

1. Introduction

Alvinesa is committed to doing business sustainably and tackling climate change. Since inception, our business model has been a clear example of circular economy. Guided by 30 years of technical expertise, we have been transforming raw material coproducts from the wine-making process into ingredients used to produce a range of mostly consumer products for global markets, finally returning nutrients to the land to produce new crops.

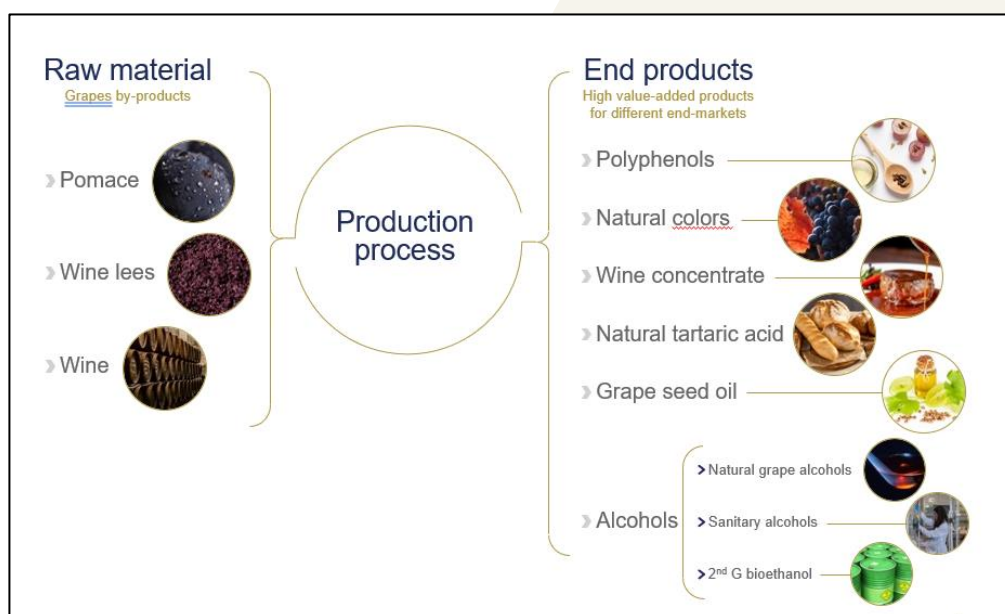


Figure 1. Scheme of raw materials and products obtained from coproducts from the winemaking process.

The sustainability ethos of Alvinesa is based on partnering with suppliers close to our production site in Spain. Our main input is 100% *Vitis vinifera* wine grape pomace which is extracted only with the use of water, promoting the use of no or low-pesticide grape pomace. In addition, Alvinesa manages and controls its own logistics teams and network to work directly with wineries.

We are proud that more than 97% of the energy used in the process and in the fleet today comes from sustainable sources - biomass from the manufacturing process after the extraction of natural ingredients, and electricity produced in our on-site 3MW photovoltaic park or from the electricity grid with renewable energy guarantees of origin. Although Alvinesa always has had a vision and culture focused on sustainability, we have doubled down our investment and focus over the last few years coinciding with our science-based emissions reduction target (SBT) validated by the Science Based Target initiative (SBTi).

Alvinesa is certified in ISO 14001:2015 Environmental Management System certification, ISO 45001:2018 Occupational Health and Safety Management System certification, ISO 9001:2015 Quality Management

System certification, FSSC 22000 in manufacturing of polyphenols and ISCC EU according to directive EU 2018/2001 on the promotion of the use of energy from renewable sources.

The following data is presented for our fiscal years, which is from August to July, and coincides with the time of the grapes harvest in Spain.

2. SBT PROGRESS REPORT 2023

Since 2021, Alvinesa monitors greenhouse gas (GHG) KPIs to measure progress toward our SBTi-approved GHG emissions reduction target. We report the percentage change since our 2021 baseline in line with our SBTi commitment. Total CO_{2e} emissions from scope 1+2 sources for 2021 were 4.350,11 tonnes, which is our starting point.

Table1. Greenhouse Gas Emissions and Energy from renewable sources.

