

SUSTAINABILITY REPORT 2020





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1. METHODOLOGY

Salov's commitment to the promotion and continuous improvement of the culture of sustainability is strengthened with the drafting of the first Sustainability Report, which aims to foster a transparent dialogue with stakeholders based on trust and mutual collaboration. Salov has decided to draw up the document, which shall be published every two years, in order to fulfil its obligations regarding the disclosure of non-financial, environmental and social information, provided in accordance with the GRI STANDARDS of the Global Reporting Initiative.

The data and information in this document refer to Salov S.p.A. for the fiscal year ended 31 December 2020 and, where specifically stated, to certain major projects launched in the first few months of 2021 or carried out in the years prior to the reporting period which are significant for understanding the evolution of sustainability in the company.

PROCEDURES FOR DRAFTING THE SUSTAINABILITY REPORT

The 'material' aspects to be reported with the relevant performance indicators (KPIs) were identified through a climate survey, 4 focus groups for internal stakeholders and 17 interviews with external stakeholders.

The reporting profile of the Salov Sustainability Report 2020 is described below:

- **Frequency:** biennial.
- **Reporting period of the first edition:** 1 January 2020 - 31 December 2020.
- **Publication of the previous Sustainability Report:** This document is the first.
- **Reference guidelines:** Global Reporting Initiative

(GRI) and AA1000 for stakeholder engagement.

- **GRI application level:** "core."
- **Reporting scope:** Salov S.p.A.
- **Limitations:** none.
- **Variations in the data reporting method:** None, as this is the first edition.
- **Significant changes during the reporting period:** none.

The reporting and drafting process was carried out by Aida Partners and the KPIs present are based on the best available information, the GRI guidelines and related measurement provisions which have been applied wherever possible.

In this context, the objective measurement of stakeholder relations and materiality analysis was undertaken.

The main sections into which the Sustainability Report is structured are:

- **Identity and governance.**
- **The Salov Group and the oil it produces.**
- **Innovation and Sustainability.**
- **Environmental and social impact, including safety management methods and relations with the territory.**
- **Summary tables of company performance.**

The document can be consulted and downloaded from the website www.salov.com

For further information and clarification, you may submit an e-mail to info@salov.com or contact the number **+39 0584 49911**



2. INTERVIEW WITH THE MANAGING DIRECTOR

As a preamble to the Salov Group's first Sustainability Report, we are publishing an interview with CEO Fabio Maccari, which provides a snapshot of the Company and its vision of sustainability, explaining why it is so important to Salov, how it is being implemented today and how it will continue to do so soon.

MR. MACCARI, WHAT LED SALOV TO PRODUCE ITS FIRST SUSTAINABILITY REPORT AND HOW IMPORTANT IS SUSTAINABILITY AS PART OF THE COMPANY'S STRATEGIES?

Sustainability has been a pillar which has guided the company's strategies ever since what is now the Villa Filippo Berio agricultural business was created in the 1990s. It is one of the largest olive-growing estates in Tuscany, with its 75 hectares of olive groves, and is now an open-air laboratory where experiments are being carried out to identify solutions for improving the quality and sustainability of Italian olive growing. In recent years, we have been pursuing our commitment to sustainability, both through structural and process interventions and through product innovation. The Sustainability Report is thus the natural continuation of a path to improvement of company performance in terms of environmental, social and economic sustainability, which has been in progress for some time. We have decided to report on our performance to our

stakeholders for the first time, with a view of achieving maximum transparency, respect and gratitude towards the territory first and foremost and towards all our partners, suppliers and collaborators. Precisely because there are no previous editions, the Sustainability Report not only fulfils the function of providing our stakeholders with a complete information framework, so that they can measure and assess our commitment to sustainable development, but also provides us with an opportunity to tell everyone about Salov in person. Indeed, in the document, we have devoted space to the values which guide us and make us proud to 'be Salov': a passion for a job well done, the rigor and consistency which inspire us always to offer high quality products, innovation, and care in processing raw materials at all stages of production and, ultimately, our way of interpreting sustainability.

CAN YOU DESCRIBE THE SALOV GROUP TODAY AS IF IT WERE A SNAPSHOT?

In a nutshell, Salov, which since 2015 has formed part of the international Bright Food group, is one of the world's largest companies in the olive oil sector, with a successful presence in Italy and in 75 other countries on seven continents. To give an order of magnitude, in 2020, consolidated net revenues were around € 335 million for 120 million litres of oil sold.

HOW IMPORTANT IS RESEARCH AND INNOVATION FOR THE PURPOSES OF SUSTAINABILITY?

I would say decisive. Although we started from an

excellent base, consisting of the Massarosa plant, which was inaugurated in 2004, without constant investment in R&D and the collaboration with authoritative academic centres and the National Research Council, we would not have been able to achieve our current results in terms of production cycle efficiency, reduction of water and energy consumption, optimized management of production waste and reduction of emissions into the environment. It is also by virtue of research and innovation that Salov is now aligned with the Sustainable Development Goals of the UN's 2030 Agenda and the European Union's Green Deal and Farm to Fork.

CAN YOU GIVE US SOME EXAMPLES OF COMPLETED OR ONGOING PROJECTS?

We are involved on several fronts. We collaborate on research projects which aim to apply the principles of the circular economy in the production phases within the plant. Examples of this are the completed projects such as INNOVOIL in 2009-2011 (process and plant INNOVATION for the sustainable production of edible OIL) on the development of technologies to make edible oil production sustainable by reducing waste generation, and more recent projects, such as V.A.L.E. (Valorization of Agro-food waste for the production of olive oil with increased nutraceutical value), for the design of a plant to produce oils with enhanced nutraceutical value, i.e., with the re-incorporation of components of the raw oil lost in the refining process. Together with the CNR-IBE (National Research Council Institute for BioEconomy), on the other hand, we are conducting research and experiments aimed at developing cultivation methods and agricultural practices which are both more efficient and sustainable, enhancing national olive oil biodiversity by recovering disused cultivars to combat climate change, and identifying genotypes of productive plants which are resistant to pathogens, including *Xylella fastidiosa*. The best example of how innovation has a real effect on sustainability is nevertheless the Berio method. With this project, we have linked the launch within the Italian market of the Filippo Berio brand to the involvement of farms willing to apply strict integrated production protocols certified by a third party. On the one hand, this



Fabio Maccari
Managing
Director
Salov Group



combination promotes excellent olive cultivation, offering a market outlet for products of defined quality with the payment to producers of a remuneration appropriate to the higher costs incurred, and on the other allows us to offer a range with distinctive quality and sustainability content which is relevant for the consumer.

SOCIAL SUSTAINABILITY IS A STRATEGIC ASSET FOR YOU

Care for and attention to the people comprising the corporate community is an integral part of our way of practicing sustainability and safety is absolutely one of our most important assets, in line with our corporate philosophy of continuous improvement. The reduction in the rate of workplace accidents, which is well below the national average, is one of the results of which we are proudest, since it represents proof of the validity of an approach to safety based on the scrupulous application of company protocols, on the periodic review of all processes in order to identify possible improvements and on the involvement of staff at all levels through the provision of specific training.

“

One aspect that is very close to our hearts is 'beauty', a value which often guides our choices within the company...

WHAT ROLE DOES BEAUTY PLAY IN THE RESPONSIBLE AND SUSTAINABLE MANAGEMENT OF OUR RELATIONSHIP WITH THE TERRITORY?

We care about and respect the territory which surrounds us, more so since we operate on the borders of the Migliarino, San Rossore and Massaciuccoli Natural Park, a protected natural area. In this sense, our choices and the

modernization and refurbishment of the Massarosa plant are carried out with particular care in order to remain in harmony with our surroundings. The relationship between Salov and its community is of particular interest and is evolving rapidly, also because of the Covid-19 pandemic. The company has indeed developed a more systematic approach to sustainability, involving listening to its stakeholders, and as a result, the territory has established itself as a place which should continue to be developed.

An aspect that is very close to our hearts is that of “beauty”, a value which often guides our choices, including within the company, since we believe that the well-being of our people also depends on maintaining an agreeable workplace.

One example is the “Cisterne d’Autore” [Masterpiece Tanks] project, which witnessed the recruitment a well-known street artist to decorate some of our tanks, which are used to store water from the oil processing process. The intention behind the project is for the tanks not only to be a necessary means of industrial processing, but also to become a true “open-air canvas,” capable of blending in with the surrounding landscape in perfect harmony, thereby contributing to introducing art and beauty both inside and outside the production site.

WHAT HAS THE COVID-19 PANDEMIC TAUGHT YOU AND HOW HAS THE COMPANY REACTED?

The measures for social distancing and containment of the pandemic have been a mandatory test for the company, even though we were prepared for it. From the very first signs of the pandemic, we could react quickly, prioritizing the protection of our people’s health while ensuring continuity of production. We immediately implemented internal safety protocols, including the distribution of Personal Protective Equipment to all employees, the extraordinary sanitization of premises and the reduction in staff present in person by implementing smart working wherever possible.

THE SUSTAINABILITY REPORT IS NOT RESTRICTED TO REPORTING WHAT HAS BEEN DONE, BUT ALSO TO TALKING ABOUT THE FUTURE: CAN YOU TELL US

WHAT PROJECTS YOU ARE WORKING ON?

From a commercial perspective, our objective is to provide continuity and even greater incisiveness to the expansion and internationalization activities of the brands, so that we are present in new markets and can export our products to the best of our ability. We will continue to invest in people, especially in young people, who are the future of our business. The aim is to train the next generation of the company in every department, paying particular attention to gender equality. Lastly, we will continue to invest in new technologies in all areas, but with a particular focus on the Information Technology sector, so that the company is increasingly integrated, connected, and smart, capable of enhancing the value of our people and of ensuring that they have the best conditions for expressing their potential.

WOULD YOU LIKE TO SEND A MESSAGE TO THOSE WHO ARE ABOUT TO READ THE SUSTAINABILITY REPORT?

First and foremost, I would like to thank all the people who form part of Salov for their dedication, passion, and the sense of genuine belonging that they express every day, which in the year of Covid has emerged with particular and admirable evidence.

I would also like to thank all the Company’s stakeholders who have made this project possible and who support our activities every day, allowing us to improve and grow. Lastly, my most heartfelt thanks go to our consumers who, by choosing us every day all over the world, accompany us on this journey and have enabled us to achieve another fundamental milestone in the history of the Company.

3. SALOV 2020 IN BRIEF

**More than
150 years**

of olive oil history and tradition

120 million litres

of oil sold (+32% relative to 2019)

335 million

million euros of revenues
(+21% compared to 2019)

75 countries

in which the company is present with
its products

5 subsidiaries

(Filippo Berio USA, Filippo Berio UK, Filippo Berio
Russia, Filippo Berio Do Brasil Alimentos, Filippo
Berio Shanghai)

2 brands

Filippo Berio and Sagra (Filippo Berio with leading
positions in 2020 in USA, UK, Russia, Belgium,
Switzerland, Indonesia, etc.)

5 bottling lines

with capacity from 3,000 to 18,000 bottles/hour)

327.000 m²

the surface area of the plant, of which 29,000 covered

29 million

litres of oil storage capacity

**-13% electricity
consumption**

specific electricity consumption (kWh/t)
compared to 2019

**-22%
thermal energy
consumption**

specific consumption of thermal energy (GJ/t)
compared to 2019

**-10% water
consumption**

specific consumption of water vs. 2019

**+9% increase
in staff**

growth in human resources compared to 2019

**97% permanent
employees**

human resources with permanent contracts

**+10% increase
in salary**

ratio between minimum salary in Salov and the
Contratto Collettivo Nazionale di Lavoro (CCNL, 9th level)

**+66%
increase in
training hours**

provided compared to 2019
(also due to 25 new recruits)

75 hectares

the surface area of Società Agricola Villa Filippo Berio

**22.500
olive trees**

in the Villa Filippo Berio olive grove

4. THE HISTORY OF THE OLIVE TREE

How beautiful it was to sit under the olive trees, content and happy to be together in that kind of earthly paradise.

Agatha Christie
writer, 1890-1976

THE ORIGINS

The cultivation of the olive tree dates back at least 6,000 years. The plant has its original habitat in Syria and the first people to transform the wild olive tree into a domestic species were undoubtedly the people who lived in the so-called Fertile Crescent. From the earliest times, the olive tree took on the symbolic value of spirituality, fertility, and rebirth, as well as of peace and hope, thereby becoming a symbol of strength and purification, both in mythology and in religion.

IN GREECE

From Syria, the custom of cultivating olive trees spread up the Anatolian coast to Greece. The number of olive groves flourishing at that time increased enormously, partly because the olive tree was the sacred plant of the goddess Athena, which she created as a gift to the Athenian people. In honour of the goddess, the Panathenaea were celebrated, competitions during which the winning athletes received amphorae containing Attic olive oil from Sicyon, Euboea, Samos, Cyrene or Cyprus. From Greece, olive cultivation spread to Sybaris and Taranto, until it reached northern Italy and, the Ligurian coast.

IN THE BIBLE

The olive tree appears more than seventy times in the Bible, between the Old and New Testaments: just to mention the the most famous ones, such as when the dove returning to Noah's ark holding an olive branch in its beak or the name of Jesus, Christos, or 'the Anointed One'. It was an angel who gave Seth, Adam's son, the three seeds to put in his father's mouth after his death: and a cedar, a cypress and an olive tree sprouted. Lastly, it is a blessed olive branch that is distributed to all the faithful on Palm Sunday, with the dual function of a symbol of resurrection and peace.

ANCIENT ROME

The Romans, who had been cultivating olives since 580 B.C., immediately realized its enormous value, spreading its cultivation throughout all the territories of the Empire and sometimes imposing payment of tributes in the form of olive oil. The Romans were also the first to classify oil according to the different types of pressing, a practice which fell into disuse with the end of their hegemony.

DURING THE MIDDLE AGES

From the 12th century onwards, above all by virtue of the monastic orders, olive cultivation spread again. Olive groves increased all over the peninsula, especially in Tuscany, and the value of what was called and considered "green gold" rose exponentially. The value of oil was determined by the variety of uses to which it was put, starting with religious uses. Improved transport also favoured the spread of olive growing, which, in line with the limits of the climate, also reached some areas north of the Alps.

MODERN ERA

The first centuries of the modern age were not prosperous times for the olive tree due to wars, political upheavals and devastation. Agriculture itself came to a complete standstill and olive-growing entered crisis throughout the Mediterranean area. The trees resisted, but the harvests were poor due both to inadequate farming practices and the lack of interest on the part of the nobility who owned the estates. Only in Sardinia and Tuscany did olive trees continue to be cultivated and worked.

CONTEMPORARY ERA

In the first half of the 19th century, by virtue of economic development, there was a new enthusiasm for production linked to well-being and olive-growing also made a comeback.

In Italy, regions such as Liguria and, above all, Puglia, Tuscany, and Sicily became the focus of an agricultural practice subject to strong economic expansion but suffered a setback during the second half of the century, when adverse climatic conditions and the spread of certain diseases caused a collapse of production and planting. It was only from the 1980s onwards that olive-growing and its entire production chain began to recover, at times vigorously.

TODAY

The board of directors of UNESCO (United Nations Educational, Scientific and Cultural Organization) has established 26 November each year as World Olive Day, defined as a "universal symbol of peace and human activity in harmony with nature". Today, the olive tree is cultivated on 6 continents and contributes to the sustainable economic and social development of many countries and to the conservation of the planet's natural resources.



5. THE HISTORY OF OLIVE OIL

“
Uegghia d’alia, oagna mala pigghia via
[Olive oil, takes away every evil].

Pugliese proverb



GREECE

In Ancient Greece, the production and preservation of olive oil required assiduous and costly care. All this effort nevertheless paid off, since the demand for oil was high, fuelled by its many uses. Not only cooking, but also baths, games, gymnastics and even funerals required large quantities of oil. As an ointment, it is the only way to keep the skin clean and supple. Athletes made extensive use of it to escape their opponent’s grasp and for its anti-inflammatory properties. In the daily rituals of the upper classes, oil-based cosmetics were used for therapeutic purposes and demanded that it be made available for guests.

ETRUSCANS AND ROMANS

For the Etruscans, the olive tree was a sacred plant, so much so that their priestesses displayed its branches during processions. This high regard for the plant was also adopted by the Romans. Under the rule of the Roman Empire, every community, even the smallest, cultivated a few plants.

MIDDLE AGES

The value of olive oil was very high: it was used to keep the lights on the altars burning (hence the name ‘lampante’ oil, the raw material which had to be refined in order to obtain olive oil), as well as for ceremonies such as the ordination of knights, confirmation, and extreme unction. Regarding gastronomic use, its high cost meant that it was often replaced in the kitchen by lard or pork fat. Especially in the south and among the upper classes, oil was consumed as a condiment for raw food or during the fast days and Lent.

MODERN ERA

In the 18th century, the population grew, and oil was now present in almost every home, both on the table and for all other daily uses, including lighting. Italian olive oil became the most prized and sought-after: southern olive oil, packed in goatskins, was shipped to northern Europe, while the entire Ionian coast of Calabria was reclaimed and covered with olive trees as far as the eye could see.



During this period, oil was also in demand in medicine as the basis for beneficial ointments and creams which cured everything from colic to poisoning and constipation.

CONTEMPORARY ERA

Immediately after the Second World War, the prestige of olive oil in cooking suffered a serious blow. Italian cuisine was considered popular, “poor” and oil paid the consequences, giving way to the use of condiments belonging to other culinary traditions regarded as more modern, refined and representative of the well-being to which they aspired. It was only in the 1980s that the rediscovery of more natural and genuine flavours began, and olive oil resumed its place as king of the table.

The rise in popularity of the Mediterranean Diet and its nutritional principles also contributed to the resurgence of olive oil.

TODAY

Extra virgin olive oil is considered the healthiest condiment, an indispensable element for our wellbeing, the nutraceutical symbol of the Mediterranean diet and a testimony to ‘Made in Italy,’ to the know-how, culture, and tradition of our country, which is recognized worldwide.

“

*...the healthiest condiment,
an indispensable element
for our well-being.*





6. AN INTRODUCTION TO SALOV

6.1 HISTORY

“
He dealt with business in the old-fashioned way, in a frank and dignified manner, and we can say without exaggeration that throughout his long and industrious career as a merchant, there was not a single lie or deception for which he could be reproached.”

Description of Filippo Berio, published in “Il Figurinaio”¹ and shared from memory by his fellow citizens of Lucca

Salov’s story is the emblem of how one man’s talent, intuition and determination gave rise to a path of success which has lasted over 150 years. The man in question is **Filippo Berio**, the entrepreneur who was able to transform his passion for olive oil into a brand which is now present on the dinner tables of families in over 70 countries around the world.

Born in 1829 in Oneglia (now part of the town of Imperia), Filippo Berio moved with his family to the province of Lucca when he was still a child, thus moving from the olive oil tradition of western Liguria to that of Tuscany at an early age.

The young Filippo soon developed a passion for olive oil, and, with his determination, he deepened his knowledge of the techniques and stages of production until he was able to produce a high-quality olive oil that was appreciated throughout Italy. The experience he gained as an oil producer and trader was put to good use in **1867** with the **incorporation of the company Filippo Berio & C.**

A keen observer of the dynamics surrounding him, Filippo realized that the emigration of Italians to distant countries was an extraordinary opportunity to open new

markets. He began by selling his olive oil directly at the port embarkations, for emigrants who knew they would not find the flavours of home overseas to stock up, before starting to sell directly in the countries where they arrived.

His intuition became a vision and Filippo Berio began to frequent foreign markets and participate in universal exhibitions, where he presented his olive oil. He was in Lyon in 1872, in Paris in 1878 and at the World’s Columbian Exposition in Chicago in 1893. On each of these occasions, he received awards for producing a product of excellence, confirming his ability to select and produce quality olive oils.

Furthermore, in order to safeguard the achievements made on the American market, **in 1896, the Filippo Berio brand was registered in the USA**, just three years after the registration of the Coca-Cola brand, demonstrating Filippo’s vision and commercial intelligence.

In **1891, Filippo Berio sold 50% of the company’s shares to Giovanni Silvestrini**, a prominent entrepreneur from Lucca. In 1894, on Filippo Berio’s death, the remaining shares were inherited by his daughter Albertina, who sold them to Silvestrini in 1900.

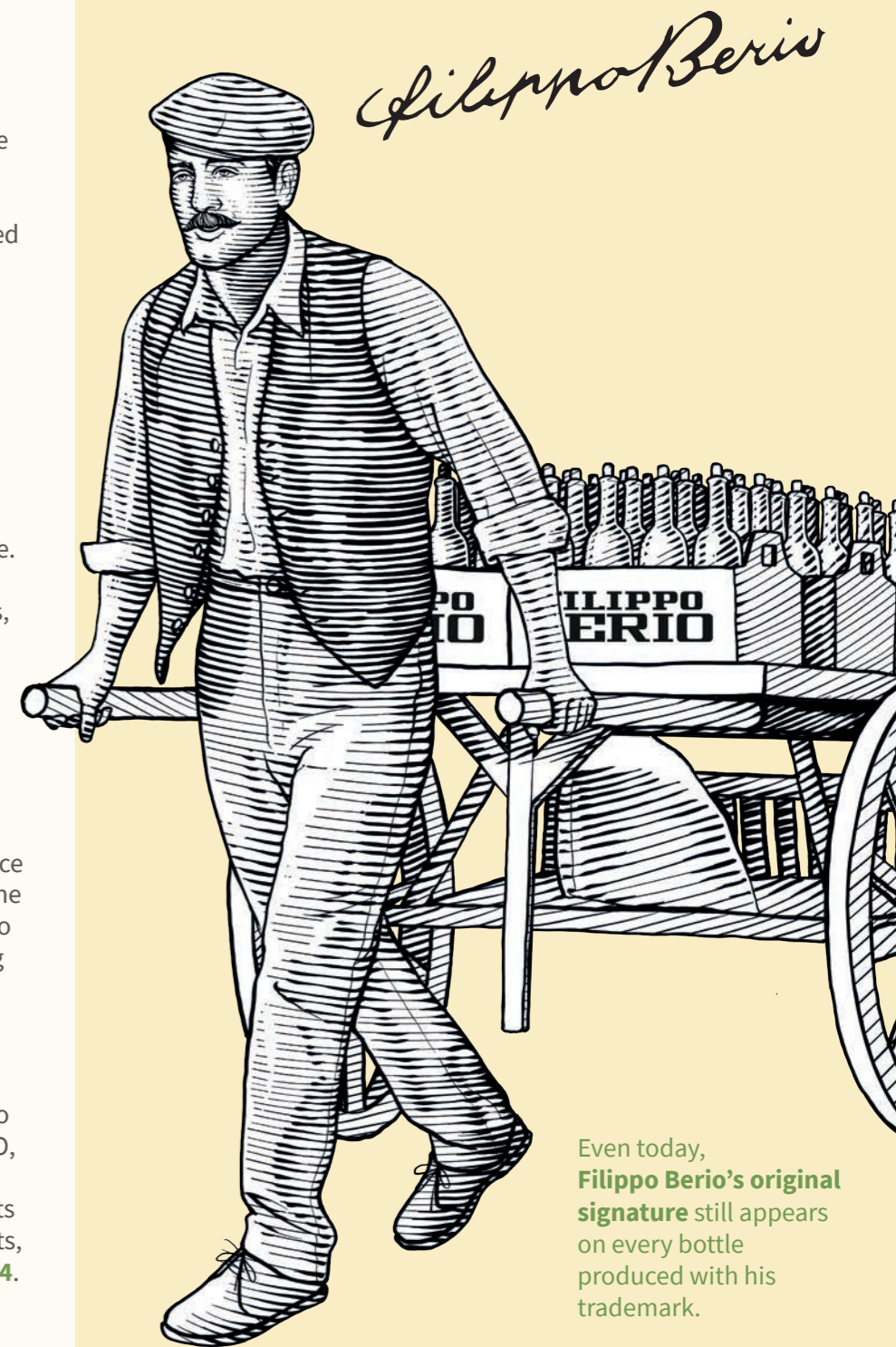
Silvestrini faithfully interpreted Filippo’s vision: he strengthened his presence in the markets and sought new outlets for exports. The Filippo Berio brand became synonymous with excellence, making the company a point of reference in the Lucca area. The prestige of Filippo Berio & C. was such that Silvestrini was appointed president of the Lucca Chamber of Commerce in 1907, remaining in office for almost 15 years.

After World War I, the company had to face the inevitable market crisis. In order to overcome this, in **1919**, Silvestrini brought together nine far-sighted entrepreneurs and involved them in the establishment of **SALOV**, an acronym for **Società Anonima Lucchese Olio e Vino**. Among the founders was **Dino Fontana**, a presence that would be decisive in the company’s future. Together with them, united in a profound awareness of reality, Silvestrini continued to invest in foreign markets, following the paths of emigrants with high quality olive oil.

Salov also invested in plants, and the following year, in **1920**, it built the **Viareggio plant**. The following years were years of growth. New lands were added to the Viareggio plant in order to expand the **refinery**, which, from **1922** onwards, adopted a system patented in France which was state of the art for the time, demonstrating the firm determination of the new company management to excel in both quality and in productivity. The processing areas also increased.

All these efforts were nevertheless destined to collapse under the bombardments of the Second World War. At the end of the war, the shareholders found the energy to rebuild the company, spurred on by the words of its CEO, Dino Fontana, who told shareholders that he was ready to make all the sacrifices necessary to restore Salov to its rightful place. Dino Fontana lived up to his commitments, as did his son Eugenio, who replaced him as CEO in **1954**.

Indeed, during the **1950s** Salov experienced **constant**



Even today, **Filippo Berio’s original signature** still appears on every bottle produced with his trademark.

¹ A local newspaper of a liberal nature, published in Lucca “every Sunday and on another day if appropriate” at the Canovetti printing house, edited by Carlo Paladini. “Il Figurinaio” was published for seven years, until 1895.

“

These were years during which 'Made in Italy' was growing around the world, and with it, the culture of Mediterranean cuisine and the demand for excellent food products. Salov was a contributor to this development.



Sagra tin used in the 1970s and 80s.

growth, which led it to be regarded as a major industrial presence in the olive oil sector. In this way, it encountered its industrial peers, such as the Carlo Erba pharmaceutical company, for which it produced extra virgin olive oil under the **Sagra** brand, one of the first extra virgin oils to be distributed nationwide: it was available in grocery shops and in pharmacies. Sagra extra virgin olive oil was the tangible result of the skill and experience of people born into the culture of oil and who saw it both as a quality product and with health benefit. These principles became so firmly rooted in Salov's shareholders that in 1975 the decision was taken to **acquire the Sagra brand** from Carlo Erba.

These were years during which 'Made in Italy' were growing around the world, and with it, the culture of Mediterranean cuisine and the demand for excellent food products. Salov was a contributor to this development. In order to capitalize on growth seen in the international markets, the company, now present in more than 70 countries, launched subsidiaries in the most important markets. In **1987, "Salov North America"** (today Filippo Berio USA) was established, in **1999, "Filippo Berio UK"** and in **2011** a sales office was opened in **Singapore** in order to manage distributors in the Asia-Pacific region.

In **the early 1990s**, Salov created the La Traversagna farm (today known as **Società Agricola Villa Filippo Berio**) between Lucca and Pisa on the borders of the Migliarino-San Rossore-Massaciuccoli nature park. It is one of the largest olive-growing estates in Tuscany with its 75 hectares in a single plot of land. The olive grove, which includes traditional Tuscan cultivars such as Frantoio, Leccino, Pendolino and Leccio del Corno, was conceived following an advanced model of mechanized cultivation and meets specific parameters, which consider the nature of the land and the biodiversity of the ecosystem.

In **2000**, the Fontana family, a long-time shareholder personally involved in the management of the company, completed the buy-out of its shares, becoming the sole owner of Salov.

In **2004**, Salov moved its plant a few kilometres away. The **new plant was in Massarosa**, in an area adjacent to the Migliarino-San Rossore-Massaciuccoli Natural Park. The plant, offices and warehouses are in front of the beautiful Lake Massaciuccoli, the harmony and tranquillity are reflected in the plant in which olive oil is produced with skill and passion.

Fifty years earlier, Adriano Olivetti, in a similar context, inaugurating the factory in Pozzuoli, on the Gulf of Sorrento, said: "in this way, facing the most unique Gulf in the world, this factory has arisen, in the mind of the architect, out of respect for the beauty of the places, so that the beauty will be a comfort in our everyday work."

At Salov, beauty is a source of inspiration, so much so that in 2020, the company commissioned a well-known artist to decorate some of the storage tanks in order to integrate them into their natural surroundings. The trompe l'oeil places the tanks against the backdrop of the Apuan Alps, harmonizing them with the landscape.

In **2015**, the **Bright Food Group of Shanghai acquired Salov** from the Fontana family. The encounter was no accident. China is keen to encourage a healthy diet and olive oil has all the qualities to become one of the products which symbolizes health and well-being.

By joining Salov, the Bright Food Group intended not only to maintain the identity and tradition of the company's know-how, but also to confirm its loyalty to its historic mission: selecting, producing and distributing quality olive oil throughout the world.

