

SCHENK FAMILY ITALIA

SUSTAINABILITY REPORT 2023

ITALIA

Schenk
family



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SCHENK AT A GLANCE

An evolutionary path undertaken over time, and still in place, which bases its essential pillars on the **connection with the territory** and a close link with tradition, combined with the top quality of the latest technologies to operate in a sustainable way.

1952

Foundation in Reggio Emilia

1960

The Company moved to Ora (BZ), and the first winery linked to the production area was born, Cantine di Ora - Kellerei Auer

2011

Acquisition of Bacio della Luna in Vidor (TV) for the production of Prosecco DOC, DOCG and other sparkling wines

2016

Acquisition of Lunadoro estate in Valiano di Montepulciano (SI), for the production of Nobile di Montepulciano

2020

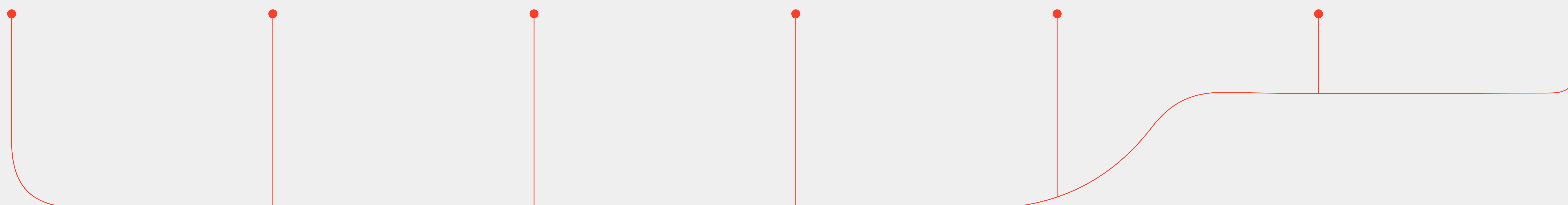
Obtained Equalitas certification

2021

Acquisition of Tenute Masso Antico in Salento (BR), designated to the production of organic wines of the ancient Apulian tradition

2024

Development and technological innovation process with the replacement of two bottling lines, water potabilization process, water recycling, and installation of photovoltaic panels



LETTER TO STAKEHOLDERS

It is with pleasure and pride that I present the new edition of the 2023 Sustainability Report, a journey that began in 2020 as part of our voluntary initiative to give the company a green footprint, highlighting the philosophy that has always accompanied us and the continuous growth process aimed at improvement, not only from an economic perspective but also environmentally and socially. Schenk Family Italia spa was among the first companies to adopt the Equalitas sustainability certification, and this step, among other things, has allowed us to revalue all the activities carried out, even the lesser-known ones, making it clear first to ourselves and then to all stakeholders how attentive the company was not only at a production and economic level. In these years, we have calculated our carbon and water footprints, indices that are not comparable with other entities, which we use as a reference to optimize the entire process, gradually reducing our parameters and becoming aware of our impact on the world. Looking back, the leap in quality we have made is truly incredible. Although we are a large company, we manage

to have the dynamism, enthusiasm, and unity that are typically found in smaller entities. We are a cohesive group of people, always aiming high, and with our ideas, we continuously find ways to reinvent ourselves, proposing innovations that allow us to differentiate ourselves and stand out. Over the years, there have been significant efforts to implement productive innovation processes and improve corporate results. We have renewed our two bottling lines, certified 4.0; installed photovoltaic panels for about 500KW; set up a system to recover and recycle water from the rinsers; and facilitated water savings with new sliding systems on conveyors and with machinery that is easier to clean and maintain. Not limited to the technological sector, we have also worked on developing the cultural and technical profile of personnel through participation in various courses related to the wine sector, the use of new programming software, language improvement, safety, and machinery maintenance. We have also worked extensively on the concept of a circular economy, trying to give waste and by-products a new life, enhancing the by-

LETTER TO STAKEHOLDERS

products of vinification, promoting recycling, and using returnable packaging. By carefully examining the production process, we have been able to improve packaging quality, switching from glue-applied to self-adhesive labels, which eliminate glue as a component and waste, increase productivity, and reduce packaging non-compliance. We are making increasing use of green caps, derived from sugarcane, recyclable, and with zero impact; we are working to reduce the weight of bottles as well, produced with an increasing percentage of recycled glass. This innovation process is not limited to the Ora site but has also involved our proprietary wineries, from the Veneto-based Bacio della Luna sparkling wines to Tuscany's Lunadoro. The latter, in fact, has chosen to adhere to the Equalitas certification of the Consorzio del Vino Nobile di Montepulciano and has begun the certification process to the same standard as a sustainable company, already being certified SQNPI and BIO. We are also working with our suppliers to try to raise their awareness of minimizing their environmental impact, for example, by reducing the use of

pesticides, reducing packaging, perhaps using recycled or FSC-certified paper, optimizing transportation, and ensuring staff safety and fair well-being. Furthermore, we try to safeguard and promote the territory, cultural and sporting associations, recognizing their commitment and supporting them in reaching their goals, acknowledging in them a desire to grow and a spirit of sacrifice equal to our own. This vision is fully embraced by our parent company, which works to standardize the Group on the concept of family, passing down to our successors our identity and tradition, ensuring them the ability to meet their needs. Regarding the economic aspect, 2023 has been a challenging year with various difficulties. From high-interest rates to high inflation, linked to a nearby war economy, but also a shift in people's lifestyle choices, who are increasingly favoring beer and spirits, seeing wine as an occasional drink or one for a different generation. The increase in dry material prices and their temporary absence have contributed to making the year more complex. Additionally, recent campaigns by the European Community have

LETTER TO STAKEHOLDERS

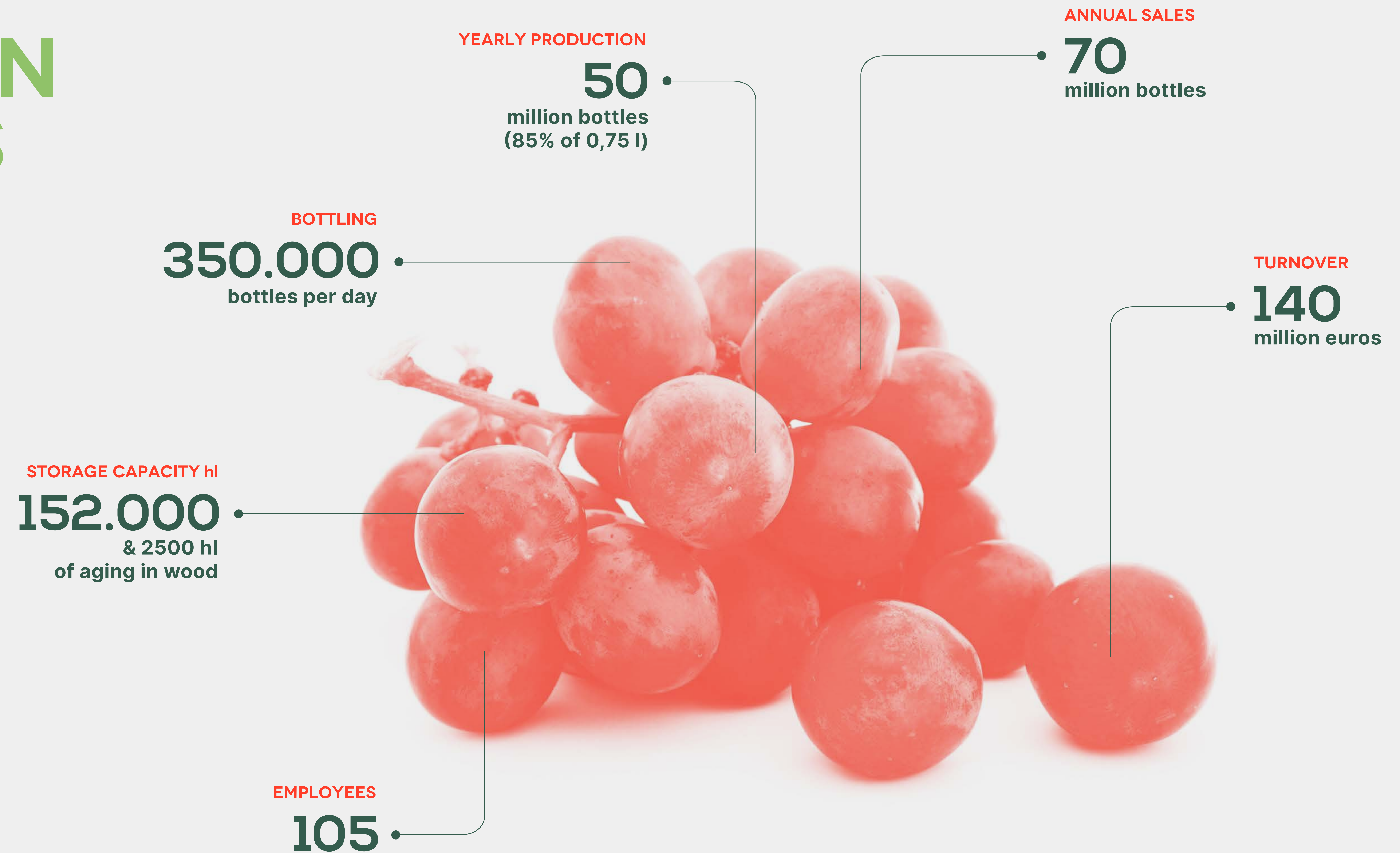
impacted the image of wine, which is now seen as less healthy, and suggest the need to label ingredients and nutritional values. As for the economic part, the consolidated turnover of the Italian group (Schenk Family Italia, Bacio della Luna, and Lunadoro) rose to €141.5 million in 2023 compared to €138.4 million in 2022, with a net profit of €4.56 million and an EBITDA of 7.66%. The performance of Schenk Family Italia S.p.A. in 2023 was therefore better than that of 2022: turnover amounted to €111.7 million (€102.6 in 2022) and net profit increased slightly to €4.85 million. The increase in turnover was made possible by a strong return to the GDO market, but the margin remains almost unchanged. Private label products represent 48% of the total margin, also favored by a reduction in raw material and energy costs. Bacio della Luna Spumanti had a very complicated 2023 with a drop in turnover but a positive profit. Lunadoro S.r.l., on the other hand, closed with €2.8 million in revenue and €355,000 in profit. The company's strengths remain the availability and management of bulk wine. Bottled Tuscan products are struggling, but efforts

to gain recognition for our quality continue. In 2023, we received several coveted awards, including the prestigious 3 Gambero Rosso glasses. This strategy is very important for the company to maximize profitability. These are rather complex years, but we are convinced that we have clear ideas, determination, good quality, and a solid quantity of highly valid and innovative products. We can stimulate the market to try to enter new channels where we have not yet made our mark and strengthen those where we are already competitive. We are a healthy and dynamic company where everyone is important. We are ambitious and work to grow and improve continuously.

I take this opportunity to thank all the staff and our collaborators for their attention and sensitivity to sustainability and for their commitment to always guaranteeing innovative and excellent products.

