

# INTEGRATED REPORT 2017



Aspiag Service S.r.l.  
Despar Nordest



Despar Nordest aims not just at the highest quality of its products but also to spread them more and more.

For this reason we enhance the peculiarities of all the regions in which we operate to make them known to all our customers.

**We grow with the territory  
and the territory grows with us.**

### **Integrated Report 2017**

Through the Integrated Report we want to be even closer to all Stakeholders, giving continuity to our commitment to present the world of Aspiag Service in the most complete, transparent and accessible way.

ENJOY YOUR READING.





## Esteemed Stakeholders,

Despar sowed its first seeds in Italy in the second half of the Fifties and in 1960 Unione Volontaria Spar was created, which then originated the current Consorzio Despar Italia. This means 57 years of official presence of Despar brand in Italy and almost as many in the Northeast of the country, where Aspiag Service operates today with 228 Despar, Eurospar and Interspar retail stores and hundreds of associated retailers.

But what is our company's "why", the profound reason that shapes our choices and supports our activities, allowing us today to look with gratitude and freedom at such a long history?

What drives our everyday work is the desire to grow, as a company and as individuals who are part of it, in a harmonious and sustainable relationship with the territory in which the Despar fir tree has put down its roots for so long.

We can only succeed if we nurture the territory from which our company derives its nourishment.

In 2017 we did this by running a healthy and growing company, which created 264 new jobs, contracting local businesses and craftsmen, investing over 94 million euros in openings and renovations and interacting with institutions, authorities and communities, generating a real added value for all the parties involved in social and cultural projects.

The turnover from sales to the public increased by 5% compared to the previous year and, although it was achieved in a far from trouble-free socio-economic context, is only a partial indicator of Aspiag Service's success. However, the dynamism of our company, which

continues the constant growth of the last few years, is proof of stability and a guarantee of opportunities for the women and men working in Despar, who are the only and inimitable source of the recognition of our brand and our success on the market.

The centrality of people in our business model is shown not just by the hundreds of new recruitments per year, but also by the number of hours dedicated to training: in 2017 training hours were almost eighty-seven thousand. Furthermore, more than five thousand employees received a productivity bonus during the year. The attention to workers also translates into full occupational safety, as evidenced by the renewal of the OHSAS 18001 certification.

No one is excluded from this attention, not even young people who go through a period of professional training in our facilities, as evidenced by the awards given to our Company by the University of Padua on the occasion of the Best Talent Hunter 2017: in fact, we were awarded not just for our employer branding activities but also for the number of internships offered and above all, for the quality of our tutoring during these internships.

Aspiag Service is this and much more. This is what our Company is: this Integrated Report is at the same time the result and narration of the transparency for which we stand out. Bearing witness to the high level of quality achieved were the awards received last autumn from the Institut du Capitalisme Responsable in Paris and from FERPI (Italian Public Relations Federation) - Oscar di Bilancio (Balance Sheet Oscar).

I am proud to introduce you to this narrative, and I hope you wish to continue being part of it.

**RUDOLF STAUDINGER**

Chairman Aspiag Service S.r.l.



**1.751 billion**  
**+5%**  
Net sales



**228**  
**+2.2%**  
Direct retail stores



**76.8 Millions**  
**+5.3%**  
Number of customers



**7,714**  
**+3.5%**  
Employees



**394 thousand**  
**-0.97%**  
Average daily energy consumption (KWh LFL)



**10.7%**  
**+3.9%**  
Market share



## ABOUT THIS REPORT

### REPORT ADDRESSED TO ALL STAKEHOLDERS

#### PURPOSE

The Integrated Report is an information tool aimed primarily at illustrating how and on what basis the Company creates value in the short, medium and long term, chiefly for its capital providers; it enables to represent, assess and monitor, in a systematic, consistent and structured, but also clear and concise way, the set of actions, resources - even of an intangible nature - and results that, while being of strategic relevance to the Company for the purpose of its own efficiency and competitive effectiveness, are not systematically documented and analysed in traditional parameters, measurements and civil reporting.

For a better understanding of this Report, we recommend reading the Methodological Notes for the formulation, the references, the scope of reporting and the materiality of the issues analysed.

#### DISCLOSURE

The CFO guides the preparation of the Integrated Report and presents it to the Board of Directors on the occasion of the approval of the financial statements. The Board maintains that the Report addresses all relevant issues and properly illustrates the Company's integrated performance and approves its publication.

#### LINKS AND REFERENCES

The interactive links to websites are highlighted in [\[green\]](#).

The reading is facilitated or supplemented by the Highlights columns to the side of the text, which offer figures and values quick to understand, as well as the GRI and SDGs icons, which indicate the belonging of an indicator to the reporting standards of reference.

Working Group Coordinator:  
Raffaele Trivellato, CFO of Aspiag Service  
([raffaele\\_trivellato@despar.it](mailto:raffaele_trivellato@despar.it)).





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NET SALES  
**357,573,019**

EMPLOYEES  
**1,659**

DIRECT RETAIL STORES  
**59**



## DESPAR WITH HOCKEY CLUB PUSTERTAL

Aspiag Service is a sponsor of the Hockey Club Pustertal - Val Pusteria, one of the leading Italian hockey teams, of which we are partners and supporters.

In the last few years the team has grown a lot and Despar's support is intended as a recognition of the team's role and identity and aimed to strengthen the link with it and all of the Trentino Alto Adige region, where our presence has been well established for some time now.

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## IDENTITY AND OPERATIONAL CONTEXT

# Mission Vision & Values

### Our 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 good organisation and on a broad-ranging and consolidated system - consisting of retail stores and shopping centres - aimed at production, management and promotion of products, as well as their sale.

### Our Vision

To be a leader in the Large Scale Distribution industry and in the reference trading area by offering our business's products and services.

### Our Values

In order to achieve our vision, we refer to a combination of values, including customer focus, innovation, employees' development and sustainability, identified through the involvement of the entire management team and passed on to all collaborators. These values are the expression of integrated thinking and are the guiding principles of our daily actions, inspiring our behaviour and decisions and developing a sense of belonging and common identity in order to share our achievements.

### Value in action

+ 3.9% in Market share

#### CUSTOMER FOCUS

Constantly researching the customer's point of view, their demands and needs, in order to direct our work towards a quality service that creates value for the customer.

**+5.3%**  
Customers

#### INNOVATION

Collect and share key information, taking into consideration the complexity and volatility of the operational context, in order to identify development solutions in support of competitive advantage.

**+33.8%**  
Investments

#### EMPLOYEES DEVELOPMENT

Focus on the individual and his/her personal development, inspiring continuous learning with the aim of facilitating accountability and professional autonomy, motivating the achievement of goals and creating a sense of belonging.

**+21.7%**  
Hours of Training

#### SUSTAINABILITY

Create a balanced and lasting relationship of all activities compared to their economic, social and environmental effects.

**+4.9%**  
Distributed Value





## HISTORY

### Aspiag Service growth

Aspiag Service's story continues after almost 30 years in business. The company has grown through acquisitions and expansions, combining the energies of both local and international companies.

#### 1989 - 1996

Aspiag Management AG, a Swiss company belonging to the SPAR Austria Group, established Aspiag Italia (now Aspiag Service) and took over several Despar companies: in 1991 it takes over Amonn Service Srl of Bolzano, which has been operating since 1961 in Alto Adige, as the first distribution centre (Ce.Di.) and is the current registered office; in 1995 Padis SpA of Mestrino (PD), operating in Veneto since 1959, as second Ce.Di. and the current administrative, executive and management headquarters; in 1996 the company Scambi Commerciali Srl, operating since 1960 in Friuli Venezia Giulia as third Ce.Di.

#### 1997 - 2009

Superdistribuzione Srl was established in 2003; in 2006, 8 retail stores were purchased from the companies EPAM Srl and DAG Srl in Friuli Venezia Giulia; 61 retail stores under the Pellicano brand in 2006; 10 retail stores operating in Trentino Alto Adige from Omniscom S.p.a., in 2009.

#### 2010 - 2016

The OHSAS 18001 safety certificate was obtained in 2010; in 2013 Aspiag was the first Italian Retail Company to be certified according to ISO 14001; in 2015, acquisition of 7 retail stores operating in Friuli Venezia Giulia from Società Cooperative Operaie, safeguarding 100 jobs; in 2016, 10 new retail stores opened, including the first in the province of Parma.

#### 2017

Net sales: 1.751 billion;  
number of retail stores 228;  
employees: 7,714.

### SPAR INTERNATIONAL IN ACTION

1932



1940



1950



1960



since 1968



## THE INTERNATIONAL ORIGIN OF THE DESPAR BRAND

Internationally, our brand is managed by SPAR International, ([www.spar-international.com](http://www.spar-international.com)) a cooperative society established in 1932 by Adriaan van Well at Zoetermeer (Netherlands) as the first voluntary union of wholesalers and retailers. SPAR is a Dutch word meaning "fir", the original name "Despar" stands for "Door Eendrachtig Samenwerken Profiteren Allen Regelmatig" which means "Everyone benefits equally from harmonious cooperation".

In the 1950s, the brand name was shortened to SPAR and gained recognition first throughout Europe and then the rest of the world. Its arrival in Italy is followed by the creation, in 1960, of Unione Volontaria SPAR, which chose to adopt the old brand name "Despar".

**7,204,195**  
sq.m.  
Sales area

**12,545**  
retail stores

**33.11**  
billion Euro  
Turnover from sales to the public

Data as of 2016



## THE DESPAR BRAND IN ITALY

### DESPAR CONSORTIUM IN ACTION

**3.4 billion Euro**  
Turnover

**416**  
Direct stores

**799**  
Affiliated stores

**736,366**  
sq. m.  
Sales surface area

### SPAR AUSTRIA IN ACTION

**14.6 billion Euro**  
+6.5%  
Turnover

**81,394**  
+4.8%  
Employees

**3,164**  
+2.8%  
retail stores

**801,000**  
sq.m.  
-1.1%  
Shopping centres surface area

**2,486,531**  
sq.m.  
+3.2%  
Sales surface

The Despar brand is currently managed in Italy by 6 different independent partners, the largest of which is Aspiag Service, united in the Consorzio a Responsabilità Limitata Despar Italia (a limited liability consortium) ([www.desparitalia.it](http://www.desparitalia.it)), located in Casalecchio di Reno (BO).

Each member of the consortium can only operate in a pre-established geographical area, in which it is the licensee of the Despar brand, manages its own distribution centres to supply all direct and affiliated retail stores

in the area. The Despar Italia consortium protects the brand, manages relations with authorities and institutions, direct contact with SPAR International and the development of the private label products. Membership in the consortium also entails precise restrictions to be complied with both in the use of retail signs (regulated by specific contracts and clauses), and in the furnishing and outfitting of stores. Promotional campaigns and collection points are also developed centrally, but in terms of guidelines only.

## SPAR AUSTRIA

The acronym 'Aspiag Service' originates from Austria SPAR International AG, the parent company established in Austria in the 50s. Spar Austria is the largest of the SPAR organisations worldwide.

In addition to being a leader on the domestic market, the Spar Group has also established itself in other European markets such as Slovenia, Croatia, Hungary and Italy. It has also diversified its business to include the management of shopping centres through Spar European Shopping Center (SES) and the sale of sports clothing and equipment (Hervis).

TURNOVER BREAKDOWN	SHARE
Austria	43.34%
Italy	13.97%
Hungary	11.77%
Slovenia	5.05%
Croatia	3.88%
SES Spar European Shopping Centers (Austria, Croatia, Italy, Czech Rep. Slovenia, Hungary)	18.63%
Hervis (Austria, Croatia, Germany, Czech Rep, Romania, Slovenia, Hungary)	3.36%
	<b>100%</b>

### The History of Spar Austria

[www.spar.at](http://www.spar.at)

The first Austrian SPAR organisation, known as Handelsvereinigung SPAR Tirol/Pinzgau, was established by Hans F. Reisch in 1954, and was intended as a medium-sized chain comprising the wholesaler company and other affiliated which collaborated for purchasing, marketing, organisation and technical aspects. From 1959 onwards, the brand expanded all over the country and, in the 1970s, SPAR Österreichische Warenhandels AG, namely SPAR Austria, was created from the union of all the affiliates.

Even today, the founding families hold managerial positions within the Group.





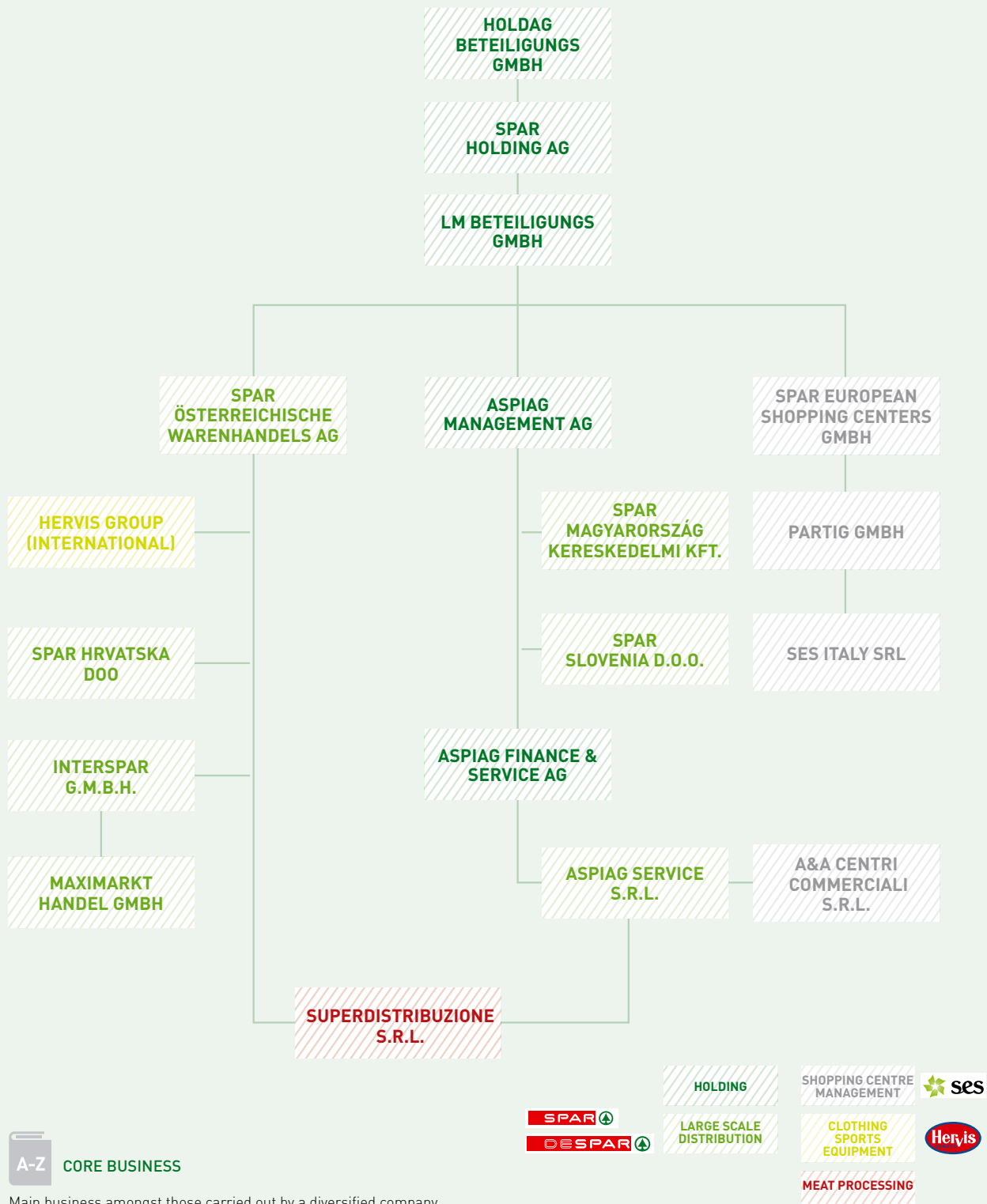


## GROUP OWNERSHIP AND STRUCTURE

The Company is managed and coordinated by the sole business partner, Aspiag Finance & Services AG, which is based in Widnau (Switzerland) and is part of Holdag Beteiligungs GmbH, whose headquarters are in Salzburg.

Ownership of the parent company Holdag has remained unchanged since 1970.

The following graph shows the most important companies in the SPAR Austria Group. Different colours indicate different core businesses.



**A-Z CORE BUSINESS**

Main business amongst those carried out by a diversified company.



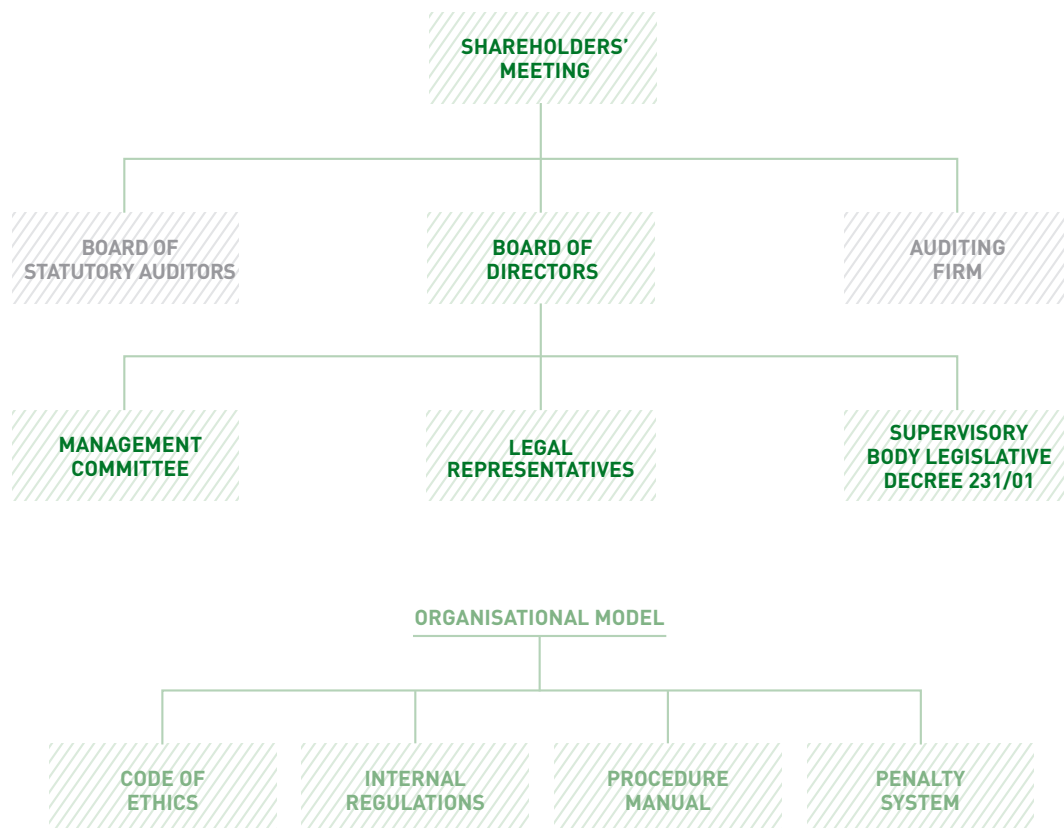
# GOVERNANCE

**Our Corporate Governance system is based on some key principles, such as a correct and transparent management of the business, also ensured through the identification of information flows between the corporate bodies and an efficient definition of the internal control and risk management system.**

The corporate governance model has a hierarchical structure with several players, at the top of which is the Shareholders' Meeting. The Company is run by a Board of Directors (hereinafter referred to as "Board"), supported by a Board of Statutory Auditors. Accounting control is carried out by a leading independent auditing firm. There are no formal workers' committees that have direct contact with the Board; however,

the Corporate Management is in regular contact with trade unions at the regional level.

Regulation (EU) 2016/679 on the protection of personal data will become applicable in Italy as of 25/05/2018; therefore, the Company has started a project to adjust its internal compliance to the new regulatory framework.







## SHAREHOLDERS' MEETING AND BOARD OF DIRECTORS

Heading the governance bodies is the Shareholders' Meeting, chaired by the Chairman of the Board of Directors (Board) or by another person appointed by the Shareholders' Meeting with a simple majority. The Shareholders' Meeting shall have the duties and responsibilities provided by statutory law and corporate by-laws.

The Board has the powers for both the ordinary and extraordinary management of the Company, with the exception of those powers reserved for Shareholders. The Board of Directors carries out its duties according to the law, the Company by-laws and internal corporate regulations (Organisational Model 231/01, discussed below).

The choice to appoint several Directors has not increased the cost of the corporate structure, given that the Directors receive no compensation for the office they hold.

Furthermore, the subdivision of tasks also ensures that the management is more involved in the dynamics linked to the various business areas.

Among other things, the Board has the task of approving and supervising the Company's economic and financial planning. The process is based on various stages, including:

- Monitoring of economic and financial management based on the recommendations of the Management Committee.
- Three-yearly Budget and Business Plan.

The Board of Directors' meetings are itinerant as they are held in rotation in the different regions in the Company's operating area, thus promoting the directors' visits to the new retail stores and new areas of expansion and facilitating business relations and relations with local institutions.

## THE BOARD OF STATUTORY AUDITORS AND THE INDEPENDENT AUDITING FIRM

Supporting the Board are the Board of Statutory Auditors and the Independent Auditing Firm, appointed by the Shareholders. They are in charge of supervising, each in their respective areas of expertise, the company's operation and structure.

The Board of Statutory Auditors, comprising five members appointed by the Shareholders' Meeting, has a term of office of three financial years, until the date of approval of the 2017 financial statements.

This Board supervises compliance with the law and the Company by-laws and the correctness of management methods adopted, with particular focus on the organisational, management and accounting structure, as well as having management control functions.

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

### GOVERNANCE IN ACTION

The **Board** is composed of: **8** members, of which **5** chief executives including the Chairman.

**6** itinerant meetings of the Board in 2017

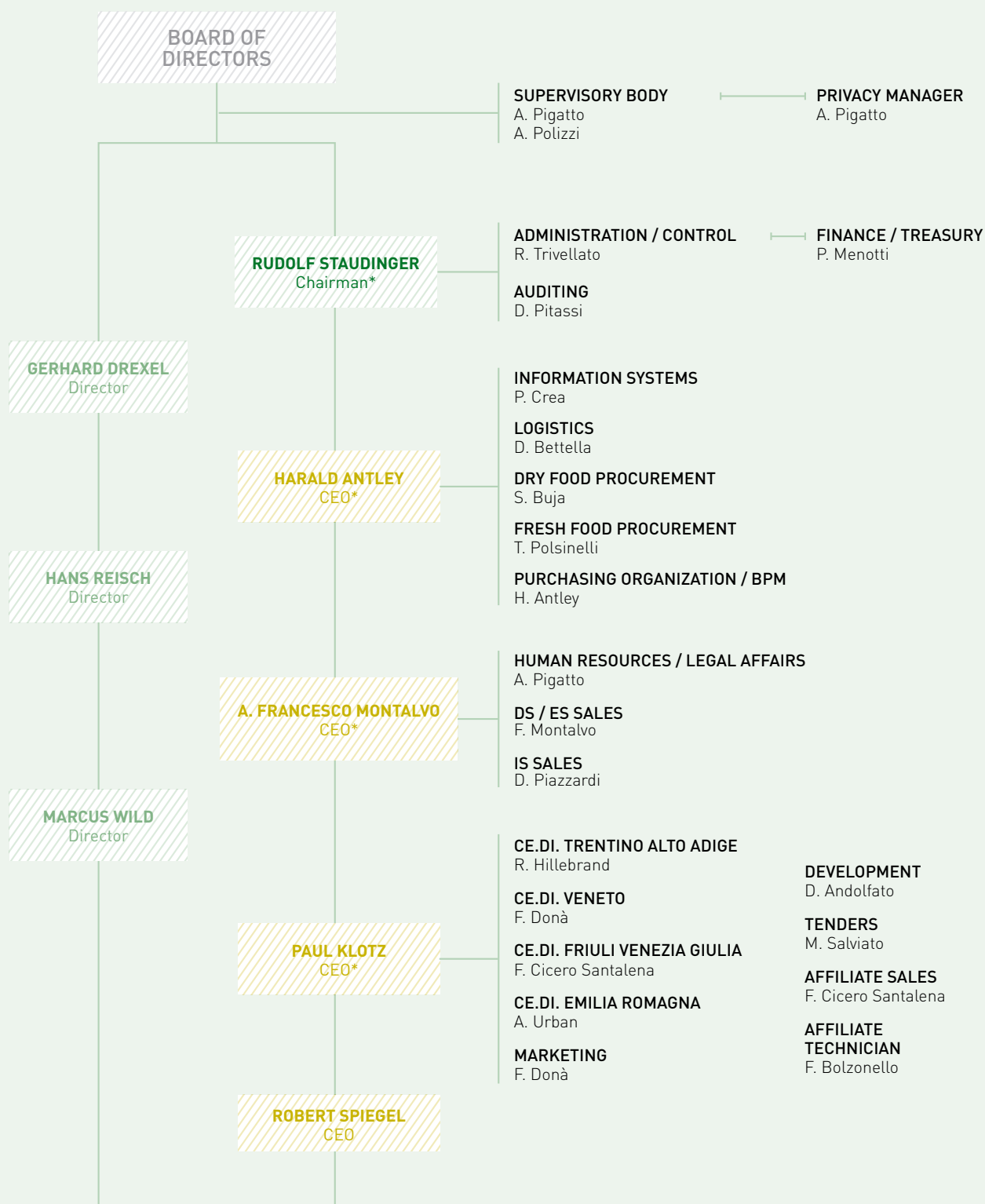
The **meetings** in 2017:

- 1** Marketing meeting
- 8** Retroplanning
- 10** Sales Committee
- 23** Executives Coordination
- 5** Management Meeting
- 6** Boards of Statutory Auditors
- 11** Management Committee
- 1** Meeting between the Auditing Firm and Board of Statutory Auditors





## ORGANISATION CHART



\* Members of the Management Committee





## THE MANAGEMENT COMMITTEE AND THE LEGAL REPRESENTATIVES

The Management Committee consists of a variable number of members and the Chairman of the Board and all the Managing Directors are rightful members of it. The Board may also appoint other members, who then remain in office for the term established by the Board. In 2017, the Management Committee consisted of the Chairman Rudolf Staudinger and Managing Directors Harald Antley, Paul Klotz and Francesco Arcangelo Montalvo. The Committee has propositional and preparatory responsibilities and the task of providing technical and managerial support to the Board of Directors:

- annually and no later than November, it prepares the Company's budget proposal for the following financial year. The budget can be updated (usually half way through the following year) and in October forecasts are prepared that include implementation of any corrective actions deemed appropriate by the Management;
- formulates a three-year business plan, which is approved by the Board of Directors in February;
- it informs the Board on the Company's progress during the financial year underway, reporting and commenting on any variations with respect to the budget and the previous period.

