



Aspiag Service S.r.l.
Despar Nordest



Integrated Report

Integrated Report

2018



Aspiag Service S.r.l.
Despar Nordest

Dear Stakeholders,

over the 12 months of 2018, our Company has once again been able to outperform its industry—which, according to Italy's National Institute of Statistics, remains static.

For this positive year, I must thank first and foremost the people working at Aspiag Service: their day-to-day commitment and trust in the organisation allowed us to end 2018 not only with growing net sales, but also with 7 new direct retail stores and 8 new franchise stores—as well as 13 completely renovated retail stores.

What unites the women and men at Despar is the passion for their work, which enabled us to achieve important goals such as expanding the scope of the ISO 14001 environmental certification to include all our Interspar stores.

The creativity of our people gave rise to original projects throughout the year such as the new product line under the Despar Teatro Italia brand, which turned the iconic building in Venice that houses our most beautiful supermarket, into a bona fide brand.

Once again in 2018, the generosity and humanity of our employees allowed Despar to follow through on its commitment to give back to the community in which it operates, promoting all our charitable and social responsibility initiatives as part of our day-to-day interactions and communications with customers: from donating excess inventory to over 200 charitable organisations that support the most

vulnerable, to the several fundraising events held throughout the year and the initiative to support the areas in the Veneto and Friuli Venezia Giulia regions that were devastated by bad weather in late October, as part of which we donated approximately € 230,000 to the respective Governors to help address the emergency.

Our people are the ones that make Aspiag Service a successful and, most importantly, valuable Company capable of generating value.

The following pages once again tell the story of and disclose the value—not only in economic or financial terms—that Aspiag Service generated for itself and its stakeholders throughout 2018: I hope everyone will find them interesting and meaningful.

We certainly do, as this allows us to confidently look forward to the future and continue imagining our Company as a driver of growth and wellbeing for the communities it serves.



Rudolf Staudinger
Chairman

Market share

11.10%

+3.7%

Net sales

1.826 billion

+4.3%

Direct retail stores

234

+2.6%

Number of receipts

80.6 million

+4.9%

Employees

7,903

+2.5%

Average daily energy
consumption
(kWh LFL)

411,000

+0.77%

About this report

Report addressed to all stakeholders

About this report

The Integrated Report is an information tool intended, first and foremost, to illustrate how the Company creates value in the short, medium, and long term in the context it operates in.

The Integrated Report allows representing, assessing, and monitoring in a consistent and succinct manner the actions, resources—including intangible ones—and results that are not captured by conventional measures, such as those used in financial statements, but are nonetheless crucial to the efficiency and competitiveness of the Company.

Reading tools

CAPITALS

Capitals are what the Company uses to operate and consist of:

◆ Financial Capital

The set of liquidity available to the Company for its operations.

◆ Manufactured Capital

Owned or leased real estate, retail stores, administrative offices, platforms, machinery, equipment, and stocks of marketed products.

◆ Intellectual Capital

Operational processes and procedures as well as activities intended to ensure the quality and safety of the products sold.

To learn more about the preparation, references, reporting boundary, and materiality of the topics discussed in this report, please see the Methodological Notes.

Presentation

The CFO leads the preparation of the Integrated Report and presents it to the Board of Directors on the occasion of the approval of the financial statements.

References

The <IR> Framework of IIRC is the reference document for the structure of the Integrated Report. The sustainability indicators disclosed

in this Report are reported according to the GRI Standards under the “in accordance-Core” option: they are marked with an icon on the side of the body text and accompanied by the SDGs that Aspiag Service pursues. The interactive links to websites are highlighted in **green**, and the terms marked with a * are illustrated in the glossary at the bottom of the page. Some topics are further explored in focus boxes.

Enjoy your reading

Working Group Coordinator:
Raffaele Trivellato,
CFO of Aspiag Service
raffaele_trivellato@despar.it

◆ Human Capital

Intangible asset of skills, abilities and knowledge of those who work in the Company, also on a Governance level.

◆ Social and Relationship Capital

Company relations with key external stakeholders (customers, institutions, suppliers) necessary to enhance the corporate image, its reputation and customer satisfaction.

◆ Natural Capital

The set of natural resources used as part of the Company's operations.

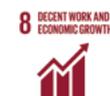
GRI STANDARDS



SUSTAINABLE DEVELOPMENT GOALS (SDGs)



Good health and well-being



Decent work and economic growth



Sustainable cities and communities



Responsible consumption and production



Climate action

Contents

Letter from the Chairman	2
--------------------------	---

About us 7

Identity and Operating Context	8
Governance	12

What we do 17

Business Model	18
Strategy and Performance	28

What we will do 65

Future Outlook	66
----------------	----

Annexes 71

Methodological Notes	72
GRI Content Index	75
Sustainable Development Goals	80
Non-GRI Indicators	82
Auditor's Report on the Limited Audit of the GRI Disclosure	83
Auditor's Report on the Audit of the Financial Statements	86

STRATEGIC OBJECTIVES



Market share
increase



Generation of
financial resources



New openings
and renovations



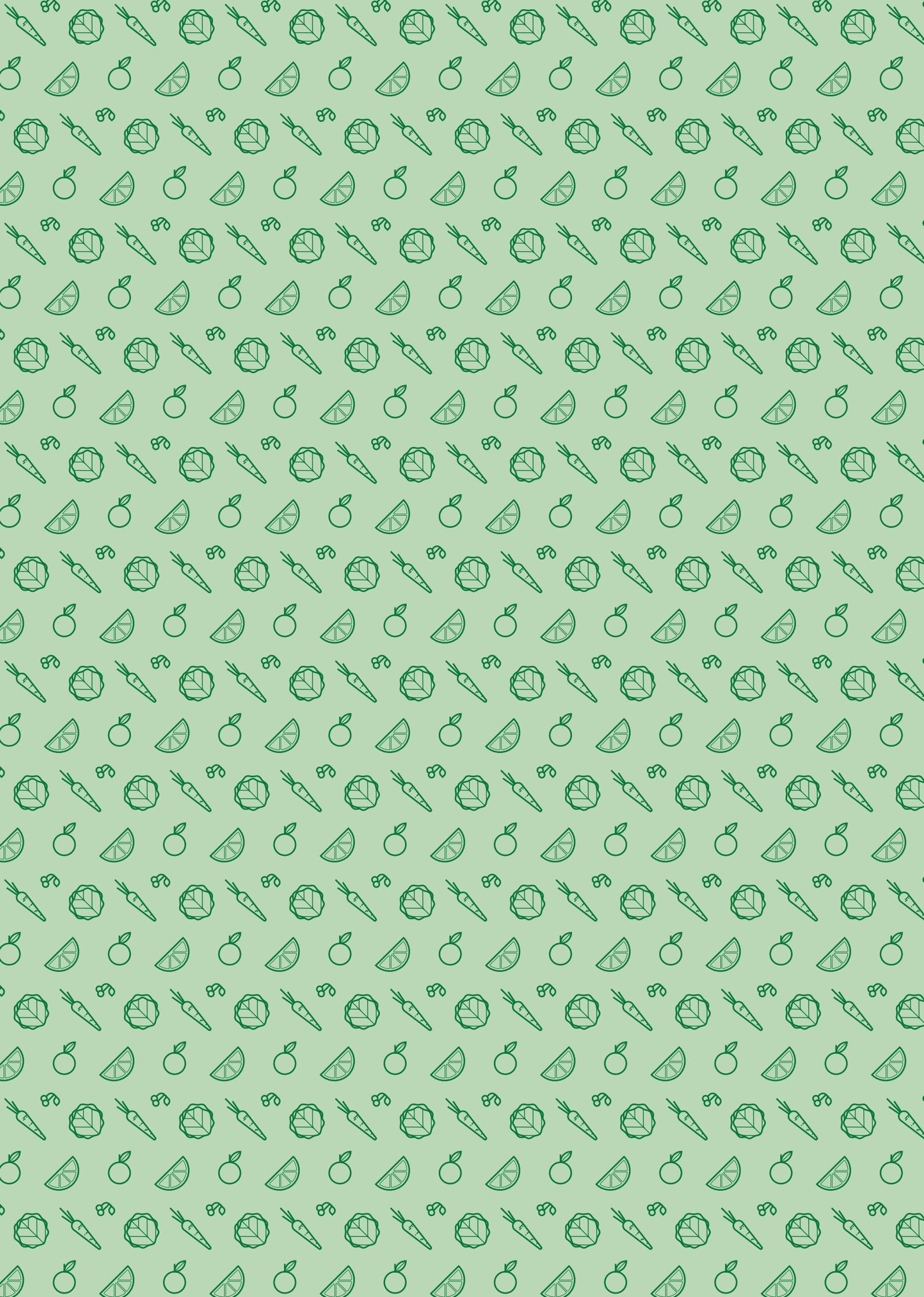
Customer
satisfaction



Enhancing
employees



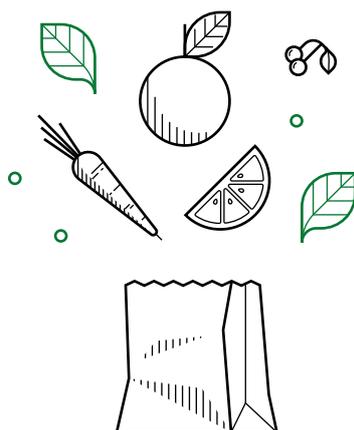
Attention to the
environment
and the territory



About us

IDENTITY AND OPERATING CONTEXT | PAGE 8

GOVERNANCE | PAGE 12



MISSION, VISION, VALUES

Aspiag Service operates in the Large Scale Distribution industry, selling both wholesale and retail food and non-food products. For this purpose we can count on a large and consolidated system consisting of retail stores and shopping centres for the management, promotion and sale of products.

We want to be the market leader in our trading area and rank among the top three retailers in each of the provinces we operate in.

In order to achieve our vision, we refer to the values identified through the involvement of the entire management team and passed on to all employees: customer focus, innovation, employees' development and sustainability.

Identity and operating context

Our history

◆ 1932

Adriaan van Well set up SPAR International in Zoetermeer (Netherlands), a cooperative and the first voluntary union of wholesalers and retailers that still manages our brand internationally to this day. The name 'Despar' is an acronym of 'Door Eendrachtig Samenwerken Profiteren Allen Regelmatig' which means 'Everyone benefits equally from harmonious cooperation'.

◆ 1950s

The brand's name was shortened to 'SPAR' - a Dutch word meaning 'fir' - and gained recognition first throughout Europe and then the rest of the world. The first Austrian SPAR organisation, known as Handelsvereinigung SPAR Tirol/Pinzgau, was established by Hans F. Reisch in 1954, and was intended as a medium-sized chain arising from the collaboration of the wholesaler with other franchise retailers.

◆ 1960s

The Spar brand arrived in Italy and was followed by the creation of Unione Volontaria SPAR, which adopted the old brand name 'Despar'. In 1959, Padis S.p.A. was established in Mestrino (PD), Veneto; in 1960, Scambi Commerciali S.r.l. in Friuli Venezia Giulia; in 1961, Amonn Service S.r.l. in Bolzano, Alto Adige. In 1962, Spar Centrale Italiana was established, which later became the Despar Italia Consortium.

◆ 1970s

In the 1970s, the current SPAR Österreichische Warenhandels AG group, namely SPAR Austria, was created from the union of all the franchisees. The founding families still hold managerial positions within the Group.

◆ 1989 - 1996

Aspiag Management AG, a Swiss company belonging to the SPAR Austria Group, established Aspiag Italia (now Aspiag Service) and took over several Despar companies: in 1991, Amonn Service S.r.l., the first distribution centre (Ce.Di., Centro Distributivo in Italian) and current registered office; in 1995, Padis S.p.A., current administrative headquarters and second distribution centre; and in 1996, Scambi Commerciali S.r.l., third distribution centre. The acronym "Aspiag" stands for Austria SPAR International AG, the Austrian parent company.

◆ 1997 - 2009

The company has grown through acquisitions and expansions, combining the energies of both local and international companies.

◆ 2010 - 2017

The OHSAS 18001 safety certification was obtained in 2010; in 2013, Aspiag was the first Italian Large Scale Distribution Company to be certified according to ISO 14001; the expansion into Emilia Romagna started in 2016.

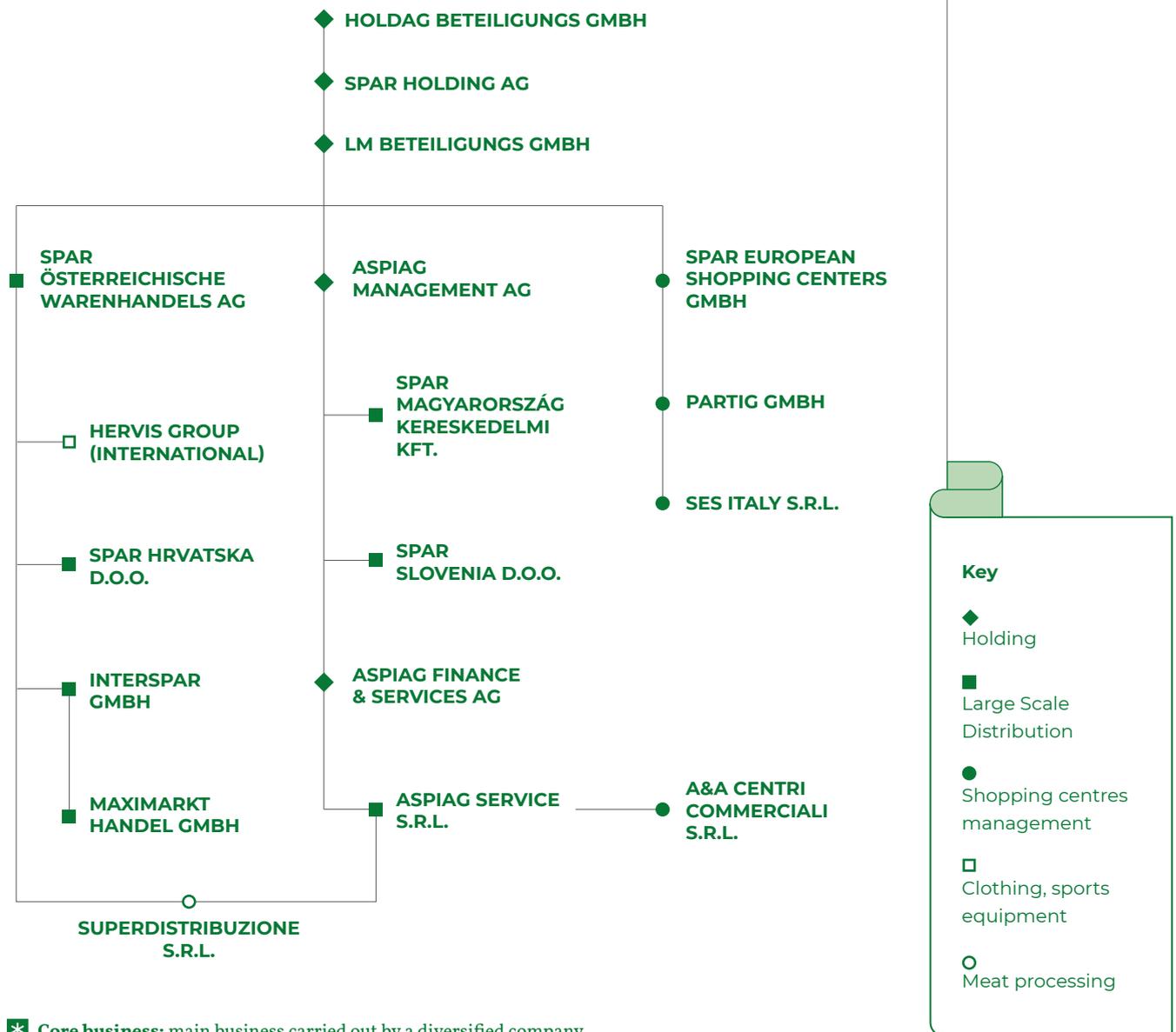
◆ 2018

Net sales: 1.826 billion / Number of direct retail stores: 234 / Employees: 7,903.

Group ownership

The Company is managed and coordinated by the sole shareholder, Aspiag Finance & Services AG, which is headquartered in Widnau (Switzerland) and is part of Holdag Beteiligungs GmbH, whose registered office

is in Salzburg. The ownership of the parent company Holdag has remained unchanged since 1970. The following chart shows the leading companies of the SPAR Austria Group, with the relevant core business*.



* Core business: main business carried out by a diversified company.

SPAR Austria

The SPAR Austria Group (SPAR Holding AG) is the largest of the SPAR organisations worldwide and, in addition to being leader on the domestic market, has also established itself in other European markets such as Slovenia, Croatia, Hungary and Italy. In addition, it has diversified its business by managing shopping centres through Spar European Shopping Centers (Ses) and selling sportswear and sports equipment (Hervis), expanding its presence also in Germany, the Czech Republic and Romania.

SPAR has adopted a forward-looking sustainability strategy. In 2018, the sustainability projects concerned reducing the sugar content in 200 product recipes, curbing the use of plastics by overhauling packaging, and much more. At the Group level, this year food donations prevented 5,393 tonnes of waste, amounting to € 21.2 million, while sponsorships totalled € 4 million.



SPAR International

Internationally, our brand is managed by SPAR International, with offices in 48 countries and headquartered in Amsterdam. SPAR International is based on values that combine an international outlook with quality and services close to several local communities.

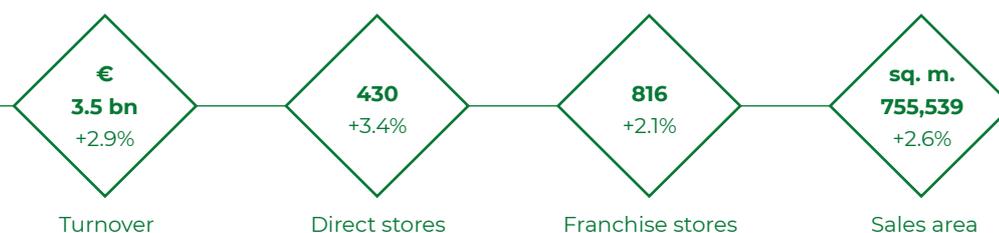
SPAR International also pursues a solid sustainability strategy: in 2018, this was implemented through the Responsible Retailing Forum, a project that involves several SPAR countries around the world to coordinate sustainability best practices. The first issue addressed by the Forum was the use of plastics: the goal is to significantly reduce it by overhauling procurement and packaging as well as consumption habits at the international level.



Despar Italia

In Italy, the Despar brand is managed by 6 different independent members, the largest of which is Aspiag Service, united in the Consorzio a Responsabilità Limitata Despar Italia (a limited liability consortium), located in Casalecchio di Reno (BO). Members only operate their businesses in a pre-established geographical area, within which they hold a licence to use the Despar brand and manage their distribution centres and retail stores in the area. The Despar Italia consortium manages the brand, direct contact with SPAR International and the development of the private label products and promotions.

Despar Italia pursues several sustainable projects concerning its private label products. For instance, the new products under the "Equo Solidale Despar" brand are intended to meet fairness, solidarity and sustainability criteria, promoting the work of small local dried fruit producers in South America to build a more ethical and responsible economy.



Governance

The corporate governance system—aligned with both national and international best practices—is constantly strengthened in order to manage the complexity of the situations in which the Company operates and the challenges to be faced to implement a clear and sustainable development strategy.

Shareholders' Meeting and Board of Directors

The Shareholders' Meeting, chaired by the Chair of the Board of Directors (Board) or by another person appointed by the Shareholders' Meeting itself by a simple majority, heads the governance structure.

The Board carries out its duties for both the ordinary and extraordinary management according to the law, the Company's Article of Association and Organisational Model 231/01. Appointing several Managing Directors has not increased the cost of the corporate structure, given that they

receive no payment for the role they hold. The Board approves and supervises the economic and financial planning through:

- ◆ monitoring of economic and financial management based on the recommendations of the Management Committee;
- ◆ three-year Budget and Business Plan.

In order to facilitate relations with local institutions and new areas of development, the Board meets in different locations in our trading area.

Board of Statutory Auditors and Independent Auditor

The Shareholders appoint the Board of Statutory Auditors and the Independent Auditor with the role of supervising the Company's operation and its structure.

The Board of Statutory Auditors, as well as having management control functions, has a term of office of three financial years and supervises compliance with the law, the Company's Article of Association and the

correctness of the management methods adopted, with particular focus on the organisational, management and accounting structure.

With regard to accounting control, Aspiag Service appointed EY S.p.A. as independent auditor, also with a term of three financial years expiring with the approval of the 2018 financial statements.

The Board is composed of:

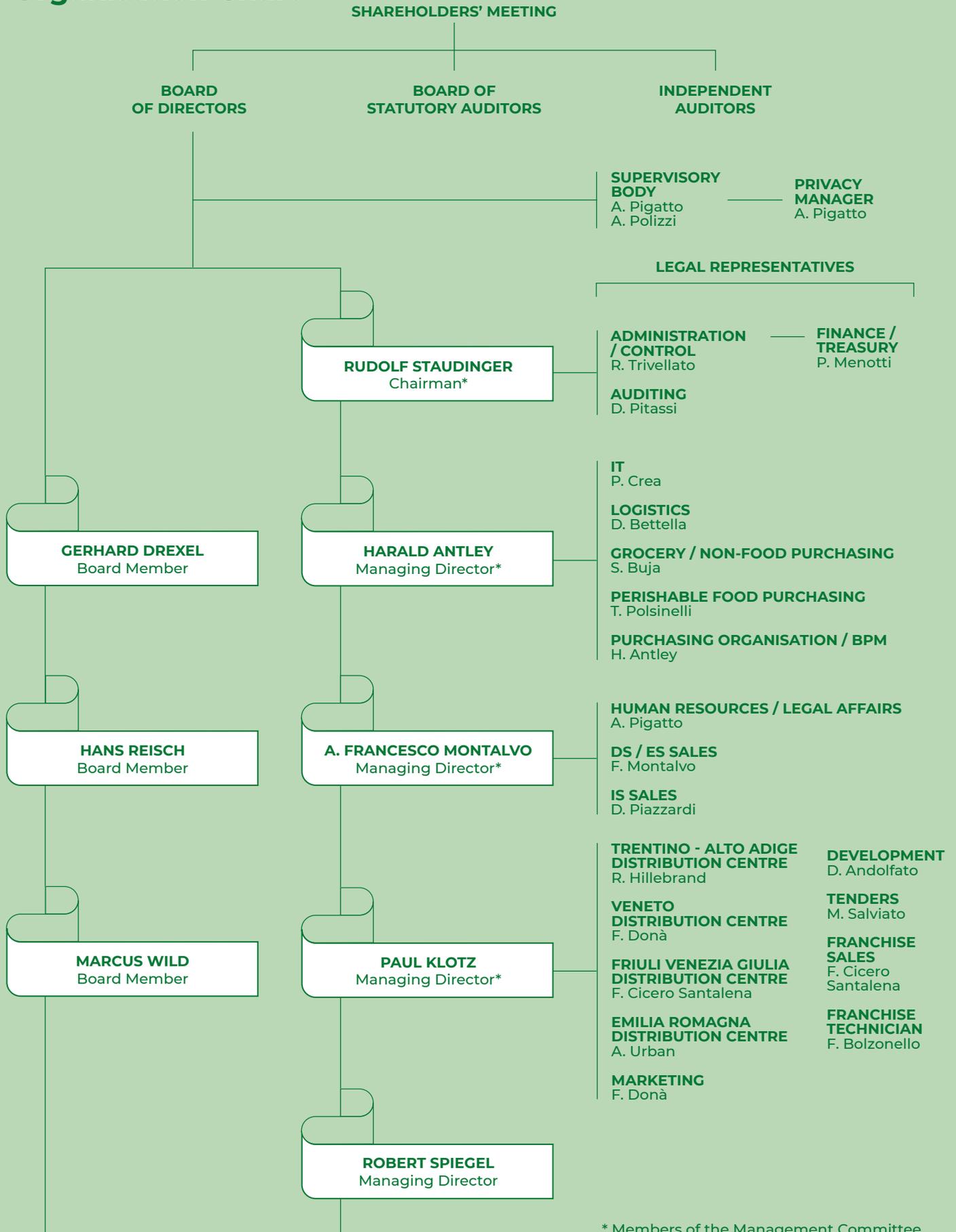
8 members,
of which
5 executives
including the Chair
7 itinerant meetings
of the Board in 2018

The meetings in 2018:

1 Marketing meeting
6 Retroplanning
10 Sales Committee
23 Directors coordination
5 Management meeting

5 Board of Statutory Auditors
12 Management Committee
1 Meeting between the
Independent Auditor and
the Board of Statutory
Auditors

Organisation Chart



* Members of the Management Committee

Management Committee and Legal Representative

The Management Committee consists of a variable number of members; the Chair of the Board and all the Managing Directors are part of it by right. The Committee has propositional and preparatory responsibilities and the task of providing technical and managerial support to the Board of Directors:

- ◆ annually and by November, it prepares the Company's budget proposal for the following financial year. The budget is updated (usually half way through the following year) and in October forecasts are prepared that include implementation of any corrections deemed appropriate by the Management;
- ◆ it formulates a three-year business plan, which is approved by the Board in February;
- ◆ it informs the Board on the Company's

performance during the financial year underway, reporting on any variations with respect to the budget and the previous period. These stages require a continuous and effective communication among the various Company management teams, which allows them to rapidly monitor the performance of corporate management and investment decisions.

