



ANNUAL  
REPORT  
2018



# ANNUAL REPORT 2018

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# AN ITALIAN SUCCESS STORY

Despite working in an ever increasingly complex and difficult situation, we can state proudly that in 2018 our Group has obtained important achievements and positive growth developments, confirming our leadership in the reference markets.

This important result is correlated to a winning combination of several fundamentals: in order to create value over time it is essential to combine skills, people, products, innovation, efficiency, safety and sustainability.

As a result, we are conscious that growth is not possible unless it can be proven sustainable in economic, social and environmental terms, and we are fully aware of our responsibility in guaranteeing quality food access to a constantly growing global population.

For this reason, we have chosen to publish all our most significant results in this Annual Report, showing how we operate as a company: a document that illustrates our procedures to continue to further increase our sustainability and as a consequence is prepared, for the first time, according to international GRI standards - Global Reporting Initiative, following the “in accordance - Core” option.

This Report is testimony to the commitment of over 8,000 people who work with passion for the Veronesi Group every day. The success of our company arises due to their hard work and to each one of them goes our most heartfelt thanks for making our Group today one of the main Italian agro-industrial businesses. From our local origins we have obtained an ever more expanding global reach: now our products arrive in more than 70 countries worldwide and are the symbols of the Made in Italy agri-foods that our planet appreciates.

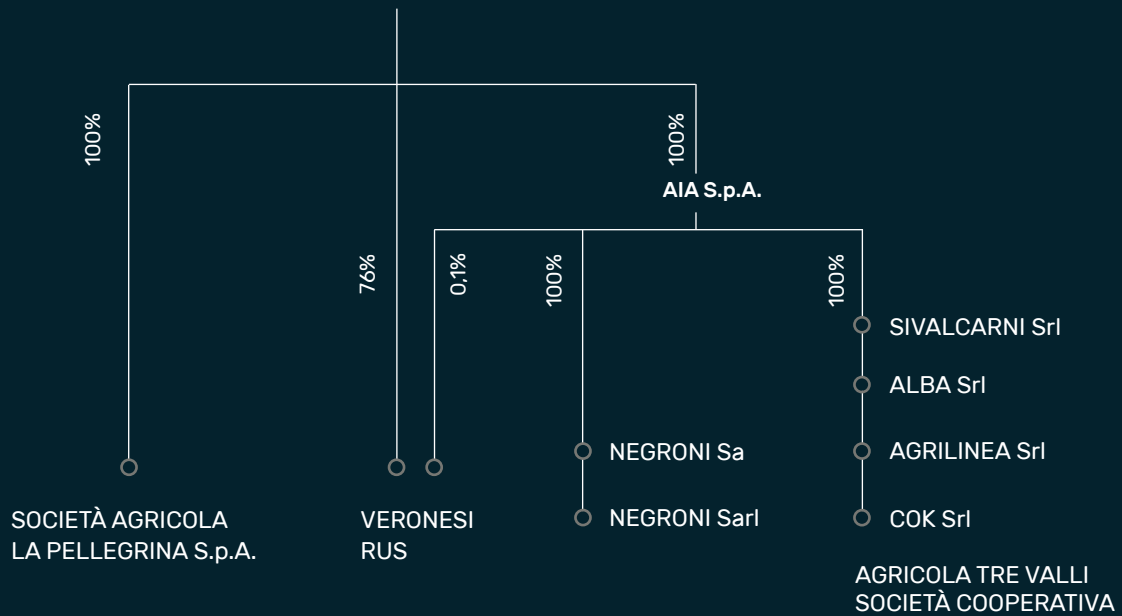
This is the culmination of all the large and small goals being reached, such as the recognition, obtained in 2018, of the AA class (High Reliability) for 6 of our plants as part of the AEO certification at the base of the Customs Code.

We strive for excellence, convinced that only the total quality we apply throughout our supply chain can continue to help us strive to overcome future challenges.

This is why our Board of Directors will ambitiously continue to further enhance this Italian success story.



**VERONESI HOLDING S.p.A.**



# 01

## CORPORATE STRUCTURE



### BOARD OF DIRECTORS

PRESIDENT  
Mario Veronesi

VICE PRESIDENT  
Marcello Veronesi

CHIEF EXECUTIVE OFFICER  
Luigi Fasoli

BOARD MEMBERS  
Antonio Nicodemo  
Francesco Ballini  
Tommaso Veronesi



### BOARD OF STATUTORY AUDITORS

PRESIDENT  
Mauro Melandri

STATUTORY AUDITORS  
Andrea Castelli  
Primo Ceppellini

AUDITING FIRM  
Deloitte&Touche S.p.A.



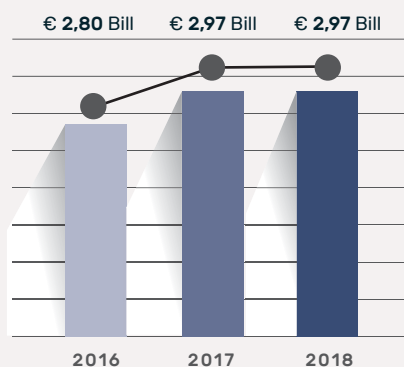


# 02

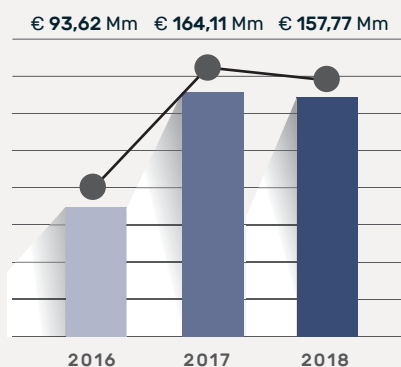
## KEY FIGURES OF THE YEAR

MAIN ECONOMIC AND FINANCIAL DATA	2016	2017	2018
NET REVENUES	2.803.965.347	2.976.820.913	2.972.544.833
EBITDA	93.629.192	164.118.511	157.771.681
AMORTISATION	81.370.520	81.416.276	83.836.880
NET INCOME	1.693.948	56.687.917	45.055.852
CASH FLOW	83.064.468	138.104.193	128.892.732
INVESTMENT IN FIXED ASSETS	118.395.739	88.183.402	108.189.792
NET FINANCIAL DEBT	413.839.047	382.861.155	373.412.613
GROUP EQUITY AND THIRD PARTIES	506.939.832	558.747.064	596.461.348
OPERATING RESULT/INVESTED CAPITAL	0,43%	4,10%	3,18%
NET INCOME/NET EQUITY	0,33%	10,15%	7,55%
NET FIN. DEBT / NET EQUITY	0,82	0,69	0,63
NET FIN. DEBT/EBITDA	4,42	2,33	2,37

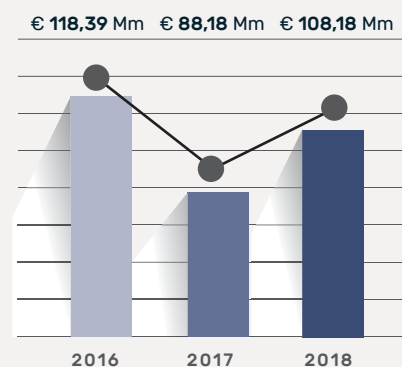
### CONSOLIDATED NET REVENUES



### OPERATING GROSS MARGIN (EBITDA)



### MANUFACTURING INVESTMENTS







# 03

## PROFILE, IDENTITY AND VALUES

### THE GROUP IN NUMBERS

**2,97**

Billion turnover

**16**

Production plants in the food sector

**7**

Feed mills of excellence

CLASS  
**AA**

AEOF Certification

**79**

Countries where we export our brands

**16%**

Export

**3**

Biogas plants

**4**

Photovoltaic plants

**-27.000**

Tons CO<sub>2</sub> liberated into the air

**35**

Sensory test

**8.415**

Employees

**60.000**

Hours of training

**BUSINESS ACTION**  
IS GUIDED  
BY **PRINCIPLES** OF:

RESPONSIBILITY

CORRECTNESS

TRANSPARENCY

CONTINUOUS IMPROVEMENT

SPIRIT OF SERVICE

FAIR COMPETITION

COMMUNITY AND ENVIRONMENTAL PROTECTION

ENHANCEMENT OF HUMAN RESOURCES



CONSUMERS  
AT THE CENTRE

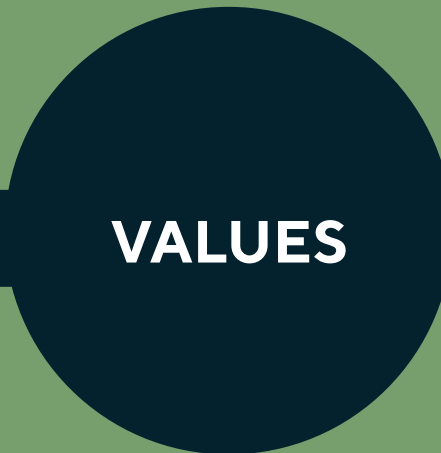
PASSION  
FOR QUALITY



INNOVATION



ANIMAL  
WELFARE



GROUP  
SPIRIT



CREATION  
OF VALUE



SUSTAINABILITY



EFFICIENCY



# 04 FOOD

## Macroeconomic scenario

2018 comes to an end indicating the risk of economic recession for Italy. In Europe we are witnessing a slowdown of the economy, especially in Germany.

The 2018 sales of Consumer Packaged Goods in modern distribution closed with an overall negative balance, with volumes down and a stagnating turnover compared to the levels of the previous year.

The European slowdown derives from the deceleration of exports to some external EU economies and from the financial tensions that have intensified in recent

months, to which is added a phase of instability on the international political scene. Not only in the UK, where the Brexit path it is still unknown, but also in the US, where a phase of reciprocal retaliation has begun in terms of trade wars with China.

The major euro zone economies have in common this slowdown and it appears particularly pronounced in Germany and Italy.

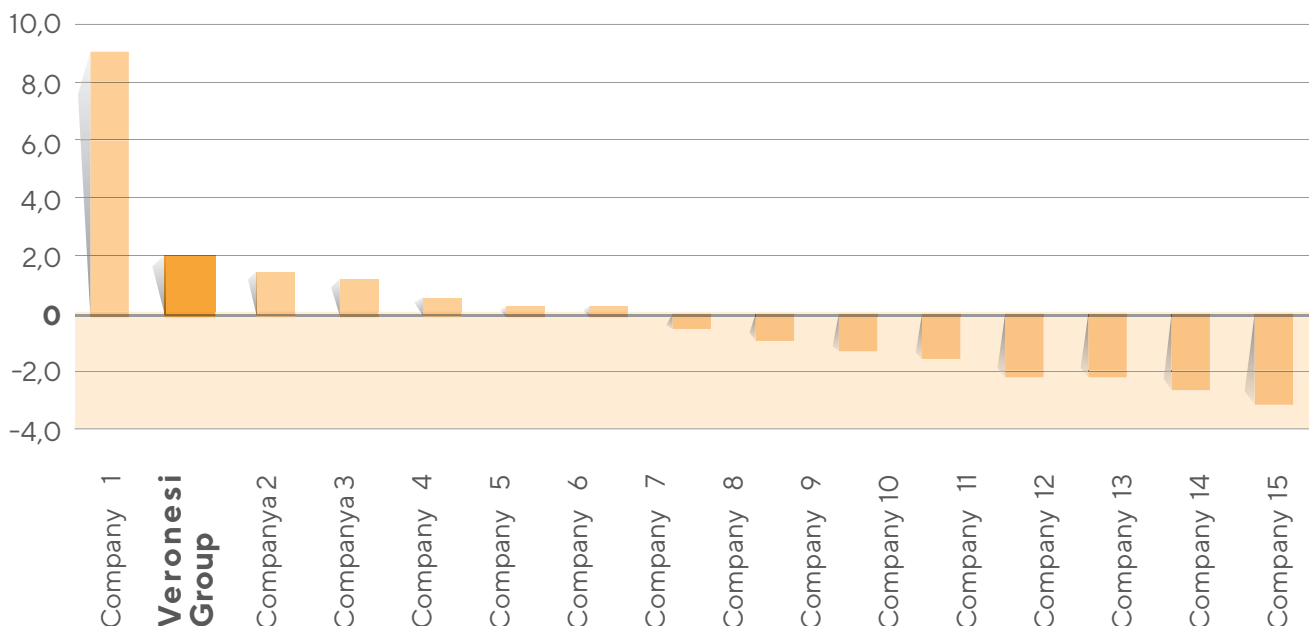
In Italian CPG (Consumer Packaged Goods), the strong promotional push of the last three months has made it possible to recover slightly the

2018 value trend and to mitigate the negative amount of volumes which stand at -0.6%.

