

CANTINATOLLO

Sustainability Report

2021-2022



| CANTINATOLLO.IT

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CANTINA TOLLO

Our roots

- ✦ HISTORY
- ✦ MISSION AND VISION
- ✦ COMPANY VALUES
- ✦ SALES REVENUE AND OTHER
ECONOMIC DATA

Cantina Tollo / *Our roots / History*



The name Tollo represents much more than a winery: Tollo is, in fact, the name of a small town in the province of Chieti, in the Abruzzo region, a few kilometres from the Adriatic Sea. The wine produced here represents the very essence of the place.

During its sixty years of history, the winery has become an important asset for the area, both economically and socially. It has become a source of income for many, thus preventing locals – young people in particular – from moving elsewhere to seek better opportunities.

Founded in 1960, Cantina Tollo is today one of the most important wineries in the Italian wine-growing industry. After the Second World War, the Abruzzo region was depopulating: people were leaving the countryside and Italians were leaving the country, in search of a better future. The vineyards of Tollo, however, allowed people to stay, providing them with a source of income and paving the way for the foundation of the winery. Furthermore, the cooperative played a fundamental role in the renewal of local viticulture and winemaking techniques.



Over time, the cooperative has grown leading to the creation of three different companies: Cantina Tollo, Feudo Antico and Auramadre.

Cantina Tollo represents the mother company, with vineyards located in the regions of Abruzzo, Molise and Apulia. Feudo Antico, on the other hand, exclusively distributed within the Hospitality industry sector, mainly focuses on Tullum Docg, the local appellation established in 2008 and elevated to Docg in 2019 which promotes local varieties such as Passerina, Pecorino, and Montepulciano.

Born in 2019 with an area of 200 hectares, Auramadre is Cantina Tollo's project that promotes organic viticulture and wine with a multi-regional and a multi- product offer approach.



Ethics

Cantina Tollo is committed to achieving a continuous improvement of:

- Quality
- Food safety
- Environment
- Ethics

in order to respond as promptly as possible to all market demands.

“Humanity has the opportunity to make development sustainable, which means ensuring that it meets the needs of the present generation without compromising the ability of future generations to meet theirs.”

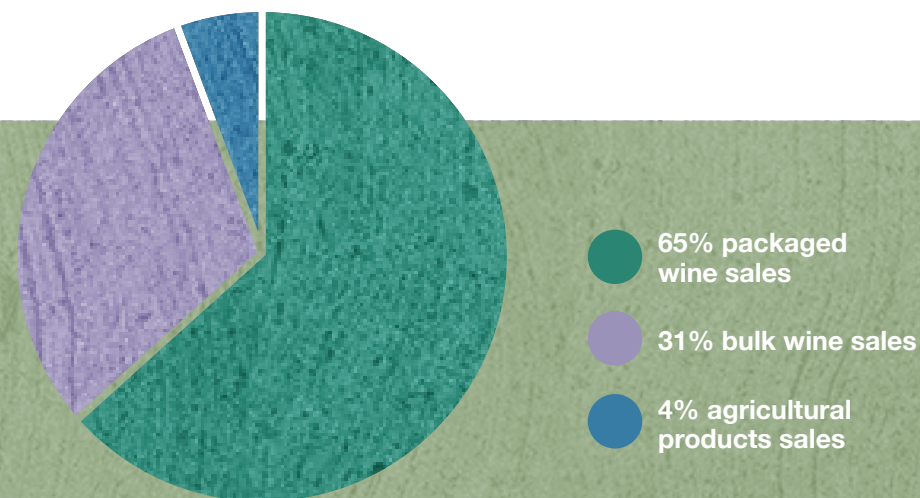
- *Gro Harlem Brundtland*



Cantina Tollo / *Our roots / The company values*



Growth



Building on sixty years of success, Cantina Tollo pursues a precise strategy: to constantly increase the quality of its wines, which are gaining more and more recognition both in Italy and abroad, while paying ever greater attention to health safety and sustainability.

Organic production, which Cantina Tollo started in 1991, now accounts for 10% of the company's total production.

Cantina Tollo wines are available in Italy, both in large-scale distribution and in the Hospitality industry channel. Abroad, it is distributed in more than 46 countries; main markets are Germany, Canada, France, China, and Japan, with 95% of sales realised through the commercial channel. The company is also making its way in new emerging markets, such as Russia and India.

The 2021-2022 financial year was a good year for Cantina Tollo.

- Sales revenues amounted to EUR 45.8 million, registering an increase of 16.1% compared to the previous year. Ebitda amounted to EUR 2.3 million, an increase of 11.5% compared to the same period of the previous year. The Value of settlement amounted to EUR 17.8 million.
- The value of packaged wine sales grew by over 5 million compared to 2021-2020. Compared to total revenue from sales, packaged wine accounts for 65%, bulk wine accounts for approx. 31%, and the sale of agricultural products for 4%.

CANTINA TOLLO

Sustainability

- ✦ EQUALITAS STANDARD
- ✦ GOOD VINEYARD PRACTICES
- ✦ GOOD WINERY PRACTICES
- ✦ GOOD SOCIAL PRACTICES
- ✦ GOOD ECONOMIC PRACTICES
- ✦ GOOD COMMUNICATION PRACTICES



Sustainable

Good vineyard
practices

Good socio-economic
practices

Good communication
practices

Good winery
and bottling
practices

Sustainability is to be understood not as a state or an immutable vision, but rather as a continuous process, recalling the need to combine the major dimensions of sustainable development: Environmental, Economic and Social.

Cantina Tollo has embarked on a path of sustainability according to the EQUALITAS - ORGANISATION standard (revision 4), which certifies the producer following the entire production process, from the grapes' arrival at the winery to the bottling and sale of the finished product.

