

SUSTAINABILITY REPORT



SUSTAINABILITY REPORT



HEIRS
TO A HISTORY,
PIONEERS OF A
NEW VITICULTURE

20
20



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PRESENTATION

Dear Reader,

In 2021 Arnaldo Caprai reached an important goal: 50 years of activity.

To celebrate this event, we decided to present our first Sustainability Report, 2020 edition.

Such Report is a fundamental document for us, since it has the purpose to disclose the commitment that Arnaldo Caprai has made in recent years to put **sustainability at the center of its production philosophy**.

A work that began **several decades ago**, with the development of agronomic practices that respect the environment and the study of the best winemaking techniques necessary to enhance our most precious grape, Sagrantino. A work which saw as protagonists not only women and men from Montefalco but also those who, although coming from other places, wanted to contribute to the rebirth of this part of Italy by bringing their precious experience. A territory that has made of the reception and of the valorization of the people the glue for the construction of a sustainable economy,

careful to the innovations, able to draw strength from a millennial tradition that in the relationship with the Universities finds grounds of improvement. An occasion of economic redemption for the entire community of the territory of Montefalco.

In Arnaldo Caprai Società Agricola Srl sustainability is expressed through the **synergy between the environmental improvement of production techniques, social commitment and the ability to take care of the economic longevity of the territory and its activities**.

With this vision, in 2008, we created the first Italian territorial protocol of certifiable sustainability in the world of wine, The **New Green Revolution**, awarded at EXPO 2015 for its contribution to sustainable development.

Today we are among the first Italian companies to be **certified with the Equalitas sustainability protocol**.

In this Report we also integrated our business strategy with the **Sustainable Development Goals of the United Nations 2030 Agenda**.

Despite our **achievements**, we remain committed to experimenting new agronomic and oenological techniques, convinced that this is the only way we will be able to ensure the integrity and care of our territories and a constant improvement in the material conditions of life for the communities living in the area.

Our vineyards are crossed by one of the branches of the footpath called S. Francis Way that the saint walked to go from Bevagna to Montefalco on his way to Rome. The holy heritage of those places and its grapes, the search for a balance between man and nature, the certainty that only a sustainable production can guarantee future generations the chance to live and enjoy the territory, are an integral part of the ideal heritage of our Company.

This history, this tradition, we have decided to bring it into the Third Millennium.

THE SUSTAINABLE CHOICE

Presenting a Sustainability Report means for our company to bring into the Third Millennium the history of the territory of Montefalco and its grape variety of excellence, Sagrantino.

This is not an unusual event for Arnaldo Caprai: for fifty years we have been bringing together the ancient wisdom of making wine from an ancient grape variety with research and new technologies.

For us, women and men who have chosen to make the deep relationship with the territory our existential goal. The great challenge of our time is to practice an agriculture that is not only respectful of the environment, but also ethical: believing that only in this way our wines can continue to be **ambassadors of the territory of Montefalco** throughout the world.

We have chosen a responsible agriculture which, by protecting the environment, protects itself, and brings ethical values as added values of production, which is capable of innovating continuously in order to offer the best possible products, and which promotes the cultural values of the territory in which it operates: **a contemporary agriculture**, that produces with the help of technologies and research, and at the same time it is firmly supported by its origins.

When in 2015 I had the honour of being one of the 21 Italians chosen by the Italian pavilion at the Milan Expo to embody the spirit of Italy that innovates while respecting the land, I had the possibility to tell the world about our extraordinary Umbria where profound knowledge lives, where nature is trained, where innovation embraces the past and draws sap from its **millennial roots**.

A land that still has as its moral constituent the 'Cantico delle Creature' by Francis of Assisi. "*Laudato si mi Signore, per sora nostra matre terra, la quale ne sustenta et governa, et produce diversi fructi con coloriti flori et herba*" is not only a very high prayer, but a **project** of development.

MARCO CAPRAI
Marco Caprai

Marco Caprai
CEO






GRI 102 - 2
GRI 102 - 3
GRI 102 - 4
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01

HISTORY

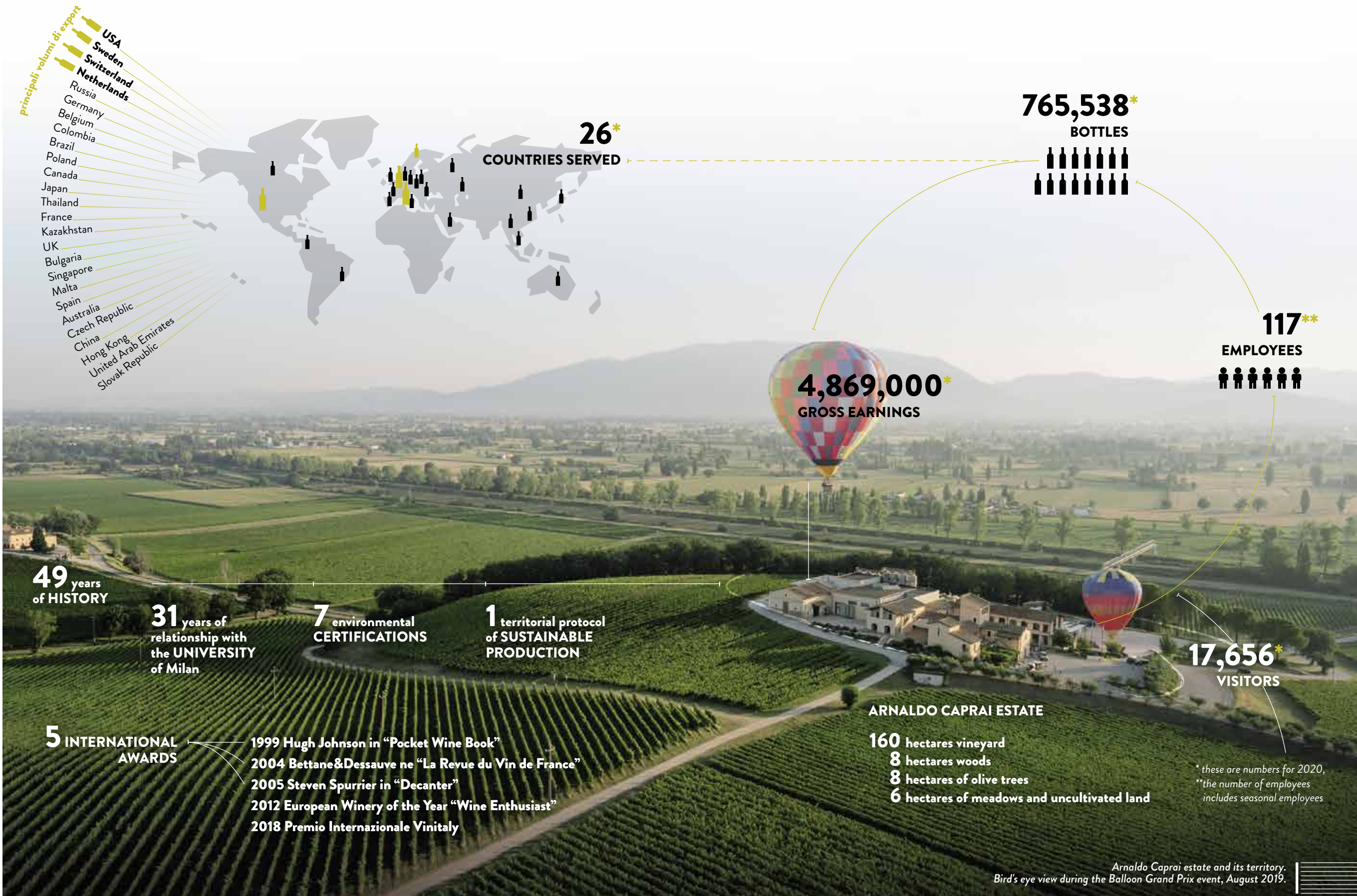
PAR 1.1.

ARNALDO CAPRAI

 **ur story begins in 1971** when Arnaldo Caprai, an Umbrian entrepreneur in the textile sector appointed in 2002 with the title “*Cavaliere del Lavoro for Merit in Agriculture*”, decided to invest in wine production in **Montefalco**: thus began the rediscovery of an indigenous grape variety. **Sagrantino**, of which the Company, thanks to the enlightened direction of Marco Caprai, became a **leader in production**.

Strengthened by the quality of a wine production more and more varied and appreciated, we attract **visitors from all over the world** to Montefalco, conquered by the authenticity of our wines, as well as by the splendid enogastronomical and cultural offer of the territory.





PAR 1.2.

THE SAGRANTINO, OUR TERRITORY

Talking about Sagrantino means talking about our history, and about the **rediscovery of a territory**.

The first hectares purchased in 1971 by Arnaldo Caprai were one of the few dozen wine vineyards of the territory: today this number **has increased tenfold**, as a consequence of the strong interest of the market towards the products of our area.

A project that received a significant boost in 1987 when Marco Caprai took over the management of the winery and, following the footsteps of the path started by his father, he started an intense study activity on the grape variety and its soils. Thanks to the collaboration with the Faculty of Agriculture of the University of Milan, he created **a deep and lasting bond between the business activity and the world of research and innovation**.

In 1996 our **Sagrantino "25 Anni"**, under the guide of enologist Attilio Pagli, was **the first 100% Sagrantino wine to be awarded**: the Tre Bicchieri of Gambero Rosso - Slow Food's Guida Vini d'Italia was the first in a series of successful recognitions. In the meantime, the institution of DOCG Montefalco Sagrantino, which took place in 1992, included the Umbrian denomination among the great Italian red wines and opened to it international markets.

An opening which made possible the recognition of this grape and of this territory all over the world and that, combined to the quality of our winery's wines, allowed the inclusion of our bottles in **prestigious tastings**.

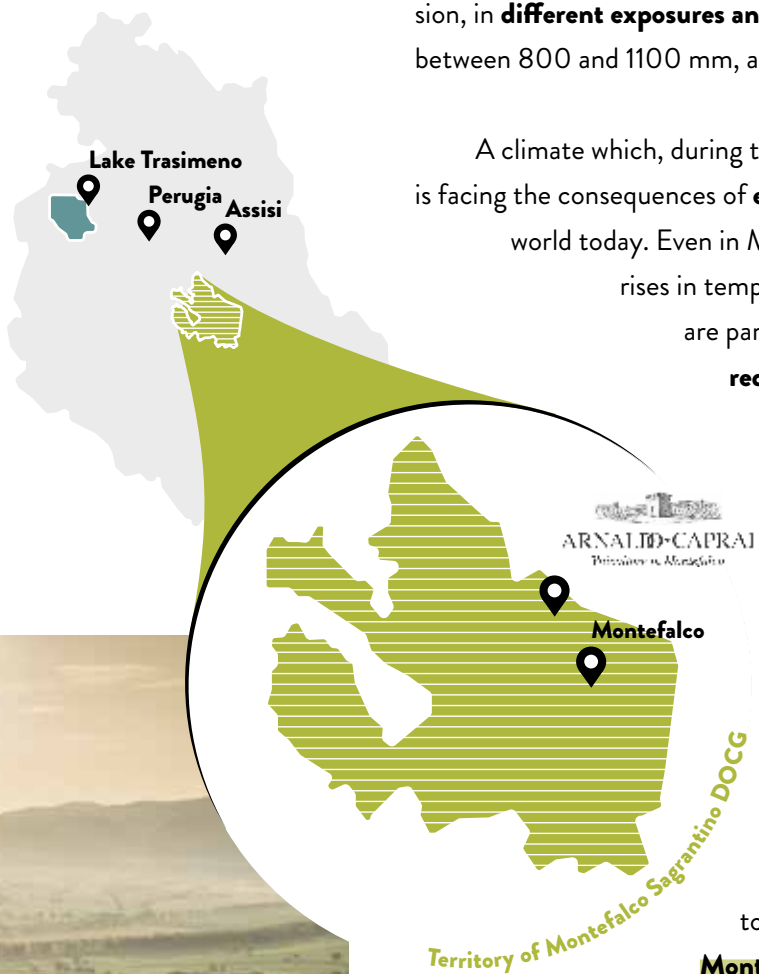
Among these, we remember two in particular that have marked the history of the "25 Anni", both held during Vinitaly. The first was the tasting conducted by Serena Sutcliffe, Master of Wine and Head of Sotheby's Wine Department held in 2006 during the 40th edition of the fair. During this occasion the 2000 vintage was tasted together with other twelve symbols of worldwide enology. The second event was held in 2007. During this tasting Italian and international critics including Hugh Johnson awarded the 1997 vintage, one of



Arnaldo Caprai estate and its territory.
Bird's eye view during the Balloon Grand Prix event, August 2019

the most extraordinary vintages of the 20th century, **as one of the twelve legendary Italian wines of the 20th century**.

The production area of Montefalco Sagrantino DOCG, officially delimited in 1979 with the recognition of DOC and then in 1992 with DOCG, includes the whole territory of Montefalco and part of the nearby territories of Bevagna, Gualdo Cattaneo, Castel Ritaldi and Giano dell'Umbria, all located in the province of Perugia. It deals with a hilly area not far from Assisi, Foligno, Todi and Spoleto, with an altitude **between 220 and 400 MASL** (metres above the sea level) that is characterized, even in its limited extension, in **different exposures and slopes**, with medium annual precipitations between 800 and 1100 mm, and from rare snowfalls.



A climate which, during the decades, has changed sensibly: viticulture is facing the consequences of **extreme meteorological events** all over the world today. Even in Montefalco, in recent years, frosts and sudden rises in temperature have become more frequent: these are particular climatic conditions that increasingly **require the use of precision farming systems and new methodologies for the protection of the quality of our crops**.

The soils of the area are influenced by the south-eastern branch of the Tiber river basin, and are characterized by the presence of very heterogeneous deposits, where pebbly and sandy gravels alternate with sandy and clayey soils.

The result of the balance of these factors, together with the intervention of man, is our **Montefalco Sagrantino DOCG**: a ruby red wine with violet and sometimes garnet red hues, depending on the aging; it has a strong tannin, a warm and structured body, with an aroma that recalls blackberries, wild berries and hot spices., with a dry taste. In the Passito version, produced in limited quantities, the wine has a ruby red color with violet reflections, sometimes garnet red when aged, and the nose has recognizable notes of blackberry jam and cocoa.

