

2019

Integrated Report



Aspiag Service S.r.l.
Despar Nordest

2019 **Integrated Report**



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Despar Nordest

Dear Sir and Madam

the work carried out in 2019 and the results we will discuss in this Integrated Report are the fruit of the commitment and passion that Despar's employees have showed every day in the past year. I am writing this at the end of 2019, as the leitmotiv that will guide us and identify our brand in 2020 and beyond is already apparent: the value of choice.

Every day, we take decisions that make our Company not only successful, but also valuable, as the results we are presenting to you show.

Once again in 2019, we decided to stay close to our community through our CSR operations, as part of which the value and dedication of Despar's men and women come to life. Our stores thus turn into venues of aid and solidarity. We saw this during emergencies, as a high tide swept through Venice in November 2019: the generosity of our customers and the dedication of Despar's men and women allowed to raise €70,000 in donations for the city in just a few days. Our choices of value and the value of our choices: we see them in our fund-raising efforts, through which we support all those associations that represent a key asset in our 4 regions. By deciding to help them, we as a Company become a reference for communities.

At Despar, choosing proximity and inclusion means supporting also several entities and initiatives through sponsorships, helping them increase the already price-less value they add to the local community. Proximity and inclusion: these key words are reflected in our "tribe", which is becoming bigger and bigger as well as more and more vibrant with ideas, people, and projects.

The emphasis Despar's employees place on sustainability has allowed us to make improvements with respect to the ISO 14001 certification, making our processes increasingly more robust and effective. Our decision of being a sustainable Company translates into using plastics responsibly. This year, we introduced the use of water bottles, environmentally-friendly glasses, and micro-filtered water dispensers among our employees—simple everyday gestures that allow to achieve broader goals.

We want to maintain a high-quality presence in each of the communities we serve. We have done this while opening 21 new stores (8 direct stores and 13 franchise stores), expanding yet again in Emilia Romagna with a ground-breaking Interspar format, and inaugurating the magnificent Despar in Padua's Prato della Valle—an example of renovation that allows people to do their groceries while breathing art and history. Aspiag Service added not only new stores, but also new employees: in 2019 the headcount rose yet again to 8,236 employees, who represent Despar's true strength.

The value of choice: the decisions we have made in nearly 60 years, be they small or big, right or wrong, have made us who we are. They have turned us into an increasingly recognised and recognisable Company when it comes to our operations as well as each of our people—those who choose to grow together and make themselves invaluable to Despar through their work every day.



Rudolf Staudinger
Chairman

+4.6%

1.909 bn

Net sales

+3%

11.43%

Market share

+3%

241

Direct retail stores

+3.9%

83.7 m

Of receipts

+4.2%

8,236

Employees

-1.45%

424,000

(kWh LFL)

Average daily energy
consumption

About this report

ABOUT THIS REPORT

The Integrated Report is the information tool intended 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 manner the actions, resources—including intangible ones—and results that are crucial to the Company.

INTEGRATED REPORT: WHY?

The Integrated Report tells how the Company creates value from the resources it uses and reinvests. The decision to prepare an Integrated Report allows to show the identity and results of Aspiag Service through the six capitals, underlining the connections and resources relevant to the Company's strategic decisions.

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 Annual Financial Statements.

REFERENCES

The <IR> Framework of IIRC is the reference document for 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. 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.

For more details on the references used and the preparation of the Report, please see the Methodological Notes (p. 80).

Our Integrated Report is not just a reporting tool, but rather a process capable of affecting other processes and decisions during its preparation as well as after its release: in combination with other resources, it allows the Company to coordinate its internal units, refine the method used to report the value it creates, and convey information to make decisions.

Reading tools

CAPITALS

IIRC guidelines allow to show how Aspiag Service creates value over time by using its resources, that are the six capitals. Throughout the Integrated Report, you can recognise the capitals based on the different colours assigned to them.



Financial

Set of funds available to the Company for its operations.



Manufactured

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



Intellectual

Operational processes and procedures as well as activities intended to ensure quality and safety.



Human

Intangible asset of skills, abilities and knowledge of those who work in the Company.



Social and relationship

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



Natural

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

STRATEGIC OBJECTIVES



Market share increase



Generation of financial resources



New openings and renovations



Customer satisfaction



Enhancing employees



Attention to the environment and the territory

MATERIAL TOPICS



They are the most important topics for the Company and stakeholders. The needs and priorities of both are captured in a materiality matrix. Throughout the Report, they are highlighted with the colour of the relevant capital.

GRI



SUSTAINABLE DEVELOPMENT GOALS (SDGs)



Aspiag Service's strategy is aligned with the UN 2030 Agenda's sustainable development goals. The following are the goals that are most relevant to our business:

3 GOOD HEALTH AND WELL-BEING



Good health and well-being

8 DECENT WORK AND ECONOMIC GROWTH



Decent work and economic growth

11 SUSTAINABLE CITIES AND COMMUNITIES



Sustainable cities and communities

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Responsible consumption and production

13 CLIMATE ACTION



Climate action

We thank all employees who make this document more and more comprehensive and accurate through their precious contribution.

Enjoy your reading

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About us

IDENTITY AND OPERATING CONTEXT

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Mission

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, production, promotion and sale of products.

Vision

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.

Values

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, enhancing employees, sustainability.

Identity and operating context

Aspiag Service pursues its business against a backdrop characterised by different trends, formats, and needs, ranking among the leading players in its trading area thanks to its focused and far-sighted decisions.

The market

+1.4%

**SALES IN ITALY'S MODERN
RETAIL INDUSTRY**
(source: Istat)

+0.2%

ITALY'S GDP GROWTH
(source: Istat)

45

POTENTIAL COMPETITORS

In 2019, the euro area's growth was estimated at +1.2% (source: ECB) and saw a slowdown in the first half of the year due to international trade tensions as well as Brexit-related developments. Markets subsequently stabilised, which had a positive impact on the fourth quarter of the year.

Italy's GDP rose by 0.2% (source: Istat), weighed down by political instability. With respect to domestic economic activity, domestic demand showed feeble growth, businesses significantly reduced their inventories, and international trade made a positive contribution. Against this backdrop, retail sales were up 0.8% year-on-year in terms of both value and volume (source: Istat). This was driven by the diversified local nature of retail operations (source: Istat). Italy's southern regions made a difference in 2019 following the modernisation of distribution channels and the measures taken by recent Governments to support household incomes.

Large retailers reported +1.4% growth compared

to 2018, whereas their smaller counterparts faced increased competitive pressures and were down 0.7% year-on-year. Among large retailers, the best performers were discount stores (+4.5%), followed by non-food stores (+1.8%) and supermarkets (+0.8%), whereas hypermarkets continued declining with a 0.9% contraction compared to 2018 (source: Istat).

In 2019, the market still comprised several regional entities and franchise chains, resulting in high local saturation (source: Mediobanca).

However, Nielsen believes that business combinations are not enough to win in the marketplace and that the focus should be on the store as an innovative and distinguishing feature of the brand, with offerings tailored to consumer needs.

Recent food trends continued, but they are not the only issue market players have to deal with: new technologies, environmental and social sustainability, and multichannel retailing represent other current challenges that they must address.

Our brands

Aspiag Service retail stores operate under three brands, depending on the size and the offer, to provide the customers with a broader choice which meets their needs:



BREAKDOWN OF DIRECT AND FRANCHISE STORES

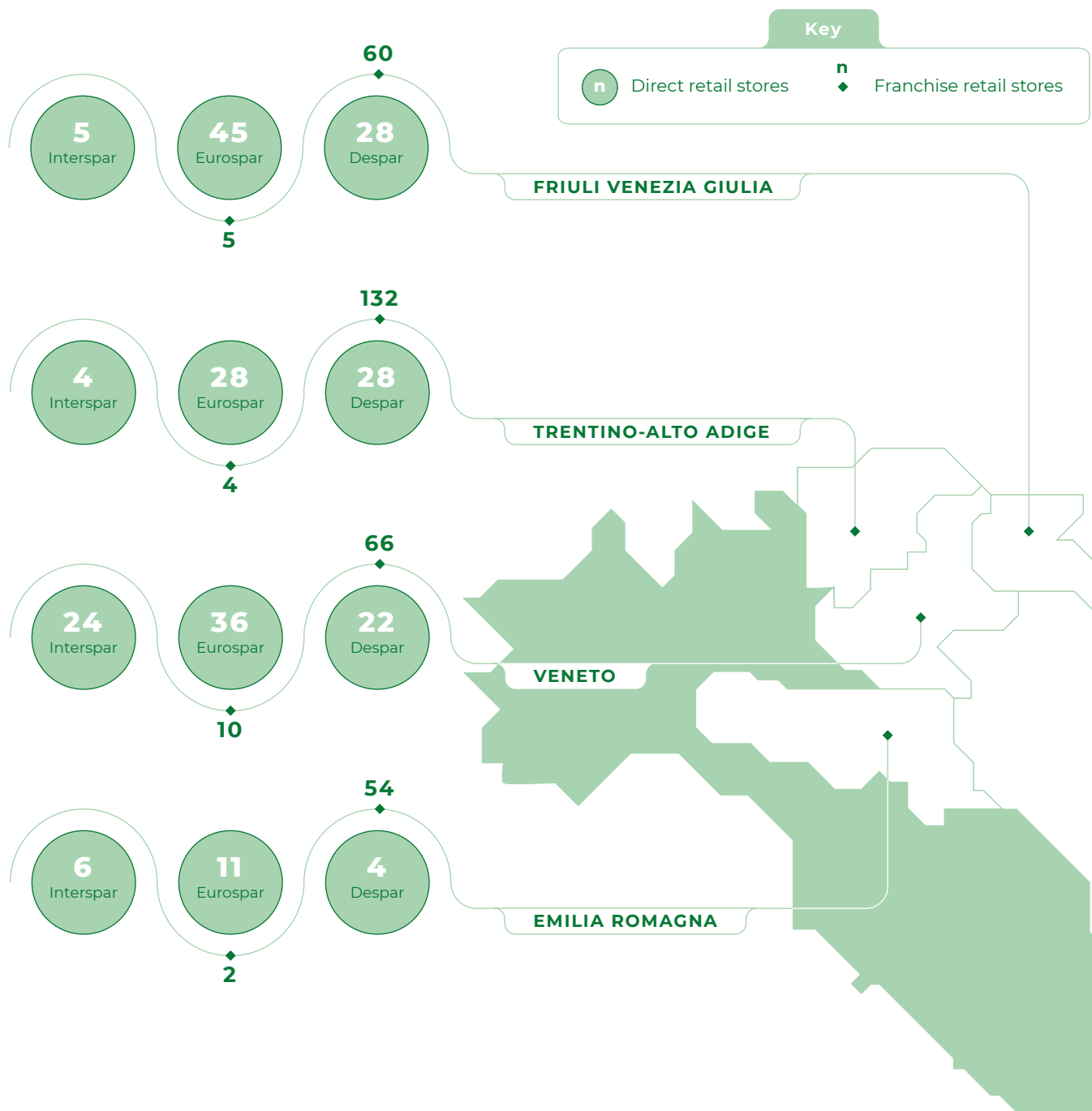


241

DIRECT RETAIL STORES

333

FRANCHISE RETAIL STORES



Our history

1930s

Aspiag Service's history began in 1932, when Adriaan van Well set up SPAR International in the Netherlands by bringing together retailers and wholesalers. The company still manages the brand internationally to this day. The name "Despar" is the acronym of a Dutch saying: "Everyone benefits equally from harmonious cooperation".

1950s

The "Despar" brand was shortened to "Spar"—"fir" in Dutch—and spread throughout the world. In 1954, Hans F. Reisch set up the first SPAR organisation in Austria (Handelsvereinigung SPAR Tirol/Pinzgau), which in 1970 will become today's SPAR Austria (SPAR Österreichische Warenhandels AG).

1960s

During the 1960s, Spar International was looking for partners in Italy. The following entities were set up in the country's north-east between 1959 and 1961: Padis S.p.A. in Mestrino (province of Padua), Scambi Commerciali S.r.l. in Friuli Venezia Giulia, and Amonn Service S.r.l. in Bolzano. After two years of franchising, Spar Centrale Italiana was born in 1962, bringing back the original "Despar" brand. In 1968 it turned into Consorzio Despar Italia.

1989 - 2000

In 1989, through Aspiag Management AG, the Spar Austria Group founded today's Aspiag Service, taking over the companies operating under the Despar brand in the Triveneto area and turning them into offices and Distribution Centres (Ce.Di. - Centri Distributivi - in Bolzano, Mestrino, and Udine). Starting in the 1990s and throughout the 2000s, Aspiag Service expanded through acquisitions and expansions, bringing together international and local entities.

2000 - 2018

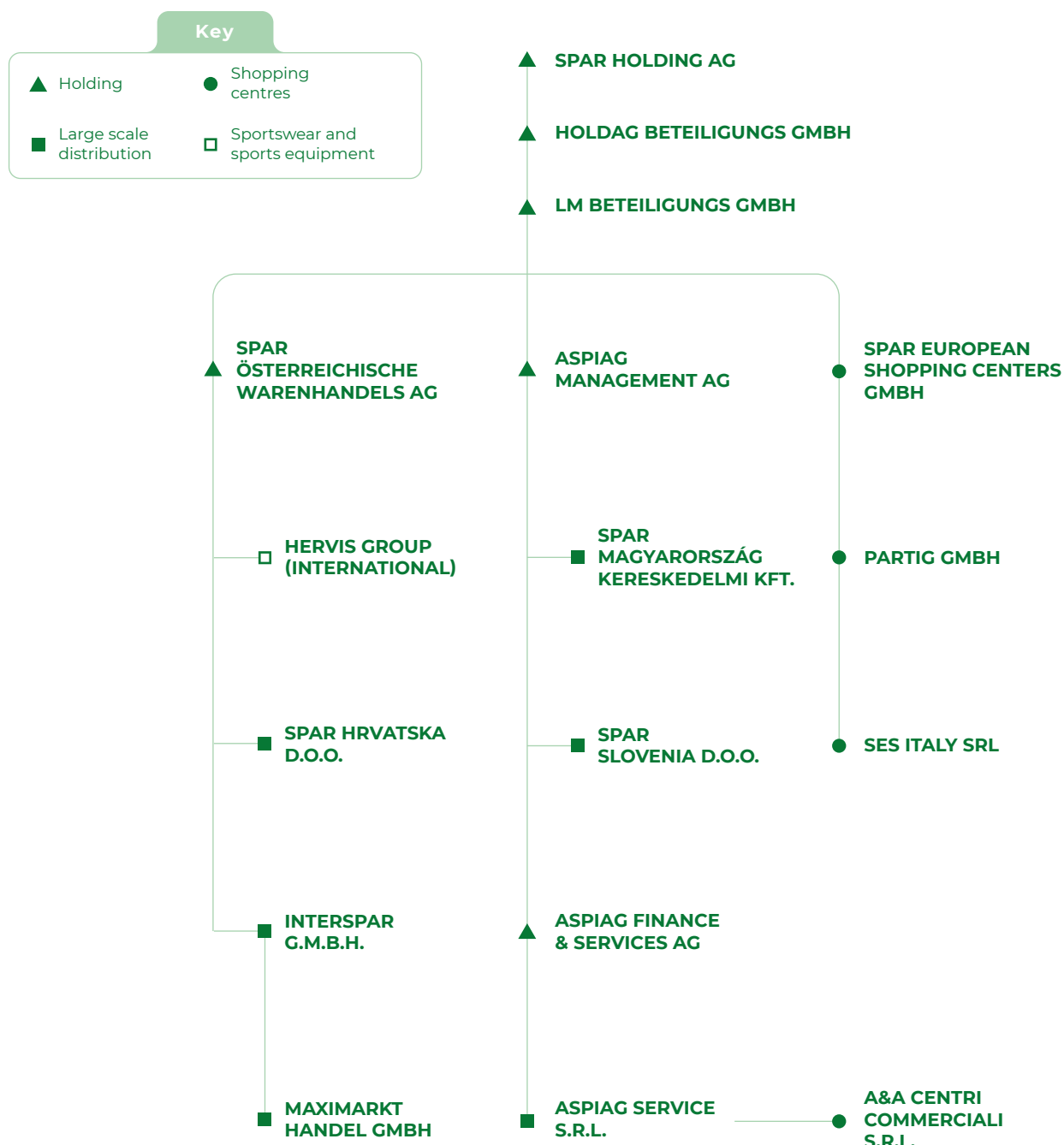
Since 2010 it has obtained major certifications: OHSAS 18001 in 2010, ISO 14001 in 2013 (first Large Scale Distribution company). Business has grown rapidly in Emilia Romagna over the last few years.

2019

This year, net sales totalled €1.909 billion, with 241 stores and 8,236 employees. In 2019 the Company Superdistribuzione S.r.l. was wholly acquired and merged into Aspiag Service.

Group ownership

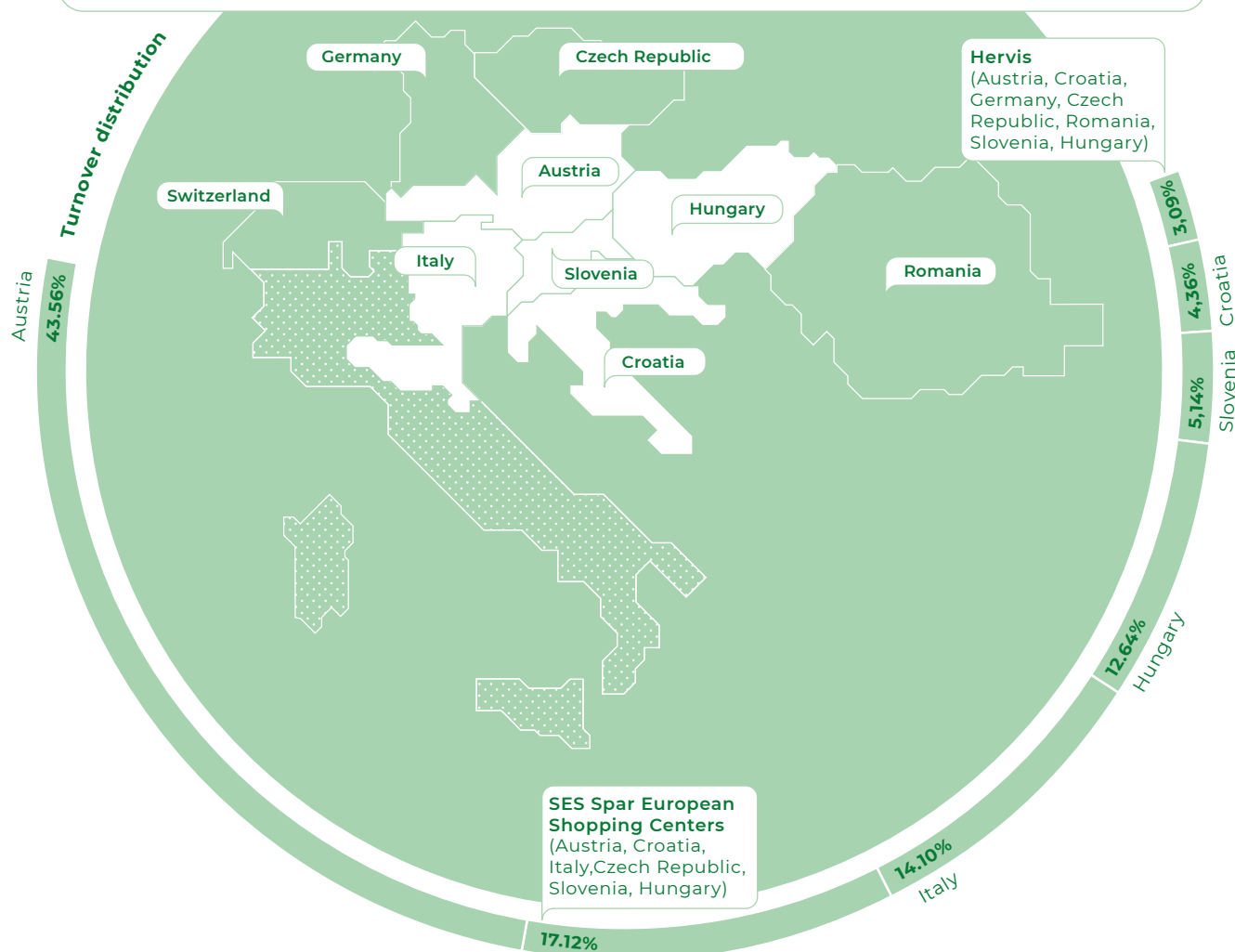
The Company is managed and coordinated by the sole shareholder, Aspiag Finance & Services AG, which is headquartered in Widnau (Switzerland) and is part of SPAR Holding AG (SPAR Austria Group), whose registered office is in Salzburg. The ownership of the parent company Spar Holding AG has remained unchanged since 1970. The following chart shows the leading companies of the Group, with the relevant core business.