BIODIVERSITY

CARBON
FOOTPRINT

WATER
FOOTPRINT

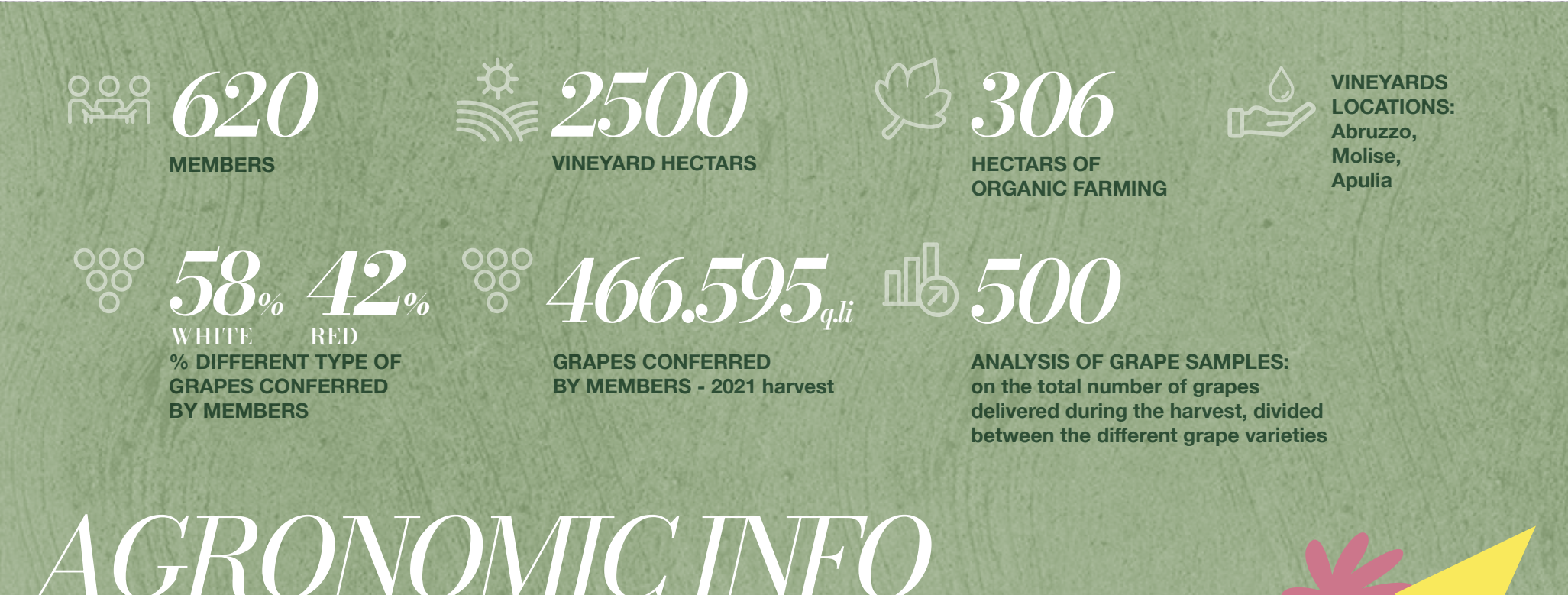
Environmental indicators

CONTINUOUS IMPROVEMENT MANAGEMENT SYSTEM

CANTINA TOLLO

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Training

Pergola vineyards that look like gardens, covering 2,500 hectares of an ideal territory – one that has always been devoted to wine production.

The vineyards stretch from the mountain slopes down to the Adriatic Sea. Hills with different slopes and exposures, and soil composition give rise to different microclimates for vine cultivation.

In each pedo-climatic zone, the vine gives a different productive response; therefore, from the same vine grown in different areas it's possible to obtain wines of the same quality but different from each other. Our production concentrates mainly on local indigenous grape varieties, cultivated with the traditional pergola method, while leaving space to experimenting both in the field and in the cellar. The pergola system requires manual harvesting that guarantees a high quality of the grapes, preserves the integrity of the berry and, through the use of small vehicles, has considerably less impact on the ecosystem.



Montepulciano

A vine of medium vigour, with a late ripening period, that prefers good exposures and temperate, dry climate conditions. The training systems used are those of medium expansion and medium-short pruning. The resulting wines are characterised by their ruby red colour, suitability to ageing, a fruity aroma and a dry, warm taste with balanced tannins.



Maiolica

Vine of medium vigour, well adapted to medium expansion and medium-length pruning forms of cultivation. Good and stable production. Light ruby-red coloured wine, harmonic, not very tannic.



Pecorino

Medium-low vigour, early ripening period for this variety that prefers calcareous or clay soils. The grapes give rise to a white wine with a deep straw-yellow colour with greenish highlights, good minerality and persistence. The bouquet evokes tropical fruit and white flowers - acacia, jasmine and broom - with notes that become spicy as the grapes are harvested when fully ripe.



Passerina

From this highly vigorous vine that matures medium-late, we obtain a wine marked by its straw-yellow colour with green hues, a fruity and floral bouquet and a full, dry flavour. Endowed with good acidity, it is also suitable for sparkling and drying.