PAR 1.4.

ARNALDO CAPRAI IN BOTTLE

On the eve of the fiftieth anniversary of the foundation of Arnaldo Caprai Società Agricola Srl we are **leader in the production of Montefalco Sagrantino DOCG**, with 27% of our vineyards cultivated with Sagrantino, our indigenous grape.

The deep knowledge of viticulture and the love for the territory are the common threads of all our production, which express wines capable of distinguishing themselves for their **finesse, quality and class, constantly in time**. Since the beginning we have accompanied the cultivation of Sagrantino with other typical varieties of the area, in particular Sangiovese and Grechetto, which are, respectively, the basis of the DOC Montefalco Rosso and Colli Martani Grechetto.

The first plantings of international varieties date back to the end of the 1980's, when thanks to the determination of renowned professionals such as Attilio Pagli and Leonardo Valenti, we bet on the vocation of our territory by starting to **design oenological models of excellence** that could challenge the production of the world's great wines from Merlot, Pinot Noir, Sauvignon and Chardonnay grapes.

The goal of keeping constant the high quality of our production combined with the desire to **compete with the great wines** on the international market, showed us the way to the collaboration with Michel Rolland, which began in 2015. Bringing the long and international experience of the French enologist to Montefalco has been a new challenge for us, driven by the unstoppable aspiration towards a higher **level of production quality**.

As in the Umbrian tradition, the nine hectares of olive trees of the property have allowed us to give life to a small and prestigious production of extra virgin olive oil from Moraiolo, Frantoio and Leccino olives, typical of our area.



Marco Caprai,
CEO of the Arnaldo Caprai Winery

ARNALDO CAPRAI

PRODUCT OFFERING

-  red wine
-  white wine
-  sparkling wine
-  grappa
-  india pale ale
-  blond ale
-  olive oil





*minimum stay before sale

METODO CLASSICO



SPARKLING
BRUT TRADITIONAL METHOD

50% Pinot Nero
50% Chardonnay



20 MONTHS
ageing on the yeast

GRAPPA



DI SAGRANTINO
MONTEFALCO

100% selected pomace
from Sagrantino grapes



DISTILLATION
casa Bonollo

MERABIRRA



IPA BEER



top FERMENTING



REFERMENTATION
in bottle

MERABIRRA



BLOND ALE



top FERMENTING



REFERMENTATION
in bottle

OLIVE OIL



EXTRA VIRGIN OLIVE
OIL



COLD PRESSING
WITHIN 24 HOURS
from harvest

GRECANTE

94.000
PRODUCED
BOTTLES
2019



AVERAGE SCORE

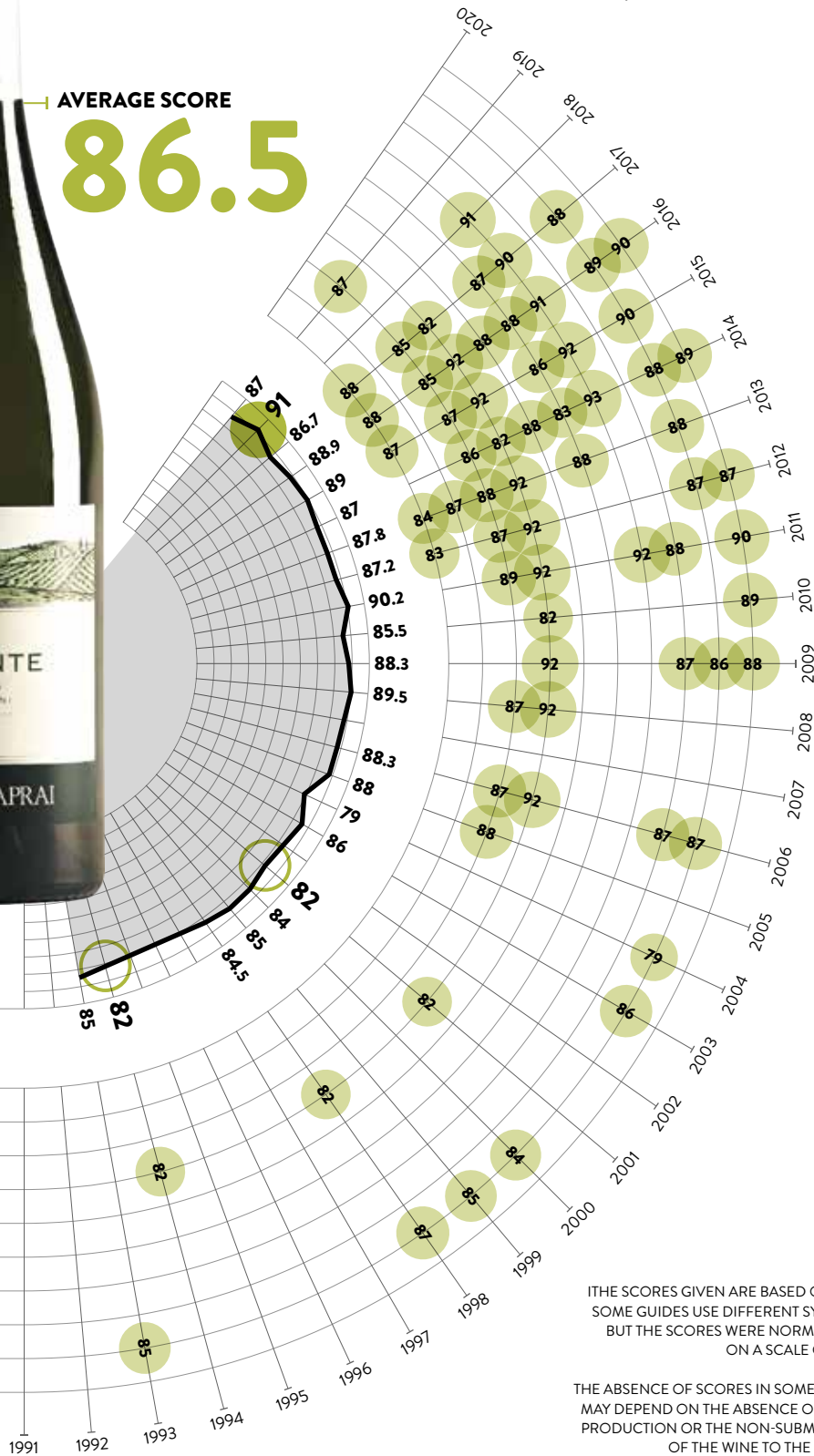
86.5

BEST
VINTAGE
2018
91



YEARLY AVERAGE
HISTORY

- ANDREA LARSSON
- DOCTOR WINE - CERNILLI
- VERONELLI
- GAMBERO ROSSO
- BIBENDA
- GILBERT&GAILLARD
- JAMES SUCKLING
- WINE ENTHUSIAST
- WINE SPECTATOR
- WINE ADVOCATE



THE SCORES GIVEN ARE BASED ON 100.
SOME GUIDES USE DIFFERENT SYSTEMS
BUT THE SCORES WERE NORMALISED
ON A SCALE OF 100.

THE ABSENCE OF SCORES IN SOME YEARS
MAY DEPEND ON THE ABSENCE OF WINE
PRODUCTION OR THE NON-SUBMISSION
OF THE WINE TO THE GUIDE.

MONTEFALCO
ROSSO

417.000
PRODUCED
BOTTLES
2018

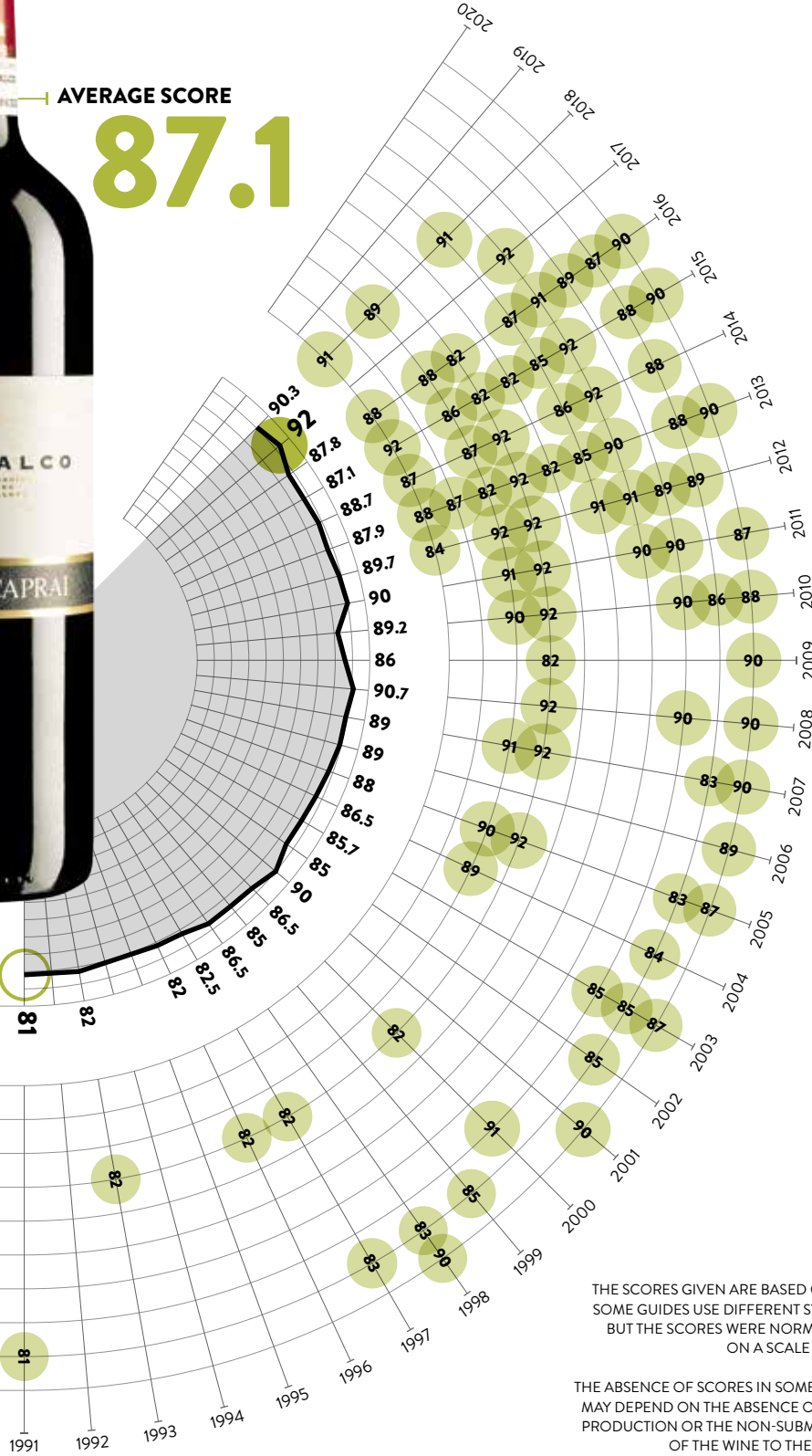


AVERAGE SCORE
87.1

BEST
VINTAGE
2018
92

YEARLY AVERAGE
HISTORY

- ANDREA LARSSON
- DOCTOR WINE - CERNILLI
- VERONELLI
- GAMBERO ROSSO
- BIBENDA
- GILBERT&GAILLARD
- JAMES SUCKLING
- WINE ENTHUSIAST
- WINE SPECTATOR
- WINE ADVOCATE



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BUT THE SCORES WERE NORMALISED
ON A SCALE OF 100.

THE ABSENCE OF SCORES IN SOME YEARS
MAY DEPEND ON THE ABSENCE OF WINE
PRODUCTION OR THE NON-SUBMISSION
OF THE WINE TO THE GUIDE.

SAGRANTINO
25 ANNI

18.000
PRODUCED
BOTTLES
2015

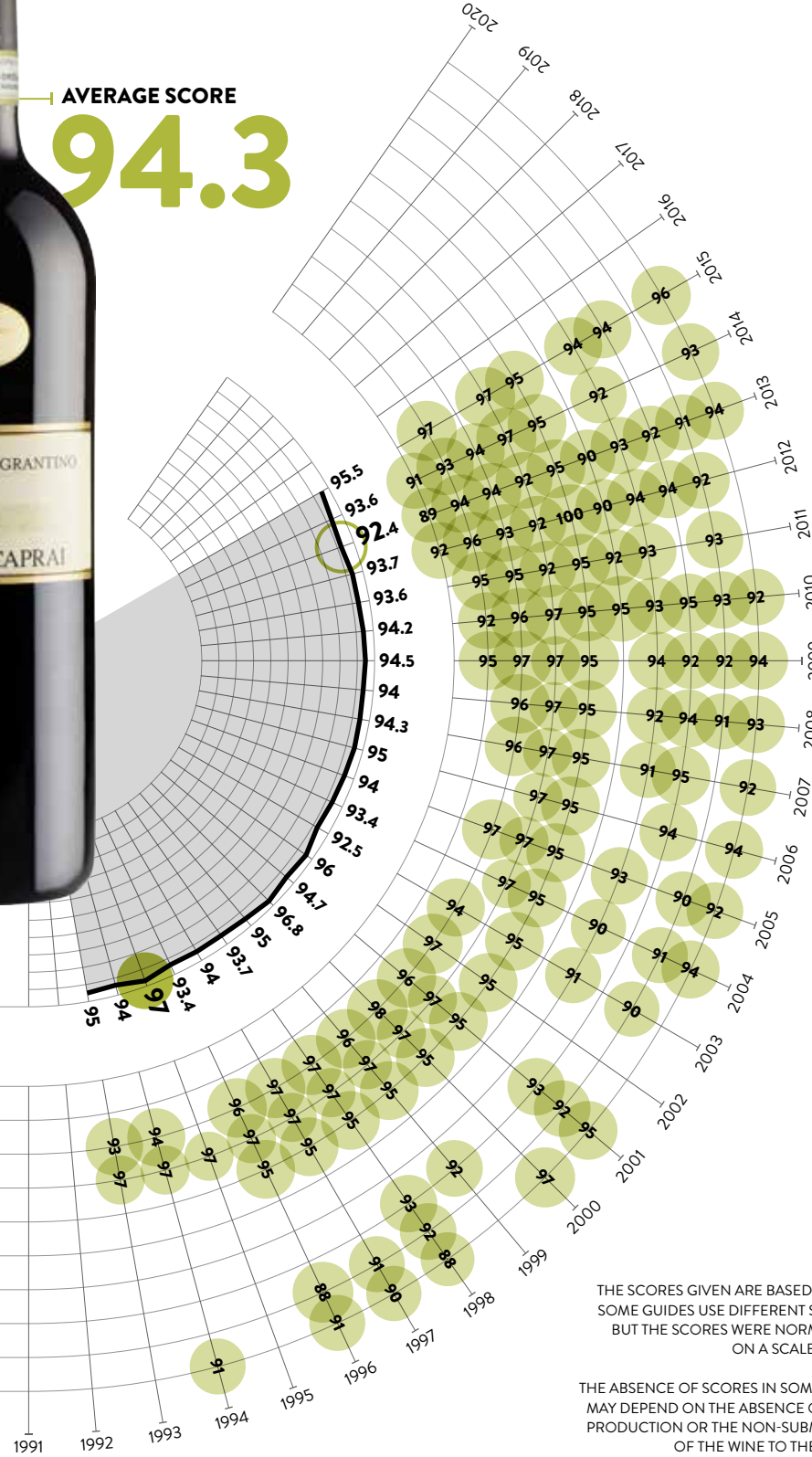


AVERAGE SCORE
94.3

BEST
VINTAGE
1995
97

YEARLY AVERAGE
HISTORY

- ANDREA LARSSON
- DOCTOR WINE - CERNILLI
- VERONELLI
- GAMBERO ROSSO
- BIBENDA
- GILBERT&GAILLARD
- JAMES SUCKLING
- WINE ENTHUSIAST
- WINE SPECTATOR
- WINE ADVOCATE



THE SCORES GIVEN ARE BASED ON 100.
SOME GUIDES USE DIFFERENT SYSTEMS
BUT THE SCORES WERE NORMALISED
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THE ABSENCE OF SCORES IN SOME YEARS
MAY DEPEND ON THE ABSENCE OF WINE
PRODUCTION OR THE NON-SUBMISSION
OF THE WINE TO THE GUIDE.