The Board is supported by and appoints Legal Representatives. In 2018, Aspiag Service relied on 55 legal representatives with powers for the ordinary and extraordinary management of the Company in accordance with the duties delegated to them. Some of the legal representatives may appoint others ad acta or ad negotia with a limited mandate.

Supervisory Body

The Supervisory Body, whose functions are carried out by the Compliance Office*, is composed of an internal and an external member, pursuant to Legislative Decree 231/01 which regulates corporate liability for unlawful administrative acts connected with offences, put in place in the interest or benefit of the entity. The C.O. is appointed

by means of a resolution of the Board; last November, the existing Supervisory Body was re-elected for the next two years. Aspiag Service has set up a specific email address for sending the Supervisory Body reports, suggestions, clarifications, information, etc.: co_aspiagservice@despar.it

Aspiag Service and Privacy

The group project with SPAR Austria to comply with the new General Data Protection Regulation, which became effective on 25/05/2018 (Reg. (EU) 2016/679 or GPDR, for short), was completed in 2018. The Company has appointed an external Data Protection Officer, who works together with the Data Protection Head—i.e. the Head of Human Resources and Legal Affairs. The latter is supported by the Legal Affairs office, the DPO and the Privacy Committee—of which he is a member along with the Directors of IT and Marketing systems as well as a Managing Director.

405 - 1



	MEN	WOMEN	TOTAL	BETWEEN 30 AND 50 Y/O	OVER 50 Y/O
Board of Directors	8	0	8	1	7
Board of Statutory Auditors	4	0	4	2	2
Management Committee	4	0	4	1	3
Legal Representatives	48	7	55	31	24
Supervisory Body	2	0	2	1	1

* **Compliance:** this expression indicates the Company's compliance with a system of rules of different origin, such as legislative provisions, best practices and business procedures. Compliance is crucial for companies, especially if they are large or engage in activities subject to multiple rules.

Organisational Model 231/01

Since 2005, Aspiag Service has been voluntarily adopting an Organisation, Management and Control Model prepared in accordance with Italian Legislative Decree 231/01* and updated pursuant to Italian Law 179/2017 on the administrative liability of legal entities. The Compliance Office shall report on a regular basis on any issues within the Company's system in respect of the implementation of the Model and, at the beginning of each year, plan the audits to be performed. The Model encompasses the Code of Ethics, the Internal Regulations and Mapping of Powers, the Protocol Manual and the Penalty System, which represent risk management tools. The Model, especially as far as the Code of Ethics is concerned, anticipates and goes towards the UN's Sustainable Development Goals (SDGs), which Aspiag Service uses as a reference (see pages 80-81), and has paved the way for the best practices

that the Company has been implementing for some time now. Training on the Model is provided by the Compliance Office, which trained 26 employees in 2018. The decline compared to 2017 was attributable to the fact that privacy training projects were held at the same time. The Risk Assessment of the Model in collaboration with management was also completed in 2018 and the updates to the Model in respect of whistleblowing were approved during the year, giving Aspiag Service and the third parties it works with a channel (the e-mail address of the contact person that is external to the Supervisory Body) to report any potential offences committed by the Company. At 31 December 2018, as in the previous two years, no lawsuits or other types of proceedings concerning anticompetitive practices or antitrust or monopoly violations had been initiated against the Company.

GRI 205 - 2

GRI 206 - 1

◆ Protocol Manual

The Protocol Manual plans the Company's decision-making process regarding activities that involve the potential risk of unlawful acts and monitors, under the supervision of the Compliance Office, the various functions in charge of sensitive activities.

◆ Penalty System

The Penalty System monitors compliance with the Organisational Model, procedures and conduct. The violation of the obligations contained therein always constitutes a violation of terms of contract and disciplinary offence from which the Company does not intend to pursue any advantage.

◆ Internal Regulations and Mapping of Powers

The Internal Regulations and Mapping of Powers govern the operations of the bodies vested with powers of management and representation. They are distributed to new hires and made available through all company bulletin boards as well as the website.

◆ Code of Ethics www.despar.it/it/node/17/codice-etico/

The Code of Ethics sets out the rights, duties and responsibilities of any party, establishing the principles of transparency, lawfulness, fairness, protection of Shareholders and creditors, and the professional ethics of Aspiag Service, which guide the Company in accordance with the times, regulations, and the highest standards—as well as represent contractual prerequisites for working or dealing with Aspiag Service. Compliance with the Code of Ethics by all parties (Managing directors, legal representatives, employees, auditors, suppliers, etc.) ensures the regularity of Company operations, as well as prevents any irregularities and conflicts of interests. In line with the principles set out in the Code of Ethics, the Company does not offer direct or indirect contributions, in any whatsoever form, to parties, movements, political and trade union organisations and committees, their members and candidates, unless permitted by specific regulations and in compliance with the principle of transparency.

GRI 415 - 1

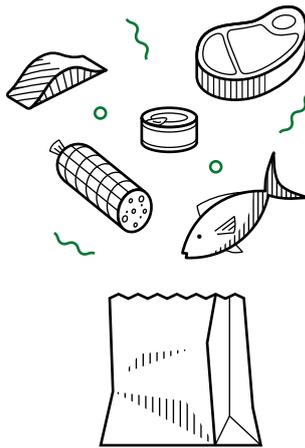
* **Legislative Decree 231/01:** Legislative Decree of 8 June 2001 introduced a system of administrative liability for companies, that is actually a system of criminal liability, for crimes against the Public Administration (corruption, bribery, etc.) or corporate crimes (e.g., false accounting) committed by employees, executives or directors in the interest or for the benefit of their companies.



What we do

BUSINESS MODEL | PAGE 18

STRATEGY AND PERFORMANCE | PAGE 28



Aspiag Service manages supermarkets with a purely food-based vocation and purchases fast-moving consumer goods (both branded and private label products) from suppliers to resell for wholesale and in its retail stores.

Business model

To give our customers maximum value, we work with a variety of goods and services suppliers who meet established standards allowing them to offer high-quality products and a comprehensive choice.

The various phases of our distribution system convey goods to the retail stores which are run both directly and by franchisees. Aspiag Service is supported in its operations also by the three distribution centres (Ce.Di.) in Bolzano, Mestrino (province of Padua), and Udine, which oversee all stores and bring the Company even closer to the

local community. Our Business Model encompasses relationships with different stakeholders as well as the relevant risks and opportunities. In this way, the Company is able to transform its inputs into outputs and achieve the strategic goals set by creating value over time.

The market

+0.2%

SALES IN
THE ITALIAN
LARGE-SCALE
DISTRIBUTION
(source: Istat)

+39%

SALES THROUGH
THE ONLINE
CHANNEL
(source: IRi)

19.1%

PRIVATE LABEL
SHARE
(source: Istat)

65

COMPETITORS

In 2018, the euro area's growth was estimated at 1.9% (source: ECB) and appeared to slow down in the second half of the year. Against this backdrop, Italy's GDP rose 0.9% (source: Istat), although the last two quarters saw negative growth.

The contraction in domestic demand due to the economic and political instability weighed on domestic economic activity. Household spending grew modestly, in line with the performance of the labour market.

The economic scenario is affecting retail sales: these were up 0.2% in 2018 compared to the prior year, driven by a slight increase in value (+0.2%) due to rising prices (+1.2%), even though volumes declined by 0.2% from 2017 (source: Istat).

Large retailers ended 2018 with year-on-year growth of 0.8%—a positive performance compared to their smaller counterparts, which were down 1.6%; specifically, discount stores expanded by 4.4% and non-food stores by 2.2%, whereas hypermarkets remained on a negative trend with a 0.3% contraction in 2017 (source: Istat).

Consumers are increasingly looking for solutions that suit their needs in terms of purchasing methods (the online channel was up 39% compared to 2017, reaching € 425 million, source: IRi) as well as food choices.

In fact, 2018 saw the consolidation of some trends (such as the emphasis on wellbeing, organic products, and sustainability) and an expansion of consumer choice, driven by a broader range of needs: according to Nielsen, consumers are becoming more and more aware and increasingly looking for purchasing experiences, as the focus shifts from volumes to the ability of products to satisfy their requirements.

Italian households are changing not only the product mix and the way they shop, but also the brands they buy: large brands are losing ground to smaller companies as well as private labels, which continue expanding their offerings and segmentation, thus interpreting new consumer needs more quickly and effectively (source: IRi).

Supply chain

Aspiag Service maintains its position on the market also thanks to a good supply chain management. The supply chain includes the purchase, logistics and sale phases, through which the Company interacts dynamically with various stakeholders and ensures effectiveness and punctuality in achieving objectives. Our supply chain allows the development of synergies with suppliers, the reduction of the environmental impact, the

common management of certain risks, and the quality of business relations. It guarantees our customers control over the various stages of processing, transport and sale of products, maintaining high quality standards, constant availability of goods at the retail store, and good pricing. All staff members, autonomous and qualified, cooperate with suppliers, with a view to an efficient and innovative supply chain.

THE SUPPLY CHAIN'S ADDED VALUE



“PASSO DOPO PASSO” SUPPLY CHAIN

The “Passo dopo Passo” supply chain is a control programme which informs about the origin of meat, fish, fruit and vegetables thanks to the traceability of the production chain, which guarantees food safety and quality through controls from production to sale.

* **HACCP (Hazard Analysis and Critical Control Points)**: is a protocol aimed at preventing food contamination and is based on the monitoring of those food processing phases which may entail a biological, chemical or physical hazard.

Purchases

Suppliers are selected according to a customer-oriented approach, pursuing quality products and prices as well as transparency in relationships. Procurement management is supported by ad hoc processes for sharing information between the Company and the supplier, which streamline the flow between purchase orders and delivery of products to the retail store. To take advantage of reduced waiting times, greater programmability of supplies and delivery discounts, we concentrate purchases by means of ESD Italia, a central purchasing* and marketing group which negotiates supply contracts with domestic consumer goods industries on behalf of its Shareholders. At Aspiag Service, we offer products in categories that consumers perceive as correlated or replaceable. Categories are managed by category managers as a profit centre from the bargaining phase to shelf allocation, maximising the performance and margin of the items.

Private label products

Private label products have always been the best way to convey values to our customers,

such as convenience, quality, innovation and attention to the environment.

The private label products (<https://www.despar.it/it/prodotti-a-marchio-despar/>), managed in collaboration with Despar Italia, are products of third-party companies that are sold under the Despar brand. Although they do not carry the marketing costs of branded goods, they compete on quality and come in different lines or brands. In addition, private label products make a significant impact in terms of sustainability thanks to the emphasis on quality as well as simple and effective packaging. Our private label offerings include all product categories created exclusively for Despar by the best producers on the market. They account for 24.6% of turnover.

In 2018, the private label Gemma Verde won the “CONAI contest for prevention and packaging sustainability” thanks to the use of recycled materials and its logistics optimisation efforts. In addition, two private label wines sold by Despar Italia received the “International Salute to Excellence Awards” at PLMA 2018.



Teatro Italia private label products

<https://teatroitalia.despar.it/prodotti/>

The new Teatro Italia product line was launched in December 2018. The brand, whose logo and aesthetics include references to the Despar store inside the former Cinema Teatro Italia in Venice, comprises a range of super-premium goods combining Italy's world-class food and wine products with beauty and design. The local raw materials, traditional products, and recipes by famous chefs make for a one-of-a-kind experience.

The market share of the EMD European central purchasing group, of which ESD is part, is **14%**.

EMD brings together **400** independent food retailers in **21** countries with **155,000** retail stores and enters into trade agreements with major European industries.

The turnover of the private label products accounts for **24.6%** of Aspiag Service's total turnover.

* **Central purchasing group:** a central purchasing group is an organisation that handles the supply contract (invoicing purchase conditions and off-invoice services) and the product catalogue, defining product purchase conditions and indirect revenue with the industry.

Logistics

Logistics flows of goods are optimised and subject to controls in each stage of the distribution process, ensuring daily freshness and product safety as well as steady supply to the retail stores. The distribution system consists of 8 logistics platforms, strategically located in the area, plus two specialised suppliers (meat and fish). We have

agreed just-in-time deliveries with some suppliers, which is particularly useful in the case of the so-called 'non-seasonal' products. The synergy between different delivery methods and suitable technologies allows the supply of goods with contained costs and reduced inventories, as well as efficient shelf-filling.

DISTRIBUTION CENTRES AND PLATFORMS

The **Mestrino Distribution Centre** is the management and administrative centre for all the group's business activities and the operational base for Veneto and Emilia Romagna. The **Bolzano Distribution Centre** is the registered office of the Company and manages the Trentino Alto Adige commercial activities. The **Udine Distribution Centre** is in charge of Friuli Venezia Giulia commercial activities. Each Distribution Centre also features a logistics platform for grocery products.



On-shelf availability takes into account the expiration dates of products, customer demands and promotional trends, which require managing the stock effectively. Products are withdrawn a few days before they expire in order to be recovered and donated to local charitable organisations helping people in need. To transport products, we use an efficient vehicle fleet that optimises

travel routes and fuel consumption: among other things, it is comprised of Euro-5 or Euro-6c vehicles. For fruit and vegetable products, we use 100% reusable plastic crates as a partial replacement for conventional one-way cardboard, wood and plastic packaging, ensuring higher quality, fresher and more hygienic goods, as well as reduced waste.



“Excellent exchange process” laboratory

During 2018, ECR GSI (Efficient Consumer Response - Global Standard) experts trained a working group of approximately 70 people that comprised our warehouse workers and suppliers—including international ones—on pallet management and safety. This allowed for a discussion on the issues and synergies associated with this important logistics topic.

Sales

Today, Aspiag Service operates:

234 direct retail stores, including Despar, Eurospar, and Interspar stores. We are responsible for managing all relevant stages as well as the entire supply chain;

339 franchise retail stores (Despar and Eurospar), which are provided with

technical know-how as well as sales and marketing policies and sell products using the brand under a license agreement. Aspiag Service retail stores operate under three brands, depending on the size and the offer, to provide the customer with a broader choice which meets their needs.



True to its original identity, the Despar brand identifies small neighbourhood supermarkets (100-800 sq. m.) offering a range of everyday products in a typically familiar setting and specialising in perishable and highly perishable goods.



Eurospar identifies medium-sized stores (801-2499 sq. m.) capable of serving a wider urban area with consumers who prefer weekly or bi-weekly grocery shopping trips, offering a broader range of goods that includes non-food products as well as some basic services.



Interspar identifies large stores (>2500 sq. m.) featuring the broadest possible range of perishable and highly perishable goods as well as a wide range of services and non-food products, from electronics to gardening and household appliances.

The three brands comprise stores with special features, as in the case of the Premium and Despar Express lines: these include stores suited to the preferences of those who either look for high-quality settings and products or have little time for grocery shopping.



The value of franchisees

Aspiag Service creates added value by promoting the local community in several ways: one of these is to affiliate local entrepreneurs with Despar. Besides the necessary technical aspects, the affiliation with our brand involves constant engagement through shared activities, working groups and discussions on the most material topics, bringing franchisees more and more into line with the direct channel in terms of recognition and quality.

234

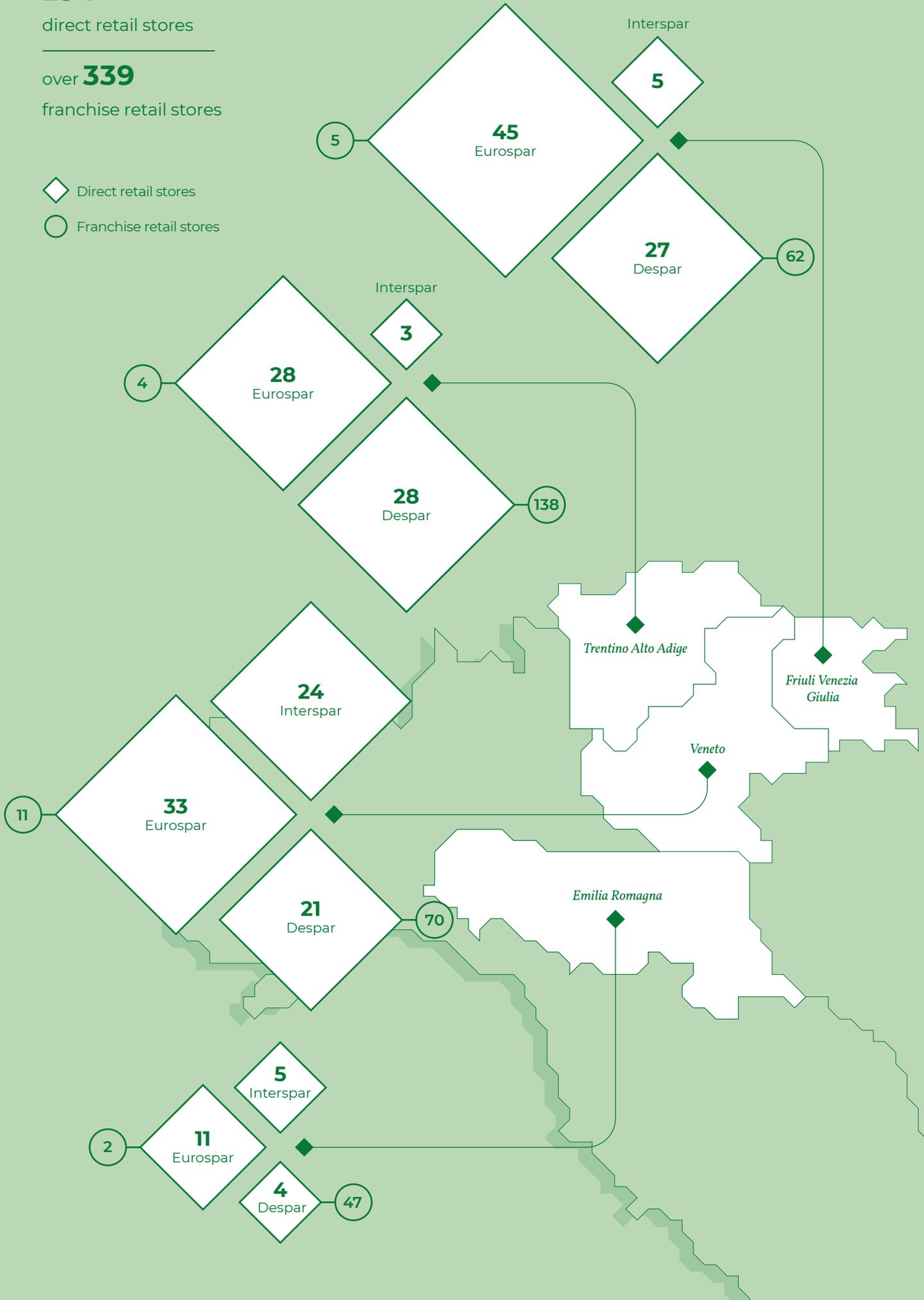
direct retail stores

over **339**

franchise retail stores

◆ Direct retail stores

○ Franchise retail stores



Stakeholder engagement

Aspiag Service maintains several relationships with its stakeholders and distributes the value it generates to them. Below is a description of the issues placed on Aspiag Service by stakeholders as well as how the Company engages with them, the material topics emerging from this process, and the way we measure this partnership.

WHO ARE OUR STAKEHOLDERS	HOW WE ENGAGE WITH THEM	WHAT EMERGES
CUSTOMERS Customers shopping at our stores.	<ul style="list-style-type: none"> • Directly at the retail store, with the Despar Tribù App, advertising displays, internal radios, beacons • Through websites, blogs, social media, email (info@despar.it) and radio • With periodic market surveys by external companies, telephonic and online quality surveys 	<ul style="list-style-type: none"> • Customer satisfaction • Company reputation
FRANCHISEES Local businessmen to whom we provide goods, services and support through franchise agreements.	<ul style="list-style-type: none"> • Periodic meetings between representatives of franchisees and Company contact people • Frequent visits by franchise channel managers to the reference retail stores 	
SUPPLIERS Commercial partners with whom we collaborate with the shared interest of satisfying customers.	<ul style="list-style-type: none"> • Dialogue between the category manager and the individual supplier • Analysis of surveys conducted on a representative sample of the major companies 	<ul style="list-style-type: none"> • Reduction of environmental impact throughout the value chain • Company reputation
EMPLOYEES Fundamental resource enabling the achievement of objectives through professionalism, competence and well-being.	<ul style="list-style-type: none"> • Internal climate surveys • "InDespar" house organ • Health project 	<ul style="list-style-type: none"> • Company reputation
BANKS Financial partners to whom we turn for financial and economic support.	<ul style="list-style-type: none"> • Periodic meetings at the Company and at their offices • Annual press conference for the presentation of company data 	<ul style="list-style-type: none"> • Company reputation
REPRESENTATIVE ASSOCIATIONS Bodies of comparison and support in the analysis of Large Scale Distribution. Representative associations are divided into trade unions and trade associations.	<ul style="list-style-type: none"> • Obligatory and periodic exchange and sharing of information • Relations with Federdistribuzione 	<ul style="list-style-type: none"> • Company reputation
COMPETITORS They can affect the reference market and therefore our own results. This is why we monitor them.	<ul style="list-style-type: none"> • Contacts via Federdistribuzione 	<ul style="list-style-type: none"> • Company reputation
PUBLIC ADMINISTRATION AND COMMUNITY It is the reference point for the main authorisations and the local context affected by the opening of a new retail store, whose impacts are mitigated through the involvement of people and the provision of additional services.	<ul style="list-style-type: none"> • Periodic meetings of local authorities • Web and press monitoring • Activities with schools 	<ul style="list-style-type: none"> • Reduction of environmental impact throughout the value chain • Company reputation
UNIVERSITY Universities in the trading area with which Aspiag Service interacts and collaborates for discussion and mutual improvement.	<ul style="list-style-type: none"> • Curricular and extra-curricular internships • Academic meeting • Research working groups 	<ul style="list-style-type: none"> • Company reputation

Tracing precisely the way in which Aspiag responds to its varied context and to stakeholders means pursuing the path of transparency and good business management. The materiality matrix on page 74 shows all the material topics emerging for each stakeholder.

HOW WE MEASURE

<ul style="list-style-type: none"> Employee training 	<ul style="list-style-type: none"> Product quality 	<ul style="list-style-type: none"> Multichannel and sales network growth Innovation in offer and services 		<ul style="list-style-type: none"> Customer satisfaction Corporate image Employee training hours Voluntary quality analysis and control Sales network Degree of diversification and supply coverage
		<ul style="list-style-type: none"> Multichannel and sales network growth 	<ul style="list-style-type: none"> Financial solidity 	<ul style="list-style-type: none"> Sales network Net sales
	<ul style="list-style-type: none"> Product quality Compliance with voluntary standards 		<ul style="list-style-type: none"> Financial solidity 	<ul style="list-style-type: none"> Consumption and emissions Distributed value Voluntary quality analysis and control ISO 14001 and OHSAS 18001 Net sales
<ul style="list-style-type: none"> Employee satisfaction Employee training Employee health and safety 			<ul style="list-style-type: none"> Financial solidity Efficient corporate governance 	<ul style="list-style-type: none"> Distributed value Total turnover Employee training hours Injury rate EBITDA % Fines for non-compliance
		<ul style="list-style-type: none"> Multichannel and sales network growth 	<ul style="list-style-type: none"> Financial solidity 	<ul style="list-style-type: none"> Credit lines and uses Sales network Cash flow
<ul style="list-style-type: none"> Employee satisfaction Employee health and safety Job creation 			<ul style="list-style-type: none"> Financial solidity 	<ul style="list-style-type: none"> Corporate image Total turnover Injury rate Recruits in the new retail stores Market share
			<ul style="list-style-type: none"> Financial solidity 	<ul style="list-style-type: none"> Corporate image Market share
<ul style="list-style-type: none"> Job creation 	<ul style="list-style-type: none"> Compliance with voluntary standards 	<ul style="list-style-type: none"> Multichannel and sales network growth 	<ul style="list-style-type: none"> Efficient corporate governance Sustainable commitment to the community and the area 	<ul style="list-style-type: none"> Consumption, emissions, waste Sponsored events Geographical distribution of employees ISO 14001 and OHSAS 18001 Sales network Fines for non-compliance Investments
<ul style="list-style-type: none"> Job creation 				<ul style="list-style-type: none"> Internships and employee recruiting Recruits in the new retail stores

Risks and opportunities

While carrying out our activities we are exposed to both the risks associated with the external macroeconomic system and the risks arising from strategic choices within the Company, which can affect the value creation over time.