These stages and their development entail continuous and effective communication between the various company management teams, who hold numerous meetings for discussing and sharing information.

In this way, the progress of corporate management and investment decisions, undertaken more rapidly due to this coordination, can be monitored.

The legal representative works to support the activities of the Board and is appointed by the Board itself.

There are currently 55 legal representatives at Aspiag Service, who have been assigned ordinary and extraordinary management powers, within the scope of their expertise and in compliance with their assigned mandates. These Legal Representatives may appoint others ad acta or ad negotia with a limited mandate.

### GOVERNANCE IN ACTION

#### 2017

##### Financial planning

**February**  
Business Plan approval

**June**  
Revised budget

**October**  
Forecast

**November**  
Budget approval

## SUPERVISORY BODY

The Supervisory Body, whose functions are carried out by the Compliance Office, is paramount. It is currently composed of two members, one of whom is external, pursuant to Legislative Decree 231/01 on corporate liability for unlawful administrative acts connected with offences put in place in the interest or benefit of the entity. The Supervisory Body meets 4 times a year, 2 at the corporate headquarters

and 2 in Milan. Internal meetings have informative purposes intended for the various corporate functions.

Aspiag Service has set up a specific email address for sending the Supervisory Body reports, suggestions, clarifications, information, etc.: [co\\_aspiagservice@despar.it](mailto:co_aspiagservice@despar.it).



### COMPLIANCE

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



## THE ORGANISATIONAL MODEL 231/01

By resolution of the Board of Directors dated 4 May 2005, Aspiag Service voluntarily took on an Organisational, Management and Control Model (hereinafter "the Model"), prepared according to [Legislative Decree no. 231/2001](#) on the administrative liability of institutions.

The Compliance Office is obliged to provide regular reports of any critical issues within the corporate system regarding the implementation of the Organisational Model and to draft, at the start of every year, an inspection and control plan to be implemented during the year and to submit a result report to the Board of Directors and the Board of Statutory Auditors.

This important document forms part of the overall governance tools system which is relevant to the Company as much as the people who are involved in it. The Model includes the Company Code of Ethics, Internal Regulations and Mapping of Powers, the Procedure Manual for the prevention of the risk of crimes and the Penalty System, which are risk management tools. During the year the Model was updated with new types of crime.

## THE PROCEDURE MANUAL AND THE INTERNAL REGULATIONS

The Procedure Manual aims to define and implement internal control mechanisms intended to plan the Company's decision-making process regarding activities that involve the potential risk of unlawful acts and oversee, under the supervision of the Compliance Office, the management of the various functions in charge of sensitive activities.

The internal regulations include the rules governing the Company's operational management by the bodies with management and representative powers, their duties and responsibilities and their powers. The company regulations are therefore circulated among all new recruits, are posted on all corporate notice boards, both at the headquarters (including warehouses) and at retail stores and can be consulted on the corporate website.

## THE CODE OF ETHICS

The Code of Ethics most certainly constitutes an important part of the Organizational Model 231/01.

The Code of Ethics, fully viewable at the link <http://www.despar.it/it/node/17/codice-etico/>, is symbolic of the outward and inward corporate attitude "identifying simultaneously all the rights, duties and responsibilities with regard to any party inside or outside the Company, in order, among other things, to maintain the very highest of standards". In this way, the Code expresses Aspiag Service's principles of transparency, legality, equality, fairness, protection of shareholders and creditors, and professional ethics. The Company's guiding principles are, nonetheless, open to changes and adaptation according to times and regulations.

All those who are part of or have a relationship with the Company are required to comply with corporate ethical standards, which are also a condition of contract with regard to suppliers of goods and outside services. Compliance with the Code of Ethics by all parties involved with the Company (directors, legal representatives, employees, auditors, suppliers, etc.) ensures the smooth and proper operation of the company's departments, as well as preventing 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 form whatsoever, to parties, movements, political and trade union organisations and committees, their members and candidates, if not within the scope permitted by specific regulations and in compliance with the principle of transparency.

415-1

GRI

206-1

GRI

As of 31 December 2017 there were no legal or other actions regarding anti-competitive conduct, antitrust violations or monopoly violations.

## THE PENALTY SYSTEM

The Penalty system has the function of overseeing compliance with the Organisational Model, procedures and conduct.

The breach of the obligations contained therein, even if for the purposes of corporate interest, always and in all cases constitutes a breach of contract and disciplinary offence.

The Company does not intend, in any case, to pursue any advantage resulting from an offence and therefore, in the event of an unlawful act, it will have to forego any such advantage. Specific sanctions are foreseen for breach of or non-compliance with obligations, duties and/or procedures covered by the Model and its annexes.

A-Z

### 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 benefit of their companies.





	MEN	WOMEN	TOTAL	BETWEEN 30 AND 50 YEARS OLD	OVER 50 YEARS OLD
Board of Directors	8	0	8	1	7
Board of Statutory Auditors	5	0	5	2	3
Independent Auditing Firm	3	2	5	5	0
Management Committee	4	0	4	1	3
Legal representatives	48	7	55	32	23
Supervisory Body	2	0	2	1	1

GRI 405-1

205-2

GRI

Training on the Organisational Model and Code of Ethics is carried out by the Compliance Office, as established by the Model. A total of 29 employees were trained in 2017.

R. Staudinger  
Chairman

Aspiag would not be what it is today without the idea that value is created together, collaborating both internally and externally through an interconnected network of values, capabilities and objectives. This requires a governance that embodies the spirit of the Company and that is a dynamic whole of valuable people who guarantee the development and quality of the relationships involved.

Only integrated governance with sound tools and ethical principles can be forward-looking and effective to ensure corporate stability, performance improvement and consolidation of results also through the reinvestment of profits.







NET SALES  
**605,771,210**

EMPLOYEES  
**3,445**

DIRECT RETAIL STORES  
**76**



## DESPAR AND CULTURE AT THE TEATRO ITALIA IN VENICE

The Despar store in the former Cinema Teatro Italia is perfectly in line with the old cultural function of the building, not just thanks to restoration work that has enhanced its appearance, but also thanks to the initiatives this Despar store offers: here you can see one of the concerts held inside it during the opening hours.

The distinctive nature of this store has led to the creation of a book that explains all the restoration and recovery work stages of this former cinema “Venezia. Cinema Teatro Italia. Restauro e Riuso”.

BUSINESS MODEL 18

STRATEGY AND PERFORMANCE 28

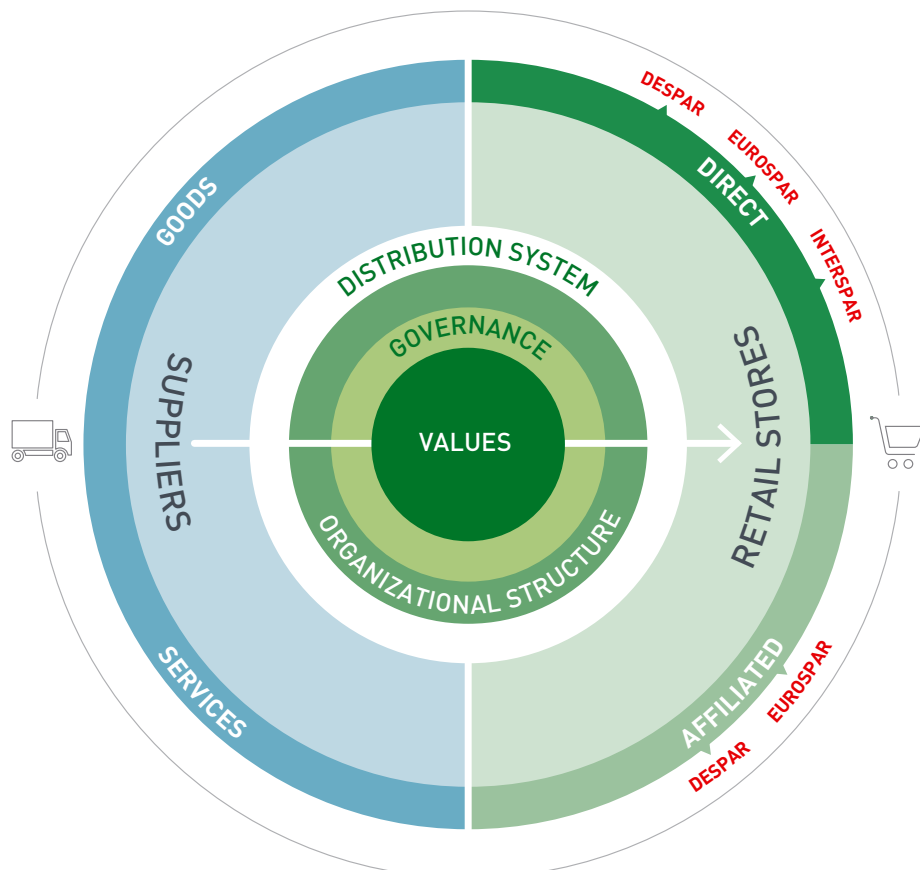


# BUSINESS MODEL

**Aspiag Service manages supermarkets with an essentially groceries vocation and purchases fast-moving consumer goods from suppliers (both branded and non-branded) to be resold in our retail stores and for wholesale.**

To give the customer the maximum possible value, we work with a variety of suppliers of goods and services that have predetermined standards, which allows to offer high-quality products and a comprehensive choice. We can count on the various phases of our distribution system to convey these goods to the various retail stores, which we managed directly (Despar, Eurospar and Interspar branches) or indirectly (Despar and Eurospar). The organisational structure uses the various corporate resources in its internal processes and the different positions to create value. Aspiag Service is committed towards its territory and is therefore rooted in it through three distribution centres (Ce.Di.) in Bolzano, Mestrino (PD) and Udine, to which all Aspiag Service direct and affiliated retail

stores belong. 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. From the presentation and analysis of the business model and its various parts it's possible to deduce that there are many parties related to the Company and its activities. Therefore, the parties that are the most significant stakeholders for Aspiag Service and the risks associated with them will be presented at the end of this chapter. In this way, the Company is able to transform its inputs and achieve the strategic goals set by creating value over time.





## THE MARKET

In 2017, the international economy, despite the various sources of instability, maintained good growth rates including in the Euro Zone, where the EU Commission forecast a 2.4% increase in European GDP. In a positive economic phase, even in Italy the economic recovery was moderately reinforced, continuing with a moderate growth, even if with some difficulty in recovering the pre-crisis situation. In 2017, the economy also improved thanks to internal demand, i.e. consumption and investment, for which ISTAT (the Italian national statistical institute) reported a 0.6% increase in disposable income compared to 2016 and a 0.5% rise in consumption, highlighting an increased propensity to save compared to the two previous quarters. In trend terms, the progressive ISTAT figures see income increase by 1.8%, while consumption expenditure increases by 2.5%. The performance of the indexes referring to investments remains on the upswing for 2017, indicating +3% (source: ISTAT) and benefiting from the improved credit market conditions, related to the expansionary monetary policy in the Euro Zone and from incentives to private investments with the Industry 4.0 Plan.

In large-scale distribution, the recorded progress is attributable not just to price increases on fresh products, largely stimulated by climatic anomalies, but also to an evolution in the habits of consumers who are increasingly attentive to healthy lifestyles and respect for the environment, which together with information on the safety and quality of products and services are increasingly central to their purchasing decisions. In this general framework, retail businesses operate in an increasingly complex and changing environment, also reflecting new consumer behaviour induced by the digital revolution, with Italian e-shoppers doubled from 9 to 18.8 million, out of 30.8 million users (source: Eurispes).

According to ISTAT, the trend of retail sales ISTAT in 2017, compared to the previous year,

showed a slight increase in value (+ 0.2%), due to contained evolution of pricing, and a drop of 0.6 % by volume; moreover, the positive result achieved by large retailers (+1.4%) is highlighted, whereas companies operating on small surfaces ended the year with a negative variation of 0.8%. With reference to the type of business, discounters are the most to grow (3.2%), while supermarkets achieve an increase by 1.2% and hypermarkets by + 0.1%.

In 2017, according to the Nielsen surveys, the trend in turnover in large-scale distribution, with the same number of stores, recorded a sales increase of 0.76%, reversing the negative trend recorded the previous year (-1.23%). With regard to the trend by product area over the previous year, it is the fresh produce and packed fast-moving consumer goods that produced the best performances, respectively + 4.5% and + 2.9%, while Non-Food shows -2.4%. (source: Nielsen).

Despite having favoured development in Emilia Romagna, Aspiag Service maintains its leadership in the Triveneto area with an estimated market share of 15.17% according to the Nielsen Fast-Moving Consumer Goods Guide and of 17.73% according to "Grocery Hyper + Super source Nielsen".

Consistent with the development in new regions, the expanded trading area, including Emilia Romagna, is considered, with a share higher than the previous year and equal to of 10.24% (source: Nielsen Fast-Moving Consumer Goods Guide).

The actual data of the grocery sector increased compared to previous years, which indicate a market share of 10.7% for the Triveneto and Emilia Romagna regions.

	2017	2016	2015
% market share	10.7%	10.3%	10.1%

**Note:** The data in the table refer to the market share "Grocery Hyper + Super Nielsen source" as of 31/12 of each year.

## BUSINESS IN ACTION

**+1.4%**

Sales in Italian large-scale distribution (source: ISTAT).

**+2.5%**

Spending on consumption (source: ISTAT).

**+1.8%**

Disposable income (source: ISTAT).

**60**

Potential competitors

**10.7%**

Market share held in the trading area



## SUPPLY CHAIN

Aspiag Service maintains its position on the market through good supply chain management, which streamlines and speeds up internal processes.

The supply chain includes the purchases, logistics and sales phases that interact dynamically involving various internal and external stakeholders and ensuring effectiveness and punctuality in achieving the objectives.

A good supply chain allows the development of synergies with suppliers, the containment of costs, the reduction of the environmental impact, the common management of certain risks. It guarantees control over the various stages of processing, transport and sale of products, aiming to maintain

high quality standards, constant availability of goods at the retail store, good pricing and the resulting customer satisfaction.

The end product sold at the retail store undergoes rigorous quality and safety checks from the earliest stages.

Aspiag firmly maintains its business relationships to generate benefits for suppliers, stakeholders in general and the Company. All staff members, autonomous and duly qualified, are available and communicative to suppliers, with a view to an efficient and innovative supply chain, as evidenced by a specific survey carried out by a leading third-party firm.



### HACCP (Hazard Analysis and Critical Control Points)

Is a protocol aimed at preventing food contamination hazards. It is based on the monitoring of those food processing phases which may entail a biological, chemical or physical hazard. Its purpose is to identify and analyse dangers and to develop suitable control systems.





## PURCHASES

Suppliers are carefully selected according to customer-oriented logic, through product quality, pricing, transparency in relationships. Efficient purchasing management is also supported by ad hoc processes and systems for sharing information between the Company and the supplier, which streamlines the flow between purchase orders and delivery of products to the retail store, thus satisfying the customer.

To take advantage of reduced waiting times, greater programmability of supplies and discounts due to the simplification of delivery and its concentration in terms of quantity, we are committed to making centralised purchases.

Aspiag Service has become part of ESD ITALIA, a **central purchase** and marketing group that negotiates annual supply contracts with domestic and global consumer goods industries on behalf of its shareholders. ESD is part of EMD, which alone brings together 400 independent food retailers in 21 countries with 155,000 retail stores. Their main business concerns the conclusion of trade agreements with major European industries. In Aspiag Service we have linked purchasing, sales and marketing offices to manage products by category, according to the category management model. In this way the categories, which are identified as business units of products perceived as being correlated or

replaceable by the consumer, are managed as a profit centre with different role and importance depending on the sales channel.

The category managers manage the different product categories - each with its own management logic, divided by sales channel - and have product responsibility from the bargaining phase to shelf allocation, maximising the items' performance and margin.

Despar private label products are the best way to convey our customers our company's values, such as convenience, quality, innovation, attention to the environment.

Despar private label products (<http://www.despar.it/it/prodotti-a-marchio-despar/>) are the products of third-party companies that are sold under the Despar brand. They are not subject to brand-specific marketing costs, and are competitive in terms of quality and have reduced costs. They are offered through several lines/brands that can satisfy multiple and varied needs; these needs are arranged in a pyramid of needs that, from the bottom up, includes the various brands, arranged and positioned by performance levels which are continuously evolving and increasing in quality. The private label assortment covers all categories of goods, created exclusively for Despar by the best producers. The sales impact of private label products on turnover is 20%.

### BUSINESS IN ACTION

**14%**

The market share of EMD, of which ESD is part

**20%**

The turnover of the private label products on the total turnover

H. Antley  
CEO

Our assortment combines national goods and many local products, whose quality creates value for customers and a lasting growth of the Company. By meeting our customers' different needs and purchasing habits, we are committed to further improving the range of our products, our logistics and the relationships with our suppliers, to maintain relationships of trust with our stakeholders.



### CENTRAL PURCHASE ALLIANCE

The central purchase alliance is an organisation that handles contract management (invoicing conditions and off-invoice services) and the product catalogue. In this type of purchase unit, processes only consist of defining product purchase conditions with the manufacturing industry and indirect revenue.



## LOGISTICS

Logistics plays a fundamental role in innovation and pursues the central goal of guaranteeing the service required by the retail stores.

Aspiag Service's distribution system optimizes logistical flows of goods and performs quality control and monitoring of each stage of the distribution process, ensuring daily freshness and product security and safety as well as steady supply to the retail stores.

The distribution system consists of 8 logistics platforms, strategically located in the area and managed with advanced equipment and technologies, plus two specialised suppliers (meat and fish).

We have agreed just-in-time deliveries with some suppliers, which is particularly useful in the case of so-called 'ongoing' products. The synergy between the different delivery methods and using suitable technologies allows the supply of goods with contained costs and the reduction of inventories (important especially for non-food products), still with efficient

shelf filling. In this regard, shelf availability balances the products' expiry with the customer demand, and at the same time meets the needs of the increasingly widespread trend of promotions, which implies efficient inventory management.

The use of 100% reusable and recyclable plastic crates in partial substitution of traditional throw-away cardboard, wood and plastic containers for the transport of fruit and vegetables, is also significant. Crates are the only transport system for this type of product throughout the supply chain, from the producer to the retail store, thus improving the quality, freshness and hygiene of the product with less waste.

The freshness and quality of the products in the retail store is also guaranteed through rigorous procedures, which involve the withdrawal of the product a few days before its expiration date. These products are then recovered through donations to the local non-profit organisations to help people in need and avoid waste.

### The Distribution Centres

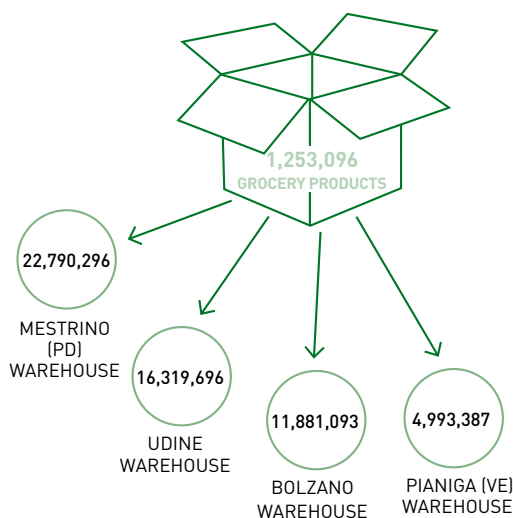


All the direct and affiliated stores of Aspiag Service depend on the three Distribution Centres (Ce.Di.) in Bolzano, Mestrino (PD) and Udine.

The Mestrino Distribution Centre is the management and administrative centre for all the group's business and the operational base for Veneto and Emilia Romagna.

The Bolzano Ce.Di. is the registered office of the Company and manages the Trentino Alto Adige commercial activities.

The Udine Ce.Di. is in charge of Friuli Venezia Giulia's commercial activities.



### ACTIVITIES OF THE LOGISTICS PLATFORMS

**97,787,095** PARCELS SHIPPED IN 2017



**19,077,675**  
FRUIT AND VEG

Padua  
LOGISTICS  
PLATFORM



**17,149,843**  
DELI FOOD AND CHEESE

Noventa di Piave (VE)  
LOGISTICS PLATFORM



**4,322,010**  
FROZEN FOODS

Verona  
LOGISTICS  
PLATFORM



**1,253,096**  
NON-FOOD

Oppeano (VR)  
LOGISTICS  
PLATFORM





## SALES

The management of the numerous Aspiag Service retail stores is divided into two channels:

- direct management of 228 Despar, Eurospar and Interspar stores, in relation to which we are responsible for the entire chain and all the necessary sales structure;
- affiliation of 343 stores (Despar and Eurospar affiliates) to which, via contract, we wholesale goods and provide services. The Company remains the owner of the sign granted as a

loan for use to the affiliate, which receives technical know-how and makes use of all commercial and marketing policies. Affiliates in particular bring about added value to what the Company is, establishing themselves between being part of the brand, dedication to work and appreciation of its land.

Aspiag Service retail stores are structured with three signs, depending on the size and the offer, to offer the customer a broader choice that adapts to their needs.



True to its original identity, the Despar sign identifies neighbourhood supermarkets (100-800 square metres) having a range of products geared mainly to daily shopping and specialising in fresh and very fresh products, that combine professionalism and convenience in a typically familiar space.



Created in the 1970s, the Eurospar sign identifies medium-sized retail stores (801-2499 square metres) that serve a wider urban area with different consumption needs. A retail store intended for weekly or fortnightly shopping, able to offer a wide range of fresh and longer lasting food products as well as non-food products and some basic services.



The Interspar sign identifies the larger retail stores. They feature a selection of fresh products, a wide range of non-food products and services, ranging from electronics to gardening, to household appliances.

The Despar **Premium** and Despar **Express** lines best adapt our offer to the habits of those who are looking for high quality environments and products or that have little time for shopping.

F. Montalvo  
CEO

Aspiag has seen an increase in turnover of 5% and a total of 21 new retail stores. We pursue our sales development policy by giving value to customers and to the region in which we operate. This is why we focus mainly on opening small and medium-sized stores, the redevelopment of urban areas and the fight against food waste. Despar's customers thus find a good partner for their shopping.

### BUSINESS IN ACTION

**228**

Direct retail stores

#### TRENTINO ALTO ADIGE

**28** Despar  
**28** Eurospar  
**3** Interspar

#### VENETO

**20** Despar  
**32** Eurospar  
**24** Interspar

#### FRIULI VENEZIA GIULIA

**27** Despar  
**44** Eurospar  
**5** Interspar

#### EMILIA ROMAGNA

**4** Despar  
**8** Eurospar  
**5** Interspar

In addition to  
**343** affiliated  
retail stores



## STAKEHOLDER ENGAGEMENT

Aspiag Service maintains many different relationships with its stakeholders, which are the cornerstone of the Company's external relations and those who receive the value created and distributed outside it. To improve this

aspect, Aspiag monitors the trends and requests of its stakeholders, shown in the table below along with our way of engagement - which varies depending on the type of stakeholder.

STAKEHOLDER	DESCRIPTION	REQUEST
END CONSUMERS	Final recipients who satisfy their needs with the purchase at the retail stores.	<ul style="list-style-type: none"> <li>• Accessibility</li> <li>• Convenience and promotions</li> <li>• Fresh / quality products</li> <li>• Wide assortment</li> </ul>
AFFILIATES	Small, local businessmen to whom we supply goods, services and support through affiliation/supply contracts.	<ul style="list-style-type: none"> <li>• Logistic, commercial and technological support</li> <li>• Training</li> <li>• Convenience</li> </ul>
SUPPLIERS	Commercial partners with whom we have a mutual interest in collaborating to satisfy the end customer. We rely on the central purchase alliance for the coordination of activities related to the suppliers of goods.	<ul style="list-style-type: none"> <li>• Shelf products' display</li> <li>• Maintaining the assortment</li> <li>• Product innovation</li> <li>• Cooperation</li> </ul>
EMPLOYEES	Fundamental company resource, which allows the achievement of objectives through their professionalism, competence and welfare.	<ul style="list-style-type: none"> <li>• Validation</li> <li>• Training</li> <li>• Safety and security</li> <li>• Corporate welfare</li> </ul>
BANKS	Financial Partners to whom we turn for financial and economic support.	<ul style="list-style-type: none"> <li>• Financial solidity</li> <li>• Creation of credit lines and forms of financing</li> <li>• Development and expansion projects</li> </ul>
REPRESENTATIVE ASSOCIATIONS	Comparative and support tools in the analysis of the peculiarities of large scale distribution. Representatives are divided into trade unions and trade associations.	<ul style="list-style-type: none"> <li>• Transparency and adherence to laws on rights and labour</li> <li>• Participation in work groups</li> </ul>
COMPETITORS	They are a constantly monitored benchmark, as they can positively or negatively influence the reference market and therefore our own results.	<ul style="list-style-type: none"> <li>• Respect of competition</li> </ul>
PUBLIC ADMINISTRATION AND COMMUNITY	Is the reference point for the main authorisation practices and the world with which we interact; it is not directly related to an individual and is influenced by the effects of opening retail stores, which mitigated through the involvement of people and the provision of additional services, to build a value-added resource.	<ul style="list-style-type: none"> <li>• Economic and environmental sustainability</li> <li>• Respect for the land</li> <li>• Support for local and sporting organisations</li> <li>• Collaboration with non-profit organisations and schools</li> </ul>
UNIVERSITY	University of the reference trading area with which Aspiag Service interacts and collaborates for debate and mutual improvement.	<ul style="list-style-type: none"> <li>• Effective introduction into the world of work</li> <li>• Collaboration in the field of research</li> </ul>





Aspiag proposes and implements suitable answers to the improvement of relationships and to the achievement of objectives. Tracing with precision the

way in which Aspiag responds to its varied context and to stakeholders, means pursuing the path of transparency and good business management.