PAR 1.5.
ARNALDO CAPRAI IN ITALY AND IN THE WORLD

The year 2020 has put a **strain on many activities**, including those in the wine sector, due to the long closures of restaurants and wine shops as a result of restrictive measures, which have led to significant losses in revenue.

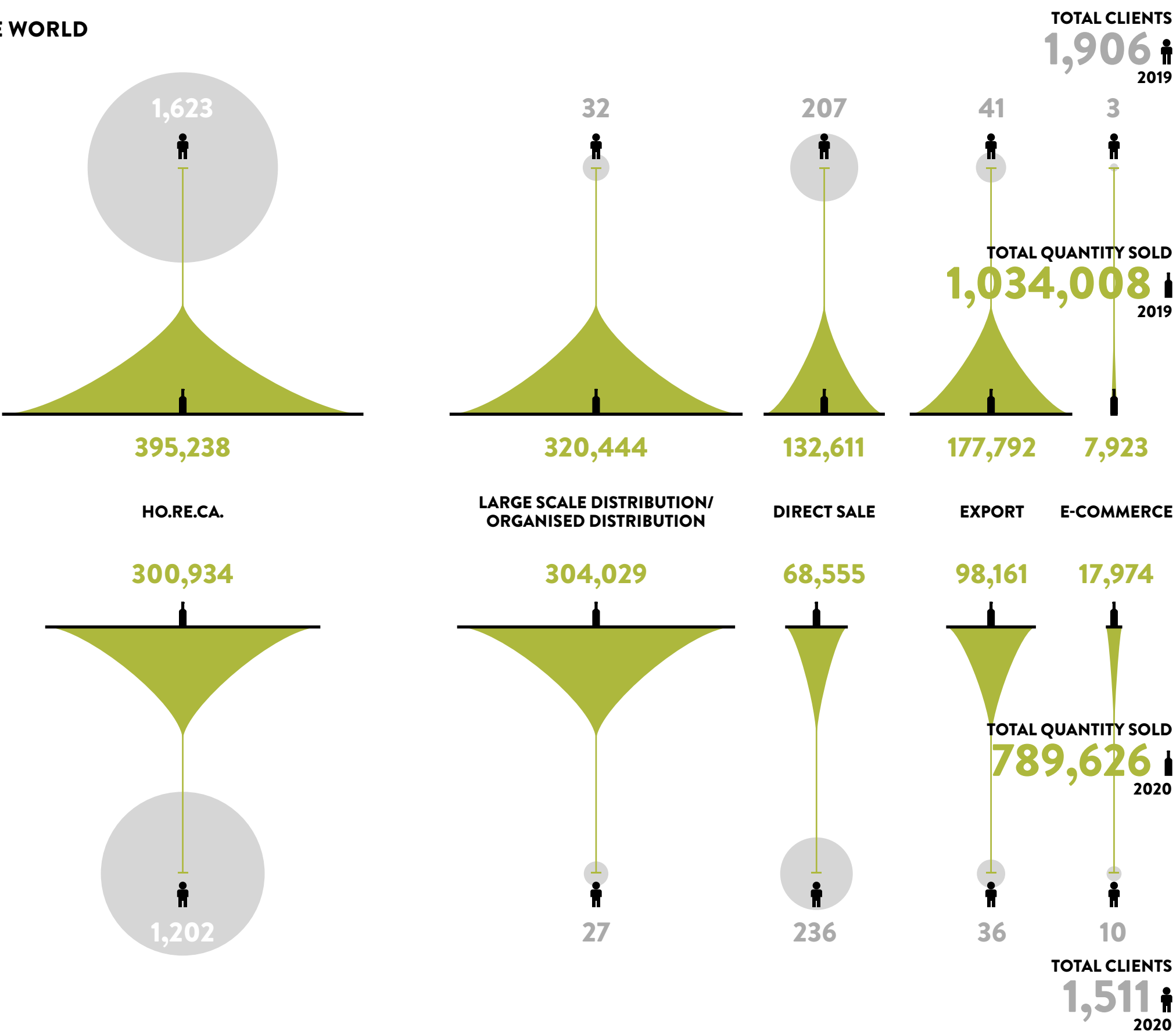
Our winery, however, despite a moderate contraction of sales, has been able **to keep a high production value**.

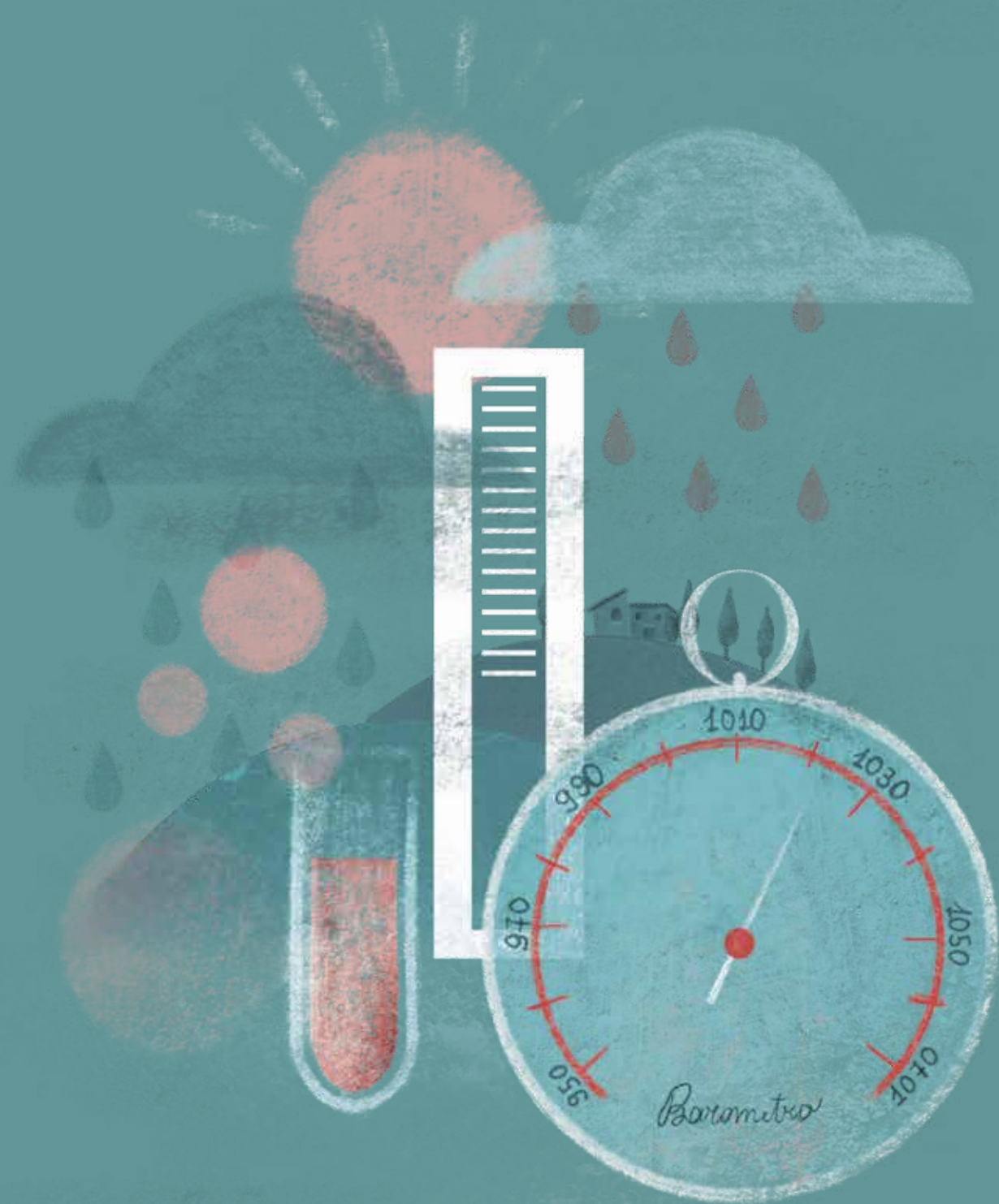
This was not a coincidence, but the **result of conscious choices made by the management over the years**. The capillarity of our sales network and the direct relationship with customers have allowed us to make the difference.

In 2020 our products reached **26 countries in the world**, mainly the United States, Sweden, Switzerland and The Netherlands.

At Arnaldo Caprai, while aware of the importance of exports, we have always believed that Italy, with its villages, chefs, restaurants and osterias is the real asset to be valued. This proved to be decisive during the year 2020, where **we did not record any significant downturn in HoReCa**, which did, however, suffer months of closures. This has been possible thanks to the relationship, which is often personal, that the Company has been able to create over the years with its most important ambassadors: the women and men who work in the food service industry.

Mass retailers continued to play a fundamental role: thanks to the reliability of our partners, they have remained an important garrison allowing Italian consumers to continue to taste the excellence of our Company.





GRI 102 - 9
GRI 102 - 11
GRI 102 - 12
GRI 102 - 13
GRI 201 - 2
GRI 203 - 2
GRI 304 - 2
GRI 416 - 1
GRI 417 - 1

02

INNOVATION

PAR 2.1. THE ROLE OF THE RESEARCH AND DEVELOPMENT LABORATORY

The intuition of Marco Caprai, who during **the end of the 80's** turned to the university world with the intention of highlighting scientific value of Sagraantino, has made possible the world-wide success of what is now called "**the king of polyphenols**", rediscovering the **richness of an entire territory**, that of central Umbria, until then associated with an exclusively religious interest.



31 YEARS OF RESEARCH

1 innovative
START UP



6 UNIVERSITIES



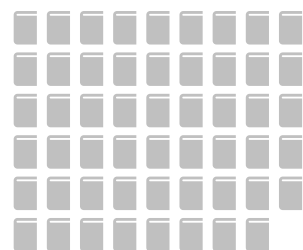
1 Institute
of EXCELLENCE:
San Michele all'Adige



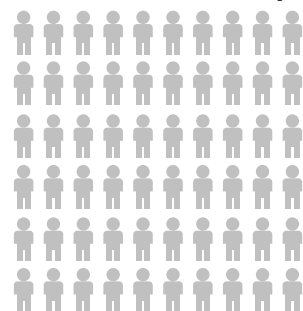
10 SCHOLARSHIPS
FINANCED



53 UNIVERSITY THESES
in agriculture, oenology, economics,
and communication sciences



60 national
and international TRAINEES,
for 57,600 hours of internships



From the beginning, therefore, **we believed in the key contribution that the university world could offer to the dynamic growth of our Company.**

This was a multi-level and multi-disciplinary project that **involved internationally renowned scholars** as early as thirty years ago: among them were Attilio Scienza, Fulvio Mattini, Giorgio Nicolini, Enzo Mescalchin, Luigi Mariani, Massimo Compagnoni, Gabriele Cola, Tito Caffi, Lucio Brancadoro, Max Bergami, Paolo Preti and, in particular, Leonardo Valenti from the Department of Agricultural and Environmental Sciences in Milan. Then other young talents followed and joined the Company during their studies at universities and technical colleges and have become the backbone of the Company.

The creation of a **Research and Development laboratory inside the winery** has marked the spirit of our way of doing business, soliciting a continuous **exchange between scholars and young professionals.** Today the laboratory is involved in researching and experimenting not only new agronomical and enological techniques, but also in investing on the knowledge of vineyards and production in general, constantly improving **quality** and **sustainability.**

For us innovation has always been a fundamental way to keep the tradition in viticulture alive: if in the past such approach allowed us to give value to Sagrantino thanks to the adoption of modern agronomic and enological management systems capable of exalting the quality of this extraordinary grape. In the present time innovation activity is made real and tangible by the continuous experimentation of precision agriculture tools, at the service of a sustainable business model.

The number and technical validity of the projects tested in our R&D laboratory led to the birth of **Leaf Srl**, an innovative start-up in agriculture with the aim of sharing the wealth of **knowledge, relationships, production philosophy gained in the R&D activity** with Italian and foreign wine companies.

