



Sustainability Report as per Equalitas SOPD

30/09/2021



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Introduction and scope of application of the Report



This is the first Management Review conducted in the Equalitas Management System regarding the Organisation module. The system was developed and implemented in September 2021 and therefore is still very new.

Some elements are still at an early stage, and it will only be possible to concretely assess the impact of the standard on corporate sustainability and its products in the next few years.

The boundaries of the report are represented by the organisation as a whole, including the vineyard, the processing, bottling and storage plant and the management and administrative offices.

This document therefore presents what has been done so far, but at the same time constitutes an outline of future steps, always taking the requirements of the Equalitas standard as a point of reference.

This report contains the information useful and necessary to build the first Equalitas Sustainability Report, which will then be used as a key tool for external communications and stakeholder engagement.

Enjoy the read

The Chairman
Giorgio Medici



Company presentation

For more than a century the Medici Ermete winery has been located in an area that is the land of Lambrusco par excellence: Reggio Emilia. Over the decades the Medici family – always dedicated to the promotion of this wine – has managed to build and cultivate a heritage of jealously guarded and enriched experiences. Only in this way has it been possible to pass down a love for and commitment to wine from generation to generation.

It all began in 1890 with Remigio Medici, who despite already owning three taverns on Via Emilia decided to expand his business by starting a winery that would help him fully exploit the family's vineyards. His son Ermete expanded the company and established its fame. The grandchildren Valter and Giorgio subsequently began to export the wine, further spreading the brand.



Today's reality sees Medici Ermete the protagonist of a process of re-definition of Lambrusco.

LAMBRUSCO CONCERTO

Indeed, after experiencing a boom in the 1970s, by the end of the 1980s the entire Emilian sector had collapsed due to a glut of lower-quality product. With the arrival of the fourth generation – Alberto and Pierluigi (joined by Alessandra shortly thereafter) – the precious work of restoring the superior quality of the Lambrusco began. The vineyards were replanted and the yields were lowered compared to the standards in force. This philosophy led to the birth of Concerto in 1993, a cru of Lambrusco Salamino.

THE EXPANSION

Today the company owns 70 hectares of plots in Emilia Romagna (of which about 62 are organic in the province of Reggio Emilia), distributed among the areas with the highest intensity of wine production in the Emilia-Romagna region and exported to 60-70 countries throughout the world. The company's expansion was not only commercial: Medici Ermete paved the way for the fifth generation of Medici, represented by Alessandro, and today has 35 employees and 5 branded wine lines. The study of Lambrusco, driven by a desire to always improve and keep up with the times, has allowed us to expand our range beyond traditional lambrusco to include products such as "Phermento" Lambrusco di Sorbara refermented in the bottle and "Carezza" metodo classico spumante.

THE RAMIFICATION

Alongside its production site located on Via Emilia, in Villa Gaida, Medici Ermete makes use of La Rampata farm and estate as its hospitality hub. The estate is the home of the Acetaia (where Traditional Balsamic Vinegar of Reggio Emilia PDO is produced), the wine museum and a multipurpose centre where visitors can taste wines, vinegars and local products. In 2019, more than 7,000 people visited the estate, including visits, conferences, events and tastings. In 2020 the Medici Ermete e-commerce website was created to support and complement Wine Shop that was built in 2010 alongside the production facility.