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 Austria has adopted a forward-looking sustainability strategy. In 2019, the projects in this area were aimed at reducing the sugar content in product recipes (approximately 1000 tonnes less since 2017), curbing the use of plastics—by overhauling packaging to promote the use of paper, glass, and laser branding for certain categories of fruit—and reducing energy consumption. 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, the SPAR 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 boasts a robust sustainable strategy. In 2019, the SPAR Better Choices – Nutrition Guidance Strategy stressed the importance of healthy food education through the disclosure of comprehensive information on quality products, healthy habits, community programmes, children's education, food waste, and nutrition campaigns. The project involved both private label and branded products and was communicated directly inside the stores. The Responsible Retailing Forum, a project that involves several SPAR countries around the world to coordinate sustainability best practices, is now in its second edition.



*2018 information

Despar Italia

In Italy, the Despar brand is managed by 7 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 (province of Bologna). 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 protects the brand, direct contact with SPAR International and the development of the private label products and promotions.

Despar Italia pursues several sustainability projects focused on product innovation as well as social and environmental issues. These projects included making recipes healthier in collaboration with the University of Parma, supporting world-class local products, replacing the plastic packaging of organic salads with a compostable material, and sponsoring the initiatives of certain local communities.



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 Articles of Association and Organisational Model 231/01. Appointing several Managing Directors

has not increased the cost of the corporate structure, given that the Directors receive no payment for the role they hold. The Board approves and supervises the economic and financial planning of business operations through the Management Committee.

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 Articles 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 2021 financial statements.

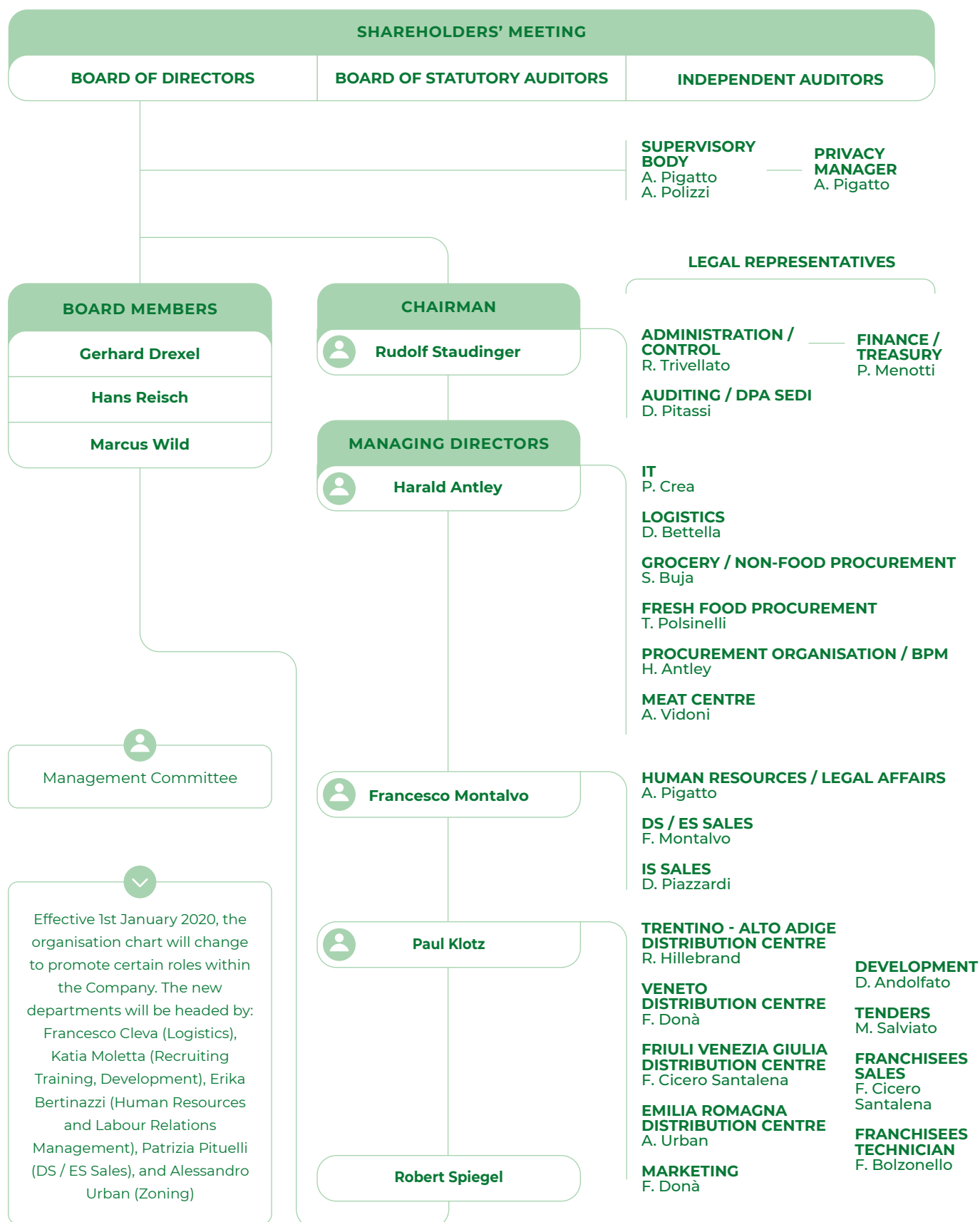
The Board is composed of:

8 members, of which:
5 executives including the Chair.
5 itinerant meetings of the Board in 2019

The meetings in 2019

1 Marketing meeting
9 Retroplanning
10 Sales Committee
20 Executive coordination
5 Management meeting
5 Board of Statutory Auditors
18 Management Committee
1 Meeting between the Independent Auditor and the Board of Statutory Auditors

Organisation Chart | as of 31/12/2019



Management Committee and Legal Representatives

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 by November, it prepares the Company's budget proposal for the following financial year. The budget is updated usually half way through the 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 2019, Aspiag Service relied on 58 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.

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 GDPR, 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 heads of IT and Marketing as well as a Director.

GRI
405 - 1

	Men	Women	Total	Between 30 and 50 years old	Over 50 years old
Board of Directors	8	0	8	0	8
Board of Statutory Auditors	5	0	5	2	3
Management Committee	4	0	4	0	4
Legal Representatives	51	7	58	31	27
Supervisory Body	2	0	2	1	1
Privacy committee	4	0	4	0	4

Voluntary compliance

Compliance is crucial for companies, especially if they are large or engage in activities subject to multiple rules. Besides regulatory compliance, Aspiag Service has voluntarily put several auditing tools in place to ensure quality and safety.

The ISO 14001 and OHSAS 18001 systems as well as

the voluntary food quality audits in accordance with HACCP* systems characterise the high level of performance of the services and products offered. Starting from 2020, these different systems will be coordinated by a single department responsible for all Safety-related issues.



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.

Organisational Model 231/01

Since 2005, Aspiag Service has voluntarily adopted an Organisation, Management and Control Model prepared in accordance with Italian Legislative Decree 231/2001* and updated pursuant to Italian Law 3/2019 as well as Legislative Decree 124/2019, which introduced the criminal offences of illicit traffic of influence and fraudulent billing. The Model encompasses the Supervisory Body, 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, has paved the way for the best practices that the Company has been implementing for some time now, and goes towards the UN's Sustainable Development Goals (SDGs), which Aspiag Service uses as a reference (see page 33). At 31 December 2019, as in the previous two years, no lawsuits or other types of proceedings concerning anti-competitive practices or antitrust or monopoly violations had been initiated against the Company.

GRI
206 - 1

THE SUPERVISORY BODY – COMPLIANCE OFFICE

The Compliance Office acts as Supervisory Body, regulating corporate liability for unlawful administrative acts connected with offences. The Body is composed of an internal and external member pursuant to Italian Legislative Decree 231/01 and is appointed by the Board of Directors every two years. The Compliance Officer oversees the operation and effectiveness of, as well as compliance with, the Model. The C.O. shall also adjust the Model according to the Company's operations and potential regulatory changes, reporting any problems on a regular basis, making preparations for the annual audits, and training employees on the Model. 84 employees received training in 2019. With respect to updates or crime prevention efforts, the C.O. may perform risk assessments for individual areas or operations at risk.

Aspiag Service's employees can report any criminal offences or request information through the specific e-mail address of the Supervisory Body: co_aspiagservice@despar.it.

GRI
205 - 2

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, fairness, protection of Shareholders and creditors, and the professional ethics of Aspiag Service, which guide the Company as well as represent contractual prerequisites for working or dealing with Aspiag Service. Compliance with the Code of Ethics by all parties (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

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 portal.

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 Model, procedures and conduct. The violation of the obligations described therein always constitutes a violation of terms of contract and disciplinary offence from which the Company does not intend to pursue any advantage.

Italian 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.



PESCHERIA



What we do

BUSINESS MODEL

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STRATEGY

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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 products to the retail stores, also with the help of the four distribution centres (Ce.Di.) in Bolzano, Mestrino (province of Padua), Udine, and Castel San Pietro Terme (province of Bologna), which oversee all stores and bring the Company even closer to the local community.

Business model

Our Business Model encompasses the various phases of the distribution system, relationships with stakeholders, as well as the relevant risks and opportunities.

Aspiag Service manages supermarkets with a purely food-based vocation and purchases fast-moving consumer goods (both branded and non-branded products) from suppliers to resell them at its stores and to franchisees. To provide the utmost value to customers, we work with diversified suppliers that meet high quality standards.

The balanced and efficient operation of Governance bodies and the distribution system drives the Company's mission, balancing the expectations of shareholders and the other Stakeholders, the planning and fulfilment of strategic goals, Stakeholder monitoring, the maximisation of opportunities, and risk mitigation.

Supply chain

Aspiag Service maintains its market position also thanks to the sound management of the supply chain, which encompasses all phases—from the selection of suppliers to procurement, and from distribution to retail sales—allowing the Company to effectively achieve its own goals as well as those of stakeholders.

The supply chain generates synergies between the Company's employees and suppliers, curbs costs, reduces environmental impacts, and offers customers guarantees with respect to the quality of the processing and transportation of products.

Purchases

Suppliers are selected according to a customer-oriented approach, pursuing quality products, competitive prices and transparency in relationships.

Procurement management is supported by processes that help 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 the items on sale 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. In 2019 the new Quality Department became operational. It audits suppliers and platforms as well as assesses compliance with regulatory requirements concerning manufacturing and the quality of products and deliveries received from suppliers. Audits at retail stores are carried out by the Food Safety function. The Quality Control function analysed 176 fruit and vegetables items during 2019. Compliance audits for the sale of organic products in bulk were also carried out directly at the platform level by the certification body. This year, at the Top Fresh Retailer awards hosted by Fruitbook Magazine, Aspiag Service was rated as the best Group in Italy's North-east by fruit and vegetable suppliers.

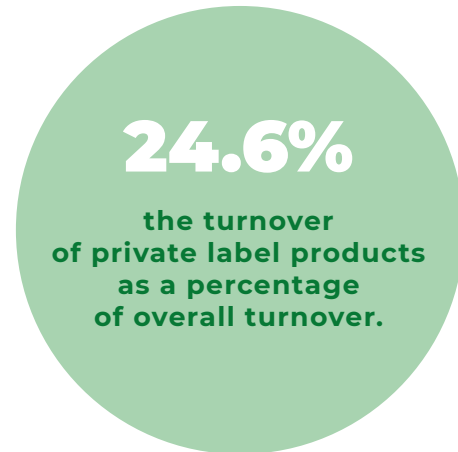


Central purchasing group: a central purchasing group is an organisation that handles the supply contract and the product catalogue, defining product purchase conditions and indirect revenue with the industry.

PRIVATE LABEL PRODUCTS

<http://www.despar.it/it/prodotti-a-marchio-despar/>

The private label products, managed in collaboration with Despar Italia, are products of third-party companies that are sold under the Despar brand. Private label products compete on quality with branded goods and come in different lines or brands. In addition, they place special emphasis on sustainability, coming in a simple and effective packaging—including for disposal purposes—and are based on increasingly healthy recipes (with a gradually lower salt and sugar content, in line with the sustainability projects promoted by the entire Group). 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 2019, the Group finalised a check-list for private label product suppliers in order to promote and monitor their environmental sustainability strategies. Said check-list is now annexed to contractual agreements. In 2019, the Group conducted 38 audits of private label product suppliers, inspecting 530 private label items and 947 labels.



The value of private label products

Private label products have always been the best way to convey values to our customers, such as quality, convenience, innovation and attention to the environment and health. These values are exemplified by the “Friend of the sea” and “Dolphin Safe” labels on the canned tuna line and the increasingly lower salt and sugar content in our recipes, showing our focus on procurement methods and the health of consumers.

CENTRO CARNI - THE MEAT CENTRE

In 2019, Aspiag Service brought all the functions of Bolzano's Centro Carni Superdistribuzione S.r.l. in-house through a merger. As a result, Aspiag Service took responsibility for the production and handling of fresh meat at all direct stores and several franchise stores as well as in the countries where the SPAR brand has a presence. By centralising the processing of red meat and cured meats, Aspiag Service can ensure high quality standards in terms of natural and safe food products. The label of all products features a tracking

number that allows to trace their lifecycle, including information on the birth of the animal and its diet. The meat production phases and the Production Centre are ISO 22000 and OHSAS 18001 certified, respectively. The products on offer go hand in hand with consumer trends, replacing potentially allergenic ingredients with safer ones and promoting organic, sustainable and local food production. The entire supply chain of the main meat categories is audited and sold under the Passo dopo Passo brand.

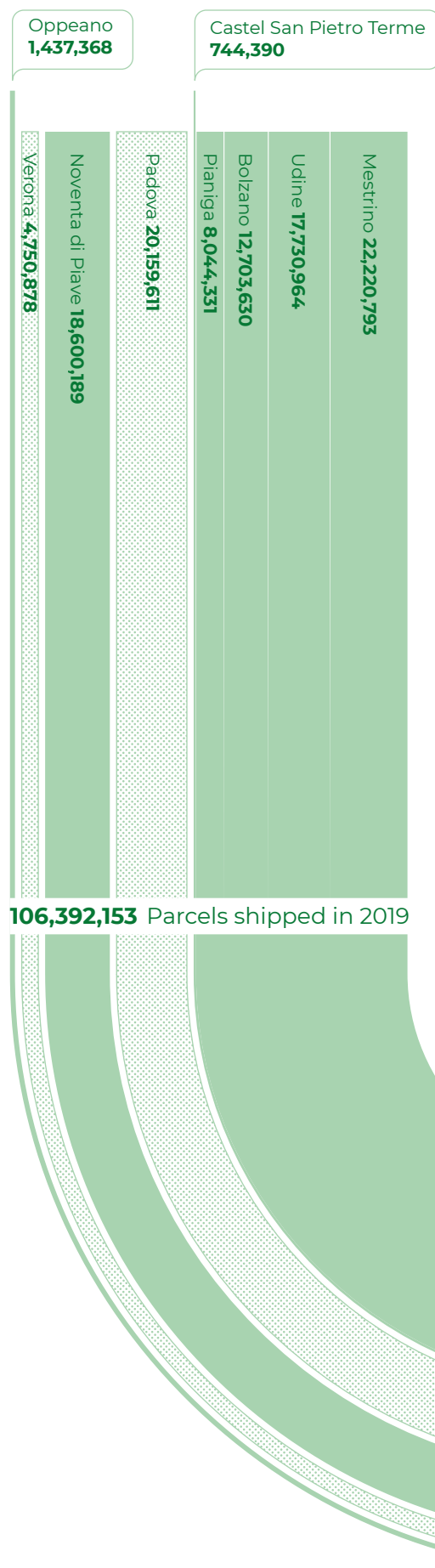
“Passo dopo Passo” supply chain

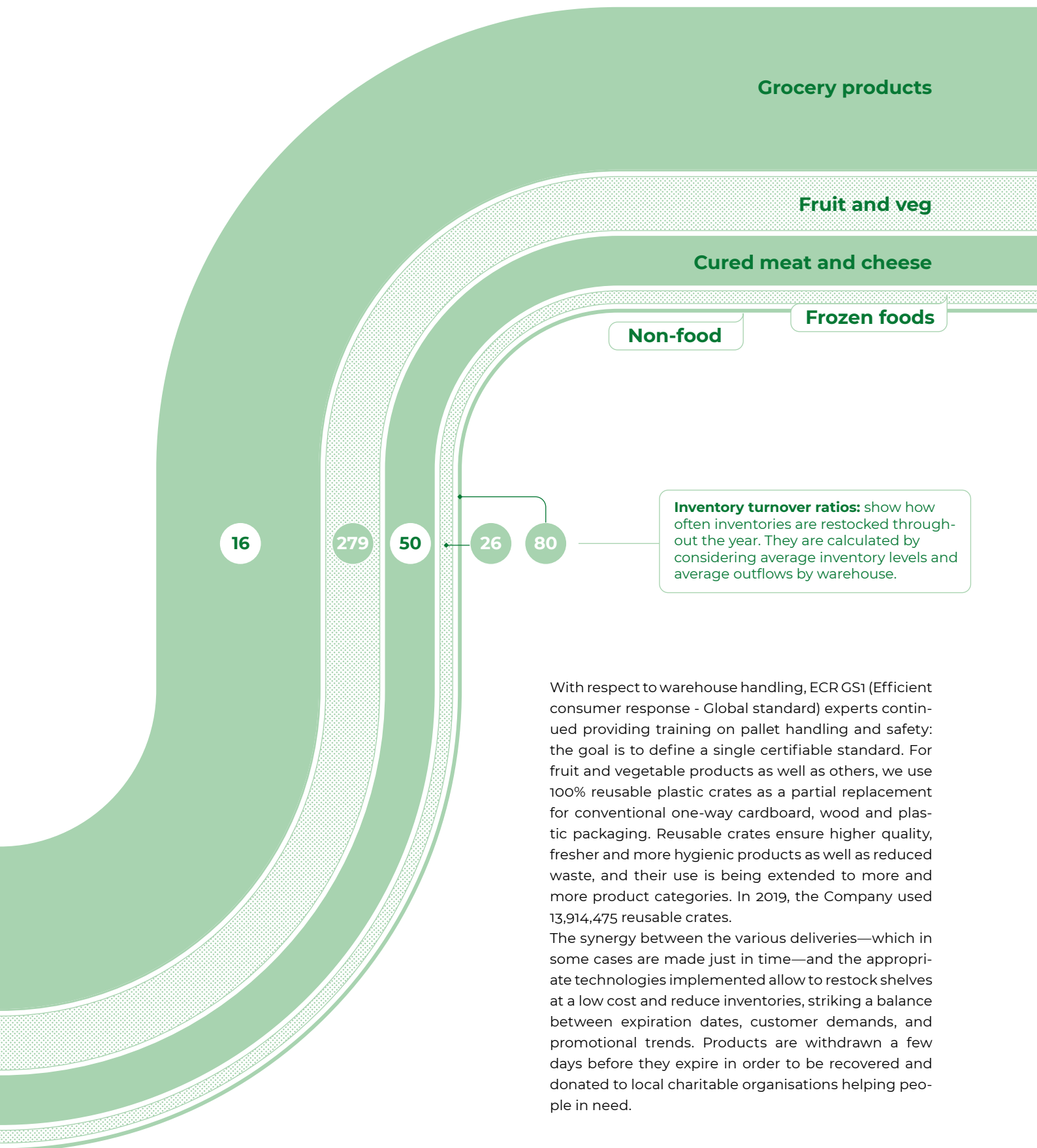
The “Passo dopo Passo” supply chain is a control programme which informs about the origin of meat, fish, fruit and vegetables thanks to the traceability of the production chain. The stamp on the product guarantees food safety and quality through controls from production to sale.

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. As a case in point, in 2019 the Group made 231,327 deliveries with 83,595 distribution trips. To transport our products, we use a fleet of Euro 5 and 6 vehicles equipped with the technology required to store the various items at the right temperature and optimise loads at all times. Aspiag Service can rely on 9 platforms—including 4 Ce.Di.—across the areas it serves that help streamline transportation. The Ce.Di. in Mestrino (province of Padua) is the management and administrative centre for all the group's business activities and the operational base for Veneto. Bolzano's Ce.Di. is the registered office of the Company and manages the Trentino-Alto Adige commercial activities. Udine's Ce.Di. oversees commercial operations in Friuli Venezia Giulia; in 2019, it renovated its cold storage facilities for fresh produce to boost efficiency and the quality of the items handled. The Ce.Di. in Castel San Pietro Terme (province of Bologna) became operational in 2019 to serve the Emilia Romagna region. Each Distribution Centre also features a logistics platform for grocery products.

+8.4%
reusable crates
compared to 2018





Sales

Sales are made through different store formats that meet the various needs of customers but are similar in terms of product quality, widespread presence, and the offering of Despar-branded goods. Besides directly operating stores, Aspiag Service supplies franchise retailers, giving them the know-how required to operate under the Despar brand. The formats have the following features:



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 sales process across all channels is aimed at building relationships with customers by offering not only quality products but also an innovative and welcoming store with the technology and communication tools required to make it sustainable and accessible to everyone.

