Sustainability Report 2020

The doors of respect

"The doors of respect are the instrument of our commitment. Everything we choose or we exclude responds to our desire to preserve and expand an ethical and dynamic culture of better wine, for Italy and for the world.
These doors are open to responsible innovation, new cultural protocols and the creation of virtuous value strongly rooted and connected to its wonderful territory of origin.

for a better wine world

LETTER FROM THE FAMILY

"It is our fondest desire that this project will be good for the people of Montalcino, good for Italy, good for America and good for all people who love fine wines.

John F. Mariani

GRI 102-14

Dear Colleagues,
Dear Readers,

The annual release of this report is always an opportunity to reflect on our team's accomplishments, the company's progress and contributions to the **industry**, the **territory**. Yet, this latest release capturing the year 2020 is even more meaningful. Unprecedented to say the least, it was a year that has shaken businesses large and small to their core and marked society in an unforgettable way. With restrictions prohibiting travel and new regulations at every turn, we have all been forced to pivot, to shift, to communicate differently and more often, and to find our way forward. It has indeed been a year full of opportunity to reflect on what matters most, evaluate where we are, where we're going.

It is with great pride that with this release we reinforce our commitment to sustainable growth. As an organization, we demonstrate an understanding that **sustainability is not a trend**, nor is it an option. It is a discipline that guides business and personnel decisions across all of our functions and markets. For Banfi, it is one of our strongest founding principles and we remain humble stewards of this philosophy as year after year, our concept of sustainability expands and how it manifests into our operations solidifies.

This philosophy being put into practice is what creates **Banfi's authenticity** and is what attracts consumers and travelers to us from around the globe. It creates trust – and therefore, something to believe in and experience. More than any single element of our program, I am most proud of how Banfi continues to prioritize the commitment demonstrated in this report. As we look ahead to brighter days, I am confident that we will continue to push boundaries, evolve with a continued emphasis on sustainability throughout the organization and establish meaningful growth as a leading wine producer, luxury hospitality destination and global brand.

Cristina Mariani-May

LETTER FROM THE TERRITORY

“Among the founding values of our company, together with Pioneering, Research and Sharing, there is, above all and first of all, the value of Respect.

Dear Stakeholders,

Among the founding values of our company, among the values that better than others distinguish and represent us, together with Pioneering, Research and Sharing, there is, above all and first of all, the value of Respect.

An important, authentic and emblematic value of our path which has belonged to us since the beginning, and which tells us about a **balanced and productive relation with the territory hosting us and about a genuine interaction with the people we work together with, and the institutions we hold a daily dialogue with.**

And Respect is, ultimately, the *leitmotiv* of this 2020 report, the key to understanding and analyzing all the good which was done and how much durable and visionary was planted in this difficult year.
A year, heavily impacted by the still ongoing pandemic crisis, that has literally overturned all our production processes, our strategies, our company results. But that, at the same time and with the same force, has demonstrated, in all its evidence, the resilient strength of our brand, the spirit of sacrifice and the passion of our associates, the loyalty of our market.

The effects of the crisis caused by Covid-19, a different crisis that all the systemic crises faced until now, certainly a more global and transversal crisis than the others, will have lasting and probably structural repercussions on human and corporate behavior patterns. Some are ready to bank that nothing, after this crisis, will be as before, and we are already experiencing, confirming this assumption, a decisive change of social behavior and, lastly, of purchase patterns, with an even more connected, informed consumer, mindful of social issues. Consequently, a constant and continuous alteration, also in our company, we can say a progressive adaptation, to better intercept and manage the ongoing change, coherently with our history and with our values.

More omnichannel and capillary distribution will be needed and more empathy, dialogue and interaction with the customers and consumers in these difficult times, but also more attention to quality, communication and perception. A change which is necessary and probably already was ongoing before the crisis, which the pandemic only accelerated, defined and made undelayable. A way, dynamic and intelligent, to sustain the future which is then our greatest resource.

Apart from Covid, 2020 also was a year which was marked by the achievement of important company results, starting exactly from the origin of all, from the

farmland and from its generous crops. **The agricultural processes, in fact, were those which were less or not all conditioned by the sad contingencies of 2020**, with agriculture which went on its way, offering us another exceptional vintage, which has been confirmed 5 stars, just now as we are writing to you.
A year, 2020, which then has further reaffirmed the quality of our "core" production, our wines, consecrated, as never before, by the Italian and international critics, with important ratings and judgments, as a leading estate, which reward years of work and longstanding passion.

Important was also the return, after years of absence, of **the prestigious Michelin star to our Sala dei Grappoli restaurant**, an award and a recognition of our quality and of the respect of a territory and its fruits and a further recognition of the excellence of our engagement.
Important, then, was the determination to keep, all our "territorial" – social, cultural and educational - activities alive, as they best express our strong, permanent and "respectful" bond with the environment surrounding us and with the local community.

Fundamental in this sense has been the role of Fondazione Banfi, increasingly more central in the scientific and research activity and increasingly more coherently integrated with the activities of the parent company.
Looking to the work done on the Sustainability Report, this year we submitted the contents of the document to a limited audit on behalf of PricewaterhouseCoopers Advisory S.p.A., leading company operating in the sector of accounting audits and corporate consultancy. The results of this activity can be found at the end of the document, in the assurance letter. However, that is not all.

As we are aware that almost always form is substance, we, lastly, are pleased to announce that, from this year, the Sustainability Report is presented with a new graphic design which, thanks to a more current, dynamic and approachable look, is aimed at providing you with a more pleasant and interactive reading experience.

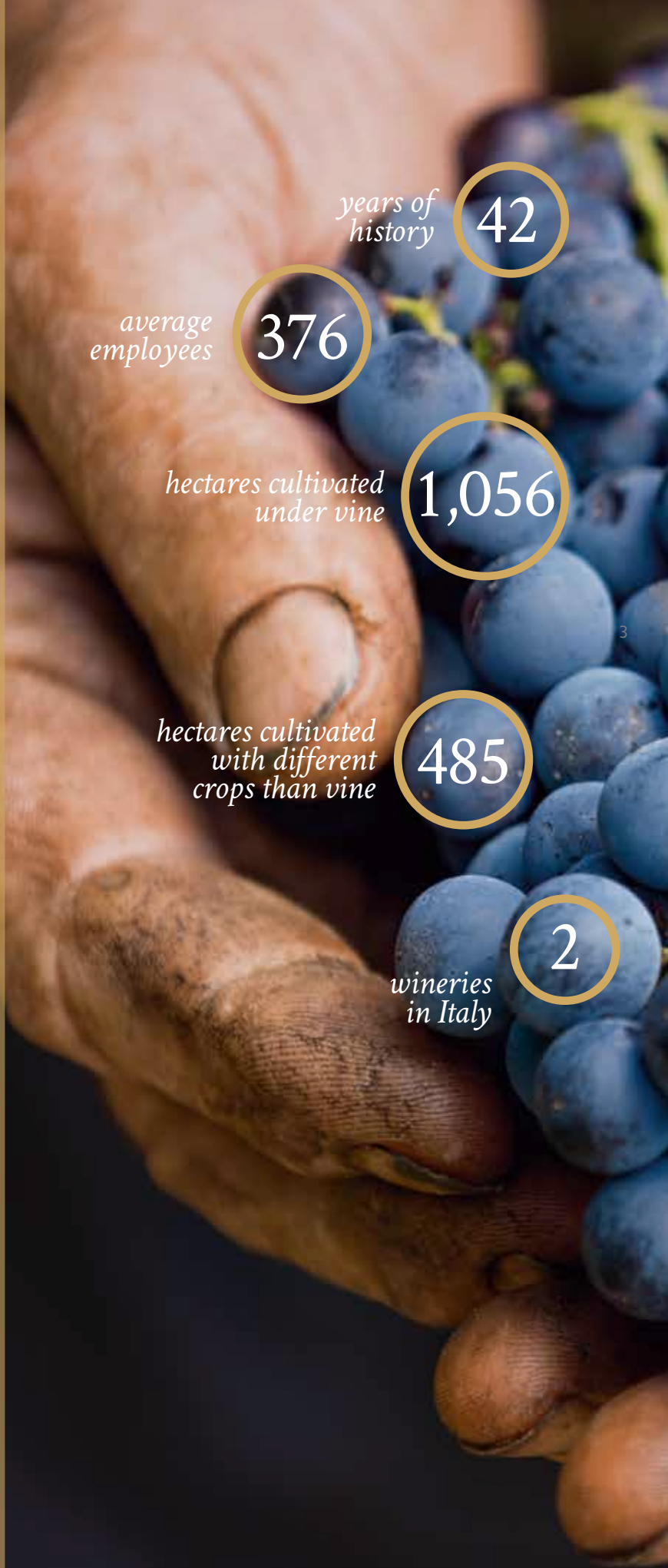
With this wish and with special thanks to those who are committed every day to advancing this project, we hope that you enjoy reading this report, better yet if with a good glass of wine within reach!

Remo Grassi
President
Banfi Società Agricola Srl

Rodolfo Maralli
President
Fondazione Banfi

Enrico Viglierchio
President & General Manager
Banfi Srl

HIGHLIGHTS



years of history **42**

average employees **376**

hectares cultivated under vine **1,056**

hectares cultivated with different crops than vine **485**

2 *wineries in Italy*

average bottle volume produced in recent 3-year period

11.3 m

total aggregated turnover

43.3 m€

95%

distributed value in recent 3-year period

100

countries worldwide where our wines are enjoyed

1

Relais&Châteaux hospitality facility

1 Michelin star for the "Sala dei Grappoli" restaurant

VISION

We envisage a global and connected world, where differences represent prosperity. The products of our land, to be defended and valued, are the best expression of human work and talent.

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.

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“Sustainability is the production philosophy of our company

Enrico Viglierchio,
President Banfi Srl

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WHO WE ARE

As a company, we are profoundly attached to our territory of origin which has been able to play an undisputed leadership role in creating the extraordinary worldwide success of Brunello di Montalcino.

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 Wine Resort.

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.

Castle of Poggio alle Mura

OUR VALUES

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 shares the vision of Earthday.org and the action programs.

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 Srl and Banfi Srl 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.

Pioneering

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.

THE STRATEGIC SUSTAINABILITY PLAN

With the purpose of developing an increasingly structured and long-term approach in managing sustainability topics, in the course of 2018 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 connectedwith 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.

The topics of the Plan are related to the following SDGs

Our stakeholders

- **Human resources**
- **Agents**
- **Customers, consumers and guests**
- **Suppliers**
- **Competitors**
- **Union organizations**
- **Journalists and bloggers**
- **Shareholders**
- **Capital providers and financial institutions**
- **Public institutions and consortia**
- **Local community**
- **Environment**

Strategic Sustainability Plan

TOPICS

- PERSONAL GROWTH AND EVOLUTION
- HIGH QUALITY AND PROGRESS
- SAFEGUARD AND DEFENSE OF THE ECO-SYSTEM
- GROWTH IN THE TERRITORY AND COOPERATION

STAKEHOLDERS

VISION

- Guarantee professional development and wellbeing at work, enhancing individual skills and attention to change.
- Invest in farming techniques, technological innovation and research to support the quality evolution of the product and technical and scientific progress.
- Develop a sustainable production system to safeguard the environment and biodiversity, capable of containing the environmental impact.
- Represent a reference for the development of the territory and of the local community, through commercial initiatives and public outreach of knowledge.

ACTIONS

INVEST

in professional development

in technical professional training

SUPPORT

research and public outreach of knowledge

technology and experimental vineyards

INCREASE

attention to energy consumption and used materials

variety of landscape and crops

DEVELOP

sustainability report for the territory

relationships with associations

SDGs

Strategic goals

TOPICS	OBJECTIVES	TARGETS	TIMING	KPIs
TERRITORY Growth in the territory and cooperation	**1. Develop Sustainability Report of the Territory**	1. Activate conversations with Agencies, territorial Institutions and reference Associations (p.e. Local Agencies, Consortia, Universities, other producers, etc.) 1.1 Compile first Sustainability Report of the Montalcino territory	2021 2025	1. To be defined in function of results of conversations
PEOPLE Personal growth and development	**2. Facilitate balance between work and private life** **3. Intensify company training**	2. Regulate remote working, providing the opportunity for staff to use this instrument as a normal work mode 3. Plan specific training on sustainability topics	2021	2. Regulation of management of remote working 3. Number/type of activated courses
ENVIRONMENT Protection and defense of the ecosystem	**4. Measure emissions and absorptions of CO_2** **5. Optimize energy consumption**	4. Develop calculation of company Carbon Foot Print and of absorptions of CO_2 of estate forestland 5. Launch energy analysis project with Repower for the facilities in Montalcino and Strevi 5.1 Define an energy consumption efficiency plan	2021 2021 2022	4. Quantity of generated and absorbed CO_2 5. To be defined in function of analysis results
QUALITY High quality and progress	**6. Certify company sustainability practices**	6. Achievement of EQUALITAS certification for Banfi Società Agricola Srl (in Montalcino) 6.1 Achievement of EQUALITAS certification for Banfi Srl (in Strevi)	2021 2022	6. To be defined in function of results of conversations

OUR HISTORY

1978

Founding of Banfi, thanks to the determination of the Italian-American brothers, John and Harry Mariani

1979

Founding of Banfi Piemonte, in the territories between Novi Ligure and Acqui Terme

1980

Beginning of the estate zonation project, highlighting the interaction between genotype and environment, allowing for the optimization of the introduction of various varieties in the most suitable locations

1982

Beginning of the clonal selection process, with the identification of specific clones of Sangiovese, with better adaptability to the pedoclimatic conditions and to the enological requirements

1983

Acquisition of the Castello di Poggio alle Mura estate which, thanks to important restoration, becomes the central element for the development of the hospitality department

1984

Dedication of the winery in Montalcino, conceived to preserve the maximum integrity and richness of the grapes. The winery is also equipped with a water treatment plant

2005

Banfi obtains the SA8000 certification on corporate social responsibility

2006

Banfi obtains the BRC and IFS certifications to guarantee the quality and safety of food products

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

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 transportation and for CO_2 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

1986

Establishing of Fondazione Banfi with the purpose of promoting, disseminating and enhancing the philosophy and culture of vitivinicultural practices

fondazione banfi

1992

Introduction of new pruning methods, allowing to increase quality in certain specific varieties

1998

Creation in Montalcino of the Jazz&Wine Festival, an event uniting the world of music and the world of wine, which becomes part of the enhancement of the territory and of the local community, always at the center of attention for Banfi

2001

Banfi obtains the ISO 9001 (quality management system) and the ISO 14001 (environment management system) certifications

ISO

2002

Introduction of the new «Alberello Banfi» trellising method, allowing to optimize the management and quality of red varieties, reducing the use of water, fertilizer and pesticides

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

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

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 industry through the study of the variety which is the symbol of the Montalcino territory

OCCUPATIONAL HEALTH & SAFETY OHSAS 18001

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 Wine Resort becomes a member of the prestigious Relais & Châteaux family, the association gathering gourmet restaurants, boutique hotels, resorts and villas

RELAIS & CHATEAUX

2020

The Sala dei Grappoli restaurant is awarded a Michelin Star, the highest recognition in the restaurant industry

OUR TERRITORIES

Hectares

GRI 102-4

vineyards
30

Brachetto d'Aqui DOCG
Alta Langa DOCG
Gavi DOCG
Asti DOCG
Barbera d'Asti DOCG
Monferrato DOC
Dolcetto D'Acqui DOC
Moscato d'Asti DOCG
Piemonte DOC

vineyards
5

vineyards
15

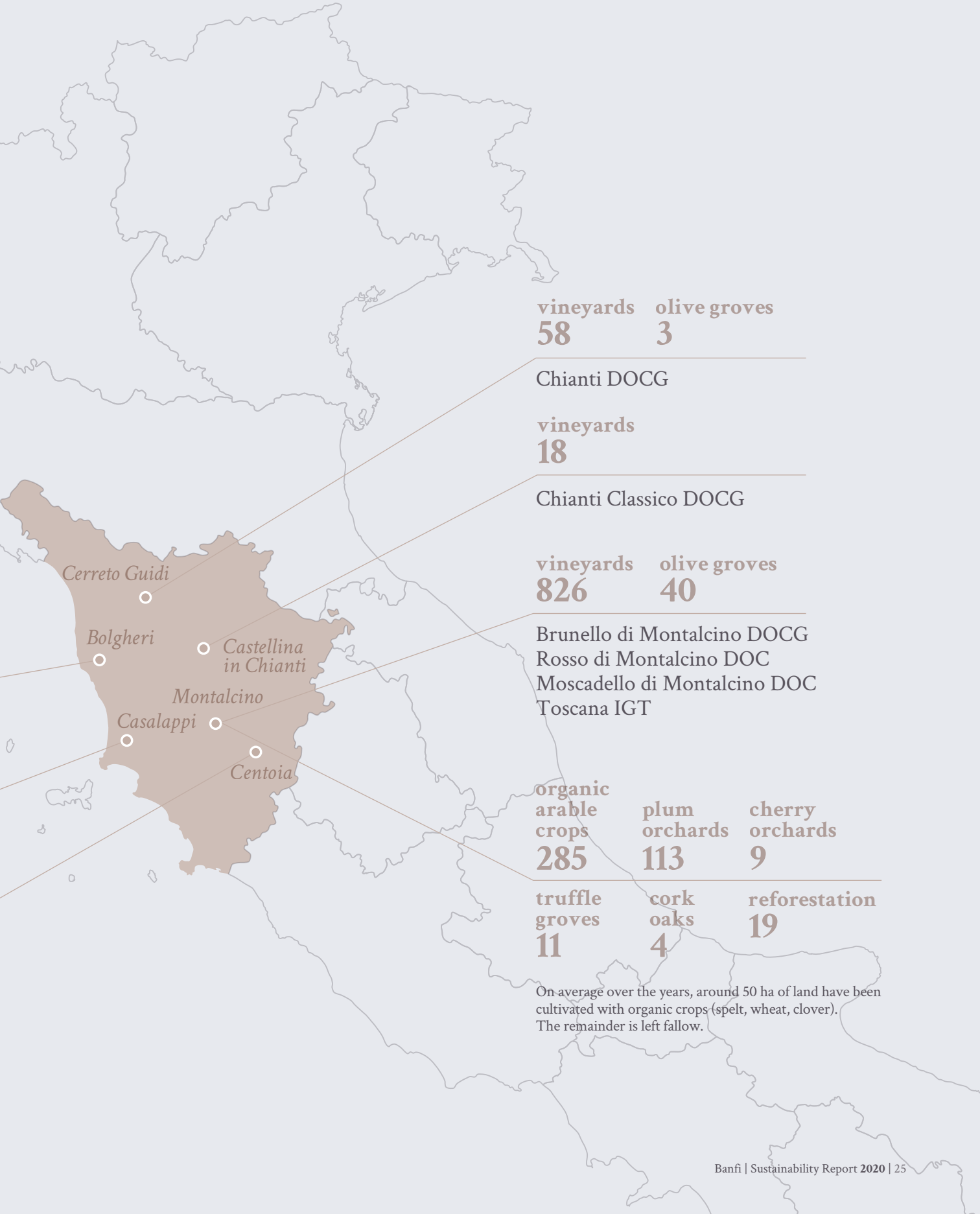
Bolgheri DOC

vineyards **olive groves**
85 **1**

Toscana IGT

vineyards
19

Toscana IGT



vineyards 58
olive groves 3

Chianti DOCG

vineyards 18

Chianti Classico DOCG

vineyards 826
olive groves 40

Brunello di Montalcino DOCG
Rosso di Montalcino DOC
Moscadello di Montalcino DOC
Toscana IGT

organic arable crops 285
plum orchards 113
cherry orchards 9

truffle groves 11
cork oaks 4
reforestation 19

On average over the years, around 50 ha of land have been cultivated with organic crops (spelt, wheat, clover). The remainder is left fallow.

OUR PRODUCTION

Wines from Tuscany

GRI 102-2

Bolgheri Costa Toscana

Aska - Bolgheri DOC
La Pettegola - Toscana IGT

Supertuscans

Belnero - Toscana IGT
Cum Laude - Toscana IGT
Summus - Toscana IGT
Excelsus - Toscana IGT

Toscana IGT

Col di Sasso - Toscana IGT
Collepino -Toscana IGT
Fumaio - Toscana IGT
Le Rime - Toscana IGT
Badalei - Toscana IGT
Cost'è - Toscana IGT
Stilnovo - Governo all'Uso Toscano - Toscana IGT

Novello

Santa Costanza -Toscana IGT

Chianti Collection

Fonte alla Selva - Chianti Classico Gran Selezione - DOCG
Fonte alla Selva - Chianti Classico - DOCG
Banfi - Chianti Classico Riserva - DOCG
Banfi - Chianti Classico - DOCG
Banfi - Chianti - DOCG
Banfi - Chianti Superiore - DOCG

Centine Style

Centine Rosso -Toscana IGT
Centine Bianco -Toscana IGT
Centine Rosé -Toscana IGT

Montalcino Red Wines

Castello Banfi - Rosso di Montalcino - DOC
Castello Banfi - Brunello di Montalcino - DOCG
Poggio all'Oro - Brunello di Montalcino Riserva - DOCG
Poggio alle Mura - Rosso di Montalcino - DOC
Poggio alle Mura - Brunello di Montalcino - DOCG
Poggio alle Mura - Brunello di Montalcino Riserva - DOCG

Montalcino White Wines

San Angelo - Toscana IGT
Fontanelle - Toscana IGT
Serena - Toscana IGT

Dessert Wines

Florus - Moscadello di Montalcino - DOC

OUR PRODUCTION

Wines from Piedmont

Metodo Classico & Charmat Method Sparkling Wines

Banfi Brut - Metodo Classico
Cuvée Aurora - Alta Langa - DOCG
Cuvée Aurora Rosé - Alta Langa - DOCG
Cuvée Aurora- Alta Langa 2010 Riserva 100 mesi - DOCG
Tener - Vino spumante
Tener Extra Dry - Vino spumante
Be Pop - Asti Secco DOCG

Sweet Sparkling Wines and Dessert Wines

Asti Spumante - Asti – DOCG
Rosa Regale - Brachetto D'Acqui – DOCG
Sciandor - Moscato d'Asti – DOCG

Red Wines

La Lus - Piemonte – DOC
L'Altra - Barbera d'Asti – DOCG
L'Ardì - Dolcetto d'Acqui – DOC

White Wines

Principessa Gavia - Gavi – DOCG
Principessa Gavia Perlante - Gavi – DOCG

BANFI
Brunello di Montalcino
CASTELLO
BANFI

100
MESI
100
MESI
CUVÉE AURORA
Alta Langa
DOCG
Riserva
2011
BANFI

POGGIO
ALLE MURA
BANFI
BANFI
PRUGNE SECCHE
BANFI

&WINE
NTALCINO
PASTA DI SEMOLATO DI GRANO DURO
Spaghetti
BANFI
PASTA DI SEMOLATO DI GRANO DURO
Mezzeriche
BANFI

fresh plums

174,191 kg

Senatore Cappelli wheat

11,200 kg

Banfi production: beyond wine

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 all organically farmed field crops, in addition to spelt, **Cappelli durum wheat is cultivated which is used for the production of Banfi pasta**, for use in the hotel and restaurants and the exclusive sale at the wine shop.

Since 2019, there is also a **small production of honey**, which was increased in 2020, by extending the hives from 10 to 40. In addition to pasta and honey, a historical product, **the Condimento Balsamico Etrusco**, a balsamic vinegar, is made which is also reserved for the hotel and restaurants and the sale at the wine shop.

cherries

16,248kg

spelt

23,300kg

Plum tree blossoming

CASTELLO BANFI WINE RESORT

"**Castello Banfi Wine Resort**" 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 with a pool bar and a gym which can be enjoyed outdoors or in-room, based on personal preferences.

Rooms are composed as follows:

Deluxe Riserva

2 40m²

Junior Suite

7 55-65m²

Classic Suite

3 70-80m²

Suite Riserva

1 75m²

Suite Poggio all'Oro

1 110m²

Junior Suite

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.

The offerings of "Castello Banfi Wine Resort" Relais & Châteaux are completed this year by providing guests with **six itineraries, immersed in nature,** calibrated on various distances and levels of difficulty, ideal for walking, running or taking advantage of the e-bikes available at the hotel. It will be possible to access this service also thanks to the development of a dedicated app, to be downloaded directly on a smartphone.

2020

The Sala dei Grappoli restaurant is awarded a Michelin Star, the highest recognition in the restaurant industry

RELAIS & CHATEAUX *2019*

Castello Banfi Wine Resort becomes a member of the prestigious **Relais&Châteaux family**

L'Enoteca - wine shop

“What I read in the report, in my eyes is experienced every day at our company

Remo Grassi,
President Banfi Società Agricola Srl

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OUR STAKEHOLDERS

GRI 102-40 GRI 102-42 GRI 102-43

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.

STAKEHOLDER	MATERIAL TOPICS		
	Enhancement and development of the territory	Enhancement and development of human resources	Safeguard of the environment
Human resources	✓	✓	✓
Agents	✓	✓	✓
Clients, consumers and guests	✓		
Suppliers	✓	✓	✓
Competitors	✓	✓	✓
Trade unions			✓
Journalists and bloggers	✓	✓	✓
Shareholders	✓	✓	✓
Capital providers and financial institutions	✓		
Public institutions and consortia	✓	✓	✓
Local community	✓	✓	✓
Environment			✓
SUSTAINABLE DEVELOPMENT GOALS	8, 11, 12	4	6, 12, 13, 15

		NATURE OF THE RELATIONSHIP	ENGAGEMENT TYPE
Protection of quality			
	✓	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.
	✓	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 long-standing relationship with the Company.
		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..
	✓	Strong cooperation and innovation incentive.	Relationships with suppliers are managed with periodical meetings depending on business needs.
	✓	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.
		Strong cooperation and innovation incentive.	The trade unions, with the workers' union representative, are involved in the periodical meetings of the Social Performance Team.
	✓	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 two formats: by activating specific meetings, such as attending events, fairs or at production sites such as wineries, and by developing initiatives on social networks.
	✓	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.
		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.
	✓	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.
	✓	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.
		Reduction of impact and enhancement in the reference territory.	Protection of the environment is implemented by developing specific initiatives which can implicate, case by case, the encounter with the other stakeholders of Banfi

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.