Daniele Simoni
CEO Schenk Family Italia

SCHENK IN NUMBERS



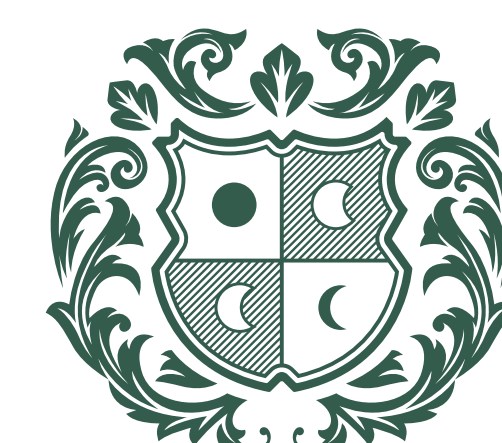
OUR BRANDS



Cantine di Ora
Kellerei Auer



BACIO
DELLA
LUNA



LUNADORO



TENUTE
MASSO ANTICO



GERGENTI



Casali
del
Barone

AMICALE

IL CASATO

CORTE DEL GOLFO

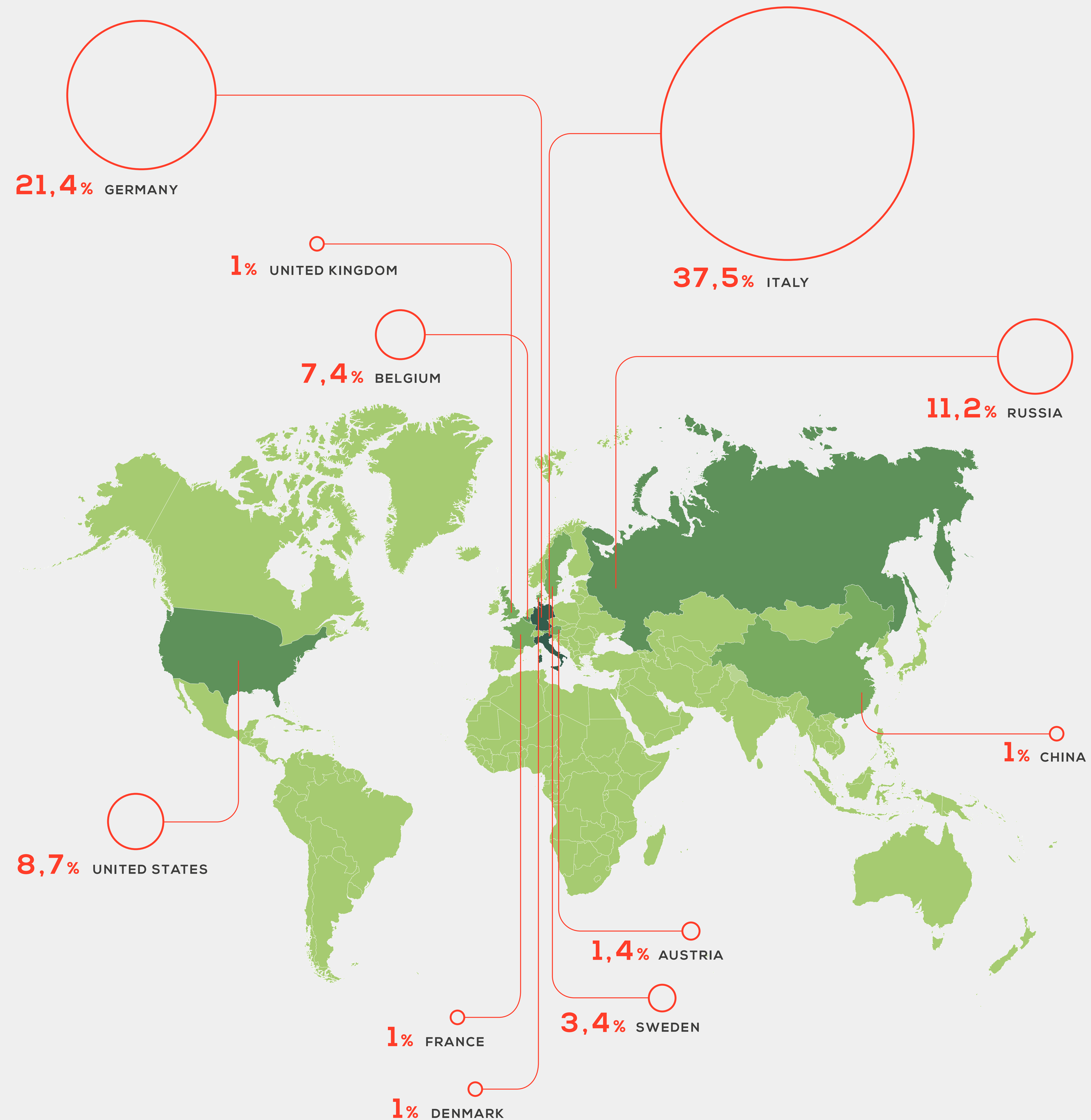
BOCCANTINO®

BRUNILDE
DI
MENZIONE

RIVANI

OUR MAIN MARKETS

21,4%	Germany
37,5%	Italy
1%	United Kingdom
11,2%	Russia
8,7%	United States
7,4%	Belgium
1%	China
1,4%	Austria
3,4%	Sweden
1%	Denmark
1%	France



QUALITY ASSURANCE

The sustainability system according to the **Equalitas standard has been subject to verification since 2020** by the external body Valoritalia to assess compliance with the standard's requirements.



Supplier evaluation also from a sustainability standpoint

Internal audits to ensure the correct application of the system

Document and record management

Management system reviews and internal audits to initiate continuous improvement

OUR CERTIFICATIONS



BRCGS - Specific global standard for the safety of agri-food products. The BRCGS certification focuses on ensuring the quality and safety of food products offered to consumers by the suppliers and retailers of the large-scale retail trade.



SQNPI - Certification which aims to enhance the agricultural vegetable production achieved in compliance with regional integrated production regulations. The Quality System is recognized in the EU.



IFS FOOD - This certification, highly recognized in Europe and globally, aims to encourage the selection of food suppliers under the large-scale retail trade brand, based on their ability to provide safe products that are compliant with contractual specifications and legal requirements.



ORGANIC - Certification of Protected Designation of Origin (DOP) and Protected Geographical Indication (IGT) products, with the purpose of enhancing their value and their origin. It also certifies organic products in line with the current EU regulation.



EQUALITAS - Sustainability certification bases on three pillars: environmental, social and economic. Verifiable and measurable requirements and indicators have been determined for each of the pillars.



AEO - Certification concerning the state of reliability in relation to the customs authorities. It guarantees strict compliance with customs regulations and product safety, while regulating the relations between the authorities that deal with the international trade controls.



SEDEX - Procedures and best practices for conducting ethical and social audits.



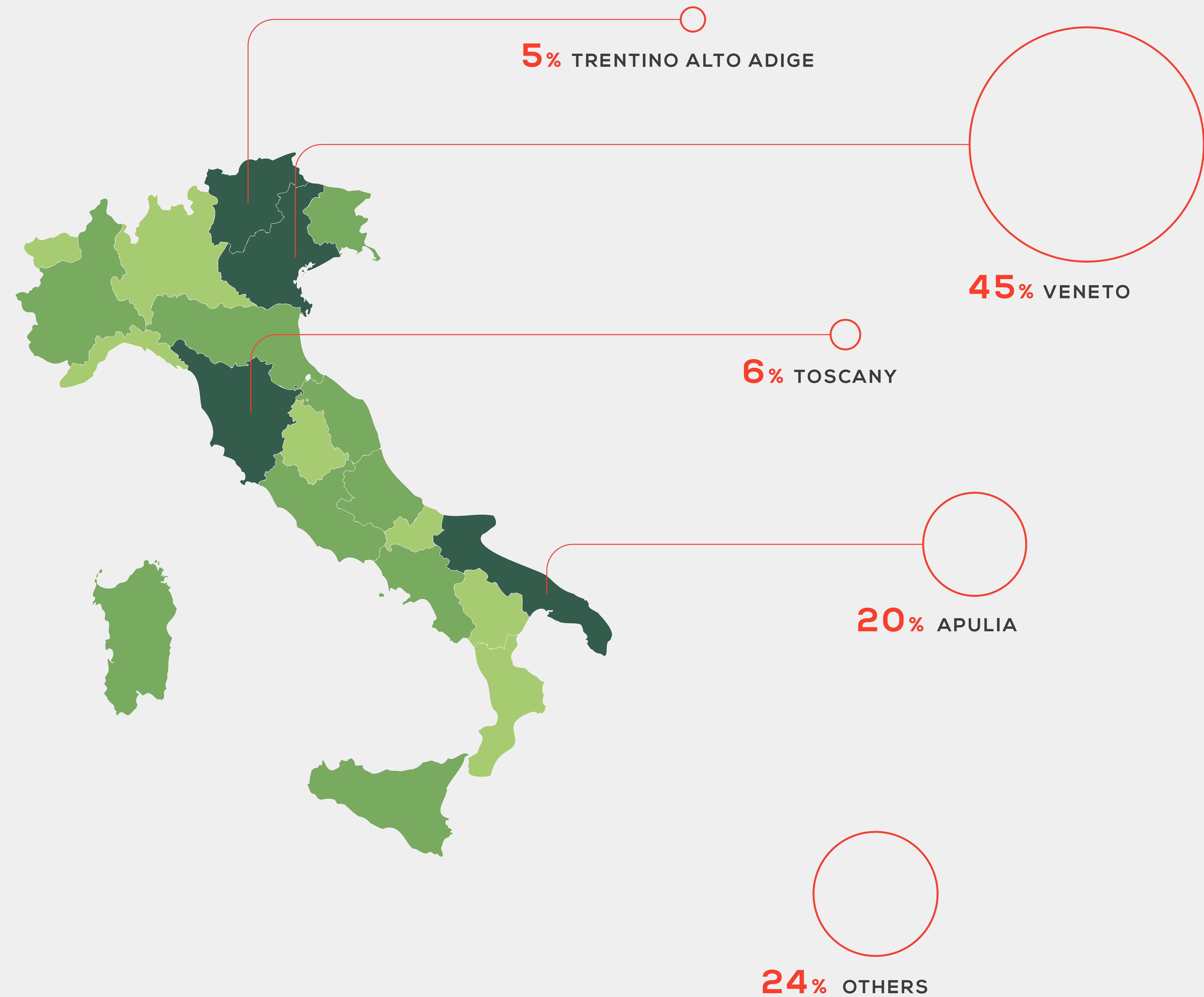
BENEFITS OF THE 231 MODEL - Eliminate or at least reduce the extent of penalties; improve internal organization; limit risks; increase corporate efficiency; simplify organization; create competitive advantages; avoid the registration of judicial penalties in public certificates; ensure compliance with the obligations of law 231, if required in contractual relationships.

SUSTAINABILITY IN THE SUPPLY CHAIN

Schenk Family Italia **works to build solid relationships with its raw materials suppliers**, based on quality, mutual trust, respect and attention to sustainability.

ORIGIN OF THE WINES PURCHASED BY SCHENK ITALIA

45% Veneto
 20% Apulia
 6% Tuscany
 5% Trentino Alto Adige
 24% Others



AUDIT

The sustainability system, according to the Equalitas standard, has been subjected to verification by the external body Valoritalia since 2020, to assess compliance with the requirements of the standard. Periodic internal checks are also carried out by qualified personnel of Unione Italiana Vini, and over the years no significant non-conformities have emerged, but only small anomalies and ideas for improvement promptly taken into account.

The present internal audit was carried out with the aim of verifying the maintenance of the sustainability system, certified for 4 years now at the Ora (BZ) site against the Equalitas-Organization standard rev. 4. The organization (and the group it belongs to more generally) has in fact undertaken the path towards sustainability for years, introducing technologies and plant solutions aimed at controlling and reducing resource consumption and constantly striving to value and reward its employees. By the end of 2022, the modernization of the second line was completed, introducing a water recovery system, and the installation of the photovoltaic system is underway. The Schenk Group aims to achieve 'carbon neutrality' by 2030, and towards this end, at the end of last year, it launched a project to coordinate all corporate entities to collect data on the impact generated by production processes and promote a conscious and rational management of resources. Regarding environmental indicators, after the Organization's Carbon Footprint study conducted in 2021, this year also saw the introduction of the Water Footprint study, which is being finalized (2022 data). On the organizational level, no particular changes have been noted compared to last year; the turnover rate was calculated and remains at physiological levels compared to the past. Some areas for improvement have been identified, which are recommended to be considered and addressed promptly to achieve full compliance with the standard.

UNIONE ITALIANA VINI, October 30th, 2023

THE PILLARS OF SCHENK SUSTAINABILITY

Sustainability is an ongoing process, which requires to combine the three fundamental and inseparable dimensions of development: **environmental, ethical and economic.**

EXPERIENCE INNOVATION QUALITY

These are the three cornerstones of Schenk Family Italia, to promptly react to a fast evolving market. The company is constantly committed to guarantee very **high quality standards in the production of its wines**, thanks to a staff of proven professionalism, **constant quality controls**, and **a dedicated NPD team, analyzing new trends and packaging**, keeping the focus on sustainable development.



• EXPERIENCE

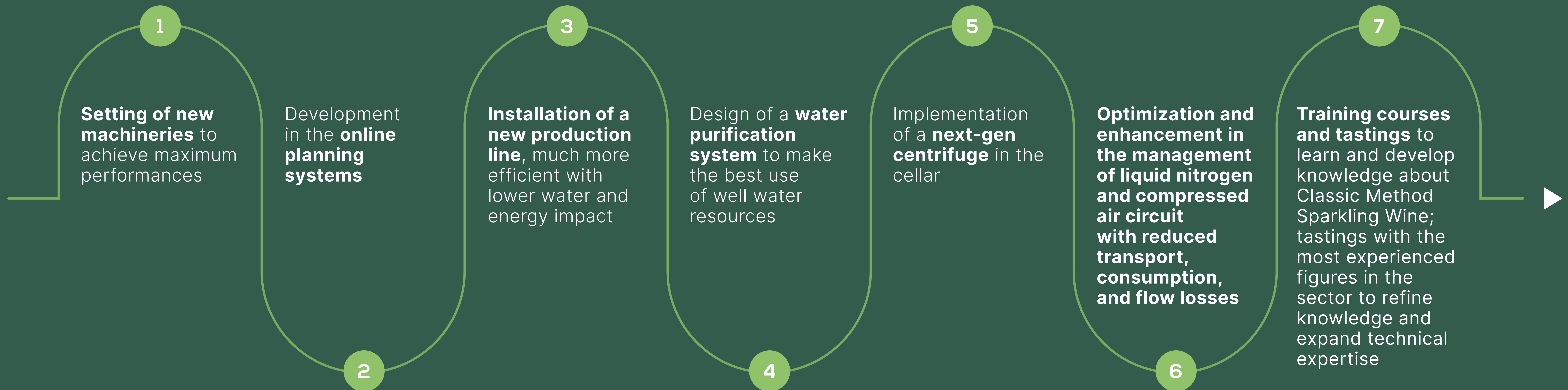


• INNOVATION

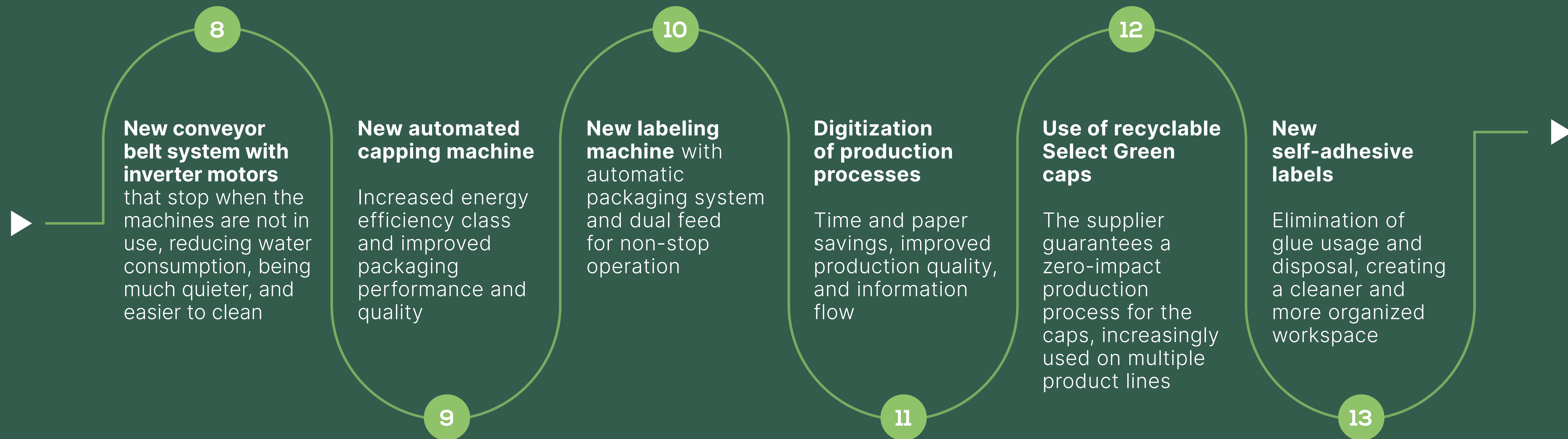


• QUALITY

SUSTAINABILITY IN THE PRODUCTION PROCESS



SUSTAINABILITY IN THE PRODUCTION PROCESS



SUSTAINABILITY IN THE PRODUCTION PROCESS



SCHENK'S STRENGTHS

1

WORK PROTOCOLS

Organization of production processes according to sustainable practices

2

ANALYTICAL CONTROLS

Monitoring of the product through systematic checks throughout the production process, from raw materials to the finished product