The company continues its strategy of internationalization by creating on-site presence in emerging markets. Between **2017** and **2020**, **Filippo Berio subsidiaries were opened in Russia, Brazil and China as well as a sales office in Canada**. However, the frontiers closest to Salov's heart lie, yesterday as today, in the continuous improvement of product quality and sustainability, in keeping with a mission which was born more than 150 years ago.



THE TIMELINE

1829

Filippo Berio was born

1835

Filippo Berio moves to Lucca (at the age of 6)

1867

Foundation and registration of the company FILIPPO BERIO & C.

1872

Award of the Universal Exhibition in Lyon (France)

1878

Award of the Universal Exhibition of Paris (France)

1891

Silvestrini acquires 50% of the shares of FILIPPO BERIO & C.

1893

Award of the Chicago World's Fair (USA)

1894

Filippo Berio dies. The business continues under the direction of Giovanni Silvestrini and Albertina Berio

1919–1954

Dino Fontana is managing director of SALOV

1922

Construction of the new refinery in Viareggio with a system patented by the Société des Procédés Ergho of Nice.

1920

Construction of the new plant in Viareggio

1919

Foundation of SALOV SPA. Silvestrini selects a group of local entrepreneurs, including Lorenzo Fortuna and Dino Fontana. Silvestrini is the first president and remains so until his death in 1944. Lorenzo Fortuna and Dino Fontana are the managing directors

1900

Silvestrini acquires the other 50% share capital of FILIPPO BERIO & C. from Albertina (Filippo's daughter), becoming the sole owner

1896

Registration of trademark in the USA

1954

Eugenio Fontana takes the place of his father Dino and becomes CEO

1959

The Sagra trademark is registered by Carlo Erba

1965

Salov starts producing the Sagra brand for Carlo Erba

1975

The Sagra brand is acquired by SALOV

1981

The Fontana family owns 51% of the SALOV shares and begins the gradual buy-out of the company, which will end in 2000. The other relevant family included in the ownership at that time is the Fortuna family

1986

Launch of the Sagra Seed Oil range in 2-litre PET bottles

1987

SALOV opens its first subsidiary: SALOV NORTH AMERICA (today FILIPPO BERIO USA)

2006

The new Massarosa refinery begins operations

2004–2005

Relocation of the factory from Viareggio to Massarosa

2000

The Fontana family owns 100% of the shares of SALOV

1999

SALOV incorporates its second subsidiary: FILIPPO BERIO UK

1991

Sagra "Low Acidity" extra virgin olive oil is launched

1990

The La Traversagna farm is founded (today the Società Agricola Villa Filippo Berio) with its 75 hectares of surface area

2011

SALOV opens a commercial office in Singapore

2015

Bright Food Group of Shanghai acquires 90% of the SALOV shares from the Fontana family. The remaining 10% stake is acquired in 2017

2017

SALOV establishes a new subsidiary in Russia: FILIPPO BERIO RU

2019

SALOV establishes a new subsidiary in Brazil: FILIPPO BERIO DO BRASIL ALIMENTOS; a sales office in Canada and the sales office in Milan

2020

Opening of Filippo Berio Shanghai within BRIGHT FOOD INTERNATIONAL. Salov acquires 100% of the shares of FILIPPO BERIO SHANGHAI from 1 January 2021

2021

Salov publishes its first Sustainability Report

6.2 CONTINUOUS IMPROVEMENT

Some people see a private company as a fierce tiger to be killed immediately, others as a cow to be milked, very few see it as it really is a sturdy horse pulling a very heavy cart.

Winston Churchill
politician, 1874-1965

Understanding Salov means understanding the deeper identity of Italian quality and know-how. You realize this immediately when you arrive and start to experience it, to get to know it, to meet its people, to tell its story.

Starting with the landscape. Salov overlooks one of the most evocative natural wonders of Tuscany: Lake Massaciuccoli.

We are in Massarosa, in the province of Lucca, a stone's throw from Viareggio. The surrounding lake shows the magnificent and sumptuous fragility of the nature which surrounds it and of which it is the jealous guardian. Salov is there, and it knows that it must deserve and protect the privilege of living its corporate life every day in such a beautiful and unique place, where you can occasionally see herons flying, where it is not uncommon to meet the marsh harrier, where nature watches the factory, and the factory admires nature.

In this beautiful ecosystem Salov produces quality extra virgin olive oil. Salov's staff know everything about the carefully selected batches of oil that arrive every day in tankers: their origin, the cultivars present, their chemical composition, taste and aroma.

Before being bottled, the oil is analysed, tasted, and studied by a master blender, who has the task of giving

a stable and harmonious identity to the final product, enhancing and balancing taste and scents so that the oil is balanced over time. Only then is the extra-virgin olive oil ready to exit the gates of the plant into the world as a masterpiece of taste, flavour, and well-being.

At Salov everything starts and ends with oil, the beating heart of the company, which finds in its employees all the care, attention, and knowledge it deserves to become "Salov oil."

Salov's **history** is rooted in time, and with the passage of time the company has evolved and developed according to the highest standards of quality and technology, but always respecting its origins and its founding values.

The changes introduced by the transfer of ownership from the Fontana family to the Bright Food Group and the change in top management, while significant for the company, have not changed its respect for oil, its quality, and its history.

Above all, there has been no change in the feeling of pride and belonging to a company that is seen by everyone as one big family, where everyone knows what to do, has a common goal, feels safe and lends a hand. Because they know that the quality of work and wellbeing are goals that never run out, they are renewed.



The watchword at Salov is improvement. What's more, it is **“continuous improvement”**, because if it is true that everything can and must improve, it is equally true that there is no limit to improvement. The words of Winston Churchill, who believed in his own strength like few others, come to mind: “Change is not always the same as improvement, but to improve you must change.” And he added: “To improve is to change, to be perfect is to change often.”

“Continuous improvement” is first and foremost a duty to oneself and one's work. Then it is the shared mission which defines the quality, history, and tradition of the oil. Continuous improvement' is also respect for the beauty of the landscape surrounding the company, for the community which hosts it and for the consumers who place their trust in it by choosing it with conviction and awareness every day, all over the world.

Speaking of **corporate identity** means speaking of vision, mission, objectives, culture, and values. Talking about it within Salov means recognizing how this “classic” definition, which describes the company's role in relation to the needs that it wishes to satisfy and the values or models of behaviour it wants to promote, has now become the common heritage of all. This is a heritage which translates into a desire to understand ever more and to share the strategy underlying the vision of sustainable development.

It is the will to participate in the mission with the strength of one's own tasks and skills, but also the awareness of having common goals to achieve. It is defending and spreading a culture of know-how which makes everyone proud of the quality achieved in an environment which takes safety at work into account, regarded as a basic factor. Lastly, it is our common heritage to transmit to the community and the territory the essential values of environmental, social and economic sustainability.

WORKING FOR SALOV MEANS HAVING A “GOOD JOB” AND “BEING SALOV.”

“Good work” is perceived as the tangible and intangible

sum of everything that goes to make up the company's deepest identity.

“Being Salov” is the engine which drives and nourishes the continuous improvement of the company. “Being Salov” is the first thing you need to communicate to the outside world if you really want to tell your story.

The first stakeholders to make a strong case for being able to actively participate in continuous improvement are, not surprisingly, the employees themselves, who see in the company the ability to recognize talent and to offer opportunities for growth and responsibility while respecting the skills and needs of each individual and the safety regulations, which are observed here with extreme care and attention.

They are always the first to be fully aware of the company's contribution to the life and needs of the community as a duty and not as an image. They are also the ones who share its principles and ask to be increasingly involved in development strategies within the territory in order to communicate better with the outside world the beauty and goodness of all that they produce and of which they are proud.

Because “Being Salov” means working for a company which is solid from a financial perspective, which respects the environment, which is reliable, which always keeps its commitments by respecting processes and protocols, which is committed to doing good things and behaving “correctly” as a useful and necessary precondition for getting things done.

On this shared basis, everyone is familiar with the size and international vocation of the company, but they also want to see their olive oil distributed where they live, as a testimonial of an ancient tradition and culture. We are in Lucca, where everyone has always known how to make olive oil and has always known when it is genuinely good.

Those who work in Salov do the same. All the employees say so with conviction, sharing the company's ability to

select the best areas of production, showing sensitivity, passion, and attention to all phases of the production process, and fully supporting strict compliance with the rules and certifications. Recognizing a good oil is fundamental for those who work with oil: they must know what quality is.

These are all values and skills which the principle of continuous improvement has brought to the company, and which must now emerge from the company as examples of consistency and behaviour, because the territory is undoubtedly the cornerstone of Salov's identity profile.

This is true for external stakeholders, and it is true within the company, where it coincides with the expression of a reassuring participation and intervention to be valued, by virtue of the support which the company offers to the local economy and employment. “A continuous and reassuring presence,” as someone has underlined.

Being Salov is all of this.



6.3 MISSION AND VALUES

“
**There are a lot of bad reasons for starting a business.
 But there is only one good and legitimate reason to do it,
 and I think I know what it is: to change the world.**

Phil Libin
 Silicon Valley entrepreneur, 1972-

Salov’s identity is clear and rooted by virtue of a mission shared at all levels of the company. It could not be any other way, since it is a mission which has guided the company for 150 years as a codified synthesis of the thought and moral identity of its founder, Filippo Berio: to select, produce and distribute quality olive oil and to spread the culture of olive oil throughout the world, promoting a healthy, balanced lifestyle. A mission which finds its core values in quality, consistency, and rigor.

Throughout Salov, whether it is the factory or in the management offices, workers, employees or executives, there is absolute consensus about the mission. During the corporate climate survey² carried out in preparation for this Sustainability Report, over 90% of participants agreed with the mission.

Read today, more than a century later, the mission is the synthesis of Salov’s history. The story of men and women who have kept the faith with commitment, passion and determination. The purpose of the company, according to the people who work there, confirms the mission. Salov’s goal, in addition to profit, is to guarantee high quality oil.

The same survey measured the strength of the company’s

values. “Being a financially sound company,” “caring for people beyond the life of the company,” “respecting the environment,” and “doing good things and behaving well as a precondition for doing good things” are the values which best represent Salov today. These are principles recognized within the company, specific to the people who work there, and which are interpreted by them daily in their work. They are values that go hand in hand with “quality,” “consistency” and “rigor,” the values on which Salov has built its history.

² The Salov corporate climate survey was conducted through the compilation of an online questionnaire between 23 November and 11 December 2020. 122 people took part out of the 208 people hired at that time in the Italian offices, or 59%. All climate survey ratings are reported on a scale of 1 (lowest value) to 10 (highest value).

CLIMATE SURVEY ASSESSMENTS



6.4 STAKEHOLDER MANAGEMENT

“
Listening well is already answering.”

Pierre Carlet de Chamblain de Marivaux
poet and playwright, 1688-1763

DEFINITION OF STAKEHOLDERS

It was Stanford University which first defined the concept of stakeholders: “all those who have an interest in the activities of a company and without whose support an organization cannot survive, including groups not linked to the company by an economic agreement” (1963). Clarkson, on the other hand, defines these as “all those who have a potential interest in a company, i.e., persons or groups who have claims, title, rights, or interests in a company and its activities” (1995). Lastly, a common definition sees stakeholders as “all those who are able to influence the organization's ability to achieve its objectives.”

DEFINITION OF STAKEHOLDER COMMITMENT

Stakeholder commitment is defined as a commitment to the principle of inclusiveness, which means recognizing that stakeholders have the right to be heard and accepting a commitment to be accountable (Accountability AA 1000 SES³).

Stakeholder management is a process which aims to involve stakeholders in the life of the company in the most appropriate way, in order to maximize their contribution to value creation. Involving stakeholders allows the company to accelerate the process of continuous improvement.

The process includes three stages:

- 1 - **classification of stakeholders**
- 2 - **identification of expectations**
- 3 - **drawing up the materiality matrix**

When drawing up its first Sustainability Report, Salov strengthened its transparent, ongoing, constructive and, above all, structured dialogue with all the stakeholders with whom it deals in conducting its activity.

The awareness that the company is an open system which continuously exchanges resources with markets, communities, and territories, has highlighted the issue of stakeholder requests and expectations and their contribution to affirming Salov's identity and values.

The perception that stakeholders have of Salov and its ability to meet their expectations becomes a strategic factor, which allows the company to intervene in the process of continuous improvement in the areas indicated by the stakeholders themselves.

To date, Salov has engaged in dialogue with its stakeholders through:

- **traditional and digital media with the support of a press office**
- **trade fair events**
- **personal meetings with clients, suppliers, institutions, authorities, and trade associations**
- **structured surveys of internal and external stakeholders**
- **advertising campaigns**
- **information request forms received through the websites www.sagra.it, www.filippoerio.com, and www.salov.com**
- **social pages (Facebook, Instagram, and LinkedIn).**

STAKEHOLDER CLASSIFICATION

Stakeholders were classified based on their ability to influence Salov in achieving its objectives. Three macro-categories of stakeholders have been identified:

Primary Stakeholders: all those who actively contribute to the achievement of Salov's mission and objectives and who, with different perspectives, constitute the “raison d'être” of the company. They are divided into **internal and external stakeholders:**

Internal primary:

- Bright Food
- Company staff

External primary:

- Consumers
- Customers
- Suppliers of oil, Logistics Services, Copackers and others

Supporting Stakeholders: those who collaborate with Salov to enable it to pursue its own mission and objectives. These include:

- Mass media
- Local community
- CNR
- Local Institutions (Park, Municipality, Province etc.)

System Stakeholders: those who indirectly contribute to the achievement of Salov's mission and objectives including:

- Trade associations (Confindustria, Assitol, etc.)
- Universities

³The AA1000 SES stakeholder engagement standard is a framework open to experimentation for improving the quality of stakeholder engagement design, implementation, validation, communication, and verification.

6.5 STAKEHOLDER DISCUSSION

Listening to and discussing with internal and external stakeholders in order to identify their expectations was organized in four distinct stages:

- 4 focus groups, in which 27 people working in Salov participated.
- 20 personal interviews involving managers in top positions.
- 17 personal interviews with external stakeholders.
- a company climate survey in which 122 people participated (see page 108).

6.5.1 SALOV UP CLOSE



Be the change you want to see in society

Mohandas Karamchand Gandhi

1869-1948

The drafting of a Sustainability Report, among other things, responds to a precise service requirement: being a tool for dialogue and discussion between the company and all its stakeholders. For this reason, as the Salov Group's first Sustainability Report, we have sought to include an additional element of knowledge, in addition to the information and indicators which are strictly functional to measure the company's performance in terms of sustainability: **Salov "told" from the perspective of external stakeholders.**

The following is a list of the involved stakeholders*:

1. **Guido Testa** - Orrick, Herrington & Sutcliffe (Europe) LLP, Partner - Lawyer
2. **Stefano Spada** - Multicolor - Country Manager Italy
3. **Giorgio Dell'Orefice** - 24 Ore Group - Deputy Head of

4. **Andrea Carrassi** - Assitol - General Manager
5. **Ambrogio Molteni** - Bolton Food S.p.A - Buying Manager - Oils and Ingredients
6. **Giovanna Mennella** - Coop Italia - Buyer Large Contracts
7. **Pierluigi Marangio** - Conad Nord Ovest - Category Manager - Oils and Preserves
8. **Luigi Caricato** - Olio Officina - Director
9. **Claudio Cantini** - Bioeconomy Institute of the National Research Council (CNR) - Technologist
10. **Jin Bo** - Bright Food International Ltd. - General Manager/Salov Spa - Member of the Board of Directors
11. **Alberto Coluccini** - Mayor of Massarosa
12. **Massimo Lolli** - C.D.C. Spa - Chairman
13. **Giorgio Brenna** - FCB Partners - CEO

* Some of the stakeholders interviewed preferred not to be named

The declarations presented below, in anonymous form, are drawn from interviews collected between July and September 2020.

"Salov today I could sum it up in four concepts: know-how, reliability, good value for money, good management."

"In a quality oil market in difficulty, the decision to launch a premium brand which is known abroad much more than in Italy denotes courage and the ability to take a long-term view."

"It is a company with a good reputation, deeply rooted in the territory. At the same time, it manages its income statement wisely and takes care of its employees."

"When you enter Salov, you can feel its Italian, Tuscan roots; moreover, its seriousness stands out, in the sense of its commitment to grow while respecting and taking care of the raw material, without compromising or taking shortcuts."

"With the arrival of Chinese ownership, the company has perhaps lost some of its family connotation, but there is great attention to safety at work, quality and transparency."

"It pays a lot of attention to the production process, to the employees, to the suppliers. The care it takes in doing things is unique and the quality is a consequence of this approach."

"Salov is a decidedly reliable partner: it is rigorous and punctual in fulfilling contracts and has a good internal policy."

"It has managed to combine high quality with an industrial approach. They have an important mission: to bring local tradition into the future."



"I was impressed by the quality of the product, the attention paid to the consumer, the excellent management of resources and the ethics of doing business."

"Being perceived as a company which makes an excellent product may not be enough to gain market share. Salov will have to focus on good communication and try to give its brands more visibility."

"The rigor with which it conducts business is a guarantee of quality and reputation, because it keeps its commitments at all costs, and you can see that the management is determined to grow the company."

"Salov? A large, well-structured company with an international outlook. It's a pleasure to work with them because you can see that they want to grow and do so together with their partners and suppliers."

"I expect Salov to continue to trace the supply chain with a certification, as it has begun to do with the Berio Method. This is the way to give value to the product and ensure that there is absolute transparency towards the consumer."

"It is an integrated presence in its territory, which shows itself to be attentive to the well-being of people and communities, even if this may hardly be perceived from the outside."

"If I had to summarize, the values I attribute to Salov are great fairness, clear and transparent protocols, rigor and respect."

"In addition to being very integrated into the social fabric of the area, Salov is a company where people make the difference, and you always do what you say you will."

6.6 MATERIALITY ANALYSIS

DEFINITION OF MATERIALITY ANALYSIS

In sustainability reporting, materiality is the principle which determines which relevant topics are important enough to make publication essential. Themes are highlighted and measured in different ways. In order to prioritize topics, a matrix is used, in which topics are ranked according to their importance for the company and its stakeholders. The matrix indicates a materiality threshold above which issues are considered significant. (Source: Global Reporting Initiative).

The listening phase highlighted the requests/issues which were subsequently measured in a specific section of the climate survey. For the first edition of the Sustainability Report, Salov only measured the needs of people working in the company. The requests/issues measured are:

- continuing to produce **quality products**.
- increasing visibility within local **territory**.
- continuing the process of **continuous improvement**.
- continuing the policy of **investment** and **innovation** projects.
- promoting **gender equality** in the company.
- promoting the possibility of **changing processes and customs** in the company.
- recognizing changes in the world and adapting accordingly (**adaptation to change**).
- promoting **communication** and **collaboration** between departments.
- making **internal communication** continuous and effective.

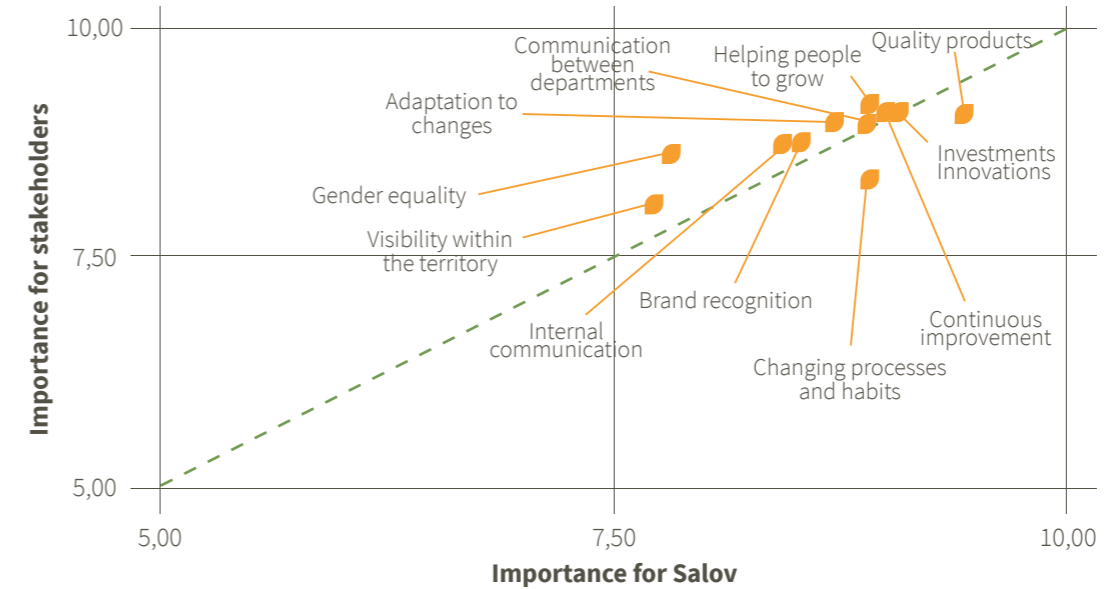
- making Salov people grow professionally and personally (**professional growth**).
- increasing **brand recognition in Italy and around the world**.

Salov has identified the priority of instances/issues using two matrices:

- **Importance Matrix** reports the importance, for Salov and for the stakeholders, of the issues measured based on the direct and opinion of the individual participants in the climate survey.

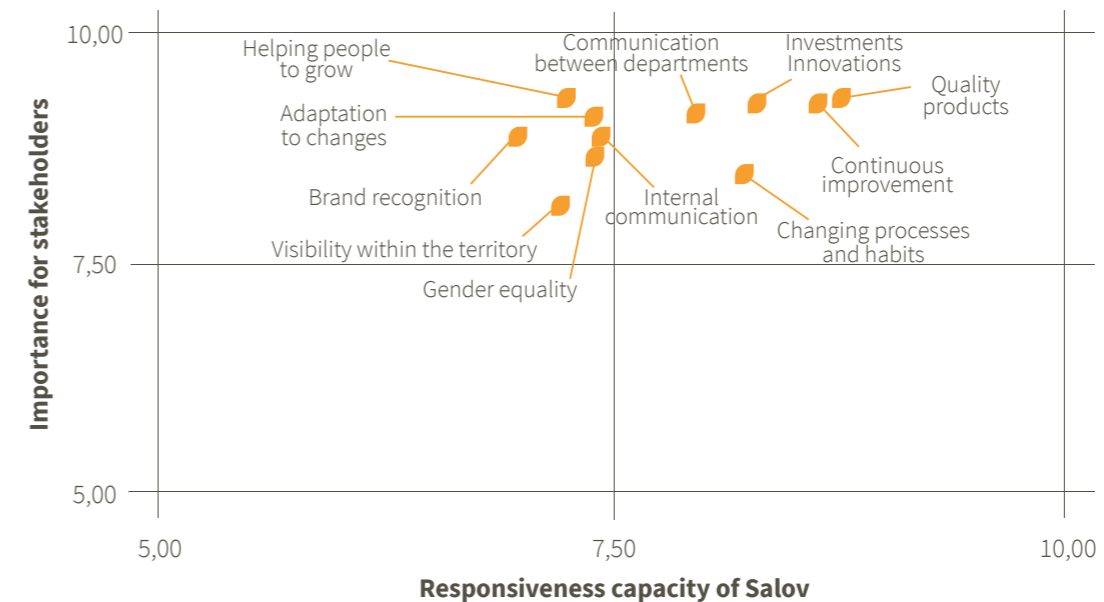
- **Response capacity matrix** shows the correlation between the importance of the issues measured for stakeholders and Salov's responsiveness to them. The matrix considers only the personal viewpoint of the stakeholders, who rate the issues according to the importance they attach to them and their idea of Salov's responsiveness.

IMPORTANCE MATRIX



Importance matrix: importance of the issues for Salov and the stakeholders. (The matrix shown here represents the focus on the excellence quadrant, conventionally positioned at the top right of the materiality matrix).

RESPONSIVENESS MATRIX



Responsiveness matrix: importance of stakeholder concerns and Salov's responsiveness. (The matrix shown here represents the focus on the excellence quadrant, conventionally positioned at the top right of the materiality matrix).

The prioritization of internal stakeholder concerns is substantially the same in both matrices. For a more in-depth analysis of the matrices, see the Social Impact chapter on page 107.

6.7 SALOV AND THE SUSTAINABILITY GOALS OF THE 2030 AGENDA

No man is an island entire of itself; every man is a piece of the continent, a part of the main. If a clod be washed away by the sea, Europe is the less, as well as if a promontory were, as well as any manor of thy friends or of thine own were.

John Donne
poet, 1572-1631

Salov's commitment to improving the efficiency, environmental and social performance of its processes, contributing to sustainable development, is also evidenced by the Company's impact on the goals which are part of the **United Nations 2030 Agenda**. The 2030 Agenda for Sustainable Development is the action program for people, planet and prosperity signed in September 2015 by 193 UN member countries. The Agenda consists of **17 goals**, the Sustainable Development Goals (**SDGs**), which includes a total of 169 **sub-goals**. Following up the results of the Millennium Development Goals which preceded them, the 2030 Agenda identified targets to address important issues such as combating poverty, eradicating hunger, and tackling climate change. The Agenda emphasizes that the goals are 'common' because in the challenge of sustainable development, no one is excluded: neither people nor nations.

Salov contributes to developing the following SDGs:
SDG 2 - ENDING HUNGER, ACHIEVING FOOD SECURITY,

IMPROVING NUTRITION AND PROMOTING SUSTAINABLE AGRICULTURE.

Salov contributes to achieving this SDG by intervening both in its own production processes and in the upstream and downstream links of the supply chain. Upstream, through the Berio Method protocol for the Italian market, Salov promotes the adoption of **integrated farming** practices in olive growing. This contributes to ensuring sustainable food production systems and implementing resilient agricultural practices which can increase productivity and production, help protect ecosystems, strengthen the ability to adapt to climate change and progressively improve soil quality. Strict chemical-physical and organoleptic **checks** are carried out at the source, at the entrance to the plant, during processing and on the batches ready for marketing, to ensure that the oil observes quality and food safety standards. This is a series of tests, so thorough that they allow accurate predictions to be made regarding the ability

of each blend to withstand the physiological ageing processes. Salov is also involved in the **Long-Life Oil** research program, which is co-financed by the European Regional Development Fund and developed in collaboration with the Department of Agricultural, Food and Agri-Environmental Sciences of the University of Pisa, the Consorzio Polo Tecnologico Magona and Lab Nest (National Enterprise for nanoScience and nanoTechnology) of the Scuola Normale Superiore in Pisa. The program aims to develop innovative technologies, suitable for **stabilizing the analytical, nutritional, and organoleptic characteristics of olive oils**, prolonging the shelf-life of the bottled product. In the supply chain downstream of the plant, Salov and its brands promote the importance of a healthy and balanced diet for health and well-being through information on packaging labels, point of sale materials, websites, social media communications and advertising campaigns. This is the case in all Salov's markets. In more mature markets, where the olive oil product has been known and consumed for longer, Salov educates and encourages its consumers to make more refined choices and recognize quality; in developing markets, Salov teaches and conveys the basic values of olive oil, building awareness for the product and explaining its usages.

SDG 6 - GUARANTEEING THE AVAILABILITY AND SUSTAINABLE MANAGEMENT OF WATER AND SANITATION STRUCTURES FOR ALL.

Salov contributes to the goal of significantly increasing the efficiency of water use in every sector by 2030. For some years now, the Company has been introducing an innovative refining process, the fruit of the **Innooil** research project conducted in collaboration with the Chemical Engineering Department of the University of Pisa, which optimizes water and energy consumption, as well as reducing the use of reagents and adjuvants, recycling processing waste and increasing safety levels. The improvement in the water efficiency of the Massarosa plant, whose specific water consumption is steadily decreasing, testifies to the effectiveness of the intervention. In addition, since its establishment in Massarosa, Salov

has been committed to improving water quality and to preserving the balance of the trophic chain in **Lake Massaciuccoli**, both by carrying out appropriate cleaning operations and by equipping itself with a **purification system**, with a capacity to treat a wastewater equivalent to the needs of a town of approximately 20,000 inhabitants.

SDG 8 - PROMOTING LASTING, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DIGNIFIED WORK FOR ALL.

The company is constantly working on developing strategic plans for medium- and long-term investments. These plans not only guarantee the company's own controlled and steady economic growth over time, but also combine sustainable development with continuous generational replacement. For this reason, Salov is constantly training and developing the skills of its internal resources, aware of the different specific needs and, at the same time, seeking out talent which can guarantee genuine added value for the future. From an agricultural perspective, at the Villa Filippo Berio research and innovation center, Salov is conducting long-term projects and experiments **in partnership with the CNR**, with the aim of improving productivity standards in a sustainable manner.

SDG 9 - BUILDING RESILIENT INFRASTRUCTURE WHILE PROMOTING INNOVATION AND FAIR, RESPONSIBLE AND SUSTAINABLE INDUSTRIALIZATION .

The continuous improvement approach increases efficient use of resources through the adoption of cleaner, more environmentally sustainable technologies and industrial processes. Salov's support and active involvement in applied scientific research is stimulating the development of process and product innovations which will have a significant impact both on industry and on the market. Examples of this are the **Oliva Plus** and **V.A.L.E.** projects, conducted in collaboration with the University of Pisa and the Consorzio Polo Tecnologico Magona.

