

GOVERNANCE

CHAPTER 6

"The *goodness* of Pedon products is rooted in governance that creates positive energy. A model of sustainable growth driven by transparent and responsible decisions, integrating ESG principles to create value, protect the environment and contribute to the *greater good*."



Remo Pedon
Chief Executive Officer

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Governance

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Ethics, Transparency
and Integrity

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Creating Value
for Sustainable
Growth

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Digital
Transformation

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BOARD OF DIRECTORS AND SUSTAINABILITY COMMITTEE

for a systemic approach to the management of ESG issues

CODE OF ETHICS AND LAW 231/2011 ORGANISATIONAL MODEL

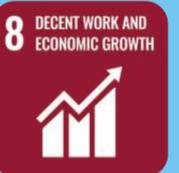
MATERIAL TOPICS
PROTECTION OF LEGALITY AND ANTI-CORRUPTION PREVENTION
DIGITAL TRANSFORMATION

99% OF GENERATED VALUE

distributed to stakeholders in the last year

MAXIMUM LEGALITY RATING

SUSTAINABLE DEVELOPMENT GOALS



HIGHLIGHTS

GOVERNANCE

Today, companies operate in an increasingly complex environment, influenced both by the new geography of global risks and by strong European regulatory pressure on the Twin Transition, the dual environmental and digital transformation.

In this scenario, maintaining competitiveness requires the cultural and organisational development of governance structures. Accordingly, Pedon has undertaken a structured process of sustainability planning, management and reporting, fully aware that the corporate governing body is expected to embed not just economic interests but also social and environmental risks and opportunities into the company's strategy and management.

As will emerge from this chapter, Pedon systematically incorporates these dimensions into its decisions, promoting integrity and transparency in the management of its activities.

The Company also commits to providing reliable and timely reporting on its governance performance, fostering a corporate culture based on ethics, integrity and efficiency.

The Company's governance adopts a systemic approach centred on the Board of Directors, which is called upon to assume managerial responsibilities, including those related to sustainability.



CORPORATE GOVERNANCE

Pedon’s corporate governance framework guides, oversees and ensures transparency in the Company’s activities towards its stakeholders. It is based on rules and practices that guarantee balanced decision-making, clarity of responsibilities, and managerial soundness.



BOARD OF DIRECTORS

Five members, including one woman, with complementary skills (four executive and one non-executive), **oversee ordinary and extraordinary management**, define strategic directions, and ensure organisational, administrative and accounting efficiency.

BOARD OF STATUTORY AUDITORS

Comprising three members, including a woman, the body **supervises regulatory compliance and sound management practices**, reinforcing trust and transparency with stakeholders.

MANAGEMENT COMMITTEE

It consists of eight members, six men and two women, who hold key management roles within the organisation. It performs **executive functions**, tasked with translating the Company’s strategy and objectives into actions, in compliance with the approved budgets and decisions of the Board of Directors.

SUSTAINABILITY GOVERNANCE

At Pedon, sustainability is embedded in the strategy and is supported by robust governance organised across two levels:

BOARD OF DIRECTORS

It **integrates ESG issues** into decision-making processes, defining medium to long-term strategies and approving plans that generate positive impacts for the company and the community.