## RESPONSE OF ASPIAG

## THE ENGAGEMENT MODE

- "Guaranteed" quality
- Wide offer
- Typical local products, private label products, in line with trends
- Strict food security checks
- Different price ranges per product

- Directly at the retail store, with the Despar Tribù App, advertising monitors, internal radios, beacons
- Through websites, blogs, social media, email ([info@despar.it](mailto:info@despar.it)) and radio
- With regular market surveys by outside companies, telephonic and online quality surveys

- Good local presence through different Ce.Di.
- Availability for meetings and direct debate
- Use of the brand
- Visits to suppliers
- Assistance and conferences

- Periodic meetings between representatives of affiliates and company contacts;
- Frequent visits by the managers of the affiliated channel to the reference retail stores

- Profitability for both
- Regular payments
- Category management
- Expansion of the logistics network

- Survey conducted on a representative sample of the main supplier companies through questionnaires and interviews on some areas of analysis: business relationships, personnel, organisation, category management, products, supply chain, development

- Vast and diversified training programme
- OHSAS 18001 certification
- Result bonuses and incentives
- Agreements with healthcare facilities

- Biennial surveys on the internal climate
- House organ "InDespar"
- Health project
- Health and safety training courses and in the catalogue

- Commercial work, investments
- Management of lines with the main banking groups
- Diversification of forms of financing

- Periodic meetings in the company and at their offices
- Annual press conference for the presentation of company data

- High rate of permanent contracts
- Low number of disputes

- Obligatory and periodic exchange and sharing of information with the Supervisory Body
- Relations with Federdistribuzione, the organisation representing the Large Scale Distribution companies

- Reporting and publication of data
- Transparency in communication

- Contacts via Federdistribuzione
- Contacts with purchasing and marketing centre

- ISO 14001 environmental certification
- Infrastructure building
- Collaboration in projects with Municipalities
- Food education
- Sponsorships
- Donation of goods to NGOs

- Periodic meetings on the occasion of service conferences
- Web and press monitoring
- Activities with schools
- Press conference
- Periodic meetings with organisations

- High level internship proposal
- High level of recruitment after the internship
- Possibility to draft the thesis on Aspiag

- Curricular and Extra Curricular internship
- Academic meetings
- Research work groups



## RISKS AND OPPORTUNITIES

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

In particular, we have to deal with a vast and constantly evolving regulatory framework characterized by a system of laws and regulations whose violation can result in heavy administrative and criminal fines. To handle this within the Company there is extensive management of regulatory compliance, which is the responsibility of each function manager. The directors, assisted by the Compliance Office's supervisory body and the Internal Audit and Defence of the Corporate Assets departments monitor the risk factors in order to identify and prevent events that may adversely affect the corporate business and ensure greater constancy in the pursuit of objectives.

For each type of risk, the likelihood of occurrence of the event has been identified, also taking into account the measures taken to mitigate it, and the assessment of the potential effect on value creation for the Company.

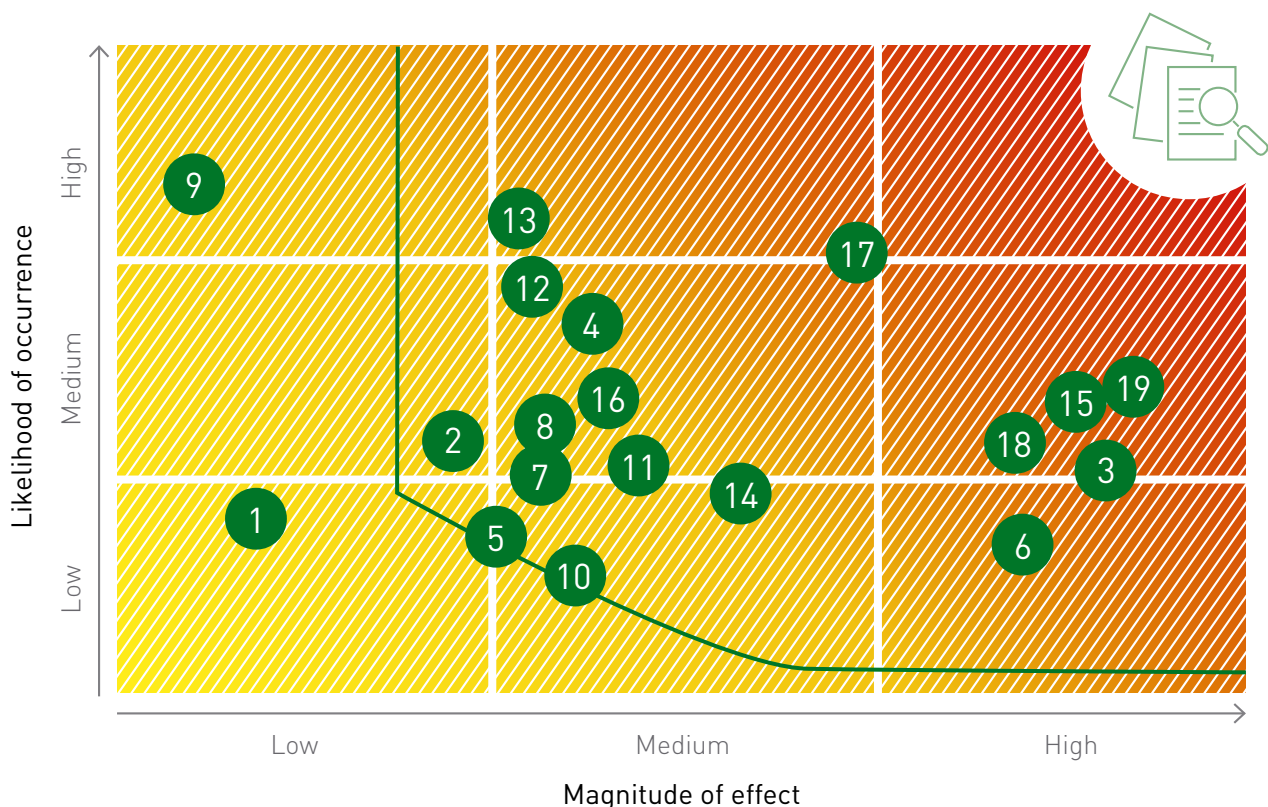
Thanks to mapping, we are able to identify preventative initiatives and actions to limit the impact of different

risk factors by leveraging internal synergies and external development opportunities.

The analysis of the relevance of the effects related to each issue relative to the areas of risk, such as the value of future market access and stakeholder opinion, the impact of new technologies and expertise on commercial management, the effect of monetary resources of the current and future financial years and the regulatory consequence, has provided a guide in the choice of more significant financial and non-financial indicators.

In the same way we manage risks, we know how to seize the opportunities that can equally arise from the external context or from internal junctures and that can be decisive for our development. In this sense we meet the market trends by proposing local, healthy or organic products, investing in new retail stores in strategic areas, both new and already served, we use new technologies for customer service and to control impacts.

The results of this analysis are shown in the table alongside, which clarifies the stakeholders involved for each risk class, the measures taken to mitigate each risk and the indicators prepared for their measurement.





RISK	STAKEHOLDER	MEASURES FOR MITIGATING THE RISK	INDICATOR
Risk class: COMPLIANCE			
1 Environmental	Community	<ul style="list-style-type: none"><li>Internal procedure for environmental management</li><li>ISO:14001 certification obtained</li><li>Organisational Model Legislative Decree 231/01</li></ul>	<ul style="list-style-type: none"><li>Monetary and non-monetary fines</li><li>Consumption and emissions</li><li>Waste disposal</li><li>Expenditure on environmental protection</li></ul>
	Company		
2 Privacy	Customers	<ul style="list-style-type: none"><li>Data controller</li></ul>	<ul style="list-style-type: none"><li>Annual report by the Privacy Manager</li></ul>
	Employees		
	Suppliers		
3 Food Safety	Customers	<ul style="list-style-type: none"><li>Selection and careful management of reference suppliers</li><li>Monitoring the quality of supplies and goods and customer service</li><li>Presence of an internal Food Security office</li><li>Mapping the corporate supply chain</li></ul>	<ul style="list-style-type: none"><li>Quality analysis and control</li><li>Fines for incorrect information and product labelling, expired goods, incorrect fridge temperature</li></ul>
4 Compliance in outsourcing	Suppliers	<ul style="list-style-type: none"><li>Obtaining documentation attesting the regularity of social security and insurance contributions of contractors</li></ul>	<ul style="list-style-type: none"><li>Number of disputes with Contracting Companies</li></ul>
5 Reporting	Public Administration	<ul style="list-style-type: none"><li>Supervision by the Board of Auditors and the Independent Auditor</li></ul>	<ul style="list-style-type: none"><li>Independent Auditor and Board of Auditor's report</li></ul>
6 Regulations	Public Administration	<ul style="list-style-type: none"><li>Upgrading and training</li><li>Presence of an internal legal office</li><li>Frequent relations with lawyers and consultants</li></ul>	<ul style="list-style-type: none"><li>Fines for non-compliance with Laws and regulations</li><li>C.O.'s annual report</li></ul>
7 Employees' health and safety	Employees	<ul style="list-style-type: none"><li>OHSAS 18001 Certification of the occupational health and safety management system according to OSHSAS 18001</li><li>Ad hoc training of personnel on safety in the workplace</li><li>Managers' inspections</li><li>Stipulation of ad hoc insurance contracts</li></ul>	<ul style="list-style-type: none"><li>Injury Frequency Rate</li><li>No. of employees' injuries</li><li>Absenteeism rate</li></ul>
Risk class: FINANCIAL			
8 Receivables	Affiliates	<ul style="list-style-type: none"><li>Assessment of the customer when stipulating a new contract and request for collateral guarantee for the supply</li><li>Constant monitoring of receivables, monthly estimate of the write-down fund</li></ul>	<ul style="list-style-type: none"><li>Average net sales per affiliate</li><li>Write-down fund tendency</li></ul>
9 Receivables from end consumers	Customers	<ul style="list-style-type: none"><li>Takings from sales are immediate</li></ul>	<ul style="list-style-type: none"><li>Cash differences</li><li>Average receipt</li></ul>
10 Liquidity	Banks	<ul style="list-style-type: none"><li>Periodic evaluation by the management of the financial and economic equilibrium (liquidity generated and financial need)</li></ul>	<ul style="list-style-type: none"><li>Use of overdrafts</li></ul>
11 Rate	Banks	<ul style="list-style-type: none"><li>Hedging transactions with derivative instruments</li><li>Number of significant banks for diversification purposes</li></ul>	<ul style="list-style-type: none"><li>% fixed rate debt limit and % floating rate debt limit</li></ul>
Risk class: OPERATION			
12 Technological IT	Company	<ul style="list-style-type: none"><li>Best management of information systems</li><li>Technological innovation</li><li>Careful selection of suppliers and consultants hardware and systems</li><li>Widespread installation of the ERP system</li><li>Back up measures - disaster recovery</li></ul>	<ul style="list-style-type: none"><li>Costs for innovation / maintenance of IT systems</li></ul>
13 Strategic / Commercial	Company	<ul style="list-style-type: none"><li>Analysis of offer alignment with market demand</li><li>Monitoring the costs incurred for commercial policy over the results obtained in terms of new customer acquisition and keeping loyal customers</li></ul>	<ul style="list-style-type: none"><li>Market share performance</li><li>Commercial costs</li></ul>
14 Efficient Human Resources	Company	<ul style="list-style-type: none"><li>Ad hoc training</li><li>Resorting to separation of tasks</li><li>Behaviour based on the Code of Ethics</li><li>Care in recruiting</li><li>Starting internships and academic meetings</li></ul>	<ul style="list-style-type: none"><li>No. of training hours provided</li><li>Woman-man salary ratio</li><li>Absenteeism rate</li><li>Personnel turnover</li></ul>
Risk class: MARKET			
15 Price	Customers	<ul style="list-style-type: none"><li>Stakeholding in the central purchase alliance</li><li>Careful selection of suppliers with better price / quality ratio</li><li>Marketing and development activities to cope with competition</li></ul>	<ul style="list-style-type: none"><li>Market survey on Corporate Image</li><li>Customer satisfaction</li><li>Market share trend</li></ul>
	Suppliers		
	Competitors		
16 Asset evaluation	Company	<ul style="list-style-type: none"><li>Periodic impairment analysis</li></ul>	<ul style="list-style-type: none"><li>Write-down of capital assets</li></ul>
17 Theft	Company	<ul style="list-style-type: none"><li>Investments in anti-theft devices, internal / external surveillance service</li></ul>	<ul style="list-style-type: none"><li>Inventory Difference Management Committee</li></ul>
18 Fraud	Company	<ul style="list-style-type: none"><li>Adoption of the organisational Model (of Legislative Decree 231/2001)</li><li>Establishment of the Supervisory Body</li></ul>	<ul style="list-style-type: none"><li>C.O.'s annual report</li></ul>
19 Reputational	Company	<ul style="list-style-type: none"><li>Monitoring the quality of supplies and goods and customer service</li><li>Technological innovation and continuous process to increase the efficiency of the offer</li></ul>	<ul style="list-style-type: none"><li>Market survey on Corporate Image</li><li>Customer satisfaction</li><li>Market share trend</li></ul>
	Community		
	Competitors		





# STRATEGY AND PERFORMANCE

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

To achieve this strategic goal, our business is geared to five functional objectives: financial resource generation, new openings and renovations, customer satisfaction, enhancing employees, attention to the environment and the territory.

These goals influence corporate decisions and actions in a changing economic environment, stimulating the discovery of the best innovative solutions and the appreciation of all types of resources (environmental, human, technological).

The policy adopted for achieving the five functional objectives is based primarily on all corporate conduct that derives from our values and which has a common denominator for sustainable economic and social development.

The objectives are achieved in the set of actions such as attention to the market, consumers and local communities, the choice of suitable economic partners, supply chain control, environmental sensitivity, employees' health and safety, human resources management. The roots of Aspiag Service are immersed in the land in which it resides and from which it finds the resources for its business.

It is from here that the employees are selected and trained, and who are followed and valued for their professional growth and for delivering better customer service, increasing the quality and quantity of products and services offered. Customer satisfaction involves generating new financial resources and the need to open new sales outlets or to modernize existing ones, thus keeping pace with customer needs and innovation. This expansion is reflected in an increase in the market share.

Our strategic orientation tries to differentiate the company from competitors: the market often tends to compete on the lowest price front, while at Aspiag Service we also pursue a high quality level in all the initiatives and offers introduced.

With a good quality-price ratio, customer loyalty, maintaining the neighbourhood stores, Aspiag provides added value to the community in which it operates and pursues a primary social role.



P. Klotz  
CEO

Among our primary objectives there is growth in Emilia Romagna, a new region for Despar Nordest. For this reason we have not only opened numerous retail stores in all the provinces and increased our market share, but also expressed our closeness to this region through numerous and fine initiatives, important sponsorships and support for non-profit organisations and local projects, in line with Despar's values.



## ASPIAG'S COMMITMENT TO SUSTAINABLE DEVELOPMENT

The value creation process starts with the corporate mission that defines our purpose as a Company, to move on to the vision, which indicates the ultimate goal we want to achieve.

Our values guide our actions and conduct, outlining the strategy that will help us achieve our goals.

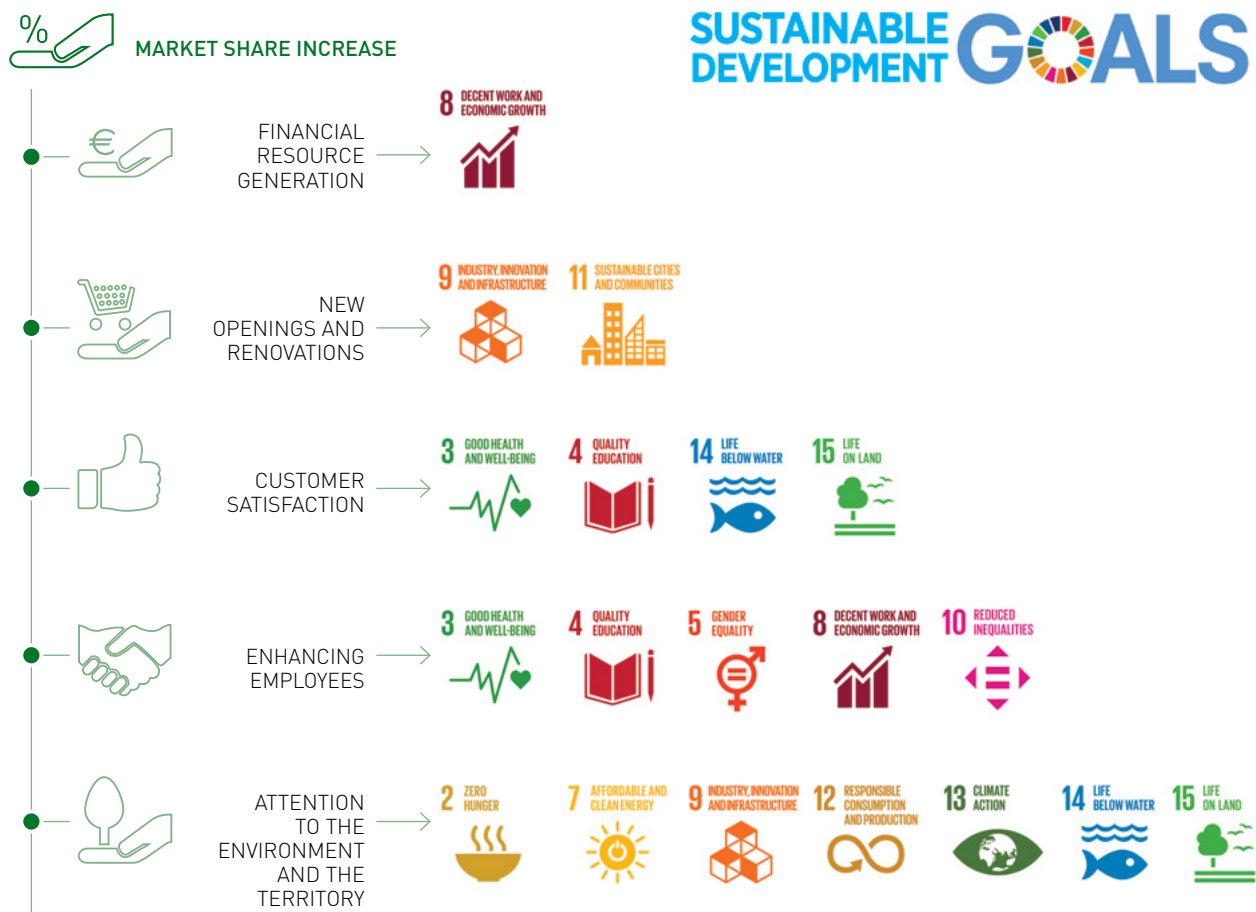
For years Aspiag has undertaken the path of sustainability for its work, a tangible commitment that during the Report is shown in its most important initiatives and in its numbers.

This is why Aspiag is in line with the UN Agenda 2030 sustainable development action programme, which aims to reduce hunger, poverty, inequality and pollution, in favour of fair, lasting and healthy development. The

related sustainability indicators (SDGs, Sustainable Development Goals) have been linked in the next figure for each corporate strategic objective. Our corporate action has intercepted 13 of the 17 sustainable indicators.

The presence of almost all the sustainable goals among our performance is a proof of our consolidated commitment to sustainability.

The presence of almost all the sustainable goals among our performances demonstrates our consolidated commitment towards the SDGs and alignment with the strategy pursued.



The comparative reading of the SDGs with the company objectives of market growth and profitability, highlights how the Company develops in a harmonious way with the values of sustainability such as innovation, environmental protection, social responsibility, with positive economic, social and environmental repercussions and increasing the quantity and quality of

internal and external resources that make it possible to continue the cycle of sustainable and tangible growth. The "Strategy and Performance" story allows us to convey to all our stakeholders our economic-financial and socio-environmental performance, thus making transparent the sustainability of the activities carried out.

## INTEGRATED DECISION MAKING PROCESS



## CREATING VALUE OVER TIME

### INPUT

#### FINANCIAL CAPITAL

Set of liquidity available to the company for its business.

#### MANUFACTURED CAPITAL

Real estate or leased properties, retail stores, administrative offices and platforms in which the Company carries out its business; it also includes the equipment and machinery necessary for carrying out its operations, as well as the stocks of the marketed products.

#### INTELLECTUAL CAPITAL

Includes the processes and internal procedures for corporate management, largely based on knowledge and activities aimed at ensuring the quality, security and safety of the products sold.

#### HUMAN CAPITAL

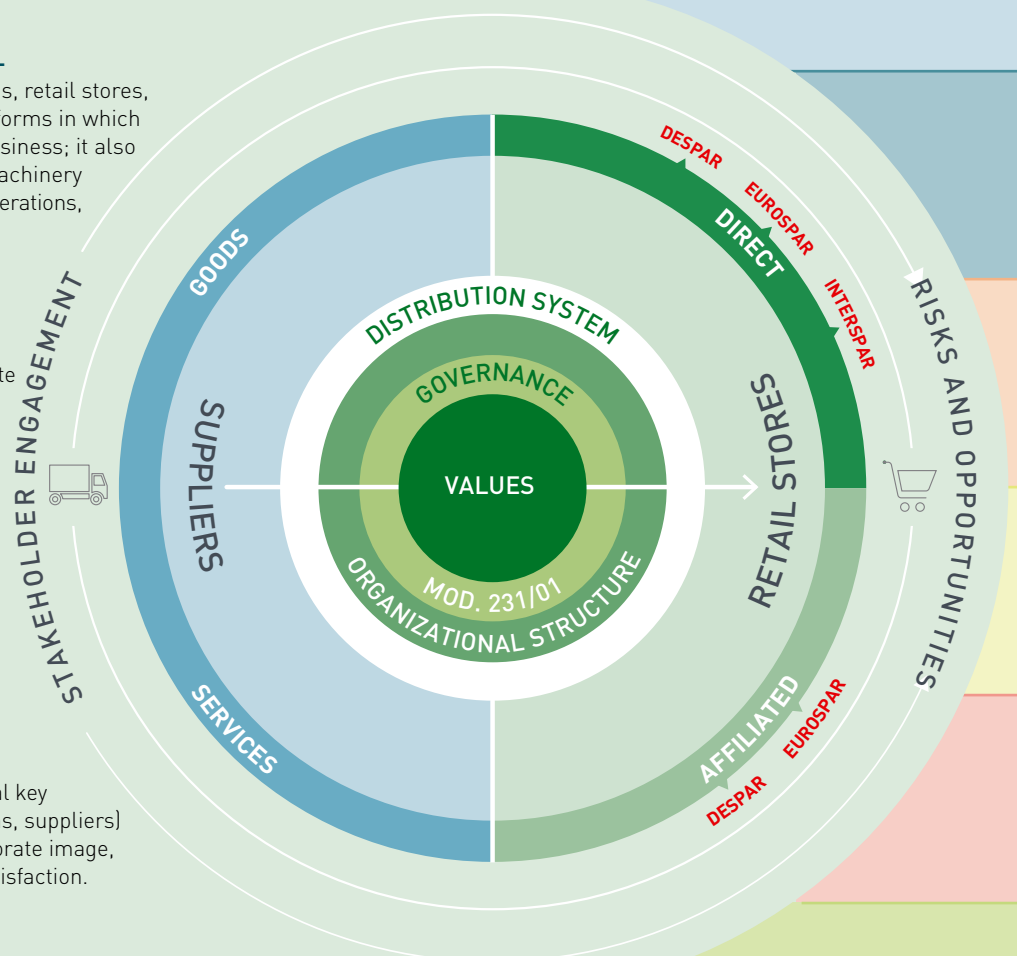
Assets of skills, abilities and knowledge of those who work in the Company, also on a Governance level.

#### SOCIAL AND RELATIONSHIP CAPITAL

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

#### NATURAL CAPITAL

Natural environment that is positively or negatively affected by business activities.