The evolution of the Interspar format

In 2019, our stores underwent important changes. One of them was the evolution of the Interspar format ushered in by the new Interspar in Carpi. This project, developed in partnership by the sales, marketing, procurement, and tender areas based on market trends, the type of customers, and the latest technological innovations, consisted in a complete overhaul of the format—from the structures to lighting, aisles, and the sections managed as welcoming shops where the priority is providing the best possible service to customers. The counters have been redesigned to meet customer mobility needs and improve the turnover of products, making them fresher. In the fruit and vegetables section, the emphasis is on organic products in bulk, with wooden crates positioned in such a way as to help the customer and an open laboratory for the preparation of fruit and vegetables ready to be eaten. With respect to non-food items, the store features customised thematic areas (household goods, stationery, toys, pet food), creating a shop-in-shop that changes every month.

Also new are the LED signs that guide customers throughout the store during their shopping experience and give advice based on the section they are in.

All these innovations are in addition to the features that have been characterising the stores for years now, such as the use of photovoltaic systems, certified green energy sources, and heat recovery systems resulting in energy savings.

SALES AREAS

Development efforts focused especially on the Despar and Eurospar brands. Specifically, the latter boasts the largest surface areas—a testament to the success of the medium-sized format.

Sales area (sq. m)	Emilia Romagna	Friuli Venezia Giulia	Trentino-Alto Adige	Veneto	Total
Despar					
Direct	2,253	13,085	13,125	10,518	38,981
Franchisees	15,948	14,416	34,952	20,187	85,503
Eurospar					
Direct	13,304	56,548	31,611	43,360	144,823
Franchisees	1,850	6,741	4,238	9,501	22,330
Interspar	13,159	15,780	13,639	72,570	115,148
Indipendent	-	622	-	200	822
Total	46,514	107,192	97,565	156,336	407,607
Direct	28,716	85,413	58,375	126,448	298,952
Franchisees	17,798	21,779	39,190	29,888	108,655

Note: Interspar stores are all directly operated, whereas independent stores are exclusively franchisees.

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, franchising 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.

PDA - Personal Digital Assistant
















The sales process and customer service are constantly improving thanks to the research into innovations conducted by the sales area. This year, the introduction of PDAs at both direct and franchise stores has revolutionised the quality of the work performed there. The PDA is an Android-based tool that replaces the PDT and allows to update trends, inflows of goods, offers, rejected products, and much more so as to plan orders more rationally. The new application has allowed to eliminate measurement errors on over 390,000 orders placed by employees. This new system has significantly reduced waste and breakages within the store, especially in the fresh produce section. Moreover, the availability of information on the device allowed to cut the production of the paper listings required under the previous system by 20%, in line with Aspiag Service's values.

61.26

Tonnes of paper saved thanks to the PDA

Stakeholder engagement

Aspiag Service considers it key to maintain relationships with stakeholders in order to meet their expectations. Their demands, showed below alongside the methods used to engage with them, the material topics emerged from discussions, and the method used to measure the level of cooperation, are the result of our regular listening process.

Our stakeholders	How we engage with them	Material topics emerged	
Management Includes Shareholders and Managing Directors.	<ul style="list-style-type: none"> Regular meetings with the heads of business functions 		  Customer satisfaction  Company reputation
Customers Customers shopping at our stores.	<ul style="list-style-type: none"> Directly at the retail store, with the Despar Tribù App, advertising displays and LED walls, 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 		 Customer satisfaction  Company reputation
Franchisees Local businesspeople 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 persons 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 	 Reduction of environmental impact	 Company reputation
Employees Fundamental resource enabling the achievement of objectives through professionalism, competence and wellbeing.	<ul style="list-style-type: none"> Internal climate surveys Online house organ "InDespar" within the Despar Tribù App Health and Caregiving projects 		 Company reputation
Banks Financial partners that provide economic support to the Company.	<ul style="list-style-type: none"> Periodic meetings at the Company and at their offices Annual press conference for the presentation of company data 		 Company reputation
Representative associations Trade associations and trade unions that engage in discussions and support industry analyses.	<ul style="list-style-type: none"> Obligatory and periodic exchange and sharing of information Relations with Federdistribuzione 		 Company reputation
Competitors Large Scale Distribution companies that can influence the reference market and our performance.	<ul style="list-style-type: none"> Contacts via Federdistribuzione 		 Company reputation
Public Administration and Community They are the reference for the main authorisations and the communities affected by the opening of a store or other business operations.	<ul style="list-style-type: none"> Periodic meetings of local authorities Web and press monitoring Activities with schools 	 Reduction of environmental impact	 Company reputation
Universities 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 and working groups 		 Company reputation

Paying attention to the requirements of the context in which we operate, engaging with stakeholders, means pursuing transparency and sound management. The materiality matrix on page 81 shows all the material topics emerging for each stakeholder.

				How we measure
Employee training	Company ethics	Sales network growth	Financial performance	<ul style="list-style-type: none"> Economic value distributed Customer satisfaction Employee training hours ISO 14001 and OHSAS 18001 Sales network Net sales Market share
Employee training	Product quality and safety Privacy/data protection	Sales network growth Innovation in offer and services		<ul style="list-style-type: none"> Customer satisfaction Press and web corporate image Employee training hours Voluntary quality analysis and controls No. of customer data breaches Sales network Degree of diversification and supply coverage
		Sales network growth	Financial performance	<ul style="list-style-type: none"> Sales network Net sales
	Product quality and safety Company ethics		Financial performance	<ul style="list-style-type: none"> Consumption and emissions Economic value distributed Voluntary quality analysis and controls ISO 14001 and OHSAS 18001 Net sales
Job security Employee training Employee safety and wellness			Financial performance Support to local communities	<ul style="list-style-type: none"> Economic value distributed Turnover Employee training hours Injury and disease rate EBITDA % Fines for non-compliance
		Sales network growth	Financial performance	<ul style="list-style-type: none"> Credit lines and uses Sales network Cash flow
Job security Employee safety and wellness Employer attractiveness			Financial performance	<ul style="list-style-type: none"> Economic value distributed Turnover Injury and disease rate Recruits in the new retail stores Market share
			Financial performance	<ul style="list-style-type: none"> Press and web corporate image Market share
Employer attractiveness	Company ethics	Sales network growth	Support to local communities Financial performance	<ul style="list-style-type: none"> Consumption, emissions, waste No. of sponsored events Geographical distribution of employees ISO 14001 and OHSAS 18001 Sales network Fines for non-compliance Net investments
Employer attractiveness				<ul style="list-style-type: none"> Internships and recruiting Recruits in the new retail stores

Risks and opportunities

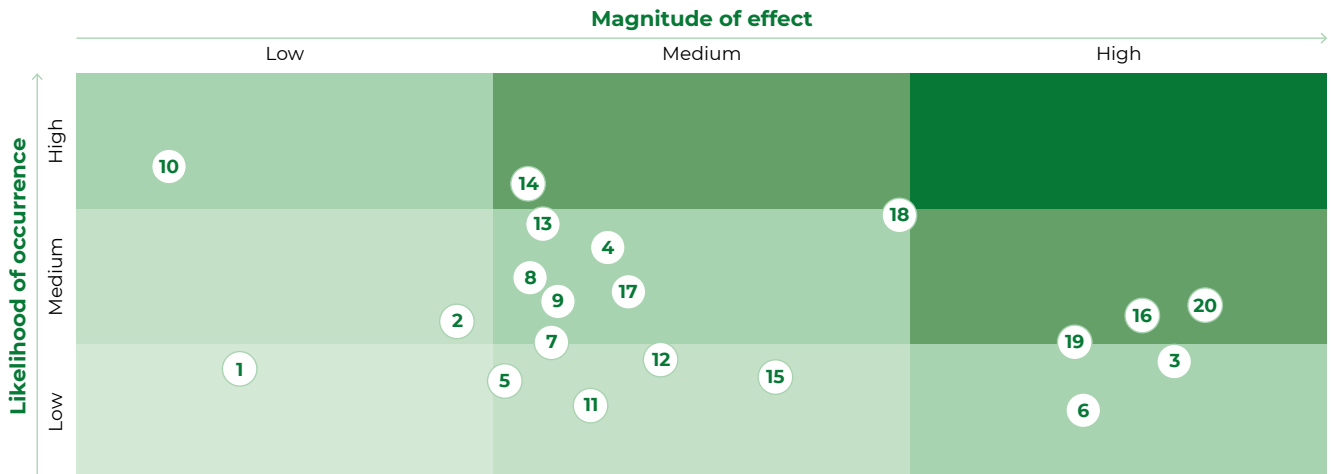
While carrying out our activities we are exposed to both the risks associated with the external macro-economic system and the risks arising from strategic choices within the Company, which can affect the creation of value over time. The directors, assisted by the Supervisory Body and the Internal Audit 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, once taken the necessary measures to

mitigate it, the potential impact on value creation for the Company, have been identified (matrix on page 31).

The following table shows, for each risk class, the stakeholders concerned, the measures taken to mitigate each risk, and the 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 (promoting healthy lifestyles, short supply chains, e-commerce, raising awareness on environmental issues, expanding into new areas, etc.).

Risk	Stakeholder	Measures for mitigating the risk	Indicator
Risk class: Compliance			
1 Environmental	Community	<ul style="list-style-type: none">Environmental ManagementISO 14001 certificationOrganisational Model 231/01	<ul style="list-style-type: none">Consumption and emissionsWaste producedExpenditure on environmental protectionFines for environmental non-compliance
	Company		
2 Privacy	Customers	<ul style="list-style-type: none">Privacy data controllerPrivacy committee	<ul style="list-style-type: none">No. of customer data breaches
	Employees		
	Suppliers		
3 Food safety	Customers	<ul style="list-style-type: none">Selection and careful management of suppliersMonitoring of the quality of supplies, goods and customer servicePresence of an internal Food Safety officeMapping of the supply chain	<ul style="list-style-type: none">Quality analysis and controlFines 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">Fines for non-compliance with laws and regulationsFines for environmental non-compliance
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 Regulatory compliance	Public Administration	<ul style="list-style-type: none">Updating and trainingPresence of an internal legal officeFrequent relations with lawyers and consultants	<ul style="list-style-type: none">Fines for non-compliance with laws and regulationsC.O.'s annual report*
7 Occupational safety	Employees	<ul style="list-style-type: none">OHSAS 18001 certification for occupational health and safety management systemAd hoc training of employees on safety in the workplaceManagers' inspectionsSigning of ad hoc insurance contracts	<ul style="list-style-type: none">No. of work-related injuries and days lost for injuriesInjury and disease rateAbsenteeism rate
8 Corruption / competition / anti-trust	Company	<ul style="list-style-type: none">Organisational Model 231/01Establishment of the Supervisory Body	<ul style="list-style-type: none">No. of employees trained on Model 231/01No. of legal actions for anticompetitive behaviour, anti-trust, and monopoly practices
	Competitors		
Risk class: Financial			
9 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 supplyConstant monitoring of receivables, monthly estimate of the allowance for doubtful accounts	<ul style="list-style-type: none">Average net sales per franchiseePerformance of the allowance for doubtful accounts*
10 Receivables from end consumers	Customers	<ul style="list-style-type: none">Immediate takings from sales	<ul style="list-style-type: none">Cash differences*Average receipt



Risk	Stakeholder	Measures for mitigating the risk	Indicator
11 Liquidity	Banks	<ul style="list-style-type: none"> Periodic evaluation by the management of the financial and economic balance (liquidity generated and financial need) 	<ul style="list-style-type: none"> Credit lines and uses
12 Rate	Banks	<ul style="list-style-type: none"> Hedging transactions with derivative instruments Appropriate number of banks we rely on 	<ul style="list-style-type: none"> % fixed rate debt and % variable rate debt*
Risk class: Operational			
13 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 - disaster recovery measures 	<ul style="list-style-type: none"> Costs for innovation / maintenance of IT systems
14 Strategic / Commercial	Company	<ul style="list-style-type: none"> Analysis of offer alignment with market demand 	<ul style="list-style-type: none"> Market share trend Trade payables/receivables*
	Suppliers	<ul style="list-style-type: none"> Monitoring of the costs incurred for the commercial policy over the results obtained 	
15 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 Employee turnover
Risk class: Market			
16 Price	Customers	<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"> Customer satisfaction Market share trend Degree of diversification and supply coverage
	Competitors		
	Suppliers		
17 Asset evaluation	Company	<ul style="list-style-type: none"> Periodic impairment analysis 	<ul style="list-style-type: none"> Write-down of fixed assets*
18 Theft	Company	<ul style="list-style-type: none"> Investments in anti-theft devices, internal/external surveillance service 	<ul style="list-style-type: none"> Loss of receipts and theft*
19 Fraud	Company	<ul style="list-style-type: none"> Adoption of the Organisational Model 231/01 Establishment of the Supervisory Body 	<ul style="list-style-type: none"> C.O.'s annual report*
20 Reputational	Company	<ul style="list-style-type: none"> Monitoring of the quality of supplies and goods and customer service Continuous technological and process innovation to increase the efficiency of the offer 	<ul style="list-style-type: none"> Economic value distributed Value and no. of sponsorships Market share trend
	Community		
	Competitors		

*The indicators marked with an asterisk are detailed in the Annual Financial Statements.

Strategy

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 (market share increase), 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 community in which we operate. We look after our people and promote their professional growth so as to deliver a better service to customers. Satisfying customers requires pursuing high quality standards as part of our offerings and initiatives as well as generating new financial resources necessary to open new stores or modernise existing ones, resulting in increased market share and greater value added for 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 18.54% according to Trade Miss Nielsen Grocery Hyper/Supermarket source data. In line with the develop-

ment in new areas, an expanded trading area, including Emilia Romagna, is considered, with a share higher than the previous years. The actual data of the Trade Miss Nielsen Grocery Hyper/Supermarket source indicate a market share of 11.43%.

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

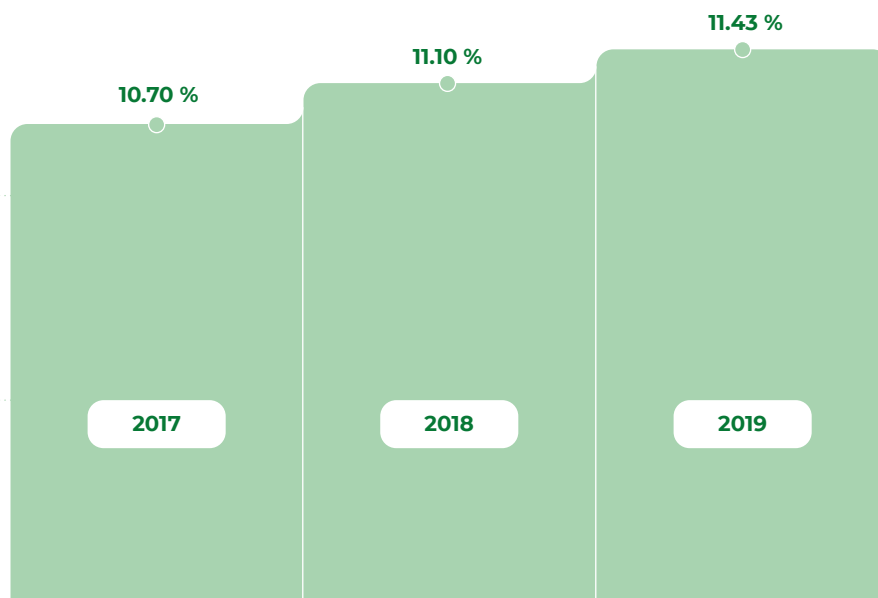


◆ MARKET SHARE

12

10

8

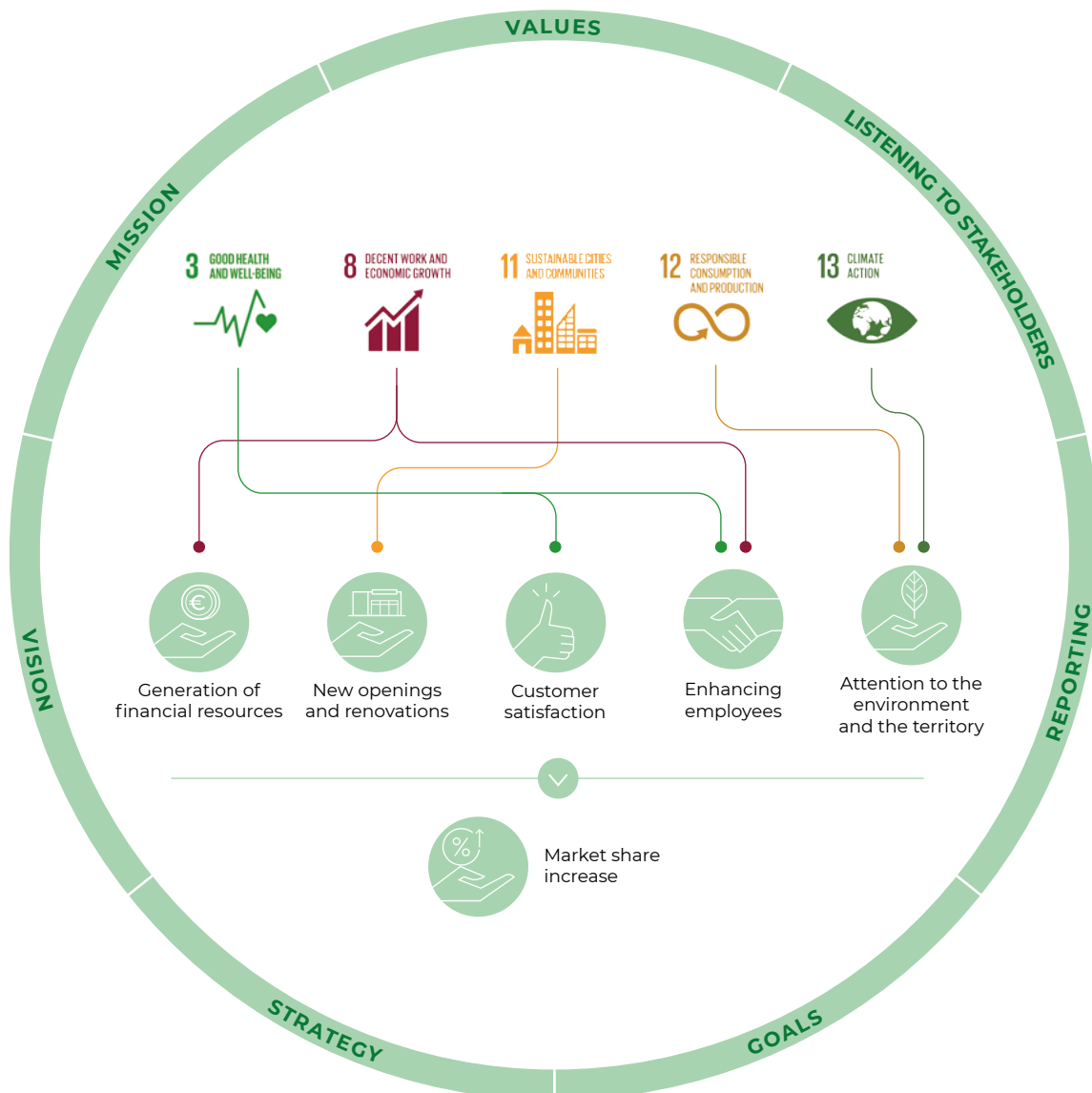


Commitment to sustainable development

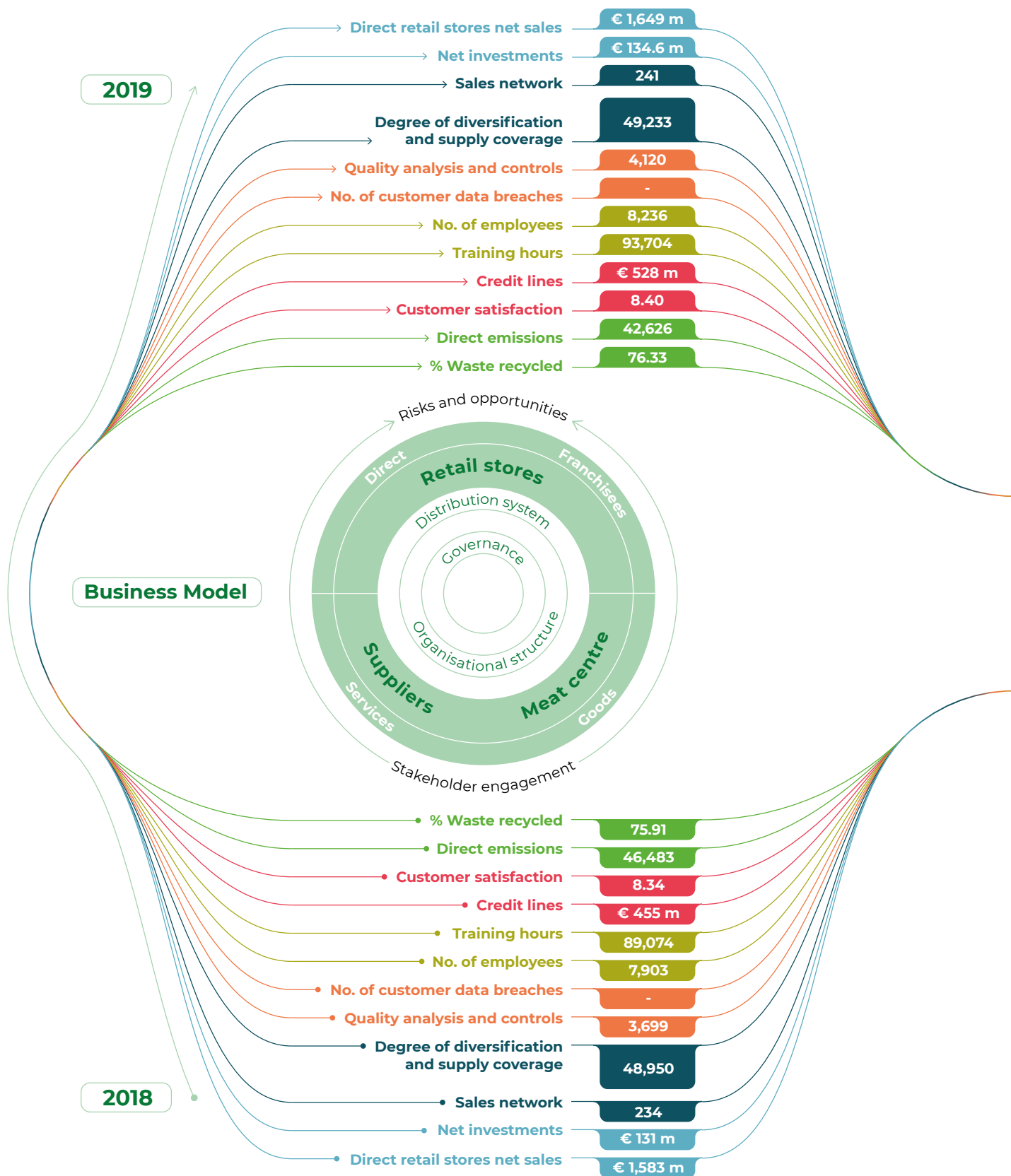
The Company has been committed to sustainability for years now. Aspiag Service is in line with the sustainable development programme of the UN's 2030 Agenda, which sets out 17 goals—divided into 169 targets—to promote fair and long-term global growth.