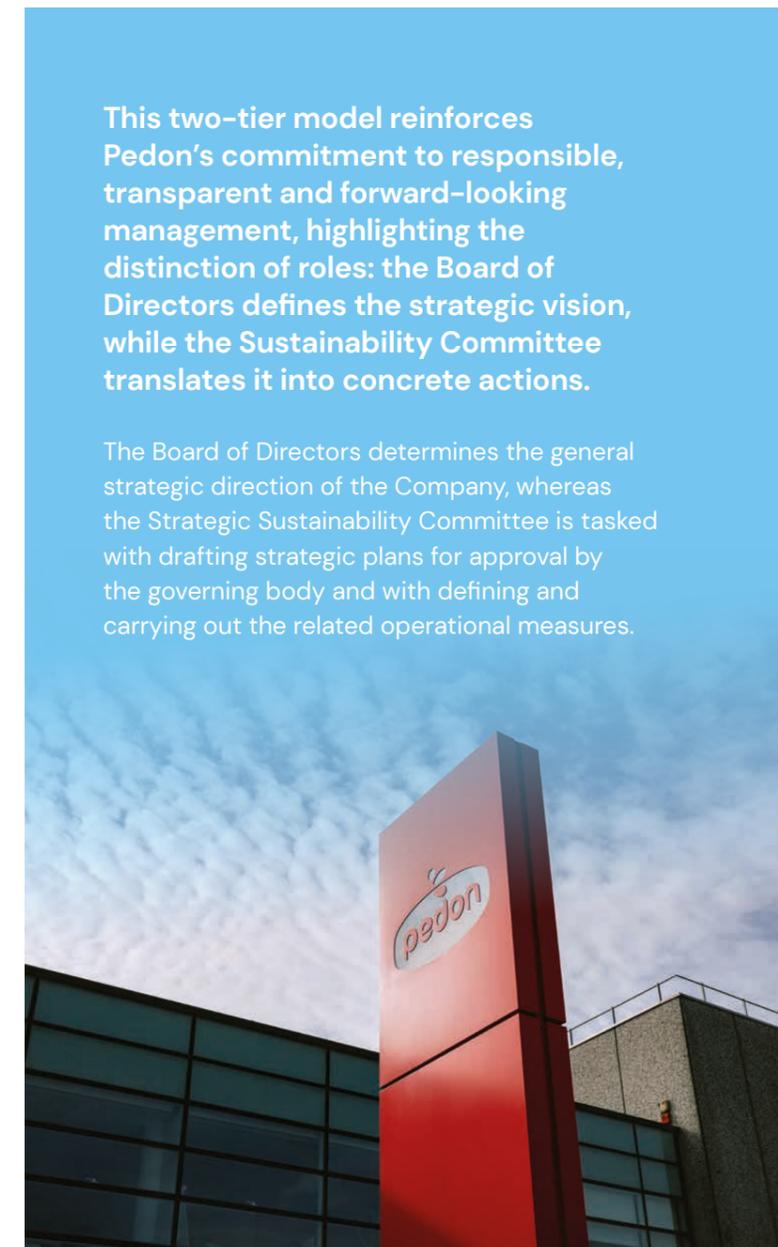
STRATEGIC SUSTAINABILITY COMMITTEE

Made up of seven members, currently six men and one woman, the committee is responsible for the efficient governance of ESG issues and the increasingly challenging task of setting objectives and strategies, with the support of the company’s management. It plays a **supporting role** to the Board, with **proactive and advisory functions** regarding:

-  Examination and assessment of sustainability policies;
-  Oversight of sustainability plans and verification of their consistency with company guidelines;
-  Examination and assessment of initiatives and projects to be submitted for approval by the Board of Directors;
-  Verification of non-financial reporting processes;
-  Oversight of stakeholder engagement activities.

This two-tier model reinforces Pedon’s commitment to responsible, transparent and forward-looking management, highlighting the distinction of roles: the Board of Directors defines the strategic vision, while the Sustainability Committee translates it into concrete actions.

The Board of Directors determines the general strategic direction of the Company, whereas the Strategic Sustainability Committee is tasked with drafting strategic plans for approval by the governing body and with defining and carrying out the related operational measures.



ETHICS, TRANSPARENCY AND INTEGRITY

Pedon's founding values are intertwined with ethical principles such as loyalty, transparency, fairness and integrity, that guide every choice and every action of the company.

By embracing these values, Pedon sets itself apart, creating a foundation for strong, long-term trust with stakeholders and supporting a sustainable, responsible and forward-focused growth strategy.

CODE OF ETHICS

The Code of Ethics is one of Pedon's key documents, adopted to ensure a management model based on **efficiency, transparency, responsibility and fairness**. Approved by the Board of Directors on 2 July 2021 and published on the Company's website (www.pedon.it), the Code defines the values, principles and rules of conduct that all individuals operating within the Company must follow in carrying out their daily activities.

Pedon ensures **compliance with current legislation** through an internal control system designed to oversee conformity and prevent unlawful behaviour. Procedures are also in place to monitor and ensure that corporate practices consistently adhere to the provisions of the Code of Ethics.