Cococciola

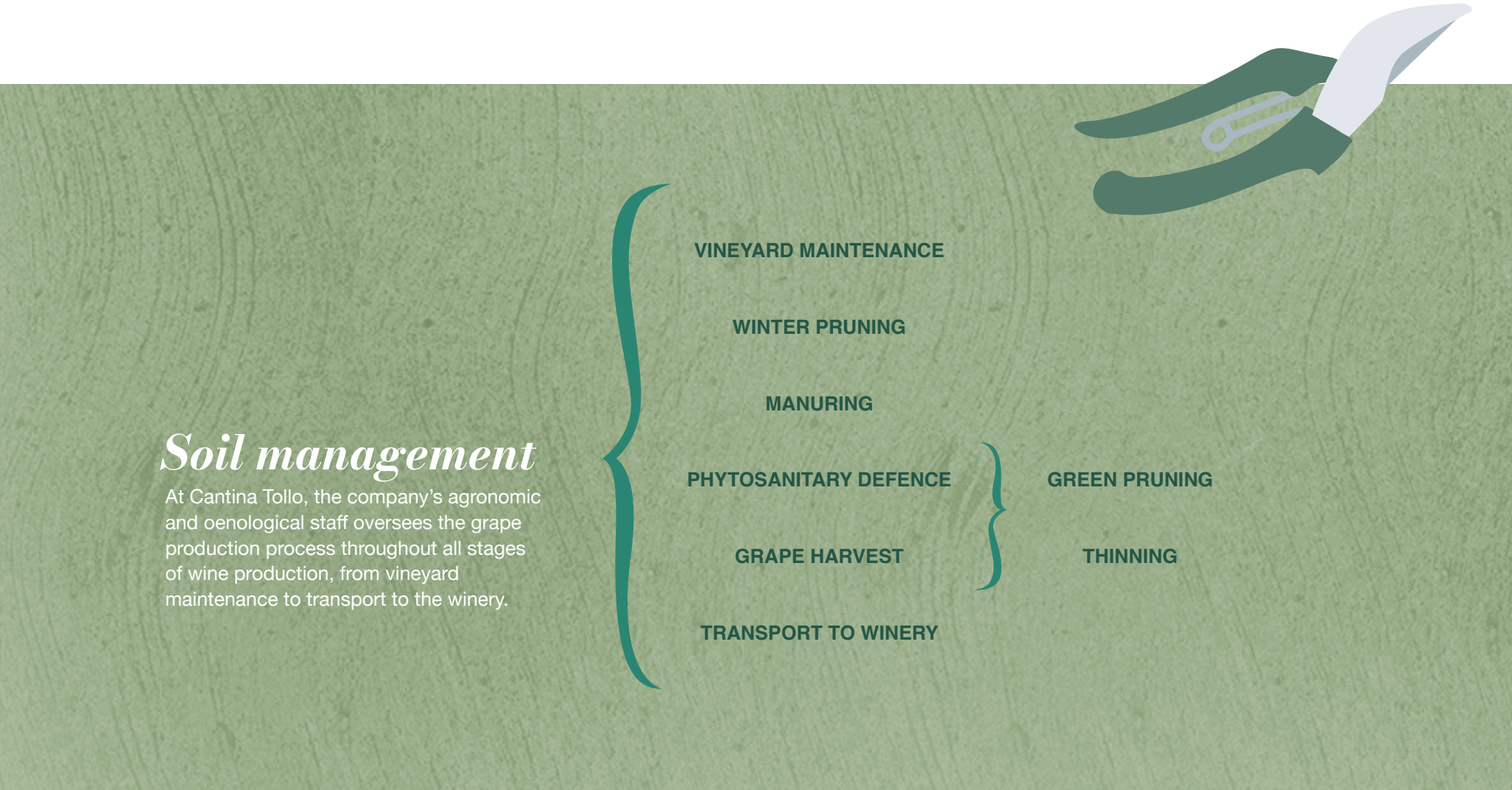
Varietal with good and constant production, prefers medium expansion and medium-length pruning. The wine has a pale straw-yellow colour and a delicate aroma, with notes of white spring flowers and hints of citrus.



Trebbiano

Highly vigorous and constant in production, it likes light, siliceous-calcareous, skeleton-rich and fresh soils. The short pruning favours constancy in production. The wine has a straw-yellow colour, is light on the nose with fruity and floral notes, while on the palate it is dry, soft, harmonious with a slightly almondy aftertaste.





Defence

Growing healthy grapes require a good vineyard defence system, but also the implementation of a series of agronomic techniques aimed at achieving what is known as 'vegetative-productive balance'.

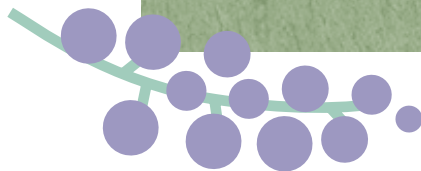
A well-cultivated vine, with the right vegetative balance, is less susceptible to disease and is in the best possible condition for making a great wine.



ACHIEVING VEGETATIVE-PRODUCTIVE BALANCE

Vineyard design

- POSITIONING OF THE VINEYARD - VINE VARIETY AND CLONES
- NATURE OF THE SOIL
- FORM OF TRAINING
- PLANTING DENSITY



Management activities

- CONDITIONING OF VIGOUR AND PRODUCTIVITY OF INDIVIDUAL VINES THROUGH:
 - PRUNING
 - NITROGEN FERTILISATION
 - SOIL MANAGEMENT
 - IRRIGATION
 - CANOPY MANAGEMENT



CANTINA TOLLO

Sustainability

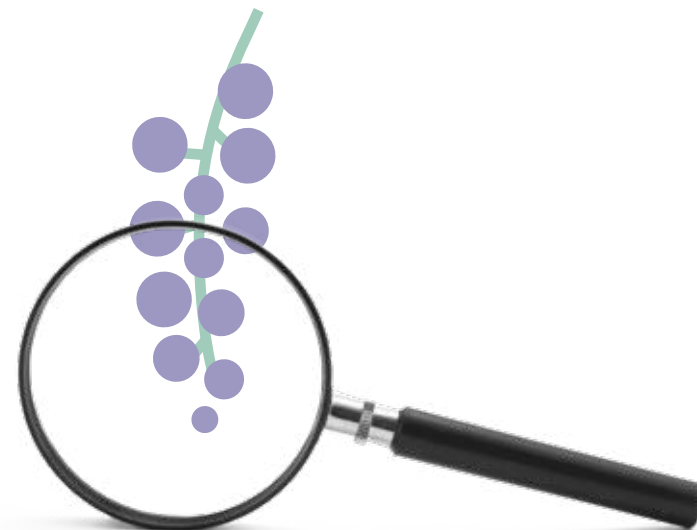
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- ✦ GOOD COMMUNICATION PRACTICES

Protocols

Definition of standard protocols of vinification based on the products characteristics and in relation to the peculiarities of vintage.

Tests

Analytical tests on the product conducted by both an internal and accredited external labs, carried out throughout any stage of production: on the grapes, on the bottled product, on the bottling materials.



Analysis

During the grape ripening phase, a sampling system was set up to carry out chemical/physical laboratory analyses to assess and monitor the technological and phenolic maturity of the grapes. The analysis is combined with grape tasting in order to assess their maturity and aromatic component.

Quality

A careful and targeted selection of grapes at the acceptance stage is carried out in order to enhance the quality of the product according to the oenological objectives, thus reducing interventions at a later stage. The oenological staff takes extra care in carrying out cellar practices that are minimally invasive, respectful of the product and its varietal character and, in particular, in the limited use of oenological products in order to safeguard economic and environmental sustainability.



Experience

Staff experience serves as support for each single intervention thanks to an extensive knowledge of the raw material, farm soils and climatic effect - which varies from year to year.

Refinement

The cellar houses a large refinement area with an underground barrel cellar, in which approximately 3000hl of wine are aged. In the past year, major investments have been made in a new air-conditioning and humidification system.