Our strategy as well as our operating-financial and social-environmental performances disclosed in this document show all stakeholders how the topics promoted by the SDGs are deeply rooted inside the Company and match its mission, vision, and values. Aspiag Service's deliberate decision to pursue the

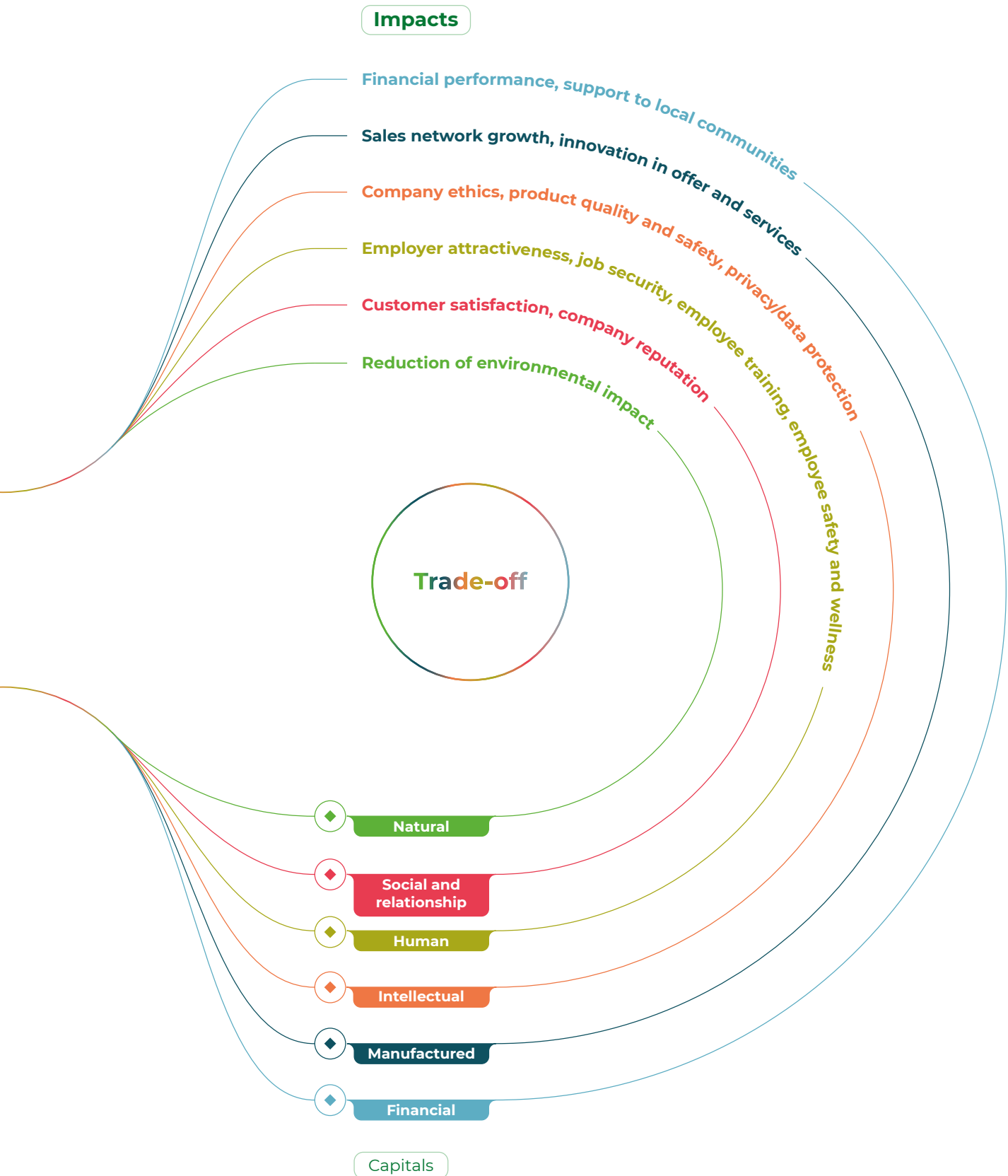
Sustainable Development Goals most relevant to its business has led it to prioritise 5 SDGs and the relevant targets, which guide the Company's approach to sustainability: Good health and well-being, Decent work and economic growth, Sustainable cities and communities, Responsible consumption and production, and Climate action. Business operations indirectly concern also the remaining SDGs. For more information, the Annexes include a table summarising and reconciling all 17 SDGs and the relevant references in this Report (page 86).



Creating value over time



The core of the organisation is its business model, which leverages capitals (inputs) to convert them into outputs through business operations. Business operations and the relevant impacts in turn affect the capitals. The 2018 outputs serve as the inputs for 2019. The chart does not show all indicators, but rather only some of those discussed in the section on “Performances”.





What we did

PERFORMANCE

39

Aspiag Service's performances show what it has done in the past year in financial as well as social and environmental terms through certified qualitative and quantitative data that are consistent with the annual financial statements.

The first part includes a graphical representation of the financial statements (income statement, balance sheet, and cash flow statement) representing the annual results.

The following part presents the performances broken down by strategic objective through texts, three-year datasets, highlights, and focus boxes.

Net sales

€ 1,909,292,087
(€ 1,826,228,256)

Gross margin

€ 649,550,598 (€ 599,767,566)

EBITDA

€ 103,469,569 (€ 100,677,511)

Despar

€ 226,856,388 (€ 223,179,197)

Eurospar

€ 757,815,783 (€ 712,726,065)

Other revenues

€ 30,391,421 (€ 30,036,795)

Interspar

€ 664,927,227 (€ 647,138,337)

Franchisees

€ 244,251,878 (€ 233,293,306)

Other sales

€ 15,440,811 (€ 9,891,351)

Total costs

- € 546,081,029 (- € 499,090,055)

Cost of sales

- € 1,290,132,910 (- € 1,256,497,485)

*The amounts in brackets refer to 2018.

EBIT
€ 41,618,991 (€ 39,051,385)

Net financial operations,
 adjustments to financial
 assets
€ 484,924 (€ 2,027,863)

EBT
€ 42,103,915 (€ 41,079,248)

Net profit
 for the year
€ 31,838,407
 (€ 30,942,487)

Amortisation, depreciation
 and write-downs
- € 61,850,578 (- € 61,626,126)

Current and deferred taxes
- € 10,265,508 (- € 10,136,761)

Performance

CFO's Comment on the Results

INCOME STATEMENT (RECLASSIFIED)

With €31.8 million in net profit and turnover up 4.6%, our company continues performing positively, bucking the trend of the reference market as consumption remains stagnant.

The 2019 results show that both turnover and gross margin received a boost from newly opened stores, which bolster our presence throughout the trading area. This growth was also positively affected by the merger of Superdistribuzione S.r.l., a meat processor and cured meat producer, into Aspiag Service. Business overhead expenses were up overall.

The increase in staff costs was associated with the expansion of the sales network and the acquisition

of the Meat Centre as well as the entry into force of the new national collective bargaining agreement. Distribution expenses reflected the expansion of the sales network and the resulting greater number of parcels handled. Meanwhile, other operating costs reflected a change in energy costs associated with higher electricity rates, the new operations of the Meat Centre, and greater maintenance costs following the replacement of high-impact refrigerant gases. Finally, EBT benefited from the positive performance of financing activities as the Company secured better terms on new and existing loans, laying the groundwork for 2020.

Tangible fixed assets **€ 836,778,670** (€ 753,309,322)

Financial fixed assets **€ 76,322,001** (€ 89,008,525)

Intangible fixed assets **€ 76,201,677** (€ 80,708,150)

Inventories **€ 136,715,057** (€ 126,496,833)

Receivables **€ 184,086,663** (€ 175,610,366)

Cash and cash equivalents **€ 38,251,442** (€ 42,081,951)

Prepayments and accrued income **€ 6,937,259** (€ 7,341,474)

Total assets **€ 1,355,292,769** (€ 1,274,556,621)

*The amounts in brackets refer to 2018

BALANCE SHEET

To remain competitive and ensure the long-term viability of our business, we endeavour to strengthen our market presence and focus on sustainable investment opportunities.

Accordingly, the Balance sheet shows this commitment. With respect to assets, tangible fixed assets reflected the expansionary policy pursued in the last few years on the one hand, and on the other hand, the investments made for the new agri-food hub, which is nearing completion. As for current assets, inventories were up because of the greater number of stores

and the liquidity deferred as a result of the increased VAT credit. Likewise, with respect to liabilities, financial payables rose, even if not proportionately, to support investments in the sales and distribution network, whereas trade payables were affected by the contribution from the merged entity.

Finally, equity grew as the company is constantly reinvesting profits (the dividend payout ratio is negligible), which shows its willingness to expand into new markets and promote the future growth of the business.

Accrued liabilities and deferred income **€ 159,950** (€ 516,587)

Provisions for risks and charges **€ 21,584,526** (€ 20,309,629)

Employee severance indemnity (TFR) **€ 26,438,481** (€ 28,008,281)

Shareholders' equity **€ 627,197,782** (€ 600,228,898)

Payables **€ 679,912,030** (€ 625,493,226)

Total liabilities **€ 1,355,292,769** (€ 1,274,556,621)

CASH FLOW STATEMENT

Continuing operations saw a €21.1 million decline in cash and cash equivalents, with a value of €38.3 million at the end of the period.

During the year, the core business generated €92.8 million in operating cash flows and saw €148.2 million used in investing activities. These outflows were associated with the 8 new direct retail stores, the modernisation of the existing sales network, the continuation of construction work on the new logistics infrastructure, and the €12.6 million acquisition of 50% of Superdistribuzione.

Finally, financing activities generated a net €34.3 million resulting from principal repayments on outstanding loans and the new loan agreements entered into during the year, as well as the €5 million dividend paid to the sole shareholder.

Overall, the company is financing investments with the resources generated from business operations as well as by tapping the banking system.

The following pages provide additional information to help understand the Company's results, allowing to make assessments and projections about our performance as well as showing the way we work and tackle challenges.

Raffaele Trivellato, CFO

Corrections
for non-monetary elements
+ € 84,890,669 (+ € 79,014,798)

Taxes, interest and capital gains
from operating activities
+ € 12,997,420 (+ € 14,011,222)

Net profit for the year
+ € 31,838,407 (+ € 30,942,487)

Cash and cash equivalents from
merger with Superdistribuzione S.r.l.
+ € 17,274,532

Cash and cash equivalents –
beginning of the year
€ 42,081,951
(€ 49,892,005)

Financial activities

+ € 34,337,904 (+ € 64,705,971)



Cash and cash
equivalents –
end of the year
€ 38,251,442
(€ 42,081,951)

Investment activities

- € 148,229,155 (- € 133,027,306)

Net working capital variations

- € 36,940,285 (- € 63,457,226)

*The amounts in brackets refer to 2018



Generation of financial resources

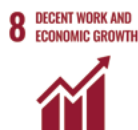


MATERIAL TOPICS

- Financial performance
- Company reputation
- Company ethics



SDGs



5.42%
EBITDA

55.11%
CREDIT LINES USE

€ 2,095 m
DIRECT ECONOMIC VALUE GENERATED

The ability to generate financial resources allows to remain in the market and drives financial strength, 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 Parent Company, which has financial leverage of its own, and the surplus of loans received from banks—evidence of the trust placed in our Company. All this enables us to achieve the agreed goals and creates a virtuous cycle between the return on sales and investments. We are working on ways to make and receive payments together with credit institutions by leveraging the opportunities offered by digitisation.

The Company holds regular meetings with lenders to discuss its financial performance, financial position and cash flows, and presents them with data from the

financial statements, the business plan, the budget, and the Integrated Report on an annual basis. ♦

Aspiag Service remains consistent with its choices when it comes to sustainability also as part of its financing activities, and prefers working with lenders that have implemented policies and decisions in this sense. The Company's financial performance improved once again in 2019. Net sales were up at both direct and franchise retail stores, rising +4.2% and +4.7%, respectively. Average spending was in line with 2018, and Eurospar accounted for the lion's share of the total.

The economic value distributed by Aspiag Service in 2019, which particularly affects the Company's suppliers and employees, grew by 4.6%. Once again this year, part of the economic value generated was distributed to Shareholders as dividends. The value generated and distributed within our trading area promoted the growth of business operations as well as small- and medium-sized firms in our community, in line with the targets of SDG 8.

◆	2019	2018	2017
EAT (Net profit for the year - Earnings after taxes)(€)	31,838,406	30,942,487	30,719,908
EBITDA %	5.42%	5.51%	6.01%
CASH FLOW (€)	129,022,031	123,968,507	127,789,793

◆ Credit lines and uses (€)	2019	2018	2017
Credit lines	527,982,418	455,371,155	509,140,021
Uses	290,982,407	256,821,716	192,115,315
% of credit lines use	55.11%	56.40%	37.73%



◆ Direct retail stores net sales (€)	2019	2018	2017
Despar	226,856,388	223,179,197	218,621,021
Eurospar	757,815,783	712,726,065	671,775,032
Interspar	664,927,227	647,138,337	623,598,293
Total	1,649,599,398	1,583,043,599	1,513,994,346

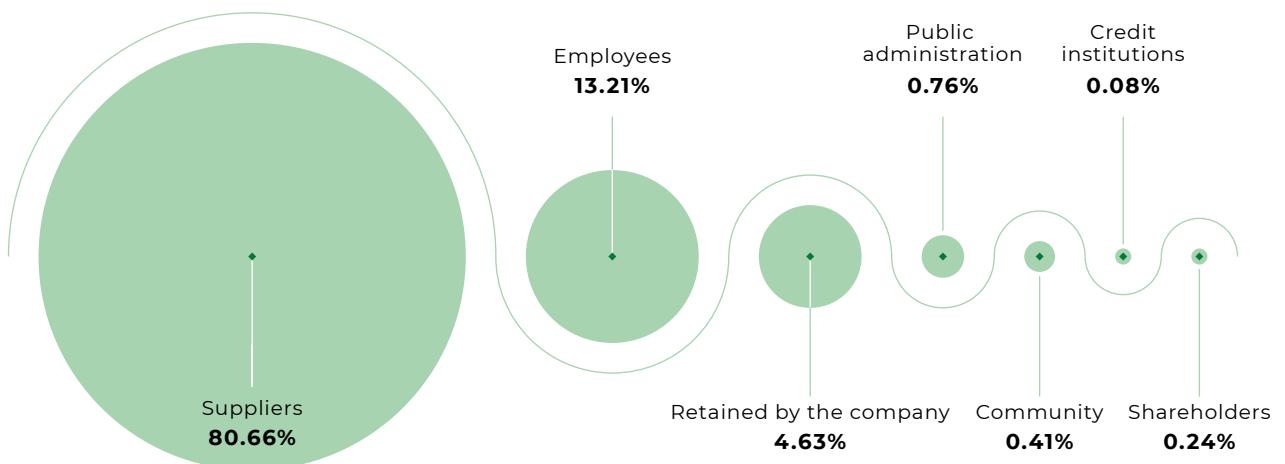
◆ Net sales to franchisees (€)	2019	2018	2017
Net sales to franchisees	244,251,878	233,293,306	228,430,341
Average net sales per franchisee	733,489	688,181	665,978

◆ Average receipt (€)	2019	2018	2017
Despar	11.12	11.23	11.59
Eurospar	19.33	19.11	18.97
Interspar	27.56	27.65	27.70

Direct economic value generated and distributed (€)	2019	2018	2017
◆ Direct economic value generated	2,095,602,284	2,003,755,820	1,923,567,035
a) Revenues	2,095,602,284	2,003,755,820	1,923,567,035
◆ Economic value distributed			
b) Operating costs	1,690,340,631	1,618,101,959	1,546,723,584
c) Remunerations and benefits*	276,870,450	264,855,078	251,599,395
d) Payments to credit institutions	1,718,433	1,756,202	4,055,542
e) Payments to the Public Administration	16,005,456	16,095,039	17,203,986
f) Investments in the community	8,650,683	8,317,543	7,305,492
g) Dividends to Shareholders	5,000,000	1,000,000	0
Economic value distributed	1,998,585,653	1,910,125,821	1,826,887,999
Economic value retained	97,016,631	93,629,999	96,679,036
of which net profit for the year	31,838,407	30,942,487	30,719,908

* The line item "Remuneration and benefits" differs from the staff costs reported on the Income Statement because it accounts also for the donations made to employees.

GRI
201-1





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 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. The Company sees innovation as 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 Growth activities, set out in a Three-Year Growth Plan, pursue this goal through the Company's expansion or the acquisition of other super-market 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 (both Despar and the competition) and planned future openings. Relationships with entrepreneurs, the public administration, local authorities, brokers, and others drive the Company's expansion, acquisitions, or leases as well as the award of real estate construction contracts.

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. Similarly, we renovate urban areas or former industrial areas to enhance them by opening new stores.

The spaces inside the stores are revised on a regular basis and seek to always provide a functional and comfortable environment without any obstacles, architectural barriers, and unpleasant architecture. The sales network continued expanding in 2019 as part of a sustainable strategy that we have been pursuing for years now: in the investment approval project, we include the best solutions in terms of sustainability and rule out technological solutions that are either unsustainable or not aligned with the Company's values.

We continued consolidating our presence in Emilia Romagna through intense communication, sponsorship and engagement efforts as well as by opening new stores in Romagna. This did not mean leaving the other regions behind: all of them saw new openings as well as renovations or acquisitions—resulting in a proportionate increase in employment within the trading area and a type of growth in line with the Company's sustainability practices.

In addition to developing its stores as usual, Aspiag Service continues making significant investment also to consolidate the future agri-food hub. It has also invested heavily in technology to innovate its stores.

Our investing activities, which totalled €134.6 million in 2019, 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.



2019 saw the opening of **8 new direct stores**, adding a combined **10,650 sq. m** of new retail sales area:



- Trieste Piazza Unità d'Italia
- Misano (RN)
- Padua Prato della Valle



- Padua via Cernaia
- Mignagola di Carbonera (TV)
- Verona via Angelo Emo



- Rovereto (TN)
- Carpi (MO)

◆ Net investments (€)	2019	2018	2017
New openings	20,744,128	26,226,142	45,165,778
Renovations	8,390,329	6,931,192	16,207,977
Investments in the upcoming opening of retail stores	31,078,864	24,483,114	32,763,854
Other types of investment*	74,352,881	73,249,451	48,771,529
Total net investments	134,566,203	130,889,899	142,909,139
* of which costs for innovation and maintenance of IT systems	3,919,704	4,722,901	9,255,854

Note: total net investments are the result of cash flows from investing activities (€148,229,155) less financial fixed assets (€12,649,475) and capital gains on the disposal of assets (€1,013,479).