3

TRACEABILITY AND TRANSPARENCY

Immediate availability and transparency of information regarding all production stages

4

DYNAMISM AND FLEXIBILITY

Our drive, flexibility, and passion in our work allow us to quickly find and implement the best solution

5

TECHNOLOGICAL INNOVATION

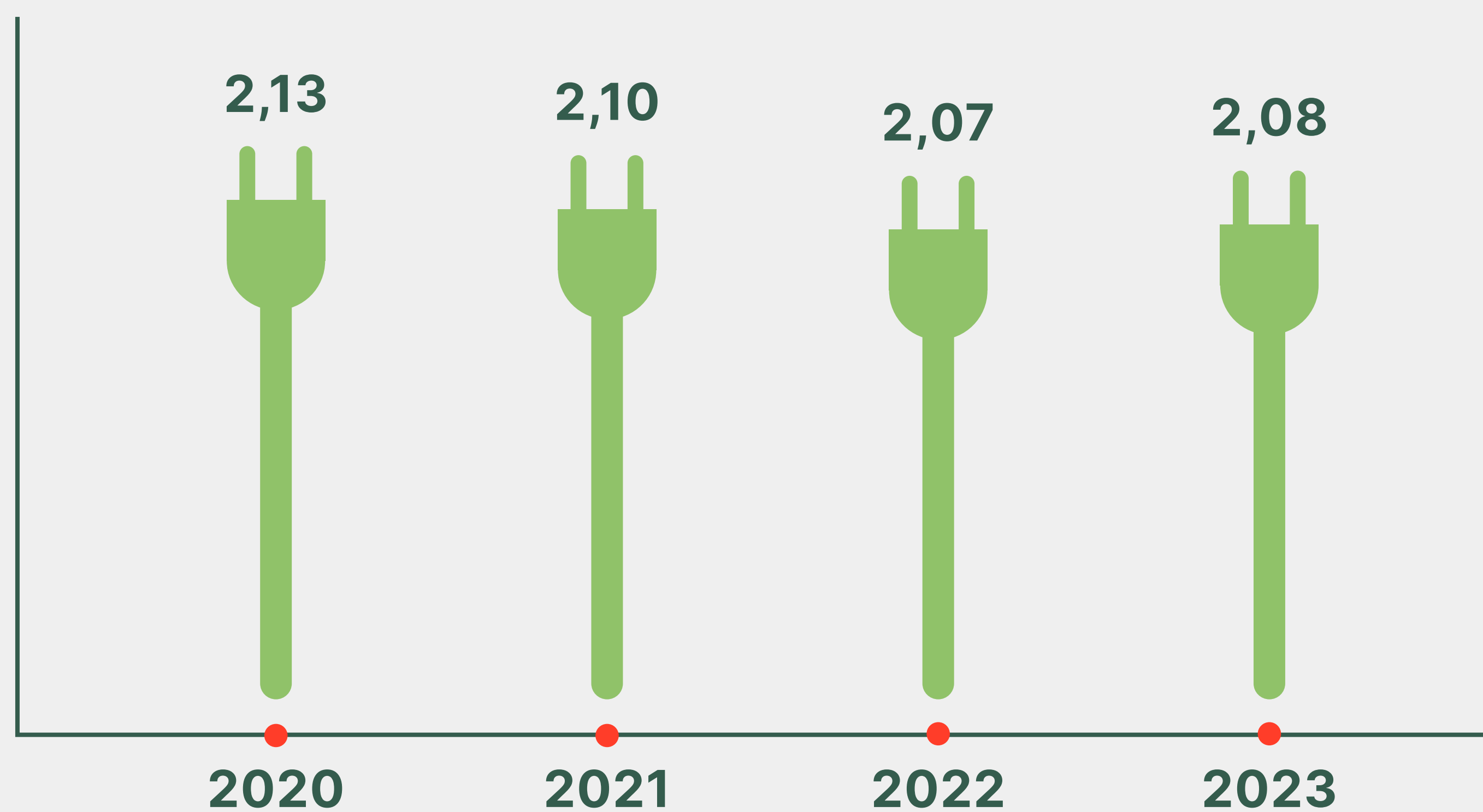
Constant pursuit of improving company performance through cutting-edge plants and equipment

ENVIRONMENTAL SUSTAINABILITY

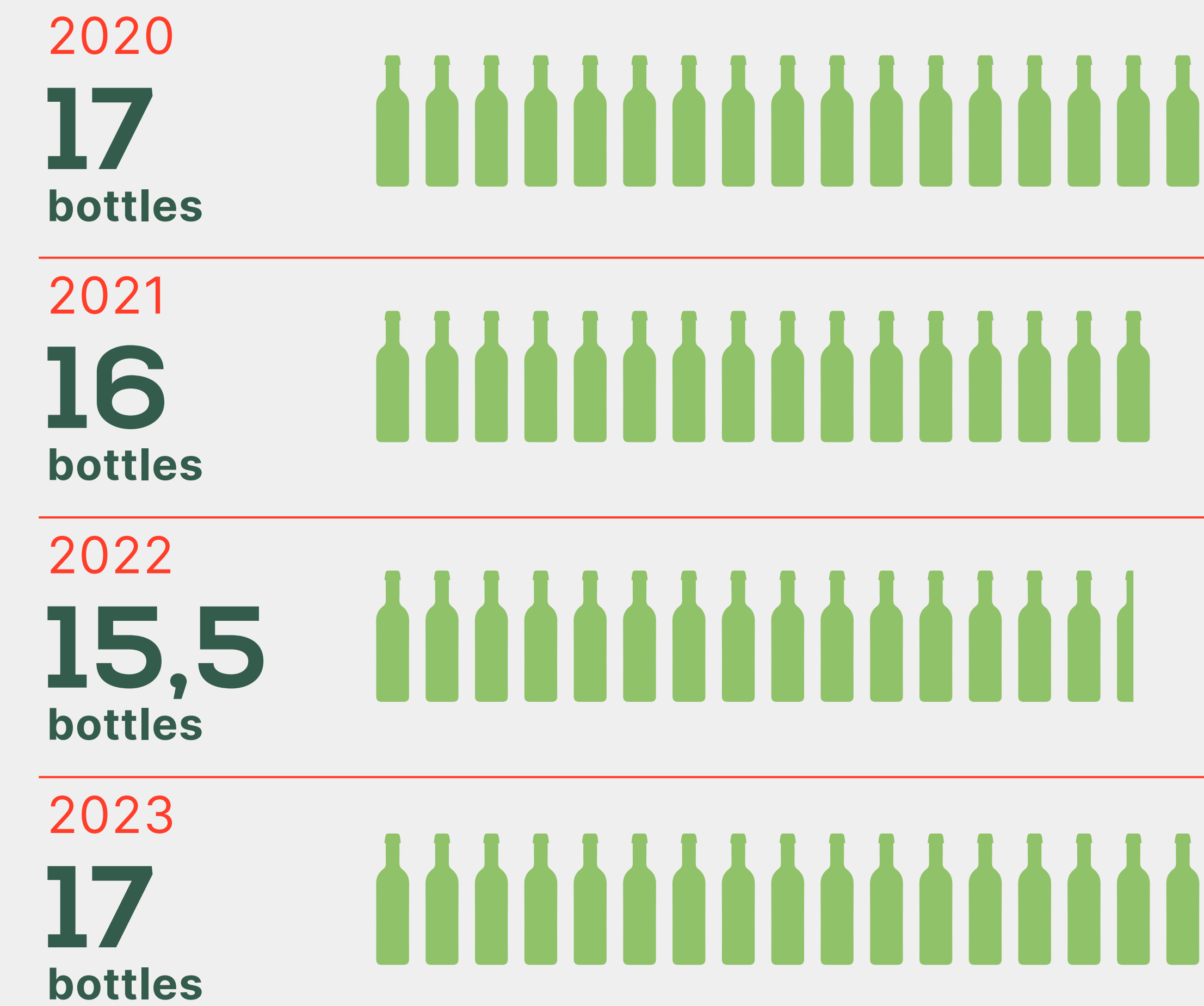
ENERGY SAVING

Since 2020, Schenk Family Italia has implemented various measures in planning and investments to reduce energy (and water) waste. In terms of consumption, we have recorded a significant reduction. These data are constantly monitored and compared with production figures to assess production efficiency.

ELECTRICITY CONSUMPTION TREND Millions of kW



BOTTLES PACKED WITH 1 kW



Since 2020, following a carefully considered business strategy and despite unfavorable market conditions due to the pandemic and economic situation, Schenk Family Italia has chosen to **focus on its own production brands**. This approach has led to producing fewer bottles but with higher margins, thanks to meticulous work on product quality, packaging attention, and social media communication. The latest planned phase of technological renewal has slowed down production, impacting productivity data.

ENVIRONMENTAL SUSTAINABILITY

WATER SAVING

After the installation of the new production line in 2020, the **replacement of the second production line has been completed, and the water recovery and recycling system** for the rinsing machines has been put into operation. This allows us to achieve additional water savings and more efficient management of the purification system.

