reported in the Sustainability Report, are directly connected with these 8 SDGs:






























For each identified topic, we have defined the following elements:

- the most involved **stakeholders**;
- the **vision**, expressing our thought as to how Banfi intends to implement its commitment to conduct future actions;
- the **actions** in which to invest in the upcoming years, to develop our vision.

The Strategic Sustainability Plan is represented in the following chart that shows the above-mentioned elements.



STRATEGIC SUSTAINABILITY PLAN

TOPICS	PERSONAL GROWTH AND EVOLUTION	SAFEGUARD AND DEFENSE OF THE ECO-SYSTEM	HIGH QUALITY AND PROGRESS	GROWTH IN THE TERRITORY AND COOPERATION
STAKEHOLDERS	   	   	   	   
VISION	Guarantee professional development and wellbeing at work, enhancing individual skills and attention to change.	Develop a sustainable production system to safeguard the environment and biodiversity, capable of containing the environmental impact.	Invest in farming techniques, technological innovation and research to support the quality evolution of the product and technical and scientific progress.	Represent a reference for the development of the territory and of the local community, through commercial initiatives and public outreach of knowledge.
ACTIONS	<p>INVEST</p> <p>in professional development</p> <p>in technical professional training</p>	<p>INCREASE</p> <p>attention to energy consumption and used materials</p> <p>variety of landscape and crops</p>	<p>SUPPORT</p> <p>research and public outreach of knowledge</p> <p>technology and experimental vineyards</p>	<p>DEVELOP</p> <p>sustainability report for the territory</p> <p>relationships with associations</p>
S.D. GOALS		   	  	  



History, territories, products and hospitality services

History, territories, products and hospitality services

33

articles
Tuscany

14

articles
Piedmont

94

wine distribution
in countries

5.2

million €
hospitality consolidated
turnover

59.7

million €
wine consolidated
turnover



1,004

ha vineyards
Tuscany

18

ha lakes
in Montalcino

35

ha vineyards
Piedmont

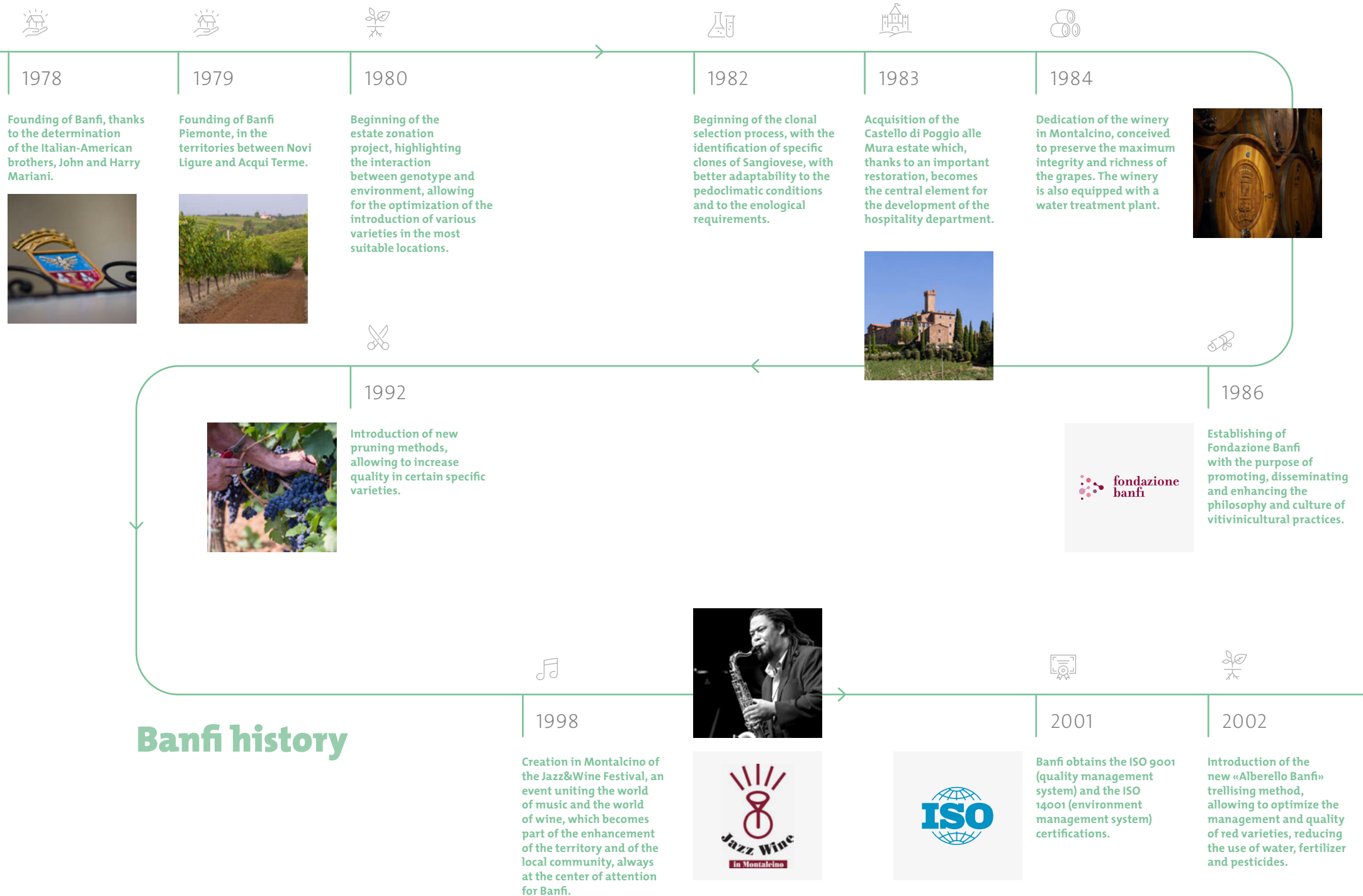
469

ha other crops
Tuscany

817

ha forest
Tuscany

Banfi history



Banfi history



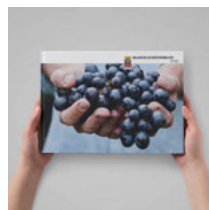
2016

Launch of the project for the re-use of water and modifications to the purification system, reducing the use of chemicals to soften water and the withdrawal of groundwater, to optimize the environmental impact.



2015

The first Sustainability Report is drafted to illustrate the commitment towards the responsible management of the environment, care of human resources and attention to the territory and to the local community.



2005

Banfi obtains the SA8000 certification on corporate social responsibility.



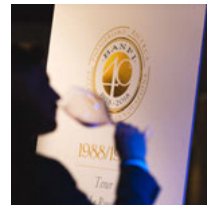
2017

Banfi obtains the OHSAS 18001 (work health and safety management system) certification. Fondazione Banfi promotes the creation of Sanguis Jovis – Alta Scuola di Formazione del Sangiovese (Sangiovese Higher Education School) with the purpose of training future professionals in the industry through the study of the variety which is the symbol of the Montalcino territory.



2018

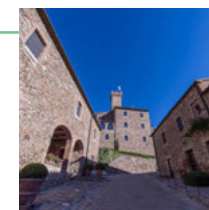
Banfi celebrates its first 40 years of activity.



2019

Construction of a water purifying plant for the outflow from the treatment plant, enabling its re-use in some phases of the production process or for irrigation of green areas

Castello Banfi il Borgo becomes a member of the prestigious Relais & Château family, the association gathering gourmet restaurants, boutique hotels, resorts and villas



2009

Introduction of the use of the lightweight bottle, with a weight that for a Bordeaux bottle from 570 g passes to 400 g, significantly reducing the impact as to energy consumption for production and transport and for CO₂ emissions.



2012

An experimental survey is conducted, to advance the knowledge of the relationship between certain characteristics of berries and their ripening in the light of the significant pedologic variability of cultivated plots



2007

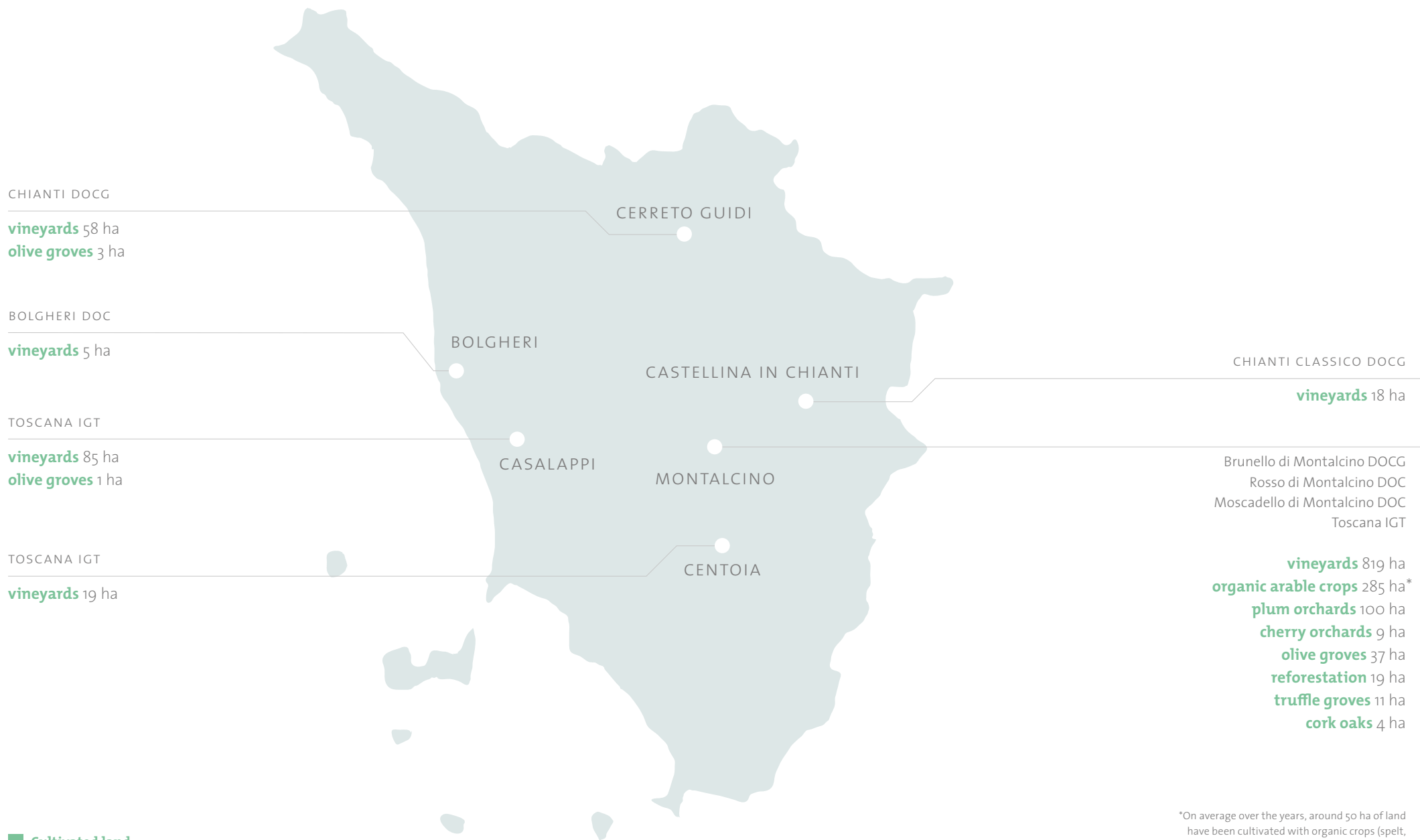
Installation of a new vinification area, with 24 truncated cone vats in oak and steel with a capacity of 177 hl (HORIZON fermentors).



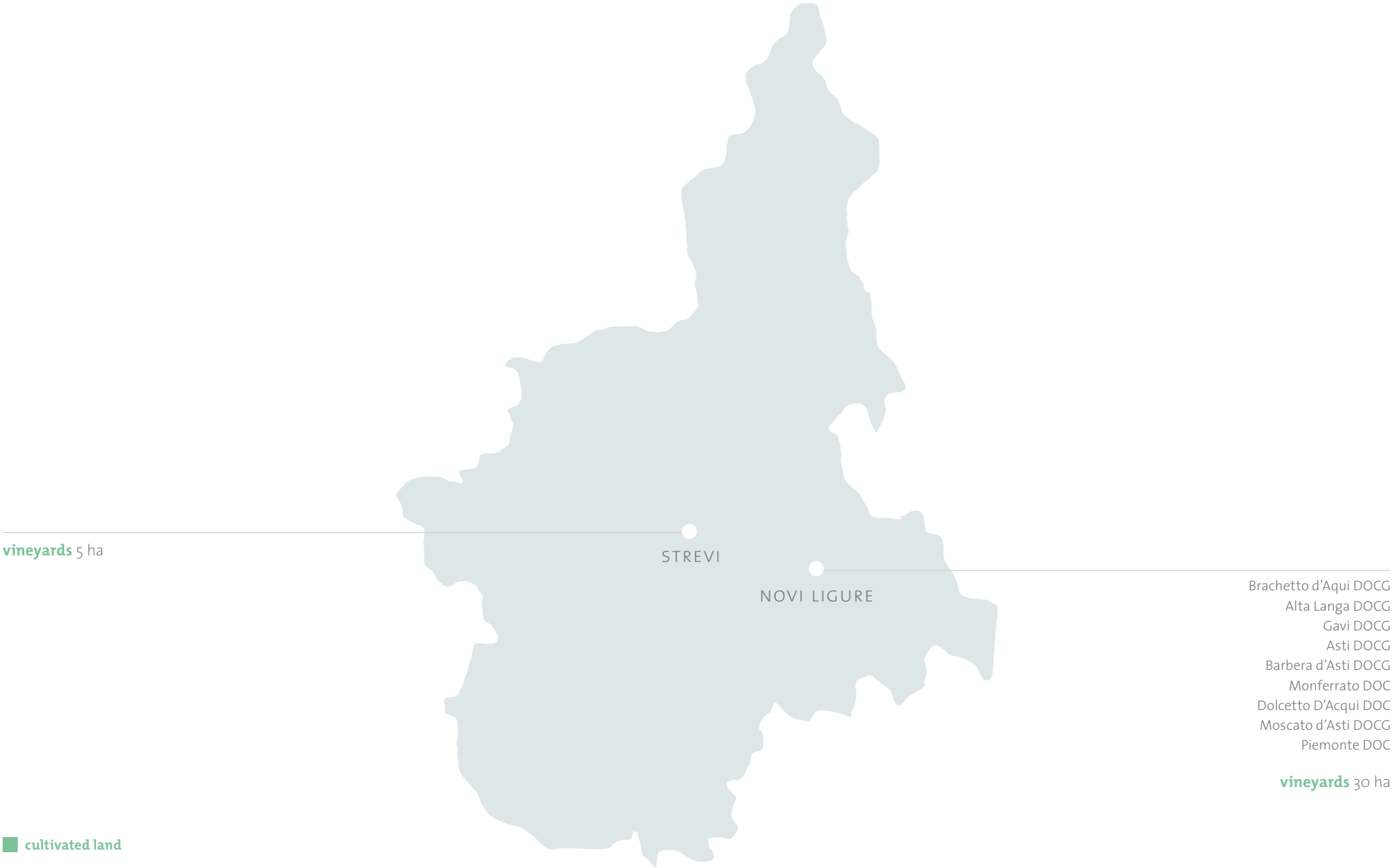
2008

Introduction of the variable flow rate micro irrigation system, capable of guaranteeing a targeted and efficient use of the water resource according to the incline and characteristics of the individual plots.

Introduction of BIO BED, a technique developed in cooperation with Pisa University, capable of reducing to zero the oily residues from agricultural treatments that remain in the water used to wash vehicles.



BANFI TERRITORIES — PIEDMONT



WINES

Montalcino White Wines

SAN ANGELO
—
TOSCANA
IGTFONTANELLE
—
TOSCANA
IGTSERENA
—
TOSCANA
IGT

Supertuscan

BELNERO
—
TOSCANA
IGTCUM LAUDE
—
TOSCANA
IGTSUMMUS
—
TOSCANA
IGTEXCELSUS
—
TOSCANA
IGT

Desert Wines

FLORUS
MOSCADELLO
DI MONTALCINO
—
DOC

Montalcino Red Wines

CASTELLO BANFI
ROSSO
DI MONTALCINO
—
DOCCASTELLO BANFI
BRUNELLO
DI MONTALCINO
—
DOCGPOGGIO ALL'ORO
BRUNELLO
DI MONTALCINO
RISERVA
—
DOCGPOGGIO ALLE MURA
ROSSO
DI MONTALCINO
—
DOCPOGGIO ALLE MURA
BRUNELLO
DI MONTALCINO
—
DOCGPOGGIO ALLE MURA
BRUNELLO
DI MONTALCINO
RISERVA
—
DOCG

Bolgheri Tuscan Coast

ASKA
—
BOLGHERI
DOCLA PETTEGOLA
—
TOSCANA
IGT

Toscana IGT

COL DI SASSO
—
TOSCANA IGTCOLLEPINO
—
TOSCANA IGTFUMAIO
—
TOSCANA IGTLE RIME
—
TOSCANA IGTBADALEI
—
TOSCANA IGTCOST'È
—
TOSCANA IGTSTILNOVO
GOVERNO ALL'USO
TOSCANO
—
TOSCANA IGT

Novello

SANTA COSTANZA
—
TOSCANA IGT

Chianti Collection

FONTE ALLA SELVA
CHIANTI CLASSICO
—
DOCGFONTE ALLA SELVA
CHIANTI CLASSICO
GRAN SELEZIONE
—
DOCGBANFI
CHIANTI CLASSICO
RISERVA
—
DOCGBANFI
CHIANTI CLASSICO
—
DOCGBANFI
CHIANTI
—
DOCGBANFI
CHIANTI SUPERIORE
—
DOCG

Centine Style

CENTINE ROSSO
—
TOSCANA
IGTCENTINE BIANCO
—
TOSCANA
IGTCENTINE ROSÉ
—
TOSCANA
IGTMetodo Classico & Charmat
Method Sparkling WinesBANFI BRUT
METODO
CLASSICOCUVÉE AURORA
ALTA LANGA
—
DOCGCUVÉE AURORA ROSÉ
ALTA LANGA
—
DOCGTENER
VINO
SPUMANTETENER
EXTRA DRY
VINO
SPUMANTEBE POP
ASTI SECCO
DOCGSparkling Sweet Wines
and Dessert WinesASTI SPUMANTE
ASTI
—
DOCGROSA REGALE
BRACHETTO D'ACQUI
—
DOCGSCIANDOR
MOSCATO D'ASTI
—
DOCG

Red Wines

LA LUS
PIEMONTE
—
DOCL'ALTRA
BARBERA D'ASTI
—
DOCGL'ARDI
DOLCETTO D'ACQUI
—
DOC

White Wines

PRINCIPESSA GAVIA
GAVI
—
DOCGPRINCIPESSA GAVIA
PERLANTE GAVI
—
DOCG

Banfi production:
beyond wine

GRI 102-2

The passion and love for the Montalcino territory of Banfi tell a story that goes beyond wine, encouraging productions that are just as authentic and prestigious. Although the grape continues to represent the main crop, over the years Banfi has developed other agricultural activities, aiming at enhancing the value of the very diverse areas of the estate characterized by specific agronomic features while preserving the uniqueness of the typical Tuscan countryside.

In fact, the plum orchards are in extension the second most important arboreal crop. The cultivated areas are mainly situated along the Orcia and Ombrone rivers and are allocated to the production of Agen plums of which Banfi is the main producer in Italy. Drying and grading are performed at the Banfi Fruit Center, while the product is subsequently sent to Modena, to a cooperative packaging center.

Furthermore, olive groves are cultivated in the southern part of the estate and produce the Banfi olive oil and the Poggio alle Mura olive oil: delicious nectars, a gift of this extraordinary land.

Cherries represent another important crop.

On the land allocated to field crops, all organically farmed, organic Cappelli **durum wheat** (started in 2016) and spelt are cultivated. Also, **pasta is produced** under the Banfi brand, for use in the estate restaurants and the exclusive sale at the estate wine shop, as well as Condimento Balsamico Etrusco, balsamic vinegar.



CHERRIES

40,516 kg



FRESH PLUMS

2,084,643 kg



SPELT

53,100 kg



SENATORE CAPPELLI WHEAT

5,600 kg



PRUNES

580,816 kg



LITTLE SPELT

34,000 kg



CLOVER

5,500 kg

Castello Banfi Il Borgo

GRI 102-2

“**Castello Banfi - Il Borgo**” is the facility dedicated to hospitality, a complex situated in an agricultural area of historic and environmental interest, extending over approximately 3 hectares and, in addition to the Castello di Poggio alle Mura, currently known as Castello Banfi, consisting of the boutique hotel “Il Borgo”, the restaurants “La Taverna” and “Sala dei Grappoli”, a wine shop and the balsameria. There is a staff of over 70 employed in the entire structure, with various tasks and jobs.

The Castle dates to a period from the 9th to the 13th century and is not just the symbolic reference for the entire complex. While the Castle does not offer hotel services, inside, there are two large salons, the “Sala del Capitano” and the “Sala del Teatro” that are ideal locations for meetings, receptions or banquets. Outside, there are two courtyards to welcome guests. Furthermore, where the former stables and olive mill were located, the Castle houses the “Bottle and Glass Museum” with a display of an important collection of ancient wine bottles and glassware.

The boutique hotel “**Il Borgo**” is the structure dedicated to guest accommodations. It is set on the southern side, at the foot of the Castle and consists of 14 units, rooms and suites, a heated swimming pool and a pool bar.

Rooms are composed as follows:

- 2 Deluxe Riserva Rooms (40 m²)
- 7 Junior Suites (55 – 65 m²)
- 3 Classic Suites (70 – 80 m²)
- 1 Suite Riserva (75 m²)
- 1 Suite Poggio all'Oro (110 m²)

Within the complex, there are **the restaurants**, “La Taverna” and the “Sala dei Grappoli”, open to the public as well as to the hotel guests, and the wine shop where wine can be tasted and purchased.

Finally, under the north wing of the Castle there is the **Balsameria**, a small cellar where the Condimento Balsamico Etrusco, the estate balsamic vinegar, is produced, a much more refined product compared to traditional balsamic vinegar, produced by ageing grape must over twelve years.





