

# Sustainability Report

2022-2023



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# Introduction

We are glad to introduce Socado's fourth Sustainability Report

Since the beginning of our history, we have always been looking for not only the quality of our products and the pleasure of tasting them, but also the quality of life in the environment in which we work and more generally in the environment that surrounds us.

This credo is embodied into a **continuous search for a positive impact of our work** on personal relationships, on our consumers, customers and suppliers, and on the social and physical environment in which we work.

With this report we want to share the route that Socado has taken with the aim of working with care, having at heart environmental protection, dedication to people and attention to quality in the choice of raw materials and in the way of working with them. Socado aims for continuous and transparent reporting on its sustainability-related activities and achievements.

Furthermore, climate changes we are witnessing and which sometimes put our lives in danger, are certainly an alarm bell that must lead us to greater rationalization of energy consumption and to the use of natural energy.

Our commitment to a sustainable future through every aspect of our business, strictly with respect for the planet and for respect of the people

The information and data reported relate to Socado for the period:  
**1<sup>st</sup> July 2022 – 30<sup>th</sup> June 2023**, unless otherwise indicated.





# About Socado

Socado is a confectionery food company that has been operating in the world of chocolate since the early '70s.

Its headquarter is in Villafranca di Verona, where, in addition to modern offices, it has several production sites equipped with **ultra-modern, technically advanced facilities** dedicated to the production of a **wide range of products**: pralines in gift boxes and bags, chocolate bars, spreads, semi-finished chocolate based products for the confectionery industry, seasonal products and Easter Eggs.

The **entire production process is carefully followed** in each plant, from the selection and mixing of the best raw materials to the production of the various kinds of creams or chocolate and the final packaging of the product, thus ensuring that Socado produces only and always *The Good Chocolate*.

What makes us who we are is the **constant dialogue with our customers** in order to satisfy their specific needs. Being present in more than 80 countries has allowed us and allows us to get to know new realities, cultures and open up to new challenges.





# Our Mission



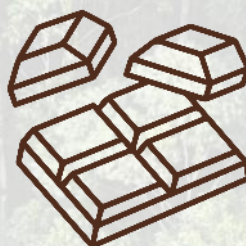
**QUALITY**



**TECHNOLOGICAL  
INNOVATION**



**FLEXIBILITY**



**DIVERSIFICATION**

In order to produce the good chocolate and meet all our customers' needs, both in Italy and abroad.



# Our sustainable commitment

A sustainable system is one which survives or persists.

Sustainability focuses on meeting the needs of the present generation without compromising the ability of future ones to meet their needs.

Sustainable development emphasizes the evolution of human society from the responsible economic point of view, in accordance with the environmental and natural processes.

In society the only constant is change. The transformation and innovation, at the basis of every evolution, has pushed us to interact with different cultural spheres, even apparently distant ones, naturally leading us to grasp and anticipate the spirit of the times. Today this is no longer sufficient: **it is necessary to be actors of change**, with the necessary flexibility to translate the demands of the market and society into concrete actions that guide our way of doing business.

The idea of sustainability is quite straight-forward: a sustainable system is one which survives or persists.

As stated in our past report, **our Sustainability Plan** can be divided in four fields of application:

- Environmental Sustainability
- Social Sustainability
- Sustainability through the Product
- Sustainability through the Packaging

For each field we have identified the path already taken that we want to maintain and our future goals that we want to achieve together with a view to a continuous improvement.



# Environmental sustainability

The Environmental approach is a concept-oriented term that encompasses **pollution control, cleaner production, waste minimization** and involves economic and societal principles and activities in order to contribute to improved industrial performance.