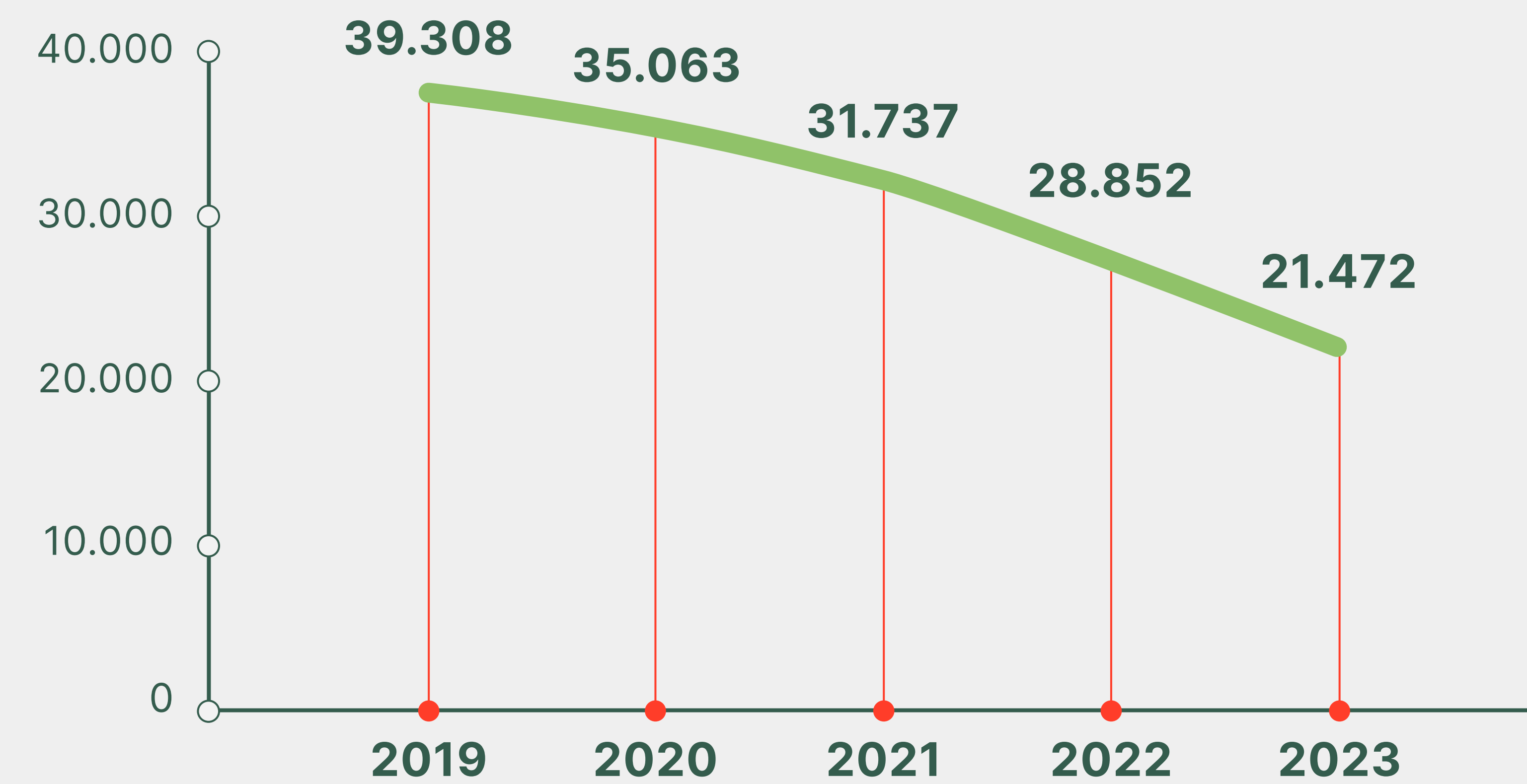
hl

OF WATER USED FOR 1 hl OF BOTTLED WINE



hl

BOTTLING WATER CONSUMPTION



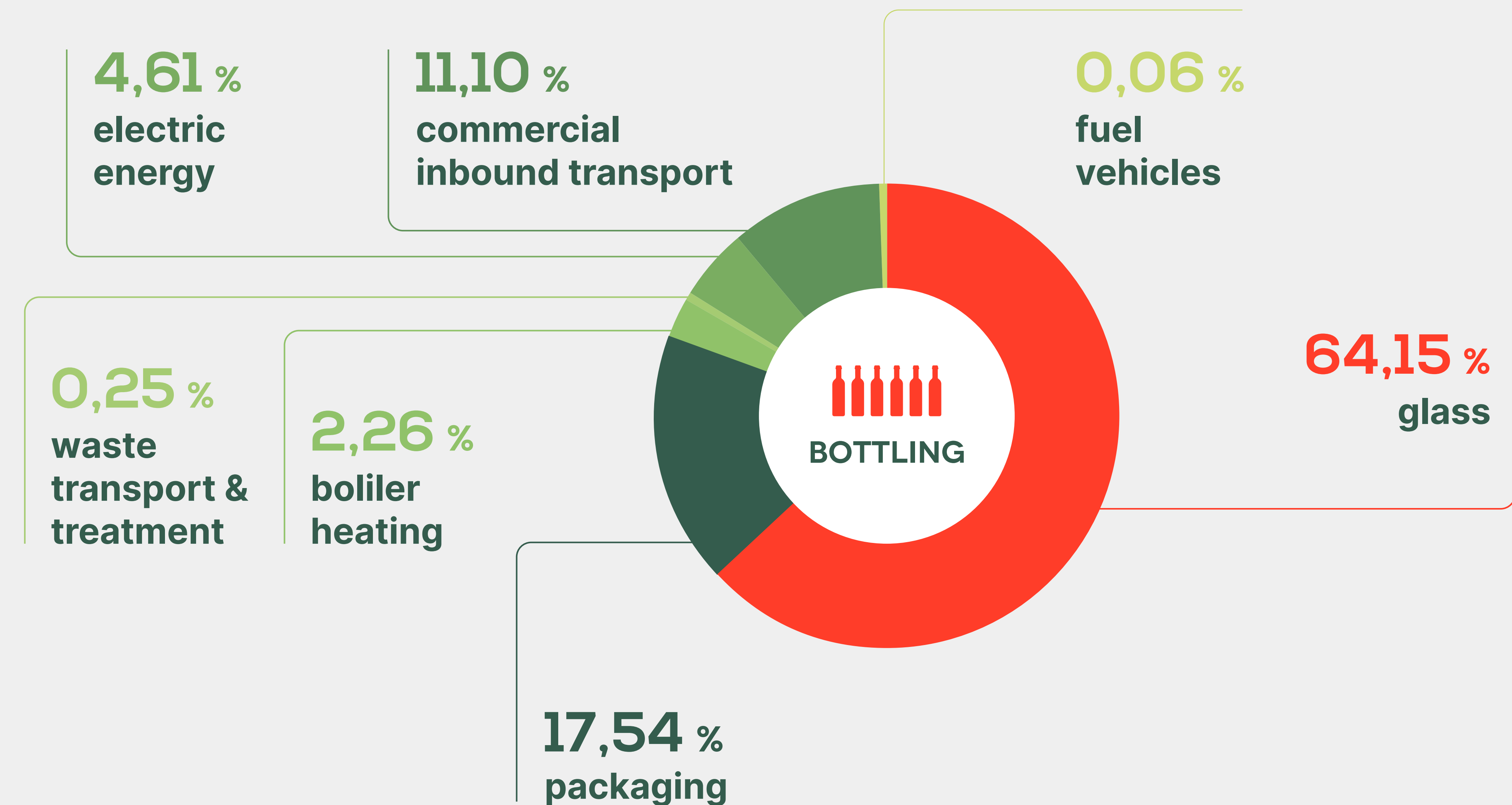
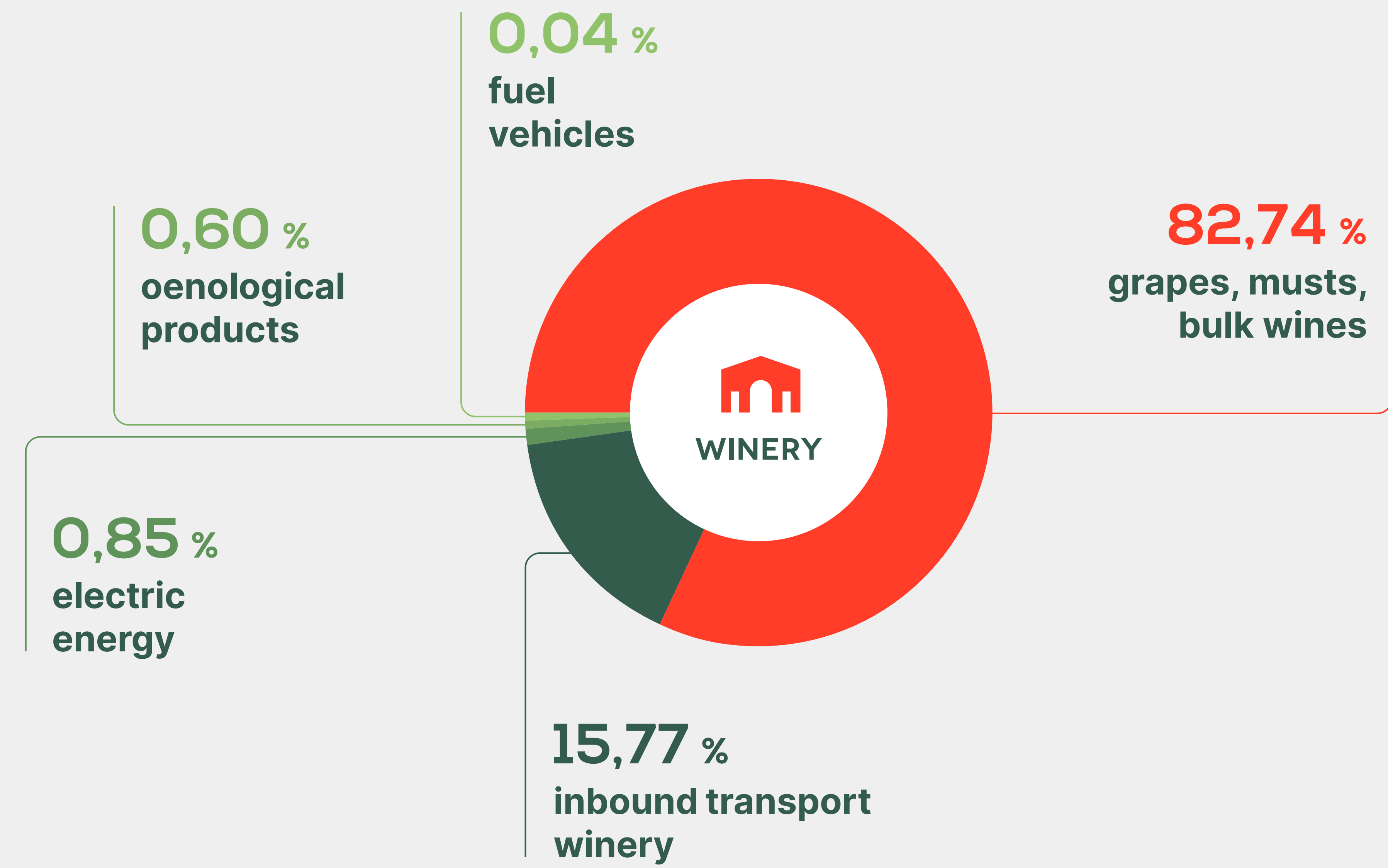
ENVIRONMENTAL SUSTAINABILITY

CARBON FOOTPRINT INDICATOR

With the goal to improve the environmental performance of the company and reduce the impact on the earth's climate and global warming, **Schenk Family Italia conducted an analysis on its GHG emissions** (Greenhouse Gases) emissions figures in order to determine its own carbon footprint, for all its production processes, materials and products.

EMISSIONS PER FUNCTIONAL UNIT

Area	Product index	Kg CO ₂ e
Winery	1L vinified wine	0,61
Bottling	1 bottle 0,75L	0,70