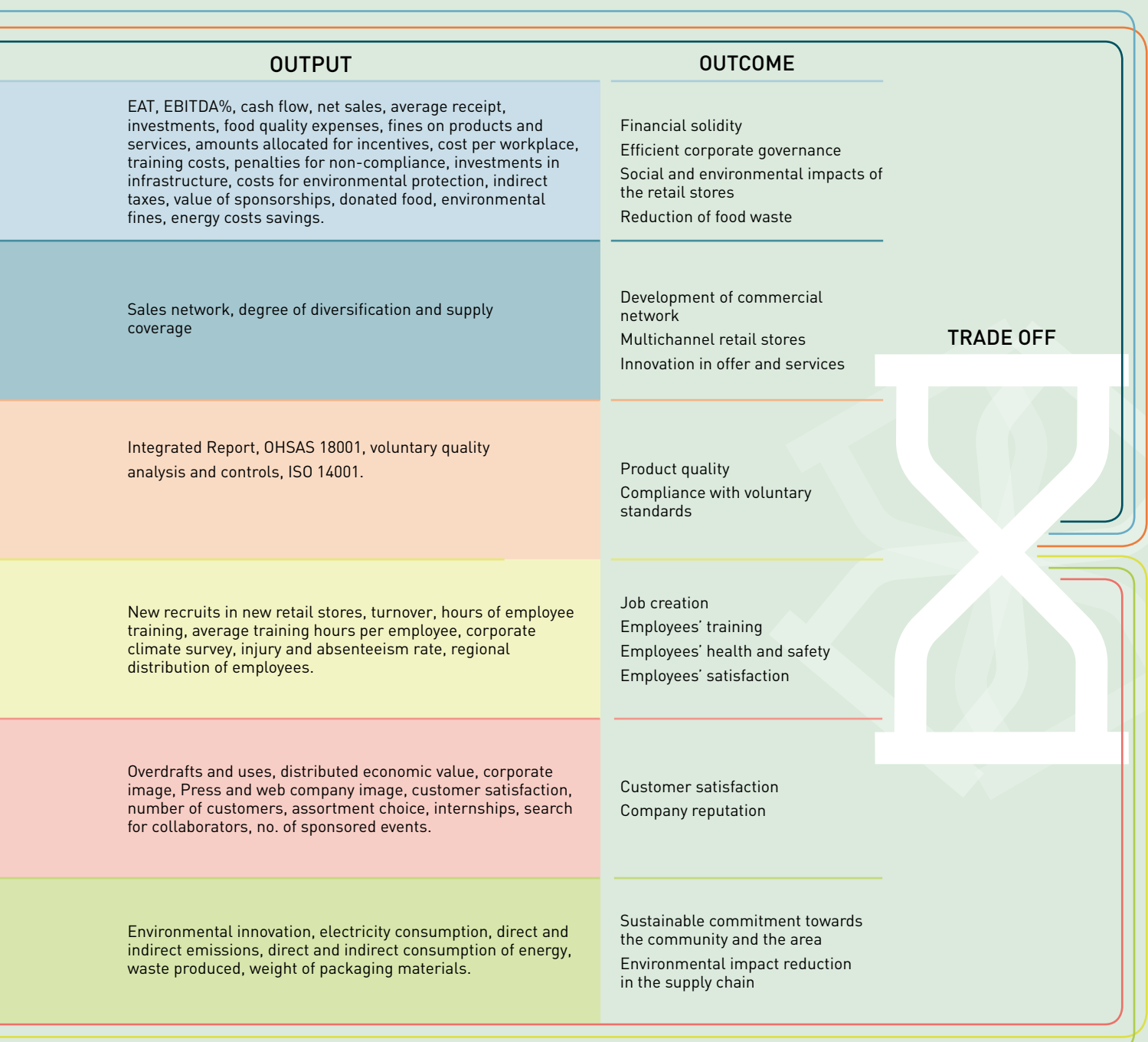




R. Trivellato  
CFO

**At the centre there is the implementation model of the business strategy.**

Based on the capitals owned, our Company acquires different types of input and puts in place targeted management actions, from which it obtains a variety of outputs and outcomes that shape the results of its corporate strategy. The process of value creation, therefore, is a cycle in which capital - increased, reduced, transformed through trade offs of the company activities - at the end of the period become the capitals available for the Business Model in the following period.





## FINANCIAL RESOURCE GENERATION



PROFITS  
HAVE  
ALWAYS  
BEEN  
REINVESTED

The financial soundness is fundamental to the path taken by the Company towards a sustainable development, understood as economic sustainability, with the satisfaction of Shareholders and as a condition of permanence on the market. We also pursue social sustainability, with the satisfaction of Stakeholder expectations and environmental sustainability, with the minimization of the environmental impact of the company's activities.

With financial stability it is possible to reach the set goals and trigger a virtuous circle between production and investment. In this context, Aspiag Service reinvests all its profits into corporate development instead of distributing it among the members, and receives from the group, which has its own financial leverage, the necessary support for development. Operational activity offers results, which in turn constitute resources for the company.

### Value creation in action

	2017	2016	2015
<b>EAT</b>	30,719,908	23,835,429	21,147,086
<b>EBITDA %</b>	6.01%	6.42%	6.51%
<b>CASH FLOW</b>	127,789,793	112,702,741	131,609,880
<b>OVERDRAFTS AND USES (€)</b>	2017	2016	2015
Overdrafts	509,140,021	433,363,789	443,440,646
Uses	192,115,315	162,570,396	125,968,810
% of overdraft use	37.73%	37.51%	28.41%
<b>DIRECT RETAIL STORE NET SALES (€)</b>	2017	2016	2015
Despar	218,621,021	209,896,580	199,858,035
Eurospar	671,775,032	640,367,386	608,023,478
Interspar	623,598,293	593,012,039	593,545,247
<b>Total</b>	<b>1,513,994,346</b>	<b>1,443,276,005</b>	<b>1,401,426,760</b>
<b>NET SALES TO AFFILIATES (€)</b>	2017	2016	2015
Net sales to affiliates	228,430,341	217,791,849	219,439,270
Average net sales per affiliate	665,978	633,116	636,056
<b>AVERAGE RECEIPT (€)</b>	2017	2016	2015
Despar	11.59	11.75	11.88
Eurospar	18.97	18.87	19.09
Interspar	27.70	28.06	28.35

Although the decrease in average spending continues, the increase in sales, both direct and towards affiliates, and cost containment have allowed the Company to achieve better results compared to the previous year, despite having to make a significant investment on the gross margin. After a setback recorded last year, sales to affiliates, which have recorded a + 5% compared to 2016, are on the rise. Group inter company sales amounted to € 8,609,212. The significant investments made for development were supported by the parent company with a capital contribution of € 120,000,000 and only in part resulted in the need to resort to external financing. Being aware that transparency creates value we have invested and believe in the **INTEGRATED REPORT** as an effective and complete communication tool of the Company's identity, performance and value both internally and externally.

Financial  
solidity

Company  
reputation

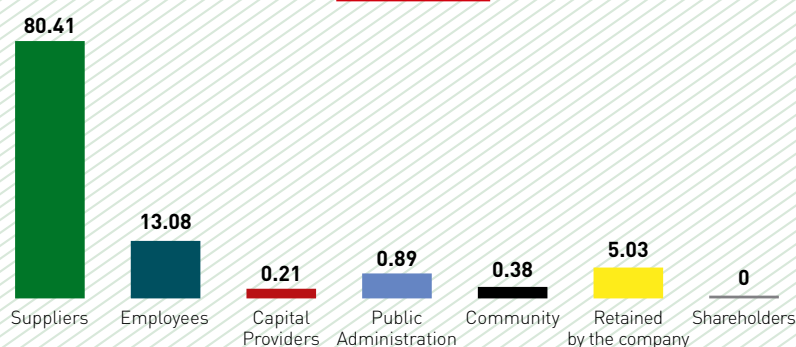
Compliance  
with voluntary  
standards

## Value creation in action

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED (€)	2017	2016	2015
<b>Direct economic value generated</b>	<b>1,923,567,035</b>	<b>1,835,526,880</b>	<b>1,793,622,133</b>
a) Income	1,923,567,035	1,835,526,880	1,793,622,133
<b>Economic value distributed</b>			
b) Operating costs	1,546,723,584	1,468,354,268	1,440,297,324
c) Salaries and benefits	251,599,395	241,208,925	229,419,629
d) Payments to capital providers	4,055,542	6,358,766	7,321,299
e) Payments to the Public Administration	17,203,986	18,939,716	20,240,342
f) Investments in the community	7,305,492	6,383,301	5,031,477
g) Dividends to Shareholders	0	0	0
<b>Economic value distributed</b>	<b>1,826,887,999</b>	<b>1,741,244,976</b>	<b>1,702,310,071</b>
<b>Economic value retained</b>	<b>96,679,036</b>	<b>94,281,904</b>	<b>91,312,061</b>
of which profit for the year	30,719,908	23,835,429	21,147,086

### DISTRIBUTION OF THE ECONOMIC VALUE

The economic value distributed, which particularly affects the Company's suppliers and employees, also grew by 5%.



## The extended value of Aspiag Service

The social and economic contribution of Aspiag Service is confirmed by the broader reporting, developed with an analysis conducted in 2016, of its impacts related to the business activities carried out in the regions of the trading area.



**Note:** These impacts were measured in terms of job placements, GDP contribution and tax contribution through a national and regional data-based economic and statistical model and on purchasing data. In order to consider business activities as a whole, the analysis also includes an estimate of the impacts associated with the affiliated sales network.

201-1 GRI

8 DECENT WORK AND ECONOMIC GROWTH



Company reputation





## NEW OPENINGS AND RENOVATIONS



### Direct retail stores

8

new openings

5

renovations and modernization

### Affiliated retail stores

13

new openings

5

renovations and modernization

9 INDUSTRY, INNOVATION  
AND INFRASTRUCTURE



11 SUSTAINABLE CITIES  
AND COMMUNITIES



For an effective strategy it is essential to maintain a high level of innovation. A big improvement effort is obviously carried out in the retail stores, which are the meeting place between the company and the customers and the major example of our infrastructure capital.

Aspiag Service's retail stores are built or renovated to always be technologically cutting edge and sustainable and only after careful evaluations on the areas used or possibly reclaimed by Aspiag prior to construction. This attitude allows on one hand to provide the end customer with an orderly, clean, modern and technologically supported space, and on the other hand to be in harmony with the environment and the territory. The general energy choices, emissions, and certifications converge in the sustainable business objective both economically and environmentally. Over the years, new equipment (new product displays) and specific space management systems have been developed to optimize product placement in the retail store and facilitate purchasing and work. Innovation is not just an important value for the company, but also a strategic role in view of the competitive advantage: for this reason innovative proposals, also from employees, as well as from the outside, are valued and promoted, being considered important both for the professional growth of everyone and for company development.

Our environmental policy also includes the architectural recovery of historical premises. We often operate in historical centres and in places of particular historical and cultural interest and for this we are careful to the

surrounding context, which we study and respect with targeted analyses.

In this way, customer service and quality cannot be better. Even the renovation of the spaces - which takes place every ten years - is a sign of our desire to offer the customer a suitable, functional and comfortable shopping space without negative impacts. In this sense, the major and last renovations were those of the Via Mancini store in Trento, Via Manin in Verona, the Rialto Despar in Venice and the former Cinema Teatro Italia. In many of these places we intervened in favour of the artistic and architectural heritage, safeguarding and restoring it. Moreover, in addition to all the innovations mentioned above, we aim to eliminate any inconvenience to access, every architectural barrier, unsuitable or unpleasant structures.

Together with the work on the historic centres we have also carried out important redevelopment of urban areas or former industrial areas, which have allowed a revaluation of the areas affected thanks to stores opening.

Among these redevelopments we recall those of Mestre Corso del Popolo, which housed a former ACTV depot, that of the Interspar in Mestrino (PD), the former Saimp area in Padua and the former Bormioli in Parma.

In 2017 the new openings were two Despar, in Padua in Piazza della Frutta and in Bologna station, three Eurospar, in Laives (BZ), in Camisano Vicentino and in Modena and three Interspar, in Rovigo, in Verona at the Adigeo shopping centre and in Bologna.



### Despar in Piazza della Frutta In Padua

One of the last best renovations is the Despar in Piazza della Frutta in the centre of Padua. The new store combines the care of the assortment and the products with the peculiarity of the internal and external spaces. The visual quality of Despar is well aligned with the historical place in which it is located (one of the most beautiful buildings in the city), respecting the context and consumer habits.

## Value creation in action

INVESTMENTS (€)	2017	2016	2015
New openings	45,165,778	27,367,430	35,655,128
Renovations	16,207,977	14,331,852	19,686,461
Investments in the upcoming opening of retail stores	32,763,854	35,793,517	16,724,435
Other types of investment*	48,771,529	29,285,174	19,288,615
<b>Investments in the development of retail stores</b>	<b>142,909,139</b>	<b>106,777,972</b>	<b>91,354,640</b>
• of which costs for innovation and maintenance of IT systems	9,255,854	3,142,305	1,930,203

SALES NETWORK	2017	2016	2015
Despar	79	79	78
Eurospar	112	110	106
Interspar	37	34	33
<b>Total direct</b>	<b>228</b>	<b>223</b>	<b>217</b>
Affiliates	343	344	345
<b>Total</b>	<b>571</b>	<b>567</b>	<b>562</b>

ENVIRONMENTAL INNOVATION	2017	2016	2015
Number of direct retail stores with LED lighting	106	85	69

NEW RECRUITS IN THE NEW RETAIL STORES (HEADCOUNT)	2017	2016	2015
	336	302	260

According to a well-established practice, the best technological solutions that allow significant energy savings in terms of emissions and costs are included in all the new openings and renovations.

The new openings are in fact in class A and now almost 50% of the stores use a full LED technology. In addition to the continuing development of the sales network, Aspiag has laid the foundations for the development of its logistics network with an investment of around 35 million euros during the year. During the year the Company also made significant investments in the innovation and modernization of its information systems, with the completion of the investment in the new software for the management of goods.

Retail store development also has positive effects on employment in the territory with 336 new jobs created following new openings.

Financial  
solidity

Development  
of commercial  
network

Multichannel  
retail stores

Sustainable  
commitment  
towards  
community  
and the area

Job creation



## CUSTOMER SATISFACTION



**44,875**

Products offered

**3,287**

Analysis and checks

**8.58**

Customer Satisfaction

### Offer

The offer of products and services is diversified, in order to improve its recognition and to satisfy as much as possible the variety of our customers' demand which is achieved through multichannel marketing (two forms of distribution and three signs). The assortment is qualified according to the retail store's format, the type of area, the attention to those looking for functional-healthy products or those who are vegans or intolerant and guaranteeing different price bands to safeguard

the customers' purchasing power. But in addition to saving, more and more customers base their choice on the sustainability of products such as low environmental impact, recyclable or reusable products that are known for their production methods or provenance.

An example is that of the private label products such as fish, in which the whole tuna line in tins have labels linked to sustainability. This is why sustainability, understood in a broad sense, is increasingly confirmed as a purchasing driver and must be supported.



**Despar's customers for the territory**

It is not just Despar that supports the well-being of its territory, because even its customers do so. One example above all, the cultural collection "Dona libri", which has collected about 1,900 books to give to schools where our Interspar stores are located. One third of these books were purchased and donated directly by customers.

### Value creation in action

DEGREE OF DIVERSIFICATION AND SUPPLY COVERAGE	2017	2016	2015
Despar	14,053	14,318	13,563
Eurospar	24,293	25,267	24,363
Interspar	44,875	42,665	41,402

**Note:** the average number of references in the sales stores per sign.

ASSORTMENT CHOICE	2017	2016	2015
	8.64	8.60	8.56

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

NUMBER OF CUSTOMERS	2017	2016	2015
Despar	18,865,959	17,862,384	16,819,130
Eurospar	35,406,094	33,944,495	31,853,107
Interspar	22,510,412	21,135,324	20,937,980
<b>Total</b>	<b>76,782,465</b>	<b>72,942,203</b>	<b>69,610,217</b>

The search for the best possible combination in the retail store's assortment continues in 2017, seeking the proper balance between diversification, quality, attention to local products and new consumer trends. The assortment choice, according to a survey, is always evaluated positively by our customers, who are constantly increasing.

**Innovation in offer and services**

**Customer satisfaction**



## Food security

Food security is of primary importance, guaranteed by a careful selection of suppliers and by the prior definition of their structural and management prerequisites. Suppliers from whom the utmost respect for the hygiene rules in the production, handling and storage of food throughout the supply chain is required.

The freshness of the products is safeguarded through rapid procurement and distribution and the most advanced equipment for their preservation. In 2017, 7 new self-monitoring procedures were implemented to respond to regulatory changes. In the self-control analysis package, new parameters have been added (glyphosate, acrylamide, etc.) which have been the object of attention by the European

Community. Marketed products can be tracked through all distribution phases, as required by art. 18 of the European Directive 178/02.

The entire internal production of the butcher's department (minced and ready-to-cook meat) is controlled in the fresh produce departments by microbiological analysis and superficial swabs on equipment such as food slicers, cutting boards, knives, pliers and cleavers.

Since 2016, the result of the fight against vermin is available online, as well as the remote management service of the refrigeration equipment in the sales branches, which consists of remote access to reading and checking the storage temperatures of refrigeration systems in all sales units.

## Value creation in action

VOLUNTARY QUALITY ANALYSIS AND CONTROL	2017			2016			2015		
	SAMPLES ANALYSED	NON COMPLIANT	% NON COMPLIANT	SAMPLES ANALYSED	NON COMPLIANT	% NON COMPLIANT	SAMPLES ANALYSED	NON COMPLIANT	% NON COMPLIANT
Analysis on products	819	89	11%	568	89	16%	587	54	9%
Superficial swabs	2,468	237	10%	2,274	209	9%	2,198	393	18%
<b>Total</b>	<b>3,287</b>	<b>326</b>		<b>2,842</b>	<b>298</b>		<b>2,785</b>	<b>447</b>	

CURRENT EXPENSE FOR FOOD QUALITY (€)	2017	2016	2015
External	170,095	153,912	146,690
Internal	252,757	242,078	164,467
<b>Total</b>	<b>422,852</b>	<b>395,991</b>	<b>311,157</b>

FINES REGARDING THE SUPPLY AND USE OF PRODUCTS AND SERVICES	2017	2016	2015
Monetary value of the fines (€)	20,940	27,411	68,586
No. of fines	13	15	17
No. of inspections	509	515	364
% non-compliance (sanctions / inspections)	2.55%	2.91%	4.67%

**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.

The security and safety of the consumer is also confirmed by the constant increase in the number of voluntary checks and analyses that the Company carries out every year. The non-conformities indicated are mainly related to voluntary evaluation parameters and more stringent with respect to the current regulations.

The validity of these internal procedures is also demonstrated by the limited number and value of the fines received, in relation to both the number of retail stores managed and the number of inspections received during the year.

416-1 GRI

416-1 GRI



419-1 GRI

Product  
quality

Efficient  
corporate  
governance



## Relational value

**In order to maintain constant contact with the customer and to better know their needs, the Company has set up solid, frequent and multi-level dialogue with external users.**

This consolidated practice of communication takes place both through traditional channels such as local TV, radio, periodicals, newspapers and advertising posters, and through online channels such as websites, blogs and social media Facebook, Twitter, Instagram, LinkedIn and Youtube, that are strategic marketing and communication tools today, although different in the target users and in the messages to be conveyed. We put ourselves forward as an intermediary between those who produce and those who consume through attention to sustainability, trusting innovative products and promoting good consumer and life habits and showing our best results.

The company's most important portals, full of contacts, tips and information for the consumer and other stakeholders, are:



### DESPAR.IT

Is the Company's corporate website. It has an average of 195,347 monthly visits and 1,270,018 pages viewed per month. The website keeps one up-to-date on the Company's promotional activities, offers and important Corporate Social Responsibility initiatives.



### FACEBOOK.COM/DESPARNORDEST

It is an important source of contact between Aspiag Service and consumers who, together with other social media, is a true form of **customer care**, engagement and online advertising. The business page created on Facebook engages the 150,000 users daily in specific commercial initiatives or institutional communications.



### YOUTUBE.COM/DESPARNORDEST

Is the channel with which Despar Nordest tells and shows through videos what it does and in what it believes. The channel is full of videos of initiatives, interviews, news, which tell of the Company's commitment to the area, suppliers, its employees and customers.



### INSTAGRAM

The Instagram profile of Despar Nordest tells and shows its 1,679 followers the events, initiatives, products and achievements of the Company in an immediate way through photos and Instagram stories.



### LINKEDIN

Is the social network that brings together the professional audience of our business, that is, those who work or would like to work in retail. On LinkedIn, information and corporate content, financial or strategic data and information about the corporate group are conveyed. Currently Despar Nordest has a following of 2,007.



### TWITTER

Is the point of contact between the company and those who follow the retail world, its trends and events and is therefore particularly suitable for institutions, journalists and those interested in Large Scale Distribution in general. Aspiag brings together 2,058 followers on Twitter.



## CUSTOMER CARE

Support service provided by a Company to its customers by taking care of customer satisfaction, registering complaints, answering their questions.

## Value creation in action

	2017	2016	2015
<b>CORPORATE IMAGE</b>	8.40	8.29	8.24

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

	2017	2016	2015
<b>CUSTOMER SATISFACTION</b>			
Despar	8.60	8.32	8.28
Eurospar	8.64	8.44	8.42
Interspar	8.50	8.78	8.48
<b>Chain</b>	<b>8.58</b>	<b>8.48</b>	<b>8.38</b>

**Note:** the ratings are placed on a scale from 1 (not satisfied) to 10 (very satisfied). The rating assigned to the chain does not represent the average of the ratings obtained from the individual signs.

	2017	2016	2015
<b>PRESS AND WEB CORPORATE IMAGE</b>			
Number of Aspiag quotes	1,521	1,569	1,558
Daily average	4.17	4.29	4.27
Positive tone	44%	43%	34%
Neutral tone	43%	50%	58%
Negative tone	13%	7%	8%

The good corporate reputation is evidenced by the indicators on the Corporate Image and Customer Satisfaction, which are growing compared to past years. Based on a specific survey, this is mainly due to an improvement in the offer and an expansion of the range. The quality of fresh and local products, together with the reception by the retail stores, further helps the trend of these indicators. The Company's presence in the press and on the web remains widespread and stable despite some critical issues due to festive openings and work in the warehouses.

Customer satisfaction  
Company reputation

### Tasting courses



There are several initiatives that raise awareness and bring customers closer to the wide range of company offerings, such as wine, beer and cheese tasting courses or meetings with the nutritionist inside the retail stores, further bringing customers closer to our offer.



#### A-Z CUSTOMER SATISFACTION

A set of research methods and models based on social research to detect the degree of customer satisfaction as a measure of the quality of a product or service. Customer satisfaction is their perception of having spent their resources well, having obtained the maximum possible in proportion to their expectations.



## THE NUMBERS OF THE RELATIONAL VALUE



The Despar Tribù App is the application that enhances the relationship with our customers and increases loyalty. The app allows the collection of Punti Cuore (Heart Points) to get shopping discounts combining games, competitions, collections and other initiatives with convenience. To continue on this path we also work on digital literacy, which allows you to learn how to use your smartphone and apps, with meetings held directly in the stores.



### Saponi del Nostro Territorio

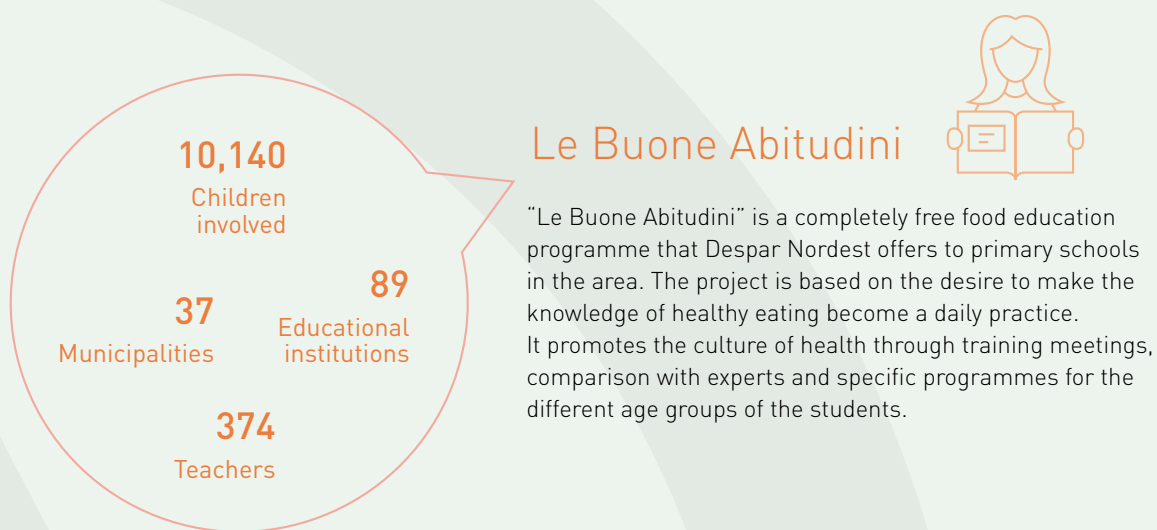
With the initiative "Saponi del nostro territorio" we want to play our part in passing on the special stories of our local producers. We do this by selling their typical products in our stores, but also by creating opportunities to meet with our customers, where they can taste their specialities and get to know the appeal of their work.

The Despar Festival is the event with which the company puts into practice its corporate values and its own commitment to CSR. This year's edition, organized in Udine during a week in May, focused attention on the person, good food, the region and the environment. It witnessed the development of several workshops, laboratories, tasting courses and the involvement of schools, to support the value of quality and health from an early age. During the Despar Festival the "Saponi del Nostro Territorio" and "Le Buone Abitudini" initiatives were held involving about 800 children.

### The Despar Festival







## Casadivita

It is the Despar Nordest blog created in 2010, as well as being an appendix to the quarterly DiVita Magazine, devoted to healthy eating. Inside are recipes, advice, raw materials, typical and seasonal products, which inform about the principles of a proper and healthy lifestyle, proposed and encouraged by experts in the field of nutrition, cooking and wellness.





## ENHANCING EMPLOYEES



One of Aspiag Service's pillars of its general attitude and strategy for building a solid foundation is the enhancement of the 7,714 employees, which represents the Company's true competitive advantage and high quality.