22
analyzed topics

18
relevant topics

8
sustainable development goals

Banfi in Piedmont, Strevi winery

MATERIALITY MATRIX

TOPICS	AREA OF IMPACT	SUSTAINABLE DEVELOPMENT GOALS
Enhancement and development of human resources	SOCIAL TOPICS	4
Consumer education	SOCIAL TOPICS	
Shortage of skilled labor	SOCIAL TOPICS	
Corporate welfare	SOCIAL TOPICS	
Diversity	SOCIAL TOPICS	
Performance assessment	SOCIAL TOPICS	
Developing and promoting good practices in the industry	SOCIAL TOPICS	
Attracting talents	SOCIAL TOPICS	
Maintaining employment levels	SOCIAL TOPICS	
Protection of the environment	ENVIRONMENTAL TOPICS	6, 12, 13, 15
Climate change	ENVIRONMENTAL TOPICS	
Biodiversity protection	ENVIRONMENTAL TOPICS	
Intensity of cultivation	ENVIRONMENTAL TOPICS	
Support for wine production	ECONOMIC TOPICS	
Generated economic impacts	ECONOMIC TOPICS	
Corporate value	ECONOMIC TOPICS	
Brand	ECONOMIC TOPICS	
Protection of quality	ECONOMIC TOPICS	2, 6, 12
Enhancement and development of the territory	TRANSVERSAL TOPICS	8, 11, 12
Logistics	TRANSVERSAL TOPICS	
Supplier selection	TRANSVERSAL TOPICS	
Fight against fraud and forgery	TRANSVERSAL TOPICS	

MAIN INITIATIVES DURING THE YEAR

GRI 102-44

Between January and February, four meetings with the **sales force** were organized, grouping the agents from a specific geographic area in each meeting. The goal of the meetings, which took place over three days, was to listen to requests and proposals from the sales force and to share projects and initiatives the company has activated. It was a moment of discussion during which the sense of belonging to the company played a fundamental role in developing dynamics among the participants. Among the topics which arose from the meetings the importance of communications as a central element of development of relationships and the attention to the training of the individual resources are to be highlighted.

In February, "The Measure of Sustainability" meeting took place in Rome, organized by the **Agriculture Commission of Parliament**, at the New Meeting Room of Parliamentary Groups. Representatives, among other, of the Ministry of Agriculture and Forest Policies, of the Ministry of Environment and Protection of Land and Sea and of the Association for Sustainable Development attended the conference. For Banfi, it was an opportunity to express, based on its case history, its vision of sustainability. Furthermore, the conference photographed the topic of sustainable development, underlining how, despite the extent of the introduced actions, progress towards the implementation of the SDGs is happening at an insufficient speed, thus representing a criticality in the transition towards a sustainable development.

During March and April numerous meetings took place with the **trade unions** to confront the emergency determined by the pandemic. The goal of the meetings was to share the best modalities to manage the aspects pertaining to the new work organization in the light of the restrictions introduced by the regulations which came forth. The management of these aspects was also confronted in the context of the meetings of the **Social Performance Team**, attended always by the union representatives.

The Italian Alliance for Sustainable Development (**L'Alleanza italiana per lo Sviluppo Sostenibile** - ASviS) is created on February 3, 2016, on the initiative of the Unipolis Foundation and the University of Rome "Tor Vergata", to increase awareness in Italian society, in economic entities and institutions of the importance of **the 2030 Agenda for sustainable development and to mobilize them to implement the SDGs** (Sustainable Development Goals).

The Social Performance Team is a "mixed" work group, introduced by SA8000:2014, composed of workers' representatives for SA8000 and management representatives. This team plays a crucial role in the implementation of SA8000.

https://asvis.it/

In October, we participated in a project, sponsored by four organizations, among other the **Santa Chiara Lab of the University of Siena**, to promote the alignment of the food industry with the Sustainable Development Goals (SDG). The interview with Professor Angelo Riccaboni, Chairman of the Santa Chiara Lab offers an in-depth analysis of this project.

SANTA CHIARA LAB
Università di Siena 1240

Santa Chiara Lab is the Center of the University of Siena for Interdisciplinary Innovation activities: a place of dialogue and hybridization of knowledge, a facilitator of relations between the business world and academia, a space for transversal training, community and sharing.

https://santachiaralab.unisi.it/

Professor Angelo Riccaboni, former Dean of the University of Siena, **President of Santa Chiara Lab of the University of Siena and of PRIMA Foundation** (Partnerships for Research and Innovation in the Mediterranean Area).

The Siena Advanced School on Sustainable Development, in an integrated manner, addresses the topics of environmental, economic and social sustainability with interdisciplinary planning, focused on monitoring the results and promoting tangible solutions, starting from examples of success.

https://sienadvancedschool.unisi.it/it/

Interview with Angelo Riccaboni

Q

The subject of sustainable development is increasingly more relevant. Prof. Riccaboni, you, together with Prof. Giovannini, spokesperson of ASVIS, Alliance for Sustainable Development, are the coordinator of the Siena Advanced School on Sustainable Development. Can you share with us your vision on the state of implementation of the sustainable development goals, in particular goal number 2 which is directed at food safety, improvement of nutrition and promotion of sustainable agriculture?

A

In general, we can say that all countries, and Italy in particular, still have a long way to go toward the achievement of the goals set for 2030. In the annual report of SDSN, the network on sustainable development, led by Jeffrey Sachs, Italy is placed 29th in a ranking which see the top positions all covered by European countries. As a matter of fact, Europe distinguishes itself as the continent which is working, more than all others, on these topics today and is advancing its commitment also with the development of a new regulation on the subject.

Regarding in particular, the SDG number 2, if we look at nutrition, we certainly note obvious criticalities which are common to all countries of the Mediterranean area and refer to malnutrition. Malnutrition which in these areas translates to phenomena of overweight and obesity.

On the subject of agriculture, we observe some positive data regarding the diffusion of practices of organic agriculture: in Italy, the percentage of land managed under organic agriculture is almost double the European average, we are around 15%. The major criticalities can be seen, on the other hand, in the use of chemical fertilizers and pesticides and fungicides with a very marked use of these products. A situation, therefore, which presents many aspects for improvement, in order to conform with the 2030 Agenda.

Q

Ursula von der Leyen, President of the European Commission, has manifested the determination to make Europe the first continent with zero climate impact by 2050. Frans Timmermans, executive Vice President of the European Commission, affirms that the coronavirus crisis has shown the importance to restore a balance between human activity and nature. Prof. Riccaboni, which actions is the European Union implementing to reach the goals of the 2030 UN Agenda? What is the meaning of the expression "European Green Deal"?

A

In the difficult contingency of this period, we must consider a very important and certainly positive fact: the commitment of the European Commission to address the environmental and social issues which are emerging in such a resounding way. The new Commission took office exactly when the perception of these issues was animated and therefore, Europe intervened, reinforcing and consolidating an already present setting.

The European Green Deal was created from this commitment, an initiative involving sustainability at 360 degrees and seen worldwide as a leading example. From this point of view, it is interesting to watch how certain countries, such as China, Japan and the United States, recently have committed again to carbon neutrality goals, to be reached, according to the cases, between 2050 and 2060. And this is certainly also the result of the pressure placed by Europe. The perception is that, and this is new in recent years, there is an increased understanding that these actions are associated to the economic development and the country that will be the leader in these matters will also be the economic leader. China, for example, has experienced this to be true, with regard to the industry of photovoltaic panels where today it is the undisputed leader.

Regarding the Green Deal again, we reiterate that this initiative, to be implemented, must be declined in many acts and this will not always be easy. Therefore, it will be important to understand up to which point it will be possible to reach the ambitious goals that are set. Certainly, facing the global challenges with this programmatic setting represents the best starting point to make a difference in these matters.

Europe first continent with zero climate impact

by 2050

Farm to Fork strategy

Q

An extensive and articulated program in which great emphasis is placed on a sustainable food system. What does the Farm to Fork strategy consist of and who is it for? What is the main return of this intervention on the agri-food industry in Italy?

A

In recent years, the awareness has arisen that it is possible to obtain a more sustainable world, also thanks to a more sustainable agriculture, or better, to a more sustainable agri-food industry. Until recently, especially in our country, this awareness did not exist. The same way climate change impacts on agriculture, today we understand that the agri-food industry impacts negatively on the environment and health. The non-sustainable way of producing degrades the soils and this sets the conditions for spillover, as we have seen happening with the coronavirus; a non-sustainable nutrition translates to obesity and overweight, and this exposes people affected by Covid19 to higher risks and complications.

So, therefore, in the European Green Deal we find a space dedicated to the agri-food industry which materializes in the Farm to Fork strategy. It is a very articulated structure, a program with a regulatory system which, if it is implemented as it has been written, will condition our lives for years to come. Just think that, in the initial lines that describe Farm to Fork, it is made clear that European food will become the worldwide benchmark for sustainability.

To achieve this ambitious goal, Farm to Fork defines very important targets with regard to the reduction of pesticides and fungicides and the increase of organic agriculture. The companies will have to endow themselves with a governance which will be able to support sustainability over time. So, clear goals and specific previsions, but also the awareness of being in the center of a global market. The perhaps most important aspect of Farm to Fork is exactly this: making sure that these regulations do not go to the detriment of the competitivity of the European companies. To this purpose, Farm to Fork foresees the rule of reciprocity of the conditions, that is, on these matters, the other areas of the world must follow the same rules. If we want to make an analogy, this is what is already happening today with regard to the rules of the European Union on food safety which

are very stringent, but universally accepted and considered an essential standard of reference.

Q

Santa Chiara Lab, with the Barilla Center for Food and Nutrition (CFN) Foundation, the Sustainable Development Solution Network (SDSN) of the United Nations and the Columbia Center on Sustainable Investment (CCSI), has developed a project on sustainability of the agri-food industry. Prof. Riccoboni, can you illustrate the work that has been done up to now and which goals you intend to achieve?

A

From what we have seen so far, we have understood that agri-food companies are called upon to face a transition toward more sustainable productions. The project we developed originates exactly in this context, to support the companies in this passage.

For the initial phase of development of the project, we tried to understand what the companies do and to do so, the best way was to look at what the companies write in their sustainability reports. Therefore, to understand whether what the companies declared matches what in reality the companies do. From this analysis, we saw that in many cases, the companies have a tendency of being generic and of emphasizing only the "positive" aspects, they do not indicate concrete goals (and this aspect of the goals is fundamental) and the criteria that are adopted for the reporting of the data are not homogeneous. As an initial result, certainly, the need is evident to improve the reporting system.

For the second step of the project, it seemed important to us to define a different way of looking at the sustainability of the companies and therefore, based on what we experienced, we proposed a model of analysis which is based on four pillars: products which support sustainable food models, sustainable production practices, sustainability of the supply chain, being a good citizenship company in the territory. From this point of view, the effort is to standardize the modality of perusing and interpreting the reports.

Santa Chiara Lab

Agri-food industry sustainability project

Finally, considering that these criteria seemed efficient to us to understand sustainability, we are working on the third phase of the project which aims at making an ad hoc framework (not an "accounting" framework, such as GRI) available to the companies which helps them to analyze the elements which are actually important to focus their attention on. From our experience, in fact we realized that, very often, business owners do not have a 360-degree vision and it is necessary to make them understand that there are other aspects which must be considered to become sustainable businesses. Often, the attention of the companies is focused only certain specific topics.

Q

Banfi also was involved in your project, precisely in the "Four Pillars Framework" analysis. What does this phase of the project consist of, more in detail? Which goals have they set to achieve?

A

Exactly for the reason that an operating tool is set to be achieved, the discussion with the businesses is fundamental. So, we organized a series of conversations with prominent companies, such as Banfi, to improve the significance of the framework. Thanks to these encounters we discovered that the operational aspects for the different entities were so diverse that it was not possible to define a single framework and so we will develop four different sets: one for the agri-food companies, one for the vitivinicultural companies, one for the agricultural companies and one for the aquacultural companies.

Q

What are the next steps of this project?

A

To support the companies in the transition, it is necessary to work on multiple levels. We should start from the implementation of training for the companies on sustainability topics, so that sensitivity can be developed toward this new company vision. Then, propose and develop a framework, not only as a self-check model, but to identify the innovations which every company must introduce to implement the transition toward sustainability.

Finally, create a community of companies which pay attention to these topics, to measure and promote good practices, also thanks to a digital platform POI (Prima Observatory on Innovation) and which is currently already operational on topics of sustainability and innovation.

Q

Considering all aspects which have arisen so far and in light of your observation point, which are possibly the impacts, for the companies in the vitivinicultural industry, generated by the changes the European Union is advancing?

A

The topic which is strongly being perceived it that "the bar is rising". There is a much higher interest, than a while ago, in these topics and this is proven by what we observe thanks to the relations with the companies and by listening to the public opinion, investors and consumers. This world is expressing an attention never seen before and there is no comparison with the situation of only two years ago.

Today, there is a very strong pressure to commit. And here, we come back to what I was underlining before on the sustainability reports: the reports are a formal commitment with concrete goals. This is what the current context is asking for, what the young generation is asking for and what the future is asking for. We must not forget that an important part of the National Recovery and Resilience Plan is allocated to green and digital initiatives.

Only the companies that understand that this change is happening and that, furthermore, adopt solutions coherent with the fact that, as said before, the "the bar is rising", are the companies which tomorrow will have prosperity and a future.

PRIMA
OBSERVATORY ON INNOVATION

The Prima Observatory on Innovation (POI) is an "open" digital platform, gathering, promoting and narrating the project ideas of the researchers and the good practices of the innovative and sustainable businesses of the agri-food industry in Italy which have tangibly promoted experiences of environmental, social and economic sustainability.

www.primaobservatory.unisi.it

Alignment of businesses with the Sustainable Development Goals

The Santa Chiara Lab of the University of Siena, the Barilla Center for Food and Nutrition Foundation, the Sustainable Development Solutions Network and the Columbia Center for Sustainable Investment of Columbia University have been cooperating, since 2019, in the **Fixing the Business of Food** project, with the goal of providing support to businesses in the transition toward sustainable agri-food systems.

In this context, the **Four Pillar Framework** was outlined which allows to verify the alignment of the businesses with the Sustainable Development Goals of the 2030 Agenda, being based also on the discussions with businesses, investors and several international institutions.

The dimensions which were identified to understand whether a business is in line with the 2030 Agenda are as follows:

1. **Products and strategies** contributing to healthy and sustainable models. This dimension answers the question whether the businesses provide a contribution to the development of healthy and sustainable food models through their products and strategies.

2. **Sustainability of internal operations and processes**. The environmental and social impacts within the businesses are considered, considering both production processes, with particular attention to topics, such as the use of soil, water and energy, the climate altering emissions, the respect of human rights, as well as administrative processes, with reference to diversity, inclusion and dignified work conditions.

The Fixing the Business of Food initiative

aims at attracting interest on the main challenges, opportunities and responsibilities for the food industry, **finding ways of efficient sustainability toward the achievement of the 2030 Agenda,** adopted by all member states of the UN in 2015 and the Paris Climate Pact.

https://primaobservatory.unisi.it/en/homepage

3. **Sustainable supply and value chain**.
   This dimension reflects the role and responsibility of a business in the wider ecosystem it is part of, in the interactions with its supply and value chain, producers, customers, consumers and the industry it operates in. This allows to recognize the impact and the influence of the businesses beyond the perimeter of their direct and outsourced operations.

4. **Good company citizenship**. It is believed to be important, with this dimension, to verify how the businesses interact with the communities they operate in, in terms also of the internal governance system and of the compliance with the tax laws and local needs.

For each dimension, the Framework identifies several key issues, for a total of 19, several of which in common with more than one dimension.

The analyses, conducted so far, show that the businesses do not adequately cover the four dimensions of the Framework in their sustainability reports, insisting, usually, more on the quality of the products than on the relating impacts on health, with few references to the sustainability of the chain and the activities which can make them good citizens in the communities.

It also has become apparent that, among themselves, the businesses use heterogenous reporting and assessment criteria which make the necessary comparisons difficult. Lastly, the companies rarely define clear long-term goals.

Further information regarding "Fixing the Business of Food. How to align the agri-food sector with the SDGs" is available on the website https://www.fixing-food.com/

Four Pillar Framework

Products and strategy

contributing to healthy and sustainable models

Sustainability

of internal operations and processes

Supply and value chain

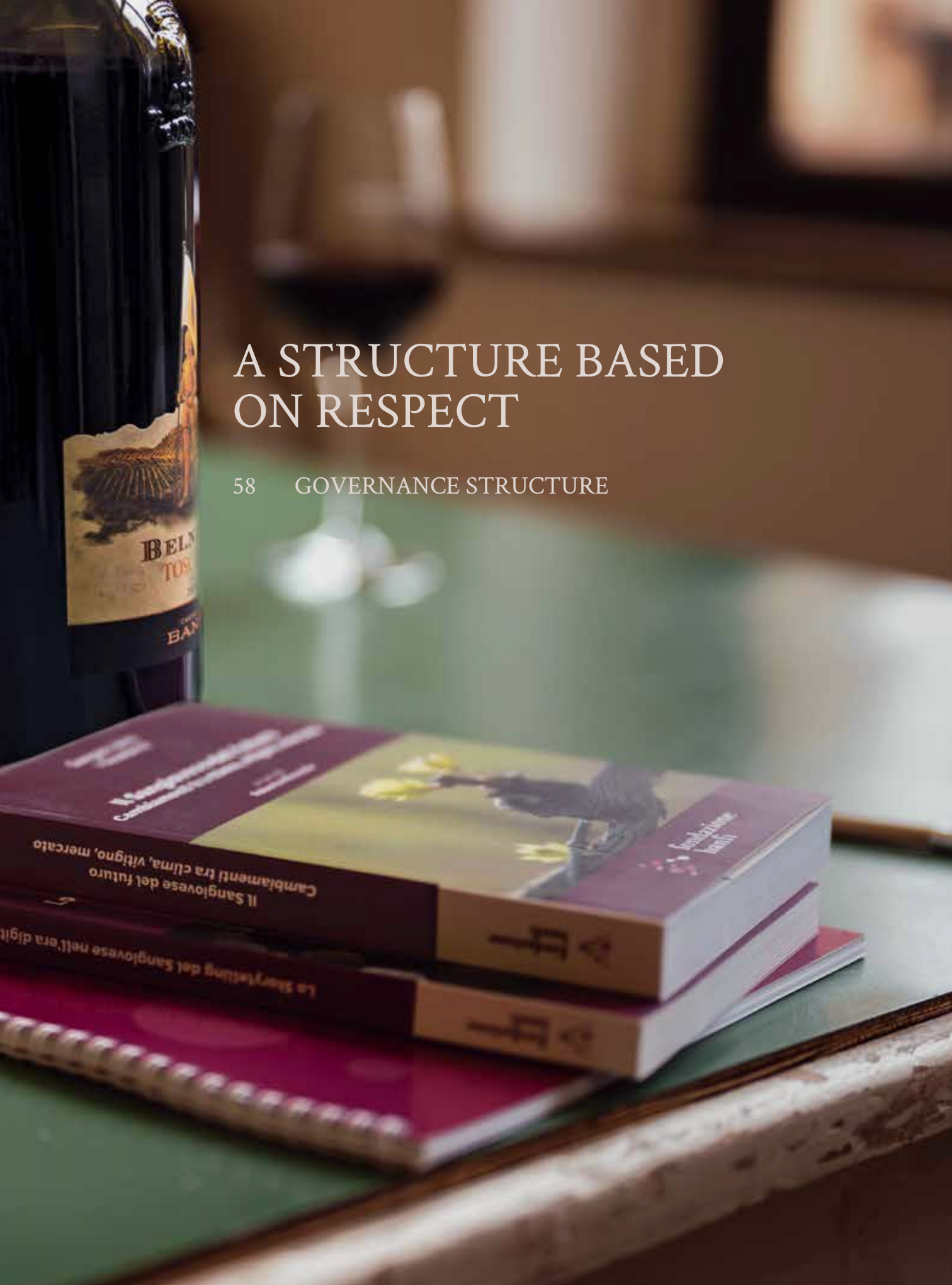
reflecting the role and responsibility of a business in the wider ecosystem it is part of

Good company citizenship

to verify how the businesses interact with the communities

“Sharing is part of our existence, and the institution of the Management Committee attests to this

Remo Grassi,
President Banfi Società Agricola Srl



A STRUCTURE BASED ON RESPECT

58 GOVERNANCE STRUCTURE

GOVERNANCE STRUCTURE

GRI 102-1 GRI 102-5 GRI 102-18 GRI 202-2

Banfi Società Agricola Srl

Board of Directors

Remo Grassi
President

Cristina Mariani-May
Director

Philip Calderone
Director

Enrico Viglierchio
Vice President

Statutory auditors

Francesco Bonelli
Sole statutory auditor

Marco Turillazzi
Alternate statutory auditor

Auditor

PricewaterhouseCoopers SpA

Supervisory board

Marco Turillazzi
Chairman

Lorenzo de Martino
Supervisor

Banfi Srl

Board of Directors

Enrico Viglierchio
President

Cristina Mariani-May
Director

Philip Calderone
Director

Remo Grassi
Vice President

Statutory auditors

Emanuela Giorgini
Sole statutory auditor

Marco Turillazzi
Alternate statutory auditor

Auditor

PricewaterhouseCoopers SpA

Supervisory board

Marco Turillazzi
Chairman

Lorenzo de Martino
Supervisor

Business Management

Banfi Società Agricola Srl and Banfi Srl are the two entities involved in the business management. Both companies are governed by a **Board of Directors** composed of four members, which are joined, in an advisory role, by John Mariani, the honorary president.

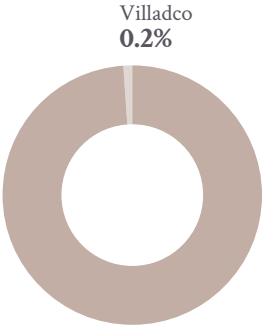
Specific operative proxies have been conferred to the **President** and to the **Vice President**, as well as specific proxies to certain executives for the management of their areas of activity. The companies have also appointed **sole auditors** and an **external auditor**, separating the activities of accounting control and of the balance sheet review. Lastly, both companies have appointed a **Supervisory Body** with specific assignments defined by the Legislative Decree 231/01, among which the supervision over the observance of the regulations of the Organizational Model 231, verifying its actual efficacy, as well as the possible need for an update.

The **Strategic Committee**, a body composed of four members operates in support of the Board of Directors and was established to assist the Board of Directors in defining the lines of strategic direction.

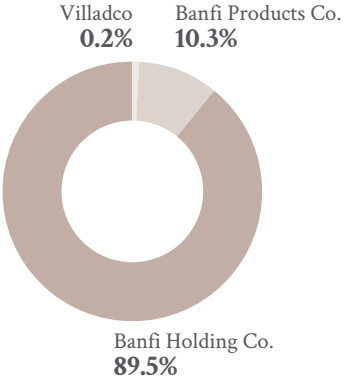
Among the governing bodies, the **Management Committee** plays a role of fundamental importance. This body assembles the managers of the various company departments with the goal of executing the lines of strategic direction and proposing new initiatives and innovations.

During 2020, the Management Committee was at the center of a profound renewal, subsequent to a more extensive project to redefine the company management which was carried out during the year. In a perspective of improving the management and communication procedures of the company, the Management Committee was increased in numbers, to include in addition to the department heads, also the managers with

Banfi Società Agricola Srl



Banfi Srl



more operative roles. The new composition foresees the presence of 22 members, 12 more than the original group, increasing the number of representatives from the following departments: administration, finance and control, communication, enology, information technology, logistics, marketing, production and sustainability.

The revision of the Management Committee represents a fundamental moment to affirm, once again, the importance of sharing of information to promote the improvement of the decision-making procedures and to develop its role as an executor of the strategy, assigning a central role to this body, as a reference in the company life.

Composition Management Committee

BANFI SOCIETÀ AGRICOLA SRL

Value expressed in numbers	2018	2019	2020
Local Senior Managers	1	1	5
Non-Local Senior Managers	1	1	2
Total	**2**	**2**	**7**

BANFI SRL

Value expressed in numbers	2018	2019	2020
Local Senior Managers	4	3	5
Non-Local Senior Managers	5	4	10
Total	**9**	**7**	**15**

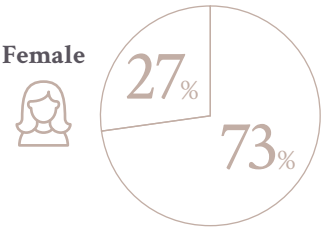
22 *members*
of the Management Committee

Management Committee

The Management Committee met 6 times during 2020.

The average age of the Management Committee **is 47 years.**

The composition of the Management Committee is



of which

59% hold a university degree

41% hold a college degree

The management of the Foundation

The company entities which are involved in the business management are joined by Fondazione Banfi, the institution which for over thirty years has been committed to promoting and disseminating the philosophy and the culture associated with the wine world. Its numerous activities are described in the dedicated paragraph.