Throughout 2018, PL (Private Label) sales growth was concentrated in the Premium, Functional, Bio and Local Product segments. Sales of Private Label in the First Price range fell sharply.

Our Group ranks second among the FMCG groups in Italy as a value sales trend and comes in sixteenth position among the TOP 25 companies of the Consumer Packaged Goods.

### TOP 15 FMCG GROUPS - Value sales trend in 2018



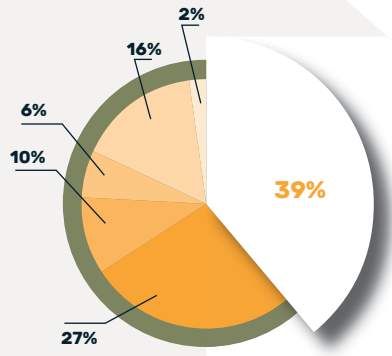
Source: IRI - INFOSCAN Italian Total

# The markets

## BREADED COOKED PRODUCTS

The breaded products market, which meets the taste of customers and consumers, is characterised by a continuous growth, which in 2018 stands at 5% by volume. During the year we consolidate our position of

leadership, with the AIA brand, following the growth of the market. Driving AIA's growth are the good results of high-quality cutlets, markets in which we have almost 40% of the share by volume.



VOLUME SHARES AT DECEMBER 2018

- VERONESI GROUP
- 1° COMPETITOR
- 2° COMPETITOR
- 3° COMPETITOR
- PL
- OTHERS

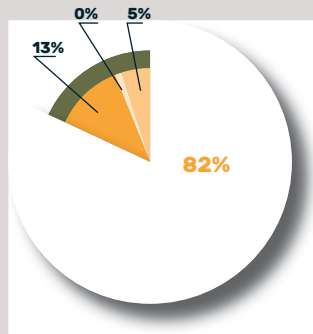
Source: IRI Italian Total Hyper + Super





## NON-BREADED COOKED PRODUCTS

We have invented the market for non-breaded cooked products branded AIA, which is driving the development and maintaining its position of ample leadership. It is the market that more than others succeeds in interpreting the needs of the evolved consumer, who seeks natural, high quality products with a high service content.



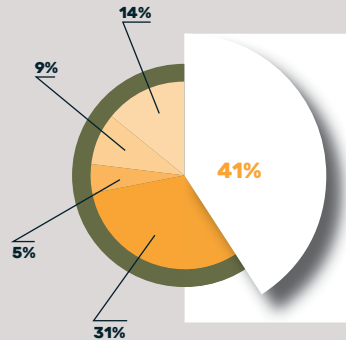
VOLUME SHARES AT DECEMBER 2018

- VERONESI GROUP
- 1° COMPETITOR
- 2° COMPETITOR
- OTHERS

Source: IRI Italian Total Hyper + Super

## RAW PROCESSED PRODUCTS

The market is particularly competitive with a very articulated offer made by many companies. Through our brand AIA we maintain a position of leadership



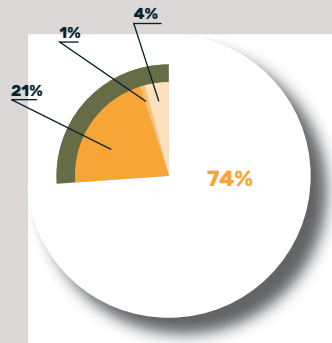
VOLUME SHARES AT DECEMBER 2018

- VERONESI GROUP
- 1° COMPETITOR
- 2° COMPETITOR
- PRIVATE LABEL
- OTHERS

Source: IRI Italian Total Hyper + Super

## BON ROLL

Born in 1996, Bon Roll is the most sold raw processed product in Italy. For 23 years it has been the icon of the raw roast category. We drive the market and build our quota each year by constantly working on product quality, range innovation and brand communication.



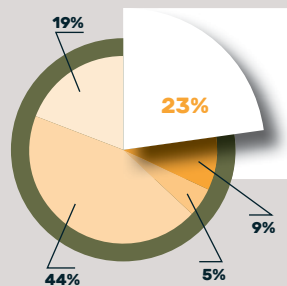
VOLUME SHARES AT DECEMBER 2018

- VERONESI GROUP
- 1° COMPETITOR
- PRIVATE LABEL
- OTHERS

Source: IRI Italian Total Hyper + Super

## WURSTEL

In a declining market, Wudy AIA is the brand that shows the greatest growth, consolidating its strong leadership position within the category. Rewarding the result was the loyalty of our customers, who concentrated purchases on our brand and on our products that are characterised by a widespread distribution in almost all points of sale.



VOLUME SHARES AT DECEMBER 2018

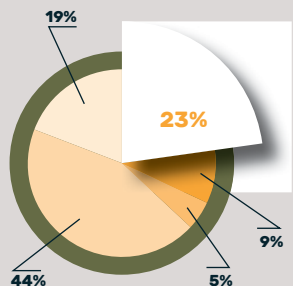
- VERONESI GROUP
- 1° COMPETITOR
- 2° COMPETITOR
- PRIVATE LABEL
- OTHERS

Source: IRI Italian Total Hyper + Super + LSP + Discount

## EGGS

We are the second player. Our offer is vast and increasingly oriented towards "special eggs" (antibiotic free, enriched with omega 3, grown outdoors, organic and with a yellow paste). All packages are made of wood pulp, 100% disposable.

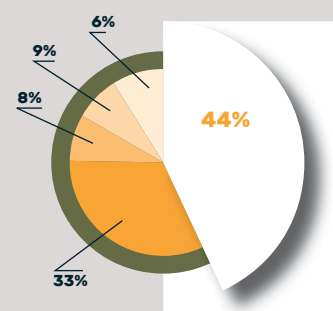
EGGS



VOLUME SHARES AT DECEMBER 2018

- VERONESI GROUP
- 1° COMPETITOR
- 2° COMPETITOR

EGG PRODUCTS



- PRIVATE LABEL
- OTHERS

Source: IRI Italian Total Hyper + Super

## EGG PRODUCTS

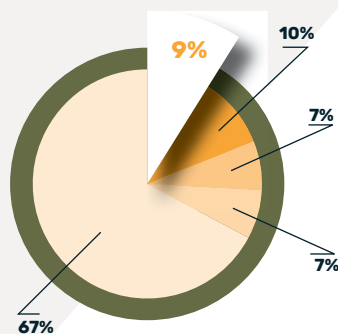
AIA is the leading Italian player in the segment of egg products in Brick (mixed egg, egg white and yolk), produced by the high service component and by the high performance level.



## Cured meats

2018 is a year in which the sliced meat market has closed positively with a growth of 2.5% in volume and 3.4% in value, driven by a redevelopment of sliced takeaways from variable weights to fixed weights and positive performances of the premium and health segments.

With the AIA and Negrini brands we move within this market with significant volume growth of 8.6%, improving our market share and confirming our position as the second operator.



VOLUME SHARES AT DECEMBER 2018

- VERONESI GROUP
- 1° COMPETITOR
- 2° COMPETITOR
- 3° COMPETITOR
- OTHERS

Source: IRI Italian Total Hyper + Super + LSP



## AIA CURED MEATS

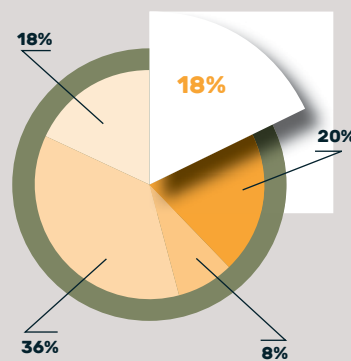
The positive trend in sliced cured meats continues also in 2018. The growth of poultry meats is particularly positive (+10.6% in volume). In the poultry cured meats segment, we consolidate our leadership with the Aequilibrium brand, which reaches a share of 37.7% by volume, increasing the distance from our competitors. Decisive in the growth of the brand was the increase in distribution which reached 89 weighted distribution points.

## DICED SPECIALITIES

Within the self-service cured meats market, the diced segment closed with a slight drop in volume with a -0.5%. With the Negroni brand, in contrast, we registered a growth of +5.7% by volume, reaching a market share of 18.4%, maintained thanks to the constant monitoring of distribution and the offline and online communication activities implemented in support of rotations.

## NEGRONI CURED MEATS

The Negroni sliced cured meats concluded the year with a 4.4% growth in volume, thanks to the constant support of the "Linea Stella", through activities dedicated to the target consumption and the improvement of the Essenza range distribution, whose quality brings total distinction to our brand.



VOLUME SHARES AT DECEMBER 2018

- VERONESI GROUP
- 1° COMPETITOR
- 2° COMPETITOR
- 3° PRIVATE LABEL
- OTHERS

Source: IRI Italian Total Hyper + Super + LSP





## NEGRONETTO

In 2018, the market for self-service small salami with a variable weight, was down in the Large Distribution channel, confirming that it was a mature market (at -4% volume). Negronetto within this market, the first branded salami in the history of Italian cured meats, maintains its position as the second market performer through dedicated activities both

on large-scale retail channels and on retail stores.

The performance of Negronetto sliced self-service salami was excellent, and saw an 18% growth compared to the previous period, proving to be a successful Negronetto format.



## NEGRONI CUTTING COUNTER

The priority for our Negroni brand is still the cured meats' cutting counter, for which we continue to record significant performances, in contrast with the market trend which sees 2018 with a 2% drop in

volumes in the large-scale retail trade (source IRI).

In fact, Negroni cured meats closed the year with an overall increase of 6% in volume. The cutting counter continues to

represent an opportunity for growth for Negroni, investing in terms of quality and service, enhancing the entire supply chain of our Group.



## BIO CHICKEN

In 2018 we launched a new line dedicated to organic chicken. The organic chickens are bred in wide open spaces for at least 81 days and fed exclusively with vegetable feed of biological origin.

Each farm has a covered space with more surface area available and an enclosed outdoor area to allow the animals to be able to roam freely during daylight hours. All phases of the entire process are managed and certified by control bodies.

In the Bio range we offer, under the AIA brand, classic cuts such as thin breast slices, breast slices, thighs, drumsticks, wings and some cuts with a higher level of service such as steaks of thigh pulp and thigh stew.





## STRIPES

Even in the segment of non-breaded cooked products, of which we are the key players, we have launched an innovative product characterised by a high service component: Stripes. A sliced chicken, 100% Italian, delicately spicy, which is added to

the range of non-breaded cooked products followed by a new graphical launch. The packaging has been revisited to highlight the premium connotation of the products and make them more recognisable on the shelf through the use of a brown tray.



## CHICKEN CHIPS



We have expanded the range of AIA breaded products with a new 100% Italian chicken fillet that targets a young audience, responding to the needs of an evolving consumer. Thanks to innovation we have managed to offer the market a new snack that due to its practicality, taste and attractive

packaging, has managed to differentiate itself in a segment where are in the driving seat. The product won the 2019 FOOD AWARD in the MEAT & CURED MEATS section and represents one of the most successful launches in the fresh meat market.

## LUGANEGHE SAUSAGES OF CHICKEN AND TURKEY -40% FAT

Trends relative to attention to health has led our Research and Development department to study a new product, dedicated to the processed raw segment, that is tasty and aimed at a more attentive and demanding consumer.

They are the chicken and turkey Luganeghe sausages, 100% Italian, characterised by a reduced fat content (-40% compared to the average best-selling poultry sausages) and a delicate taste, typical of white meat.



## EGGS

Innovation, for the egg products market, is represented by the high service content of "hard egg white": a 100% egg white cylinder of 170g. The target we address is

broadened and includes sports lovers, those who are attentive to a healthy and balanced diet and anyone who loves to combine lightness and taste in the kitchen.