Recycling and reuse

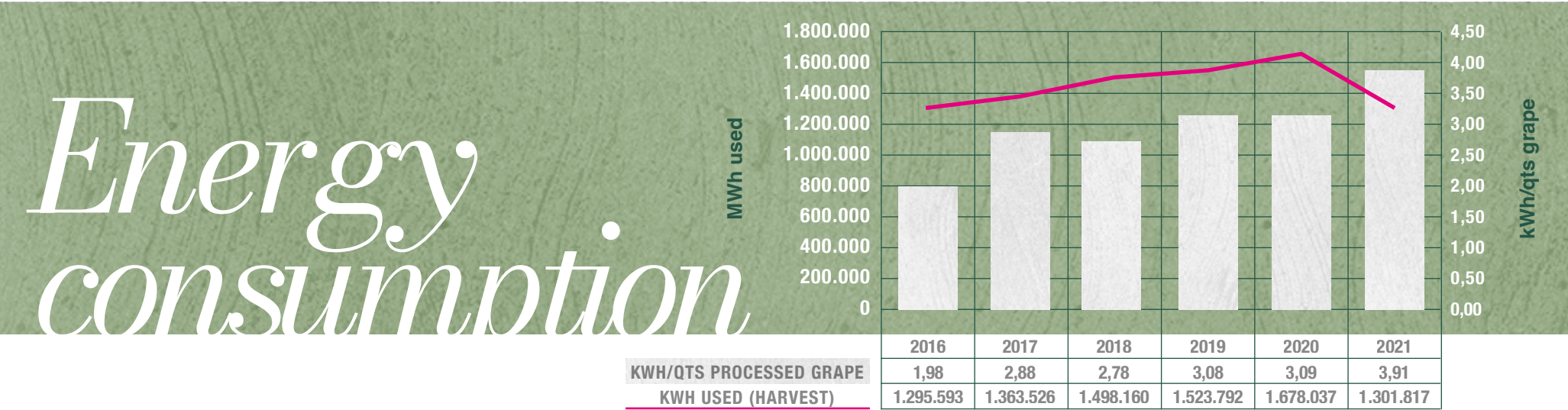
Use of recycled paper in the offices; separate waste collection areas throughout the company; reuse of stalks through sale to distilleries; reuse of label reels.

Automation

Automated bottling line, with a production capacity of 12000bt/h, including a rinser for pre-bottling bottle cleaning and numerous in-line safety controls such as: correct level control, cap presence control, carton weight control, control of presence and correctness of label and sealing. The line is directly connected via software to an automatic washing system that sterilises and sanitises the plant overnight, guaranteeing food safety.

Hygiene

Cleaning of the cellar environment, of the machinery and the tanks, with particular attention towards raising staff awareness on rationalising water consumption and energy saving.



Trend in electricity consumption during the harvest period and consumption per quintal of grapes processed (annual figure). The 2021 figure is updated to the SEPTEMBER survey

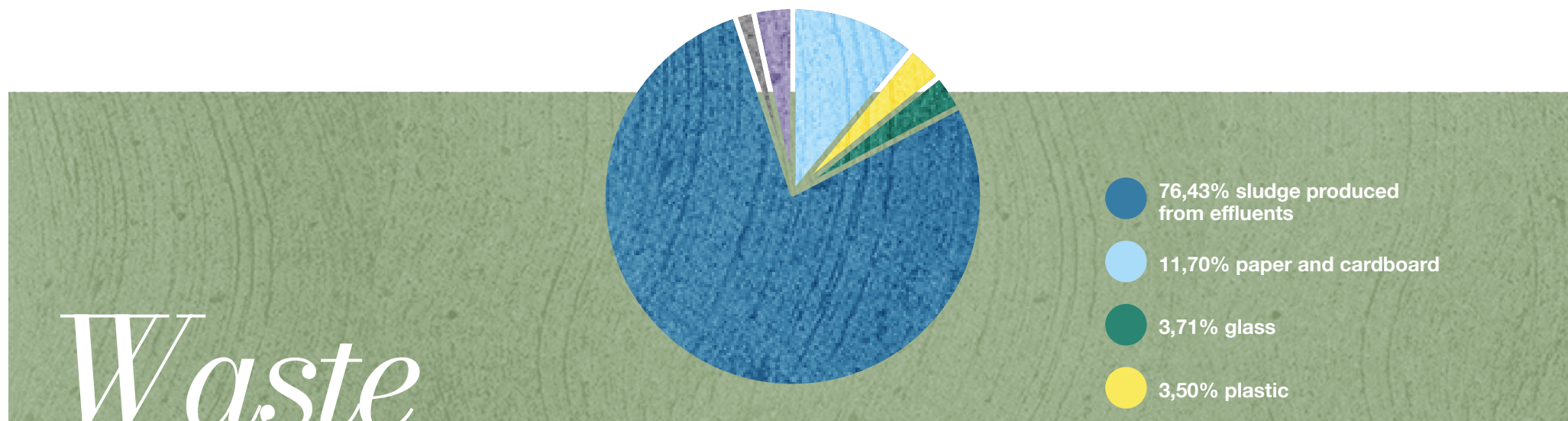
Since the end of 2020, the company has been working with a professional energy management expert in order to analyse consumption trends on a weekly basis, and identify any efficiency improvements that needed to be made.

At Cantina Tollo, the analysis of consumption is done by compartments.
This type of control makes it possible to intervene where and how needed, through targeted actions.

Consumption is mainly related to the quintals of grapes processed.

