

RAW MATERIALS

CHAPTER 3

“Choosing *well*, worldwide. Responsible sourcing, for us, means selecting raw materials from the most appropriate regions, where quality is inherent. In this way, we deliver products that are *good*, with respect for people, communities and the environment.”



Anna Gandin
Purchasing Department

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MATERIAL TOPICS

PROCUREMENT OF RAW MATERIALS

SUSTAINABLE DEVELOPMENT GOALS



SMETA CERTIFICATION

SOCIAL AND ENVIRONMENTAL CRITERIA

for supplier evaluation

GLOBAL SUPPLY CHAIN

40% OF PULSES, GRAINS AND OILSEEDS

sourced from Italy



HIGHLIGHTS

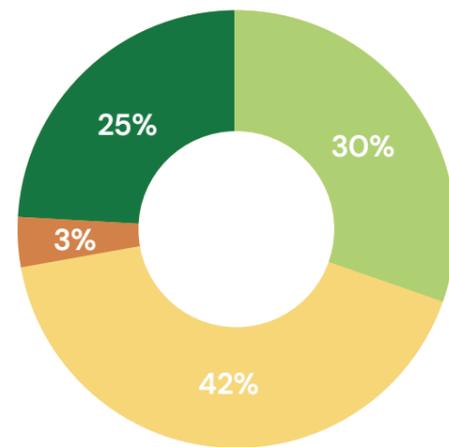
A SOLID, TRANSPARENT AND SUSTAINABLE SUPPLY CHAIN

Pedon's core business has historically focused on pulses, cereals and seeds, raw materials that have always been at the heart of the company's distinctive identity.

Over time, the company has been able to renew this tradition, giving its products a more modern and flavour-rich interpretation and, at the same time, expanding the range of raw materials used. An evolution shaped by changing consumer needs, offering practical, well-balanced and flavourful solutions, and enabling the company to expand into new markets and new business opportunities.

A broader product range that expresses Pedon's ambition to bring goodness and authenticity to the table, through natural, simple products that combine food tradition and innovation.

The shift is also evident in the purchasing mix during FY2024-2025: grains make up 42% of total purchases (kg), followed by pulses at 30% and seeds at 3%. The remaining 25% consists of other categories, such as spices, vegetables, powders and gluten-free raw materials, mainly used in Pedon's high value-added product ranges.



- 42% Grains
- 30% Pulses
- 25% Other
- 3% Seeds

This wide range of products is supported by a robust and responsible supply chain, developed over time through close collaboration with trusted suppliers and outstanding agricultural partners.

In particular, Pedon relies on a total of 146 suppliers of food raw materials, of which 40% are Italian (58), with total expenditure amounting to approximately Euro 48.5 million.

146

TOTAL NUMBER RAW MATERIAL SUPPLIERS

40%

ITALIAN SUPPLIERS

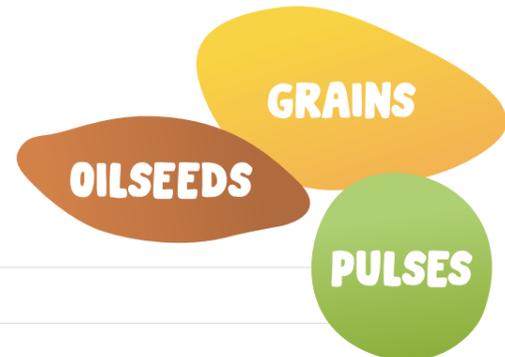
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SMETA-CERTIFIED INTERNATIONAL SUPPLIERS