## “CAGE FREE” RABBIT

The project became operational in 2017, thanks to a structured commitment started in 2013. Today with the revisiting of some specialised farms it is possible to have rabbits raised in groups of 20/30 in large, open enclosures where the animals are free to move, jump, stand up on

their hind legs and show all the characteristic behaviour of their species.

The rabbits have free access to water and are fed exclusively on NO GMO plant feed. The value of the project was also recognised by NGOs in the animalist field.



## PIGS

We have repositioned the Grilled Meat range in the area of the “modern grill house”, through a complete restyling, an upward trend especially in consumption

outside the home.

Thanks to this, today one of the most successful products is our ribs.



## BOVINE

The 2018 is characterised, in the beef market, by the launch of the Heifer range with the “Grilled Meat” brand. The heifer is characterised by a very tender and tasty meat. The range consists of a rib with

bone, sliced steak and a 180g burger. All the references are packaged with skin technology that allows the product a longer life and permits the continuation of the maturation process.





## DICED

The year 2018 sees the line of Negrone cured meats enriched, a protagonist in the innovative segment and in constant growth (+ 12.7% in volume), with a new reference addressed to a target of

consumers sensitive to novelties whilst not renouncing taste: light and savoury ready-to-eat chicken breast petals for creative salads with only 2% fat.



## NEGRONETTO

In support of the Negronetto brand, during the second half of the year, Negronetto Snack was launched consisting of the combination of

slices of Negronetto with crunchy taralli biscuits for a tasteful pause that cannot be resisted.





2

Export for our food division is a strategic and fundamental channel. We dedicate entire lines of fresh and sliced products to international markets meeting the tastes and expectations of worldwide consumers who are admirers of Made in Italy excellences.

The fresh products, branded AIA, are mainly sold in the European territory according to the average life of the products.

Thanks to our Research and Development department, we are able to capture and satisfy the tastes of foreign consumers, creating finished products designed for them. From Spain to Eastern Europe, we export that Italian quality that everyone recognises by knowing how to adapt to the various needs. An AIA brand is WUDY, a leading brand in foreign markets that today reaches over 30 countries and is the best-selling Italian chicken-and-turkey Frankfurter outside Italy.

Export becomes even more significant in the cured meat market, within which the consumer rewards the high quality attributed to the products of our Italian gastronomy.

2018 was a particularly delicate year due to the increase in the cost of raw materials which profoundly marked the performance on international markets, which

nonetheless recorded a slight increase in volume of around 2%. To support the brand, once again, the widespread nature of the service and the high degree of attention to quality have proven to be fundamental. The spread of discount stores, outside the German territory, has raised the competitive level of some traditional markets, primarily England.

Through our brands, Negrini and Montorsi, we bring to the world the symbolic products of Italian quality delicatessen, from Culatello di Zibello P.D.O. in the

United States to San Daniele and Parma Hams P.D.O. in Shanghai. This day and age we are present globally, with success stories such as the French market, where we are the first player in Italian delicatessen.

Despite the difficulties, the extra-EEC and overseas markets, particularly the United States and Canada, have recorded good growth. This further evidences that Made in Italy is increasingly a distinctive element of the Negrini DNA and becomes its strong point in winning the challenges on international markets.



## EUROPE

ALBANIA	•	•
AUSTRIA	•	•
BELGIUM	•	•
BULGARIA	•	•
CROATIA	•	•
DENMARK	•	•
ESTONIA	•	
FRANCE	•	•
GERMANY	•	•
GREAT BRITAIN	•	•
GREECE	•	•
IRELAND	•	•
KOSOVO		•
LITHUANIA		•
LUXEMBOURG	•	
MACEDONIA		•
MALTA	•	•
MONTECARLO		•
MONTENEGRO	•	•
HOLLAND	•	•
POLAND	•	•
PORTUGAL	•	•
CZECH REP.	•	•
SLOVAK REP.		•
ROMANIA	•	•
SERBIA	•	•
SLOVENIA	•	•
SPAIN	•	•
SWEDEN	•	•
SWITZERLAND	•	•
UKRAINE		•
HUNGARY	•	•

## ASIA

UAE	•	
IRAQ		•
LEBANON	•	
QATAR	•	
KOREA	•	
JAPAN	•	•

HONG KONG	•	•
POP. REP. CHINA	•	
SINGAPORE	•	
THAILAND	•	
VIETNAM		•

## AFRICA

ANGOLA		•
BENIN		•
CAPE VERDE	•	
IVORY COAST		•
GABON		•
GHANA		•
GUINEA EQ.		•
MOZAMBIQUE		•
NIGERIA		•
REP. OF GUINEA		•
REP. OF CONGO		•
REP. OF TOGO		•
DE. REP. OF CONGO		•
SEYCHELLES	•	•
SIERRA LEONE		•
SOUTH AFRICA	•	

## AMERICAS

ARGENTINA	•	
BRAZIL	•	
CANADA	•	
COSTA RICA	•	
EQUADOR	•	
GUATEMALA	•	
HAITI		•
CAYMAN ISLANDS	•	
PANAMA	•	
DOMINICAN REP.	•	
URUGUAY	•	
USA	•	

## OCEANIA

AUSTRALIA	•	
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# Export



● — Exports 

● — Exports 

## CENTRAL PLATFORMS

SAN MARTINO B.A. (VR)  
QUADRANTE EUROPA (VR)  
CASELLE (VR)  
ISOLA RIZZA (VR)  
NOGAROLE (VR)  
MAGRETA (MO)

## DISTRIBUTION CENTRES MANAGED DIRECTLY

CEDI ROMA  
CEDI TERMOLI  
CEDI NOLA  
CEDI BARI  
CEDI CATANIA  
CEDI OLBIA

## TRANSIT POINTS

TP IMPERIA  
TP TURIN  
TP COMO

## TRANSIT POINTS

● TP TRENTO  
● TP TRENTO 2  
● TP UDINE,  
● TP TRIESTE  
● TP FORLÌ  
● TP FROSINONE,  
● TP ATENA LUCANA  
● TP TARANTO  
● TP CASTROVILLARI  
● TP LAMEZIA TERME  
● TP LOCRI  
● TP PALERMO  
● TP AGRIGENTO  
● TP RAGUSA  
● TP CAGLIARI  
● TP MILAN  
● TP VERONA  
● TP NORD EST  
● TP TREVISO  
● TP GENOA  
● TP PARMA  
● TP FLORENCE  
● TP ASSISI  
● TP CIVITANOVA MARCHE  
● TP LECCE



# Logistical network







# 05

## FEED

### Scenario

The strength of the Veronesi Group lies, since its origins, in the ability to manage every single phase of the production chain that allows us to arrive on the consumer's tables, starting right from the feed, which is the initial link in the long chain.

We are so aware of the responsibilities of those whose job it is to get the process off the ground.

We subject each and every component of every load that enters our 7 plants to rigid and constant controls. Whether they are trucks or trains, of Italian or foreign origin, controls are made on departure and arrival of the raw materials to avoid all risks.

It is an important commitment, but one that has allowed us over

the years to gain the farmers' trust, for the security we offer.

Although Veronesi's goal is to enhance the raw materials of its territory, the use of imports is essential, given the structural lack of protein sources in Italy and more generally in Europe, and more than not to cope with insufficient cereal crop production due to unfavourable climatic seasons.

In 2018, the variables mentioned above were compounded by trade flows being influenced politically, for example by shifting a share of Chinese purchases from the United States to South American countries, thus making the American operators more aggressive towards European buyers. Weather, customs duties,

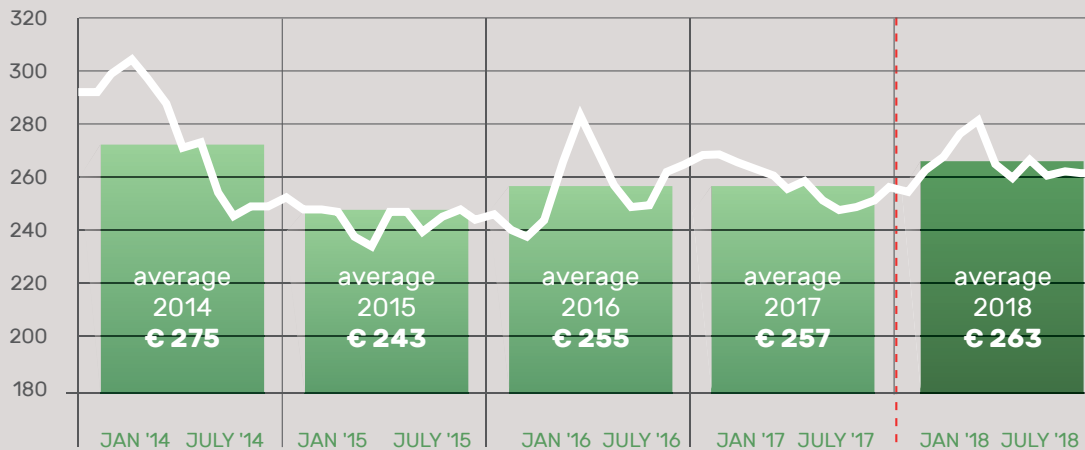
currency changes, production trends, demand and final stocks are some of the variables that we must take into account with our choices, always guaranteeing quality and quantitative constancy in supplies.

From a qualitative point of view, 2018 did not highlight any particular critical issues, and also the price trend reflected a balance that has been confirmed since 2015, with seasonal fluctuations that remain in a limited range. We have, fortunately, left behind the exceptional volatility experienced for the first time in 2008 and then in 2012, to settle on values that allow farmers to focus on the other variables of their management.



## VERONESI RAW MATERIALS INDEX - 2014-2018

Prices in €/ton



As is clearly shown in the VRWI chart - the Veronesi Raw Materials Index - the average annual variations are minimal, with some peaks in spring 2018 linked exclusively to the prices of soybean flour, which fortunately then returned to the values of recent years.

A dynamic, that of European prices, which in reality also

atones for the strengthening of the dollar, which after opening in 2018 at ratios above 1.20 towards the euro, has gradually gained positions, moving in the second half of the year to around 1.16, to close the year at 1.14.

2018 started with the dollar on top as usual, stable in the first few months at prices of 1.12, an exchange value that nullified the

small advantages of soybean that CBOT, the main world market, saw slightly down.

In general, we are faced with a year that, probably, will continue to guarantee, from the point of view of raw materials, a good serenity for farmers.



Overall in the Italian market, where the annual production of industrial feed was confirmed stable by all audits, only marginal positive shifts can be noted in the areas of chickens, pigs and ruminants, while the compartments of turkey, hens and rabbit slowed down.

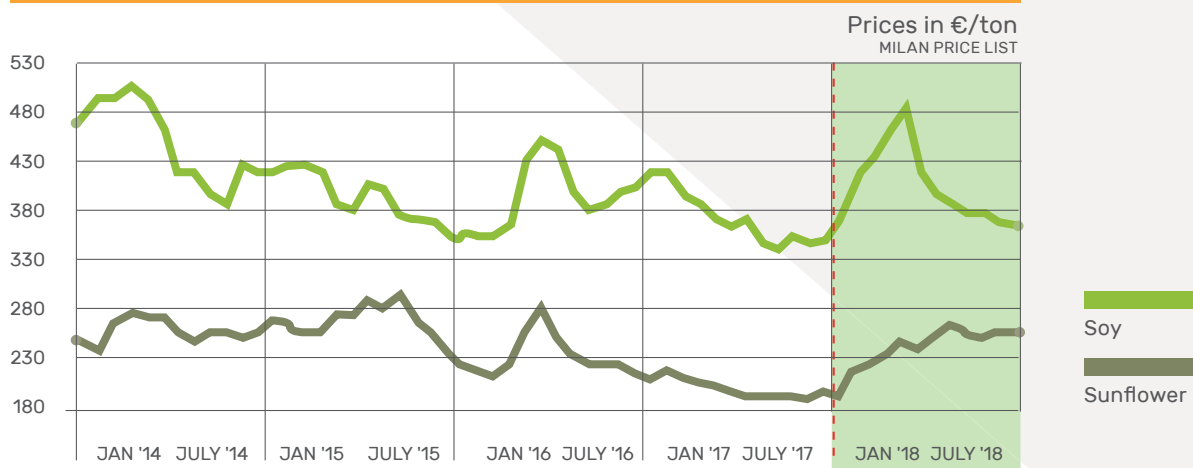
In one case or another, however, these are not important variations, but rather linked to the normal dynamics of the individual sectors, such as the temporary reduction in the number of hens in production, due to the strong

commitment amongst farmers of converting from cages to "cage-free".