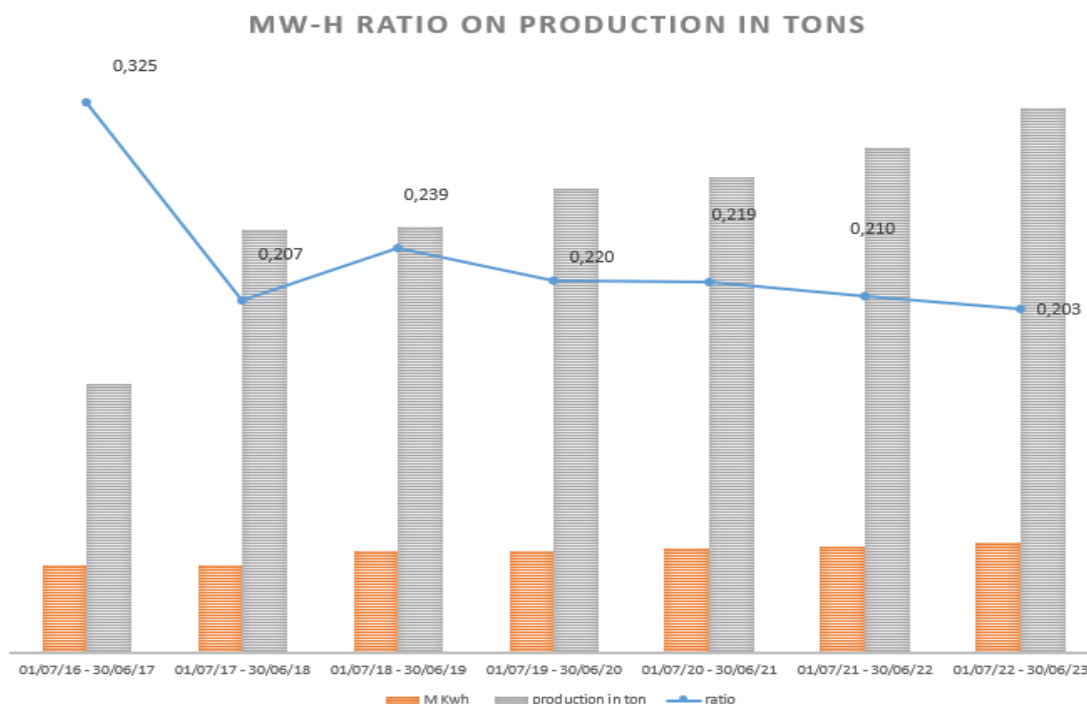
We place in the many daily actions aware of their impact on the world around us and that will surround us in the future.



## Monitoring the use of resources

Energy, gas and water

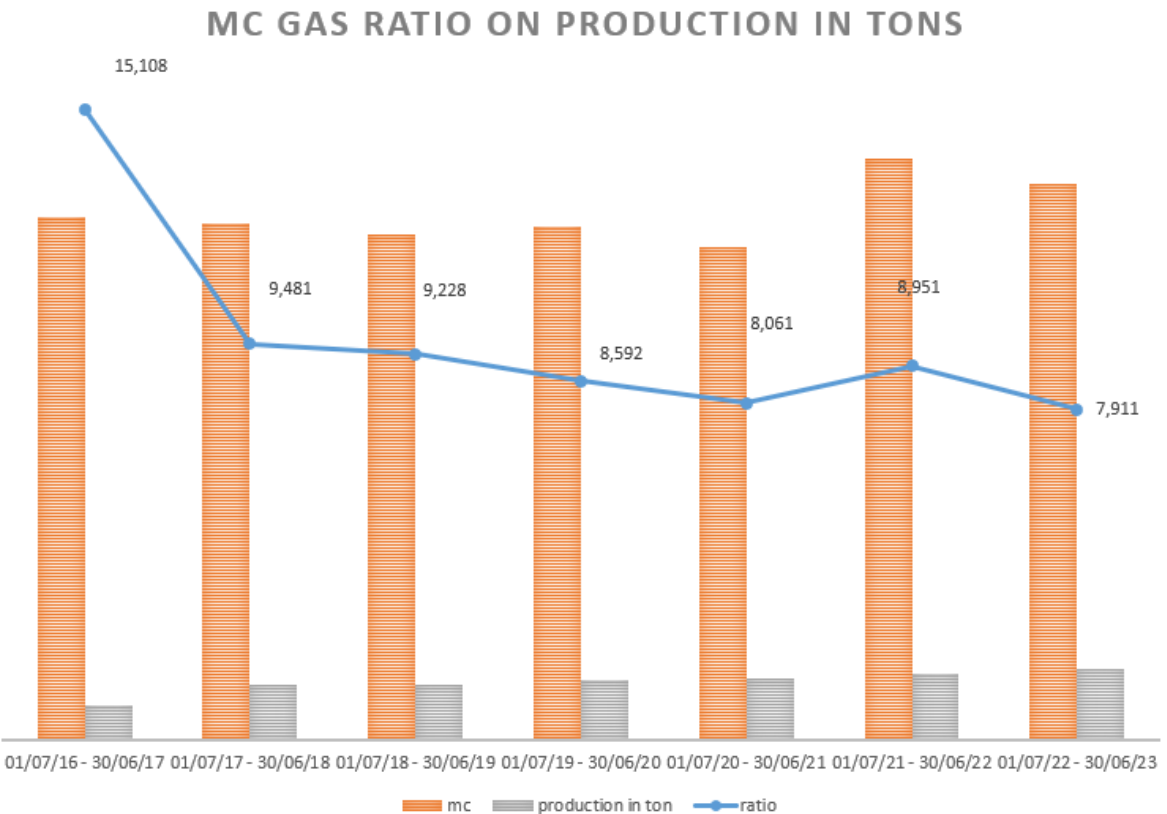
As set out in our previous report, we have been monitoring water, energy and methane gas consumptions.



Graphic 1. Electricity Consumption (MW/h) correlated with productions from 01/07/2016 to 30/06/2023

The majority of Socado’s energy consumption in production operations stems from heating, cooling and transport. Consequently, our production site focuses on the processes when working on energy efficiently.