The Oliva Plus project's objective was developing an innovative process to produce olive oil reintegrated with the precious nutraceutical components present during pressing and lost during refining. The V.A.L.E. project has perfected the feasibility and characterization study carried out at Oliva Plus, setting itself the objective of arriving at the production and marketing of a range of olive oils with **increased nutraceutical value**.

SDG 12 - GUARANTEEING SUSTAINABLE PRODUCTION AND CONSUMPTION MODELS.

Regarding olive oils produced according to the Berio Method, Salov exclusively selects olive groves which apply the principles of **integrated production** in full respect for the ecosystem. In this way, by making it possible and economically profitable for farmers to adopt sustainable farming methods, Salov actively promotes the emergence of a production and consumption model in line with the SDG.

SDG 13 - TAKING URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS CONSEQUENCES.

Salov has contributed to **reducing CO2 emissions** by virtue of a trigeneration energy plant. The plant produces almost 50% of the electricity needed by the factory and, by virtue of the recovery and conversion of thermal energy, provides 50% of the cooling energy. In addition, as part of the European Life Resilience program, Salov is experimenting, in collaboration with the CNR, with the recovery of declining cultivars which belong to the Italian varietal heritage, with the aim both of developing genotypes which are resistant to pathogens and giving new impetus to forestry, with all the related benefits in terms of CO2 absorption and **mitigation** of the hydrogeological consequences of **climate change** (see page 92 in full).

SDG 15 - PROTECTING, RESTORING AND PROMOTING SUSTAINABLE USE OF THE EARTH'S ECOSYSTEM.

One of the objectives of integrated agriculture, a central element of the Berio Method, is protecting the environment. While it is true that all specifications contain indications

intended to care for and preserve the land, those of integrated agriculture are distinguished by their eminently local nature, precisely because for crops to be truly sustainable, they must consider the specific conditions of each territory and region. In this context, respect for the earth's ecosystem is fostered precisely by applying the various local integrated agricultural specifications.

SDG 17 - STRENGTHENING THE MEANS OF IMPLEMENTATION AND RENEWING THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT.

To be successful, the Agenda for Sustainable Development requires partnerships between governments, the private sector and civil society. These inclusive partnerships, built on principles and values, a common vision, and shared goals, which put people and planet at their centre, are needed at global, national, regional, and local levels. Salov takes responsibility for having its suppliers adopt sustainable farming practices and, aware of the investments which suppliers must make by adopting the Berio Method protocol, contributes to covering the costs.





7. GOVERNANCE

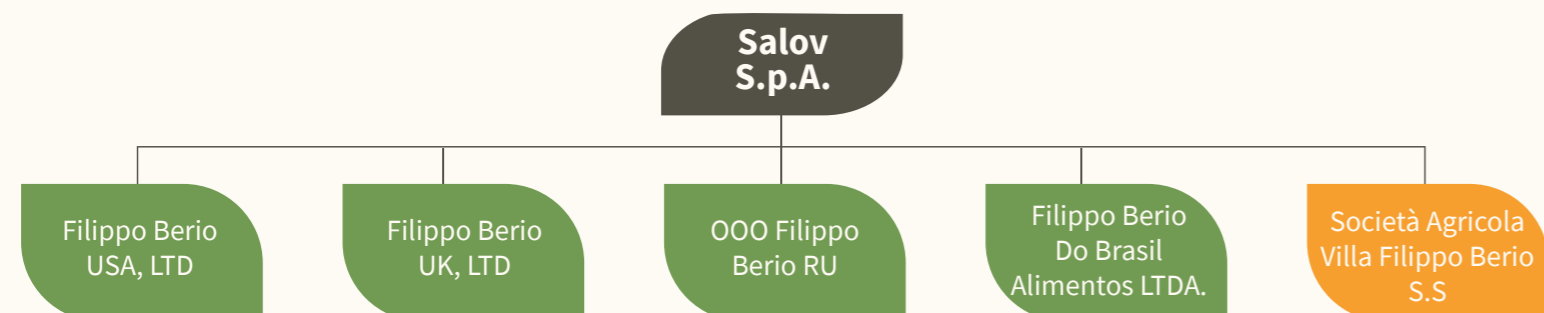
7.1 THE GOVERNANCE SYSTEM

Life is easy or difficult depending on one's ability or inability to produce and circulate wealth. It has long been believed that industry has no other purpose than profit. This is a mistake. The purpose of industry is general utility. It constitutes a profession, and it must behave in accordance with recognized professional morality. All Ford's industrial enterprises have done is to try to make it clear that general utility comes before individual benefit.

Henry Ford
entrepreneur, 1863-1947

Salov S.p.A., a company active in the oil sector, which selects, produces, and distributes oil, was founded in October 1919. Its industrial activity is carried out at the plant located in the municipality of Massarosa, in the province of Lucca, which is also its management headquarters. Since 2015, the company has been controlled by the Shanghai-based Bright Food Group. Mr. Tonghong Wu holds the position of Chairman of Salov S.p.A., while Fabio Maccari has held the position of CEO

since the end of 2018. To ensure conditions of fairness and transparency from an operational, regulatory, and ethical point of view, in 2009, an Organizational Model was adopted in accordance with Legislative Decree 231/2001, the latest update of which dates to 27 April 2020. Salov's governance system was adopted after identifying areas of risk (Risk Assessment) based on the provisions of the "Guide for the construction of organizational, management and control models pursuant to Legislative



ORGANISATIONAL MODEL 231 (LEGISLATIVE DECREE 231/2001)

The Organisational Model 231 governs the administrative liability of legal persons, companies and associations, including those without legal personality, with respect to a list of offences. Indeed, every organisation is held liable for administrative offences committed by one of its members if it has not established an organisational structure that is able to effectively prevent or minimise the likelihood of their occurrence. The same applies if it has not adopted an internal control system or procedures suitable for carrying out activities which present a risk of commission of the offences referred to in the Organisational Model.

Adoption of the Model is optional and not mandatory. Therefore, no penalty will be applied in the event of any failure to adopt it, however this will expose the company to liability for any administrative offences committed by senior or managed staff.

The adoption of a suitable Organisational Model and its effective implementation are therefore essential in order to benefit from a "shield" against this type of event.

Finally, it is important to consider the Model as an evolving tool that allows the company to eliminate any shortcomings that it was not able to identify at the time of its creation through a correct and targeted implementation of the Model over time.

Decree 231/2001".

It is also based on the principles of unity of command and strategies, simplification, and clarification of areas of responsibility and control. The governance system aims to manage risk areas and prevent unlawful conduct. In particular, the key factors overseen by governance are:

- the achievement of the company's objectives
- compliance with legal regulations
- monitoring and managing the various risk areas.

The bodies or entities comprising the governance of Salov are the Board of Directors, the Board of Statutory Auditors, and the Independent Auditors.

BOARD OF DIRECTORS

The Board of Directors is located at the top of the organization and the Chief Executive Officer, to whom all other corporate functions report, reports to it. The Board of Directors is appointed by the Shareholders' Meeting (shareholders) and is entrusted with the management of the company and responsibilities in economic, environmental, and social matters. Its specific task is to carry out all operations necessary for the implementation of the company objectives. Since it is an emanation of

the shareholders themselves, the Board of Directors is evaluated and monitored by these latter parties. In accordance with the provisions of the articles of association, the Board of Directors may appoint one or more Managing Directors, defining their powers and remuneration.

The Board of Directors also grants operational powers to the Managing Directors, who are also entrusted with the operational management of the Company. The presentation of the Financial Statements is governed by several steps which occur on a regular basis. The Managing Director presents the draft financial statements to the Board of Directors, which approves them. Subsequently, the Board of Statutory Auditors also expresses an opinion on the draft financial statements and issues any comments. Finally, the Financial Statements are presented to the Shareholders' Meeting, which approves them.

The Board of Directors meets around 3-4 times a year. During the presentation of the draft Financial Statements, the Board of Directors also receives a report from the Supervisory Board (SB) concerning the correct application of Organizational Model 231 (Legislative Decree 231/2001).

The Supervisory Board can ask the Board of Directors to update the Organizational Model if there are new offences included in Legislative Decree 231 or if there are organizational and/or regulatory changes which require an update to the same. The new Organizational Model proposal submitted by the Supervisory Board is then approved by the Board of Directors.

COMPOSITION OF THE BOARD OF DIRECTORS DURING THE YEAR 2020::

- Tonghong Wu (Chairman)
- Fabio Maccari (Chief Executive Officer)
- Jin Bo (Director with delegated powers)
- Stefano Rinaldi (Vice Chairman)
- Bin Zhang (Director)
- Min Fang (Director)
- Jianfu Zhao (Director)
- Weijun Ma (Director)

BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors, appointed pursuant to the provisions of the Italian Civil Code, oversees compliance with the law and the Articles of Association, respect for the principles of correct administration and the adequacy of the organizational, administrative, and accounting structure. Furthermore, on the approval of the financial statements, it reports on the outcome of the supervisory activity carried out.

COMPOSITION OF THE BOARD OF STATUTORY AUDITORS DURING THE YEAR 2020:

- Roberto Dini (Chairman)
- Stefano Casagni (Member)
- Andrea D’Isanto (Member)

AUDIT COMPANY

The task of auditing the accounts was entrusted to an auditing company entered into the special register kept by the Ministry of Economy and Finance. The auditing company checks that the company accounts are properly kept, that the financial statements correspond to the accounting records and that the rules established by the Civil Code for the valuation of the company assets are

observed. Every year, the auditing company reports to the Shareholders’ Meeting on the results of its activities.

THE SUPERVISORY BODY (SB) PURSUANT TO LEGISLATIVE DECREE 231/2001

- Francesco Stancampiano (Chairman)
- Roberto Dini (External Member)
- Marcello Francini (Internal Member)

CODE OF ETHICS AND ORGANISATIONAL DIAGRAM

The Code of Ethics and the Organizational Diagram complete the governance system.

THE CODE OF ETHICS

The Code of Ethics is the corporate code of conduct required by Legislative Decree 231/2001. The multiplicity of interests and socio-economic contexts with which Salov operates require the commitment of everyone to ensure that activities are carried out in compliance with the law within a framework of fair competition, with honesty, integrity, fairness, and good faith, respecting the interests of the various stakeholders. The principles set out in the Code of Ethics apply to employees, contractors and those who have dealings with Salov.



CERTIFICATIONS

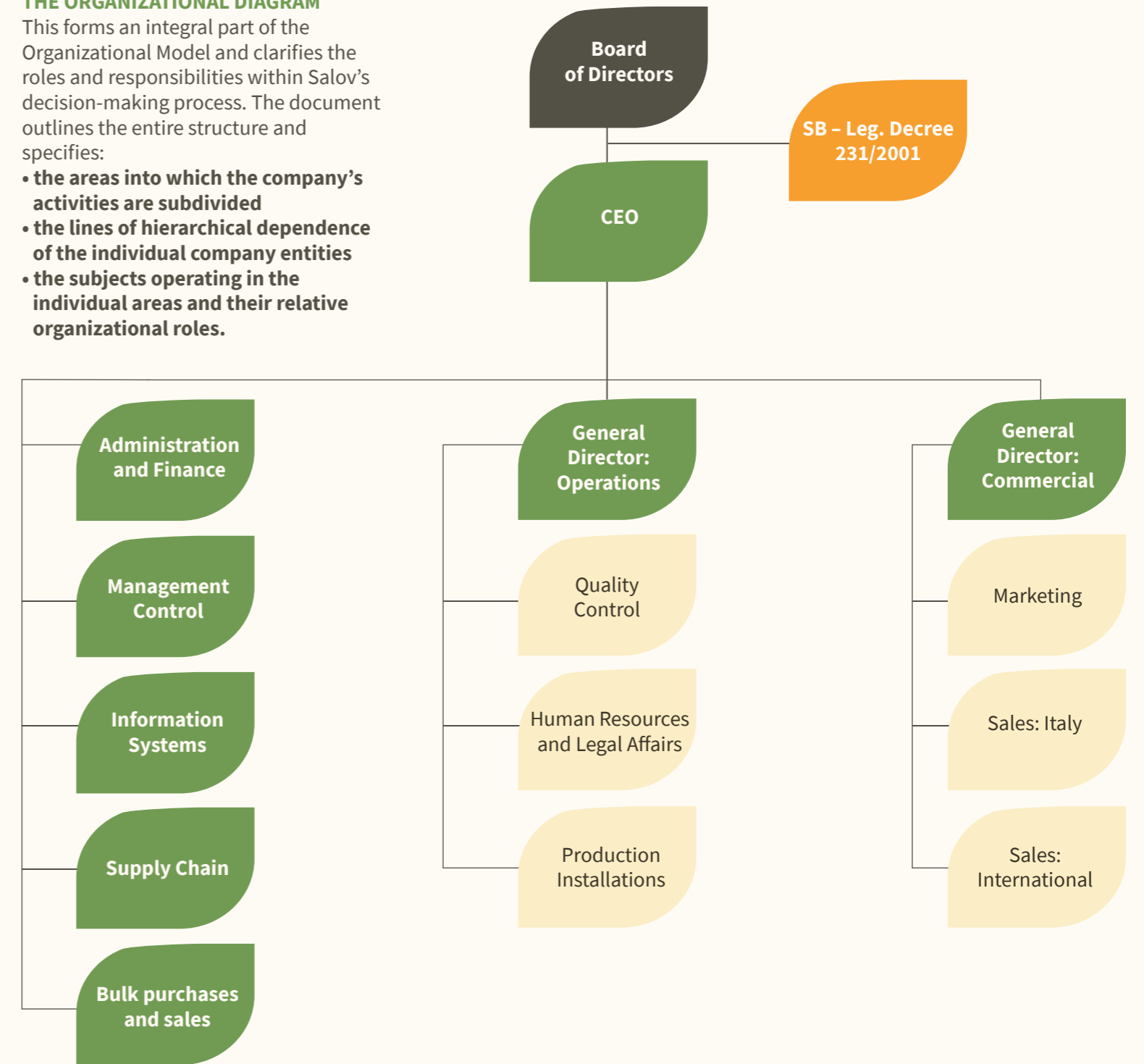
Salov has achieved the following certifications:

- **ISO 9001** - Quality Management System certification
- **UNI ISO 45001:2018** - Occupational Health and Safety Management System certification
- **UNI ISO 14001:2015** - Environmental Management System certification
- **BRC Global Standard Food**
- **International Food Standards Certificate**
- **Kashruth Certificate (Filippo Berio brand)**
- **Halal Certificate**
- **Certification of environmental sustainability and qualitative characteristics of Food products by SGS (on the Berio Method).**

THE ORGANIZATIONAL DIAGRAM

This forms an integral part of the Organizational Model and clarifies the roles and responsibilities within Salov’s decision-making process. The document outlines the entire structure and specifies:

- the areas into which the company’s activities are subdivided
- the lines of hierarchical dependence of the individual company entities
- the subjects operating in the individual areas and their relative organizational roles.



7.2 BRIGHT FOOD

Bright Food (Group) Co., Ltd. is a large industrial group which operates globally, principally in the food sector, and is 100% controlled by Shanghai SASAC. It was founded in 2006 through the merger of three major public companies operating in the production and distribution of food products within the city.

SASAC: Shanghai SASAC, the Shanghai Municipal Property Supervision and Administration Commission, is a direct agency of the Shanghai Municipal Government responsible for the financing, supervision, and management of state-owned assets.

The **Bright Food Group's** main business is the food industry, where it produces and distributes, among other things, agricultural products, milk, sugar, wheat and oil, meat, and vegetables; this is complemented by ancillary property and finance activities. Companies directly associated with the Group include Bright Food International Co., Ltd., which controls Salov S.p.A., among others. The Bright Food Group operates as an integrated entity in the food industry, controlling all phases and processes: from agricultural production, food processing and production, to distribution and sales.

The Group arose with the **mission** of becoming the food **supplier** of choice for the city of Shanghai, offering **safe, healthy, and high-quality food** to all its citizens. Its vision is to build a technologically advanced food industry, without losing sight of **respect for the environment**, to ensure a better quality of life for its stakeholders.

It is therefore committed to **high standards of quality and food safety**, timely and reliable supply, and optimal integration of resources as part of its long-term mission to become a global player. In its day-to-day activities, as well as its long-term objectives, the Group operates according to a development concept focused on **innovation**, a high degree of coordination and a spirit of openness and sharing.

The management approach, oriented towards continuous improvement and the search for new and innovative solutions, optimizing the use of all available resources, aims to achieve **excellence** in all operations.

This operating philosophy and values, based on the concept of harmonious people-oriented development with the continuous search for an optimal balance between man and company, society, and nature, is also reflected in the approach to **human resources**: people are regarded as the foundation of its success and are therefore considered as true **partners**.

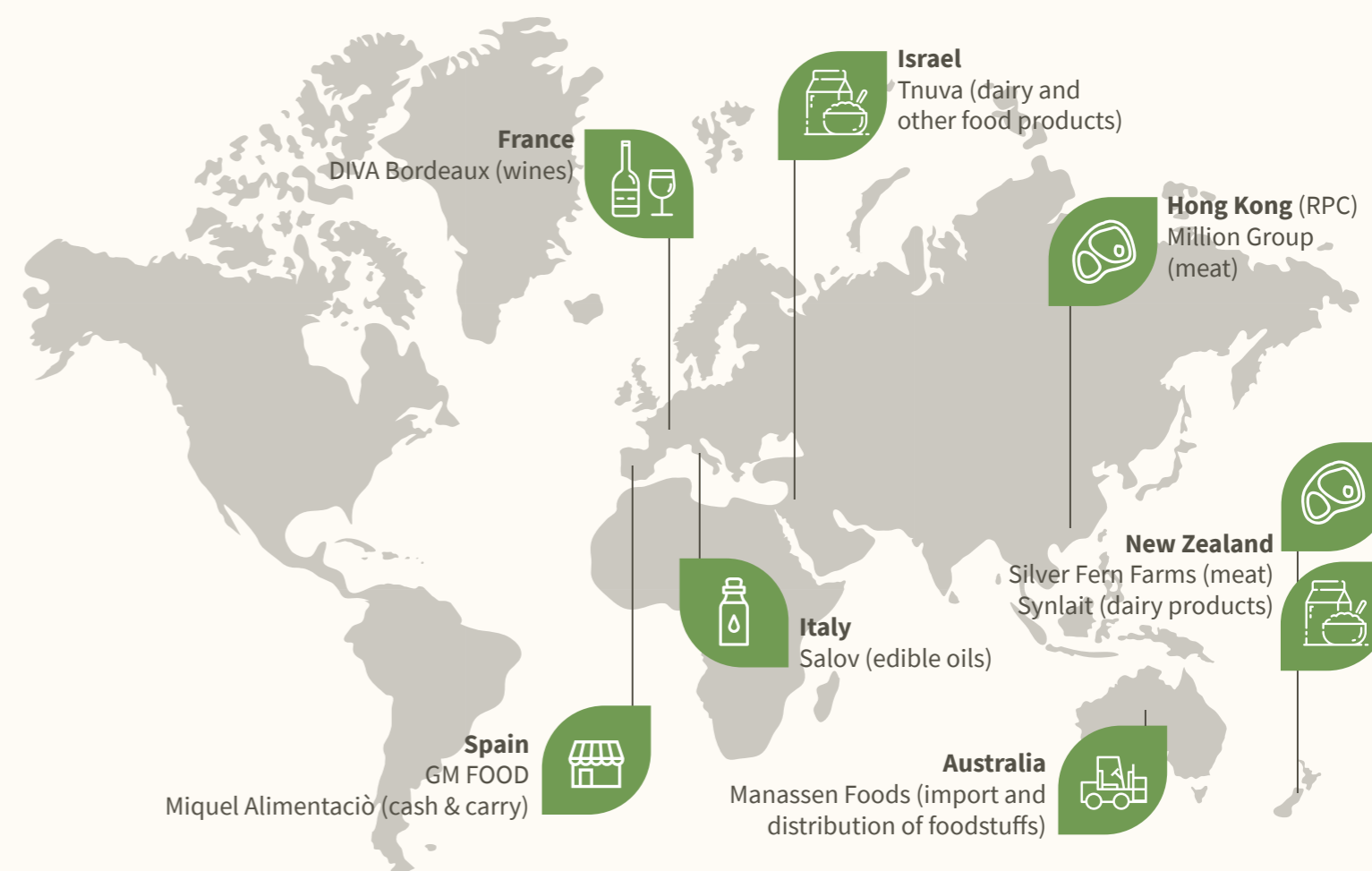
The Group aims to return the value that employees bring to the company with equal dedication, by virtue of an innovative, cohesive and coordinated human resources management system which encourages the retention of talent, attracting them not only with fair and responsible treatment and attractive career prospects, but also with a positive and stimulating working environment, a shared value system and excellent partners.

As a result of this strong value base and management's efforts, the Group is now the second largest in terms of turnover in the food processing industry in the People's Republic of China and enjoys a leading position in most food categories and in the retail sector, with this confirmed by the high level of recognition of its brands.

From 2010 onwards, an internationalization strategy was undertaken, which led to the founding in 2011 of **Bright Food International Limited**, a wholly owned subsidiary of Bright Food (Group) Co, headquartered in Hong Kong. The company assumes the functions of an overseas window, investment platform and financing center within the Bright Food Group.

Bright Food International thus presents itself as the executor of the Bright Food Group's overseas expansion strategy, which aspires to become a multinational food industry company with global influence.

Through Bright Food International Limited, the Group has therefore acquired stakes in foreign companies in order to expand and optimize its business portfolio. In this context, it acquired the Salov Group in 2015, with the aim of maintaining the company's solid Italian identity and tradition, strengthening and developing its international vocation and developing the Chinese olive oil market by leveraging Salov's great expertise in this category. Currently, the Bright Food Group is the controlling shareholder of eight foreign subsidiaries.





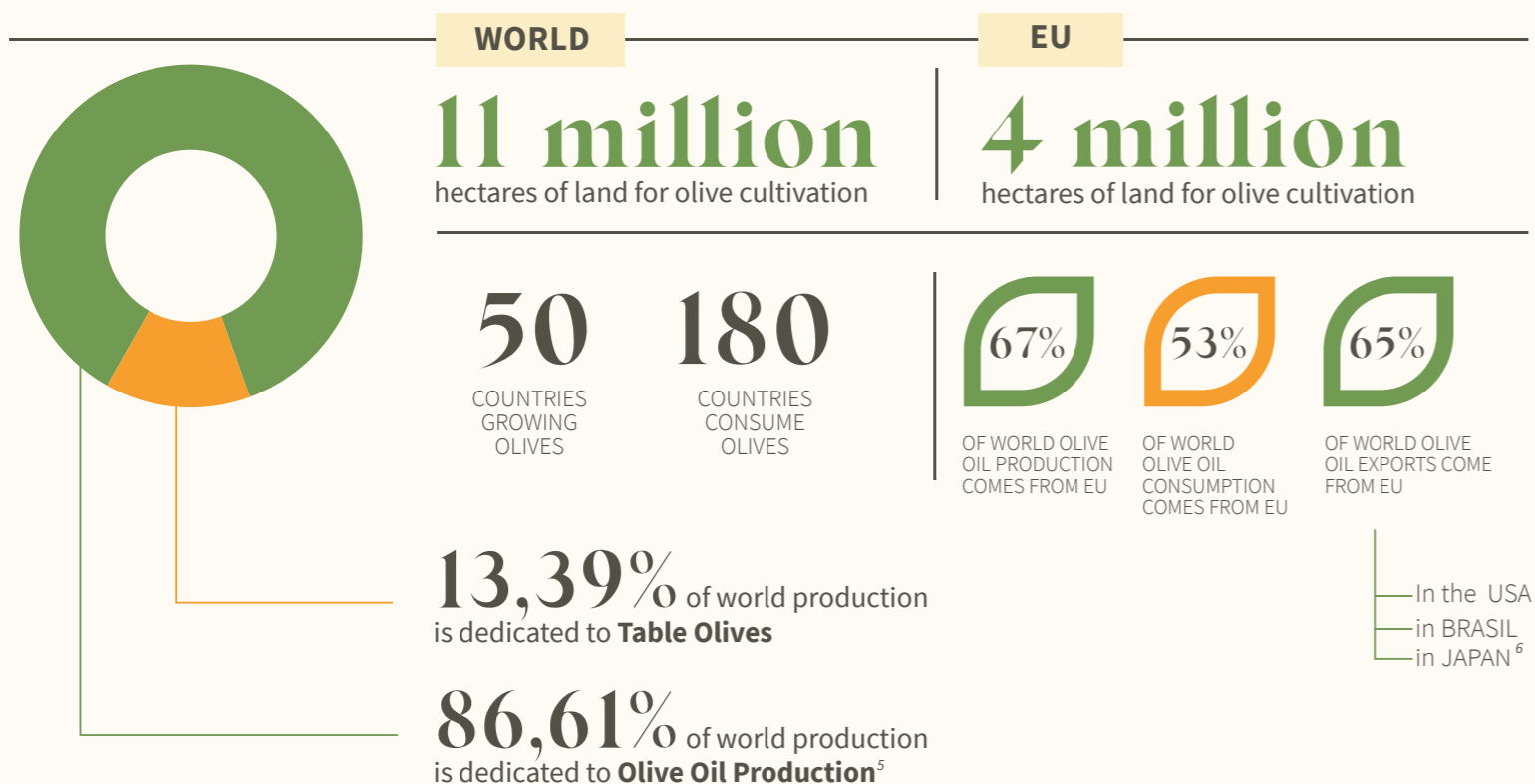
**8. SALOV:
THE BEAUTY OF OIL
IS IN ITS QUALITY**

8.1 OLIVE GROWING AROUND THE WORLD

“
Among the goods of the earth I select, oil, your inexhaustible peace,
your green essence, your rich treasure that descends
from the springs of the olive tree.

Pablo Neruda
poet, 1904-1973

Initiated some 6000 years ago in a corner of the south-eastern Mediterranean, olive cultivation has had an enormous impact on the economy, history, culture, and environment of the area. The ancient Greeks and Romans considered olive oil a sacred substance, as evidenced by its use in food, medicine, as fuel for lighting and as a raw material for perfumes and soaps.



Italy is the leading country in the world for heritage in terms of varieties, possessing about 1/3 of the world's 1,500 varieties of cultivars, of which about 300 are still currently in production. Each region has its own most representative cultivars: **Abruzzo** Dritta and Gentile di Chieti; **Basilicata** Ogliarola del Vulture; **Calabria** Carolea, Dolce di Rossano and Grossa di Cassano; **Campania** Pisciotana, Rotondella, Cappellesse and Ravece; **Emilia Romagna** Nostrana di Brisighella; **Friuli Venezia Giulia** Bianchera; **Lazio** Itrana, Carboncella, Raja and Canino; **Liguria** Taggiasca and Razzola; **Lombardy** Casaliva, Grignan, Ghiacciola, Leccino; **Marche** Ascolana Tenera; **Molise** Gentile di Larino; **Piedmont** Casaliva, Grignan, Ghiacciola, Leccino; **Puglia** Cellina di Nardò, Coratina, Ogliarola Garganica, Cima di Mola and Peranzana; **Sardinia** Bosana, Semidana and Nera di Gonno; **Sicily** Biancolilla, Nocellara del Belice and Tonda Iblea; **Trentino** Casaliva, Grignan, Ghiacciola, Leccino; **Umbria** Moraiolo and San Felice; **Veneto** Casaliva, Grignan, Ghiacciola, Leccino.

Among the Italian regions, **Tuscany** boasts the highest number of recognized cultivars, with more than 100 varieties, placing it among the top six most productive Italian regions. Famous all over the world, the Tuscan landscape has unique characteristics. Indeed, by virtue of the temperate climate mitigated by the sea, the low rainfall and the calcareous soil, olive trees have found ideal conditions for growth. Among the most common varieties in Tuscany are Frantoio, Pendolino and Leccino, which are joined by other cultivars with fascinating names such as: Ciliegino, Lazzero, Mignolo, Piangente, Punteruolo, etc.

Among the countries belonging to the European Union, Italy and Spain are the biggest users of olive oil, with an annual consumption of around 500,000 tons each, while Greece has the highest per capita consumption, with

about 12 kg per person per year. Spain, on the other hand, with 40% of the total, is the **world's largest producer and exporter of olive oil**, cultivating many olive cultivars, of which the most common varieties are: Picual, Hojiblanca, Arbequina and Cornicabra.

Greece is one of the largest olive oil producers, together with Italy and Spain, and ranks third in terms of litres of oil produced in EU countries. The main cultivars of Greek production include: Koroneiki, Athinolia, Ladolia (Tsounati), Kalamon, Manaki, Chalkidikis and Amphissis.

⁵ Data derived from the report "International Olive Growing - Worldwide Analysis and Summary" - 2018 - produced by the Spanish company Juan Vilar Consultores Estratégicos, considered among the best in the analysis of the olive world.