The managing directors, assisted by the Supervisory Body and the Internal Audit and Protection of Corporate Assets departments, monitor the risk factors in order to identify and prevent events that may adversely affect the corporate business.

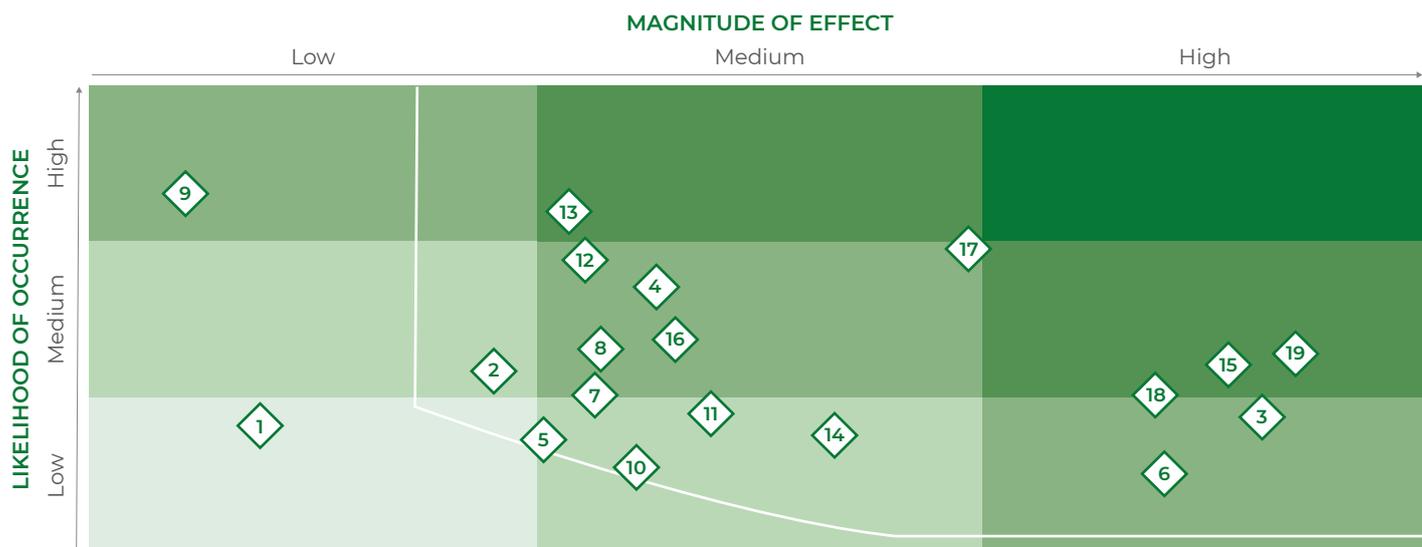
For each type of risk, the likelihood of occurrence of the event and, also taking into account the measures taken

to mitigate it, the potential impact on value creation for the Company, have been identified (table alongside).

More specifically, the following table shows, for each risk class, the stakeholders concerned, the measures taken to mitigate each risk, and the financial and non-financial indicators used to measure them.

We not only manage risks, but also seize the opportunities that may arise from external or internal factors and can be key to our growth (market trends, investment opportunities, etc.).

RISK	STAKEHOLDER	MEASURES FOR MITIGATING THE RISK	INDICATOR
RISK CLASS: COMPLIANCE			
1 Environmental	Community	<ul style="list-style-type: none"> Environmental Management System ISO 14001 certification Organisational Model 231/01 	<ul style="list-style-type: none"> Consumption and emissions Waste disposal Environmental protection expenditures Fines for environmental non-compliance
	Company		
2 Privacy	Customers	<ul style="list-style-type: none"> Data controller Privacy committee 	<ul style="list-style-type: none"> Annual report by the Privacy Manager
	Employees Suppliers		
3 Food safety	Customers	<ul style="list-style-type: none"> Selection and careful management of suppliers Monitoring of the quality of supplies, goods and customer service Presence of an internal Food Safety office Mapping of the supply chain 	<ul style="list-style-type: none"> Quality analysis and control Fines for non-compliance in the supply and use of products and services
4 Compliance in outsourcing	Suppliers	<ul style="list-style-type: none"> Acquisition of documents certifying the regularity of social security and insurance contributions of contractors 	<ul style="list-style-type: none"> No. of disputes with contracting companies
5 Reporting	Public Administration	<ul style="list-style-type: none"> Supervision by the Board of Statutory Auditors and the Independent Auditor 	<ul style="list-style-type: none"> Independent Auditor and Board of Statutory Auditor's reports
6 Regulations	Public Administration	<ul style="list-style-type: none"> Updating and training Presence of an internal legal office Frequent relations with lawyers and consultants 	<ul style="list-style-type: none"> Fines for non-compliance with laws and regulations CO's annual report
7 Occupational safety	Employees	<ul style="list-style-type: none"> OHSAS 18001 certification for occupational health and safety management system Ad hoc training of employees on safety in the workplace Managers' inspections Signing of ad hoc insurance contracts 	<ul style="list-style-type: none"> No. of work-related injuries and days lost for injuries Injury rate Absenteeism rate
RISK CLASS: FINANCIAL			
8 Receivables from franchisees	Franchisees	<ul style="list-style-type: none"> Assessment of the customer when entering into a new contract and request of guarantee for the supply Constant monitoring of receivables, monthly estimate of the allowance for doubtful accounts 	<ul style="list-style-type: none"> Average net sales per franchisee Performance of the allowance for doubtful accounts
9 Receivables from customers	Customers	<ul style="list-style-type: none"> Immediate takings from sales 	<ul style="list-style-type: none"> Cash differences Average receipt
10 Liquidity	Banks	<ul style="list-style-type: none"> Periodic evaluation by the management of the financial and economic balance (generated liquidity and financial needs) 	<ul style="list-style-type: none"> Use of credit lines
11 Rate	Banks	<ul style="list-style-type: none"> Hedging transactions with derivative instruments Large number of banks we rely on 	<ul style="list-style-type: none"> % fixed rate debt and % variable rate debt



RISK	STAKEHOLDER	MEASURES FOR MITIGATING THE RISK	INDICATOR	
RISK CLASS: OPERATIONAL				
12	Technological IT	Company	<ul style="list-style-type: none"> • Best management of information systems • Technological innovation • Careful selection of hardware and systems suppliers and consultants • Widespread installation of the ERP system • Backup measures - disaster recovery 	<ul style="list-style-type: none"> • Costs for innovation / maintenance of IT systems
13	Strategic / Commercial	Company	<ul style="list-style-type: none"> • Analysis of offer alignment with market demand • Monitoring of the costs incurred for the commercial policy over the results obtained 	<ul style="list-style-type: none"> • Market share trend • Commercial costs
14	Efficient human resources	Company	<ul style="list-style-type: none"> • Ad hoc training • Division of labour • Adoption of a Code of Ethics • Care in recruiting • Starting internships and academic meetings 	<ul style="list-style-type: none"> • No. of training hours provided • Women-men salary ratio • Absenteeism rate • Total turnover
RISK CLASS: MARKET				
15	Price	Customers Competitors Suppliers	<ul style="list-style-type: none"> • Stakeholding in the central purchasing group • Careful selection of suppliers with better value for money • Marketing and development activities to cope with competition 	<ul style="list-style-type: none"> • Market survey on Corporate Image • Customer satisfaction • Market share trend
16	Asset evaluation	Company	<ul style="list-style-type: none"> • Periodic impairment analysis 	<ul style="list-style-type: none"> • Write-down of fixed assets
17	Theft	Company	<ul style="list-style-type: none"> • Investments in anti-theft devices, internal/external surveillance service 	<ul style="list-style-type: none"> • Inventory Difference Management Committee
18	Fraud	Company	<ul style="list-style-type: none"> • Adoption of the Organisational Model 231/2001 • Establishment of the Supervisory Body 	<ul style="list-style-type: none"> • CO's annual report
19	Reputational	Company Community Competitors	<ul style="list-style-type: none"> • Monitoring of the quality of supplies, goods and customer service • Continuous technological and process innovation to increase the efficiency of the offer 	<ul style="list-style-type: none"> • Market survey on Corporate Image • Customer satisfaction • Market share trend

Strategy and Performance

The primary strategic objective for Aspiag Service is to increase market share, a goal that ensures growth, brand recognition, quality of the Company and its offer.

To achieve this strategic objective, our business is aimed at five functional objectives: generation of financial resources, new openings and renovations, customer satisfaction, enhancing employees, attention to the environment and the territory.

These goals influence corporate decisions in a changing economic environment, fostering the most innovative solutions and the enhancement of all types of resources (environmental, human, technological). We draw resources and recruit our employees from the environment and community in which we operate. We look after our people and promote their professional

growth so as to deliver a better service to customers. Achieving customer satisfaction results in the generation of new financial resources as well as requires opening new stores or renovating existing ones, which leads to increased market share.

We strive to differentiate our strategic approach from the competition: the market often tends to compete on price, but at Aspiag Service we pursue also a high level of quality as part of all our initiatives and offerings, bringing added value to the local community.

Market share increase

Despite having favoured development in Emilia Romagna, Aspiag Service maintains its leadership in the Triveneto area with an estimated market share of 18% according to Grocery Hyper/Supermarket data (source: Nielsen). In line with the

development in new areas, an expanded trading area, including Emilia Romagna, is considered, with a market share higher than the previous years. The actual data of the grocery sector indicate a market share of 11.1%.

Financial solidity

	2018	2017	2016
Market share	11.1%	10.7%	10.3%

Note: the data in the table refer to the Grocery Hyper/Supermarket market share (source: Nielsen) as at 31/12 of each year for the Triveneto area and Emilia Romagna.

Commitment to sustainable development

The Company has been committed to sustainability for years now. Aspiag Service is in line with the sustainable development programme of the UN's 2030 Agenda, which sets out 17 goals—divided into 169 targets—to promote fair and long-term global growth.

By telling the story of our “Strategy and Performance”, we can disclose our financial and social-environmental performance with reference to the topics of the SDGs to

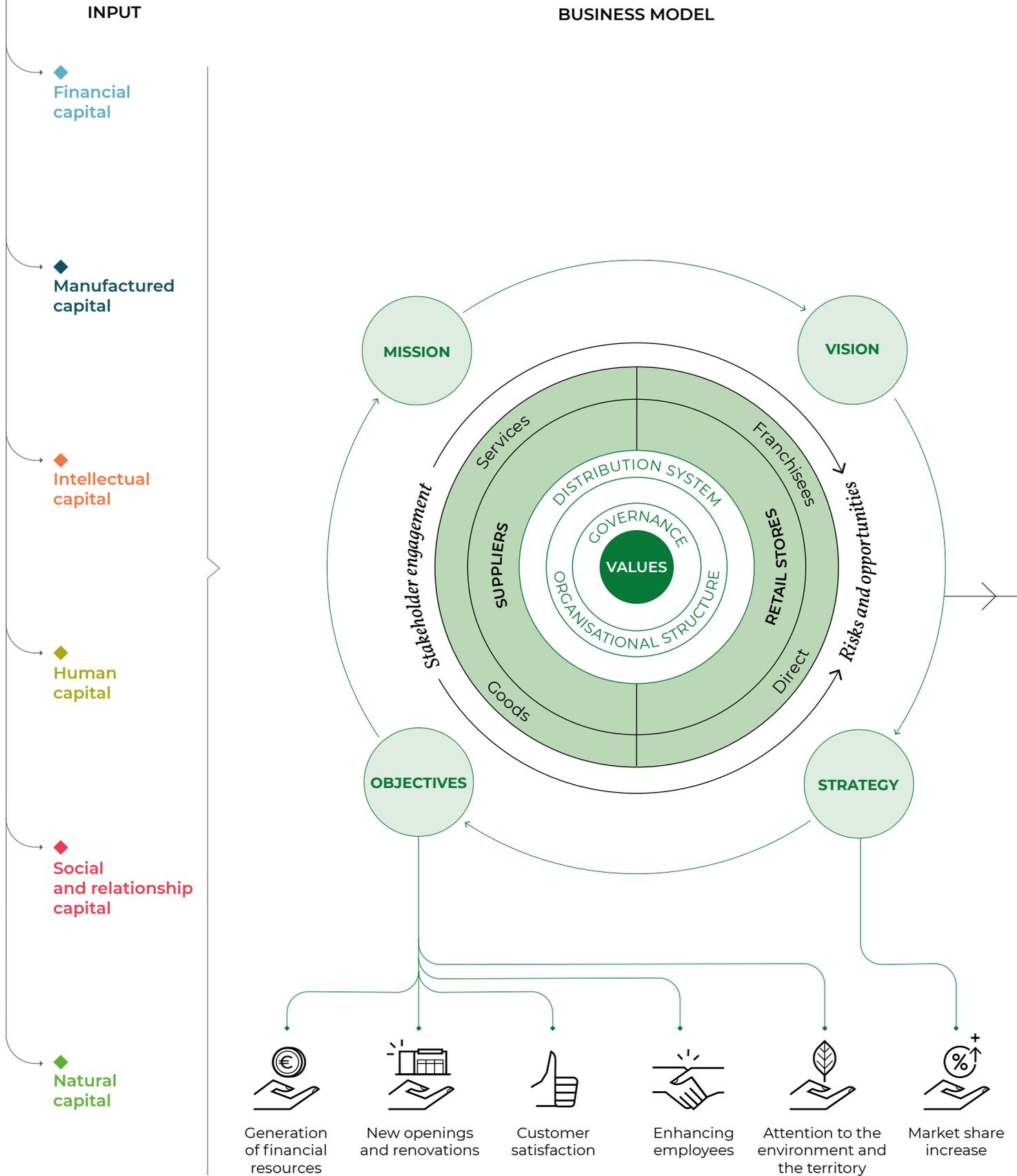
all stakeholders, ensuring transparency about the sustainability of our operations.

The need to align Aspiag Service with the most relevant Sustainable Development Goals to its business has led it to prioritise 5 SDGs and the relevant targets, which guide the Company's approach to sustainability.

The Annexes include a table reconciling the SDGs and the relevant references in this Report.



Creating value over time



OUTPUT

OUTCOME

Market share, EAT, EBITDA%, cash flow, net sales, average receipt, economic value generated, investments, current expenses for food quality, fines for products and services, amounts allocated for incentives, workplace costs, fines for non-compliance, training costs, change in energy costs, expenditures on environmental protection, environmental fines, indirect taxes, infrastructure investments, value of sponsorships, donations and fundraising, donated food.

Financial solidity
Efficient corporate governance
Sustainable commitment to the community and the area

Sales network, degree of diversification and supply coverage.

Multichannel and sales network growth
Innovation in offer and services

Integrated Report, voluntary quality analysis and control, OHSAS 18001, ISO 14001.

Product quality
Compliance with voluntary standards

Recruits in the new retail stores, total turnover, employee training hours, average training hours per employee, corporate climate survey, injury rate, absenteeism rate, injury rate at outsourcing companies, geographical distribution of employees.

Job creation
Employee training
Employee health and safety
Employee satisfaction

Credit lines and uses, economic value distributed, assortment choice, number of receipts, corporate image, customer satisfaction, press and web corporate image, internships, employee recruiting, number of sponsored events.

Customer satisfaction
Company reputation

Environmental innovation, direct and indirect energy consumption, direct and indirect emissions, electricity consumption, waste produced, weight of packaging materials.

Reduction of environmental impact throughout the value chain

TRADE OFF

Net sales
€ 1,826,228,256
(€ 1,751,033,899)

Despar **€ 223,179,197** (€ 218,621,021)

Eurospar **€ 712,726,065** (€ 671,775,032)

Interspar **€ 647,138,337** (€ 623,598,293)

Franchisees **€ 233,293,306** (€ 228,430,341)

Other sales **€ 9,891,351** (€ 8,609,212)

Other revenue **€ 30,036,795** (€ 29,415,929)

Cost of sales **- € 1,256,497,485** (- € 1,198,718,422)

Gross Margin **€ 599,767,566** (€ 581,731,406)

Total costs **- € 499,090,055** (- € 476,511,641)

* The amounts in brackets refer to 2017.

CFO's Comment on the Results

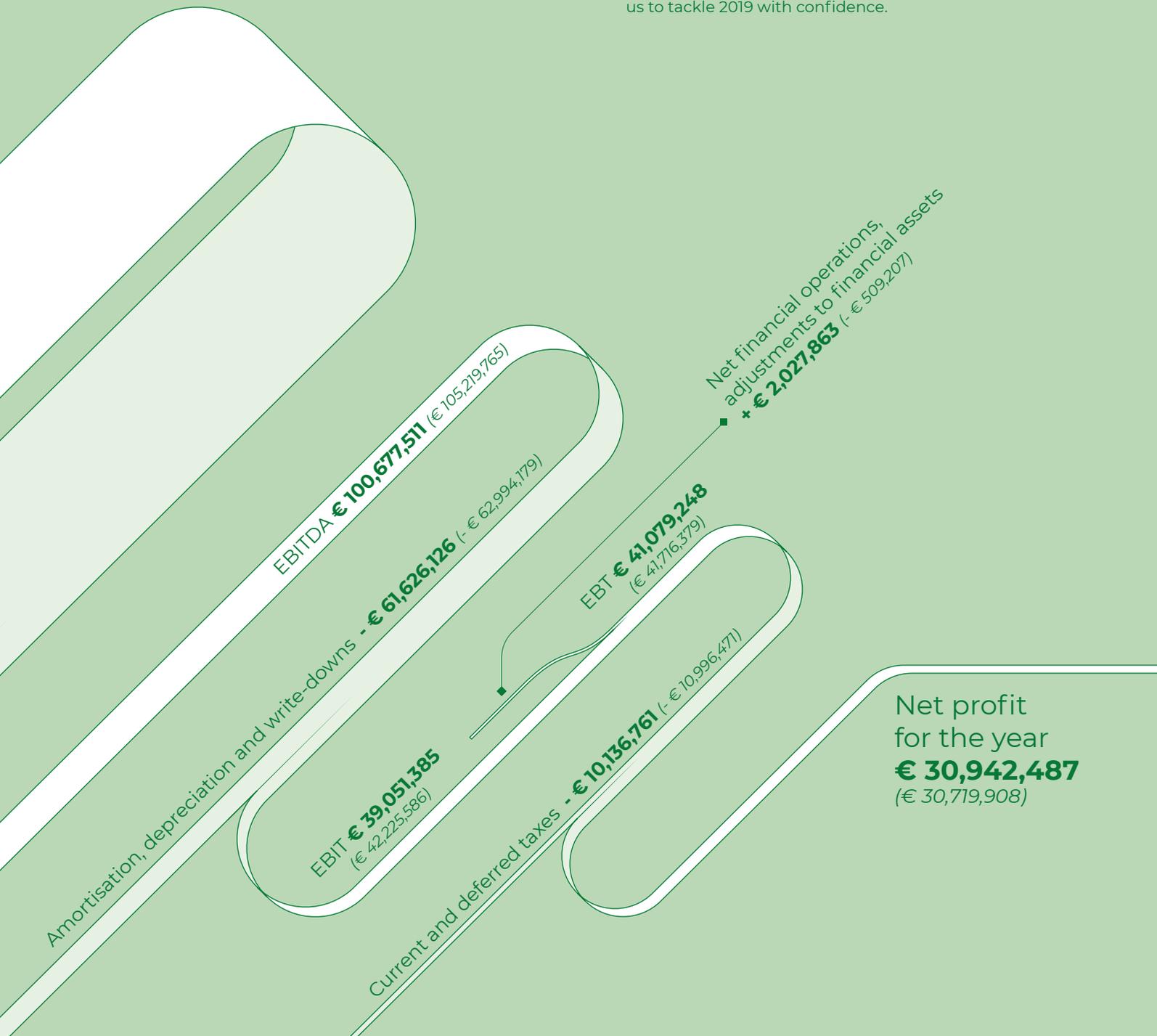
RECLASSIFIED INCOME STATEMENT

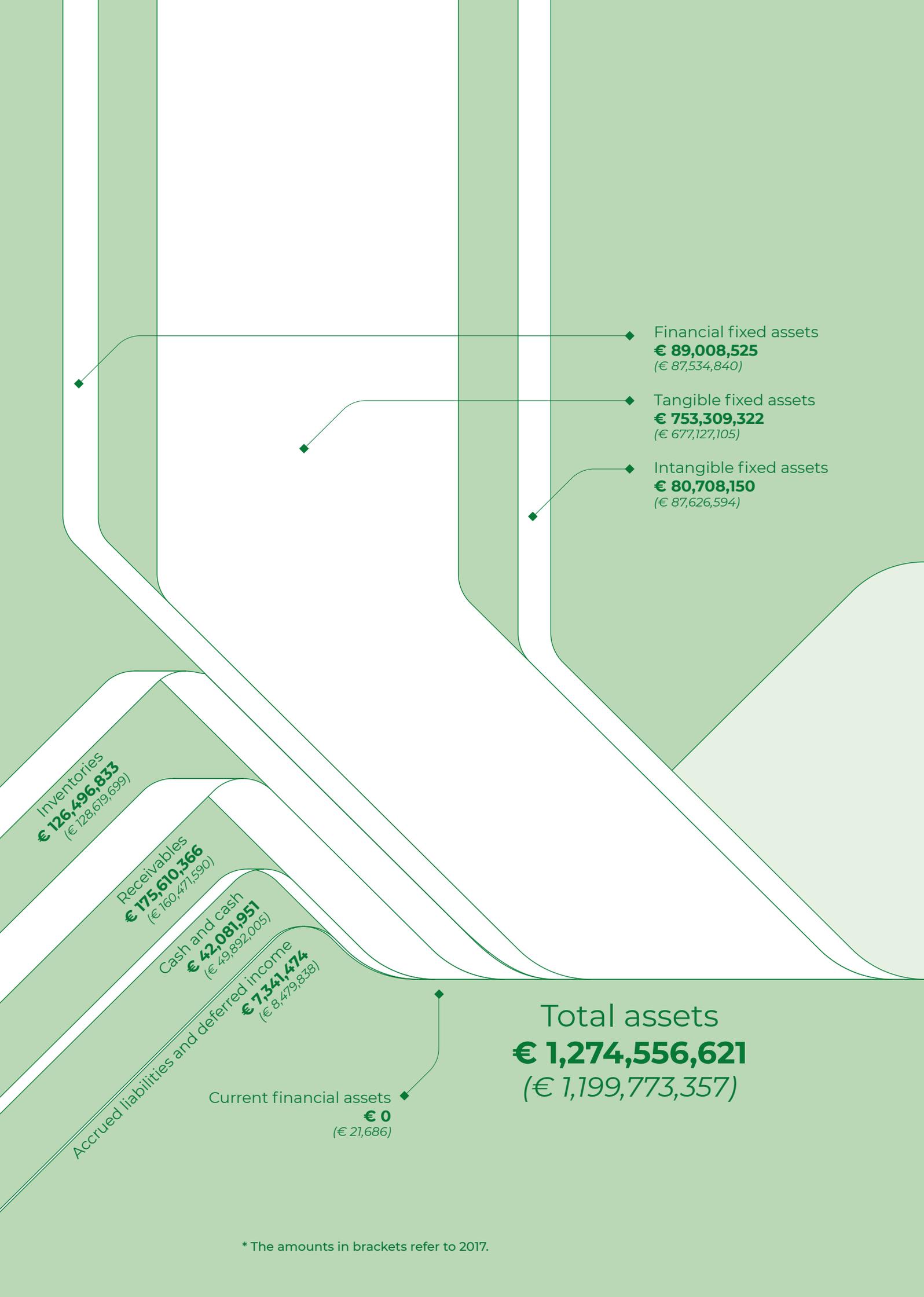
Despite the complex and constantly changing situation retailers have been facing for some time now, with stagnant consumer spending and shifting consumer preferences, once again this year we delivered a strong performance, reporting € 30.9 million in net profit. This is a testament to the effectiveness of the strategic actions we took, which allowed us to generate over € 1.8 billion in revenues, as well as the success of our supermarkets not only in the communities where we have an established presence, but also in new markets. Compared to 2017, sales were up € 75 million, rising 4.29% considering the current network and +1.5% on a like-for-like basis, driven by marketing policies based on discounts that partially eroded gross margins—and thus negatively affected our operating result.