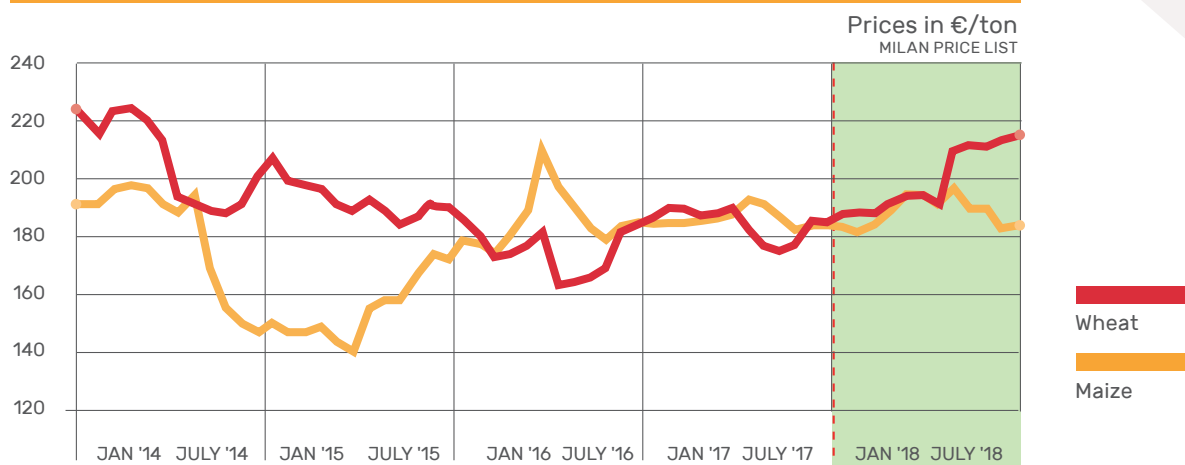
In a feed market for farm animals that overall fails to reach 14 million tons of annual production in Italy, the Veronesi brand is once again the absolute leader with over 3.1 million tons produced in 2018, confirming a quota of nearly 23% of the Italian market.

## AVERAGE MONTHLY VALUES

### PROTEINS - 2014-2018



### CEREALS - 2014-2018



For over 60 years, Veronesi's constant commitment to the development of Italian livestock has gained it the trust of the farmers.

To confirm this, the absolute leadership position that Veronesi continues to maintain and develop not only in the integrated supply chain but also in the free market segment, where the market share of our brand is the only one among all two digit operators, must be emphasised, and we are 4 points higher than the first of our competitors.

The market approach by our technical-commercial structure is now known as the "Veronesi method", an identification aimed at highlighting the level of products and services offered, a quality made possible by the commitment of all the functions involved, both internal and external.

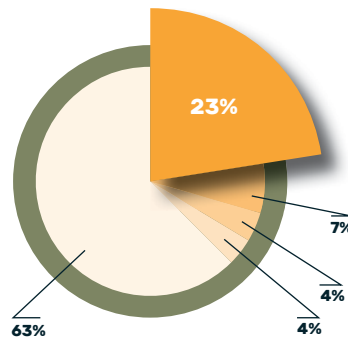
The awareness of which we have spoken is precisely what we find in the Veronesi method, the expertise that feed pellets are not only what we physically see, but are the fundamental base of the many Italian food excellences

because they enhance their creation.

The commitment that Veronesi puts into its integrated supply chains has made it possible to achieve results that are then offered to poultry, pig, laying hens and rabbit farmers and also all the other sectors on the free market; but all the experience that Veronesi has acquired over many years in its own companies or together with its farmers is the basis of a growth that allows our company to have become today a productive point of reference for those requiring a particularly professional structure.

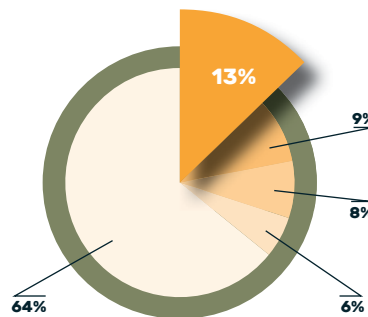


### ITALIAN PRODUCTION SHARE AT DECEMBER 2018



- VERONESI GROUP
- 1° COMPETITOR
- 2° COMPETITOR
- 3° COMPETITOR
- OTHERS

### FREE MARKET SHARE AT DECEMBER 2018



- VERONESI GROUP
- 1° COMPETITOR
- 2° COMPETITOR
- 3° COMPETITOR
- OTHERS

SOURCE: our elaborations on Assalzoo-Databank data.





Dedicated plants, separate production lines, production sequences that do not admit mistakes, processes and product certifications are all elements that add value to what we do every day, allowing us to grow and become increasingly protagonists in the sectors that are typically on the free market, such as game, quail, the rural world, as well as, of course, important areas such as dairy cows. The evolution of this last

sector sees us alongside the farmers to ensure a feed capable of accompanying them in the introduction of ever more useful technologies, such as milking robots.

Constantly updated technical and commercial staff, ever-increasing professionalism, customised services and the ability to guarantee our continuous support have allowed us to strengthen our partnership with

the principle Italian dairy farms.

Last, but not least, the fish sector, which has seen our brand grow at an unthinkable rate over the last ten years, demonstrating that it can compete with multinational and specialised companies, maintaining the flexibility also in this sector that the farmer asks for in his own supplier.

## AN EVER GREENER APPROACH

Our market is ever increasingly international, just as the origin of our raw materials are too. Inbound, as well as outbound, the logistics management of goods is increasingly strategic, with a view to efficiency, quality of service but also in respect to the environment and sustainability of the transportation used. For this reason, for years now, more than a third of the raw materials used in our plants, i.e. over 1 million tons, no longer travel by road, but by train or by ship, using the so called motorway of the sea for the north-south route.

We do not stop here, because the environmental impact that we are looking to reduce year after year with the use of alternative means, pushes us to shift our attention back to trucks, to which we cannot relinquish to reach our customers. Then the test phase begins, with the use of vehicles fed with liquid methane.

The objective is to evaluate its performance, aware that these are means that allow a reduction of 70% of the emissions of nitrogen oxide, of 99% of those of particulate matter (pm) and of 15% of CO<sub>2</sub> emissions compared to a diesel equivalent. Because our new goal is to achieve savings of over 20 million kg of CO<sub>2</sub>.

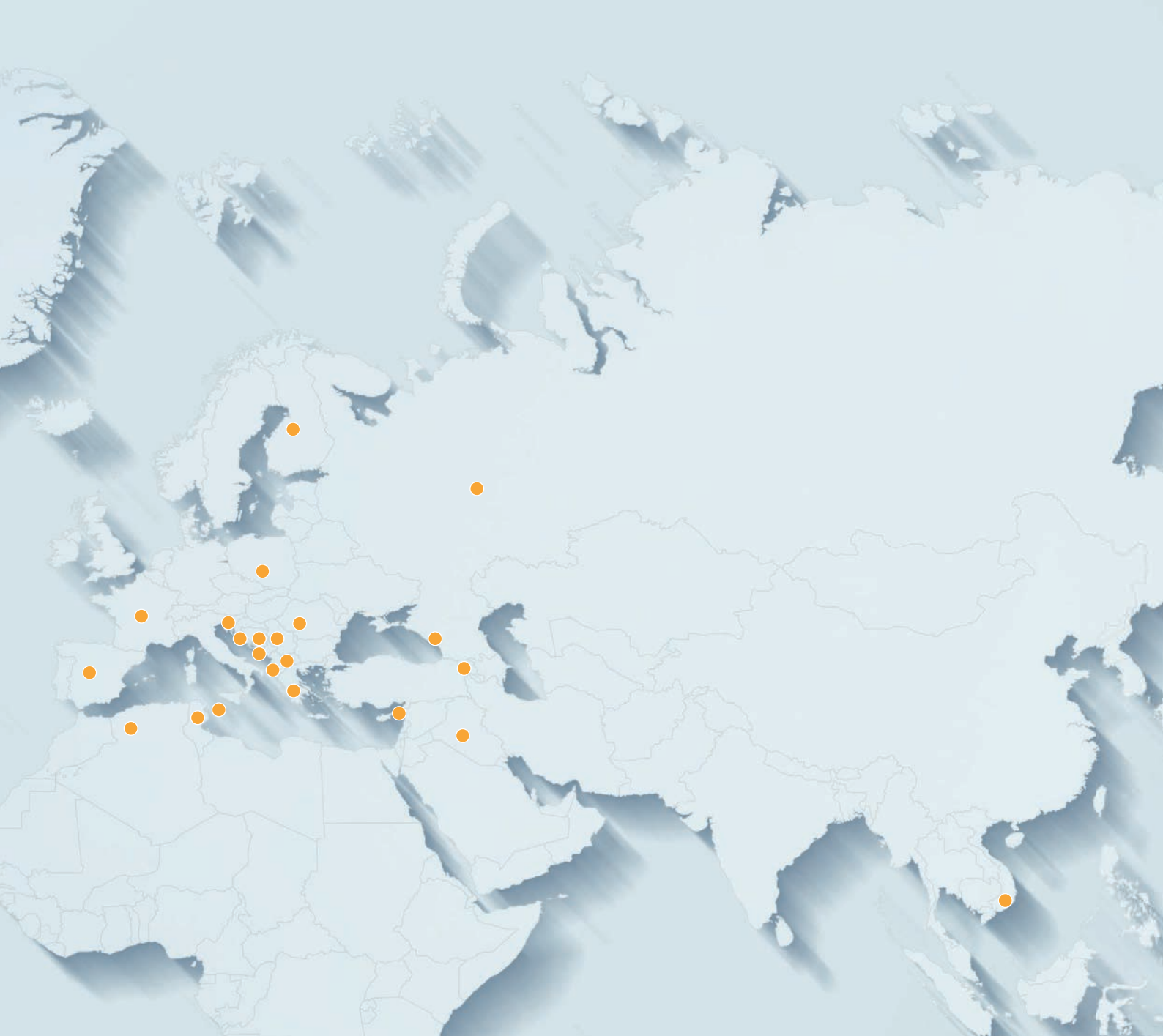


# Export

The ability to adapt to the different needs of customers has allowed us to face international markets, reaching in 2018 more than 20 different countries in Europe, in the Mediterranean but also in the Middle East and Far East. The reputation of the brand

achieved by fish feed, together with the professionalism of our export structure, has also been a driving force for ruminant, rabbit and poultry feeds whose sales in foreign countries in 2018 have tripled.





● — Exports **VERONESI**

- |              |          |
|--------------|----------|
| ALBANIA      | SLOVENIA |
| BOSNIA HERZ. | SPAIN    |
| CROATIA      |          |
| FINLAND      | ARMENIA  |
| FRANCE       | GEORGIA  |
| GREECE       | IRAQ     |
| MACEDONIA    | LEBANON  |
| MALTA        | RUSSIA   |
| MONTENEGRO   | VIETNAM  |
| POLAND       |          |
| ROMANIA      | ALGERIA  |
| SERBIA       | TUNISIA  |





# 06

## SUSTAINABILITY

### The Group's stakeholders

Stakeholders play a fundamental role in the sustainable growth of our Group.

We recognise the importance of creating a transparent, bidirectional and constructive dialogue with our stakeholders and all those who participate in the life of the organisation.

As part of our strategies, economic, environmental

and social objectives, we are committed to taking into account their needs, their expectations and their wants with the aim of creating value in a sustainable way.

With this in mind, we have developed a materiality analysis process aimed at identifying the areas of greatest interest also for the purposes of developing the business and creating value

for the stakeholders, with a view to medium / long-term sustainability.

Following a careful analysis of the Group's operational contexts, reference sector and various activities our main stakeholders have been identified, listed as follows.



# Materiality Analysis

During 2018, the materiality matrix was updated.