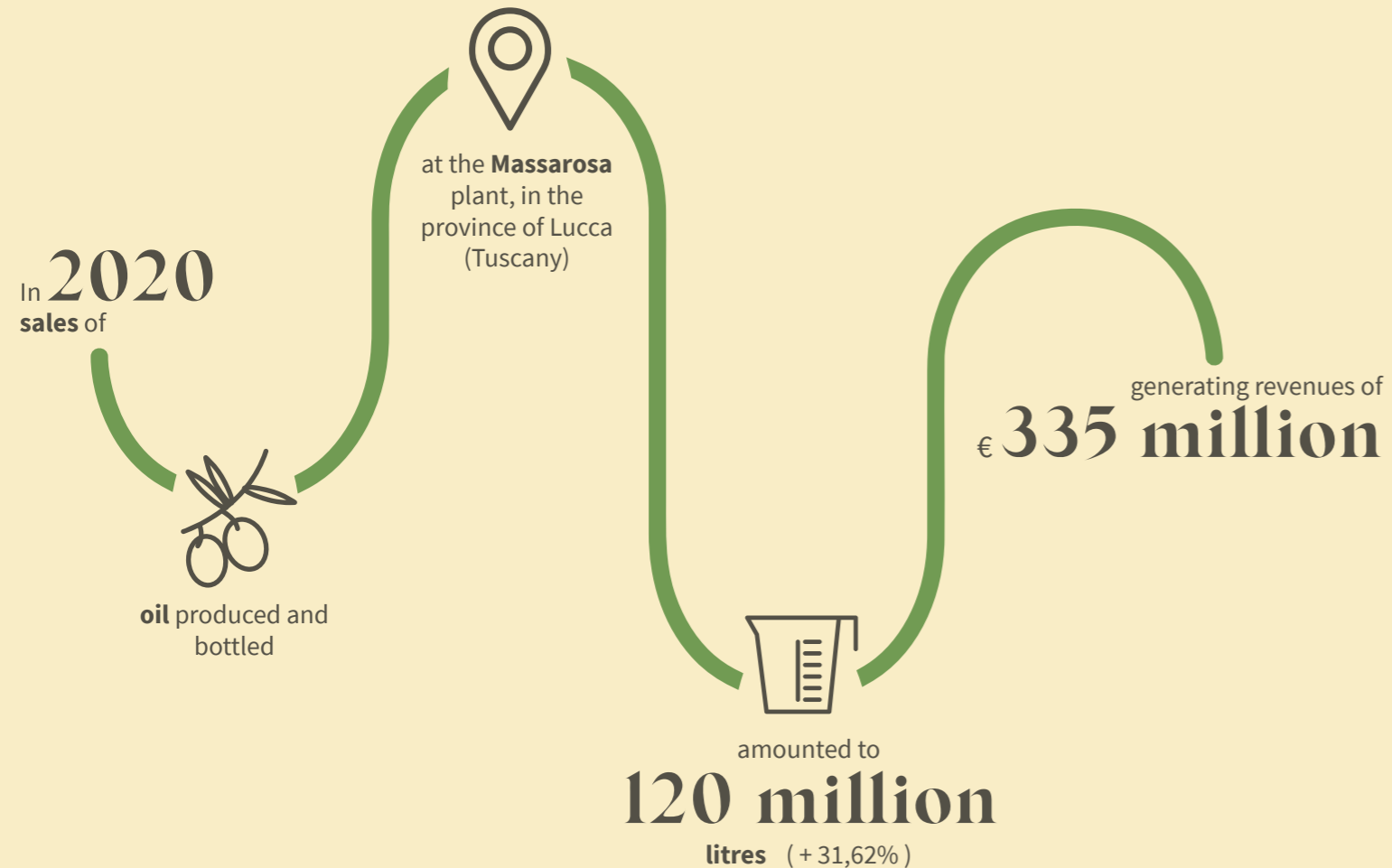
⁶ Data from the European Commission website "An overview of the production and marketing of olive oil in the EU" - 2019.



8.2 SALOV AND OIL

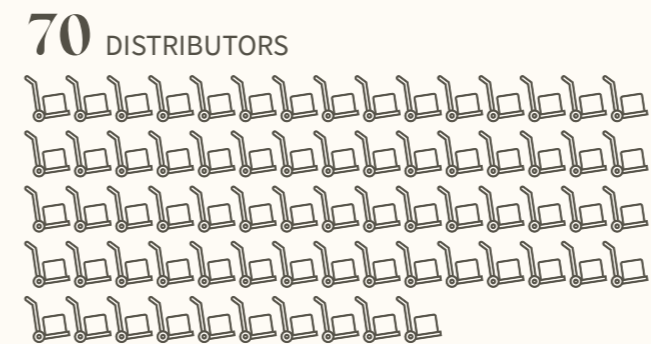
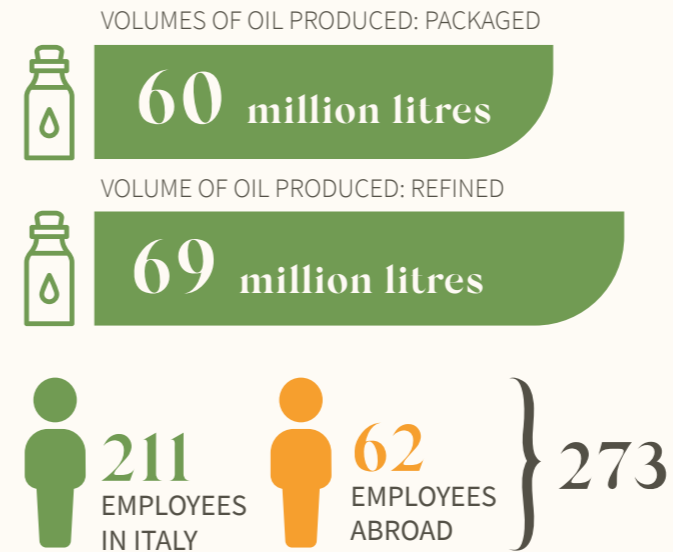
THE **SALOV GROUP** IS POSITIONED WITHIN THE OLIVE OIL SECTOR SCENARIO DESCRIBED ABOVE AS ONE OF THE LEADING INDUSTRIAL COMPANIES, AT BOTH NATIONAL AND GLOBAL LEVEL.

It is sufficient to consider that:



Salov, which since 2015 has been part of the **Bright Food Group**, is a consolidated presence on the Italian market with the **Sagra** brand and at the end of 2019, launched the **Filippo Berio** brand for the first time in Italy, a brand with over 150 years of history, present throughout the world, with leadership positions in countries such as the United States, Great Britain, Russia, Belgium, Switzerland, Indonesia, etc.

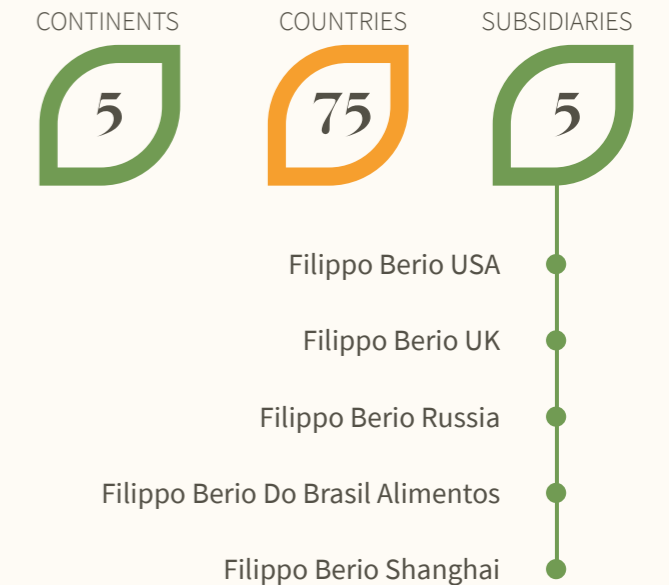
Salov in 2020 - Massarosa plant



Bottling: 5 lines with capacities from 3,000 to 18,000 bottles/hour, packaging all formats from 250 ml to 5 litres in the various containment materials glass, tin, and PET.

Refining: 3 lines with latest generation flash technology

Purification: the capacity of the purification plant is equivalent to covering the needs of a town of about 20,000 inhabitants



In 2019, the Group launched a three-year, € 15 million investment plan to upgrade the production site, which will permit both an increased bottling capacity, adding up to 20 million extra bottles, and gains in terms of greater flexibility, by completely overhauling the logistics system and increasing warehouse capacity, all of which managed according to the Industry 4.0 architecture.

In addition to this three-year investment, Salov has earmarked around € 5 million for the innovation of its IT infrastructure, in order to make the company smarter than ever. Through these investments, Salov intends to continue its course of spreading the culture of olive oil in international and Italian markets, with the aim of becoming an increasingly important point of reference in the sector.

8.3 EXTRA VIRGIN OLIVE OIL PRODUCTION

The Salov production process consists of several stages, all of which are subject to strict quality control:



THE SALOV PRODUCTION PLANT IN MASSAROSA IS ONE OF THE LARGEST AND MOST MODERN IN EUROPE, BUILT WITH A PARTICULAR FOCUS ON SAFETY AND ENVIRONMENTAL IMPACT.

8.4 QUALITY WITHOUT COMPROMISE

The **control** and supervision of the company's activities are a precondition for adopting the continuous improvement approach and guaranteeing a quality product.

The control activity begins with the procurement of raw materials and concerns **every phase of production**: the product is continuously subjected to testing, from the moment when the oil enters the plant to the moment the bottles leave.

Controls are carried out both by in-house operators and external certifiers. In 2020, the in-house laboratory carried out a total of around 22,000 analyses on approximately 3,500 samples. Operating the plant directly represents a notable advantage in this regard, since it allows Salov to carry out tests quickly and continuously, reacting in a timely fashion if necessary.

The in-house analysis laboratory is equipped with the best technologies for analysing oil in all its aspects and plays a fundamental role in guaranteeing the high quality of the raw materials and of the final product.

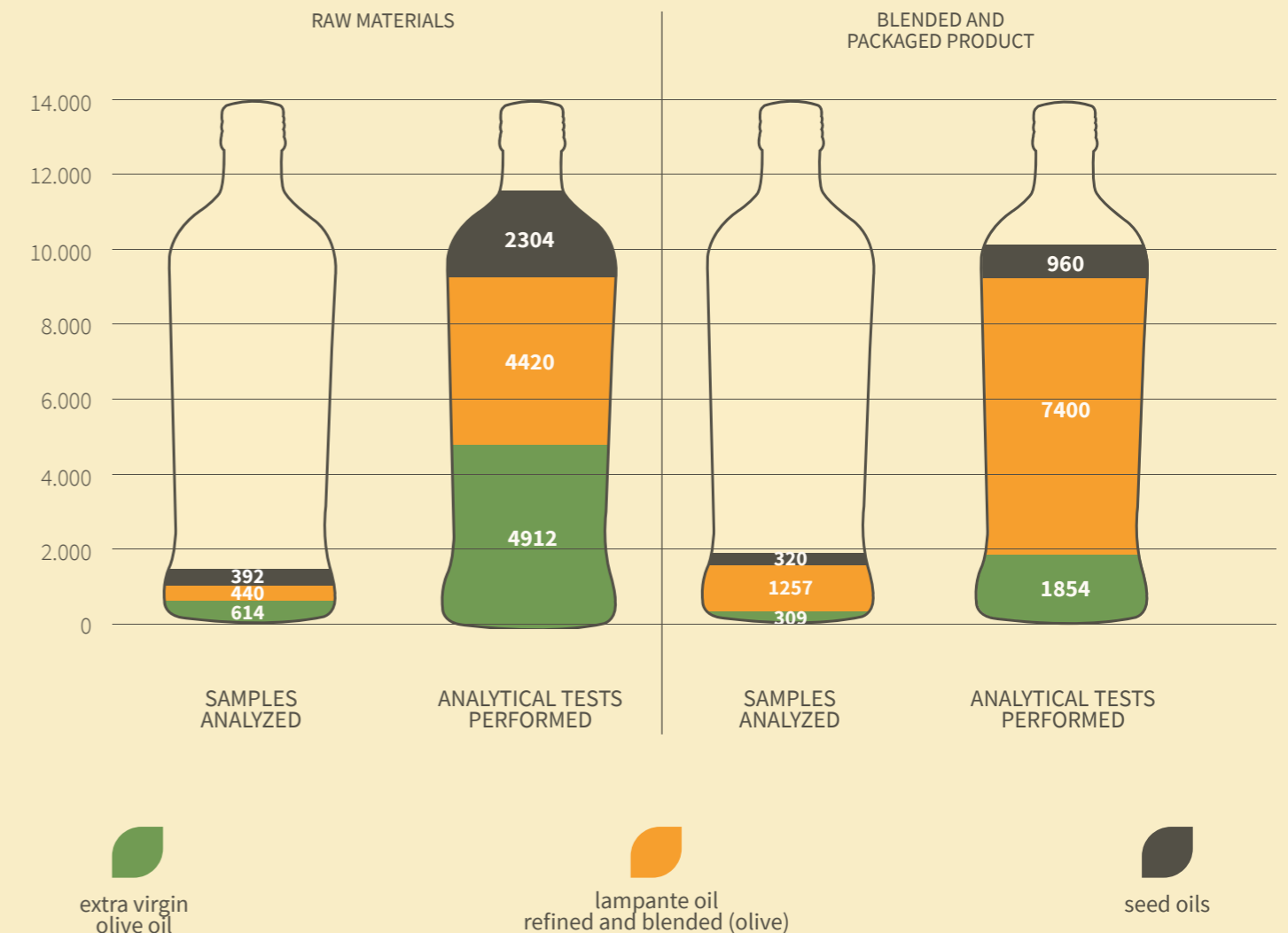


LABORATORY:

The profile of the analysis laboratory is presented below, with this a fundamental element in the process of continuous improvement of the quality of Salov oils:

- **Location:** Massarosa plant.
- **Analysts:** 5 (including the Director).
- **Types of oil analysed:** extra virgin olive, lampante, refined olive, seed oils.
- **Type of analysis performed:** chemical analysis.
- **Type of chemical analysis:** Acidity, Peroxides, UV Spectrophotometry, Moisture + Impurities, Acid composition, trans ISOMERS, Sterol composition and content, Erythritol + Uviol, 3,5-Stigmastadiene, Waxes, Delta ECN42, Ethyl esters, Contaminants (Pesticides, Phthalates, PAHs, Mineral oils, GE & 3-MCPD).
- **Total raw material analyses:** around 11,700 (out of 1,500 samples) in 2020.
- **Total analysis of finished products and blends:** around 10,300 (out of 2,000 samples) in 2020 External panel tests (year 2020): 294.
- **Tables and commissions in which Salov participates:**
 - UNI/CT 003/GL 18 "Oils, animal and vegetable fats and their by-products, oil seeds and fruits".
 - ASSITOL, NAOOA chemicals groups.

NUMBER OF ANALYSES CARRIED OUT IN 2020 ON:



Since 2019, investments have been made in order to further improve the laboratory by replacing some analytical devices and updating the IT platform. In addition, Salov has implemented an even more in-depth and comprehensive contaminant control system to ensure maximum product safety.

8.5 RAW MATERIALS AND MATERIALS

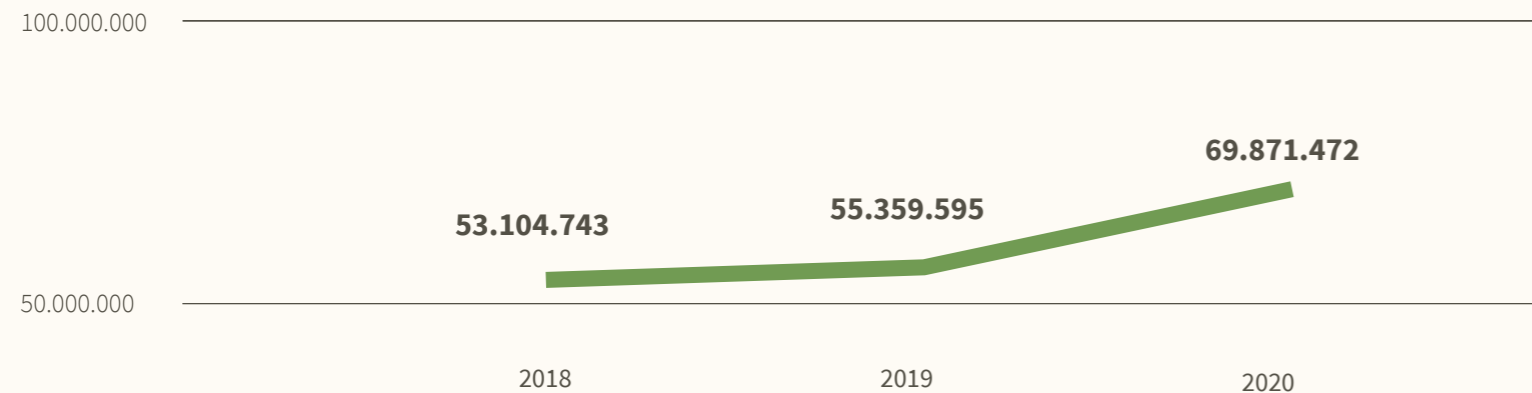
The raw materials used for production are extra virgin olive oil, lampante olive oil (which is refined in-house) and seed oil, as well as the other materials required for the various stages in the production process.

Other materials forming part of the packaging, such as glass, R-Pet, PET, aluminium, paper, and cardboard (labels, neck collars and packaging) and printing inks, also contribute to the packaged product.

In 2013, for many products in the US market range, there was a switch from glass to PET bottles. This was done in order to save energy and CO2 emissions in logistics and to offer consumers more homogeneous packaging with a bottle and cap made of the same material, which is more convenient for disposal than the classic glass bottle with aluminium cap. Salov pays particular attention to

the environmental impact of its packaging. An example of this is the launch of new bottles made from 50% recycled plastic for the Sagra 1 litre seed oil range. The new solution, adopted with a view to a circular economy and respect for the environment, can guarantee the consumer the same quality, safety, and ease of handling as traditional bottles. Salov's commitment has not merely been limited to the restyling of the bottle but has been extended to the entire product packaging of the seed oils. Indeed, even the new sleeve which covers the individual bottle (fundamental for protecting the product from light) is made of 25% innovative recycled plastic material, while the packaging, which replaces the protective plastic film that wraps the bottles in the package, is made of 100% recycled cardboard.

**OIL PACKAGED FROM 2018 TO 2020
(MILLIONS OF LITRES):**



PACKAGING			
PACKAGING COMPONENT	2018	2019	2020
Glass bottle 250 ml (No.)	3.223.224	3.454.644	4.380.432
Glass bottle 500 ml (No.)	14.788.296	16.064.439	17.360.109
Glass bottle 750 ml (No.)	4.063.474	4.212.771	5.256.816
Glass bottle 1000 ml (No.)	6.683.712	5.950.940	9.517.532
Total glass bottles (No.)	28.758.706	29.682.794	36.514.889
Tins (No.)	1.213.936	1.073.243	1.799.715
Metal kegs (No.)	11.170	12.681	11.607
Mini tanks (No.)	490	983	402
Preforms (No.)	23.567.254	24.172.653	32.355.690
Labels (No.)	98.491.590	102.162.484	130.508.081
Cartons (No.)	6.895.131	7.260.038	9.832.113
Plastic capsules (No.)	27.914.771	27.867.578	39.602.969
Aluminium capsules (No.)	27.498.360	30.379.095	35.212.575
Sleeves (No.)	2.497.749	2.880.119	4.244.650
Shrink film (kg)	81.586	93.473	116.143
Stretch film - crystal (kg)	48.680	50.757	69.818
PVC caps (No.)	3.402.240	4.278.572	4.374.242
Pallets (No.)	40.411	59.424	57.622

OIL ACQUIRED:

The purchase phase is preceded by a thorough laboratory activity in which the samples are analysed. This is a very important step for those who, like Salov, strive for continuous improvement. Indeed, of the approximately **5,000 samples on which sensory analyses are conducted, only 8% pass the tests** and are used for packaging. In 2020, Salov **acquired 122,966,550 litres of oil** (+41.01% compared to 2019). Of these, 39,118,259 litres are extra virgin olive oil, the purchase of which increased by 30.91% compared to 2019. The extra virgin olive oil was purchased from five countries: Italy, Spain, Portugal, Greece, and Tunisia (with the last of these used in some blends for export outside the European Union). It is important to underline that in 2020, despite the impressive increase in volumes purchased, there was no negative environmental impact in the supply chain.

OIL PRODUCED:

In 2020, Salov **produced 130,242,581 litres of oil**, of which approximately 69 million were destined for packaging in containers (sales units) and 60 million for refining, which were then redirected partly to bottling and partly to B2B sales (food industries). Of the 69 million for packaging, about half is extra virgin olive oil. Production of packaged oil and refined oil grew by 26% and 39% respectively compared to 2019.

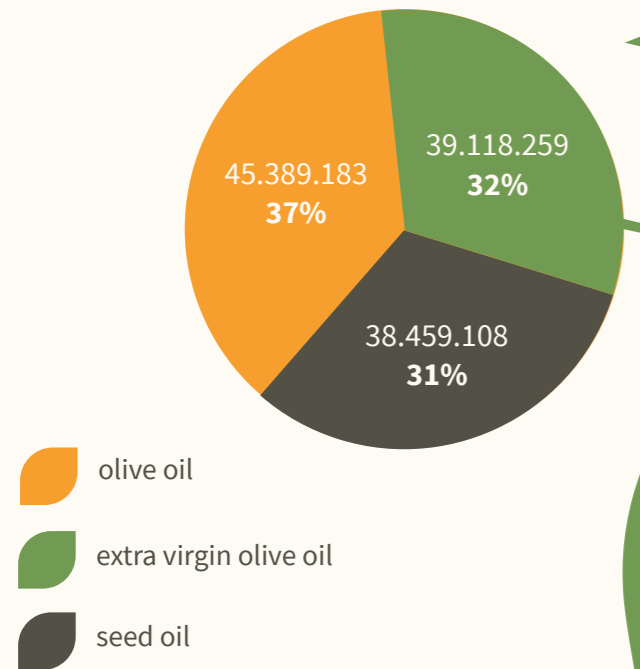
OIL SOLD:

In 2020, Salov **sold 120,022,068 litres**. Of these, around 58 million litres were sold abroad, almost entirely under the Filippo Berio brand, confirming the company's historic vocation for export and its desire to promote not only a product but also the culture of olive oil and Italian know-how throughout the world. North America is the area that imports the largest quantity of Salov oil, with over

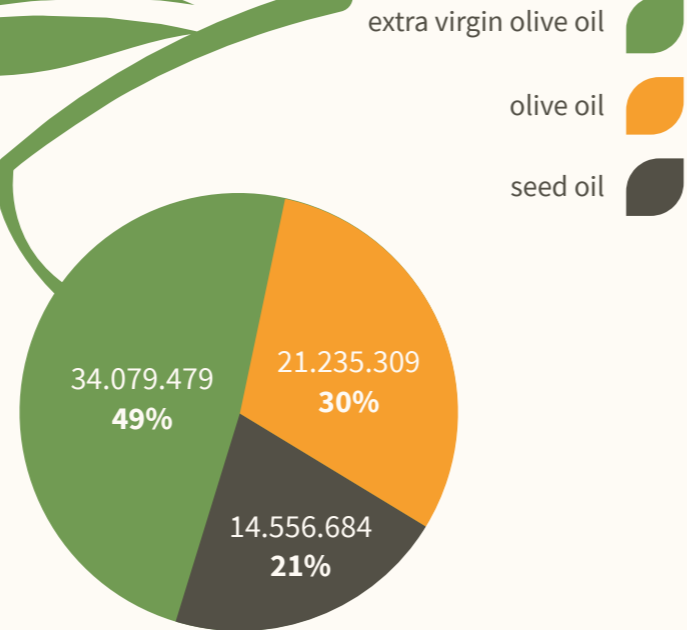
30 million litres, equal to more than 50% of the total exported oil. The remaining 62 million litres are distributed on the domestic market, both in the form of bottled product and bulk oil for the food industry (B2B).

Differences between litres acquired, produced, and sold are attributable to inventories.

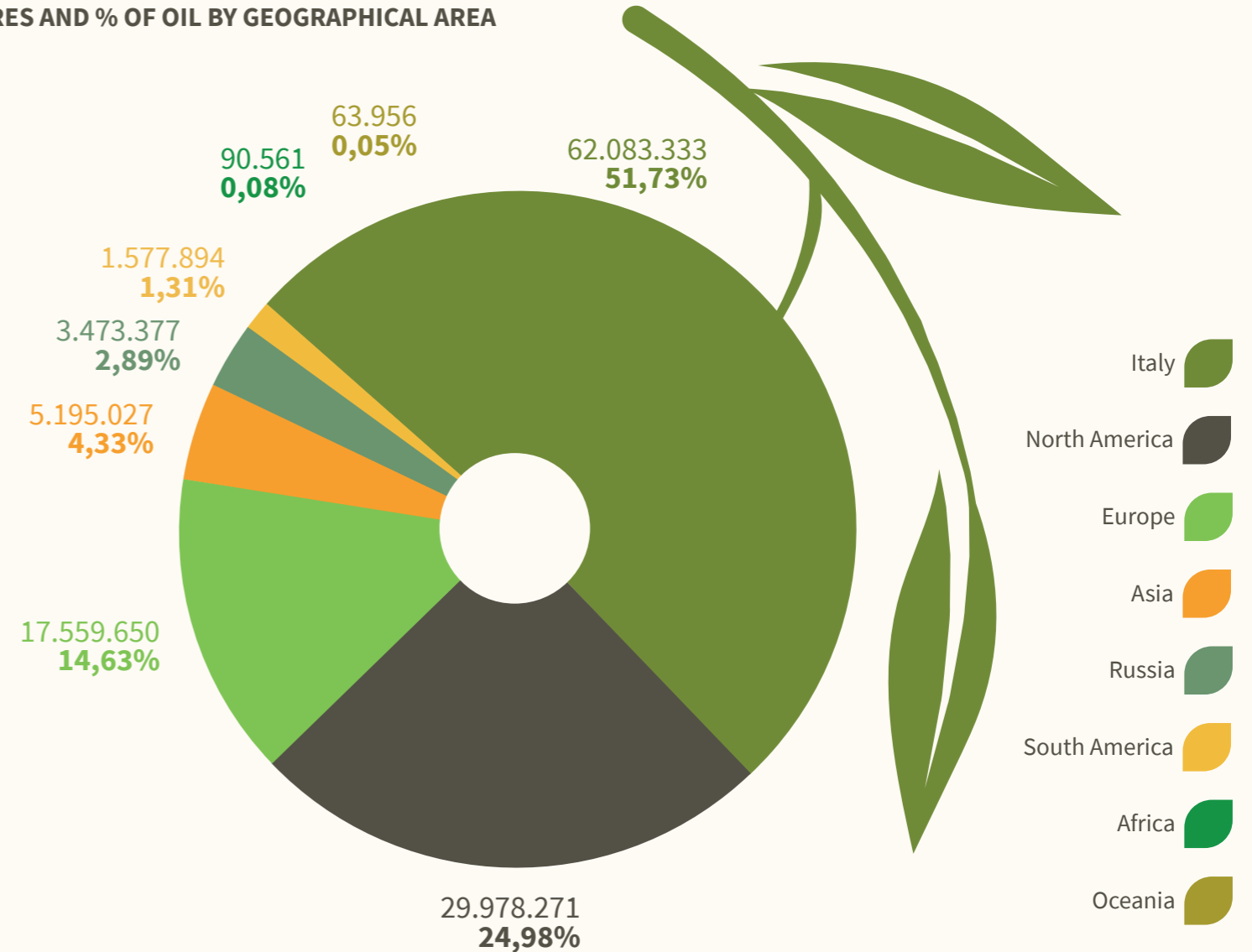
LITRES AND % RAW MATERIALS PURCHASED



LITRES AND % OIL TYPES ASSIGNED TO PACKAGING



LITRES AND % OF OIL BY GEOGRAPHICAL AREA



8.6 THE ART OF BLENDING

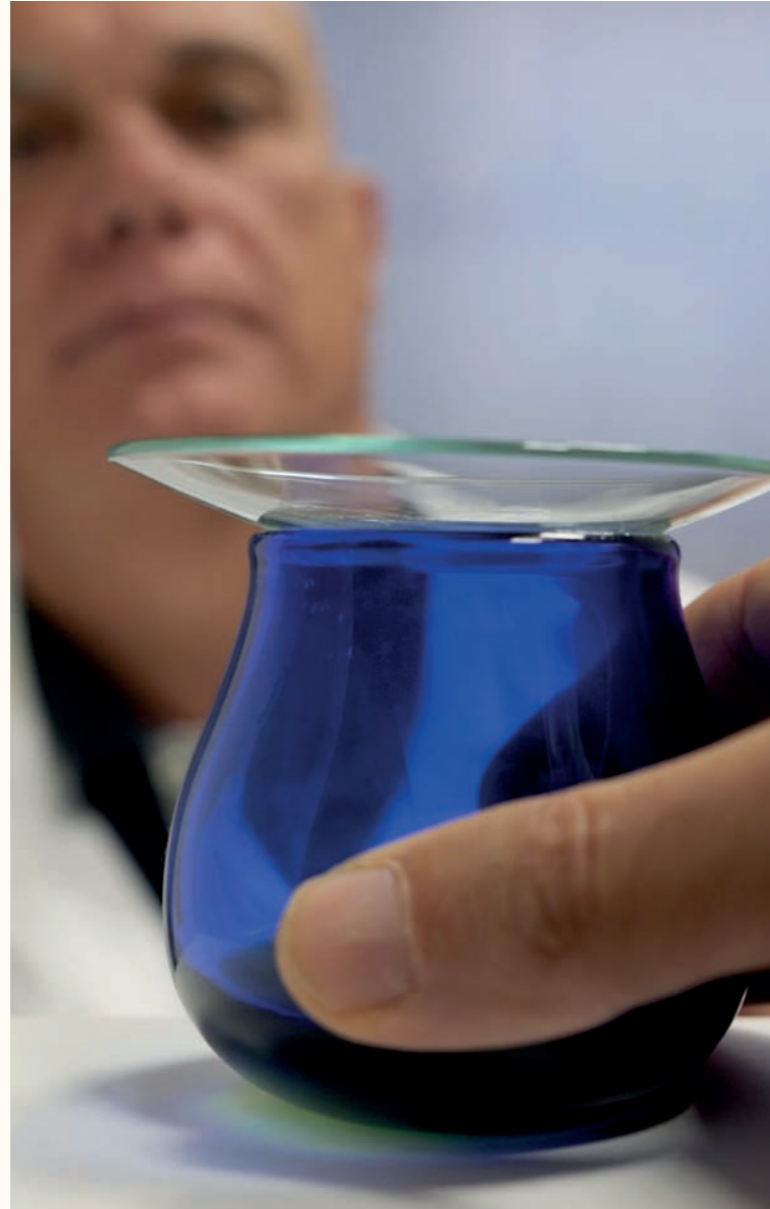
Historically a producing and exporting country, for several years, Italy has also become the main importer of olive oil, since domestic production is not sufficient to cover national consumption.