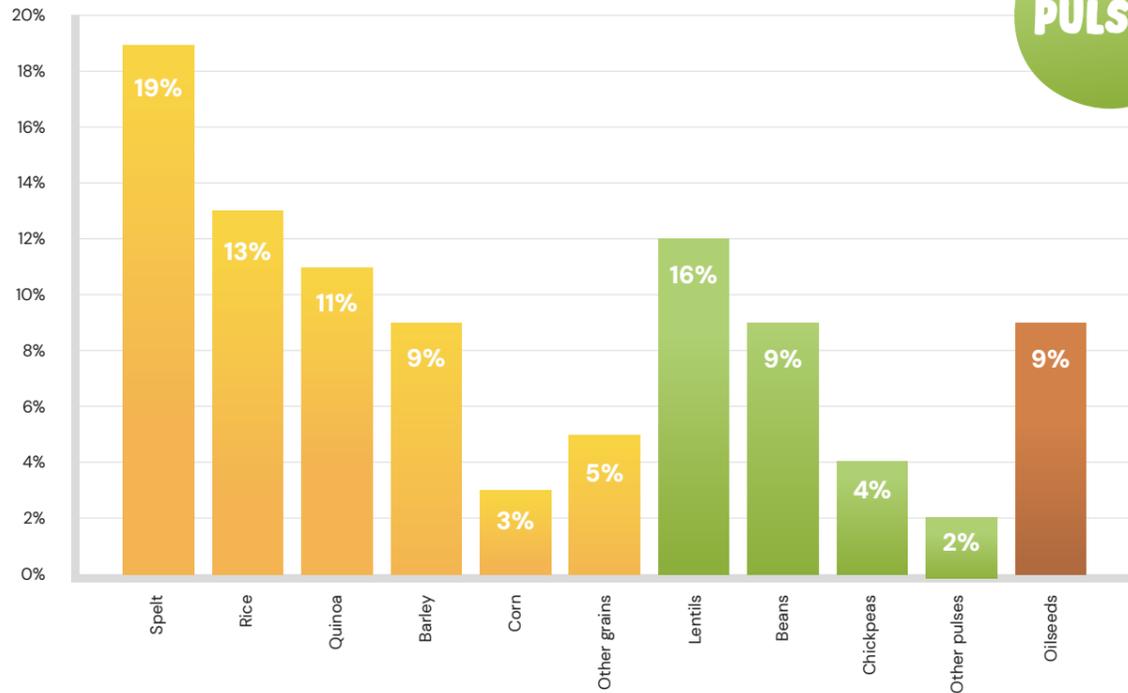
STRATEGIC RAW MATERIALS

Pulses, grains and oilseeds lie at the heart of Pedon’s production processes and, by definition, underpin the Company’s business, forming the essential foundation of its distinctive product offering.

These raw materials, sourced from the land, are part of the company’s tradition and represent strategic resources on which Pedon has developed strong and widely recognised expertise.



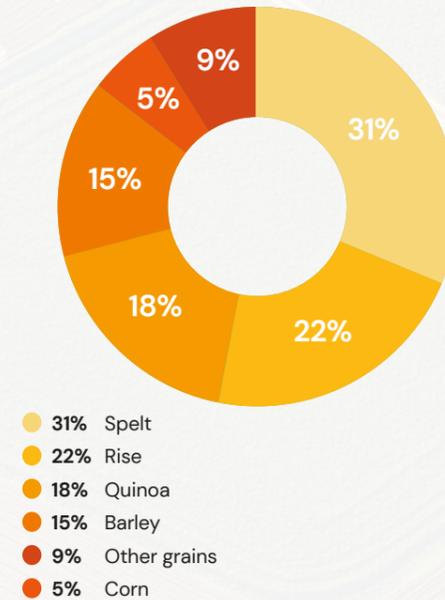
STRATEGIC RAW MATERIALS BY TYPE (%) – FY2024-2025



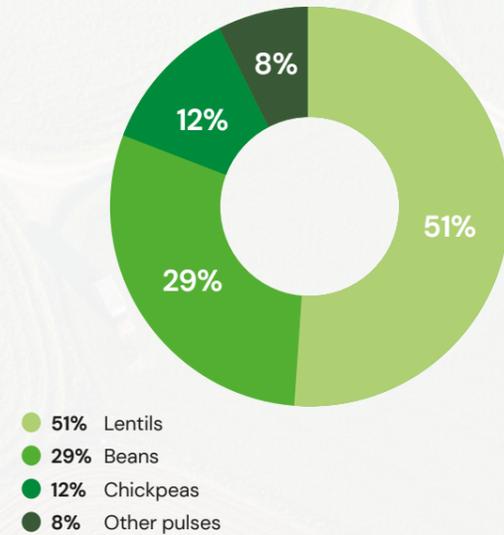
Grains account for the most significant share, with spelt, rice and quinoa featuring prominently in a range that combines taste, tradition and versatility in daily cooking. Pulses, long at the heart of the company’s activities, remain central due to the high

nutritional value of lentils, beans and chickpeas, essential components of a balanced and sustainable diet. Oilseeds complete the offering, valued for their functional qualities and their contribution to a natural, and wholesome way of eating.

BREAKDOWN OF GRAINS

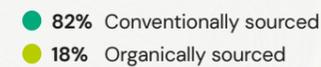


BREAKDOWN OF PULSES



RAW MATERIALS BY SOURCE (%) – ORGANIC VS CONVENTIONAL – FY2024-2025

Reflecting Pedon’s commitment to promoting alternative agricultural practices, 18% of its strategic raw materials are sourced from organic farming.