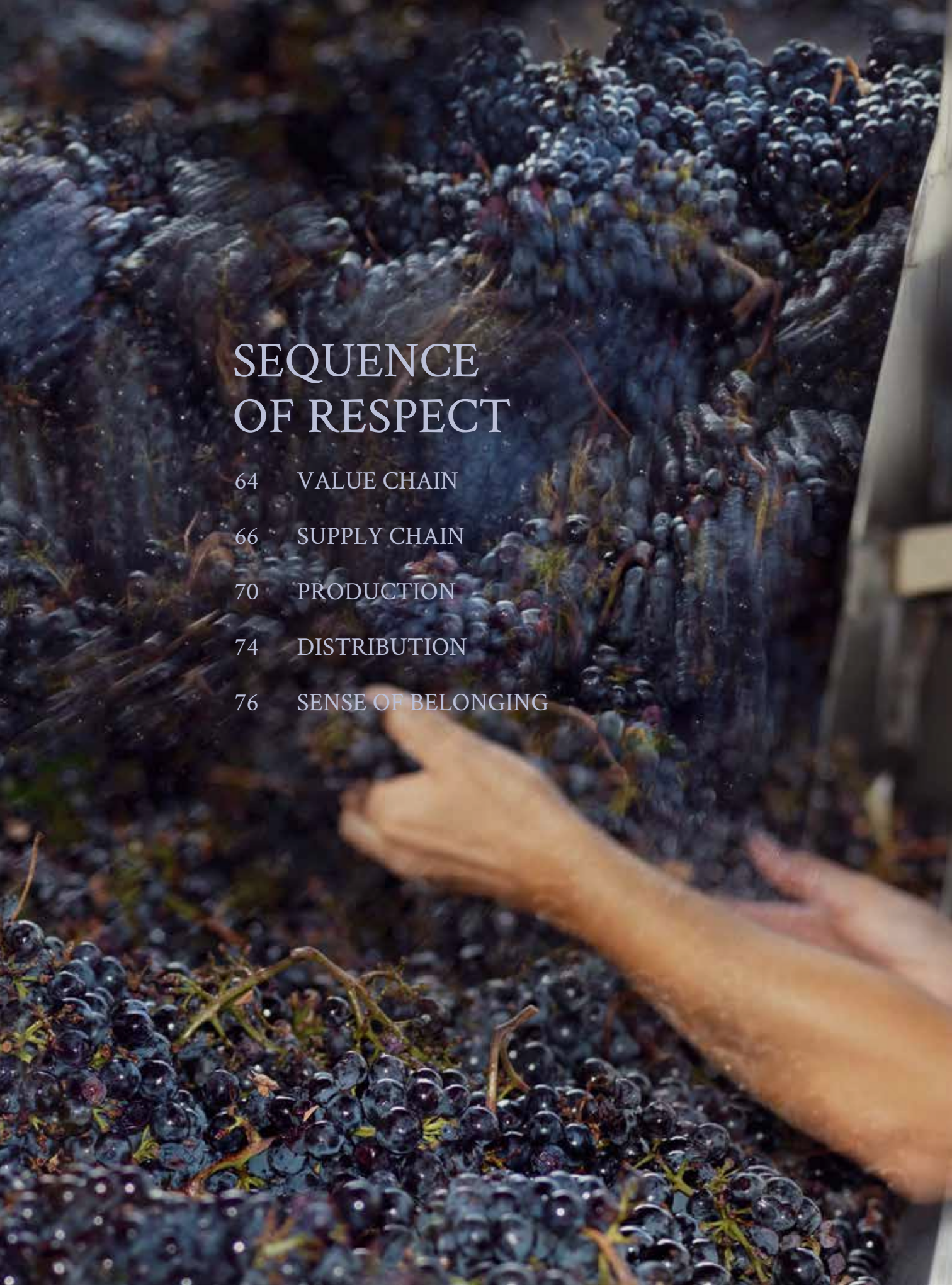
The foundation is governed by a **Board of Directors**, composed of seven members and assigned with the activities of ordinary and extraordinary management. The President is elected among the members of the Board of Directors and is vested with the role of legal representative of the foundation.

An important body then is the **Scientific Committee** which assists the Board of Directors in defining and executing the programs of the scientific and cultural activities promoted by the foundation.
Lastly, there is a **Board of Auditors** which carries out the control on the administrative and financial management.

7 members
of the Board of Directors

“We are a company open to innovation and sharing of knowledge

Rodolfo Maralli
President Fondazione Banfi



SEQUENCE OF RESPECT

64 VALUE CHAIN

66 SUPPLY CHAIN

70 PRODUCTION

74 DISTRIBUTION

76 SENSE OF BELONGING

VALUE CHAIN

GRI 102-2 GRI 102-7 GRI 102-9

Wine Division

Procurement

Suppliers
1,951

durable goods
consumables
services

raw materials
and semi-processed goods

finished products

of which
Local suppliers
528

Production

Cultivation
1,050
ha vineyards

Harvest
25,704
hours of grape-harvest

Vinification
9 *DOCG* **6** *DOC* **1** *IGT*

Bottling
5.8
million l
equivalent to
7.8
million 0.75
l bottles

Distribution

Turnover
41.7
million

Countries of distribution
100

Distributed brands
6

Sales agents
100

Banfi has always operated in agriculture, mainly in vitivinicultural production, and in hospitality, managing Castello Banfi Wine Resort.

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.

Hospitality Division

Procurement

Suppliers
226

durable goods
consumables
services

of which

Local suppliers
96

Production

Meals served
2,185

Distribution

Turnover
0.9
million

Restaurants
2

Hotel
1

SUPPLY CHAIN

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.

Wine Division

Agriculture

DURABLE GOODS	CONSUMABLE GOODS	SERVICES
farm vehicles	fuel	consultancy
vine cuttings	fertilizers	agricultural services
construction material for planting	pesticides	utilities
irrigation systems	ppe for workers	maintenance
	uniforms	

Winemaking

DURABLE GOODS	CONSUMABLE GOODS	RAW MATERIALS AND SEMI-PROCESSED GOODS	SERVICES
winemaking equipment	winemaking materials	grapes	consultancy
tanks	products for laboratory	bulk wine	utilities
casks	ppe for workers		maintenance
barriques			

Bottling

DURABLE GOODS	CONSUMABLE GOODS	SERVICES
bottling equipment	bottles	consultancy
warehouse management equipment	packaging	utilities
	packingmaterials	maintenance
	ppe for workers	

Distribution

DURABLE GOODS	CONSUMABLE GOODS	FINISHED PRODUCTS	SERVICES
trucks	pallets	other food products	transportation
semi trucks	shipping materials	wines to be distributed	utilities
	fuel		
	ppe for workers		

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.

Hospitality Division

Hotel

DURABLE GOODS	CONSUMABLE GOODS	SERVICES
furniture	food products	laundry
upholstered furniture	hygiene products	rental
electronic materials	consumables	utilities
	ppe for staff	magazine subscriptions
		maintenance

Restaurants

DURABLE GOODS	CONSUMABLE GOODS	SERVICES
furniture	consumables	laundry
equipment	food products	utilities
kitchen appliances	ppe for staff	maintenance

Wine Shop

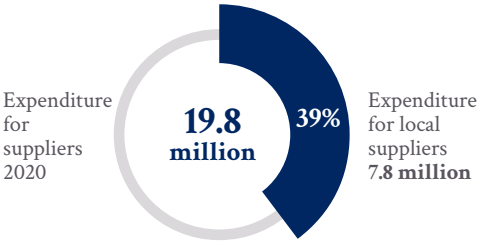
DURABLE GOODS	CONSUMABLE GOODS	SERVICES
furniture	food products	utilities
shop equipment	wine	maintenance
	ceramics	
	leather goods	
	ppe for staff	

Local suppliers

GRI 204-1

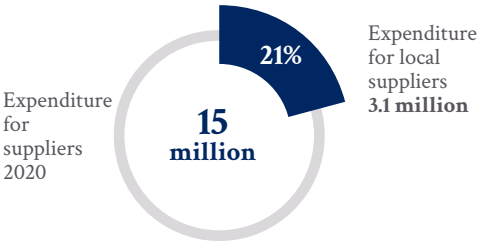
The graphs and tables below show how important local suppliers are for Banfi, considering their number over the total number of suppliers and the value of their supplies in proportion to the total value.

Local suppliers



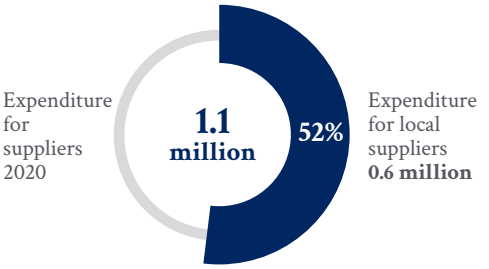
BANFI SOCIETÀ AGRICOLA SRL

Values expressed in numbers and %	2018	2019	2020
number of local suppliers	248	251	213
% of total number	38.6	35.8	34.3
% of total value	39.4	37.4	39.3



BANFI SRL

Values expressed in numbers and %	2018	2019	2020
number of local suppliers	550	500	411
% of total number	25.5	23.8	26.4
% of total value	18.1	21.8	20.7



HOSPITALITY BANFI S.R.L

Values expressed in numbers and %	2018	2019	2020
number of local suppliers	140	149	96
% of total number	36.3	39.1	42.5
% of total value	48.5	48	51.5

Biagiotti, Wrought Iron Pienza

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 CO_2 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.

Bâtonnage

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 2020, the grape production in Tuscany and Piedmont followed different trends regarding the harvested volumes: overall, on the Tuscan estates, there was a contraction of volume of approximately 15% with the most significant reduction in Montalcino, where as in the territories of Casalappi and Cerreto Guidi there was a substantial increase, also thanks to the new vineyards which went into production. On the contrary, in Piedmont, the production quantities recorded an increase of approximately 5%, vs. the previous year.

In both regions, there had been a rather mild winter with sparse rain, which was followed by a spring with abundant precipitations. **This allowed the grapes to reach perfect ripening, thanks to a warm and dry summer.**
In Tuscany, the production is concentrated over approximately 70% on red wines, with a predominance of Sangiovese (approximately 45%) which represents the most cultivated variety. Pinot Grigio, Vermentino and Chardonnay, on the other hand, are the most representative varieties among the white wines. 62% of the production is represented by IGTs, 31% by DOCGs and 5% by DOCs.

In Piedmont, the production is concentrated on white wines which in 2020 represent approximately 80% of the total, with a predominance of the varieties Cortese and Chardonnay. 65% of the production is represented by DOCGs, 24% by DOCs and 11% by Vino da Tavola.

Montalcino

is a pre-mountainous municipality of the province of Siena. It has a population of over 5000 and is set at an altitude of 567 meters asl. It is known worldwide for its production of Brunello di Montalcino, iconic wine of this territory.

Strevi

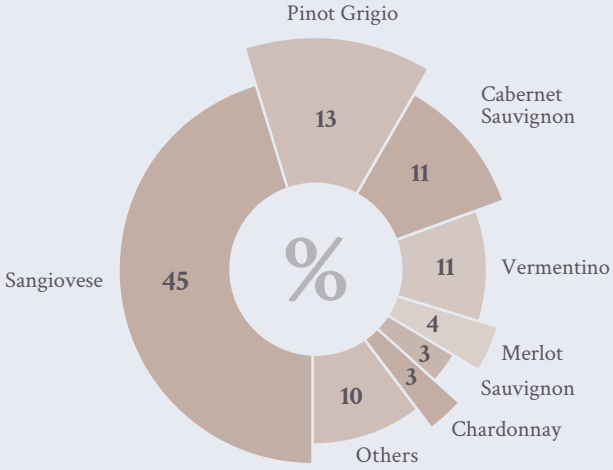
is a small municipality with a population of approximately 2000 in the province of Alessandria, set at an altitude of 150 meters asl. Its pedoclimatic characteristics have brought it to become important in the production of Moscato.

Banfi Società Agricola Srl

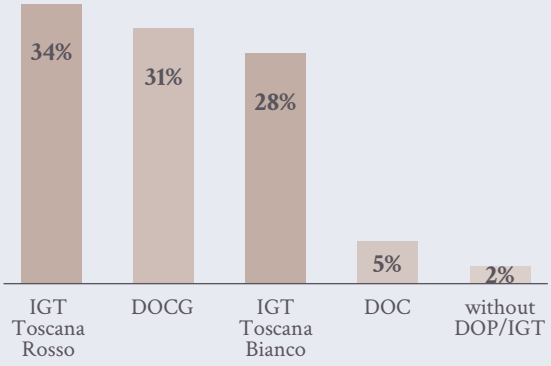
Q of harvested grapes

Tuscany

By variety



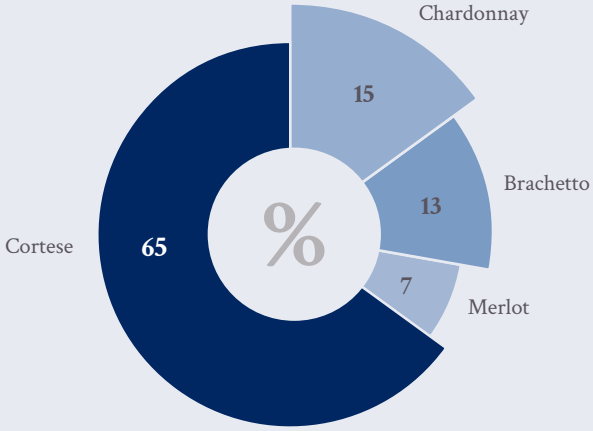
By appellation



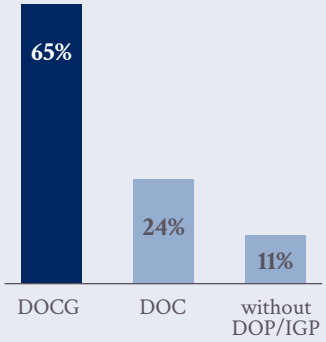
Banfi Srl

Q of harvested grapes

By variety



By appellation



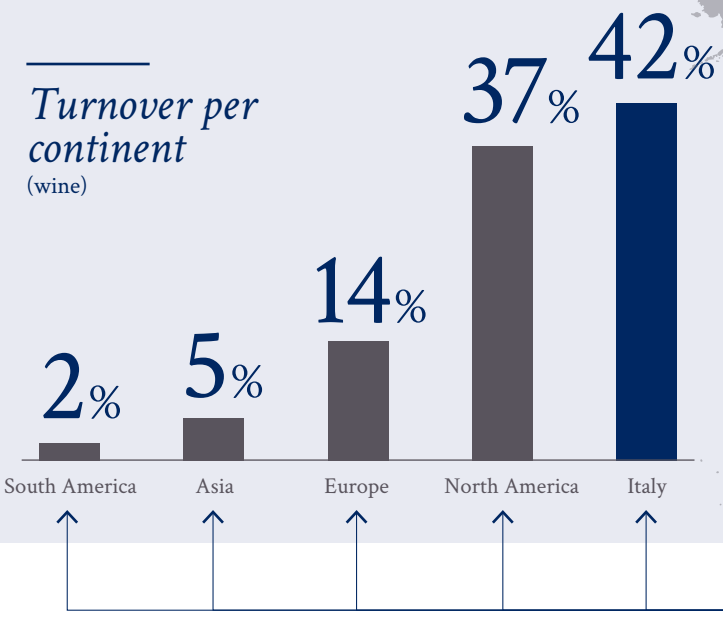
DISTRIBUTION

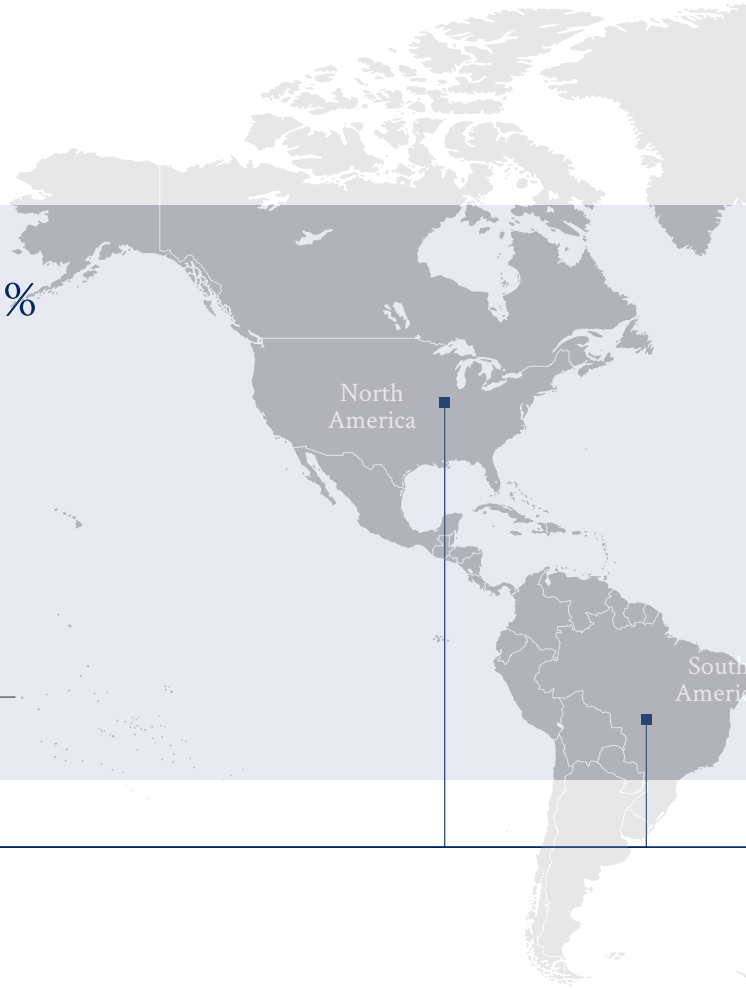
GRI 102-6

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 the Castle of 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.

Turnover per continent
(wine)

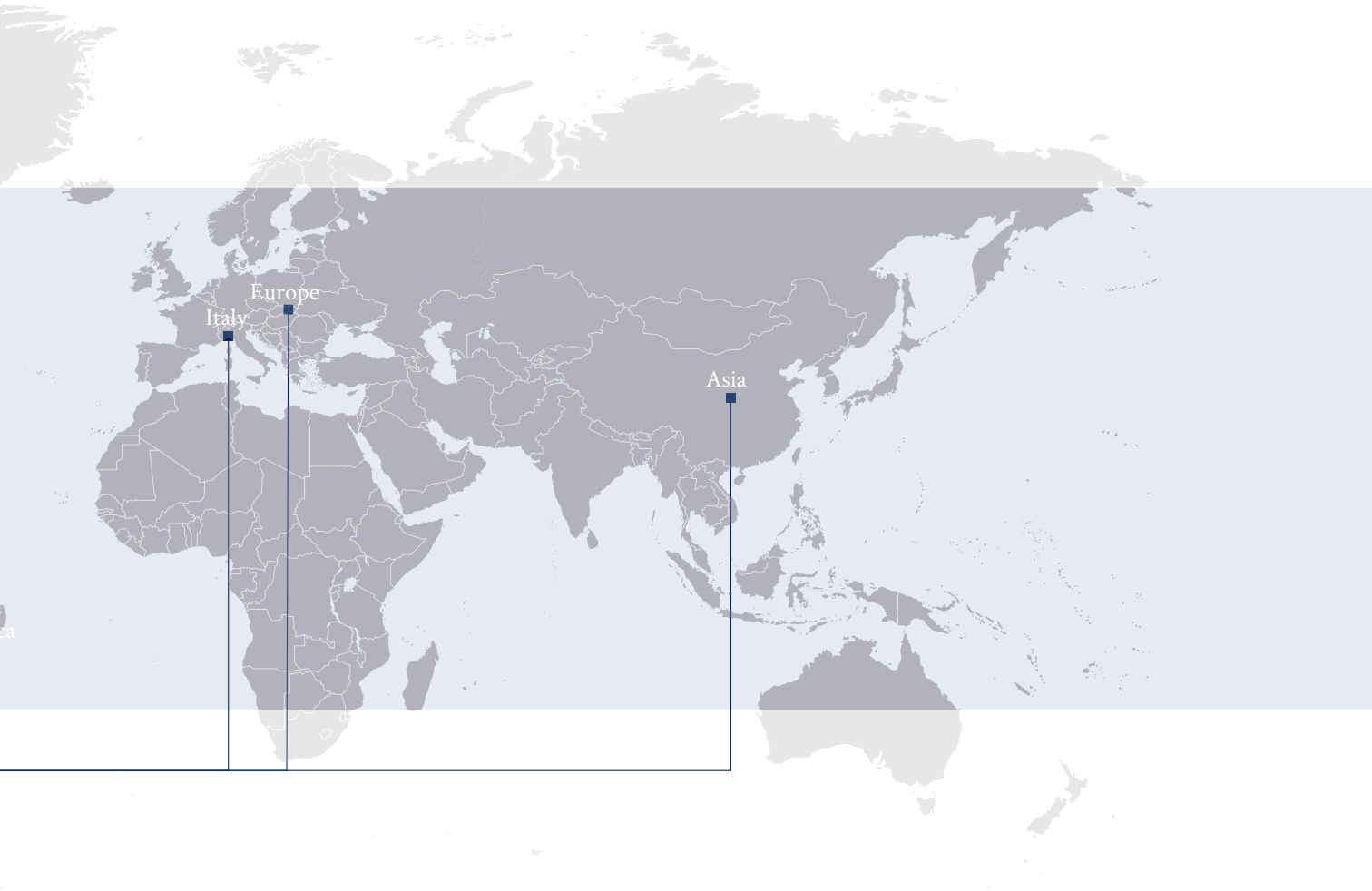




The particular care taken in selecting commercial partners is emphasized among the aspects of the ethical conduct of Banfi in the management of the distribution of its products and services. The company selects commercial counterparties which share and promote the fundamental principles in the fight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



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.

PROCUREMENT

496
Suppliers
who have worked for the Company for over 10 years **(23% of total suppliers)**

PRODUCTION

132
Employees
who have served in the Company for over 20 years **(35% of total)**

57
Employees
who have served in the Company for over 30 years **(15% of total)**

DISTRIBUTION

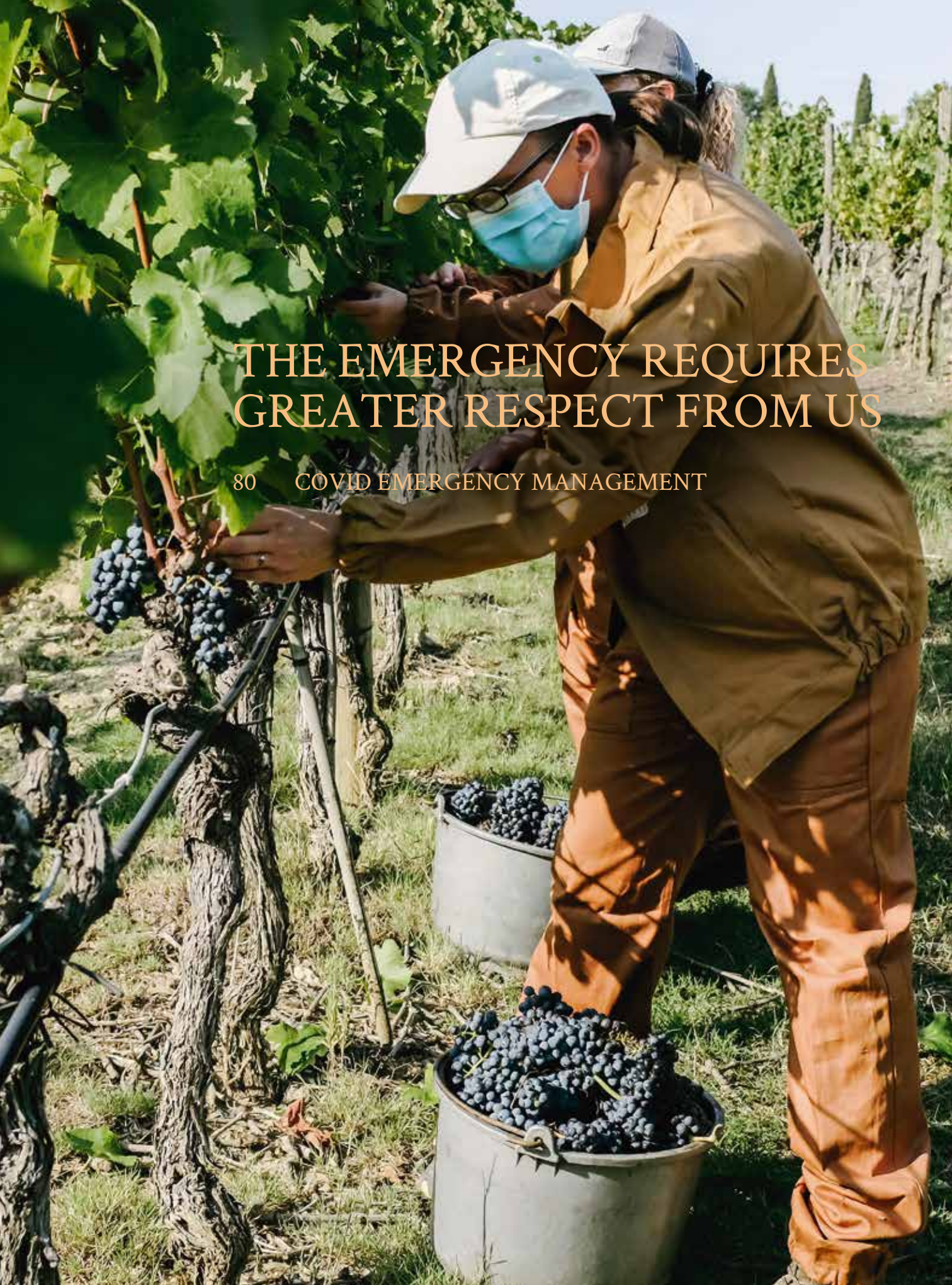
20
Agents
who have worked for the Company for over 20 years **(20% of total)**

4
Agents
which have worked for the Company for over 30 years **(4% of total)**

949
Clients
the Company has worked with for over 10 years **(18% of total)**

“This year has been a challenge. Our goal has always been to protect our people, our primary asset

Enrico Viglierchio,
President Banfi Srl



THE EMERGENCY REQUIRES GREATER RESPECT FROM US

COVID EMERGENCY MANAGEMENT

2020

closing of over 300,000 businesses

On January 30, 2020, the World Health Organization declared the Covid-19 epidemic an internationally relevant public health emergency of pandemic nature. The impact generated by the pandemic has had repercussions on the entire socio-economic system and has completely changed our normal routine, especially in the context of our interpersonal relations where distancing has become the rule to manage our cohabitation. A situation which has determined a collapse in consumption and has generated dramatic effects on the fabric of our national economy and production, resulting, according to the estimates of Confcommercio, in the closing of over 300,000 businesses in 2020.