The variation in quantity over time depends on two main factors:

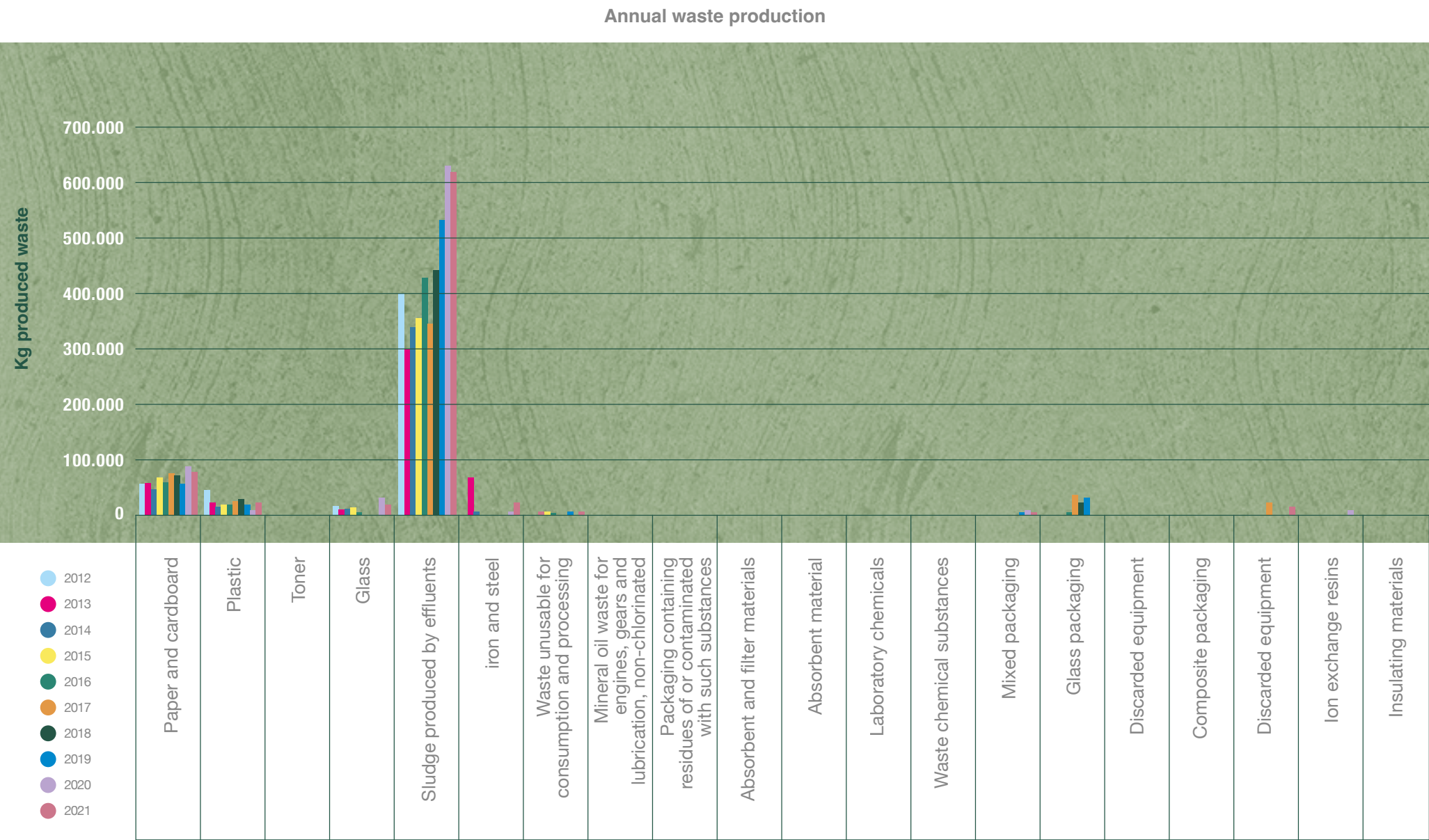
- a high quality grapes policy, not based on an increase in quantity and production, but rather oriented towards a constant search for quality improvement and therefore towards obtaining national and international recognition and certification
- climatic conditions, which greatly influence the harvest and thus the yield per quintal



There has been a steady reduction in plastic consumption over the period 2012-2021. The largest waste produced, sludge from effluents, is reused for the production of compost. In addition, Cantina Tollo fully recycles paper, glass and plastic waste.

Waste production therefore is in line with international standards.

- 3,10% inorganic waste containing hazardous substances
- 0,27% iron and steel
- 0,70% waste unusable for consumption and processing
- 0,11% mineral oil waste for engines, gears and lubrication, non-chlorinated
- 0,06% packaging containing residues of hazardous substances or contaminated with such substances
- 0,16% mixed packaging
- 0,26% discarded equipment



Annual trend (period 2012-2021) of the main waste produced. The figure is extracted from the MUD 2022 RELATED TO WASTE PRODUCED IN 2021

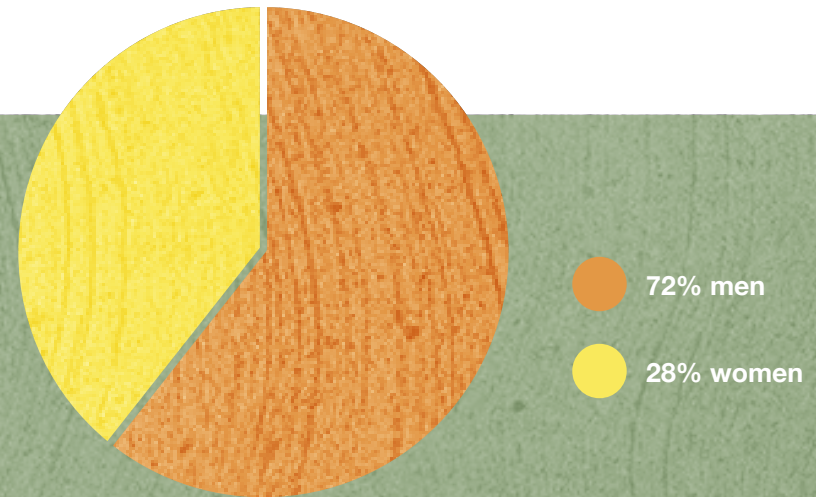
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CANTINA TOLLO