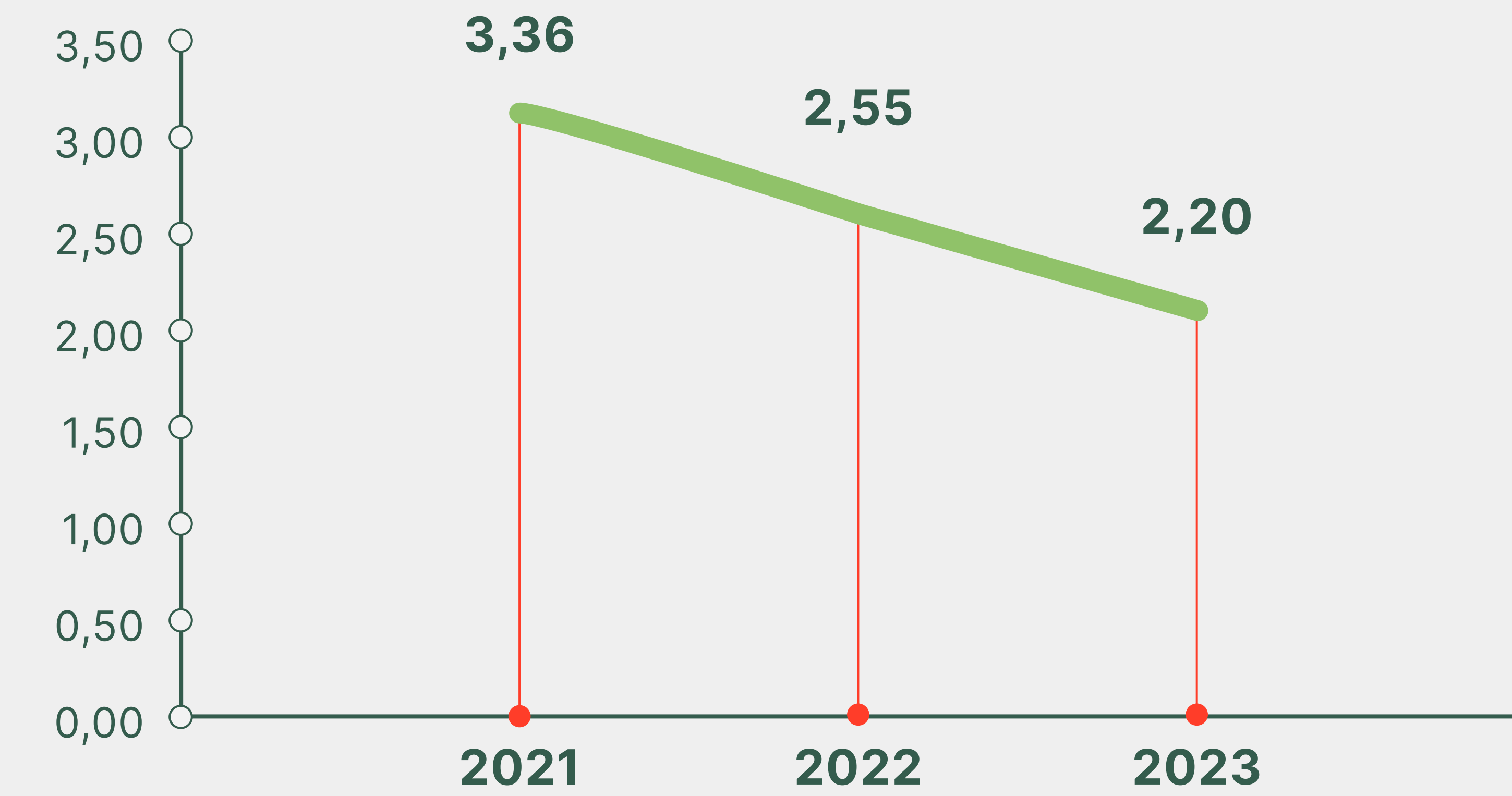


ENVIRONMENTAL SUSTAINABILITY

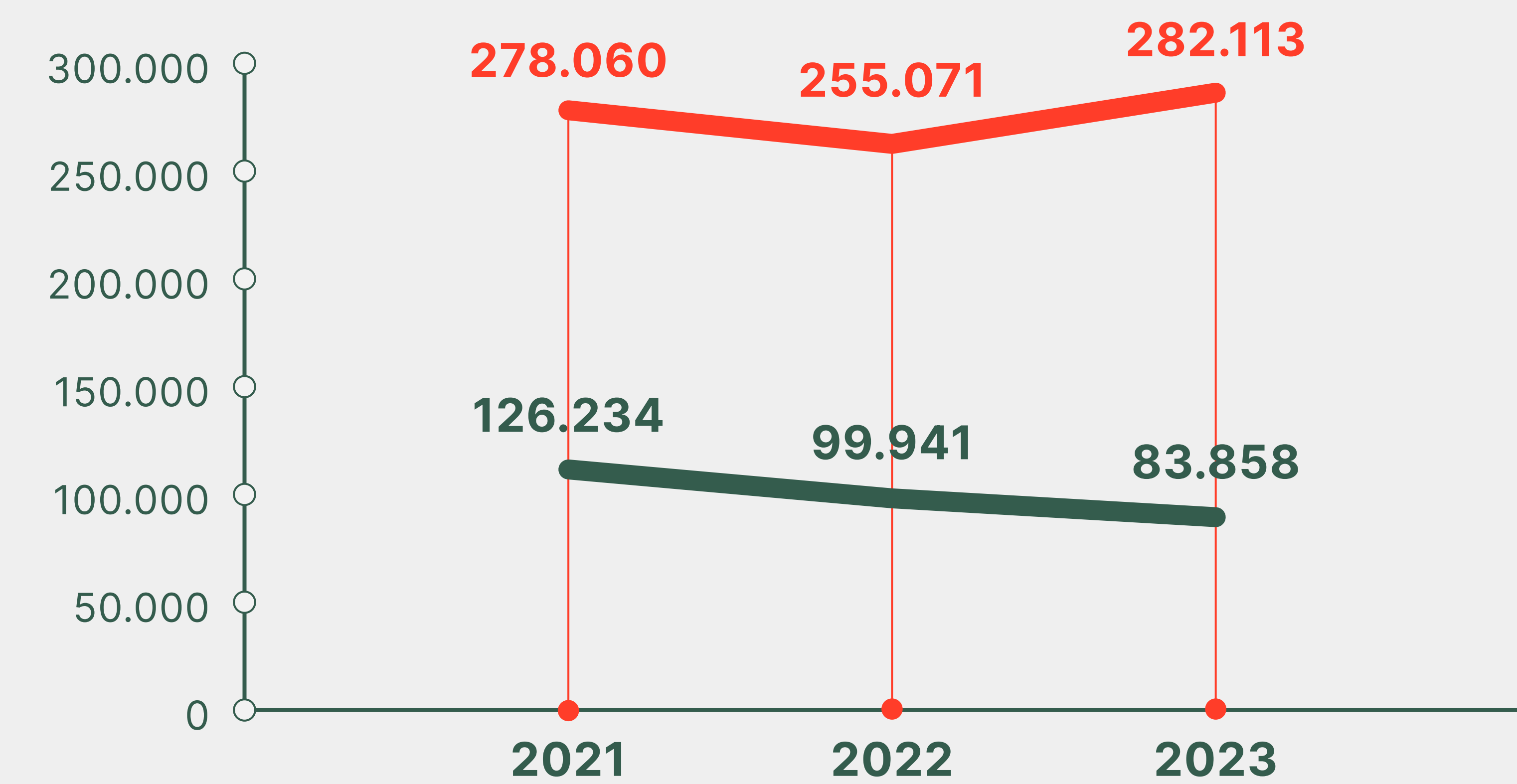
GAS CONSUMPTION

hl

BOTTLED PER SMC (STANDARD CUBIC METER)



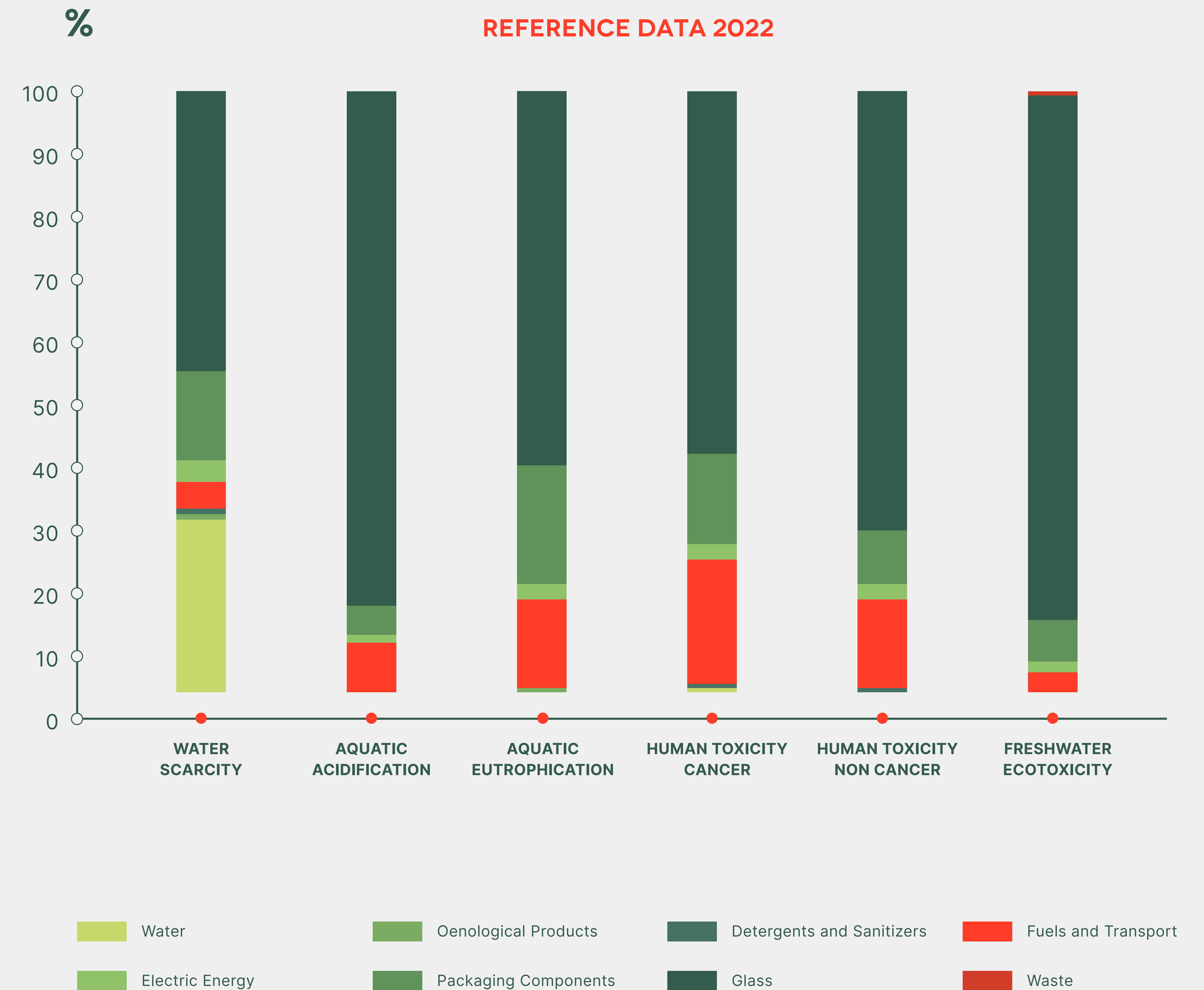
TOTAL HL OF BOTTLED WINE
 TOTAL SMC OF GAS CONSUMED



ENVIRONMENTAL SUSTAINABILITY

WATER FOOTPRINT CALCULATION

The water footprint is an indicator of freshwater consumption that includes both the direct and indirect use of water by a consumer or producer. The water footprint is defined as the total volume of freshwater used to produce goods and services, measured in terms of volumes of water consumed (evaporated or incorporated into a product) and polluted per unit of time. The geographical location of the resource's reception points is also considered when defining the water footprint.



ENVIRONMENTAL SUSTAINABILITY

WATER FOOTPRINT CALCULATION

The impact categories considered are as follows:

WATER SCARCITY (WSI): Evaluates water consumption in relation to water availability in a specific area.

AQUATIC ACIDIFICATION: Quantifies the impacts on the level of water acidification.

AQUATIC EUTROPHICATION: Quantifies the reduction of aquatic biodiversity resulting from the eutrophication of nutrients in air, water, and soil.

HUMAN TOXICITY (CANCER): Quantifies the potential impact on human health from cancerous diseases due to water pollution emissions.

HUMAN TOXICITY (NON CANCER): Quantifies the potential impact on human health from non-cancerous diseases due to water pollution emissions.

ECOTOXICITY: Quantifies the potential impact on ecosystems from pollutant emissions.

REFERENCE DATA 2022

Impact category	Unit	Total
Water scarcity	m ³	3.87E-02
Aquatic acidification	kg SO ₂ eq	1.23E-02
Aquatic eutrophication	kg PO ₄ P-lim	2.87E-04
Human toxicity, cancer	cases	2.01E-07
Human toxicity, non cancer	cases	7.02E-07
Freshwater ecotoxicity	PAF.m ³ .day	2.85E+04

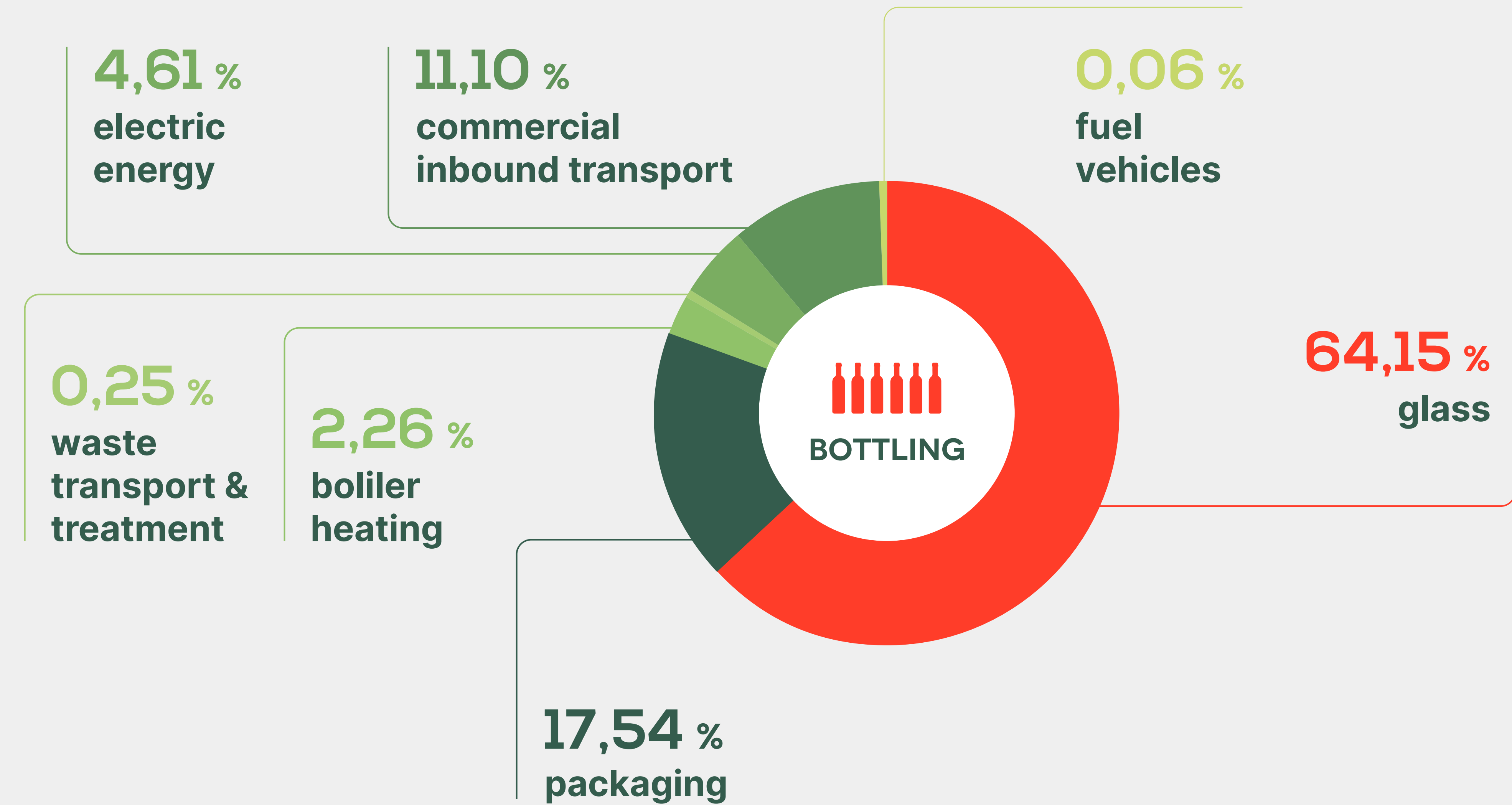
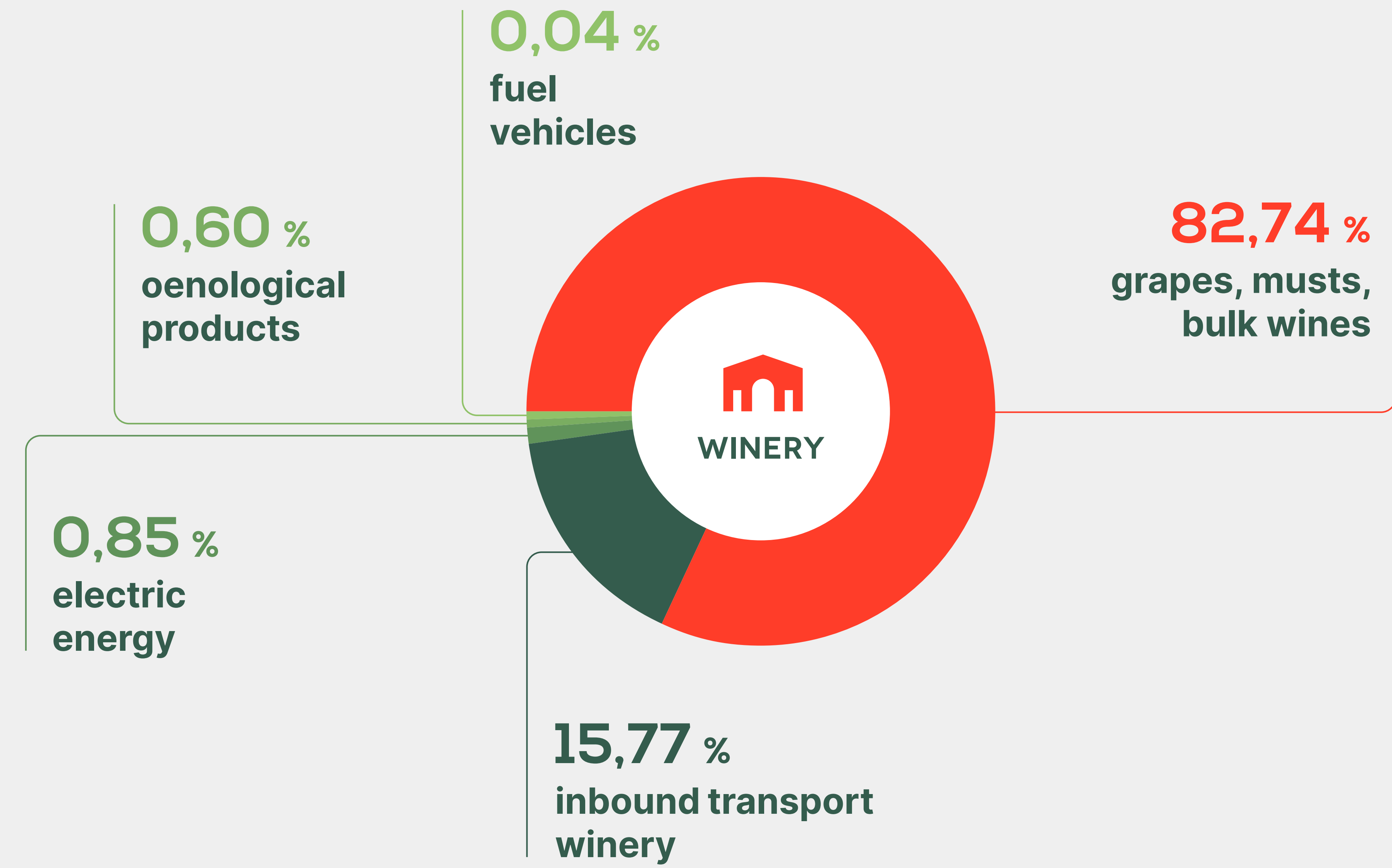
ENVIRONMENTAL SUSTAINABILITY