For the assessment of the issues by stakeholders, the updating process has provided for the start of activities of direct involvement of three categories of external stakeholders (Customers, Farmers and Media), in order to establish a direct and constructive dialogue and consider their perceptions and priorities in decision-making processes and in the definition of economic, environmental and social objectives.

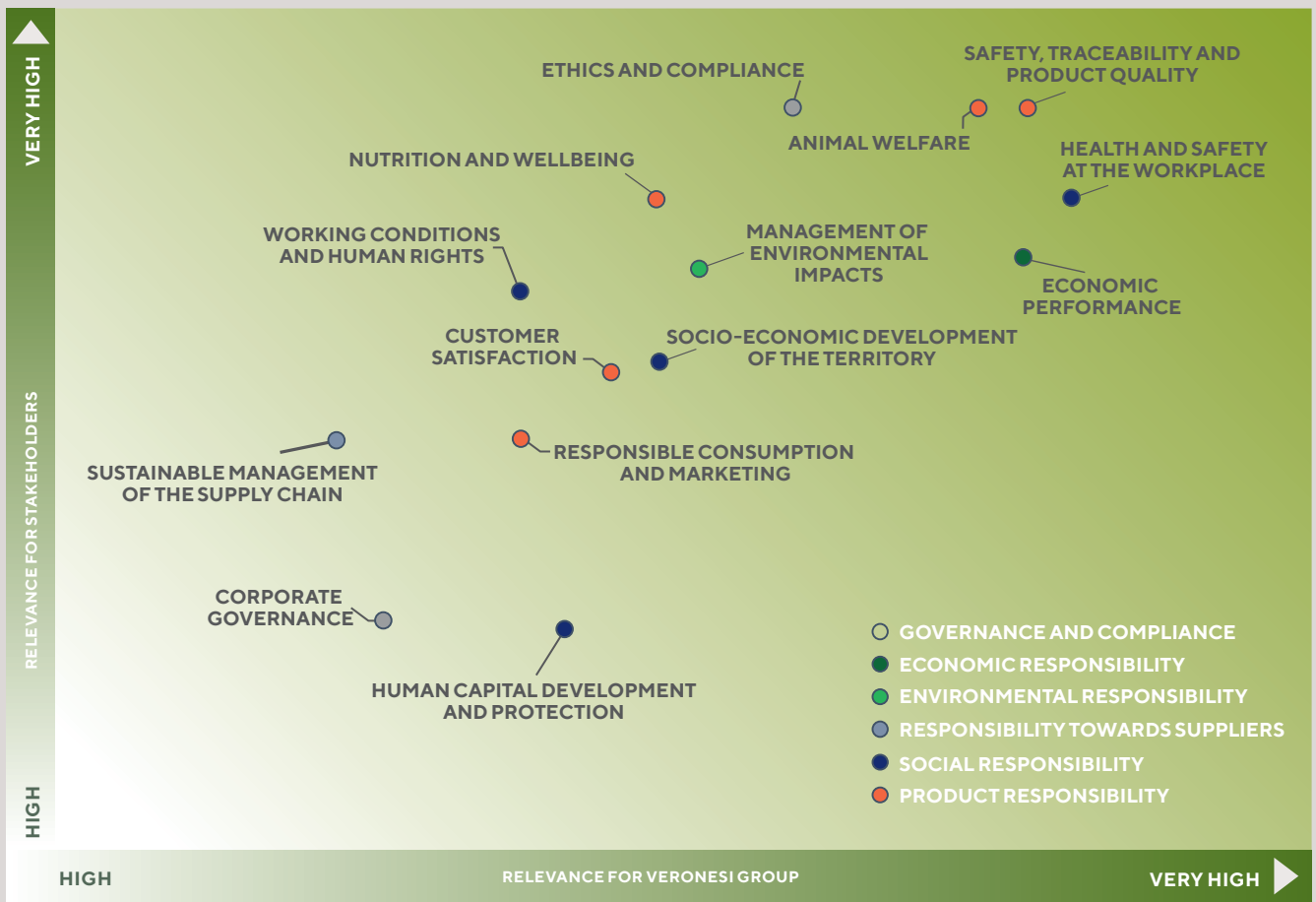
In particular, the following were

carried out:

- interviews with customers in the food and feed area of the Group;
- interviews with representative journalists from the Media category;
- a Focus Group with a selected number of Farmers.

As a Group we then have an open dialogue with all the stakeholders who participate in the life of the company, through the daily activities of the relevant offices and participation in debates and working groups in the category and sector Associations of which we are members.





With regard to the Group’s assessment, the results expressed in 2017 were confirmed and considered still valid as no significant changes emerged in the structure, size and strategy of the Group.

The materiality analysis made it possible to identify the main issues that significantly impact the Group’s activities from an economic, social and environmental point of view, influencing the assessments and decisions made with regard to stakeholders.

The issues that emerged as priorities for the stakeholders, in line with the previous year, are related to product responsibility, specifically “Safety, product traceability and quality” and “Animal welfare”.

Instead, the topics “Ethics and compliance”, “Economic performance”, “Management of environmental impacts”, “Protection of human and workers’ rights” and “Socio-economic development of the territory” and “Sustainable Supply Chain Management”

increased their relevance with respect to 2017.

In addition, the denominations of the topics responsible consumption and marketing, customer satisfaction and socio-economic development of the territory have been updated, in line with what was determined from the listening activities, in order to ensure greater compliance of the issues with respect to expectations and priorities that emerged.

# A SUPPLY CHAIN OF QUALITY



**PURCHASE  
OF CEREALS**



**FEED**



**FARMING**



**MEAT  
TRANSFORMATION  
AND PROCESSING**



**LOGISTICS**

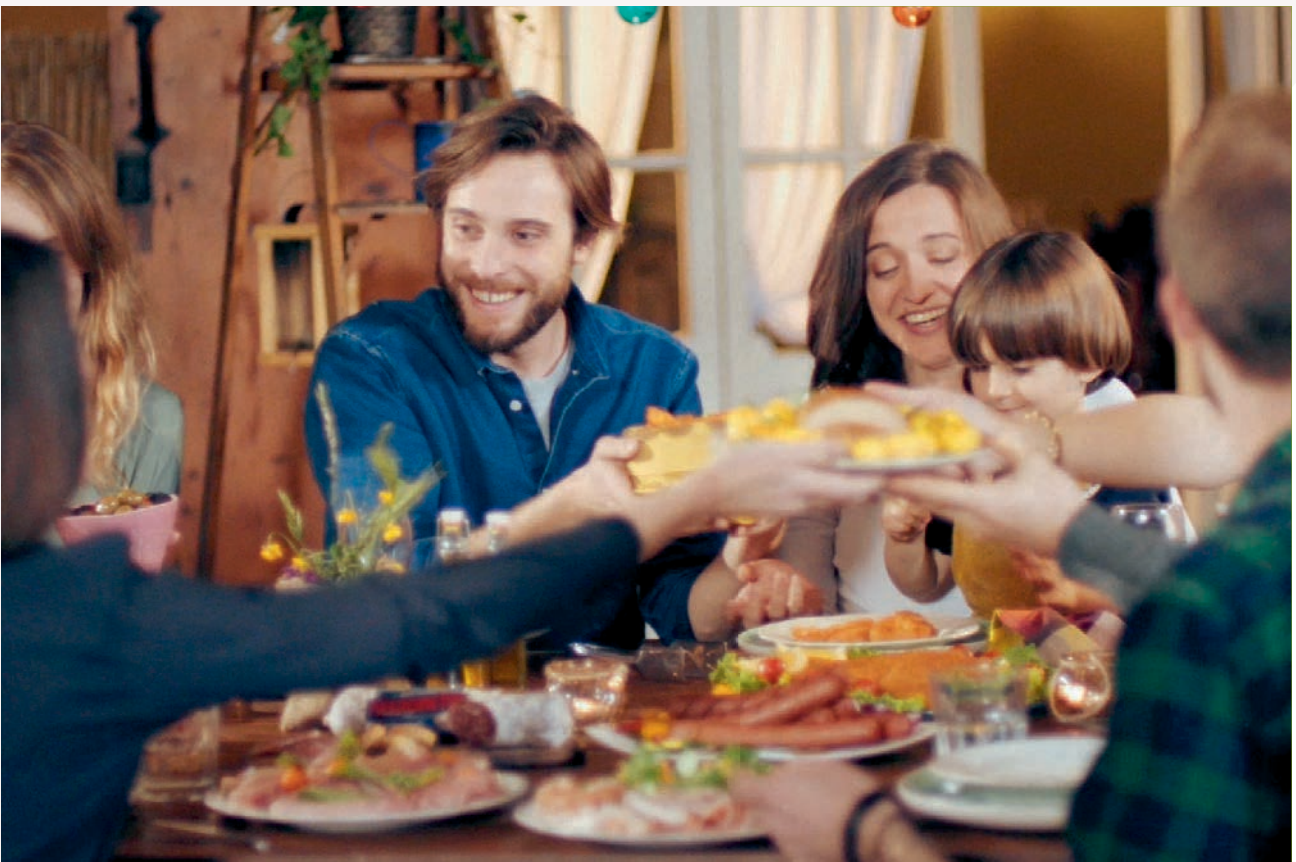
## From the farm to the fork

The Consumer is at the centre of the entire supply chain of our Group, our main objective is to satisfy and anticipate his desires.

The Integrated Management of our supply chain strictly controls every single phase of the production processes.

The control and continuous improvement of the smallest detail guides the daily choices of our employees: from the farm to the fork.

We are looking for excellence at every stage of the supply chain, making use of the best partners who share our passion with us.



“

**We are present at every stage of the supply chain because we want to guarantee inviting, good, safe and high quality foods**

”



## PURCHASE OF CEREALS

The best cereals  
for our animals

We are born as feed producers and we know that the choice of cereals is of fundamental importance for the healthy and balanced development of animals. Apollinare Veronesi, founder of the Group, started his entrepreneurial activity with the construction of a feed mill.

Thanks to this experience, the raw materials for feed formulation are carefully selected from the national and international market. Before being introduced into our feed mills, the cereals purchased are analysed in our internal laboratories where we verify compliance with our product specifications, along with contractual and Group standards.

Each feed mill can count on an internal analysis laboratory where the specialised staff performs the visual check, produces and maintains a physical sample for traceability and carries out checks for acceptance. The raw materials can access our production sites and be transformed only if the inspection is completed with satisfaction.

Over the years we have accompanied our suppliers in the certification process and today almost all (99%) is certified according to one of the following standards: Fami Qs, Gmp +, German QS. The goal is to reach 100% during the course of 2019.





All our suppliers, in the contractual phase, sign on accepting to uphold the Group's values and take note of our Code of Ethics.

**CHECKS INVOLVE SUPPLIERS THROUGH AUDITS THAT PROVIDE:**

- Sampling of grain storage warehouses
- Compliance with Quality, Health and Safety Standards during loading and unloading from vehicles
- Verification of conformity of the different lots to the contractual specifications

**DURING THE MANUFACTURING PROCESS CONTROLS CONTINUE BOTH IN LINE AND IN THE LABORATORY**

## KEY NUMBERS OF QUALITY CONTROLS ON FEED IN 2018

- 70.033 SAMPLINGS ON RAW MATERIALS, FINISHED PRODUCTS OR PROCESSES
- 229.600 parameters performed
- 20 people dedicated to quality

## GTIN SUPPLIERS

To ensure total transparency and traceability, a unique GTIN code (identifying supplier, raw material, lot) was assigned to the suppliers of some categories of additives and each feed mill has the possibility of reading that code. The objective is to expand the assignment of the code to other categories, a requirement which is voluntary and not required by law.

## DTP112

Is the Technical Productive Disciplinary on Sustainability developed along with the CSQA and defines the purchasing standards for soy and soy flour. The Disciplinary provides specific indicators based on the three pillars of sustainability (economical, environmental and social). 20% of the soy purchased is certified according to DTP112.

## HACCP

Since 2005, HACCP (Hazard Analysis Critical Control Point) has also been adopted in the feed division, a set of procedures aimed at analysing the risks in the production process that allows us to guarantee the wholesomeness of the finished product from a preventive standpoint. Three company areas are involved in the process - R&D, Purchasing and Quality - which approve the supplier and product through a strict procedure of control.







## FEED

Once checks are completed, the cereals enter the plants for the production of feed.