Impact on the work activity

The situation determined by the pandemic has had repercussions on the wine division, but even more so on the hospitality division, conditioning the sales and influencing the management approach of the activities. This has resulted in a strong impact on the workforce, both in Tuscany and Piedmont, which has been managed also by accessing the Covid-19 furlough scheme, which the Government set up specifically to manage the emergency.

The **wine production division** was characterized by different scenarios in the following areas:

- the **agricultural operations** continued in line with the normal seasonal trend, without suffering significant criticalities. The agricultural staff managed the crops, with a normal engagement, as every year;
- the **transformation operations** were subject to a reduction of the workloads which resulted in a reorganization of the activities, also in consequence of the need to manage these activities according to an appropriate approach to prevent the spread of infections;
- the **bottling operations** were subject to even a higher impact which were confronted, in agreement with all union representatives, with a reorganization plan which resulted

Actions for the protection of workers

The legislative decree "Cure Italy" (LD March 17, 2020, no. 18) identified 4 principal scopes of intervention aimed at attenuating the impact of the shock caused by the Covid-19 epidemic: reinforcement of the health system and Disaster Relief; **protection** of jobs and salaries; **support** for the liquidity of businesses and families; **suspension** of the deadlines for the payment of taxes and social security contributions.

in the reduction of operations to a single work shift at the Montalcino winery. Subsequent to this change some workers were transferred to agricultural operations;

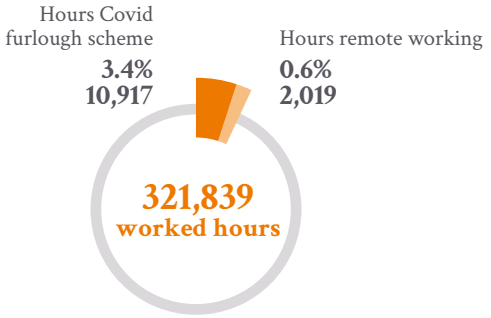
- the **sales operations**, especially with regard to the HO.RE.CA channel, but not only, were subject to strong repercussions which conditioned the operability of the sales agent network.

Regarding the **hospitality division**, the closing of Castello Banfi Wine Resort for the entire season and the restrictions to the restaurant operations, resulted in suspending the usually activated seasonal work contracts, the remodulation of the work shifts and the use of the furlough scheme. The restaurants "La Taverna" and "Sala dei Grappoli" continued their activity, when it was possible, in accordance with the orders set by the regulations disciplining these services during the pandemic.

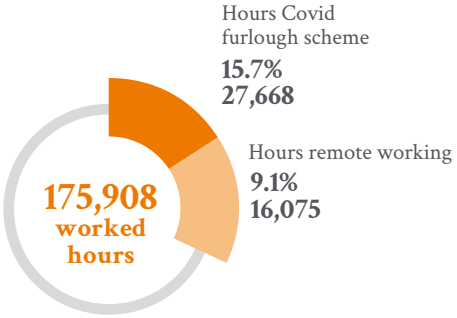
The definition of HO.RE.CA is a specific commercial sector, that is the **Hotellerie-Restaurant-Café** sector which refers to hotels; restaurant companies; and catering companies, restaurants and bars. Therefore, in this sense all activities related to on-trade, **non-domestic, consumptions are intended.**

COVID EMERGENCY

Banfi Società Agricola Srl



Banfi Srl



Messages from our sales agents in response to the company's affinity

"Your presence and sensitivity are qualities that are not very common.

Michelangelo Di Francesco

"Since a young age, I have always felt a part of this family, when my father Luciano would tell me about the Castello, its worldwide renowned wines, and he would bring me along to the first events, also locally.

With this decision you only confirm that at the center of every project is the individual, the person.

Daniele Ferretti

"The needs of many are more important than those of a few or of an individual and you thought of our needs and for this I will always thank you.

Severino and Vincenzo Ghidelli and families

Measures adopted in support of our stakeholders

Human resources

To confront the spread of the pandemic, actions were taken to protect the health of the workers, by adopting, first of all, all orders foreseen in the regulations which ensued, and which regulated the new work modalities. To this effect, the following initiatives were provided for:

- **creation of specific internal emergency committees** for each company and territorial context. The committees have a composition which embraces transversal skills to the business and deliberated with regard to the most important decisions, representing the primary reference in response to the emergency;
- **definition of specific company protocols** to manage the emergency, according to the company and relating division;
- compliance and implementation of the current **sanitization plan for all company divisions**;
- provision for all employees of **specific PPEs** and introduction of their mandatory use on behalf of the entire staff. In addition to installing plexiglass protections and dividers and the provision of hand sanitization systems for the entire staff, three thermo-scanners were installed to measure body temperature: one at the company reception office, one at the wine shop and one at the "Sala dei Grappoli" restaurant;
- identification of the best solution **to guarantee correct distancing in all company departments**. These assessments led to adapting and revising the common company areas, such as canteens and meeting rooms, as well as individual offices, considering a remodulation of the offices to provide for correct distancing. Where this was not possible a remodulation of the work activities was provided for;
- management of agricultural operations by adopting operational modalities **which allowed for the compliance with distancing rules and the protection of individuals**;

- **activation of remote working** for all employees who work in offices, to allow for work presence in compliance with the regulations. To facilitate the transition toward this new work modality a number of company instruments were purchased, such as laptop computers and various support instrumentation, in addition to specific software programs to conduct remote meetings. Internet connection services were also provided for, to support employees in transitioning toward this new work modality;
- management of the relations with suppliers in compliance with the outlined modalities to guarantee the health of the employees, **preferring the use of virtual meetings**;
- **activation of a corporate newsletter to facilitate the rapid and capillary transmission of information** to reach all employees, With the newsletter the regulations and protocols that were adopted to face the emergency were conveyed in a timely manner. This information was also published on the bulletin boards in the common areas of the company;
- **generation of new rules for the management of activities related to the public**, such as winery tours and tastings (i.e., limitation of the number of visitors per tour, redefinition of the tour itineraries, new modalities for the contact with food products);
- adoption of outlined measures for the **management of the restaurant operations** at the restaurants "La Taverna" and "Sala dei Grappoli".

Both companies decided to cut all bonuses outlined in the company incentive system. This decision involved the bonuses recognized by contract to the staff with managerial and executive roles. During 2020, all mandatory social security contributions for the workers were regularly paid, as Banfi decided not to avail of the right, included in the Cure Italy Decree, to postpone the payments. **Both Companies are recorded on the list of supportive Taxpayers which is published on the website of the Ministry of Economy and of Finance**.

"In terrible times such as these, unimaginable and still today incredible, as well as unacceptable, your message was a friend's hand on each of our shoulders, professionals/lions, yet injured and very scared by the immediate and by what is expecting us when our work will recover.

Marco Busalacchi

"In difficult times, that fondness and that distinctive ability to help one another which belongs only and exclusively to groups with a great interior strength in which the respect and the spirit of abnegation put the difficulties to the test which hit without warning and with an unprecedented violence.

Guglielmo De Martino

https://www.mef.gov.it/covid-19/tabella-contribuenti-solidali.html

Agents

An analysis by Federvini shows how 2020 closed with a dire -37.25% in volume and 39.29% in revue in the HO.RE.CA channels. Consumption in the evening (punished by the closings) declined over 43% in volume, while consumption during the day declined over 37%. In this scenario, bars held up better at -36%, restaurants fell -40% and the after-dinner scene -47%.

Customers

www.federvini.it/studi-e-ricerche-cat

At present, the executed measures have enabled to protect the health of the workers and guaranteed the continuity of the business, preventing the spread of infections in the workplaces. The commitment on this front will continue with equal determination until the emergency situation has not ended, and it will be possible to gradually return to normality.

Sales agents

As a tangible sign of affinity with the network of sales agents, in addition to the confidence in a recovery of the industry, Banfi offered the payment of the commissions for the second quarter of 2020 over an amount equal to 75% of the commissions that were liquidated in the same quarter of the previous year. The intention of this decision is to protect the workforce that sees its compensation associated solely to the sales results and for this reason, more than any other, is exposed to the crisis.

Customers

To sustain the absence of liquidity and the lack of work for its customers, Banfi has modified its credit management policy, offering in the most relevant cases a number of operating instruments to face the crisis, among which the acknowledgement of the debt with its rescheduling. With regard to sales, certain sales conditions were also revised to favor the restart of the activities during the summer.

Suppliers

The attention that Banfi dedicates to its suppliers has remained consistent also in this particularly difficult year, guaranteeing a timely compliance with the payment terms, also of the terms close to the end of the year. This has allowed our suppliers to count on a regular contribution of financial resources in these times of great uncertainty.
To further strengthen the loyalty built over the years, support the economic growth of the territory and sustain the production system, especially in a time of difficulty such as now, Banfi and Unicredit have developed, for the first time in the wine industry, an important project that is focused in particular on our suppliers.

The project foresees the use of the services of **reverse factoring** and **confirming**, to the benefit of the suppliers of Banfi who can obtain the immediate payment of their sales invoices from the bank, profiting from the credit rating

of Banfi who will take care, at the term, of the payment of the invoices directly to the bank. Thanks to this system, the suppliers will be able to optimize the management of the capital in circulation, by further diversifying the sources of financing. The use of the credit rating of Banfi, in fact, allows the suppliers to benefit from very convenient credit conditions, creating a competitive advantage for the entire system which will benefit from a higher liquidity and financial solidity.

The project, which has been under study for a few years, was signed off during the last months of the year, accelerating the timing specially to face the difficult situation generated by the pandemic. The official launch was scheduled for 2021, and is extended, for the time being, to a group of strategic suppliers operating in Montalcino, Bolgheri and the Chianti area and in the territories in Piedmont between Novi Ligure and Acqui Terme. The great effort sustained with Unicredit has allowed to identify the best application modalities of this service, adapting it to the unique features of the wine industry.

The attention and support toward the production chain and the territory are confirmed as fundamental topics for Banfi. The project with Unicredit represents, once again, the pioneering and innovating spirit which has always distinguished the company and many times has resulted in being a leader in different contexts. The commitment toward this project will be strengthened over the years, extending the number of suppliers that are involved and evaluating the possibility of replicating the same approach also with other financial institutions.

Suppliers

In 2021, **5 suppliers joined** the project, of which 2 were companies from the **packaging material sector**, **2 from agricultural services and 1 from construction.** The total average volume of purchases in 2019 and in 2020 for these suppliers was equal to **2.1 million Euro.**

“Today, more than ever, companies need transparency and openness

Gabriele Mazzi,
CFO & CIO Banfi Srl

RESPECT CREATING VALUE

88 ECONOMIC PERFORMANCE

90 GENERATED AND DISTRIBUTED ECONOMIC VALUE

91 TAX SYSTEM MANAGEMENT

ECONOMIC PERFORMANCE

GRI 102-7 GRI 201-4

During the 2020 fiscal year the company performance inevitably suffered the effects of the global economic crisis generated by the pandemic. The generalized block of the main markets heavily influenced the value of the annual sales of products, and the restrictions on mobility for reasons of tourism during the spring and fall led to the almost total suspension of the hospitality activities. Therefore, this situation caused considerable negative variations for all areas of company revenue.

The accounting principles were not wavered in the compilation of the 2020 Balance Sheet, **as provided for by the post-Covid regulations, in order to guarantee maximum transparency and comparability of the data.**

For Banfi Società Agricola Srl the recorded value of turnover, including sales to Banfi Srl, is € 25,853,382, with a reduction of 30.9%, vs. the previous year. The year 2020 also recorded a decline of 25% of the value of production which is attested at € 30,372,893.

Banfi Srl also records a reduction of the value of turnover, in this case minimally impacted by the relations with the sister company, which is attested at € 32,226,756, in decline by 38.3%, vs. the previous year. A reduction which is in correspondence with the value of production at € 33,486,674.

BANFI SOCIETÀ AGRICOLA SRL

Values expressed in Euro x 1 million	2018	2019	2020
Turnover	36.9	37.4	25.9
Net Assets	95.4	96.3	93.6

BANFI SRL

Values expressed in Euro x 1 million	2018	2019	2020
Turnover	53.2	52.2	32.2
Net Assets	24.0	24.4	20.5

Both companies continued to pursue a production strategy able to satisfy increasingly higher shares of the company necessities. This approach, together with a watchful spending policy with regard to the general supply costs, has allowed to

contain the negative impacts deriving from the pandemic and at the same time has protected the two company entities from the exposure to financial risk.

In 2020 again, government funding was received. In fact, a variegated form of subsidies and public funding is provided for the agricultural industry with particular reference to the modernization of facilities and crops. Furthermore, operating grants are provided for certain crops or work practices. In the chart the main government funding is reported, detailed by various forms and modalities.

BANFI SOCIETÀ AGRICOLA SRL

Values expressed in Euro x 1,000	2018	2019	2020
Funding	1,136	1,068	665
Deductions	-	-	-
Tax exemptions for contributions	1,325	1,358	1,254
Total	**2,461**	**2,427**	**1,919**

BANFI SRL

Values expressed in Euro x 1,000	2018	2019	2020
Funding	154	279	166
Deductions	13	13	-
Tax exemptions for contributions	39	27	40
Total	**206**	**319**	**206**

A further and more detailed analysis of all additional economic, financial and patrimonial aspects can be found in the balance sheets of both companies, which are deposited at the Chamber of Commerce and are available also on the company website.

GENERATED AND DISTRIBUTED ECONOMIC VALUE

Economic value for the stakeholders, but also high patrimonial and financial solidity.

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.

BANFI SOCIETÀ AGRICOLA SRL

economic values €/000	2018	2019	2020
Generated economic value	38,688	38,011	27,650
Operating costs	-28,676	-25,425	-19,602
Remuneration of personnel	-6,959	-7,142	-6,565
Remuneration of capital providers	-325	-386	-536
Remuneration of public administration	633	529	289
Investments in the community	-80	-88	-57
Distributed economic value	**35,407**	**32,511**	**26,471**
Retained economic value	**3,281**	**5,500**	**1,179**

BANFI SRL

economic values €/000	2018	2019	2020
Generated economic value	55,244	53,862	34,050
Operating costs	-45,121	-44,226	-28,671
Remuneration of personnel	-7,543	-7,737	-5,954
Remuneration of capital providers	-519	-402	-521
Remuneration of public administration	-450	-297	-37
Investments in the community	-133	-153	-38
Distributed economic value	**53,766**	**52,815**	**35,222**
Retained economic value	**1,478**	**1,048**	**-1,173**

TAX SYSTEM MANAGEMENT

GRI 207-1 GRI 207-2 GRI 207-3 GRI 207-4

Our approach to the tax system

The approach adopted for the management of taxes is strongly connected to the role that Banfi Società Agricola Srl and Banfi Srl (here forth also "Banfi") play within the business model that characterizes the Banfi Group. As a legal entity with legal headquarters and management in Italy, both Companies are subject to fiscal responsibility for the entire global income. The companies are also subject to limited fiscal responsibility abroad, with regard to the commercial relations with the US parent company.

The management of the fiscal strategy is based on the compliance with the applicable tax laws and is inspired by a good taxpayer behavior, recognizing the importance of the role played by both companies as businesses. These principles guide the approach in the definition, rather than of a strategy, of a general behavioral model as an inspiration and the basis of its economic success.
In compliance with the guidelines sanctioned in the Ethical Code, Banfi refuses any form of tax evasion and commits with the highest priority to the compliance with the laws and norms contrasting tax evasion and tax violations.
Both companies carried out their respective commercial activities in conformity with these requirements, in all jurisdictions and markets in which they operate. These principles and aspects of fiscal legitimacy are also taken into consideration in all company actions and decisions.
To guarantee a correct hold on tax matters, procedures and control systems have been put in place to identify and minimize tax risks, especially, resulting from the complexity of the economic circumstances which may implicate uncertainties with regard to the tax assessment of the relevant facts.

Supportive tax payer, that is transparency and cooperation.

With the clear intent of continuing on the pathway of transparency and truthfulness, the companies and their tax consultants interact constantly with the regulatory agencies, both with regard to ordinary activities, as well as during auditing activities, always providing support, as needed.

Tax governance, risk control and management

The responsibility for the compliance with the tax obligations lies with the Board of Directors which avails of the administrative organization for the execution and supervision of the tax reporting and the compliance with the regulations. Certain specific activities are fulfilled within certain company departments where professional knowledge is required on a particular topic.

The aspects pertaining to the risk control and management are superintended by the activity carried out by the Supervisory Body, by tax consultants, and also by the auditing company, by periodically activating control procedures and audits in cooperation with the dedicated company entities. The companies have also identified the tax risks which are managed and monitored in compliance with the tax policy regarding the risk management.
The tax reporting in the annual report is structured with the support and supervision of the tax consultants and submitted for verification on behalf of the auditing company in the context of the audit of the annual balance sheet.

Stakeholder engagement

The main stakeholders engaged in the management process of the tax system are: the tax consultants, the sole auditors, the Supervisory Body and the auditing company. These entities interact at different times and in different modalities in the context of the entire process and also engage external stakeholders to the companies, such as the competent government administrative offices (locally and nationally), by making specific requests for advice, consultations and any other necessary form of consultancy.

The specific information required by the indicator (GRI 207-4) can be found in the balance sheets of both companies, which are deposited at the Chamber of Commerce and are available also on the company website.

“The greatest strength of this company is its love for our territory”

Remo Grassi
President Banfi Società Agricola Srl

RESPECT FOR THE TERRITORY

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111 RELATIONSHIPS WITH INDUSTRY ASSOCIATIONS

OUR APPROACH

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

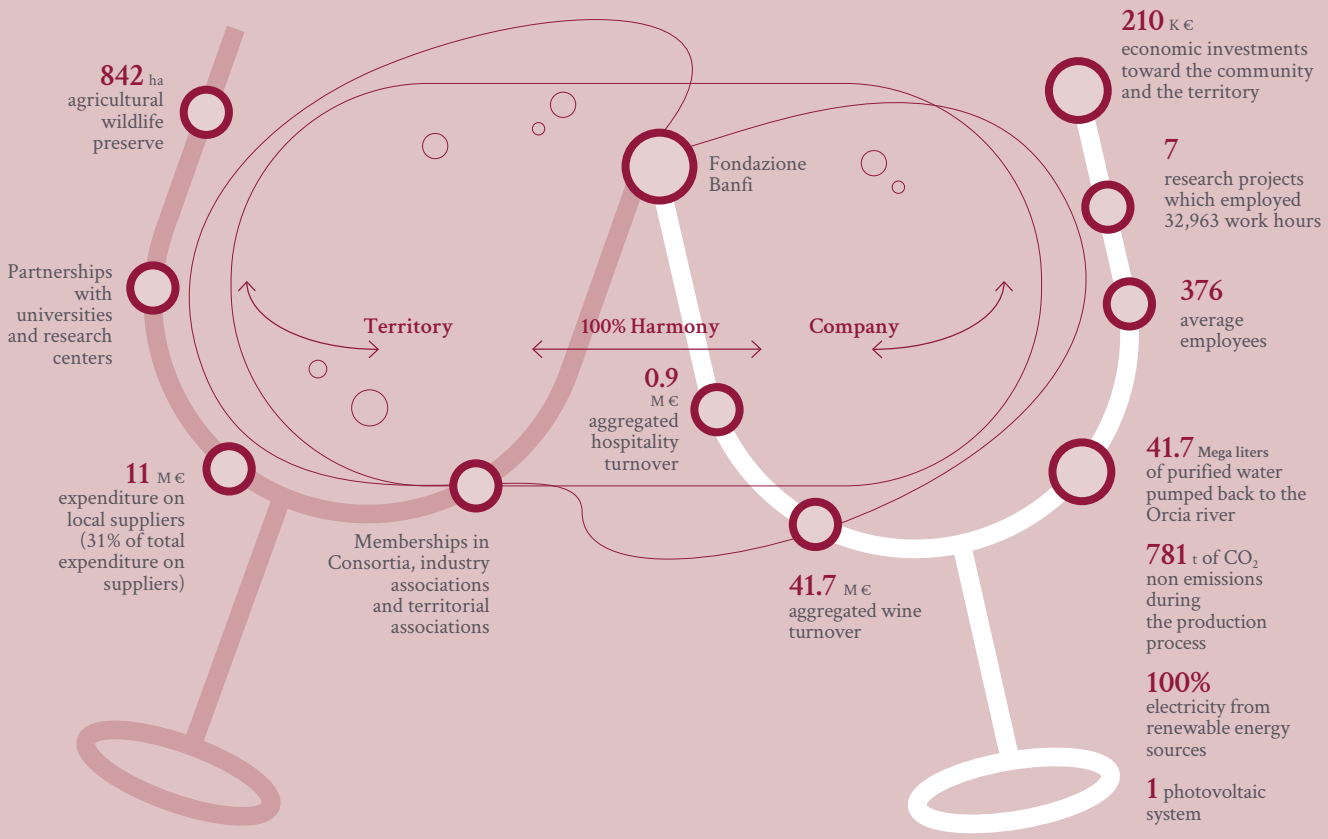
The constant presence in the territory by means of developing projects and activities which are repeated and renewed every year and the **high level of loyalty of employees and suppliers** provide constant feedback for assessing and monitoring our commitment to the enhancement and development of our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

CIRCUIT OF RESPECT

The territory in which Banfi operates is a unique and extraordinary set, made up not only of natural resources, but also of history, individuals, cultural endeavor and aggregation.

In this territory, Banfi has always acted with respect and care, affirming its value in harmony with all elements it is made of.

The care of the bond with the local community, the promotion of the territory, the participation in the associations, the love for research and experimentation and the central role of Fondazione Banfi are the main features which describe the over 40-year relationship between Banfi and the territory and which define the encounter between these two realities in the most authentic way.



A UNIQUE TERRITORY

As of 2008, the REGES project (Reduction of Greenhouse Gas Emissions) was initiated, with support provided by the Monte dei Paschi Foundation, and implemented by the University of Siena. **In 2011,** that is 4 years earlier than scheduled**, the ambitious goal of Carbon Neutrality was achieved with an abatement rate of 102%.**

Banfi began its journey in Montalcino over 40 years ago, a journey that has been rich in experiences, challenges, conquests, and extraordinary, as well as lasting, successes. Years that were an ongoing discovery of the incredible potential of this territory, an element to be sustained and enhanced with a constant commitment. In fact, the Montalcino territory represents an area over 31,000 hectares[1], of which only 3,500[2] are under vine. The majority of this vast area is covered by forest. A strong point which has contributed to **the province of Siena** becoming, since 2011, **"carbon neutral"**, that means that the greenhouse gas emissions from human activity are totally compensated by the absorption of CO_2 of the local forest ecosystems. Further to this important component, the territory is then distinguished by the presence of olive groves, grain fields, pastures, fruit orchards and other crops.

A unique set of biodiversity, **but also an asset for the agri-food industry. As Banfi is aware of such wealth, it has always adopted a production system which is dedicated to the protection of the surrounding environment, by preserving the wealth of the territory in its entirety: its culture, its history and its evolutions.**

On **March 13, 1979 the bee keepers association** (A.S.G.A. - Apicoltori Siena Grosseto Arezzo) **was founded to protect the interests of the beekeeping companies of the Siena, Grosseto and Arezzo** provinces and the safeguard, increase and improvement of production.

The "Excellences of Montalcino"

The journey in the Montalcino territory is the discovery of the work of many local producers who with their constant commitment and passion for quality production have determined the success of a territory where the agri-food industry represents a real strong point. **In fact, the Montalcino territory is among the leaders in the production in Italy of honey and plums, while the territory of the Orcia valley is one of the most important for the production of saffron.** Similarly, the territory of San Giovanni d'Asso stands out for the production of white truffle of the Sienese hills, without forgetting then the other typical food products of these territories, such as oil, cheese, pasta and spelt.

www.unisi.it/sienacarboneutrality

1 Demographic statisticsMunicipality of MONTALCINO, population density, population, average age, families, foreigners (urbistat.com)
2 www.consorziobrunellodimontalcino.it/files/mappa-produttori.pdf

To strengthen the local economy and to enhance this rich panorama the brand **"Excellences of Montalcino"** was created and will adorn, from 2021 on, all those food products which are transformed and packaged in this territory.

An important project conducted by two of the most important associations operating in the territory: **the Territorial Foundation of Brunello di Montalcino**, that is the socio-cultural emanation of the Brunello Consortium, active since 2016 with the purpose of reinvesting in the territory, by means of specific development projects, a part of the profits from the production and sales of Brunello; **the Rural District of Montalcino**, that is the territorial governance system, recognized by the Region of Tuscany in 2016 which reunites the trade associations, the businesses of the territory and the town administration, represented by the mayor of Montalcino who is the president of the district.
The following is a statement by Remo Grassi, President of Banfi Società Agricola Srl and President of the Territorial Foundation of Brunello di Montalcino:

> *"The goal is to enhance the path of sustainable development of our oasis of biodiversity where also agriculture and green breeding set a trend of growth and opportunities of employment for the young generation interested in working on the crossroad of art and untouched landscapes which achieved a renewal after the depopulation of the 1960s. The Foundation is the body that puts the rural district into action and is planning instruments, starting with the brand of the Excellences of Montalcino, to multiply the certified and quality products.*

Remo Grassi,
President Banfi Società Agricola Srl and
President Fondazione territoriale del Brunello di Montalcino

Initiatives in the territory

Attention toward the local community is a feature that has always distinguished the presence of Banfi in the territory, and it develops, also thanks to the support of many initiatives in sports, music and culture. Many of these initiatives were created thanks to the passion of a group of Montalcino residents and, every year, they see an increased participation and consensus on behalf of the local community, gaining also great interest from tourism.