Banfi Stakeholders



Banfi

Stakeholders



human resources



agents



customers, consumers
and guests



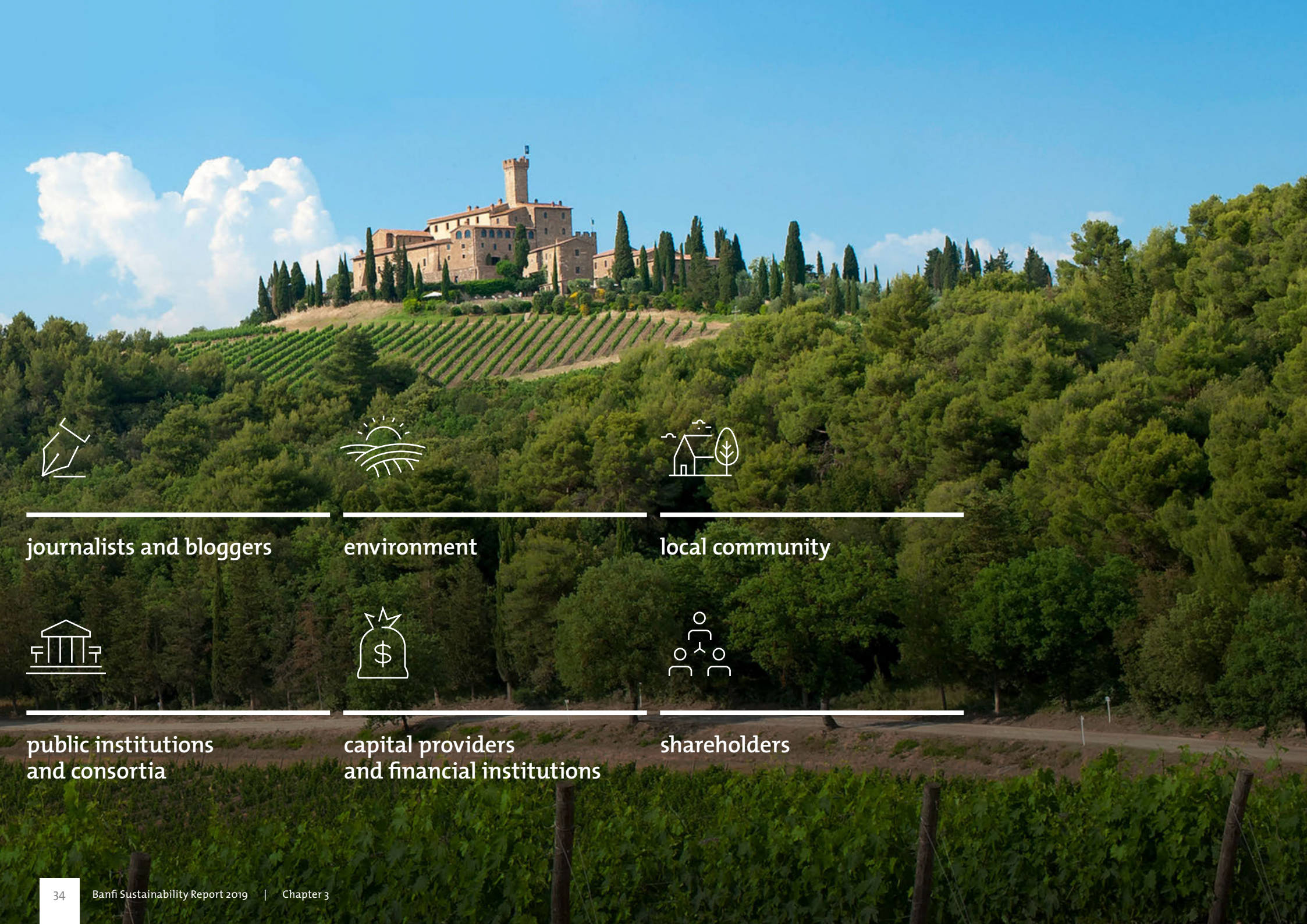
suppliers



competitors



union
organizations



journalists and bloggers



environment



local community



public institutions
and consortia



capital providers
and financial institutions



shareholders

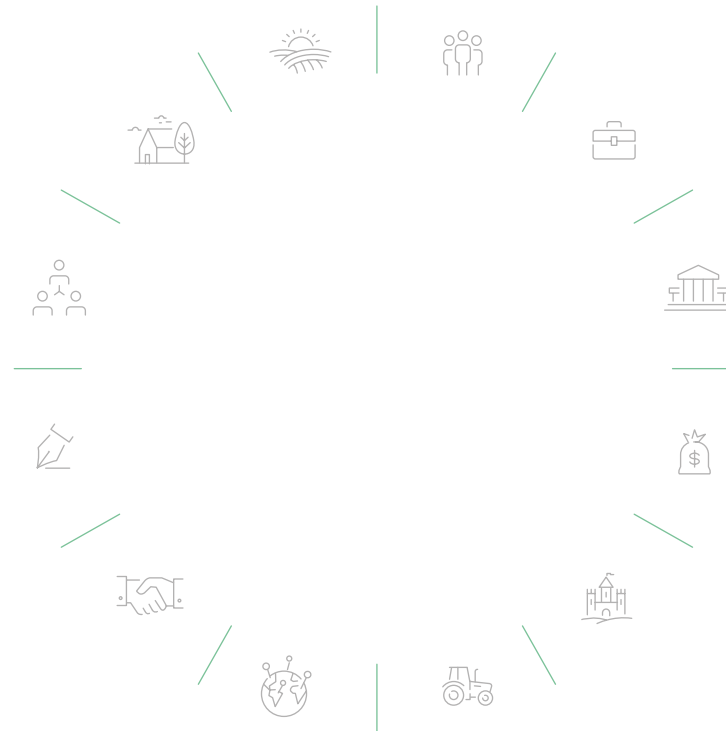
Identification of stakeholders

GRI 102-42












The process for the identification of stakeholders has involved the senior management of Banfi in an analysis, focused on the following dimensions:

- **the relationships** that Banfi creates with its surroundings;
- **significant topics** for the business of Banfi.












In this perspective, all entities influencing and/or influenced by activities performed by Banfi, its products and services, as well as performances have been identified. Banfi is committed to such entities in various manners and frequency, reaching out for their involvement to develop and consolidate long-lasting relationships.



BANFI STAKEHOLDERS

stakeholder	material topics				nature of the relationship	engagement type
	Enhancement and development of human resources	Safeguard of the environment	Protection of quality	Enhancement and development of the territory		
HUMAN RESOURCES	✓	✓	✓	✓	Sense of belonging and high professionalism represent distinctive elements of the human resources of Banfi.	Banfi has adopted specific communication processes with its human resources, setting up boxes where employees can anonymously deposit their requests and findings. These requests and findings from the personnel are furthermore discussed at the periodical meetings of the so-called Social Performance Team, the internal structure in charge of supervising criticalities in managing relationships with human resources. The Team meets several times a year.
AGENTS	✓	✓	✓	✓	Strong sense of belonging and stable and lasting relationships.	Relationships with agents are implemented during formal annual meetings, where not only technical and commercial topics are discussed, but also aspects are identified for which Banfi considers it opportune to develop a specific involvement. In addition, a specific meeting is held with agents with over twenty years of cooperation, the so- called "Wise Wo"men Committee" representing a think tank for agents who have a a long-standing relationship with the Company.
CUSTOMERS, CONSUMERS AND GUESTS				✓	Continuity in time and development of commercial synergies.	Banfi develops periodical meetings with customers (entities to whom the Company sells its products to be then resold to end consumers) to manage business relationships. For consumers (the category including end users of the product, who cannot be specifically identified) and guests (customers of hospitality services) Banfi does not develop specific meeting initiatives. However, such categories are involved in events, exhibitions or other activities developed with reference to the individual business unit.
SUPPLIERS	✓	✓	✓	✓	Strong cooperation and innovation incentive.	Relationships with suppliers are managed with periodical meetings depending on business needs.
COMPETITORS	✓	✓	✓	✓	Spirit of cooperation for the enhancement of the territory and promotion of products.	The relationships between Banfi and its competitors mainly take place at periodical initiatives developed by trade organizations and consortia.
TRADE UNIONS		✓			Strong cooperation and innovation incentive.	The trade unions, with the workers' union representatives, are involved in the periodical meetings of the Social Performance Team.
SUSTAINABLE DEVELOPMENT GOALS		   	  	  		

BANFI STAKEHOLDERS

stakeholder	relevant issues				nature of the relationship	engagement type
	Enhancement and development of human resources	Safeguard of the environment	Protection of quality	Enhancement and development of the territory		
JOURNALISTS AND BLOGGERS	✓	✓	✓	✓	Additional point of reference to be updated on the performance of the market of the company and to promote the image of Banfi to consumers.	Banfi has frequent relationships with journalists and bloggers according to three formats: by activating specific meetings, such as attending events, fairs or at production sites such as wineries, and by developing initiatives on social networks.
SHAREHOLDERS	✓	✓	✓	✓	Sharing decisions and proxies	Relationships with shareholders mainly consist in periodical shareholders' meetings where, as needed, economic-financial aspects and the management of the company are analyzed.
CAPITAL PROVIDERS AND FINANCIAL INSTITUTIONS				✓	Trust with operators in the banking industry forms the basis of the mutual continuous relationship.	Banfi has developed consolidated relationships with capital providers and financial institutions, with specific meetings according to the needs of the business.
PUBLIC INSTITUTIONS AND CONSORTIA	✓	✓	✓	✓	Frequency, continuity and shared intents.	Relationships with public institutions and consortia consist in dedicated meetings, organized to share relevant aspects for the development of the territory and local communities regarding the relationships with public institutions, or issues shared by the various companies operating in the territory regarding the relationships with the Consortium.
LOCAL COMMUNITY	✓	✓	✓	✓	The safeguard of the local community, the development of cultural initiatives and the protection of the local economic fabric represent qualifying elements in the relationships Banfi develops with this stakeholder.	The encounter with the local community is initiated by developing specific activities in the territory. Each year Banfi is involved in a number of activities, to support the local social fabric and its territorial setting.
ENVIRONMENT		✓			Reduction of impact and enhancement in the reference territory.	Protection of the environment is implemented by developing specific initiatives which can foresee, case by case, the encounter with the other stakeholders of Banfi.
SUSTAINABLE DEVELOPMENT GOALS		   	  	  		

Main initiatives during the year

GRI 102-44

GRI 203-1

In the course of 2019, Banfi has developed a number of meetings with its stakeholders, initiating, in particular, two new projects with a specific focus on sustainability issues.

In September, a survey was organized to understand the corporate stakeholders' perception of sustainability issues.

Information was collected by sending out a questionnaire to five stakeholder categories, involving over 500 individuals. The project will continue in the future, involving other stakeholder categories. In October, a sustainability event was organized at Castello di Poggio alle Mura, with the participation of representatives of Public Institutions, Universities and Consortia as well as industry professionals, aficionados of the territory and journalists.

The event, titled “L’evoluzione sostenibile: territorio condivisione e crescita” (Sustainable evolution: territory, sharing and growth), was the opportunity to open a debate on the centrality of the territory in its wider sustainability context, against a varied stakeholder audience as to sensitivity and expertise.

In organizing the event, the intention was to commit to programming this appointment annually, analyzing in depth various issues on the subject of sustainability. During the meeting, the following considerations were brought forward:

- the need to raise awareness of companies and citizens on the reduction of greenhouse gas emissions;
- the importance of sharing sustainability issues with a growing number of producers;
- the need to create organic reference regulations regarding sustainability in all its applications and particularly in the wine industry;
- the central role played by study and research as fundamental instruments to understand how to improve production while safeguarding the territory.

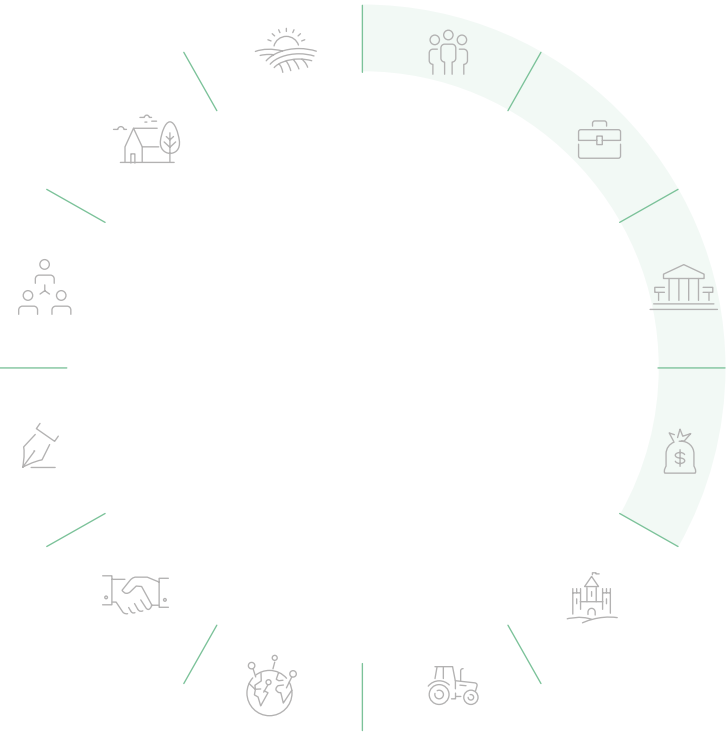
In addition to the development of these projects, in the course of 2019 activities to involve stakeholders have continued, particularly during these initiatives:

- meetings with trade unions;
- periodical meetings of the Social Performance Team;
- “orti nelle scuole” project (vegetable gardens at school) in association with a local partner, to promote and improve food culture and encourage healthy and correct nutrition. The project involved children of the local primary schools;

- “Vino Veritas” project supported together with the national police force, to produce bottles of Brunello di Montalcino with a label with specific indications on responsible drinking;
- In 2019, the second year of a restoration project by the Superintendence for Landscape, Fine Arts, Architecture of the provinces of Siena, Grosseto and Arezzo (SABAP-Si), funded by Banfi under the Art Bonus scheme, of the whale fossil found in the Montalcino territory and currently housed at Banfi was completed, for the specimen then to be put on future public display. Over two thousand visitors to the restoration lab were recorded;
- PON (Programma Operativo Nazionale) project (National Operating Program) for the performance of remote learning activities. In particular, the project involved a group of students from the local secondary school and took place at the whale restoration lab for a period of two weeks.





During these meetings, petitions were presented regarding the protection of workers and employees, the development of initiatives to support the territory and to protect consumers.

Survey



STAKEHOLDERS INVOLVED

PARTICIPATION

 human resources	between 30% and 50%
 agents	between 30% and 50%
 financial institutions	over 70%
 public institutions and consortia	under 30%

KEY TOPICS

human resources	agents	financial institutions	public institutions	consortia
 maintaining employment levels	 reduction of occupational accidents	 reduction of occupational accidents	 increase in employee training	 reduction of occupational accidents
 protecting the environment	 reduction of greenhouse gas emissions	 increase in investments for the benefit of the local community and the territory	 increase in investments in favor of the local community and territory	 energy efficiency and reduction in consumption

Relationships with the main trade associations

Banfi actively participates, in different roles, in a number of trade associations, such as:

GRI 102-13

UNIONE ITALIANA VINI

member of the Management Board
and Chairman of the Food Section

FEDERVINI

member of the
Management Board

CONFAGRICOLTURA

support of numerous periodically
activated initiatives

CONFINDUSTRIA TOSCANA SUD

member of the Management Board
and coordination
of the Food Section

CONSORZIO CHIANTI CLASSICO

member
of the Management Board

CONFCOMMERCIO

support of numerous periodically
activated initiatives

DISTRETTO TOSCANA SUD

participation in specific projects
as Vice Chairman

DISTRETTO MONTALCINO


participation in specific projects

FONDAZIONE TERRITORIALE BRUNELLO DI MONTALCINO

chairman of the
Board of Directors

Materiality analysis





Materiality analysis

22

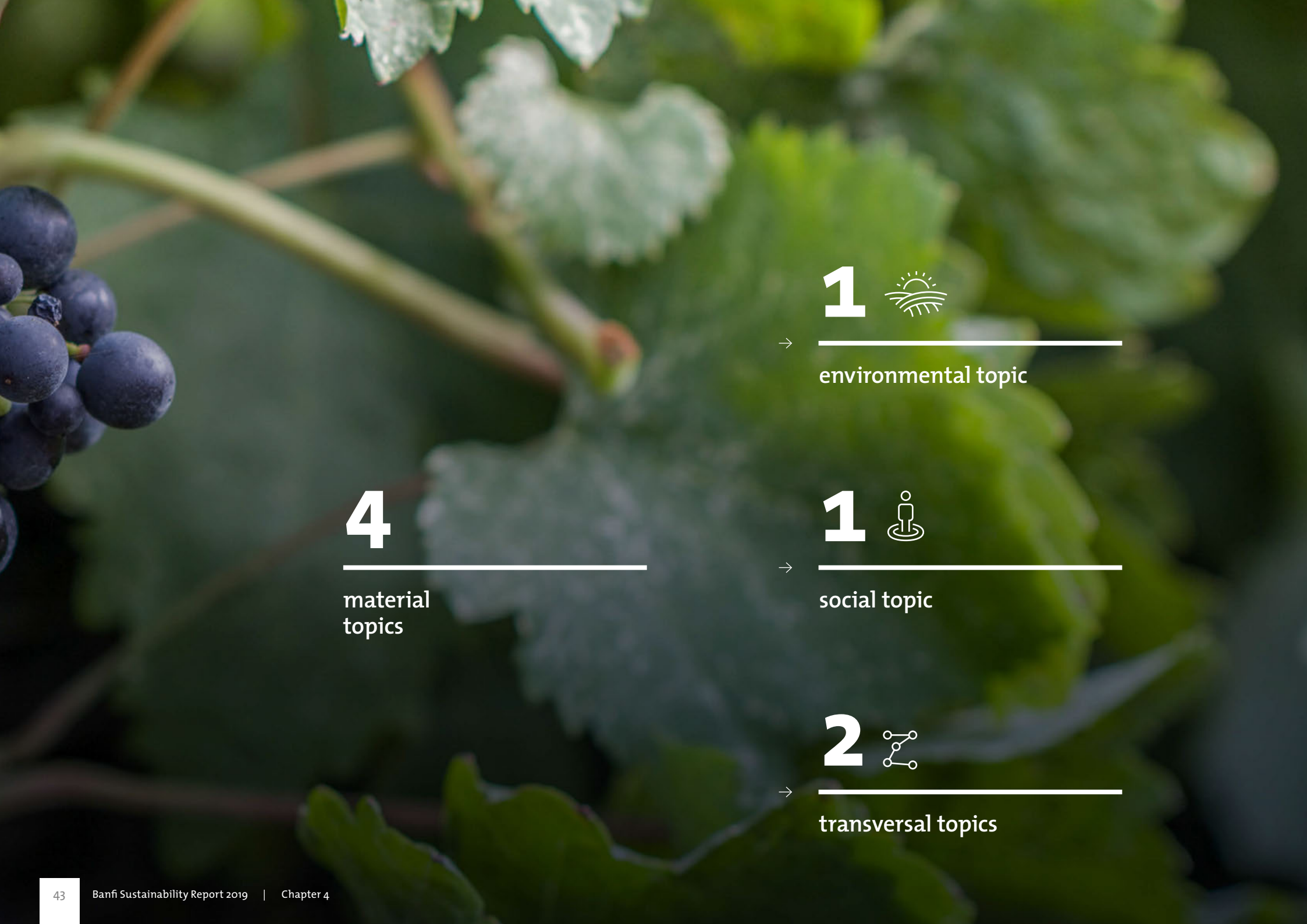
analyzed
topics

18

relevant
topics

8

sustainable
development goals



1 



environmental topic

4

material
topics

1 



social topic

2 



transversal topics

Materiality analysis

GRI 102-47

Banfi started the materiality analysis process in 2015, when the first Sustainability Report was drafted. The process involved the company's senior management and led to the definition of the materiality matrix of Banfi, starting from the identification and analysis of corporate stakeholders, investigating the relevance each stakeholder assigns to activities and the role performed by Banfi.

The comparison between corporate and stakeholder points of view classified the identified topics and material topics. The materiality matrix represents these elements in a chart, considering material those topics that are significant both for stakeholders and for the company. The materiality analysis process is periodically updated, to validate its content and to reflect possible changes that might occur over time. A specific chapter is dedicated to each material topic in the Report.

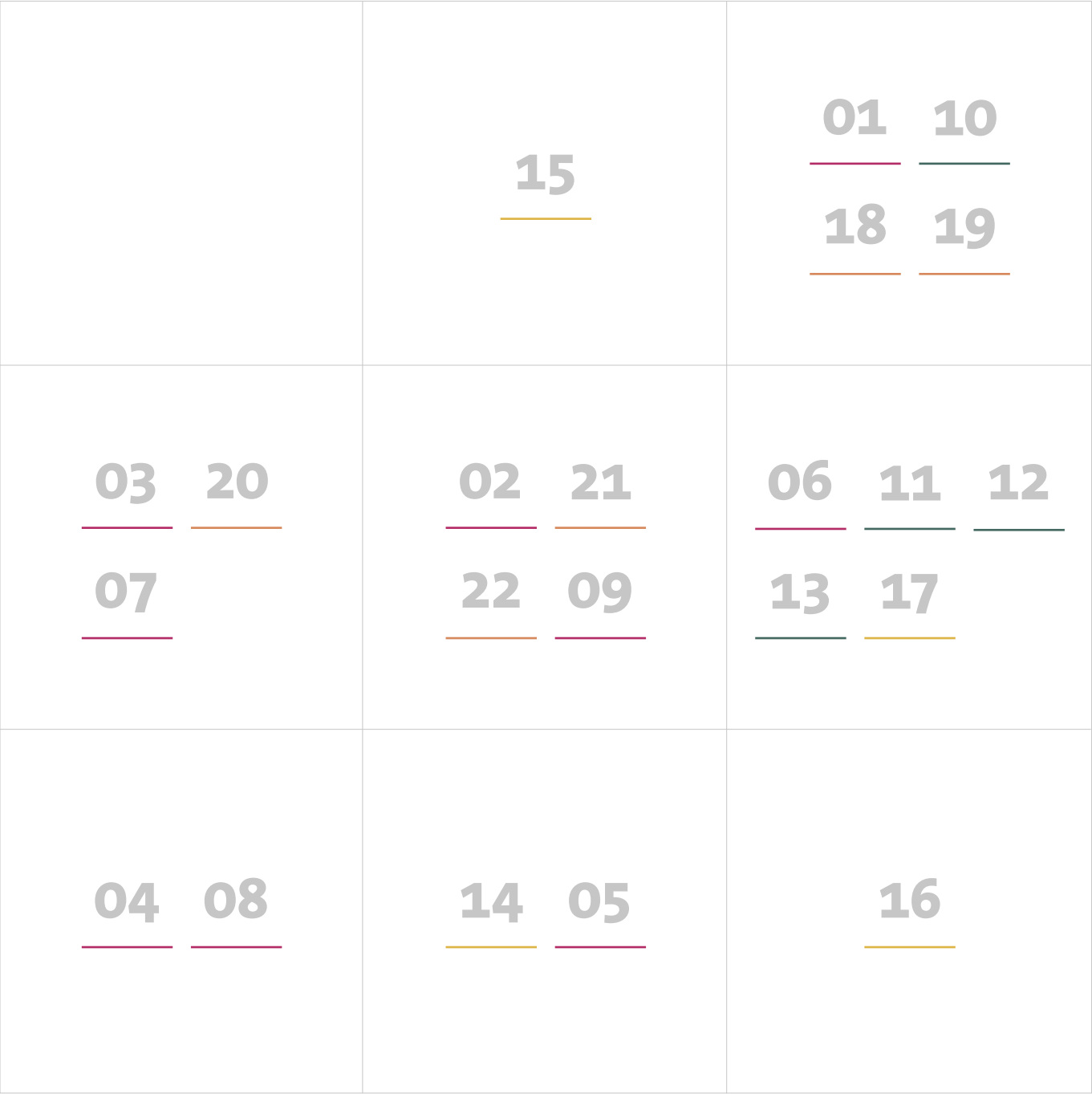
In the course of 2018, the materiality matrix was integrated with the results of the analysis of the Sustainable Development Goals (SDGs). In particular, the SDGs which had a major impact on each material topic were identified, as shown in the graph.