Indeed, the 300,000 tons produced on average each year do not cover domestic demand of about 600,000 tons and exports of another 400,000 tons. As an inevitable consequence, Italy acquires oil from foreign countries. The extra virgin olive oil which emerges from Italian oil mills is one of the most sought after and appreciated on world markets, **by virtue of the recognition of a still unrivalled Italian “know-how”**, the result of centuries of experience and mastery in processing the raw material which emphasizes its qualitative characteristics.

This scenario, which has been consolidated over the last 100 years, has put Italian oil mills in the position of resorting to blending oils of different origins. Born as a response to a need, blending has rapidly become a genuine “art.”

Indeed, the Master Blender must have an in-depth knowledge of the raw material, know how to select the best quality oils, and hence have the sensitivity to combine oils from different cultivars and origins, harmonizing fragrances and tastes which vary every year.

Blending is a decisive phase in the production process at Salov. The Master Blender is the key figure, an authentic guarantee of quality. By virtue of his experience, passion, and knowledge, starting with the raw material, he blends the oils with a clear vision of the organoleptic profile which he must achieve. The Master Blender’s talent can achieve a taste profile that is ‘proper and authentic’ with a constant balance of flavour which satisfies the end consumer over time.



8.7 THE BERIO METHOD

All Salov's activities are based on the concept of **Sustainable Development**.

The **Berio Method** is an example of this virtuous approach. Developed for the Italian market, it consists of a traced and certified production process from field to bottle, based on the principles of sustainability inherent in integrated agriculture.

With the **Berio Method**, Salov assumes responsibility for the environmental impact and quality of the olive oil from "the field" by involving producers, inviting them to participate in a process of continuous, common, and shared improvement.

The pillars of the Berio Method are:

environmental sustainability through the adoption by the farms supplying the raw materials, of integrated agriculture protocols, demonstrated by specific certifications

traceability, with a complete and exhaustive system, of all extra virgin oil. This starts with the cultivation of the plants, which are monitored by specialized technicians who check: cultivation methods (reducing the use of pesticides), leaf analysis, pruning and integrated pest control. The batch can be traced by the product label and on the website www.filippoberio.it, identifying the area of origin of the oil, the organoleptic analysis, and the sensory profile

the **definition of chemical-physical and organoleptic parameters** which are stricter than those set by current legislation and the commitment to guaranteeing a constant organoleptic profile over time

certification of the entire process by a third party, identified as SGS, which certifies both product quality and environmental sustainability.

By developing the Berio Method, Salov has chosen to take a leading role in the control and management of responsibility for the environmental impact and quality of olive oil from the production destined for the Italian market of a brand of excellence such as **Filippo Berio**, involving producers from different countries and inviting them to participate in a process of common and shared improvement.

For more information on the Berio Method:
www.filippoberio.it/metodo-berio

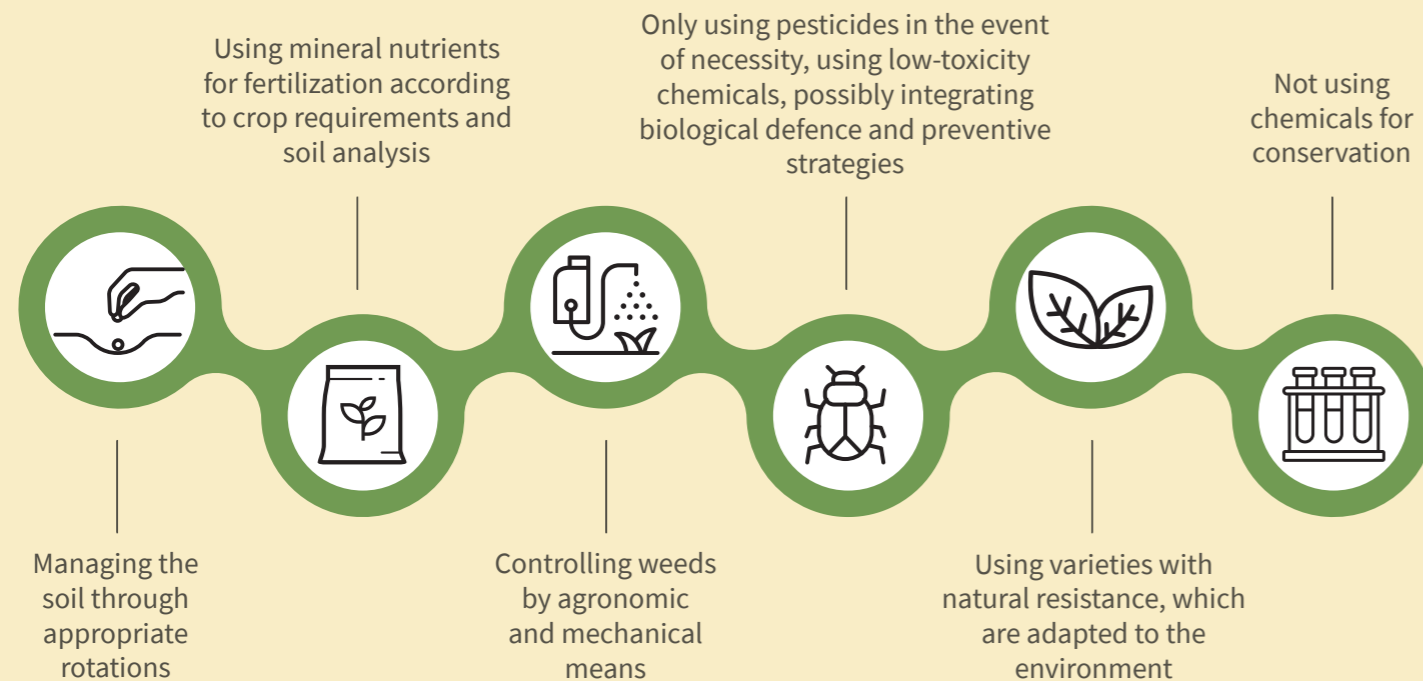


8.8 INTEGRATED AGRICULTURE

Integrated agriculture, as used in the Berio Method, is “an agricultural system of food production which optimizes the use of resources and natural regulatory mechanisms, ensuring long-term viable and sustainable agriculture. The methods and techniques of cultivation and the chemical processes used in it are carefully chosen, seeking a balance between environment, profitability and social needs” (OLIB-International Organic Farming Organization).

Cultivating the land according to the principles of integrated agriculture thus means obtaining **high quality production** using means and management methods intended to guarantee **health protection and environmental protection**. Integrated agriculture favours the use of agronomic cultivation techniques and guided pest management, considering chemical means as a last resort.

In practice, farming according to the principles of integrated agriculture means:



8.9 THE HISTORY OF OUR BRANDS

Filippo Berio has been the benchmark of the olive oil sector since the early 1860s. It was a long time before it was possible to speak of extra virgin olive oil, which was not classified as such until 1963. Salov was among the first large companies to develop and market this “new” variety of oil. In 1965, the company was able to produce extra virgin olive oil with quality standards and in quantities to meet the demands of the Carlo Erba Pharmaceutical Company, which had launched the **Sagra** brand on the market a few years earlier.

This was one of the first extra virgin olive oils to be marketed through the Modern Distribution channel, as well as being sold in pharmacies. 10 years later, Salov acquired the Sagra brand to flank the historic Filippo Berio brand. After Salov acquired the brand, Sagra continued to play a leading role in product and format innovation. Indeed, in 1986, “Sagra Olio di semi” [Sagra seed oil] was launched in the 2-litre PET bottle format and in 1991 the brand anticipated market trends by introducing “Low Acidity” extra virgin olive oil.

8.9.1 THE BRANDS TODAY

MARKET RESEARCH TO MEET CONSUMER NEEDS

Before launching a new project under the Filippo Berio or Sagra brand, Salov conducts a series of market surveys in order to understand better and satisfy the needs and preferences of consumers and potential new clients. Each market survey conducted by Salov consists of **3 steps**:

The analysis of the benchmark market through the purchase and study of objective data detailing consumer needs, trends or any market gaps are identified.

The creation of a brand concept (as in the case of the launch of Filippo Berio in Italy) or **product concept**, verified through a qualitative analysis conducted through focus groups, in which specially selected consumers participate because of their characteristics and profiles. The groups are moderated and managed with the help of psychologists.

The refinement of the brand or product concept and subsequent validation through a quantitative analysis which, being based on a highly representative sample and the classification of data and calculable values, reduces the risk of error before the definitive launch of the project.

In 2019, the launch of the **Filippo Berio** range of extra virgin olive oils in the Italian market was preceded by research on the entire project with a particular focus on the Berio Method. The research, conducted by IPSOS, analysed insights regarding the brand concept (new to the Italian market), on the Berio Method to assess its compliance with the expectations of Italian consumers, on the bottle design and on the packaging measuring the propensity to buy. The focus groups were organized in different cities in Italy to demonstrate thoroughness

and attention, also regarding a market where the olive oil product is already well known and used.

It emerged from the research that the new design was capable, on a perceptual level, of **communicating the exclusivity, quality, and authenticity of the product in a meaningful way**, as well as being highly visible on the shelves.

In 2020, Salov, again in collaboration with the research institute IPSOS, conducted a similar survey for the **Sagra** range, in order to test the impact of the new bottle and the restyled label, in terms both of quality and of quantity. The consumers involved in the panel expressed positive opinions regarding the ability of the project to convey the idea of a high-quality product, which is respectful to the olive growing tradition and the history of the brand itself, as well as to improve the bottle in terms of design and ease of handling.

Sagra’s restyling was inspired by the design of the brand itself during the years of great national success for the brand, the 1980s.

As a witness to the effectiveness of the market research conducted by the company, in 2021 the Sagra restyling project was awarded multiple prizes at the 25th edition of the Mediastars Prize, dedicated to advertising and multimedia communication campaigns and projects, taking first place in the Restyling category and receiving a special mention for the creative direction of the entire project.

Salov, a company traditionally dedicated to exporting its own products, conducts numerous market surveys abroad, confirming the company’s high level of attention to spreading the culture of olive oil beyond its borders.

Notable among these are qualitative and quantitative research on the olive oil category, brand profile and consumers in markets such as China, Brazil, and Russia, or on the perception of packaging and its restyling in Canada, or on the character of the range in Germany.

COMMUNICATION WITH CONSUMERS

Throughout its history, Salov has always paid great attention to communicating with its consumers, making significant investments, and using all available means, from the more traditional ones such as TV, radio, newspapers, and posters to the more modern media such as websites, social media, etc.

Communication contributes to the growth of the company and its brands, ensuring constant development, but also to maintaining a high positioning in the category, which is useful for conveying the values that are important to Salov: **quality, traceability, and sustainability**.

The most immediate and direct communication with the consumer is through the label and packaging in general (e.g., through the application of collars on the neck of the bottle). When it comes to labelling, Salov always pays the greatest attention and ensures the greatest rigor in complying with the specific regulations applied in each market in which it operates. In Italy, for example, the company is already implementing the directives of the law on environmental pictograms, which will come into effect in 2022 with the aim of expanding and further disseminating information on recycling of packaging.

In 2020, Salov’s main communication activities were carried out through:

- TV:** Russia, UK, Brazil, USA, Italy, Belgium, Iceland
- Billboards/Video walls:** Switzerland, China, Bulgaria
- Social media:** 29 countries

COMMUNICATION OVER THE YEARS

FILIPPO BERIO



Advertising campaign
Filippo Berio International 2000s
«The World's Finest Olive Oil»

Advertising campaign
Filippo Berio International 2010
«For food lovers»



Advertising campaign
Filippo Berio International 2015
«The first and last name in olive oil»

Advertising campaign
Filippo Berio International 2020
«His signature. Our promise»



Advertising campaign
Filippo Berio Italy 2020
«The Method is our signature»

SAGRA



Sagra advertising campaign
1970s «Good oil doesn't lie»

Sagra advertising campaign
1990s «We live on low acidity»



Sagra advertising campaign
2000s «Lots of Passion, a lot of Quality, a lot of Sagra»

Sagra 2015 Poster Campaign
«Our Oil»



Sagra 2020 website
«The good thing every day»

FILIPPO BERIO

In the market strategies of the Salov Group, the Filippo Berio brand, which is sold in over 70 countries, is destined to occupy the premium position it has always enjoyed in the main international markets, including in the Italian retail Mass Market. This market position is consistent with the profile of excellence in product quality and sustainability certified in accordance with the Berio Method and is entirely in line with the evolution of extra virgin olive oil consumption within Italy. Attention to the consumer has led Salov to include products related to olive oil in its range. Pestos, in which it is used as a fundamental ingredient, and the vinegars which flank it as a condiment. These two product categories, now present in the Filippo Berio range for decades in many markets, are highly appreciated by consumers who have found the same concern for quality and attention typical of the company's philosophy.

FILIPPO BERIO International



FILIPPO BERIO Italy



SAGRA

Created in 1959, the Sagra brand has remained faithful to its mission of making the flavours, fragrances, and wholesomeness of traditional Italian olive oil available to the public at affordable prices through reliable products of a high-quality standard. With the restyling of the range presented in October 2020, Sagra is returning to occupy a privileged place on the Italian table by offering a range of oils designed to accompany everyday cooking. The restyling has redefined the **design of the bottle**, making it more ergonomic and manageable, the **label and the information kit**, which guides the consumer in their choice.

The Sagra brand also covers everyday cooking and seasoning needs with its range of seed oils offered in 1- or 2-litre PET bottles.

SAGRA Olive Oils



SAGRA Seed Oils





9. RESEARCH AND INNOVATION

9. RESEARCH AND INNOVATION

“

Doing old things in a new way, that's innovation.

Joseph Schumpeter
economist, 1883-1950

Of all the sectors in the Italian agri-food industry, at first glance the olive and olive oil sector may seem to be one of the most conservative, careful as it is to protect the value of the tradition of this product.

As always, the reality is much more complex, varied, and rich than is apparent on the surface.

Indeed, the legitimate pride which derives from centuries of know-how but is not old fashioned, on the contrary, it constitutes a powerful stimulus to remain up to date, experimenting with improvements in terms of process efficiency, product quality and sustainability, seeking solutions to new challenges and emerging problems.

All of this is reflected in the reality of **Salov**, for which **innovation** means “**producing better while consuming less.**” Indeed, under the impetus of continuous improvement, a distinctive trait of the Company, innovation and research are central factors in the strategy and, as such, destined to be constantly renewed.

Investments in innovative projects, partnerships of excellence and the “research centre” at Villa Filippo Berio (see box on page 82) show how Salov plays a leading role in the olive sector, carrying out projects in the agronomic sector, as well as in research and technological innovation.



9.1 AGRONOMIC PROJECTS: SALOV AND CNR-IBE

The prestigious collaboration with the **CNR-IBE (National Research Council - Institute for Bioeconomics)** aims to develop cultivation methods and agronomic practices which are both **increasingly efficient and sustainable** in order to improve the quality of oil, through various studies:

- The enhancement of **olive biodiversity**.
- The development of **precision farming techniques** in olive cultivation.
- The enhancement of **sustainable production techniques**.

This collaboration is the continuation of the synergy between Salov and the CNR, which began with the European **Life Resilience** project to combat *Xylella Fastidiosa*, a parasitic bacterium which can attack various types of plants, including vines, peach trees, almond trees, citrus fruits, oleanders, and olives. The bacterium colonizes the vascular tissues of host plants, clogging them and causing their death. It can spread either through propagation material, whole plants or grafts, or through vector insects (in the case of the olive tree, the so-called “Sputacchina,” *Philaenus Spumarius*). It is sufficient to consider that in Puglia alone, one of the worst affected regions, *Xylella Fastidiosa* has caused damage of over € 1.6 billion in the last six years.

For more information on CNR-IBE - www.ibe.cnr.it

Salov’s commitment is not limited to investment in research and innovation. Aware of the dynamics and requirements of the sector in which it operates, Salov feels a **responsibility to contribute to improving the entire system**, so the results of some **research** will be shared and become a **common heritage** for quality olive production.

LIFE RESILIENCE

Given the high risk of spread of *Xylella Fastidiosa* in important agricultural areas of the EU, the Life Resilience project aims to develop productive and pathogen-resistant plant genotypes, apply sustainable practices, and propose the use of natural methods to control the pathogen’s vectors.

The project is also considered a priority issue for the EU, i.e., climate change mitigation through better land use and more environmentally friendly forestry.

For the purpose of improving the sustainability of agricultural practices, the project shall also concentrate on optimizing water supply and use and reducing the carbon footprint.

A total of 50 hectares have been made available for this project, which has been divided into 16 plots with four different soil and plant management systems:

1 An area where olive trees are grown using traditional techniques.

2 An area in which an herbaceous cover has been planted at the base of the olive trees to encourage the development of insects useful to the plants and to prevent the establishment of harmful species.

3 An area in which various micro-irrigation treatments with natural fertilizers are carried out on the grounds of the olive trees in order to increase their performance.

4 An area in which the previous variables are added together, i.e., the planting of the herbaceous cover and the use of natural fertilizers on the leaves of the trees.

For more information: www.liferesilience.eu

ENHANCING OLIVE BIODIVERSITY

In order to give new life and impetus to a sector which focuses more and more towards standardization, Salov and CNR have launched a program aimed at **enhancing the potential of olive oil biodiversity** in Italy. Italy has the largest number of olive varieties in the world. The ancient Tuscan and central Italian cultivars which have fallen into disuse, once recovered, will represent the gems of one of the most appropriate areas for olive cultivation and could prove decisive in combating the great climate changes which are taking place, and which require unprecedented efforts. The project, now in its second phase, has resulted in 52

different varieties being planted in the Villa Filippo Berio olive grove, which are ready to be studied. Deriving mainly from marginal areas in central Italy, these cultivars are all representative of a traditional olive-growing method characterized by lower agronomic requirements. The project will be very useful in rediscovering plants that are little cultivated today, helping to give new strength to the olive sector. The study of this local biodiversity may also prove useful in identifying plants less susceptible to *Xylella Fastidiosa*.

NEW PRECISION FARMING TECHNIQUES IN OLIVE TREE CULTIVATION

The project aims to develop state-of-the-art production techniques by bringing **precision agriculture** to the olive sector. The technologies involve the installation of a real-time monitoring network of the entire production environment: from the plant to the soil, to the air. In order to achieve the objectives, intelligent wireless sensors embedded in the trees and soil are networked together, while drones and satellites for aerial observations are used. This will allow the olive trees to reach their full potential by improving the chemical and organoleptic properties of the oil.

PROMOTING SUSTAINABLE PRODUCTION TECHNIQUES

The collaboration also aims to promote increasingly sustainable and environmentally friendly olive oil production, through the enhancement of productivity and attention to environmental issues. In this context, for example, an experiment was carried out on the application of an innovative method to monitor the presence of the olive fly, one of the most significant pests of olive crops. In order to simplify and improve control strategies for this insect, the CNR has designed an electric sensor prototype for detecting the presence of adult pests in the olive grove in real time.

VILLA FILIPPO BERIO: WHERE INNOVATION MEETS TRADITION

Established in the 1990s in the flatlands between Pisa and Lucca, on the borders of the Migliarino-San Rossore-Massaciuccoli Natural Park, this is one of the largest olive-growing estates in Tuscany, consisting of 75 hectares of land occupied by 22,500 trees of various cultivars, including: Frantoio, Pendolino, Leccino, Maurino, Leccio del corno, Piangente, etc. The Villa was designed to become a place where **“olive oil is at the centre of everything,”** capable of spreading the culture of the product and Salov’s typical uncompromising attention to quality. Precisely for this reason, Salov decided to set aside part of this olive grove for in-depth studies on olive growing, initiating collaborations with local universities and centres of excellence in agronomy. The Villa is the place where innovation and tradition meet, because within Salov, innovation means looking to the future, but also reconsidering traditions from a different perspective and recovering these by making them contemporary. In this way, Villa Filippo Berio is a centre of excellence where the tradition of extra virgin olive oil plays a leading role and where the olive grove is designed according to an advanced cultivation model, which considers the nature of the land and the variety of olives. Scientific research applied directly to production does indeed accelerate the availability of useful information which allows Salov and the sector to continue evolving. The farm is equipped with a state-of-the-art two-phase milling system, capable of producing a limited and exclusive quantity of extra virgin olive oil of extremely high quality.



9.2 TECHNOLOGICAL PROJECTS

Salov has always been at the forefront of the development and implementation of projects directed towards research into technological solutions for reducing its environmental impact, making production processes more efficient and offering the market innovative and high-quality products. These aspects demonstrate the company's high level of attention and farsightedness regarding sustainability, the circular economy and product quality.

INNOVOIL PROJECT

With the **INNOVOIL** project, which began in 2009 and ended in 2011, Salov was already committed to sustainability more than 10 years ago. The aim was to introduce some innovative technologies into the production process in order to improve the environmental performance of the refining process to ensure ever greater attention and respect for the environment.

Supported by the Regional Government of Tuscany and carried out in partnership with ENERTECH S.R.L., with the collaboration of the University of Pisa and the Consorzio Polo Tecnologico Magona di Cecina, the project aimed to create an intervention plan for the application of innovative technologies to the production process with the aim of reducing energy consumption and production waste.

This involved the construction of a pilot plant to reproduce each phase of the refining process. Subsequent analyses have suggested both an extension of the wastewater treatment section to decouple the

performance of the plant from the quantity of raw material processed, and the recovery of heat to meet the energy needs of the plant and the recovery and recycling of condensates to produce steam. Furthermore, in order to manage the improvement in environmental sustainability of the process, the environmental impact was calculated through an LCA (Life Cycle Assessment - UNI EN ISO 14040-14044) analysis. As a result of these studies, a modern trigeneration plant powered by methane gas was also built for the high-efficiency production of electricity and cooling energy with the recovery of thermal energy through an absorber. The thermal power plant for steam production with a modular structure was renovated. Overall, the targeted investments in the energy field have allowed a savings of over 30% compared to the old plant, for equal volumes.

V.A.L.E. PROJECT

With the **V.A.L.E.** project (Recycling of agri-food waste to produce olive oil with enhanced nutraceutical value), Salov has entered the paradigm of the circular economy. Conducted in collaboration with the University of Pisa and the Consorzio Polo Tecnologico Magona, the project reintegrates into olive oil certain nutraceutical components which are lost during the refining process.

The objective of the project is the implementation and design of an oil production plant leading to the development and marketing of a **new line of olive oils with increased nutraceutical value**: this is an absolute novelty for the sector.





**10. OUR RELATIONSHIP
WITH THE LAND**

10. OUR RELATIONSHIP WITH THE LAND

For Salov, the construction of the refining and bottling plant marks an important moment in the relationship between the company and the territory.

1920 The plant was first established on the outskirts of Viareggio, a small, lively town on the coast near Lucca, which had been discovering its vocation for tourism for a few years now, so much so that it has quickly earned the reputation as the “Pearl of the Tyrrhenian Sea.” Beach tourism and the success of the shipbuilding industry led to rapid demographic and urban growth in Viareggio, so much so that the production site soon found itself incorporated into the town. Salov was immediately involved in identifying measures to reduce the impact of its activities on the territory and to reconcile the crucial coexistence between the town centre and industry.

2004 The plant was moved to the municipality of Massarosa, a few kilometres from the original location. The new location provided Salov with the space and facilities to recover quality and productivity in all processes.

For over 100 years Salov has been a reassuring presence and a point of reference in the area. The company is aware that its wealth also depends on the well-being of the local community. According to the concept of “shared value”⁷, understood as “the set of policies and operational practices which strengthen the competitiveness of a company, while improving the economic and social conditions of the

community in which it operates”, there is a relationship of mutual dependence between the competitiveness of a company and the well-being of those outside it.

The relationship between Salov and the community has been evolving quite rapidly, especially since the Covid-19 pandemic which started in 2020. The company now has a more structured, systematic approach to sustainability, listening to its stakeholders and the territory, the place which should continue to be developed.

The climate survey⁸ showed that the people who work in Salov are sensitive to their company’s ability to enhance the local area. 66% of survey participants believe that they should intervene directly in the local area in environmental and social fields.

2020 The company has supported the local community and its territory through a series of initiatives:

- Municipal Authority of Massarosa: Salov donated trees and plants to redevelop the area in front of the company to make it more harmonious with the landscape. In addition, by way of helping to protect municipal staff during the pandemic period, personal protective equipment, and technical equipment to carry out activities remotely were donated to the Authority.
- Versilia Hospital: personal protective equipment was donated to the medical staff

and funds were collected through a voluntary collection among all employees. The donation was matched and doubled by the company according to its internal policy.

- NGOs (Non-Governmental Organizations): donations were made to local NGOs, including **Il Germoglio**, a humanitarian association committed to helping those experiencing

temporary difficulties, by providing food, clothing and small household items, and **Il Mondo che Vorrei**, which promotes the dissemination of information on the safe transport of dangerous goods and safety in the workplace.

The initiatives described above involved investments of around € 45,000.



⁷ Michael Porter - 2011

⁸ See page 108



11. ENVIRONMENTAL IMPACT

11.1 SALOV'S ENVIRONMENTAL CONSCIENCE

“
I believe that having land and not ruining it is the most beautiful form of art you could wish for.

Andy Warhol
painter, 1928-1987

At Salov, respect for the environment is a value shared throughout the company, as is highlighted by the results of the climate survey⁹. Attention to protecting the environment is very strong. For example, workers recognize how deeply rooted this issue is in Salov's identity, and although they are aware that the plant is the most "critical" place regarding their ecological awareness and that of the company, they consider the company's management of its environmental impact to be excellent.

The synergy between man and bee for monitoring pollution.

In the Massarosa factory, Salov has placed a beehive in the area of the water treatment plant; a complement to the processes adopted for better management of its environmental impact. Among their other important traits, bees are sentinels of environmental quality. Their sensitivity to pollutants indicates levels of contamination to humans, allowing them to intervene promptly.

Salov has adopted an environmental management system certified in accordance with the ISO 14001 standard for optimal management of its impact on the environment. In addition, in order to operate the Massarosa plant,

Salov is in possession of the Integrated Environmental Authorization (AIA) pursuant to Legislative Decree No. 59/2005 and Legislative Decree No. 152/2006, issued by the Provincial Authority of Lucca (Environmental Service) with Managerial Resolution No. 3618 of 22 June 2010.

THE VALUE OF BEES

Approximately 85% of plant species and over 80% of food production in Europe depend on pollination, one of the most important benefits which bees provide to humans. Through their service, these help to conserve flora and to maintain and improve biodiversity. Agriculture is therefore in dire need of healthy bees, which are irreplaceable pollinators. The FAO (Food and Agriculture Organization of the United Nations) has calculated that the economic value of the "pollination service" is ten times greater than the value of the honey produced¹⁰.