Sustainability

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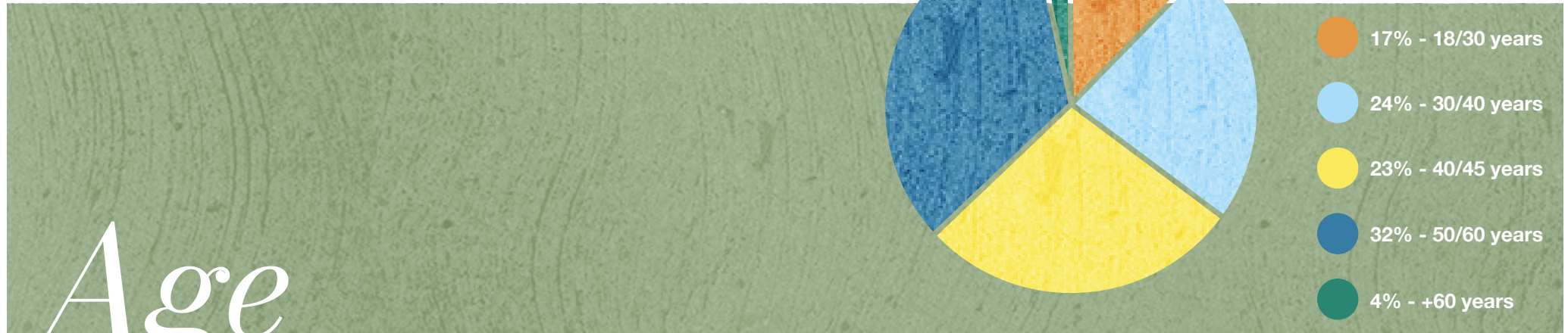
Gender balance



Cantina Tollo's staff is made up of 28% of women and 72% of men.

Moving on to a more in-depth analysis and cross-referencing the workforce with the department in which they work, we note that the presence of women tends to be equal to that of men in OFFICES.

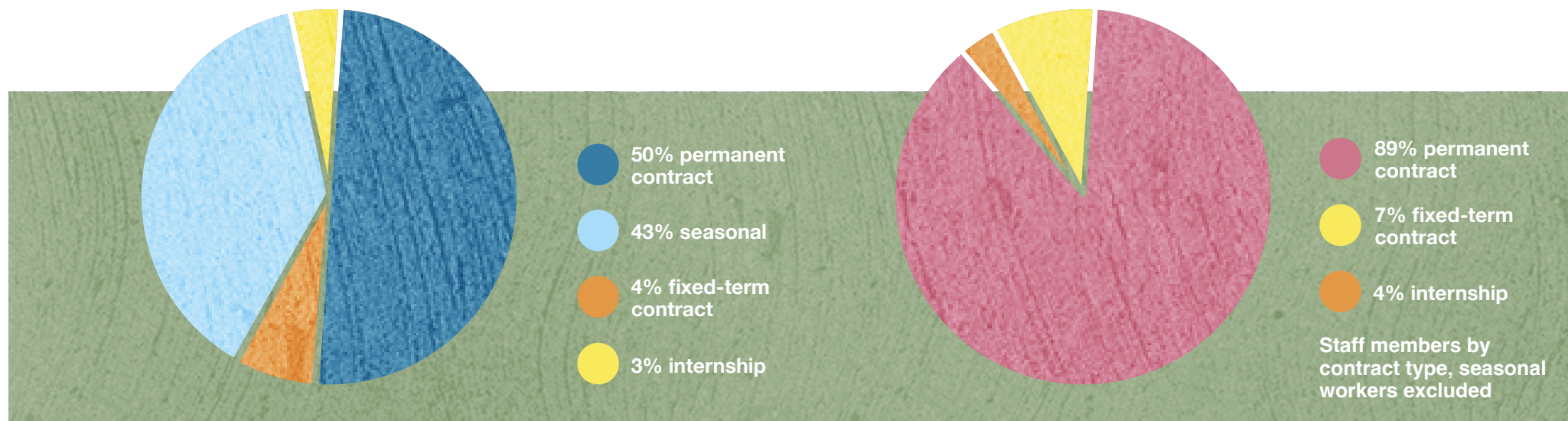
In PRODUCTION, women account for 17% against 83% of male workers. This mainly depends on the specific types of tasks in the different departments.



Cantina Tollo is a young company, numbers prove it. 64% of workers are under 50 years of age.

The 30-40 age bracket has grown thanks to new hires in the first half of 2022.

Cantina Tollo / Sustainability / Good social practices / Staff by contract type



The analysis of workers by type of contract type shows that permanent contracts are those prevalent at Cantina Tollo, 61 out of a total of 120.

When excluding the category of seasonal workers, who accounts for 43% of total employees, and who are hired during the grape harvest with a three-month contract, the percentage of permanent contracts rises from 50% to 89%.

This is extremely relevant as it emphasises how the personnel management policy is aimed at building long-lasting partnerships. Social sustainability is indeed one of the Cooperative's founding pillars. One of the company's future goal is to strengthen the partnership with the 'G. d'Annunzio' Chieti - Pescara University for the activation of traineeship programmes.



It is interesting to highlight how training programmes are offered and distributed among the different professional qualifications, making up a total of 25 hours of training per capita.

The percentage that stands out the most is the one related to workers directly involved in the production process, who receive the 55% of the total training hours provided.

Providing constant training goes hand in hand with the updating of safety regulations and the evolution of technology, software and systems.

TRAINING FOCUS

- WORKPLACE SAFETY
- QUALITY PROCEDURES
- BRC PROCEDURES
- COMPANY SUPPLY CHAIN
- ENGLISH

TRAINING	TOTAL HOURS	HOURS PER CAPITA
hours of training provided	2941	25,0

Work Safety

Cantina Tollo meets health and safety requirements in the workplace by adopting a proactive approach, i.e. by identifying a priority scale of interventions and defining all the necessary response actions to mitigate risks, by means of technical prevention measures, collective and individual protection devices, and measures to reorganise work activities. In recent years, there has been a significant reduction in the number of accidents at work, as the graph ‘Analysis of work accidents trends 2017-2022’ shows.

Analysis of work accidents trend – 2017-2022

	01/08/2017 TO 31/07/2018	01/08/2018 TO 31/07/2019	01/08/2019 TO 31/07/2020	01/08/2020 TO 31/07/2021	01/08/2021 TO 31/07/2022	DIFFERENCE
Severity index (Si)	0,91	0,78	0,72	0,69	0,63	-0,06
Occurrence index (Oi)	5,46	4,14	4,02	3,99	3,00	-0,99

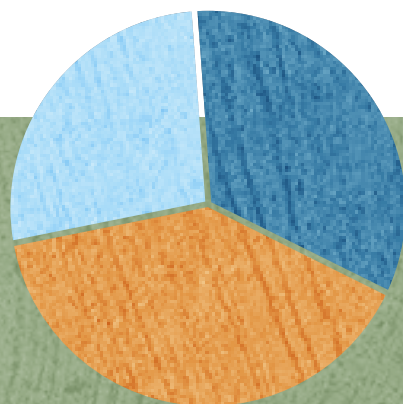
Work Safety

The analysis of accident events prompted Cantina Tollo to redefine general commitments to risk prevention, identify all hazards, assess risks, identify those potentially exposed, plan appropriate, achievable and congruent goals, develop targeted intervention programmes, allocate the appropriate amount of time, resources and responsibilities.