RELEVANCE FOR STAKEHOLDERS

HIGH

MEDIUM

LOW



LOW

MEDIUM

HIGH

RELEVANCE FOR BANFI

SOCIAL TOPICS

ENVIRONMENTAL TOPICS

TRANSVERSAL TOPICS

Material topics

01 Enhancement and development of human resources

10 Protection of the environment

18 Protection of quality

19 Enhancement and development of the territory

Sustainable Development Goals



Relevant topics

SOCIAL TOPICS

ENVIRONMENTAL TOPICS

ECONOMIC TOPICS

TRANSVERSAL TOPICS

02 Consumer education

11 Climate change

14 Support for wine production

20 Logistics

03 Shortage of skilled labor

12 Biodiversity protection

15 Generated economic impacts

21 Supplier selection

04 Corporate welfare

13 Intensity of cultivation

16 Corporate value

22 Fight against fraud and forgery

05 Diversity

17 Brand

06 Performance assessment

07 Developing and promoting good practices in the industry

08 Attracting talents

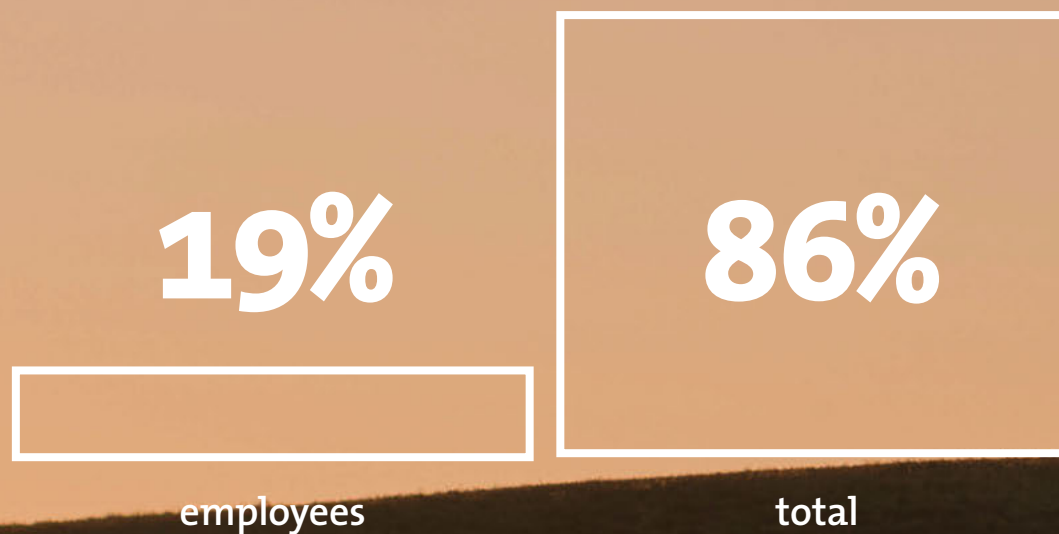
09 Maintaining employment levels

Governance and value creation



Governance and value creation

Distributed economic
value 2019



Banfi Società Agricola S.r.l.

14%



employees

98%

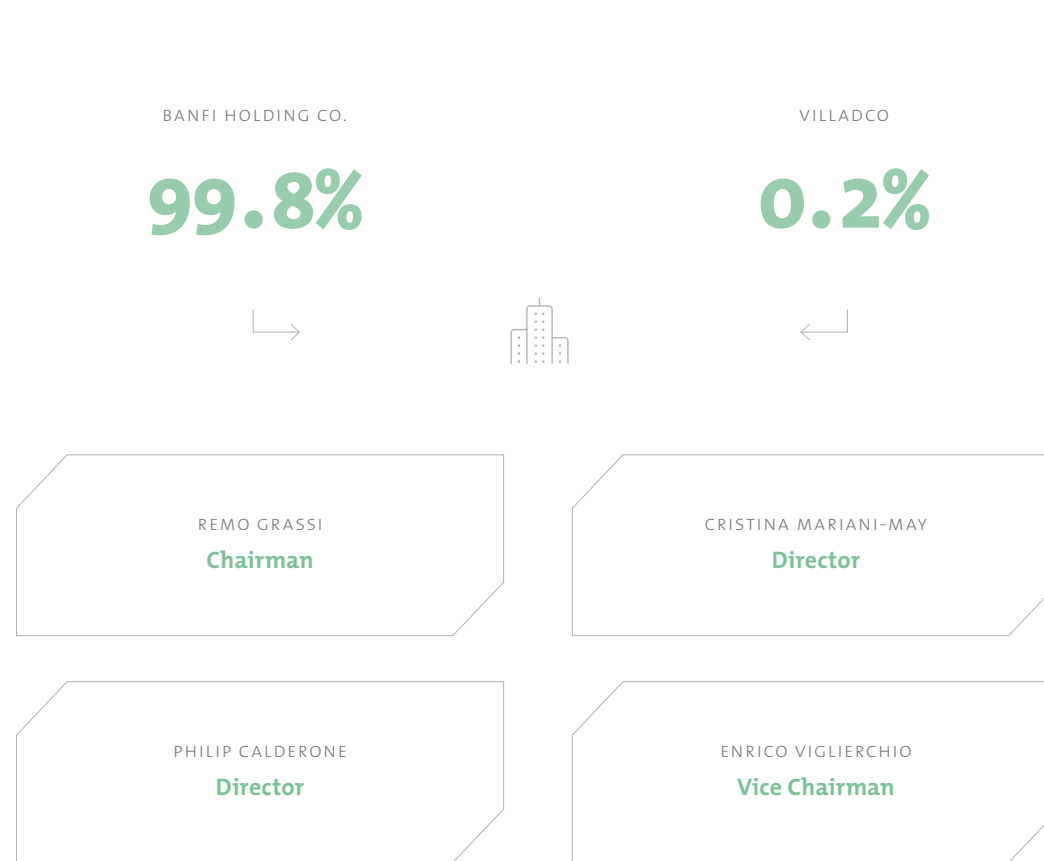


total

Banfi S.r.l.

GRI 102-1 GRI 102-5 GRI 102-18

Banfi Società Agricola S.r.l. and Banfi S.r.l. are the two entities involved in the business management. Both companies are governed by a board of directors, consisting of four members, joined by John Mariani, Honorary Chairman in an advisory capacity.



Statutory auditors

SOLE STATUTORY AUDITOR
Francesco Bonelli

ALTERNATE STATUTORY
AUDITOR
Marco Turillazzi

Auditor

PRICEWATERHOUSECOOPERS

Supervisory board

CHAIRMAN
Marco Turillazzi

SUPERVISOR
Lorenzo de Martino

GRI 102-5

The chairman and vice chairman of the board of directors have been given specific operational proxies and certain executives have also been granted specific powers to manage relevant activities.

The companies have also appointed a sole statutory auditor and independent auditors, separating the accounting control from the audit of the financial statements. Finally, both companies have appointed a supervisory board.

BANFI HOLDING CO.

89.5%

BANFI PRODUCTS CO.

10.3%

VILLADCO

0.2%



ENRICO VIGLIERCHIO
Chairman

CRISTINA MARIANI-MAY
Director

PHILIP CALDERONE
Director

REMO GRASSI
Vice chairman

Statutory auditors

SOLE STATUTORY AUDITOR
Emanuela Giorgini

ALTERNATE STATUTORY
AUDITOR
Marco Turillazzi

Auditor

PRICEWATERHOUSECOOPERS

Supervisory board

CHAIRMAN
Marco Turillazzi

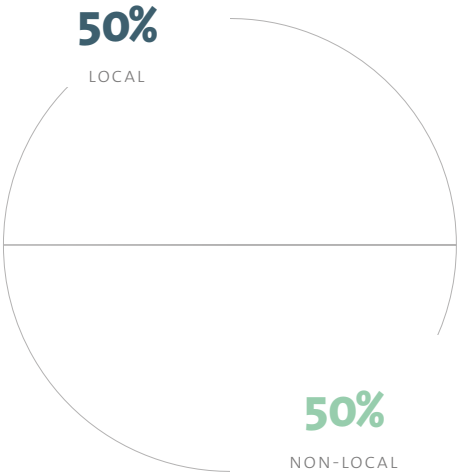
SUPERVISOR
Lorenzo de Martino

Local senior managers

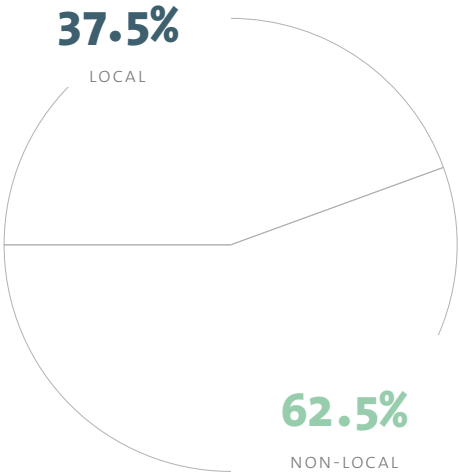
GRI 202-2

The Management Committee works alongside the Board of Directors. The Committee is composed of the heads of department with the dual duty of transforming the lines of strategy from the governance bodies and of proposing and discussing new projects and innovations.

The expertise and skills vary greatly; the charts which follow show their places of origin and the percentage of managers born in the various areas where the companies are located.



BANFI SOCIETÀ AGRICOLA S.R.L.			
senior managers	2019	2018	2017
local	1	1	1
non local	1	1	2
total	2	2	3



BANFI S.R.L.			
senior managers	2019	2018	2017
local	3	4	4
non local	5	5	5
total	8	9	9

Turnover
and equity

GRI 102-7

In 2019, Banfi Società Agricola S.r.l. reported a turnover of € 37.5 million, registering a 1.5% increase, vs. the previous year. The value of production shows a 3.62% decrease and amounts to € 40.5 million.

BANFI SOCIETÀ AGRICOLA S.R.L.

	2019	2018	2017
equity	96.3	95.4	94.7
turnover	37.4	36.9	38.9

Amount in million
Euro

96.3

MILLION €
EQUITY

37.4

MILLION €
TURNOVER

Banfi S.r.l. recorded a minor decrease in turnover, vs. the previous year, amounting to € 52.3 million. The same trend was recorded for the value of production which shows a 1.56% decrease, vs. 2018.

BANFI S.R.L.

	2019	2018	2017
equity	24.4	24.0	23.7
turnover	52.2	53.2	53.0

Amount in million
Euro

24.4

MILLION €
EQUITY

52.2

MILLION €
TURNOVER

Generated and distributed economic value

GRI 201-1

The table shows value creation, with data shown per company without considering transactions with associated companies. In addition, the chart below shows the average data for the three-year period concerning the total distributed value, as well as the portion of the generated economic value allocated to human resources.

The next chapter discusses how value is created, presenting factors that overall result in the economic valuation represented above. For all additional economic and financial aspects, the reader is referred to the 2018 financial statements of both companies, deposited with the Chamber of Commerce.

	BANFI SOCIETÀ AGRICOLA S.R.L.			BANFI S.R.L.		
economic values [€/ooo]	2019	2018	2017	2019	2018	2017
generated economic value	38,011	38,688	40,198	53,862	55,244	55,146
operating costs	(25,425)	(28,676)	(30,115)	(44,226)	(45,121)	(46,043)
remuneration of personnel	(7,142)	(6,959)	(6,892)	(7,737)	(7,543)	(7,320)
remuneration of capital providers	(386)	(325)	(315)	(402)	(519)	(611)
remuneration of public administration	529	633	(311)	(297)	(450)	(518)
investments in the community	(88)	(80)	(42)	(153)	(133)	(51)
distributed economic value	32,511	35,407	37,675	52,815	53,766	54,544
retained economic value	5,500	3,281	2,523	1,048	1,478	603

Generated and distributed economic value

GRI 201-4

In the agricultural industry, there are various forms of incentives and grants from public funds with particular reference to the modernization of equipment and crops and operating grants for certain cultivations or work practices. Hereafter, the most important grants received from the Government are illustrated.

	BANFI SOCIETÀ AGRICOLA S.R.L.			BANFI S.R.L.		
Economic values [€]	2019	2018	2017	2019	2018	2017
government grants	999,366	1,066,805	453,589	279,058	153,650	25,719
tax deduction	–	1,206,298	1,440,253	–	1,206,298	1,440,253
advanced capital grants	–	114,484	105,631	–	133,983	90,961
exemption from tax on social security contribution	1,358,487	1,325,363	1,271,630	26,722	39,014	54,798
total	2,357,853	3,712,949	3,271,104	305,779	1,532,944	1,611,731

Our value chain and sense of belonging

The value chain

GRI 102-2

GRI 102-7

GRI 102-9

Banfi has always operated in agriculture, mainly in vitivinicultural production, and in hospitality, managing Castello Banfi Il Borgo.

Hereafter, the value chain of Banfi, represented according to the two business areas, is presented. This presentation outlines the main figures involved in the business.



Value chain in the wine industry



Value chain in the hospitality industry



AGRICULTURE →

durable goods

FARM VEHICLES

VINE CUTTINGS

CONSTRUCTION MATERIAL
FOR PLANTING

IRRIGATION SYSTEMS

consumable goods

FUEL

FERTILIZERS

PESTICIDES

PPE FOR WORKERS

UNIFORMS

services

CONSULTANCY

AGRICULTURAL SERVICES

UTILITIES

MAINTENANCE

WINEMAKING →

durable goods

WINEMAKING EQUIPMENT

TANKS

CASKS

BARRIQUES

consumable goods

WINEMAKING MATERIALS

PRODUCTS FOR
LABORATORY

PPE FOR WORKERS

raw materials and
semi-processed goods

GRAPES

BULK WINE

services

CONSULTANCY

UTILITIES

MAINTENANCE

BOTTLING →

durable goods

BOTTLING PLANTS

WAREHOUSE
MANAGEMENT
EQUIPMENT

consumable goods

BOTTLES

PACKAGING

PACKAGING MATERIALS

PPE FOR WORKERS

services

CONSULTANCY

UTILITIES

MAINTENANCE

DISTRIBUTION →

durable goods

TRUCKS

SEMI TRUCKS

consumable goods

PALLETS

SHIPPING MATERIALS

FUEL

PPE FOR WORKERS

finished products

OTHER FOOD PRODUCTS

WINES TO BE DISTRIBUTED

services

TRANSPORT

UTILITIES

Procurement

GRI 102-9

Banfi relies on an important and selected number suppliers to develop its activities. Locally, the main types of purchases for Agriculture and Hospitality are food products (grapes, bulk wine and local products). At a national and international level, on the other hand, relations with suppliers mainly concern services (such as, p.e. utilities) and durable goods (such as, p.e. equipment and machinery). Banfi has adopted a sustainable approach in the management of its goods and services procurement cycle. It works actively with its suppliers to search for practices which aim at the continuous improvement and innovation and promote the certification of its corporate processes as much as possible.

The objectives that Banfi pursues in the management of its procurement cycle are:

- managing the main risks and mitigating their effects;
- working with its partners in uniting efforts to improve its services and products;
- increasing transparency as the means for extending sustainability principles to the entire chain.

Among the aspects which characterize the ethical conduct of Banfi in managing supply contracts, the attention to precise respect of contractual clauses, particularly regarding payment term obligations can be mentioned.

HOTEL



durable goods

FURNITURE

UPHOLSTERED FURNITURE

ELECTRONIC MATERIALS

consumable goods

FOOD PRODUTCS

HYGIENE PRODUCTS

CONSUMABLES

PPE FOR STAFF

services

LAUNDRY

RENTAL

UTILITIES

MAGAZINE
SUBSCRIPTIONS

MAINTENANCE

RESTAURANTS



durable goods

FURNITURE

EQUIPMENT

KITCHEN APPLIANCES

consumable goods

CONSUMABLES

FOOD PRODUCTS

PPE FOR STAFF

services

LAUNDRY

UTILITIES

MAINTENANCE

WINE SHOP



durable goods

FURNITURE

SHOP EQUIPMENT

consumable goods

FOOD PRODUCTS

WINE

CERAMICS

LEATHER GOODS

PPE FOR STAFF

services

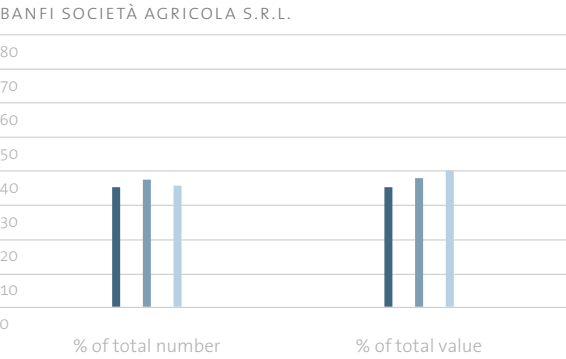
UTILITIES

MAINTENANCE

Local suppliers

The graphs and tables below show how important local suppliers are for Banfi, considering their number over the total number of suppliers and the value of their supplies in proportion to the total value.

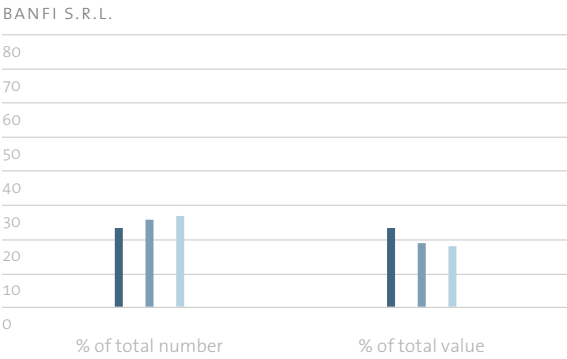
GRI 102-9 GRI 204-1



local suppliers	2019	2018	2017
number of local suppliers	251	248	246
% of total number	35.81	38.63	37.96
% of total value	37.47	39.45	41.26

expenditure for suppliers	29.5 million	Euro
expenditure for local suppliers	11 million	Euro

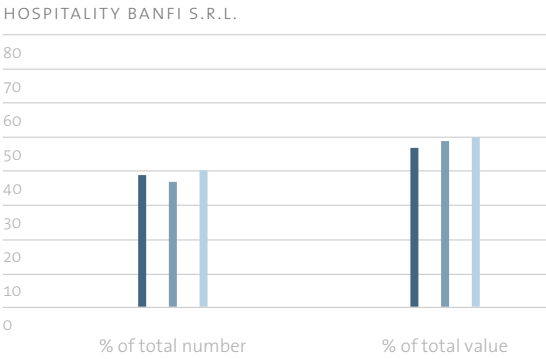
2019



local suppliers	2019	2018	2017
number of local suppliers	500	550	550
% of total number	23.78	25.53	25.98
% of total value	21.82	18.17	17.48

expenditure for suppliers	23.5 million	Euro
expenditure for local suppliers	5.1 million	Euro

2019



local suppliers	2019	2018	2017
number of local suppliers	149	140	157
% of total number	39.11	36.36	40.36
% of total value	48.52	49.8	49.92

expenditure for suppliers	1.9 million	Euro
expenditure for local suppliers	2.0 million	Euro

2019

Local suppliers consist of: for Banfi Società Agricola S.r.l. suppliers with registered businesses in the provinces of Siena and Grosseto; for Banfi S.r.l. suppliers with registered businesses in the provinces of Siena, Grosseto and Alessandria. Please note that intercompany transactions were eliminated for Banfi S.r.l..

Banfi production

The aspects which characterize the Banfi production differ according to business departments:

- **agricultural production**

the agricultural department oversees the management of its production plantings (vineyards, orchards, arable crops), while the winemaking department deals with the transformation of grapes into wine and the subsequent processes until the finished product is obtained;

- **hospitality services**

the department management, in cooperation with other company departments, operates the restaurants, hotel and retail sales.

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

- **regarding environmental impacts**

constant attention to respecting and protecting the environment, with a special commitment to reducing the consumption of materials, water, energy and to reducing the production of waste and CO₂ to the maximum extent;

- **regarding the management of human resources**

a decisive element in the production activities, the compliance with employment contracts and related regulations, attention to safety standards, a direct commitment to promoting these standards in all forms and concern for training matters. These are the factors which mainly characterize the vision of Banfi, and which help to develop a strong sense of belonging.

As these topics are materiality issues for Banfi, they are dealt with at length in the relevant chapters.



Banfi production: wine

Wine is the primary production of Banfi. Since its inception, Banfi has always considered it essential to its strategic development and to the pursuit of its vision, to build its role as a producer, by focusing on the two territories of Montalcino and Strevi, planting vineyards with the most important varieties, accompanied by less known varieties, with the ability to expand the opportunities offered by the reference territories.

In 2019, 70% of the grape production in Tuscany is focused on red wines, predominantly Sangiovese (approximately 42%), thus representing the most cultivated variety. Pinot Grigio, Vermentino and Chardonnay are the most representative varieties for white wine. 63% of the production is IGT (typical geographical indication), 32% DOCG (controlled and guaranteed denomination of origin) and 5% DOC (controlled denomination of origin). Whereas in Piedmont, production is focused on white wines, which in 2019, accounted for 77% of the total production, with predominantly the varieties Cortese and Chardonnay. 82% of production is DOCG, 17% DOC and 1% table wine.

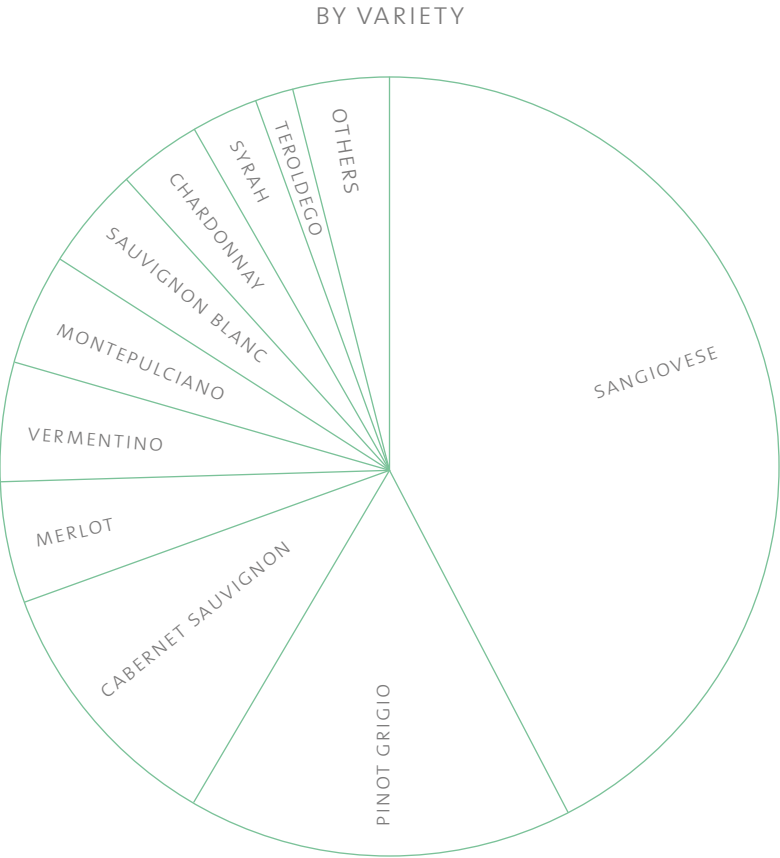


Banfi production: wine

BANFI SOCIETÀ AGRICOLA S.R.L.