MANAGEMENT AND CONTROL UNDER LEGISLATIVE DECREE 231/2001

On 2 July 2021, Pedon's Board of Directors approved the **Organisation, Management and Control (OMC) Model**, in accordance with Legislative Decree 231/2001. It is a fundamental tool for monitoring compliance with regulations, preventing unlawful conduct and promoting a corporate culture based on ethics and transparency. The document is available on the Company website. The Organisational, Management and Control Model (MOG) also defines the scope of the so-called "predicate offences," which may entail the Company's liability, including those against the Public Administration, State assets, public trust, the financial system, individual life and safety, industry and commerce, as well as infringements concerning copyright and environmental protection.



WHISTLEBLOWING

In accordance with the MOG, Pedon established a whistleblowing system under a dedicated procedure, accessible on the Company website.

This system allows any individual who becomes aware, through their work or interactions with the Company, of **illegal or irregular actions by employees to report them**.

It guarantees the confidentiality of the whistleblower and connected parties, while protecting them from any form of retaliation by the Company.

PRIVACY AND COOKIE POLICY

Demonstrating its commitment to maximum transparency, Pedon makes its **Privacy Policy available on its website**, which explains how users' personal data are processed, and its Cookie Policy, which provides information on the technologies used (tracking tools) for specific purposes, including the collection and storage of data on devices via cookies or scripts.

RELATIONS WITH THE PUBLIC ADMINISTRATION

In 2023, Pedon approved a policy document governing the **management of relations with the Public Administration**, which defines responsibilities, operational procedures, and methods for archiving and sharing information. It regulates information flows related to compliance, inspections, audits, and checks concerning Company operations, ensuring integrity and traceability in dealings with the Public Administration.

SUPERVISORY BODY

By adopting an Organisation, Management and Control Model in accordance with Legislative Decree 231, Pedon confirms its commitment to conducting its business activities with fairness and transparency. To support this commitment, the Company has established a Supervisory Body tasked with **verifying the effectiveness, implementation and updating of the Organisational, Management and Control Model (MOG)**, as well as monitoring compliance with the Code of Ethics and managing reports of potential violations.

In order to perform its functions, the Supervisory Board utilises a **dedicated database** to compile and retain relevant data. The body consists of three members – two men and one woman, two external and one internal – and remains in office for three years, with the possibility of renewal for up to three terms.

ANTI-CORRUPTION

During the reporting period, **no instances of corruption were identified** among the activities analysed for potential corruption risks. Underscoring once again the company's commitment and sensitivity to the matter, in 2023 Pedon was awarded the **highest legality rating** by the Italian Competition Authority. This prestigious recognition attests to Pedon's ongoing efforts to uphold the highest standards of legality, ethics, commitment and transparency in business management

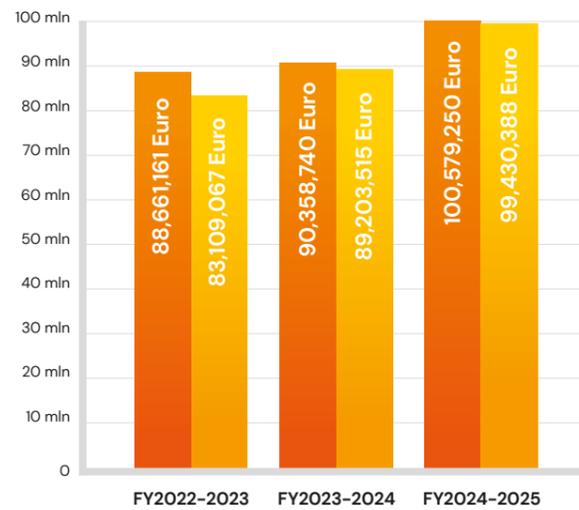


CREATING VALUE FOR SUSTAINABLE GROWTH

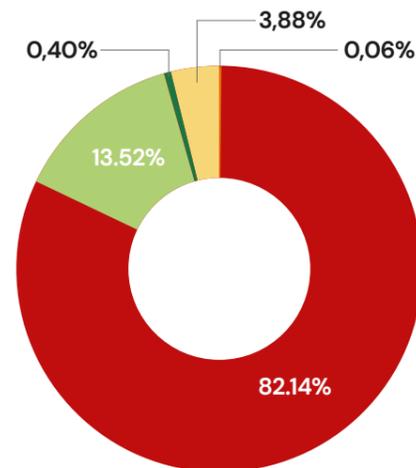
The economic value generated and distributed demonstrates the relationship between financial reporting and sustainability disclosure.