⁹ See page 108

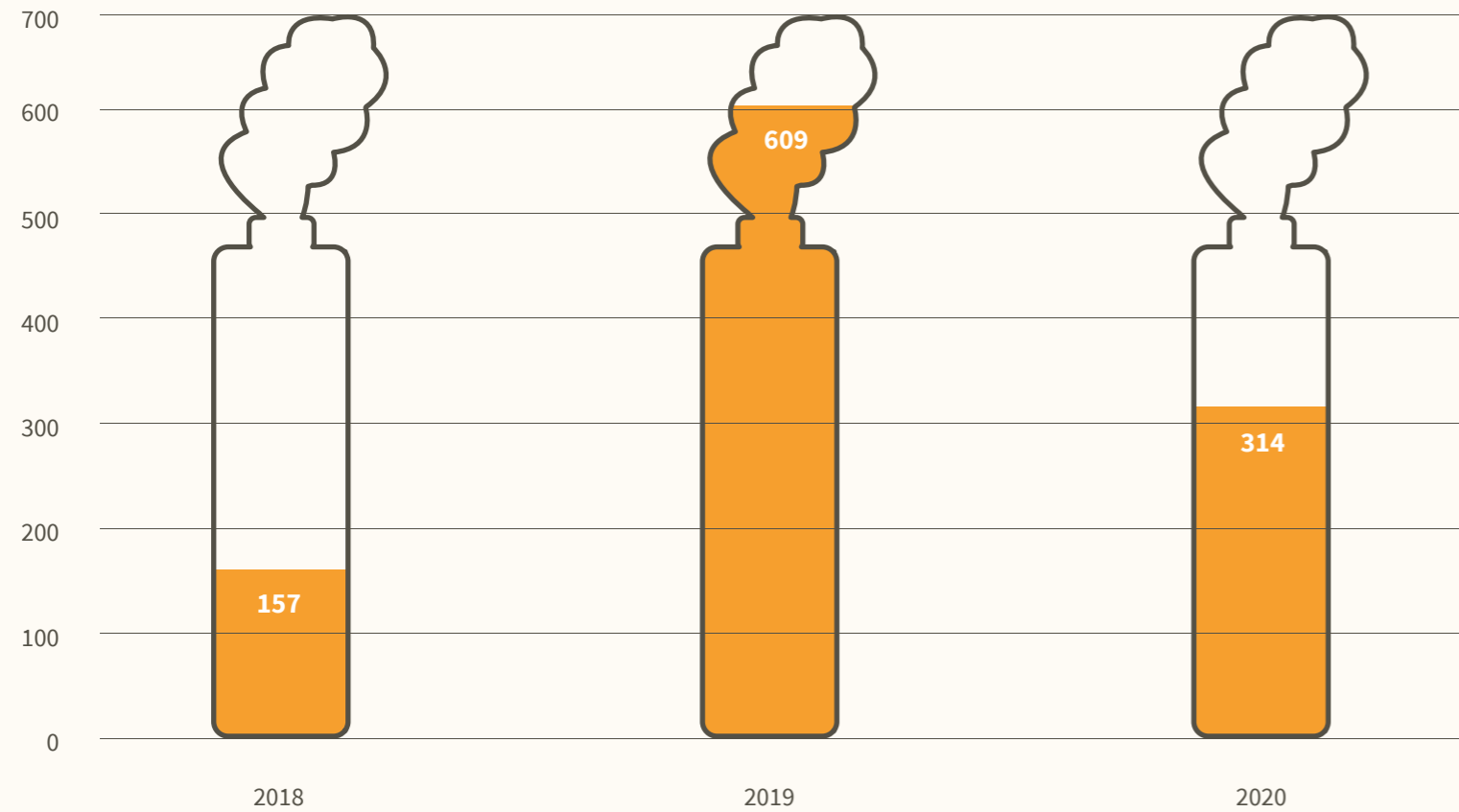
¹⁰ FAO 2014; Aizen 2009



11.2 EMISSIONS

During 2020 Salov monitored its atmospheric emissions, in June and December, as required by the Integrated Environmental Authorization (IEA) Monitoring Plan.

DIRECT CO EMISSIONS (KG/CO)



All the parameters recorded were within the limits of the law.

POLLUTANTS RELEASED INTO THE ATMOSPHERE (KG)				
Pollutants/ hours worked	Unit of measurement	2018	2019	2020
Hours worked	h	4.008	4.968	5.904
NOx (nitrogen oxides)	kg di NO ₂	6.804	7.192	9.182
H ₂ SO ₄ (sulfuric acid)	kg	6,6	0,36	18,0
C.O.T. (total organic carbon)	kg	21,4	61,5	80,3

11.3 WATER RESOURCE MANAGEMENT

The water needed for executing the production processes and for maintaining SALOV's green areas is collected from two sources: GAIA S.p.A.'s aqueduct, which is the main source of water supply, and surface water. Water consumption is always carefully monitored and correlated with the trend in production (quantity of oil produced).

During the last 5 years (2016-2020), water consumption from the 2 sources, compared with oil production, has shown a decrease in specific unit consumption (litres of water consumed/litres of oil produced).

SPECIFIC WATER CONSUMPTION

Specific water consumption (water consumed vs litres of oil produced)					
YEAR	2016	2017	2018	2019	2020
Water consumption (litres)	120.903.000	139.980.000	127.218.000	115.772.000	137.072.000
Oil produced (litres)	98.557.363	87.952.556	93.624.219	98.802.985	130.242.581
Unit specific consumption of water (litres)	1,227	1,592	1,359	1,172	1,052

In 2020, water resource management was more efficient and water consumption was reduced despite the substantial increase in volumes produced (+32% compared to 2019). Relative to 2016 when the specific consumption was around 1.23 litres of water, in 2020, we achieved around 1.05 litres (-14.63%).

Salov's attention to water management is meticulous on all 33 hectares on which the production plant is located and over the approximately 4 kilometres of pipes that supply it, which date back to 2005. This continuous monitoring led, in 2017, to the identification of a significant hidden leak.

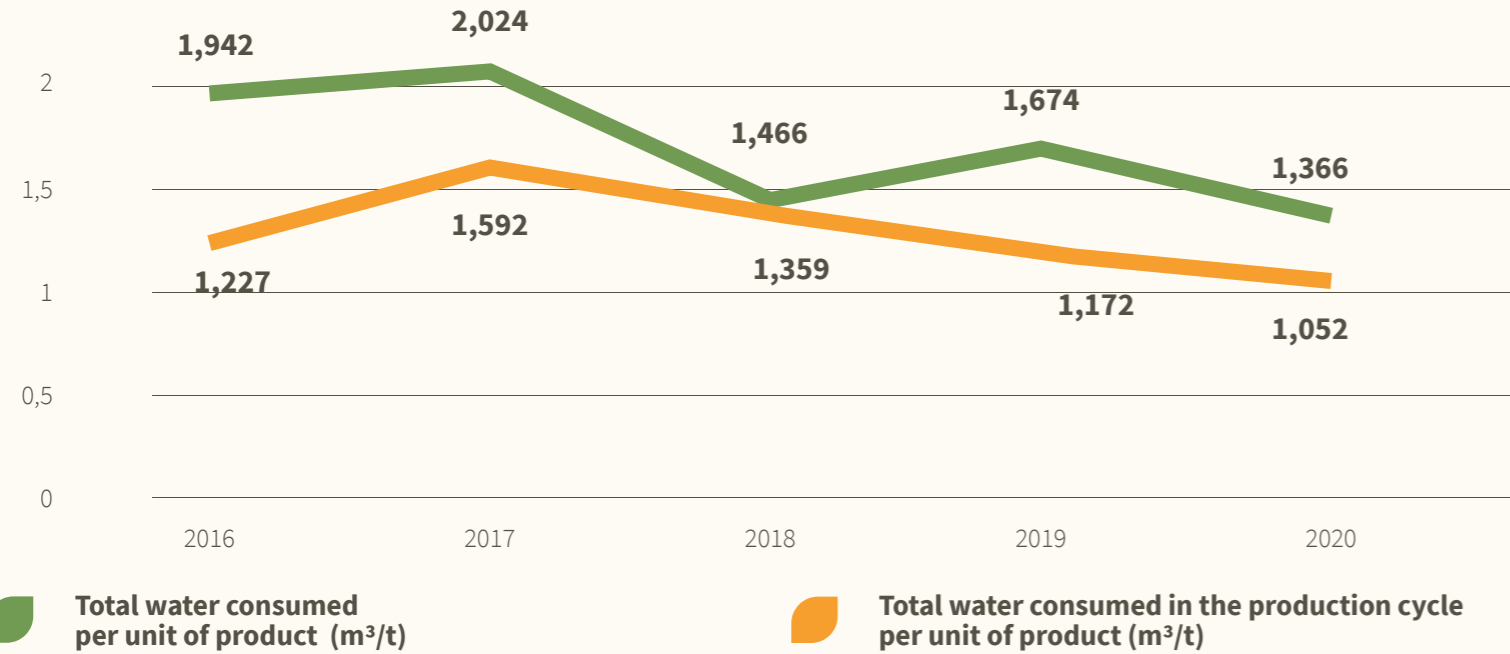
Improvements continued in 2018, with leaks being lowered from 4,000 m³/month in the first eight months of the year to 900 m³/month during the last four. In 2019, efficiency increased further as a result of new interventions: searching for more leaks, rebuilding stretches of piping and replacing the meters on the three main lines, bringing losses to a total of 4,390 m³/month = 365 m³/month approx. In 2020, we returned to a total of 9,517 m³ (793 m³/month approx.) due to further leaks for which the company has already acted, with the expectation that in 2021 we will continue the downtrend of 2019.

Salov's intention is to continue along this virtuous path regarding one of the most important resources for our planet.

VOLUME OF WATER PURCHASED AND RETURNED TO THE ENVIRONMENT (M³)

m ³	2016	2017	2018	2019	2020
Withdrawal from aqueduct	119.876	135.880	123.617	104.766	127.432
Withdrawal from surface water	1.027	4.100	3.601	11.006	9.640
Overall water consumption	120.903	139.980	127.218	115.772	137.072
Overall volume of water returned to the environment	82.548	73.867	62.980	73.017	69.959

SPECIFIC WATER CONSUMPTION (m³/t)



Wastewater analysis is carried out weekly by Salov’s in-house laboratory. During 2020, water for analysis was sampled both at the official sampling point at the Gaia wastewater treatment plant (Salov Gaia) and at the outlet of the biological wastewater treatment plant at the plant (UBIO).

In 2020, the quality of the water discharge improved as the presence of the following elements decreased:

ELEMENTS	2016	2017	2018	2019	2020
COD (Chemical Oxygen Demand) released into the sewer per unit of product (kg/t)	0,888	0,931	0,581	0,870	0,564
SO₄ (sulphate) released into the sewer per unit of product (kg/t)	8,010	6,025	5,900	6,613	6,337



11.4 ENERGY

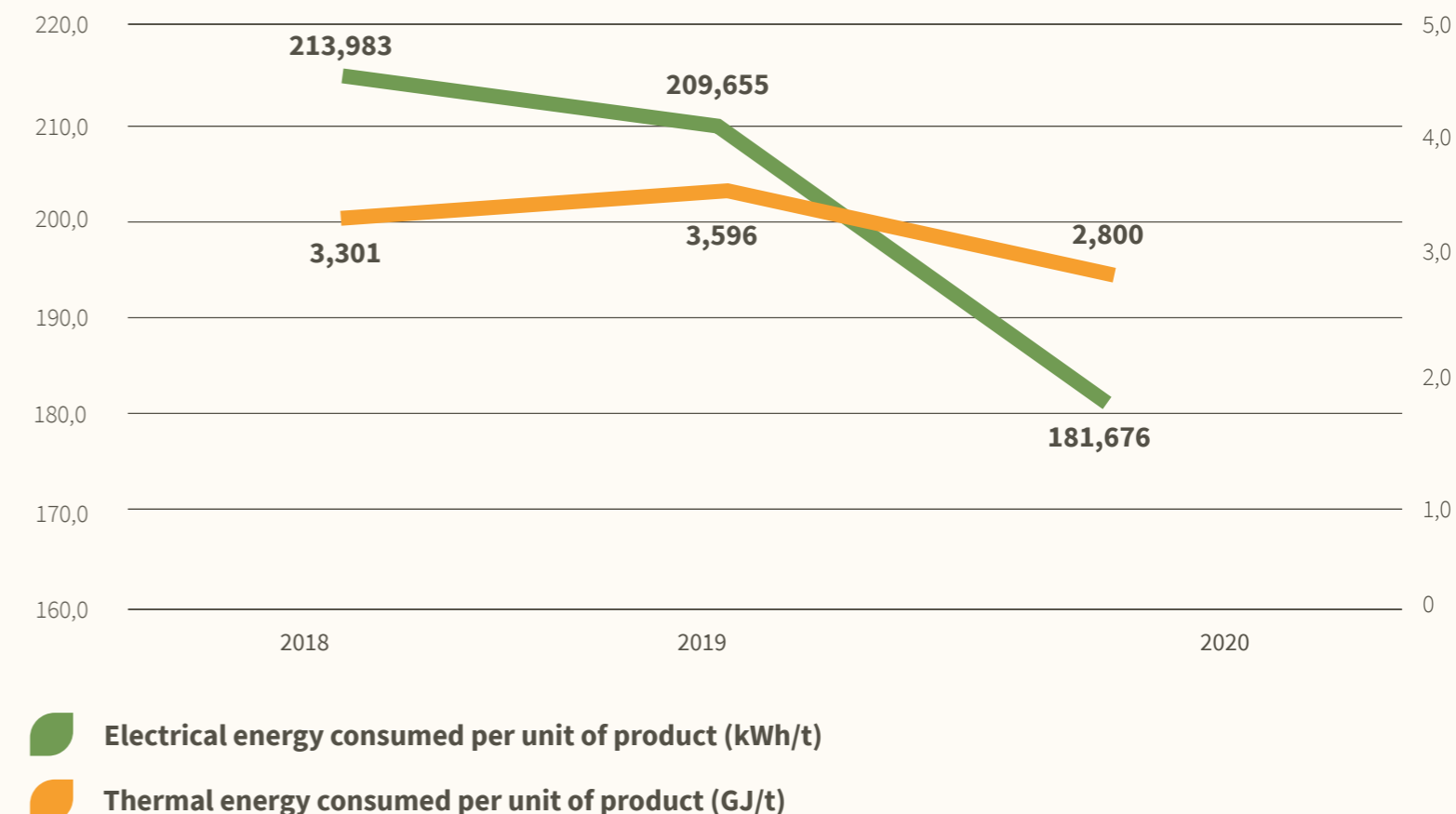
Part of the energy used in the Massarosa plant is produced by a trigeneration plant installed in 2010, which supplies approximately 50% of the electrical and cooling energy needs. The electricity produced which is fed into the grid reduces its cost and increases its efficiency in terms of environmental sustainability.

ENERGY CONSUMPTION

ENERGY PRODUCTION AND CONSUMPTION	2018	2019	2020
Electricity produced by the cogenerate (kWh)	3.863.356	4.049.874	5.247.811
Electrical energy purchased (kWh)	4.807.200	4.961.400	5.719.800
Electric energy consumed (kWh)	8.670.556	9.011.274	10.967.611
Thermal energy produced by boilers and co-generator (GJ)	133.755	154.552	169.035
Thermal energy consumed (GJ)	133.755	154.552	169.035
Methane gas consumption (Sm ³)	3.794.144	4.377.878	4.791.100

Energy production and consumption are monitored and recorded on a monthly basis.

SPECIFIC THERMAL AND ELECTRICAL ENERGY CONSUMPTION



Specific energy consumption continues to improve by virtue of monthly monitoring activity.

11.5 WASTE MANAGEMENT

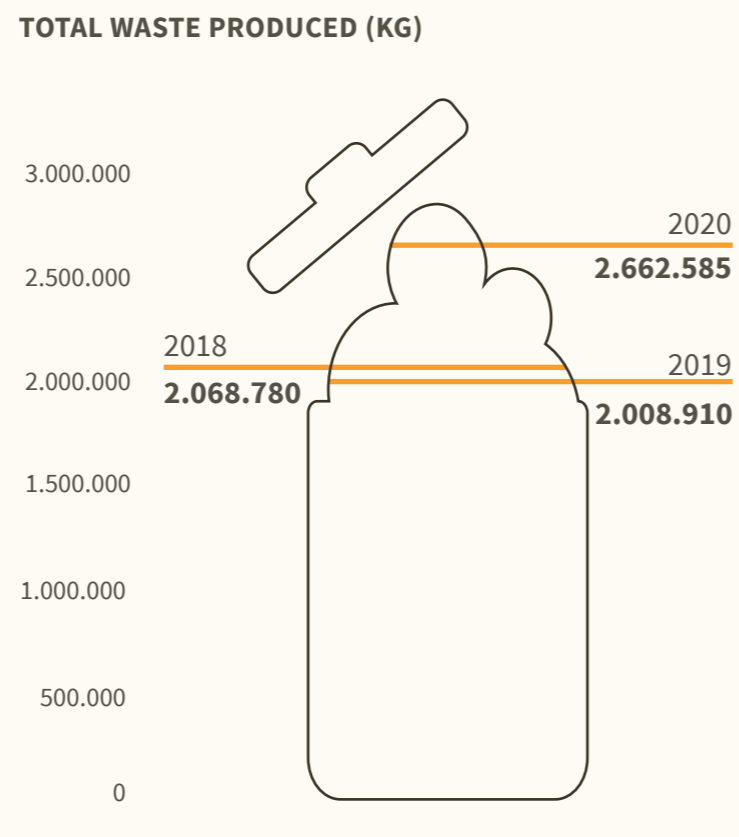
In olive oil production, waste is produced by the filtration and refinery processes (earth colours and sewage sludge) and by packaging (various types of packaging).

In 2020, the waste produced increased by 32.5% compared to 2019, an increase linked to higher production.

The excellent result achieved in the use of bleaching earth should nevertheless be underlined, with this falling by 38% relative to the volume of oil processed. This result is the consequence of the decision to use bleaching earths with superior performance, which permitted an improvement in the efficiency of their use.

The growth in waste in 2020 was also due to an accident which occurred in a tank: the leakage of substances was nevertheless promptly intercepted by the containment tanks which protected the environment, preventing the pollutants from reaching the soil. This testifies to the validity of the environmental protection measures implemented by the company.

All the waste generated by the Massarosa plant is collected by a specialized company, which ensures its proper disposal.



HAZARDOUS AND NON-HAZARDOUS WASTE (KG)

	2018	2019	2020
Total non-hazardous waste (kg)	2.021.160	1.966.978	2.260.788
Total hazardous waste (kg)	47.620	41.932	401.797

End-of-life equipment with hazardous components	141
End-of-life equipment	1.479
Lead batteries	214
Filter papers	14.400
Diatomaceous earths	241.820
Iron and steel	39.040
Wooden packaging	66.040
Metal packaging and containers greased with oil	5.140
Packaging containing residues of dangerous substances or contaminated packaging	5.013
Glass packaging	122.595
Plastic packaging and plastic preforms	103.680
Absorbents, filter materials, rags and protective clothing contaminated with dangerous substances	52.480
Solid vegetable waste	1.883
Plastic	33.960
Bleaching earth	980.880
Spent toner	61
Sulfuric acid	13.680
Acidic waters	328.780
CFF - Solid physical-chemical sludges	188.390
CFL - Liquid physical-chemical sludges	448.360
Saturated or spent resin scraps	2.080
Laboratory chemicals	671
Inorganic wastes containing dangerous substances	580
Organic substances	238
Bleaching earth from washing of cloths	10.980
Total waste produced (kg)	2.662.585

WASTE BY TYPE 2020 (KG)

11.6 NOISE IMPACT

In order to assess and manage noise emissions effectively, a Noise Impact Assessment was carried out in 2020. The tests were passed, and the impact assessment will be updated every three years.

ASSESSING ENVIRONMENTAL IMPACT FOR CHOICE OF PACKAGING

Salov's goal in this area is to reduce its environmental impact. Always guaranteeing its consumers safe and practical products to use, the company chooses the packaging materials for its products with great awareness, after careful assessments in terms of environmental impact. Salov considers the specific characteristics of the different markets in which it operates, above all from a logistical perspective.

In the United States, for example, in 2013, a decision was made to switch from glass to PET for many products in the range, with a view to saving energy and CO2 emissions, especially regarding the logistics and transport process.

This led to:

- a reduction in energy for bottle production by 60%.
- a reduction in CO2 emissions by 75% by reducing the energy used during transport.
- a reduction in waste in terms of weight (18 times less than glass) and volume (3 times less than glass).
- more easily recyclable packaging, since both the cap and the bottle are in PET.



LAKE MASSACIUCCOLI

Roman legions or traders travelling up the Via Aurelia knew that at the level of today's Viareggio and Pisa, between the Tyrrhenian Sea and the Apuan Alps, the shortest and flattest route to Liguria, Gaul, Piedmont and the Po Valley was blocked by the presence of a marshy area with a lake set in the middle. This was **Lake Massaciucoli**, a small body of water which today measures 6.9 km² and has a maximum depth of about 3 meters. It is a small lake but one rich in history and beauty.

The obstacle to the road network represented by the marshes, which forced longer, more tortuous, and rough routes through the foothills, convinced the imperial administration to send an official to reclaim the area. The task was entrusted to L. Papirius, a member of one of Rome's oldest and most illustrious people, who intervened by creating a network of ditches which allowed the stagnant water to flow towards the sea. The drainage works restored part of the territory and the maintenance of the road made transit easier. The locality thus took the name of Fosse Papiriane.

The Fosse Papiriane and their drainage were mentioned again in the late Middle Ages, even if the interventions were not decisive. Indeed, the area was on the border first between the Republic of Lucca and the Republic of Pisa, and then of the Grand Duchy of Tuscany, and territorial disputes slowed down its improvement.

THE LAKE AND BEAUTY

The beauty of the area and the tranquillity of Lake Massaciucoli attracted visitors as early as 1800. One of the most frequent visitors was the famous composer **Giacomo Puccini** from Lucca, who chose Lake Massaciucoli as his residence and moved to **Torre del Lago**. "Maciucoli," as it was called in the Tuscan vernacular, was the composer's "buen retiro," a constant source of inspiration and recreation, including hunting for the marshland fauna for which he had a passion. It was on the lake that Puccini composed many of the extraordinary works that made him world famous. Puccini

also gathered a group of artists who regularly met at the 'Club La Bohème.' These were painters who recognized themselves in the **Macchiaioli** artistic movement, considered the most committed and constructive of 19th century Italy. Attracted by Puccini, the artists were also soon captivated by the beauty of the landscape and Lake Massaciucoli became the subject of many of their works. In 1924, when the composer from Lucca died, he was buried in Torre del Lago, which later took the name "**Torre del Lago Puccini**".

Today, a theatre has been built next to the Villa Museo Puccini. The complex is the most important open-air theatre in Tuscany and is linked to one of the most famous and popular summer events, the **Puccini Festival** of Torre del Lago, which started in 1930.

By virtue of the famous Puccini productions and the participation of the most illustrious names in world opera, the festival is still one of the most successful opera events. The theatre, designed by architect Italo Insolera, includes an open-air arena for about 3,300 people and a covered auditorium for about 400 spectators.

THE LAKE AND ITS FAUNA

The wetland area, which includes the Massaciucoli lake basin, has always been of considerable importance for its natural riches. Indeed, the lake lies on the migratory routes of birds, providing a favourable resting place. Since the end of the 19th century, the most renowned ornithologists and bird lovers have chosen the lake as the ideal centre for their studies. In over 120 years, more than 300 species of birds have been observed: a wealth that is hard to find elsewhere. Since 1985, the lake has also been a LIPU Oasis: **The Massaciucoli LIPU Oasis**. Today, the lake forms an integral part of the **Migliarino, San Rossore and Massaciucoli Natural Park**, a protected natural area established by Tuscan Regional Law No. 61 of 13 December 1979. In 2005, the park was also awarded the European Diploma for Protected Areas. By way of a curiosity: the park is home to the Italian Army's Commando Training Base.



12. SOCIAL IMPACT

1919  2019
CENTENARIO

12.1 THE 2020 CLIMATE SURVEY

“
He who works with his hands is a worker. He who works with his hands and his head is a craftsman. He who works with his hands and his head and his heart is an artist.

San Francesco d'Assisi
religious leader, 1182-1226

The climate survey, in which 59% of employees participated, was carried out through the administration of an online questionnaire between 23 November and 11 December 2020.

The research measured the strength of the **relationship between Salov and Human Resources**, which proved to be **solid**. The mission and values are shared across the company. More than 80% of the people who participated in the survey said that they agreed or strongly agreed with the mission. From it, the identity values, which guide people's actions, such as “financial soundness,” “care for people,” “respect for the environment” and “beauty.” People have not only limited themselves to acknowledging the values of Salov's identity but have declared that they **share** and promote them by working every day to produce quality olive oil.

Salov's commitment to creating the conditions for a working environment that values people is confirmed by the measurement of the company climate, which was rated higher than 7.5/10.

The positive climate is attributable to
- relations with colleagues (considered positive by 90%

of respondents).

- infrastructure (considered “good” by 86% of respondents). Of these, 10% also recognize a marked improvement over previous year.

The principal elements which define the relationship between the company and its people are satisfaction of working for Salov - rated 8.6/10, pride in belonging - rated 8.6/10, and reputation - rated 8.3/10.

Training, a key element through which Salov is committed to keeping people's skills up to date, is provided both in traditional and online formats. Courses not only target the specifics of the company, but also refining personal and team skills.

The impact of the company climate on the organizational structure has been objectively measured.

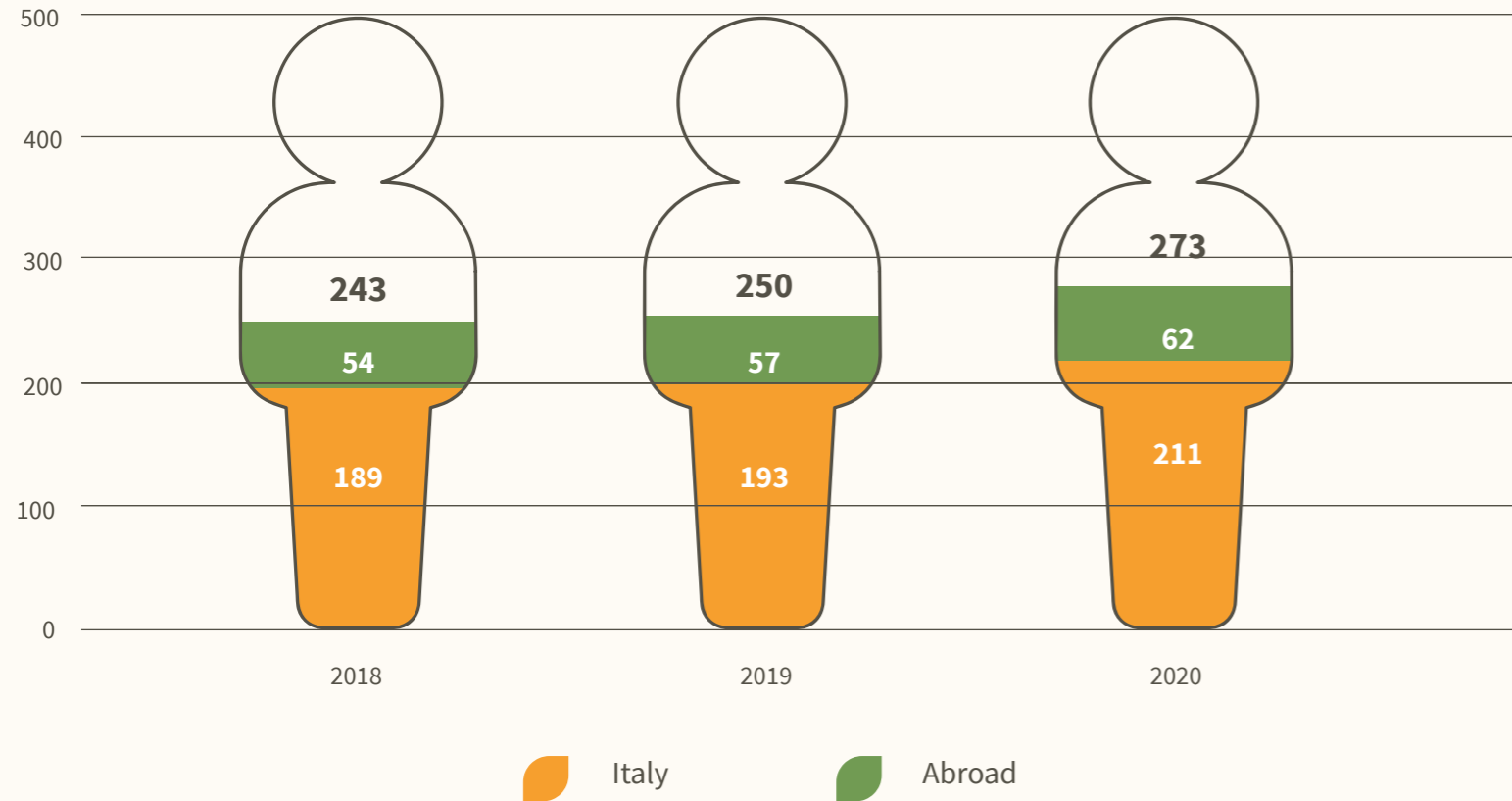
People who rated the company climate as positive at the same time gave an above-average rating to all elements of the survey. This testifies to the direct relationship between company climate and performance.