As shown in Graphic 1, some investments have allowed us to reduce the impact of energy consumption while respecting production needs. For next year (2023/2024) a major investment in a technologically more performing plant will allow us to further reduce this incidence.



Graphic 2. Methane Gas Consumption (cubic meters) correlated with productions from 01/07/2016 to 30/06/2023

As with electricity, also for methane gas our goal is to optimize its consumption. Graphic 2 shows the cubic meters of methane gas consumed from 2016 to 2023.

The observed increase in gas consumption depends directly on both weather conditions or the trend in external temperatures, as well as new production requirements and the type of items produced.

For example, we increased production on the cream line. This led to "plant increases" such as the replacement of old tanks and the addition of new ones. The new tanks have greater capacity - dictated by the increase in the storage needs of creams and chocolates - and consequently require larger heating jackets.



# Replacing plants

We have replaced one of the current modeling plants with a new plant which allows a **reduction in energy consumption** and consequently a **lower environmental impact**.

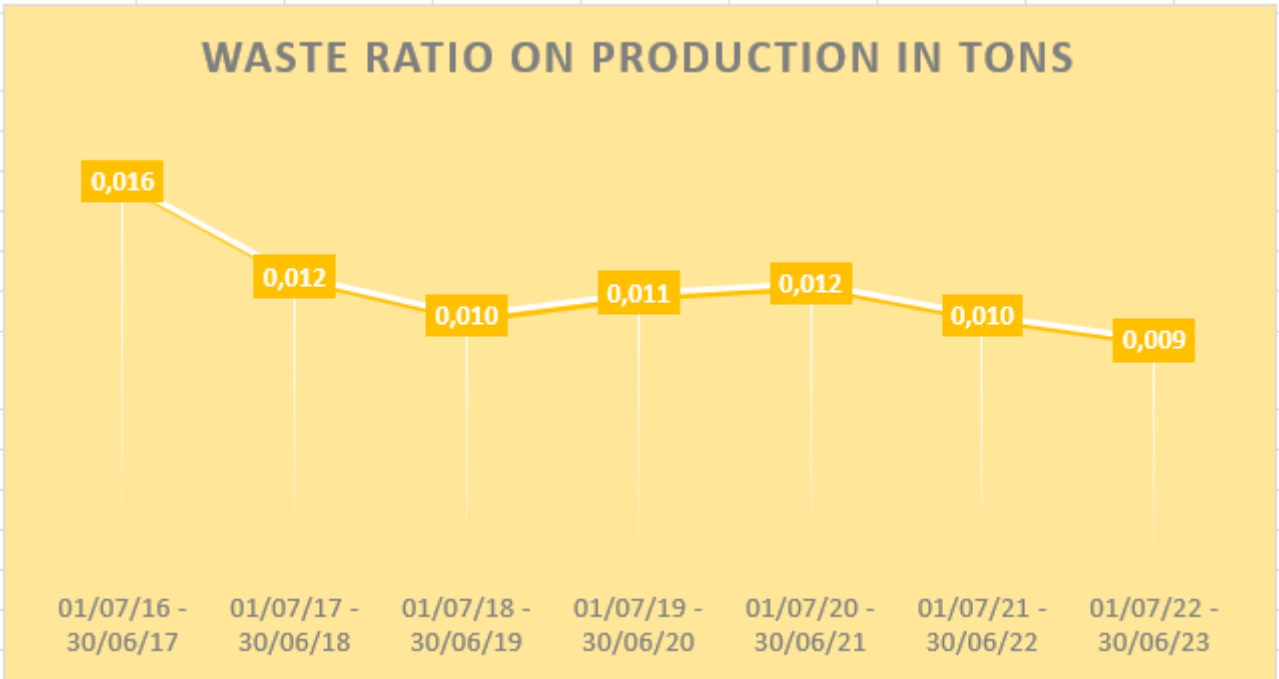
## Come visit us, get your energy refill

We have installed an **electric pump** in our **internal parking lots** to refuel business cars and to give the possibility to those who come to visit us to refuel their cars.