SINGLE PRODUCTION SITE



ESTATE WITH FARM AND
HOSPITALITY SERVICES
7,000 visitors in 2019

10,000,000 BOTTLES
PRODUCED IN 2020,
OF WHICH 850,000
FROM OUR
VINEYARDS

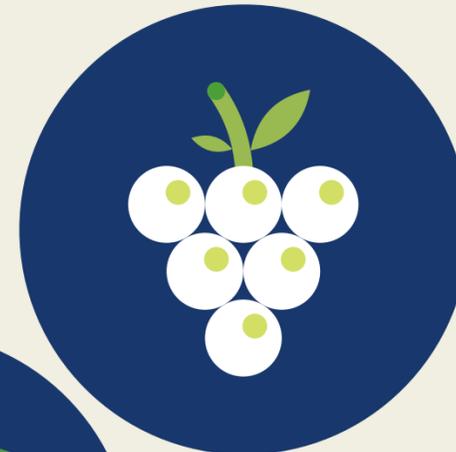


WINE SHOP AND
E-COMMERCE



MEDICI ERMETE

35 EMPLOYEES



70 HECTARES OF
VINEYARDS

OMNICHANNEL: HORECA, MASS
RETAIL, E-COMMERCE



EXPORTS TO 60-70 COUNTRIES
AROUND THE WORLD

5 BRANDED WINE LINES

LE TENUTE



LE SELEZIONI



I RIFERMENTATI IN BOTTIGLIA



I CLASSICI



I FRIZZANTI





Management system

The management of the Equalitas standard makes use of the food safety management system (FSMS) already existing in the company, which encompasses the quality system and certification standard recognised by the Global Food Safety Initiative (GFSI) FSSC 22000, the UNI CEI EN ISO 50001:2018 energy management system, Biological Certification. The company has also undergone an SMETA audit and is registered on the SEDEX platform.

Internal and external audits

The company establishes an annual calendar of internal audits in order to monitor and verify the conformity of all activities significant to company operations in terms of food safety and in compliance with the commitments made by the company with voluntary certifications.

In cases deemed necessary for the qualification of suppliers, or for specific needs related to operations, audits are performed on the suppliers themselves. This activity can be carried out by internal staff or by external professionals qualified for this activity.

In June 2021 a full initial Equalitas internal audit was performed by independent auditors following the Equalitas requirements and checklist. The major non-conformities identified during the audit were managed and resolved by implementing new systems and activities required by the Equalitas standard.

The table shows the major non-conformities reported during the gap analysis and the corrective actions implemented, omitting the non-conformities related to the management system (req. 5.1.) that could not be addressed for the moment.



REQUIREMENT	DESCRIPTION	DEADLINE
5.2. Good agricultural practices in the vineyard		
5.2.2.1.	A fertilisation plan has not been defined.	30/09/2021
	*CA. The fertilisation plan was defined based on soil analyses	
5.2.2.3.	No up-to-date soil maps or soil analyses are available.	30/09/2021
	CA. Soil samples and analyses were performed on the 4 estates	
5.2.3.1.	An annual irrigation plan prepared by a competent technician has not been defined.	30/09/2021
	CA. The irrigation plan was defined by the company agronomist, based on soil analysis	
5.2.3.2.	The organisation has not defined an annual irrigation plan that records the data obtainable from the rain gauge or from the weather station or official data of the relevant Meteorological Service.	30/09/2021
	CA. The irrigation plan was defined, which includes rainfall data from the rain gauge, weather station and official data.	
5.2.3.3.	The volumes of rainwater and the start and end dates of irrigation are not recorded.	30/09/2021
	CA. The irrigation plan was defined based on the detection of meteorological events and the recording of irrigation interventions	
*CA: corrective action		

5.2.5.4. To date the choice of pesticides has not been explained. 30/09/2021

CA. The pesticides and treatments were chosen considering the evidence in the field, the regional integrated and organic production bulletins and the forecast models of the provincial plant protection consortium

5.2.6.1. To date there are no clear criteria for deciding on the optimal harvest time 30/09/2021

CA. An analytical monitoring system of the ripening status of the grapes in the pre-harvest phase has been implemented.

5.5. Good socio-economic practices

5.5.1.3. Formulas for calculating turnover are not applied 30/09/2021

CA. A calculation of employee turnover has been performed.

5.5.2.2. To date the training plan has not been shared with the workers or their representatives. 30/09/2021

CA. The training plan was implemented with Equalitas training to be provided to employees.

5.5.2.4. Equalitas training of workers has not yet been carried out 30/09/2021

CA. Employee Equalitas training has been planned.

5.5.2.5. The workers of the outsourcing company have not yet received Equalitas training 30/09/2021

CA. The training of employees of the outsourcing company has been planned.

5.5.3.1. A questionnaire to be administered to neighbours at least every three years has not yet been designed. 30/09/2021

CA. A neighbourhood questionnaire was prepared to be sent out every three years.