WATER FOOTPRINT CALCULATION

To improve the company's environmental performance and reduce its impact on the Earth's climate system, especially global warming, Schenk Family Italia conducted an analysis of its GHG (Greenhouse Gases) emissions data to define its carbon footprint, covering all production processes, materials, and products. The calculation was conducted in 2021 based on 2020 data.

EMISSIONS PER FUNCTIONAL UNIT

Area	Product index	Kg CO ₂ eq
Winery	1L vinified wine	0,61
Bottling	1 bottle 0,75L	0,70



SCHENK'S CONCRETE ACTIONS

1

Where possible, reduction in the weight of bottles

2

Use of bottles with a percentage of recycled glass

3

Progressive increase in 0-impact recyclable cork stoppers made from renewable plant-based materials

4

Wine production waste is not disposed of but used for distillation

5

Research and study on nylon to increase tension, ensure proper binding, and optimize consumption

6

Thanks to the water purification and recovery system of the rinsers, we have significantly reduced water use

7

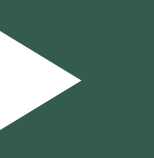
Creation of packaging without capsules, ensuring cork protection with a small covering band

8

By using self-adhesive labels, we have increased packaging quality by eliminating glue as a difficult-to-manage waste

9

Digitalization of processes and production information, reducing paper waste and ensuring a better flow of information



SCHENK'S CONCRETE ACTIONS

10

Installation of water dispensers to reduce waste and provide a high-level service to staff and visitors

11

Reassessment of CIP cleaning calories to ensure production compliance and reduce energy waste

12

Reassessment of the use of compressed air with system recalibration, reducing waste

13

Monitoring of production waste to reduce waste generation and find new uses for it

14

Roof renovations for the installation of photovoltaic panels for about 500KW

15

Testing and sometimes adapting the railway for receiving raw materials

16

Careful planning of the production schedule, saving washing and energy on a bottling line

17

Reduction of work meetings in favor of online meetings

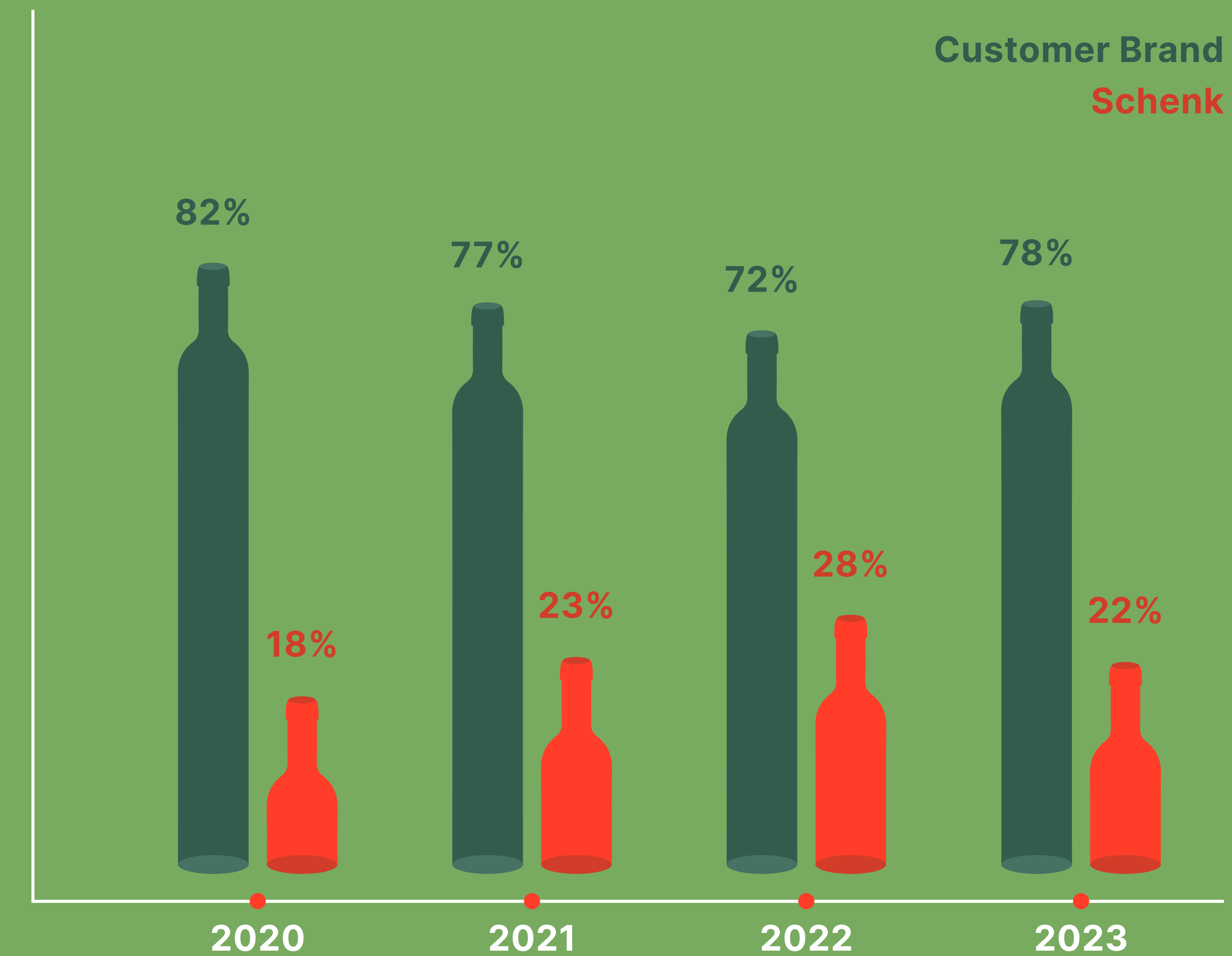
18

Use of recyclable or FSC-certified paper wherever possible

ECONOMIC SUSTAINABILITY

SCHENK BRANDS

Over the years, Schenk Family Italia has developed and thoroughly believed in the **implementation of new projects to consolidate and expand its brands**, which has allowed to increase the offer and the wine culture of its staff.



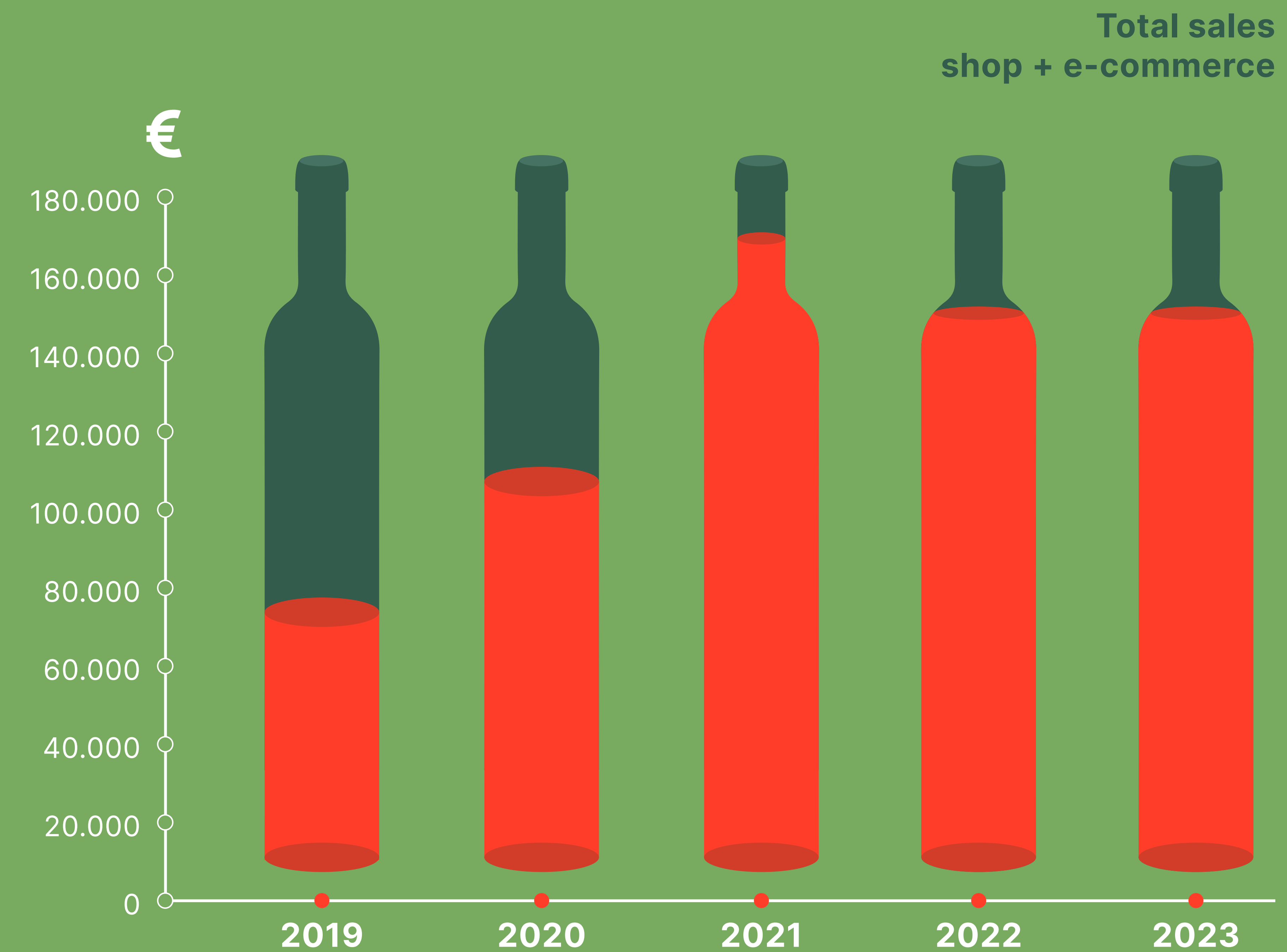
Schenk brand
production
development
in 4 years