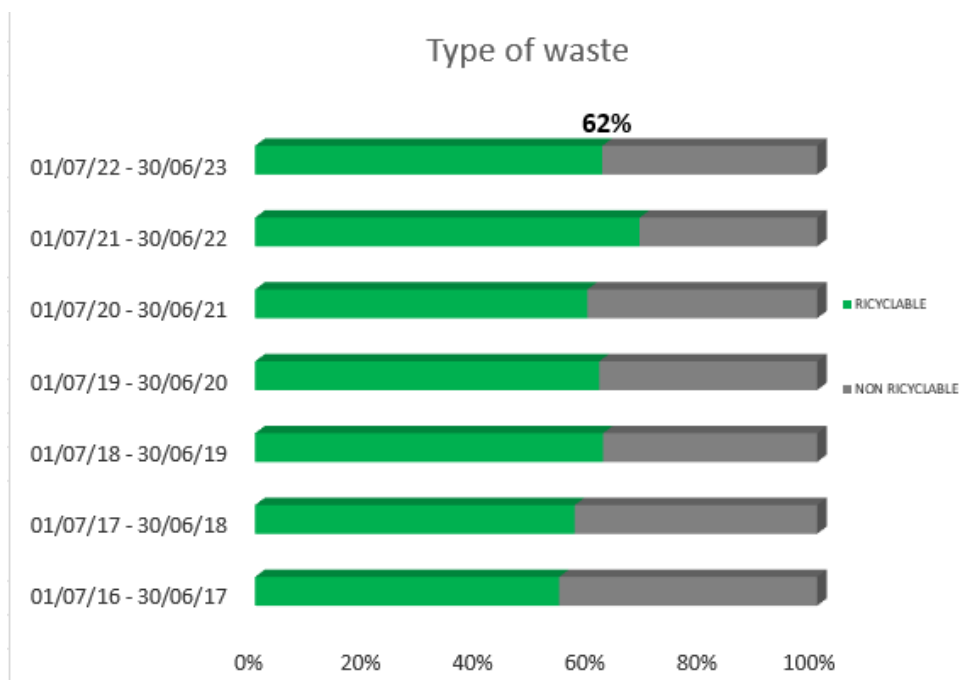
# Waste and recycling

Waste monitoring has been maintained in order to increasingly reduce waste and to optimize waste sorting in order to give materials a second life.



Graphic 3. Waste Ratio on production (ton) from 01/07/2016 to 30/06/2023

Ratio of tons of waste to tons of production remains constant (*Graphic 3*), also thanks to the constant monitoring of waste production. Thanks to a re-organization of processes, we were able to better differentiate waste, increasing the amount of recyclable waste. We are planning some other measures that will allow us to improve further over time. *Graphics 3 and 4* does not take into account some non-ordinary maintenance works which generated an increase in sludge from drainage.



*Graphic 4. Type of waste (recyclable and not-recyclable) from 01/07/2016 to 30/06/2023*

## Ecological light hub

The main plant is built in such a way as **to use as much sunlight as possible**: the roof is transparent, in order to take advantage of natural lighting as much as possible and thus to reduce electricity consumption for lighting.

The company is replacing the incandescent system with led system for reducing electricity consumption.



# Pills of kindness

To promote a correct attitude towards the environment, we have hung some **"pills of kindness"** on the walls of our facilities (notice boards, break rooms, dining halls, changing rooms, ..):

1. Reduction water consumption;
2. Do not waste electricity;
3. Optimize heating system;
4. Recycle to attention products we buy. produce less waste;
5. Choose with attention products we buy.

Boards with some very simple daily rules to bear in mind at work, at home and wherever we are.

Small actions that, if we all stick to them, can make a great and good difference for the world we live in, as well as improve one's well-being and also bring economic benefits.



# Environmental certification

We have obtained the ISO 14000 environmental certification thanks to the support of the entire Socado team.





# Projects for the future

This is not yet the end of the journey... there is always room for improvement.

We are putting in place special actions aimed at substitute, where possible, more recyclable materials and/or objects than those we are currently using (coffee paper cups, greener stationery, recycled paper for printing, etc.).

We believe these small actions can help make a difference. It is important to get used to daily habits.

Here are some target we want to fulfil by 2025:

1. To maintain monitoring of water, energy and methane gas consumption in order to intervene, where possible, to reduce the waste of resources;
2. To look at more natural energy sources both for the transport of products and for their production;
3. To build a **photovoltaic system**, in the next five years, in the site that holds production's core: one of our most ambitious projects;
4. To maintain an **environmental certification**;
5. To maintain and optimize recycling: minimize waste and differentiate it;
6. To promote the use of methane shuttle "I TRAVEL WITH METHANE" and use of bicycles to move between the neighbouring sites; aim also to reduce impact of transports, for example shipping only full trucks or using logistic centres closer to customers;
7. "Avrò cura di te": a new project in order to involve also children on the topic of sustainability;



# Social sustainability



Socado’s most important resource is the **people** who work with us.

Socado’s corporate values such as vision, authenticity, passion, collaboration, dynamism and concreteness are the expression of our work ethic and govern the activities and relationships within the company.

Attention to individual is realized with the creation of a **positive work environment**, within which everyone can develop and increase its skills and competences and it’s rewarded on the basis of a meritocracy policy.

We were able to achieve the goals we set for ourselves in the previous report, by monitoring the characteristics of the workforce and creating training courses for all of the staff.

We have maintained the **Smeta 4-Pillars Certification** and we have already planned the renewal for the 2024.

The risk at work was monitored and the incidence of accidents was kept low, thanks to both continuous **maintenance of machinery** and **staff training**.