**FROM THE BEGINNING
WE BELIEVED IN THE KEY
CONTRIBUTION THAT THE
UNIVERSITY WORLD
COULD OFFER TO
THE DYNAMIC
GROWTH
OF OUR COMPANY**

Drying grapes of Sagrantino
for the Montefalco Sagrantino DOCG Passito production

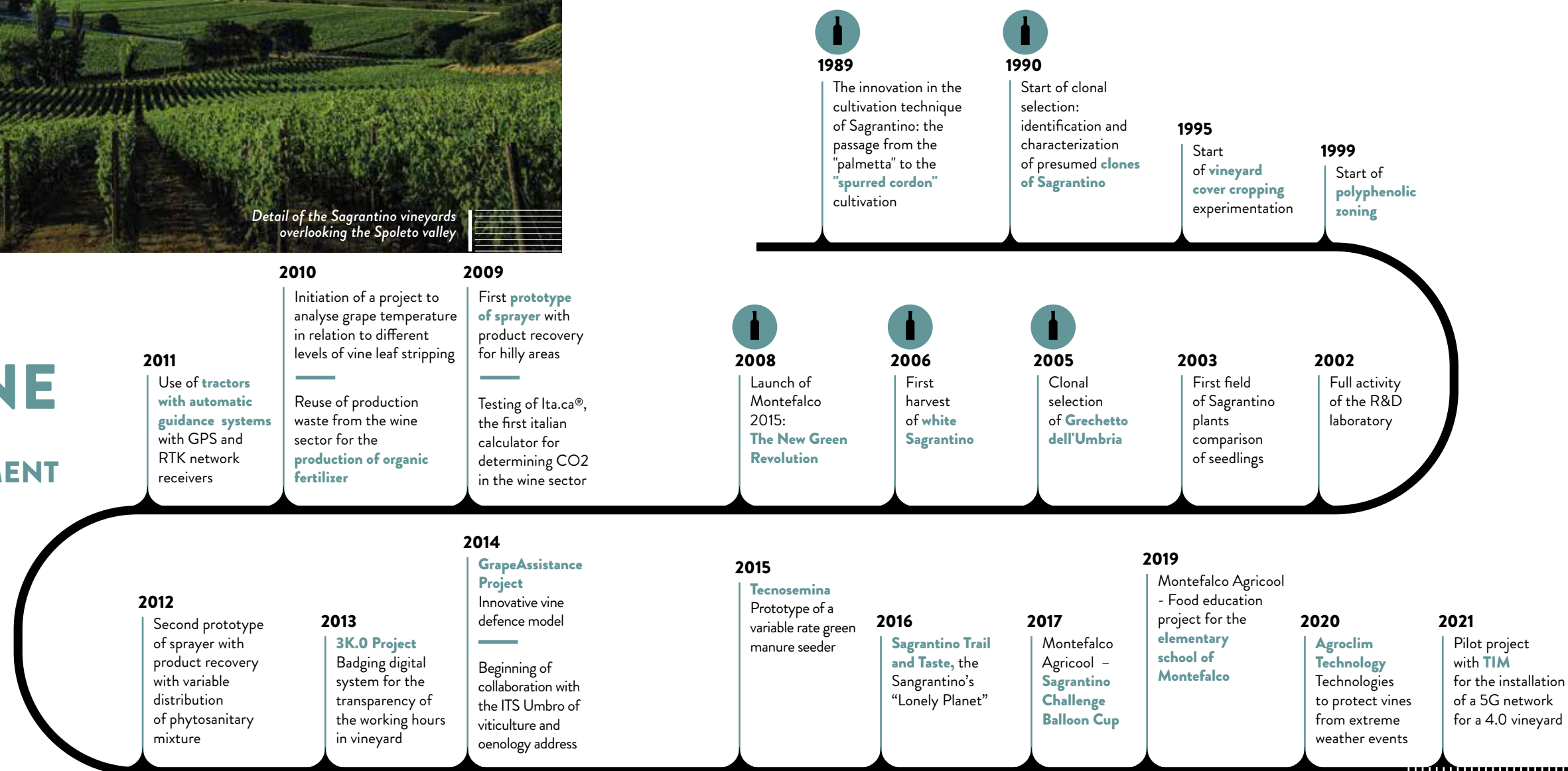




Detail of the Sagrantino vineyards overlooking the Spoleto valley

TIMELINE RESEARCH AND DEVELOPMENT

IN 2014 WE JOINED THE GRAPEASSISTANCE PROJECT, PROMOTED BY THE CONSORZIO TUTELA VINI DI MONTEFALCO AND DEVELOPED TO SUPPORT PRODUCERS IN THE MANAGEMENT OF VINEYARD DISEASES DUE TO PECULIAR WEATHER CONDITIONS. THROUGH THE CREATION OF A TERRITORIAL NETWORK OF WEATHER STATIONS IT IS NOW POSSIBLE TO MONITOR, PROCESS AND SHARE THE INFORMATION NECESSARY FOR THE CONTROL OF A SPECIFIC CROP, DISEASE OR INFESTATION AT LOCAL OR, IF NECESSARY, TERRITORIAL LEVEL. THE IMPLEMENTATION OF GRAPE-ASSISTANCE LIMITS PRODUCTION LOSSES RELATED TO THE TREND OF THE AGRICULTURAL YEAR AND AT THE SAME TIME REDUCES THE USE OF PESTICIDES, CONTRIBUTING TO THE ENVIRONMENTAL AND ECONOMIC SUSTAINABILITY OF OUR BUSINESS, AS WELL AS THE FOOD SAFETY OF OUR PRODUCTS.



PAR 2.2.

VINEYARD CARE

In Arnaldo Caprai we base the care of the vineyard on research and experimentation of the most innovative technologies at the service of precision agriculture.

Since 2010 we have been constantly monitoring our consumption with the aim of improving its efficiency in a sustainable way. We adapt our vineyard management protocol from year to year to the specific needs of the vineyards, depending on the climate of the year.

AGROCLIM TECHNOLOGY

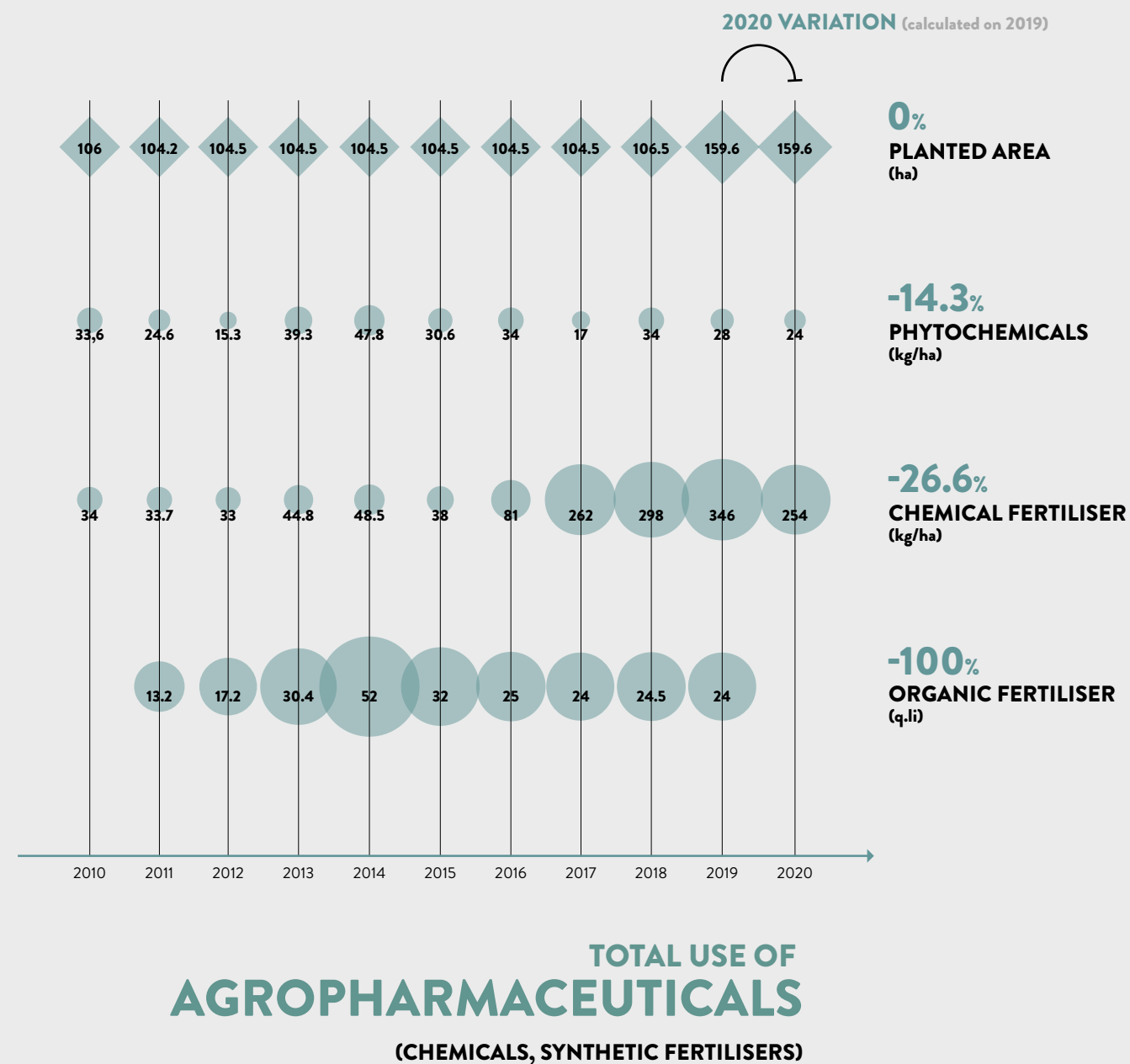
WE CONSIDER INNOVATION AS THE NECESSARY WAY FOR THE SUSTAINABILITY OF OUR BUSINESS. FOR THIS REASON WE ARE CONSTANTLY AT THE FOREFRONT IN THE RESEARCH AND TESTING OF NEW TECHNOLOGIES AND TOOLS FOR AGRICULTURE 4.0. WE ARE ALSO CONVINCED THAT ONLY THE ACTIVE DEFENSE OF AGRICULTURAL REVENUE CAN PROVIDE NEW OPPORTUNITIES FOR DEVELOPMENT IN AGRICULTURE.

WITH THE LAUNCH OF AGROCLIM TECHNOLOGY PROJECT WE USE AN INTEGRATED MODEL OF LATEST GENERATION TECHNOLOGY TO HANDLE THE MAIN EMERGENCIES THAT AFFECT THE VINEYARDS: THROUGH SOME MANAGEMENT SOFTWARES CONNECTED TO THE DATA FROM REGIONAL HEALTH BULLETINS, TO THE WEATHER STATIONS IN THE FIELD AND TO THE SIMULATION SYSTEM OF WATER BALANCE IN THE VINEYARD, WE ARE ABLE TO MONITOR AND DEAL WITH THE DAMAGES FROM PHYTOSANITARY ATTACKS, LATE FROSTS AND SUMMER HEAT WAVES THAT PUT THE PRODUCTION AT RISK.

Among the technologies implemented to face the changing weather conditions of recent years, we have installed, as part of the Agroclim Technology project, **an anti-frost fan** to control damage from spring frost and two **irrigation systems with variable rate and remote control** to manage damage due to summer heat waves.

In order to increasingly reduce the use of plant protection products to fight diseases in the field, we are collaborating on the testing of an App that, through **forecasting models**, field surveys and satellite images, is responsible for monitoring diseases and sharing related information on a management platform. In 2021, the App will officially

go live, which will help to further improve the management and control of phytopathologies in the estate.



SPRAYER WITH RECOVERY SYSTEM

GUIDED BY THE DESIRE TO ACHIEVE PRECISION AGRICULTURE, OUR EXPERIMENTATION ACTIVITY LASTED TEN YEARS HAS ALLOWED THE CREATION OF A MODEL OF VINEYARD SPRAYER ABLE TO OPTIMIZE THE USE OF PLANT PROTECTION PRODUCTS ON HILLY AREAS. THE USE OF THIS RECOVERY MACHINE, WHICH EXPLOITS THE PROCESSING OF DATA PROVIDED BY SATELLITE MAPS, HAS ALLOWED A 60% REDUCTION IN WATER CONSUMPTION AND A 50% REDUCTION IN THE AVERAGE CONSUMPTION OF PESTICIDES, AS WELL AS ELIMINATING THE DISPERSION OF PRODUCTS IN THE AIR AND THEIR FALL TO THE GROUND.

WITH THE REDUCTION OF PESTICIDES, THE BROAD CONCEPT OF SUSTAINABILITY BECOMES A TANGIBLE REALITY, AND THE COMMITMENT TO ENVIRONMENTAL AND ECONOMIC ISSUES IS INTEGRATED WITH THE SOCIAL CONTEXT. BY DISTRIBUTING LESS PRODUCT AND WITH MORE PRECISION, THE SUBSTANCE IS NOT DISPERSED ON THE GROUND AND IN THE AIR, AND THE WORKERS AND THE SURROUNDING COMMUNITY ALSO BENEFIT FROM THESE OPERATIONS.

In 2019 the increase in the use of chemical fertilizers was determined by an **increase of about 50% of the surface we are currently managing**, circumstance that made necessary the performance of extraordinary interventions of mineral fertilization mainly based on phosphorus and potassium in order to restore the correct nutritional levels of the new vineyards under management.

The **constant decrease in the use of phytosanitary products is due to the use of sprayers with product recovery**, result of the Research and Development activity within the Company.

There is a lack of use of organic fertilizer in 2020 due to the inability during the lockdown to distribute the material in the proper time period. Organic fertilization will be done again and in greater quantity in the year 2021.

The organic fertilizers we generally use are **plant digestate, horse manure, and mixed composted** soil conditioner from animal and agricultural wastes.

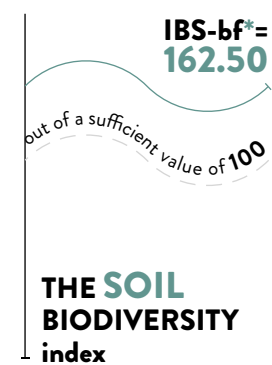
Through the use of mechanical weeding, **we avoid the use of chemical herbicide in 95%*** of the vineyard surface.

In order to preserve and increase soil fertility in a natural way, **we practice green manure** on an increasing surface area, calibrating it specifically to different soils. The technique of green manure consists of burying, either totally or in part between the rows, specific herbaceous species, such as legumes, able to transfer nutrients to the soil and improve its structure.