Sangiovese	42%
Pinot Grigio	16%
Cabernet Sauvignon	11%
Merlot	5%
Vermentino	5%
Montepulciano	5%
Sauvignon Blanc	4%
Chardonnay	3%
Syrah	3%
Teroldego	2%
others *	4%
total	100%

*
 Cabernet Franc (1.0%)
 Moscadello (0.9%)
 Lambrusco Maestri (0.5%)
 Petit Verdot (0.5%)
 Ancellotta (0.4%)
 Alicante Bouschet (0.4%)
 Carmenere (0.2%)
 Mondeuse (0.1%)

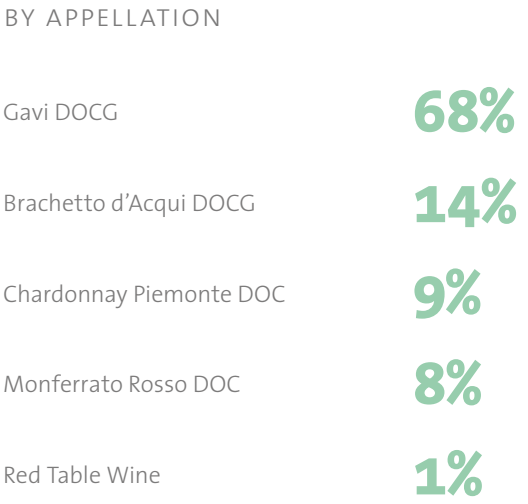
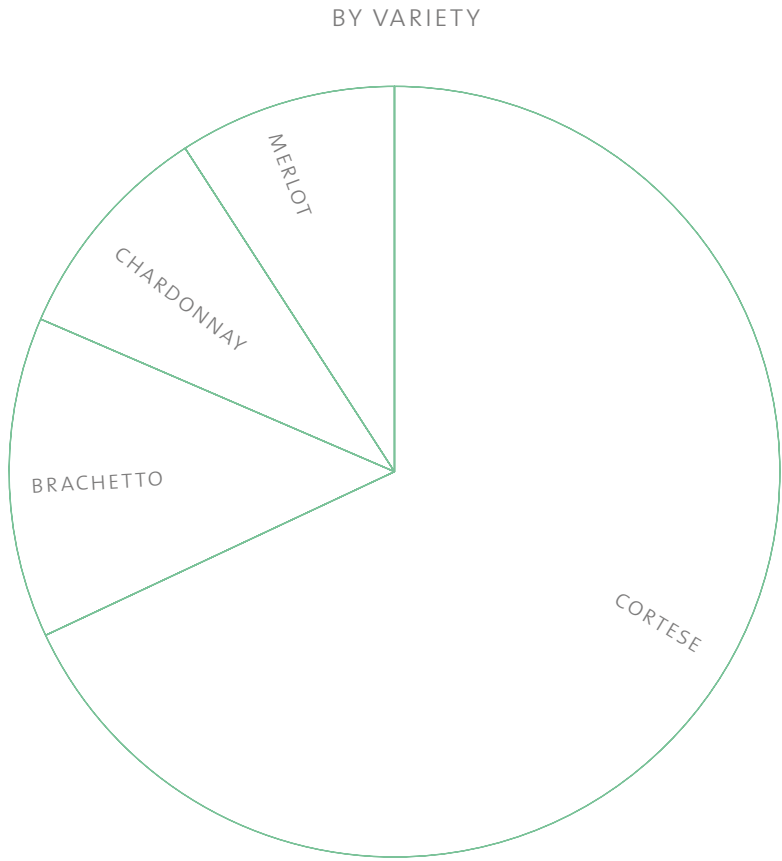


BY APPELLATION

IGT Toscana Rosso	34%
IGT Toscana Bianco	29%
Brunello di Montalcino DOCG	16%
Chianti DOCG	6%
Chianti Colli Senesi DOCG	5%
Rosso di Montalcino DOC	4%
Chianti Superiore DOCG	3%
Chianti Classico DOCG	2%
Bolgheri DOC	0.6%
Moscadello di Montalcino vendemmia tardiva DOC	0.4%

Banfi production:
wine

BANFI S.R.L.	
Cortese	68%
Brachetto	14%
Chardonnay	9%
Merlot	9%
total	100%



GRI 102-6

The aspects which characterize the distribution of Banfi products and services also differ in the two business areas:

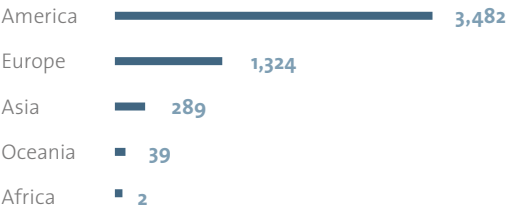
- **agricultural products**
are distributed by means of a network of intermediaries, agents and importers in 94 countries worldwide. Distribution is supported by the logistics organization which is responsible for handling and availability, while the marketing department manages promotional aspects;
- **nature of the hospitality services**
(provided at Castello Banfi Poggio alle Mura) are distributed through agencies in Italy and abroad and at promotional events and trade fairs, as well as on the website and by online services specific to the industry.

The particular care taken in selecting commercial partners is emphasized among the aspects of the ethical conduct of Banfi in the management of the distribution of its products and services. The company selects commercial counterparties which share and promote the fundamental principles in the fight against counterfeiting, fraud and corruption, and guarantees the respect for human rights and protects their workers.

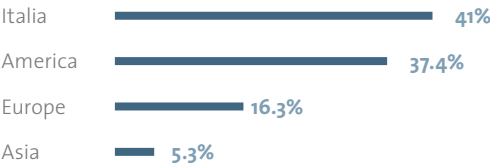
Another element pursued in the commercial relations is that partners should promote responsible drinking of alcoholic beverages.

Finally, also with reference to the aspects of distribution Banfi is committed to building long-standing relationships with its partners, again emphasizing the importance of developing a sense of belonging.

HOSPITALITY | BREAKDOWN HOTEL GUESTS | 2019



AGRICULTURE | BREAKDOWN % WINE SALES | 2019



Sense
of belonging

Over the years, Banfi has cultivated and consolidated relations of trust with the categories of suppliers, employees, agents and customers, generating a strong sense of belonging on behalf of these categories. The figures which are the best evidence of this sentiment are illustrated in this infograph, which shows the number of employees, suppliers, agents and customers who have had continuous relations with Banfi over time.

The information provided for the employee category relates to their recruitment date and considering the actual time of service.





Enhancement and development of human resources





Enhancement and development of human resources

66%

men with Banfi

34%

women with Banfi



371

average of employees
in Tuscany

35

average of employees
in Piedmont

43

years

average age
of employees

8

months

15

years

average number
of years with the Company

598,175

worked hours

GRI 103-1

GRI 103-2

GRI 103-3

WHY MATERIAL?

Banfi believes that production quality is strictly connected with the development and retention of a trained and motivated workforce.

Creating a strong sense of belonging in the people working for Banfi is a fundamental element to developing mechanisms for personal enrichment and increase of value.

BORDERS

Enhancement and development of human resources have a significant impact on the internal borders of the organization, directly derived from the company modalities identified for its management.

MANAGEMENT MODALITIES

The management modalities of this topic aim at increasing the positive aspects deriving from the creation of a work environment which can develop wellbeing for its human resources. At Banfi, the enhancement and development of its human resources is realized by implementing specific actions with the purpose of creating a strong sense of belonging to the Company.

Among such actions the following are highlighted:

- introduction of bonus systems;
- development of career paths that recognize the value of specific skills;
- development of specific training programs, in addition to those required by law;
- constant attention to the creation of a work environment that encourages communication and cooperation.

In 2005, Banfi Società Agricola and Banfi S.r.l. obtained the certification of its corporate responsibility system, in accordance with the SA 8000 standard, thus confirming the validity of its present management modality. Furthermore, in 2017 Banfi Società Agricola and Banfi S.r.l. obtained the certification of the health and safety management system for employees, in accordance with the OHSAS 18001 standard.

ASSESSMENT AND MONITORING

The corporate responsibility system is periodically audited to guarantee the standards to retain the certification.

The following monitoring activities are implemented in addition to the aforementioned specific assessment phases:

- analysis of training hours performed and of the number of employees that have been trained;
- analysis and sharing of achieved results and objectives.

Who we are

GRI 102-7

GRI 102-8

Human resources represent the starting point to tell our sustainability approach.

Banfi has a very varied workforce, with a staff of approximately 400 constantly engaged in achieving corporate goals, overcoming everyday challenges and working towards the pursuit of excellence.

Banfi recognizes the unique and unquestionable value of each individual with his or her own knowledge, culture, experience which make the work environment even more stimulating. Human resources are in fact characterized by unique features of their local territory and the type of activity.

The lasting union between products and services in the reference territory is the central element which characterizes the combination between the culture, as an expression of the territory and influences pursued and brought in from the outside.

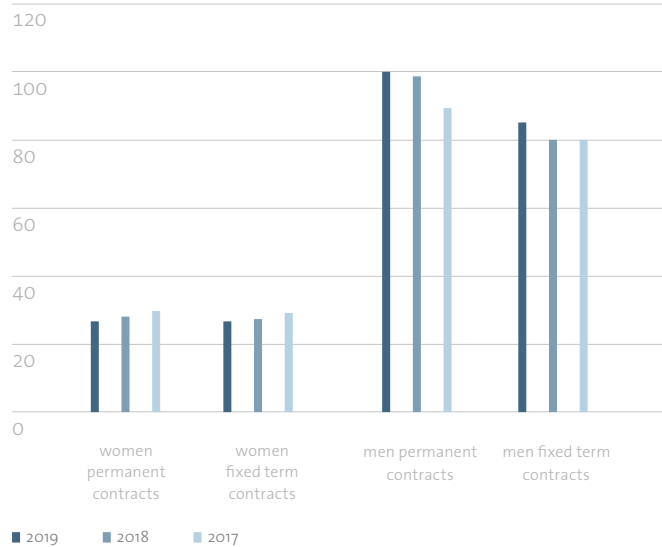


Human resources

GRI 102-8

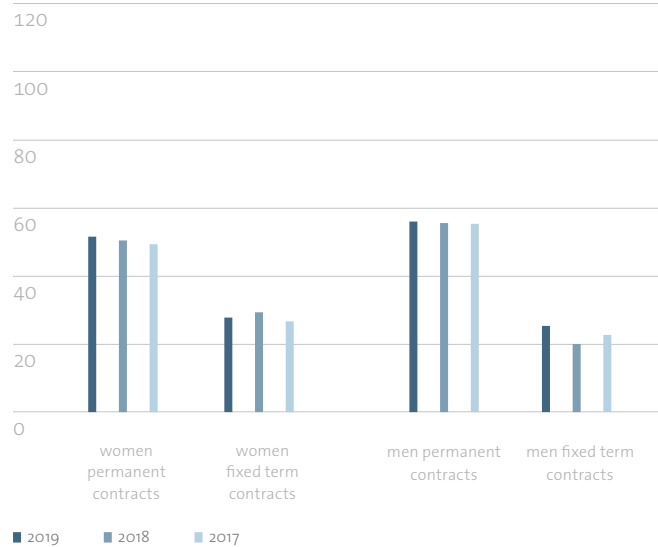
average total annual employees

BANFI SOCIETÀ AGRICOLA S.R.L.



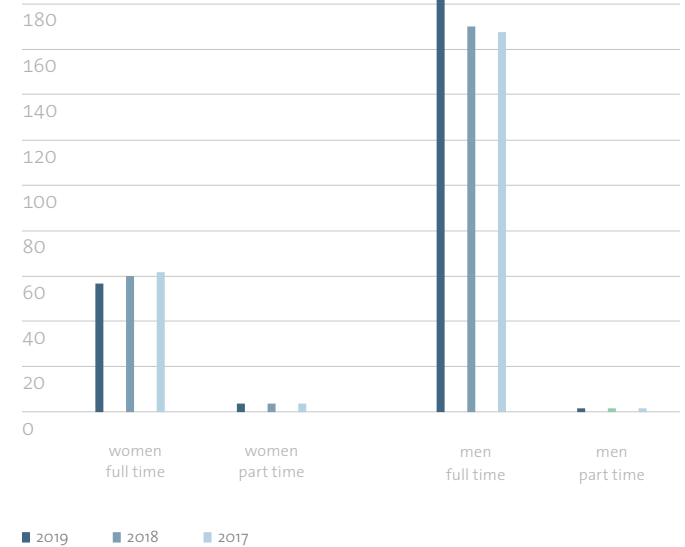
total no. employees	2019	2018	2017
permanent	133	131	129
women	33	33	35
men	100	98	94
fixed term	116	113	114
women	31	33	34
men	85	80	80
total	249	244	243

BANFI S.R.L.



total no. employees	2019	2018	2017
permanent	110	107	105
women	53	51	49
men	57	56	56
fixed term	47	46	46
women	23	26	24
men	24	20	22
total	157	153	151

BANFI SOCIETÀ AGRICOLA S.R.L.



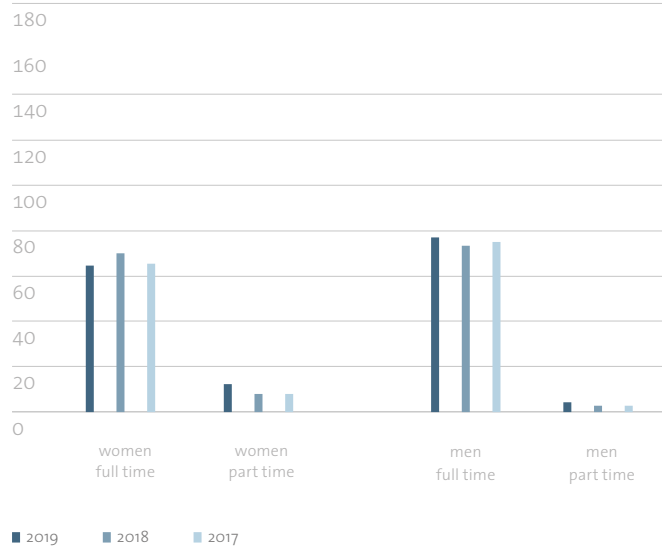
total no. employees	2019	2018	2017
full time	245	240	238
women	61	63	66
men	184	177	172
part time	4	4	5
women	3	3	3
men	1	1	2
total	249	244	243

Human resources

GRI 102-8

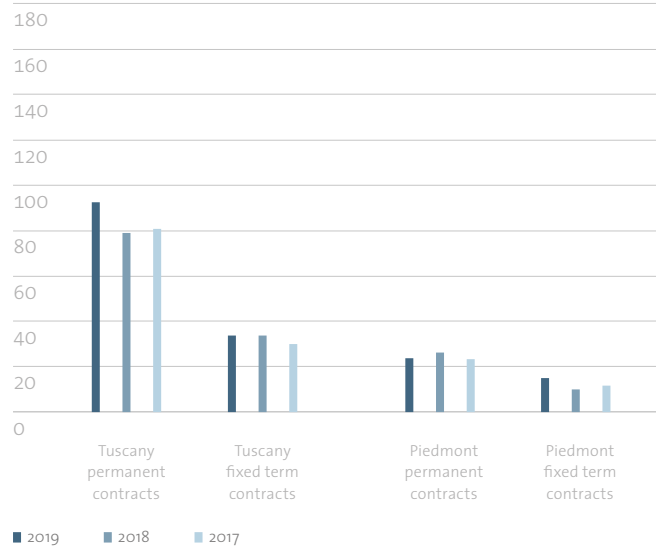
average total annual employees

BANFI S.R.L.



total no. of employees	2019	2018	2017
full time	144	143	140
women	67	70	66
men	77	73	74
part time	13	10	11
women	9	7	7
men	4	3	4
total	157	153	151

BANFI S.R.L.



total no. of employees	2019	2018	2017
permanent	110	107	105
Tuscany	88	84	83
Piedmont	22	23	22
fixed term	47	46	46
Tuscany	34	36	35
Piedmont	13	10	11
total	157	153	151

BANFI SOCIETÀ AGRICOLA S.R.L.

other employment relationships	2019	2018	2017
directors	2	2	2
women	-	-	-
men	2	2	2
interns	-	-	-
women	-	-	-
men	-	-	-
total	2	2	2

BANFI S.R.L.

other employment relationships	2019	2018	2017
directors	2	2	2
women	-	-	-
men	2	2	2
interns	3	1	3
women	2	1	2
men	1	-	1
total	5	3	5

Workforce trend

GRI 102-8

GRI 102-41

Another factor which significantly characterizes the human resources is the typical seasonality in the agricultural and hospitality departments. This results in the recruitment of personnel at certain times of the year, in correspondence with peaks of activity.

The management of seasonality is characterized in diversified modalities for the two companies. As far as Banfi S.r.l. is concerned, personnel recruitment is concentrated at the beginning of the season, while for Banfi Società Agricola S.r.l., personnel recruitment usually occurs in January, with contracts expiring by the end of the year, to guarantee that the employees can carry out the necessary days of work, thus managing the possible concentration/prolongment in interventions due to the weather conditions.

This diversified modality of management is determined by the number and diversity of interventions regarding planting, uprooting, training and cultivating. This results in a strong presence of fixed-term employees, resulting in a variable workforce in the various periods of the year.

This is also reflected in the analysis in this chapter in which the starting point generally is the data relating to the analysis of the average workforce.

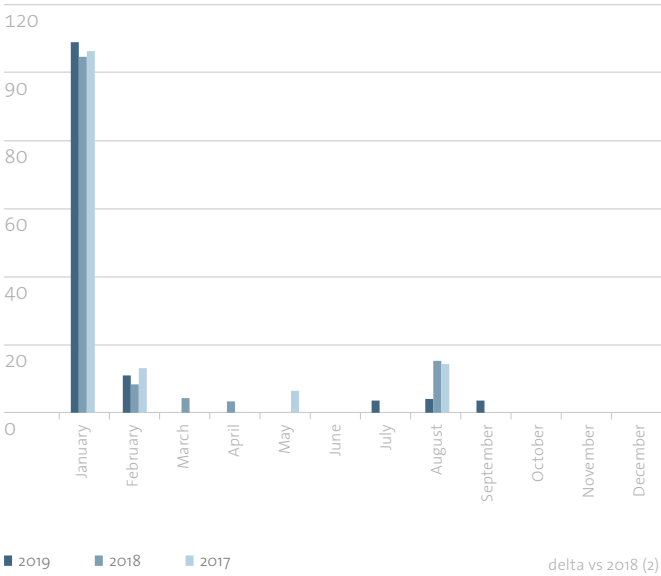
The reference period for our analyses is the solar year. 100% of the employees are covered by national or provincial labor contracts. There is no company agreement.

Due to the variety of activities performed at Banfi in the various operating sites, a variety of National Labor Contracts (CCNL) are adopted:

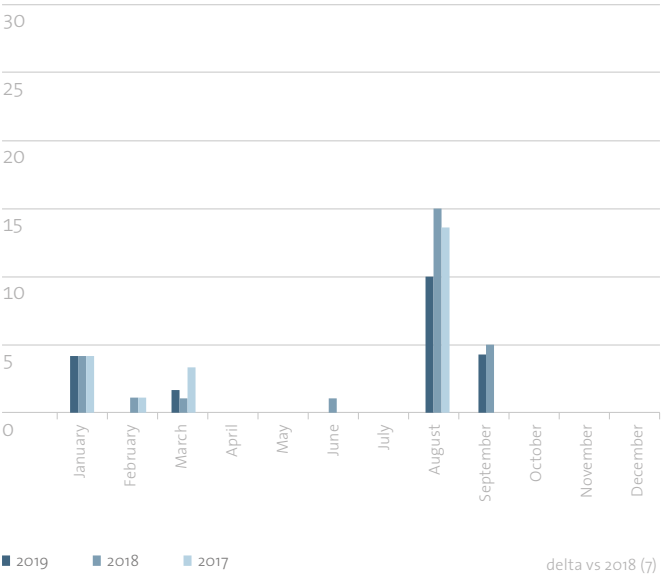
- **Agricultural Workers** (in Montalcino and Novi);
- **Agricultural Office Workers** (in Montalcino and Novi);
- **Agricultural Executives** (in Montalcino);
- **Service Industry - Confcommercio** (in Montalcino);
- **Service Industry Executives - Confcommercio** (in Montalcino);
- **Retail and Catering Industry** (in Montalcino);
- **Food Industry** (in Strevi).

Accordingly, HR is managed by an internal HR Department, which handles both administrative matters (attendance records, payroll preparation, relations with public institutions, personnel budget and HR statistical analyses), as well as the definition and evaluation of training and career development programs (using, among other, incentive schemes).

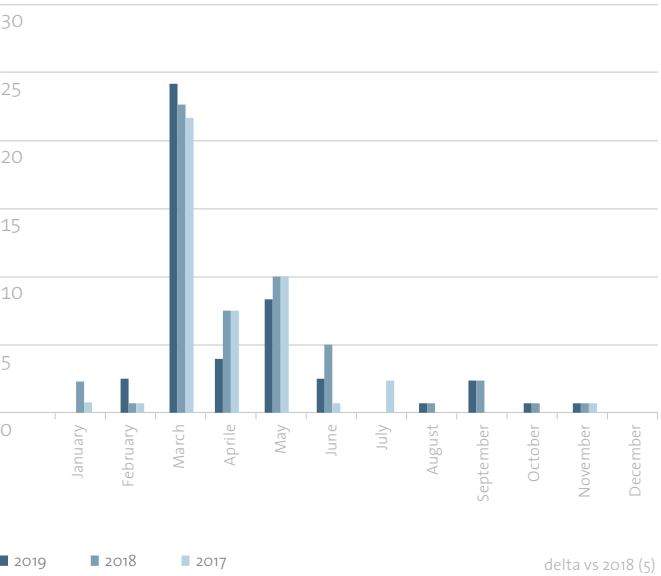
WINE TUSCANY BANFI SOCIETÀ AGRICOLA S.R.L.



WINE PIEDMONT BANFI S.R.L.



HOSPITALITY BANFI S.R.L.



Supplemental company agreement

GRI 202-1

The commitment of Banfi to recognizing and valuing its resources is translated into total attention toward its employees, without distinction between the most “senior” staff and new recruits. Among the most remarkable actions, the average increase, vs. the National Labor Contract (CCNL) of over 20% recognized by the company to its employees can be emphasized, and, in most cases, a higher first entry qualification level for new hires. This policy clearly appears when reading the data illustrated in the following pages.

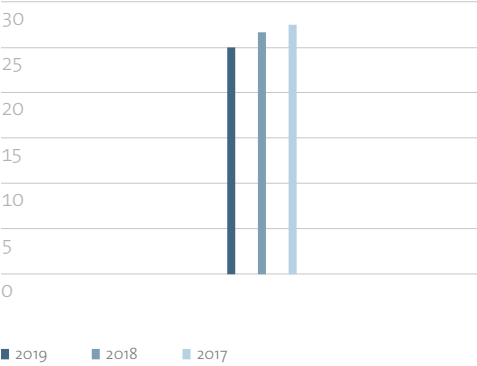
qualification	contract	level	CCNL minimum level	% increase
office employee	food industry	4° level	6° level	12.81
	retail and catering industry	3° level	7° level	27.39
	service industry Confcommercio	1° level	7° level	178.26
worker	service industry Confcommercio	3° level	7° level	39.85
	retail and catering industry	4° level	7° level	20.25
	retail and catering industry	5° level	7° level	12.62
	service industry Confcommercio	6° level	7° level	9.95

Data shown in the table above refers to 2019 new hires.

Relationships with trade unions

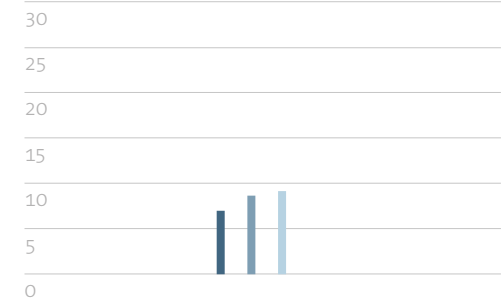
Relationships with trade unions represent a fundamental opportunity for discussion, during which to share and gather important information for human resource management. Transparency, trust and participation characterize the relationship between the parties. The chart shows the three-year trend in the membership of employees in trade unions.

BANFI SOCIETÀ AGRICOLA S.R.L.



% membership in trade unions	2019	2018	2017
Banfi Società Agricola S.r.l.	25.18	27.47	27.60
Banfi S.r.l.	6.44	8.49	8.68

BANFI S.R.L.



Work force variation

The constant attention of Banfi in attracting and retaining staff with the necessary skills to conduct its different business activities, also in 2019, resulted in the positive trend of new hires, vs. previous years.

Vs. 2018, new hires increased by 68%, with a total of 42 new resources, 23 of whom under the age of 30.

Similarly, resignations recorded a 33% increase, vs. 2018, with a total of 24 employees who resigned. Approximately 42% of resignations are due to retirement, 60% if only Banfi Società Agricola is considered.

The average age of staff, net of resignations, has remained substantially unchanged, vs. 2018. The youngest employee at Banfi is 18 years old, and the oldest 73. The data regarding the average period of employment has remained steady, substantially in line with 2018 (15 years).

Finally, it should be noted that in 2019, 100% of employees returned to work after parental leave.



33%



67%



33%



67%



The data is calculated on the total new hires and resignations of the two companies.