EMPLOYEES	2017			2016			2015		
	AVERAGE HEADCOUNT	HEADCOUNT	FTE	AVERAGE HEADCOUNT	HEADCOUNT	FTE	AVERAGE HEADCOUNT	HEADCOUNT	FTE
Women	4,857	4,977	3,807	4,704	4,815	3,674	4,537	4,629	3,539
Men	2,675	2,737	2,562	2,538	2,635	2,473	2,344	2,438	2,310
<b>Total</b>	<b>7,532</b>	<b>7,714</b>	<b>6,370</b>	<b>7,242</b>	<b>7,450</b>	<b>6,147</b>	<b>6,881</b>	<b>7,067</b>	<b>5,849</b>

**Note:** FTE Full Time Equivalent. Corresponds to the equivalent number of full-time employees.

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

Average headcount: average number of employees at the end of the month.

GRI 102-8

**7,714**  
Employees

**5.1 million€**  
Incentives

**OHSAS**  
**18001**

**86,820**  
Training hours

### Personnel selection

The Human Resources Department carries out the recruiting activity directly, with regard to personnel searches for the headquarters and for logistics, and in close collaboration with the sales area, in relation to personnel selection for new openings.

The selection techniques adopted can be traditional, such as individual interviews for staff at headquarters and specialists, or innovative, according to the **assessment light** method or the use of **speed interviews** for interns and young salespeople.

The experience in the head office or in the retail stores can be done through employment contracts or training internships.

The latter, favouring the inclusion of young students and new graduates (on average there are about twenty interns in the company every

month), contribute to the achievement of an important goal of Aspiag Service, which is to look for talents that have characteristics in line with company values, to also obtain a source of content and knowledge.

For this reason, Aspiag Service collaborates with several institutions, such as Italian and foreign universities or high schools, participating in job days, recruiting events or **employer branding**.

For many of these trainees, permanence in the company is transformed into a work contract: over the last three years, in fact, one in three interns has obtained a work proposal.

In 2017, for the first time, Aspiag Service participated in the event entitled "Appassionati di talento", held at the University of Padua, taking the opportunity to present the company to students and graduates, also thanks to the participation of internal testimonials.



#### SPEED INTERVIEW

The speed interview consists of a quick job interview, lasting about 5 to 10 minutes, based on few targeted questions and short answers, which allows for a candidate's first assessment to be made quickly.



#### ASSESSMENT LIGHT

Is a simplified assessment technique with respect to the traditional Assessment Centre that, thanks to a simulated context very close to the working reality, allows a candidate's attitudes, skills, personality traits and knowledge to be observed.



#### EMPLOYER BRANDING

Is the ability of a company to promote its image as a workplace, preparatory activity for the recruitment and selection of personnel.

## Value creation in action

INTERNSHIPS	2017	2016	2015
Internships with graduands/graduates	45	50	48
Internships with high school graduates	1	2	6
Internships with high school students	1	2	1
<b>Total internships undertaken</b>	<b>47</b>	<b>54</b>	<b>55</b>
Of which: with Italian universities	45	47	42
with foreign universities	0	1	0
with high schools	0	2	1
with other institutions	2	4	12
Number of interns who prepare their thesis with Aspiag Service srl	9	9	10

SEARCH FOR COLLABORATORS	NUMBER OF CANDIDATES ON WORK WITH US PORTAL	NUMBER OF TELEPHONE INTERVIEWS	NUMBER OF TOTAL INTERVIEWS	NUMBER OF CANDIDATES INTERVIEWED
Personnel search for headquarter		332	232	164
Internship search for headquarter		783	236	203
Personnel search for existing retail stores and for new openings in Trentino Alto Adige		556	1,000	805
Personnel search for existing retail stores and for new openings in Veneto and Emilia Romagna		4,649	2,550	2,048
<b>Total</b>	<b>51,000</b>	<b>6,320</b>	<b>4,018</b>	<b>3,220</b>

The company's commitment to the enhancement of young resources entering the company is confirmed thanks to internships, which are then largely transformed into work contracts.

The main Recruiting activities include screening of received CVs, telephone interviews and various types and numbers of interviews. The number of applications remains high and growing, proving the attractiveness of Aspiag.

4 QUALITY EDUCATION



Company reputation



Despar Nordest has also won three awards this year in the second edition of the "Best Talent Hunter" event, organized by the Career Service of the University of Padua.

It is the only Large Scale Distribution company to have seen its commitment rewarded with three different attestations of merit in the following categories: best company by number of internship offers, best tutoring activity, best Employer Branding activity.

The assignment was defined on the basis of the data collected through the evaluation questionnaires provided by undergraduates and graduates at the end of the traineeships and the data on the participation of each company in the recruitment and "employer branding" activities promoted by the Career Service over the last year.



## 8 DECENT WORK AND ECONOMIC GROWTH



GRI 102-8

## Personnel management

Once selected and entered the company, the collaborator is always accompanied in the initial stages and trained on various aspects of his own work and work place over time. Aspiag wants to create the best working conditions possible both at the head office and in the retail store through various targeted policies and projects.

4 types of collective bargaining agreement govern respectively the employment relationship between the employees of the Veneto and Emilia Romagna branches, Friuli Venezia Giulia, the autonomous province of Trento and that of Bolzano.

These collective bargaining agreements have a very similar regulatory structure and differ only in relation to certain area specificities, to harmonization with provincial norms and pre-existing practices.

The company collective agreements that expired in 2013 and 2014 remained in force for all employees in 2017.

Fixed-term contracts account for about 16% of the total workforce, however, they are physiological given the growth of personnel in recent years. It should be noted that in addition to company personnel, at

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

These activities, together with:

- prevention activities: proper application of employment law, comparison and dialogue at both individual and collective level (branch, territory);
- training activities: addressing the roles of responsibility for proper personnel management;

have allowed a good working quality, maintaining a low level of conflict, with a limited number of legal disputes (4 new cases in the year and 29 out-of-court settlements) when compared to the number of collaborators, a figure that is well below the national average. In 2017, the Company did not register any judicial ruling due to discriminatory incidents.

the Ce.Di. Aspiag uses collaborators from external cooperatives.

EMPLOYEE SUBDIVISION BY CONTRACT TYPE (AVERAGE HEADCOUNT)	2017	2016	2015
Permanent	6,293	6,283	6,210
of which women	4,161	4,163	4,142
Fixed-term	1,239	959	671
of which women	696	540	395
<b>Total</b>	<b>7,532</b>	<b>7,242</b>	<b>6,881</b>
of which women	4,857	4,704	4,537

EMPLOYEE SUBDIVISION BY PROFESSIONAL QUALIFICATION AND GENDER (AVERAGE HEADCOUNT)	2017	2016	2015
Executives	18	17	19
of which women	0	0	0
Middle management	84	84	77
of which women	11	11	10
Employees	7,430	7,141	6,785
of which women	4,846	4,693	4,527
<b>Total</b>	<b>7,532</b>	<b>7,242</b>	<b>6,881</b>
of which women	4,857	4,704	4,537

**Note:** 18.5% of employees are under 30; 58.8% between 30 and 50 and the remaining 22.7% over 50 years old.

With regard to significant organisational changes, the law explicitly provides for specific Company obligations for preventive union consultation in Company transfers referred to in art. 2112 of the Italian Civil Code.

To further enhance our employees, we have a reward system that includes collective rewards resulting from the collective bargaining agreements, open to all sales personnel upon achieving hourly productivity results, containment of inventory differences, the economic result of the branch they belong to. MBO (Management By Objectives) serves to increase business performance according to the resources available. This is a system dedicated to managerial staff and those with commercial responsibility, based on alignment between the personal objectives of management and corporate objectives. Objectives associated with a discretionary assessment of organisational behaviour are not expected.

GRI 405-1

GRI 102-41

GRI 402-1

GRI 406-1





## Value creation in action

<b>COST BY WORKPLACE (€)</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Headquarters	39,304,569	37,883,420	35,454,377
Direct retail stores	211,788,842	202,802,831	193,411,960
<b>Total</b>	<b>251,093,412</b>	<b>240,686,251</b>	<b>228,866,337</b>

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

<b>FINES FOR NON-COMPLIANCE WITH LAWS AND REGULATIONS</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Monetary value of the fines (€)	14,602	49,271	55,261
Number of non-monetary fines	-	-	-

**Note:** the sanctions refer to administrative and management violations related to retail stores.

<b>PERSONNEL TURNOVER (%)</b>	<b>2017</b>	<b>OF WHICH WOMEN</b>	<b>2016</b>	<b>OF WHICH WOMEN</b>	<b>2015</b>	<b>OF WHICH WOMEN</b>
<b>Incoming turnover</b>	<b>16.28%</b>	<b>10.57%</b>	<b>16.27%</b>	<b>10.00%</b>	<b>18.69%</b>	<b>10.30%</b>
of which fixed term	12.79%		13.23%		13.49%	
of which permanent	3.49%		3.04%		5.20%	
<b>Outgoing turnover</b>	<b>11.76%</b>	<b>6.21%</b>	<b>10.98%</b>	<b>6.34%</b>	<b>13.27%</b>	<b>7.86%</b>
of which fixed term	9.33%		8.22%		10.00%	
of which permanent	2.43%		2.76%		3.27%	
<b>Total turnover</b>	<b>28.04%</b>	<b>16.78%</b>	<b>27.24%</b>	<b>16.34%</b>	<b>31.96%</b>	<b>18.17%</b>
of which fixed term	22.12%		21.44%		23.49%	
of which permanent	5.92%		5.80%		8.47%	

<b>AMOUNTS ALLOCATED FOR INCENTIVES</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Company supplement	1,839,621	2,336,302	2,360,928
MBO	3,286,051	3,143,263	3,503,518
<b>Total</b>	<b>5,125,672</b>	<b>5,479,565</b>	<b>5,864,446</b>
Incidence of incentives on personnel costs (%)	2.04%	2.28%	2.56%
Number of employees who have received a bonus	5,705	5,434	4,973

The cost of personnel increases in relation to the development of the corporate network pursued by Aspiag. The turnover of permanent employees remains almost stable, confirming the good company climate, while that of fixed-term employees stands at a physiological level that takes into account situations such as new openings, seasonality, etc., that do not depend on the relationship of trust between the collaborator and the Company. The awarding of bonuses for the year also supports employee well-being and encourages the achievement of positive company results.

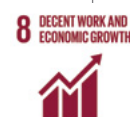


The project supports employees' well-being by making known the benefits of the contractual health policy and by encouraging controls, specialist visits, care and maternity, supporting costs and increasing agreements with healthcare facilities.

<b>HEALTH PROJECT</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Number of services rendered	6,345	4,627	1,878
Collaborators' savings (estimate)	720,000	510,650	290,250

419-1 GRI

401-1 GRI



Efficient corporate governance

Employees' satisfaction



**Work life balance**

The Company allows extensive use of part time schedules, ensuring the quality of the work environment and facilitating the reconciliation of working time and life, especially for women.

Safeguarding a better Work-Life Balance is confirmed by the choice of employees to return to their jobs at the end of parental leave.

NUMBER OF PART-TIME EMPLOYEES (AVERAGE HEADCOUNT)	2017	2016	2015
Employees with a part-time contract	2,999	2,902	2,774
of which women	2,654	2,590	2,511
% Employees with a part-time contract	39.82%	40.07%	40.32%
of which women	35.24%	35.76%	36.50%

PARENTAL LEAVE (HEADCOUNT)	2017		2016		2015	
	NO. MEN	NO. WOMEN	NO. MEN	NO. WOMEN	NO. MEN	NO. WOMEN
Employees entitled to parental leave	438	941	441	976	347	675
Employees who took parental leave	29	291	19	280	12	208
Employees that have ended parental leave in the current year	19	206	15	197	8	146
Employees that return to work after parental leave	19	204	15	195	8	144
% who return to work after parental leave	100%	99%	100%	99%	100%	99%
Employees still employed after 12 months from their return to work	18	187	na	na	na	na
% retention after 12 months	95%	92%	na	na	na	na

**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.

**Equal opportunity**

Corporate policy supports equal opportunities between men and women, whose basic salaries are almost equal both in the headquarters and in the warehouse. Aspiag Service also collaborates with SIL - Servizi Integrazione Lavorativa (Work Integration Services) - to promote social and work integration projects and paths for people with disabilities and/or who are disadvantaged.

WOMAN-MAN SALARY RATIO PER WORK AREA	2017 SALARY	2017 REMUNERATION	2016 SALARY	2016 REMUNERATION	2015 SALARY	2015 REMUNERATION
In retail stores - employees	89.95%	94.69%	89.64%	94.39%	90.70%	89.52%
In the headquarters and warehouse						
Middle management	109.95%	107.39%	112.20%	105.02%	106.52%	100.97%
Employees	96.19%	84.03%	90.33%	84.11%	91.17%	80.70%

**Note:** The salary ratio for women and men and remuneration for women and men are partly influenced by the greater presence in the company of part-time women employees compared to male part-time employees at the same level. The remuneration for each employee has been calculated by adding the amounts relating to seniority and company bonuses to the basic salary.

EMPLOYEES BELONGING TO PROTECTED AND DISABLED CATEGORIES (AVERAGE HEADCOUNT)	2017	OF WHICH WOMEN	2016	OF WHICH WOMEN	2015	OF WHICH WOMEN
Executives	-	-	-	-	-	-
Middle management	1	-	1	-	1	-
Employees	354	222	341	213	330	205
<b>Total</b>	<b>355</b>	<b>222</b>	<b>342</b>	<b>213</b>	<b>331</b>	<b>205</b>

GRI 102-8

5 GENDER EQUALITY



GRI 401-3

GRI 405-2

10 REDUCED INEQUALITIES



GRI 405-1

## Employees' health and safety

Aspiag Service combines the achievement of corporate objectives with a high standard of occupational health and safety, working for the health safety of its employees, of customers and of third parties in general, preventing the occurrence of injuries and mitigating any damage.

The company safety, which includes retail stores, offices, warehouses, distribution platforms, systems, machines and equipment is therefore always the subject of innovation and improvement, thanks also to the collaboration of various departments

(Employees' Health and Safety, Contracts, Auditing, Logistics, etc. ). The new machines and equipment are evaluated and tested beforehand. An Internal Prevention Service and company protection is constantly working for these objectives (made up of a manager and 6 employees) which interfaces with 15 workers' representatives for safety. At the beginning of each year, a balance sheet is drawn up of the activities carried out in the previous year which includes the analysis of injuries and non-injury events (analysis also extended to outsourced activities) and the objectives to be reached are put forward and discussed.

### Value creation in action

#### EMPLOYEES' INJURY RATE

	2017	2016	2015
No. of injuries	293	252	245
of which women	182	160	161
of which men	111	92	84
No. of days lost for injuries	6,211	5,183	5,320
<b>Injury rate</b>	<b>5.40</b>	<b>5.31</b>	<b>5.49</b>
<b>Severity index</b>	<b>114.17</b>	<b>109.25</b>	<b>118.98</b>
<b>No. of complaints for professional illnesses</b>	<b>22</b>	<b>15</b>	<b>16</b>
<b>Of which recognised</b>	<b>4</b>	<b>2</b>	<b>2</b>
<b>Occupational disease rate</b>	<b>0.07</b>	<b>0.04</b>	<b>0.04</b>

**Note:** Injury rate = (number of injuries / worked hours) X200,000

Severity index = (No. of injury days / workable hours) X200,000

Occupational disease rate = (N. recognised occupational diseases / hours worked) X 200,000

Workable hours = gross working hours-hours of vacation time

Worked hours = N. worked hours from the time card

Data relating to injuries reported for 2017 refer both to retail stores and to offices and warehouses.

#### ABSENTEEISM RATE

	2017	2016	2015
% hours lost for illness/ ordinary gross workable hours	3.13%	3.39%	3.53%
% hours lost for injuries / ordinary gross workable hours	0.37%	0.37%	0.39%
<b>Absenteeism rate</b>	<b>3.50%</b>	<b>3.77%</b>	<b>3.92%</b>

**Note:** Absenteeism rate = ((hours lost for injury + hours lost for illness) / workable hours) X 100

**Note:** the injury indices and the absenteeism rate for the years 2015 and 2016 were recalculated following the update of the reporting methodology.

Thanks to the know-how, further developed in recent years, the injury rate remains constant, at a level considered physiological. Despite the increase in the number of days lost for injury, the duration of these has decreased, as has the absenteeism rate.

The **OHSAS 18001** occupational health and safety certificate was also confirmed for 2017.

403-2 (GRI)

**3** GOOD HEALTH AND WELL-BEING



403-2 (GRI)

Employees' health and safety

Compliance with voluntary standards

#### A-Z OHSAS 18001:2007 – OCCUPATIONAL HEALTH AND SAFETY ASSESSMENT SERIE

An international standard that sets out the requirements that a management system must possess to protect the health and safety of workers.



## Training and development

The desire to offer high standards of quality is also based on the ever-increasing commitment dedicated to the professional growth of employees. A commitment that is expressed through training, specialization and constant updating, considered as fundamental elements for increasing know-how and participation in the company's culture and values.

The personnel development strategy aims at the following objectives:

- building a shared corporate organisational and managerial culture;
- building internal know-how and creating future managers;
- linking training to business objectives (present and future).

For these purposes the company values were shared, the Performance Management process was planned and developed, a shared model of **Job Description** structured for the roles with responsibility, the Trainee Store Manager project created, the training catalogue for branch colleagues made up of training courses created in line with the identified values was planned and shared. In addition, we provide training through **e-learning** platforms, which enables retail store collaborators to be effectively trained mainly in food and work safety within their workplace, thus speeding up learning methods and times, and without too much impact on work organisation.

As well as the attention paid to occupational health and safety, we consider the issue of customer service training to be of great importance. A substantial number of hours of classroom training in business for both collaborators and newly-hired employees is expected.



### Performance Management

Performance Management began in 2016 together with executives and managers who identified Aspiag Service's values and objectives, in line with the corporate culture. This performance assessment and development of people project is nothing more than an integrated management system whose purpose is to map the competences present in the Company and that sees managers and collaborators in close contact for the definition and attainment of the preset objectives as well as their supervision. The behaviour, the attitude and the results of the collaborator lay the foundation for his assessment and subsequent professional development.



### Trainee Store Manager project

The Trainee Store Manager project is an annual 910 hour training programme, both in the classroom and at the retail store, involving many business areas, and whose aim is the training for those who wish to be a future store manager. After obtaining the title of Trainee Store Manager, the programme provides a stage of operational support and a stage of work in intermediate roles and at the end of these, it will be possible for those selected to become Store Managers.



### JOB DESCRIPTION

This term defines a tool for describing and assessing a job position, even on a high level, able to show the tasks, the position in the corporate hierarchy, relationships with other departments, career prospects, thus providing the collaborator with full training on their role, skills and knowledge required, responsibilities and their position.



### E-LEARNING

A learning system that is used through a dedicated website.





## Value creation in action

TRAINING COSTS (€)	2017	2016	2015
External (for teachers and learning material)	604,683	611,725	663,873
Inside the company	1,288,408	1,054,352	927,358
<b>Annual training costs</b>	<b>1,893,091</b>	<b>1,666,077</b>	<b>1,591,231</b>
Average full-time training cost of personnel (FTE)	297.19	271.04	272.05

	2017	OF WHICH WOMEN	2016 OF WHICH WOMEN	2015	OF WHICH WOMEN	
EMPLOYEE TRAINING HOURS						
Executives	440	-	332	-	416	-
Middle management	1,639	392	1,050	191	840	239
Employees	84,741	43,693	69,955	36,705	61,361	34,746
<b>Total hours of training</b>	<b>86,820</b>	<b>44,085</b>	<b>71,336</b>	<b>36,896</b>	<b>62,617</b>	<b>34,985</b>

**Note:** employee training hours per gender have been estimated on the basis of the man-woman breakdown.

	2017	OF WHICH WOMEN	2016	OF WHICH WOMEN	2015	OF WHICH WOMEN
AVERAGE TRAINING HOURS PER EMPLOYEE						
Executives	25.87	-	18.42	-	21.89	-
Middle management	19.28	35.60	12.35	17.40	10.63	21.74
Employees	11	8.80	9.52	7.64	8.80	7.52
<b>Total average hours training</b>	<b>11.25</b>	<b>8.86</b>	<b>9.58</b>	<b>7.66</b>	<b>8.86</b>	<b>7.56</b>

**Note:** For the "average training hours per employee" rate calculation, the number of employees is expressed in number of heads at the end of the reporting year.

CORPORATE CLIMATE SURVEY	2016		2014		2012	
	ON LINE	PAPER	ON LINE	PAPER	ON LINE	PAPER
Percentage of participation in the survey	91%	71%	92%	70%	85%	69%
Company recommendation to others as an employer	81%		85%		83%	
Management performance from the point of view of the collaborators	64%		65%		60%	
Personnel training from the point of view of collaborators	65%		64%		59%	

The company's willingness to have increasingly prepared staff is demonstrated by the considerable increase in training hours that registered +21.7% in 2017. The Company therefore continues to invest financial capital in training resulting in almost 2 days of training per year per employee. This is confirmed by the positive results of the survey carried out last year among employees on the climate in the workplace.



404-1 GRI

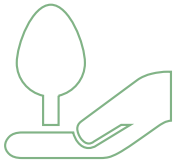
404-1 GRI

Efficient  
corporate  
governance

Employees'  
training



## ATTENTION TO THE ENVIRONMENT AND THE TERRITORY



### ISO 14001

We were the first company in the Italian large-scale modern distribution to obtain the certification

13 CLIMATE ACTION



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



**Aspiag only uses certified green energy**

7 AFFORDABLE AND CLEAN ENERGY



### Environment

Aspiag Service's environmental policy, signed by the Directors and viewable on the link [www.despar.it/it/node/30/politica-ambientale/](http://www.despar.it/it/node/30/politica-ambientale/), concerns the relationship between the corporate structure and the surrounding nature and that requires respect and compliance through practices that guide procedures, decisions and performance in a way that is environmentally sustainable. Thanks to our activity on this front we were the first Italian large scale distribution company to obtain ISO 14001 certification, which we are progressively extending to the entire corporate network. There are many improvements in this sense: the retail stores have seen an energy clustering based on the signs that allows the measurement of consumption every 15 minutes; the management of cold for food allows the total reduction of cold failures; the data provided by the systems are now received and analysed internally in an integrated management system, rather than by a third party.

Other signs of our environmental commitment are the company's decision to use only certified green energy, that is, produced from renewable sources and the use of plastic containers for the transportation of fruit and veg that can be completely reused and recycled. In detail it is possible to report:

**Lighting:** we are increasingly resorting to renewable energy sources and heat and energy recovery. LED lighting and advanced systems were already introduced a few years ago.

#### Heating and air conditioning:

to optimize environmental impacts in winter and summer, we have adopted technologies that modulate the operation of heating and air conditioning systems according to the temperature and air quality parameters within the retail stores. Glass shading systems to

minimize air conditioning, extraction of cooking vapours with high-efficiency motors and the recovery of rainwater for its use in bathrooms or for irrigation, have been created.

**Methane gas:** the heat generated by the refrigeration systems is re-used to heat the water for domestic use and has made it possible to open outlets without a thermal power plant.

**Polluting emissions in the atmosphere:** the new Aspiag Service buildings are in Class A3 or A4, that is the maximum technological level. The adoption of heat pumps and the use of a geothermal system in lieu of the traditional thermal power plant have allowed us not just to reduce energy consumption and simplify the systems but also to lower polluting emissions into the atmosphere. CO<sub>2</sub> sensors for air quality manage its internal renewal.

**Cold for food:** this is the weightier sector in terms of electrical consumption. The Company is committed to several areas of intervention:

- 1) The efficiency of refrigerator units, with systems that reduce the use of greenhouse gases;
- 2) the use of new systems that use CO<sub>2</sub> thus allowing savings in costs and the total elimination of ozone harmful gasses;
- 3) E.S.I.F. (Refrigerating Systems' Energy Saving) designed to optimize the refrigeration plant's consumption through constant monitoring of the environmental parameters and refrigeration requirements needed by the refrigerator units;
- 4) the addition of wall doors for the refrigerator units.



### A-Z UNI EN ISO14001

Is an international standard that defines how to set up an environmental management system (EMS). It is therefore a certified standard that sets the management system requirements for any Company and is part of the ISO14000 series. The acquisition of this certification indicates that the company has a sound environmental management system that monitors the environmental impacts of its activities and continuously searches for improvement.



## Value creation in action

<b>DIRECT/INDIRECT ENERGY CONSUMPTION (GJ)</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Direct energy consumption from the acquisition of natural gas	97,945	90,347	87,605
Direct energy consumption from the acquisition of LPG	691	198	307
Direct energy consumption from the acquisition of heating oil	5,107	5,185	5,968
Direct energy consumption from the acquisition of diesel and petrol for automotive use	11,672	11,199	11,399
<b>Annual direct consumption</b>	<b>115,415</b>	<b>106,928</b>	<b>105,280</b>
Indirect energy consumption from purchasing electricity	574,364	567,360	558,303
Indirect energy consumption from purchasing thermal energy - District heating	21,862	22,895	19,864
<b>Annual indirect consumption</b>	<b>596,226</b>	<b>590,255</b>	<b>578,168</b>
GJ = Gigajoule			
<b>DIRECT GREENHOUSE GAS EMISSIONS - SCOPE 1 (T OF CO<sub>2</sub> EQ)</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Source</b>			
Natural Gas for heating	5,531	4,970	4,821
LPG for heating	44	13	20
Diesel for heating	369	385	444
Diesel and petrol for the company fleet	844	832	847
Release of refrigerant gasses	41,027	39,402	47,097
<b>Total</b>	<b>47,815</b>	<b>45,602</b>	<b>53,228</b>
<b>INDIRECT GREENHOUSE GAS EMISSIONS - SCOPE 2 (T OF CO<sub>2</sub> EQ) - LOCATION BASE</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Source</b>			
Electricity - location based	59,665	59,100	58,035
Heat from District heating	1,199	1,299	1,234
<b>Total</b>	<b>60,864</b>	<b>60,399</b>	<b>59,269</b>
<b>INDIRECT GREENHOUSE GAS EMISSIONS - SCOPE 2 (T OF CO<sub>2</sub> EQ) - MARKET BASE</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Source</b>			
Electricity - market based	-	-	-
Heat from District heating	1,199	1,299	1,234
<b>Total</b>	<b>1,199</b>	<b>1,299</b>	<b>1,234</b>
<b>OTHER INDIRECT GREENHOUSE GAS EMISSIONS - SCOPE 3 (T CO<sub>2</sub> EQ)</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Indirect emissions (Scope 3) related to logistics' transport	14,203	11,536	na
<b>ELECTRICITY CONSUMPTION (KWH)</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Total consumption	159,107,207	157,599,864	154,760,223
LFL consumption in the retail stores	138,697,729	140,238,320	141,485,169
LFL average daily consumption	393,534	397,382	406,827
Reduction in average daily consumption	0.97%	2.32%	0.70%

**Note:** The consumption shown was calculated on an LFL, like for like, population over the 3-year reporting period.

Since the population is not homogeneous from one year to the next, the data for previous years differs from those published in the previous reports.