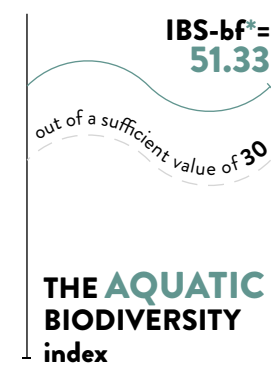
**There is still a small percentage of vineyards with planting systems prior to the '90s which for the type of planting does not allow alternatives to chemical weed control.*

With the eight hectares of woods, the water courses and the reservoir for the capture of spring water spread in different areas of the estate, we can rely on an important **reservoir of biodiversity** that can positively influence the health and balance of our ecosystem. In the vineyard, the tools and good practices of precision agriculture, together with the contribution of organic substance of both green manure and manure, favour the maintenance of microorganisms present in the soil.

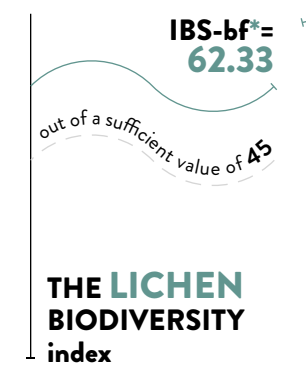
To assess the environmental quality of our agrosystem, in 2020 we requested an analysis by the experts of the Biodiversity Friend protocol. The investigation, based on samples taken in different areas of the Company estate, had as its object the biological quality of soil, the quality of surface water and air quality (the latter through a lichen analysis). In all three analyses the values found were very satisfactory, confirming a **low anthropic impact**.



*calculated on the presence of soil invertebrates (annelids, collembolids, mites, isopods, myriapods, insects, etc.)



*calculated on the presence in surface waters of aquatic macroinvertebrates with different tolerances to pollution (plecoptera, ephemeroptera, mollusks, annelids, etc.)



*calculated on the presence and frequency of epiphytic lichens detected on tree barks

AGRICULTURE 4.0 TECNOSEMINA PROJECT

WE HAVE BEEN PRACTICING GREEN MANURE IN THE VINEYARD SINCE 1995, BUT ONLY RECENTLY WE HAVE BEEN ABLE TO COMBINE THIS ANCIENT TECHNIQUE WITH THE INNOVATIVE TOOLS OF AGRICULTURE 4.0. WE HAVE IN FACT CREATED A PROTOTYPE OF A GREEN MANURE SEEDER ABLE TO DISTRIBUTE THE QUANTITY AND QUALITY OF THE SEED ON THE BASIS OF THE DIFFERENT CHARACTERISTICS OF THE PLOTS TO BE TREATED. THIS PROTOTYPE ENSURES THE BEST SEEDING OF HERBACEOUS OR LEGUMINOUS SPECIES FOR EACH PLOT.

PAR 2.3.

TOWARDS A SUSTAINABLE WINERY

For years we have been implementing programs to make all winery practices sustainable, both in terms of energy and water.

Being aware of the need to make the consumption of resources in the winery more efficient, over the years we have made several choices regarding energy and water savings: in 2014 we installed 258 square feet of solar thermal panels for the production of hot water from renewable sources; in 2015 we put solar reflective films on the windows of our wine shop space, to optimize its thermal insulation. We then replaced the old refrigeration systems with better performing ones and improved the efficiency of our cold distribution system.

Last year, Amorim Cork, a company specialized in the production of natural cork stoppers, commissioned a study on the life cycle of some of its products. In fact, cork stoppers generate a significant retention of CO₂, taking into account that consumed by cork oaks and that obtained from the analysis of production and distribution cycles. Through the study, the supplier company was able to quantify the absorption of CO₂ resulting from the purchase of cork stoppers. The total value for Arnaldo Caprai Srl is equal to 17.2 tons of CO₂. This figure increases to 36.8 tons of CO₂ retained if we apply similar criteria with other suppliers in the chain.

For a wine business such as ours, we use water resources several times during the production process, from the sanitization of the cellar to the washing of the equipment including barriques, steel tanks and bottles.

The use of water in the cellar is strictly connected to the weather conditions and to the quantity of grapes processed in the year. Thanks to a water purification plant, we are able to reclaim the wastewater produced during the vinification processes and to provide for its expulsion. The cellar and HACCP managers take care of the performance and interpretation of chemical analysis made to the wastewater from the purification plant, to ensure and control its healthy status.

For the cleaning and sterilization of the winery's tools, in 2018 we installed a new microfiltration system that allowed us, against a greater quantity of grapes processed, to proportionally reduce the consumption of well water used. Below is a summary of water consumption from 2009 to date, divided between mains water and well water.

Concerning the consumption of water from the aqueduct*, which constitutes approximately one third of the water we use, the 240% increase recorded in 2019 was the consequence of a hidden leak that was then promptly repaired. On average, there is a constant efficiency in the use of water, even if the consumption figures for 2020 are conditioned by the particularity of the past year and especially by the lower quantity of grapes processed.

*see water use graph on page 40



TOTAL ENERGY CONSUMPTION

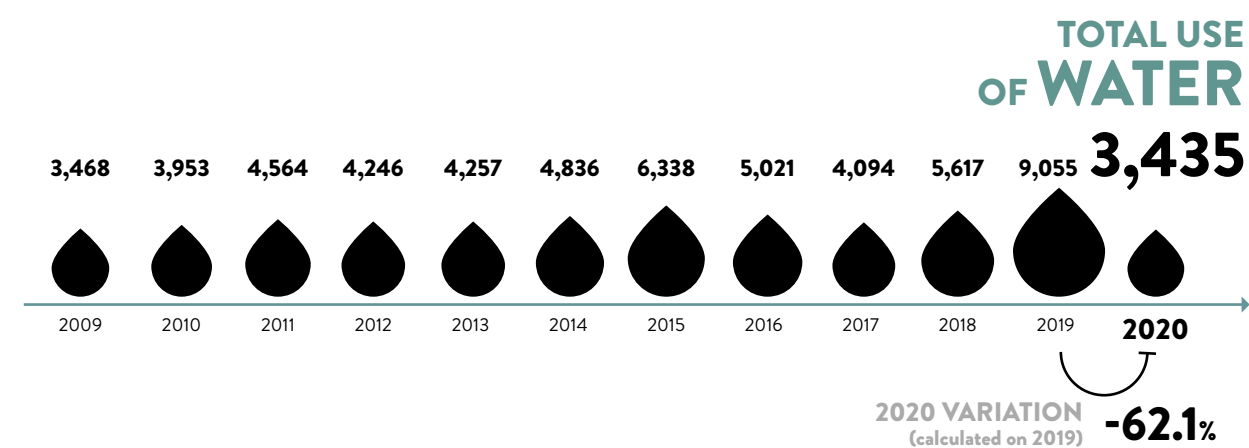
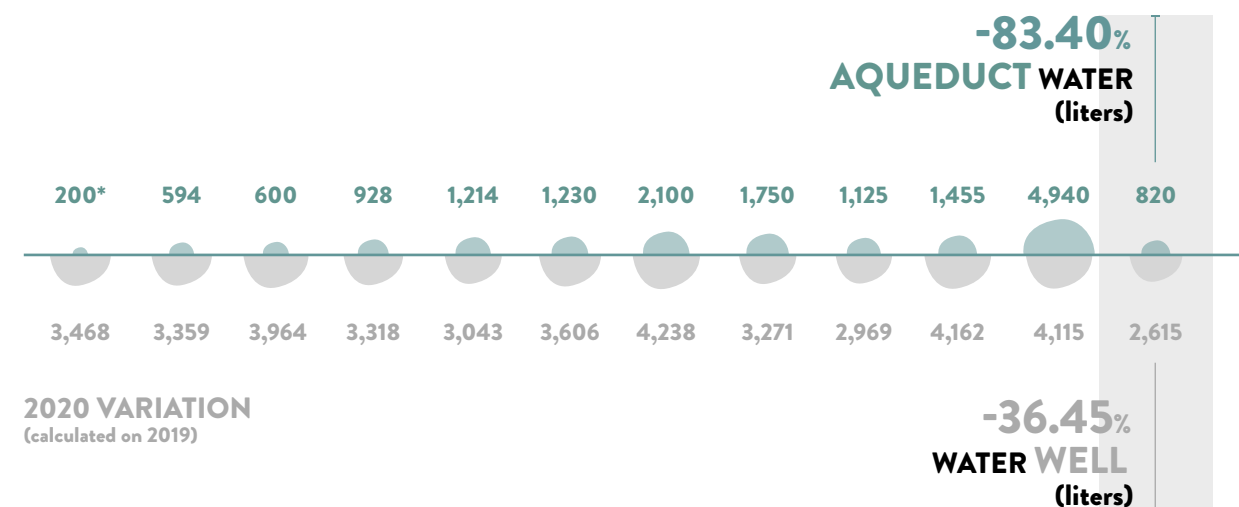


9%
ENERGY OF LPG

21%
ENERGY FROM DIESEL OIL

69%
ELECTRICITY
necessary for the normal functioning of the winery:
for the lighting and cooling of working spaces,
for the functioning of electrical equipment,
crushing and vinification processes

⚡ 536 Mwh
TOTAL ELECTRICITY
CONSUMED IN 2020



PAR 2.4.

QUALITY AND SAFETY

To ensure the compliance of our current and potential suppliers with sustainability requirements, we submit them a questionnaire that requests information on both the certifications they hold and their compliance with quality and safety requirements in the management of processes and products, training and safety in the management of human resources, and their commitment to good environmental and socio-economic practices.

The collection of information **is carried out annually on a sample of suppliers**: it is an operation that allows us **to raise stakeholders' awareness of environmental, social and economic sustainability**.

In order to control the safety of all our products, wine parameters are reported on specific

Technical Data Sheets and then verified every year. From the 2020 verification, sensorial and analytical parameters of products are in compliance with what is written in the disciplinary of Denominations of Origin.

In December 2018, we updated our HACCP manual, introducing additional restrictive limits for specific potentially contaminating substances.

Our product labels show the information required by the relevant regulations, the origin of the name, the organoleptic characteristics, the possible food pairings and, since 2013, the certification logos of the sustainability of the Company.



WE CONSTANTLY UPDATE
RESTRICTIVE LIMITS
FOR SPECIFIC
POTENTIALLY
CONTAMINATING
SUBSTANCES

View of the vineyards
at Arnaldo Caprai Estate

PAR 2.5.

CERTIFICATIONS

At Arnaldo Caprai we have been working for some time on controlling and reducing environmental impact. The Company has been committed since the beginning of 2000, with the first ISO certifications, **to monitoring the quality of the supply chain and improving environmental performance.**

In 2008, as the **leader** of seven wineries in the area formed the Association Grandi Cru di Montefalco, we started a collaboration with the University of Milan, the ‘Parco Tecnologico dell’Umbria’ and some regional training centers, with the aim of defining, through the testing of innovative practices and techniques, a territorial protocol of sustainable production.

This led in 2013 to the creation of the first Italian sustainability protocol for the wine sector, aimed at measuring **not only the environmental impact, but also the social and economic impact: New Green Revolution**, validated by CSQA, an independent certification body for agri-food.



The protocol certifies compliance with the following values:

- 1. Technical management of high-level vineyards
- 2. Reduction in the use of resources
- 3. Preservation of landscape and biodiversity
- 4. Product traceability
- 5. Respect and safety at work
- 6. Well-being of users and visitors
- 7. Dialogue with customers
- 8. Local community involvement
- 9. Economic sustainability and innovation
- 10. Careful activity registration

Today, after an intense activity of study and comparison that has seen us taking an **active part in the development of the SOPD Equalitas sustainability standard**, most of the principles of the New Green Revolution protocol have been included in Equalitas, which we have joined in 2019.

YEAR	NAME	CONTENT
2001 – 2008	ISO 9001	It certifies compliance with the highest standards of quality management throughout the entire production chain, from the monitoring of incoming raw materials to that of the transformation processes, up to the finished product
2005 – 2016	ISO 14001	It certifies an effective improvement of the company environmental performance over time in its manufacturing activities
2010	ISO 14064	It certifies the credibility and guarantees the processes of reporting and monitoring of GHG (GreenHouse Gases), in relation to the declarations of emissions by the Caprai Company and its reduction projects. The calculation of the carbon footprint is possible thanks to the adoption of the calculator Ita.Ca.
2013	DTS 015	New Green Revolution
2014 – 2016	ISO 50001	It certifies the continuous improvement of energy performance, including energy efficiency, energy consumption and energy use
2014	ISO/TS 14067	Certifies the clarity and consistency of Product Carbon Footprint (PCF) quantification, reporting and communication activities by defining the principles, requirements and guidelines for its quantification and communication
2015	VIVA	Certifies compliance with four indicators for the product Montefalco Sagrantino DOCG “Collepiano” 2010: <ul style="list-style-type: none">– “Air” evaluates the greenhouse gas emissions directly and indirectly related to the life cycle of a product (CFP) or to an organization (GHGI)– “Water” reveals the total volume of fresh consumed and polluted water. It is an explicit indicator of the fresh water consumption in the vineyard and in the cellar related to the wine production– “Vineyard” takes into account the agronomic management practices in the vineyards and in particular it evaluates the use of pesticides and their effect on water bodies and soils, soil management practices, fertility and biodiversity issues– “Territory” takes into account the landscape designed by the cultivation of the vine
2019	EQUALITAS	It certifies compliance with the requirements and indicators defined for each environmental, social and economic pillar which include, among others, good agricultural practices, good economic practices towards workers and suppliers, transparency of sustainability reports. The certification involves three production dimensions: the company (Organization standard), the final product (Product standard) and the territory (Territory standard)



GRI 102 - 12
GRI 203 - 2
GRI 401 - 1
GRI 403 - 1
GRI 403 - 4
GRI 403 - 9

03

TERRITORY

PAR 3.1.