OUR GLOBAL SUPPLY NETWORK

Pedon's sourcing network extends globally, with raw materials selected from the world's leading producing countries.

From Canadian lentils and peas to chickpeas from Mexico and Argentina, from basmati rice from India and Pakistan to Turkish bulgur, each origin tells a story of deep-rooted ties to well-suited territories and long-standing farming traditions.

An international supply chain built on quality, traceability and respect for local communities, to offer genuine and sustainable products.



According to the definition of the United Nations Convention on Biological Diversity, **biodiversity** refers to the variety and variability of living organisms and the ecosystems in which they live. In the context of Pedon's operations, this vision translates into protecting ecosystems and their natural rhythms, carefully selecting raw materials based on their origin, and supporting farming practices that respect the environment.

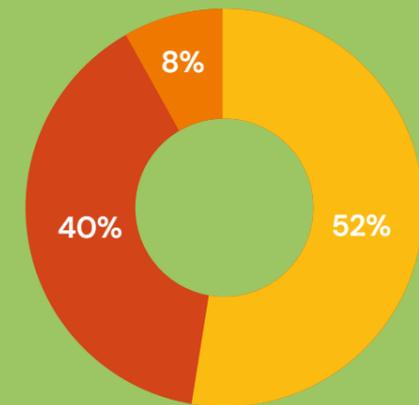
Another fundamental principle guiding the Company's supply chain is **suitability**, meaning the natural aptitude of a territory to support the cultivation of a specific crop. This makes it possible to achieve production with optimal qualitative and quantitative characteristics, without resorting to excessive technical interventions, while respecting ideal pedoclimatic conditions.



RAW MATERIALS BY REGION (%) – FY2024-2025

In line with a global sourcing approach, 40% of the raw materials purchased originate from Italy, while the remaining share comes predominantly from non-EU countries (52%).

- 52% Non-EU
- 40% Italy
- 8% EU



ITALIAN GRAIN SUPPLY CHAINS

Italy is particularly well suited to cereal cultivation. Spelt, in particular, has deep roots in the national territory, especially in Central Italy.

Barley is largely grown in this area as well, while rice thrives in the favourable climatic conditions of Piedmont.



ITALIAN PULSES SUPPLY CHAINS

The main lentil varieties are traditionally cultivated in Umbria and Apulia, where chickpeas and broad beans are also widely produced.

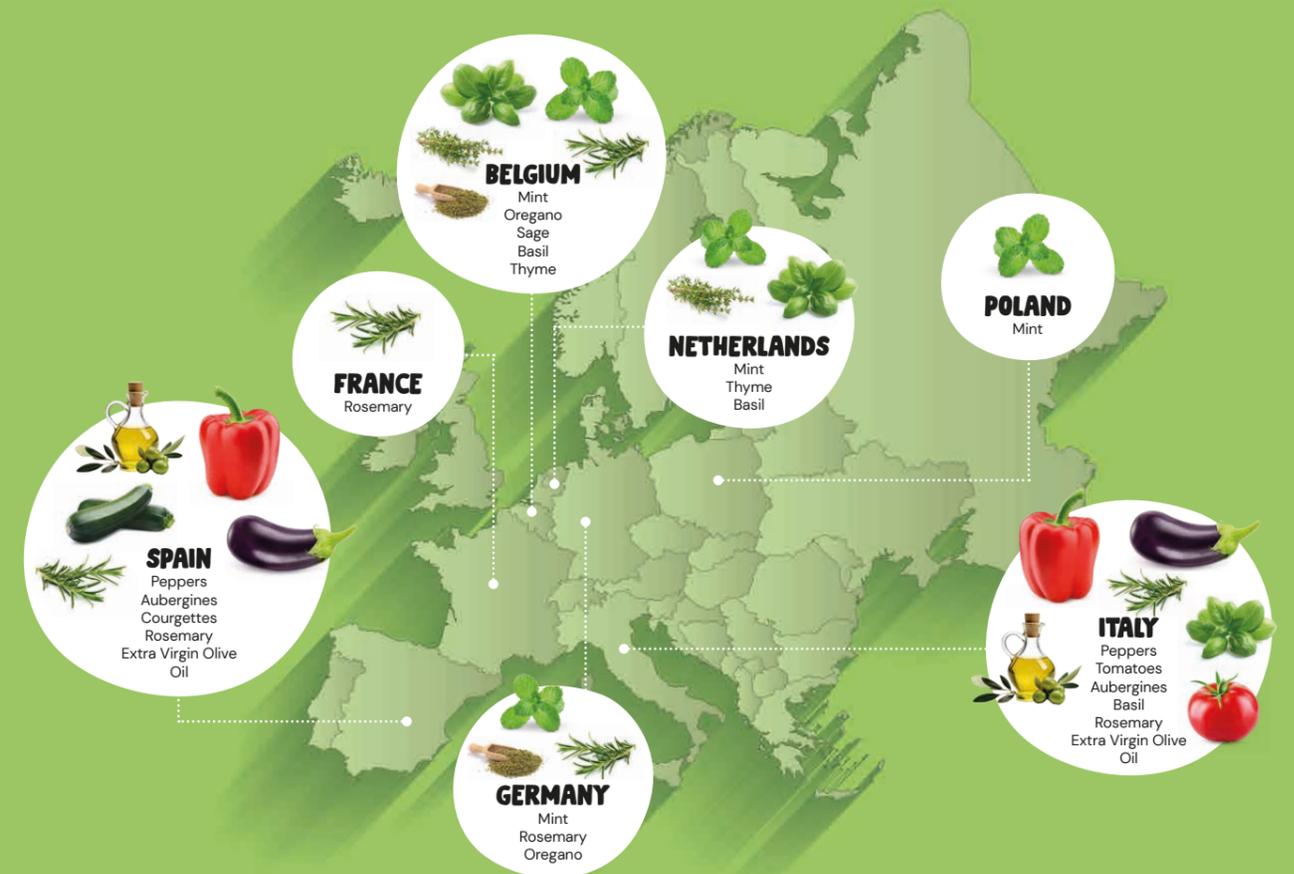
The bean supply chain, and borlotti beans in particular, has its roots in the Piedmont region.