5.2.4.2.3. There is no report on the meeting between the company and the workers regarding the Equalitas approach and results. 30/09/2021

CA. The first meeting between the company and the workers was held to present Equalitas certification and the new company objectives. Subsequently, annual meetings will be planned to present and discuss the sustainability report and the objectives achieved.

5.6. Good communication practices

5.6.1.1. There is no defined procedure or protocol for communicating Equalitas results to stakeholders. 30/09/2021

CA. A communication plan for the Sustainability Report has been defined

5.6.2.1. A sustainability report was not prepared 30/09/2021

CA. The Sustainability Report was prepared

5.6.2.2. A sustainability report was not prepared 30/09/2021

CA. See above

5.6.2.2. A sustainability report was not prepared 30/09/2021

CA. See above

The company periodically undergoes second- and third-party audits and numerous checks related to the control of current certifications or customer feedback on the operational status of company production sites.

Training

Training is managed in accordance with the standards set out in the FSMS and is planned annually, also using funded training. In this first part of 2021, in addition to other training courses, two specific courses on sustainability and knowledge of the Equalitas standard were planned:

1. Course for Internal Auditors in accordance with the Equalitas standard
2. Training on "Sustainability in the wine supply chain" (Equalitas SOPD module O.S. Rev. 03) for all employees and those involved in the operations at the company Medici Ermete & figli srl.

Training addressed to all employees was conducted using an e-learning system, carried out in person with all company staff, and was also extended to third parties involved with company sites.



Suppliers

The main raw material suppliers of the company are those providing bulk wine and must, primary, secondary and tertiary packaging, goods, services and transport. All the aforementioned suppliers are managed and qualified in accordance with the FSMS procedure.

All suppliers were involved in the qualification system and the Equalitas system through a "risk-based thinking" assessment system based on quality requirements implemented with ethical and sustainability requirements. The assessment is performed on each new supplier and every three years on regular suppliers. As of today 48 questionnaires have been received from suppliers.



Complaints and non-conformities

Complaints and internal non-conformities are managed by the company for any type of problem reported, even if not directly related to the quality and food safety aspects of the products produced. Complaints are handled in accordance with the FSMSQM. They can generate corrective actions or non-conformities that contribute to the continuous improvement of the management system and company performance.

Each year the company draws up a Management Review relating to the quality system, food safety aspects, occupational safety aspects and other general aspects, and a management review of the energy management system.

This sustainability report will be drafted for the first time this year in order to evaluate and review the actions taken by the organisation and in order to identify intervention and improvement objectives in this area.

Management review

Good winery practice

The company Medici Ermete & Figli srl relies on the operations of a single production site that carries out the following activities:

1 PRODUCTION OF ORGANIC, DOC AND IGT WINES

using grapes from owned vineyards.

2 PRODUCTION OF BRANDED WINES

from purchased wine and musts.

3 BOTTLING

(0,375 L, 0,75 L, 1,5 L)