EBITDA reflects our decision to provide more benefits to customers: this required increasing our competitiveness as well as monitoring the efficiency of operating costs. At 27.3%, these remained in line with 2017 despite the expansion of the sales network and the resulting increase in costs, especially as far as staff (the average headcount rose by 256) and distribution (+4.8 million parcels handled) are concerned.

Lastly, the expansion strategy pursued in recent years had an impact on EBIT, affected by rising amortisation and depreciation, as well as EBT—which, despite the increased leverage, benefited from the reduction in borrowing costs as interest rates declined throughout the year.

We believe that our 2018 performance will further stimulate us to tackle 2019 with confidence.





Financial fixed assets

€ 89,008,525
(€ 87,534,840)

Tangible fixed assets

€ 753,309,322
(€ 677,127,105)

Intangible fixed assets

€ 80,708,150
(€ 87,626,594)

Inventories
€ 126,496,833
(€ 128,619,699)

Receivables
€ 175,610,366
(€ 160,471,590)

Cash and cash
€ 42,081,951
(€ 49,892,005)

Accrued liabilities and deferred income
€ 7,341,474
(€ 8,479,838)

Current financial assets

€ 0
(€ 21,686)

Total assets
€ 1,274,556,621
(€ 1,199,773,357)

* The amounts in brackets refer to 2017.

BALANCE SHEET

As market players, we are aware that we must strengthen our market presence and continue paying attention to investment opportunities in a sustainable manner in order to remain competitive and ensure the long-term viability of our business. This year, investments largely concerned the expansion of the sales network—with 7 new openings and the development of the agri-food hub—and totalled € 137.7 million (€ 143.4 million in 2017). They were only partially supported by two new loans.

We continue pursuing our growth strategy by maintaining the right balance between equity and debt: equity was up 5.3% year-on-year, resulting in an equity ratio of 47% and a debt-to-equity ratio of 64%. Against the backdrop of a market that calls for bold decisions, our company is proving capability of maintaining an appropriate level of operational efficiency and continues operating in a responsible way, creating and sharing value with our stakeholders.

Total liabilities
€ 1,274,556,621
(€ 1,199,773,357)

Accrued liabilities and deferred income
€ 516,587
(€ 647,900)

Employee severance indemnity
€ 28,008,281
(€ 29,486,379)

Provisions for risks and charges
€ 20,309,629
(€ 17,263,769)

Payables
€ 625,493,226
(€ 582,096,271)

Shareholders' equity
€ 600,228,898
(€ 570,279,038)

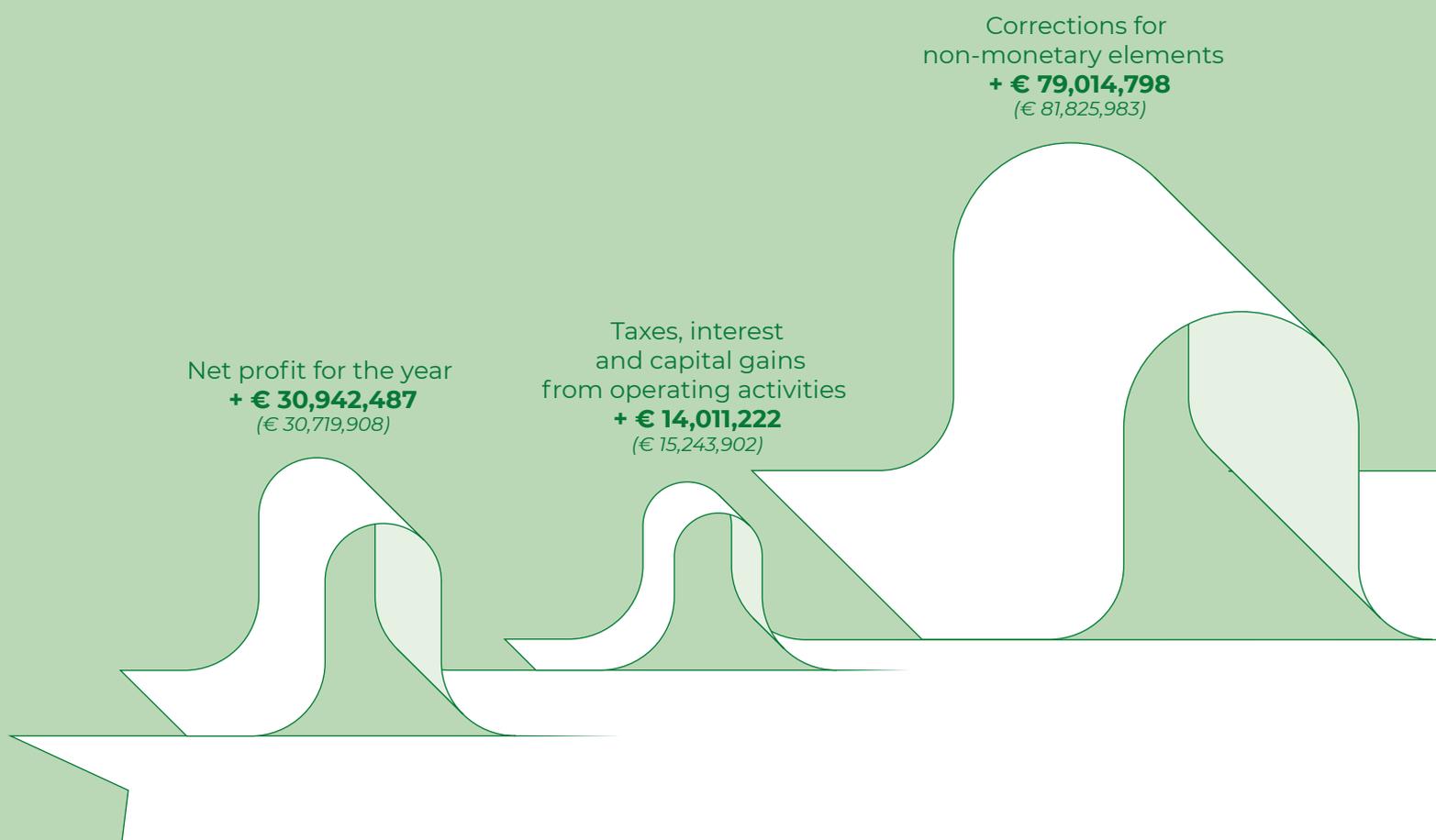
CASH FLOW STATEMENT

Current operations generated a negative cash flow of € 7.8 million based on the following:

- ◆ € 60.5 million in cash flows from operating activities—the result of € 124 million in operating income and € 63.5 million in net working capital variations;
- ◆ € 133 million in net investments arising from the Company's growth strategy (opening of 7 new stores), the modern-

isation of the existing network, and the continuation of construction work on the new logistics infrastructure;

- ◆ a positive € 64.7 million cash flow largely arising from financing activities.



Cash and cash equivalents -
beginning of the year
€ 49,892,005
(€ 31,982,309)

* The amounts in brackets refer to 2017.

The following pages provide some guidance for understanding the results achieved over the last 3 years and allow formulating opinions and forecasts about the performance of our Company.

This Integrated Report is a tool that helps us enhance the transparency and growth of our business and expresses our unwavering commitment to stakeholders, showing how we work and tackle the challenges in front of us.

Raffaele Trivellato, CFO

Financial activities

+ € 64,705,971

(€ 151,467,546)

Cash and cash equivalents -
end of the year

€ 42,081,951

(€ 49,892,005)

Investment activities

- € 133,027,306

(- € 142,913,116)

Net working
capital variations

- € 63,457,226

(- € 118,434,527)

Generation of financial resources

The ability to generate financial resources provides the foundation for remaining in the market and drives financial strength, including in the sense of economic sustainability. This leads to promoting social sustainability, i.e. meeting the expectations of stakeholders, as well as environmental sustainability, that is minimising

the environmental impact of business operations. The Company's financial resources consist of the result from operating activities and the funding received from the Group, which has financial leverage of its own. All this enables us to achieve the agreed goals and creates a virtuous cycle between production and investments.

	2018	2017	2016
EAT (Net profit for the year) (€)	30,942,487	30,719,908	23,835,429
EBITDA %	5.51%	6.01%	6.42%
CASH FLOW (€)	123,968,507	127,789,793	112,702,741

◆ CREDIT LINES AND USES (€)	2018	2017	2016
Credit lines	455,371,155	509,140,021	433,363,789
Uses	256,821,716	192,115,315	162,570,396
% of credit lines use	56.40%	37.73%	37.51%

◆ DIRECT RETAIL STORE NET SALES (€)	2018	2017	2016
Despar	223,179,197	218,621,021	209,896,580
Eurospar	712,726,065	671,775,032	640,367,386
Interspar	647,138,337	623,598,293	593,012,039
Total	1,583,043,599	1,513,994,346	1,443,276,005

◆ NET SALES TO FRANCHISEES (€)	2018	2017	2016
Net sales to franchisees	233,293,306	228,430,341	217,791,849
Average net sales per franchisee	688,181	665,978	633,116

◆ AVERAGE RECEIPT (€)	2018	2017	2016
Despar	11.23	11.59	11.75
Eurospar	19.11	18.97	18.87
Interspar	27.65	27.70	28.06

Earnings after tax for 2018 were in line with the previous year, showing a slight decline in margins. Net sales were up at both direct and franchise retail stores, rising +4.5% and +2.1%, respectively. Average spending was in line with 2017, and Eurospar accounted for the lion's share of the total.

The Company discloses its performance and value to both internal and external stakeholders through the **Integrated Report**, an effective communication system that includes sustainability-related information.

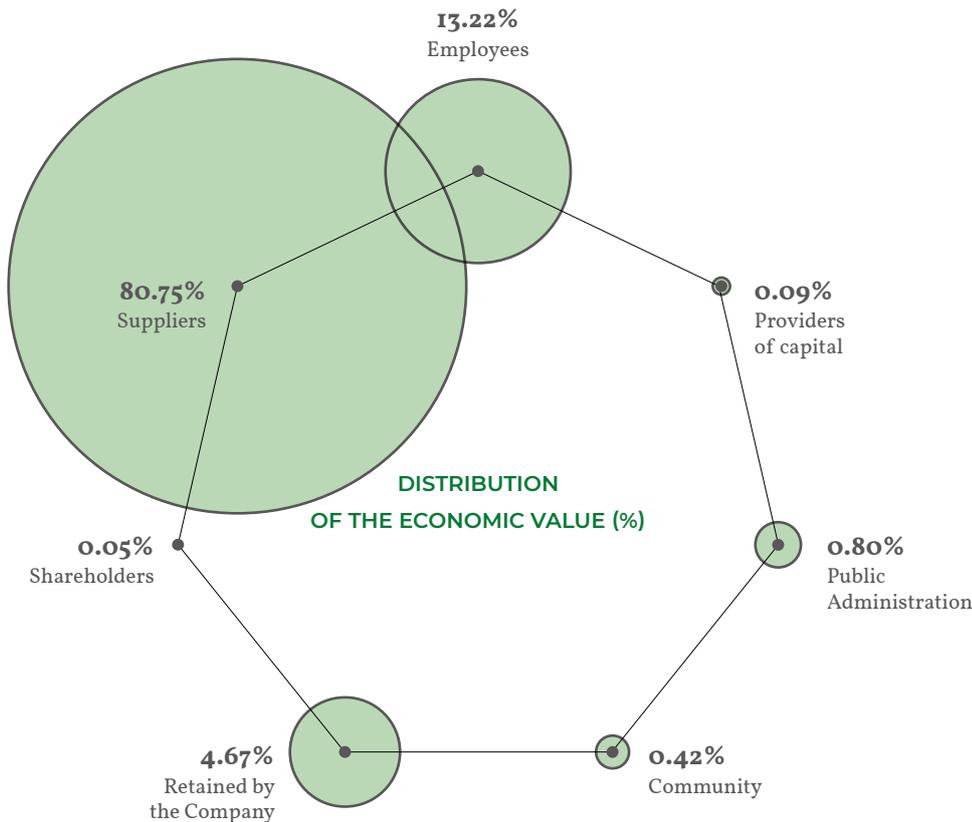
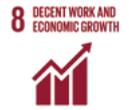
- ◆ Financial solidity
- ◆ Compliance with voluntary standards
- ◆ Company reputation

DIRECT ECONOMIC VALUE

GENERATED AND DISTRIBUTED (€)

	2018	2017	2016
◆ Direct economic value generated	2,003,755,820	1,923,567,035	1,835,526,880
a) Revenues	2,003,755,820	1,923,567,035	1,835,526,880
◆ Economic value distributed			
b) Operating costs	1,618,101,959	1,546,723,584	1,468,354,268
c) Remunerations and benefits	264,855,078	251,599,395	241,208,925
d) Payments to capital providers	1,756,202	4,055,542	6,358,766
e) Payments to the Public Administration	16,095,039	17,203,986	18,939,716
f) Investments in the community	8,317,543	7,305,492	6,383,301
g) Dividends to Shareholders	1,000,000	-	-
Economic value distributed	1,910,125,821	1,826,887,999	1,741,244,976
Economic value retained	93,629,999	96,679,036	94,281,904
of which net profit for the year	30,942,487	30,719,908	23,835,429

The economic value distributed, which particularly affects the Company's suppliers and employees, grew by 4.6%. This year, part of the economic value generated was paid out to Shareholders in the form of dividends. The value generated and distributed within our trading area allows us to meet SDG 8, and specifically target 8.3: this aims to promote the growth of productive activities and small- and medium-sized enterprises as well as innovation in our community.



New openings and renovations

For an effective strategy it is essential to maintain a high level of innovation and development. A big improvement effort is obviously carried out in the retail stores, which are the meeting place between the Company and the customers, as well as the major example of our manufactured capital. Innovation gives our Company a competitive advantage: for this reason, innovative proposals from employees as well as from the outside are developed, since these are considered important for both the professional growth of everyone and corporate growth.

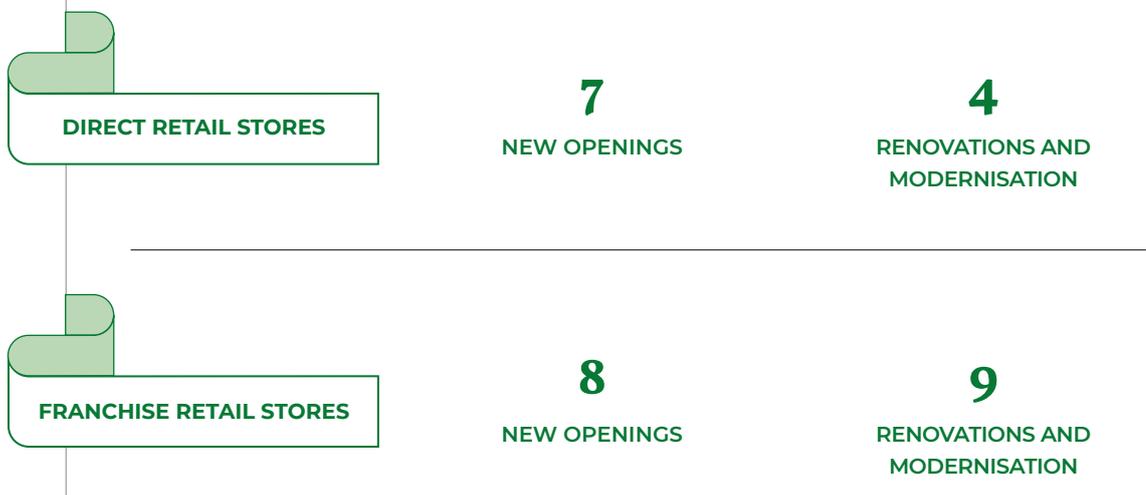
Our Development activities, set out in a Three-Year Growth Plan, pursue this goal through the Company's expansion or the acquisition of other supermarket chains or individual stores. This involves analysing and measuring key indicators at the level of the community and each individual municipality—studying the resident population, tourist flows, and the purchasing power as well as any untapped potential of the local area, while accounting for the existing sales network (Despar stores and the competition) and planned future openings. Our relationships with entrepreneurs, the public administration, local authorities, brokers, and other entities contribute to research and development efforts.

Once the Board of Directors gives its approval—after completing any additional necessary analyses—the Company enters into preliminary purchase or lease agreements and awards construction contracts for new buildings if required.

Another form of growth involves analysing existing stores to assess whether it is possible to improve their performance by renovating, expanding or moving them to a better location. Innovation often involves renovating historic properties in city centres and historical or cultural landmarks while respecting their surroundings. The best examples in this sense are the Rialto's Despar in Venice and the one inside the former Cinema Teatro Italia, on which we undertook artistic and architectural restoration work. In the same way, we have also carried out important regeneration of urban areas or former industrial areas, which enhanced the areas affected thanks to new store openings.

Even the periodic renovation of the spaces is intended to offer the customer a suitable, functional and comfortable shopping space. We also aim to eliminate any inconvenience to road access, architectural barrier, unsuitable or unpleasant structure.

2018 saw the opening of 7 new direct stores, adding a combined 7,091 sq. m. of new retail sales area: 1 Despar in Venice, 1 Despar in Udine, and 5 Eurospar stores in Modena, Ravenna, Bologna, Trieste, and Caerano di San Marco (province of Treviso). During the year, the Company renovated the Eurospar stores in Ala (overhauling also its exterior) and Rovereto (province of Trento) as well as Egna (province of Bolzano), and the Despar store in Treviso Borgo Cavalli.



◆ INVESTMENTS (€)	2018	2017	2016
New openings	26,226,142	45,165,778	27,367,430
Renovations	6,931,192	16,207,977	14,331,852
Investments in the upcoming opening of retail stores	24,483,114	32,763,854	35,793,517
Other types of investment*	73,249,451	48,771,529	29,285,174
Total investments	130,889,899	142,909,139	106,777,972
*of which costs for innovation and maintenance of IT systems	4,722,901	9,255,854	3,142,305

◆ SALES NETWORK	2018	2017	2016
Despar	80	79	79
Eurospar	117	112	110
Interspar	37	37	34
Total direct retail stores	234	228	223
Franchisees	339	343	344
Total	573	571	567

◆ ENVIRONMENTAL INNOVATION	2018	2017	2016
Number of LED lit retail stores	117	106	85

◆	2018	2017	2016
Recruits in the new retail stores (headcount)	247	336	302

The sales network continued expanding in 2018 as part of a sustainable strategy that we have been pursuing for years now: when approving investment projects, we select the best solutions in terms of sustainability and rule out technological solutions that are either unsustainable or not aligned with the Company's identity. Our growth has caused the number of employees in our trading area to increase. Employees at the new stores represent new hires that are in addition to those at our existing stores or our offices.

The Company continues making major investments, especially for the purposes of consolidating the future agri-food hub, opening new stores, and renovating existing ones.

2018 saw also significant technological investments aimed at innovating the electronic systems of the sales network. Our investing activities go towards meeting the targets 11.3 and 11.4 of the relevant SDG, as our stores are always intended to be part of urban centres in a sustainable and inclusive manner while protecting the existing cultural heritage.

- ◆ Financial solidity
- ◆ Multichannel and sales network growth
- ◆ Reduction of environmental impact throughout the value chain
- ◆ Job creation

Customer satisfaction

48,950

PRODUCTS OFFERED

3,699

ANALYSES AND CONTROLS

8.34

CUSTOMER SATISFACTION

Offer

The offer of products and services is diversified in order to improve recognition and satisfy our customers' demand. The assortment is qualified according to the brand, the type of community, the attention to customers looking for functional-healthy products or products for vegans or people with intolerances, while guaranteeing different price bands to safeguard the customers' purchasing power. However, in addition to saving, more and more customers make their choice based on the sustainability of products, such as low environmental

impact, recyclable or reusable products that are known for their production methods or provenance.

A case in point are our private label fish products, as the entire canned tuna line bears the "Friend of the sea" and "Dolphin Safe" seals, or the private label goods with increasingly lower salt and sugar content. These product categories are on the rise and increasingly aligned with other categories in terms of pricing and shelf positioning. Specialist staff supervise organic and Free From products, which require more and more attention and care.

◆ DEGREE OF DIVERSIFICATION AND SUPPLY COVERAGE

	2018	2017	2016
Despar	14,552	14,053	14,318
Eurospar	25,358	24,293	25,267
Interspar	48,950	44,875	42,665

Note: the average number of references in the retail stores per brand.

	2018	2017	2016
Assortment choice	8.42	8.64	8.60

◆ NUMBER OF RECEIPTS

	2018	2017	2016
Despar	19,875,772	18,865,959	17,862,384
Eurospar	37,302,069	35,406,094	33,944,495
Interspar	23,400,590	22,510,412	21,135,324
Total	80,578,431	76,782,465	72,942,203

2018 saw yet another increase in the items on sale, with a growing emphasis on private label, organic and Free From products. The quality of the assortment choice remained consistent with previous years.

In addition to the items on sale, the number of receipts was up across all our brands.

Food safety

Food safety is guaranteed by a careful selection of suppliers and by the prior definition of their structural and management prerequisites. Suppliers are expected to have the utmost respect for the hygiene rules in the production, handling

and storage of food throughout the supply chain. Marketed products can be tracked through all stages of distribution, as required by art. 18 of Regulation (EC) 178/02.

We monitor the service of the supplier to ensure the quality of deliveries and products.

◆ Innovation in offer and services

◆ Customer satisfaction

Rapid procurement and distribution ensure products stay fresh, as they are stored with state-of-the-art equipment.

In response to regulatory changes, in 2018 we incorporated new parameters (glyphosate, acrylamide, etc.), which have recently come under the scrutiny of European Union authorities, into our self-audits. Perishable goods and the entire internal production of the butcher's department (minced and ready-to-cook meat) are controlled through microbiological analysis and superficial swabs on equipment such as food slicers, tongs, cutting boards, knives and cleavers. Since 2016, the result of the fight against vermin is available online, as well

as the remote management service of the refrigeration equipment in the retail stores, which consists of remote access to read and check the storage temperatures of refrigeration systems in all sales units.

A working group on Food Safety - Quality Control has been set up at Despar Italia's office in Bologna. This includes all Despar shareholders in Italy in order to coordinate operations and create benefits across the board for private label products. The Food Safety function works on a monthly basis with Federdistribuzione on the manual on good hygienic practices for Large Scale Distribution.

◆ VOLUNTARY QUALITY ANALYSIS AND CONTROL

		SAMPLES ANALYSED	NON COMPLIANT	% NON COMPLIANT
2018	Product analyses	905	161	18%
	Superficial swabs	2,794	267	10%
	Total	3,699	428	
2017	Product analyses	819	89	11%
	Superficial swabs	2,468	237	10%
	Total	3,287	326	
2016	Product analyses	568	89	16%
	Superficial swabs	2,274	209	9%
	Total	2,842	298	

◆ CURRENT EXPENSES FOR FOOD QUALITY (€)

	2018	2017	2016
External	212,525	230,128	218,424
Internal	352,602	252,757	242,078
Total	565,126	482,885	460,502

Note: the data presented in previous Reports differ because the calculation method was changed.

◆ FINES FOR NON-COMPLIANCE IN THE SUPPLY AND USE OF PRODUCTS AND SERVICES

	2018	2017	2016
Monetary value of fines (€)	36,918	20,940	27,411
Number of fines	16	13	15
Number of inspections	573	509	515
% non-compliance (fines / inspections)	2.79%	2.55%	2.91%

Note: fines refer to missing or incorrect information and labelling of the products being sold (related to ingredients, prices, unit of measurement, origin, etc.), expired goods, incorrect refrigerator temperatures.

During the year, there were no non-monetary sanctions or cases settled out of court associated with customer health and safety. Monetary fines were up in terms of amount, but non-compliance remains low—a testament to the soundness of our inspections.

Food quality costs increased because of the establishment of an internal Quality Department, which will become fully operational in 2019. Non-compliance was up as a result of the increased number of inspections carried out by public authorities. The Company's policy of conducting thorough inspections is intended to help protect the health and safety of customers in our trading area, in accordance with target 3.d of the UN's Agenda.