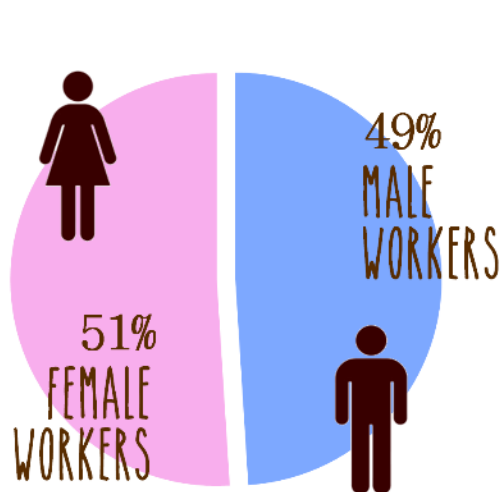
# Personnel composition

On the 30/06/2023 the number of permanent employees amounts to 224.

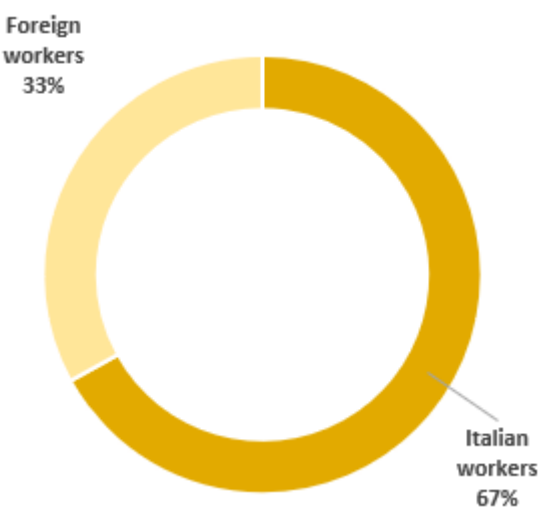
The division between Men and Women is well equalized, as shown in Graphic 5, particularly for the “office workers” category.

Where as in the “laborers” category the origin of the difference can be traced back to the different gender representation in jobs.

For example, skilled industrial labour is heavily represented by men (such as maintenance, mechanics, moulders), while packing is represented by women.



Graphic 5. Personnel Composition  
(Men/Women) on 30/06/2023



Graphic 6. Personnel Composition  
by nationality on 30/06/2023

As highlighted in our Ethical Code available on the company website, we do not tolerate any discrimination against employees or candidates on the grounds of gender, age, religion, political opinion, union affiliation, disability, national or social origin, sexual orientation, ethnicity, colour or any other relevant characteristic.

We believe that all people should be treated fairly. It is our policy and practice, therefore, to ensure people enjoy equal employment opportunities (both employees and candidates). We also support and promote gender diversity and strive for age diversity in which younger and older generations actively collaborate.

Foreign personnel increased from 31% to a 33% presence in the company.



GROUP WORKFORCE BY AGE AND GENDER				
Age group	30/06/2023		30/06/2022	
	% Women	% Men	% Women	% Men
< 30	61,11%	38,89%	64,29%	35,71%
30 - 50	48,33%	51,67%	48,98%	51,02%
> 50	50,00%	50,00%	48,21%	51,79%

Graphic 7. Group workforce by age and gender from 30/06/2022 to 30/06/2023

In the last period, due to the Covid's effects, occurred in the workforce a higher turnover and a difficulty in finding new workforce. Therefore, it has not always been possible to insert personnel with the characteristics aimed at determining gender, nationality and age balance.

GROUP WORKFORCE BY AGE AND CATEGORY						
Employee category	30/06/2023			30/06/2022		
	< 30	30 - 50	> 50	< 30	30 - 50	> 50
external worker	11	23	13	6	13	7
Workers	10	63	44	10	49	38
Employees	15	32	8	12	34	8
Middle-Senior manager	0	2	3	0	2	3

Graphic 8. Group workforce by age and category from 30/06/2022 to 30/06/2023

GROUP WORKFORCE						
Employee category	30/06/2023			30/06/2022		
	Total n. Employees	% Women	% Men	Total n. Employees	% Women	% Men
external worker	47	40,43%	59,57%	26	15,38%	84,62%
Workers	117	47,86%	52,14%	97	48,45%	51,55%
Employees	55	67,27%	32,73%	54	74,07%	25,93%
Middle-Senior manager	5	40,00%	60,00%	5	40,00%	60,00%
Total	224	50,89%	49,11%	182	51,10%	48,90%

Graphic 9. Group workforce from 30/06/2022 to 30/06/2023

Women are one of the central target groups we strive to promote through our measures for diversity. As of today, around 50% of all employees at Socado are women.