4 STORAGE

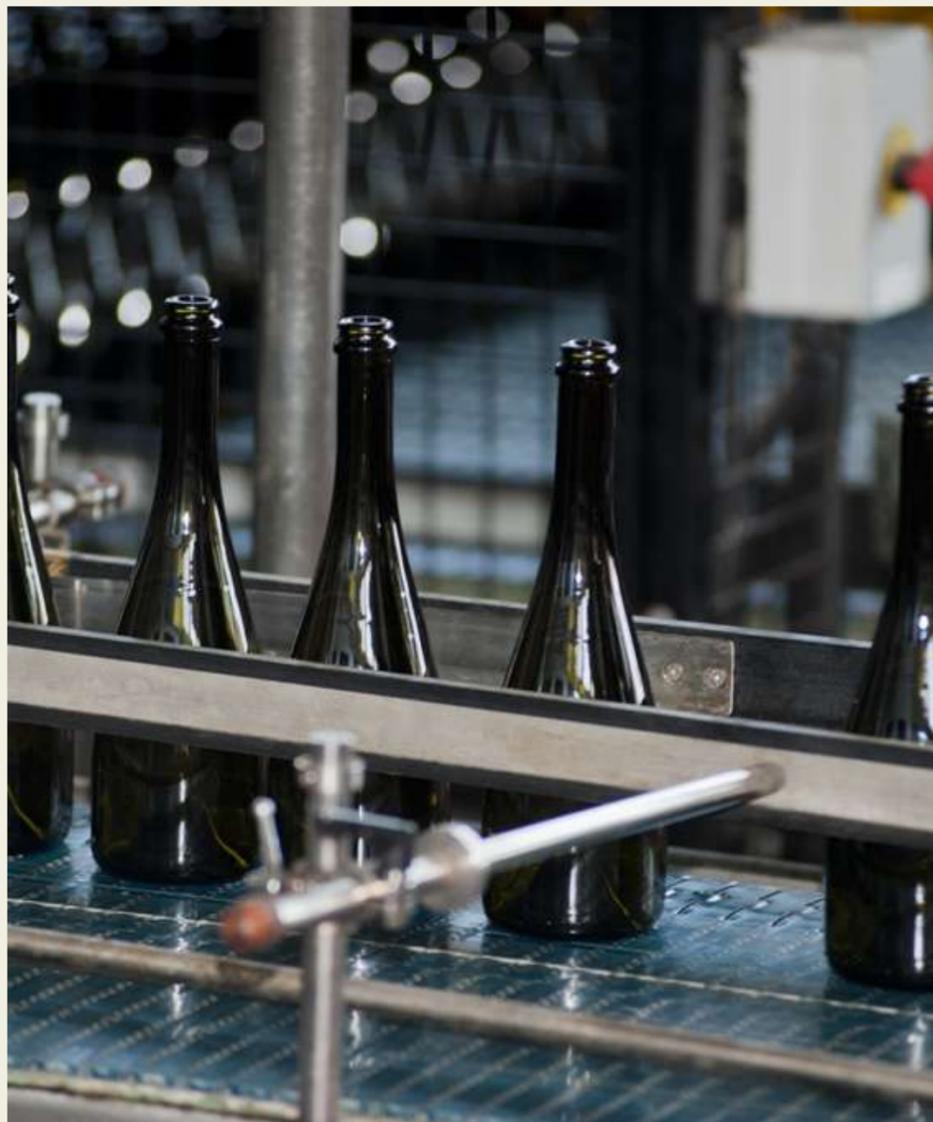
For years the company has been engaged in a process of technological and production improvement linked to the increasingly significant importance of wine bottling and packaging. This has led to a substantial increase in the added value obtained from the raw material, but also a greater complexity of product processing, creating the need for a reflective and challenging approach with respect to the issues of management of consumption and the technologies used to achieve the best oenological results.

Understanding the importance of technological progress, in 2021-2022 Medici Ermete & Figli srl will expand its facilities by building a new warehouse and an area for classic production methods. The expansion will be complemented by the purchase of new systems that are more effective than the current ones, including a pasteurisation plant, a wrap-around boxing machine and a labelling machine.

Production protocols

The wine preparation and conditioning operations are defined in the PP-03, PP-04, PP-05, PP-06, PP-08, PP-09, PP-10 and PP-11 Product Plans of the FSMS. The aforementioned documents, including the Product Specifications and Process Specifications of the FSMS, are designed to identify operating methods that minimise water and energy consumption and detail the use of oenological adjuvants and additives while ensuring compliance with product quality requirements.





Cleaning

Cleaning activities are described in PP-07 Hygienic Quality Plan of the FSMS, in the operating instructions for the washing of tanks, packaging lines and production areas. In order to optimise water consumption and the use of chemicals, the in-line filler filter washing system and the ISIOX system for the regulation of carbon dioxide are equipped with a CIP system.

We have defined work plans with specific procedures that identify the different stages of the process, the methods to be used and systems for recording the tasks completed.

From an oenological point of view, the procedures required by the organic certification are carried out on all the wine to avoid cross-contamination.

The bottling line is equipped with an automatic system for washing and cleaning the bottles, and for this operation water from the well microfiltered at 0.1µm is used.

Cellar sanitisation protocols: the frequency of the procedures, use of detergents and water consumption are confirmed. To date, the methods in place are minimal and do not allow further changes or decreases in impact.