◆ Sales network	2019	2018	2017
Despar	82	80	79
Eurospar	120	117	112
Interspar	39	37	37
Total direct	241	234	228
Franchisees	333	339	343
Total	574	573	571

◆	2019	2018	2017
Recruits in the new retail stores (headcount)	307	247	336

Safeguarding the architectural heritage

Some of the most significant new openings of 2019 were the Despar store in Trieste's Piazza dell'Unità d'Italia and the one in Padua's Prato della Valle. These stores are in two of the world's most striking locations and stand out for the quality of the architectural heritage that was restored.

Despar in Trieste's Piazza dell'Unità d'Italia

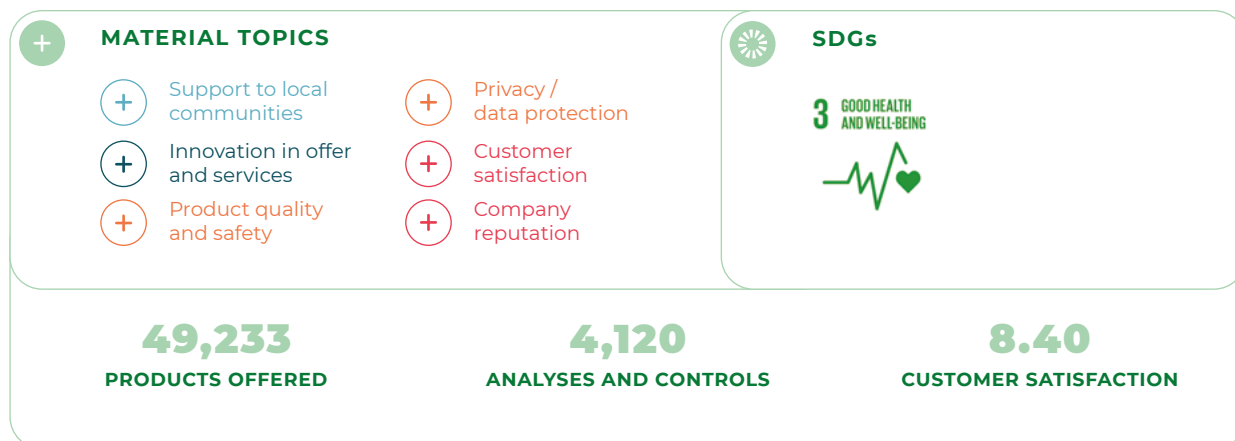
Even though it is very small, this Despar not only offers a large number of products, but also retains the elegance of the store, as it was specifically designed to be welcoming and pleasant, but not chaotic. The new store faces the square and was restored without any invasive work, so as not to alter the appearance and flow of the location.

Despar in Padua's Prato della Valle

The new Despar in Padua's Prato della Valle sits inside Padua's former Foro Boario, which was restored and renovated thanks to a series of interventions and new openings. Our store stands out for its extremely peculiar structure and a layout that is fitting of the historic setting. Two large glass windows constantly bring in natural light and give a view of the spectacular square. The indoor space is modern and elegant: the nearly 500 sq. m surface area houses 7,000 items and 25 employees, nearly all of them new hires.



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. These product categories are on the rise and increasingly aligned with other categories in terms of pricing and shelf positioning.

2019 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. Specialist staff also supervise organic and Free From products, which require more and more attention and care.

◆ Degree of diversification and supply coverage	2019	2018	2017
Despar	14,578	14,552	14,053
Eurospar	25,321	25,358	24,293
Interspar	49,233	48,950	44,875

Note: the average number of items on sale in the retail stores per brand.

◆	2019	2018	2017
Assortment choice	8.82	8.42	8.64

◆ Number of receipts	2019	2018	2017
Despar	20,407,892	19,875,772	18,865,959
Eurospar	39,210,213	37,302,069	35,406,094
Interspar	24,126,951	23,400,590	22,510,412
Total	83,745,056	80,578,431	76,782,465

FOOD SAFETY

Food safety and quality are guaranteed by a careful selection of suppliers and by the prior definition of their structural and management prerequisites. These prerequisites must ensure the utmost respect for the hygiene rules in the production, handling and storage of food throughout the supply chain.

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.

The result of the fight against vermin, 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, is available online.

Marketed products can be tracked through all stages of distribution, as required by art. 18 of Regulation (EC) 178/02. Rapid procurement and distribution ensure products stay fresh, as they are stored with state-of-the-art equipment. 2019 saw an expansion in the number of stores where organic products are sold in bulk. The several internal inspections carried out

are supported by additional inspections performed by certified external bodies and include also those conducted at the Meat Centre. In 2019, 363 cases of non-compliance were found—down compared to the previous year—which gave rise to €37,172 in administrative fines. During the year, there were no non-monetary sanctions or cases settled out of court. Expenses were up once again because of the new Quality Department, which became operational in early 2019, and the greater number of analyses performed. The voluntary controls to ensure the health and safety of our customers are in line with the target 3.d of SDG 3. A working group on Food Safety - Quality Control has been set up at Despar Italia's office. This includes all Despar franchisees in Italy in order to coordinate operations and create benefits across the board for private label products. It is possible to manage all information about, and any non-compliance issues related to, said products from the Consortium's portal.

The Food Safety function has also worked together with Federdistribuzione on the manual on good hygienic practices for Large Scale Distribution companies, which was finalised this year and updates inspections as well as food storage practices.

◆ Voluntary quality analysis and controls	Samples analysed	Non compliant	% Non compliant
2019			
Product analyses	1,605	179	11%
Superficial swabs	2,515	184	7%
Total	4,120	363	
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	

◆ Current expenses for food quality (€)	2019	2018	2017
External	351,342	212,525	230,128
Internal	415,854	352,602	252,757
Total	767,196	565,126	482,885

◆ Fines for non-compliance in the supply and use of products and services	2019	2018	2017
Monetary value of fines (€)	37,172	36,918	20,940
No. of fines	16	16	13
No. of inspections	463	573	509
% Non-compliance (fines/inspections)	3.46%	2.79%	2.55%

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.



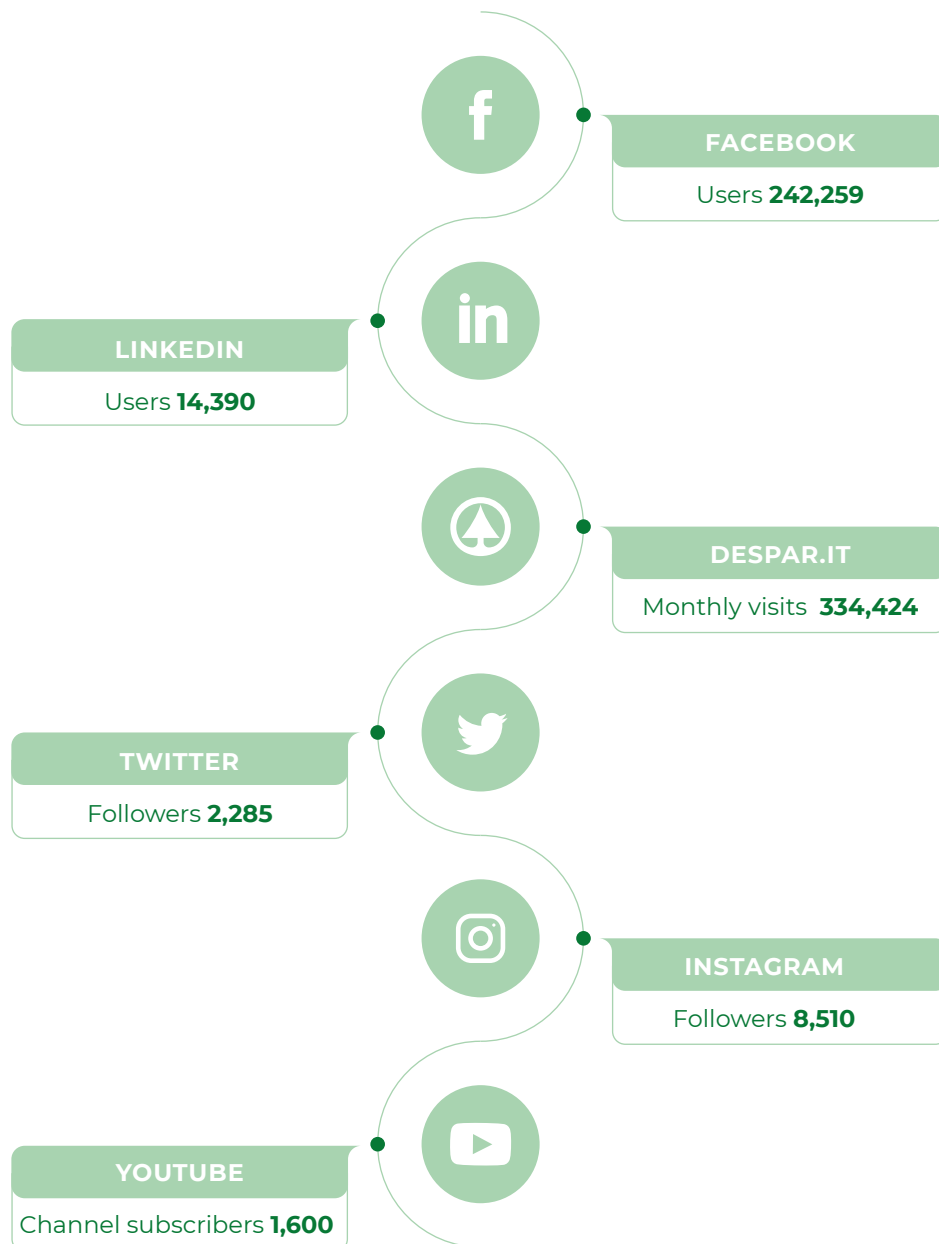
CUSTOMER ENGAGEMENT

The Company maintains a substantive and constant dialogue with its customers to satisfy their needs. It does so by communicating constantly through more conventional channels such as radio and tv as well as with new and engaging initiatives and tools. By leveraging the different communication channels, Aspiag Service can provide information on products,

offers, initiatives, and good consumer habits as well as support customers or present corporate contents as well as industry-specific, sustainability-related, and financial information. The Company can also use its communication channels to gather feedback from the various stakeholders. In 2019 we achieved the following results across the Company's main online channels:



ONLINE CHANNELS



◆	2019	2018	2017
Customer satisfaction	8.40	8.34	8.58
◆ Press and web corporate image	2019	2018	2017
Number of Aspiag Service mentions	1,454	1,675	1,521
Daily average	3.98	4.59	4.17
Positive tone	57%	35%	44%
Neutral tone	38%	59%	43%
Negative tone	5%	6%	13%

Customers at our stores are satisfied with the service and products offered. Specifically, they appreciate the cleanliness of the store, the availability of staff members, the ease of access to the store, and the quality of fresh produce. The company has consolidated its image and increasingly receives positive feedback.

End consumers can rely on a series of strict security protocols that Aspiag Service has put in place with respect to privacy. In 2019, as in the previous two years, these allowed to prevent any customer data breaches. ◆



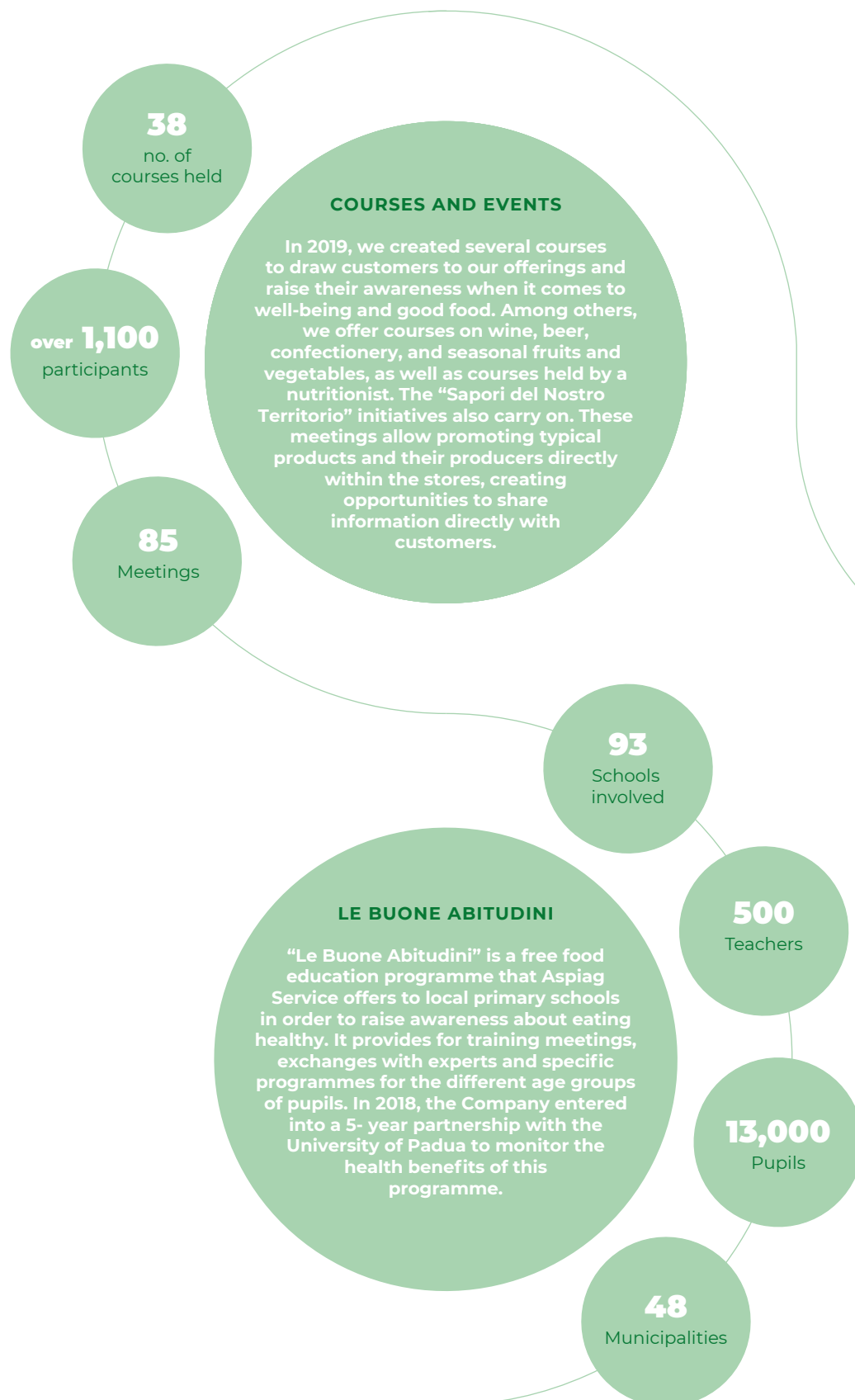
Digital communication inside the store

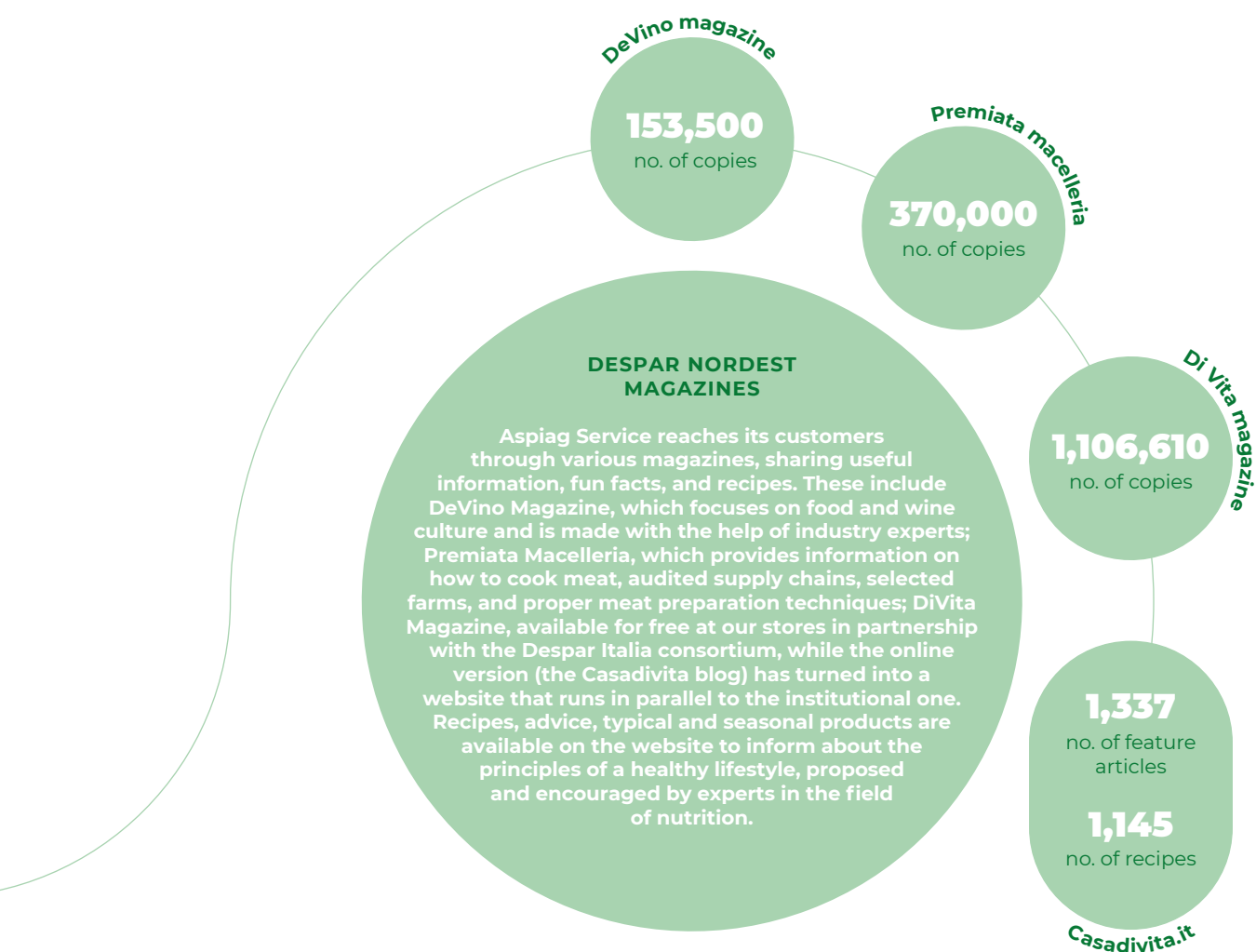
2019 saw a change in the way we communicate with customers in the store, as we increasingly rely on monitors and led walls. The monitors, which are mounted either vertically or horizontally and come in different sizes, are installed in the aisles and departments to dynamically provide messages on promotions, magazines, the environment, private label products, the Despar Tribù App, and much more. This allows to engage and inform customers, employees, and even those who pass by the store in real time.

435

Number of digital signage spots produced during the year

During 2019 we held several tasting courses and events, including inside our truck, which registered a high turnout. Events, courses, magazines, and initiatives at schools allow us to get in contact with our stakeholders to introduce them to the Company and promote healthy habits as well as our products.





Despar Tribù App

The Despar Tribù App also underwent significant changes during the year. It has turned into a true edutainment tool, entertaining customers with games while informing them about local products, initiatives, events, and topics associated with sustainability and protecting the environment. An update has allowed to automate coupons, making them easier to use for customers—which include 384,953 registered users in 2019. Customers can be reached quickly and directly through the app's notifications, which provide information on available games as well as news about, and any recalls of, our products, making customers more loyal and bringing them closer to the Company.

299,806

Active users at checkout

over 2.6 m

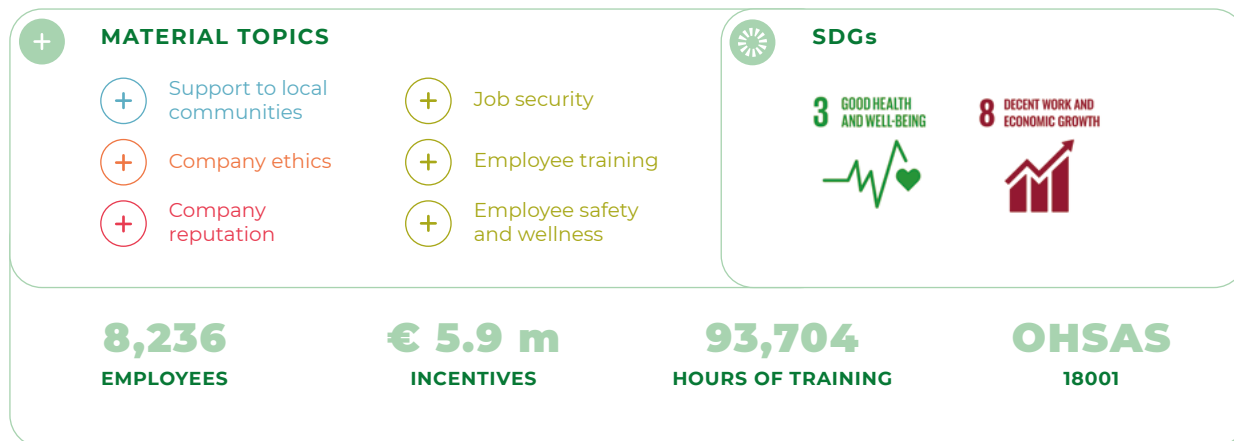
Coupons downloaded

20%

App Penetration



Enhancing employees



EMPLOYEE RECRUITING

The Human Resources Department carries out the recruiting activity 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.