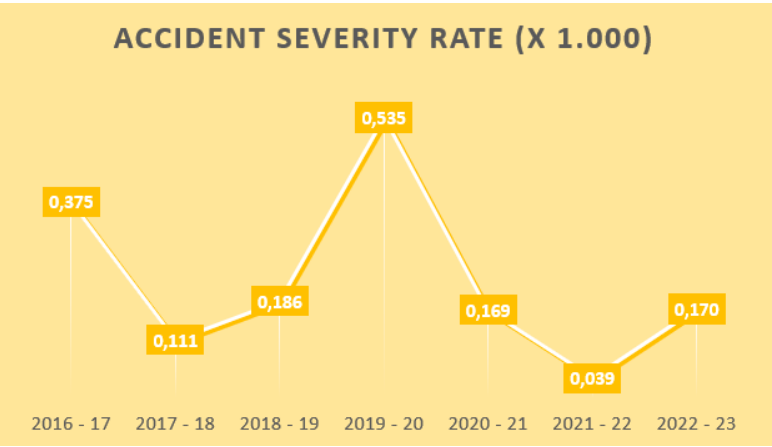
# Ethical code

The writing of the Ethical Code states Socado’s commitments and ethical responsibilities in the context of the business carried out towards customers and in the context of internal company actions with regard to its Employees and Partners. Therefore, the Code establishes a set of principles whose compliance, by all those to whom it is addressed, is extremely important for the regular functioning and reliability of Socado's image.

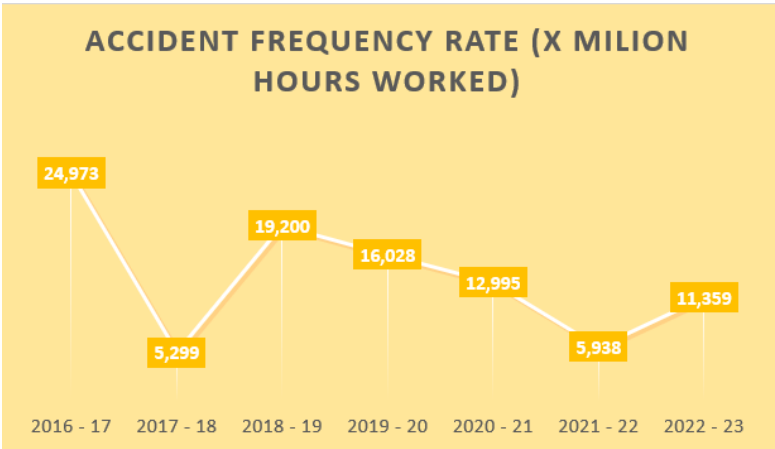
In this context, the **adequacy of the working environment, equipment, and the education and training** of employees on this subject are of importance. Considering the wide range of activities carried out, the assessment and management of risks to the health and safety of workers is a complex task.

Socado performs **continuous monitoring of activities that may affect the health and safety of workers** through analysis carried out periodically through inspections of the employer, the person responsible for prevention and protection (RSPP), the workers' representative for safety (RLS) and Doctor.

Graphics 10 and 11 show the accident frequency and severity rate from 2016 to 2022-2023. The number of cases is very low (4 per year); therefore, the variability of the graphs is due to these low numbers. The increase in accidents occurring along the way to the workplace should be highlighted. Hence the attention during recruiting regarding the employee's domicile.



Graphic 10.  
Accident severity rate (x 1000)



Graphic 11.  
Accident frequency rate  
(x million hours worked)

# Training of personnel

We have been training staff for a long time: it is important to us that every employee is **kept up-to-date and stimulated** in all aspects in order to constantly improve.

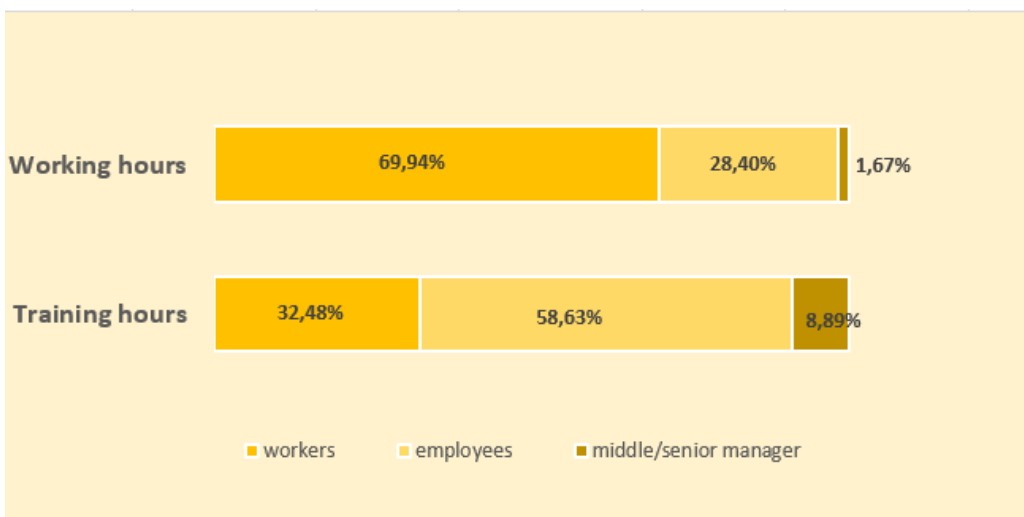
It is also important to evaluate the periodicity of certain training courses (safety at work and food quality courses).