Packaging materials

When evaluating and choosing the packaging to be used for its products, technological performance being considered equal, the company prioritises solutions with the least environmental impact and the use of recyclable and reusable materials.

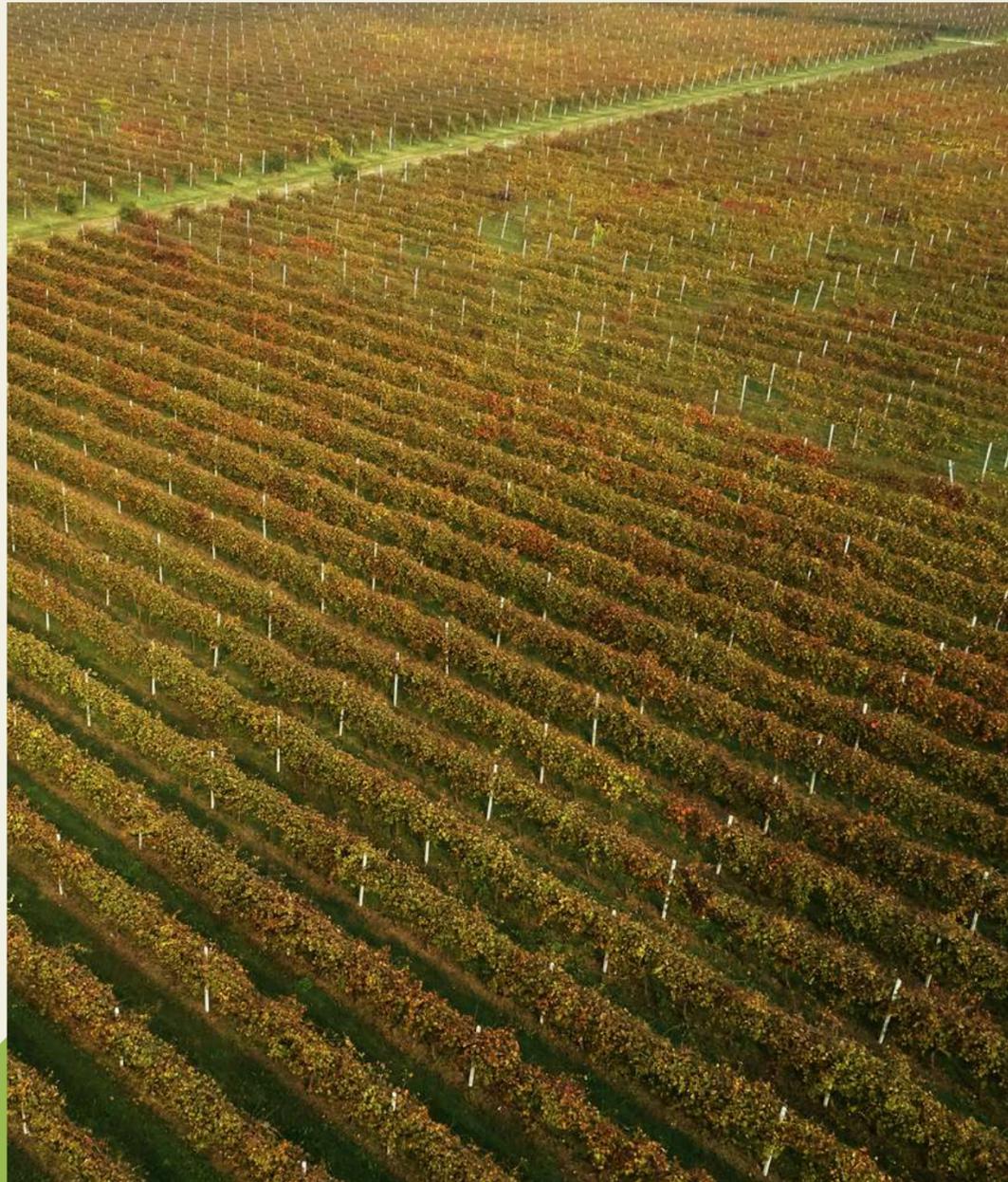
Currently 100% of carton suppliers are FSC certified, guaranteeing the origin of the paper used for their products and demonstrating their active contribution to responsible forest management in a proper, transparent and controlled manner. The cartons purchased are composed of 70-100% cellulose from post-consumer recycling. The suppliers of bottles use 40% to 75% glass from post-consumer recycling depending on the technical characteristics and the colour of the glass produced.