Recruitment techniques include phone interviews, one-to-one interviews, group interviews, 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 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. The number of applicants has increased in 2019 also because of the relevant communication directly within stores.

◆ Internships	2019	2018	2017
Telephone interviews	382	391	783
Interviews	209	227	236
Candidates interviewed	142	166	203
Internships undertaken	58	97	47
Of whom with dissertation	3	6	9
Interns hired	14	20	1 in 3

◆ Recruiting		Online applications	Telephone interviews	Total interviews	Candidates interviewed
2019	Headquarters	N.A.	1,336	695	1,007
	Trentino-Alto Adige Sales	N.A.	915	800	800
	Veneto Sales	N.A.	2,900	1,638	2,124
	Emilia Romagna Sales	N.A.	2,197	1,421	1,908
	Friuli Venezia Giulia Sales	N.A.	2,189	1,619	1,916
	Total	106,393	9,537	6,173	7,755
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

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. Aspiag Service won two awards in 2019.

Best Company for



Number of
job offers

Company with



Best
tutoring activity

EMPLOYEE MANAGEMENT

When a new employee joins the Company, he or she is immediately engaged in an onboarding process that involves training on the working environment, the company's values/goals, and the organisation and operations of the relevant department.

The Company monitors and carefully manages each employee throughout the employment relationship by striving every day to reconcile the personal needs of employees with the organisation: the ultimate goal is to promote a positive working environment focused on delivering the best possible service to customers. Every day, Human Resources Management helps branches by constantly providing support and discussing technical and regulatory issues to define the most appropriate organisational solutions through:

- prevention activities: preliminary assessments of organisational decisions in collaboration with the Sales Area, including in the event of corporate transactions, internal consulting on how to properly comply with labour laws, as well as discussions and dialogue with management at both the individual and group level (branch, community);
- contractual activities: discussions with the Sales Area to define contracts as well as how to handle individual cases and prepare appropriate contractual documents;
- training activities: addressing the roles of responsibility for proper staff management.

The focus on staff management, including by engaging in discussions with social partners, allows to maintain a healthy relationship with employees and, therefore, a low level of conflict: 2019 saw a limited number of legal disputes (7 new lawsuits filed during the year) when considering the number of employees. This figure is well below the national average. Meanwhile, there was a rise in the number of labour disputes settled voluntarily (41 out-of-court settlements). One again in 2019, there were no judicial rulings associated with discrim-

inatory incidents and no cases of corruption, human rights abuses or discrimination were reported through the Company's whistleblowing channel. With regard to significant organisational changes, the law explicitly provides for specific Company obligations for trade union consultation. This is why the Company prefers maintaining healthy long-term relationships with its employees, based on trust and cooperation, and therefore prioritises permanent contracts. During 2019, temporary contracts accounted for as little as about 10% of the company's total workforce— which is completely normal when considering the new stores opened in 2019 and the resulting increase in the headcount.

Since 1st January 2019, Aspiag Service has been applying the new collective bargaining agreement for the Large Scale Distribution industry, entered into by Federdistribuzione and Trade Unions. It establishes collective contractual rights, including with respect to remuneration, and achieves full parity between men and women also in the workplace. The Company shares all these values and firmly stands by them also through its Code of Ethics. In addition, the supplemental company-level agreement, which offers better terms compared to the collective bargaining agreement, still applies. It is divided into four types of contract that are very similar to each other and refer to the branches in Veneto and Emilia Romagna regions, Friuli Venezia Giulia, the autonomous province of Trento, and the autonomous province of Bolzano, respectively. To reward the dedication of our store employees, these 4 company-level agreements include also a specific incentive scheme under which all workers receive collective annual bonuses upon the achievement of certain results in terms of hourly productivity, the reduction in inventory differences, and the financial performance of the branch they belong to.

Finally, there is an M.B.O. (Management By Objectives) scheme for directors and sales managers that is intended to boost the Company's performance by aligning individual and corporate goals.



406-1



402-1

◆ No. of employees		Average headcount	Headcount	FTE
2019	Women	5,177	5,288	4,105
	Men	2,922	2,948	2,767
	Total	8,100	8,236	6,872
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



102-8

◆ No. of employees by employment contract (average headcount)	2019	2018	2017
Permanent	7,276	6,526	6,293
• of which women	4,705	4,295	4,161
Temporary	824	1,262	1,239
• of which women	472	729	696
Total	8,100	7,788	7,532
• of which women	5,177	5,024	4,857

GRI
102-8

◆ No. of part-time employees (average headcount)	2019	2018	2017
Employees with a part-time contract	3,087	3,035	2,999
• of which women	2,718	2,677	2,654
% Employees with a part-time contract	38.11%	38.97%	39.82%
• of which women	33.56%	34.37%	35.24%

GRI
102-8

◆	2019	2018	2017
Amounts allocated for incentives (€)	5,949,528	5,300,650	5,125,672
Incidence of incentives on staff costs (%)	2.16%	2.01%	2.04%
Number of employees who have received an incentive	5,406	5,694	5,705

Note: employee incentives include employee benefits as well as the M.B.O. The number of employees who received an incentive included those who got a bonus or a raise.

◆ Workplace costs (€)	2019	2018	2017
Headquarters	47,885,477	42,480,141	39,304,569
Direct retail stores	227,646,309	221,604,204	211,788,842
Total staff costs	275,531,786	264,084,345	251,093,412

Note: employees listed under "headquarters" include the Company's offices and warehouses.

◆ Fines for non-compliance with laws and regulations	2019	2018	2017
Monetary value of fines (€)	24,086	31,901	14,602

Note: all fines were incurred for administrative and management violations in relation to retail stores. With respect to social and economic issues, there were no non-monetary sanctions or out-of-court settlements associated with legal or regulatory non-compliance.

GRI
419-1

Employee turnover (%)	2019	2018	2017
New employee hires	15.48%	15.01%	16.28%
• of which women	8.94%	8.14%	8.95%
• of which temporary	3.63%	4.49%	12.79%
• of which permanent	11.85%	10.52%	3.49%
Employee turnover	12.58%	12.58%	11.76%
• of which women	6.64%	6.72%	6.21%
• of which temporary	8.36%	9.84%	9.33%
• of which permanent	4.22%	2.75%	2.43%
Total turnover	28.06%	27.59%	28.04%
• of which women	15.58%	14.86%	15.16%
• of which temporary	11.99%	14.33%	22.12%
• of which permanent	16.07%	13.26%	5.92%

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 2019, employee turnover was calculated without considering employees who had been terminated or resigned at 31/12/2019, since they were included in the headcount; conversely, those who had been terminated or resigned at 31/12/2018 were accounted for.

GRI
401-1

WELFARE AND CORPORATE DIVERSITY

Aspiag Service strives to create the best possible working conditions, putting itself on the line to achieve the 8.8 and 8.5 targets of the SDGs by providing equal opportunities for all categories of employees as well as full and productive employment. It does so by paying the same basic salaries to men and women as well as promoting work-life balance by offering part-time work. The Work-Life Balance helps employees get back to work, including at the end of their parental leave, with more than 90% of employees coming back once their leave has ended. This proportion slightly declines 12 months later.

Aspiag Service promotes and takes responsibility for the well-being of all its employees through the Health Project, which seeks to raise awareness about the benefits of the contractual health insurance policy by encouraging check-ups, specialist examinations, medical treatments, and maternity leaves. The number of special agreements with healthcare providers has increased, and in 2019 the project was expanded to include franchisees. In addition, 2019 saw the com-

pletion of the "Caregiving" project for all the stores in the provinces of Padua and Vicenza. It aims to raise awareness about existing tools to care for children and disabled relatives on the one hand, and on the other hand, to develop organisational approaches in order to properly support the employees concerned.

The Company gave information booklets to employees and held meetings with experts in caring for children, the elderly and the disabled. It also designed a management course for store managers on how to handle employees that need to care for such individuals at home. The project was mapped 12 months later through surveys to monitor the results achieved over time. The Company's workforce is also very diverse. 21% of employees are under 30; 54% between 30 and 50, and the remaining 25% over 50 years old. When onboarding new employees, we promote the integration of disabled or disadvantaged individuals into the workplace in collaboration with Employment Integration Services.

◆ Diversity and Welfare

GRI
405-1

No. of employees by professional qualification and gender (average headcount)	2019	2018	2017
Senior management	19	18	18
• of which women	0	-	-
Middle management	96	87	84
• of which women	13	12	11
Employees	7,918	7,683	7,430
• of which women	5,157	5,012	4,846
Workers	66	N.A.	N.A.
• of which women	7	N.A.	N.A.
Total	8,100	7,788	7,532
• of which women	5,177	5,024	4,857

GRI
405-1

No. of employees belonging to protected categories and employees with disabilities (average headcount)	2019	2018	2017
Senior management	-	-	-
• of which women	-	-	-
Middle management	1	1	1
• of which women	-	-	-
Employees	389	361	354
• of which women	237	224	222
Workers	4	N.A.	N.A.
• of which women	-	N.A.	N.A.
Total	394	362	355
• of which women	237	224	222

Parental leave (headcount)	2019		2018		2017	
	Men	Women	Men	Women	Men	Women
Employees entitled to parental leave	447	903	418	886	438	941
Employees that took parental leave	31	264	33	290	29	291
Employees that returned to work in the reporting period after parental leave ended	20	195	25	210	19	206
Employees that returned to work after parental leave ended	19	186	20	206	19	204
% of employees that returned to work after parental leave ended	95%	95%	80%	98%	100%	99%
Employees still employed 12 months after their return to work	14	165	14	194	18	187
% retention after 12 months	74%	89%	70%	94%	95%	92%

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.



Ratio of basic salary and remuneration of women to men		Basic salary	Remuneration
2019	In retail stores		
	• Employees	90.75%	94.98%
	In offices and warehouses		
	• Middle management	113.29%	102.39%
	• Employees	100.99%	84.98%
2018	• Workers	91.97%	94.06%
	In retail stores		
	• Employees	92.78%	94.74%
	In offices and warehouses		
	• Middle management	108.08%	103.80%
2017	• Employees	94.14%	84.47%
	• Workers	N.A.	N.A.
	In retail stores		
	• Employees	89.95%	94.69%
	In offices and warehouses		
	• Middle management	109.95%	107.39%
	• Employees	96.19%	84.03%
	• Workers	N.A.	N.A.

Note: the ratios of the basic salary and remuneration of women to men are partially affected by the higher proportion of women who work part-time than men within the same pay grade. The remuneration of each employee is calculated by adding the basic remuneration and the amounts associated with seniority increases and bonuses.



Health Project	2019	2018	2017
No. of services rendered	7,992	6,467	6,345
Employees' savings (estimate)	965,828	689,100	720,000



TRAINING AND DEVELOPMENT

Aspiag Service offers several training, specialisation and refresher courses to create a shared organisational culture, help employees grow professionally, build a robust internal know-how, and, most importantly, align itself with customer needs. Employee Training and Development offices work in synergy towards these goals. 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. 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 2019, to improve customer relations, training was provided for the butcher's departments at the counter served, aimed at training the employee on product characteristics, practices to be adopted and more. Regarding the management, the activities directly involved store managers, vice store man-

agers, and other technical roles. More than half of training activities are optional. Nearly a third of the training provided concerns occupational safety. In addition, the Company also holds courses on food and environmental safety. In 2019, following the increased spending on training, the Company was able to benefit more from external contributions and lower the average training cost per employee. The Development office is responsible for employee development projects, such as those promoting the Company's values, the structuring of Job Descriptions* for management positions, and the Trainee Store Manager project.

In 2019 the Company conducted its regular corporate climate survey, and Company provided training to butcher counter staff to better inform them on the characteristics of the products, the practices they should adopt, and more. With respect to management, training, the number of respondents rose by 10% compared to the previous edition. The findings were shared with employees and their managers to identify future improvements.

15,672
e-learning hours

Trainee Store Manager project

The Trainee Store Manager project is a 960-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.

◆ Training costs (€)	2019	2018	2017
External	635,633	614,593	635,633
Inside the Company	1,940,610	1,855,419	1,798,042
Grants received	-432,414	-271,261	-432,414
Annual training costs	2,143,829	2,198,751	2,001,261
Average training cost of full-time employees (FTE)	311.95	335.18	314.17



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.

◆ Employee training hours	2019	2018	2017
Senior management	337	299	440
• of which women	-	-	-
Middle management	2,943	2,001	1,639
• of which women	820	657	392
Employees	90,424	86,775	84,741
• of which women	48,772	40,628	43,693
Total hours of training	93,704	89,074	86,820
• of which women	49,592	41,285	44,085
• of which mandatory	40,954	N.A.	N.A.
• workplace safety	34,143	N.A.	N.A.
• food safety	5,992	N.A.	N.A.
• environmental safety	806	N.A.	N.A.

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

◆ Average training hours per employee (headcount)	2019	2018	2017
Senior management	17.73	16.60	25.87
• of which women	-	-	-
Middle management	30.00	22.00	19.28
• of which women	58.60	50.50	35.60
Employees	11.30	11.00	11.00
• of which women	9.30	8.00	8.80
Total average hours of training	11.40	11.30	11.25
• of which women	9.40	8.10	8.86



◆ Corporate climate survey	2019	2016	2014
Percentage of participation in the survey	83%	73%	73%
Willingness to recommend the Company to others as an employer	80%	81%	85%
Management performance from the point of view of employees	69%	64%	65%
Staff training from the point of view of employees	68%	65%	64%

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, warehouses, and the Meat Centre, as well as machinery and equipment, is con-

stantly being assessed and improved also thanks to the synergies between the different business functions. The Company's Internal Prevention and Protection Service is constantly working for these objectives, interacting with workers' safety representatives.



1 Head of Prevention and Protection Service (RSPP)



6 Prevention and Protection Service Officers (ASPP)

Who interact with



40 Workers' safety representatives (RLS)



The Company's Prevention and Protection Service constantly analyses health and safety hazards, defining the most appropriate prevention and protection measures for each one of them (e.g. operating procedures, refresher training, new or different Personal Protective Equipment). The findings of such analysis are formally presented in the Risk Assessment Documents prepared by each individual operating unit.

Each year begins with an analysis of the results achieved in the previous one, starting with the analysis of injuries and near-miss (including also outsourced operations), and then of non-compliance cases, regular audits, and any other information deemed relevant to occupational health and safety.

In addition, as part of this exercise the Company also sets goals for improvement, establishing for each one of them the available financial and organisational resources as well as the relevant timetable. In 2019 injury statistics saw an improvement in terms of both the injury rate and the number of lost days due to injury, aligning Aspiag Service with the SDG 3.



There was only one injury resulting in more than 180 days lost, as in 2018, and no deaths occurred. The occupational disease rate remained in line with the previous year, and so did the number of suspected occupational diseases reported.

Every three months, all stores are briefed on the trend in injuries through statistical data showing the causes, place of occurrence, frequency, and equipment most commonly involved in these events.

Throughout the year, the Company conducted specific audits inside the stores where issues were found, with the direct support of store managers as well as department heads. Occupational health and safety training is constantly monitored through the company's ERP and provided on the basis of the duties assigned to the specific roles (e.g. emergency response team member) and, in any case, in accordance with applicable laws. All Aspiag Service's organisational units are OHSAS 18001 certified. ♦ The certification was renewed during 2019 without any non-compliance.

◆ Injury and disease rate	2019	2018	2017
No. of injuries resulting in less than 180 days lost	287	282	293
of which women	167	167	182
No. of injuries resulting in more than 180 days lost	1	1	-
of which women	1	1	-
No. of days lost due to injury	4,940	5,419	6,211
Injury rate	4.97	4.99	5.40
No. of hours worked	11,538,074	11,313,147	10,843,632
No. of suspected occupational diseases reported	25	23	22
of which recognised	7	8	4
Occupational disease rate	0.12	0.16	0.07

GRI
403-9

GRI
403-10

Injury rate = (No. of injuries/hours worked)x200,000

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

Occupational disease rate = (No. of recognised occupational diseases/hours worked)x200,000

Note: data relating to injuries refer both to retail stores and to offices and warehouses. Please note that the indicator GRI 403-9 was restated also for previous periods in order to align the data with the new calculation method as per GRI 403: Occupational health and safety 2018.

◆ Absenteeism rate	2019	2018	2017
% hours lost due to illness/regular gross working hours	3.36%	3.30%	3.13%
% hours lost due to injury/regular gross working hours	0.33%	0.34%	0.37%
Absenteeism rate	3.69%	3.64%	3.50%

Absenteeism rate = ((hours lost due to injury + hours lost due to illness)/workable hours)x100

Workable hours = gross workable hours - hours of leave taken

◆ Injury rate at outsourcing companies	2019	2018	2017
No. of injuries resulting in less than 180 days lost	33	64	N.A.
No. of injuries resulting in more than 180 days lost	-	N.A.	N.A.
Injury rate	5.39	4.41	N.A.

GRI
403-9

Note: the injury rate at outsourcers does not include the distribution centres in Mestrino, Camin, and Castel San Pietro Terme.

Note: the injury rate at outsourcers was restated for 2017 and 2018 based on the data available as at 31/12/2019.



Attention to the environment and the territory



ENVIRONMENT

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

Aspiag Service's environmental policy, endorsed by the Managing 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 Large Scale Distribution company to achieve the ISO 14001* certification, which we are gradually extending to our entire sales network and is increasingly becoming a tenet of our approach to sustainability. The certification was renewed also for 2019 and covers 43 stores as well as 2 offices. Besides the certification, the Company has been pursuing

several other environmental initiatives over the years. Among the most recent ones, in 2019 it distributed free, 100%-recyclable BPA plastic water bottles to all employees at Mestrino.

On that same day, it removed water bottles from vending machines and installed microfiltered cool water dispensers in the site's food courts. In the company canteen, plastic cups were replaced with paper ones, which are less polluting.

This initiative will be extended in the future also to the employees at other offices. With respect to our environmental strategy, we continue pursuing our strategic guidelines in the following areas:

Energy

To monitor our stores, we use supervisory systems allowing to measure energy withdrawal and detect abnormal energy consumption. The stores are remotely monitored and grouped into clusters based on brand, size, and installed equipment, so as to identify consumption standards and monitor any potential anomalies by using dedicated algorithms.

Average daily energy consumption was down 1.45% year-on-year, allowing to save €377,165 in energy costs. ♦

The Company continues using renewable energy sources—specifically from photovoltaic systems—LED lighting, which is still being implemented, and energy with guarantees of origin ("green energy"). We prevent frozen foods from thawing by carefully managing them.

◆ Environmental innovation

Number of LED lit retail stores

2019	2018	2017
123	117	106

GRI
302-4



UNI EN ISO14001: this is an international standard of the ISO 14001 series that defines how to set up an environmental management system, 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 improve it.

◆ Direct and indirect energy consumption (GJ)	2019	2018	2017
Direct energy consumption from purchased natural gas	98,142	91,548	97,945
Direct energy consumption from purchased LPG	704	726	714
Direct energy consumption from purchased heating oil	4,805	5,085	4,744
Direct energy consumption from purchased diesel and gasoline for automotive use	17,740	15,996	10,734
Annual direct consumption	121,392	113,356	114,137
Indirect energy consumption from electricity	635,061	602,156	574,364
Indirect energy consumption from purchased thermal energy - district heating	21,323	21,913	21,862
Annual indirect consumption	656,384	624,069	596,226



◆ Electricity consumption (kWh)	2019	2018	2017
Total consumption	175,637,096	166,721,169	159,107,207
LFL consumption in retail stores	149,939,279	151,950,027	150,606,254
LFL average daily consumption	423,792	430,039	426,690
Change in average daily consumption	-1.45%	0.78%	-5.85%



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.

Emissions

Our stores are rated A3 or A4. Aspiag Service is reducing emissions through several innovations that concern the entire store. Heating and air conditioning units at the stores are always set based on outdoor temperatures. By recovering cooking fumes, it is possible to heat up the air intake from outside and use less energy for heating purposes. The heat generated by refrigeration systems is also recycled to heat up water for sanitary purposes as well as for space heating. The refrigeration systems use low-impact refrigerant fluids, and the oldest systems are replaced with new CO₂-based ones. The data on indirect emissions (Scope 2) is reported by using two different methods.