Reporting period August 1 – July 31	FY 21	FY 22	FY 23
Greenhouse Gas Emissions			
Intensity-based CO_{2e} emissions Scope 1+2:			
Emission intensity (t CO _{2e} /t Production)	0.099	0.105	0.03
Progress	-	6.06%	-69.70%
Absolute CO_{2e} emissions from Scope 1+2 sources:			
Emissions (t CO _{2e})	4,350.11	3,910.84	2,241.73
SBT trajectory	-	-10.10%	-48.47%
Scope 1 CO_{2e} emissions			
Company vehicles (cars, trucks, tractors, loaders...) (t CO _{2e})	2,119.36	1,963.26	2,154.34
Own operations (t CO _{2e})	15.22	16.06	87.39
Scope 2 CO_{2e} emissions (market based)			
Grid Electricity (t CO _{2e})	2,215.54	1,931.52	0
Energy consumed from renewable sources			
Consumption of electricity from PV (KWh)	728,125.82	3,132,638.00	2,876,196.84
Energy from biomass (KWh)	222,136,536.00	238,319,374.79	317,721,605.58
% Energy consumed from renewable sources	92.74	95.78	97.70

Below is a graph where is seen of the trend in each contribution to the total emission.

2.1 Scope 1+2 Absolute CO_{2e} emissions & emissions intensity

We achieved a significant reduction in the total scope 1 and 2 CO₂ emissions from FY21 to FY23: emission intensity has decreased by almost 70%, and the absolute emissions have decreased by 48%.

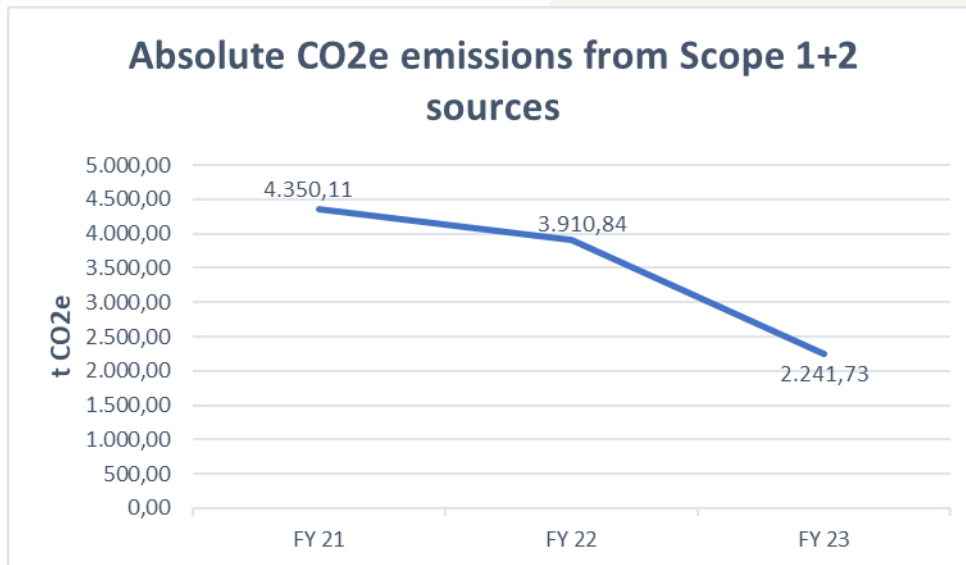


Figure 2. Absolute CO_{2e} emissions from Scope 1+2 sources.

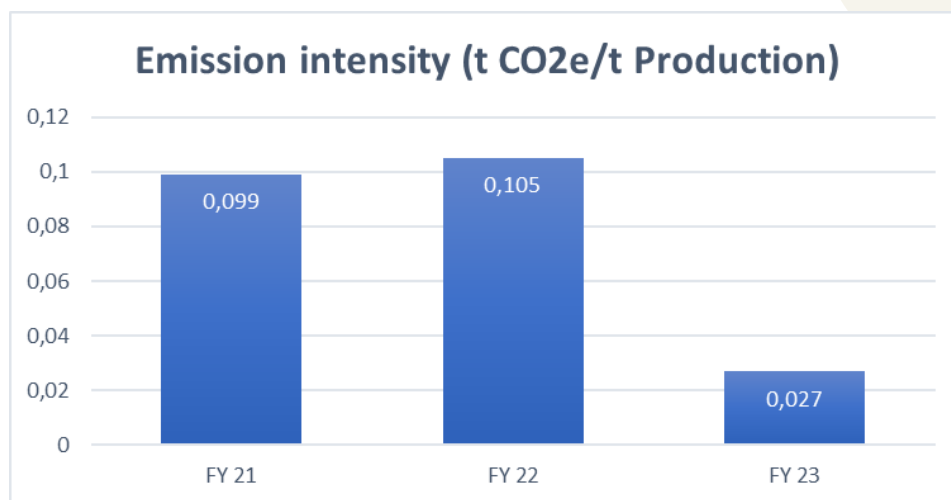


Figure 3. Emission intensity.

2.2 Scope 1 CO_{2e} emissions

There was higher diesel consumption by the fleet of trucks in FY21 than in FY22 due to an increase in the production of alcohol during August 2020. This unusual distillation of wine was required by the business of winemakers to regulate the market. Moreover, there was a decrease in the production of FY22 due to the lower production of grapes during the harvest of that year.