It highlights how and to what extent the value generated by Pedon has been distributed among the main categories of stakeholders, compared with the share of value reinvested in the Company at the end of the financial year (retained economic value).

The economic value generated by Pedon was Euro 100,579,250, **an increase of 11%** over the previous year (Euro 90,358,740). 98.9% of the economic value generated was redistributed to stakeholders, while the remaining 1.1%, equivalent to Euro 1,148,862, was retained. Considering the economic value distributed, out of Euro 99,430,388, approximately 82% pertained to operational costs, while around 14% was allocated to employees as wages and benefits.



● Economic value generated
● Economic value distributed



● 82.14% Operating costs
● 13.52% Employee wages and benefits
● 3.88% Payments to capital providers
● 0.40% Payments to government agencies
● 0.06% Investments in the community

MEMBERSHIPS ASSOCIATIONS

Pedon is a member of several trade and industry associations, recognising networking as a strategic asset.

This choice reflects the Company's commitment to strengthening its market presence, promoting sustainability along the value chain, and fostering a balanced and conscious food culture. These affiliations enable the Company to play an active role in decision-making processes and joint initiatives, fostering operational synergies and expanding opportunities for collaboration and networking.



DIGITAL TRANSFORMATION

Pedon recognises the digital transition as a key strategic driver for competitiveness and manages it in alignment with the environmental transition, acknowledging their interconnection and potential synergies.



DIGITAL TRANSFORMATION

The integration of skills, a strong focus on innovation, and the ability to adapt swiftly combine to generate new growth paradigms within an increasingly agile, digital and interconnected environment. For Pedon, the digital transition is not a static milestone, but a continuous and integrated journey that places competitiveness at its core.

THE COMPANY IS COMMITTED TO ONGOING DEVELOPMENT, DRIVEN BY A SET OF KEY STRATEGIC DIRECTIONS:

ADOPTION OF DIGITAL SOLUTIONS TO DELIVER THE OBJECTIVES OF:

- MONITORING AND MANAGING INFRASTRUCTURES
- OPTIMISING ACTIVITIES AND INTEGRATING NEW OPPORTUNITIES RELATED TO OPERATIONAL EFFICIENCY AND EFFECTIVENESS
- SUPPORTING SUSTAINABLE DEVELOPMENT

ADVANCED AND PROACTIVE CYBERSECURITY MANAGEMENT

As a prerequisite for the transition and to create the cultural conditions for its effective management, the Company has launched an extensive training programme for employees focused on the use of new technologies and digital tools.

MES AND APS

The most significant digital innovations in the reporting period concerned the adoption of a new Manufacturing Execution System (MES) and Advanced Planning and Scheduling (APS) system, aimed at improving the ability to manage production operations efficiently and with flexibility.

The release of the **MES** has covered all packaging areas, the accurate accounting of OEE data to monitor efficiency and the optimisation of material management, including automatic feeds by palletisers. These innovations have made the production process more fluid and efficient.

The roll-out of the **APS** solution has instead introduced a detailed planning system for finished products and raw materials, together with the scheduling of work orders. This has greatly improved the accuracy and efficiency of planning, allowing for better resource management and the fairer distribution of products. In both cases, the aim was to optimise operations, minimising downtime, improving overall efficiency and reducing operating costs. Thanks to these implementations, Pedon is now better equipped to face future challenges and seize growth opportunities on the market.

CYBER SECURITY

From a systemic perspective, the priority is ensuring business continuity, which is increasingly dependent on information systems.

Following a series of investments aimed at enhancing reliability and disaster recovery, the Company is now focusing on cyber security.

The main projects implemented or in progress during the reporting period include the development of procedures covering all activities, the establishment of a log management system, and training initiatives for employees to safeguard systems and sensitive data.