The Location Based method reflects the amount of emissions generated specifically where energy is consumed. This is multiplied by a conversion rate (Terna, last updated in 2017) that considers the country's total energy mix, accounting for both fossil and renewable energy volumes fed into Italy's grid in a given year.

The Market Based method measures how virtuous the company's energy policy is through the purchases of Guarantees of Origin. In this case, emissions are calculated by multiplying the energy use, less the amount of Guarantees of Origin, by the Residual Mix factor provided by the AIB (Association of Issuing Bodies). As certified green energy accounted for 84% of the total in 2019, emissions saw a 77% decline in real terms (ratio of 64,097 tonnes of CO₂ eq. to the remaining 14,526 tonnes of CO₂ eq. net of the green energy purchased).

◆ Direct greenhouse gas emissions - scope 1 (t of CO ₂ eq.)	2019	2018	2017
Source			
Natural gas for heating	5,567	5,198	5,531
LPG for heating	45	46	46
Diesel for heating	347	372	347
Diesel and gasoline for the Company fleet	1,282	1,171	776
Release of refrigerant gases	35,384	39,696	41,027
Total	42,626	46,483	47,726



◆ Indirect greenhouse gas emissions - scope 2 (t of CO ₂ eq.) - location based		2019	2018	2017
GRI 305-2	Source			
	Electricity - location based	63,054	60,020	59,665
	Heat from district heating	1,043	1,141	1,199
Total		64,097	61,161	60,864

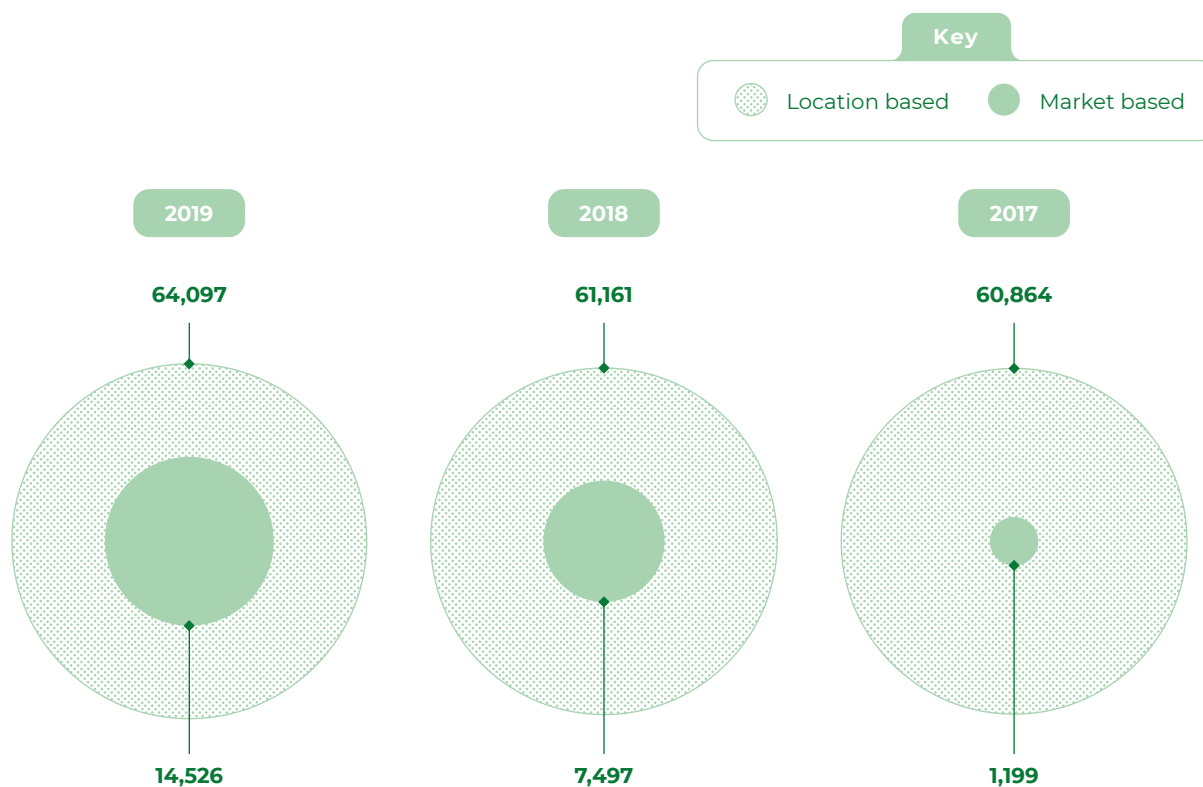
◆ Indirect greenhouse gas emissions - scope 2 (t of CO ₂ eq.) - market based		2019	2018	2017
GRI 305-2	Source			
	Electricity - market based	13,483	6,356	-
	Heat from district heating	1,043	1,141	1,199
Total		14,526	7,497	1,199

Note: 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 2019 indirect emissions related to the electricity purchased from Italy's national power grid, we used the emission factor developed by Terna (updated in 2017).

◆ Other indirect greenhouse gas emissions - scope 3 (t of CO ₂ eq.)		2019	2018	2017
GRI 305-3	Indirect (Scope 3) emissions related to logistics' transport	14,678	14,896	14,203
	Note: the Scope 3 CO ₂ 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 CO ₂ 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.			

GREENHOUSE GAS EMISSIONS MARKET BASED E LOCATION BASED (t of CO₂ eq.)



Waste

We strive to curb, recover, and recycle waste and packaging, as well as to dispose any hazardous waste. These operations reflect also the expenses incurred to protect the environment, including waste disposal costs, waste collection fees, and land reclamation costs, which involve rehabilitating areas polluted by third parties and go hand in hand with the development of new stores.

◆ Waste produced (t)	2019	2018	2017
Non-hazardous waste			
1) F.O.R.S.U. (Organic Fraction of Municipal Solid Waste)	15,170	14,394	13,992
2) R.S.U. (Unsorted Fraction of Municipal Solid Waste)	10,428	10,306	9,892
3) Cardboard	13,012	12,644	11,934
4) Mixed packaging	5,451	5,427	4,954
Hazardous waste	2	3	2
Total	44,063	42,774	40,774
Percentage of waste recycled	76.33%	75.91%	75.74%
Production/sales area (t/sq. m)	0.16	0.15	0.14

Note: 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.

◆ Expenditure on environmental protection	2019	2018	2017
Reclamation costs	234,516	-	536,526
Expenses for waste treatment and disposal and environmental management costs	6,018,648	5,348,330	5,185,087
Total	6,253,164	5,348,330	5,721,612

Note: the line item "Reclamation costs" was restated for prior years based on the data available as at 31/12/2019.

Supply Chain

We promote the respect and protection of the environment throughout the supply chain, and incorporate environmental guidelines into supplier screening procedures. During 2019, the Company audited certain suppliers of private label products marketed by Aspiag Service to ensure their compliance with environmental laws and launch a process to promote best practices throughout the supply chain.

◆ Weight of the packaging materials used	2019	2018	2017
Weight of materials (carrier bags, packaging) (kg)	2,508,086	2,649,583	2,019,996
Cost of materials (carrier bags, packaging) (€)	11,235,209	12,200,339	9,098,381
Impact of cost on turnover (%)	0.68%	0.77%	0.60%

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—in order to minimise the relevant fines, which are normal when considering the number of our stores—as well as allocate enough resources to guarantee the Environmental Management System remains operational at all times and the resulting actions are implemented. With respect to the responsible management of environmental resources, Aspiag Service carefully manages also water, which is taken primarily from Italy's water grid.



◆ Fines for environmental non-compliance	2019	2018	2017
Monetary value of fines (€)	1,168	370	817

TERRITORY

By raising funds, offering sponsorships, and supporting research efforts as well as associations, Aspiag Service shows how important Corporate Social Responsibility (CSR) is to the Company.

In 2019 several existing and new initiatives helped our community:

- the funds raised by selling Easter eggs and Christmas presents allowed us to support charitable organisations and associations in pursuing different kinds of goals for the benefit of the community (research and care institutions, foster homes, associations that support children and families with disabilities). At the same time, the Company actively helps the local community in the event of emergencies. This year, the “La bellezza non affonda” (Beauty does not sink) fund-raising campaign allowed to donate €70,000 to Venice as a high tide swept through the city.
- by sponsoring events such as Trieste's Barcolana, the TedX conferences in Padua, Vicenza, Bolzano, and Rovigo, and Padua's Salone dei Saperi, Aspiag Service was able to support the local community by playing a leading role.
- donations, through which we support projects for the common good. The most significant projects implemented this year were the inclusive park built by the Robert Hollman Foundation in Padua, with rides free of architectural barriers, and the renovation of the University of Bologna's Botanical Garden—which was possible also thanks to the first donation made during the year.

Through this kind of efforts, Aspiag Service not only provides an economic benefit to various initiatives and associations, but also helps raise awareness about them.

Aspiag Service donates edible but no longer marketable goods to various charitable organisations. These themes and activities also involve and develop our employees, creating a sensibility and awareness that spreads throughout the Company. Sponsorships, donations, and fund-raising efforts increased in both number and value during 2019. This focus on the community—and specifically food donations—is in line with the SDG 12, which calls for reducing food waste at the retail level. The benefits for the local community include also the infrastructure we build to support not only the store, but all members of the community, as well as the indirect taxes we pay.



790

**tonnes
of donated food**

	2019	2018	2017
Value of sponsorships (€)	1,451,456	1,199,317	984,001
Donations and fundraising (€)	429,337	454,263	163,214
Donated food (€)	6,687,499	6,714,766	5,904,507

	2019	2018	2017
No. of sponsored events	176	188	153

◆ Employees by region (FTE)	2019	2018	2017
Emilia Romagna	723	660	544
Friuli Venezia Giulia	1,652	1,722	1,668
Trentino-Alto Adige	1,572	1,368	1,388
Veneto	2,924	2,810	2,770
Total	6,872	6,560	6,370

GRI
102-8

	2019	2018	2017
Indirect taxes (€)	81,170,259	85,439,656	80,610,531

	2019	2018	2017
Infrastructure investments	1,794,680	2,247,270	4,560,183

GRI
203-1

"HILLARY, The Hillary Clinton Emails"

The Despar Teatro Italia in Venice, which opened in late 2016, continues being much more than just a store. During the 58th edition of Venice's Biennale, from May through November 2019 the store hosted an exhibition of the American artist Kenneth Goldsmith, "HILLARY, The Hillary Clinton Emails", curated by Francesco Urbano Ragazzi. In a setting that is equal parts a library, a stage, and an embassy, Goldsmith turns the bureaucratic language into a bona fide literary genre, publishing all the emails that the then US Secretary of State Hillary Clinton had sent from its private server. Visitors were able to check out the mails of the former US presidential candidate, collected in volumes placed on desks on the upper floor of the store that also formed part of the exhibition. At the same time, these mails, printed out and stacked over one another, provide a monumental image of the artist's idea.

On 10th September 2019, Hillary Clinton had the opportunity to visit and appreciate the installation and the store privately.

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 primary SDG they contribute to.



Market share
increase

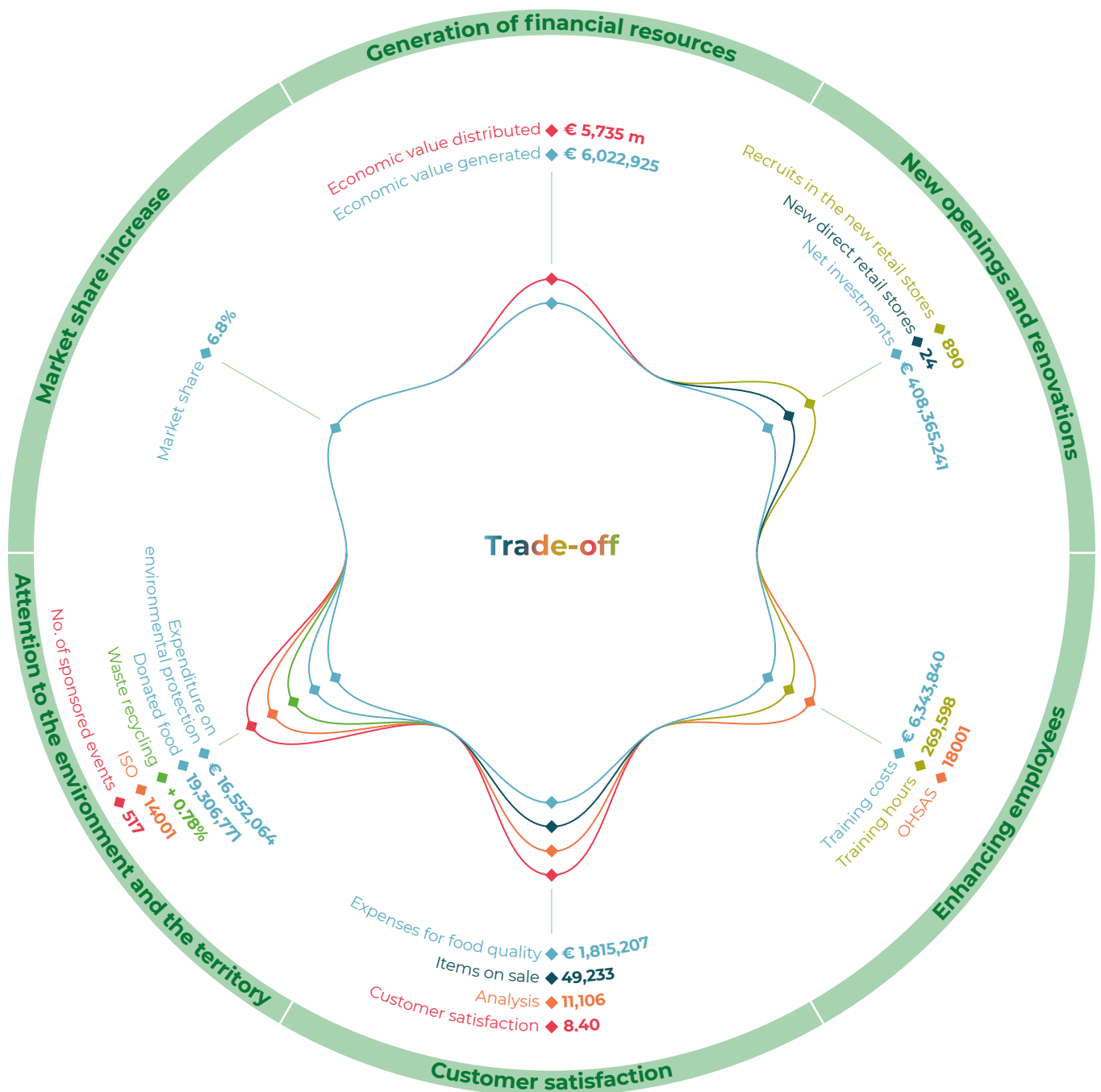
+ 3%

CAPITALS

OBJECTIVE	Generation of financial resources	New openings and renovations	Customer satisfaction	Enhancing employees	Attention to the environment and the territory
<div></div> <div>Financial</div>	<div>+ EAT</div> <div>+ EBITDA %</div> <div>+ Cash flow</div> <div>+ Direct retail stores net sales</div> <div>+ Net sales to franchisees</div> <div>+ Average receipt</div> <div>+ Direct economic value generated</div>	<div>+ Net investments</div>	<div>+ Current expenses for food quality</div> <div>+ Fines for products and services</div>	<div>+ Amounts allocated for incentives</div> <div>+ Workplace costs</div> <div>+ Training costs</div> <div>+ Fines for non-compliance</div>	<div>+ Change in energy costs</div> <div>+ Infrastructure investments</div> <div>+ Expenditure on environmental protection</div> <div>+ Fines for environmental non-compliance</div> <div>+ Value of sponsorships</div> <div>+ Donations and fundraising</div> <div>+ Donated food</div> <div>+ Indirect taxes</div>
<div></div> <div>Manufactured</div>		<div>+ Sales network</div>	<div>+ Degree of diversification and supply coverage</div>		
<div></div> <div>Intellectual</div>	<div>+ Integrated Report</div>		<div>+ Voluntary quality analysis and controls</div> <div>+ No. of customer data breaches</div>	<div>+ OHSAS 18001</div>	<div>+ ISO 14001</div>
<div></div> <div>Human</div>		<div>+ Recruits in the new retail stores</div>		<div>+ No. of employees</div> <div>+ Diversity and welfare</div> <div>+ Employee turnover</div> <div>+ Employee training hours</div> <div>+ Average training hours per employee</div> <div>+ Corporate climate survey</div> <div>+ Injury and disease rate</div> <div>+ Absenteeism rate</div> <div>+ Injury rate at outsourcing companies</div>	<div>+ Employees by region</div>
<div></div> <div>Social and relationship</div>	<div>+ Credit lines and uses</div> <div>+ Economic value distributed</div>		<div>+ Assortment choice</div> <div>+ Number of receipts</div> <div>+ Customer satisfaction</div> <div>+ Press and web corporate image</div>	<div>+ Internships</div> <div>+ Recruiting</div>	<div>+ No. of sponsored events</div>
<div></div> <div>Natural</div>					<div>+ Environmental innovation</div> <div>+ Direct and indirect energy consumption</div> <div>+ Direct and indirect emissions</div> <div>+ Electricity consumption</div> <div>+ Waste produced</div> <div>+ Weight of the packaging materials used</div>
SDGs	<div>8</div> <div>DECENT WORK AND ECONOMIC GROWTH</div> <div></div>	<div>11</div> <div>SUSTAINABLE CITIES AND COMMUNITIES</div> <div></div>	<div>3</div> <div>GOOD HEALTH AND WELL-BEING</div> <div></div>	<div>3</div> <div>GOOD HEALTH AND WELL-BEING</div> <div></div> <div>8</div> <div>DECENT WORK AND ECONOMIC GROWTH</div> <div></div>	<div>12</div> <div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div></div> <div>13</div> <div>CLIMATE ACTION</div> <div></div>

Trade-off

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 2017-2019. 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 "Performance".





What we will do

FUTURE OUTLOOK

74

Aspiag Service looks to the future by investing in development and innovation while considering the trends relevant to its business. This way, it ensures continuity for the purposes of achieving its goals and growing the capitals in the years to come.

Future outlook

Global trade lost momentum during the year and is projected to expand slowly over the medium term.

The current weakness in international trade, especially when it comes to manufacturing, and the mounting uncertainty over recurring trade and political tensions continue weighing on global economic growth, holding back investments (source: ECB). The situation is made even tougher by the risks Coronavirus poses at a global level to both healthcare systems and the economy as well as the escalating conflict between the US and Iran: the relevant impacts on oil prices and global trade are yet to be fully appreciated. Some respite comes from more clarity over Brexit and the easing of trade disputes between the United States and China (source: Istat).

The latest data point to slow global growth, which will continue being supported by favourable financial conditions, rising employment, and the slightly expansive fiscal policy of the euro area (source: Bank of Italy), whose goal is to mitigate the downcycle and firmly address structural issues such as the lack of public investments, climate change, and social tensions. In Italy, policy actions are aligned with European ones and aim to boost domestic demand through public investments while striving to reduce the debt/GDP ratio: GDP growth is estimated at +0.4% in 2020 (source: 2019 Economic and Financial Document).

Against this backdrop, the retail industry is showing

positive growth (+0.8% compared to 2018) thanks to the strong performance in the South (+0.9% compared to -0.6% in 2018) and the growth of the discount channel as well as structured groups. This comes at the expense of small merchants, who are struggling in the face of price competition.

Declining margins and the problems experienced by certain players represent opportunities for others. In 2020, large scale distribution is expected to grow by +1.4% compared to 2019 (source: Nielsen based on Iri data), without considering the boost from the e-commerce channel: in 2019 online food purchases were up +26% relative to 2018, accounting for approximately 2.5% of total grocery shopping, and are likely to continue rising in 2020 with an additional +30%.

With respect to current trends, prices could potentially rise (+1%), following the approximately 0.5% increase seen in 2019, and more shopping could happen at modern retailers rather than conventional small ones. In 2020, the sales network will expand in terms of square footage mostly in the discount and supermarket segments, whereas hypermarkets will continue shrinking (-0.9% at the end of 2019).

Below is a breakdown of the outlook for Aspiag Service by strategic objective.

Market share increase and generation of financial resources



Our strategy is supported by the constant increase in turnover and retail sales area as well as the improved efficiency of our cost structure. 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. We will continue investing

to bolster our market presence, focusing especially on the medium and long term, and renovating existing stores in the regions we already serve. In this regard, thanks to our consolidated sustainability strategy, starting from 2020 we will be able to enter into a green loan agreement at a discounted rate.

Growth forecasts for the next 3 years	2020	2021	2022
Sales net of VAT	4.62%	4.74%	8.77%
Sales net of VAT LFL	1.85%	1.43%	1.58%
EBTDA	2.45%	10.97%	10.77%
Investments (in millions of euro)	129.90	140.20	141.10

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



Aspiag Service will continue seizing opportunities to expand, even though its presence is already widespread in the Triveneto area and growing in Emilia Romagna, through new openings as well as improvements, renovations, and acquisitions.