+ 22%

ECONOMIC SUSTAINABILITY

VINERIA43

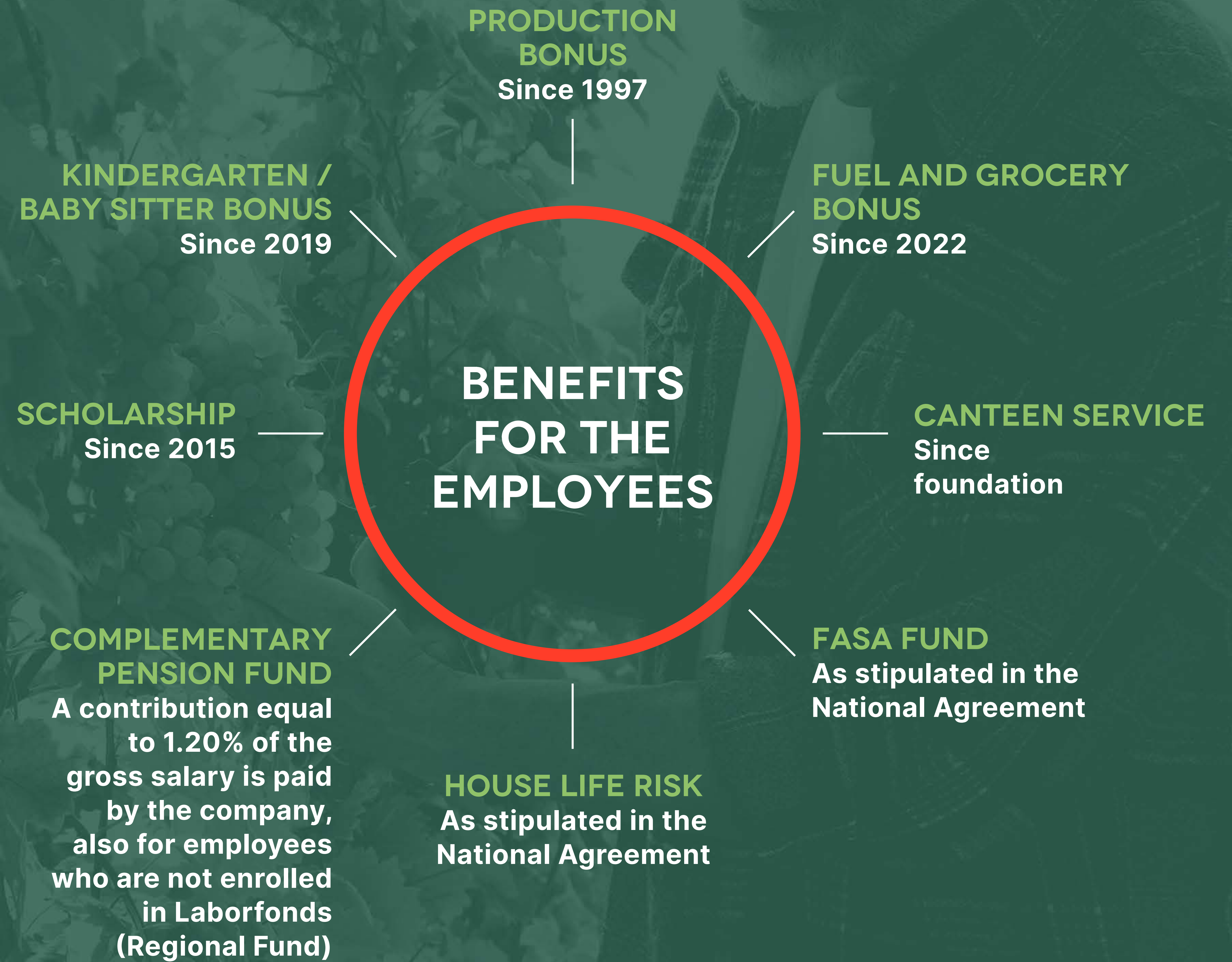
In 2020 Schenk Family Italia started the project of **Vineria43, Schenk Italian Wineries e-commerce** for the sale of Schenk brands and others main partners. As of today, customers can also purchase foreign wines appellations and craft beers from local producers.