GRI 416 - 1

GRI 416 - 1



GRI 419 - 1

◆ Product quality

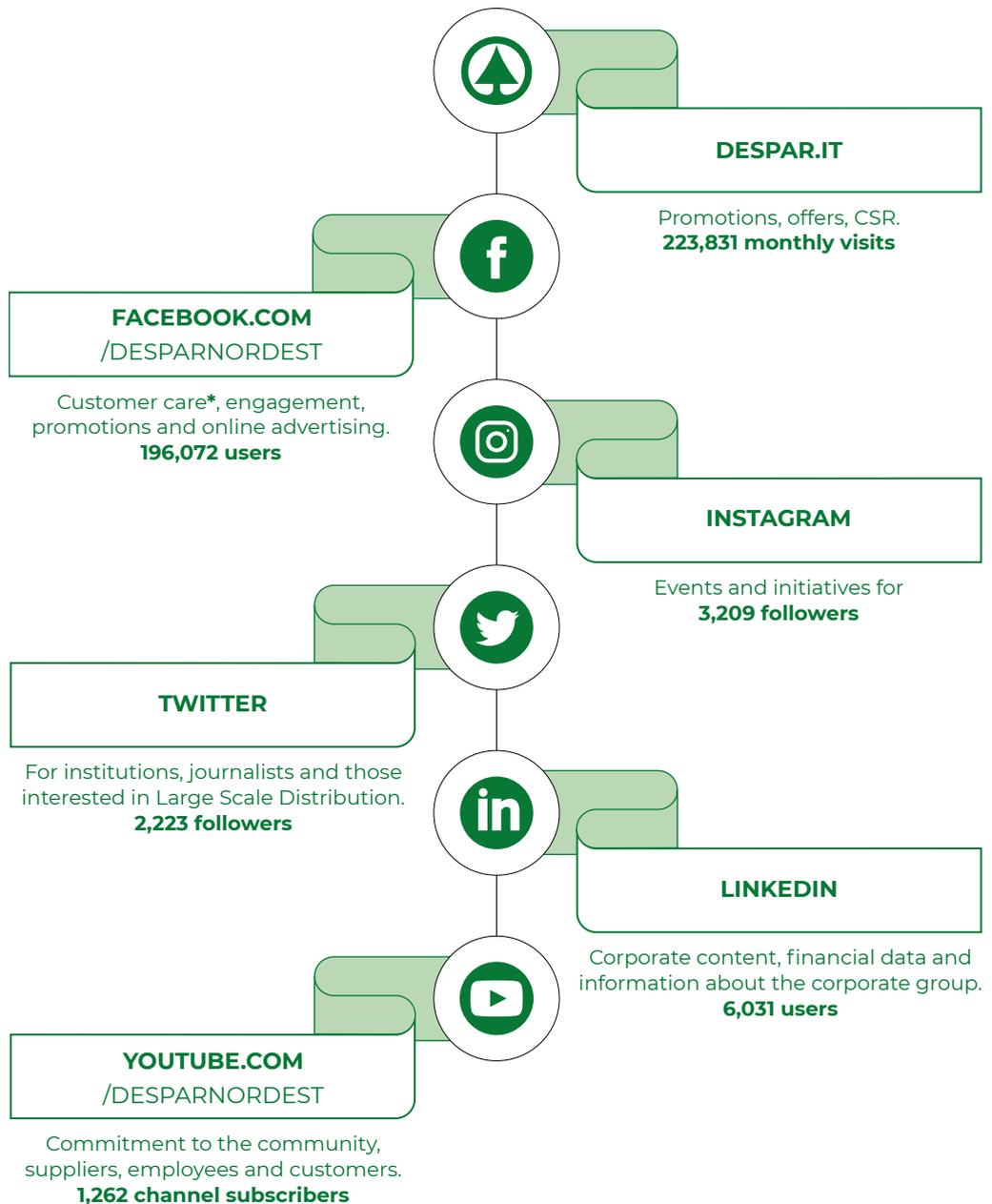
◆ Efficient corporate governance

Relational value

The Company maintains a substantive and constant dialogue with its customers to satisfy their needs.

This consolidated practice of communication takes place both through traditional channels and through online channels. Aspiag Service acts as an intermediary between producers and consumers, promoting goods that encourage healthy consumption and lifestyle habits.

During 2018, Aspiag Service conducted specific campaigns, streamlined its brand, and focused even more on customer care, receiving a large amount of positive feedback across all its channels. The Company's main channels, which provide a wealth of insights and information for everyone, include:



* **Customer care:** support service provided by a Company to its customers by taking care of customer satisfaction, registering complaints, answering questions.

	2018	2017	2016
Corporate image	8.26	8.40	8.29

Note: the ratings are placed on a scale from 1 (not satisfied) to 10 (very satisfied).

	2018	2017	2016
Customer satisfaction*	8.34	8.58	8.48

Note: the ratings are placed on a scale from 1 (not satisfied) to 10 (very satisfied).

PRESS AND WEB CORPORATE IMAGE	2018	2017	2016
Number of Aspiag Service mentions	1,675	1,521	1,569
Daily average	4.59	4.17	4.29
Positive tone	35%	44%	43%
Neutral tone	59%	43%	50%
Negative tone	6%	13%	7%

The customers who try out Despar rose thanks to our attractive offerings as well as promotions. However, consumers are increasingly critical and informed and demand constant improvements. That said, their opinion remains positively in line with prior years, as the corporate image and customer satisfaction scores show. The former remains positive in terms of both mentions and how Aspiag Service is mentioned.

- ◆ Company reputation
- ◆ Customer satisfaction

Despar Tribù App

The Despar Tribù App enhances our relationship with customers and fosters their loyalty through a comprehensive service. In this way, the app can better identify who our customers are and match their demands with our offerings. The app has been growing steadily in recent years, hitting **120,000 monthly active users** and serving as an outstanding communication and engagement tool by offering the opportunity to reach all users within 12 hours. In order to build customer loyalty through this innovative tool, we teach how to use smartphones and apps at events to promote digital literacy held directly at our stores.

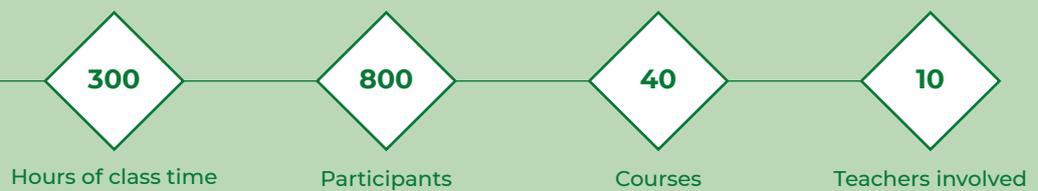
227,079	over 2 million	90%
ACTIVE USERS AT CHECKOUT	COUPONS DOWNLOADED	COUPON REDEMPTION

* **Customer satisfaction:** the customer's perception that they have spent their resources effectively, obtaining the best possible result relative to their expectations, measured using specific methods and models.

The numbers of the relational value

INTRODUCTORY FOOD AND WINE COURSES

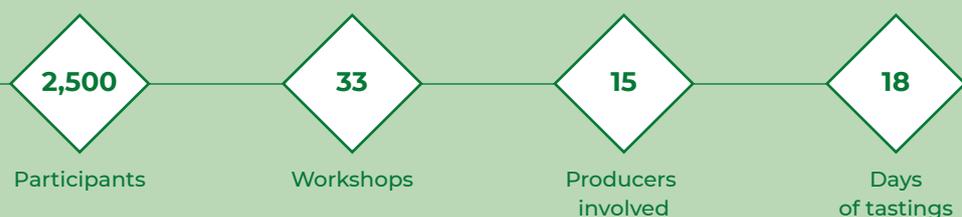
In 2018, we created several courses to draw customers to our offerings and raise their awareness when it comes to well-being and good food. Among others, we offer courses on wine, beer, confectionery, and seasonal fruits and vegetables, as well as courses held by a nutritionist. Some courses were held directly inside one of our trucks.



SAPORI DEL NOSTRO TERRITORIO

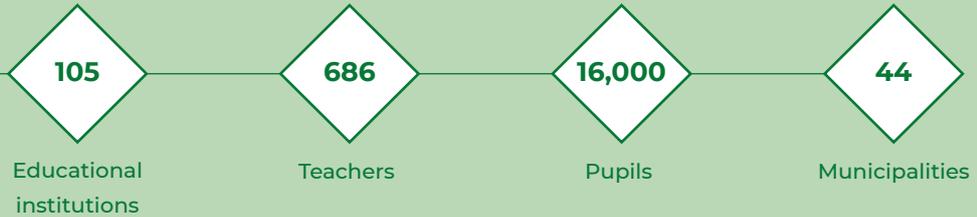
We draw inspiration from local producers.

These “food artisans” are repositories of good stories, and their products represent a source of life and culture. With the initiative “Sapori del nostro territorio” we want to play our part in passing on these special stories, by selling the typical products of these local areas in our retail stores, but also by creating opportunities to meet with our customers, who can taste local producers’ specialities and get to know the appeal of their work.



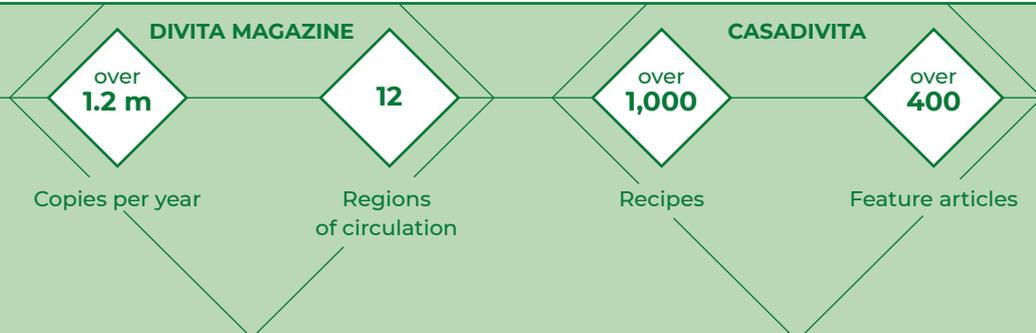
LE BUONE ABITUDINI

"Le Buone Abitudini" is a free food education programme that Aspiag Service offers to local primary schools in order to raise awareness about eating healthy. It provides for training meetings, exchanges with experts and specific programmes for the different age groups of pupils. In 2018, the Company entered into a 5-year partnership with the University of Padua to monitor the health benefits of this programme



CASADIVITA AND DIVITA MAGAZINE

Casadivita is Aspiag Service's blog dedicated to healthy eating and complements the quarterly publication DiVita Magazine, which we make available for free at our stores in partnership with the Despar Italia consortium. Casadivita.it has now become a parallel website to our corporate one. Recipes, advice, typical and seasonal products are available on the website to inform about the principles of a proper and healthy lifestyle, proposed and encouraged by experts in the field of nutrition, cooking and wellness.



Enhancing employees

One of the pillars of Aspiag Service’s strategy is the enhancement of its 7,903 employees, who represent the Company’s true competitive advantage and high quality.

EMPLOYEES	AVERAGE HEADCOUNT	HEADCOUNT	FTE	
2018	Women	5,024	5,087	3,927
	Men	2,764	2,816	2,633
	Total	7,788	7,903	6,560
2017	Women	4,857	4,977	3,807
	Men	2,675	2,737	2,562
	Total	7,532	7,714	6,370
2016	Women	4,704	4,815	3,674
	Men	2,538	2,635	2,473
	Total	7,242	7,450	6,147

Note:

FTE: Full Time Equivalent, i.e. the equivalent number of full-time employees.

Headcount: number of employees at the end of the year.

Average headcount: average number of employees at the end of the month (pursuant to article 2427 of the Italian Civil Code).

7,903

EMPLOYEES

€5.3 m

INCENTIVES

89,074

HOURS OF TRAINING

OHSAS*

18001

Employee recruiting

The Human Resources Department carries out the recruiting activity directly, with regard to staff recruitment for the headquarters and logistics. As for the recruitment of sales staff, we have completed a project to centralise this process, which involves deploying recruiters across all the communities we operate in. These work together with the sales area.

We use both conventional and innovative recruitment techniques: phone interviews, one-to-one interviews, light assessments (group works allowing to meet with several candidates and assess their skills and abilities in a relatively short time), and speed interviews (extremely short interviews allowing to gather essential information on several candidates at events such as job days or career days). The experience at the headquarters or in the retail stores can be done through employment or training internships.

The latter, favouring the inclusion of young students and new graduates, contribute to achieve Aspiag Service’s important

objective of looking for talents whose characteristics are in line with Company values, for the purpose of also obtaining a source of content and knowledge. This is why Aspiag Service works together with universities, high schools, and professional training providers as well as participates in job days and recruiting or employer branding events: these allow to create synergies between the Company and young people through internships, programmes for combined school-based and work-based traineeships, education, and vocational training, unlocking the potential of each candidate in the area that best suits their aptitudes and skills. Besides employer branding events at universities to recruit interns, Aspiag Service holds corporate presentations and speed interviews in schools to introduce trainees enrolled in vocational programmes and passionate about nutrition, catering, food and wine to its stores.

Over the last four years, the investment—also in terms of human and organisational resources—in recruiting has led the Company to offer employment to approximately one in three interns.

* **OHSAS 18001:2007 - Occupational Health and Safety Assessment Series:** an international standard that sets out the requirements that a management system must possess to protect the health and safety of workers.

◆ INTERNSHIPS	2018	2017	2016
Telephone interviews	391	783	500
Interviews	227	236	140
Candidates interviewed	166	203	106
Internships undertaken	97	47	54
of whom with dissertation	6	9	9
Interns hired	20	1 in 3	1 in 3

◆ EMPLOYEE RECRUITING		ONLINE APPLICATIONS	TELEPHONE INTERVIEWS	TOTAL INTERVIEWS	CANDIDATES INTERVIEWED
2018	Headquarters	N.A.	604	315	247
	Trentino Alto Adige Sales	N.A.	924	579	579
	Veneto Sales	N.A.	3,328	1,362	1,142
	Emilia Romagna Sales	N.A.	387	1,399	1,103
	Friuli Venezia Giulia Sales	N.A.	837	746	746
	Total	51,000	6,080	4,401	3,817
2017	Headquarters	N.A.	332	232	164
	Trentino Alto Adige Sales	N.A.	556	1,000	805
	Veneto Sales	N.A.	1,964	1,200	1,003
	Emilia Romagna Sales	N.A.	2,685	1,350	1,045
	Friuli Venezia Giulia Sales	N.A.	N.A.	N.A.	N.A.
	Total	45,000	5,537	3,782	3,017

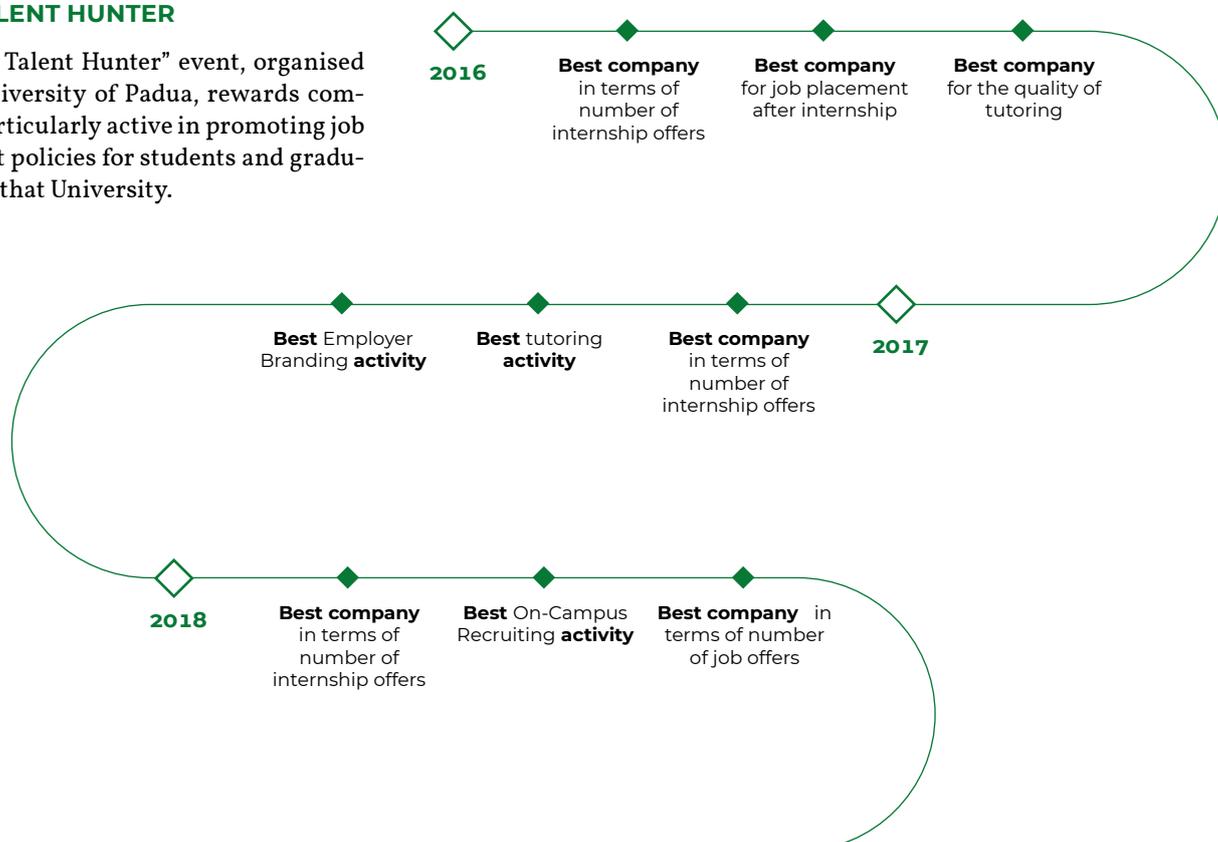
Internships increased in 2018 also because of the interns hosted at our stores and include those that started during the year as well as towards the end of 2017.

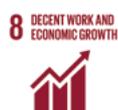
Group and one-to-one job interviews express the number of candidates interviewed by the Recruiting Department and were also on the rise.

◆ Company reputation

BEST TALENT HUNTER

The “Best Talent Hunter” event, organised by the University of Padua, rewards companies particularly active in promoting job placement policies for students and graduates from that University.





Employee management

Once entered the Company, the employee is accompanied in the initial stages and trained on various aspects of his or her work and workplace over time.

The Company prefers establishing a long-lasting relationship based on trust with employees: therefore, it prioritises permanent contracts. As a matter of fact, temporary contracts account for as little as about 16% of the total workforce and, in any case, they are physiological given the growth of staff in recent years. In addition to company employees, at the platforms Aspiag Service employs personnel from external cooperatives.

Human Resources Management has continued with the development of trade union assistance to stores, providing for meetings to reach agreements that are functional to the new work organisation resulting from liberalisation of opening hours.

These activities, together with:

- ◆ prevention activities: proper application of employment law, comparison and dialogue at both individual and collective level (store, community);

- ◆ training activities: addressing the roles of responsibility for proper staff management;

allow a good quality of working life, maintaining a low level of conflict, with a limited number of legal disputes (14 new cases in the year and 22 out-of-court settlements) when compared to the number of employees. This figure is well below the national average. In 2018, the Company did not register any judicial ruling due to discriminatory incidents. With regard to significant organisational changes, the law explicitly provides for specific Company obligations for preventive trade union consultation in Company transfers referred to art. 2112 of the Italian Civil Code.

406 - 1 **GRI**

402 - 1 **GRI**

405 - 1 **GRI**

EMPLOYEE BREAKDOWN BY PROFESSIONAL QUALIFICATION AND GENDER (AVERAGE HEADCOUNT)

	2018	2017	2016
Senior management	18	18	17
• of which women	-	-	-
Middle management	87	84	84
• of which women	12	11	11
Employees	7,683	7,430	7,141
• of which women	5,012	4,846	4,693
Total	7,788	7,532	7,242
• of which women	5,024	4,857	4,704

Note: 20.2% of employees are under 30; 56% between 30 and 50 and the remaining 23.8% over 50 years old.

102 - 8 **GRI**

EMPLOYEE BREAKDOWN BY EMPLOYMENT CONTRACT (AVERAGE HEADCOUNT)

	2018	2017	2016
Permanent	6,526	6,293	6,283
• of which women	4,295	4,161	4,163
Temporary	1,262	1,239	959
• of which women	729	696	540
Total	7,788	7,532	7,242
• of which women	5,024	4,857	4,704



Work-Life Balance

The Company allows extensive use of part-time schedules, facilitating the reconciliation of working time and life, especially for women. The Work-Life Balance helps employees get back to work, including at the end of their parental leave.

NUMBER OF PART-TIME EMPLOYEES (AVERAGE HEADCOUNT)	2018	2017	2016
Employees with a part-time contract	3,035	2,999	2,902
• of which women	2,677	2,654	2,590
% Employees with a part-time contract	38.97%	39.82%	40.07%
• of which women	34.37%	35.24%	35.76%

GRI 102 - 8

PARENTAL LEAVE (HEADCOUNT)	2018		2017		2016	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Employees entitled to parental leave	418	886	438	941	441	976
Employees that took parental leave	33	290	29	291	19	280
Employees that returned to work in the reporting period after parental leave ended	25	210	19	206	15	197
Employees that returned to work after parental leave ended	20	206	19	204	15	195
% of employees that returned to work after parental leave ended	80%	98%	100%	99%	100%	99%
Employees still employed 12 months after their return to work	14	194	18	187	N.A.	N.A.
% retention after 12 months	70%	94%	95%	92%	N.A.	N.A.

GRI 401 - 3

Note: the eligibility was taken from the knowledge of the children's date of birth and without taking into account the possible fruition of the parental leave by the spouse. Employees still working after 12 months of parental leave were estimated as the difference between employees returning from leave and those who left in the year having taken parental leave in the previous 12 months.



Health project

The project supports employees' well-being by providing information on the benefits of the contractual health policy and by encouraging controls, specialist visits, care and maternity, supporting costs and increasing agreements with healthcare facilities.

HEALTH PROJECT	2018	2017	2016
No. of services rendered	6,467	6,345	4,627
Employees' savings (estimate)	689,100	720,000	510,650





Equal opportunity

The Company supports equal opportunities for women and men, ensuring basic salaries are the same at both its offices and warehouses, and works together with Employment Integration Services to integrate disabled or disadvantaged individuals into the workforce.

405 - 2 **GRI**

RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN

		BASIC SALARY	REMUNERATION
2018	In retail stores		
	• Employees	92.78%	94.74%
	In offices and warehouses		
• Middle management	• Employees	108.08%	103.8%
	• Employees	94.14%	84.47%
	2017	In retail stores	
• Employees		89.95%	94.69%
In offices and warehouses			
• Middle management	• Employees	109.95%	107.39%
	• Employees	96.19%	84.03%
	2016	In retail stores	
• Employees		89.64%	94.39%
In offices and warehouses			
• Middle management	• Employees	112.20%	105.02%
	• Employees	90.33%	84.11%

405 - 1 **GRI**

EMPLOYEES BELONGING TO PROTECTED CATEGORIES AND EMPLOYEES WITH DISABILITIES (AVERAGE HEADCOUNT)

	2018	2017	2016 ¹
Senior management	-	-	-
• of which women	-	-	-
Middle management	1	1	1
• of which women	-	-	-
Employees	361	354	341
• of which women	224	222	213
Total	362	355	342
• of which women	224	222	213

102 - 41 **GRI**

In 2018, Federdistribuzione finalised the first collective bargaining agreement for the Large Scale Distribution with Trade Unions, which will become effective for Aspiag Service as of 1 January 2019.

The company-level collective agreement still applies: it consists of 4 categories, which govern employment relationships at the stores in Veneto and Emilia Romagna, Friuli Venezia Giulia, and the autonomous provinces of Trento and Bolzano, respectively. These collective bargaining agreements have a very similar regulatory structure and differ only in relation to

certain local specificities, provincial regulations and pre-existing practices.

To further enhance our employees, we have a system that includes collective rewards resulting from the collective bargaining agreements, open to all sales staff upon achieving hourly productivity results, reducing inventory differences, and based on the economic result of the store they belong to. The M.B.O. (Management By Objectives) for director and sales managers is intended to boost the Company's performance by aligning personal and corporate goals.

	2018	2017	2016
Amounts allocated for incentives (€)	5,300,650	5,125,672	5,479,565
Incidence of incentives on staff costs (%)	2.01%	2.04%	2.28%
Number of employees who have received an incentive	5,694	5,705	5,434

◆ WORKPLACE COSTS (€)	2018	2017	2016
Headquarters	42,480,141	39,304,569	37,883,420
Direct retail stores	221,604,204	211,788,842	202,802,831
Total staff costs	264,084,345	251,093,412	240,686,251

Note: employees listed under the headquarters item include offices and logistics.

◆ FINES FOR NON-COMPLIANCE WITH LAWS AND REGULATIONS	2018	2017	2016
Monetary value of fines (€)	31,901	14,602	49,271

Note: all fines were incurred for administrative and management violations in relation to retail stores.