The formulations are studied by the Research & Development department with the aim of giving the correct nutritional contribution based on the animal species, the type of farming and age: over 800 formulas that give rise to almost 2,000 references.

75% of the feed produced is destined to the Group's supply chain, the rest arrives on the free market.

All our feed plants are supplied with a Quality Management System certified according to the ISO 9001 standard.



## PRODUCTIVE CARRY OVER MANAGEMENT

It is an analysis process that limits the risk of "cross-contamination" and has required data collection for 5 years. The process allowed the mapping of production processes and the analysis of the factors that determine the occurrence of this phenomenon. The software generated by this study can support production planning by defining carry over. It is a unique process in the world, which allows us to offer our customers healthier, safer and quality feed.





## FARMS

We consider respect for animals a primary value. Every day we work with thousands of farmers to ensure the health of animals, supervising them responsibly.

Our animals are constantly free to satisfy their need to drink and eat, to move in an adequate physical environment, to have adequate care and to manifest the behavioural characteristics of the species they belong to. With a view to continuous improvement, we have formed a dedicated animal welfare

monitoring team in every phase of their life.

This specialised group is made up of experts who collaborate with our technicians guaranteeing the animals maximum scrutiny in the phases of:

1. growth
2. transport
3. rest stops and transformation in the processing plants

Our pride is in the dedicated preparation of our team of technicians and veterinarians: over 80 specialised professionals



for each animal species who work in close contact with the farmers to improve constantly in terms of bio safety, sustainability, attention to people and animal welfare.

Our technical staff and our farmers are constantly trained in animal welfare and sustainability.

We are aware of playing an important role in Italian animal husbandry distributing value in many Italian Regions, from north to south, thanks also to the economic stability guaranteed to the farmers of our supply chain.

We are used to growing with our farmers, who have always shown a high level of loyalty to the Group.

Now we are witnessing an important generational change: highly trained young people are bringing new ideas and new technologies that make farming more advanced every day.

The "Farmer of the year 2018" award, established by Unalitalia, the leading trade association for the poultry industry to which we adhere, bears witness to the binomial "quality farming - technology".

For our Group it was won by one of our worthy broiler farmers who created a digital monitoring system for all the key parameters of farming, that allows intervention in real time, even remotely.





## Poultry supply chain

The supply chain starts with breeding farms that supply 100% of our Group's supply chain. For each type of animal there is a specific farm of reproducers.

**CHICKEN AND TURKEY:** the supply chain of turkeys and chickens is QS certified. The QS system (acronym of Quality & Safety) is a quality assurance system aimed at offering greater guarantees from

the field (agricultural or farming phase) to the point of sale.

The QS certification is required by the German retailers to guarantee the quality of the products and for the Group it concerns the plants of San Martino Buon Albergo, Villaganzerla, Nogarole Rocca and Vazzola.

**LAYING HENS:** an important goal in this sector is the conversion

of 100% of laying hen farms into cage-free structures, in compliance with the commitments already made with our farmers.

At present our supply chain has laying hens for 60% "cage free" and the remaining 40% in "enriched cages" as per community regulation.

### TIERWOHL

The initiative was born from the collaboration between QS Certification and German retailers for the improvement of animal welfare on the farm. We are the only Italian company in the poultry meat market to obtain compliance with all the requirements necessary to operate with this initiative in the German market. The purpose of this program is to improve animal welfare, through the commitment of all partners in the supply chain. Farmers participating in the Tierwohl initiative must meet certain criteria for animal welfare above the standards set by EU regulations, developed by experts from industry, the livestock and the Academic world.

Companies are an important component of the Tierwohl initiative because they are involved in obtaining a quality certification, which guarantees control of the effectiveness of the initiative.

### AIA CHICKEN ORO NATURA

The requirements that characterise these farms are governed by legislation approved by the Ministry of Agricultural, Food, Forestry and Tourism Policies. The supply chain foresees a commitment to sustainability in farming and particular requirements in terms of animal welfare.

### AIA BIO CHICKEN

We dedicate several of our farms to organic chicken, in strict compliance with the regulations in force in the organic sector. The quality and control of the entire organic supply chain is also guaranteed not only by the Group but also by third-party certification bodies.



## Pig supply chain

Like the poultry supply chain, also that of the pig starts from the “reproducers”, which satisfy 100% of the farms in the Group’s supply chain.

The Group manages directly reproduction and multiplication centres that represent excellence in the Italian livestock sector, with very high levels of bio security.

We have started to equip our sows with open maternity wards with the aim of extending this system to 100% of the Group’s wards. In our farms the teeth of piglets are not clipped.

Within the supply chain we have launched two important projects that provide welfare standards in some of our farms that exceed legal requirements and are in line

with continuous progress in the livestock sector:

- the “AIA Wellbeing” certification chain which provides for the free gestation of sows, natural lighting, full flooring (free or on straw) and the presence of environmental enrichments;
- The certification “AIA supply chain no antibiotics over the last 120 days”.

### GLOBAL GAP

In order to maintain high standards of animal welfare, since 2004 our livestock production sectors have voluntarily joined the Global Gap initiative which establishes specific certification schemes recognised throughout Europe.

It is a certification that wants to satisfy the growing attention of the consumer towards food safety and respect for the environment. GAP stands for Good Agricultural Practice: from the traceability of raw materials to the health and safety of workers, from the responsible approach towards animals to the limited use of chemical substances. The whole Group’s pig supply chain is certified Global Gap.



# Transportation times

Our attention to animal welfare also concerns the transport of animals to processing plants.

Over the years we have achieved important results (shown in the table) that place us far below the

strict European regulations that require a maximum transport time of 8 hours with a 12-hour derogation for Italy, given its complex morphology.

SPECIES	VERONESI GROUP'S AVERAGE TRANSPORTATION TIMES 2018 (including loading and unloading)						
	HOURS	2:00	4:00	6:00	8:00	10:00	12:00
Poultry			2:20				
Rabbits				3:23			
Pigs					4:47		
						MAXIMUM TIME EUROPE	MAXIMUM TIME ITALY



# Integrated Management System

## Quality – Safety – Environment

In order to continuously improve a practice in the quality of products and processes, the continuous search for health and safety of workers and the safekeeping and protection of the environment, the food unit of the Veronesi Group has an Integrated Quality-Safety-Environment Management System, developed with the collaboration of the feed and agro-zootechnical sector.

The Integrated Management System is developed throughout the supply chain starting from the transport of live animals and the handling of eggs and extends to the subsequent processing and transformation into products.

With regards to fighting waste, particular attention is also given to the transformation of animal by-products into flours for pet feed or destined for electricity recycling.

The Integrated Management System pursues the following objectives:

- continuous improvement of health and hygiene standards in all phases of the transformation activities through the application of self-control plans;
- innovation and research for production efficiency and new product development;
- compliance with production standards and specifications requested by customers;
- the reduction of production costs with particular attention to waste;
- the involvement of suppliers in compliance with the specifications of the products and services purchased;
- direct training and employee involvement;
- animal care;
- the attentive handling of non-conformities and complaints;
- monitoring and analysis of results.

To ensure the effectiveness of the complex Quality System, all the Group's plants are certified by an accredited third party. The international standard chosen by the Group for the certification of the Quality Management System is the ISO 9001 standard while for the certification of the Environmental Management System the ISO 14001 standard is used.



## Responsible use of drugs for animal care

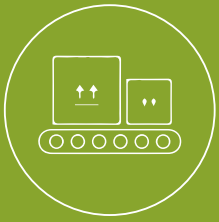
At the Veronesi Group we take the wellbeing of our animals very seriously. Abiding by legislation, no growth promoter is used in the farms of our supply chain and for all types of animals (chicken, turkey, rabbit and pork) and we adopt practices for the responsible use of drugs. In particular antibiotics are used only for therapeutic use, never as a prophylaxis, in a targeted way and only after veterinary prescription.

If the team of experts detects the need to treat the animals, there is a strict procedure that begins with the issue of the prescription (electronic prescription), which is received by the competent Health Authority, the pharmacy and our centralised order office. Only then the prescribed drug is delivered by recognised pharmacies and part of the suppliers validated by the Group. The drugs are then administered in full compliance with the regulations in force, in the time and manner prescribed by the AIC (Autorizzazzione all'Immissione in Commercio) which defines them in an extremely rigid way, also indicating the specific methods (by oral, intramuscular or through feed). In this way, all consumption is constantly monitored by the Group and the Health Authority.

Sensitive to the One Health theme\*, our Group contributed to the drug reduction project and in the course of 2018 we achieved a 40% reduction in the use of drugs respect to the previous year.

In addition to the internal management plans, for the poultry sector we adhere to the National Voluntary Reduction Plan for the production of broilers and turkeys in collaboration with Unalitalia and the Ministry of Health with important results recognised by national and foreign authorities.

\* With the definition "OneHealth" it is recognised that the health of human beings is linked to the health of animals and the environment



## MEAT TRANSFORMATION AND PROCESSING

Care and passion to achieve product excellence is our “secret” ingredient.

We strive for continuous improvement and every year a lot of resources are dedicated towards plant innovation, aiming for the best production standards, very high levels of food safety and quality of product destined to our customers.

Each of our processing plants is looked after in every detail in

relation to the different types of production: meat, eggs, cooked products, raw products, cooked meats, cured meats, sliced in trays or self-service, with countless assortment possibilities so as to satisfy every need and market segment.

Each plant is designed to meet the different product categories through specific line layouts, created in collaboration with the best international experts and suppliers.

To ensure the highest levels of safety during the execution of work and increase the quality of people’s working lives, we continue to subject all production lines, including feed mills, to a scrupulous analysis of the risk to health and the protection of operators.

In a logic of maximum transparency, all our processing centres are constantly open to onsite visitations by appointment.





TO CREATE EACH OF OUR PRODUCTS,  
EACH EMPLOYEE'S CONTRIBUTION IS ESSENTIAL

## Purchases of Raw Materials

The quality of the product begins with the selection of ingredients, in particular for the preparation of processed foods and cured meats.

The main families of selected ingredients are spices, cheeses, aromas, bread, oil, starch and vegetables scrupulously evaluated.

Each supplier must be validated before each supply according

to Group standards. In 2018, to improve the management, selection and control of suppliers, a new IT Portal was put online where the specifications and agreements in terms of quality, sustainability and food safety are defined, commitments that suppliers must subscribe in order to work with us.

Each supplier is validated under multiple aspects: Research & Development, Production,

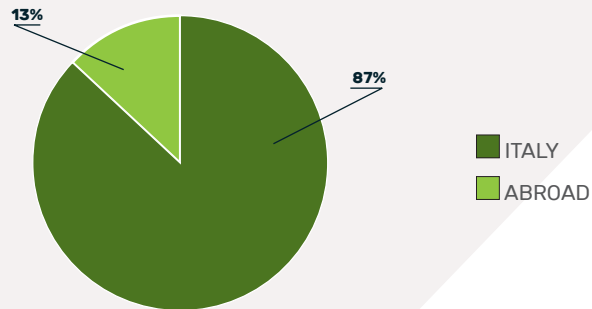
Purchasing, Marketing and Quality by applying their selection and control criteria in order to achieve the maximum result for the quality and safety of the finished products for our consumers.

According to our policy, we have always been committed to visiting and verifying suppliers.