**Note:** the consumption and emission indicators for the years 2015 and 2016 have been recalculated following the update of the reporting methodology.

While increasing its consumption as a result of the expansion of direct retail stores, the energy choices made allow for a constant reduction of consumption for the same sales area and opening days. The reduction, calculated on the average daily consumption amounts to 0.97% with savings of **199,355 euros LFL**.

Moreover, thanks to the use of electricity from renewable sources with guarantee of origin certificates, indirect emissions of greenhouse gases are only attributable to the district heating value.

302-1 GRI

302-1 GRI

13 CLIMATE ACTION



305-1 GRI

305-2 GRI

305-3 GRI

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



302-3 GRI

302-4 GRI

Continues:



Continues:

GRI 306-2



WASTE PRODUCED (T)	2017	2016	2015
<b>Non-hazardous waste</b>			
1) F.O.R.S.U. (Organic Fraction of Municipal Solid Waste)	13,992	14,071	13,841
2) R.S.U. (Municipal Solid Waste)	9,892	9,913	9,911
3) Cardboard	11,934	11,603	11,340
4) Mixed packaging	4,954	4,945	4,317
<b>Hazardous Waste</b>	<b>2</b>	<b>2</b>	<b>3</b>
<b>Total</b>	<b>40,774</b>	<b>40,534</b>	<b>39,412</b>
Percentage of waste recycled	75.74%	75.54%	74.85%
Production/sales area (t/sq. m.)	0.14	0.15	0.15

**Note:** The calculation and disposal methods are explained at the bottom of the information table and the GRI Standards.

GRI 301-1



WEIGHT OF THE PACKAGING MATERIALS USED	2017	2016	2015
Material weight (carrier bags, packaging) (kg)	2,019,996	1,784,051	2,162,112
Material cost (carrier bags, packaging) (€)	9,098,381	8,425,360	8,175,592
Impact of cost on turnover (%)	0.60%	0.58%	0.58%



EXPENDITURE ON ENVIRONMENTAL PROTECTION (€)	2017	2016	2015
Reclamation costs	-	-	-
Expenses for waste treatment and disposal and environmental management costs	5,185,087	4,865,039	4,751,947
<b>Total</b>	<b>5,185,087</b>	<b>4,865,039</b>	<b>4,751,947</b>

GRI 307-1



FINES FOR FAILURE TO COMPLY WITH REGULATIONS AND LAWS IN ENVIRONMENTAL MATTERS	2017	2016	2015
Monetary value of the fines (€)	817	118	200
Number of non-monetary fines	0	0	0

GRI 203-1

INVESTMENTS IN INFRASTRUCTURE	2017	2016	2015
	4,560,183	3,625,535	1,456,250

Environmental impact reduction in the supply chain

Social and environmental impacts of the retail stores

Compliance with voluntary standards

The quantity of recycled waste remains high even in the current year. Failure to comply with environmental laws and regulations remains quantitatively small, as shown by the value of the relative fines.

The Company also pays particular attention to the improvement of the aspects related to the nearness of the retail store to the local community and the surrounding area. Investments in infrastructure mainly takes the form of improvements to the local road network or the creation of community facilities.

In 2017, 5 additional retail stores were certified **ISO 14001**, reaching a total of 23 certified retail stores, to which are added the offices of Udine and Mestrino.



## Territory

With the voluntary activities of corporate social responsibility - or CSR - Aspiag is able to suitably serve the local communities with which it operates, supporting fund-raisers for natural disasters, research, associations working in paediatric wards and sponsoring sports activities and village

events. Aspiag Service donates edible but no longer marketable goods to the various non-profit organisations and associations and by starting food education programmes in schools. These themes and activities also involve and train our collaborators, creating a sensibility and awareness that spreads throughout the company.

## Value creation in action

	2017	2016	2015
<b>VALUE OF SPONSORSHIPS</b>	984,000	655,332	561,892
<b>NUMBER OF SPONSORED EVENTS</b>	153	117	102
<b>DONATED FOOD</b>	5,937,603	5,390,028	4,158,549
<b>TERRITORIAL DIVISION OF THE COLLABORATORS (FTE)</b>			
Emilia Romagna (+ province of Mantua)	544	465	392
Friuli Venezia Giulia	1,668	1,681	1,585
Trentino - Alto Adige	1,388	1,365	1,344
Veneto	2,770	2,637	2,528
<b>Total</b>	<b>6,370</b>	<b>6,147</b>	<b>5,849</b>
<b>INDIRECT TAXES (€)</b>	80,610,531	71,051,679	67,251,787

The commitment to support the territory continues to grow for 2017, both through the increase in sponsorships and through the donation of good but no longer marketable food. The company continues to create new jobs spread throughout the four regions in which it operates.

In addition to the taxes paid directly, the Company contributes to the land and the Public Administration's well-being through paying indirect taxes such as VAT and payments made as a tax substitute for wages paid to our employees.

3 GOOD HEALTH AND WELL-BEING



2 ZERO HUNGER



102-8 GRI

Social and environmental impacts of the retail stores

Reduction of food waste

Job creation

Company reputation



In line with social and environmental policy, in 2017 Aspiag Service donated € 5.9 million in edible but no longer marketable food. The amount is equal to 2,100,000 donated meals, through 200 beneficiary organisations involved and avoiding 1,955 waste bins.



## CONNECTIVITY OF INFORMATION

+3.9%

### MARKET SHARE INCREASE

#### OBJECTIVES



FINANCIAL  
RESOURCE  
GENERATION



NEW OPENINGS AND  
RENOVATIONS



CUSTOMER  
SATISFACTION



ENHANCING  
EMPLOYEES



ATTENTION  
TO THE ENVIRONMENT  
AND THE TERRITORY

#### CAPITALS

##### FINANCIAL

- EAT
- EBITDA %
- Cash flow
- Direct retail stores net sales
- Average receipt
- Net sales to affiliates

- Investments

- Current expense for food quality
- Fines on products and services

- Amounts allocated for incentives
- Cost by workplace
- Training costs
- Fines for non-compliance

- Investments in infrastructure
- Expenditure on environmental protection
- Indirect taxes
- Value of sponsorships
- Donated food
- Fines concerning the environment
- Energy costs savings

##### MANUFACTURED

- Sales network

- Degree of diversification and supply coverage

##### INTELLECTUAL

- Integrated report

- voluntary quality analysis and control

- OHSAS 18001

- ISO 14001

##### HUMAN

- New recruits in the new retail stores

- Employee training hours
- Average training hours per employee
- Corporate climate survey
- Absenteeism rate
- Personnel turnover
- Employees' injury rate

- Territorial division of the collaborators

##### SOCIAL AND RELATIONSHIP

- Overdrafts and uses
- Economic value distributed

- Corporate image
- Press and web corporate image
- Customer satisfaction
- Number of customers
- Assortment choice

- Internships
- Search for collaborators

- Number of sponsored events

##### NATURAL

- Environmental innovation

- Electricity consumption
- Direct emissions
- Indirect emissions
- Direct and indirect energy consumption
- Waste produced
- Weight of the packaging materials used



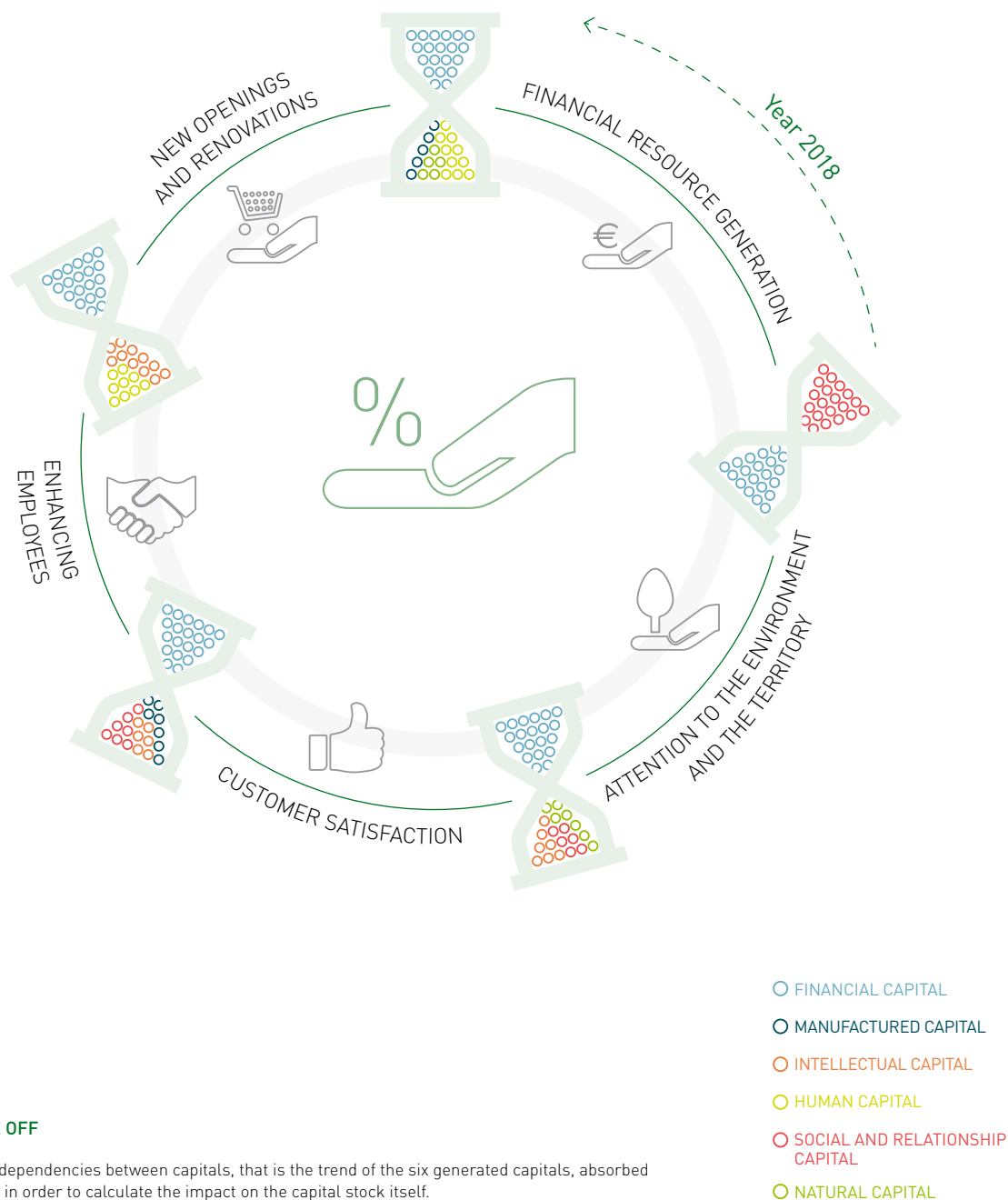
## TRADE OFFS BETWEEN CAPITALS

A new perspective on value creation is proposed through the portrayal of major **trade offs** between generated, transformed or absorbed capital over time. The creation of value (like its destruction) can indeed be better understood as a change in the value of capital over time, through the interaction of one with others.

We describe below the complex interdependencies between capitals, highlighting the main impacts on the capital stocks used in the value creation process over the period 2015-2017.

In this way, trade offs are linked to value creation and they introduce the chapter on future prospects.

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, extrapolated from the tables in this chapter "Strategy and Performance" and explained in the next two pages.



### TRADE OFF

Shows the interdependencies between capitals, that is the trend of the six generated capitals, absorbed or transformed, in order to calculate the impact on the capital stock itself.



## TRADE OFF 2015-2017



### Financial resource generation

Over the three years the financial capital was generated by the positive sales trend which recorded growth of + 7.51%. To this is added the good cash flow trend (€ 372 million). As a result, the economic value that Aspiag generated stands at € 5,553 million and has made it possible to reallocate these financial resources to various stakeholders.

**372** million€  
of Cash flow

**5,553**  
million€  
of economic value  
generated

**+7.51%**  
of net sales



### New openings and renovations

This made it possible to make investments in the company's core business, that is renovations and new openings (€ 341 million). This has led to significant human, manufactured, social and natural capital, marking 30 new retail stores and an increase in the number of recruits by 898 units and technological and environmental innovation (such as LED lighting systems in 106 retail stores).

**341**  
million€ of  
Investments

**898**  
Recruits  
in the new retail  
stores

**30**  
New retail  
stores

This growth in the sales network has made it possible to validate collaborators by investing in training, whose costs for the three year period amount to € 5.1 million, in incentives amounting to € 16.5 million, thereby transforming the financial into human and intellectual capital. In fact, the returns were seen in the number of training hours (220,773), the low outgoing turnover rate of permanent employees (2,43%) and absenteeism (3,50%), and the maintenance of the OHSAS 18001 procedure. These positive measures have led to a good corporate climate, as witnessed by high online participation in the relative survey (91%). Trained collaborators have been able to better meet customer needs, which is the basis for corporate economic growth.

### Enhancing employees



**5.1** million€  
in training costs

**2.43% and 3.50%**  
of turnover and  
absenteeism rate

**220,773**  
hours of  
training

**16.5**  
million€  
of incentives  
provided

**OHSAS  
18001**





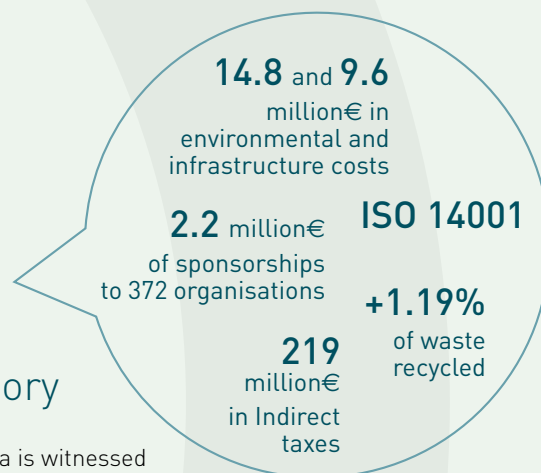
## Customer satisfaction



Quality, assortment and multi-channelling have contributed to customer satisfaction. The costs of controls for a careful product quality (8,914 samples analysed) absorbed financial capital of € 1.1 million to the benefit of the manufactured and intellectual capital in an expansion of the range, calculated in an average number of references amounting to 27,911 split and distributed through all the signs. The pursuit of these goals has yielded results such as an 8.58 rating out of 10 in customer satisfaction, increasing social capital.



## Attention to the environment and the territory



Concern for the environment and the area is witnessed by the numerous investments, such as the 14.8 million€ in environmental expenses, 9.6 million€ in infrastructure, 15.5 million€ in food donations, 2.2 million€ in sponsorships as well as the payment of 219 million€ in taxes to the public administration, transforming the various capital and receiving returns in intellectual capital, such as ISO 14001 applied to more and more stores, in relational capital, leading the sponsorships to 372 and of course in natural capital, which saw an increase in the recycling of waste (+ 1.19%) and a reduction in Scope 1 and Scope 2 emissions and consumption (respectively -10% and -3.27%) also considering the new openings.



## Market share increase



The financial capital absorbed over these three years has allowed the market share to increase by 5.9% and helped to improve the corporate image (rating of 8.40 out of 10). This is because in pursuit of the different strategic objectives, Aspiag Service has reported to multiple stakeholders, thus increasing social capital, distributing an economic value amounting to € 5,270 million over the three-year period. In fact, as we will see in the continuation, we will continue to have a substantial investment policy, trying to grasp opportunities for growth. In this sense, our company shows it is prepared for a forward looking information transparency.





NET SALES  
**426,694,408**

EMPLOYEES  
**1,942**

DIRECT RETAIL STORES  
**76**



## DESPAR SPONSORS BARCOLANA IN THE GULF OF TRIESTE

Aspiag Service has been the official sponsor of Barcolana, the prestigious and spectacular annual regatta that attracts hundreds of sailors from all over the world to the Gulf of Trieste. The 2017 edition proposed a programme full of events from 29 September to 8 October, both at sea in the city and in the 'Barcolana Village', which hosted the 'Sapori del Nostro Territorio' food and wine workshops.

WHAT WE WILL DO



# FUTURE OUTLOOK

**The world economy is expected to grow by 3.9% in the two-year period 2018-2019 based on IMF evaluations of the international economic outlook.**

As for the Euro Zone, economic activity intensified in 2017, with more sustained rates than in 2016. Growth is supported by domestic demand and also, at this stage, by a recovery in capital accumulation. This trend is expected to continue in 2018, as the good performance of the labour market (unemployment rate equal to 8.9% in September) and low inflation will continue to support household disposable income, favouring private consumption that would positively contribute to European growth. Italy, after a GDP increase of 1.5% in 2017, should grow more slowly. The IMF expects GDP to increase by 1.48% in 2018 and 1.1% in 2019. Bankitalia also expects increased household consumption (+1.4% in 2018 and + 1.0% in 2019), which would continue to benefit from an improved labour market and low interest rates. For prices, as energy and food price rises at the beginning of 2017 drop out of the calculation, expectations are for inflation to slow in 2018, before rising to 1.5% in 2019.

Large retailers face an increasingly complex market where consumption is recovering, but is still weak. A big challenge is supporting demand through an offer increasingly tailored to consumer needs. Italian lifestyles are increasingly focused on health, with purchases more consciously based on respect for the environment and social responsibility. These aspects must also take into account a two-speed Italy, as emerged from a Nielsen survey, where the contraction of the middle

class is a consequence of the financial crisis and where large retailers must compete with each other by offering products that can meet the increasingly varied needs in terms of quality but also price, and with customers ready to share their consumption experiences with others searching for the best price, quality and service.

An additional aspect to consider is the development of e-commerce. In Italy, the online market grew by 43% in 2017. Retail purchases made up only 0.5% of the market, much less than in other countries (in France it was 6%, in the UK 8%), but with the potential to develop in the near future.

In this country the online sector sees continuous experimentation and evolution of services. The Aspiag group also intends to enter the e-commerce market from 2019, though an online purchasing service that is currently in the experimental phase for employees.

2018 is the year in which Aldi, the German discount chain, joins the Italian market, opening 45 retail stores by the end of the year. This competitor will require a competitive effort in terms of margin investment and incisive product offering. Aspiag too, driven by good results in 2017, will continue its growth policy, investing € 149.8 million in 2018. There is significant investment in the new logistics hub covering 32 hectares for which construction is underway with completion scheduled for 2020.



## MARKET SHARE INCREASE

Aspiag Service believes it can further increase sales thanks to investments in expansion of the sales network in the current year.

Our expansion strategy, linked to the constant increase in turnover and sales areas is also

confirmed in planning for the three-year period 2018-2020, with the objective of investing and increasing the share also in Emilia Romagna.

## FINANCIAL RESOURCE GENERATION AND NEW OPENINGS AND RENOVATIONS

Despite the economic scenario described above, we believe we can improve our performance in 2018 without major changes in Governance, Business Model, and Corporate Strategies that will remain geared towards developing the sales network and improving efficiency in the cost structure.

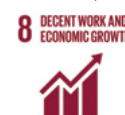
The solidity of the network we are part of is a further guarantee for our future and will help us to face our commitments in the coming years, starting with increasing our presence in Emilia Romagna. We will continue to make significant investments to increase our presence on the market with a particular focus on long-term growth, as well as in renovating and making existing retail stores more efficient in the regions already covered. 7 new direct

stores are planned for 2018, looking to grasp, if appropriate, any growth opportunities for external lines offered by the market which are not currently foreseeable.

Support for the affiliate sales network will be increased over the three-year period, supporting it in renovating and expanding their retail stores to make them more suited to addressing the current market difficulties. Important investments will also be made in the short to medium term to renovate and modernise our logistics network, so we can efficiently serve the anticipated growth. Other innovations will involve the payment system in retail stores and customer loyalty systems, such as the Despar Tribù App.

GROWTH FORECASTS FOR THE NEXT 3 YEARS	2018	2019	2020
Sales net of VAT	5.23%	5.40%	6.21%
Sales net of VAT LFL	0.82%	1.18%	1.11%
EBTDA	2.22%	8.66%	7.41%
Investments (in millions of euro)	149.8	179.1	109.8

**Note:** sales forecasts are considered to be reliable based on the typical 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 achieve company revenue targets.





## CUSTOMER SATISFACTION

Achieving this goal will be supported by appropriate marketing policies, which will be able to increase communication about convenience, support new market trends in terms of consumption and, more generally, improve communication of "customer experience", with particular focus on the digital world. In this sense, an example would be introducing an instrument such as a chatbot.

We will also focus on new market trends by adjusting our range according to new consumer trends: healthy, vegan, ready-to-eat products, premium products, and in particular developing our own branded products. The BIO Certification has started in accordance with Regulation (EC) 834/07 for some pilot stores and the related distribution platform. This will allow the sale of unpackaged organic products.

In order to keep the customer at the heart of the company, we intend to develop several initiatives such as "Prenota e ritira" (currently

only available to employees), or collection points with a smartphone through a QR code. Another key point is food security: we aim to implement controls using new technologies. We also intend to increase the frequency of retail store visits with a special check-list. The Food Security function will participate, within the Working Group set up in Federdistribuzione, in drafting a new Manual of Best Hygienic Practices, which will be submitted to the Ministry of Health for approval and publication in the Gazzetta Ufficiale.

Customers can again participate in Despar experiences, such as the Despar Festival - in Trentino - or the DeVino Festival.

- Financial
- Manufactured
- Intellectual
- Social and relationship



- Financial
- Intellectual
- Human
- Social and relationship



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



## ENHANCING EMPLOYEES

We will extend e-learning to the entire sales network, especially for workplace safety. Other important projects are improving the Performance Management project and the Trainee Store Manager project, to select and prepare future Store Managers.

Internal systems will be improved to collect and manage information and data on employees and their safety, together with new tools and equipment.

## ATTENTION TO THE ENVIRONMENT AND THE TERRITORY

We aim to increase our environmental commitment in 2018, by extending ISO 14001 certification to all retail stores, reducing energy consumption through better closings for fridge units with suitable access and contributing to the occupation of the sales area in the territory.

2018 will see a repetition of the "Appassionati di Talento" event, organised by the Recruitment Function of Aspiag and which aims to make the Company and its offer known to students and graduates.

### A-Z CUSTOMER EXPERIENCE

Customer Experience is the inner and subjective reaction of the customer in the face of direct or indirect contact with the Company.



H. Antley  
CEO

Aspiag Service pursues a strategy aimed at continuous investment, improvement and enhancement of its resources. Innovation guides our choices.

The biggest innovative project for us is certainly Agrologic, the logistics centre, which is the result of a considerable investment. Among other things, this will also involve hundreds of new jobs. The new logistic centre is expected to cover product processing, packaging and transport and will be the new heart of our distribution system.

In addition to all this, it will be a modern, environmental friendly structure close to our suppliers, which will guarantee a shorter supply chain and therefore better dialogue with them and the general public, increasing logistics efficiency and an action for development in Emilia Romagna.



Rendering of the Agrologic project







NET SALES  
**123,955,709**

EMPLOYEES  
**668**

DIRECT RETAIL STORES  
**17**



## THE BOLOGNA DESPAR MATCH DAY

Despar Nordest sponsored the Match Day in Bologna, an event that revolved around a soccer match of Bologna Calcio, the city's team.

Despar's event saw a show with music and choreography in front of the entire stadium audience, aimed at enhancing the importance of Emilia region for Despar, which is increasingly making its presence felt there.

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# METHODOLOGICAL NOTES

**Therefore, the Integrated Report enables coherent and concise representation, evaluation and monitoring of tangible, intangible and strategically important actions and resources of Aspiag Service, more comprehensively than civil reports.**

For this, we rely on standards that explain and connect all the necessary information clearly and exhaustively, in particular to:

- the International Integrated Reporting <IR> Framework as published by the International Integrated Reporting Council (IIRC)
- the GRI Sustainability Reporting Standards published in 2016 by the Global Reporting Initiative (GRI), in accordance with the Core Option;
- the Sustainable Development Goals (SDGs);
- Civil Law;
- the accounting principles issued by the Italian Accounting Board (OIC).

The <IR> Framework is an important reference document: Aspiag Service is IIRC compliant, following the 7 guiding principles and the 9 content elements. The principles are translated into connectivity and materiality matrices, the generic form of the Report is also inspired by completeness and conciseness; the 9 content elements are reflected in the chapters into which the Report is divided:

- About us
- What we do
- What we will do
- Annexes
- Financial statements

IIRC guidelines permit to show how Aspiag Service creates value by using and transforming its resources.