◆ TOTAL TURNOVER (%)	2018	2017	2016
New employee hires	15.01%	16.28%	16.27%
• of which women	8.14%	8.95%	8.74%
• of which temporary	4.49%	12.79%	13.23%
• of which permanent	10.52%	3.49%	3.04%
Employee turnover	12.58%	11.76%	10.98%
• of which women	6.72%	6.21%	6.34%
• of which temporary	9.84%	9.33%	8.22%
• of which permanent	2.75%	2.43%	2.76%
Total turnover	27.59%	28.04%	27.24%
• of which women	14.86%	15.16%	15.08%
• of which temporary	14.33%	22.12%	21.44%
• of which permanent	13.26%	5.92%	5.80%

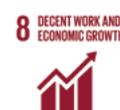
Note: the rate of new employee hires was calculated as the number of people hired and the number of people switched to another type of contract during the year divided by the average headcount for the year. Employee turnover was calculated as the number of people who were terminated or resigned during the year divided by the average headcount for the year. Total turnover was calculated as the sum of people hired, switched to another type of contract and who were terminated or resigned during the year divided by the average headcount for the year. In 2018, employee turnover was calculated without considering employees who had been terminated or resigned at 31/12/2018, since they were included in the headcount; conversely, those who had been terminated or resigned at 31/12/2017 were accounted for.

The data for 2018 appears consistent with the goal of retaining employees and providing steady jobs, as employee turnover remained stable and new employee hires were in line with the Company's growth.

Employee incentives were up 3.4% and included employee benefits as well as the M.B.O. The number of employees who received an incentive was in line with 2017 and included those who got a bonus or a raise. There were no non-monetary sanctions or cases settled out of court. The Company achieves the targets 8.8 and 8.5 of the SDGs by promoting a healthy and secure working environment for all employees (including outsourced staff) as well as equal opportunities for all employee categories, ensuring full and productive employment.

GRI 419 - 1

GRI 401 - 1



◆ Employee satisfaction

◆ Efficient corporate governance

Training and Development

To promote the constant professional growth of its employees, Aspiag Service provides training, specialisation and refresher courses. The overall staff training and development strategy aims at:

- ◆ building a shared organisational and managerial culture;
- ◆ building internal know-how and helping employees evolve;
- ◆ linking training to business objectives.

To achieve these goals, in 2018 the Training Department was split into two—the Training Department and the Development Department. The former provides workplace safety training, the courses reserved for the employees of the various offices,

and customer service training—including through e-learning platforms*, which speed up learning times and methods as well as minimise the impact on operations. The Development Department is responsible for employee development projects, such as those promoting the Company's values, Performance Management, the structuring of Job Descriptions* for management positions, and the Trainee Store Manager project.

Both employees and new hires are required to complete a substantial number of hours of classroom training specific to the Company's business activities. In order to improve customer relationships, in 2018 the Company provided training to Inter-spar cashiers.



Performance Management

Performance Management is a performance appraisal and employee development project aimed at mapping competencies within the Company, encouraging managers and employees to work closely together to define and achieve shared goals. The behaviour, aptitude and results of the employee lay the foundation for his or her appraisal and subsequent professional development.



Trainee Store Manager project

The Trainee Store Manager project is a 910-hour training programme, both in the classroom and at retail stores, whose aim is to train future store managers. After obtaining the title of Trainee Store Manager, the programme provides a stage of operational support and a stage of work in intermediate roles. At the end of these, the selected trainees will be given the opportunity to become Store Managers.

* **E-learning:** a learning system that is used through a dedicated website.

* **Job description:** a tool for describing job positions, including senior roles, detailing tasks, position in the corporate hierarchy, relationships with other departments and career prospects, thus providing employees with full training on their role, the skills and knowledge required, and the responsibilities of their position.

◆ TRAINING COSTS (€)	2018	2017	2016
External	614,593	635,633	647,525
Inside the Company	1,855,419	1,798,042	1,463,110
Grants received	-271,261	-432,414	-636,107
Annual training costs	2,198,751	2,001,261	1,474,528
Average training cost of full-time employees (FTE)	335.18	314.17	239.88

Note: the data presented in previous Reports differ because the calculation method was changed.

◆ EMPLOYEE TRAINING HOURS	2018	2017	2016
Senior management	299	440	332
• of which women	-	-	-
Middle management	2,001	1,639	1,050
• of which women	657	392	191
Employees	86,775	84,741	69,955
• of which women	40,628	43,693	36,705
Total hours of training	89,074	86,820	71,336
• of which women	41,285	44,085	36,896

Note: the training provided includes on-the-job training hours.

◆ AVERAGE TRAINING HOURS PER EMPLOYEE (HEADCOUNT)	2018	2017	2016
Senior management	16.60	25.87	18.42
• of which women	-	-	-
Middle management	22.00	19.28	12.35
• of which women	50.50	35.60	17.40
Employees	11.00	11.00	9.52
• of which women	8.00	8.80	7.64
Total hours of training	11.30	11.25	9.58
• of which women	8.10	8.86	7.66

◆ CORPORATE CLIMATE SURVEY	2016	2014	2012
Percentage of participation in the survey			
• Online	91%	92%	85%
• Paper	71%	70%	69%
Willingness to recommend the Company to others as an employer	81%	85%	83%
Management performance from the point of view of employees	64%	65%	60%
Staff training from the point of view of employees	65%	64%	59%

The Company continues investing considerably in training despite receiving less grants, confirming its policy to promote the growth of its employees. Training hours per employee were up overall, with a slight increase for middle managers.

The Company will once again carry out a corporate climate survey in 2019.

GRI 404 - 1

◆ Efficient corporate governance
◆ Employee training

Occupational safety

Aspiag Service maintains a high standard of safety for its employees, customers and third parties in general, preventing the occurrence of incidents and mitigating any damage.

The safety of stores, offices, plants, warehouses, distribution platforms and equipment is therefore constantly subject to innovation, assessment and improvement, thanks also to the collaboration of various departments (Occupational Safety, Tenders, Auditing, Logistics, etc.).

The Company's Internal Prevention and Protection Service (made up of a manager and 6 staff) is constantly working for these objectives, interacting with 14 workers' safety representatives. At the beginning of

each year, a report describing the activities carried out in the previous year is drawn up, which includes an analysis of accidents and near misses (analysis also extended to outsourced activities) and the objectives to be reached.

The standard mapping of safety at our stores allows to detect any potential issues. In light of certain deviations, all kitchen staff have been retrained to prevent cutting injuries. The stores receive regular reports about their injury rate as well as training or technological upgrades (this year, all checklists have been computerised). During 2018, Aspiag Service renewed the OHSAS 18001 certification, in respect of which there were no cases of non-compliance.

403 - 2 **GRI**



◆ INJURY RATE	2018	2017	2016
No. of injuries	283	293	252
• of which women	168	182	160
• of which men	115	111	92
No. of days lost due to injury	5,419	6,211	5,183
Injury rate	5.00	5.40	5.31
Lost day rate	95.00	114.17	109.25
No. of occupational disease complaints	23	22	15
of which recognised	8	4	2
Occupational disease rate	0.16	0.07	0.04

Note: Injury rate = (No. of injuries/hours worked)X200,000

Lost day rate = (No. of days lost due to injury/workable hours)X200,000

Occupational disease rate = (No. of recognised occupational diseases/hours worked)X200,000

Workable hours = gross workable hours - hours of leave taken

Hours worked = No. of hours worked as shown on the time card

Data relating to injuries refer both to retail stores and to offices and warehouses.

403 - 2 **GRI**

◆ ABSENTEEISM RATE	2018	2017	2016
% hours lost due to illness/workable hours	3.30%	3.13%	3.39%
% hours lost due to injury/workable hours	0.34%	0.37%	0.37%
Absenteeism rate	3.64%	3.50%	3.77%

Note: Absenteeism rate = ((hours lost due to injury + hours lost due to illness)/workable hours)X100.

◆ INJURY RATE AT OUSTOURCING COMPANIES

COMPANIES	2018	2017	2016
No. of injuries	67	N.A.	N.A.
Injury rate	5.03	N.A.	N.A.

Note: the injury rate does not account for the distribution centres in Udine, Pianiga, and Camin.

The management system pursuant to the standard OHSAS 18001 allows maintaining a steadily low injury rate, while the lost day rate declined thanks to the decreased number of lost days due to injury. In 2018, the reporting scope was expanded to include also outsourcing companies, disclosing the relevant injury rate.

The absenteeism rate remained in line with previous years and was mostly attributable to illness days.

The low injury rates offer the opportunity to fulfil also SDG 3, and specifically the target 3.d, which focuses on the safety of our employees.

◆ Employee health and safety

◆ Compliance with voluntary standards

Attention to the environment and the territory

Environment

www.despar.it/it/node/30/politica-ambientale

Aspiag Service's environmental policy, endorsed and signed by the Directors, governs the relationship between the Company and the natural environment in which it operates. Thanks to our efforts on this front, we were Italy's first company

in the Large Scale Distribution to achieve the ISO 14001* certification, which we are gradually extending to our entire corporate network and is increasingly becoming a tenet of our approach to sustainability.

We pursue strategies concerning:

◆ Energy

To monitor our stores, we use supervisory systems allowing to measure energy withdrawal and detect abnormal energy consumption. The stores have been grouped into clusters based on brand, size, installed equipment, and energy consumption profile, so as to set standards and justify any excessive consumption. To date, 38 stores are monitored via energy management and 74 are operated remotely. We also use renewable energy sources, including certified green energy, and LED lighting. We prevent frozen foods from thawing by carefully managing them.

◆ Emissions

We build facilities rated A3 or A4 (the highest technological level) and curb polluting emissions by using heat pumps and CO₂ sensors to improve indoor air circulation. Heating and air conditioning are regulated according to the temperature and air quality of the stores, cooking fumes are extracted, and rainwater is harvested for other purposes. The heat generated by the refrigeration systems is re-used to heat water for sanitary use, without resorting to thermal power plants. The efficiency of refrigerator aisles and the replacement of obsolete equipment with new CO₂ systems allow to reduce costs and greenhouse gases.

◆ Waste

We strive to curb, recover, and recycle waste and packaging.

◆ Supply chain

We promote the respect and protection of the environment throughout the supply chain, and incorporate environmental guidelines into supplier screening procedures.

◆ Environmental Management System

We foster responsible practices by providing training and information as well as raising awareness among employees about the environmental impact of our operations. We ensure compliance with environmental laws and regulations as well as allocate enough resources to guarantee the environmental management system remains operational at all times and the resulting actions are implemented.



SINCE 2018

ALL INTERSPAR STORES ARE ISO 14001 CERTIFIED

* **UNI EN ISO 14001**: this is an international standard of the ISO 14001 series that defines how to set up an environmental management system (EMS), setting out the requirements for the management system of any company. Achieving this certification means that the company has in place an environmental management system appropriate for monitoring the environmental impacts of its activities and that it strives to continuously improve it.

302 - 1 **GRI**

◆ DIRECT/INDIRECT ENERGY CONSUMPTION (GJ)	2018	2017	2016
Direct energy consumption from purchased natural gas	91,548	97,945	90,347
Direct energy consumption from purchased LPG	726	714	116
Direct energy consumption from purchased heating oil	5,085	4,744	6,528
Direct energy consumption from purchased diesel and gasoline for automotive use	17,648	11,672	11,199
Annual direct consumption	115,008	115,076	108,189
Indirect energy consumption from purchased electricity	602,156	574,364	567,360
Indirect energy consumption from purchased thermal energy - district heating	21,913	21,862	22,895
Annual indirect consumption	624,069	596,226	590,255

305 - 1 **GRI**



◆ DIRECT GREENHOUSE GASES EMISSIONS - SCOPE 1 (T OF CO ₂ EQ)	2018	2017	2016
Source			
Natural gas for heating	5,198	5,531	4,970
LPG for heating	46	46	7
Diesel for heating	372	347	478
Diesel and gasoline for the Company fleet	1,292	844	832
Release of refrigerant gases	39,696	41,027	39,402
Total	46,604	47,794	45,689

305 - 2 **GRI**

◆ INDIRECT GREENHOUSE GASES EMISSIONS - SCOPE 2 (T OF CO ₂ EQ) - LOCATION BASE	2018	2017	2016
Source			
Electricity - location based	60,020	59,665	59,100
Heat from district heating	1,141	1,199	1,299
Total	61,161	60,864	60,399

◆ INDIRECT GREENHOUSE GASES EMISSIONS - SCOPE 2 (T OF CO ₂ EQ) - MARKET BASE	2018	2017	2016
Source			
Electricity - market based	6,356	-	-
Heat from district heating	1,141	1,199	1,299
Total	7,497	1,199	1,299

305 - 3 **GRI**

◆ OTHER INDIRECT GREENHOUSE GAS EMISSIONS - SCOPE 3 (T OF CO ₂ EQ)	2018	2017	2016
Indirect (Scope 3) emissions related to logistics' transport	14,896	14,203	11,536

302 - 3 **GRI**

◆ ELECTRICITY CONSUMPTION (kWh)	2018	2017	2016
---------------------------------	------	------	------

302 - 4 **GRI**

Total consumption	166,721,169	159,107,207	157,599,864
LFL consumption in retail stores	144,982,436	143,724,057	145,217,942
LFL average daily consumption	410,518	407,363	411,046
Change in average daily consumption	0.77%	-0.90%	-3.33%

Note: the consumption shown was calculated on a like-for-like basis over the 3-year reporting period. Since the basis is not homogeneous from one year to the next, the data for previous years differ from those presented in previous Reports.

Direct energy consumption and Scope 1 emissions, which directly impact our core business, were down year-on-year, whereas indirect energy consumption as well as Scope 2 and 3 emissions slightly rose because of the share of energy not covered by green certificates.

Average daily energy consumption remained stable, up 0.77% due to the decline in renovations. As a result, the change in energy costs totalled € 164,352. The Company's policy on direct and indirect energy consumption and the relevant emissions is designed to fulfil the target 3.2 of the relevant SDG, with the aim of implementing strategies to tackle climate change appropriately.

◆ WASTE PRODUCED (T)	2018	2017	2016
Non-hazardous waste			
1) F.O.R.S.U. (Organic Fraction of Municipal Solid Waste)	14,394	13,992	14,071
2) R.S.U. (Unsorted Fraction of Municipal Solid Waste)	10,306	9,892	9,913
3) Cardboard	12,644	11,934	11,603
4) Materials, mixed packaging and by-products	5,427	4,954	4,945
Hazardous waste	3	2	2
Total	42,774	40,774	40,534
Percentage of waste recycled	75.91%	75.74%	75.54%
Production/sales area (t/sq. m.)	0.15	0.14	0.15

Note: the calculation and disposal methods are explained at the bottom of the GRI Content Index.

◆ WEIGHT OF THE PACKAGING MATERIALS USED	2018	2017	2016
Weight of materials (carrier bags, packaging) (kg)	2,649,583	2,019,996	1,784,051
Cost of materials (carrier bags, packaging) (€)	12,200,339	9,098,381	8,425,360
Impact of cost on turnover (%)	0.77%	0.60%	0.58%

◆ EXPENDITURES ON ENVIRONMENTAL PROTECTION (€)	2018	2017	2016
Reclamation costs	-	-	-
Expenses for waste treatment and disposal and environmental management costs	5,348,330	5,185,087	4,865,039
Total	5,348,330	5,185,087	4,865,039

◆ FINES FOR NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS	2018	2017	2016
Monetary value of fines (€)	370	817	118

The percentage of waste that is recycled remains high and is on the rise, and compliance with the relevant regulations is reflected in the limited amount of environmental fines incurred during the year. There were no non-monetary sanctions or cases settled out of court.

The cost of the packaging materials used (carrier bags and packaging) was up as a proportion of sales because of Italian Legislative Decree no. 91 of 20th June 2017, Article 9 bis, on the use of biodegradable and compostable bags in the fruit and vegetables aisle, which became effective on 1st January 2018.

At the end of 2018, 40 stores and the offices in Udine and Mestrino were ISO 14001 certified.

The environmental management system allows to fulfil the target 12.2, while the targets 12.4 and 12.5 reflect the way we treat and dispose of hazardous and non-hazardous waste.

GRI 306 - 2



GRI 301 - 1

GRI 307 - 1

◆ Reduction of environmental impact throughout the value chain

◆ Sustainable commitment to the community and the area

◆ Compliance with voluntary standards

Territory

With the voluntary activities undertaken as part of its Corporate Social Responsibility, Aspiag Service serves the local communities with which it operates, through fundraising events for natural disasters, research support, and the sponsoring of sports activities and village events.

Aspiag Service donates edible but no longer marketable goods to various charitable organisations and starts food education programmes in schools. These themes and activities also involve and develop our employees, creating a sensibility and awareness that spreads throughout the Company.



	2018	2017	2016
Value of sponsorships (€)	1,199,317	984,001	655,332
Donations and fundraising (€)	454,263	163,214	560,753
Donated food (€)	6,714,766	5,904,507	5,390,028

	2018	2017	2016
No. of sponsored events	152	153	117

102 - 8 **GRI**

◆ GEOGRAPHICAL DISTRIBUTION OF EMPLOYEES (FTE)

	2018	2017	2016
Emilia Romagna (+ province of Mantua)	660	544	465
Friuli Venezia Giulia	1,722	1,668	1,681
Trentino Alto Adige	1,368	1,388	1,365
Veneto	2,810	2,770	2,637
Total	6,560	6,370	6,147

	2018	2017	2016
Indirect taxes (€)	85,439,656	80,610,531	71,051,679

203 - 1 **GRI**

	2018	2017	2016
Infrastructure investments (€)	2,247,270	4,560,183	3,625,535

◆ Company reputation

◆ Sustainable commitment to the community and the area

◆ Job creation

The Company remains committed to supporting the local community through several channels: sponsorships were up in terms of both amount and number, while donations and fundraising initiatives rose as a result of the aid provided to the areas devastated by bad weather and included both the donations made by the Company as well as the purchases of special products by our customers.

Throughout 2018, we continued donating food to Banco Alimentare through the network of non-profit organisations in the community we serve, consistently with the target 12.3 of the UN's Agenda concerning the reduction of food losses at the retail level.

The community benefits from our presence thanks to the infrastructure and jobs created throughout the local area.

Connectivity of information

The following Connectivity Matrix summarises the indicators presented throughout the chapter, matching them based on the objective they pursue, the type of capital they are part of, and the SDG they contribute to.



OBJECTIVES



Generation of financial resources



New openings and renovations



Customer satisfaction



Enhancing employees



Attention to the environment and the territory

CAPITALS

	Generation of financial resources	New openings and renovations	Customer satisfaction	Enhancing employees	Attention to the environment and the territory
Financial	<ul style="list-style-type: none"> EAT EBITDA % Cash flow Direct retail stores net sales Average receipt Net sales to franchisees Direct economic value generated 	<ul style="list-style-type: none"> Investments 	<ul style="list-style-type: none"> Current expenses for food quality Fines for products and services 	<ul style="list-style-type: none"> Amounts allocated for incentives Workplace costs Training costs Fines for non-compliance 	<ul style="list-style-type: none"> Infrastructure Investments Expenditures on environmental protection Indirect taxes Value of sponsorships Donated food Environmental fines Change in energy costs Donations and fundraising
Manufactured		<ul style="list-style-type: none"> Sales network 	<ul style="list-style-type: none"> Degree of diversification and supply coverage 		
Intellectual	<ul style="list-style-type: none"> Integrated Report 		<ul style="list-style-type: none"> Voluntary quality analysis and control 	<ul style="list-style-type: none"> OHSAS 18001 	<ul style="list-style-type: none"> ISO 14001
Human		<ul style="list-style-type: none"> Recruits in the new retail stores 		<ul style="list-style-type: none"> Total turnover Injury rate Absenteeism rate Injury rate at outsourcing companies Employee training hours Average training hours per employee Corporate climate Survey 	<ul style="list-style-type: none"> Geographical distribution of employees
Social and relationship	<ul style="list-style-type: none"> Credit lines and uses Economic value distributed 		<ul style="list-style-type: none"> Number of receipts Assortment choice Corporate image Customer satisfaction Press and web corporate image 	<ul style="list-style-type: none"> Internships Employee recruiting 	<ul style="list-style-type: none"> No. of sponsored events
Natural		<ul style="list-style-type: none"> Environmental innovation 			<ul style="list-style-type: none"> Direct and indirect energy consumption Direct emissions Indirect emissions Electricity consumption Waste produced Weight of the packaging materials used
SDGs					

Trade off 2016-2018

The presentation of the key trade-offs* of the different types of capital shows how they interact with each other and how their value changes over time. We describe below the interdependencies between capitals, highlighting the main impacts in the value creation process over the three-year period 2016-2018. The qualitative and quantitative analysis of the actions undertaken on each capital was carried out by reclassifying the average data for the three years in question, shown in the tables in “Strategy and Performance”.

GENERATION OF FINANCIAL RESOURCES

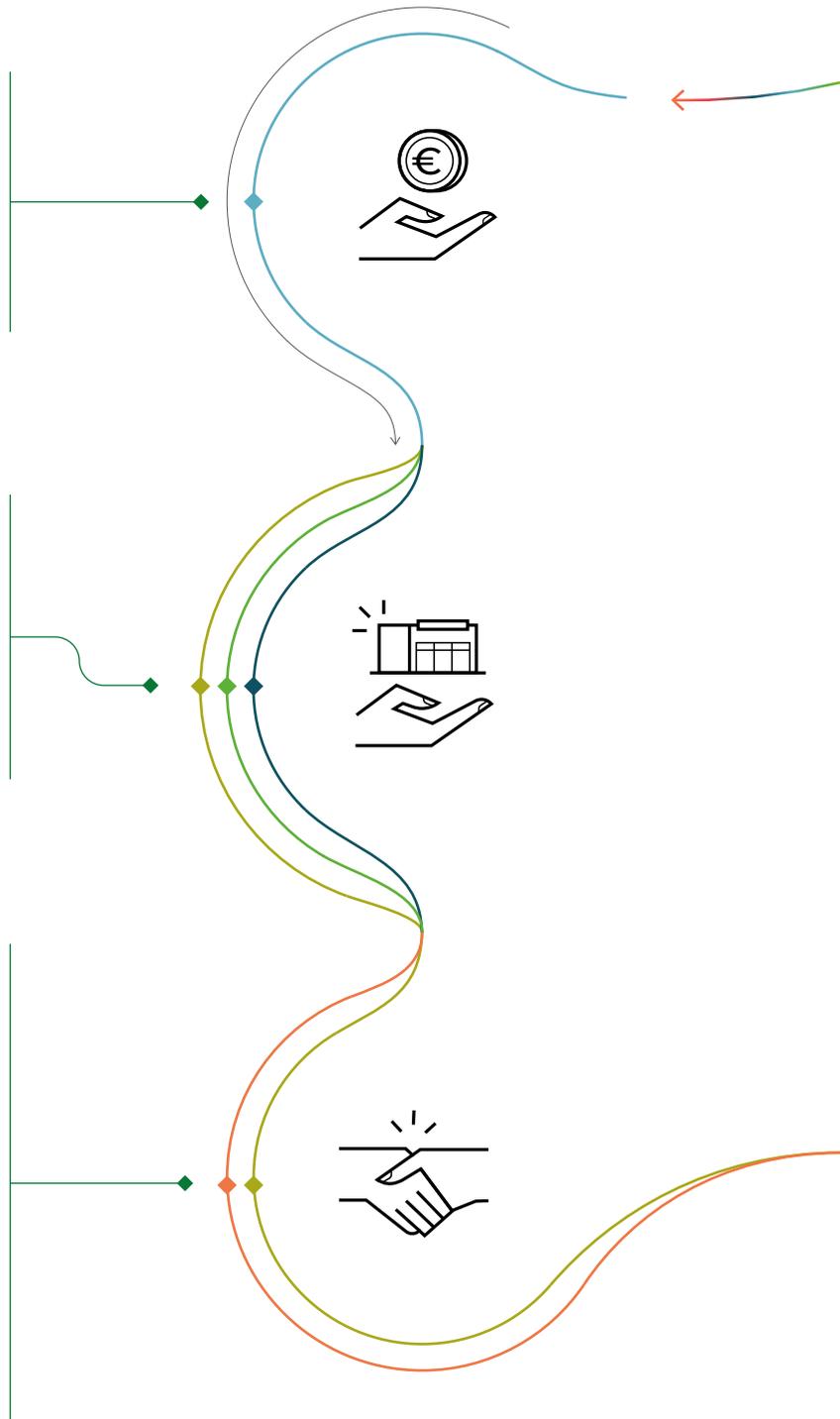
Over the three-year period, the financial capital was generated by the positive trend in net sales, which grew **9.35%**. This adds to good cash flow (**€ 364 million**). As a result, the economic value that Aspiag Service generated stands at **€ 5,762 million**, and part of these financial resources were reallocated to various stakeholders.