During FY23 there was a rise in the consumption of diesel by the tractors and loaders used in the process lines because of an increase in production, as well as an upsurge in the CO₂ emissions in our own operations since there was a reinforcement in the preventive maintenance of the factory. While these events have resulted in slight increase in the scope 1 emissions compared to 2021 baseline, we remain committed to continue to implement efficiency measures to reduce these emissions going forward.

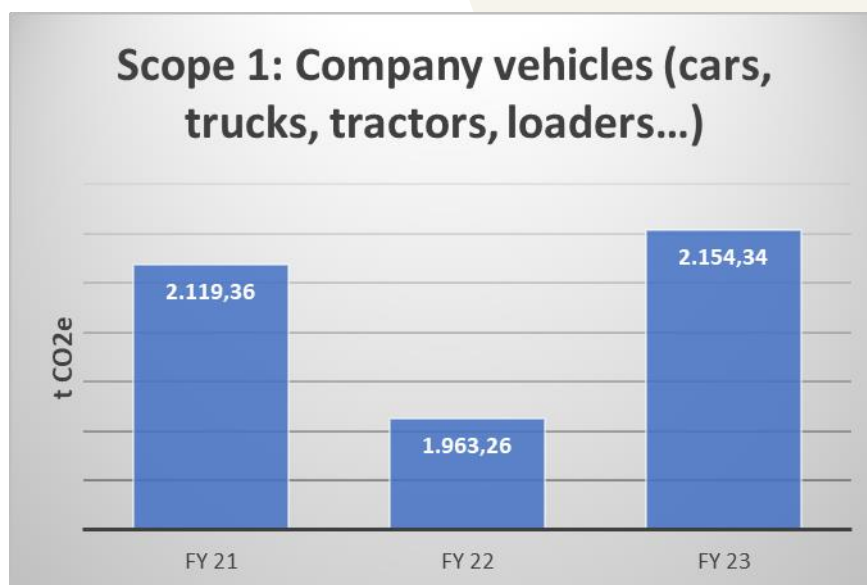


Figure 4. Emissions from Scope 1.

2.3 Scope 2 CO_{2e} emissions

We are pleased to report that for the first time in FY23 we achieved zero scope 2 emissions (market based method) marking a key milestone in our decarbonisation journey. Over the past three years we have significantly increased the percentage of renewable energy purchases with guarantee of origin: from 35.98% in FY21, 70.60% in FY22, to 100% in FY23, which together with the commissioning of the photovoltaic plant from May 2021, meets all of our electricity demand. These results led to a significant decrease in the total CO₂ emissions (scope 1 + scope 2) - 48% less than the FY21 baseline.

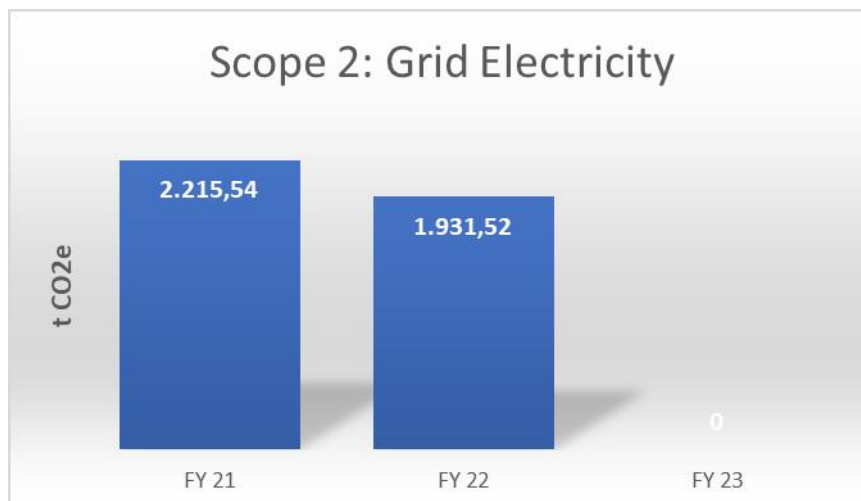


Figure 5. Emissions from Scope 2.

2.4 Energy consumed from renewable sources

In May 2021, Alvinosa commissioned its 2.5 MW photovoltaic plant, following an investment of €1.5 million. In October 2022, an additional investment was made to expand the capacity of the photovoltaic plant by 0.5 MW – becoming operational in February 2023. The photovoltaic plant contributes between 16-20% to Alvinosa's total electricity consumption.