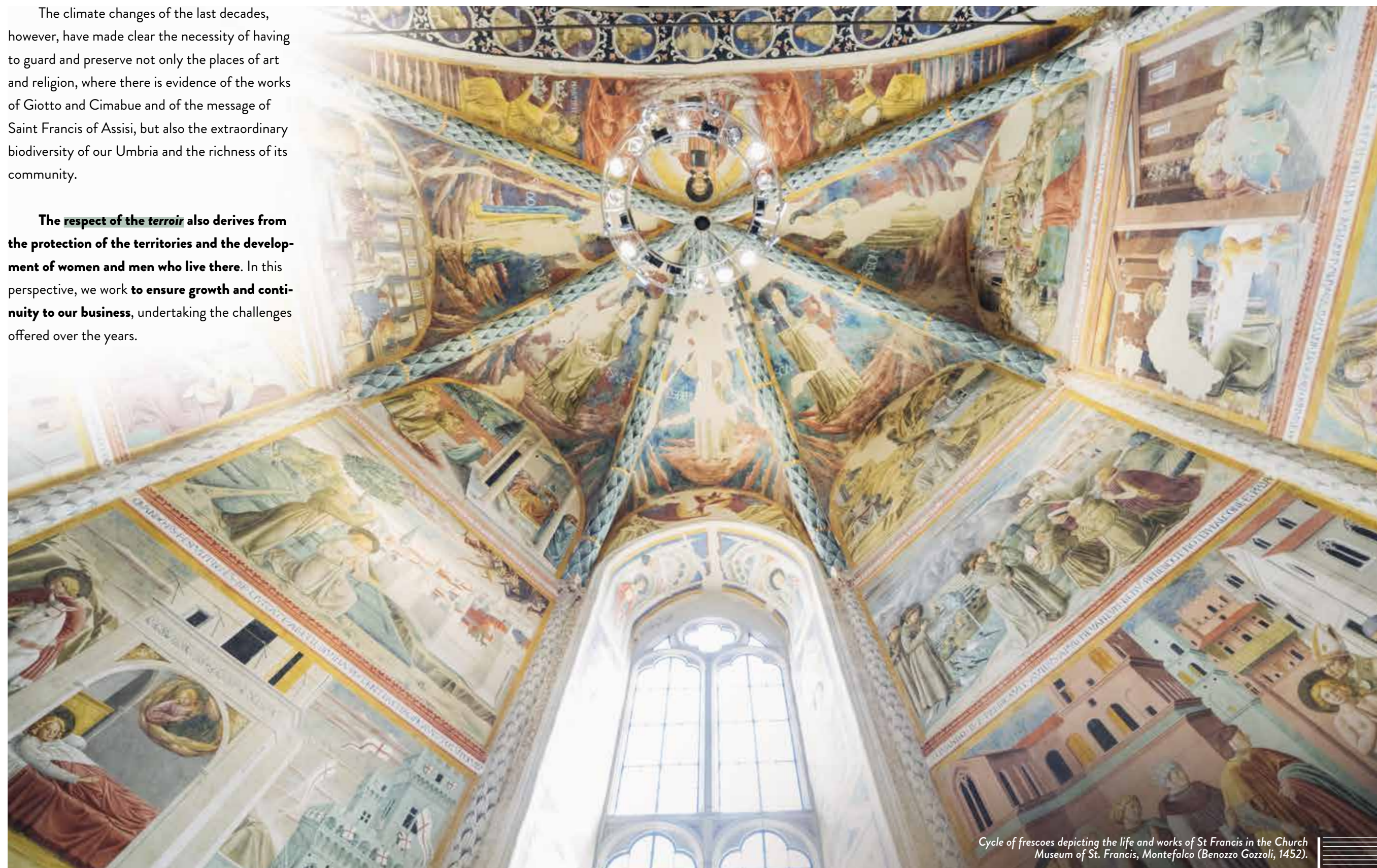
UMBRIA, OUR TERRITORY

Along the succession of valleys, plateaus and plains, in Umbria are found **precious witnesses of faith, culture and traditions**. Here, among the alternation of medieval villages and natural landscapes, the Mediterranean climate favours the production of outstanding products of the Italian enogastronomic culture such as wine and oil, whose tradition has been kept alive in the Middle Ages by Cistercian, Benedictine and Franciscan **monks** of which we feel privileged guardians.



The climate changes of the last decades, however, have made clear the necessity of having to guard and preserve not only the places of art and religion, where there is evidence of the works of Giotto and Cimabue and of the message of Saint Francis of Assisi, but also the extraordinary biodiversity of our Umbria and the richness of its community.

The respect of the *terroir* also derives from the protection of the territories and the development of women and men who live there. In this perspective, we work **to ensure growth and continuity to our business**, undertaking the challenges offered over the years.



Cycle of frescoes depicting the life and works of St Francis in the Church Museum of St. Francis, Montefalco (Benozzo Gozzoli, 1452).

PAR 3.2.

HUMAN CAPITAL

We are proud to have been pioneers in Italy of a new idea of viticulture, one that had the environment, society and the future of its business at heart. This is a project that, as Arnaldo Caprai Company, we have pursued through the **adoption of sustainability certifications and protocols**.

The richness of the human resources that work in Arnaldo Caprai is the result of the dynamism of our cultural background, made up of a continuous exchange between those who preserve the traditions of the territory and those who are integrated into the Company after coming into contact with us through training courses at universities or ITS.

Every year an external professional **checks the degree of satisfaction of our workers** with respect to the working conditions in the Company: the 2019 survey has shown a particular satisfaction of our employees for the flexibility granted on working hours, leaves and vacations, the communication and request of which is facilitated by **the RFID automatic 'badging' system**. A culture of listening and a continuous dialogue between workers in the Company are constants in our working environment.



In 2020, however, due to the pandemic, we were unable to collect any formal anonymous input related to the business climate through the external contact person monitoring. We will be able to report on what emerges from the next survey in the 2021 Report.

**EACH OF US,
REGARDLESS OF OUR JOB,
CONTRIBUTES
WITH HER OR HIS OWN KNOWLEDGE,
CULTURE AND DIFFERENT EXPERIENCES
TO THE MAINTENANCE OF A SAFE, SERENE
AND STIMULATING WORKING ENVIRONMENT.
A SHARED ETHICAL CODE
GUIDES OUR RELATIONSHIPS.**



We have always believed in the value of **training as a tool for increasing and consolidating individual skills and as a means of personal progression and improving the living conditions of the communities** in the area.

This philosophy does not only translate into **giving an opportunity to the ideas and aspirations of the Company's workers** or in providing them with ongoing training, but also in the development of actions that allow the intellectual, personal and working growth of the young people of our territory. For example the projects dedicated to the students of the schools in Montefalco, to the young people who attend ITS courses and in the integration programs for asylum seekers assisted by Caritas of Foligno.

Continuous and constant collaborations with universities and research organizations have, over the years, guaranteed an increase in the level of knowledge and specialization of our employees and collaborators, **enhancing their potential and giving back to the district of Montefalco a great value.**

We are convinced that the quality of our products depends directly on the quality of the working environment in which they are made. In the management of the Company, **we pay attention to the safety of people working in the vineyard during pruning and harvesting activities, as well as of operators working in the cellar**, who may be exposed to various risks of accidents due to the high manual content of the activities and the specificity of the products and machinery used.

We take all necessary measures for the **prevention of accidents and damage to health**, in compliance with the Italian Law (T.U.S.L. - D.lgs 81/2008), including the preparation of a document evaluating the risks caused by the activity and the appointment of responsible figures such as RSPP, RLS as well as other supervisors specifically trained to assist in case of emergencies.

We are committed to developing and promoting a process of continuous improvement of our safety performance, as evidenced by the implementation in the vineyard of some tools such as **automatic guidance systems with GPS and RTK network receivers on our tractors**, or even the sprayer with product recovery.

No injuries were recorded among our workers in 2020.

In order to contain the spread of the infection in the first pandemic phase, we have activated home working and remote meetings for workers in the administrative, accounting, commercial, marketing and hospitality departments. For the protection of the staff, who are essential to the activities of the cellar and vineyard care, we have worked to follow the indications provided by the World Health Organization and the Ministry of Health, in particular by providing them with the appropriate methods of protection and adopting the necessary behavior protocols.

THE RFID BADGING

3K.0 PROJECT

THE RFID BADGING SYSTEM **GUARANTEES THE TRANSPARENCY OF THE WORKING HOURS AND MAKES AUTONOMOUS THE REQUEST OF VACATIONS, PERMITS OR OTHER COMMUNICATIONS FOR ALL WORKERS. EACH EMPLOYEE COMMUNICATES AUTONOMOUSLY THE HOURS WORKED THROUGH HIS SMARTPHONE, WITH THE POSSIBILITY TO REPORT THE WORK PERFORMED AND, IN THE CASE OF AGRICULTURAL OPERATOR, THE SPECIFIC SECTION OF THE FIELD OPERATED. THE WORKER'S PROFILE CAN BE CHECKED BY BOTH MANAGERS AND THE WORKER HIMSELF, AND THE PAYROLL IS GENERATED AUTOMATICALLY.**



Bike tour
through the Arnaldo
Caprai vineyards

AUTOMATIC GUIDANCE ON TRACTORS

RTK PROJECT

IN ORDER TO IMPROVE THE ENVIRONMENTAL PERFORMANCE AND SAFETY OF OUR OPERATORS, IN 2011 WE HAVE **INSTALLED AUTOMATIC GUIDANCE SYSTEMS WITH GPS AND RTK NETWORK RECEIVERS ON THE TRACTORS USED IN OUR VINEYARDS. IN THIS WAY WE ARE ABLE TO KNOW IN REAL TIME THE PROGRESS OF THE CULTIVATION OPERATIONS AND, IN CASE OF AN ACCIDENT OF THE TRACTOR, TO INTERVENE IMMEDIATELY TO HELP THE WORKER FOLLOWING THE AUTOMATIC SENDING OF A CALL FOR HELP.**

PAR 3.3.

GROWING NEW TALENTS FOR THE TERRITORY

Since 2014 we have been investing in the **training of the younger generations** by welcoming the students of ITS Umbria Academy among our vineyards.

A commitment underlined also through the active participation of our CEO Marco Caprai in the board of the Umbrian ITS, first ITS in the Italian ranking. Convinced of the value of the educational content of the course, **we have collaborated in the design and implementation of the curriculum by providing classrooms, vineyards and specialized personnel.**

The excellence of the human resources employed by the companies which, like ours, accepted this challenge, offers a high level of

training and professionalism to the young participants, employed in a post-diploma course in Agri-food. The young people, involved in a course of 1800 hours, 800 of which to be carried out in the Company, **acquire knowledge and skills that make them able to manage the production processes of the agricultural sector:** they face courses on basic legislation as well as agronomic techniques, the use of the latest technologies, and marketing strategies.

Thanks to the hours of training in the Company, young professionals come into contact with the business world, and **find employment:** the result is a virtuous circle of technical and cultural growth among the employees of the territory.

PAR 3.4.

THE VINEYARD OF INTEGRATION

Welcome asylum seekers not with works of charity but through the offer of work and professionalism: this was the purpose of the integration project carried out by the Company thanks to the collaboration with Caritas of Foligno, a project that aims **to integrate migrants in an effective way**, making them protagonists of the redemption of the territory and the community which they live and work in.

Since 2016 an increasing number of **asylum seekers found an occupation among the vineyards and the winery of the Company** and were hired as agricultural workers. The success of the initiative now attracts more and more workers, who come to Arnaldo Caprai directly, aware of finding a welcoming and respectful environment. The work has given these people the chance to tell their story among rich studies, great willpower and countries to escape from, as well as **being recognized by the community as a richness, helping to dispel any prejudice.**



Arnaldo Caprai vineyards during
Calici di Stelle event


5 YEARS
PROJECT PERIOD

64
people involved in 2020
between **ASYLUM SEEKERS**
AND **FOREIGN CITIZENS**



PAR 3.5.

INVESTING IN THE COMMUNITY, A CONSTANT COMMITMENT

 Our roots are firmly planted in the territory of Montefalco. Our history tells of Sagrantino. We preserve the wisdom of making wine and believe that through it that we can defend, enhance and tell the story of the territory and the community that inhabits it, even outside the borders of its region.

In the early 90's the recognition of DOCG Montefalco Sagrantino gave impulse to a synergy between institutions and activities involved in the production area: a path that has seen us as protagonists together with other producers of the territory. Today, visitors who pass through the rolling hills and medieval villages of our area **are welcomed by the services and opportunities of the Sagrantino district of which we are bearers in the world.** The Oscar del Vino received by Marco Caprai in 2001 as **"Best Producer"***, has consecrated the success of a business model that has made the relationship between tradition, innovation and territory the starting point for a production of excellence.

**prize established at the time by the Associazione Italiana Sommelier and today by the Fondazione Italiana Sommelier*

Arnaldo Caprai winery proudly represents an important **reference point** not only for occasional visitors but also and above all for the community, always involved in our initiatives.

There are many projects that have seen us **engaged in the forefront for the visibility of the Sagrantino district**, its culture, its history, its landscapes and its magnificent products.

Among these, from the virtuous collaboration between our Company and the Winenews magazine, in 2016 we started the project that **involves the children of the elementary school "Bruno Buozi"** of Montefalco in a laboratory of taste and nutrition education. In the series of appointments in which we are the protagonists, we transmit to the kids the curiosity towards animal and vegetable species; we then guide them in the discovery of the centenarian Sagrantino vines that can be found at the edge of some medieval buildings in the historical center of Montefalco, as well as in the observation of our natural landscapes, already the subject of Benozzo Gozzoli's work. We are committed to **passing on awareness of the extraordinary biodiversity and cultural richness** of the place where they live.

In 2018 we published the "Sagrantino Trail and Taste: *four itineraries in a terroir of excellence*": a **free guide to the Sagrantino territory**, downloadable online at www.mymontefalco.it and available in both Italian and English.

Now in its fourth edition, the **fundraiser** named **#CAPRAI4LOVE** is also an integral and tangible part of our winery's philosophy as a tool of vision and constant commitment to support the culture of our territory. Over the years, also thanks to the involvement of exceptional testimonials and other companies and associations of the territory, the initiative has made possible the recovery and **restoration of some works that testify the history of the cultural vibrancy of Montefalco**: among them the fresco by Benozzo Gozzoli "Grandi Francescani" and the wooden arch of the Museum of San Francesco.

After the earthquake that severely affected the towns of Amatrice, Norcia and Visso in August 2016, tourism in Umbria suffered a major downsizing, and the phenomenon also affected the activities of our district.