Support of initiatives

in sports,
music and culture.

Despite the difficulties caused by the pandemic, also in 2020, the support of Banfi to various initiatives continued:

- in sports, the support of **"Brunello Crossing"**, **"L'Eroica® Montalcino"** and the **"Endurance"** equestrian competition must be brought to mind. Furthermore, we report the support of the local sports association, such as the **Soccer School of Montalcino and Sant'Angelo Scalo** which Banfi has supported since its first years in the territory;
- among the music initiatives, the most important moment was the XXIII edition of **Jazz&Wine**, an event which for four evenings united the lovers of music and wine and of which Banfi is the main partner, as well as the organizer. This year, the exceptional venues were: the exclusive location of the Castle of Poggio alle Mura, the beautiful setting of the Piazza del Popolo in Montalcino and the enchanting scenario of the abbey of Sant'Antimo. A further commitment to music is the continuously present support of the **"Filarmonica Puccini Montalcino"** association with the band, the choir and music school;
- in the context of culture, the support of the many projects of the **Fondazione Banfi** must be considered, such "Sanguis Jovis – Alta Scuola del Sangiovese", the glass and bottle museum and the restoration of the whale fossil discovered on the estate in 2007.

The commitment to the local community has always been expressed also by the support of the **Misericordia di Montalcino**, a very important town association which offers medical emergency and health and social services in the territory, thanks to the voluntary and free, support of its members.

Jazz&Wine in Montalcino
July 30 – August 2, 2020

Eroica Montalcino
August 30, 2020

Guinness Six Nations Championship
Italy/Scotland – February 22, 2020
Olympic Stadium, Rome

Endurance Toscana
Brunello Trophy
August 22-23, 2020

FONDAZIONE BANFI

Fondazione Banfi was established in Montalcino on May 2, 1986, **to promote, enhance and disseminate the philosophy and the culture of the wine world**, on a national and international level.

To pursue this ambitious goal, in 2017 **Sanguis Jovis – School for Higher Education of Sangiovese**, was founded, a major project which led to the creation of the first permanent Study Center on Sangiovese, the most widely planted grape variety in Italy. To increase and promote the culture of Sangiovese in Italy and worldwide, the activity of Sanguis Jovis rests on three fundamental pillars: **higher education, scientific research**, communication of knowledge. Continuously joint activities which simultaneously embrace the directives of viticulture/enology coordinated by Prof. Attilio Scienza, President of Sanguis Jovis – and marketing/communication supervised by Prof. Alberto Mattiacci, Director of Sanguis Jovis, two of the most eminent figures of academia in Italy.

Sangiovese

is one of the most planted grape varieties in Italy. According to a recent report by OIV of 2017, the area dedicated to Sangiovese – **the most planted variety in Italy – at present represents 7.9% of the entire vineyard extension, equaling approximately 54,000 hectares.**[3]

Education

Education represents the fundamental starting point for the advancement of future professionals of Sangiovese. An education which is interdisciplinary in its contents and innovative in its teaching modalities with a strong connection to the business world and a positive return on research and cultural development. With this spirit, two fundamental education programs are organized in campus mode in Montalcino, the ***Summer School Sanguis Jovis***, scheduled annually during the summer, and the ***Winter School Sanguis Jovis***, organized biannually during the winter. Each edition is built around the study of a specific subject of enology and viticulture, marketing and communication. The lectures are carried out in the presence of a rich and diversified faculty, with representatives of academia and civil society with diverse experience and skills who contribute to the advancement of a study program of excellence.

Summer School

In September 2021, **the fourth edition of the Summer School** will be launched with the title "**Maturation and maturity of Sangiovese.** The pursuit of balance between viticulture and enology".

Sanguis Jovis | Alta Scuola del Sangiovese: Education (fondazionebanfi.it)

3 Quaderno III - Sanguis Jovis: Journals - Fondazione Banfi

Scientific research

Scientific research is at the base of evolution and progress and is implemented by the Foundation by **establishing grants for doctorate candidates and researchers** who commit to an original project. The projects, so-called *grants*, are designed directly by the Foundation and developed with the support of Italian and international scientists. So far, six *grants* have been concluded, while others are still in progress. **All projects share merit, solidity and relevance**, the three keywords on which the scientific research activity promoted by the Foundation are based.

Communication

Communication represents a fundamental element with which the gained knowledge is shared with the reference community. In this context, the Foundation operates with an approach which joins the traditional channels of scientific communication consolidated by the tools of general public outreach. To this extent, **"I Quaderni" Sanguis Jovis** were created, a series of journals which, so far, gathers three important publications, addressing the different contexts of the research, education and cultural communication projects, sponsored by Fondazione Banfi. On the website of the Foundation, in addition to **"I Quaderni"** Sanguis Jovis, the teaching materials from the past Summer and Winter Schools are available. Furthermore, the education and scientific research projects are presented in ad hoc events and meetings.

Rudy Buratti award

With a profound sense of respect, gratitude and affection toward the human and professional figure of **Rudy Buratti, Chief Enologist of Banfi**, who prematurely passed away in January 2018, the Foundation established the Rudy Buratti Graduation Award in Viticulture and Enology in 2019. The award, sponsored together with the Center for Agriculture Food and Environment of San Michele all'Adige, is assigned to a student of the three-year degree course in Viticulture and

I Quaderni Sanguis Jovis

The journals "I Quaderni Sanguis Jovis" edited by Fondazione Banfi are:

- The storytelling of Sangiovese in the digital era
- The Sangiovese of the future
- The Sanguis Jovis scientific research.

In March 2021, **the first edition of the Graduation Award in viticulture and enology was launched, dedicated to Alberto Lazzarino**, chief enologist of Banfi Piemonte since 2002, who prematurely passed away in 2019. Fondazione Banfi and the Department of Agricultural, Forest and Food Sciences of the University of Turin, in partnership with Assoenologi Piedmont, intend to remember his human and professional stature, as an example for future generations.

Sanguis Jovis Journals | Alta Scuola del Sangiovese (fondazionebanfi.it)

Enology who has prepared an experimental thesis on subjects in viticulture and enology. To date, in the two editions the following projects were awarded: *"How does wine evolve on the shelf of a supermarket? Evaluation of chemical, physical and sensory parameters"*, Rudy Buratti Award 2019 and *"Determination of the concentration of rotundone in Italian Syrah wines"*, Rudy Buratti Award 2020. Both treatises were judged as the most deserving for the originality of the subject and for the practical return on Italian enology.

Activity of the Foundation in the territory

Protection and promotion

of the artistic beauty and of the cultural heritage of the territory.

Further to its engagement in the world of viticulture and enology, the Foundation is also active in the protection and promotion of the artistic beauty and of the cultural heritage of the territory, by championing three important projects, **the Glass and Bottle Museum**, the restoration of a whale fossil, found nearby Castello Banfi, and the creation of **Jazz&Wine**, the longstanding event which every year brings together the world of wine and the world of music.

The Glass and Bottle Museum represents an important collection of Roman glassware, in addition to wine bottles, delicate carafes, Venetian wine glasses and contemporary masterpieces. Since 1992, the Foundation is engaged in protecting this important archeological collection, with the instrumental contribution of Banfi and under the supervision of the Archeological Superintendence of Siena, Grosseto and Arezzo. The Museum is located in the castle of Poggio alle Mura and occupies five rooms offering an itinerary through the history of glass production from the 5th century BC to modern times, highlighting the special association of glass with wine. In 2020, the scientific catalogue of the entire collection was completed, an important project which further increases its value and prestige.

Brunella

The fauna associated with **"Brunella"** is very varied: up to now, **approximately 25 species of mollusks, 2 species of sea urchins, numerous barnacles, sharks' teeth and fish fragments were discovered.**

The restoration project of the whale fossil, named "Brunella, dating back to the Pliocene, represents a fundamental moment of intersection between restoration activity, research, education and public outreach. The fossil was discovered in 2007 and in 5 months of excavation was brought to light in its entirety and **now is stored in a dedicated facility at the castle of Poggio alle Mura.**

In 2016, the restoration, study, and promotion of the specimen were launched, organizing a field school which was active between 2016 to 2018, a rare opportunity in Italy to learn restoration techniques of fossil vertebrates. The restoration was completed in 2019 and now new educational and promotional activities are under study, such as the display project of the specimen for which, at the beginning of the year, a project concept was developed. To this effect, to underline the scientific importance of the restoration project, **in 2020 two research grants with specific focus on the specimen were assigned.**

Jazz&Wine in Montalcino was created in 1998 and today, with increasing consensus, proclaiming its extraordinary success over the years, represents the longest lasting cultural project promoted by the Foundation. **It is not only a festival, but the synergic and original union of two of the most intime and intense passions on earth: quality wine and quality music.** A project created in partnership with the Rubei family, who founded Alexanderplatz, Rome's historical Jazz Club, and the Town of Montalcino, that granted space to this initiative from the beginning, investing time, resources and ideas. Jazz&Wine in Montalcino, an absolute first, which opened the doors to the diffusion of this event in Italy and in the world, making Banfi proud to be its initiator.

Jazz&Wine

In its **23rd consecutive edition**, since 1998 t**he festival has succeeded in strengthening and paying tribute to the bond between music and quality wine**, thanks to a cultural format which now is **imitated worldwide**.

EXPERIMENTAL VINEYARDS PROJECT

Is the main research Organization in Italy dedicated to the agri-food industry with a public law legal entity, monitored by the Ministry of Agriculture, Food and Forest Policies. Its scientific competences range from agriculture, zootechnics, fishery, forest, agro-industry, nutrition to social-economic matters.

The Foundation continues the purposes and activity of the Agricultural Institute of San Michele all'Adige and the Alpine Ecology Center and carries out scientific **research, education and training, experimentation, consultancy and services for businesses in the agricultural, agri-food and environmental sectors.**

https://www.crea.gov.it/en/home
https://www.fmach.it/eng

1 Consiglio per la ricerca in agricoltura e l'analisi dell'economia agraria

The 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 varietals.

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.

First results

With the 2020 vintage, most of the vines entered production. So, it was possible to start the assessments, as planned, both from a phytosanitary, as well as a vegetative-productive and an enological perspective. Therefore, this year can be considered the first vintage with an industrial production from the experimental vineyards.

Year 2020

First year of industrial production from the experimental vineyards

In order to appraise the different aptitudes of the vines in terms of resistance to physiopathies, the phytosanitary management was differentiated among the varieties: the resistant varieties received 6 fungicide treatments against peronospora and 5 against oidium, the traditional varieties in the same vineyards, on the other hand, received 13 anti-peronospora and 12 anti-oidium treatments.

Then, in the period **April-July**, the vineyards were repeatedly checked to monitor the possible appearance of symptoms of the main adversities of the vine, with particular attention to peronospora, black rot and oidium on the resistant varieties. The data shows that these varieties did not show symptoms of fungal diseases. However, they were subject to considerable attacks of phylloxera on the leaves, especially in the spring months. In any case, this did not invalidate the quantity of production and the quality of the grapes.

From the month of **August**, the activity was then focused on monitoring and determining the main parameters of the quality of the grapes. In both vineyards and for all varieties weekly samples were taken to monitor the development

of ripening, analyzing the grapes to determine their sugar content, total acidity, pH and the concentrations of the main organic acids.

The different distribution of temperatures between the two cultivation areas and the different composition of the soils determined effects on the physiology of the vines and consequently on the ripening of the grapes. In general, the grapes from the Cardeta site present higher concentrations of sugar and lower titratable acidities, in addition to a higher total content of anthocyanins.

At the date, decided for **harvest**, average production per plant, average weight of the bunches and average weight of the berries were measured for each variety. To be able to continue monitoring certain parameters, it was decided to leave unharvested vines in the field for a further three weeks after the harvest date. The production of grapes per plant on average was higher in the vineyard located at Marchigiana with the exception of two varieties which resulted to be more productive at Cardeta and a further two which, on the other hand, maintained a consistency of production in both areas. Upon harvesting of the grapes, the vinifications started, in 5-hectoliter temperature controlled stainless steel tanks. The vinifications were carried out according to standardized protocols in the experimental area of the winery.

The chemical analyses on the wines, four months after being racked off, show a correct management of the fermentations: all wines have negligible sugar residues and very low volatile acidities.

In conclusion, **the results obtained in this vintage provided useful indications on the management of the harvest and the quality potential of the various wines which were obtained, to be confirmed in the next vintages.** For several varietals which were obtained from recent crossings there is evidence of good tolerances to fungal diseases, so that in prospect the phytosanitary interventions will be further reduced, in order to increase the comprehensive sustainability of the vineyards.

Results

have provided useful indications on the management of the harvest, with a quality which bides well for the upcoming years.

RELATIONS WITH THE INDUSTRY ASSOCIATIONS

GRI 102-13

Unione Italiana Vini

Since **1895**, Unione Italiana Vini is the most important association of Italian wine companies. **660** associated companies represent over **150,000** members of the industry, over **50%** of wine sales in Italy and **85%** of export wine sales. UIV constitutes the general and unitarian representation system of the vitivinicultural industry. The main goal of its activity is the protection and representation on a national and international level of the Italian vitivinicultural system, of businesses and categories belonging to the system, in the context of economic policies which enhance the resources of Italian vitiviniculture from a production, economic, sales, social and environmental aspect.

Banfi belongs to Unione Italiana Vini and provides support for many of the initiatives which are periodically activated.

Federvini

Federvini, the Italian Federation of Industrialists, Producers, Exporters and Importers of Wines, Sparkling Wines, Aperitifs, Spirits, Liqueurs, Syrups, Vinegars and Similar, was created in **1917** and counts members among the business owners in the various segments of alcoholic beverages, excluding beer, and of vinegars, syrups and grape juices. **Federvini** is one of the founding members of Federalimentare, the federation of national associations in the food industry, and as such belongs to Confindustria, the General Italian Industry Confederation.
The purposes of the federation are the protection of the interests and the assistance to the category in all national, European and international institutions.

Banfi participates in Federvini with a membership on the Board of the federation.

www.unioneitalianavini.it/
https://www.federvini.it/en/

Consorzio del Vino Brunello di Montalcino

The **Consorzio del Vino Brunello di Montalcino** was created in 1967, upon the concession of the D.O.C., as a free association among the producers who were looking to protect their wine and develop its qualities. The Consortium has supported the creation of a production fabric made up of old and new, small and large estates, united by common intentions to respect nature and aspire to a high wine quality.

The Consortium organizes events in Italy and abroad and the attendance of fairs for the producers. It curates the image of the designations of Montalcino with a press office, it promotes news with a website and numerous multi-language publications. A less visible, but very important activity is the assistance provided to the specialized press and opinion makers for which tastings and tours are organized. The assistance to the members regarding the wine production regulations is equally important.

Banfi participates in the Consorzio del Vino Brunello di Montalcino with a membership on the Board of Directors.

Consorzio Vino Chianti Classico

The first to be created in Italy, in **1924**, today it represents **515** producers, of which **354** are on the market with their own label, distinguished by the unmistakable trademark of the Black Rooster (**Gallo Nero**). The purposes of the Consorzio Vino Chianti Classico are the protection and the promotion of the Chianti Classico Gallo Nero trademark.

Banfi participates in the Consorzio Vino Chianti Classico with a membership on the Board of Directors.

https://www.consorziobrunellodimontalcino.it/en/home/home
https://www.chianticlassico.com/en/

Consorzio Vino Toscana

The Consortium is involved in the management, protection, promotion and development, information to the consumer and general care of the interests of **the Toscana a Indicazione Geografica Tipica wine**. Grape growers, producers and bottlers who claim a Toscana IGT wine can be members.

Banfi participates in the Consorzio Vino Toscana with a membership on the Board of Directors.

Confcommercio

CONFCOMMERCIO-Imprese per l'Italia, General Italian Confederation of Businesses, Professional Activities and Self-Employment is the largest business representation in Italy, associating over **700,000 businesses**.

The representation system of Confcommercio is articulated both on a territorial level, with provincial organizations and with regional and category levels, national category organizations.

On all territorial levels of the confederation system the Group of Young Business Owners, with members "under 42", and the Group of Women in the Service Sector, with women business owners, have been established.

The Confederation, with the entities provided by its statute, expresses the general guidelines of the representation policy and with the national structure identifies interventions, coordinates tools for the implementation and defines the development strategy of the represented sectors.

Banfi participates in Confcommercio, by providing support to many of the initiatives which are periodically activated.

www.consorziovinotoscana.it
www.confcommercio.it/

Confagricoltura

Confagricoltura is the oldest tutelage and representation organization of agricultural companies. It is committed to the development of these companies and the primary industry in general, in the interest of the collectivity, economy, environment and territory. It supports the access to innovation of the businesses, to sustainability of agricultural practices and the competition of the companies on the domestic and international markets.

Banfi participates in Confagricoltura by providing support to many of the initiatives which are periodically activated.

Confindustria Toscana Sud

Confindustria Toscana Sud, Association of Industrialists of Arezzo, Grosseto and Siena, was created from the merger of the territorial associations of the three provinces. Articulated in three delegations, it is the second largest representation entity of the Tuscan industrial system, counting over **1,500 associated businesses**, national and international, small, medium and large, producers of goods and services in all sectors, for a total of over **40,000 employees** in the territory of jurisdiction who contribute to the growth and wellbeing of a territory equal to over half of Tuscany.

The purpose of Confindustria Toscana Sud is to develop industry and entrepreneurship in the territory. To this end, the association supports the cooperation among the associated companies and carries out tutelage and representation activities of the interests of the businesses toward institutions, government administration, the political world and unions and society in general.

Banfi participates in Confindustria Toscana Sud with a membership in the Directive Council and in the coordination of the Food Sector.

https://www.confagricoltura.it/eng/
www.confindustriatoscanasud.it

Distretto Rurale Toscana Sud

The **Rural District of Southern Tuscany** includes the province of Grosseto and portions of the provinces of Siena, Livorno and Arezzo. The purpose of this District is to promote the primary agricultural productions by means of their transformation, to create an increase of added value for the agricultural companies, with the goal of promoting reorganization processes of the relations among various entities operating in the territorial district and stimulate the creation of improved market relations, guaranteeing a positive return on the agricultural production and on the local production fabric, also in the perspective of environmental sustainability.

Banfi is active in the Distretto Rurale Toscana Sud in the role of vice president and the participation in specific projects.

Distretto Rurale Montalcino

The **Rural District Montalcino** is the territorial governance system, recognized by the Region of Tuscany in 2016, which reunites the industry associations, the businesses of the territory and the town council, represented by the Mayor of Montalcino, who is the district president.

Banfi participates in specific projects of the Distretto Rurale Montalcino.

Fondazione Territoriale Brunello di Montalcino

The **Territorial Foundation Brunello di Montalcino** operates and was created with the determination to reinvest part of its profits in favor of the territory and those who are less fortunate, with attention to the social and health care system, culture and the revival of our historic and artistic heritage.

Banfi participates in the Fondazione Territoriale Brunello di Montalcino in the role of president of the Board of Directors.

www.regione.toscana.it
www.comunedimontalcino.gov.it
www.fondazioneterritoriale brunellodimontalcino.it/Web/

“We are a company founded on people more than on products

Gabriele Mazzi,
CFO & CIO Banfi Srl

RESPECT FOR OUR PEOPLE

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4 QUALITY EDUCATION

OUR APPROACH

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 Srl and Banfi Srl 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 Srl and Banfi Srl 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:

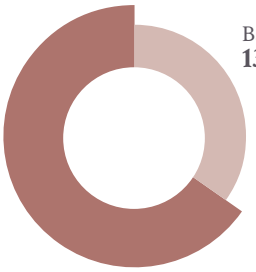
- analysis of training hours performed and of the number of employees that have been trained;
- analysis and sharing of achieved results and objectives.

OUR RESOURCES

GRI 102-8 GRI 102-41

Banfi has a very varied workforce, with a staff of approximately 400 working daily in the various company departments to guarantee a production of excellence. **Knowledge, culture and personal experiences represent the unique contribution each individual is able to express in the work environment.** Banfi recognizes this value, which, together with the bond with the territory, represents a unique and distinctive element.

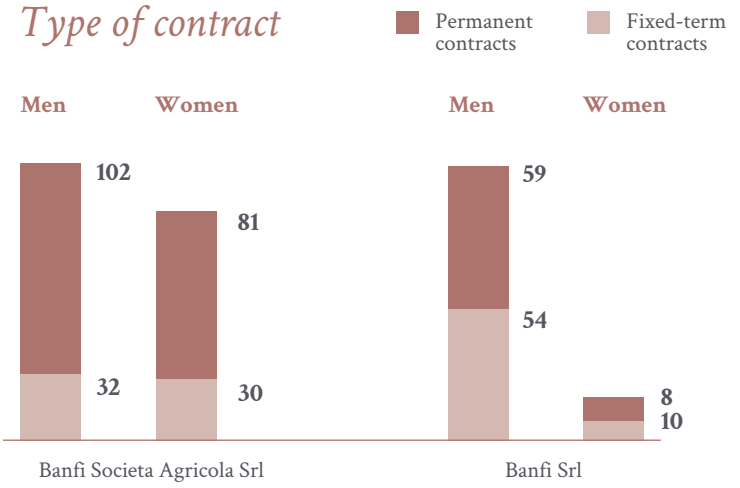
376 employees
(7.4% less than in 2019)



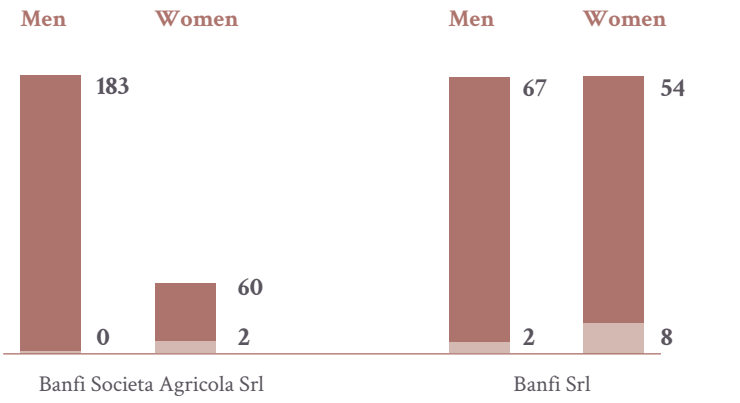
33% female employees

67% male employees

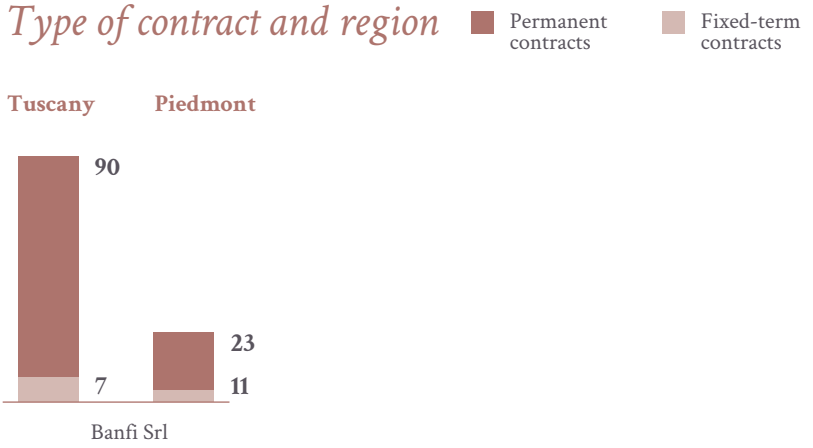
Type of contract



Type of employment



Type of contract and region



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 Srl is concerned, personnel recruitment is concentrated at the beginning of the season, while for Banfi Società Agricola Srl, 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.

40% of the workforce is seasonal

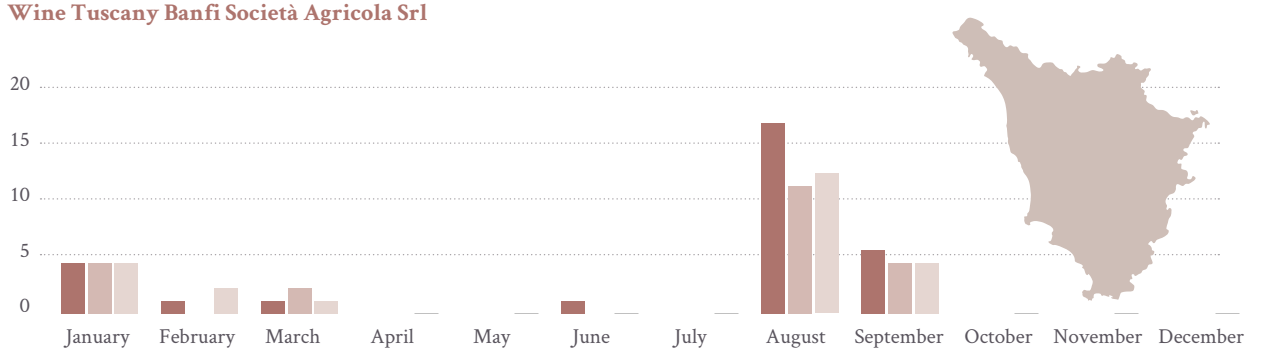
This diversified modality of management is determined by the number and diversity of interventions regarding planting, uprooting, training and cultivating. This results in a strong presence of fixed-term employees, resulting in a variable workforce in the various periods of the year.

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.