MEDICI ERMETE INFORMS: ENVIRONMENTAL LABELLING

In compliance with Italian Legislative Decree 116 of 2020 that will enter into force on 01/01/2022, Medici Ermete srl has chosen to place a QR code on the labels of its products linking to the instructions for the disposal of the separable components of the packaging.





Indicators of environmental sustainability.

As this is the first year, no Carbon Footprint, Water Footprint or Biodiversity indicators were calculated.

Medici Ermete & Figli srl monitors the consumption of both industrial and drinking waters, as well as all cost indices relating to labour, maintenance, cleaning and sanitisation products, and oenological additives and adjuvants.

The company's energy management is subject to UNI CEI EN ISO 50001:2018 certification, and therefore the energy sources used and the energy performance of the company's production site are monitored and counted. Improvement objectives are also defined.

The organisation has the concrete goal of reducing consumption as much as possible while maintaining the same level of production. This in order to achieve satisfactory economic results and to reduce the consumption of resources as much as possible.

Good socio-economic practices

Medici Ermete & Figli srl has issued and ensures compliance with a company ethical policy aimed at making sure that fundamental rights for each worker are formally and substantively guaranteed. The same principles of respect for workers' rights are recognised and ensured both with regard to the main ILO (International Labour Organization) conventions and national laws.

Equal treatment is guaranteed and granted to male and female workers without any distinction or discrimination based on gender, religion, politics, race, sexuality or of any other type.

Through the efforts of the chairman, management and sector and department managers, the company is committed to ensuring the protection of employees and contractors of all types, guaranteeing work conditions that respect the dignity of the person. Work relationships at all levels must be proper and courteous, avoiding inappropriate conduct and behaviour that can be a source of psychological pressure, discomfort, harassment and bullying, especially with respect to employees.



As per its personnel hiring policies, the company offers equal employment opportunities, guaranteeing fair treatment based on individual skills and expertise, hiring people with legal employment contracts in accordance with laws, national collective labour agreements, internal agreements and current regulations, and ensuring fair remuneration in accordance with the levels established by current contracts.

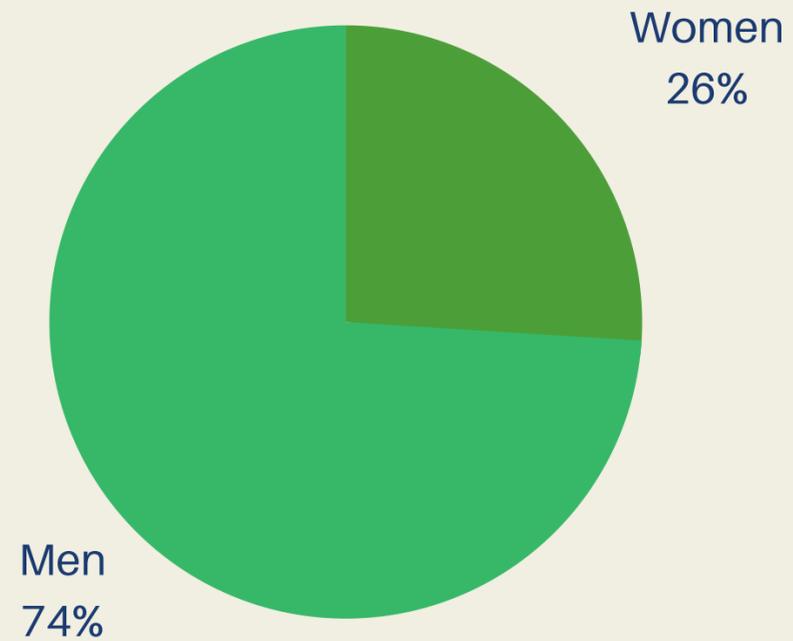
The company makes its code of ethics publicly available and updates it as needed during an annual Management Review, posting it on the company's premises and disseminating it to all interested parties through the company website.