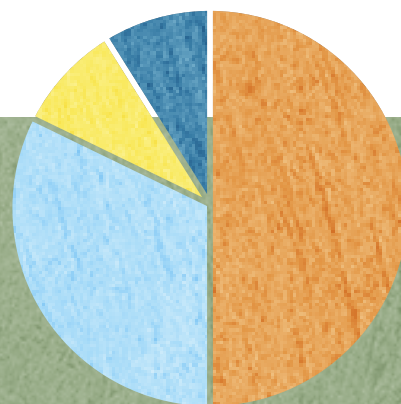
The systemic approach in the management of human resources, both internal and external, is key to keep ensuring the health protection and safety of employees.



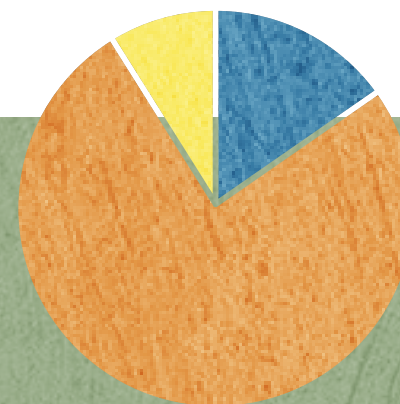
Cantina Tollo / Sustainability / Good social practices / Neighbours and community



Do you consider our company attentive to the needs of the community?



What's your opinion on the initiatives the company puts in place to support the community?



Do winery activities create any kind of discomfort in your daily life?



The results of the questionnaires submitted to the neighbourhood reveal a very positive relationship between Cantina Tollo and the neighbourhood/community. 37% consider the company very attentive to the community's needs, 36% consider it quite attentive. The initiatives in support of the community are considered very positive by those interviewed: 80% consider them to be appropriate.

The winery's activities rarely create problems for the daily life of the community.

These results constitute a starting point for further improving the relationship with the local community, trying to engage more with those who are currently not very satisfied, while keep promoting the town of Tollo and its commercial activities through wine tourism activities.

Research

Partnership with the Chieti-Pescara University 'G. d'Annunzio' is not limited to offering traineeships, it also strongly encourages and supports the implementation of targeted research projects.



Restyling

In 2020, for instance, the University's Department of Neuroscience, Imaging and Clinical Sciences carried out a neuromarketing research with and on behalf of Cantina Tollo, in order to carry out the restyling of one of the company's historical lines: Rocca Ventosa.



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Income Statement

CANTINA TOLLO SCA	2021-2022	2020-2021
Value of production	45.792.829	39.454.299
Raw materials	32.029.490	27.554.067
Services	7.084.716	5.579.919
Use of third party assets	173.732	181.847
Personnel cost	3.739.175	3.540.298
Miscellaneous operating expenses	419.551	494.027
Ebitda	2.346.165	2.104.141
Amortisation	1.646.047	1.516.906
Amortisation and depreciation	328.750	470.332
Ebit	371.368	116.904
Financial management	210.715	-8.517
Ebt	160.653	125.421
Fiscal management	23.181	18.432
Net result	137.472	106.989

Asset data

The balance sheet shows a good correlation between sources and uses. Current assets exceed short-term liabilities, while consolidated assets cover both fixed assets and part of inventories.

In addition, it indicates.

- an increase in fixed assets due to new investments taking place
- a significant improvement in receivables considering an increase in turnover
- a consequent improvement in the Net Financial Position from EUR 12.6 million to EUR 9.3 million

CANTINA TOLLO SCA	2021-2022	2020-2021
Active assets		
Fixed assets	13.196.195	12.929.280
Inventories	16.641.956	16.383.684
Receivables	14.719.687	14.807.741
Liquid assets	4.532.330	4.207.285
Accrued income and prepaid expenses	105.539	112.464
Total assets	49.195.707	48.440.454

Passive assets		
Net assets	10.091.557	9.908.838
Funds and severance pay	385.713	404.454
Short-term liabilities	25.922.580	23.908.089
Medium/long-term liabilities	11.015.727	12.818.040
Accrued liabilities and deferred income	1.780.130	1.401.034
Total liabilities	49.195.707	48.440.454

CANTINA TOLLO SCA	2021-2022	2020-2021	DELTA
Liquidity	4.532.330	4.207.285	325.045
Short-term debts	-2.802.314	-3.967.675	1.165.361
Medium and long-term debts	-11.015.727	-12.818.040	1.802.313
NFP	-9.285.710	-12.578.430	3.292.719

<i>Investments</i>	TANGIBLE INVESTMENTS	2021-2022	2020-2021	2019-2020	2018-2019
	Land	10.910	250.879		59.515
	Buildings	886.907	214.612	65.585	303.595
	Plant and machinery	1.015.899	1.007.442	1.616.032	1.812.412
	Vehicles and cars		62.797	18.094	24.163
	Furniture	15.847	16.273		
	TOTAL	1.929.563	1.552.003	1.699.711	2.199.685

Many of these investments were financed by psr, cmo investments and national supply chain.

Over the past four years, Cantina Tollo has invested just under EUR 2 million per year trying to improve production performance. Obsolete crushing and grape processing equipment has been replaced, improving both the environmental and energy impact as well as the work of its employees.

Improvements were made on the bottling line by adding more machines and decommissioning old ones.

In addition, a new warehouse is being built in the proximity of the company for the storage of finished products. The warehouse has solar panels and all necessary requirements for it to be environmentally sustainable.