The value creation process is based on six types of capital as input, which the Company modifies, increases, consumes or uses. In the document each different capital is always marked with the same colour, so they are immediately recognisable for the reader. The company's strategic objectives include a

fundamental one (market share increase) and five that are functional to pursue the first one (financial resources generation, new openings and renovations, customer satisfaction, enhancing employees and attention to the environment and the territory). Each of these six objectives is marked with a specific graphic icon in the document, to facilitate recognition.

To achieve these strategic objectives, the Company uses the different types of capital described above differently. They differ from each other but 'cooperate' in an interconnected way through the organisational structure and the governance system to give substance to the value creation processes.

Based on the capital available, our Company acquires different types of inputs and implements targeted management actions, from which it obtains a variety of outputs and outcomes that shape the results of our corporate strategy.

The outputs show the trend and degree of company progress to achieve the objectives, expressed financially or qualitatively. All outputs are represented and commented to appreciate development of the company's broader 'value creation story' and its prospects in the medium to long term. Each output is inserted at an intersection between capital and strategic objectives in the connectivity matrix, based on the main connotation of its capital and the objectives for which it is used.

Outcomes are identified depending on the consequences (positive or negative, external or internal to the organisation) in the six types of capital, based on the activities and the company's outputs. These impacts are reflected in the company's strategic and organisational choices. Even these impacts are coloured based on the capital that underlies the creation of value and represents the material issues of Aspiag Service.

To provide a more complete narrative on value creation, an innovative representation of the main trade offs of capital stock value is proposed. This value is increased,



reduced or transformed over time by corporate activities and outputs. The complex variations in capital over time are illustrated through comprehensive infographics showing the various combinations and explaining the interdependencies that have influenced the value creation. The use of the hourglass image clearly shows the achievement of objectives through the transformation of capitals over time.

To achieve the objectives we refer to the set of values shared through a working group, which together with the data collection process for our Report, enabled greater information sharing and encouraged implementation of the integrated reporting process in parallel with the formation of integrated thinking.

Non-financial information was prepared by the various corporate department heads and the corporate information system and is mostly the result of analyses by specific work groups.

Further information, for example relating to the market or other external factors are reported in the respective tables, always with the reference source.

The methodologies for calculating indicators in the Integrated Report and any variations in these compared to previous Reports are explained below the indicator.

Data in the 2017 Integrated Report are compared with 2016 and 2015, and were put together with the aim of representing a clear and balanced picture of the Company's actions and features, and facilitating the reader's understanding and interpretation.

The Integrated Report contains the information requested by the Global Reporting Initiative Standards. The GRI indicators are specifically marked in the document and summarised in a connecting synoptic table. This Report also includes the Financial Statements and the cash flow statement, extracted from the Report, available in full form at:

<http://www.despar.it/it/bilancio-esercizio-2017/>.

Ultimately, to overcome this challenge, we were inspired by the IIRC for the concepts of value creation, connectivity and Integrated Thinking, by the GRI for the indicators covering socio-environmental issues and the importance of the UN Agenda 2030 (SDGs) for the path to sustainability.

All information is connected to the numbers in the financial statements.

To match data on the needs of stakeholders with company strategies we created a materiality matrix, with a specific methodology and periodic updates.

This shows the lines of action given the most relevant issues highlighted by the comparison. They are organised by priority.

For the scope of the reporting and the limitation of material aspects, all aspects refer to Aspiag Service alone.

The scope is extended to the supply chain and to external cooperatives as shown in the accompanying table, but reporting is just for Aspiag Service.

GRI information has been audited by an independent company whose limited audit report is available at the end of this chapter.

## INTEGRATED THINKING FOR ASPIAG SERVICE

The Integrated Report is the culmination of integrated thinking, which for Aspiag Service is the continuous line that crosses and unites the values, innovation, remuneration strategy and external relations connecting them from the point of view of value creation. These and other drivers of integrated thinking are not chosen arbitrarily, but they enhance connections already in the various parts which we stimulate in their interaction to maximise the result of that part of the company. Therefore, on one hand, it is a cultural choice and, on the other, a natural evolution of the way the Company is working towards collaboration and enhancement of all its aspects and sharing decisions and reporting. Without this interconnected network and the awareness of achieving objectives, many of the results would not be possible or would be underestimated even from the view of strategic corporate choices.



MATERIAL ISSUES	GRI ASPECTS	SCOPE AND LIMITATION OF THE ASPECT
Financial solidity	Economic performance	Aspiag Service
Sustainable commitment towards the community and the area	Indirect economic impacts	Aspiag Service
Job creation	Employment	Aspiag Service
	Materials	Aspiag Service
Social and environmental impacts of the retail stores	Energy	Aspiag Service, supply chain. Reporting does not extend to the supply chain.
Reduction of food waste	Effluents and waste	Aspiag Service
Environmental impact reduction in the supply chain	Emissions	Aspiag Service, supply chain. Reporting does not extend to the supply chain.
Development of commercial network	-	Aspiag Service
Multichannel retail stores	-	Aspiag Service
Customer satisfaction	-	Aspiag Service
Product quality	Consumers' health and safety	Aspiag Service
Innovation in offer and services	-	Aspiag Service
Company reputation	-	Aspiag Service
Employees' satisfaction	Labour/management relations	Aspiag Service
Employee training	Education and training	Aspiag Service
Employees' health and safety	Occupational health and safety	Aspiag Service, external Cooperatives. Reporting does not extend to external cooperatives.
Employees' diversity and equal opportunities	Diversity and equal opportunities	Aspiag Service
	Non-discrimination	Aspiag Service
Compliance with voluntary standards	Socio-economic Compliance	Aspiag Service
	Environmental Compliance	Aspiag Service
	Anti-corruption	Aspiag Service
Efficient corporate governance	Anti-competitive behaviour	Aspiag Service
	Public policy	Aspiag Service



# GRI STANDARDS CONTENT INDEX

GRI STANDARD	DISCLOSURE	SECTION OF INTEGRATED REPORT	PAGE REFERENCE	NOTES / OMISSIONS
<b>Organisational profile</b>				
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102-2	Activities, brands, products, and services	Business Model	21, 23	
102-3	Location of headquarters	Business Model	22	
102-4	Location of operations	Business Model	19, 23	
102-5	Ownership and legal form	Identity and operational context	8, 9	
102-6	Markets served	Business Model	19, 23	
102-7	Scale of the organisation	Letter from the Chairman Business Model Strategy and Performance Financial Statements	1 19 32, 33 78	
102-8	Information on employees and other workers	Strategy and Performance	42, 44, 46	
102-9	Supply chain	Business Model	20-23	
102-10	Significant changes to the organization and its supply chain	Methodological Notes	66-68	
102-11	Precautionary Principle or approach	Strategy and Performance	50-53	
102-12	External initiatives	Governance Strategy and Analysis	14 47, 50	
102-13	Membership of associations	Business Model	24-25	
<b>Strategy and Analysis</b>				
102-14	Statement from senior decision-maker	Letter from the Chairman	1	
<b>Ethics and integrity</b>				
102-16	Values, principles, standards, and norms of behavior	Identity and operational context Governance	6 14	
<b>Governance</b>				
102-18	Governance structure	Governance	10-13	
<b>Stakeholder engagement</b>				
102-40	List of stakeholder groups	Business Model	24-25	
102-41	Collective bargaining agreements	Strategy and Performance	44	
102-42	Identifying and selecting stakeholders	Business Model	24-25	
102-43	Approach to stakeholder engagement	Business Model	24-25	
102-44	Key topics and concerns raised	Business Model	24-25	
<b>Identified material topics and scope</b>				
102-45	Entities included in the consolidated financial statements	Identity and operational context	9	
102-46	Defining report content and topic Boundaries	Methodological Notes	66-68	
102-47	List of material topics	Methodological Notes	66-68	
102-48	Restatements of information	Methodological Notes	66-68	
102-49	Changes in reporting	Methodological Notes	66-68	



GRI STANDARD	DISCLOSURE	SECTION OF INTEGRATED REPORT	PAGE REFERENCE	NOTES / OMISSIONS
<b>Report profile</b>				
102-50	Reporting period	Methodological Notes	66-68	
102-51	Date of most recent report	Methodological Notes	66-68	
102-52	Reporting cycle	Methodological Notes	66-68	
102-53	Contact point for questions regarding the report	About this report	2	
102-54	Claims of reporting in accordance with the GRI Standards	Methodological Notes	66-68	
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102-56	External assurance	Methodological Notes	75-77	
<b>SPECIFIC STANDARD DISCLOSURE: MATERIAL TOPICS</b>				
<b>CATEGORY: ECONOMIC</b>				
<b>Economic performance</b>				
103-1 103-2 103-3	Material topics, their impacts, management method, evaluation of the management approach	Strategy and Performance	32-33	
201-1	Direct economic value generated and distributed	Strategy and Performance	33	
<b>Indirect economic impacts</b>				
103-1 103-2 103-3	Material topics, their impacts, management method, evaluation of the management approach	Strategy and Performance	50-53	
203-1	Infrastructure investments and services supported	Strategy and Performance	52	Some details for the indicator are not currently available. Aspiag undertakes, over the next few years, to collect the data needed to cover the indicator.
<b>Anti-corruption</b>				
103-1 103-2 103-3	Material topics, their impacts, management method, evaluation of the management approach	Governance	15	
205-2	Communication and training about anti-corruption policies and procedures	Governance	15	Some details for the indicator are not currently available.
<b>Anti-competitive behaviour</b>				
103-1 103-2 103-3	Material topics, their impacts, management method, evaluation of the management approach	Governance	14	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Governance	14	
<b>CATEGORY: ENVIRONMENT</b>				
<b>Materials</b>				
103-1 103-2 103-3	Material topics, their impacts, management method, evaluation of the management approach	Strategy and Performance	50-53	
301-1	Materials used by weight and volume	Strategy and Performance	52	Indicator information is not available except for the consumption of food packaging materials and shoppers Aspiag undertakes, over the next few years, to collect the data needed to cover the indicator.

GRI STANDARD	DISCLOSURE	SECTION OF INTEGRATED REPORT	PAGE REFERENCE	NOTES / OMISSIONS
<b>Energy</b>				
103-1 103-2 103-3	Material topics, their impacts, management method, evaluation of the management approach	Strategy and Performance	50-51	
302-1	Energy consumption within the organisation	Strategy and Performance	51	
302-3	Energy intensity	Strategy and Performance	51	
302-4	Reduction of energy consumption	Strategy and Performance	51	
<b>Emissions</b>				
103-1 103-2 103-3	Material topics, their impacts, management method, evaluation of the management approach	Strategy and Performance	50-51	
305-1	Direct (Scope 1) GHG emissions	Strategy and Performance	51	See note 1 for the calculation method.
305-2	Energy indirect (Scope 2) GHG emissions	Strategy and Performance	51	See note 1 for the calculation method.
305-3	Other indirect (Scope 3) GHG emissions	Strategy and Performance	51	See note 2 for the calculation method.
<b>Effluents and waste</b>				
103-1 103-2 103-3	Material topics, their impacts, management method, evaluation of the management approach	Strategy and Performance	50-53	
306-2	Waste by type and disposal method	Strategy and Performance	52	See note 3 for the calculation method.
<b>Environmental compliance</b>				
103-1 103-2 103-3	Material topics, their impacts, management method, evaluation of the management approach	Strategy and Performance	50-53	
307-1	Non-compliance with environmental laws and regulations	Strategy and Performance	52	
<b>CATEGORY: SOCIAL</b>				
<b>Employment</b>				
103-1 103-2 103-3	Material topics, their impacts, management method, evaluation of the management approach	Strategy and Performance	42-46	



GRI STANDARD	DISCLOSURE	SECTION OF INTEGRATED REPORT	PAGE REFERENCE	NOTES / OMISSIONS
401-1	New employee hires and employee turnover	Strategy and Performance	45	The turnover 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. Outgoing turnover is calculated as the number of people who left during the year divided by the average headcount for the year. The total turnover is the sum of the people hired, passed to another type of contract and who left during the year divided by the average headcount for the year.
401-3	Parental leave	Strategy and Performance	46	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.
<b>Labour/management relations</b>				
103-1 103-2 103-3	Material topics, their impacts, management method, evaluation of the management approach	Strategy and Performance	44	
402-1	Minimum notice periods regarding operational changes	Strategy and Performance	44	
<b>Occupational health and safety</b>				
103-1 103-2 103-3	Material topics, their impacts, management method, evaluation of the management approach	Strategy and Performance	47	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Strategy and Performance	47	
<b>Education and training</b>				
103-1 103-2 103-3	Material topics, their impacts, management method, evaluation of the management approach	Strategy and Performance	48	
404-1	Average hours of training per year per employee	Strategy and Performance	49	
<b>Diversity and equal opportunities</b>				
103-1 103-2 103-3	Material topics, their impacts, management method, evaluation of the management approach	Strategy and Performance	15 42-46	
405-1	Diversity of governance bodies and employees	Governance Strategy and Performance	15. 44, 46	
405-2	Ratio of basic salary and remuneration of women to men	Strategy and Performance	46	



GRI STANDARD	DISCLOSURE	SECTION OF INTEGRATED REPORT	PAGE REFERENCE	NOTES / OMISSIONS
<b>Non-discrimination</b>				
103-1 103-2 103-3	Material topics, their impacts, management method, evaluation of the management approach	Strategy and Performance	44	
406-1	Incidents of discrimination and corrective actions taken	Strategy and Performance	44	
<b>Public policy</b>				
103-1 103-2 103-3	Material topics, their impacts, management method, evaluation of the management approach	Governance	14	
415-1	Political contributions	Governance	14	
<b>Customer health and safety</b>				
103-1 103-2 103-3	Material topics, their impacts, management method, evaluation of the management approach	Strategy and Performance	37	
416-1	Assessment of the health and safety impacts of product and service categories	Strategy and Performance	37	
<b>Socioeconomic compliance</b>				
103-1 103-2 103-3	Material topics, their impacts, management method, evaluation of the management approach	Strategy and Performance	37, 44-45	
419-1	Non-compliance with laws and regulations in the social and economic area	Strategy and Performance	37, 45	

**NOTES**

- All the values in the table are tons of CO<sub>2</sub> equivalent with the exception of emissions from electricity consumption which are expressed in tons of CO<sub>2</sub>. The factors used to calculate emissions are taken from the tables: "UK Government GHG Conversion Factors for Company Reporting" published by DEFRA (Department for Environment, Food & Rural Affairs). Indirect emissions purchased from the national electricity grid used the emission factor taken from Terna (updated to 2015).
- The equivalent CO<sub>2</sub> emissions of Scope 3 deriving from outbound logistics (freight transport from Ce.Di to the 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<sub>2</sub> equivalent per km in the tables: "UK Government GHG Conversion Factors for Company Reporting" published by DEFRA (Department for Environment, Food & Rural Affairs). The choice of conversion factor depended on the type of vehicle - articulated, rigid -, weight - (> 3.5 - 7.5 tonnes), (> 7.5 tonnes-17 tonnes), (> 7.5 tonnes-17 tonnes) - with an average load per vehicle.
- Aspiag Service separates waste collection at all retail stores. This is mainly for packaging in paper, cardboard, plastic, wood, glass, mixed packaging, for hazardous waste, OFMSW (Organic Fraction of Municipal Solid Waste) and UFMSW (Undifferentiated Fraction of Municipal Solid Waste). Since separated 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 proportions are calculated empirically using:
  - the number of weekly collections;
  - the number of dumpsters/bins in use;
  - a filling coefficient of the dumpsters/bins.
 Where the municipalities do not collect certain types of waste, the Company relies on private collectors. For UFMSW collection containers (average volume of 1100 litres), assumed an average full load of 88 kg; for OFMSW collection bins (average volume of 240 litres), assumed an average full weight of 120 kg.
 

Method of disposal:

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

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

Item 4 covers polyethylene, wood, glass, iron and steel, spent vegetable food oil, waste unfit for consumption or processing and by-products of animal origin.



# SUSTAINABLE DEVELOPMENT GOALS

GOALS	DESCRIPTION	REF. PAGE	REF. GRI
 <b>2. ZERO HUNGER</b>	End hunger, achieve food security, improve nutrition and promote sustainable agriculture.	53	
 <b>3. GOOD HEALTH AND WELL-BEING</b>	Ensure everyone's health and well-being and for all ages.	37, 41, 45, 47, 53, 62	416-1 403-2
 <b>4. QUALITY EDUCATION</b>	Provide quality, fair and inclusive education, and learning opportunities for everyone.	40, 41, 43, 49, 62	404-1
 <b>5. GENDER EQUALITY</b>	Reaching gender equality and empower all women and girls.	46	102-8 401-3
 <b>7. AFFORDABLE AND CLEAN ENERGY</b>	Ensure everyone has access to affordable, reliable, sustainable and modern energy systems.	50	
 <b>8. DECENT WORK AND ECONOMIC GROWTH</b>	Encouraging lasting, inclusive and sustainable economic growth, full and productive employment and decent work for everyone.	33, 44, 45, 61	201-1 102-8, 405-1, 102-41 402-1, 406-1
 <b>9. INDUSTRY, INNOVATION AND INFRASTRUCTURE</b>	Building resilient infrastructure and promoting innovation and new fair, responsible and sustainable industrialisation.	34, 52	203-1
 <b>10. REDUCED INEQUALITY</b>	Reduce inequality within and among nations.	46	405-2
 <b>11. SUSTAINABLE CITIES AND COMMUNITIES</b>	Making cities and human settlements inclusive, safe, resilient and sustainable.	34	
 <b>12. RESPONSIBLE CONSUMPTION AND PRODUCTION</b>	Ensure sustainable production and consumption models.	50, 51, 52	302-3 302-4 306-2
 <b>13. CLIMATE ACTION</b>	Promote actions, at all levels, to combat climate change.	50, 51, 62	305-1 305-2 305-3
 <b>14. LIFE BELOW WATER</b>	Store and use in a sustainable way oceans, seas and marine resources for Sustainable Development.	36, 52	
 <b>15. LIFE ON LAND</b>	Protect, restore and facilitate sustainable use of the earth's ecosystem.	36, 40, 52, 62	

**Note:** each SDG is connected to a GRI indicator as indicated by the "An analysis of the goals and targets" guide issued by the GRI in collaboration with UN Global Compact, or as an alternative by initiatives carried out by Aspiag Service.

## Independent auditors' report on data and information included in the “Integrated Report 2017” and referenced in the “GRI Standards Content Index”

(Translation from the original Italian text)

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

We have carried out a limited assurance engagement of data and information included into the  
“Integrated Report 2017” of Aspiag Service S.r.l. (hereinafter also “Aspiag Service”) referenced in the  
“GRI Standards Content Index” as of December 31, 2017 (hereinafter also “GRI disclosure of the  
Integrated Report”).

### Directors' responsibility on the GRI disclosure of the Integrated Report

The Directors are responsible for the preparation of the GRI disclosure of the Integrated Report in  
accordance with the “GRI Sustainability Reporting Standards” issued in 2016 by GRI – Global Reporting  
Initiative that are detailed in the paragraph “Methodological notes” of the Integrated Report 2017, as well  
as 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, even caused by frauds or  
unintentional behaviours or events. The Directors are also responsible for defining commitments of  
Aspiag Service regarding the sustainability performance and for the reporting of the results achieved, as  
well as for the identification of the stakeholders and of the significant matters to report.

### Auditors' responsibility

It is our responsibility the preparation of this report on the basis of the procedures carried out. Our work  
has been conducted in accordance with the criteria established by the principle “International Standard  
on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical  
Financial Information” (“ISAE 3000”), issued by the International Auditing and Assurance Standards  
Board for the engagements that consist in a limited assurance.

This principle requires the respect with the independence and other ethical requirements in compliance  
with professional standards and applicable legal and regulatory requirements and the maintenance of a  
comprehensive system of quality control ISQC (Italy) n. 1 as well as the planning and the execution of our  
work in order to obtain a limited assurance that the GRI disclosure of the Integrated Report is free from  
material misstatements.

These procedures included inquiries, primarily with company's personnel responsible for the preparation  
of the information included in the GRI disclosure of the Integrated Report, document analysis,  
recalculations and other procedures in order to obtain evidences considered appropriate.

The procedures were related to the compliance with the standard “GRI 101: Foundation 2016” for defining report content and quality of the GRI disclosures of the Integrated Report and are summarised below:

- a. comparison of economic and financial data and information included in the GRI disclosure of the Integrated Report with those included in Aspiag Service’s consolidated financial statements as of 31st December 2017 on which we issued our audit report on the April 5, 2018;
- b. analysis, through interviews, of the governance system and management process of the issues related to the sustainable development regarding Aspiag Service’s strategy and operations;
- c. 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;
- d. analysis of the operation of the processes that support the generation, recording and management of the quantitative data reported in the GRI disclosure of the Integrated Report. In particular, we have carried out the following procedures:
  - interviews and discussions with personnel of the Management of Aspiag Service, to obtain an understanding about the information, accounting and reporting systems in use for the preparation of the GRI disclosure of the Integrated Report, as well as about the internal control processes and procedures supporting the collection, aggregation, data processing and transmission of data and information to the department responsible for preparation of the GRI disclosure of the Integrated Report;
  - analysis on a sample basis of the documentation supporting the compilation of the GRI disclosure of the Integrated Report, in order to confirm the processes in use, their adequacy and the operation of the internal control for the correct processing of data and information in relation to the objectives described in the GRI disclosure of the Integrated Report;
- e. analysis of the compliance and internal consistency of the qualitative information included in the GRI disclosure of the Integrated Report to the guidelines identified in paragraph “Directors’ responsibility on the GRI disclosure of the Integrated Report” of the present report;
- f. analysis of the process relating to stakeholders engagement, with reference to procedures applied, through review existing documentation relating to the main topics arisen from discussions with them;
- g. obtaining of the representation letter, signed by the legal representative of Aspiag Service, relating to the compliance of the GRI disclosure of the Integrated Report with the guidelines indicated in paragraph “Directors’ responsibility on the GRI disclosure of the Integrated Report”, as well as to the reliability and completeness of the information and data presented in the GRI disclosure of the Integrated Report.

Our engagement is less in scope than a reasonable assurance engagement in accordance with ISAE 3000 and, as consequence, we may not have become aware of all the significant events and circumstances which we could have identified had we performed a reasonable assurance engagement.



## Conclusion

Based on our work, nothing has come to our attention that causes us to believe that data and information included into the “Integrated Report 2017” of Aspiag Service S.r.l. referenced in the “GRI Standards Content Index” as of December 31, 2017 is not in compliance, in all material aspects, with the “GRI Sustainability Reporting Standards” issued in 2016 by the GRI - Global Reporting Initiative, as stated in the paragraph “Methodological notes” of the Integrated Report 2017.

Verona, June 26, 2018

EY S.p.A.

Signed by: Ilaria Faedo, Partner

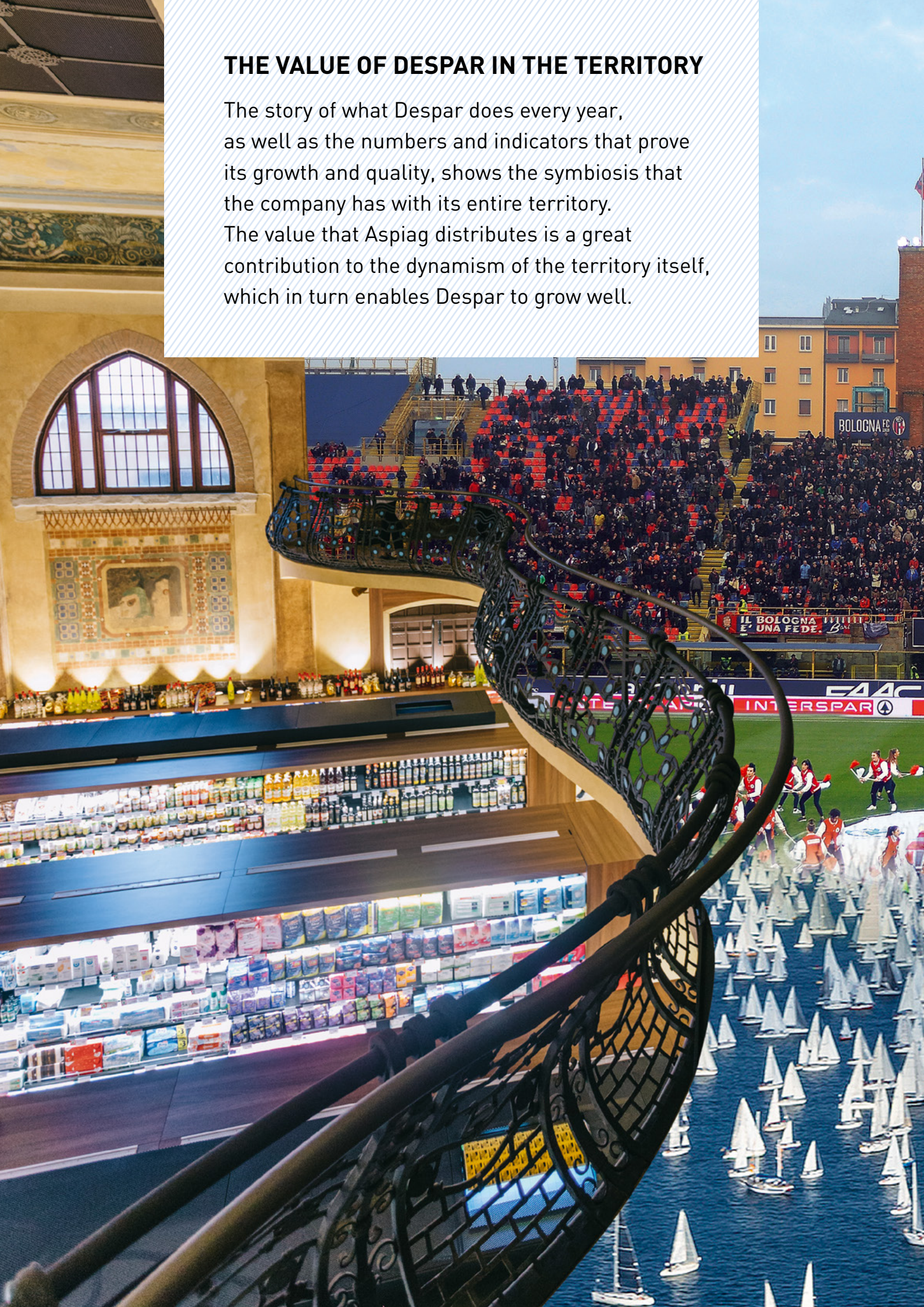
This report has been translated into the English language solely for the convenience of international readers



## THE VALUE OF DESPAR IN THE TERRITORY

The story of what Despar does every year, as well as the numbers and indicators that prove its growth and quality, shows the symbiosis that the company has with its entire territory.