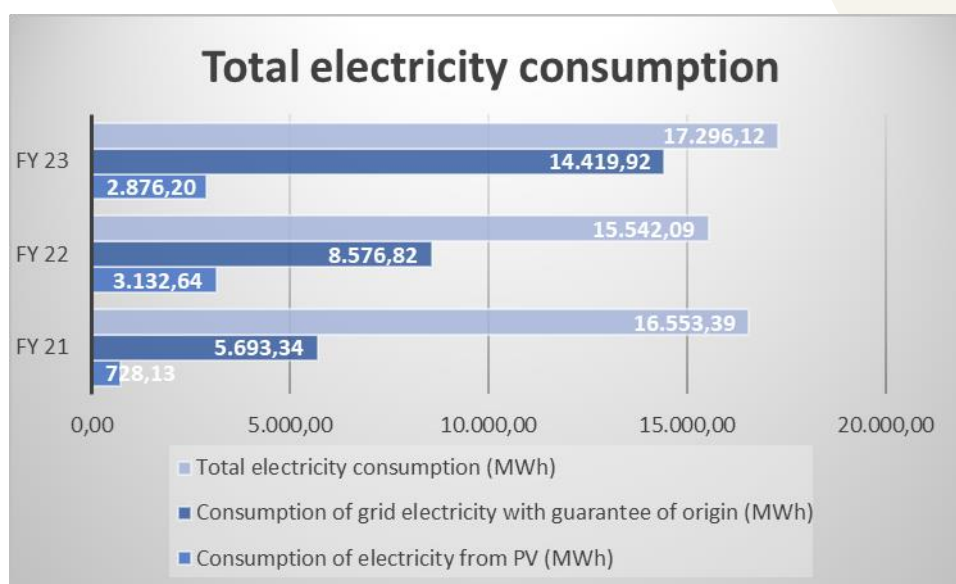


Figure 6. Consumption of electricity.

In addition to the production of electricity from the photovoltaic plant, Alvinesa uses sustainable biomass to produce heat steam consumed in the process lines, which means that Alvinesa consumed 97.7 % renewable energy during the last fiscal year.

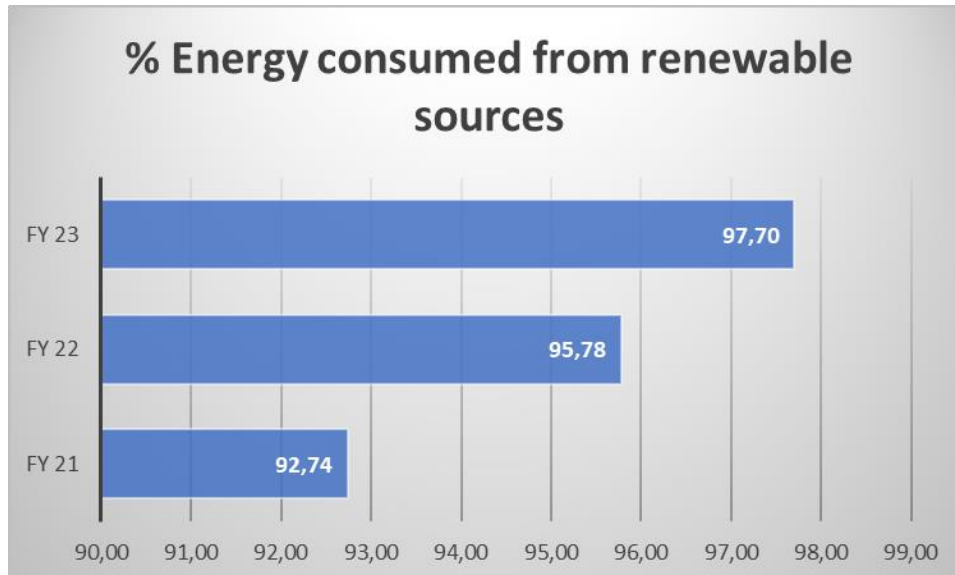


Figure 8. % of energy consumed from renewable sources.

3. Conclusion

In summary, Alvinesa has made a demonstrable effort during the last two fiscal years to increase the energy production onsite from renewable sources from 93% to almost 98%. The installation of a photovoltaic plant of 2.5 MW in 2021 and the extension of 0.5 MW in 2023 together with the supply of grid electricity from renewable energy guarantee of origin have led to a net zero scope 2 emissions and a decrease of more than 48% in total combined Scope 1 and 2 CO2 emissions from FY21 to FY23, nearing our FY2030 SBT and demonstrating our commitment to run our business in line with Paris Goal to reach net zero carbon emissions by 2050.

We do know that we have more work to do. Our key focus going forward will be the reduction of scope 1 emissions by increasing the fuel efficiency in fleets and exploring the viability of alternative fuel sources. In FY23 we also started working on the calculation of our scope 3 emissions, which we expect to finalise in the next fiscal year and publish in our FY24 Progress Report.