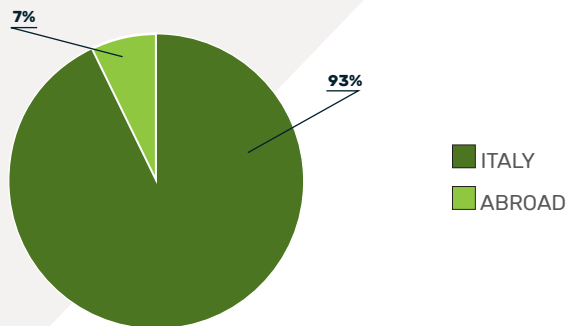


PURCHASE DISTRIBUTION BY GEOGRAPHICAL AREA IN 2018

**PURCHASING  
(BY EXPENDITURE)**



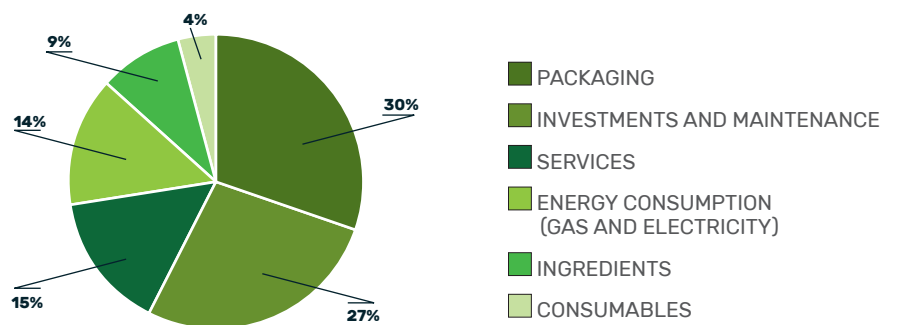
**PURCHASING  
(NUMBER OF SUPPLIERS)**



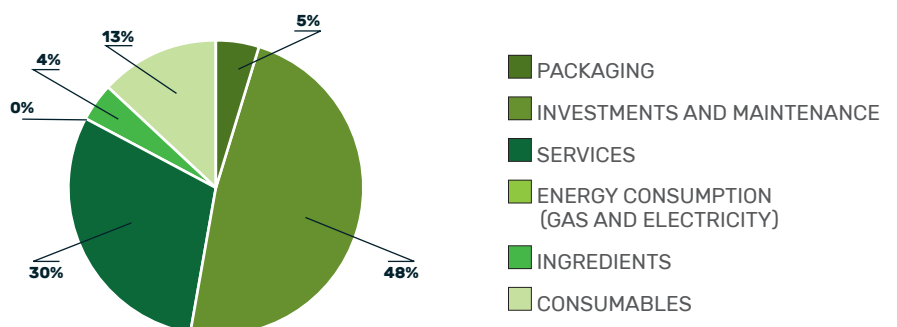
Every year we open our factories for the visits of our customers in relation to specific commercial projects and for sanitary verification inspections. During the course of 2018, 183 visits were received in the name of transparency and dialogue with our stakeholders, allowing us to show openly our passion for quality that sets us apart.

SUPPLIERS BY TYPES OF PURCHASE BY EXPENDITURE AND NUMBER IN 2018

**SUPPLIER CATEGORIES  
(BY EXPENDITURE)**



**SUPPLIER CATEGORIES  
(NUMBER OF SUPPLIERS)**



## Purchase of packaging

The quality and safety of the final product is our main objective that also indicates the primary packaging type. We use a variety of packaging for the different characteristics of the products offered.

We are constantly engaged with our suppliers in the search for increasingly innovative and eco-sustainable packaging materials. 100% of the paper used is recyclable and 60% comes from recycled paper, in compliance with current legislation.

Our daily commitment to sustainability has been recognised with the CONAI Award, achieved thanks to the process of plastic reduction that led to an annual saving of 72 tons of material in 2018 compared to the previous year.



161 projects submitted, 103 admitted. These are the numbers of the fifth edition of the "CONAI Call for Prevention - Enhancing the environmental sustainability of packaging". The announcement, promoted by CONAI, the National Packaging Consortium with the patronage of the Ministry of the Environment, awarded the most innovative and environmentally sustainable packaging of 2016-2017.



The Call was open to all the companies of the consortium that reviewed their packaging with a perspective towards innovation and environmental sustainability, acting on at least one of the following levers: re-use, saving of raw materials, optimisation of logistics, facilitation of recycling activities, use of materials from recycling, packaging system simplification, optimisation of production processes.

The Veronesi Group was awarded the prize with the reference AIA "Chicken breasts": thanks to the saving of raw material packaging, the work of our Group took the maximum score.

## PRODUCT AND PROCESS CONTROLS

The HACCP plans foresee a continuous management of the working processes in order to eliminate and reduce the possible chemical, physical and microbiological risks and produce food in maximum safety within acceptable levels. Every employee is trained and called upon to share the quality culture of the Group and contribute, with his work, to the care and control of their activities with particular attention to the qualitative and hygienic aspects of the products. The management of process security involves continuous visual checks and, where required, automatic system checks.

To ensure that the result corresponds to the high standards set by the Group, we also carry out specific sampling plans for semi-finished and finished products that we submit for analytical checks at accredited internal or external laboratories.

The contribution to product quality and safety is the added value that every employee brings to the transformation process. Along with all the operating employees, we rely on Specific Quality Operators distributed in our processing centres to monitor traceability of process data and products for consumers.

## KEY NUMBERS OF QUALITY CHECKS IN 2018

- 132.000 annual analyses of which: 121,000 microbiological and 11,000 chemical
- 340.000 parameters performed
- 65 dedicated people

## TRACEABILITY AND ITS SYSTEMS: THE VG LOT OF THE VERONESI GROUP

The development of internal software has made it possible to achieve extremely high levels of product and process traceability. Starting from a unique 8-digit number, " VG Lot ", present on the finished product, in a very short time we can trace back the whole history of the product: where it came from, how and when it was transformed, when it was checked, to whom and when it was delivered.





## SENSORY TEST

In a logic of continuous research into the taste and goodness of products, in addition to the tastings historically foreseen, since 2010 a particular sensory analysis system has been set up. This is a panel of tasters selected from among colleagues and trained through a specific course run by specialists in the sector using cutting-edge methods and systems.

Each "taster judge", in addition to training on the various sensory methods that can be used during the tests, has also been able to investigate the anatomy of the receptors with the performance of practical exercises and BST (Big Sensory Test).

In this context, in 2018 another 19 new "judges" were trained specialising in sensory analysis that are added to the 48 collaborators of the "Sensory Test Staff".

The Panel Room, designed with our in-house technical department, is a flagship of our facilities and is available to our customers and third party control bodies. In 2018, 35 specific "Sensory Test" sessions were held.



## CONSUMER SERVICE

Our customer service manages each of our consumers' requests with courtesy and professionalism. Each report has its own specific origin and our goal is to have satisfied consumers always. The different reports in quality, commercial and legal terms, are always managed directly with consumers or customers and with the respective involvement of any interested parties.

All reports are analysed in order to identify all areas of possible product improvement in the logic of maximum satisfaction for our consumers.



# CONTROLLING THE WHOLE SUPPLY CHAIN

Our Group has two important analysis centres.

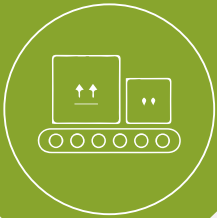
The Microbiology and Diagnostic laboratory, an accredited centre of excellence that carries out analyses in 5 areas: molecular biology, serology, diagnostics, food microbiology and diagnostic microbiology.

Today it can count on as many as 46 accredited tests, for each of these the laboratory responds with certifications (Proficiency Test).

The central Chemistry laboratory, completed in 2017, has structural technologies and equipment updated to the most modern and sophisticated methods, capable of detecting infinitesimal quantities of foreign or non-permitted substances. The laboratory also carries out wet chemical analysis and instrumental analysis for the nutritional analysis of feed and food, using advanced techniques and instruments of high precision and reliability.







## LOGISTICS

The fundamental passage between the different phases of the supply chain is done by logistics

In the agro-zootechnical division, it is the phase that allows our feed to reach the farms.

But it is also the delivery of almost 2,000 free market references. The Group has 190 vehicles that, with the characteristic yellow and blue livery, transport every day more than 10,000 tons of product with 400 deliveries.

For the food division, timely and qualitative distribution gives the certainty of delivering a fresh, healthy, safe and good product to the table. This is why we have the most structured fresh food distribution network in Italy.

Every day we reach almost 5,000 locations between Italy and abroad. We supply, with a radius of 1,200 km, all the most important distribution chains of fresh and very fresh products in Italy, including the islands, and in Europe.

We arrive in countries like Japan and the United States with the masterpieces of our delicatessen.

Overall, the fleet has over 2,000 vehicles that supply all the points of sale within a few hours, using the support of 38 distribution centres located throughout the country and 6 central platforms.







## THE CONTROL SYSTEM

Each truck in the food division is equipped with a temperature control system that keeps the cold chain unaltered up to the point of sale.

Each piece of data is tracked, so we are always able to know at what temperature our products are delivered at each destination.

With the aim of lowering the environmental impact that our distribution force has on the territory, we are constantly developing new techniques that improve the saturation of the vehicles and reduce the impact per kilo of product. In 2018 we increased the saturation by about 3% in Italy.

## AA CERTIFICATION

The AEO (Authorised Economic Operator) is at the base of the new Customs Code and represents a status that can be obtained by all the economic operators that, in carrying out their activities, regulated in the areas of customs regulation, are part of the international trade chain.

The recognition of the certification allows you to be recipients of benefits and advantages, direct and indirect, regarding customs operations.

The status defines a concept of customs reliability (but not only) of authorised operators, considered safer than others and is recognised following audits by the Customs Agency regarding:

1. Company information
2. The observance of customs duties for the three years preceding the presentation of the request
3. The adequacy of the logistical and accounting system of the applicant company
4. Proven financial solvency
5. Compliance with adequate safety standards for people, structures and IT

The authorisation allows many benefits including the reduction of physical and documentary checks, better relations with custom authorities, greater speed in shipments, reduction of problems related to security, customer loyalty and greater credibility on the market.

There are three types of certification: AEOC (customs simplifications), AEOS (Security), AEOF (Full - Customs + Security). AIA, already AEOF certified since 2012, during 2018 obtained the highest recognition foreseen, passing from class A (Reliability) to class AA (High Reliability) which presupposes, among other things, less customs verification. Some countries, the United States, Japan, China, Switzerland and Norway, have entered over time into a mutual recognition agreement with the EU.

We place the AEO logo and the authorisation number on all transport documents. Six are our production plants recognised by the Customs Authority as responsible for export controls, this allows us to speed up customs operations and not have procedural delays at the borders.

# OUR CERTIFICATIONS

To further guarantee the validity of our internal quality management systems, the Group has voluntarily adhered to the most important quality certification schemes prepared by independent and internationally recognised independent bodies.



**BRC**  
GLOBAL STANDARD  
FOR FOOD SAFETY  
  
BRC LOGISTIC



**IFS**  
(INTERNATIONAL FOOD  
STANDARD)



**IFS**  
(INTERNATIONAL FOOD  
STANDARD)



**GERMAN QS**



**GLOBAL GAP**



**BIOLOGICAL PRODUCT**



**SEDEX (SMETA)**



**ASC**  
ACQUACULTURE STEWARDSHIP  
COUNCIL



**VLOG "OHNE GENTECHNIK"  
STANDARD**



**TIERWOHL**

• **IT 001 EA** VOLUNTARY DISCIPLINARY POULTRY MEAT LABELING

• **ISO**

UNI EN ISO 14001: 2015  
UNI EN ISO 9001: 2015  
UNI EN ISO 22000: 2005  
UNI EN ISO 22005



# ECONOMIC SUSTAINABILITY

## Economic value generated and distributed

The creation and distribution of value for its stakeholders is an ongoing pledge of the Veronesi Group.

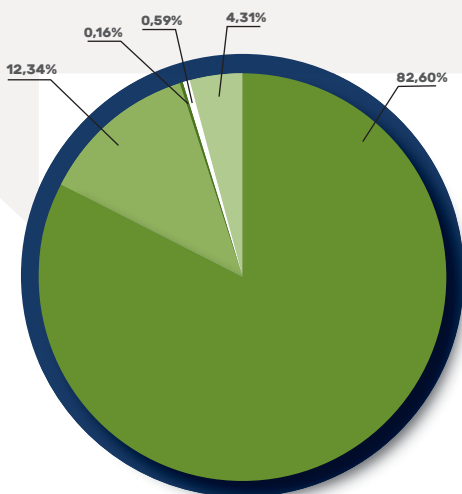
The economic value represents the wealth produced by the Group distributed and allocated to stakeholders with the following

methods: reclassified operating costs (mainly purchases of raw materials and services), remuneration of employees (direct remuneration consisting of wages, salaries and severance indemnity and indirect remuneration consisting of social security contributions), dividends

for investors (passive interest), remuneration of the Public Administration (income taxes).

The value retained by the Veronesi Group is mainly represented by the operating profit allocated to reserves, depreciation and provisions.