Vineria43
 Total Sales
 Development
 from 2018 to
 2023

+ 304%

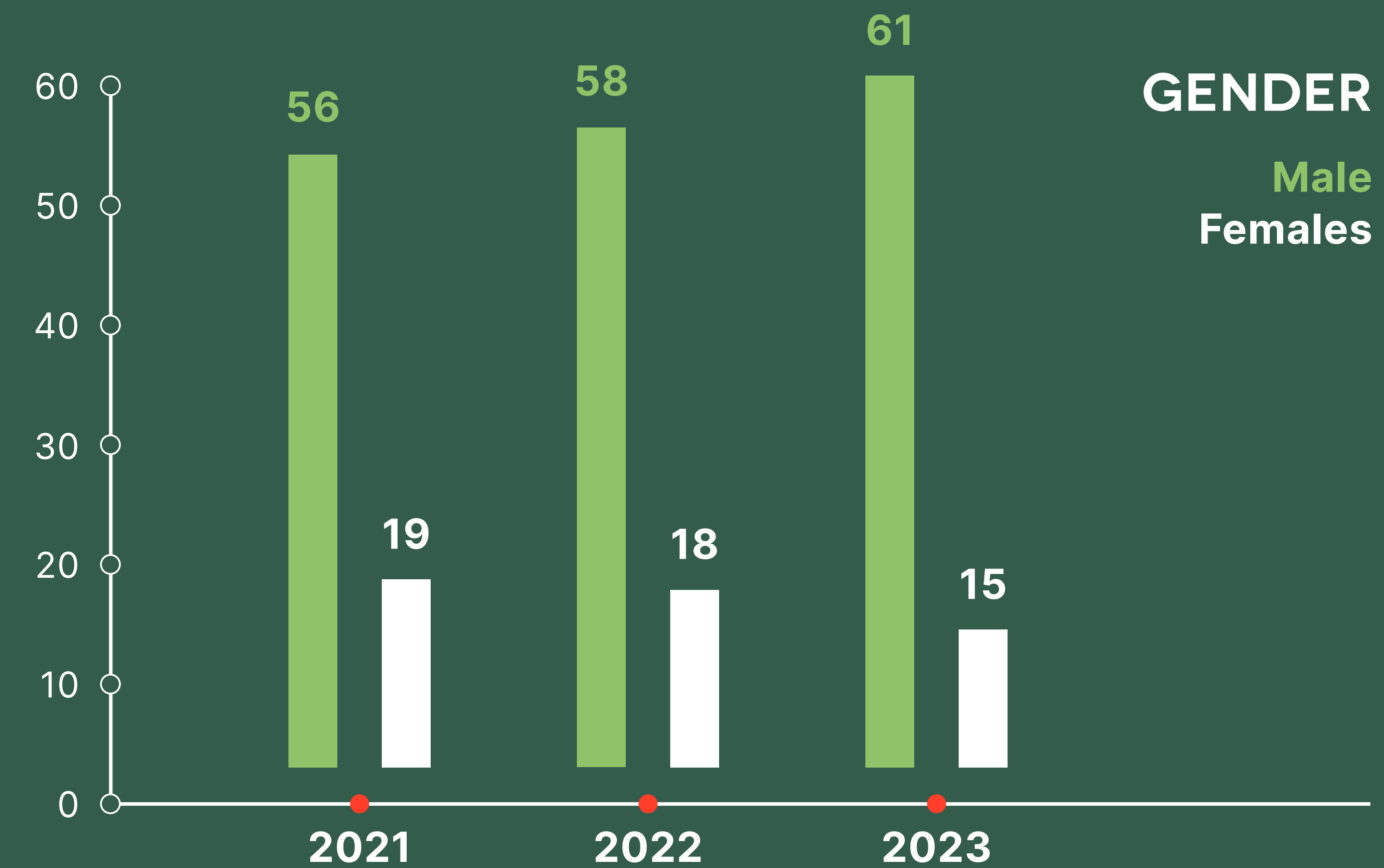
SOCIAL SUSTAINABILITY



SOCIAL SUSTAINABILITY

2021 – 2022 – 2023 COMPARISON

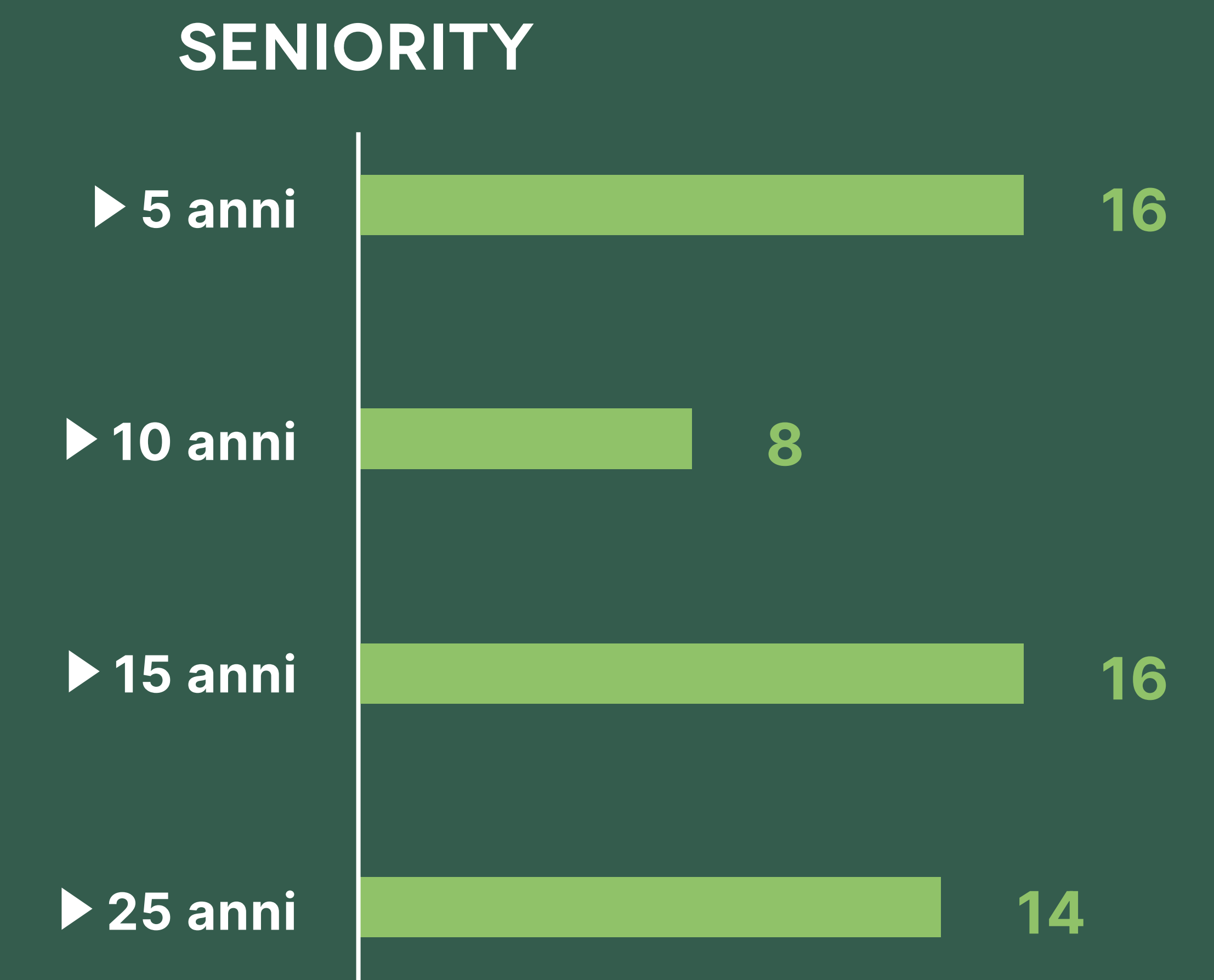
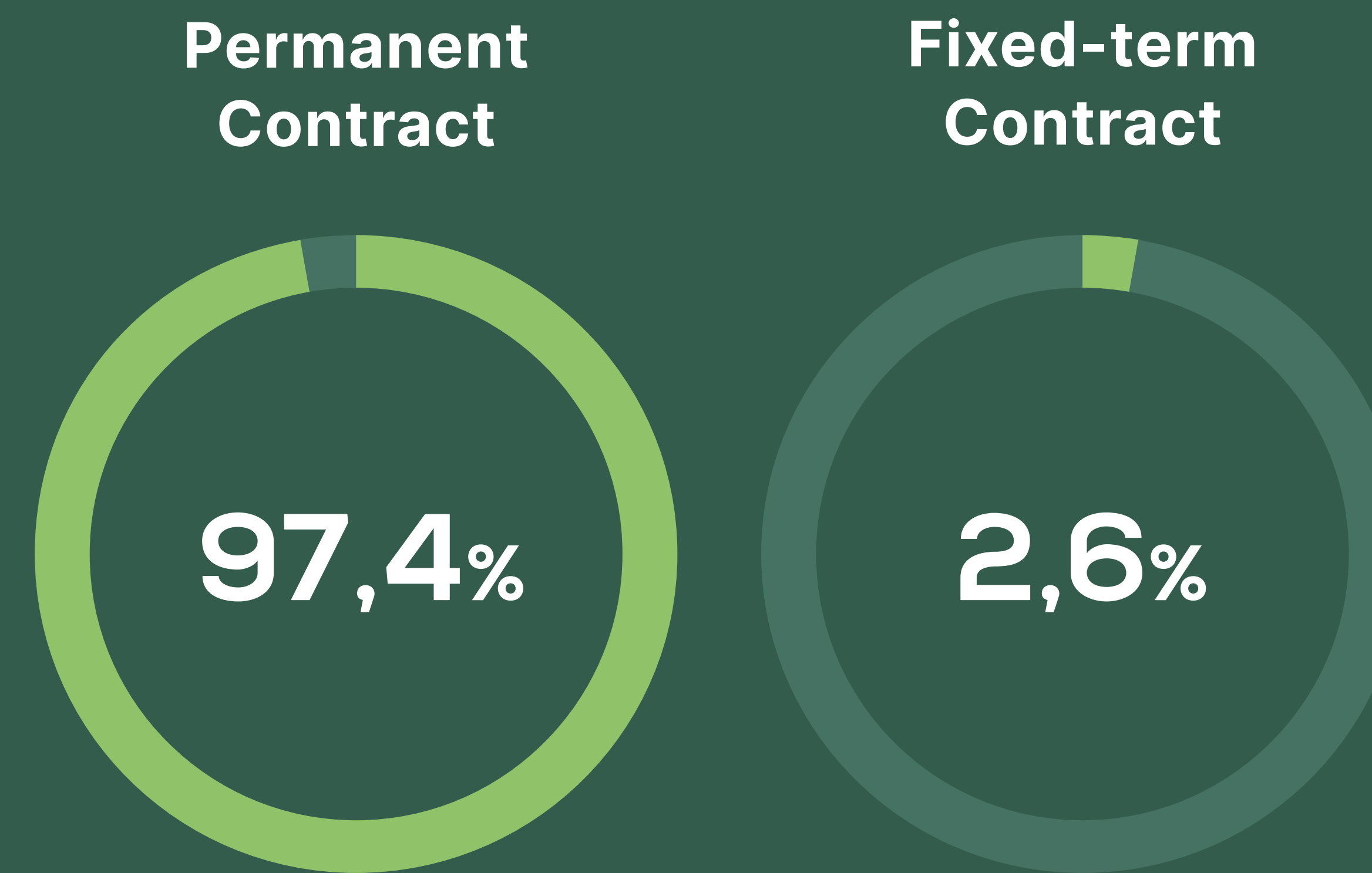
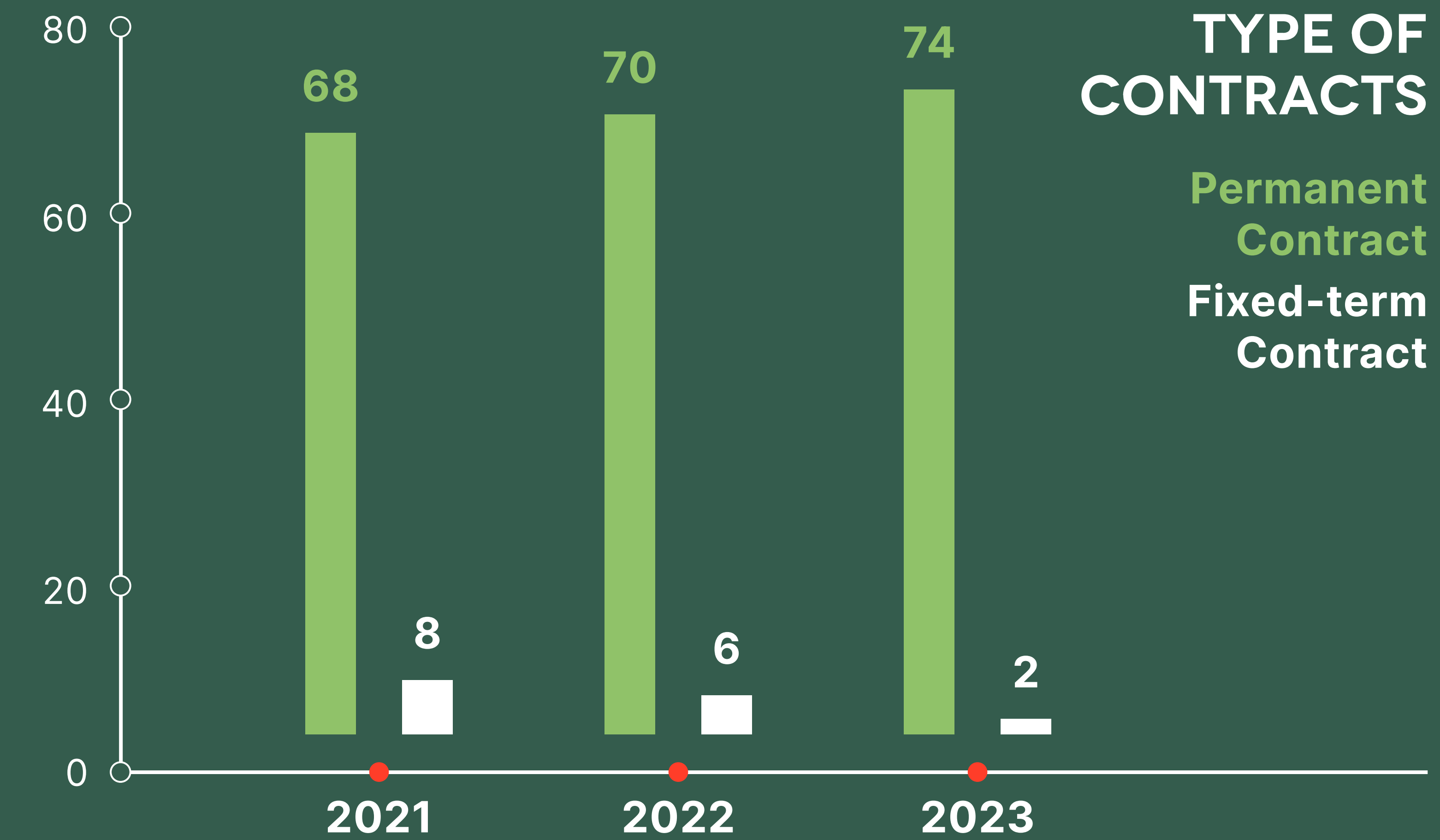
During 2021, two female figures decided to leave the company; the number of permanent contracts consequently decreased from 70 in 2020 to 68 in 2021. During the year, 11 new figures were given the opportunity to demonstrate their value to the company.



SOCIAL SUSTAINABILITY

SUBDIVISION BY CONTRACT AND SENIORITY

Schenk Family Italia's goal is to **enhance its human resources** by establishing long-lasting collaborative relationships based on mutual satisfaction. The experience and the example of the senior employees are driving and transferring the company values to the new hires. **56% of employees have 5 or more years of service, the average seniority is 9.4 years per employee.**



SOCIAL SUSTAINABILITY

TURNOVER

The company's turnover involves non-management roles in the organizational chart, which enjoys a solid and cohesive team. Further analysis of the data shows: 3 resources hired on temporary contracts ended their employment when maternity returnees or during the trial period were not confirmed, while one permanent hire chose to follow their passion. Among those who resigned, the employment ended amicably due to personal evaluations, different job offers, or home-to-work distance. We are not concerned about turnover, which remains at physiological levels where staff departures do not affect production activities or the organizational stability of the company. In 2023, six new employees were given the opportunity to prove their worth in the company.

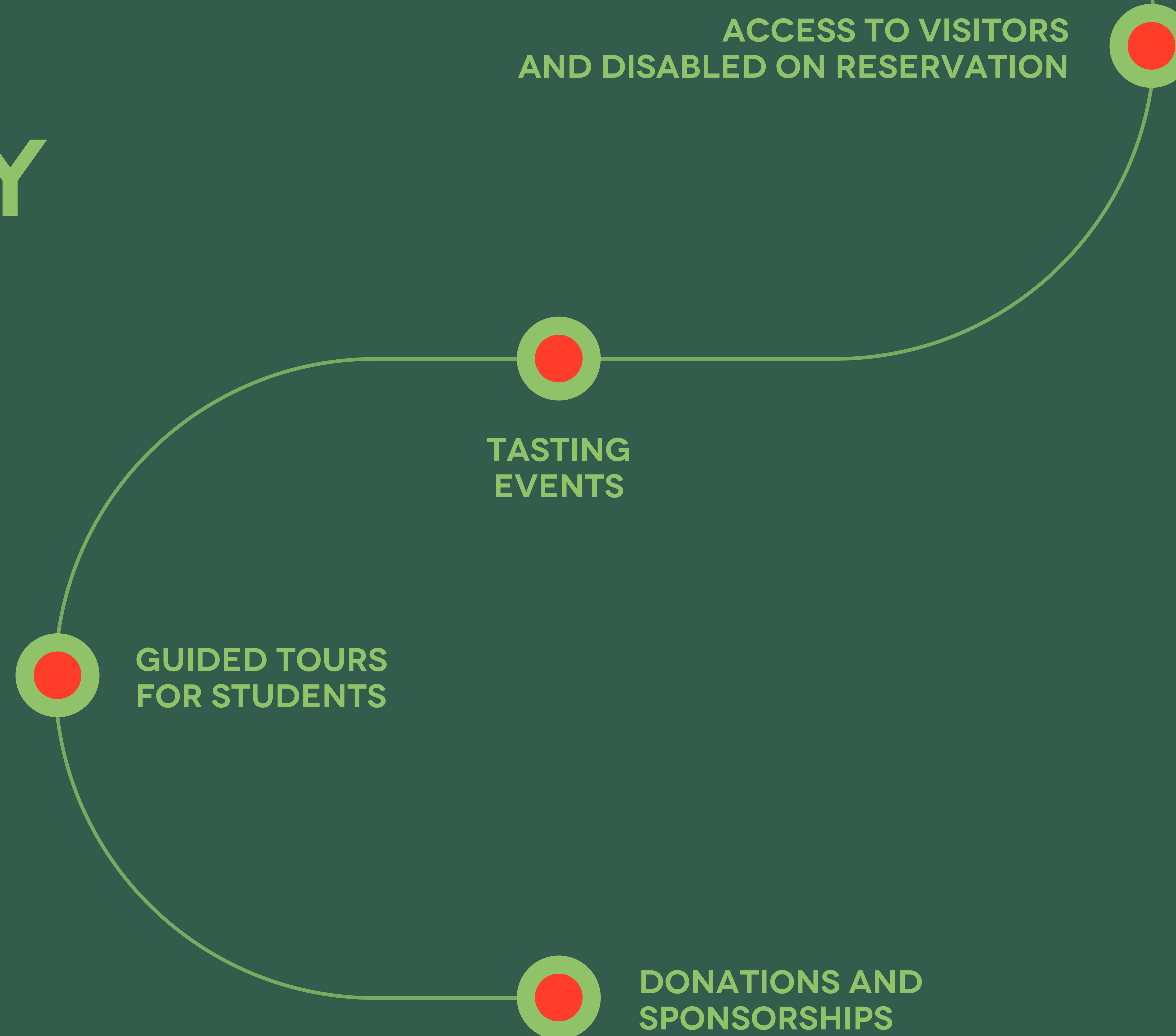
NUMBER OF EMPLOYEES	2022	2023
Entries	8	6
Exits	9	5
Average workforce during the period	76,92	76,12
Workforce at the start of the period	77	76

TURNOVER	2022	2023
Overall turnover rate	22,1%	14,5%
Negative turnover rate	12%	6,6%
Positive turnover rate	10%	7,9%
Turnover compensation rate	89%	120%

SOCIAL SUSTAINABILITY

INITIATIVES TO SUPPORT THE LOCAL TERRITORY

Schenk Family Italia and its production cellars are fully integrated in the social tissue of the community where they operate, thanks to the range of **activities organized in its store** located in Ora (BZ), as for instance **tasting and entertainment events**, as well as guided tours for students of various grades. The company interacts with the local community also through donations and sponsorships of local sports institutions and organizations, promoting sustainability.



COMMITMENT TO SPORTS

SPONSORSHIPS



VIDOR QDP CALCIO
Seconda Categoria



GRESINI RACING
MotoGP



PALLACANESTRO TRIESTE
Serie A



PALLACANESTRO CREVALCORE
Divisione Regionale 2



PALLAMANO PRESSANO
Serie A



POLISPORTIVA NONANTOLA CALCIO
Prima Categoria



ASD FUTSAL ATESINA
Serie B Calcio a 5



CALCIO AMATORI BIGOLINO
Serie D



G.S. MENDELSPECK
UCI Women WorldTour



UNTERLAND CAVALIERS
Alps Hockey League

ACHIEVEMENTS 2019-2023

ENERGY SAVINGS

- 231.000 kW/h



EQUAL TO

10%

Implementation
of a **new
production line** which
allowed the company to
reduce water and
electricity
consumption

**Reduction
in the cold chain**
for the wine
stabilization

**Accurate
management
of scheduling
and maintenance**
to reduce format
changeover times
and machine
downtime



ACHIEVEMENTS 2019–2023

WATER SAVINGS

- 17.836 mcc

Dismissal of the belt 'soap and water circuit' in favor of the use of very small quantities of liquid silicone

Drinking water plant for the company well

Implementation of a water recovery system from the rinsing machine

EQUAL TO


45,3%



COMMON COMMITMENT TO SUSTAINABILITY

This sustainability report is the result of **teamwork that involved all company managers** with the support of Unione Italiana Vini (of which the company is a member). This allowed Schenk Family Italia - in Ora (BZ) - to obtain the **Equalitas Sustainable Organization** certification and the subsequent validation of Valoritalia.





Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Gro Harlem Brundtland



We invite all interested parties to submit comments, suggestions and questions regarding this Sustainability Report and Schenk Family Italia more general activities, using the following references:

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