One of the main growth projects consists in extending the new Interspar format introduced with the store in Carpi: the rollout is set to continue with the one

in Casier (province of Treviso). In 2020, the Company plans to open 7 stores in the Triveneto regions as well as in Emilia Romagna, focusing especially on smaller towns and the rehabilitation of degraded sites—including the area of the former Maddalena in Trieste, where the abandoned psychiatric hospital will be replaced by a Eurospar.

Customer satisfaction



Starting from 2020, Aspiag Service will reposition the brand according to a new strategy, in line with the celebration of Despar Italia's 60-year anniversary. This will involve a communication campaign on television as well as digital and paper media. The celebrations will promote private label products and the brand through travelling initiatives inside the truck together with employees and franchisees, strengthening the identity and values of the Despar brand. The Despar Tribù App will also constantly evolve through smart updates, expanding to include franchisees and offering heart points for select product categories including branded product suppliers.

To increasingly meet customer needs, employees will participate in new training initiatives, such as those concerning the delicatessen department as well as the preparation of products together with chefs.

As for Despar's private label products, 2020 will see the revamp of the Verde Vera and Gemma Verde lines as well as the addition of Enjoy as part of a strategy to increase the share of turnover generated from private label products.

In this sense, the Company will introduce a greater number of items within growing market lines or in product categories that are still lagging behind, as well as improve its promotional efforts.

Enhancing employees



After listening to employees, Aspiag Service will introduce a number of innovations in 2020: it will begin using the truck for recruiting purposes, turning it into an additional venue for interviews in all regions. As for store employees, inventory management processes will speed up thanks to scales offering new functionalities, while meter reading and the monitoring of rejected products will be streamlined by extending the functions of the PDAs. With respect to Occupational Safety, the Company has activated a project to raise awareness among employees about how to properly handle loads manually. At each physical examination, the Occupational Physician will give employees an information booklet summarising and explaining the procedures concerned.

An additional 23 Semi-automated Defibrillators were recently delivered, allowing to cover the Interspar channel.

The main goal for 2020 is to transition the Occupational Safety Management System implemented across all operating units from the OHSAS 18001 scheme to the new UNI EN ISO 45001 standard.

This transition will facilitate its integration with the UNI EN ISO 14001 environmental certification scheme in the future.

The staff management function will identify the best organisational solutions to meet the needs of employees and branches, promote work-life balance, and promote a positive working environment focused on delivering the best possible service to customers.

Attention to the environment and the territory



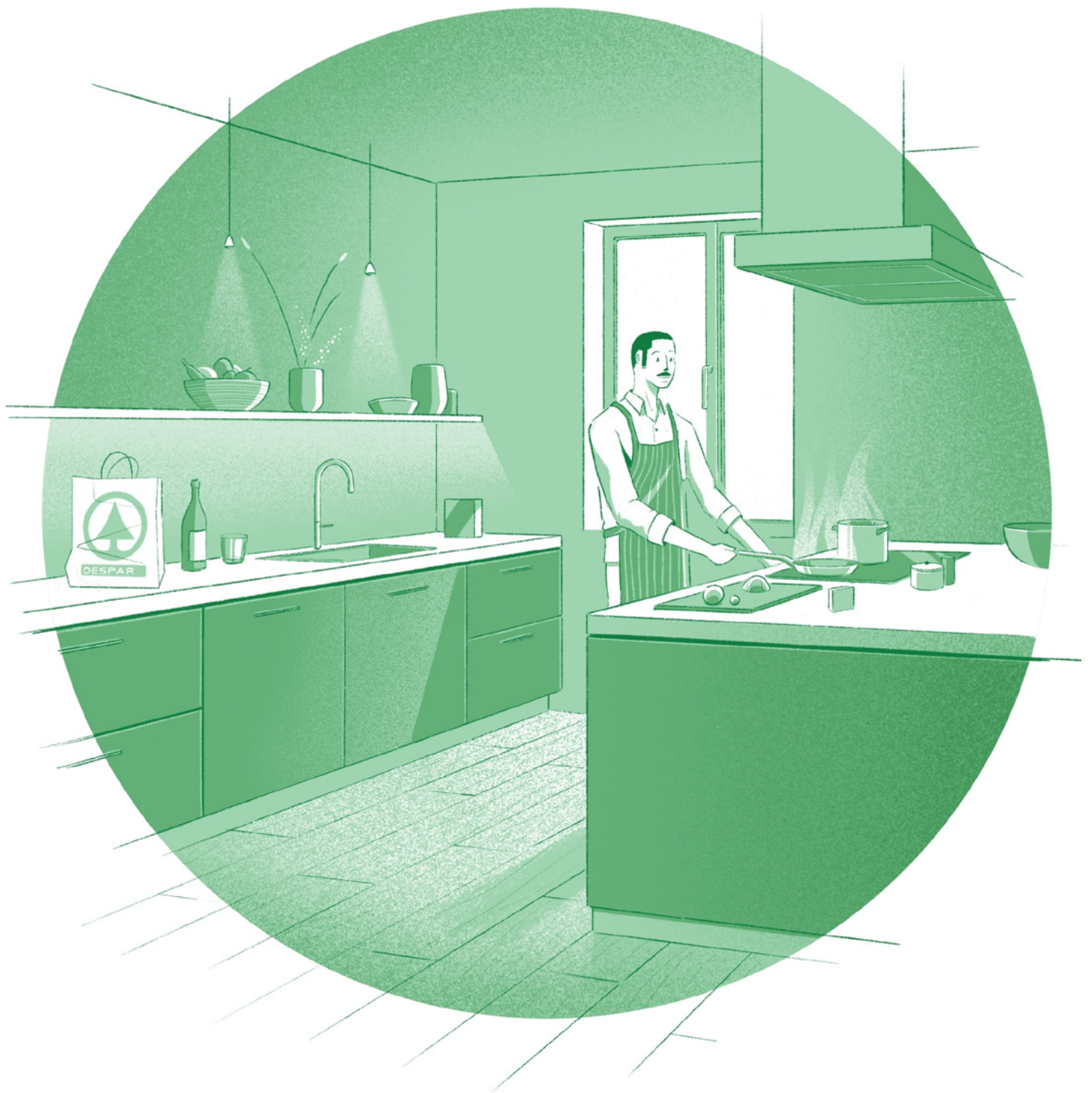
In 2020 the Company will remain committed to the environment and the local community. The ISO 14001 certification, which covered 43 stores and 2 offices as at 31st December 2019, will be expanded to include 3 additional stores, and the environmental policy will be extended throughout the supply chain. The Company will make further progress on packaging, which will increasingly meet sustainability-related needs starting with private label products.

In 2020 Aspiag Service will focus its resources on researching packing materials, shoppers, and containers to find solutions more and more aligned with reducing the use of plastics. In this regard, in 2020 single-use plastic products will start being replaced with items made from recycled materials.

The Company will also continue pursuing initiatives to support the community in parallel to its growth efforts.

A Supply Chain that creates value

In 2019 the Company carried on with the SCOR (Supply Chain Operation Reference) project on the efficiency of the supply chain with the goal of aligning metrics, processes, and KPIs. This international standard is being gradually implemented by a cross-functional working group that involves the Procurement, Logistics, and BPM departments. 2019 saw the implementation of an analytics project to monitor the quality and quantity of deliveries at the grocery product warehouse in Mestrino (province of Padua) using a standard and shared metric.



Annexes

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SUSTAINABLE DEVELOPMENT GOALS

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AUDITOR'S REPORT ON THE LIMITED AUDIT OF THE GRI DISCLOSURE

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Methodological Notes

To provide a clear and comprehensive explanation of how the information in this Integrated Report is connected, we rely on guidelines and standards such as:

- 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). This report was prepared in accordance with the GRI Standards: 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).

The Report follows the <IR> Framework for the concepts of value creation and connectivity, the GRI for the indicators covering socio-environmental issues, and the UN 2030 Agenda (SDGs) for the path to sustainability.

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

This reporting approach seeks to tell how the Company creates value over time. The creation of business value (page 34) starts with certain material indicators from 2018, which, when incorporated into and used by the company's business model, allow to achieve them and the relevant impacts in 2019.

The impacts represent the topics that are significant (or material) to the Company and stakeholders, such as the impact of business operations in the context Aspiag Service operates in.

The opening and closing indicators for the period and the material topics are marked with different colours that refer to the relevant capitals and are closely associated with the company's strategy, as the chapter "Performance" show. For instance, the net investment indicator (page 47) amounted to €130 million in 2018

and €134.6 million in 2019. The indicator is in light blue, the colour associated with financial capital, and affects the material topic "Financial performance", which is also in light blue.

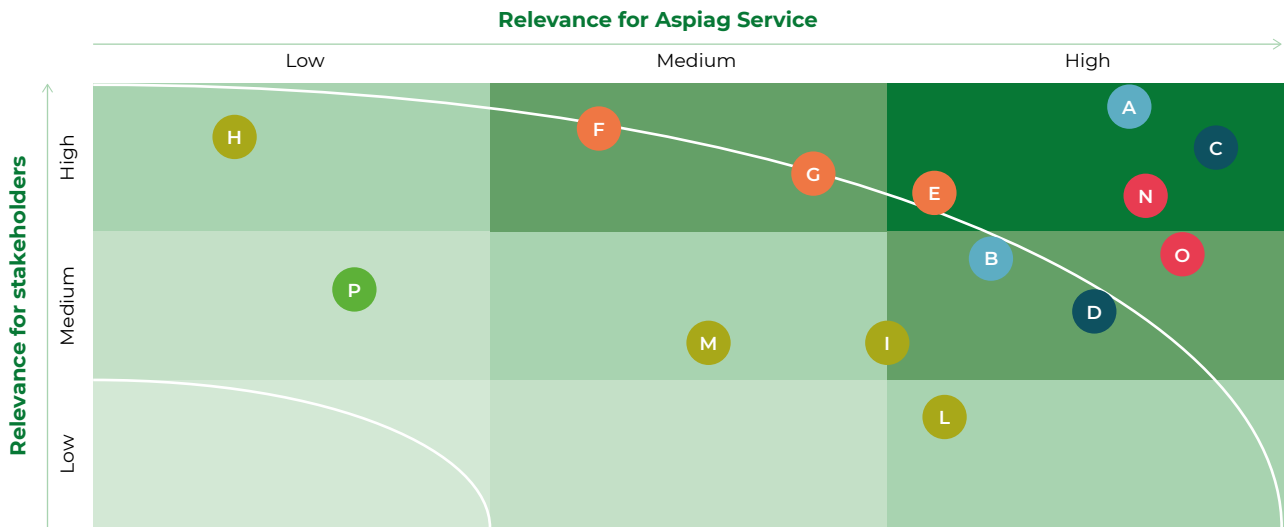
The interactions resulting from this flow illustrate the ideas of trade-off, i.e. the change (increase, decrease, transformation) in available resources that turn into new inputs for the subsequent reporting period, and of connectivity—represented also through the matrix on page 70. Our strategic objectives are in line with the company's mission, vision, and values as well as the SDGs and stakeholder engagement (page 33). Our reporting approach brings those aspects together to provide stakeholders with a comprehensive picture of the company.

As for the reporting process, the regular working group set up to prepare the Integrated Report gathers quantitative and qualitative data that facilitate the sharing of information. Additional information that is not developed internally, such as information on the economic context, is always reported by referencing the source, and so are certain methods used to calculate the data in the tables. The data in the 2019 Integrated Report is compared to the years 2018 and 2017 to provide the reader with a comprehensive picture of the Company's performance. The 2019 data include also those of the merged entity Superdistribuzione S.r.l., whereas the 2018 and 2017 data referred exclusively to Aspiag Service, in line with the Annual Financial Statements. The way data is reported may change further in the event of updates to the GRIs or according to the different availability of data within the company. The Independent Auditors EY S.p.A. verify and certify the disclosures required by the GRI Standards.

This Report includes the Financial Statements in the form of infographics (pages 38-43), which are based on data from the Annual Financial Statements available in full at:

<https://www.despar.it/it/bilancio-esercizio-2019/>

This year the Company updated the materiality matrix, which is presented below along with the scope of the Report.



- | | | | |
|---|-------------------------------------|---------------------------------------|--|
| A Financial performance | E Product quality and safety | I Job security | O Company reputation |
| B Support to local communities | F Company ethics | L Employee training | P Reduction of environmental impact |
| C Sales network growth | G Privacy / data protection | M Employee safety and wellness | |
| D Innovation in offer and services | H Employer attractiveness | N Customer satisfaction | |

Material topics	GRI topics	Scope and limitation of the topics
Financial performance	Economic performance	Aspiag Service
	Indirect economic impacts	Aspiag Service
Support to local communities	Environmental compliance	Aspiag Service
	Socioeconomic compliance	Aspiag Service
Sales network growth	-	Aspiag Service
Innovation in offer and services	-	Aspiag Service
Product quality and safety	Customer health and safety	Aspiag Service
	Anti-corruption	Aspiag Service
Company ethics	Anti-competitive behaviour	Aspiag Service
	Public policy	Aspiag Service
Privacy/data protection	Customer privacy	Aspiag Service
Employer attractiveness	-	Aspiag Service
	Labour/Management relations	Aspiag Service
Job security	Non-discrimination	Aspiag Service
	Employment	Aspiag Service
	Diversity and equal opportunity	Aspiag Service
Employee safety and wellness	Occupational health and safety	Aspiag Service, external cooperatives
Employee training	Training and education	Aspiag Service
Customer satisfaction	-	Aspiag Service
Company reputation	Economic performance	Aspiag Service
	Materials	Aspiag Service, supply chain. Reporting does not extend to the supply chain.
	Energy	Aspiag Service
Reduction of environmental impact	Emissions	Aspiag Service, supply chain. Reporting does not extend to the supply chain.
	Effluents and waste	Aspiag Service

GRI content index

GRI	Disclosure	Page	Notes / omissions
General disclosures			
Organisational profile			
102-1	Name of the organisation	9	
102-2	Activities, brands, products and services	11, 22	
102-3	Location of headquarters	24, 25	
102-4	Location of operations	11, 14-15, 21-22	
102-5	Ownership and legal form	12, 13	
102-6	Markets served	11, 22	
102-7	Scale of the organization	3, 11, 32, 38-43	
102-8	Information on employees and other workers	56, 57, 69	
102-9	Supply chain	22-27	
102-10	Significant changes to the organization and its supply chain	80-81	
102-11	Precautionary principle or approach	30-31	
102-12	External initiatives	19	
102-13	Membership of associations	28-29	
Strategy			
102-14	Statement from senior decision-maker	3	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	9, 19	
Governance			
102-18	Governance structure	16-19	
Stakeholder engagement			
102-40	List of stakeholder groups	28-29	
102-41	Collective bargaining agreements	56	
102-42	Identifying and selecting stakeholders	28-29	
102-43	Approach to stakeholder engagement	28-29	
102-44	Key topics and concerns raised	28-29	
Reporting practice			
102-45	Entities included in the consolidated financial statements	13	
102-46	Defining report content and topic boundaries	80-81	
102-47	List of material topics	80-81	
102-48	Restatements of information	80-81	
102-49	Changes in reporting	80-81	
102-50	Reporting period	80-81	
102-51	Date of most recent report	80-81	
102-52	Reporting cycle	80-81	
102-53	Contact point for questions regarding the report	4	
102-54	Claims of reporting in accordance with the GRI Standards	4, 80-81	
102-55	GRI content index	82	
102-56	External assurance		
Topic-specific disclosures			
GRI 200: Economic			
Economic performance			
103-1	Explanation of the material topic and its boundary, the management approach and its components, evaluation of the management approach	44-45	
103-2			
103-3			
201-1	Direct economic value generated and distributed	45	

GRI	Disclosure	Page	Notes / omissions
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	64-69	
203-1	Infrastructure investments and services supported	69	Some details for the indicator are not currently available. Aspiag 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	19	
205-2	Communication and training about anti-corruption policies and procedures	19	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	19	
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	19	
GRI 300: 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	64-69	
301-1	Materials used by weight or volume	67	Indicator information is not available except for the consumption of food packaging materials and carrier bags. Aspiag 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	64-69	
302-1	Energy consumption within the organisation	65	
302-3	Energy intensity	65	
302-4	Reduction of energy consumption	64	
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	64-69	
305-1	Direct (Scope 1) GHG emissions	65	
305-2	Energy indirect (Scope 2) GHG emissions	66	
305-3	Other indirect (Scope 3) GHG emissions	66	
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	64-69	
306-2	Waste by type and disposal method	67	









GRI	Disclosure	Page	Notes / omissions
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	64-69	
307-1	Non-compliance with environmental laws and regulation	68	
GRI 400: 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	54-63	
401-1	New employee hires and employee turnover	57	
401-3	Parental leave	59	
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	54-63	
402-1	Minimum notice periods regarding operational changes	56	
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	54-63	
403-1	Occupational health and safety management system	62	
403-2	Hazard identification, risk assessment, and incident investigation	62	
403-3	Occupational health services	62	
403-4	Worker participation, consultation, and communication on occupational health and safety	62	
403-5	Worker training on occupational health and safety	62	
403-6	Promotion of worker health	59	
403-8	Workers covered by an occupational health and safety management system	62	
403-9	Work-related injuries	63	
403-10	Work-related ill health	63	Some details for the indicator are not disclosed for confidentiality reasons.
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	54-63	
404-1	Average hours of training per year per employee	61	

GRI	Disclosure	Page	Notes / omissions
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	18, 54-63	
405-1	Diversity of governance bodies and employees	18, 58	
405-2	Ratio of basic salary and remuneration of women to men	59	
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	54-63	
406-1	Incidents of discrimination and corrective actions taken	56	
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	19	
415-1	Political contributions	19	
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	49	
416-1	Assessment of the health and safety impacts of product and service categories	49	
Customer privacy			
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	50-51	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	51	
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	49, 54-63	
419-1	Non-compliance with laws and regulations in the social and economic area	49, 57	

Sustainable Development Goals

Goals		Description	Page	Ref. GRI
 1 NO POVERTY	1. No poverty	End poverty in all its forms everywhere.		
 2 ZERO HUNGER	2. Zero hunger	End hunger, achieve food security and improved nutrition and promote sustainable agriculture.		
 3 GOOD HEALTH AND WELL-BEING	3. Good health and well-being	Ensure healthy lives and promote well-being for all at all ages.	49, 59, 63, 76	403-8, 403-9, 403-10, 416-1
 4 QUALITY EDUCATION	4. Quality education	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	52, 55, 61, 76	404-1
 5 GENDER EQUALITY	5. Gender equality	Achieve gender equality and empower all women and girls.	18, 58-59	401-3, 405-1, 405-2
 6 CLEAN WATER AND SANITATION	6. Clean water and sanitation	Ensure availability and sustainable management of water and sanitation for all.		
 7 AFFORDABLE AND CLEAN ENERGY	7. Affordable and clean energy	Ensure access to affordable, reliable, sustainable and modern energy for all.	64	
 8 DECENT WORK AND ECONOMIC GROWTH	8. Decent work and economic growth	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	45, 56, 57, 76	102-8, 102-41, 201-1, 401-1, 402-1, 405-1, 406-1
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9. Industry, innovation and infrastructure	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.	46, 69	203-1

Aspiag Service's commitment to the Sustainable Development Goals focuses on 5 SDGs. That said, 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
 10. Reduced inequalities	Reduce inequality within and among countries.	59	405-2
 11. Sustainable cities and communities	Make cities and human settlements inclusive, safe, resilient and sustainable.	46, 75	
 12. Responsible consumption and production	Ensure sustainable consumption and production patterns.	64-67, 69, 76	306-2
 13. Climate action	Take urgent action to combat climate change and its impacts.	64-67, 76	305-1, 305-2, 305-3
 14. Life below water	Conserve and sustainably use the oceans, seas and marine resources for sustainable development.	48, 67	
 15. Life on land	Protect, restore and promote sustainable use of terrestrial ecosystems.	48, 52, 64	
 16. Peace, justice and strong institutions	Promote peaceful and inclusive societies for sustainable development.	19, 51, 56	418-1
 17. Partnership for the goals	Strengthen the means of implementation and revitalise the global partnership for sustainable development.	69	

Independent auditors' report on data and information included in the "Integrated Report 2019" 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 2019" of Aspiag Service S.r.l. (hereinafter also "the Company") referenced in the "GRI Content index" for the year ended on December 31, 2019 (hereinafter also "GRI disclosure of the Integrated Report").

Responsibilities of the Directors for 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 by GRI - Global Reporting Initiative ("GRI Standards"), as described in the paragraph "Methodological Notes" of the Integrated Report 2019.

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 defining the Company's commitments regarding the sustainability performance as well as 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 the 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 non-financial 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, 2019 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 2019.

Verona, June 8, 2020

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.

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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