ENHANCING TASTE, FOR EVERYONE

Vegetables and **spices** play a central role in the evolution of Pedon's high value-added offering, helping to make each recipe balanced, aromatic and full of character.



Vegetables add freshness, colour and texture, while spices lend aromatic depth and flavour nuances that naturally enhance the key ingredients, **with no additives or artificial flavourings**. Alongside these ingredients, pulses and grains remain at the heart of Pedon's creations: simple yet wholesome ingredients that offer a rich, balanced taste as well as important nutritional value. Bringing together the heartiness of pulses and the lightness of grains creates **well-balanced**

dishes, in which flavour and wellbeing come together naturally. Vegetables and spices are largely sourced from **European countries**, ensuring high standards of quality and traceability, helping to reduce the environmental impact associated with transport while also supporting local supply chains. A choice consistent with Pedon's philosophy, which is focused on good, authentic and sustainable food.



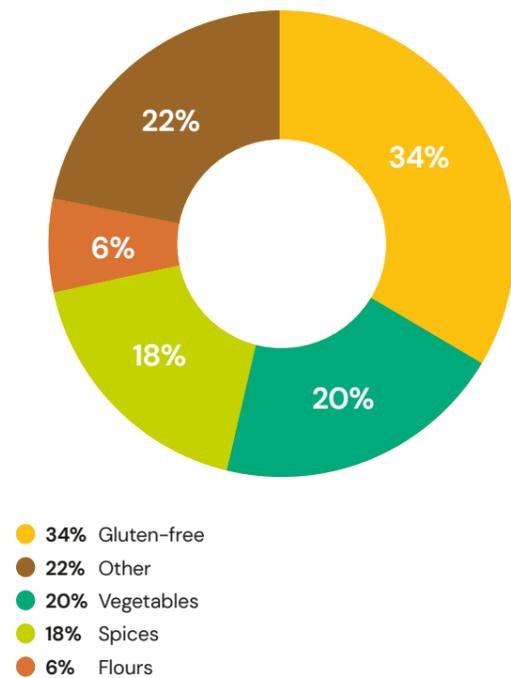
Pedon places great care in choosing **simple, genuine** ingredients that elevate each recipe while ensuring it remains accessible, balanced and full of taste.

Underlying every product is a philosophy that unites authenticity, variety and consideration for today's dietary needs, providing inclusive solutions while always preserving the pleasure of quality food.

This vision comes to life through a balanced fusion of the company's international experience and Made in Italy *savoir-faire*, combining the ability to interact with different markets and cultures with artisanal excellence, a commitment to quality and profound respect for tradition.

From this combination recipes are created which blend innovation with heritage, global flavours with local identity.

BREAKDOWN OF OTHER INGREDIENTS – ENHANCING TASTE, FOR EVERYONE



Fresh vegetables combined with **selected spices** characterise the sensory profile of complete, genuine dishes, bringing freshness, inviting aromas and a balanced taste.

Furthermore, **flours and other key raw materials**, used purposefully, help provide texture, structure and variety to the preparations, complementing them with continually evolving flavours and textures.