**Specifically, the company
has committed to:**

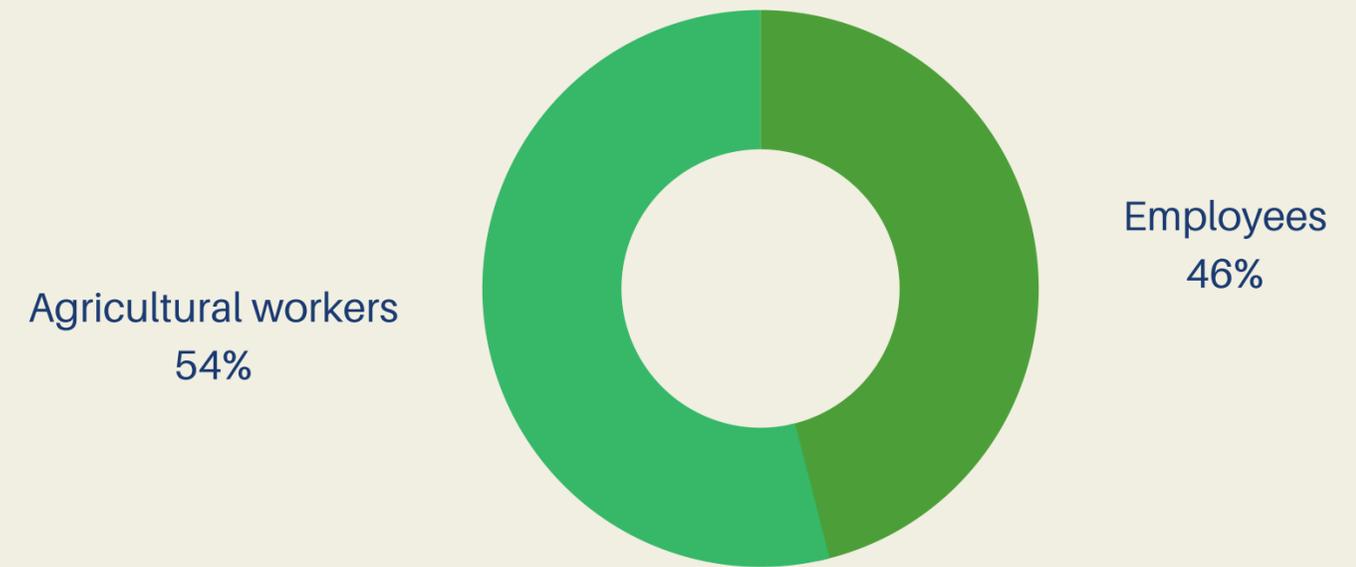
- Not use or encourage child labour.
- Not resort to forced or compulsory labour of any kind.
- Comply with the rules and laws on the safety of workers.
- Respect the right of all personnel to join trade unions.
- Operate in accordance with the provisions of the company code of ethics.
- Not tolerate any kind of discrimination, avoiding differentiated treatment based on race or class.
- Not apply disciplinary punishments other than those permitted by the relevant national collective labour agreement.
- Comply with the working hours established by the national collective labour agreement and any internal trade union agreements.
- Comply with the payment of the minimum wage defined by the relevant national collective labour agreement.
- Classify and monitor suppliers in view of their importance and their compliance with ethical and social responsibility policies.
- Not tolerate any corrupt or fraudulent conduct by anyone.

Medici Ermete & Figli srl is SMETA certified and registered on the SEDEX social responsibility platform used to share information with customers and suppliers.

Breakdown of men and women - 2020



Breakdown of workers by category - 2020



43,7

Average age (in years)

27

Youngest age

Management of employment contracts

The company applies the UNIONALIMENTARI CONFAPI national collective labour agreement (CCNL) and the provincial contracts valid for the province of Reggio Emilia.

The company manages mandatory quotas in compliance with the current provisions of Italian Law no. 68 of 12 March 1999 "Regulations for the right to work of disabled people".