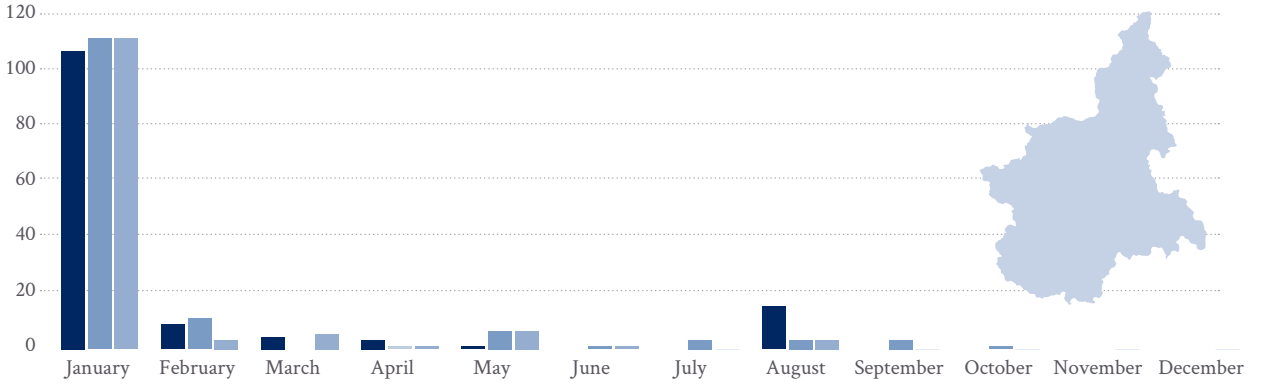
The reference period for our analyses is the solar year.100% of the employees are covered by national or provincial labor contracts. There is no company agreement.

Seasonal trend

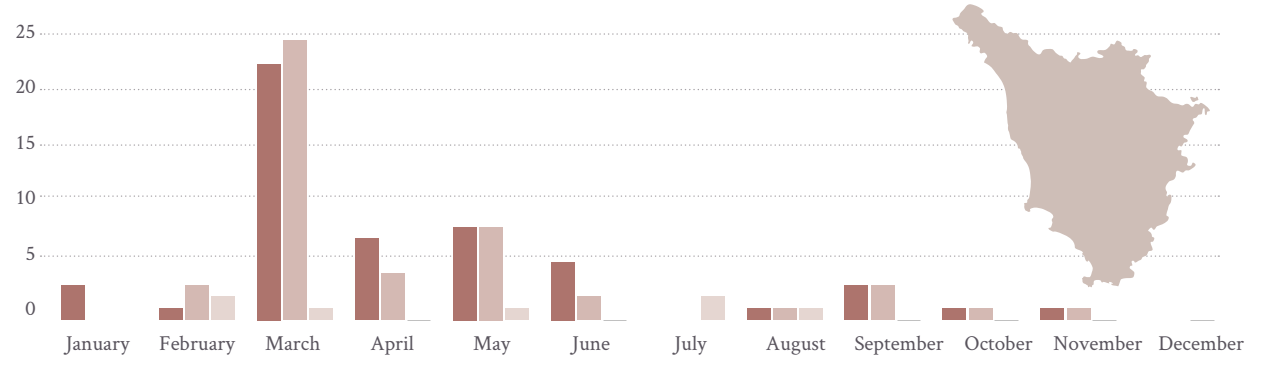
Wine Tuscany Banfi Società Agricola Srl



Wine Piedmont Banfi Srl



Hospitality Banfi Srl



2020 2019 2018

Due to the variety of activities performed at Banfi in the various operating sites, a variety of National LaborContracts (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);
- **Hotels-Tourism** (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).

WORKFORCE TREND

GRI 401-1 GRI 401-3

2020 was characterized by a reduction of the workforce in the order of 4 units (equal to -1.6%) for Banfi Società Agricola Srl and in the order of 26 units (equal to -16.6%) for Banfi Srl, where this variation is mainly derived from the closing of Castello Banfi Wine Resort and the limited openings of the restaurants La Taverna and Sala dei Grappoli.
New hires recorded a strong decline, with 5 resources for Banfi Società Agricola Srl and 6 resources for Banfi Srl. The average age of the new hires is 33.2 years.

11 new hires in 2020

New hires

BANFI SOCIETÀ AGRICOLA SRL

Values expressed in numbers and %	Women	%	Men	%
Tuscany				
Age < 30 years	-	-	2	0.8
Age 30-50 years	-	-	2	0.8
Age > 50 years	-	-	1	0.4
Total	-	-	**5**	

BANFI SRL

Values expressed in numbers and %	Women	%	Men	%
Tuscany				
Age < 30 years	1	0.8	-	
Age 30-50 years	2	1.5	1	0.8
Age > 50 years	-		-	
Piedmont				
Age < 30 years	-	-	2	1.5
Age 30-50 years	-	-	-	
Age > 50 years	-	-	-	
Total	**3**	**3**	**3**	

The resignations amount, on the other hand, to 11 resources for Banfi Società Agricola Srl, where, excluding 2 resignations which occurred at the end of the year due to the transformation of the work relation from laborer to office employee, the resignations were mainly due to retirement (in 55.6% of the cases). Regarding Banfi Srl 6 resignations were

recorded. Excluding 1 case subsequent to the transformation of the work relation from laborer to office employee, the main cause was voluntary resignations (in 60% of the cases). The average age of these cases is 49.9 years.

Resignations

BANFI SOCIETÀ AGRICOLA SRL

Values expressed in numbers and %	Women	%	Men	%
Tuscany				
Age < 30 years	-	-	1	0.4
Age 30-50 years	1	0.4	1	0.4
Age > 50 years	4	1.6	4	1.6
Total	**5**		**6**	

BANFI SRL

Values expressed in numbers and %	Women	%	Men	%
Tuscany				
Age < 30 years	-	-	1	0.8
Age 30-50 years	-	-	1	0.8
Age > 50 years	-	-	2	1.5
Piedmont				
Age < 30 years	-	-	1	0.8
Age 30-50 years	1	0.8	-	-
Age > 50 years	-	-	-	-
Total	**1**		**5**	

Turnover 4.5%

Banfi Società Agricola Srl

Turnover 4.6%

Banfi Srl

The situation determined by the pandemic affected the trend of the hours which actually were worked with a reduction of 16.8%. The furlough scheme was made recourse to for a total of 38,585 hours (7.8% of the worked hours). Of the two companies, Banfi Srl made a greater use of this scheme, of which the main incidence derives from the hospitality department.

This year, no interns were hired and the number of administrators of the two companies remains unchanged Also, in 2020, all those who benefitted from parental leave came back to work at the end of the period.

Parental leave

BANFI SOCIETÀ AGRICOLA SRL

Values expressed in numbers	2018	2019	2020
Women	2	-	2
Men	5	4	4

BANFI SRL

Values expressed in numbers and %	2018	2019	2020
Women	5	5	3
Men	2	1	3
Total	**14**	**10**	**12**

HUMAN RESOURCES ENHANCEMENT

GRI 201-1

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.

% increase vs. CCNL

Values expressed in %	2018	2019	2020
Banfi Società Agricola Srl	11.6	11.3	8.9
Banfi Srl	39.5	39.5	37.3
Average increase	**22.3**	**21.9**	**18.7**

Salary analysis

Values expressed in %

qualification	contract	Company level	CCNL minimum level	% increase
Worker	Agricultural workers	6th level ordinary fixed-term	6th level ordinary fixed-term	30.4
	Food Industry	5th level	6th level	6.2
	Agricultural workers	3rd area E level ordinary fixed term	3rd area F level min. level ordinary fixed term	48.5
Office employees	Hospitality Industry	1st level	7th level	86.6
	Service Industry Confcommercio	2nd level	7th level	94.6
Middle Management	Hospitality Industry	Manager A	7th level	351.2
	Service Industry Confcommercio	Manager	7th level	289.4

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.

% membership in trade unions

Values expressed in %	2018	2019	2020
Banfi Società Agricola Srl	27.5	25.2	28.0
Banfi Srl	8.5	6.4	6.9

HEALTH, SAFETY AND TRAINING

GRI 403-1 GRI 403-2 GRI 403-4 GRI 403-5
GRI 403-6 GRI 403-7 GRI 403-9 GRI 404-1

Characteristics of the operating departments

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.

Health and safety management

The management of the aspects concerning health and safety of the workers ensues, in both companies, in conformity with the laws provided by the Legislative Decree 81/2008, as well as, regarding Banfi Srl, also in compliance with the norms of ISO 45001, according to which the company was certified in 2017 (at that time, the reference norm was OHSAS 18001). Banfi Società Agricola Srl also has set in place a system of procedures and protocols which are inspired by the norms of ISO 45001 and are extended to all employees and to all activities.

In compliance with these legislative provisions both the management of the workforce under contract, as well as the represented workforce, not under contract, is carried out. The workforce which is not under a direct contract is mainly represented by seasonal workers who are occupied in the agricultural operations with outsourcing contracts with cooperative companies. These contracts are managed according to the specific reference legislation, as, among other, regulated by the Civil Code and the Legislative Decree 276/2003.

In addition to the legislation on the matter of health and safety of the workers, the company has implemented a capillary system of executive proxies with which the management of these aspects are handled, as locally as possible.
Banfi also has always directed primary and constant attention to the reduction of risks and danger for the workers by implemented training programs. In this way, good practices and the necessary skills are promoted to reduce risks, not only relying on lecturers and trainers, but most importantly on colleagues who have a longer seniority in the company.

Injuries

Injuries recorded a different development in the two companies: while in Banfi Società Agricola Srl the number of injuries increased, vs. the previous year, in Banfi Srl a reduction was recorded instead, also due to the reduction of activity in the hospitality department.
In 2020, 7 injuries were recorded in Banfi Società Agricola Srl, with the following distinction:

- **5 injuries during agricultural operations**, resulting in average in a prognosis of 30 days;
- **2 injuries during winery operations**, resulting in average in a prognosis of 41 days.

In 2020
a total of
8 injuries
were recorded

Injuries

Values expressed in numbers	2018			2019			2020		
	Number	Length (days)	Average length (days)	Number	Length (days)	Average length (days)	Number	Length (days)	Average length (days)
Banfi Società Agricola Srl	6	131	21.8	2	8	4.0	7	232	33.1
Banfi Srl	2	22	11	3	200	66.7	1	58	58
Total	8	153	19.1	5	208	41.6	**8**	**290**	**36.3**

Among these injuries, there was one incident that lasted longer than 6 months, and therefore is classified as serious. It involved a seasonal worker whose work contract ended on December 31. Consequent to this situation, a total injury rateof 4.4 and an injury rate with serious consequences of 0.6 is noted.

This year, in Banfi Srl only one injury was recorded during winery operations, resulting in a prognosis of 58 days. The injury rate is 1.1.

Winter School Sanguis Jovis 2020

Training

The situation determined by the Covid emergency and the consequent restrictive measures issued by the Government led to periods of suspension of classroom training programs. This context was added to by the extension of the relating deadlines for the mandatory training and professional qualification programs.

These circumstances impacted mainly Banfi Società Agricola Srl where a reduction of training hours was recorded. On the contrary, in Banfi Srl, the training hours show a small increase, vs. last year, and were provided for by e-learning platforms or video conference systems.

Training

	2018		2019		2020	
Value expressed in average hours	**Men**	**Women**	**Men**	**Women**	**Men**	**Women**
Banfi Società Agricola Srl	3.7	2.9	7.2	3.8	**3.2**	**3.4**
Executives			-	-	-	-
Middle management	8.5		6.5	-	12.0	-
Office employees	9.0	0.2	12.3	5.2	3.7	6.4
Workers	3.2	3.4	6.8	3.6	3.1	2.9
Total	**3.5**		**6.4**		**3.2**	
Banfi Srl	13.5	12.9	6.7	5.4	**7.8**	**6.0**
Executives	103.0	2.0	15.0	5.0	4.0	-
Middle management	9.1	34.0	1.2	1.5	7.0	-
Office employees	11.1	15.5	7.6	6.2	8.5	7.9
Workers	8.9	6.9	6.2	4.5	7.6	2.1
Total	**13.2**		**6.1**		**7.0**	

* The indicators were calculated based on 321,839 worked hours for Banfi Società Agricola Srl and 175,908 worked hours for Banfi Srl. In both cases, the rates were calculated on the basis of 200,000 worked hours.

“The territory is our wealth: for this reason, it is important to protect, respect and enrich it

Enrico Viglierchio,
President Banfi Srl

RESPECT FOR THE ENVIRONMENT

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Respect, protection, safeguard

For the growth and development of production

OUR APPROACH

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 specifications 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, represents a constant and high-standard system in measuring the effectiveness of the implemented actions.

CENTRALITY OF THE ENVIRONMENT FOR BANFI

GRI 102-11 GRI 201-2

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

The top countries for greenhouse gas emissions in 2019 were:

1) China **10,175 Mt CO_2**
2) USA **5,285 Mt CO_2**
3) India **2,616 Mt CO_2**
4) Russia **1,678 Mt CO_2**
5) Japan **1,107 Mt CO_2**

The industries and productions which are most responsible for greenhouse gas emissions are: production of electricity and heat (30%), agriculture and breeding (18%), transportation (18%), industry (17%), buildings (8.6%) and other miscellaneous sources (8.5%) including fugitive emissions of the oil industry.

www.globalcarbonatlas.org/en/CO_2-emissions
www.lab24.ilsole24ore.com/sostenibilita-ambientale

always been committed to actions to reduce erosion, and, over the years, has built over 150 km of water regulation ditches, 80 km of subterraneous 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.

Blossoming of the plum trees

Risk(R)/ opportunity (O)	Type	Potential impacts	Action
Changes in legislation on matters of the environment (R)	Legislative	Sanctions for delay in compliance	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	Adoption of specific Business Continuity & Disaster Recovery procedures, not just regarding IT Protection of facilities and territorial diversification, where possibile, 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	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	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 sileage 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 agricultural **wildlife 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 last year, Banfi has been committed to the protection of bees, by installing forty hives (thirty more than in 2019) 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.

The most characteristic area of the Mediterranean scrubland is the Mediterranean basin, but it can be found also in other regions of the world: California, central Chile, the southern cape of South Africa and southern Australia. The Mediterranean scrubland can be distinguished in high scrub, with well-developed trees capable of providing shade and humidity for the underbrush, and in low scrub with impenetrable shrubs and bushes, also called garrigue.

Native and wild bees are responsible for approximately 70% of the pollination of all plant species living on our planet and guarantee approximately 35% of the global production of food. In Europe, the production of approximately 80% of the 264 cultivated species depends on the activity of pollinating insects.

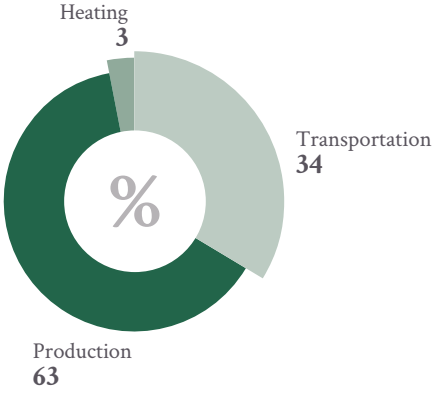
www.isprambiente.gov.it/it/attivita/biodiversita/eventi-e-notizie

CONSUMPTION: ENERGY

GRI 302-1 GRI 302-3

The energy consumption needed to carry out the company activities is represented by over 60% by electricity, a consideration that has brought Banfi to fulfill this need **exclusively with electricity from renewable energy sources** thanks to the agreement signed with Repower. The remaining part of the consumption derives, with varying percentages in the two companies, from fuel used for transportation and heating.

In the charts the energy consumption is reported by source and use for both companies.



Energy consumption

BANFI SOCIETÀ AGRICOLA SRL

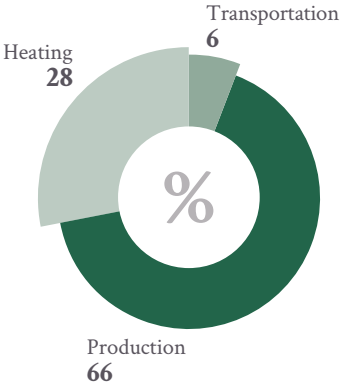
energy consumption by use and source MJ	2018	2019	2020
Transportation	**12,863**	**12,990**	**12,182**
Gasoline	248	186	357
Diesel fuel	12,615	12,803	11,825
Production	**18,925**	**31,140**	**22,841**
Electrictiy	16,151	16,554	15,483
Gpl	2,774	14,586	7,358
Diesel fuel	-	-	
Gasoline	-	-	
Heating	**7,583**	**1,057**	**1,024**
Diesel fuel	591	1,002	931
Gpl	6,992	54	94
Methane gas	-	-	-
Pellet	-	-	-
Total	**39,371**	**45,186**	**36,048**
Electricity consumption over hectoliters of wine (GJ/hl)	0.069	0.066	0.067

The data of the electricity used at the winery is also reported with the annual production of hectoliters of wine, determining a parameter with which the efficacy and efficiency of the production process can be measured. In Banfi Società Agricola Srl, the data for 2020 is substantially aligned to the average data of the last three years, whereas in Banfi Srl it is above the average of the previous three-year period. There are several variables which influence this indicator, and among these variables a fundamental role is represented by the characteristics of each vintage year: weather conditions, as well as temperatures, can, in fact, determine important variations in production volumes, generating a resulting variation of the data, due to the stability of the fixed consumption.

Energy consumption

BANFI SRL

energy consumption by use and source MJ	2018	2019	2020
Transportation	**640**	**558**	**518**
Gasoline	-	-	23
Diesel fuel	640	558	495
Production	**7,187**	**7,601**	**6,058**
Electrictiy	7,179	7,591	6,017
Gpl	-	-	-
Diesel fuel	-	-	-
Gasoline	8	11	41
Heating	**3,198**	**3,215**	**2,519**
Diesel fuel	75	43	-
Gpl	254	266	197
Methane gas	2,086	2,241	1,546
Pellet	782	665	776
Total	**11,025**	**11,375**	**9,095**
Electricity consumption over hectoliters of wine (GJ/hl)	0.074	0.078	0.090



CONSUMPTION: WATER

GRI 303-1 GRI 303-3

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

The climate trend of 2020, characterized by a hot and dry summer, determined a higher need for water resources, increasing, therefore, the quantity of water, which was withdrawn from the reservoirs, vs. the previous year during which the greater recorded rainfall covered the necessary supply of water, limiting the withdrawals.

Water in agriculture

The charts show the water consumption per category of withdrawal for both companies. The water consumption used in the winery operations was also reported with the annual production of hectoliters of wine, as shown for electricity. In both companies, the data for 2020 is considerably lower than the average data of the last three years. The parameters which can influence this data are the same as highlighted for electricity, in particular the characteristics for each vintage year.

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 m^3.

Water in the winery

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.

Water in the hospitality division

In the hospitality department, in addition to the domestic use for the restaurants and hotel rooms, water is also used to irrigate gardens for which water accumulated in the reservoirs is used. The climate trend of 2020, characterized by a hot and dry summer, determined a higher need for water resources, increasing, therefore, the quantity of water, which was withdrawn from the reservoirs, vs. the previous year during which the greater recorded rainfall covered the necessary supply of water, limiting the withdrawals.

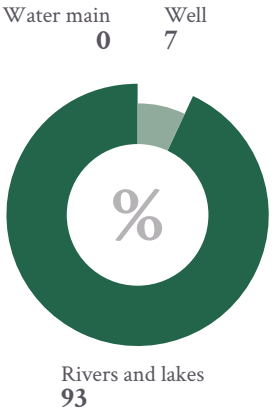
Water consumption

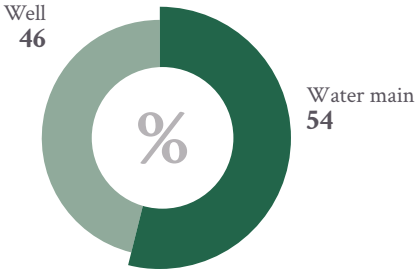
BANFI SOCIETÀ AGRICOLA SRL

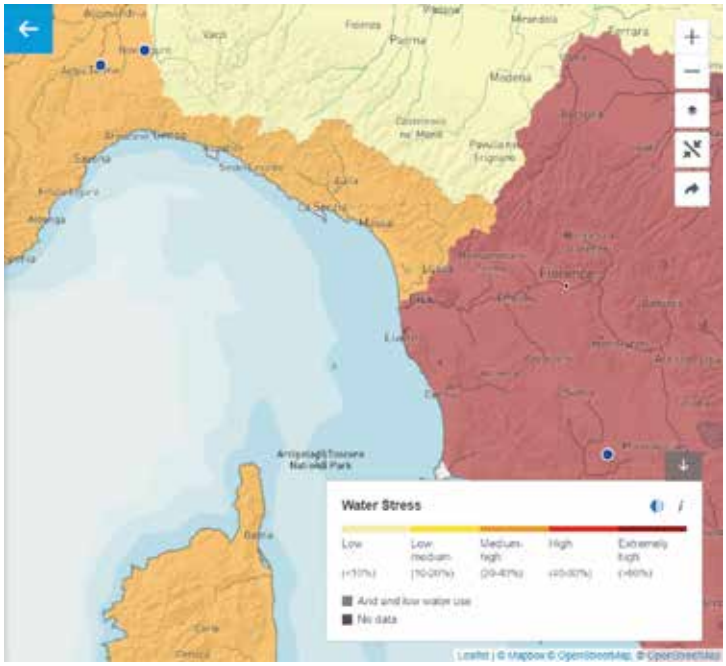
net water consumption (m^3)	2018	2019	2020
Rivers and lakes (crop irrigation)	104.5	398.2	747.1
Rivers and lakes (irrigation of gardens Castello Banfi Wine Resort)	5.2	9.2	11.7
Well	73.5	71.5	54.9
Water main	0.3	0.2	0.2
Total	**183.6**	**479.1**	**813.8**
Treated water pumped back to the Orcia river	N/D	53.9	41.7
Treated water for technological purposes and irrigation	N/D	5.8	8.2
Consumption of hectoliters of water over hectoliters of wine	3.51	3.37	2.73

BANFI SRL

net water consumption (m^3)	2018	2019	2020
Well	10.0	9.0	5.4
Water main	9.0	10.3	6.4
Total	**19.0**	**19.3**	**11.8**
Consumption of hectoliters of water over hectoliters of wine	1.65	1.78	1.43







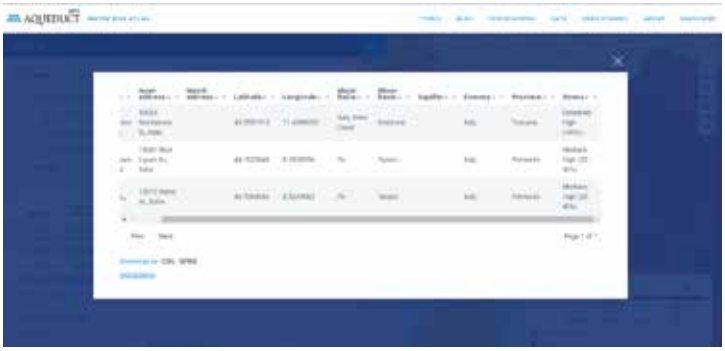
The Tool

is indicated by the GRI **guidelines as a reliable instrument to identify the areas that are subject to water stress.** The tool is available at the following link:

AQUEDUCT

By using the Aqueduct Water Risk Atlas of the World Resources Institute* tool, it was possible to identify the exposure to water stress of the areas in which Banfi operates. The risk is measured as follows:

- Montalcino, extremely high (> 80%)
- Strevi, medium high (20% - 40%)
- Novi Ligure, medium high (20% - 40%)



In consideration of this risk, and also based on the recommendations of the GRI guidelines, the area of the estates in Tuscany, contrary to the estates in Piedmont, is to be considered as an area subject to water stress.

www.wri.org/aqueduct

BANFI: WATER CYCLE

1 WELLS

Water utilized at the winery is drawn from **3 wells.**

2 WATER PLANT

Water drawn from the wells is **directed to the water plant where it is purified** for use in the winery.

3 OTHER USES

A minor percentage of the purified well water is allocated for **other uses** (e.g. Banfi farmhouses).

4 WINERY

Water from the water plant is pumped to the winery and **used also for purposes other than strictly production** (water is also used in offices, restrooms, laboratory, etc.).

5 WATER TREATMENT PLANT

All the water used in the winery is directed to the **treatment plant** and subjected to a treatment which allows for it to be reintroduced into the **ecosystem.**

In particular, the outflow of the treatment plant takes two directions:

- pumped to the **Orcia river**
- re-used in the **winery.**

6 TREATMENT PLANT

Part of the water **outflow from the water treatment plant is** directed to the **treatment plant** (ultrafiltration and subsequent reverse osmosis). The outflow water from the plant is re-used **for technological purposes** and for the **irrigation** of the parks and gardens of the winery.

7 ORCIA RIVER

Part of the **outflow from the treatment plant** is pumped to the **Orcia river.**

CROP PROTECTION

From the 1990s, Banfi started a farming program with a low environmental impact, thanks to a careful monitoring of the treatments with fertilizers and agrichemicals. **Fertilization is carried out considering the different soil types which characterize each agricultural area, the cultivated variety and the yield of the previous year, assessing both the quantity and quality aspects of production.** The treatments with agrichemicals have significantly decreased in quantity and an exclusive use of non-aggressive active principles, adopting a technical approach that uses defense methods only when necessary and not preventively, also thanks to the support of the system of weather stations which this year were increased in the Montalcino territory.

Agrichemicals are the technical means, distinguished by precise chemical formulas, used for crop protection both with regard to animal (essentially insects), as well as vegetal (fungi) parasites. Among the animal species, for example, the European grapevine moth can be mentioned; among the vegetal species, peronospera and oidium, etc. They are applied either in powder (such as sulfur against oidium) or in liquid form (irroration of finely nebulized mixes) to effectively cover the aerial parts of the plant.