The presentation of *The Duel of Wine at the 73rd Venice Film Festival*, a film shot largely in our winery, the streets and historical buildings of Montefalco, contributed to give a **new and safer image of our places**, evoking landscapes and lifestyles that refer to our millenary tradition. In the movie the owner Marco Caprai plays himself, and in many scenes the main character somme-

lier Charlie Arturaola tastes our wines. **The whole community was involved in taking part in the cast selection** of the movie, through an online contest.

Our sponsorship relationship for the **Sagrantino International Balloon Challenge Cup** dates back to 2017. This is a competition between hot air balloons that in the summer attracts more than 90 crews **from all over the world** and thus serves as a **showcase for the promotion of the territory and its agri-food typicalities**. Participants, after having flown over Sagrantino vineyards, are welcomed by the activities of the district which offer them various services. In the last three years we have renewed our relationship with the Ballooning event as part of the **Montefalco Agricoool project**, an initiative aimed at increasing the flow of tourists in the Sagrantino area.

The attention to the preservation of the territory and the support of the community is not limited to the Montefalco area. On the occasion of the 100th birthday of the Nobel Prize Rita Levi Montalcini, we donated to the Rita Levi Montalcini Foundation all sales revenue of the special edition label wine dedicated to her in order to support the Foundation's commitment **to promoting women's education in Africa**.

PAR 3.6.

THE HOSPITALITY OF ARNALDO CAPRAI

Our winery inaugurated its own **Spazio Enoteca** in 2006: a visitors' center **open to the public every day** of the year, with tasting room, meeting room and a hall for conferences and events. Thanks to the idea of sharing and attracting talents underlying the creation of these spaces, in our winery we host many conferences: an example is the Symbola Foundation seminar "The Future of Italy: the Challenge of the Soft Economy" held in 2006, and the Montefalco Enological Event, dedicated every year to the strategic promotion of the territory.

We were the first promoters of Harvest in Montefalco, a musical event which also involved other wineries in the area and which, from 1997 to 2005, thrilled wine and music lovers from all over Italy who came to Montefalco to attend, immersed in the vineyards, the musical performances of artists such as Goran Bregović, Max Gazzè, Vinicio Capossela, Bandabardò, and many others. We participate in the national initiatives of *Cantine Aperte* and *Calici di Stelle*, where we involve musical talents, performers, astrologers **to offer moments of entertainment to both adults and children.**

We enthusiastically embrace these opportunities, which bring us closer to more and more people. Only in 2020, despite the complexity of the pandemic context and with the adherence to the reference norms for the containment of the infection, we welcomed **17,656* visitors in our winery.**

Besides organizing personalized experiences, our winery offers five main tasting tours in both Italian and English, with different duration, time of experience and budget.

Among them, the **"picnic in the vineyard"** is the tour that most excites adults and children. After visiting the winery guided by our experienced staff, guests can walk and play freely among the rows of vines of the estate and then relax on our wooden terrace. There, in the shadow of a centenarian oak tree overlooking the Sagrantino vineyards, accompanied by our wine and local products contained in the wicker basket delivered, in the heart of a branch of the Saint Francis Walk, our guests are free to spend the day among the hills of our estate with a view of Montefalco.

Our goal is to offer **a memorable experience of our vineyards** to anyone who comes to the winery, giving the opportunity not only to taste and buy our products directly in the winery, but also **to receive information about the most attractive places** in the Montefalco area.

Ours is a **winery without barriers:**

- The accessibility to people with disabilities is ensured by means of a parking lot reserved to them and a special path to visit the winery;
- In the space closer to the access of our buildings there is also a dedicated car park for pregnant women or new mothers.

Two ENEL columns for recharging vehicles ensure the **mobility** of those who travel by **electric** car.

**data from the
analysis of access flows
in the wine shop.*



*Detail of the picnic
in the vineyard experience*



GRI 102 - 13
GRI 102 - 40
GRI 102 - 42
GRI 102 - 43
GRI 102 - 46
GRI 102 - 47
GRI 103 - 1
GRI 103 - 3
GRI 203 - 2

04

FUTURE

PAR 4.1.

THE RELATIONSHIP WITH STAKEHOLDERS

We believe that the qualitative and productive growth of our business model is based on the trust and respect of our stakeholders. These are public and private bodies, media, sector associations, suppliers, partners, customers, employees and the community, with whom we have established relationships based on **loyalty and transparency**, and with whom we have discussed and continue to discuss our **present and future prospects**.

For this reason we are committed to organizing initiatives, events and audits that involve all stakeholders of Arnaldo Caprai.

Today we are in the front row in dialogue with institutions and associations for the creation of a rural district. We have promoted, both directly and in collaboration with other associations of producers, **projects for the development of the area of Montefalco**, which have made the village known and appreciated worldwide.

Likewise, convinced of the need to make the whole territory responsible for the sustainable development of local realities, we involved other wineries in Montefalco in the creation of the first territorial sustainability protocol in Italy.

We are in the Board of Promoters of Sym-

bola, the Foundation for Italian Quality. We actively participate in industry associations such as Confagricoltura, supporting many of the initiatives periodically activated. As members of the Pollenzo Agency, we have contributed to the restoration of the historic Pollenzo complex and the creation of a reference hub for food and wine knowledge, where the first University of Gastronomic Sciences in the world is located.

This year, in occasion of the publication of our first Sustainability Report, we deepened the analysis of the different categories of stakeholders of our activity. In this context, the precise identification of our stakeholders has been central to the construction of the materiality analysis and their

involvement in the assessment of material issues for Arnaldo Caprai: in May 2021 we handed out to our stakeholders a quantitative analysis, in which we asked to assign a score to the areas of strategic action and development identified by the management of the Company. Most of the input came from employees and suppliers.

The result of the materiality analysis highlights, in the relative matrix, the material results, that is, the aspects perceived as relevant by Arnaldo Caprai and stakeholders, which significantly influence expectations, decisions and actions generating economic, social and environmental impacts.

In accordance with the **Global Programme of Action for Sustainable Development** launched in 2015 by the United Nations, we then focused

our attention on the 17 Sustainable Development Goals, identifying those on which our action can produce impacts and results. The joint analysis of the 17 Sustainable Development Goals and the material issues detected by the comparison between management and stakeholders has revealed a connection between our specificities and some of these Goals. We therefore contribute with our activity to the achievement of the following 6 Sustainable Development Goals:

SDG 2:

- End hunger, achieve food security and improved nutrition and promote sustainable agriculture.

SDG 4:

- Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

SDG 8:

- Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

SDG 9:

- Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

SDG 12:

- Ensure sustainable consumption and production patterns.

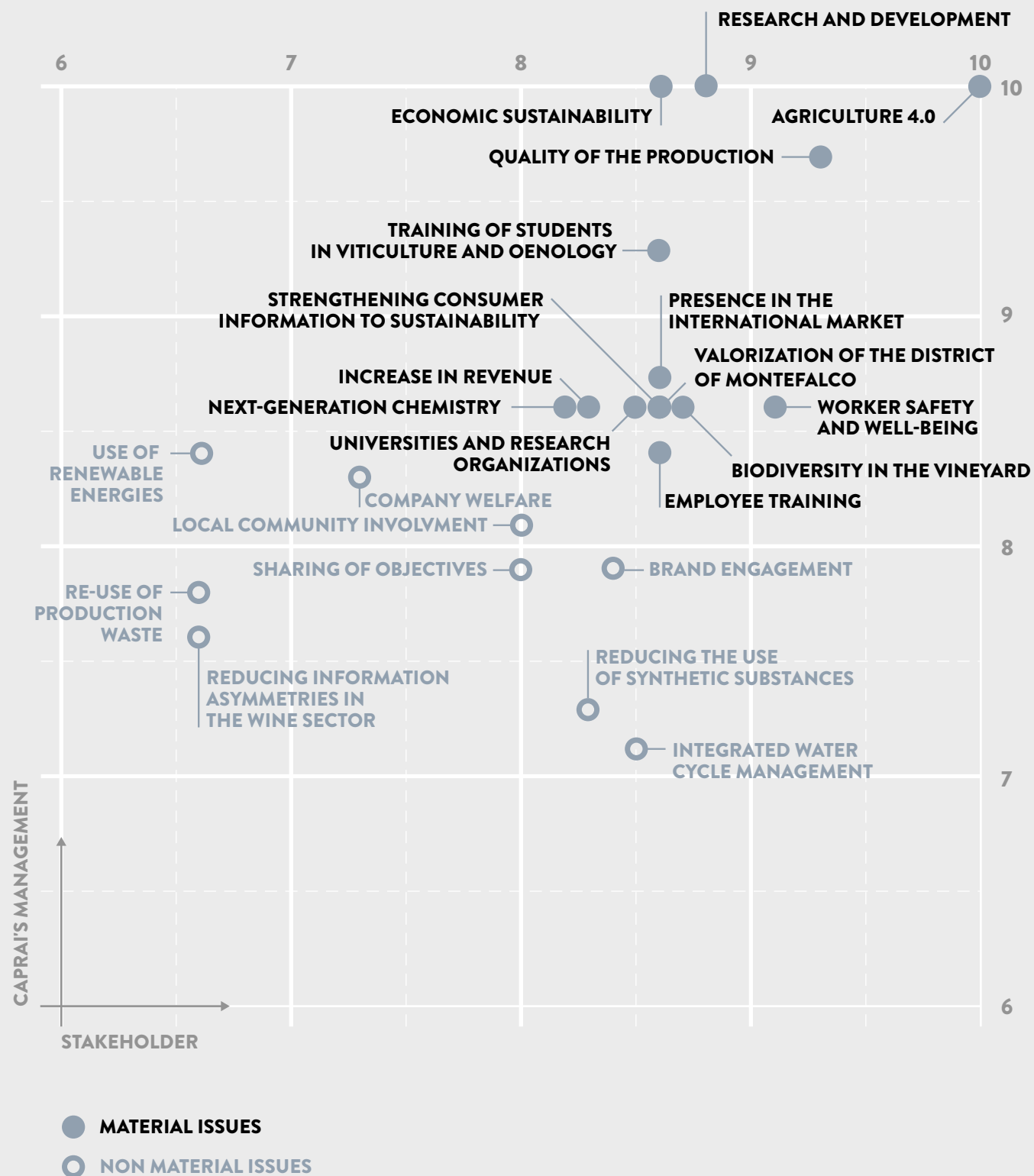
SDG 15:

- Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss.



Villa Belvedere,
inside Arnaldo Caprai Estate

MATERIALITY MATRIX



ENVIRONMENTAL

- AGRICULTURE 4.0**
investments in digital technologies and precision agriculture
- NEXT-GENERATION CHEMISTRY**
use of innovative chemicals with low environmental impact and high efficiency
- BIODIVERSITY IN THE VINEYARD**
improving biodiversity levels in water, air and vineyard soils

ECONOMIC

- PRESENCE IN THE INTERNATIONAL MARKET**
ability to penetrate products in the international market including iconic places of enogastronomy
- ECONOMIC SUSTAINABILITY**
study of economic sustainability for any changes and/or improvements to business processes
- INCREASE IN REVENUE**
increase in revenue for consolidation of business strategies

SOCIAL

- WORKER SAFETY AND WELL-BEING**
improvement of the working environment for the safety and well-being of workers
- TRAINING OF STUDENTS IN VITICULTURE AND OENOLOGY**
training activities through partnerships with schools of all levels
- EMPLOYEE TRAINING**
training courses for employees and support to the development of ideas and projects

TRANSVERSAL

- RESEARCH AND DEVELOPMENT**
commitment to research and development activities for the continuous introduction of process and product innovations
- QUALITY OF THE PRODUCTION**
constant improvement of the quality of the productions
- VALORIZATION OF THE DISTRICT OF MONTEFALCO**
commitment to improve the attractiveness, including tourism, of the district of Montefalco
- UNIVERSITIES AND RESEARCH ORGANIZATIONS**
partnerships with university departments and specialized research centers
- STRENGTHENING CONSUMER INFORMATION TO SUSTAINABILITY**
awareness and training towards sustainable production processes

PAR 4.2.

AN ONGOING COMMITMENT

Our company path has led us to have a store and wealth of knowledge, experience and successes of which we are proud.

However, we believe that **sustainable development is a constantly evolving process**, as is the sensitivity of consumers, and for this reason we set ourselves increasingly ambitious goals every year in order to offer quality products while respecting the environment and the community, seeking to enhance the remuneration of our outputs in order to aspire to increasingly high-performance and efficient management tools for our business.

With this intention, for the next three years we are committed to **further reducing the use of pesticides** in the vineyard through greater use of machines with product recovery, and to increase the use of organic fertilizers.

In order to reduce the consumption of energy and water necessary for the proper functioning of the production process, we are committed to **having our carbon and water footprint analyzed by external agencies**, so that we can achieve a further and conscious reduction of our environmental impact. This will also allow us, in our next Sustainability Reports, to report according to GRI indicators on water consumption and GHG emissions due to the operation of our business.

We have also planned to invest new resources in the **energy optimization** of our refrigeration and lighting systems.



For decades we have set ourselves the goal of sharing the great challenges of our planet, **aware that sustainable production is the added value for a viticulture that aims at quality while respecting the territory from which it originates.**

The recovery of tradition achieved through innovation has as its main purpose the preservation and revitalization of the territory: in Arnaldo Caprai, heir to a millennial history, through study and study we want to contribute to a successful future for Umbria and Italy.

METHODOLOGICAL NOTE

This report is the **first edition of the Sustainability Report** prepared in accordance with the "GRI Sustainability Reporting Standards" defined in 2016 by the Global Reporting Initiative (GRI) under the "Core" option, as provided in Standard 101: Foundation, paragraph 3. Where present, the 2018 updates of the guidelines were used.

The definition of the contents of the Report was prepared in accordance with the reporting principles defined by GRI:

- **Inclusivity of Stakeholders,**
- **Sustainability Context,**
- **Materiality,**
- **Completeness.**

The quality of the Report and its information is ensured through compliance with the reporting principles defined by GRI: Accuracy, Balance, Clarity, Comparability, Reliability, Timeliness. No external assurance activities were carried out.

This Sustainability Report covers the **finan-**

cial year from January 1 to December 31, 2020 and contains, where available, performance trends over several years for comparative purposes.