Work force
variation

GRI 102-8 GRI 401-1

new hires201920182017

	men	average % rate	year-end % rate	women	average % rate	year-end % rate	men	average % rate	year-end % rate	women	average % rate	year-end % rate	men	average % rate	year-end % rate	women	average % rate	year-end % rate
Banfi Società Agricola S.r.l.																		
Tuscany	12	4.8%	1.5%	4	1.6%	0.7%	9	3.7%	1.5%	–	–	–	11	4.5%	0.8%	1	0.4%	0.8%
Age < 30 years	4	1.6%	–	1	0.4%	–	3	1.2%	–	–	–	–	3	1.2%	0.8%	–	–	–
Age 30-50 years	7	2.8%	1.5%	2	0.8%	0.7%	6	2.5%	1.5%	–	–	–	8	3.3%	–	1	0.4%	0.8%
Age > 50 years	1	0.4%	–	1	0.4%	–	–	–	–	–	–	–	–	–	–	–	–	–
Banfi S.r.l.																		
Tuscany	11	4.4%	1.7%	8	5.1%	0.8%	7	4.6%	2.7%	7	4.6%	1.8%	7	4.7%	1.8%	8	5.3%	1.8%
Age < 30 years	8	5.1%	–	4	2.6%	–	2	1.3%	–	3	2.0%	0.9%	4	2.7%	0.9%	5	3.3%	0.9%
Age 30-50 years	2	1.3%	0.8%	4	2.6%	0.8%	5	3.3%	2.7%	4	2.6%	0.9%	3	2.0%	0.9%	3	2.0%	0.9%
Age > 50 years	1	0.6%	0.8%	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Piedmont	5	3.2%	2.5%	2	1.3%	0.8%	1	0.7%	0.9%	1	0.7%	–	3	2.0%	0.9%	–	–	–
Age < 30 years	5	3.2%	2.5%	1	0.6%	0.8%	1	0.7%	0.9%	–	–	–	3	2.0%	0.9%	–	–	–
Age 30-50 years	–	–	–	–	–	–	–	–	–	1	0.7%	–	–	–	–	–	–	–
Age > 50 years	–	–	–	1	0.6%	–	–	–	–	–	–	–	–	–	–	–	–	–
Total	28			14			17			8			21			9		

Work force
variation

GRI 102-8 GRI 401-1

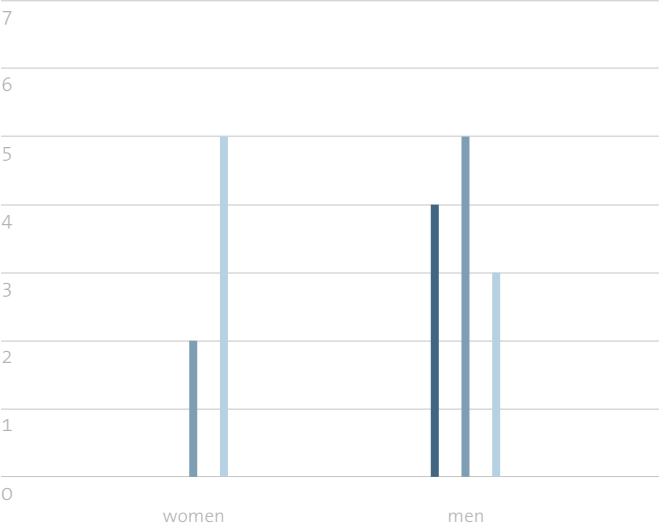
resignations	2019						2018						2017					
	men	average % turnover	year-end % turnover	women	average % turnover	year-end % turnover	men	average % turnover	year-end % turnover	women	average % turnover	year-end % turnover	men	average % turnover	year-end % turnover	women	average % turnover	year-end % turnover
Banfi Società Agricola S.r.l.																		
Tuscany	8	3.2%	5.9%	2	0.8%	1.5%	3	1.2%	2.2%	2	0.8%	1.5%	5	2.1%	3.9%	4	1.6%	3.1%
Age < 30 years	1	0.4%	0.7%	—	—	—	—	—	—	1	0.4%	0.7%	—	—	—	—	—	—
Age 30-50 years	1	0.4%	0.7%	1	0.4%	0.7%	—	—	—	—	—	—	—	—	—	3	1.2%	2.3%
Age > 50 years	6	2.4%	4.4%	1	0.4%	0.7%	3	1.2%	2.2%	1	0.4%	0.7%	5	2.1%	3.9%	1	0.4%	0.8%
Banfi S.r.l.																		
Tuscany	4	1.6%	3.4%	3	1.9%	2.5%	7	4.6%	6.3%	3	2.0%	2.7%	8	5.3%	7.1%	4	2.7%	3.5%
Age < 30 years	2	1.3%	1.7%	—	—	—	3	2.0%	2.7%	1	0.7%	0.9%	3	2.0%	2.7%	3	2.0%	2.7%
Age 30-50 years	1	0.6%	0.8%	2	1.3%	1.7%	3	2.0%	2.7%	2	1.3%	1.8%	4	2.7%	3.5%	1	0.7%	0.9%
Age > 50 years	1	0.6%	0.8%	1	—	—	1	0.7%	0.9%	—	—	—	1	0.7%	0.9%	—	—	—
Piedmont	4	2.6%	3.4%	3	1.9%	2.5%	3	2.0%	2.7%	—	—	—	1	0.7%	0.9%	—	—	—
Age < 30 years	1	0.6%	0.8%	1	0.6%	0.8%	1	0.7%	0.9%	—	—	—	1	0.7%	0.9%	—	—	—
Age 30-50 years	1	0.6%	0.8%	1	0.6%	0.8%	—	—	—	—	—	—	—	—	—	—	—	—
Age > 50 years	2	1.3%	1.7%	1	0.6%	0.8%	2	1.3%	1.8%	—	—	—	—	—	—	—	—	—
Total	16			8			13			5			14			8		

Work force
variation

GRI 401-3

BANFI SOCIETÀ AGRICOLA S.R.L.

parental leave



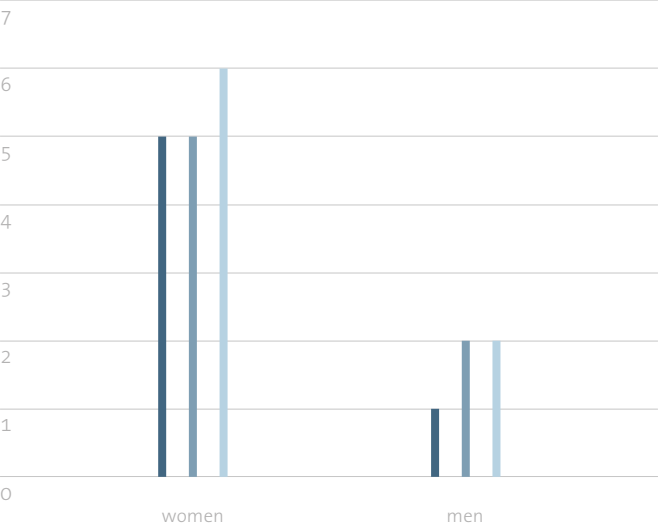
2019 2018 2017

parental leave	2019	2018	2017
women	0	2	5
men	4	5	3
total	4	7	8

Data refers to employees who have returned to work, after their parental leave.

BANFI S.R.L.

parental leave



2019 2018 2017

parental leave	2019	2018	2017
women	5	5	6
men	1	2	2
total	6	7	8

Health, safety and training

GRI 403-2

The agricultural department is intrinsically characterized by a high level of health and safety risks for the individuals in this department. There is a **substantial amount of manual labor** in the various field activities (such as pruning, harvesting, treatments, etc.) and in the winery (such as vinification, racking, bottling, laboratory tests, etc.) in addition to the need to use specific products.

Similarly, due to the nature of certain operations (such as kitchen work, gardening, etc.) there are significant risks in the hospitality department. Banfi is aware of the high exposure to risk and has always paid primary and constant attention to decreasing hazards, implementing training programs, thus promoting best practices and the necessary skills to reduce risk, not only with the support of instructors and trainers, but mainly of colleagues who have completed longer service years with the company.

In addition to the provisions of workers' health and safety regulations, the company has implemented a capillary system of managerial proxies, so that these aspects are covered as locally as possible.

absenteeism rate (AR)	2019		2018		2017	
	men	women	men	women	men	women
Banfi Società Agricola S.r.l.	3.7%	5.3%	2.6%	8.1%	4.3%	6.2%
Tuscany	3.7%	5.3%	2.6%	8.1%	4.3%	6.2%
average rate	4.1%		4.1%		4.8%	
Banfi S.r.l.	1.6%	3.3%	1.2%	2.5%	1.7%	2.1%
Tuscany	0.3%	2.9%	0.7%	1.6%	1.2%	1.8%
Piedmont	5.0%	7.1%	2.4%	10.1%	2.8%	4.5%
average rate	2.4%		1.8%		1.9%	

incident rate (IR)	2019		2018		2017	
	men	women	men	women	men	women
Banfi Società Agricola S.r.l.	–	–	0.1%	0.4%	0.3%	1.1%
Tuscany	0.01%	0.03%	0.1%	0.4%	0.3%	1.1%
average rate	0.01%		0.2%		0.5%	
Banfi S.r.l.	0.03%	0.94%	–	0.1%	0.1%	0.6%
Tuscany	0.04%	1.05%	–	0.1%	–	0.6%
Piedmont	0.00%	0.00%	–	–	0.2%	–
average rate	0.5%		0.1%		0.3%	

lost days rate (LDR)	2019		2018		2017	
	men	women	men	women	men	women
Banfi Società Agricola S.r.l.	–	–	0.1%	0.4%	0.2%	0.9%
Tuscany	0.01%	0.02%	0.1%	0.4%	0.2%	0.9%
average rate	0.01%		0.2%		0.4%	
Banfi S.r.l.	0.02%	0.83%	–	0.1%	0.1%	0.5%
Tuscany	0.03%	0.92%	–	0.1%	–	0.6%
Piedmont	0.00%	0.00%	–	–	0.2%	–
average rate	0.4%		0.0%		0.3%	

Accidents

GRI 403-2

One of the most important objectives Banfi intends to achieve regarding health and safety is to reduce the number of accidents to zero. The analysis of the data for the three-year period 2019 – 2017 reveals that the number of accidents is constantly decreasing.

However, a difference was recorded in the average accident duration rate: for Banfi Società Agricola S.r.l., the value has continued to record the same decreasing trend as last year, while for Banfi S.r.l., the data strongly increased, vs. the previous year.

Similarly, accident hours also show a different trend for the two companies: for Banfi Società Agricola S.r.l. a positive trend was recorded with just 38 hours of accidents, while for Banfi S.r.l. the data has recorded a strong increase due to an accident during cleaning operations.

In 2019, 2 accidents occurred at Banfi Società Agricola S.r.l. and 3 at Banfi S.r.l..

Banfi Società Agricola S.r.l.

- 1 accident during agriculture operations, involving an average 3-day prognosis;

- 1 accident in winery operations, with an average 5-day prognosis.

Banfi S.r.l.

- 2 accidents regarding kitchen activities, with an average 44-day prognosis average;
- 1 accident regarding cleaning operations, with a 113-day prognosis.

accidents	2019			2018			2017		
	number	length (days)	average length (days)	number	length (days)	average length (days)	number	length (days)	average length (days)
Banfi Società Agricola S.r.l.	2	8	4	6	131	21.8	9	208	23.1
Banfi S.r.l.	3	200	66.7	2	22	11	3	128	42.7
total	5	208	41.6	8	153	19.1	12	336	28

GRI 404-1

Average training hours show a different trend for the two companies. For Banfi Società Agricola S.r.l. a sudden increase was recorded, vs. 2018, with a high number of hours as a result of renewals of health and safety training courses pursuant to Legislative Decree 81/2008, as well as the activation of external technical and professional specialization courses involving the technical staff.

For Banfi S.r.l., on the contrary, a contrasting trend was recorded, vs. the three-year period 2016-2018, when a constant increase in training hours was recorded. The situation can be attributed to the decrease in non-mandatory training hours concerning in general all contract categories.

average hours	2019		2018		2017	
	men	women	men	women	men	women
Banfi Società Agricola S.r.l.	7.2	3.8	3.7	2.9	12.9	4.9
executives	–	–	–	–	1.7	–
middle management	6.5	–	8.5	–	36.0	–
office employees	12.3	5.2	9.0	0.2	15.1	0.7
workers	6.8	3.6	3.2	3.4	12.6	5.7
Total Banfi Società Agricola S.r.l.	6.4		3.5		10.7	
Banfi S.r.l.	6.7	5.4	13.5	12.9	10.2	8.6
executives	15.0	5	103.0	2	57.5	16.0
middle management	1.2	1.5	9.1	34.0	16.4	15.8
office employees	7.6	6.2	11.1	15.5	12.5	10.8
workers	6.2	4.5	8.9	6.9	3	3.9
Total Banfi S.r.l.	6.1		13.2		9.4	

Appendix year-end data

GRI 102-8

BANFI SOCIETÀ AGRICOLA S.R.L.

total no. employees	2019	2018	2017
permanent	132	131	126
women	32	33	35
men	100	98	91
fixed term	4	3	3
women	1	—	2
men	3	3	1
total	136	134	129

BANFI S.R.L.

total no. employees	2019	2018	2017
permanent	112	106	104
women	53	51	48
men	59	55	56
fixed term	7	5	9
women	3	2	6
men	4	3	3
total	119	111	113

BANFI SOCIETÀ AGRICOLA S.R.L.

total no. employees	2019	2018	2017
full time	132	130	125
women	30	30	34
men	102	100	91
part time	4	4	4
women	3	3	3
men	1	1	1
total	136	134	129

BANFI S.R.L.

total no. employees	2019	2018	2017
full time	109	102	104
women	48	46	48
men	61	56	56
part time	10	9	9
women	8	7	6
men	2	2	3
total	119	111	113

BANFI SOCIETÀ AGRICOLA S.R.L.

employment relationship	2019	2018	2017
directors	2	2	2
women	—	—	—
men	—	2	2
interns	1	—	—
women	1	—	—
men	—	—	—

BANFI S.R.L.

employment relationship	2019	2018	2017
directors	2	2	2
women	—	—	—
men	—	2	2
interns	—	—	1
women	—	—	1
men	—	—	—

GRI 102-8

BANFI S.R.L.

total no. employees	2019	2018	2017
permanent	112	106	104
Tuscany	90	85	82
Piedmont	22	21	22
fixed term	7	5	9
Tuscany	4	3	8
Piedmont	3	2	1
total	119	111	113



Environment protection



Environment protection

48%

recycled
waste

52%

disposed
waste

54,000

m³ of water treated and
returned to the Orcia river



Sustainable
Development
Goals

56%

average recycled glass
per bottle

84%

average recycled cardboard
per package*

*not every package is made of recycled cardboard.

GRI 103-1 GRI 103-2 GRI 103-3

WHY MATERIAL?

The protection of the environment is a central element in the activities at Banfi.

Respecting, protecting and safeguarding the ecosystem are relevant principles which rule and inspire the work of our company. Banfi is conscious that only such care for the environment can ensure the continuity, growth and development of production.

BORDERS

The protection of the environment is a topic with a major impact on the organization's external borders. The impact is determined both by operational activities that the company implements in the management of the business, and by activities performed by suppliers with whom commercial relationships have been established.

MANAGEMENT MODALITIES

The management modalities of this topic are aimed at mitigating the environmental impacts of the business, by increasing the attention toward the protection of the ecosystem. At Banfi, protection of the environment is implemented by specific actions and procedures, to achieve the following main goals, strictly coordinated and connected with quality protection:

- **limit consumption and exploitation of natural resources** (e.g. water, energy, soil);
- **develop and use alternative farming methods** (p.e. integrated farming, organic) to replace traditional methods with a heavy impact on the environment;
- **support and participate in research and development projects** (p.e. experimenting resistant varieties);
- **share and promote relevant principles** for environment protection both within and outside the organization, also using training and teaching.

In 2001, Banfi received the certification of its environment management system in accordance with ISO 14001, confirming the validity of the current operating procedures.

ASSESSMENT AND MONITORING

The environment management system is periodically assessed to guarantee the conditions to retain the certification.

Such specific assessment activities are accompanied by periodical monitoring, control and assessment activities regarding the actual ability of the organization to achieve established goals in the protection of the environment.

The use of our internal laboratory, together with the cooperation with universities and third-party experts, represent a constant and high-standard system in measuring the effectiveness of the implemented actions.

Centrality of the environment for Banfi

GRI 102-11

To Banfi, working in harmony with the environment, represents a fundamental value. Over the years, this approach has resulted in a perfect integration with the territory and the local communities, in the respect and enhancement of the varied ecosystem characterizing our reality. A commitment inspired by the global challenge embraced by numerous countries, complying with the principles established by various international agreements on climate change: the Rio Earth Summit in 1992, the Kyoto Protocol in 1997, the Paris Agreement in 2015.

In fact, contrasting climate change represents a central element guiding the choices and attitudes of the company in managing environmental issues, while being conscious of the relevant impacts the climate determines on agricultural production, strongly affecting availability, quantities and quality, as well as the sales price of products.

For this reason, Banfi, as an initial step, considers it necessary to analyze and understand the risks and opportunities characterizing its business, in order to make conscious choices and define sound contrast or development actions. The table below illustrates the main risks/ opportunities connected with climate change that can impact Banfi, defining the effects such risks and opportunities can determine and the resulting actions.

Evolving while respecting the environment means taking care of the surrounding situation, preserving the characteristics, in order to be able to preserve the unique features of the territory in the future. Banfi operates in an area at high risk of erosion due to the orography, the geo-pedological characteristics of the soils and the elevated seasonality of rain. To contrast the negative environmental impact arising from such aspects, Banfi has always been committed to actions to reduce erosion, and, over the years, has built over 150 km of water regulation ditches, 80 km of subterranean drainage, 10 km of drystone walls or levies, and planned green cover in the vineyards.

Furthermore, attention for the environment also results from precise choices of consumption reduction, such as in agriculture and in the winery where particular care is dedicated to the reduction of diesel and water consumption. In addition, renewable energy has always been a sensitive issue for Banfi, by purchasing electricity exclusively from renewable sources. These aspects, together with the attention paid in purchasing materials with a lower impact on the environment for the production cycle, also contribute to decreasing the effects of greenhouse gas emissions.

RISK(R)/OPPORTUNITY (O)	TYPE	POTENTIAL IMPACTS	ACTION
Changes in legislation on matters of the environment (R)	Legislative	Sanctions for delay in compliance	<ul style="list-style-type: none"> • Constant monitoring of legal requirements to be complied with • Participation in information and support activities provided by trade associations • Internal implementation of specific procedures
Extreme weather (R)	Physical	Damage to the estate assets and interruption of operations Default based on the entity of the damage and of the shortage of financial resources to cope with the emergency	<ul style="list-style-type: none"> • Adoption of specific Business Continuity & Disaster Recovery procedures, not just regarding IT • Protection of facilities and territorial diversification, where possible, of production areas • Transparent and cooperative relationships with financial institutions for sufficient credit lines • Internal land consolidation works, as well as care of non-productive land
Extreme weather (R)	Physical	Loss of annual production	<ul style="list-style-type: none"> • Underwriting of multi-risk insurance policies for climate events • Delocalization of production, where possible • Construction of own irrigation systems to support and sustain crops
Development of new techniques and farming experimentation (O)	Physical / Legislative	Improvement/increase in product quality/quantity	<ul style="list-style-type: none"> • Experimentation of resistant crops and official introduction to cultivable varieties • Replacement of traditional treatment methods with new methods with lower impact. • Protection of biodiversity and multi-crops instead of specialization

Protection of biodiversity

The landscape which characterizes the Banfi estate shows remarkable complexity from a morphological point of view, characterized by extremely varied soil at different altitudes, ranging from 80-100 masl up to 330 masl. Forests and the Mediterranean scrubland represent a fundamental feature of this landscape, which extends from flat land to moderate slopes to areas prevailingly characterized by hills, and hills.

A variegated territory where a rich and diversified natural fauna develops, finding nourishment in the scrubland, meadows (natural and seeded) and grain and silage cultivations that are included into the natural habitat and are not harvested (so-called cover crops).

A similarly rich natural flora completes this articulated ecosystem, consisting of over 120 spontaneous herbaceous species, some now rare or almost extinct, besides the strong presence of arboreal and shrub species characterizing the forteto, the typical thick forest of this area.

This reality characterizes the entire territory in which Banfi operates and is even more emphasized in the hunting preserve, an area of 842 ha Banfi has always managed in compliance with regional regulations, maintaining the optimal ratio between fauna and the territory (as to extension and attributes), through targeted plans of selective

culling, capture and transfer of species that are present to other areas.

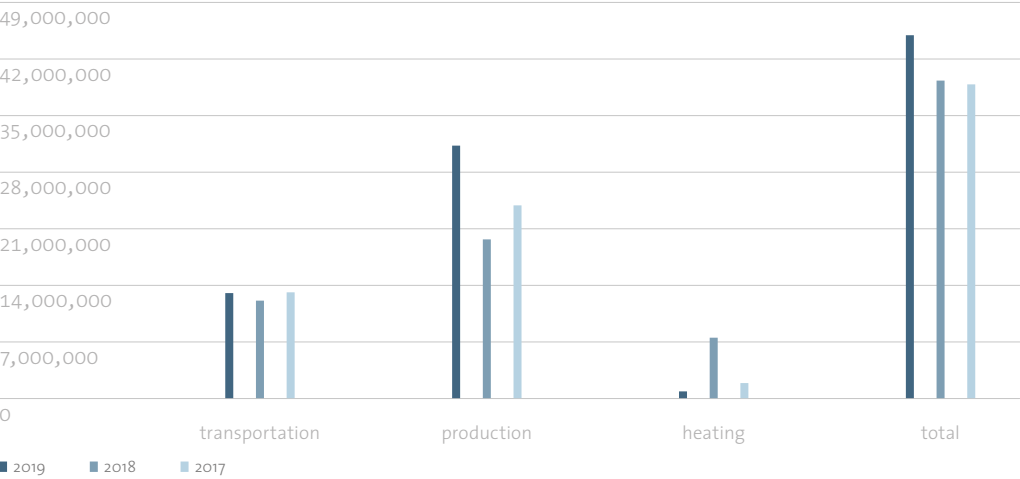
To preserve and protect this important and vast biodiversity, particularly the plant biodiversity, as of this year, Banfi has been committed to the protection of bees, by installing ten beehives to support the presence of this very important pollinating insect.

The presence of bees is a strong indicator of a healthy ecosystem and their protection is a fundamental instrument to guarantee the preservation of a large range of crops and wild plants over the years. In addition, the presence of bees has started a small production of honey which will increase in the future, in view of a project to add to the number of beehives.



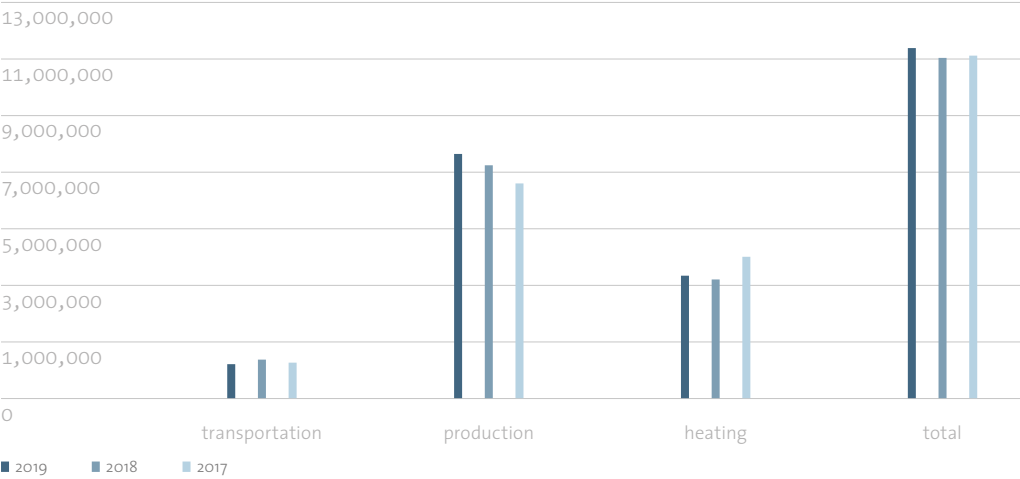
Consumption: energy

GRI 302-1



BANFI SOCIETÀ AGRICOLA S.R.L.

energy consumption by use and source (MJ)	2019	2018	2017
transportation	12,989,513	12,863,420	13,677,617
gasoline	186,254	248,339	124,169
diesel fuel	12,803,259	12,615,082	13,553,447
production	30,988,958	18,815,250	23,373,779
electricity	16,461,803	16,099,729	18,192,762
electricity produced	(58,476)	(58,476)	(58,476)
LPG	14,585,632	2,773,997	5,239,493
diesel fuel	–	–	–
gasoline	–	–	–
heating	1,056,809	7,582,576	2,113,611
diesel fuel	1,002,464	590,738	966,662
LPG	54,345	6,991,838	1,146,950
methane gas	–	–	–
pellet	–	–	–
total	45,035,280	39,261,246	39,165,007



BANFI S.R.L.

energy consumption by use and source (MJ)	2019	2018	2017
transportation	558,408	639,823	562,132
gasoline	–	–	–
diesel fuel	558,408	639,823	562,132
production	7,608,272	7,195,727	6,766,204
electricity	7,597,717	7,187,656	6,759,374
electricity produced	–	–	–
LPG	–	–	–
diesel fuel	–	–	–
gasoline	10,554	8,071	6,829
heating	3,215,456	3,197,609	3,844,096
diesel fuel	42,963	75,185	64,444
LPG	266,422	254,329	280,746
methane gas	2,240,823	2,086,132	2,587,443
pellet	665,248	781,963	911,462
total	11,382,136	11,033,158	11,172,431

Consumption: water

As a result of the numerous and different activities, Banfi utilizes huge quantities of water, which vary significantly from one year to another, mainly due to climate variations. This consumption is mainly determined by the **agricultural estate**, by the **winery** and by **hospitality**. In agriculture, water is mainly used to irrigate crops, to wash vehicles and in the drying process of the plums for the pre-washing.