12.2 HUMAN RESOURCES

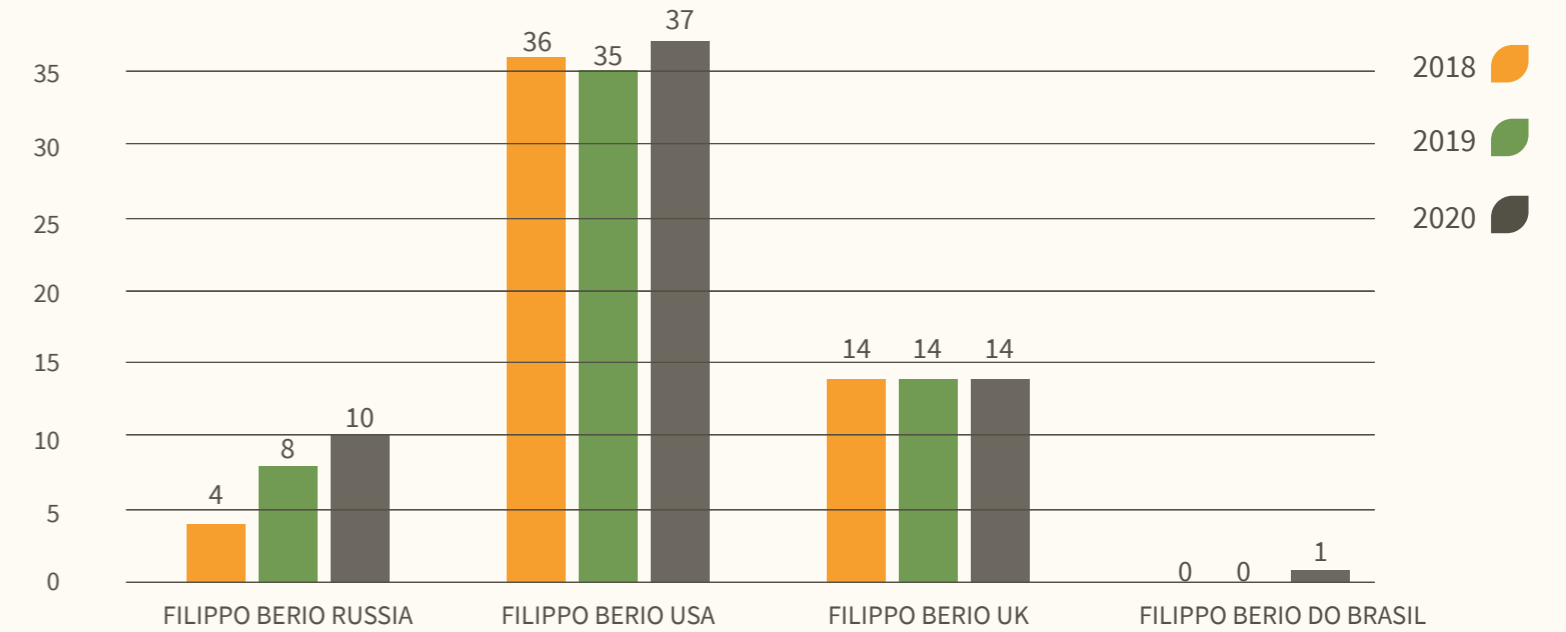
The professional growth of each employee is encouraged in the management of working relations, in compliance with the rights of workers as set out in the CCNL [National collective bargaining agreements], with particular attention to regulations on **health** and **safety** in the workplace.

TOTAL HUMAN RESOURCES (ITALY AND ABROAD)



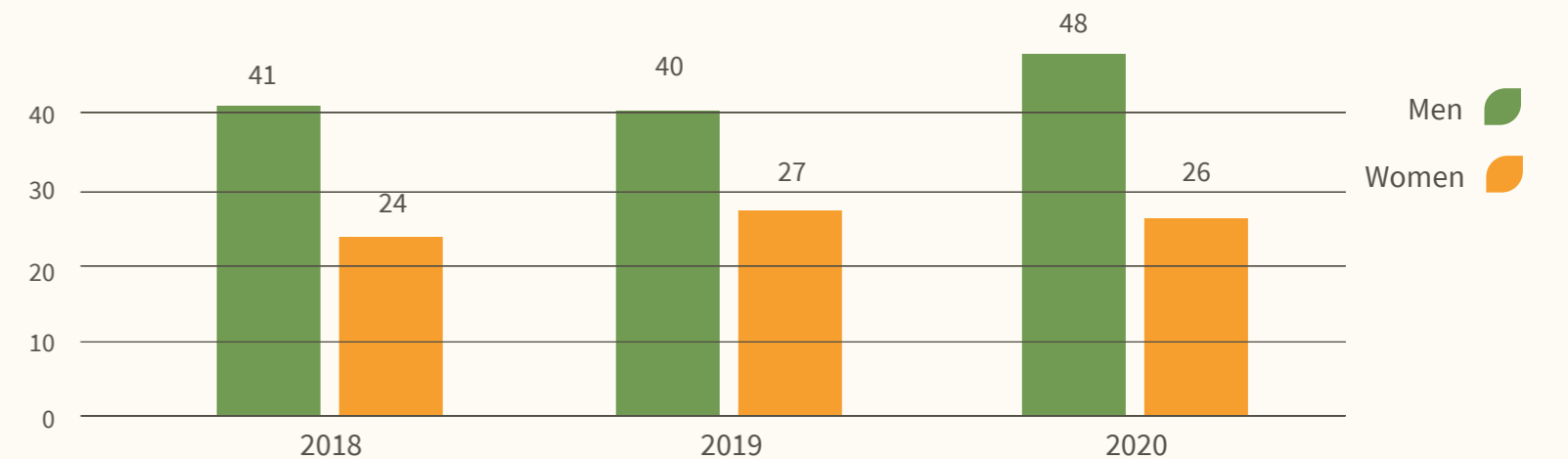
Salov's workforce in 2020 consists of **211** people located in the two Italian offices in Massarosa and Milan 2 (Segrate). If the foreign subsidiaries are included, the number of people increases to **273**. In the last year, Human Resources in Italy grew by 9.3% (193 in 2019), by virtue of the entry of 24 new people and the exit of 6 resources. There was a net increase (+80%) in the under-35 age bracket, which rose from 15 members of staff in 2019 to 27 in 2020.

EVOLUTION OF HUMAN RESOURCES (ABROAD)

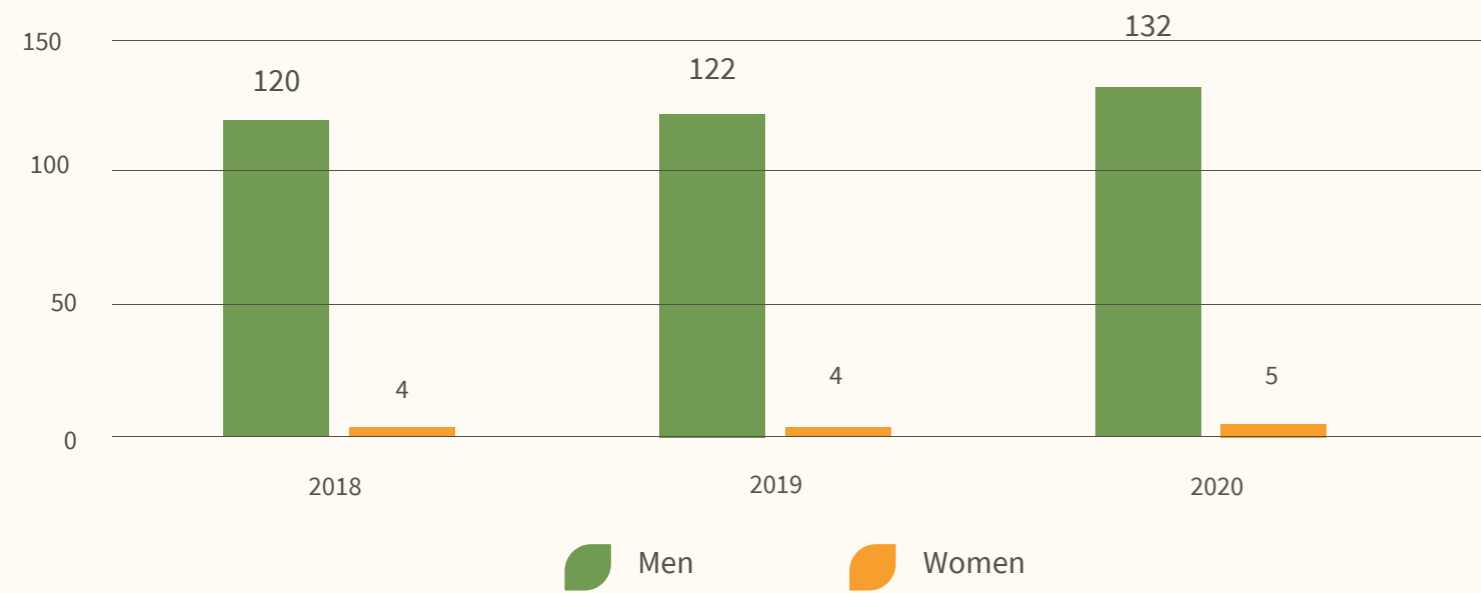


97% of employees have a permanent agreement, a figure which has maintained a stable trend over the years. The percentage of female employees is confirmed at around 15% of the total, a ratio motivated by a clear male predominance in the production plant due to the type of work. In the case of human resources as well, the historical link with the territory should also be highlighted. A large proportion of Salov's workers derive from the province of Lucca or from neighbouring provinces, and among senior managers, 69% come from the region of Tuscany, where the company has its headquarters.

EMPLOYEES BY FUNCTION AND GENDER (ADMINISTRATIVE AND COMMERCIAL AREA)



EMPLOYEES BY FUNCTION AND GENDER (TECHNICAL AND PRODUCTION AREA)



100% of Salov Spa employees are covered by national collective bargaining agreements.

The people, all of whom are recruited with a regular employment agreement, are required to sign the Company Regulations which commit the employee to comply with the Code of Ethics.

From the moment they are hired, each person is fully and exhaustively informed about the characteristics of the functions and activities to be performed, the constituent elements of the employment agreement, company regulations and procedures, the code of ethics and conduct, the incentive system, and the main topics of interest in the national collective bargaining agreement for their category.

Remuneration depends on the level of professionalism of each individual and Salov aims to guarantee a

competitive salary structure in line with the market in which it operates. The updating of remuneration is proposed based on existing regulations, as well as by company salary policies and is determined by transparent and fair methods of which people are made aware. Group employees, with any specific characteristics linked to individual categories and/or companies, also benefit from a varied welfare system in order to implement “social sustainability” in optimal fashion.

Individual and collective bonuses, paid for achieving objectives, are assessed based on objective parameters linked to individual or group performance.

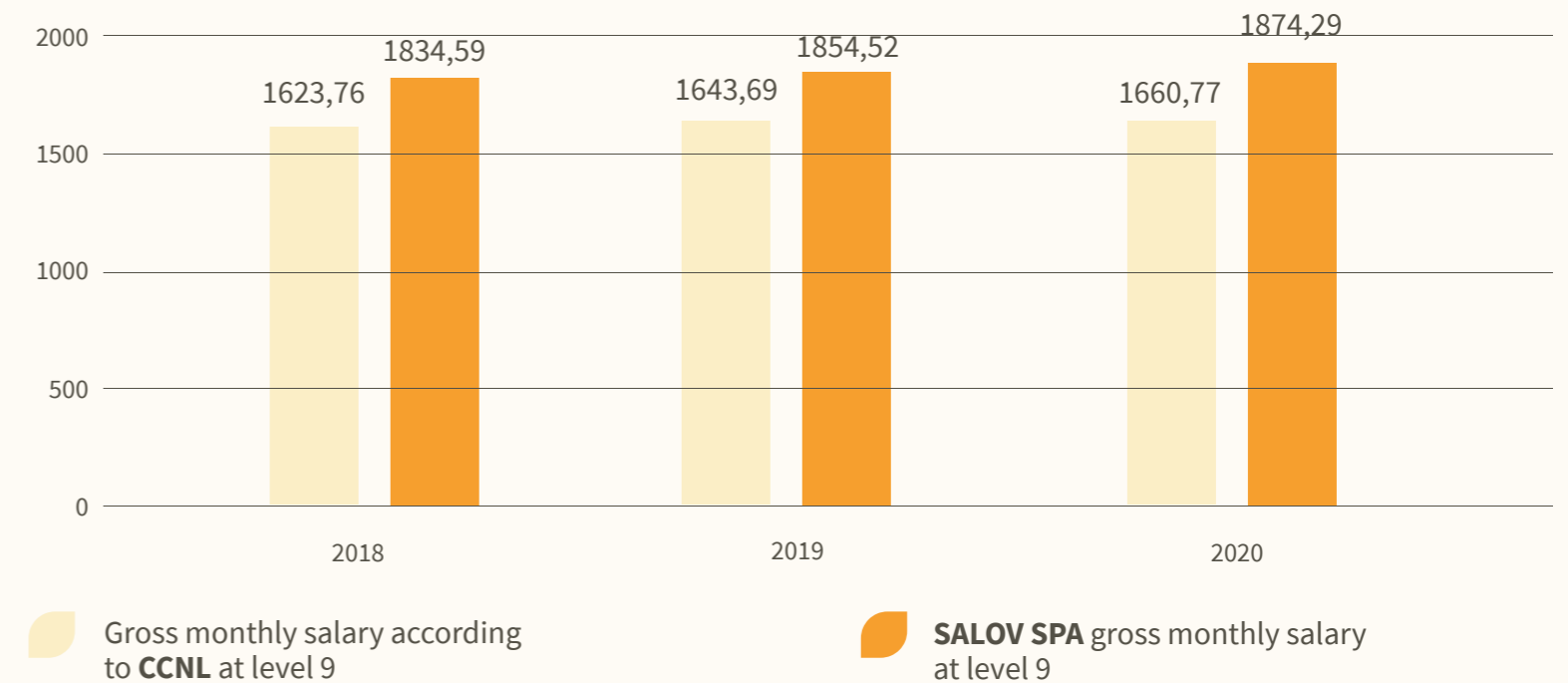
An analysis of the comparison between the gross monthly salary of the National Collective Bargaining Agreement and the salary paid by Salov for a person in the 9th level shows how much the company invests in

its Human Resources and considers them a competitive factor.

The remuneration policy, which is applied uniformly throughout the Salov Group, without distinction as to gender, is approved by the Board of Directors for executive salaries (at the request of the CEO) and by the CEO himself for the salaries of other positions. Salov, through its national collective bargaining agreement,

offers both employees and managers the possibility of adopting a supplementary pension plan. ALIFOND (Complementary funded pension fund for the food and related industries) for employees and PREVINDAI (Pension fund for industrial managers) for directors. To complete the picture on Human Resources, we would point out that, in 2020, there was only one employee on maternity/paternity leave within the group and the worker in question took parental leave.

COMPARISON GROSS MONTHLY SALARY SALOV/CCNL (€)



On average, the minimum salary in Salov is around 10% higher than that provided in the CCNL. In order to improve the efficiency of processes, in 2020 Salov implemented a web portal which employees can use to consult their pay slips, income certifications and any other useful company communication. In addition, through the SELFWEB portal, the use of which is being expanded among company staff, employees will be able to interact with the company, managing various types of requests such as holidays in a simpler and more immediate manner. Finally, again in 2020, around 100 individual smart working agreements were signed in order to facilitate the reconciliation of work and family life.

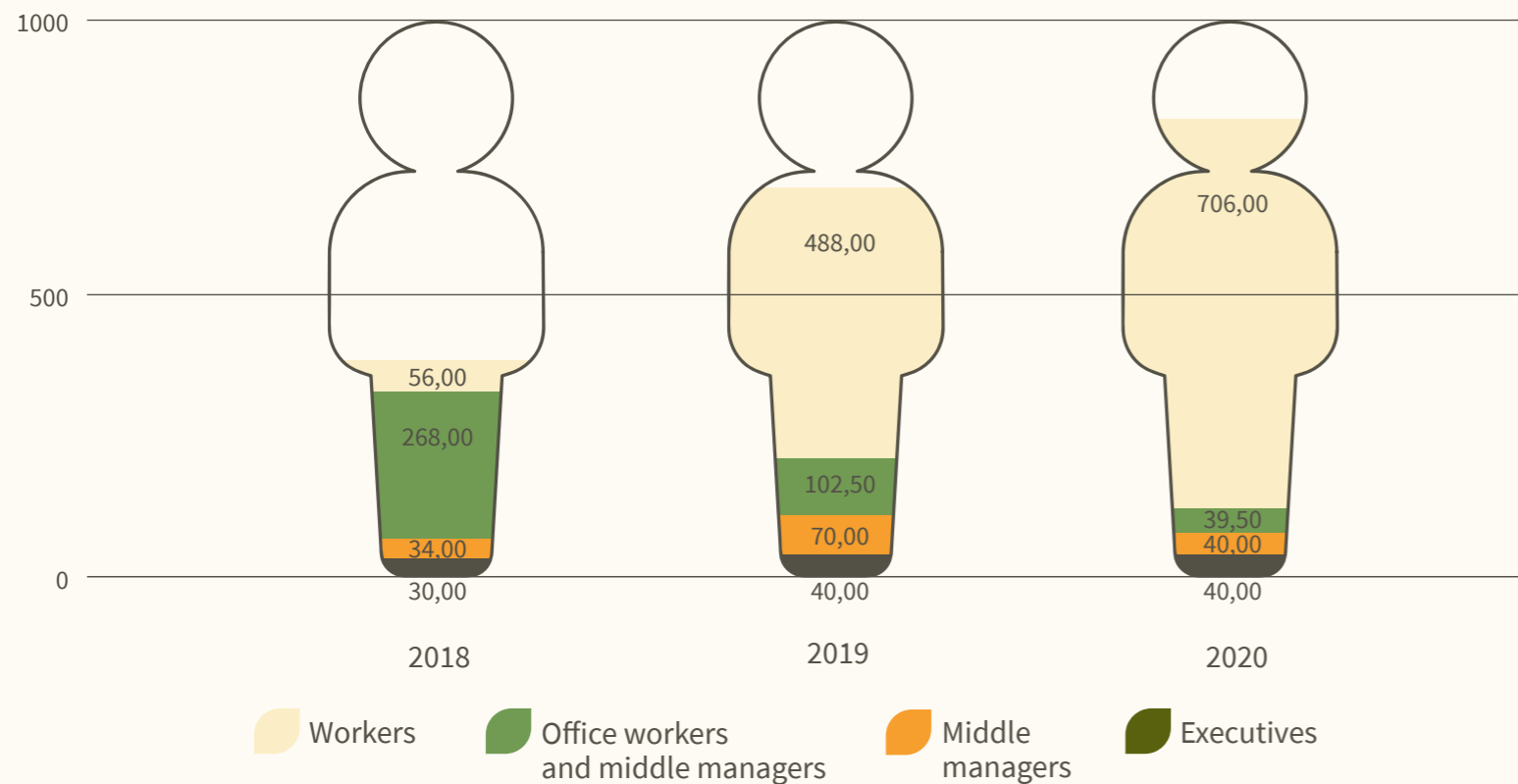
12.3 TRAINING

Training in Salov is regarded as an investment in people which provides its return in the long term. Investment in people is aimed at improving the skills and abilities of everyone, in order to enable everyone to do their job as well as possible.

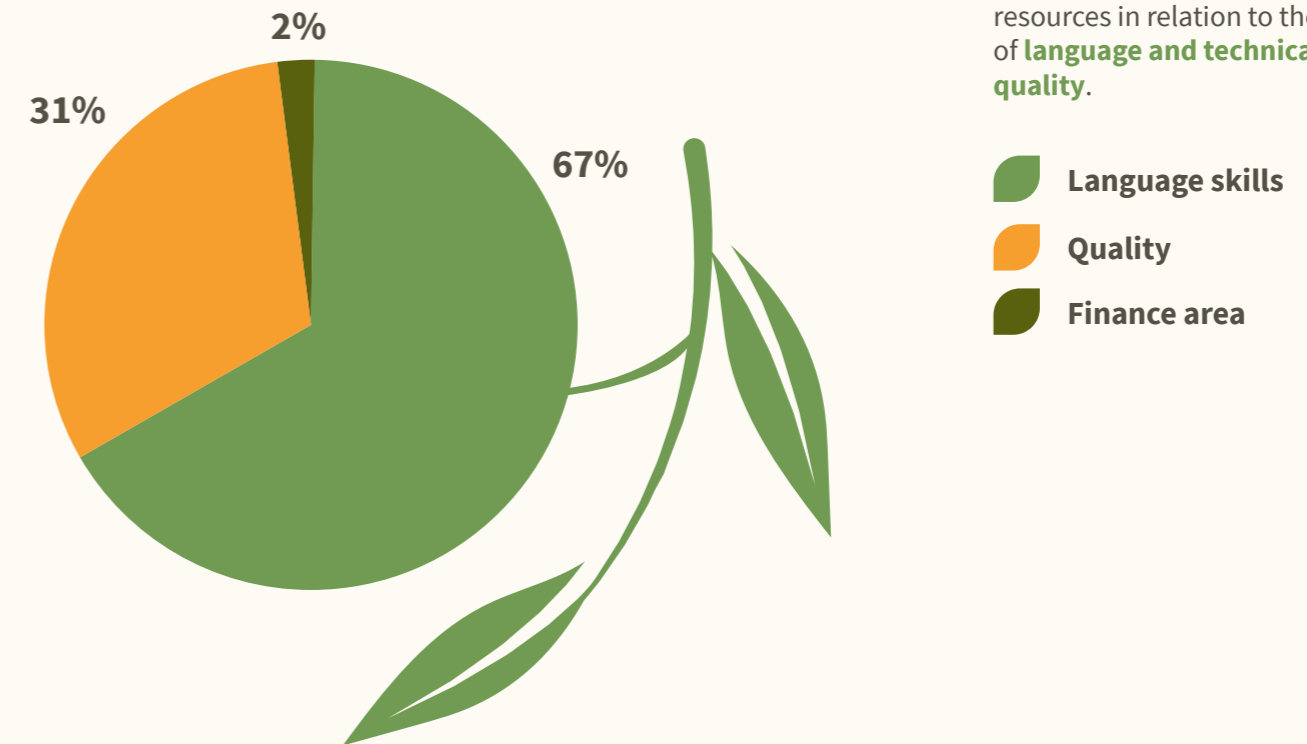
Therefore Salov:

- **Creates** a working environment conducive to the growth of individuals.
- **Organizes** professional development programs.
- **Recognizes** professional growth through a system of rewards and incentives.

TRAINING HOURS PER FUNCTION FROM 2018 TO 2020



BREAKDOWN OF TRAINING HOURS BY ISSUE IN 2020



In 2020, management training activities, excluding safety training, involved Salov's resources in relation to the development of **language and technical skills linked to quality**.

- **Language skills**
- **Quality**
- **Finance area**

12.4 LABOUR RELATIONS

Relations between the company and human resources are solid, as evidenced by the results of the climate survey¹¹. In this context, hours of absence decreased by 6.29% and hours of overtime increased by 6.46%. Membership of trade unions is broadly stable. The few hours of strike action are attributable exclusively to participation in national strikes.

¹¹ See page 108

12.5 THE WORKPLACE

Salov pays particular attention to the well-being and growth of its staff. These aspects are also reflected in the company's care for its workplaces, which have undergone numerous improvements in recent years.

The technical offices have been renovated and embellished and are included in the company tour, which allows visitors to perceive the care taken in every aspect.

Convinced that beauty in general and the pleasantness of the workplace are fundamental elements in confirming the attention paid to human resources, work has also been carried out on the bathrooms, workers' changing rooms and the canteen to provide people with more functional and pleasant spaces in which to work.

Regarding company management, Salov is active in the field of investing in tools and technology in all areas. All employees are equipped with a laptop provided by the company and an additional screen which they can use at home to facilitate reading and working in general, including remotely.

Interconnecting and exchanging information quickly and efficiently is also a must for a company which operates in many countries around the world. Of the 11 videoconferencing systems installed by the Group, 6 are in Italy.

MASTERPIECE TANKS

Well-being within the company is also reflected in the concept of beauty as a source of inspiration for running a business. The location in the Migliarino-San Rossore-Massaciuccoli pre-park area and the view of Lake Massaciuccoli create a unique environmental context of rare harmony.

Out of respect for this beauty, Salov commissioned Street artist **Giulio "Rosk" Gebbia** to decorate five tanks used to collect water from the production site. The result is a veritable work of art entitled "Between Sky, Oil and Earth", which blends in perfectly with the surrounding landscape and contributes to providing further beauty.

The 5 fiberglass tanks were worked with the graffiti technique, which combines figurative painting with street art. The images take up iconic elements which distinguish the company and its historic brands, Filippo Berio and Sagra, inserted into a 'trompe l'œil,' which traces the profile of the Apuan Alps, which stand out behind the plant. Specifically, the iconic elements represented are:

- **the face of Filippo Berio**, the founding father of the company's premium brand, now exported to 75 countries worldwide.
- **Filippo Berio's original signature**, found on the labels of all the brand's products.
- the image of the two **Filippo Berio and Sagra bottles**.
- **the golden olive tree**, which characterizes the Filippo Berio labels for the Italian market.





13. SAFETY MANAGEMENT WITHIN SALOV

13. SAFETY MANAGEMENT WITHIN SALOV

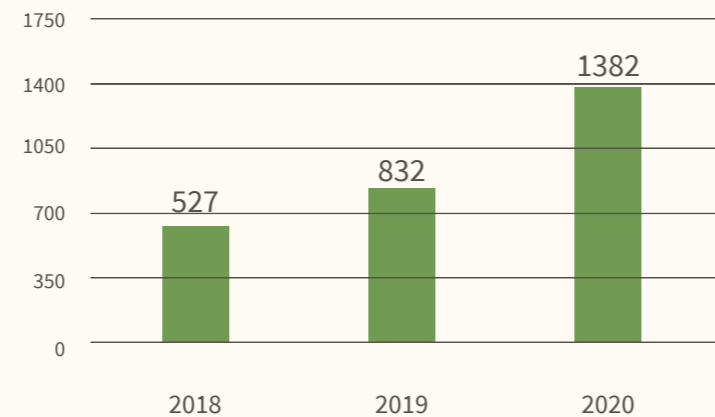
At Salov, safety is a central concern of human resources and observance of procedures and protocols, which goes far beyond the parameters imposed by law. Consistent with the company's philosophy of continuous improvement, Salov has developed an approach that minimizes or, where possible, approaches zero risk to workers, based on the periodic review of its processes and, in the light of new information, seeks and implements improvement solutions. The continuous review of processes, carried out in parallel with an increase in safety training hours, has thus led to a progressive reduction in accidents. Safety is one of the company's most important assets, if not the most important, and Salov aims to spread the culture of safety at all levels.

Moreover, the climate survey showed that health and safety management is rated as excellent, with a 9.15/10 rating from participants.

Specifically:

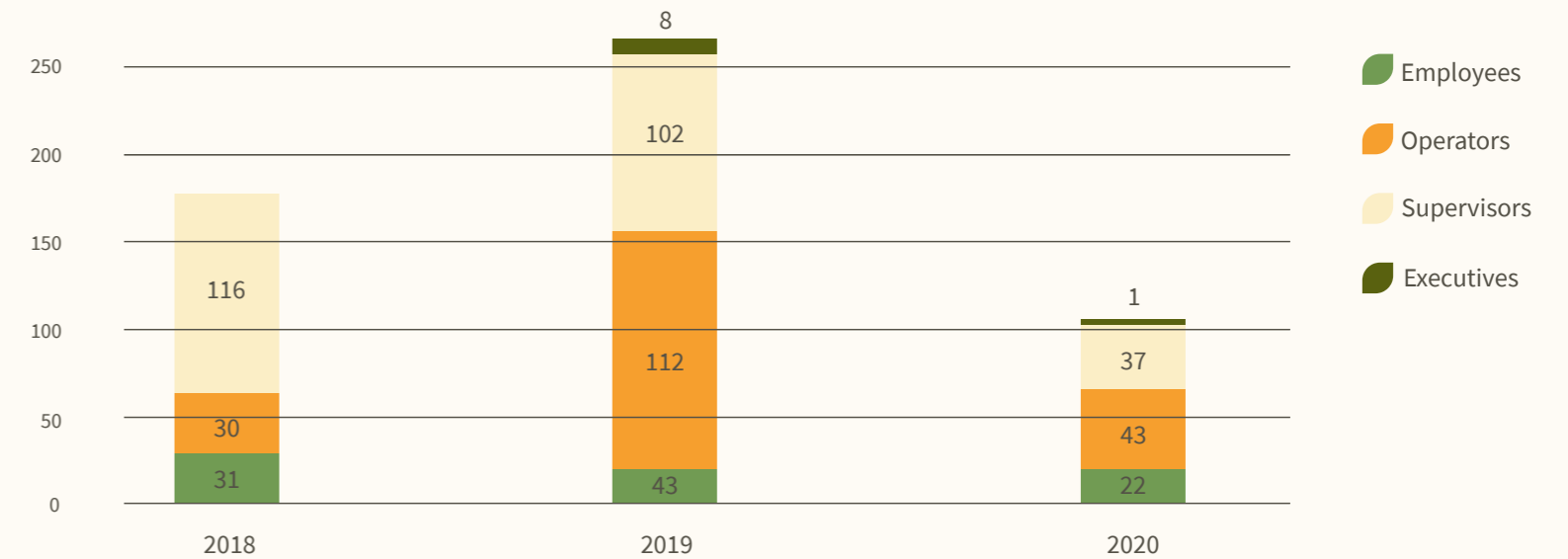
- 89% of respondents recognize that safety has improved over the years.
- more than 90% of respondents comply with Salov's safety protocols without discomfort, and even if they are "annoying", they recognize the need for them for ensuring safety in the workplace.