The sensor system for weather data tracking relies on electronic tracking stations, placed in 11 different sites, 8 in Montalcino and 3 in the other territories, 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, analyzing the collected data, processes forecast models for the development of fungal disease. These models are useful for the technical staff. Thanks to the forecast models, 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.

This effort supports scouting operations, close control and verification of quantities and limits of use for each individual product, sharing of information and knowledge with our partners and thanks to the zonation project and to the historical data of previous grape harvests. Joint elements thanks to which it is possible to optimize, both in number and effectiveness, the various crop treatments.

The presence 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.

Treatments and fertilization

BANFI SOCIETÀ AGRICOLA SRL

Values expressed in kg/ha	2018	2019	2020
Vineyard treatments			
Average fungicides	117.2	118.2	130.2
Average pesticides	0.7	0.9	0.6
Orchard treatments			
Average fungicides	13.7	13.4	18.5
Average pesticides	55.0	58.4	44.7
Values expressed in kg			
Fertilization			
Fertilization	335,042	603,902	493,997

BANFI SRL

Values expressed in kg/ha	2018	2019	2020
Vineyard treatments			
Average fungicides	180.8	96.1	118.7
Average pesticides	1.7	1.3	0.8
Values expressed in kg			
Fertilization			
Fertilization	20,335	9,656	34,774

The climate trend which was recorded this year in Tuscany proved to be decisive for the fertilization programs, determining a reduction, vs. the previous year, in the employed quantities as a result of the lower number of interventions that were carried out.

In Piedmont, the favorable climate conditions, on the other hand, allowed to carry out the normal fertilization operations. To compensate for the fertilization, which was not carried out in 2019, higher quantities were then used.

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.

55% of waste is destined to recycling

97% of waste is non-hazardous

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.

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.

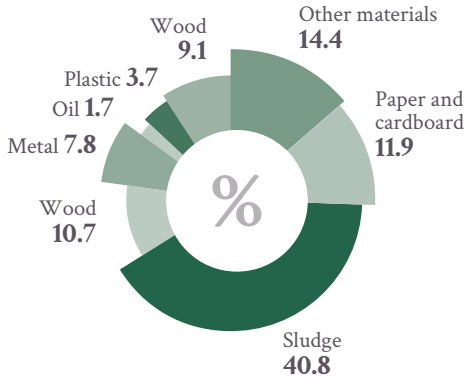
The material is transferred to third parties and re-used for the production of alcoholic beverages (grappa and other distilled spirits), as well as the production of biomass energy.

BANFI SOCIETÀ AGRICOLA SRL

waste by type in kg	2018	2019	2020
Biodegradables	-	-	-
Paper and cardboard	45,347	49,270	67,548
Concrete	42,350	16,070	-
Sludge	245,530	335,030	232,070
Wood	60,210	23,420	60,890
Metal	74,851	96,129	44,347
Oil	4,067	12,370	9,530
Plastic	48,080	48,375	21,105
Glass	92,280	37,720	51,870
Other materials	76,612	67,959	81,977
Total	**689,327**	**686,343**	**569,337**

waste by type and disposal in kg	2018	2019	2020
Non hazardous			
Recycling	415,336	322,394	306,914
Disposal	262,000	341,896	237,910
Total	**677,336**	**664,290**	**544,824**
Hazardous			
Recycling	11,256	13,951	24,217
Disposal	735	8,102	296
Total	**11,991**	**22,053**	**24,513**

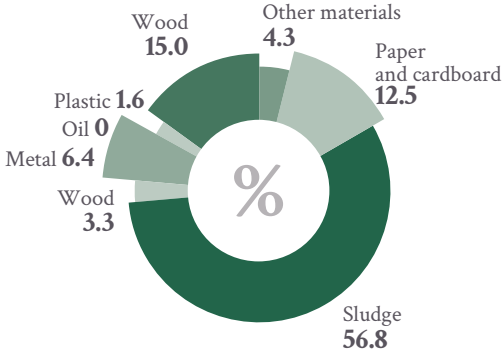
Waste



BANFI SRL

waste by type in kg	2018	2019	2020
Biodegradables	11,000	9,600	-
Paper and cardboard	12,310	45,060	21,815
Concrete	77,420	21,120	-
Sludge	139,290	171,566	98,800
Wood	9,120	17,760	5,800
Metal	11,050	1,650	11,170
Oil	90	10	30
Plastic	500	15,700	2,800
Glass	13,660	17,500	26,020
Other materials	17,001	14,014	7,566
Total	**291,441**	**313,980**	**174,001**

waste by type and disposal in kg	2018	2019	2020
Non hazardous			
Recycling	140,450	139,357	74,185
Disposal	150,290	174,086	99,600
Total	**290,740**	**313,443**	**173,785**
Hazardous			
Recycling	397	391	70
Disposal	304	146	146
Total	**701**	**537**	**216**



INITIATIVES OF CONSUMPTION REDUCTION

GRI 302-4 GRI 302-5

Attention toward the entire company

Consumption reduction

Banfi contributes to fighting climate change

The contribution of Banfi to fighting climate change sees an important strategic direction in the actions to save energy and reduce CO_2 emissions to be included in every new structural and non-structural investment. Over the years, a number of interventions were carried out, in particular between 2015 and 2016.

- in the **hospitality department** a heating system for the rooms of Castello Banfi Wine Resort was installed, with a pellet burner in replacement of the previous burner fueled by LPG. In the restaurant kitchen a high efficiency heat pump was implemented which replaced the electric boiler in use until then. Finally, a diesel condensation burner was introduced, to replace the previous combustion chamber burner, which is used in emergency situations:
- in the **balsameria** the previous heat generator was replaced with an LPG condensation burner;
- in the **offices of the administration** building and the **reception office** the low efficiency heat pump was replaced with a high efficiency pump which is used for air-conditioning of the spaces in summer and winter;
- in the **offices of the administration** building a new Toshiba printer was introduced, equipped with technology which allows for the reuse of the same sheet of paper for multiple printings, thanks to the possibility to cancel previous printings.

The overall contribution these initiatives produce each year leads to a reduction of CO_2 emissions equal to 42.17 tons and a reduction of energy consumption equal to 328 GJ.
In 2018, the project to replace the light fixtures in the production and warehouse buildings with LED lights was completed. This intervention produced a savings of electricity equal to 1.505 GJ and a reduction of CO_2 emissions equal to 132 tons.

In 2019, a comparable intervention was carried out also at the company Fruit Center (the facility where plums are dried and calibrated). Furthermore, in the various company offices the

number of Toshiba printers equipped with the technology to reuse sheets of paper was extended, both for black and white printing, for color printing. This is an attention which Banfi has demonstrated for a while, embracing the Toshiba green printing solutions and contributing, from 2014, to the "Toshiba Carbon Zero Scheme" project for the safeguard of the environment.

In 2020, an important project was executed, inspired by the logics of Green Computing, to completely revisit the two Data Center rooms in the company. The project, which involved all the operating centers, both in Tuscany and Piedmont, originates from the need to structure the company data centers with a sustainable logic, and for this reason, an integral virtualization of all servers, as well as the user VDIs, was defined, balancing the needs of sustainable management with better operating performances.
Thanks to the partnership with Vodafone and a further performance increase of the network (today 600MB up/down and in 2021 up to 1 GHz), our information infrastructure, not only will allow to guarantee an increasingly higher performance and safety, but it will also be an absolute impulse in supporting smart/remote working modalities which during 2020 increased exponentially, in response to the management of the Covid-19 pandemic. The advantages generated by the execution of this project are, rationalization and reduction of the use of energy resources, reduction of produced waste and lower waste disposal, economic advantages and higher protection. The estimated impact of this project in terms of reduction of electricity consumption is equal to 4.6 GJ[1].
Finally, among the initiatives which were activated this year, a photovoltaic system, installed at the company Fruit Center, entered into operation. The system has a capacity of 29.7kWh and entered into operation at the end of the year, with an energy production (including the first months of 2021) equal to 24.5 GJ. The system is implemented with monocrystalline panels and is active with an on-site exchange contract which allows to withdraw produced energy and put unused energy into the network. As of 2021, it will be possible to quantify the value of the production for a full year.

Green Computing is a discipline which has a dual goal: to achieve excellent results in economic terms and in technologic performance, respecting social and ethical responsibilities toward the environment. According to this philosophy, it is necessary to adopt an eco-sustainable approach for the entire lifespan of an IT infrastructure.

www.igscc.org/

1 The data was estimated, considering the differential in the electricity consumption between 2020 and 2019, from May, year in which the project was finished. The data used for the calculation refer to the electricity consumption of the building where the two data center rooms were installed. The reduction of consumption can be integrally attributed to the project.

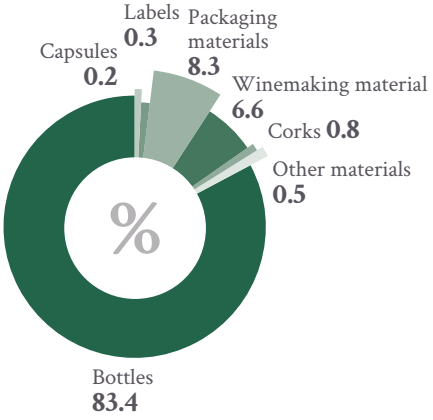
Banfi is aware that the commitment to the containment of the environmental impacts which derive from the production process is achieved also through the attention in the choice of the use of materials.

Attention to the use of materials

GRI 301-1 GRI 301-2

Banfi is aware that the commitment to the containment of the environmental impacts which derive from the production process, is achieved also through the attention in the choice of the use of materials. For this reason, relationships were created historically with suppliers who are sensitive to this matter. An attention which concerns both the context of the production of the bottles, as also of packaging materials and which is witnessed by the recognition, for the suppliers, of specific certifications concerning process and product.

In the following charts the consumption of materials is reported by composition and type, As the data show, the prevalent impact is determined by glass which represents on average for the two Companies approximately 84% of consumptions in weight.



Materials by type

BANFI SOCIETÀ AGRICOLA SRL

Materials by type in metric tons	2018	2019	2020
Bottles	4.261	4.043	2.841
Capsules	10	8	5
Labels	16	14	10
Packaging materials	465	407	281
Winemaking material	297	411	224
Corks	43	40	27
Other materials	22	16	15
Total	**5.115**	**4.940**	**3.404**

Materials by composition

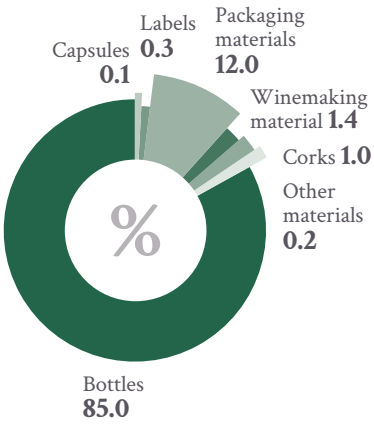
BANFI SOCIETÀ AGRICOLA SRL

Materials by composition in metric tons	2018	2019	2020
Paper	412	373	260
Glue	7	5	4
Wood	70	48	32
Lubricants	1	1	1
Organic material	297	411	224
Metal	10	8	5
Plastic	15	11	10
Cork	43	40	27
Fabric	-	-	-
Glass	4.260	4.042	2.841
Total	**5.115**	**4.940**	**3.404**

Materials by type

BANFI SRL

Materials by type in metric tons	2018	2019	2020
Bottles	2.230	2.409	1.118
Capsules	3	4	2
Labels	9	11	4
Packaging materials	253	266	156
Winemaking material	25	33	18
Corks	29	32	15
Other materials	3	7	2
Total	**2.552**	**2.761**	**1.316**



Materials by composition

BANFI SRL

Materials by composition in metric tons	2018	2019	2020
Paper	208	227	117
Glue	1	2	1
Wood	54	50	43
Lubricants	-	-	-
Organic material	17	26	14
Metal	13	15	7
Plastic	2	5	1
Cork	19	21	9
Fabric	8	7	4
Glass	2.230	2.409	1.118
Total	**2.552**	**2.761**	**1.316**

Thanks to the use of materials which are totally or partially produced with recycled components, this year it was possible to obtain savings of energy consumption and CO_2 emissions.

Regarding packaging, in almost all production processes recycled cardboard is used (this year, the average of recycled material for each unit is slightly higher that the data for last year, reaching around 86%). Most of our suppliers hold specific certifications, such as PEFC and FSC in protection of the responsible management of the forest and the production chain.

Our suppliers

Hold specific certifications, such as PEFC and FSC in protection of the responsible management of the forest and the production chain.

Similarly, also the glass bottles which are used present a percentage of recycled material which, this year, reaches an average value equal to 53%.
The use of these materials brought a savings, in terms of electricity, equal to 18,357.75 GJ and a non-emission of CO_2 equal to 781 t. Thanks to the use of recycled cardboard it was also possible to avoid cutting down 3,118 trees and save 105 Mega liters of water.
The impact, in terms of weight of recycled material on the total of used materials in the production process, is equal to 41% for Banfi Società Agricola Srl and to 47% for Banfi Srl.
In addition to the commitment on bottles and packaging material Banfi wanted to contribute to the protection of the environment also with regard to the responsible management of labels. Since 2015, Banfi Srl takes part in the RafCycle project, thanks to which, in a perspective of circular economy, the subproducts of the pressure sensitive labels (siliconed paper) can be transformed into new paper or composite material or energy. Over the years, a quantity of siliconed paper equal to 30 t has been conferred from which 23 t of cellulose paste has been recovered, a quantity able to produce 38 t of paper for magazines, avoiding cutting down 390 trees.

41%
recycled materials (Banfi Società Agricola Srl)

47%
recycled materials (Banfi Srl)

Finally, an **important contribution to the matter of environment protection**, and in particular to the reduction **of CO_2 emissions comes from one of our cork suppliers, Corticeira Amorim**, which this year sponsored a study on the product life cycle. The study showed how each cork closure is able to retain, according to its type, between 309 and 526 g of CO_2. A feature which is not detected in plastic or aluminum closures. Based on this study, Corticeira Amorim quantified the absorption of CO_2 deriving from the purchases of natural cork closures carried out in 2019. The total value for Banfi Società Agricola Srl and Banfi Srl is equal to 931.3 t of CO_2.

Life Cycle Assessment (LCA) is an analytical and systematic methodology which assesses the environmental trace of a product or of a service, along its entire lifespan. As a matter of fact, the calculation ranges from the stages of extraction of the raw materials which make up a product, to its production, distribution, use and final disposal, restoring the values of the environmental impact associated with its life cycle.

www.isprambiente.gov.it/it/attivita/certificazioni/ipp/lca

Attention to delivery services

This year also, the project with the MagDi Group continued for the delivery of our products with vehicles with zero environment impact in the cities of Florence and Rome. In consequence of the emergency situation determined by the pandemic, this year the number of deliveries suffered a strong contraction and concerned mainly the city of Rome, for which non-emissions equal to 10.2 t of CO_2 (37% less, vs. last year for the data regarding Rome and 47% less, vs. the total) were recorded. Totally, since 2017, first year of the initiative, non-emissions of CO_2 over a quantity equal to 58.5 t were recorded.

Use of zero environmental impact vehicles for deliveries in Florence and Rome

CERTIFICATE
CO OPERATION
BANFI SOCIETA' AGRICOLA SRL
774,1
tonnes of CO_2 retention
AMORIM CORK

CERTIFICATE
CO OPERATION
BANFI SRL
157,2
tonnes of CO_2 retention
AMORIM CORK

AMORIM

The two certifications which attest the contribution of Banfi to the capture of CO_2 from the purchase of natural corks. With this link the project can be studied in-depth with the list of certified wineries: www.amorimcorkitalia.com/it/news-e-media/1/2020/cantine-green-con-i-certificati-di-amorim-cork-italia/1503

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 **laundering 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.

By reducing the frequency of laundering of towels and sheets, the consumption of water, as well as the use of energy and detergents, can be reduced. Hotels launder from 2 kg to 6 kg of sheets and towels per room on a daily basis, a process that requires up to 100 liters of water for each occupied room.

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).

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.

www.ec.europa.eu/environment/emas/takeagreenstep/useful-it.html

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 c**ertified 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.

“We are constantly in pursuit of excellence which we will only reach thanks to the quality of our people

Rodolfo Maralli
President Fondazione Banfi

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

OUR APPROACH

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 winemaking 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 Srl and Banfi Srl obtained the certification of the quality management system in accordance with the ISO 9001 standard. Furthermore, in 2006 Banfi Società Agricola Srl and Banfi Srl 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

Compliance with legal regulations

Analysis from the field to the consumer

Certification and external audit program

Research and development

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.

Balsameria

CERTIFICATIONS

From the early 2000s, Banfi decided to move forward with management tools which determined a strong orientation of the company toward sustainability, leading to the achievement **of the ISO 9001 and ISO 14001 certifications** regarding the management systems in the context of quality and environment. This setting made it possible to guarantee high quality standards for the company processes and a vision which is oriented at a continuous improvement achieved by research and development projects on quality and efficiency of the production and cultivation processes.

In 2005, Banfi was the first vineyard estate in the world to obtain the SA 8000 ethical certification which guarantees and verifies the equity and correctness of the work relations pertinent to social responsibility. **For the management of this context, the Social Performance Team was created,** composed of a management representative, representatives elected by the workers and union representatives. The Social Performance Team has the task of promoting positive actions for the improvement of the company system and for the support of the workers, who can report possible issues to be analyzed and whenever possible resolved by promoting adjustment actions.

2005

Banfi obtains the SA 8000 ethical certification which guarantees and verifies the equity and correctness of the work relations pertinent to social responsibility.

With regard to the aspects relating to the products, Banfi operates in conformity with two important quality standards regarding food safety, IFS and BRC, which are in high demand on the European market and aim at guaranteeing high quality and conformity of the products.

In the context of the management of aspects related to the sales of the products, Banfi holds two important certifications. The first is the **AEO, Authorized EcoOperator**, certificate, issued by the customs agency. It represents a status of liability and solvency which guarantees a rigorous compliance with customs regulations and with product safety. The second certification then is associated to the wine import activity, in particular of organic wines. To carry out this activity, Banfi has established a **certification relation with ICEA, Institute for Ethical and Environmental Certification**, which periodically assists and audits the company in its importing operations.

Finally, in 2017, Banfi achieved the certification of its health and workforce safety management systems, according to the OHSAS 18001 regulations. This year in November, the transition toward the new version of the regulations, ISO 45001, was completed.

	Banfi Società Agricola Srl	Banfi Srl
ISO 45001 (ex OHSAS 18001) December 2017		✓
AEOS March 2011	✓	
AEOF March 2011		✓
BRC and IFS July 2006	✓	✓
SA 8000 September 2005	✓	✓
ISO 14001 September 2001	✓	
ISO 9001 July 2001	✓	✓

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

BANFI SOCIETÀ AGRICOLA SRL

Values expressed in numbers	2018	2019	2020
Internal activities			
Controls when accepting products/ services from suppliers	12	12	11
Control of internal processes	15	27	38
Complaints on products by consumers	10	11	41
Third-party activities			
Audit by certification body	2	3	4

BANFI SRL

Values expressed in numbers	2018	2019	2020
Internal activities			
Controls when accepting products/ services from suppliers	16	10	9
Control of internal processes	14	9	24
Complaints on products by consumers	6	9	12
Third-party activities			
Audit by certification body	5	3	5

Environment: ISO 14001

BANFI SOCIETÀ AGRICOLA SRL

Values expressed in numbers	2018	2019	2020
Internal activities			
Controls when accepting products/ services from suppliers	-	1	-
Control of internal processes	8	10	3
Third-party activities			
Audit by certification body	-	1	-

Health and safety certification: ISO 45001

BANFI SRL

Values expressed in numbers	2018	2019	2020
Third-party activities			
Audit by certification body	3	2	1

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.

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 the 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.

Internal analyses

BANFI SOCIETÀ AGRICOLA SRL

No. of internal analyses	
Wine	103,315
Grapes	1,840
Incoming materials	17,847
Water treatment plant	7,078
Osmosis system	1,510
Furnace	48
TOTAL	**131,638**

BANFI SRL

No. of internal analyses	
Wine	8,149
Grapes	250
Incoming materials	301
Water treatment plant	576
Osmosis system	-
Furnace	-
TOTAL	**9,276**

RESEARCH AND DEVELOPMENT

Importance of the topic

Product and process innovation, which in the wine industry are often confounded and combined in a single logic, **is at the base of the development and of the sustainability of the company.** The partnerships with the academic world, with external professors, with public entities or consortia reflect the need to dedicate increasingly more important time and resources to innovation, both to "generate" new products and to improve the production processes, lowering their impact on the resources of the planet.

Farming practices which are less impacting on the environment, methods from the past which are readapted and enabled in an organized production, consolidation of the ties with local suppliers, with reference to the production of grapes and bulk wine, are the keys of competition and of ties with the history of the product and of the territory of which the value is inseparable from the finished bottle.

In the three-year period, 2017-2019, 3.2 million Euro were invested by the Companies in 7 different research and development projects to which 47,000 internal work hours were dedicated.

The opportunity to experiment and research new winemaking methods, to refine the existing methods and to invest in the notions of the estate vineyards and the estate production, continuously improving quality, is the primary goal of the research and development activity. With this, the sharing of the conducted work and achieved results with all stakeholders represents the natural completion of the accomplished efforts and the implemented actions. Publications, such as **"The Pursuit of Excellence"** are the summary of almost 40 years of study and research on the projects of which Banfi was a protagonist: zonation and clonal selection, water savings, reduction of treatments in the vineyard, revival of ancient winemaking methods, most often eliminated due to the high cost. A fundamental contribution to scientific research and the sharing of knowledge then comes from the **activity of Sanguis Jovis, School for Higher Education on Sangiovese, the study center of Fondazione Banfi**, which for years has been involved in elevating and sharing the culture of Sangiovese in Italy and in the world.

Conducted activities

This year again, projects were activated which involved the area of agricultural production, as well as product development and also the area of company processes.

Banfi Società Agricola Srl conducted projects to evaluate and compare the production characteristics, in light of new trellising systems, newly introduced varietals and drying methods which are able to enhance the grapes obtained from an early harvest.

In particular, the **Banfi alberello** trellising system proved to be able to combine important features with regard to sustainability (for example: enhancement of marginal terrains, reduction of use of fertilizers and plant chemicals, need for a lower number of work hours) and quality (for example: early achievement of a high grade of vegetative-productive balance, optimal ripening of the bunches and high level of healthiness). The intention is to evaluate its agricultural-enological potential, compared to the spurred cordon trellising system. Regarding the study **on newly introduced varietals**, the topic can be studied in-depth in the dedicated chapter, in which, in addition to the description of the project, started in 2017, the main results, achieved until now, are illustrated. Finally, with the project on the **enhancement of grapes obtained from an early harvest**, the intention is to evaluate the enological result (in terms of aromatic and structural profiles), which can be achieved thanks to the drying of grapes, with a low degree of ripening from an early picking, in a dedicated area with temperature control and ventilation to guarantee a correct drying process. The artificial environment which is recreated in this area modifies the process of the loss of water on behalf of the berries and allows for a perfect regulation of the kinetics of the dehydration of the grapes, increasing the sugars consequently to a concentration effect.

Banfi Srl has developed projects on the process methodologies, to improve the organoleptic characteristics of the products, depending on the taste preferences of the

consumers and the reference vintages. Furthermore, a project on the revision of the company processes has been activated, in prospect of industry 4.0, internet of things and digitalization.

Regarding the **study on the product**s, vinification trials have been conducted on Cortese di Gavi grapes, with a specific vinification protocol, to obtain a new product with marked features of structure, sapidity and longevity. Furthermore, trials on the sparkling wine process were conducted, using a commercially available yeast which is different from the already used yeast, to evaluate the ability to improve the organoleptic characteristics of the product. Finally, trials were conducted using technical bottle closures in micro-granulate for sparkling wines, to evaluate the reduction of issues relating to the smell/taste of the closure and the technical performances during the introduction of the closure.

With regard to the **company processes**, a project was developed which involved the purchasing cycle, the production and warehouse cycle and the sales cycle, addressing for each cycle aspects associated with the organization, the process and the skills of the human resources, delegating, wherever possible, to automation and digitalization the tasks with a low added content and

increasingly tracing new future careers and skills, adding experience from other industries to the wine and hospitality sector. Topics, such as Big Data, artificial intelligence and blockchain will represent a decisive future challenge for the organization of our businesses. Furthermore, these projects will bring benefits in terms of consumed resources, with attention to the logics of Green Computing.

The conducted projects employed a total of 32.963 hours of internal work (7% of the total work hours) and are currently being examined by the certification institution to evaluate the admissibility for the purposes of the recognition of a tax credit. Subsequent to the conducted evalutation, it will be possible to identify the number of projects, the employed hours and the invested economic value. This information will then be made available with the next edition of this document. From the comparison with the previous year, in any case, a clear increase in the quantity of hours dedicated to research and development activities, which have doubled, vs. 2019, can be highlighted. An increase which is the sign of a clear determination and attention in this context. In a challenging and difficult year, as the year we are speaking of, the above listed data show us clearly the determination of the company to look to the future with optimism, increasing the investment of resources on projects which will be able to contribute significantly to the development of an entire industry.

32.963 hours of internal work

PURSUIT OF EXCELLENCE

Pioneering 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 prevailingly fluvial origin, the soils are deep, pedologically preserved and well developed.
- Prevailingly 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 Castle of Poggio alle Mura, attesting to the existence in the past of an intense sea life.

Vineyard

The Ministry of Agriculture, Food and Forest Policies is in charge of the National Record of Grape Varieties and for its management and update avails of the Research Center CREA for Viticulture and Enology in Conegliano.

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 varietals, 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 varietal 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 typicity of individual varietals 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.