To guarantee a more sustainable use of the resource, thus limiting the quantity of water pumped from the Orcia and Ombrone rivers and in order to cope with possible water crises in particularly dry years, Banfi has set up an important **system of artificial reservoirs** (reservoirs and basins to collect rainwater) which are interconnected, located throughout the Montalcino estate. The total capacity of the reservoirs is approximately 605,500 m³.

In the winery, water is mainly used to wash and clean areas and machinery as well as in production to wash equipment, pipes, tanks, barrels and barriques. The water for these activities is provided for from wells on the estate (similarly to the water used in agriculture to wash the plums).

Again, in order to contain consumption and reduce the impact on the environment, Banfi, from the beginning, has installed a biological water treatment plant, in order to decontaminate the water used in the winery and in the production process and return it to the ecosystem, pumping it back to the Orcia river.

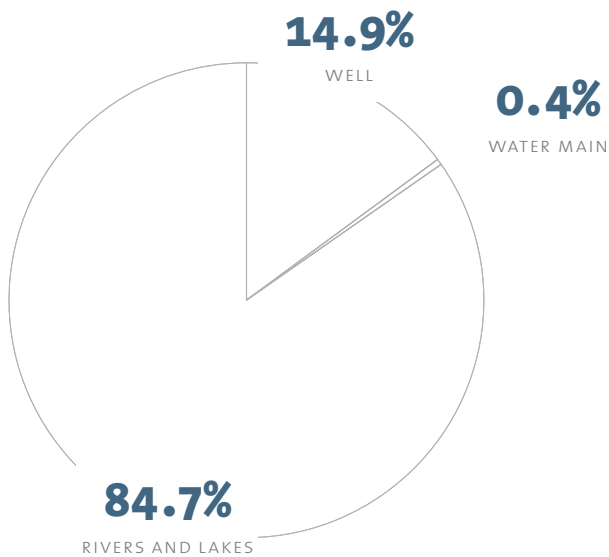
Thanks to a constant commitment to technological innovation and to research and development, this year a new **plant for the treatment and recovery** of the water from the treatment plant has been put into operation which, through an ultrafiltration and reverse osmosis system allows the reuse of the water for the irrigation of the parks, gardens and for technological uses in the winery.

The system will allow to reduce consumption of water, by enabling its reuse.

In the **hospitality** department, in addition to the domestic use for the restaurants and hotel rooms, water is also used to irrigate green areas for which water accumulated in the reservoirs is used.

Consumption: water

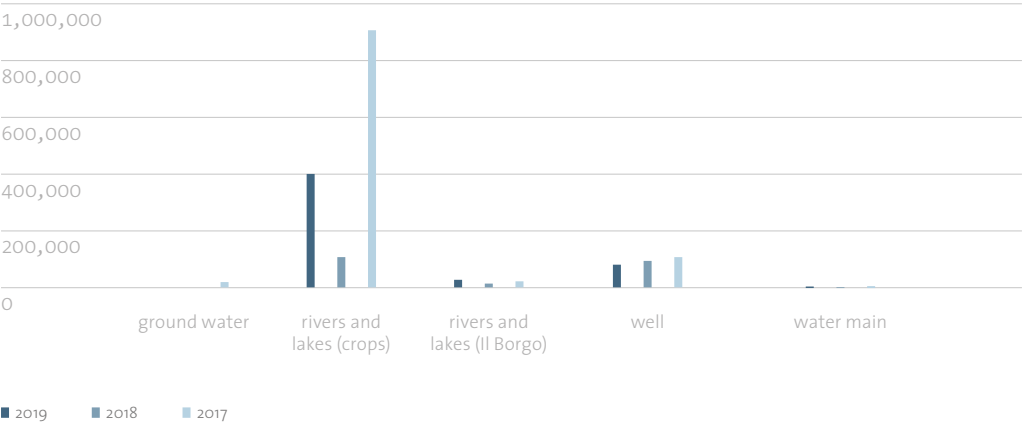
GRI 303-1 GRI 303-3



The climate in 2019 favored a lower consumption of water in Tuscany, thanks to the abundant rainfall that was recorded at the end of July and that guaranteed the necessary water supply and limited the need for water from the reservoirs. 2018 was also characterized by frequent rainfall which allowed for an even more marked reduction in water withdrawals.

BANFI SOCIETÀ AGRICOLA S.R.L.

net water consumption (m³)



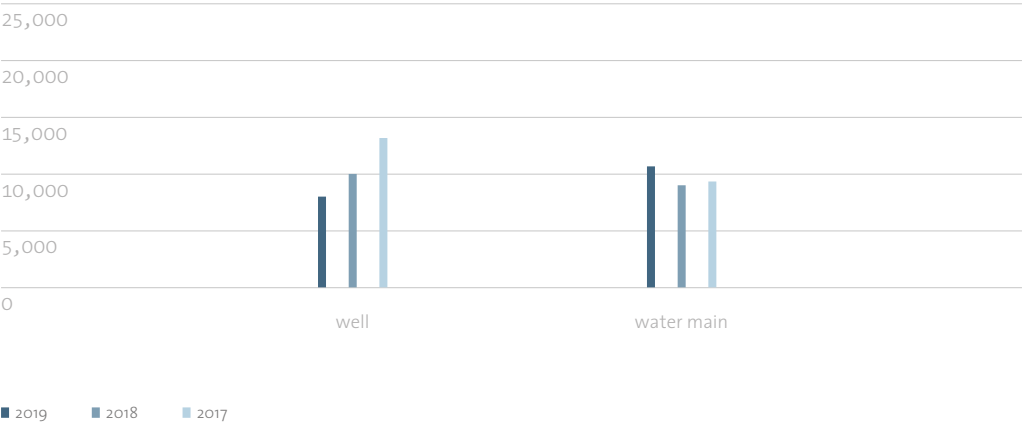
water consumption (m³)	2019	2018	2017
ground water	—	—	7,041
rivers and lakes (crop irrigation)	398,221	104,519	929,368
rivers and lakes (irrigation of gardens Il Borgo)	9,150	5,230	8,950
well	71,488	73,538	81,895
water main	1,744	1,321	2,282
treated water pumped back to the Orcia river	(53,943)	—	—
treated water for technological purposes and irrigation	(5,782)	—	—
total	420,878	184,608	1,029,536

Consumption: water

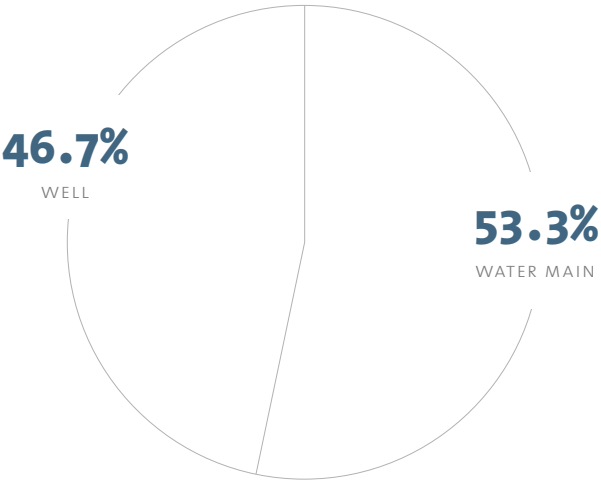
GRI 303-1

BANFI S.R.L.

net water consumption (m³)



water consumption (m³)	2019	2018	2017
ground water	-	-	-
rivers and lakes	-	-	-
well	9,030	10,023	13,592
water main	10,304	8,966	9,424
total	19,334	18,989	23,016

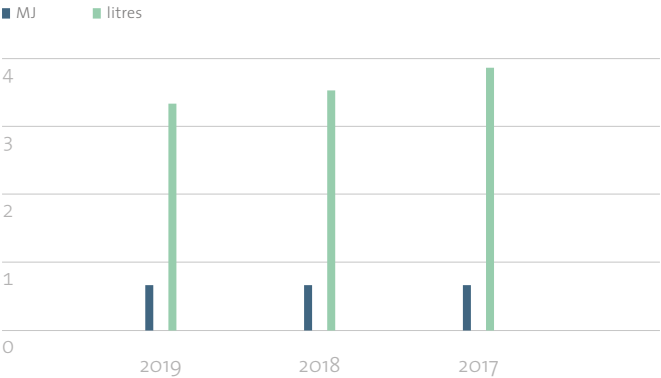
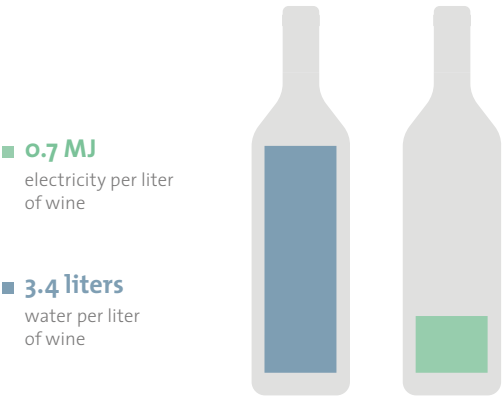


Consumption: water and energy

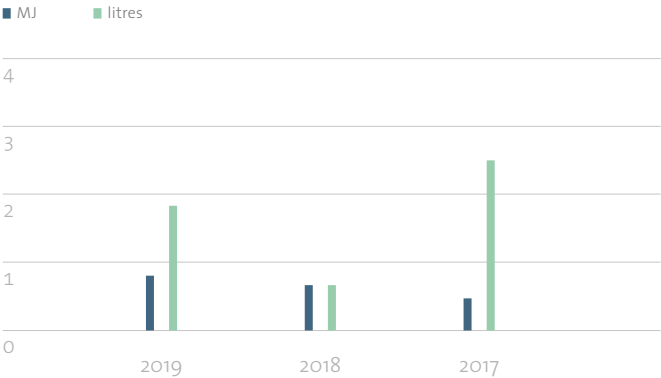
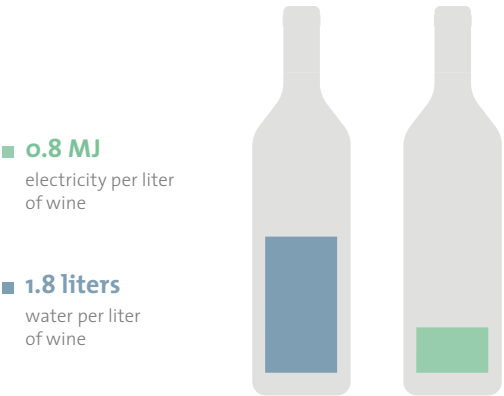
The data regarding the consumption of water (liters) and electricity (Megajoule) necessary to produce a liter of wine is detailed in the following charts, as these are considered the best indicators to measure efficacy and efficiency of the production process. Such data is affected by various factors such as the vintage specific characteristics: weather conditions, as well as temperature, can determine important changes in production quantities, generating a corresponding variation in data due to the stability of fixed consumptions. In recent years, Banfi has made efforts to reduce and limit the consumption of water and electricity, making respective investments in the wineries of Montalcino and Strevi. With reference to water consumption for 2007 of 5.05 liters for Montalcino and of 2.21 liters for Strevi, the year the most important projects started, to date, consumptions amount to 3 liters for Banfi Società Agricola S.r.l. and to 1.6 liters for Banfi S.r.l..

In 2019, there is a decrease in the data for Banfi Società Agricola S.r.l., due to the increase in production volumes and the decrease in water and electricity consumption. A different situation for Banfi S.r.l. which shows an increase in both production volumes and water and electricity consumption.

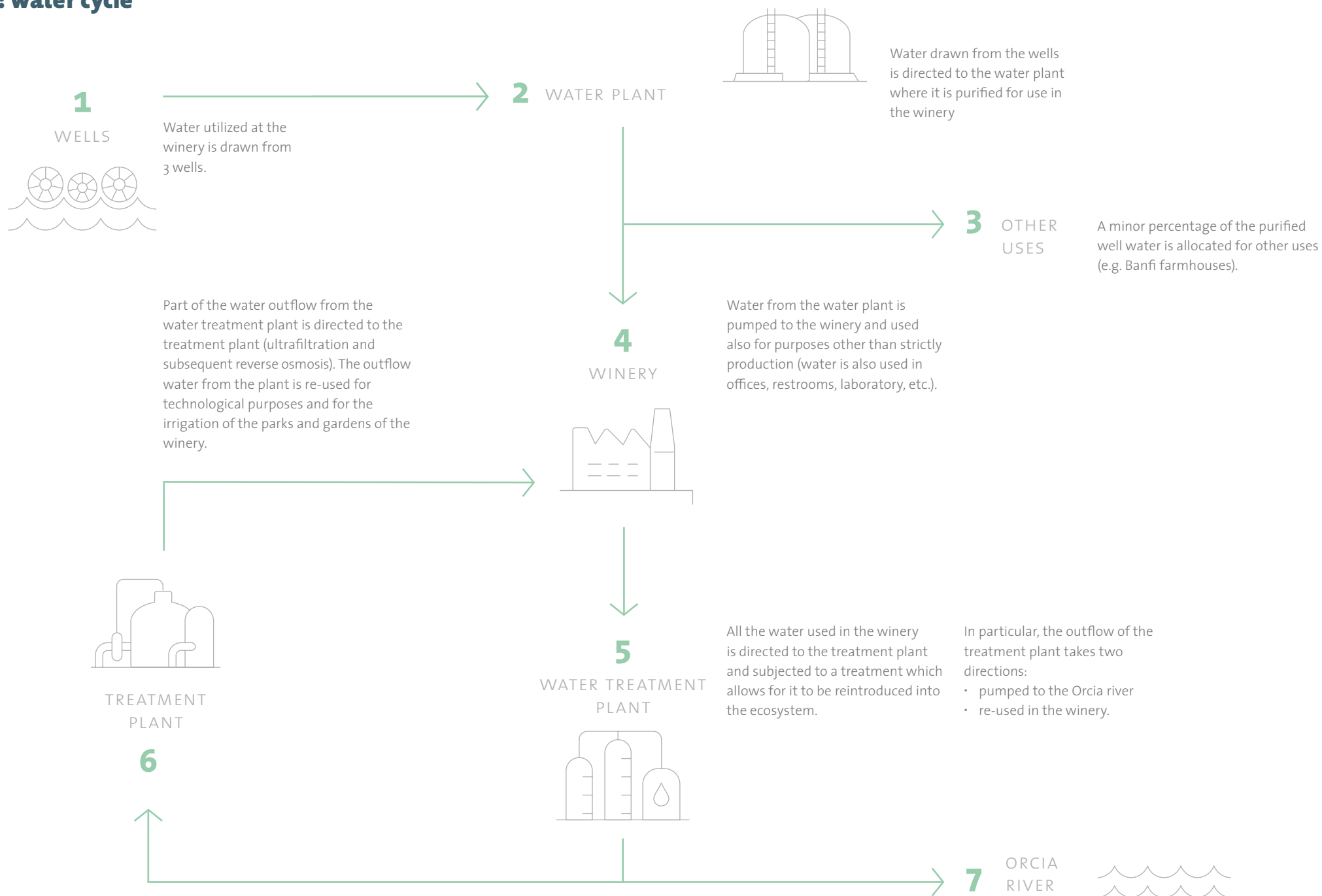
BANFI SOCIETÀ AGRICOLA S.R.L.



BANFI S.R.L.



Banfi: water cycle



Consumption: materials

GRI 301-1

The characteristics of the production of wine see a specificity among the materials which characterize the production process, and a very high concentration consists of glass, which accounts for both companies for around 84% of consumption in terms of weight as shown in the graphs and tables.

Hence the commitment to using lightweight bottles and recycled glass has a strong impact on the savings of energy and materials to safeguard the environment.

BANFI SOCIETÀ AGRICOLA S.R.L.

materials by composition in metric tons	2019	2018	2017
paper	373	410	439
glue	5	7	7
wood	48	70	70
lubricants	1	1	1
organic material	411	295	339
metal	8	10	11
plastic	11	15	16
cork	41	43	51
fabric	-	-	-
glass	4,042	4,260	4,940
total	4,940	5,111	5,875

materials by type in metric tons	2019	2018	2017
bottles	4,043	4,261	4,941
capsules	8	10	11
labels	14	16	16
packaging material	407	463	493
winemaking material	411	296	339
corks	41	43	51
other materials	16	22	24
total	4,940	5,111	5,875

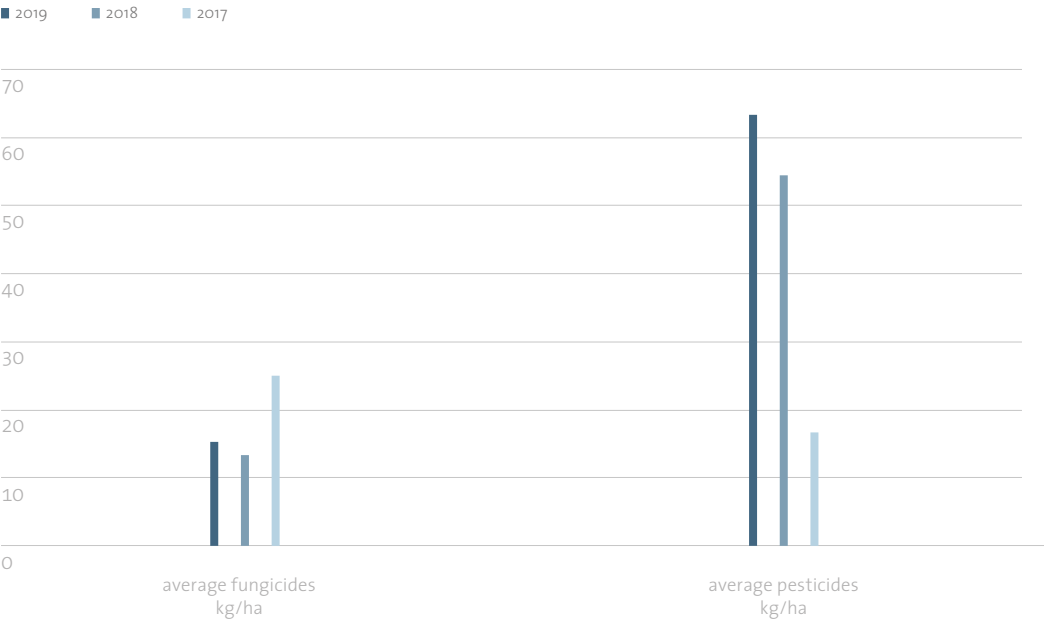
BANFI S.R.L.

materials by composition in metric tons	2019	2018	2017
paper	226	210	218
glue	2	1	1
wood	50	54	55
lubricants	-	-	-
organic material	26	16	17
metal	15	14	14
plastic	5	2	3
cork	21	19	21
fabric	7	8	9
glass	2,409	2,230	2,271
total	2,761	2,554	2,608

materials by type in metric tons	2019	2018	2017
bottles	2,409	2,230	2,271
capsules	4	5	5
labels	11	9	10
packaging material	266	254	263
winemaking material	33	24	26
corks	31	28	30
other materials	7	3	4
total	2,761	2,554	2,608

Treatment of orchards

BANFI SOCIETÀ AGRICOLA S.R.L.



treatment in kg/ha	2019	2018	2017
average fungicides kg/ha	13.44	13.72	24.38
average pesticides kg/ha	58.44	55.00	17.32

Protecting crops and the environment: fertilization and treatments

Since the 1990s, Banfi has started a farming program with a low environmental impact, thanks to a careful monitoring of the treatments with fertilizers and agrochemicals, the use of which has significantly decreased in quantity and an exclusive use of non-aggressive active principles. In recent years, constant innovation and calibration are based on a technical approach that uses defense methods only when necessary and not preventively, also thanks to the support of the new system of weather stations.

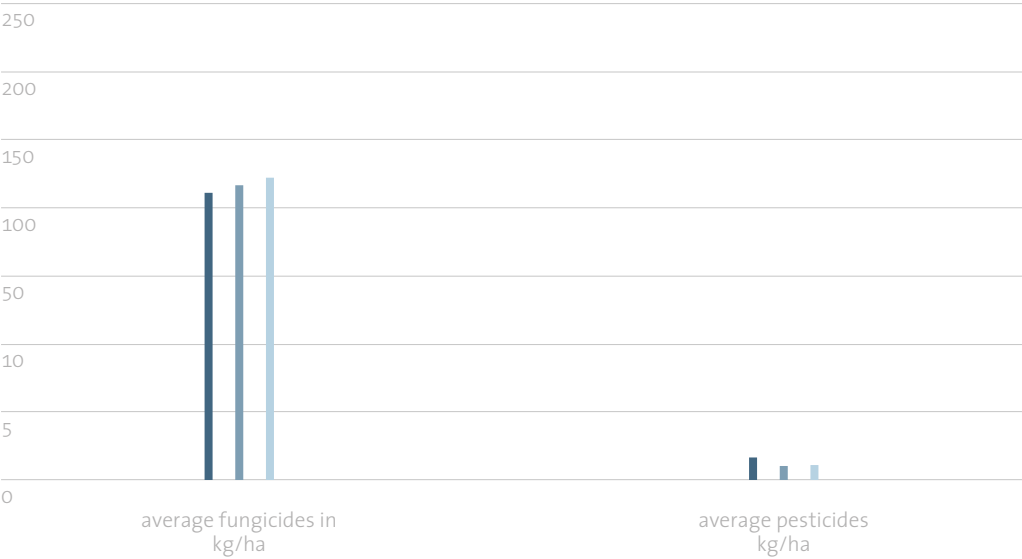
The sensor system for weather data tracking relies on electronic tracking stations, placed in 8 sites (5 in Montalcino and 3 in the other estates in Tuscany), which allows to cover all the estate vineyards. Weather stations transmit data to a portal which allows to check the weather situation in real time, directly from a smartphone or PC. In addition, the management system of the weather stations, with the collected data, processes forecast models for the development of fungal disease. These models are useful for the technical staff. In fact, together with their experience and the constant monitoring of the vineyards, it is possible to assess the phytosanitary status of vineyards and take the most appropriate actions to fight diseases, minimizing waste and reducing the impact on the environment, operators and consumers.

In addition to scouting operations, close control and verification of quantities and limits for each individual product, sharing of information and knowledge with our partners and thanks to the zonation project and to the database of previous grape harvests, the company is able to optimize, both in number and effectiveness, the various crop treatments. The recent addition of organic crops of grains and sileage has allowed to add new techniques to the traditional methods used so far and is an opportunity to continue to also study the topic of organic farming for orchards and vineyards.

Protecting crops and the environment: fertilization and treatments

Treatment of vineyards

BANFI SOCIETÀ AGRICOLA S.R.L.