AGRICULTURAL WORKERS

The work flexibility contractually ensured by the presence of agricultural workers is managed by the company in accordance with the trade unions in such a way as to ensure the maximum number of working days in the year to each farm worker with the maintenance of the right to "agricultural unemployment subsidies" provided by INPS.

ACTION OR RESPONSABILITY

Medici Ermete & Figli, based on an agreement with the trade unions, by November of each year defines the number of agricultural workers needed for the following period, confirming all the farm labourers present during the course of the year also for the subsequent year. Promotions of existing personnel are the subject of negotiations between management and employees and their unions.

TEMPORARY WORKERS

Agencies offering temporary workers are used only in rare cases, in order to select workers who can then be quickly hired directly. Hiring takes place by placing the personnel in the duties and levels established by the pertinent contracts, without prejudice to the company's discretion to assign higher levels in cases where it is deemed appropriate.

Management of employment contracts

FREEDOM OF ASSOCIATION

Medici Ermete & Figli srl ensures freedom of association with trade unions, and guarantees workers' representatives the enjoyment of all the rights attributed to them by current regulations.

DISCIPLINARY PROCEEDINGS

Disciplinary proceedings are managed in accordance with contractual provisions, and in any disputes involving workers they are free to request the assistance and/or representation of trade unions during the proceedings.

ASSEMBLIES

Trade unions enjoy a contractual right to assembly and the right to a bulletin board at each site to inform workers. Several meetings are held between company management and the trade unions each year, organised at the request of one of the parties, in order to maintain relations characterised by a spirit of effective, fruitful cooperation.

OVERTIME WORK

Overtime is duly paid according to contractual provisions, but always in compliance with the weekly, monthly and annual quotas envisaged by current regulations. The personnel manager manages the situation relating to employees and periodically asks all employees to fill out vacation plans.

Employee turnover

Medici Ermete & Figli srl monitors and verifies the turnover of employees over time, how long they remain in the company and the reasons for leaving it, and where appropriate implements specific improvement actions.

EMPLOYEE MONITORING AND TURNOVER			
	YEAR		
	2018	2019	2020
Permanent workers hired	0	2	2
Permanent workers resigned	1	1	2
Workforce at the beginning of the period	32	34	34
Workforce at the end of the period	31	33	34
Average workforce	31,5	33,5	34
Overall turnover rate	2,84	8,11	10,57
Negative turnover rate	3,13	3,13	6,25
Positive turnover rate	0,00	6,25	6,25
Turnover compensation rate	0,00	200,00	100,00

Whistleblower management

The company has made available an internal mailbox for the submission of reports, even anonymously, in order to comply with voluntary ethical standards, voluntary food safety standards, the EQUALITAS sustainability standard and other standards that require direct reporting by workers.



Good communication practices

Medici Ermete & Figli srl considers the maintenance of good relations with the surrounding community to be a high priority.

To date about 15 anonymous satisfaction questionnaires have been sent to neighbours in order to understand the level of mutual respect. Once the responses have been received, the data will be processed and included in the 2022 Sustainability Report.

This Sustainability Report is made available to all stakeholders in a digital format via the company website and newsletters, and is also printed on paper. Furthermore, the results achieved are presented and discussed annually in a meeting between the owner and the employees.



2021 goals and improvement plan

GOALS	BY	RESP.
1. Communicate externally with stakeholders via the sustainability report	December 2021	Brand Ambassador, Marketing
2. Earn Equalitas certification	November 2021	PRE-DIR-RGQ
3. Improve stakeholders' training and information on ethical and sustainability aspects	September 2021	PRE-DIR-RGQ
4. Make the system for calculating company bonuses consistent with the specific objectives of the Equalitas programme	April 2022	PRE-DIR
5. Calculation of the company's carbon footprint	October 2022	PRE-DIR
6. Calculation of the company's water footprint	October 2023	PRE-DIR
7. Calculation of the biodiversity in company properties	Ottobre 2023	PRE-DIR
8. Construction of new warehouse, plant expansion	2023	PRE-DIR
9. Redevelopment of the "thinkery" green area in the estate in Gaida, Reggio Emilia	2025	DIR
10. Introduction of the concept of sustainability in the "Medici for the Community" project	2024	DIR, Brand Ambassador, Marketing



Contatti

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