Specifically, main investments included:

- **NITROGEN GENERATOR**
Self-generation of nitrogen eliminates the transport of nitrogen to the farm, effectively limiting CO2 production
- **COOP CONDITIONING AND HUMIDIFICATION**
With the use of new generation gases
- **CHANGE OF 9 WINE PRESSES FOR GRAPES**
With consequent reduction in energy consumption
- **WATER RECIRCULATION SYSTEM COOLING VACUUM PUMP**
With consequent reduction in water consumption
- **REPLACEMENT OF OENOLOGICAL PUMPS**
With consequent reduction in energy consumption

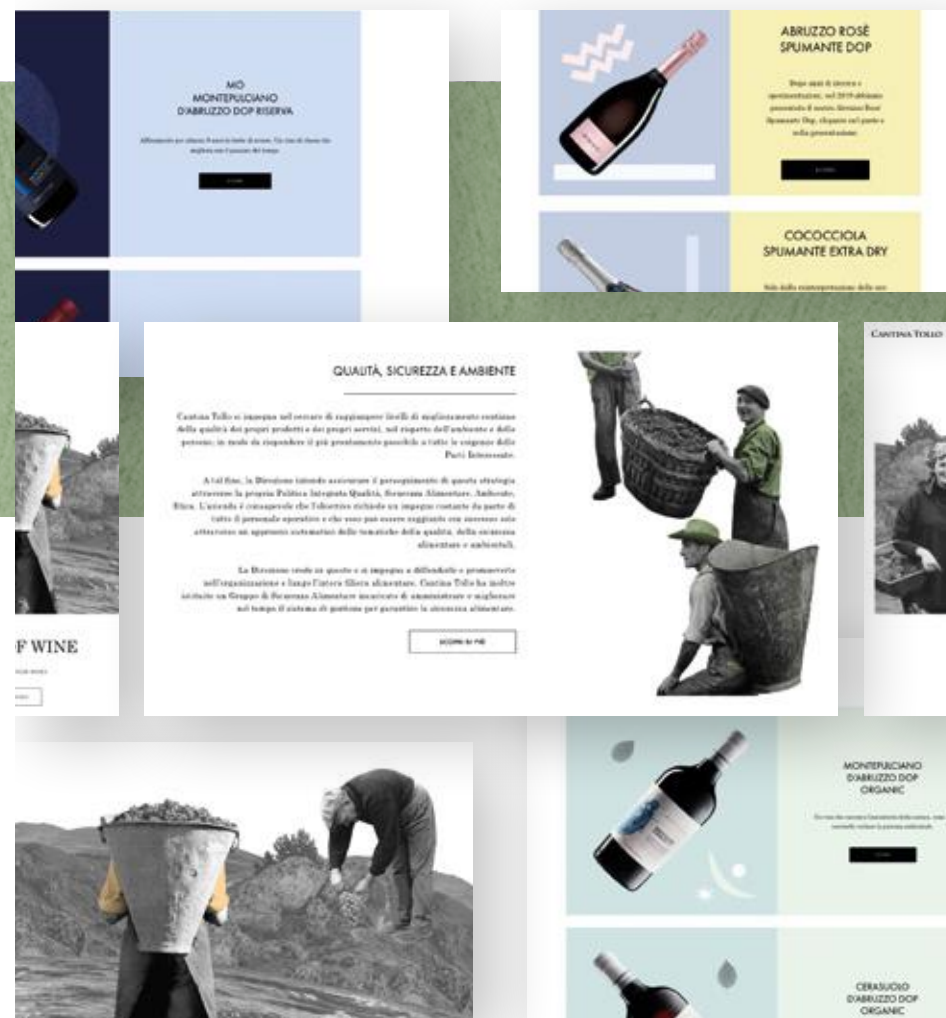
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Online

Environmental, social and economic sustainability is at the heart of Cantina Tollo's work. Through all company communication channels, offline and online, including webinars, live events and press tours, the value of sustainability is emphasised and communicated. A tangible example is the "vigneto avanzato" (advanced vineyard) project. As a leading company within the Italian wine industry, Cantina Tollo owes its success to its sustainable development strategy, pursued for over sixty years. The proof of this commitment is "Vigneto Avanzato", which introduced a remuneration for shareholders based on each hectare worked, and not on each quintal produced, thus establishing a culture of quality in the vineyards. The project has radically changed the philosophy of production, contributing to achieving a consistently excellent quality standard, which makes every shareholder a fundamental part of the winery.



Cantina Tollo / Sustainability / Good communication practices / Product projects



Cantina Tollo has been producing organic wines since the early 1990s, certified vegan since 2016. In May 2020, it presented its new organic line: 5 references, each linked to a bio-indicator.

A sustainability project that starts with organically grown grapes, passes through storytelling and labels, and continues with the choice of recycled or naturally sourced packaging. Products that are aimed at consumers who pay more and more attention to the impact their behaviour has on the environment.

Offline & online

Speaking of environmental sustainability, the project presented in 2020 is by far the one that has most penetrated the market and struck the interest of the press and the final consumer.

It is not a mere product line that Cantina Tollo communicates, but also values, corporate philosophy and oenological experience with a sustainable approach.

Communication tools vary: website, printed and digital press campaign, dedicated press release, public relations, articles and advertorials, webinars.



CANTINA TOLLO

Internal Audits

Internal Audits

The internal audits carried out in 2021 by qualified personnel from Unione Italiana Vini Servizi did not reveal any significant non-conformities, and suggestions for improvement were promptly taken up and resolved. Annual audits are planned.

In March 2022 the certifying body Agroqualità carried out the first audit for the organisation.

In 2022, the company is certified for the first year following the step-by-step approach suggested by the standard, thus postponing to the following years those indicators that could only apply in the future - once previous ones are achieved.



CANTINA TOLLO

2022-2023 Goals

Cantina Tollo / *Sustainability goals for 2022-2023*

SOCIAL AND ECONOMIC
ENVIRONMENTAL SUSTAINABILITY
AT THE CENTRE OF THE COMPANY'S
INTERNAL AND EXTERNAL

Communication

MAKING THE PURIFICATION
PLANT MORE

Efficient

COMPLETE THE

New Warehouse

FOR STORING FINISHED PRODUCTS
IN LINE WITH SUSTAINABILITY
REQUIREMENTS

MORE

*Sustainable
Packaging*

Eliminate

RESIDUAL ASBESTOS ARTEFACTS
IN THE CELLAR

CALCULATING

Biodiversity

PURCHASE

Electric forklifts

WITH LITHIUM BATTERY

Enhance

CORPORATE WELFARE

Reduce

ELECTRICAL ENERGY

Consumption

INSTALLING

*Solar Panels
Systems*



For any further information
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