"Alberello Banfi" trellising system

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 varietals: 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.

Trellising

The trellising methods concern all cultivation processes based on human intervention to modify, in a most natural way, the growth of a plant in order for it to achieve the desired characteristics. **The most practiced and common trellising methods are Guyot, pergola, spurred cordon, alberello and tendone.**

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

Vines

Fruit set and veraison are two stages of the biological cycle of the vine. Fruit set is the stage of development of the berry. Veraison is the stage of color change of the berry.

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 a 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 a 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.

Horizon tank

HOSPITALITY AND QUALITY PROTECTION

A unique experience and emotions. These are the features that describe the **"Castello Banfi Wine Resort"** hospitality service. A service where quality is foremostly 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 hospitability 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.

The attention toward a quality offer is also expressed in the two restaurants of Castello Banfi Wine Resort with the search for local ingredients, the respect of seasonality and the preparations which allow to maintain the freshness of the ingredients intact. This year, these elements, together with the passion and constant dedication of Chef Domenico Francone and his brigade, have led the "Sala dei Grappoli" restaurant to obtaining the highest recognition in the restaurant industry, the Michelin Star. A recognition which is the fruit of an endeavor which places the culture of excellence at the center and not only awards Banfi, but an entire territory.

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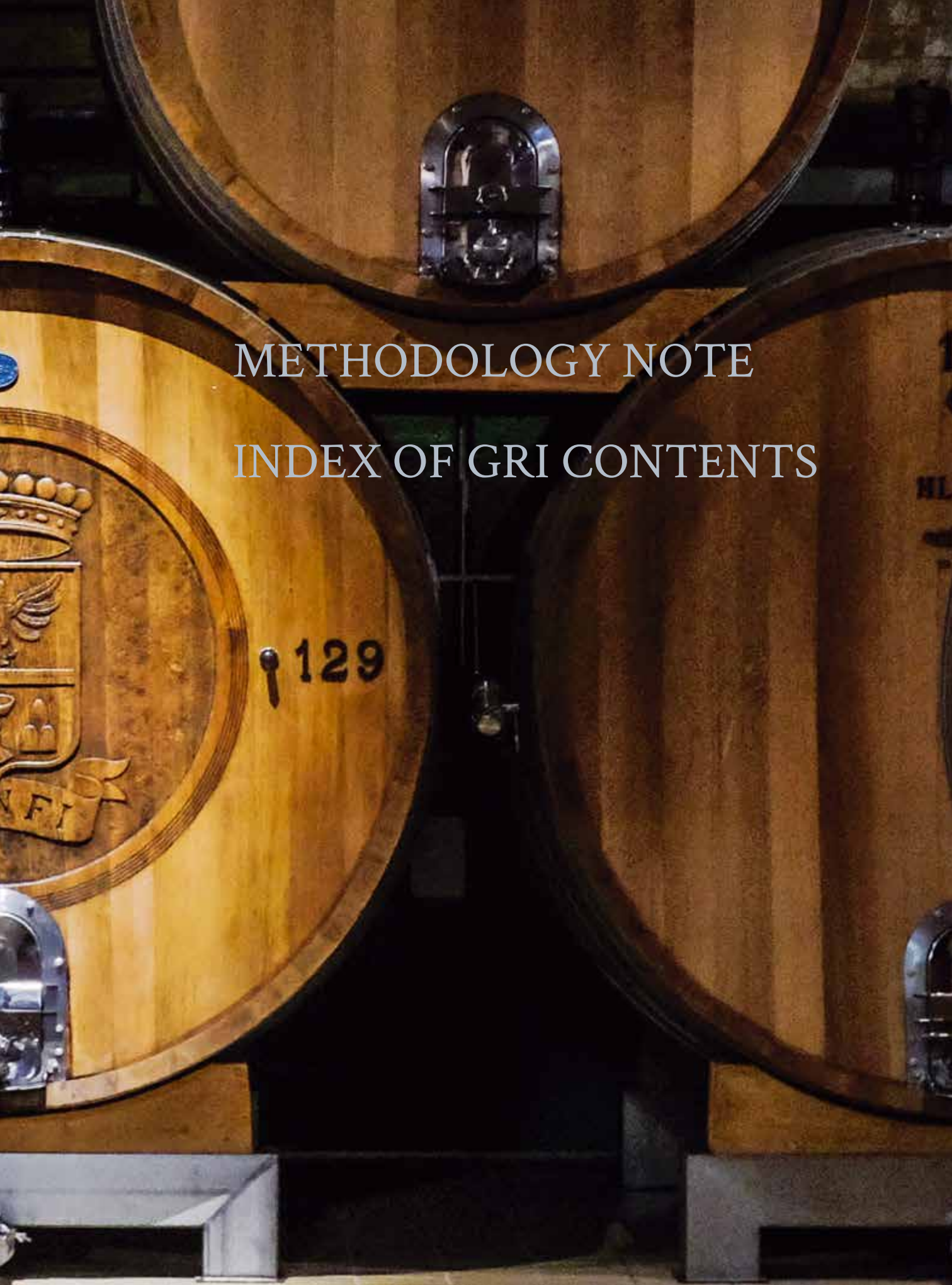

METHODOLOGY NOTE

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Banfi Società Agricola Srl and Banfi Srl

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A pathway of growth

In 2015, the first issue of the Sustainability Report (hereafter also the "Report"), the "issue zero" was published, and the two companies, Banfi Società Agricola Srl and Banfi Srl, 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 the subsequent editions. From this year, the Sustainability Report is submitted to an external assurance activity and presented to the Board of Directors for approval contextually with the balance sheet.

Applied guidelines

The present document has been achieved according to the GRI Sustainability Reporting Standards (2016) guidelines, as defined by the Global Reporting Initiative (GRI). When present, the 2018 updates of the guidelines were applied. The reporting option which was chosen is "In accordance – Core".

Definition of contents

The contents of the document were identified by the company management also on the base of the results of the dialogue with our stakeholders. As in the previous edition, in compliance with the materiality principal, the most important topics for the Company and its stakeholders were reported, to represent the context of sustainability in which Banfi operates, in a complete and balanced manner. The data and information were transmitted to the most possible extent by using a clear language and offering complete, timely and temporally comparable information, thanks also to the indication of the values of the previous years (2019 and 2018). The list of the reported indicators and the positioning within the Report are contained in the GRI

Content Index presented at the end of the document. There are no significant changes to be reported in dimension, structure, ownership asset and supply chain of the organization during the period of reporting. This year also, the database to calculate the indicators was refined, and this led to an update of the historical data recorded in the charts. These variations were never determining in the analysis of the trends and in the comparison with the previous editions. There are no changes of perimeter of analysis and objectives, vs. previous editions, to be reported.

Process of structuring of the report

The process of data collection aims at guaranteeing the accuracy and the liability of the data. The present document represents the result of an articulated pathway which transversally involved the entire organization committed to the collection and verification of data and information

Vineyards in Piedmont

to be reported. To oversee the entire process the Company set up a dedicated committee, actively involved in the consolidation and final verification of the data, with specific roles and supervision of the project. The data was collected using the current company IT systems, in addition to specific internal documentation which is available and other official resources. Regarding the financial data, it must be specified that the data were acquired from the respective company balance sheets, as there is no consolidated balance sheet for the companies.

External assurance

This year, the Sustainability Report was submitted to limited assurance, according to the ISAE 3000 Revised Standard. This activity, carried out by an external party, aims at certifying the compliance of the contents of the document with the guidelines which are adopted for the compilation and are substantiated in document collection activities, interviews with the management team responsible for the compilation of the report, studies of topics, review of calculations and sample verifications. The document review was assigned to PricewaterhouseCoopers Advisory S.p.A.. At the end of the activity, the auditing company issued their report, titled Independent Report on the Limited Assurance of the 2020 Sustainability Report.

If you have questions or are looking to discuss a topic in further detail, you can write to the team that compiled the Sustainability Report at the following email addresses:

sustainability@banfi.it
hr_sustainability@banfi.it
stakeholder_sustainability@banfi.it

Your opinion matters!

INDEX OF GRI CONTENTS

GRI 102-55

General disclosures

GRI Standard	Information		Page Number	Omission/Notes	SGDs
Organizational profile					
GRI 102: General Disclosures 2016	102-1	Name of the organization	58-61		
	102-2	Activities, brands, products, and services	26-29; 64-65		
	102-3	Location of headquarters	182-185		
	102-4	Location of operations	24-25		
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	102-6	Markets served	74-75		
	102-7	Scale of the organization	64-65; 88-89		
	102-8	Information on employees and other workers	120-126	The average workforce is calculated considering the monthly average number of employees during the year. Therefore, the seasonal employees under contract for less than a year are reproportioned to that period. The following charts show the data relative to the workforce as of December 31.	8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES

Average values

BANFI SOCIETÀ AGRICOLA SRL

Average number	2018	2019	2020
Permanent	**131**	**133**	**134**
Women	33	33	32
Men	98	100	102
Fixed term	**113**	**116**	**111**
Women	33	31	30
Men	80	85	81
Total	**244**	**249**	**245**

BANFI SRL

Average number	2018	2019	2020
Permanent	**107**	**110**	**113**
Women	51	53	54
Men	56	57	59
Fixed term	**46**	**47**	**18**
Women	26	23	8
Men	20	24	10
Total	**153**	**157**	**131**

BANFI SOCIETÀ AGRICOLA SRL

Average number	2018	2019	2020
Full time	**240**	**245**	**243**
Women	63	61	60
Men	177	184	183
Part time	**4**	**4**	**2**
Women	3	3	2
Men	1	1	-
Total	**244**	**249**	**245**

BANFI SRL

Average number	2018	2019	2020
Full time	**143**	**144**	**121**
Women	70	67	54
Men	73	77	67
Part time	**10**	**13**	**10**
Women	7	9	8
Men	3	4	2
Total	**153**	**157**	**131**

GRI Standard	Information	Page Number	Omission/Notes	SGDs
	Average values			

BANFI SOCIETÀ AGRICOLA SRL

Average number	2018	2019	2020
Administrators	**2**	**2**	**2**
Women	-	-	-
Men	2	2	2
Interns	**-**	**-**	**-**
Women	-	-	-
Men	-	-	-
Total	**2**	**2**	**2**

BANFI SRL

Average number	2018	2019	2020
Administrators	**2**	**2**	**2**
Women	-	-	-
Men	2	2	2
Interns	**1**	**3**	**-**
Women	1	2	-
Men	-	1	-
Total	**3**	**5**	**2**

BANFI SRL

Average number	2018	2019	2020
Permanent	**107**	**110**	**113**
Tuscany	84	88	90
Piedmont	23	22	23
Fixed term	**46**	**47**	**18**
Tuscany	36	34	7
Piedmont	10	13	11
Total	**153**	**157**	**131**

GRI Standard	Information	Page Number	Omission/Notes	SGDs
	Values at end of year			

BANFI SOCIETÀ AGRICOLA SRL

No. to 31/12	2018	2019	2020
Permanent	**131**	**132**	**131**
Women	33	32	30
Men	98	100	101
Fixed term	**3**	**4**	**1**
Women	-	1	-
Men	3	3	1
Total	**134**	**136**	**132**

BANFI SRL

No. to 31/12	2018	2019	2020
Permanent	**106**	**112**	**113**
Women	51	53	55
Men	55	59	58
Fixed term	**5**	**7**	**3**
Women	2	3	2
Men	3	4	1
Total	**111**	**119**	**116**

BANFI SOCIETÀ AGRICOLA SRL

No. to 31/12	2018	2019	2020
Full time	**130**	**132**	**130**
Women	30	30	28
Men	100	102	102
Part time	**4**	**4**	**2**
Women	3	3	2
Men	1	1	-
Total	**134**	**136**	**132**

BANFI SRL

No. to 31/12	2018	2019	2020
Full time	**102**	**109**	**106**
Women	46	48	48
Men	56	61	58
Part time	**9**	**10**	**10**
Women	7	8	9
Men	2	2	1
Total	**111**	**119**	**116**

BANFI SOCIETÀ AGRICOLA SRL

No. to 31/12	2018	2019	2020
Administrators	**2**	**2**	**2**
Women	-	-	-
Men	2	2	2
Interns	**-**	**-**	**-**
Women	-	-	-
Men	-	-	-
Total	**2**	**2**	**2**

BANFI SRL

No. to 31/12	2018	2019	2020
Administrators	**2**	**2**	**2**
Women	-	-	-
Men	2	2	2
Interns	**-**	**1**	**-**
Women	-	1	-
Men	-	-	-
Total	**2**	**3**	**2**

BANFI SRL

No. to 31/12	2018	2019	2020
Permanent	**106**	**112**	**113**
Tuscany	85	90	90
Piedmont	21	22	23
Fixed term	**5**	**7**	**3**
Tuscany	3	4	2
Piedmont	2	3	1
Total	**111**	**119**	**116**

GRI Standard	Information		Page Number	Omission/Notes	SGDs
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GRI 102: General Disclosures 2016	102-40	List of stakeholder groups	40-41		
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GRI 102: General Disclosures 2016	102-45	Entities included in the consolidated financial statements	182-185		
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Material topics

GRI Standard	Information		Page Number	Omission/Notes	SGDs
Economic performance					
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	90		8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
	201-4	Financial assistance received from government	88-89		
Tax					
GRI 207: Management approach 2019	207-1	Approach to tax	89-91		1 NO POVERTY; 10 REDUCED INEQUALITIES; 17 PARTNERSHIPS FOR THE GOALS
	207-2	Tax governance, control, and risk management	89-91		
	207-3	Stakeholder engagement and management of concerns related to tax	89-91		
GRI 207: Tax 2019	207-4	Country by country reporting	89-91	For information relative to this indicator refer to the Balance Sheet of the two Companies	
Enhancement and development of the territory					
GRI 103: Management approach 2016	103-1	Explanation of the materiality of the topic and scope	96-97		
	103-2	The management approach and its components	96-97		
	103-3	Evaluation of the management approach	96-97		
Market presence					
GRI 202: Market presence 2016	202-2	Proportion of senior management hired from the local community	58-61		8 DECENT WORK AND ECONOMIC GROWTH
Procurement practices					
GRI 204: Procurement practices 2016	204-1	Proportion of spending on local suppliers	68		8 DECENT WORK AND ECONOMIC GROWTH
Enhancement and development of the people					
GRI 103: Management approach 2016	103-1	Explanation of the materiality of the topic and scope	118-119		
	103-2	The management approach and its components	118-119		
	103-3	Evaluation of the management approach	118-119		
Market presence					
GRI 202: Market presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	126-127		1 NO POVERTY; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH

GRI Standard		Information	Page Number	Omission/Notes	SGDs
Employment					
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	124-126	We consider those employees as resigned who end their work relation during the year with the exclusion of the end of the fixed-term contracts. The date of the resignation is effective the following day. Therefore, the employee who resigns on December 31 is considered in force.	5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES

New hires	2018						2019						2020					
	M	%A rate	%AF rate	F	%A rate	%AF rate	M	%A rate	%AF rate	F	%A rate	%AF rate	M	%A rate	%AF rate	F	%A rate	%AF rate
Banfi Società Agricola Srl																		
Tuscany	9	3.7	1.5	-			12	4.9	1.5	4	1.6	0.8	5	2.0	3.8	-	-	-
Age < 30 years	3	1.2	-				4	1.6	-	1	0.4	-	2	0.8	1.5	-	-	-
Age 30-50 years	6	2.5	1.5				7	2.9	1.5	2	0.8	0.8	2	0.8	1.5	-	-	-
Age > 50 years							1	0.4	-	1	0.4	-	1	0.4	0.8	-	-	-
Banfi Srl																		
Tuscany	7	4.6	2.7	7	4.6	1.8	11	4.5	1.7	8	6.1	0.9	1	0.8	0.9	3	2.3	2.6
Age < 30 years	2	1.3	-	3	2.0	0.9	8	6.1	-	4	3.0	-	-	-	-	1	0.8	0.9
Age 30-50 years	5	3.3	2.7	4	2.6	0.9	2	1.5	0.9	4	3.0	0.9	1	0.8	0.9	2	1.5	1.7
Age > 50 years							1	0.8	0.9				-	-	-			-
Piedmont	1	0.7	0.9	1	0.7		5	3.8	2.6	2	1.5	0.9	2	1.5	1.7	-	-	-
Age < 30 years	1	0.7	0.9				5	3.8	2.6	1	0.8	0.9	2	1.5	1.7	-	-	-
Age 30-50 years				1	0.7													
Age > 50 years										1	0.8					-	-	
Total	**17**			**8**			**28**			**14**			**8**			**3**		

Resigned	2018						2019						2020					
	M	%A rate	%AF rate	F	%A rate	%AF rate	M	%A rate	%AF rate	F	%A rate	%AF rate	M	%A rate	%AF rate	F	%A rate	%AF rate
Banfi Società Agricola Srl																		
Tuscany	3	1.2	2.2	2	0.8	1.5	8	3.3	6.1	2	0.8	1.5	6	2.4	4.5	5	2.0	3.8
Age < 30 years				1	0.4	0.7	1	0.4	0.8		-	-	1	0.4	0.8	-	-	-
Age 30-50 years							1	0.4	0.8	1	0.4	0.8	1	0.4	0.8	1	0.4	0.8
Age > 50 years	3	1.2	2.2	1	0.4	0.7	6	2.4	4.5	1	0.4	0.8	4	1.6	3.0	4	1.6	3.0
Banfi Srl																		
Tuscany	7	4.6	6.3	3	2.0	2.7	4	1.6	3.4	3	2.3	2.6	4	3.0	3.4	-	-	-
Age < 30 years	3	2.0	2.7	1	0.7	0.9	2	1.5	1.7		-	-	1	0.8	0.9	-	-	-
Age 30-50 years	3	2.0	2.7	2	1.3	1.8	1	0.8	0.9	2	1.5	1.7	1	0.8	0.9	-	-	-
Age > 50 years	1	0.7	0.9				1	0.8	0.9	1			2	1.5	1.7	-		-
Piedmont	3	2.0	2.7	-			4	3.0	3.4	3	2.3	2.6	1	0.8	0.9	1	0.8	0.9
Age < 30 years	1	0.7	0.9				1	0.8	0.9	1	0.8	0.9	1	0.8	0.9	-	-	-
Age 30-50 years							1	0.8	0.9	1	0.8	0.9	-	-	-	1	0.8	0.9
Age > 50 years	2	1.3	1.8				2	1.5	1.7	1	0.8	0.9	-	-	-	-	-	-
Total	**13**			**5**			**16**			**8**			**11**			**6**		

Legend
M = male F= female %A rate = % rate calculated on the average workforce %AF rate= % rate calculated on the workforce as of 12/31

GRI Standard	Information		Page Number	Omission/Notes	SGDs
	401-3	Parental leave	124-126		5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH
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GRI 403: Management Approach 2018	403-1	Occupational health and safety management system	128-130		
	403-2	Hazard identification, risk assessment, and incident investigation	128-130		8 DECENT WORK AND ECONOMIC GROWTH
	403-4	Worker participation, consultation, and communication on occupational health and safety	128-130		
	403-5	Worker training on occupational health and safety	128-130		
	403-6	Promotion of worker health	128-130		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	128-130		
GRI 403: Management Approach 2018	403-9	Work-related injuries	128-130		
Training and education					
GRI 404: Training and education 2016	404-1	Average hours of training per year per employee	128-130		4 QUALITY EDUCATION, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES
Environment protection					
GRI 103: Management approach 2016	103-1	Explanation of the materiality of the topic and scope	134-135		
	103-2	The management approach and its components	134-135		
	103-3	Evaluation of the management approach	134-135		
Economic performance					
GRI 201: Economic performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	136-138		13 CLIMATE ACTION
Materials					
GRI 301: Materials 2016	301-1	Materials used by weight or volume	152-154		8 DECENT WORK AND ECONOMIC GROWTH, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	301-2	Recycled input materials used	152-154		8 DECENT WORK AND ECONOMIC GROWTH, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

GRI Standard	Information		Page Number	Omission/Notes	SGDs
Energy					
GRI 302: Energy 2016	302-1	Energy consumption within the organization	140-141	In reference to point f), it must be pointed out that, with regard to the electricity consumption, in the reporting perimeter the consumption of electricity is included, used by the organization in the context of the production processes in agriculture and in the winery. Consumption for domestic use at the company staff accommodations is excluded.	7 Affordable and clean energy; 8 Decent work and economic growth; 12 Responsible consumption and production; 13 Climate action
	302-3	Energy intensity	140-141		7 Affordable and clean energy; 8 Decent work and economic growth; 12 Responsible consumption and production; 13 Climate action
	302-4	Reduction of energy consumption	150-155		7 Affordable and clean energy; 8 Decent work and economic growth; 12 Responsible consumption and production; 13 Climate action
	302-5	Reductions in energy requirements of products and services	150-155		7 Affordable and clean energy; 8 Decent work and economic growth; 12 Responsible consumption and production; 13 Climate action
Water and Effluents					
GRI 303: Management Approach 2018	303-1	Interactions with water as a shared resource	142-145		6 Clean water and sanitation; 12 Responsible consumption and production
GRI 303: Management Approach 2018	303-3	Water withdrawal	142-145	In reference to point c), it must be pointed out that withdrawals of water refer to water from the aquifer, thus deriving from the infiltration of rainwater into the ground and to water withdrawn from the reservoirs which accumulate rainwater, or which are filled with water from the rivers. In reference to point d, it must be pointed out that in the reporting perimeter the withdrawals of water are included, used by the organization in the context of the productions processes in agriculture and in the winery. Withdrawals for domestic use at the company staff accommodations are excluded.	6 Clean water and sanitation
Wastewater and waste					
GRI 306: Waste 2016	306-2	Waste by type and disposal method	148-149		3 Good health and well-being; 6 Clean water and sanitation; 12 Responsible consumption and production

GRI Standard	Information		Page Number	Omission/Notes	SGDs
Quality protection					
GRI 103: Management approach 2016	103-1	Explanation of the materiality of the topic and scope	160-161		
	103-2	The management approach and its components	160-161		
	103-3	Evaluation of the management approach	160-161		
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		Number of attained certifications	164		
		Number of detected non-conformities	165		
		Number of performed internal analyses	167		
		Number of research and development projects	168-171		
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BANFI SRL
BANFI SOCIETÀ AGRICOLA SRL

LIMITED ASSURANCE REPORT ON SUSTAINABILITY REPORTING

YEAR ENDED 31 DECEMBER 2020

Limited Assurance report on Sustainability Reporting

To the Boards of Directors of Banfi Srl and Banfi Società Agricola Srl

We have been engaged to undertake a limited assurance engagement on the Sustainability Report of Banfi Srl and Banfi Società Agricola Srl (hereinafter the "Companies") for the year ended 31 December 2020.

Responsibilities of the Directors for the Sustainability Report

The Directors of Banfi Srl and Banfi Società Agricola Srl are responsible for the preparation of the Sustainability Report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" issued in 2016, and updated to 2019 by GRI - Global Reporting Initiative (the "GRI Standards"), as illustrated in the "Methodology note" section of the Sustainability Report.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Sustainability Report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for defining the sustainability performance targets of Banfi Srl and Banfi Società Agricola Srl, as well as for identifying its stakeholders and material topics to be reported on.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC Italia 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to express a conclusion, based on the procedures performed, on whether the Sustainability Report complies with the requirements of the GRI Standards. We conducted our work in accordance with "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements other than Audits or Reviews of Historical Information" (hereinafter also "ISAE 3000 *Revised*") issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. That standard requires that we plan and perform procedures to obtain limited assurance about whether the Sustainability Report is free from material misstatement.

The work performed was less in scope than in a reasonable assurance engagement conducted in accordance with ISAE 3000 *Revised* and, consequently, we did not obtain assurance that we became aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the Sustainability Report were based on our professional judgement and included inquiries, primarily of personnel of the companies responsible for the preparation of the information presented in the Sustainability Report, inspection of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1. We analysed the process of definition of the material topics reported on in the Sustainability Report, with reference to the method of their identification in terms of priority for the various categories of stakeholders and to the internal validation of the results of the process;

2. We compared the financial information reported in the the Sustainability Report with the information included in the Company's annual financial statements*;*

3. We obtained an understanding of the processes underlying the generation, collection and management of significant qualitative and quantitative information included in the Sustainability Report.
   In detail, we inquired of and discussed with management personnel of Banfi Srl and of Banfi Società Agricola Srl and we carried out limited analyses of documentary evidence, in order to obtain information about the processes and procedures supporting the collection, aggregation, processing and submission of non-financial information to the corporate function in charge of the preparation of the Sustainability Report.

Furthermore, for significant information, taking into account the activities and characteristics of the Companies:

a) with reference to the qualitative information presented in the Sustainability Report, we carried out interviews and obtained supporting documents to verify its consistency with available evidence;

b) with reference to quantitative information, we performed both analytical procedures and limited tests to verify, on a sample basis, the accuracy of data aggregation, in addition, we discussed with the persons responsible and obtained documentary evidence, on a sample basis, about the correct application of the procedures and calculation methods applied for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of Banfi Srl and Banfi Società Agricola Srl for the year ended 31 December 2020 is not prepared, in all material respects, in accordance with the requirements of the GRI Standards as illustrated in the "Methodology note" section of the Sustainability Report.

Other Matters

No assurance procedures were performed on the comparative information presented in the Sustainability Report in relation to the year ended 31 December 2019 and 31 December 2018.

PricewaterhouseCoopers Advisory SpA

Signed by

Giuseppe Garzillo
(Partner)

Milan, 16 April 2021

This report has been translated into English from the Italian original solely for the convenience of international readers. We have not performed any controls on the Sustainability Report 2020 translation.

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We thank all Banfi colleagues who worked with us on the compilation of this Report.

Watch the video on Banfi and our sustainability

Creative concept, design and layout

MERCURIO GP

BANFI

for a better wine world