TOTAL HOURS OF SAFETY TRAINING 2018-2020

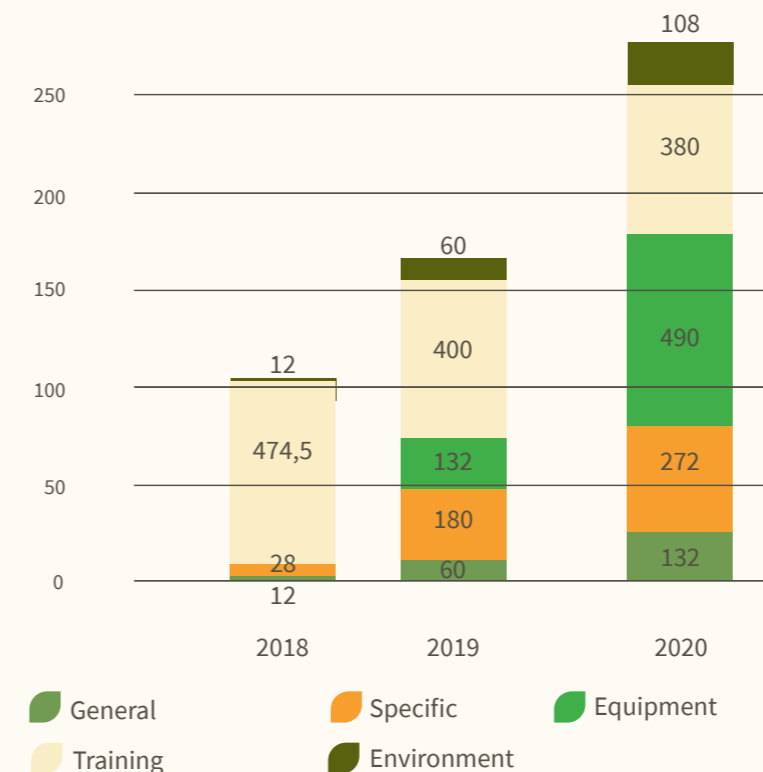


In 2020, there was a significant increase in the number of hours of safety training, partly due to the recruitment of 25 new staff members.

PEOPLE TRAINED BY FUNCTION



TOTAL HOURS OF SAFETY TRAINING PER ISSUE



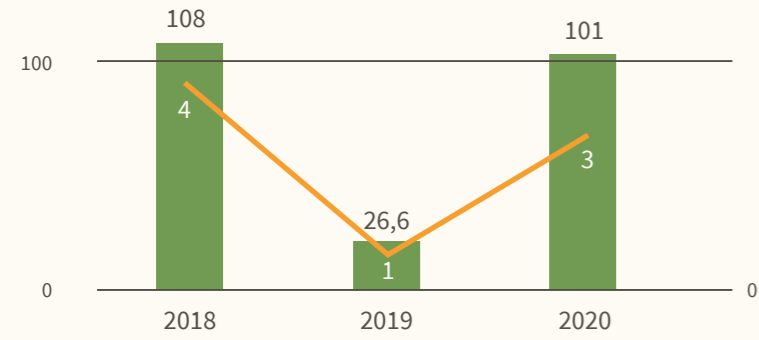
The topics covered in safety training during 2020 were:

- training in environmental issues (air-water-waste) linked to the specific nature of the company (108 hours)
- training in procedures and job training (380 hours)
- training in the use of safety equipment (490 hours)
- training on specific risks linked to the company, which are mandatory by law (272 hours)
- general safety training, which is mandatory by law (132 hours).

Salov's commitment to promoting safety is also rewarded by a low number of accidents, as can be seen in the graph on the next page. The incidence rate in 2020 was 1.4% lower than the overall national average of 2.4%¹³. The "accidents" are all attributable to personal illness and not to exposure to occupational hazards; Indeed, Salov has not received any sanctions or prescriptions in this regard.

¹³ Italian government data against accidents at work February 2021

NUMBER OF LOST WORKING DAYS AND ACCIDENTS (2018-2020)



- Total number of lost working days
- Accidents

Salov provides an occupational health service. The service is provided both through the presence within the company of a doctor who is available on a weekly basis to carry out all the necessary examinations for employees, and by relying on specialized centres that carry out specific examinations (e.g., eye, ear, nose and throat, toxicology, etc.). The company doctor, who is a member of the safety committee, supports the company in all the analyses on health and safety of employees in the workplace (Legislative Decree 81/2008). The entire service is provided with the greatest respect for privacy.



13.1 SALOV'S RESPONSE TO COVID-19

Salov's excellence in the area of security was confirmed even in the most difficult test of recent times: the SARS-CoV-2 pandemic.

The relationship with China, due to Salov's affiliation with the Bright Food Group, the constant monitoring of the situation where the virus was already manifesting its effects and the promptness of management ensured that the company prepared in advance to safeguard the health of its company community, sensing that the virus would soon arrive in Europe. In fact, when Covid-19 started to spread to Italy in March 2020, Salov had already implemented security protocols and was therefore able to react extremely rapidly.

In this context, the company immediately implemented specific internal safety protocols, including the distribution of Personal Protective Equipment to all employees, the extraordinary sanitization of the premises and the reduction of present staff by activating smart working wherever possible. From the perspective of business management, Salov increased inventories and guaranteed deliveries, honouring the clauses of existing contracts in timely fashion.

The efforts made by the Company were recognized by employees who, in the climate survey¹⁴, rated Salov's intervention capacity as 9.05/10.

35% of respondents to the survey praised Salov for its speed of action, 14% for promptly equipping all staff with personal protective equipment and 10% for devising more than adequate protocols.

¹⁴ See page 108





14. ECONOMIC IMPACT

14. ECONOMIC IMPACT

This chapter presents the Salov Group's 2020 Consolidated Financial Statements, introduced by excerpts from CEO Fabio Maccari's speech to the group's shareholders at the Shareholders' Meeting of 10 June 2021 and a brief description of the market conditions which characterized the fiscal year and, consequently, its management.

The financial statements [...] have been prepared in strict compliance with current legislation, with particular reference to their contents and valuation criteria. They comprise the balance sheet, the income statement, the cash flow statement, and the notes to the financial statements, comparing the various accounting items for the current year with those of the previous year.

[...] These consolidated financial statements closed with a profit of approximately € 12,009,326, net of amortization and depreciation and provisions for risks amounting to

€ 4,632,780 and the impact of taxes on income for the year totalling € 5,032,524. [...] and shareholders' funds of some € 44,975,433.

Furthermore, [...] the aforementioned financial statements also show: (i) total revenues for an amount of some € 335,597,600, resulting from the sale of 120 million litres of products, 32% more than the previous year; (ii) consolidated EBITDA for an amount of approximately € 26,031,892; (iii) consolidated non-current assets for an amount of approximately € 58, 558,000; and (iv) a consolidated net financial position of approximately € 40,404,087, corresponding to 46% of total sources, specifying that the amount of net financial positions has been indicated excluding the effect due to IFRS16 and the debt with the parent company. [...]

We also underline that the aforementioned results were also achieved thanks to the hard work of all 273 employees of the Salov Group, whom we sincerely thank.



14.1 THE COMPANY POSITION AND MANAGEMENT PERFORMANCE

2020 was a year which shall surely be remembered for many decades. The serious pandemic that affected all continents generated new economic and social scenarios. The Group was able to interpret promptly the phenomenon and the consequences of Covid-19 by immediately implementing activities which, on the one hand, protected the health of the entire workforce and, on the other, created productive and commercial flexibility to deal with the changed market conditions. Starting from the assumption that the prolonged lockdowns which occurred around the world have shifted consumption from “out of home” to “domestic” and that the Salov Group sells its product largely in the retail channel, it can certainly be stated that the Covid-19 pandemic generated a positive impact on 2020 results in terms of high volumes and higher euro/litre contributions, leading to a peak in profits relative to the historical trend. The Group improved all its financial and profitability parameters by striking the right balance between economic, financial and equity aspects.

In 2020, in continuity with the last two years, the Group continued to make significant investments in terms of capital expenditures, both tangible and intangible, and reinvested part of the extra profits generated in sales & marketing, in order to expand the distribution network and the strength of the Brand. Among the many investments and projects, particular mention should be made of the completion of the SAP IT platform to which all the companies in the group have been linked, in order to harmonize processes and intercompany activities, the expansion of raw material storage areas and the optimization of warehouses for packaging materials and finished products. Particular attention was paid to quality, with the introduction of new oil filtering techniques and systems. Following the planned interventions, Salov informed its employees of the areas of organizational/operational change, notifying them within 30-60-90 days based on the complexity of the intervention and in any event, in line with regulatory requirements.

14.2 THE OLIVE OIL MARKET

2020 was a year characterized by significant output in Eastern Mediterranean countries, especially Tunisia and Italy. The price of Italian extra virgin olive oil was lower than the averages of recent years. This caused many buyers to take advantage of the moment to extend their coverage from Italian sources.

Tunisia produced record volumes and played a key role in the fall of prices in the international market. It should be noted that Greek production, and that of the island of Crete, was not qualitatively interesting for buyers.

In Spain, the campaign was not exceptionally good in terms either of quality or of volume produced. 2020 was also the year in which we experienced the outbreak of the Covid-19 pandemic, which affected oil consumption worldwide. Not only this, but logistics activities were also affected by the pandemic, especially during the spring period, when there was a general lockdown in many areas. Covid-19 also had an impact on the modus operandi of some market players, who in the second half of the year preferred to hold oil as a store of value instead of selling it. US duties on European origins remained in place throughout the period, making the supply of raw materials more complex.

Relatively low prices encouraged demand for private storage financed in Europe by the European Community and in Tunisia by the Tunisian state. This was an attempt by production to limit the fall in prices; an attempt that was only partially successful, at least in the first half of the year.

The second half of the year witnessed a slow increase in olive oil prices, which had reached levels close to historic lows.

The Covid-19 pandemic also affected the availability of labour in areas where harvesting is still done by hand. The labour force which usually comes to Europe from North Africa or Eastern Europe could not move this year, further reducing the harvest rate. **We present below the production figures for the 2019/20 campaign.**

IOC (INTERNATIONAL OLIVE COUNCIL) DATA BY SINGLE PRODUCING COUNTRY (2019/2020 CAMPAIGN)

COUNTRY	TONS
Spain	1.125.000
Italy	366.000
Tunisia	350.000
Greece	275.000
Turkey	225.000
Portugal	140.000
TOTAL	2.481.000

14.3 PRINCIPAL ECONOMIC AND FINANCIAL PERFORMANCE INDICATORS

In order to achieve a better understanding of the group's operating performance, a reclassification of the Income Statement, Statement of Financial Position and Financial Statement Ratios is provided below, for the current and previous fiscal year ended 31 December 2019.

Analysis of the **Income Statement**:

(Thousands of euros)	31 December 2020	31 December 2019
Revenues		
Net revenues	335.018	274.907
Other characteristic revenues	580	820
TOTAL	335.598	275.727
Production costs		
Costs of raw materials and consumables	(240.046)	(204.876)
Staff costs	(22.172)	(21.181)
Other operating costs	(47.347)	(34.997)
TOTAL	(309.565)	(261.054)

EBITDA	26.033	14.673
Depreciation	(4.633)	(3.745)
Provisions and impairment losses	0	70
EBIT	21.400	10.858
Financial income	49	102
Financial charges	(4.407)	(2.467)
Pre-tax profit	17.042	8.493
Taxes	(5.032)	(258)
Net profit for the fiscal year	12.010	8.235

The reclassification of the **Balance Sheet** based on financial criteria is shown below:

(€ '000)	31 December 2020	31 December 2019
Intangible fixed assets	2.688	2.239
Tangible fixed assets	46.789	44.234
Financial fixed assets	9.081	3.584
Non-current assets	58.558	50.057
Inventories	70.126	50.900
Deferred liquidity	54.948	54.248
Immediate liquidity	13.352	30.488
Current assets	138.426	135.636
Total assets	196.984	185.693
Net assets	44.975	36.565
Non-current liabilities	25.002	19.074
Current liabilities	127.007	130.054
Total liabilities	152.009	149.128
Total and net liabilities	196.984	185.693

After the above reclassifications, the following **Balance Sheet Ratios** are calculated:

Indicators	Formula	31 Dec. 2020	31 Dec. 2019
Weight of fixed assets	I / K	29,73%	26,96%
Weight of working capital	Ac / K	70,27%	73,04%
Weight of own capital	N / K	22,83%	19,69%
Weight of third-party capital	T / K	77,17%	80,31%
Availability index	Ac / Pc	1,09	1,04
Liquidity index	(Li+Ld) / Pc	0,54	0,65
Self-coverage index of fixed assets	N / I	0,77	0,73
ROE	Rn / N	26,70%	22,52%
ROI	EBIT / K	10,86%	5,85%
ROS	EBIT / V	6,38%	3,94%

In which:

- I = Non-current assets (intangible + tangible + financial)
- K = Capital employed (total assets)
- Ac = Current assets (inventory + deferred liquidity + immediate liquidity)
- N = Shareholders' equity
- T = Third-party capital (non-current liabilities + current liabilities)
- Pc = Current liabilities
- Li = Immediate liquidity
- Ld = Deferred liquidity
- Rn = Net profit for the fiscal year
- V = Net revenues

Compared to the previous year, we note a total improvement in all the above indicators of a financial and economic nature.

14.4 SHARING ADDED VALUE

Added value expresses the company's ability to create wealth and is the result of the difference between revenues and costs incurred to generate these. Wealth is distributed among the stakeholders who have contributed to its creation. In Salov, the distribution of added value once again highlights the centrality of people in the management model, as over 50% of this value is distributed to employees.

DISTRIBUTION OF ADDED VALUE (€ m)	2020	%
Remuneration of shareholders	2.223	5,09%
Remuneration of employees	22.172	50,81%
Remuneration from public authorities	5.032	11,53%
Remuneration of debt capital	4.408	10,10%
of which Expenses and interest expenses	919	
of which Exchange rate losses for foreign currency transactions	3.489	
Remuneration of the company	9.667	22,15%
Remuneration to the community	139	0,32%
TOTAL ADDED VALUE DISTRIBUTED	43.641	100,00%



14.5 RISK MANAGEMENT

Where possible, Salov adopts specific procedures to minimize risk factors which may influence business results.

These are divided into:

- MARKET RISKS**
These are the risks related to a possible decrease in demand in certain markets which could lead to price increases. The risk is managed by differentiating distribution in more than 70 countries worldwide and by monitoring price trends in distribution channels.
- OPERATIONAL RISKS**
These are those linked to the fluctuation of raw material prices. The risk is managed by continuously updating price lists and carefully managing inventories.
- RISKS RELATING TO THE PLANT AND TO THE SUBSIDIARY VILLA FILIPPO BERIO**
These are risks relating to accidental or environmental events which may affect the production plant or the Società Agricola Villa Filippo Berio, thereby devaluing its shareholding. After identifying and quantifying these risks, they are contained by taking out specific insurance policies.
- RISKS ASSOCIATED WITH DELIVERY AND PRODUCT QUALITY**
These are the risks linked to the handling of goods

and the possible deterioration of the product. By virtue of over a hundred years of experience and distribution in as many countries, Salov is always at the forefront in studying the best logistical solutions for delivering an intact and qualitatively impeccable product to its destination, considering the numerous controls throughout the production chain. The use of airbags or thermal liners to control the fluctuations and temperature of containers for certain destinations are examples of this. By virtue of its sophisticated IT systems, Salov also guarantees the complete traceability of goods and can know the destination of every single batch produced in real time. In addition, the company has taken out specific insurance policies to cover the risk associated with the movement of goods.

- FINANCIAL RISKS**
Financial risk affects the company's liquidity and is linked to the balance between incoming and outgoing cash flows.

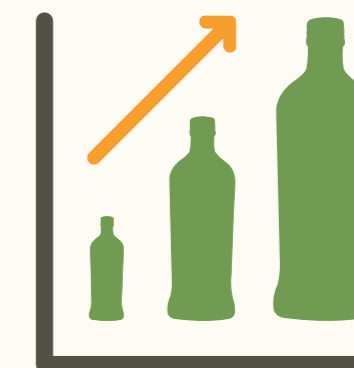
Financial risks are divided into:

- Credit risks**
Mainly related to the possibility that customers do not pay their debts by the due date. The risk is managed by analysing the customer's history, blocking delivery for prepayments in order to verify collection and then dispatch, blocking the production of the order up to a set percentage (30-50%) for new customers, which serves as confirmation of the order itself, and

constant analysis of market risk situations by the administration and finance department, which constantly updates area managers. Salov has also subscribed to an insurance policy which covers up to approximately 85% of the receivable, including taxes.

- Liquidity risk**
This risk relates to Salov's ability to meet its outstanding commitments and pre-set maturities. The availability of resources is ensured by the group treasury and the company's strong ability to be a good manager of the banking system.
- Exchange rate risks**
Salov manages exchange rate risk with its subsidiaries by entering forward contracts or financing in foreign currencies.
- Interest rate fluctuation risk**
These are risks associated with fluctuations in interest rates on long-term loans which are managed using derivative hedging instruments.
- Risks of compliance with rules or regulations**
This refers to risks associated with the incorrect interpretation of complex tax regulations. In order to minimize this risk, Salov employs tax and fiscal consultants and law firms to assist in the study and correct application of regulations and their updates. In addition, the tax management strategy adopted by the Salov Group follows the MASTER FILE principle,

also recommended by the OECD (Organization for Economic Co-operation and Development), which determines the principles and appropriate taxation in the various countries in which the Group operates, recommending an appropriate intercompany transfer price to the various legal entities.



15. KPI TABLES – GRI

KPI	DESCRIPTION	DEGREE OF COVERAGE	CHAPTER
102 - 1	Name of the organization	3	Governance
102 - 2	Activities, brands, products, and services	3	Salov: the beauty of oil is in the quality
102 - 3	Location of head office	3	Governance
102 - 4	Place of activity	3	Governance
102 - 5	Ownership and legal form	3	Governance
102 - 6	Markets served	3	An Introduction to Salov, Economic Impact
102 - 7	Size of organization	3	Various
102 - 8	Significant changes to the organization and the supply chain	3	Social Impact
102 - 9	Supply chain	2	Salov: the beauty of oil is in the quality
102 - 10	Significant changes to the organization and the supply chain	NV	
102 - 11	Precautionary principle	3	Economic Impact
102 - 12	External initiatives	3	Safety management within Salov
102 - 13	Membership of associations	3	Stakeholder management
102 - 14	Statement by senior management	3	Interview with the CEO
102 - 15	Key impacts, risks, and opportunities	3	Economic Impact
102 - 16	Values, principles, standards, and norms of behaviour	3	An Introduction to Salov
102 - 17	Mechanisms for seeking advice and raising concerns about ethical issues	NV	
102 - 18	Governance structure	3	Governance
102 - 19	Delegation of authority	3	Governance
102 - 20	Executive level responsibility for economic, environmental and social issues	3	Governance
102 - 21	Stakeholder consultation on economic, environmental and social issues	3	Stakeholder management
102 - 22	Composition of the highest governance body and its committees	3	Governance

KPI	DESCRIPTION	DEGREE OF COVERAGE	CHAPTER
102 - 23	Chairman of the highest governance body	3	Governance
102 - 24	Appointment and selection of the highest governance body	3	Governance
102 - 25	Conflicts of interest	3	Governance
102 - 26	Role of the highest governance body in setting goals, values, and strategies	3	Governance
102 - 27	Collective knowledge of the highest governing body	3	Governance
102 - 28	Evaluation of the performance of the highest governing body	3	Governance
102 - 29	Identification and management of economic, environmental and social impacts	2	Our relationship with the land
102 - 30	Effectiveness of risk management processes	3	Economic impact
102 - 31	Review of economic, environmental and social issues	3	Governance
102 - 32	Role of the highest governance body in sustainability reporting	3	Various
102 - 33	Communication of critical issues	3	Governance
102 - 34	Nature and total number of critical issues	NV	
102 - 35	Remuneration policies	3	Social impact
102 - 36	Process for determining remuneration	NA	
102 - 37	Stakeholder involvement in remuneration	NR	
102 - 38	Annual total remuneration rate	2	Social impact
102 - 39	Percentage increase in total annual remuneration rate	NV	
102 - 40	List of stakeholder groups	3	Stakeholder management
102 - 41	Collective bargaining agreements	3	Social impact
102 - 42	Identification and selection of stakeholders	3	Stakeholder management
102 - 43	Ways of involving stakeholders	3	Stakeholder management
102 - 44	Key issues and criticalities raised	3	Stakeholder management
102 - 45	Stakeholders included in the consolidated report	3	Methodology

KPI	DESCRIPTION	DEGREE OF COVERAGE	CHAPTER
102 - 46	Definition of the content of the report and perimeters of the themes	3	Methodology
102 - 47	List of material issues	3	Stakeholder management
102 - 48	Review of information	3	Governance
102 - 49	Changes in reporting	NA	
102 - 50	Reporting period	3	Methodology
102 - 51	Date of most recent report	NA	
102 - 52	Reporting periodicity	3	Methodology
102 - 53	Contact details for requesting information on the report	3	Methodology
102 - 54	Statement on reporting in compliance with GRI standards	3	Methodology
102 - 55	Index of GRI contents	3	KPI-GRI tables
102 - 56	External assurance	NA	
103 - 1	Explanation of the material topic and its scope	3	Stakeholder management
103 - 2	The management approach and its components	NA	
103 - 3	Assessment of the management approach	NA	
201 - 1	Directly generated and distributed economic value	3	Economic impact
201 - 2	Financial implications and other risks and opportunities due to climate change	3	Economic impact
201 - 3	Pension plans	3	Social impact
201 - 4	Financial assistance received from the government	NA	
202 - 1	Ratio of standard new-hire salary by gender to local minimum wage	3	Social impact
202 - 2	Proportion of senior managers hired from the local community	3	Social impact
203 - 1	Infrastructure investments and services funded	3	Various
203 - 2	Indirect economic impacts	3	Salov: The beauty of oil is in the quality
204 - 1	Proportion of spending on local suppliers	NA	

KPI	DESCRIPTION	DEGREE OF COVERAGE	CHAPTER
205 - 1	Operations assessed for corruption risks	3	Economic impact
205 - 2	Communication and training in anti-corruption policies and procedures	3	Governance
205 - 3	Incidents of corruption and actions taken	NV	
206 - 1	Legal action for anti-competitive behaviour, anti-trust, and monopolistic practices	NV	
207 - 1	Approach to taxation	3	Economic impact
207 - 2	Tax governance, control, and risk management	3	Economic impact
207 - 3	Stakeholder involvement and management of tax concerns	3	Economic impact
207 - 4	Country-by-country reporting	1	Salov: The beauty of oil is in the quality
301 - 1	Materials used by weight and volume	3	Environmental impact
301 - 2	Materials used deriving from recycling	3	Salov: The beauty of oil is in the quality
301 - 3	Products recovered or remanufactured and related to packaging	3	Salov: The beauty of oil is in the quality
302 - 1	Energy consumed within the organization	3	Environmental impact
302 - 2	Energy consumed outside the organization	NV	
302 - 3	Energy intensity	3	Environmental impact
302 - 4	Reduction in energy consumption	3	Environmental impact
302 - 5	Reduction of the energy requirements of products and services	3	Environmental impact
303 - 1	Interaction with water as a shared resource	3	Environmental impact
303 - 2	Management of impacts related to water discharge	3	Environmental impact
303 - 3	Water withdrawal	3	Environmental impact
303 - 4	Water discharge	3	Environmental impact
303 - 5	Water consumption	3	Environmental impact

KPI	DESCRIPTION	DEGREE OF COVERAGE	CHAPTER
304 - 1	Operational sites on property managed or adjacent to protected areas or areas of high biodiversity value	3	Environmental impact
304 - 2	Significant impacts of activities, products, and services on biodiversity	3	Various
304 - 3	Protected or restored habitats	3	Environmental impact
304 - 4	IUCN "Red List" species which find their habitat in the areas of operation of the organization	NR	
305 - 1	Direct GHG emissions	3	Environmental impact
305 - 2	Indirect GHG emissions from energy consumption	3	Environmental impact
305 - 3	Other indirect GHG emissions	3	Environmental impact
305 - 4	GHG emission intensity	3	Environmental impact
305 - 5	Reduction of GHG emissions	3	Environmental impact
305 - 6	Emission of ozone-depleting substances	3	Environmental impact
305 - 7	Nitrogen oxides, Sulphur oxides and other significant emissions	3	Environmental impact
306 - 1	Water discharge by quality and destination	3	Environmental impact
306 - 2	Waste by type and method of disposal	3	Environmental impact
306 - 3	Significant spills	NV	
306 - 4	Hazardous waste transport	3	Environmental impact
306 - 5	Watersheds affected by water discharges	3	Environmental impact
307 - 1	Non-compliance with environmental laws and regulations	NV	
308 - 1	New suppliers assessed using environmental criteria	3	Various
308 - 2	Negative environmental impacts in the supply chain and actions taken	3	Salov: The beauty of oil is in the quality
401 - 1	New hirings and staff turnover	3	Social Impact
401 - 2	Benefits provided for full-time employees (excluding part-time or fixed-term employees)	3	Social Impact
401 - 3	Parental leave	3	Social Impact

KPI	DESCRIPTION	DEGREE OF COVERAGE	CHAPTER
402 - 1	Minimum notice period for operational changes	3	Economic impact
403 - 1	Occupational health and safety management system	3	Safety management within Salov
403 - 2	Hazard identification, risk assessment and accident investigation	3	Safety management within Salov
403 - 3	Occupational health services	3	Social impact
403 - 4	Worker participation, consultation and communication on occupational health and safety	3	Safety management within Salov
403 - 5	Occupational health and safety training of workers	3	Safety management within Salov
403 - 6	Worker health promotion	3	Safety management within Salov
403 - 7	Prevention and mitigation of occupational health and safety impacts within commercial relationships	NA	
403 - 8	Workers covered by an occupational health and safety management system	3	Social Impact
403 - 9	Workplace accidents	3	Social Impact
403 - 10	Occupational diseases	3	Social Impact
404 - 1	Average hours of training per year per employee	3	Social Impact and Safety
404 - 2	Employee skills upgrading and transition assistance programs	3	Social Impact
404 - 3	Percentage of employees receiving regular performance and professional development reviews	3	Social Impact
405 - 1	Diversity in governance bodies among employees	NV	
405 - 2	Ratio of basic salary and remuneration of women to men	2	Social Impact
406 - 1	Incidents of discrimination and corrective measures taken	NV	
407 - 1	Businesses and suppliers where the right to freedom of association and collective bargaining may be at risk	NA	
408 - 1	Businesses and suppliers with significant risk of incidents of child labour	NA	
409 - 1	Businesses and suppliers with significant risk of incidents of forced or compulsory labour	NA	
410 - 1	Safety staff trained in human rights policies or procedures	NA	

KPI	DESCRIPTION	DEGREE OF COVERAGE	CHAPTER
411 - 1	Incidents of infringement of the rights of indigenous peoples	NA	
412 - 1	Activities that have been subject to human rights audits or impact assessments	NA	
412 - 2	Training of employees in human rights policies or procedures	NA	
412 - 3	Investment agreements and significant contracts which include human rights clauses, or which have been subjected to a human rights assessment	NA	
413 - 1	Activities providing for the involvement of local communities, impact assessments and development programs	2	Safety management within Salov
413 - 2	Activities with significant potential and actual negative impacts on local communities	NV	
414 - 1	New suppliers which have undergone an assessment using social criteria	NV	
414 - 2	Negative social impacts on the supply chain and actions taken	NA	
415 - 1	Political contributions	NV	
416 - 1	Assessment of health and safety impacts by product and service categories	3	Various
416 - 2	Incidents of non-compliance concerning health and safety impacts of products and services	NA	
417 - 1	Information and labelling requirements for products and services	3	Salov: The beauty of oil is in quality
417 - 2	Incidents of non-compliance concerning information and labelling of products and services	NV	
417 - 3	Cases of non-compliance concerning marketing communications	NV	
418 - 1	Proven complaints regarding breaches of customer privacy and loss of customer data	NV	
419 - 1	Non-compliance with social and economic laws and regulations	NV	

Degree of coverage

3 - high
2 - medium
1 - low

***NA Not applicable**
***NR Not reportable**
***NV Not verifiable**





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