Special focus is placed on consumers with **gluten-free** dietary needs: Pedon provides naturally gluten-free products or bespoke formulations, guaranteeing maximum food safety through dedicated packing facilities and strict controls on each production lot. A commitment that ensures the absence of contamination, from field to table.

Each product is designed to be shared, encouraging conscious, inclusive and rewarding consumption. Because taste, for Pedon, is a universal language that brings people together, embraces and celebrates diversity.



SUSTAINABILITY

Economic, social and environmental sustainability.

TRANSPARENCY

Supply relationships inspired by transparency, dialogue and fairness.

TRACEABILITY

Traceability of raw materials through the entire production process.

PEDON SUPPLY CHAIN

A photograph of a person's hand holding a small green seedling in a field of young plants at sunset. The person is wearing a light-colored shirt and dark pants. The background is a blurred field of young plants under a warm, golden light. A white circular line highlights the hand and the seedling.

PEDON'S SUPPLY CHAIN MANAGEMENT MODEL

The extensive range of pulses, grains and oilseeds managed by Pedon, encompassing a **large number of raw materials** in the latest reporting year, presents a significant challenge in maintaining direct oversight of the supply chain without consistently depending on intermediaries.

This approach, developed over time starting with the most significant or higher-risk raw materials, aims to ensure not only high

quality standards but also the economic, environmental and social sustainability of the entire supply chain.

PEDON'S SUPPLY CHAIN MANAGEMENT MODEL IS BASED ON THE FOLLOWING PRINCIPLES:



Traceability of raw materials through the entire production process;



Supply relationships inspired by **transparency, dialogue** and **fairness**;



Economic, social and environmental **sustainability**.

Relationships with suppliers, designed to establish long-term partnerships, include key phases of selection and qualification, ongoing monitoring and control, and reciprocal knowledge sharing.

SUPPLIER SELECTION IS BASED ON GEOGRAPHICAL, ENVIRONMENTAL AND SOCIAL CRITERIA AND IS FORMALISED THROUGH THE "QUALIFICATION AND VALIDATION" DOCUMENT.



GEOGRAPHICAL

Areas that do not provide sufficient assurance in terms of supply continuity and compliance with hygiene, health and ethical-social standards are excluded.



ENVIRONMENTAL

Suppliers' certifications and the presence of dedicated, specialised roles for managing environmental risks are assessed.



SOCIAL

Criteria are applied that include verification of ethical certifications, compliance with standards such as SA8000, registration with Sedex or BSCI, and adherence to the principles of the Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.

Pedon promotes the validation and subsequent **monitoring of suppliers** based not only on economic, production and service standards, but also on criteria of quality excellence, respect for human rights and environmental protection, encouraging improvement objectives and programmes

across the entire supply chain. The defined standard is maintained through **continuous supply chain monitoring**. Each year, the Purchasing and Supply Chain Department, in collaboration with the Quality Assurance Department, conducts random control visits to assess:

FARMING MANAGEMENT

monitoring of agricultural practices, soil and crop management, fertiliser use, and compliance with hygiene and food safety standards;

SOCIAL SUSTAINABILITY

verification of adherence to human rights principles and working conditions, including occupational health and safety;

ENVIRONMENTAL SUSTAINABILITY

monitoring of agrochemical use, energy and water consumption, and the appropriate disposal of liquid and solid waste.

Audit visits also serve as a platform for sharing expertise and strengthening the efficiency and effectiveness of farming practices.

This relationship is based on reciprocity, with the exchange of expertise aimed at ensuring the economic, social and environmental sustainability of the supply chain.



ETHICAL AND RESPONSIBLE SUPPLY – SMETA ETHICAL AUDIT

As evidence of Pedon’s approach and commitment, during the reporting period the Company achieved a positive outcome in the SMETA ethical audit (Sedex Members Ethical Trade Audit), which assesses compliance with social, ethical, occupational health and safety, and environmental standards.

This **audit** is a prerequisite for qualification as a Sedex supplier (Supplier Ethical Data Exchange), a non-profit organisation that promotes ethical trade worldwide, seeking

to enhance the socio-economic and environmental performance of companies across business practices and supply chains.

Sedex is the largest European platform for the collection and analysis of data on ethical standards across production supply chains. The audit, conducted by a third-party body, does not provide certification, but aims to monitor **compliance with requirements** across global supply chains.

THE BENEFITS THIS APPROACH BRINGS TO THE COMPANY INCLUDE:



Improved social performance across the supply chain



Careful management of suppliers



Reduction of the risk of overlapping audits



Reduction of risks associated with ethical aspects



Use of a global procedure applied with full transparency