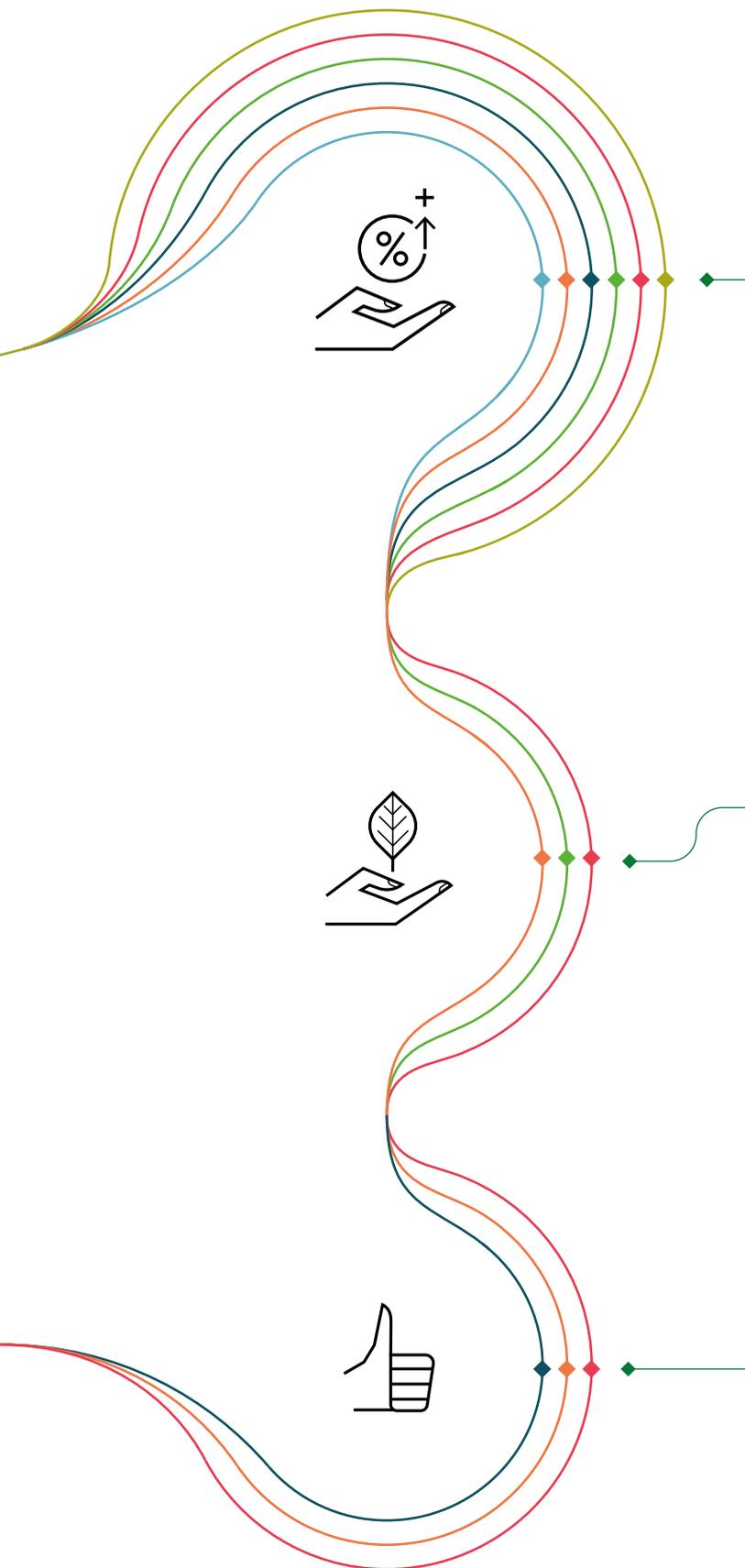
NEW OPENINGS AND RENOVATIONS

This made it possible to invest in the Company's core business, that is in renovations and new openings (**€ 380 million**). This has led to significant human, manufactured and natural capital, marking the opening of **25** new direct retail stores, an increase in the number of recruits by **885** units, and technological and environmental innovation (such as LED lighting systems in **117** retail stores).

ENHANCING EMPLOYEES

This growth in the sales network has made it possible to enhance employees by investing in training, with costs for the three-year period of **€ 5.6 million**, and in incentives, amounting to **€ 15.9 million**, thereby transforming the financial into human and intellectual capital. In fact, the returns were seen in the number of training hours (**247,230**), the low rate of permanent employees turnover (**2.75%**) and of absenteeism (**3.64%**), and the maintenance of the OHSAS 18001 procedure. These positive measures have led to a good corporate climate, as witnessed by high online participation in the relative survey (**91%**). Trained employees have been able to better meet customer needs, which is the basis for corporate economic growth.





MARKET SHARE INCREASE

The financial capital absorbed over these three years has allowed Aspiag Service to increase its market share by **7.8%** and has contributed to keeping the corporate image score unchanged (**8.26 out of 10**). This is because, in pursuing its different strategic objectives, Aspiag Service has built constructive relationships with multiple stakeholders, thus increasing social and relationship capital and distributing an economic value of **€ 5,478** million over the three-year period.

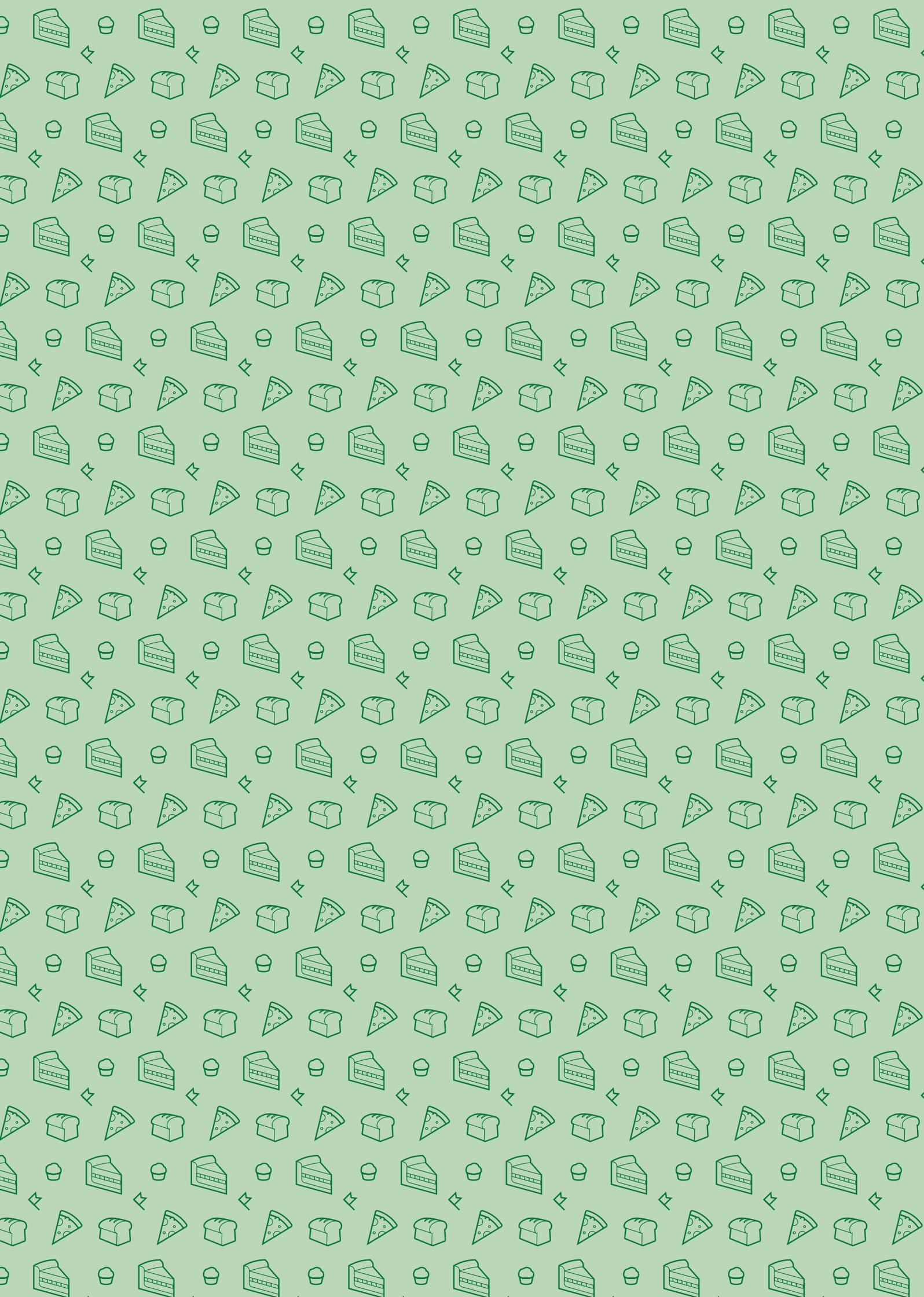
ATTENTION TO THE ENVIRONMENT AND THE TERRITORY

The concern for the environment and the territory is shown by the number of investments, such as the **€ 15.4 million** in environmental expenses, the **€ 10.4 million** in community infrastructure, the **€ 18 million** in food donations, the **€ 2.8 million** in sponsorships, as well as the payment of **€ 237 million** in taxes to the public administration, transforming the various capitals and receiving returns in intellectual capital, such as the implementation of **ISO 14001** in more and more stores, and in social and relationship capital, with sponsorships reaching **422**. Waste recycling (**+0.48%**), the **-3.45%** decline in average daily energy consumption, and the slight **+4.36%** increase in Scope 1, 2, and 3 emissions had an impact on natural capital.

CUSTOMER SATISFACTION

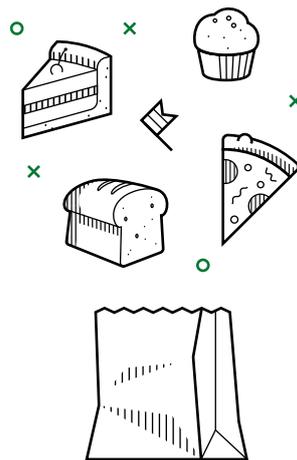
Quality, assortment and multichanneling have contributed to customer satisfaction. The costs of thorough product quality controls (**9,828** samples analysed) absorbed financial capital of **€ 1.5 million** to the benefit of intellectual capital. Manufactured capital benefited from this through the expansion of the assortment, as the average number of references on sale at Interspar stores was **45,496**. Pursuing these goals allowed us to maintain social and relationship capital steady, as the customer satisfaction score of **8.34 out of 10** shows.

* **Trade off:** it shows the interdependencies between capitals, i.e. the trend of the six capitals generated, absorbed or transformed, in order to calculate the net impact on the stock of capitals.



What we will do

FUTURE OUTLOOK | PAGE 66



Against an overall backdrop of slow economic growth, Aspiag Service believes it can further increase its market share, as confirmed also by the 2019-2021 three-year plan.

Future Outlook

The world economy has been decelerating since mid-2018. The IMF forecasts growth of 3.5% in 2019 and 3.6% in 2020.

Business activity weakened across the euro area, weighed down by several factors: some of them are transitory, such as declining production in the auto industry, while others are associated with political risks, such as the trade negotiations between the United States and China or the way in which the UK will ultimately leave the European Union (Brexit). Italy faces rising uncertainty, resulting in a GDP growth estimate of 0.6% for 2019 (source: Bank of Italy) as businesses scale back their investment plans and market participants expect foreign demand to deteriorate as well as a potential interest rate rise—even though monetary conditions are set to remain favourable in the near future thanks to the ECB. Against this backdrop, according to Nielsen the retail industry has been expanding at a modest pace because of the uncertainty facing consumers. These are looking for savings and are more and more informed and aware about ingredients, paying attention to labels and the products they choose: as a result, both the types of products and the brands they buy are changing, as the focus shifts to private labels and small-sized producers.

According to IRI, Italian household spending is apparently driven by the search for value, which increasingly translates into the satisfaction of new requirements (healthy lifestyle, organic food, sustainability). This choice is not in contradiction with the quest for savings: companies have been competing more and more on prices, encouraging trading up (i.e. increasing the value of the mix of products purchased). As far as competition in the Large Scale Distribution is concerned, sales keep growing

steadily but margins are falling, causing the industry to become slightly saturated. This raises the possibility that the least competitive players could exit the market (source: Mediobanca R&S). Even though margins are down, the future trend shows that certain segments are extremely dynamic and performing strongly: this is the case of the discount channel, which in 2018 saw the entrance of Leader Price Italia and Aldi—which is growing at an especially rapid clip.

According to IRI, over the next few years the growing relationship between technology and retail will go in the direction of everywhere commerce, integrating the offline and online channels and shifting the focus to the purchasing experience. Specifically, the store will be influenced by how technological progress could help it evolve from being the place where people shop to being a place where it is possible to learn, engage, and communicate: the store becomes a showcase for the company's identity through experience areas, knowledgeable staff able to provide advice, a layout consistent with changing consumer preferences, and the use of technology capable of combining the time spent at the store with new consumer demands by leveraging Big Data and without losing sight of the human and social factor. Technology will support the workforce, allowing to deliver higher quality service and enhance the relationship with consumers in the store: in all this, people remain our brand ambassadors and represent the measure of the company's ability to be inclusive and sustainable as well as focus on its customers.

Market share increase and generation of financial resources

Our expansion strategy is supported by the constant increase in turnover and retail sales area as well as the improved efficiency of our cost structure, without the need to introduce major changes to our Governance, Business Model, and corporate strategies. The solidity of the European network we are part of is a further guarantee for our future and will help us face our

commitments in the coming years, starting with increasing our presence in Emilia Romagna. We will continue to make significant investments to increase our presence on the market with a particular focus on long-term growth as well as on renovating and making existing retail stores more efficient in the regions already covered.

GROWTH FORECASTS FOR THE NEXT 3 YEARS

	2019	2020	2021
Sales net of VAT	4.38%	6.27%	5.82%
Sales net of VAT LFL	1.53%	1.50%	1.50%
EBTDA	0.65%	5.18%	13.73%
Investments (in millions of euro)	154.6	174.4	126.8

Note: sales forecasts are considered to be reliable based on the time span necessary for one-year investments to generate net sales, due to the long administrative time required for new stores to start operating. The EBTDA and investment results outlined here are linked to the achievement of company revenue targets.

New openings and renovations

Despite the Despar brand's widespread presence—especially in the Triveneto area—there are still significant opportunities for opening new stores, concentrated mostly in Emilia Romagna, as well as for renovating, relocating, or expanding existing ones. 7 new direct stores are planned, looking to grasp, if appropriate,

any opportunities—which are not currently foreseeable—for growth through acquisition offered by the market. In addition, there are plans to open 6 new franchise stores as well as renovate 7 existing ones. Other innovations will concern the payment system and the logistics network.

- ◆ Financial
- ◆ Manufactured
- ◆ Intellectual
- ◆ Human
- ◆ Social and relationship
- ◆ Natural



11 SUSTAINABLE CITIES AND COMMUNITIES



- ◆ Financial
- ◆ Manufactured
- ◆ Human
- ◆ Natural

3 GOOD HEALTH AND WELL-BEING



Financial

Manufactured

Intellectual

Social and relationship

3 GOOD HEALTH AND WELL-BEING



Financial

Intellectual

Human

Social and relationship

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Financial

Intellectual

Human

Social and relationship

Natural

13 CLIMATE ACTION



Financial

Intellectual

Human

Social and relationship

Natural

Customer satisfaction

Specific marketing policies will boost our communication efforts, enhance the “customer experience”, and foster customer loyalty—also thanks to the digital world. The Despar Tribù App will increasingly allow for greater customisation of our offerings and services. We will also focus on developing private label, healthy, vegan, ready-to-eat, and premium product lines. We are planning to set up a working group with the University of Parma and Despar Italia to reduce the salt and sugar content in the recipes of our private label products,

so as to increasingly curate the quality of our offerings. The overall emphasis on the quality of our products will also lead us to increasingly focus on monitoring food safety and the supply chain: to this end, in 2019 we will set up a Quality Department. During 2019, we will introduce the new Manual on Good Hygienic Practices for Federdistribuzione, prepared in collaboration with the Food Safety function. Following a successful pilot project, in 2019 Interspar stores will begin selling organic products in bulk.

Enhancing employees

As usual, we will begin looking after our employees from the moment they join the company. The Recruiting Department will be centralised and directly select the profiles for all stores. The schools and universities of the trading area will continue collaborating with the Company, allowing to introduce new interns to the world of work. As for training, we will continue providing e-learning programmes to the entire sales network as well as refine the Performance Management and Trainee Store Manager projects. We will keep on

improving workplace safety along the lines of the ISO 45001 standard, expanding the safety system to include more stakeholders. In anticipation of the new agri-food hub, we will start implementing risk prevention measures for the new equipment. The projects concerning employee health will carry on and also be extended to franchisees in the future. A pilot project will offer employees education and training courses with psychologists on parenting and caregiving for elderly people at home.

Attention to the environment and the territory

In 2019, we plan to implement the energy management system at all Interspar stores and the other locations that are ISO 14001 certified. Among other things, three additional stores will obtain this certification. This way, we aim to create an integrated portal showing the performance of our stores regardless of who processes the relevant data. The ISO 14001 standard and, more generally, the ISO system will serve as a reference for the different corporate certifications. Aspiag Service looks

forward to expanding its environmental policy as much as possible: to this end, it is preparing an assessment form for suppliers to understand their approach to environmental sustainability and disseminate best practices throughout the entire business process. We will make additional progress on packaging, which will increasingly go towards meeting demands for sustainability—starting with our private label products—as well as on the vehicle fleet, which will see the addition of electric cars in 2019.



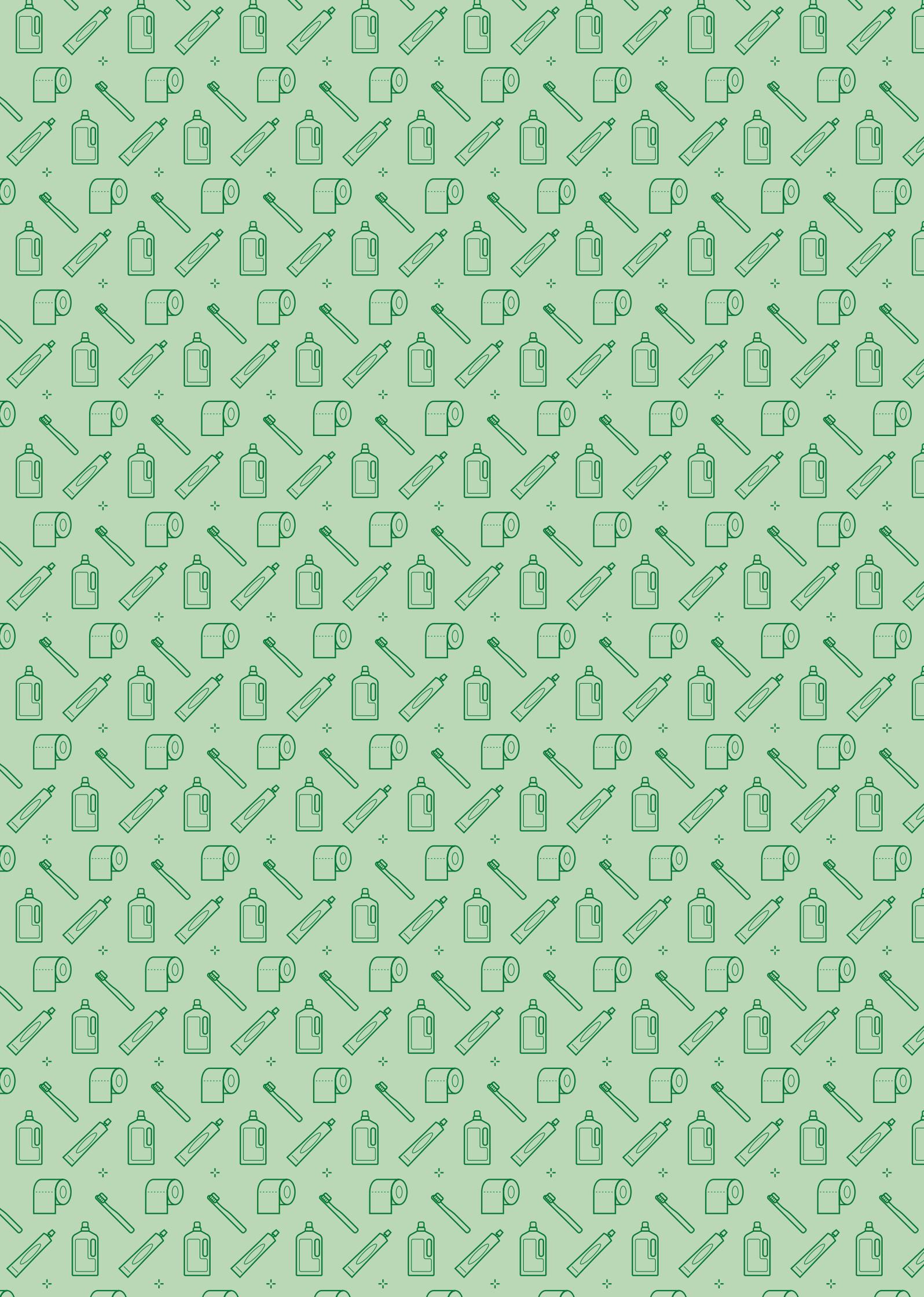
A supply chain that creates value

We will soon launch an innovative project to promote the effective management of the supply chain: in order to drive constant improvement, this aims to restructure our processes, define indicators, and identify supply chain management best practices in the interest of all relevant stakeholders. Optimising business operations across the entire supply chain means running our business in a reliable and agile manner—thus improving our performance as well as that of the stakeholders we work with.

AGROLOGIC AND SUSTAINABILITY

The new agri-food hub Agrologic is nearing completion and already producing significant results: Agrologic will be the first to feature a 45,000 m² transcritical CO₂ refrigeration system for perishable goods, meat, cured meat and cheese. This ambitious project will allow for significant savings and is at the technological and environmental cutting edge (it will also be ISO 14001 certified), as it was designed and built right from the outset in a sustainable manner in all respects.





Annexes

METHODOLOGICAL NOTES | PAGE 72

GRI CONTENT INDEX | PAGE 75

SUSTAINABLE DEVELOPMENT GOALS | PAGE 80

NON-GRI INDICATORS | PAGE 82

AUDITOR'S REPORT ON THE LIMITED AUDIT OF THE GRI DISCLOSURE | PAGE 83

AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS | PAGE 86



The Integrated Report enables coherent and concise representation, evaluation and monitoring of strategically important actions and resources, both tangible and intangible, of Aspiag Service, more comprehensively than statutory reports.

Methodological Notes

We rely on standards that explain and connect all the necessary information clearly and exhaustively, in particular:

- ◆ the International Integrated Reporting <IR> Framework as published by the International Integrated Reporting Council (IIRC);
- ◆ the GRI Sustainability Reporting Standards published in 2016 by the Global Reporting Initiative (GRI), in accordance with the Core Option;
- ◆ UN 2030 Agenda's Sustainable Development Goals (SDGs);
- ◆ the Italian Civil Code;
- ◆ the accounting principles issued by the Italian Accounting Standard Setter (OIC).

Aspiag Service's Report includes the various content elements of the Framework in the respective chapters: organisational overview and external environment, governance ("About us"); business model, risks and opportunities, strategy and resource allocation, performance ("What we do"); outlook ("What we will do"); basis of preparation and presentation ("Annexes").

The Report follows the IIRC for the concepts of value creation, connectivity and integrated thinking, the GRI for the indicators covering socio-environmental issues, and the UN 2030 Agenda (SDGs) for the path to sustainability. IIRC guidelines allow to show how Aspiag Service creates value by using its resources, that is the six capitals. In the Integrated Report, each capital is assigned a different colour, thus allowing to recognise them.

The company's strategic objectives, which are also marked with an icon, include a fundamental one (market share increase) and five that are functional to pursue the first one (generation of financial resources, new openings and renovations, customer satisfaction, enhancing employees and attention to the environment and the territory). The capitals (inputs) used within the organisational structure and through

the Governance system allow to pursue the strategy and create value. Their measurement is based on the outputs (indicators) and outcomes (impacts) that represent the results of the strategy. The outputs show the trend and degree of company progress to achieve the objectives, expressed financially or qualitatively.

Connectivity runs throughout the entire report, combining objectives, inputs, outputs and outcomes into a consistent whole. Each objective of the strategy is measured with outputs that are marked with the colour of the relevant input—and so are the resulting outcomes. The connectivity matrix at the end of the "Strategy and performance" chapter summarises all outputs, matching them with the input and the objective they refer to.

Outcomes are the consequences (positive or negative) in the types of capital, based on the activities and the Company's outputs. The consideration of this outcomes influences the Company's strategic decisions, and therefore they represent material topics—i.e. the topics that are most relevant to the Company and stakeholders, as presented in the materiality matrix. The method used to define the materiality matrix, prepared in accordance with the GRI Standards, accounts for the demands and priorities of stakeholders as well as business strategies.