The value that Aspiag distributes is a great contribution to the dynamism of the territory itself, which in turn enables Despar to grow well.





NET SALES  
1,513,994,346

EMPLOYEES  
7,714

DIRECT RETAIL STORES  
228

DESPAR IN  
TRENTINO  
ALTO ADIGE

DESPAR  
IN VENETO

DESPAR  
IN FRIULI  
VENEZIA  
GIULIA

DESPAR  
IN EMILIA  
ROMAGNA

# FINANCIAL STATEMENTS

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# LETTER FROM THE CFO

The year that just ended saw a good performance both for Aspiag Service, where our results were in line with expectations, and at international level, where important milestones have been achieved that make us satisfied and proud to belong to this Group.

## PERFORMANCE OVERVIEW

**+5%**

Net sales

**127.8  
million €**

**+13.4%**

Cash flow

**143  
million €**

**+33.8%**

Investments

**570.3  
million €**

Equity

**202.7  
million €**

FP

**35.6%**

FP / Equity

**105.2  
million €**

EBITDA

**48%**

Equity / Invested  
Capital

In Aspiag Service we increased sales by 5%, recording positive growth in both the direct sales channel and in the affiliated one and consolidating our position in the trading area.

The results should be seen against the highly competitive market environment, where the Italian economy recorded moderate growth of 1.5% according to ISTAT, the national Institute of statistics, and in which we believe it is important to continue investing.

Over the course of 2017, costs of € 100 million were capitalised in the sales network; € 35 million related to improvement of the distribution network and € 8 million are aimed at evolving our IT infrastructures, while the cash flow generated amounted to € 127.8 million continuing from previous years.

This allowed us to reinvest in our commercial proposal and to meet our commitments with our stakeholders. In addition, we increased efforts aimed at more effective management of costs: because of this EBITDA was € 105.2 million and EBT improved by 24%, from € 3.7 million to € 41.7 million.

The net financial position decreased, from - € 309.2 million in 2016 to - € 202.7 million, in 2017 and increased equity, guaranteeing further corporate solidity: the impact of equity on invested capital increased 48% compared to the previous year. Looking to the future, we are confident of achieving the goals we have set ourselves for 2018, strengthened by a solid international Group, with important partnerships to compete in the market.

We estimate increasing turnover by 5.2%, through investments of €150 million in future development and trying to position ourselves in the market with a more customer oriented commercial offer.

The integrated model we have adopted enables us to connect our story:

"integrated thinking" is a driver of our business that enables us to improve our performance and to connect the way we offer ourselves to our customers, driving growth, managing relationships with our stakeholders, living our values and achieving our goals.

Aspiag Service has many interdependent interests that include those of our Members but also those key stakeholders, which represent a value for us and for the decision-making process. In fact, the ability to create value for our company also depends on the ability to create it for others.

The symbiosis with our stakeholders is evident from the economic value that we distribute every year. This year compared with € 1.9 billion we generated and distributed € 1.8 billion.

This attitude is the concrete sign of our transparency. So we are proud of how our people are facing the challenges that lie ahead, the role we play at the social level, the trust that Shareholders transmit to us every day and the vision for the future.

*Raffaele Trivellato*



## IMPORTANT AWARDS 2017

The Integrated Report is a tool of value creation not only because it accurately portrays what the company does, but also because it transparently communicates this to all stakeholders. Communicating this strategic document has allowed us to receive important recognition and become a benchmark of its kind.

### INTEGRATED THINKING AWARD

Despar Nordest received an important recognition in 2017 for its work on the Integrated Report, winning the Integrated Thinking Award at the MEDEF in Paris.

The award ceremony saw CFO Raffaele Trivellato pick up the award and illustrate the particularity of the Aspiag Integrated Report, recognised as an international benchmark.



■ The jury awarded Despar the best Integrated Report, highlighting the excellent connectivity of information to illustrate the value created by the group in reference to the strategy. ■

■ *Accept this award for the recognised quality of your Integrated Report. You started adopting Integrated Reporting back in 2012 and the way in which the quality of your reports has improved shows it is a path you have followed and now, through your example, you are teaching others.* ■

Richard Howitt - IIRC CEO

### OSCAR DI BILANCIO - SPECIAL AWARD FOR THE BEST INTEGRATED REPORT



Following the Integrated Thinking Award, Aspiag Service also won the 2017 Oscar di Bilancio (Financial Statement Oscar) for the Best Integrated Report in the Milan Stock Exchange.

■ Full adherence to the International Integrated Reporting Framework from the International Integrated Reporting Council (IIRC). Innovative aspects of information such as trade offs between company capitals and the impact of risks on stakeholders. A rich and complete material analysis, conducted according to both the Global Reporting Initiative (GRI) and the IIRC. An advanced search for connectivity between information, especially with respect to company performance and the intersection of strategic objectives and corporate capitals. Elegant graphics and clear and concise text. ■



# FINANCIAL STATEMENTS AS OF 31.12.2017

## Balance sheet

ASSETS	31/12/2017	31/12/2016
<b>A) Subscribed capital unpaid</b>		
Called	0	0
To be called	0	0
<b>Total subscribed capital unpaid (A)</b>	<b>0</b>	<b>0</b>
<b>B) Fixed assets</b>		
<b>I - Intangible fixed assets</b>		
1) start up and expansion costs	0	0
2) research costs	0	0
3) industrial patents and intellectual property rights	7,932,147	2,252,408
4) concessions, licenses, trademarks and similar rights	1,900,323	2,138,871
5) goodwill	14,400,644	16,261,123
6) assets in progress and advances	1,392,248	5,677,751
7) other	62,001,232	66,876,151
<b>Total intangible fixed assets</b>	<b>87,626,594</b>	<b>93,206,304</b>
<b>II - Tangible fixed assets</b>		
1) land and buildings	498,287,961	445,235,009
2) plant and machinery	73,184,789	67,781,057
3) industrial and commercial equipment	21,925,906	22,742,979
4) other assets	9,232,513	8,754,616
5) assets in progress and advances	74,495,936	47,118,774
<b>Total tangible fixed assets</b>	<b>677,127,105</b>	<b>591,632,435</b>
<b>III - Financial fixed assets</b>		
<b>1) equity investments</b>		
a) subsidiaries	0	0
b) associated companies	87,083,636	85,864,082
c) parent companies	0	0
d) under control of parent companies	0	0
d-bis) other companies	265,353	260,253
<b>Total equity investments</b>	<b>87,348,989</b>	<b>86,124,335</b>
<b>2) Receivables due from</b>		
a) subsidiaries		
Due within the following year	0	0
Due beyond the following years	0	0
<b>Total receivables due from subsidiaries</b>	<b>0</b>	<b>0</b>
b) associated companies		
Due within the following year	0	0
Due beyond the following years	0	0
<b>Total receivables due from associated companies</b>	<b>0</b>	<b>0</b>

FOLLOWS



## CONTINUES: BALANCE SHEET

ASSETS	31/12/2017	31/12/2016
c) parent companies		
Due within the following year	0	0
Due beyond the following years	0	0
<b>Total receivables due from parent companies</b>	<b>0</b>	<b>0</b>
d) under control of parent companies		
Due within the following year	0	0
Due beyond the following years	0	0
<b>Total receivables due from companies under control of parent companies</b>	<b>0</b>	<b>0</b>
d-bis) others		
Due within the following year	8,900	11,150
Due beyond the following years	176,951	170,723
<b>Total receivables due from third parties</b>	<b>185,851</b>	<b>181,873</b>
<b>Total receivables</b>	<b>185,851</b>	<b>181,873</b>
<b>3) other securities</b>	<b>0</b>	<b>0</b>
<b>4) positive derivatives instruments</b>	<b>0</b>	<b>0</b>
<b>Total financial fixed assets</b>	<b>87,534,840</b>	<b>86,306,208</b>
<b>Total fixed assets (B)</b>	<b>852,288,539</b>	<b>771,144,947</b>
<b>C) Current assets</b>		
<b>I - Inventories</b>		
1) raw, ancillary and consumable materials	2,519,195	2,829,196
2) work in progress and semi-finished products	0	0
3) contract work in progress	0	0
4) finished products and goods for resale	126,100,504	128,336,285
5) advances	0	0
<b>Total inventories</b>	<b>128,619,699</b>	<b>131,165,481</b>
<b>II - Receivables</b>		
<b>1) trade receivable</b>		
Due within the following year	109,453,019	101,277,613
Due beyond the following years	2,395,442	1,948,683
<b>Total trade receivables</b>	<b>111,848,461</b>	<b>103,226,296</b>
<b>2) due from subsidiaries</b>		
Due within the following year	0	0
Due beyond the following years	0	0
<b>Total receivables due from subsidiaries</b>	<b>0</b>	<b>0</b>
<b>3) due from associated companies</b>		
Due within the following year	467,411	455,038
Due beyond the following years	0	0
<b>Total receivables due from associated companies</b>	<b>467,411</b>	<b>455,038</b>
<b>4) due from parent companies</b>		
Due within the following year	0	0
Due beyond the following years	0	0
<b>Total receivables due from parent companies</b>	<b>0</b>	<b>0</b>

FOLLOWS



## CONTINUES: BALANCE SHEET

ASSETS	31/12/2017	31/12/2016
<b>5) due from companies under control of parent companies</b>		
Due within the following year	928,228	454,657
Due beyond the following years	0	0
<b>Total receivables due from companies under control of parent companies</b>	<b>928,228</b>	<b>454,657</b>
<b>5-bis) tax receivables</b>		
Due within the following year	8,173,434	3,436,125
Due beyond the following years	2,905	2,905
<b>Total tax receivables</b>	<b>8,176,339</b>	<b>3,439,030</b>
<b>5-ter) deferred tax assets</b>	<b>22,880,654</b>	<b>22,970,074</b>
<b>5-quater) due from others</b>		
Due within the following year	9,775,037	5,966,086
Due beyond the following years	6,395,460	10,258,385
<b>Total receivables due from others</b>	<b>16,170,497</b>	<b>16,224,471</b>
<b>Total receivables</b>	<b>160,471,591</b>	<b>146,769,565</b>
<b>III - Current financial assets</b>		
1) investments in subsidiaries	0	0
2) investments in associated companies	0	0
3) investments in parent companies	0	0
3-bis) investments in companies under control of parent companies	0	0
4) other investments	0	0
5) positive derivative instruments	21,686	0
6) other securities	0	0
7) financial assets for cash pooling	0	0
<b>Total current financial assets</b>	<b>21,686</b>	<b>0</b>
<b>IV - Cash and cash equivalents</b>		
1) bank and post office deposits	46,972,315	29,209,012
2) cheques	0	0
3) cash on hand	2,919,690	2,773,297
<b>Total cash and cash equivalents</b>	<b>49,892,005</b>	<b>31,982,309</b>
<b>Total current assets (C)</b>	<b>339,004,981</b>	<b>309,917,355</b>
<b>D) Accrued income and prepayments</b>	<b>8,479,838</b>	<b>9,493,136</b>
<b>TOTAL ASSETS</b>	<b>1,199,773,358</b>	<b>1,090,555,438</b>

FOLLOWS





## CONTINUES: BALANCE SHEET

LIABILITIES	31/12/2017	31/12/2016
<b>A) Equity</b>		
I – Share capital	79,320,000	79,320,000
II – Share premium reserve	13,590,000	13,590,000
III – Revaluation reserve	100,331,305	100,331,305
IV – Legal reserve	11,339,269	10,147,497
V – Statutory reserve	0	0
VI – Other reserves, differently indicated	0	0
Shareholdings revaluation reserve	13,512,500	12,227,028
Capital contribution	120,000,000	0
Various other reserves	875,535	875,535
<b>Total other reserves</b>	<b>134,388,035</b>	<b>13,102,563</b>
VII – Cash flow hedge reserve	(56.245)	(184.373)
VIII – Retained earnings (accumulated losses)	200,646,766	179,288,581
IX – Net profit (loss) for the year	30,719,908	23,835,429
Covered loss in the financial year	0	0
X – Negative reserve for purchase of own share	0	0
<b>Total equity</b>	<b>570,279,038</b>	<b>419,431,002</b>
<b>B) Provisions for risks and charges</b>		
1) pensions and similar commitments	0	0
2) taxation, including deferred taxes	389,917	341,566
3) negative derivative instruments	95,692	242,596
4) other	16,778,160	16,111,488
<b>Total provisions for risks and charges</b>	<b>17,263,769</b>	<b>16,695,650</b>
<b>C) Employee severance indemnity</b>	<b>29,486,379</b>	<b>30,655,163</b>
<b>D) Payable</b>		
<b>1) bonds</b>		
Due within the following year	0	0
Due beyond the following years	0	0
<b>Total bonds</b>	<b>0</b>	<b>0</b>
<b>2) convertible bonds</b>		
Due within the following year	0	0
Due beyond the following years	0	0
<b>Total convertible bonds</b>	<b>0</b>	<b>0</b>
<b>3) due for shareholder loans</b>		
Due within the following year	0	0
Due beyond the following years	0	0
<b>Total payables due for shareholder loans</b>	<b>0</b>	<b>0</b>

FOLLOWS



## CONTINUES: BALANCE SHEET

LIABILITIES	31/12/2017	31/12/2016
<b>4) due to banks</b>		
Due within the following year	108,052,245	96,034,699
Due beyond the following years	44,575,000	25,125,000
<b>Total payables due to banks</b>	<b>152,627,245</b>	<b>121,159,699</b>
<b>5) due to other lenders</b>		
Due within the following year	0	0
Due beyond the following years	0	0
<b>Total payables due to lenders</b>	<b>0</b>	<b>0</b>
<b>6) advances</b>		
Due within the following year	250,000	250,000
Due beyond the following years	0	0
<b>Total advances</b>	<b>250,000</b>	<b>250,000</b>
<b>7) trade payables</b>		
Due within the following year	266,599,365	224,369,796
Due beyond the following years	1,344,649	1,016,896
<b>Total trade payables</b>	<b>267,944,014</b>	<b>225,386,692</b>
<b>8) payables represented by negotiable instruments</b>		
Due within the following year	0	0
Due beyond the following years	0	0
<b>Total payables represented by negotiable instruments</b>	<b>0</b>	<b>0</b>
<b>9) due to subsidiaries</b>		
Due within the following year	0	0
Due beyond the following years	0	0
<b>Total payables due to subsidiaries</b>	<b>0</b>	<b>0</b>
<b>10) due to associated companies</b>		
Due within the following year	8,459,642	6,872,999
Due beyond the following years	0	0
<b>Total payables due to associated companies</b>	<b>8,459,642</b>	<b>6,872,999</b>
<b>11) due to parent companies</b>		
Due within the following year	848	795
Due beyond the following years	0	120,000,000
<b>Total payables due to parent companies</b>	<b>848</b>	<b>120,000,795</b>
<b>11-bis) due to companies under control of parent companies</b>		
Due within the following year	52,217,704	1,523,765
Due beyond the following years	50,000,000	100,000,000
<b>Total payables due to companies under control of parent companies</b>	<b>102,217,704</b>	<b>101,523,765</b>
<b>12) tax payables</b>		
Due within the following year	7,502,545	6,402,309
Due beyond the following years	0	0
<b>Total tax payables</b>	<b>7,502,545</b>	<b>6,402,309</b>
<b>13) social security payables</b>		
Due within the following year	11,662,755	10,859,471
Due beyond the following years	0	0
<b>Total social security payables</b>	<b>11,662,755</b>	<b>10,859,471</b>
<b>14) other payables</b>		
Due within the following year	29,866,457	28,596,917
Due beyond the following years	1,565,064	1,633,663
<b>Total other payables</b>	<b>31,431,521</b>	<b>30,230,580</b>
<b>Total payables</b>	<b>582,096,272</b>	<b>622,686,202</b>
<b>E) Accrued liabilities and deferred income</b>	<b>647,900</b>	<b>1,087,314</b>
<b>TOTAL LIABILITIES</b>	<b>1,199,773,358</b>	<b>1,090,555,438</b>



## Income statement

INCOME STATEMENT	31/12/2017	31/12/2016
<b>A) Value of production</b>		
1) revenues from sales and services	1,881,970,758	1,797,879,852
2) changes in inventories	0	0
3) change in contract work in progress	0	0
4) increases in internally generated fixed assets	0	0
5) other revenues and income	0	0
Operating grants	506,980	712,652
other	37,542,962	33,323,458
<b>Total other revenues and income</b>	<b>38,049,942</b>	<b>34,036,110</b>
<b>Total value of production</b>	<b>1,920,020,700</b>	<b>1,831,915,962</b>
<b>B) Cost of production</b>		
6) raw, ancillary and consumable materials and goods for resale	1,347,757,482	1,280,631,169
7) services	136,585,280	133,853,600
8) use of third party assets	55,717,247	54,487,651
9) payroll and related costs		
a) wages and salaries	177,497,945	168,751,124
b) social security contribution	52,979,594	51,062,635
c) employee severance indemnities	9,546,387	9,103,897
d) pensions and similar commitments	2,959,830	2,796,033
e) other costs	8,109,656	8,972,562
<b>Total payroll and related costs</b>	<b>251,093,412</b>	<b>240,686,251</b>
10) amortization, depreciation and write-downs		
a) amortization of intangible fixed assets	16,261,580	13,901,363
b) depreciation of tangible fixed assets	41,424,139	38,873,008
c) Other depreciation	5,308,460	17,835,511
d) write-down of receivables included among current assets	534,130	237,294
<b>Total amortization, depreciation and write-downs</b>	<b>63,528,309</b>	<b>70,847,176</b>
11) changes in inventories	2,545,782	-5,559,910
12) provisions for risks	1,906,180	1,721,634
13) other provisions	0	759,267
14) other operating expenses	18,661,422	18,070,735
<b>Total cost of production</b>	<b>1,877,795,114</b>	<b>1,795,497,573</b>
<b>Difference between value and cost of production (A - B)</b>	<b>42,225,586</b>	<b>36,418,389</b>
<b>C) Financial income and expense</b>		
<b>15) income from equity investments</b>		
Subsidiaries	0	0
Associated companies	0	0
Parent companies	0	0
Companies under control of parent companies	0	0
other	1,335	0
<b>Total income from equity investments</b>	<b>1,335</b>	<b>0</b>
<b>16) other financial income</b>		
a) from receivables held as fixed assets		
Subsidiaries	0	0
Associated companies	0	0
Parent companies	0	0
Companies under control of parent companies	0	0
Other	89	189
<b>Total financial incomes from receivables held as fixed assets</b>	<b>89</b>	<b>189</b>

FOLLOWS



CONTINUES: INCOME STATEMENT	31/12/2017	31/12/2016
b) from securities held as fixed assets not representing equity investments	0	0
c) from securities included among current assets not representing equity investments	0	0
d) income other than the above		
Subsidiaries	0	0
Associated companies	0	465
Parent companies	0	0
Companies under control of parent companies	0	0
others	127,029	275,952
<b>Total income other than the above</b>	<b>127,029</b>	<b>276,417</b>
<b>Total other financial income</b>	<b>127,118</b>	<b>276,606</b>
<b>17) interest and other financial expenses</b>		
Subsidiaries	0	0
Associated companies	0	79,003
Parent companies	1,200,000	3,050,000
Companies under control of parent companies	0	0
others	2,982,660	3,506,369
<b>Total interests and other financial expense</b>	<b>4,182,660</b>	<b>6,635,372</b>
<b>17-bis) exchange gains and losses</b>	<b>0</b>	<b>0</b>
<b>Total financial income and expenses (15 + 16 - 17 + - 17-bis)</b>	<b>(4.054.207)</b>	<b>(6.358.766)</b>
<b>D) Adjustments to financial assets</b>		
<b>18) revaluations</b>		
a) equity investments	3,545,000	3,610,918
b) financial fixed assets not representing equity investment	0	0
c) securities included among current	0	0
d) derivative instruments of financial assets for cash pooling management	0	0
of financial assets for centralized treasury management	0	0
<b>Total revaluations</b>	<b>3,545,000</b>	<b>3,610,918</b>
<b>19) write-downs</b>		
a) equity investments	0	0
b) financial fixed assets not representing equity investment	0	0
c) securities included among current assets not representing equity investments	0	0
d) derivative instruments	0	0
of financial assets for centralized treasury management	0	0
<b>Total write-downs</b>	<b>0</b>	<b>0</b>
<b>Totale adjustments to financial assets (18 - 19)</b>	<b>3,545,000</b>	<b>3,610,918</b>
<b>EBT (A - B + - C + - D + - E)</b>	<b>41,716,379</b>	<b>33,670,541</b>
<b>20) Income taxes for the year</b>		
Current taxes	10,773,980	12,890,162
Taxes related to previous year	173,533	(275.110)
Deferred tax assets and liabilities	48,958	(2.779.940)
Income (expense) arising from adoption of the tax consolidation transparency	0	0
<b>Total income taxes for the year</b>	<b>10,996,471</b>	<b>9,835,112</b>
<b>21) Net profit (loss) for the year</b>	<b>30,719,908</b>	<b>23,835,429</b>



## Cash flow statement

CASH FLOW STATEMENT	31.12.2017	31.12.2016
<b>A) Cash flow from operating activities (indirect method)</b>		
Net profit (loss) for the year	30,719,908	23,835,429
Current and deferred taxes	10,996,472	9,835,110
Financial expenses / (financial incomes)	4,054,207	6,635,372
(Dividends)		
(Gain)/losses arising from the sale of assets	193,223	-116,362
<b>1) Earning/(Loss) before taxes, interests, dividends, capital gains/losses from sale</b>	<b>45,963,810</b>	<b>40,189,549</b>
<b>Corrections for monetary elements without counterpart in net working capital</b>		
Provisions for risks	20,353,177	5,514,228
Amortizations and depreciations	57,685,718	52,774,371
Write-downs for permanent losses	5,308,460	17,835,511
Other corrections for non monetary items	-1,521,372	-3,610,918
<b>2) Cash flow before net working capital variations</b>	<b>127,789,793</b>	<b>112,702,741</b>
<b>Variations in net working capital</b>		
Decrease/(Increase) of inventories	2,545,782	-5,559,910
Decrease/(Increase) of current trade receivables	-9,415,825	7,210,418
Increase/(Decrease) of current trade payables	46,998,357	-4,936,401
Decrease/(Increase) of accrued income and prepayments	1,013,298	1,060,488
Increase/(Decrease) of accrued liabilities and deferred income	-119,434	257,565
Other variations	-607,463	-7,877,537
<b>3) Cash flow after net working capital variations</b>	<b>168,204,508</b>	<b>102,857,364</b>
<i>Other adjustments</i>		
Collected/(paid) interests	-4,054,207	-6,635,372
(Current taxes paid)	-16,700,768	-21,237,882
Collected dividends	2,325,446	2,538,469
(Use of provisions)	-20,419,713	-5,412,879
<b>Cash flow from operating activities (A)</b>	<b>129,355,266</b>	<b>72,109,700</b>
<b>B) Cash flow from investment activities</b>		
Purchase of intangible and tangible assets	-143,473,126	-107,499,472
Sale of intangible and tangible assets	563,988	837,865
Financial fixed assets	-3,978	-6,230
<b>Cash flow by investment activities (B)</b>	<b>-142,913,116</b>	<b>-106,667,837</b>
<b>C) Cash flow from financial activities</b>		
Increase (decrease) in short-term payables to banks	-2,982,454	-1,119,571
Taking out loans	52,500,000	50,000,000
(Loan repayments)	-18,050,000	-8,050,000
(Repayment of loans versus Group companies)	-120,000,000	
Capital increase paid	120,000,000	-
(Dividends and prepayments on dividend paid)	-	-
<b>Cash flow by financial activities (C)</b>	<b>31,467,546</b>	<b>40,830,429</b>
<b>Increase (decrease) in cash flow (A ± B ± C)</b>	<b>17,909,696</b>	<b>6,272,292</b>
Net cash and banks receivable (payable) – beginning of year	31,982,309	25,710,015
Net cash and banks receivable (payable) – year end	49,892,005	31,982,309

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

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

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Aspiag Service S.r.l. (the Company), which comprise the balance sheet as at December 31, 2017, the income statement and statement of cash flows for the year then ended, and explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with the Italian regulations governing financial statements.

#### Basis for Opinion

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

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

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

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

## Report on compliance with other legal and regulatory requirements

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

The Directors of Aspiag Service S.r.l. are responsible for the preparation of the Report on Operations of Aspiag Service S.r.l. as at December 31, 2017, including its consistency with the related financial

statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the financial statements of Aspiag Service S.r.l. as at December 31, 2017 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the financial statements of Aspiag Service S.r.l. as at December 31, 2017 and comply with the applicable laws and regulations.

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

Verona, April 5, 2018

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.**

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In respect of the environment, ASPIAG SERVICE S.r.l. has decided to print this report on paper coming from responsibly managed forests according to FSC® (Forest Stewardship Council®) criteria.

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Aspiag Service S.r.l.  
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