We have activated Fad training where possible. We have noticed an appreciation of this method also because it allows staff to better organize themselves with regard to participation in the course (not bound to a specific date and time) and to pay more attention to the subject.

We have also noticed advantages due to the fact that these methods allow higher production continuity.

This year we have invested in training, in particular for middle-management. The training focused on their job and also on aspect like the sustainability.

In general, we do not expect remarkable growth trends but rather a constant trend with some slipping between some shifting. We highlight the importance of keeping the management and clerical staff updated and trained above all for the coordination and training activity of the more operational department.



Graphic 12. Comparison between training ratio and employees category on 30/06/2023

# Improvement towards personnel

We keep implemented an **IT system** for the delivery of payrolls so employees avoid to go to the office, thus creating a benefit. This portal allows us also to send notes or communications to all employees.

We are still working on a change in the management system concerning personnel management, to make information more computerized as well as create a platform to support the various training activities independently.



# Not just Socado

For decades **Socado** has been supporting non-profit organizations, charities and sports associations in order to contribute to the welfare of all people, especially the most special.

Our intent is not to continue to support a particular association, but to change beneficiaries every year or over time in order to bring different aids (Banco Alimentare, Save the Children, Lilt, I Bambini delle Fate, etc.).

In addition, through theatrical activities that are not lacking in Verona, we buy tickets for charity that are intended each time for different associations.

We also collaborate with rest homes in the area and religious institutions by providing free products.

In recent years, we have used products from *Voci e Volti Onlus* to tribute employees and consultants.



# Smeta 4-pillars

We have been certified SMETA 4-Pillars for years in support of the above-mentioned responsibility that the company has always brought on the front row. Our will is to maintain this important certification and to undertake improvement plans with the view of new challenges (refer to Personnel Composition chapter).

SMETA is the acronym of “Sedex Members Ethical Trade Audit”. The 4 pillars are represented by: working conditions, health and safety, work environment and business practices.

The update decided by Socado is now annual.

## Projects for the future

Socado values are customer focus, entrepreneurship, team spirit, passion and integrity. Socado Ethical Code reflects these values and their belief that the best working environment in one built on **mutual respect and trust**.

We ensure that all our positions are staffed with qualified and motivated employees and that talented candidates are developed internally to fill these positions, whenever possible and reasonable.

We give **great importance to training and development** to acquire and retain high-performing employees.

Here are some target we want to fulfil by 2025:

1. To maintain monitoring the Socado Group workforce and improve in training employees;
2. We aim to set new targets to further expand training opportunities for our employees in such areas as education about cultural awareness, diversity, and fostering gender diversity;
3. To maintain SMETA 4-Pillars Certification;
4. To maintain monitoring and improve risk management on the health and safety of workers, and the environment in which they work.



# Sustainability through the product

Now, more than ever, consumers are looking for products and brands they can trust, that offer consistent quality and purposeful vision on sustainability.

Socado takes responsibility for the sustainability issues associated with our supply chain, while recognizing that it requires joint efforts by the industry and respective governments.

## Supply chain traceability

Traceability is a key factor for ensuring the transparent and sustainable procurement of our raw and packaging materials. Traceability involves documenting and linking the production, processing and distribution of food products and ingredients.

We source our materials through a set of approaches with different levels of supply chain traceability:

1. Identification of the material and traceability back to its origin;
2. Segregation of materials with sustainability characteristics from conventional materials throughout the supply chain;
3. Mass balance: Materials with and without sustainability characteristics are separated in bookkeeping but can be physically mixed throughout the supply chain.





# Sustainable sourcing

Recognizing the important role of our suppliers in our value chain, we expect our suppliers to share our vision and our requirements to support our high ambitions for sustainable supply chains.

The process of qualifying and approving a new supplier requires active collaboration between our Quality Assurance (QA), Research and Development (R&D) and Purchasing teams. It is important for us to establish strong relationships and close collaboration with suppliers.

Sustainable suppliers are those that provide materials and products that meet our environmental and social. Thus, they help us to achieve sustainability by reducing our purchasing impacts through a more sustainable supply chain. Socado source a wide range of ingredients for our chocolate product, such as dairy, palm oil, hazelnuts, cocoa, sugar, lecithin, vanilla etc.

## Sustainable certification

Socado has been **RAINFOREST**, **RSPO** and **FAIRTRADE** certified for years.

Our will is to maintain all the certifications the company has invested in for years. Certifications that aim not only for the quality of the raw materials used in production but also for the way in which these are obtained, paying particular attention to employees conditions throughout the supply chain.



**RAINFOREST** is a certification program for sustainable farming of coffee, tea, cocoa and hazelnuts. The program is part of the Rainforest Alliance, an international non-profit organization working to create **a better future for people and nature**. The criteria of the RAINFOREST Code of Conduct fall into four categories: farm management, farming practices, social and living conditions and environment.