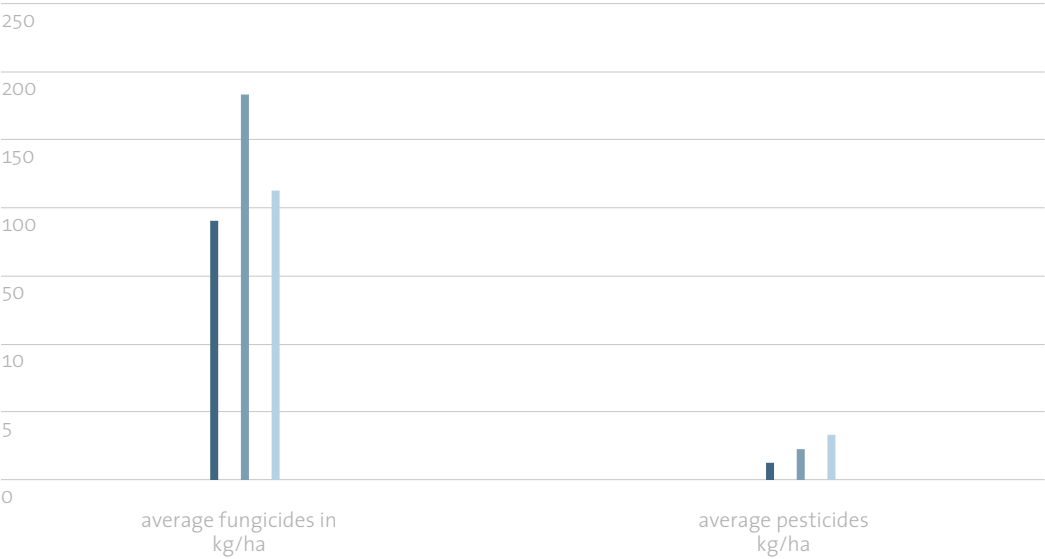


■ 2019 ■ 2018 ■ 2017

treatment in kg/ha	2019	2018	2017
average fungicides kg/ha	118.24	117.24	121.64
average pesticides kg/ha	0.85	0.68	0.52

Data for the three-year period, as illustrated below, is calculated starting from the quantities of commercial products that are used, not just of the active principle. In the future, the company intends to change its reporting to the active principle only, as such data can be easily understood and compared with the conditions, particularly the weather, determining its use.

BANFI S.R.L.



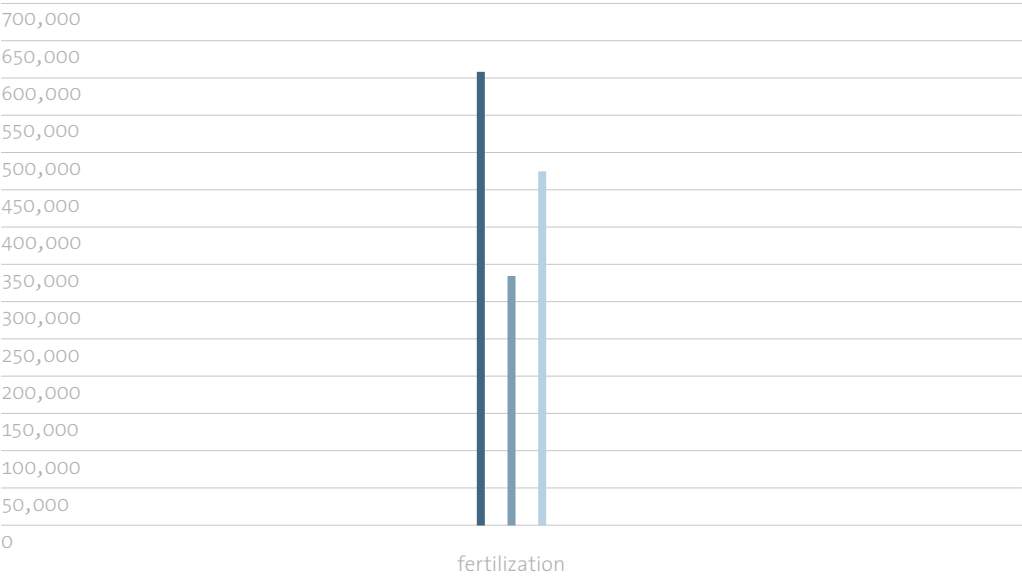
■ 2019 ■ 2018 ■ 2017

treatment in kg/ha	2019	2018	2017
average fungicides kg/ha	96.09	180.76	114.79
average pesticides kg/ha	1.29	1.71	2.26

Protecting crops and the environment: fertilization and treatments

Fertilization

BANFI SOCIETÀ AGRICOLA S.R.L.



■ 2019 ■ 2018 ■ 2017

fertilization in kg	2019	2018	2017
fertilization	603,902	335,042	474,703
total	603,902	335,042	474,703

The different climate conditions that occurred in 2019 in Tuscany and Piedmont resulted in marked differences in the quantities of fertilizer used, vs. the previous year. In fact, in Tuscany it was possible to carry out the regular fertilization program throughout the year, unlike in 2018 when heavy rainfall prevented the

completion of the program, consequently reducing the quantities that were used. On the other hand, in Piedmont, the opposite situation occurred. Due to the abundant rainfall in October, it was not possible to carry out the autumn fertilization. This situation led to a reduction in the quantities used, vs. the previous year.

BANFI S.R.L.



■ 2019 ■ 2018 ■ 2017

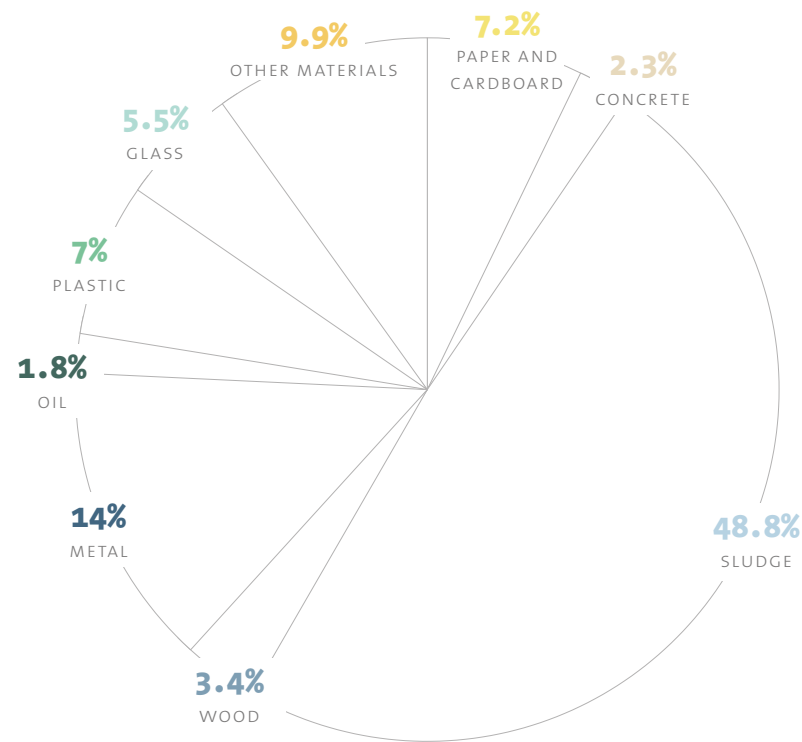
Fertilization in kg	2019	2018	2017
fertilization	9,656	20,335	14,616
total	9,656	20,335	14,616

Waste

GRI 306-2

The large variety of activities performed by the company in the various departments entails the unavoidable production of an important amount of **waste**, with an annual variation, which depend on the operations that are performed and which Banfi has always managed according to a structured approach.

Almost all the waste that is produced belongs to the non-hazardous category, and almost half is destined to recycling. The larger portion refers to **sludges from on-site effluent treatment**, a non-hazardous waste in common in the activities performed both in agriculture and in the winery.



BANFI SOCIETÀ AGRICOLA S.R.L.

waste by type in kg	2019	2018	2017
biodegradables	-	-	14,760
paper and cardboard	49,270	45,347	75,414
concrete	16,070	42,350	578,410
sludge	335,030	245,530	238,530
wood	23,420	60,210	24,540
metal	96,129	74,851	56,999
oil	12,370	4,067	10,090
plastic	48,375	48,080	38,145
resins	-	-	-
glass	37,720	92,280	32,870
other materials	67,959	76,612	120,840
total	686,343	689,327	1,190,598

waste by type and disposal in kg	2019	2018	2017
total non hazardous	664,290	677,336	1,171,854
recycling	322,394	415,336	921,784
disposal	341,896	262,000	250,070
total hazardous	22,053	11,991	18,744
recycling	13,951	11,256	17,423
disposal	8,102	735	1,321
total	686,343	689,327	1,190,598
% hazardous waste	3,21%	1,74%	1,57%

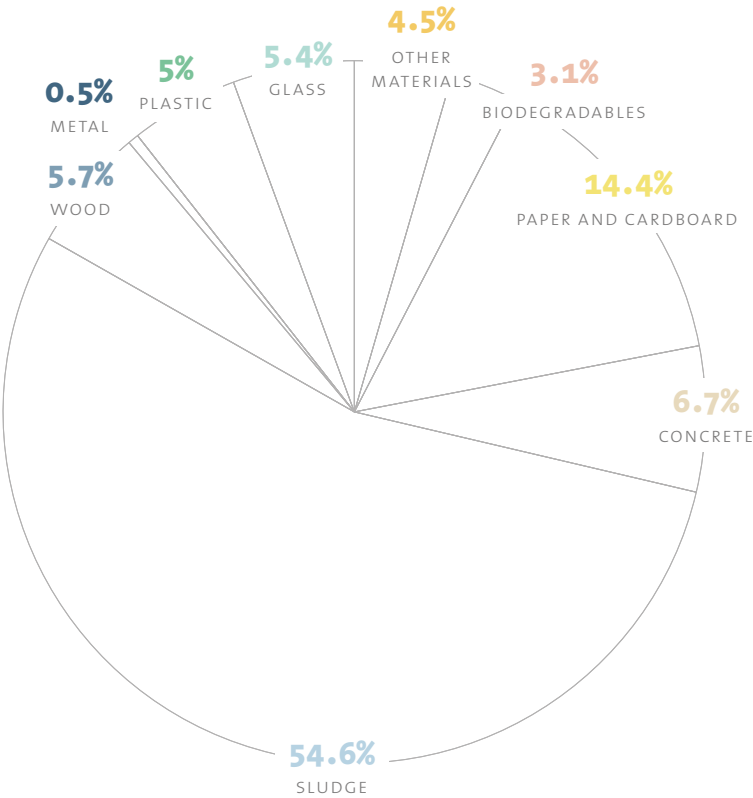
Waste

GRI 306-2

In the agricultural department, a large portion of waste also refers to **metal and concrete**, as a result of planting and uprooting of vineyards that involve the replacement of concrete poles with metal and wood poles.

As a result of the wine production cycle, several waste products are generated: must, stems, pumace and lees.

The material is transferred to third parties and re-used for the production of alcoholic beverages (grappa and other distilled spirits), as well as the production of biomass energy.



BANFI S.R.L.

waste by type in kg	2019	2018	2017
biodegradables	9,600	11,000	-
paper and cardboard	45,060	12,310	15,238
concrete	21,120	77,420	-
sludge	171,566	139,290	175,120
wood	17,760	9,120	20,550
metal	1,650	11,050	6,630
oil	10	90	120
plastic	15,700	500	4,150
resins	-	-	-
glass	17,500	13,660	9,280
other materials	14,014	17,001	22,488
total	313,980	291,441	253,576

waste by type and disposal in kg	2019	2018	2017
total non hazardous	313,443	290,740	252,848
recycling	139,357	140,450	59,478
disposal	174,086	150,290	193,370
total hazardous	537	701	728
recycling	391	397	570
disposal	146	304	158
total	313,980	291,441	253,576
% hazardous waste	0.17%	0.24%	0.29%

Initiatives to reduce consumption

GRI 302-4

GRI 302-5

The contribution of Banfi to the fight against climate changes sees actions of energy saving and CO₂ emission reduction as an important strategic address to be included in every new structural and non-structural investment. Over the years, several interventions have been carried out, particularly between 2015 and 2016:

- **in the hospitality department**, a heating system was installed for the rooms of Castello Banfi – Il Borgo, with a pellet furnace replacing the previous LPG-furnace. A high-efficiency heating pump was installed in the restaurant kitchen, which replaced the electric boiler that had been used until then. Lastly, a condensing diesel furnace was installed, to replace the previous combustion chamber furnace, for emergency situations;
- **in the balsameria** the previous heat generator was replaced with a condensation LPG-furnace;

- in the administrative offices and in the reception office, the low-efficiency **heat pump** was replaced with a high-efficiency pump used for winter and summer air-conditioning of the premises;
- In the administrative offices, a new **Toshiba printer** was installed, with technology that allows to reuse the same paper sheet for multiple printings, thanks to the possibility to erase what was previously printed.

The overall contribution of these initiatives has each year contributed to a reduction of CO₂ emissions equal to 42.17 tons and a reduction of electricity consumption equal to 328,476 MJ. In 2018, the project to replace light fixtures with LED lights in the production and warehouse areas was completed. The intervention has resulted in an electricity saving equal to 1,505,003 MJ and a reduction of CO₂ emissions equal to 132 tons.

In 2019, a similar intervention was carried out also at the **Banfi Fruit Factory** (the facility where the plums are dried and graded). Furthermore, this year, the number of Toshiba printers with technology which reuses paper both for black and white and for color printing was increased. Banfi has paid attention to this project for a long time, embracing Toshiba green print solutions and contributing since 2014 to the “Toshiba Carbon Zero Scheme” for the safeguard of the environment.

Again this year, savings were achieved in energy consumption and CO₂ emissions thanks to the use of materials that are entirely or partially produced with recycled components. As far as packaging is concerned, almost all productions use recycled cardboard (on average 84% of recycled material per case).

Similarly, glass bottles that are used have a percentage of recycled material, varying from a minimum of 20% to a maximum of 85%.

The use of these materials this year has brought a savings in electricity equal to 39,023,465 MJ, corresponding to lower CO₂ emissions of 1,584 t. Thanks to the use of recycled cardboard, it was possible to avoid cutting down 6,058 trees and to save 176,971 m³ of water.

Furthermore, in July the delivery service using zero environmental impact vehicles was also implemented in the city of Florence, thus extending the area of interest, so far limited to the city of Rome. This commitment has allowed to avoid CO₂ emissions of 3.1 t in Florence and of 16.2 t in Rome.

Contribution of hospitality to respecting the environment

The hospitality department has always paid attention to the management of environmental issues, acting on various levels to reduce consumption and the impact on the territory.

The first aspect of attention concerns the **responsible management of water resources**, through initiatives to optimize consumption in the rooms and outdoor areas. In the rooms, consumption generated by **laundry of linens** is monitored, informing guests that bed sheets and towels are only changed upon request. In the outdoor areas, interventions concern the use of water resources generated by **the irrigation of green areas**. Only water collected in the artificial lakes is used for this activity, thus reducing to zero the direct pumping of water from the rivers.

There are several areas of intervention to reduce emissions of pollutants. To guarantee the reduction of emissions for service staff transportation three **electric golf cars** are used on the property.

Furthermore, an electric van is available for offsite transportation. Another area of intervention to reduce emissions, is managing the heating of the hotel, using a pellet furnace in the A1 quality class (which therefore uses virgin wood or non-treated wood residues with an extremely low ash content).

Lastly, in gardening, **flame weeding** technology is used that allows to control and eliminate weeds by using a flame. This technology has a very low impact on the environment, as LPG combustion only generates water steam and carbon dioxide. In addition, the flame is clear and does not produce smoke. No waste or toxic residues that need to be disposed are produced.

Regarding **waste management**, an initial aspect to be considered is waste sorting, carried out in all areas of the department and by the housekeeping staff for the rooms and green areas. The completion of the project for the **reduction of the use of plastic** which started in 2017 represents a significant contribution to waste reduction. Thanks to the installation of water dispensers in all areas (hotel, wine shop, offices and staff canteen) the use of bottled water has been reduced to zero.

With reference to the attention towards **energy consumption**, in addition to using energy from renewable sources, a gradual replacement of light fixtures with LED lights in the outdoor areas is in progress. LED lights are already currently in use in certain areas of the complex.

Lastly, particular attention is dedicated to the use of **certified products and materials** with regard to quality and environment. Many cleaning products have relevant certifications, as well as the pellet used for heating. The attention toward these aspects will result in the total replacement of products currently without these standards.



Quality protection

1 million 

euro invested
in R&D projects

15,000 

internal hours
invested in R&D



2

ZERO
HUNGER



6

CLEAN WATER
AND SANITATION



12

RESPONSIBLE
CONSUMPTION
AND PRODUCTION

Sustainable
Development
Goals

195,000

A white line-art icon of laboratory glassware, including a round-bottom flask and a test tube, positioned to the right of the number 195,000.

analyses of products
and plants

GRI 103-1 GRI 103-2 GRI 103-3

WHY MATERIAL?

Product quality is the most important and distinctive element Banfi is committed to pursuing daily, in the belief that high-quality production, both of products and services, represents the best solution to gain recognition and reach growth. The vision inspiring such a commitment is well reflected in this thought:

“We work with our hands, we think with our heart. For a better wine world”.

BORDERS

Protecting quality is a topic with a major impact on the organization's internal borders. The company is directly responsible for the constant increase of the quality level of its products and services, based on the daily choices made also with regard to the relations with its suppliers.

MANAGEMENT

The management modality of this topic is aimed at increasing the quality of products and services, as well as of the entire production cycle.

The quality of products and services derives from the quality of the raw materials and the ability to turn them into a finished product. The protection and improvement of quality is mainly achieved by recurring to the following initiatives:

- search for better practices in production;
- search for better wine making practices in the winery;
- search for an increasingly more attentive service to the needs of the consumer.

In confirmation of the validity of the current management modality, in 2001, Banfi Società Agricola and Banfi S.r.l. obtained the certification of the quality management system in accordance with the ISO 9001 standard. Furthermore, in 2006 Banfi Società Agricola and Banfi S.r.l. obtained the certifications in accordance with the BRC and IFS standards, as a guarantee of the quality and safety of food products offered to consumers.

ASSESSMENT AND MONITORING

The use of our internal laboratory, supported by the cooperation with universities and third-party professionals, represents a constant and high-standard tool in measuring the effectiveness of the implemented actions. The quality management system is periodically assessed to guarantee the conditions of compliance with the certification.

Such specific assessments are supported by periodical monitoring, control and verification mechanisms regarding the actual ability to achieve predetermined objectives in quality protection.

In particular:

- internally, the daily measuring of quality parameters that distinguish Banfi products serves to validate the quality of production processes;
- externally, the analysis of positioning, evaluation by consumers, achievement of awards serve to measure consumer appreciation, of the offering both of products and services.

Food quality
and safety

A key point in the daily nature of Banfi is the goal to pursue a quality and safety production of food.

It is of primary importance to satisfy the needs of the consumers, care for their health and ensure responsible consumption; these goals are identified in the following management methods:

- **compliance with legal regulations** in the various agrifood and other sectors;
- **certification and external auditing program** of both products and processes;
- implementation and development of an integrated system of **analysis from the field to the consumer** which increases knowledge and guides the company's choices toward higher standards;
- **an ongoing and intensive investment program in R&D**, both regarding process and product, which is aimed at respecting tradition.



Certifications

From the beginning of the 2000s, Banfi decided to adopt management tools which determined its strong corporate orientation toward sustainability, with the achievement of two certifications for its management systems, **ISO 9001** and **ISO 14001**, with which horizontal advancements both in the areas of quality and the environment were made. All company processes were included and were covered by the same high standards of quality and a vision oriented toward continued improvement, by means of R&D projects regarding quality and efficiency of crops and of production processes. Furthermore, Banfi operates in conformity with two important food safety standards, **IFS** and **BRC**, highly demanded on the European market, which aim at guaranteeing the high quality and conformity of the products. Both standards require certification audits by Third-Party Bodies.

In 2005, Banfi was the first vitivinicultural estate in the world to obtain the **SA 8000 ethical certification**, which guarantees and verifies the fairness and correctness of employment relations pertinent to social responsibility.

For the social responsibility management, the **Social Performance Team** was formed, composed of a representative from the company management, representatives elected by the workers and union representatives of the workers.

The Social Performance Team’s task is to promote positive actions to improve the company system and support workers who can report possible issues which are analyzed and, if possible, resolved by taking actions to make the appropriate adjustments. Banfi holds the **Full (AEO), Authorized EcoOperator** certificate issued by the Customs Agency. This is a status of integrity and solvency that guarantees strict compliance with customs regulations and product safety requirements. Banfi markets in Italy and worldwide mostly wines from its own production, but also imported wines, including organic wines for which to be imported, the Company is affiliated with **ICEA, the Italian Institute for Ethical and Environmental Certification**, which periodically assists and monitors the company in its activity as an importer.



DECEMBER 2017

OHSAS 18001



JULY 2006

BRC AND IFS



SEPTEMBER 2005

SA 8000



SEPTEMBER 2001

ISO 14001



JULY 2001

ISO 9001



● Banfi Società Agricola S.r.l.

● Banfi S.r.l.

Non-conformities

The certification process and its management systems allow for a better management of non-conformities, i.e. services or products which do not meet the expected standards of quality or respect of the environment.

The table shows the trend in reporting non-conformities, divided by reason, area of interest and, especially, if the non-conformities were found internally or during an audit process conducted by a third-party body. All reported non-conformities were correctly handled and resolved. The trend of each item is stable, and the few variations depend on well identified elements.

QUALITY: ISO 9001 BRC IFS		2019		2018		2017	
		BANFI SOCIETÀ AGRICOLA S.R.L.	BANFI S.R.L.	BANFI SOCIETÀ AGRICOLA S.R.L.	BANFI S.R.L.	BANFI SOCIETÀ AGRICOLA S.R.L.	BANFI S.R.L.
internal activities	controls when accepting products/services from suppliers	12	10	12	16	25	10
	control of internal processes	27	9	15	14	17	13
	complaints on products by consumers	11	9	10	6	7	3
third-party activities	audit by certification body	3	3	2	5	6	7

ENVIRONMENT: ISO 14001		2019		2018		2017	
		BANFI SOCIETÀ AGRICOLA S.R.L.	BANFI S.R.L.	BANFI SOCIETÀ AGRICOLA S.R.L.	BANFI S.R.L.	BANFI SOCIETÀ AGRICOLA S.R.L.	BANFI S.R.L.
internal activities	controls when accepting products/services from suppliers	1	-	-	-	3	-
	control of internal processes	10	-	8	-	9	-
third-party activities	audit by certification body	1	-	-	-	-	-

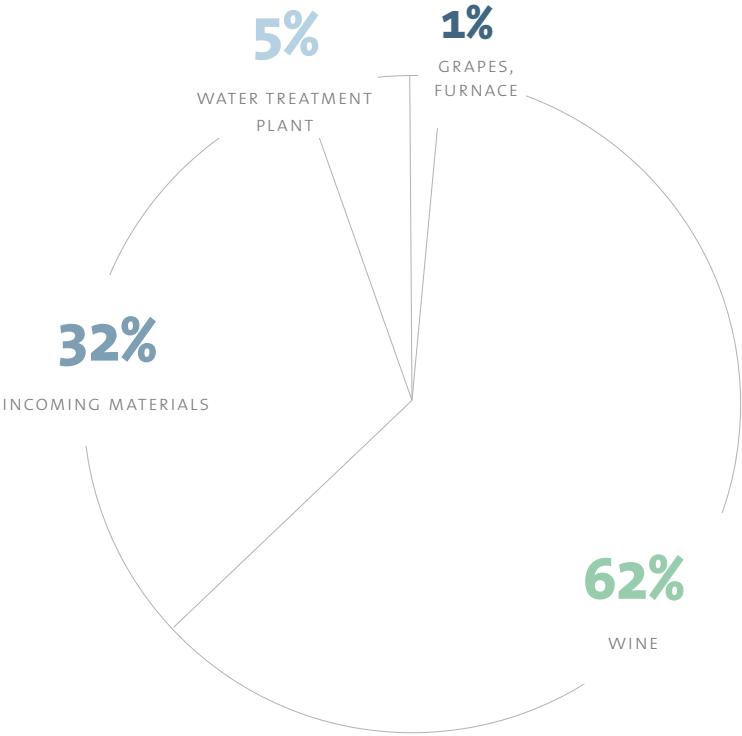
SAFETY: OHSAS 18001		2019		2018		2017	
		BANFI SOCIETÀ AGRICOLA S.R.L.	BANFI S.R.L.	BANFI SOCIETÀ AGRICOLA S.R.L.	BANFI S.R.L.	BANFI SOCIETÀ AGRICOLA S.R.L.	BANFI S.R.L.
third-party activities	audit by certification body	-	2	-	3	-	5

Internal analysis process: role of the laboratories

The presence of laboratories at the Montalcino and Strevi wineries, with the support of **external laboratories and consultants**, is a decisive factor in improving the quality of our products and, concurrently, their food safety. The analytical testing programs carried out internally allow to follow each phase in the “life” of a wine in detail, from the grape to the finished product.