The contents of the document have been identified by Company management and are reported in accordance with the reporting principles set out in the GRI guidelines. This document is the result of a complex process that has involved the entire organization in the collection and verification of data and information to be reported.

The data was collected using the Company's information systems currently in use, in addition to the specific internal documentation available and other official sources.

The list of indicators reported and their position within the Report can be found in the **GRI Content Index** presented at the end of the document.

Starting this year, the document will be published annually, in order to ensure the constant

reporting of the performance of Arnaldo Caprai società agricola Srl.

Arianna and Marco Caprai, children of the founder Arnaldo Caprai, are respectively the President and the CEO of Arnaldo Caprai società agricola Srl. The Board of Directors, which is responsible for establishing the goals, values and strategies of the organization, as well as evaluating performance, is composed of two women (50%) and two men (50%) over the age of 50. The Company's General Manager is Filippo Carletti. It should be noted that consolidated financial statements are not prepared and the related economic and financial data are taken from the financial statements.

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GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	CHAPTER, PARAGRAPH	NOTE	OMISSIS
GRI 102: GENERAL DISCLOSURES 2016				
Organizational profile				
102 - 1	Name of the organization	Presentation		
102 - 2	Activities, brands, products, and services	Chapter “History”, paragraph 1.1.		
102 - 3	Location of headquarters	Chapter “History”, paragraph 1.2.		
102 - 4	Location of operations	Chapter “History”, paragraph 1.1.		
102 - 5	Ownership and legal form	Metodological note		
102 - 6	Markets served	Chapter “History”, paragraph 1.5.	In the reporting year, exports contracted sharply and accounted for 13.3% of revenues. Percentage points were gained instead by large-scale retail trade, e-commerce channels and direct sales.	
102 - 7	Scale of the organization	Chapter “History”, paragraph 1.1.		
102 - 8	Informations on employees and other workers	Metodological note		
102 - 9	Supply chain	Chapter “Innovation”, paragraphs 2.1., 2.2., 2.3.		

GRI STANDARD	DISCLOSURE	CHAPTER, PARAGRAPH	NOTE	OMISSIS
GRI 102: GENERAL DISCLOSURES 2016				
102 - 10	Significant changes to the organization and its supply chain		There are no changes that are likely to cause or contribute to significant economic, environmental, or social impacts.	
102 - 11	Precautionary Principle or approach	Chapter “Innovation”, paragraphs 2.1., 2.4.		
102 - 12	External initiatives	Chapter “Innovation”, paragraphs 2.1., 2.5. Chapter “Territory”, paragraphs 3.3., 3.4.		
102 - 13	Membership of associations	Chapter “Innovation”, paragraph 2.5. Chapter “Future”, paragraph 4.1.		
Strategy				
102 - 14	Statement from senior decision-maker	The sustainable choice		
Ethics and integrity				

GRI STANDARD	DISCLOSURE	CHAPTER, PARAGRAPH	NOTE	OMISSIS
GRI 102: GENERAL DISCLOSURES 2016				
102 - 16	Values, principles, standards, and norms of behavior	Presentation		
Governance				
102 - 18	Governance structure	Metodological note		
Stakeholder engagement				
102 - 40	List of stakeholder groups	Chapter “Future”, paragraph 4.1.		
102 - 41	Collective bargaining agreements		All workers are covered by collective bargaining agreements.	
102 - 42	Identifying and selecting stakeholders	Chapter “Future”, paragraph 4.1. Metodological note		
102 - 43	Approach to stakeholder engagement	Chapter “Future”, paragraph 4.1.		

GRI STANDARD	DISCLOSURE	CHAPTER, PARAGRAPH	NOTE	OMISSIS
GRI 102: GENERAL DISCLOSURES 2016				
102 - 44	Key topics and concerns raised		One supplier indicated that he was unable to respond to the questionnaire administered due to a lack of knowledge of some of the topics submitted. The issues have been discussed in more detail in the Report.	
Reporting practice				
102 - 45	Entities included in the consolidated financial statements	Metodological note	Arnaldo Caprai società agricola Srl does not belong to any Group and is therefore not required to prepare consolidated financial statements.	
102 - 46	Defining report content and topic Boundaries	Chapter “Future”, paragraph 4.1.		
102 - 47	List of material topics	Chapter “Future”, paragraph 4.1.		
102 - 48	Restatements of information		As this is the first year of reporting, there are no revisions to data provided in previous reports.	

GRI STANDARD	DISCLOSURE	CHAPTER, PARAGRAPH	NOTE	OMISSIS
GRI 102: GENERAL DISCLOSURES 2016				
102 – 49	Changes of reporting		As this is the first year of reporting, there are no significant changes in the list of material themes and theme perimeters.	
102 – 50	Reporting period	Metodological note		
102 – 51	Date of the most recent report	Metodological note		
102 – 52	Reporting cycle	Metodological note		
102 – 53	Contact point for questions regarding the report	Metodological note		
102 – 54	Claims of reporting in accordance with the GRI Standards	Metodological note		
102 – 55	GRI Content Index	Metodological note		
102 – 56	External assurance	Metodological note		

GRI STANDARDS	DISCLOSURE	CHAPTER, PARAGRAPH	NOTE	OMISSIS
MATERIAL TOPICS				
ECONOMIC PERFORMANCE INDICATORS				
GRI 201: ECONOMIC PERFORMANCE 2016				
GRI 103: MANAGEMENT APPROACH 2016				
103 – 1	Explanation of the material topic and its Boundary	Chapter “Future”, paragraph 4.1.		
103 – 2	The management approach and its components	Presentation		
103 – 3	Evaluation of the management approach	Chapter “Future”, paragraph 4.1.		
201 - 1	Direct economic value generated and distributed	Metodological note	For an in-depth analysis of all economic, financial and equity aspects not mentioned here, please refer to the Company’s financial statements, filed with the Chamber of Commerce.	
201 - 2	Financial implications and other risks and opportunities due to climate change	Chapter “History” paragraph 1.2., Chapter “Innovation”, paragraph 2.1., 2.2., 2.5.		

GRI STANDARDS	DISCLOSURE	CHAPTER, PARAGRAPH	NOTE	OMISSIS
GRI 203: INDIRECT ECONOMIC IMPACTS 2016				
GRI 103: MANAGEMENT APPROACH 2016				
103 - 1	Explanation of the material topic and its Boundary	Chapter "Future", paragraph 4.1.		
103 - 2	The management approach and its components	Presentation		
103 - 3	Evaluation of the management approach	Chapter "Future", paragraph 4.1.		
203 - 2	Significant indirect economic impacts	Chapter "Innovation", paragraph 2.1. Chapter "History", paragraphs 3.3., 3.4., 3.5.		
ENVIRONMENTAL PERFORMANCE INDICATORS				
GRI 304: BIODIVERSITY 2016				
GRI 103: MANAGEMENT APPROACH 2016				
103 - 1	Explanation of the material topic and its Boundary	Chapter "Future", paragraph 4.1.		
103 - 2	The management approach and its components	Presentation		
103 - 3	Evaluation of the management approach	Chapter "Future", paragraph 4.1.		
304 - 2	Significant impacts of activities, products, and services on biodiversity	Chapter "Innovation", paragraphs 2.1., 2.2., 2.5.		

GRI STANDARDS	DISCLOSURE	CHAPTER, PARAGRAPH	NOTE	OMISSIS
SOCIAL PERFORMANCE INDICATORS				
GRI 401: EMPLOYMENT 2016				
GRI 103: MANAGEMENT APPROACH 2016				
103 - 1	Explanation of the material topic and its Boundary	Chapter "Future", paragraph 4.1.		
103 - 2	The management approach and its components	Presentation		
103 - 3	Evaluation of the management approach	Chapter "Future", paragraph 4.1.		
401 - 1	New employee hires and employee turnover	Metodological note		
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018				
GRI 103: MANAGEMENT APPROACH 2016				
103 - 1	Explanation of the material topic and its Boundary	Chapter "Future", paragraph 4.1.		
103 - 2	The management approach and its components	Presentation		
103 - 3	Evaluation of the management approach	Chapter "Future", paragraph 4.1.		
403 - 1	Occupational health and safety management system	Chapter "Territory", paragraph 3.2.		
403 - 4	Worker participation, consultation, and communication on occupational health and safety	Chapter "Territory", paragraph 3.2.		

GRI STANDARDS	DISCLOSURE	CHAPTER, PARAGRAPH	NOTE	OMISSIS
403 - 9	Work-related injuries	Chapter "Territory", paragraph 3.2.	In the reporting year 2020 at Arnaldo Caprai Srl there were 0 injuries to employees of the Company, including seasonal employees.	
GRI 404: TRAINING AND EDUCATION 2016				
GRI 103: MANAGEMENT APPROACH 2016				
103 - 1	Explanation of the material topic and its Boundary	Chapter "Future", paragraph 4.1.		
103 - 2	The management approach and its components	Presentation		
103 - 3	Evaluation of the management approach	Chapter "Future", paragraph 4.1.		
404 - 1	Average hours of training per year per employee	Metodological note		
GRI 416: CUSTOMER HEALTH AND SAFETY 2016				
GRI 103: MANAGEMENT APPROACH 2016				
103 - 1	Explanation of the material topic and its Boundary	Chapter "Future", paragraph 4.1.		
103 - 2	The management approach and its components	Presentation		

GRI STANDARDS	DISCLOSURE	CHAPTER, PARAGRAPH	NOTE	OMISSIS
103 - 3	Evaluation of the management approach	Chapter "Future", paragraph 4.1.		
416 - 1	Assessment of the health and safety impacts on product and service categories	Chapter "Innovation", paragraph 2.4.		
GRI 417: MARKETING AND LABELING 2016				
GRI 103: MANAGEMENT APPROACH 2016				
103 - 1	Explanation of the material topic and its Boundary	Chapter "Future", paragraph 4.1.		
103 - 2	The management approach and its components	Presentation		
103 - 3	Evaluation of the management approach	Chapter "Future", paragraph 4.1.		

GRI STANDARDS	DISCLOSURE	CHAPTER, PARAGRAPH	NOTE	OMISSIS
417 – 1	Requirements for product and service information and labeling	Chapter “Innovation”, paragraph 2.4.	All the products of Arnaldo Caprai Srl are evaluated for the conformity of the labeling procedures, following the regulations of reference: the Production Specifications for DOCG, DOC AND IGT wines produced, the Ministerial Decree of August 13, 2012 on Labeling and presentation of DOP-IGP wines and other wine products, the Testo Unico vitivinicolo 238/16, EU Regulations 2019/33 on wine labeling, 1308/13 on CMO and 1169/11 on labeling, EC Regulation 178/02 on traceability and National Legislative Decrees 231/17 and 190/06.	



Arnaldo Caprai estate and its territory.
Bird's eye view during the Balloon
Grand Prix event, August 2019

GRI 102: GENERAL DISCLOSURES

GRI 102-8: INFORMATION ON EMPLOYEES
AND OTHER WORKERS

In 2020, there are 19 employees. In addition,
the Company employed 98 seasonal workers on
a fixed-term contract for specific activities.

EMPLOYEES	2020
EMPLOYEES BY EMPLOYMENT CONTRACT	N
Temporary contracts	-
women	-
men	-
Permanent contracts	19
women	9
men	10
EMPLOYEES BY EMPLOYMENT TYPE	
Full time contract	19
women	9
men	10
Part time contract	-
women	-
men	-
EMPLOYEES BY JOB CATEGORY	
Managers	-
women	-
< 30 years	-
30 - 50 years	-
> 50 years	-
men	-

EMPLOYEES	2020
EMPLOYEES BY EMPLOYMENT CONTRACT	N
< 30 years	-
30 - 50 years	-
> 50 years	-
Executives	1
women	-
< 30 years	-
30 - 50 years	-
> 50 years	-
men	1
< 30 years	-
30 - 50 years	1
> 50 years	-
Employees	10
women	9
< 30 years	-
30 - 50 years	8
> 50 years	1
men	2
< 30 years	-
30 - 50 years	2
> 50 years	-

EMPLOYEES	2020
EMPLOYEES BY EMPLOYMENT CONTRACT	N
Workers	7
women	-
< 30 years	-
30 - 50 years	-
> 50 years	-
men	7
< 30 years	-
30 - 50 years	2
> 50 years	5
TOTAL NUMBER OF EMPLOYEES AND OTHER WORKERS	19

SEASONAL WORKERS	2020
	N
Number of seasonal workers	98
women	20
men	78

GRI 201: ECONOMICAL PERFORMANCE 2016

GRI 201 - 1 DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED	2020*
	EURO
Revenues	4,868,671
Operation costs	4,124,403
Employee wages and benefits	1,585,733
Payment to government	-
Community investments	-
ECONOMIC VALUE RETAINED	744,268

*In 2020 the company's performance suffered the effects of the global economic crisis caused by the pandemic: the generalised blockade of the main markets and restrictions on mobility led to significant negative changes in Company revenues and the Company's ability to propose initiatives.

GRI 401: EMPLOYMENT 2016

GRI 401 - 1 NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

The data listed refer to the employees of Arnaldo Caprai società agricola Srl, excluding seasonal workers.

TURNOVER	2020	2020
	N	%
Hirings	-	-
women	-	-
< 30 years	-	-
30 - 50 years	-	-
> 50 years	-	-
men	-	-
< 30 years	-	-
30 - 50 years	-	-
> 50 years	-	-
Resignments	1	-
women	1	-
< 30 years	-	-
30 - 50 years	1	-
> 50 years	-	-
men	-	-
< 30 years	-	-
30 - 50 years	-	-
> 50 years	-	-
TOTAL TURNOVER	1	5.2

GRI 404: TRAINING AND EDUCATION 2016

GRI 404 - 1 AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE

The data listed refer to the employees of Arnaldo Caprai società agricola Srl, excluding seasonal workers.

TRAINING AND EDUCATION	2020* HOURS
Total training provided	238
On-site training	238
E-learning training	0
Average hours of training per year per employee	12.5
Average hours of training by gender	
Women	0
Men	238
Average hours of training by job category	
Managers	0
Executives	0
Employee	0
Workers	238

* Due to the pandemic event, during year 2020 we were unable to ensure training was conducted regularly for all of our employees.





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HEIRS
TO A HISTORY,
PIONEERS OF A
NEW VITICULTURE