This year, as it regularly does, Aspiag Service revised the material topics to make them more representative of the Company and its stakeholders. Each topic that is material to the Company was associated with the corresponding GRI topic, if any. The GRI topics and the relevant outputs are summarised in the GRI Content Index. For the sake of completeness, we added a table (page 82) listing the outputs not associated with any GRI, including a reference to the corresponding material topic. The scope

of the Report refers exclusively to Aspiag Service, while the scope of some material topics includes also the supply chain and external cooperatives that are concerned by them. To ensure a better understanding of how the Company creates value, we presented the key trade-offs between capitals—which increase, decline, or change over time as a result of business operations.

There are 5 Sustainable Development Goals that Aspiag Service sees as most relevant to its business. That said, our efforts on several fronts in terms of sustainability bring us closer to the entire set of the SDGs, as the table on page 80 shows. We comment on these efforts for each output aligned with them, including references to the individual targets of the goals.

The working group dedicated to preparing the Integrated Report regularly gathers the quantitative and qualitative data that allow to better share information as well

as facilitate the implementation of the reporting process, in parallel to the development of integrated thinking. Additional information, such as that related to the economic context or included in the table, is always reported by citing the source. For certain outputs, we disclose the relevant calculation methods as well as any changes compared to previous Reports. The data in the 2018 Integrated Report is compared to the years 2017 and 2016 to provide the reader with a comprehensive picture of the Company's actions and characteristics. GRI information has been audited by an independent company.

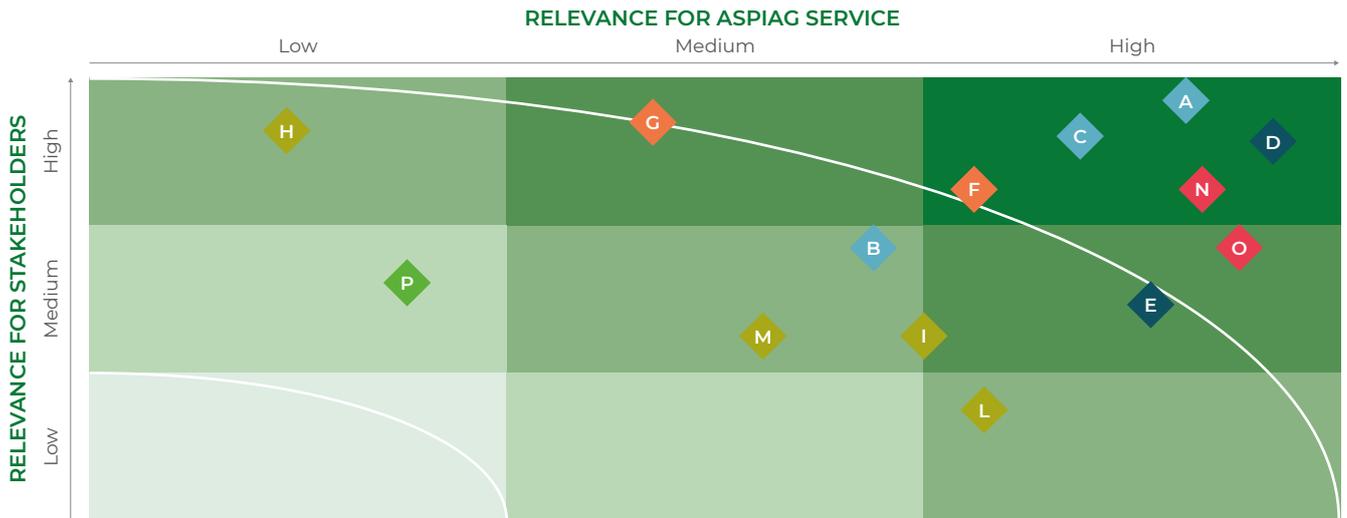
This Report includes the Financial Statements in the form of infographics (page 32), ensuring the reliability of the relevant data. A full copy of the Financial Statements is available at:

<https://www.despar.it/it/bilancio-esercizio-2018/>



Aspiag Service's integrated thinking

The Integrated Report is the culmination of integrated thinking, which for Aspiag Service is the line that crosses and unites values, innovation and external relations, connecting them with a view to creating value. These and other drivers of integrated thinking enhance the connections already established between the various parts of the Company, which we encourage to interact to maximise their result as well as that of whole Company. Therefore, on the one hand, it is a cultural choice and, on the other, a natural evolution of the way in which the Company is working towards collaboration and the enhancement of all its aspects. Without this interconnected network and the awareness of achieving objectives, many of the results accomplished would not be possible or would be underestimated also in view of strategic corporate choices.



- A** Financial solidity
- B** Sustainable commitment to the community and the area
- C** Efficient corporate governance
- D** Multichannel and sales network growth
- E** Innovation in offer and services
- F** Product quality
- G** Compliance with voluntary standards
- H** Job creation
- I** Employee satisfaction
- L** Employee training
- M** Employee health and safety
- N** Customer satisfaction
- O** Company reputation
- P** Reduction of environmental impact throughout the value chain

MATERIAL TOPICS	GRI TOPICS	SCOPE AND LIMITATION OF THE TOPICS
Financial solidity	Economic performance	Aspiag Service
Sustainable commitment to the community and the area	Indirect economic impacts	Aspiag Service
	Environmental compliance	Aspiag Service
	Anti-corruption	Aspiag Service
Efficient corporate governance	Anti-competitive behaviour	Aspiag Service
	Public policy	Aspiag Service
	Socioeconomic compliance	Aspiag Service
Multichannel and sales network growth	-	Aspiag Service
Innovation in offer and services	-	Aspiag Service
Product quality	Customer health and safety	Aspiag Service
Compliance with voluntary standards	-	Aspiag Service
Job creation	Employment	Aspiag Service
	Labour/management relations	Aspiag Service
	Diversity and equal opportunity	Aspiag Service
Employee satisfaction	Non-discrimination	Aspiag Service
	Occupational health and safety	Aspiag Service, external cooperatives
Employee health and safety	Occupational health and safety	Aspiag Service, external cooperatives
Employee training	Training and education	Aspiag Service
Customer satisfaction	-	Aspiag Service
Company reputation	-	Aspiag Service
Reduction of environmental impact throughout the value chain	Emissions	Aspiag Service, supply chain. Reporting does not extend to the supply chain.
	Materials	Aspiag Service
	Energy	Aspiag Service, supply chain. Reporting does not extend to the supply chain.
	Effluents and waste	Aspiag Service

GRI content index

GRI	DISCLOSURE	SECTION OF THE REPORT	PAGE	NOTES / OMISSIONS
Organisational profile				
IO2-1	Name of the organisation	Identity and Operating Context	7	-
IO2-2	Activities, brands, products and services	Business Model	20, 22-23	-
IO2-3	Location of headquarters	Business Model	21	-
IO2-4	Location of operations	Business Model	10-11, 18, 23	-
IO2-5	Ownership and legal form	Identity and Operating Context	8, 9	-
IO2-6	Markets served	Business Model	18, 23	-
IO2-7	Scale of the organisation	Letter from the Chairman Strategy and Performance	2, 22-23, 28, 32-39	-
IO2-8	Information on employees and other workers	Strategy and Performance	48, 50-51, 60	-
IO2-9	Supply chain	Business Model	19-23	-
IO2-10	Significant changes to the organisation and its supply chain	Methodological Notes	72-74	-
IO2-11	Precautionary Principle or approach	Business Model	26-27	-
IO2-12	External initiatives	Governance	15	-
IO2-13	Membership of associations	Business Model	24-25	-
Strategy and analysis				
IO2-14	Statement from senior decision-maker	Letter from the Chairman	2	-
Ethics and integrity				
IO2-16	Values, principles, standards, and norms of behaviour	Identity and Operating Context Governance	7, 15	-
Governance				
IO2-18	Governance structure	Governance	12-15	-
Stakeholder engagement				
IO2-40	List of stakeholder groups	Business Model	24-25	-
IO2-41	Collective bargaining agreements	Strategy and Performance	52	-
IO2-42	Identifying and selecting stakeholders	Business Model	24-25	-
IO2-43	Approach to stakeholder engagement	Business Model	24-25	-
IO2-44	Key topics and concerns raised	Business Model	24-25	-
Identified material aspects and boundaries				
IO2-45	Entities included in the consolidated financial statements	Identity and Operating Context	9	-
IO2-46	Defining report content and topic boundaries	Methodological Notes	72-74	-
IO2-47	List of material topics	Methodological Notes	72-74	-
IO2-48	Restatements of information	Methodological Notes	72-74	-
IO2-49	Changes in reporting	Methodological Notes	72-74	-
Report profile				
IO2-50	Reporting period	Methodological Notes	72-74	-
IO2-51	Date of most recent report	Methodological Notes	72-74	-
IO2-52	Reporting cycle	Methodological Notes	72-74	-
IO2-53	Contact point for questions regarding the report	About this report	4	-
IO2-54	Claims of reporting in accordance with the GRI Standards	About this report Methodological Notes	4, 72-74	-
IO2-55	GRI Content Index	GRI Content Index	75-79	-
IO2-56	External Assurance	Methodological Notes	83-88	-

GRI	DISCLOSURE	SECTION OF THE REPORT	PAGE	NOTES / OMISSIONS
-----	------------	-----------------------	------	-------------------

SPECIFIC STANDARD DISCLOSURE: MATERIAL TOPICS
CATEGORY: ECONOMIC
Economic performance

103-1 103-2 103-3	Explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach	Strategy and Performance	26-27, 30-31, 38-39, 74	-
201-1	Direct economic value generated and distributed	Strategy and Performance	39	-

Indirect economic impacts

103-1 103-2 103-3	Explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach	Strategy and Performance	26-27, 30- 31, 60, 74	-
203-1	Infrastructure investments and services supported	Strategy and Performance	60	Some details for the indicator are not currently available. Aspiag service is committed to collect, over the next few years, the data needed to cover the indicator.

Anti-corruption

103-1 103-2 103-3	Explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach	Governance	15, 26-27, 30-31, 74	
205-2	Communication and training about anti-corruption policies and procedures	Governance	15	Some details for the indicator are not currently available.

Anti-competitive behaviour

103-1 103-2 103-3	Explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach	Governance	15, 26-27, 30-31, 74	-
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Governance	15	-

CATEGORY: ENVIRONMENT

Materials

103-1 103-2 103-3	Explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach	Strategy and Performance	26-27, 30-31, 57-59, 74	-
301-1	Materials used by weight or volume	Strategy and Performance	59	Indicator information is not available except for the consumption of food packaging materials and carrier bags. Aspiag Service is committed to collect, over the next few years, the data needed to cover the indicator.

Energy

103-1 103-2 103-3	Explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach	Strategy and Performance	26-27, 30-31, 57-59, 74	-
302-1	Energy consumption within the organisation	Strategy and Performance	58	-
302-3	Energy intensity	Strategy and Performance	58	-
302-4	Reduction of energy consumption	Strategy and Performance	58	-

Emissions

103-1 103-2 103-3	Explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach	Strategy and Performance	26-27, 30-31, 57-59, 74	-
305-1	Direct (Scope 1) GHG emissions	Strategy and Performance	58	See note 1 for the calculation method.
305-2	Energy indirect (Scope 2) GHG emissions	Strategy and Performance	58	See note 1 for the calculation method.
305-3	Other indirect (Scope 3) GHG emissions	Strategy and Performance	58	See note 2 for the calculation method.

Effluents and waste

103-1 103-2 103-3	Explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach	Strategy and Performance	26-27, 30-31, 57-59, 74	-
306-2	Waste by type and disposal method	Strategy and Performance	59	See note 3 for the calculation method.

Environmental compliance

103-1 103-2 103-3	Explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach	Strategy and Performance	26-27, 30-31, 57-59, 74	-
307-1	Non-compliance with environmental laws and regulation	Strategy and Performance	59	-

GRI	DISCLOSURE	SECTION OF THE REPORT	PAGE	NOTES / OMISSIONS
CATEGORY: SOCIAL				
Employment				
103-1 103-2 103-3	Explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach	Strategy and Performance	26-27, 30-31, 48-56, 74	-
401-1	New employee hires and employee turnover	Strategy and Performance	53	-
401-3	Parental leave	Strategy and Performance	51	
Labour/management relations				
103-1 103-2 103-3	Explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach	Strategy and Performance	26-27, 30-31, 48-56, 74	-
402-1	Minimum notice periods regarding operational changes	Strategy and Performance	50	-
Occupational health and safety				
103-1 103-2 103-3	Explanation of the material topic and its boundary, The management approach and its components, evaluation of the management approach	Strategy and Performance	26-27, 30-31, 56, 74	-
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Strategy and Performance	56	-
Training and education				
103-1 103-2 103-3	Explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach	Strategy and Performance	26-27, 30-31, 54, 74	-
404-1	Average hours of training per year per employee	Strategy and Performance	55	-
Diversity and equal opportunity				
103-1 103-2 103-3	Explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach	Governance Strategy and Performance	12-14, 26-27, 30-31, 48-56, 74	-
405-1	Diversity of governance bodies and employees	Governance Strategy and Performance	14, 50, 52	-
405-2	Ratio of basic salary and remuneration of women to men	Strategy and Performance	52	-
Non-discrimination				
103-1 103-2 103-3	Explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach	Strategy and Performance	26-27, 30-31, 50, 74	-
406-1	Incidents of discrimination and corrective actions taken	Strategy and Performance	50	-

GRI	DISCLOSURE	SECTION OF THE REPORT	PAGE	NOTES / OMISSIONS
Public policy				
103-1 103-2 103-3	Explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach	Governance	15, 26-27, 30-31, 74	-
415-1	Political contributions	Governance	15	-
Customer health and safety				
103-1 103-2 103-3	Explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach	Strategy and Performance	26-27, 30-31, 42-43, 74	-
416-1	Assessment of the health and safety impacts of product and service categories	Strategy and Performance	43	-
Socioeconomic compliance				
103-1 103-2 103-3	Explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach	Strategy and Performance	26-27, 30-31, 42-43, 50-53, 74	-
419-1	Non-compliance with laws and regulations in the social and economic area	Strategy and Performance	43, 53	-

Note 1: all the values in the table are expressed in tonnes of CO₂ equivalent, with the exception of emissions from electricity consumption which are expressed in tonnes of CO₂. The factors used to calculate emissions are taken from the “UK Government GHG Conversion Factors for Company Reporting” tables published by DEFRA (Department for Environment, Food & Rural Affairs). As for the 2018 indirect emissions, calculated using the location-based method and related to the electricity purchased from Italy’s national power grid, we used the emission factor developed by Terna (updated in 2016). In respect of indirect emissions calculated with the market-based method, the emission factor for the national residual mix was developed by AIB (Association of Issuing Bodies).

Note 2: the Scope 3 CO₂ equivalent emissions deriving from outbound logistics (freight transport from distribution centres to retail stores) were calculated using the number of km travelled by each vehicle as the primary data and using the emission factors expressed in kg of CO₂ equivalent per km as indicated in the “UK Government GHG Conversion Factors for Company Reporting” tables published by DEFRA (Department for Environment, Food & Rural Affairs). The choice of conversion factor depended on the type of vehicle (articulated, rigid) and weight (> 3.5 - 7.5 tonnes, > 7.5 tonnes - 17 tonnes, >17 tonnes), and considered an average load per vehicle.

Note 3: Aspiag Service manages the collection of sorted waste at all retail stores. This is mainly for paper, cardboard, plastic, wood or glass packaging, mixed packaging, hazardous waste, F.O.R.S.U. (Organic Fraction of Municipal Solid Waste) and R.S.U. (Unsorted Fraction of Municipal Solid Waste). Since sorted waste is collected by municipal companies that do not measure the production of each user but only the total quantity collected, data on the dry and wet fractions are calculated empirically using:

- the number of weekly collections;
- the number of dumpsters/bins in use;
- a filling coefficient of the dumpsters/bins.

In cases where the reference municipalities do not collect certain types of waste, the Company relies on private disposers. For R.S.U. collection containers (average volume of 1100 l), an average fill weight of 88 kg was assumed; for F.O.R.S.U. collection bins (average volume of 240 l), an average fill weight of 120 kg was assumed.

Method of disposal:

Items referred to in points 1) and 2) public service waste collection - composting; landfill/waste-to-energy plant.

Item referred to in point 3), 4) authorised private disposal companies - composting - recycling.

Item 4 covers polyethylene, wood, glass, iron and steel, waste vegetable oil, materials unsuitable for consumption or processing and animal by-products.

Note 4: all standards used in this Report refer to the version of the GRI Standards issued in 2016.

Sustainable Development Goals

GOALS	DESCRIPTION	PAGE	REF. GRI
 <p>1. No poverty</p>	End poverty in all its forms everywhere.		
 <p>2. Zero hunger</p>	End hunger, achieve food security and improved nutrition and promote sustainable agriculture.		
 <p>3. Good health and well-being</p>	Ensure healthy lives and promote well-being for all at all ages.	43, 51, 56, 68	416-I, 403-2
 <p>4. Quality education</p>	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	47, 49, 55, 68	404-I
 <p>5. Gender equality</p>	Achieve gender equality and empower all women and girls.	51	102-8, 401-3
 <p>6. Clean water and sanitation</p>	Ensure availability and sustainable management of water and sanitation for all.		
 <p>7. Affordable and clean energy</p>	Ensure access to affordable, reliable, sustainable and modern energy for all.	57	
 <p>8. Decent work and economic growth</p>	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	39, 50, 53, 67	102-8, 102-4I, 201-I, 402-I, 405-I, 406-I
 <p>9. Industry, innovation and infrastructure</p>	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.	40, 59	203-I

Aspiag Service's commitment to the Sustainable Development Goals focuses on 5 SDGs. The Company engages in efforts on several fronts, which indirectly impact also the remaining Goals. Below are the page references as well as the references to the GRI indicators of the SDGs concerned.

GOALS	DESCRIPTION	PAGE	REF. GRI
 <p>10. Reduced inequalities</p>	Reduce inequality within and among countries.	52	405-2
 <p>11. Sustainable cities and communities</p>	Make cities and human settlements inclusive, safe, resilient and sustainable.	41, 67	
 <p>12. Responsible consumption and production</p>	Ensure sustainable consumption and production patterns.	57, 59, 60	306-2
 <p>13. Climate action</p>	Take urgent action to combat climate change and its impacts.	57, 58, 68	305-1, 305-2, 305-3
 <p>14. Life below water</p>	Conserve and sustainably use the oceans, seas and marine resources for sustainable development.	42, 59	
 <p>15. Life on land</p>	Protect, restore and promote sustainable use of terrestrial ecosystems.	42, 46, 57, 68	
 <p>16. Peace, justice and strong institutions</p>	Promote peaceful and inclusive societies for sustainable development.	15, 50	
 <p>17. Partnership for the goals</p>	Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development.	60	

Non-GRI Indicators

INDICATOR	SECTION OF THE INTEGRATED REPORT	PAGE
Financial solidity		
Market share	Strategy and Performance	28
EAT	Strategy and Performance	38
EBITDA %	Strategy and Performance	38
Cash flow	Strategy and Performance	38
Direct retail stores net sales	Strategy and Performance	38
Net sales to franchisees	Strategy and Performance	38
Average receipt	Strategy and Performance	38
Investments	Strategy and Performance	41
Sustainable commitment to the community and the area		
Expenditure on environmental protection	Strategy and Performance	59
Value of sponsorships	Strategy and Performance	60
Donations and fundraising	Strategy and Performance	60
Donated food	Strategy and Performance	60
Indirect taxes	Strategy and Performance	60
Efficient corporate governance		
Current expenses for food quality	Strategy and Performance	43
Amounts allocated for incentives	Strategy and Performance	53
Workplace costs	Strategy and Performance	53
Training costs	Strategy and Performance	55
Multichannel and sales network growth		
Sales network	Strategy and Performance	41
Innovation in offer and services		
Degree of diversification and supply coverage	Strategy and Performance	42
Compliance with voluntary standards		
Integrated report	Strategy and Performance	38
OHSAS 18001	Strategy and Performance	56
ISO 14001	Strategy and Performance	59
Job creation		
Recruits in the new retail stores	Strategy and Performance	41
Employee training		
Corporate climate survey	Strategy and Performance	55
Customer satisfaction		
Assortment choice	Strategy and Performance	42
Number of receipts	Strategy and Performance	42
Customer satisfaction	Strategy and Performance	45
Company reputation		
Credit lines and uses	Strategy and Performance	38
Corporate image	Strategy and Performance	45
Press and web corporate image	Strategy and Performance	45
Internships	Strategy and Performance	49
Employee recruiting	Strategy and Performance	49
No. of sponsored events	Strategy and Performance	60
Reduction of environmental impact throughout the value chain		
Environmental innovation	Strategy and Performance	41

Independent auditors' report on data and information included in the "Integrated Report 2018" and referenced in the "GRI Content index"

(Translation from the original Italian text)

To the Board of Directors of
Aspiag Service S.r.l.

We have been appointed to perform a limited assurance engagement on the data and information included into the "Integrated Report 2018" of Aspiag Service S.r.l. (hereinafter also "the Company") referenced in the "GRI Content index" for the year ended on December 31, 2018 (hereinafter also "GRI disclosure of the Integrated Report").

Directors' responsibility on the GRI disclosure of the Integrated Report

The Directors of Aspiag Service S.r.l. are responsible for the preparation of the GRI disclosure of the Integrated Report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" issued in 2016 by GRI - Global Reporting Initiative ("GRI Standards"), as described in the paragraph "Methodological notes" of the Integrated Report 2018.

The Directors are also responsible for that part of internal control that they consider necessary in order to allow the preparation of a GRI disclosure of the Integrated Report that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for the identification of the stakeholders and of the significant matters to report.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior.

Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the GRI disclosure of the Integrated Report with the requirements of the GRI Standards. Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of procedures in order to obtain a limited assurance that the GRI disclosure of the Integrated Report is free from material misstatements.

Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the GRI disclosure of the Integrated Report were based on our professional judgment and included inquiries, primarily with Company's personnel responsible for the preparation of the information included in the GRI disclosure of the Integrated Report, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

- analysis of the process relating to the definition of material aspects included in the GRI disclosure of the Integrated Report, with reference to the criteria applied to identify priorities for the different stakeholders categories and to the internal validation of the process outcomes;
- comparison of economic and financial data and information included in the GRI disclosure of the Integrated Report with those included in the Company's consolidated financial statement;
- understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the GRI disclosure of the Integrated Report.

In particular, we have conducted interviews and discussions with the management of Aspiag Service S.r.l. and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of data and information to the department responsible for the preparation of the GRI disclosure of the Integrated Report.

Furthermore, for significant information, considering the Company's activities and characteristics:

- a) with reference to the qualitative information included in the GRI disclosure of the Integrated Report, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
- b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.



Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the GRI disclosure of the Integrated Report of Aspiag Service S.r.l. for the year ended on December 31, 2018 has not been prepared, in all material aspects, in accordance with the requirements of the GRI Standards, as described in the paragraph "Methodological notes" of the Integrated Report 2018.

Verona, April 11, 2019

EY S.p.A.

Signed by: Ilaria Faedo, Partner

This report has been translated into the English language solely for the convenience of international readers

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010

To the Sole Quotaholder of
Aspiag Service S.r.l.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aspiag Service S.r.l. (the Company), which comprise the balance sheet as at December 31, 2018, the income statement and statement of cash flows for the year then ended, and explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with the Italian regulations governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with the Italian regulations governing financial statements, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an

audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of Aspiag Service S.r.l. are responsible for the preparation of the Report on Operations of Aspiag Service S.r.l. as at December 31, 2018, including its consistency with the related financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the financial statements of Aspiag Service S.r.l. as at December 31, 2018 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the financial statements of Aspiag Service S.r.l. as at December 31, 2018 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Verona, April 11, 2019

EY S.p.A.

Signed by: Ilaria Faedo, partner

This report has been translated into the English language solely for the convenience of international readers

Aspiag Service S.r.l.

Registered office

Via Bruno Buozzi, 30 - 39100 Bolzano

www.despar.it

Aspiag Service S.r.l. is part of the international group Spar Austria, with registered office in Salzburg, and is the licensee of the Despar brand in the North East of Italy and Emilia Romagna.

Registered office: Bolzano.

Share capital: Euro 79,320,000.00 fully paid up.



Concept and
graphic design by:

The Visual Agency

Milano (MI)

Printed by:

Grafiche Nuova Jolly s.a.s.

Rubano (PD)

Aspiag Service S.r.l. has decided to print this report on environmentally friendly paper from responsibly managed forests according to FSC® (Forest Stewardship Council®) standards. Ink with plant-based solvents has been used for printing.



Aspiag Service S.r.l.
Despar Nordest