For each stage of processing, the decision was made to check certain parameters which indicate the correctness of the various passages during the stages of processing, in order to obtain a product which corresponds to the technical-enological standards of the wine while succeeding in standardizing a high level of quality of the finished product.

Microbiological control on the bottled wine, in order to rule out any possible re-fermentation, allows to guarantee the distribution of a stable product on the market, from both a microbiological and a sensory standpoint. In addition to internal testing, 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 a healthy product for the final consumer.



BANFI SOCIETÀ AGRICOLA S.R.L.

no. of internal analyses	2019
grapes	1,062
wine	113,277
incoming materials	58,160
water treatment plant	9,466
furnace	276
total	182,241

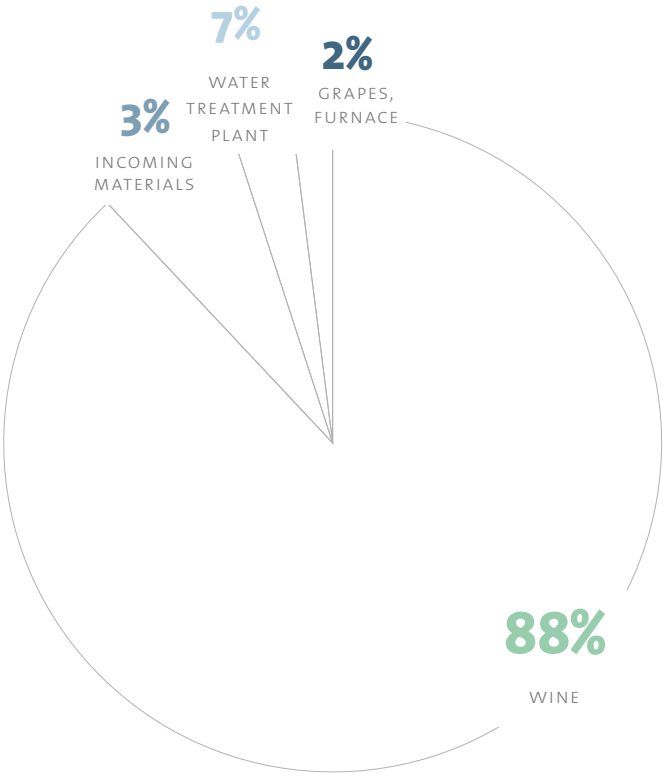
Internal analysis process:
role of the laboratories

Ultimately, a precise program of analytic tests guarantees that the distributed product is safe, responding to the legal parameters, without harmful effects on human beings, and at the same time maintains a high standard of quality according to the company philosophy to the benefit of the end consumer.

Analyses are not only conducted on wine but on incoming materials (such as corks), on quality of the treated water and on furnaces, extending, in fact, possible applications to the process, as well as to the product.

For each category subjected to analysis, various parameters are tested, for a reference sample, based on the category.

The tables show the number of analyses performed during the year for each category.



BANFI S.R.L.

no. of internal analyses	2019
grapes	230
wine	11,050
incoming material	340
water treatment plant	853
furnace	100
total	12,573

Research and development

The **product/process innovation** that so often in the wine industry merges and blends into a single logic is at the base of the development and the sustainability of the company. Less environmentally invasive farming practices, methods of the past that are adapted and made possible by organized production processes are the competitive key and a bond with the history of our product and our territory, the value of which is inseparable from the finished bottle.

The opportunity to experiment and develop new winemaking techniques, perfect existing approaches and invest in understanding our vineyards and our production, continuously improving quality, is the primary objective of research and development. An important chapter is represented by the search to consolidate bonds with local suppliers in grape growing and/or the production of bulk wines.

The cooperation with our own and with third-party professionals and co-operations extended toward academia and 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 to mitigate their impact on the resources of the planet.

Savings of water, reduction of treatments in the vineyard, revival of ancient winemaking techniques, often dismissed due to high costs, are the main projects in which Banfi is involved. Publications such as **The Pursuit of Excellence** are the summaries of almost 40 years of study and research, the zonation of the property and the analysis of historic harvests.

The table below shows the value of R&D investments that are certified for the purposes of the recognition of tax credits.

R&D	2019	2018	2017
BANFI SOCIETÀ AGRICOLA S.R.L.			
no. of projects	1	1	2
internal hours	9,649	11,320	10,665
investment (Euro)	729,141	821,323	762,366
BANFI S.R.L.			
no. of projects	1	1	1
internal hours	6,047	5,446	3,891
investment (Euro)	305,249	375,413	289,370

Pioneerism and research are two fundamental values that have marked the history of Banfi since its inception, and that continue to be at the center of the corporate mission. The passion for study, research and experimentation animates the production philosophy of Banfi and is attested by a course of study and experimentation which has lasted over forty years and has involved various aspects of technological and agronomic knowledge.

In the following notes, several stages of the various studies, performed over the years, are highlighted, again with the territory as a starting point, with its characteristics and its specificities, and its environment of reference.

CLIMATE STUDY

The climate represents a very important variable in viticulture, significantly affecting yield and product quality. It is therefore essential to pursue the study of the relationship between climate factors and production characteristics. Using electronic weather monitoring stations, several parameters are analyzed daily: air temperature (minimum and maximum), rainfall and evapotranspiration, length of daylight (heliophany), wind intensity, leaf wetness, air and soil humidity. Thanks to the study of these parameters and to the historicity of the collected information, the climate characteristics of the territory were able to be determined.

The environment is characterized as warm temperate, with an average temperature of 19.5°C in the period April-September. The ten-year average of the monitoring of the weather shows minimum temperatures below 5°C from December to March, but rarely below zero, and values ranging from 10° to 18°C from May to September. Maximum temperatures range between 10° to 15°C in the period November-March, while from May on they exceed 25°C, with peaks of 35° to 37°C in August.

SOIL STUDY

Thanks to the soil study, it was possible to divide the vineyard land into four separate environments or landscapes:

- **Flat to slightly declining areas:** characterized by geological forms of prevalently fluvial origin, the soils are deep, pedologically preserved and well developed.
- **Prevailing hill areas:** these are hills with moderate incline, characterized by rectilinear or slightly convex slopes, the soils are moderately deep, but well developed, with abundant skeleton (rocks and pebbles), at times with emerging sediments of leaner sand.
- **Hill areas:** characterized by slightly declining terraces and slopes, with soils with higher clay content, lean, from moderately deep to scarcely deep, with less skeleton, presence of gray-blue clay lenses and sandy stratifications.
- **Modified hill areas:** the soils were modified by past cultivation interventions; they often show abundant skeleton with evident surface erosion on the slopes with a steeper incline. Soils vary from moderately to scarcely deep.

This analysis reveals that the soils are extremely varied, both as to origin and as to mineralogic composition, such to make the estate, from this point of view, a true constellation of very different production units.

On the higher altitudes there are typical sediments of a deep marine environment. In this context, it is not surprising that in 2007 the complete skeleton of a Pliocene fossil whale was found along the road that leads to the Castello di Poggio alle Mura, attesting to the existence in the past of an intense sea life.

VINEYARD STUDY

The research to improve the production and quality aspects of the vineyard started from clonal selection and estate zonation studies.

Clonal selection is a technique that can improve the characteristics of varieties, based on specific requirements. In 1982, Banfi started clonal selection projects which resulted in the registration of 11 specific clones of Sangiovese which are able to adapt to different pedoclimatic conditions and enological requirements.

Zonation is the multidisciplinary study of the territory aimed at optimizing the interaction between a variety and its cultivation environment. Thanks to this activity, Vocational Units were defined on the estate, consistent as to vegetative, production and quality performances, with the purpose of enhancing the typicality of individual varieties in the main microenvironments. Therefore, thanks to the estate zonation it was possible to optimize the planting of several varieties in the various landscapes of the estate.

TRELLISING METHOD STUDY

The **trellising method** represents a fundamental aspect for quality production as well as for an efficient vineyard management modality. Over the years, Banfi has known how to experiment in this field as well, accompanying the traditional trellising system ("**Spurred cordon**") with new trellising methods.

Initially, the "**Casarsa**" trellising method was introduced which allowed to rationalize vineyard mechanization and guarantee a better quality of the harvest. This trellising method was adopted on a large scale in the estate vineyards. Through subsequent trials, a new original trellising method was developed, suitable for difficult soil and low-input cultivation conditions, and able to optimize the management and quality of red varieties: the **Alberello Banfi** method.

This trellising method over the years has demonstrated further positive aspects. In particular, the lower incidence of wood diseases, a good production regularity, also in less favorable years, and above all a high quality of grapes as they are produced on important shoots.

VINE NUTRITION STUDY

Nutrition is a critical aspect in the quality cycle of the vine, as it deeply influences the production and maturation process of the berries. To ensure a correct nutrition for the plant, it is necessary to start from a soil analysis to understand the pedologic, physical and chemical features and evaluate the most appropriate agronomic improvement plan for the future. At Banfi, based on the results of these analyses, it can be several years before planting a new vine.

The provision of adequate **water resources** is decisive for the maturation process, particularly during veraison. To guarantee an adequate supply, a water stress control system was implemented, at the level of the soil (using various types of probes), as well as at the level of the plant (stomatal chambers, and thermal imaging), in order to conduct very precise interventions. Furthermore, to guarantee the adequate supply of water for all plants, considering the different characteristics of cultivated soils (texture, skeleton content, depth of the available layer for the roots to explore) a variable flow rate micro-irrigation system was introduced, able to guarantee a targeted and efficient use of the water resource according to the incline and characteristics of the various soils.

Finally, to identify the actual nutrition state of the vines, at Banfi a specific analysis of the petiole of the basal leaf node (opposite to the bunch) is performed in the initial setting phase.

Each year, at least 25% of vineyards is controlled using this method. These analyses allow to detect the trends in the overall nutrition state of plants in advance and therefore, together with yield and quality characteristics, they form the basis to decide possible corrections to previously scheduled fertilizing plans.

THE HORIZON FERMENTOR

The passion for study and research has achieved important results, not just in the vineyards but also with regard to technology in the winery, where the partnership with Banfi and two of the leading companies in the barrel and fermentation tank industries (Gamba for the wood component, Di Zio for the steel component) resulted in a new concept of fermentation tank: the Horizon fermentor. This is a vat in oak and steel which, as a main feature, brings together the benefits of both materials, that is steel technology with the benefits of fermentation in wood.

Since 2007, there are 24 177-hl Horizon fermentors.

The **Horizon** fermentor is composed of:

- a steel base consisting of an upward-facing cone, on to which grape seeds are deposited, sliding to the base of the angled surface for removal, when needed;
- a central body with truncated cone in oak with staves associated to a steel cylinder equipped with a heating jacket for the must or wine;
- a truncated cone steel extension at top (the so-called “cap”) with a cooling jacket.

The fermentor is placed on a dedicated steel tank, mainly used to receive wines racked from the upper tank (without using transfer pumps, thus avoiding oxidative stress), and also used as a holding tank for must for any type of operation (must oxygenation, cooling or heating in a heat exchanger before pumping over or “délestages”).

Because of its technological features, this construction has many advantages:

- **passage of micro-quantities of oxygen into the wine** with a resulting optimal evolution of anthocyanins, color and taste of the wine;
- **control of fermentation temperature** of the must, thanks to the possibility to cool the cap;
- **maintaining temperature** of the joint must and solid parts, within the vat, at programable levels according to the wine style;
- **optimal management of fermentation**, post-fermentation maceration, malolactic fermentation and ageing issues, thanks to the integration of the cooling systems on top and of the heating systems at the base of the vat;
- **possibility of conveying must under the cap at the beginning of fermentation** when yeast reproduction activity needs to be encouraged without involving the skins, thus avoiding extraction of anthocyanins, or over the cap for normal pumping over;

- **possibility of achieving the positive results of “white” vinification also for “red” wine vinification:** more stable wines, less astringent, with a softer and more complex taste.

Over the years, vinification trials have been conducted, adopting different maceration techniques and comparing traditional fermentors and Horizon fermentors. The analysis of analytical data and organoleptic tests revealed that the Banfi Horizon vat proved to be able to result in a better expression of color and fragrance for Sangiovese.

Experimental vineyard project

In 2017, Banfi started a multi-year research project with the CREA Viticulture Research Unit and the Edmund Mach Foundation in San Michele all'Adige, with the purpose of experimenting newly introduced varieties.

The objective of the project is to analyze the phytosanitary, agronomic and enological aspects of several promising genotypes obtained by the crossing or by selections of varieties that have shown high standards of quality and/or lower sensitivity to the main fungal plant diseases.

For the execution of the project, two experimental vineyards were planted, in distinct pedoclimatic areas (hill and valley), in order to compare results achieved in varying climate conditions. The vineyards were planted with 25 different varieties, 17 red varieties, 7 white and 1 gray. The vineyards extend over 1.75 hectares in the hill location (where 24 out of total 25 varieties are cultivated) and 1.50 hectares in the valley (where 18 out of total 25 varieties are cultivated). The vineyards are managed with innovative agronomic techniques that foresee a significant reduction in the use of pesticides.

Weather stations have been installed in each vineyard with forecasting programs which detect and report the critical moments for the development of plant diseases, such as downy mildew and powdery mildew.

The vineyards have partially started production this year and will be studied over the next three years, for an overall project duration of 6 years.

Upon completion of the experimentation, the varieties responding to certain agronomic and enological characteristics will be submitted for registration in the national register of varieties, if not already registered, and in the list of varieties suitable to be planted in the region of Tuscany.

To date, the plants have not yet completed their development and the possible agronomic characteristics of disease resistance, as well as their enological characteristics, cannot be distinctively evaluated. Such characteristics will be assessed with the 2020 harvest, when the full development of the vines will allow to study actual disease resistance and production will be sufficient to conduct targeted vinification trials to understand the real enological potential.



Hospitality and quality protection

A unique experience and emotions. These are the features that describe the “Castello Banfi – Il Borgo” hospitality service.

A service where quality is foremost expressed by a discerning attention to the needs of the guest, by enhancing human relationships and looking after details. A commitment carried out thanks to the attitude and passion of the staff employed at the structure.

Quality is also the ability to develop a tourism program which is integrated in the territory and in harmony with the environment and which is capable of offering the best of local culture. From this point of view, the attention toward local suppliers, privileging excellence and the search for certified suppliers, are aspects with a primary role. The same attitude can also be found in the cuisine, with the search for local ingredients, respect for seasonality and processing which can maintain the freshness of ingredients intact.

A quality offer also recognized by the affiliation with several networks in the industry, which are engaged in providing visibility to the hospitality facilities and in promoting the services that are offered. To date, the affiliations are with **Virtuoso Hotels & Resorts, Signature Travel Network and Select Hotels & Resorts**, mainly used for the US market. Through these networks, guests can receive recommendations and manage room reservations, as well as winery tours and tastings. A fundamental aspect to retain the affiliation is the constant improvement in the quality of services that are offered, as well as the attendance of important industry trade shows. To promote hospitality services, particularly in the United States, Latin America and Australia, contacts have been developed with leading agencies in the industry that also manage the relationships with the many affiliated circuits.

Thanks to this dedicated attention, this year, “Castello Banfi – Il Borgo” is among the 9 new resorts in the world that were accepted into the prestigious Relais & Châteaux network, the Association gathering luxury hotels and restaurants.

In addition to this important accomplishment, there are several other rewards the structure has obtained in time. This year it rose two positions in the **Top 10 Resort Hotel in Italy** published by the **Travel + Leisure** magazine, moving from the eighth to the sixth position.

Select
HOTELS & RESORTS

SIGNATURE
TRAVEL NETWORK

VIRTUOSO.
SPECIALISTS IN THE ART OF TRAVEL

TRAVEL+
LEISURE

RELAIS &
CHATEAUX

Enhancement and development of the territory



Enhancement and development of the territory

sport



3rd edition
L'Eroica Montalcino

3rd edition
Brunello Crossing

3rd edition
Endurance

10th edition
Tuscan Rewind

music



22nd edition
Jazz&Wine

7th edition
Musicisti Nati



Sustainable
Development
Goals

culture

3rd edition
Sanguis Jovis - Alta Scuola del Sangiovese

210,000

Euro

investments in the community

2016: 160,000 Euro
2017: 175,000 Euro
2018: 200,000 Euro

Overview

GRI 103-1 GRI 103-2 GRI 103-3

WHY MATERIAL?

Banfi is aware of the importance of supporting and enhancing its territory and the local communities.

The bond that is created with the territory is a heritage that must be safeguarded and enhanced with a vision embracing a reality beyond Banfi into which to transfer the sustainability culture.

BORDERS

Enhancing and developing the territory represents a topic with a higher impact on the external borders of the company.

The development of initiatives and the promotion of knowledge enable the company to play a fundamental role in generating impact for such topics.

MANAGEMENT MODALITY

The topic is managed with the purpose of increasing the positive effects arising from the constant action exercised by the Organization on the territory and community.

Banfi takes an active part both in terms of an organization and of its representatives in the local Organisms which protect, promote and develop products and the territory, such as the various consortia, to which the Company contributes with its experience to the expansion and enhancement of the products. **Banfi also promotes cultural and sports events both directly and indirectly**, contributing to supporting non-profit organizations. Finally, acknowledging that a sense of belonging to the territory is an added value, Banfi prefers to recruit staff and develop commercial relations on a local level.

ASSESSMENT AND MONITORING

The constant presence in the territory by means of developing projects and activities which are repeated and renewed every year and the **high level of loyalty of employees and suppliers** provide constant feedback for assessing and monitoring our commitment to the enhancement and development of our territory and the local communities.

Sustainability initiatives

Banfi started its adventure in Montalcino over 40 years ago, an adventure rich in experiences, challenges, conquests, and exceptional and lasting success stories. Years that were a continuing discovery of the unbelievable potential of the territory, an element to be supported and valued with constant commitment.

Bearing this in mind, the Company has adopted a sustainable production system, which is oriented on protecting the surrounding environment, preserving the comprehensive heritage of the territory: its culture, history and evolution. The support of the territory and of its community represents the assumption and incentive for the creation and development of the extraordinary worldwide success of Brunello and of Montalcino, confirming the leadership of the company.

In recent years, Banfi has constantly endeavored to strengthening its hold in the territories it belongs to and has supported many initiatives: in sports, in music, in culture in all its forms.

Including the support of the Montalcino tourism development agency for its various events and activities and of local sports associations, such as the soccer schools of Montalcino and Sant'Angelo Scalo, that Banfi has supported since the initial years of its presence in the territory.

In recent years, thanks to the passion of a group of Montalcino residents, new, much more structured, activities have been initiated which the company immediately believed in.

Again in **2019**, the Company has confirmed its support of the **“Brunello Crossing”** event, as well as **“L'Eroica® Montalcino”** and the horse-riding event **“Endurance”**. Banfi's commitment is also incisive to visual arts and music, such as the **Jazz&Wine** festival, one of the longest lasting and most successful festivals in our country, for which Banfi stands as the main partner and organizer. The **“Filarmonica Puccini Montalcino”**, with its band, choir and music school is another cultural activity supported by Banfi, as well as the **“Musicisti Nati”** music project which for its 7th edition in 2019 successfully brought together in Montalcino artists “made in Tuscany”.

Under the auspices of the cultural activities, the company, in fact, supports the Banfi Foundation in the Sanguis Jovis-Alta Scuola del Sangiovese project, with the Winter and Summer Schools, the **“Glass and Bottle Museum”** housed in a wing of Castello di Poggio alle Mura, today Castello Banfi, and the restoration of the whale fossil that was discovered on the estate in 2007.

In the name of an assiduous commitment to local culture, Banfi has developed important synergies with O.C.R.A. Officina Creativa dell'Abitare, supporting the organization of courses, events and

seminars, and also has sponsored the **“Winenews Laboratory for taste education”**, a project rooted in the past, in the unique features of our territory, where in the heart of Montalcino ancient gardens still can be seen and where a green area was created, to bring back shapes, customs and culture of bygone times.

Banfi sponsors **Misericordia di Montalcino**, a very important town association which provides medical emergency interventions and health and social services in the territory, thanks to the voluntary and free support by its members.

Another recent project which has involved Banfi in activities in the territory has been the participation in the **“Fondazione territoriale Brunello di Montalcino”** with the mission to re-invest in Montalcino a share of the profits from the production and sale of Brunello.



Methodology note



Methodology note

GRI 102-3 GRI 102-50 GRI 102-52 GRI 102-53 GRI 102-56

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The Report refers to the two associated companies BANFI SOCIETÀ AGRICOLA S.r.l. and BANFI S.r.l.

document content

The Report content is based on discussions with our stakeholders, on the requirements of the Global Reporting Initiative - GRI STANDARD and on sustainability rating requirements.

global reporting initiative (Gri)

The Report was produced in accordance with the GRI-standard – core option guidelines.

If you have any questions, or would like to discuss an issue in further detail, please write to the Sustainability Report team at the following email addresses:

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Your opinion is important to us!

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Methodology note

GRI 102-10 GRI 102-45 GRI 102-46 GRI 102-48 GRI 102-49 GRI 102-51 GRI 102-54

In 2015, the first issue of the Sustainability Report

(hereafter also the Report), the “issue 0”, **was published**, and the two companies Banfi Società Agricola S.r.l. and Banfi S.r.l. started their reporting pathway, in a joint document, with the publication in 2016 of the “issue 1”, based on the GRI (Global Reporting Initiative) guidelines which was handed out to all stakeholders.

Over the years, Banfi has renewed its commitment, increasing compliancy to the reference guidelines; in 2017, with the second issue of the Sustainability Report, the GRI G4 “core” level of the guidelines was achieved, while in 2018 the new GRI STANDARD guidelines were adopted, again maintaining the “Core” level. This year, in continuity with the prior fiscal year, the fourth issue of the document was developed, again in line with the GRI STANDARD guidelines, “Core” level.

The contents of the document were identified by the company management and reported in line with the standards referred to in the GRI guidelines. As for the previous issue, in accordance with the materiality principle, the most important topics for the Company and its stakeholders have been reported, in order to represent in a complete and balanced manner, the sustainability context in which Banfi operates.

The data and information are conveyed, to the most possible extent, in a clear language, offering complete, timely and over time comparable information, indicating also relevant figures for previous years (2018 and 2017). Finally, the data collection process aims at guaranteeing data accuracy and reliability.

This document is the result of an articulated pathway which transversally has involved the entire organization which is committed to the collection and verification of data and information to be reported.

Presiding over the entire process, the Company appointed a specific committee, in charge of the consolidation and the final verification of the data, with specific strategic and supervision functions for the project.

The data was collected using the current company information systems, in addition to specific available internal documents and other official sources.

The reporting cycle is annual, and the reporting perimeter includes Banfi Agricola S.r.l. and Banfi S.r.l. Please note that a consolidated financial statement is not prepared for these companies. The relevant economic and financial data is acquired from the individual financial statements

The list of reported indicators and their inclusion in the Report are shown in the GRI Content Index presented at the end of the document.

No significant changes in dimensions, in the structure, in the ownership or in the supply chain of the organization have occurred in the reporting period.

In the course of 2019, the data base used to calculate indicators was fine-tuned, and this led to an update of historical data included in the tables. These variations are not significant with regard to the analysis of trends and the comparison with the Reports for previous years. No variations in the perimeter of analysis and objectives have occurred compared with the Reports for previous editions.

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