**FAIRTRADE INTERNATIONAL** is the international non-profit organisation responsible for the FAIRTRADE® Fairtrade Certification Mark and the leader of the Fairtrade system. Through a global circuit, it aims to **support the most disadvantaged workers and farmers in developing countries**, offering them the opportunity to enter the international trading system under conditions of transparency and fairness in order to improve their working and living conditions.

**RSPO** (Roundtable on Sustainable Palm Oil) is a non-governmental organisation that, in order to minimise the environmental and social impacts of palm oil cultivation, introduces this sustainability standard consisting of several: social, economic and environmental.

We adopt the following models:

1. “Segregated” (SG): this model ensures that the palm oil used in SG-certified products comes from RSPO-certified sources and is kept separate through the supply chain without mixing with conventional palm ingredients;
2. “Mass Balance” (MB): this model allows for a blending of sustainable palm oil (SPO) and conventional palm oil (PO) during transport and storage. It provides for administrative control and a final mass balance.

Along with the use of RSPO palm oil, we also review the use of palm oil in our new products and search for alternatives.

Furthermore, we are **HALAL** and **KOSHER** certified: we always pay close attention to the needs of our customers and respect their traditions and customs.

## Delight the marketplace

The **development of a new product** is a key point for us: our R&D team works in synergy with the Marketing and Export Manager in order to create innovative products that **keep up with market trends and meet consumer needs**.

The choice of product is influenced by the ingredients, nutritional values or allergens and increasingly also by sustainability.

Transparent and responsible communication as well as product labelling are therefore very important to Socado. High-quality standards and a commitment to food safety are part of our brand identity.



# Projects for the future

We constantly evaluate our activities to access measures for improvement.

Here are some target we want to fulfil by 2025:

1. To continue to ensure compliance with food regulations and food safety standards required by law and our guidelines;
2. To maintain RAINFOREST-RA, RSPO, FAIRTRADE, HALAL, KOSHER Certifications;
3. To increase the level of transparency in our processes;
4. We will aspire to respond better and more quickly to our consumers and thereby, further enhance the quality of service we deliver to them;
5. Developing new products that reflect market needs;
6. Developing a Fairtrade certified Socado-brand product
7. We have started a project to calculate the LCA our products (5 years timing). LCA (life cycle assessment) is a method/process for evaluating the effects that a product has on environment over the entire period of life. Our goal is to understand which of our products have the highest environmental impact and to decide how we can reduce it.



# Sustainability through the packaging

We are aware of the sustainability impacts related to packaging materials in our operations and supply chain.

From our point of view, every packaging we use must protect our chocolate during transportation, stock and on shelf, in order not to waste the product itself, which would be an unnecessary use of raw materials, energy and manpower.

Packaging needs also to be attractive, in order to enhance the product it contains and company's values.

We briefly illustrate various tests performed in order to find solutions regarding **packaging with a lower environmental impact**. We did not focus on a specific line of products but we have extended the tests to more types of items.



## Proofs on material change

We have replaced some materials that have not, however, entailed substantial process changes on the production lines. That said, in our **Pralines line** we are gradually changing materials on both external and internal wrappings:

- On the external wrapping, we are gradually replacing PVC with PET;
- On the internal wrapping we are replacing a paper + aluminium coupled material with PET.

In doing so, we have a fully recyclable set of mono-material wrappings.

As we have already done for other packaging, where possible we are trying to find valid mono-material alternatives to be used instead of coupled packaging, which are more easily recyclable.



# Monitoring packaging supply chain

Supplier – Socado - Customer

1. Within the management program we have implemented a database that collects data on sustainability for packaging. We are therefore raising awareness among suppliers on this issue.
2. We are trying to use more packaging made from recycled materials.  
Our main carton suppliers already supply us with **FSC certified cartons** even without being branded. Other suppliers, on the other hand, could supply them with certificates in the face of increases in purchase prices.
3. We are returning the rolls' cardboard cores with some of our suppliers with a view to sustainability to be reworked and replaced in the market.
4. In turn, we are made aware of the issue by customers who increasingly send us **questionnaires regarding the packaging** of the products we sell and request their technical specifications.
5. The symbiosis helps suppliers overcome challenges in meeting the sustainable requirements, while it also enables organizations in reducing their carbon footprint and build resilience.



# Projects for the future

We would like to point out that these topics are under evaluation for **the next six years**.

We are planning an activity program on our packaging, following some key points:

- Research and evaluation of new materials;
- Reduce packaging usage per kg of product;
- Use a mono-material or laminate to increase the percentage of recyclable materials;
- Select new packaging material suppliers close to the factory in order to avoid long transportation distances and the corresponding greenhouse gas emissions.
- Circular Economy: we are currently evaluating with our suppliers and our collector of paper waste the possibility of **turning our paper and cardboard waste into new cartons and shoppers**.



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