### 2018 DISTRIBUTION OF THE VALUE GENERATED



- RECLASSIFIED OPERATING COSTS
- REMUNERATION OF EMPLOYEES
- REMUNERATION OF INVESTORS
- REMUNERATION OF PUBLIC ADMINISTRATION
- ECONOMIC VALUE RETAINED



The economic value directly generated by the Veronesi Group in 2018 is equal to 2,994 million Euro, in line with 2017, of which the economic value distributed amounts to approximately 2,865 million Euro.

Most of this value is represented by reclassified operating costs for a total of 2,473 million Euro followed by remuneration of employees (about 370 million Euro).

Remuneration of the Public Administration amounted to 18 million Euro, while the remuneration to investors amounted to 5 million Euro. The value retained in the company was 129 million Euro.



# Key projects in 2018

With the goal of creating specialised centres, the Group constantly invests in avant-garde production plants, capable of guaranteeing our high quality Made in Italy products fundamental for competing successfully in ever more challenging markets.

We have always chosen to allocate significant resources for technological innovation in the production departments that represent the heart of the company.

All the investments that we support each year - around 100 million Euro - are aimed at

excellence and the continuous improvement of product quality, people's work, competitive guidelines and efficiency in the use of resources.

During 2018 we have allocated over 108 million Euro to technological investments for our production plants.



## NOGAROLE ROCCA

The reference site of the Group dedicated to poultry meat for foreign markets expands: in 2018 investments were around 24 million Euro. The most important interventions concerned:

- new "high performance" slaughtering plant
- new cutting line.

The majority of investments are aimed at satisfying the product characteristics necessary so that they can be distributed to foreign markets.

In fact, our plant dedicates about 70% of its production capacity to produce products specifically

designed and developed to meet European consumer tastes. All transportation destined abroad originate from the Nogarole Rocca warehouse.

## VILLAGANZERLA

In 2016, the complete restructuring of the production plant began, continued during 2018. Building renovation,

revamping, slaughter line, plumbing and electrical system renovation, new air conditioning systems, new low consumption

lighting, are just some of the interventions carried out.

## ACQUANEGRA

In the province of Cremona there is one of the 7 feed mills of the Group. During 2018, 5.5

million Euro was allocated for the implementation of the feed production line for piglets feed

and the renovation of silos for the management of the finished product.



## CORREGGIO

It is for us a highly technological production centre dedicated to self-service sliced cured meats of our entire Group.

The renovation project, completed in 2017, provided for complete separation (starting with the locker rooms of the workers and ending with the white rooms used for slicing) between cooked sliced meats and seasoned cured meats.

A clear division, so much so that we can speak of two different plants within the same

production structure, is aimed to maintain the highest level of hygiene and safety given the different microbiological characteristics between "cooked" and "seasoned".

Once the project for the new production department was completed, restructuring of the pre-existing slicing lines began in 2018 and the completion of the seismic adaptation of the plant was completed.





**WE PRODUCE CLEAN ENERGY EQUAL TO THE ANNUAL CONSUMPTION  
OF APPROXIMATELY 7,500 FAMILIES**

**-27,000 TONS OF CO<sub>2</sub> LIBERATED IN THE AIR**

**1 SOLAR THERMAL SYSTEM**

**3 BIOGAS PLANTS WITH A TOTAL OF 4 ANAEROBIC BIO-DIGESTORS**

**4 PHOTOVOLTAIC SYSTEMS\***

\*It is specified that in 2018 only 2 photovoltaic plants were active; the other two plants will come into operation in 2019.





# ENVIRONMENTAL SUSTAINABILITY

In a global context oriented to the promotion of sustainable development, the attention being always focused on the protection of the environment, which translates into a responsible use of natural resources and the reduction of emissions, takes on a significant value. We believe that our growth must combine the increase in production efficiency with the reduction of environmental impact.

The Management System certification according to the requirements of the ISO 14001 international standards, applied to all processes, is the strategic management tool for

sustainable development. For each process, we have identified the roles responsible for carrying out improvement actions with reference to explicit objectives, roles assigned to research, acquisition and the introduction of new technologies and/or good operating practices that enable the reduction of environmental impacts.

Today the agro-industrial centre of San Martino Buon Albergo and other significant production sites (Nogarole Rocca, Caselle di Sommacampagna and Magreta) have been awarded the certification recognition of the 2015 version of the standard; the

transition to this updated version allows greater emphasis to be placed on the results obtained in terms of sustainability and to increase the impulse towards improvement by promoting awareness-raising actions within the organisation and sharing with key stakeholders.

With this in mind, we have recently created a project aimed at our suppliers to learn about their environmental management processes and to be able to develop concrete actions for continuous improvement also in the supply chain.

## WITH THE APPLICATION OF THE MANAGEMENT SYSTEM WE HAVE REACHED IMPORTANT RESULTS:

- knowledge of the territory and its peculiarities from an environmental point of view, both as an opportunity for the company and as a risk for the community
- continuous monitoring of our processes and the effectiveness of the technology in use and, through the annual preparation of the environmental balance sheet, the knowledge with increasingly accurate data on consumption and emissions
- analysis of internal big data on consumption and emissions that support us in the search for Best Available Techniques (BAT) for the reduction of environmental impacts and costs
- the involvement of process management roles for the continuous and systematic application of good environmental practices
- the synergy with the policies for quality and safety that allows us to have a single overall vision with the protection of the environment.

# Energy

The Group is very careful about the responsible use of energy resources (electricity and methane gas) and develop important projects to ensure constant energy efficiency.

A concrete example of this is 4 currently active anaerobic digestion plants that produce biogas through the recovery

of processing waste. Biogas is used in the same number of electricity production plants through combustion in an endothermic engine with cycle eight (cogeneration).

These systems allow a reduction in natural gas consumption and containment of CO2 emissions: biogas, being a renewable source,



## THE RECOVERY SYSTEM

We recover the wastewater from the slaughtering activities which are characterised by a strong organic presence with fat and protein content: these are separated by a flotation plant that allows the separation of the organic quota sent to the anaerobic digestion plant.

The wastewater treatment process involves:

- conferring purified water, in full compliance with regulatory limits, to surface water
- produce biogas from anaerobic digestion of sludge
- uses biogas for the production of electricity and thermal CO2 emissions



corresponds to an emission factor of zero.

The Group has chosen to invest important resources in the construction of these plants that allow the production of biogas, it is used as a supplementary fuel to existing thermal power plants (powered by natural gas) and saturated steam used in production processes.

Biogas cogeneration plants have a production potential corresponding to 5% of the total energy needs of the Group.



**Currently the cogeneration and biogas plants are operating at the plants of:**

**San Martino Buon Albergo (VR)**, where it covers around 10% of the plant's energy needs. This is an important energy production since, at full capacity, it can reach 7,500,000 kWh per year. In 2016, at the plant, to complete the renewable energy production, a sludge drying section resulting from anaerobic digestion was inserted. With the recovery of the heat produced by the cogeneration plant we obtained almost the total elimination of water by evaporation, with a reduction in the production of sludge from the purification plant of up to 90% in weight. With a consequent significant reduction in the quantity of sludge to be disposed of;

**Nogarole Rocca (VR)**, self-produces 14% more energy than it needs;

**Villaganzerla di Castegnero (VI)**, equipped with 2 highly functional plants that cover about 50% of the energy required.



Furthermore, the installed photovoltaic systems cover about 40% of the energy needs of the Bari distribution centre and about 20% of that of Rome.

Overall, the biogas cogeneration plants and the photovoltaic plants make it possible to avoid the emission into the atmosphere of about 7,000 tons of CO<sub>2</sub>/year and would be able to meet the annual energy needs of about 7,500 families (calculated on the basis of average electricity consumption for families with a standard supply contract of 3 kw power).

We are constantly looking for new energy efficiency measures throughout the production chain. The elimination of waste, in terms of products and materials, is one of the aspects to which more attention is paid at every stage of the production process and which allows clear energy savings.

In the production of fresh food, the production of cold has a predominant role in energy consumption: in this area, we constantly strive to optimise

the use of energy, depending on the actual needs. Thanks to this continuous attention, the Group has achieved a total of around 30,000 Energy Efficiency Certificates (TEE or white certificates) issued by the Electricity Market Operator (EMO), based on certifications by the Authority of savings achieved.



An energy efficiency that over the years has allowed us to avoid over 27,000 tons of CO<sub>2</sub> being released into the atmosphere.

During the 2018 financial year, the total energy consumption of the Group amounted to 3,470,591 GJ, slightly up (+ 2%) compared to

consumption in 2017 (3,392,972 GJ).

This consumption consists of the consumption of non-renewable fuels such as methane gas, diesel, LPG, combustion oil for a total of 1,881,335 GJ, a slight increase (+ 1.2%) compared to 2017 and from renewable fuels, biogas used to supply the boilers for a total of 236,950 GJ, an increase of 6.2% compared to the previous year.

The remaining part corresponds to indirect consumption (purchased electricity), which presents a total consumption of 1,431,682 GJ (+ 5.2% compared to 2017).



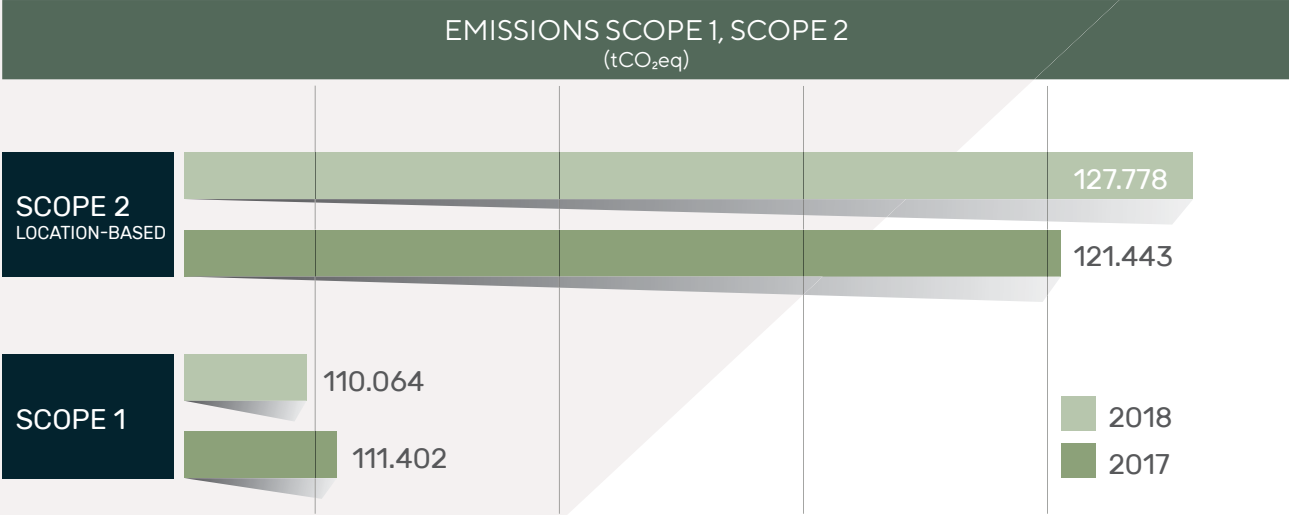
# Emissions

During 2018, the direct emissions of the Veronesi Group amounted to 110,064 tons of CO<sub>2</sub> equivalent (Scope 1), deriving from the consumption of methane gas, diesel, LPG, combustion oil and biogas.

Indirect emissions (Scope 2) on the other hand, deriving from the electricity purchased, amounted to 127,778 tons of CO<sub>2</sub> equivalent

calculated with the "Location-based" method and equal to 190,891 tons with reference to the "Market-based" calculation.

Total emissions (Scope 1 and Scope 2 - Location based) amounted to a total of 237,841 tons of CO<sub>2</sub> equivalent, slightly up (+ 2%) compared to 2017.



# Water

We pay particular attention to the use of water resources and we are in constant search of activities aimed at the reduction of consumption at various stages of the supply chain.

The actions taken concern, for example, constant monitoring of consumption and the application of technical procedures to avoid losses and waste.

In 2018, total water withdrawals amounted to 1,243,208 megaliters and mainly deriving from

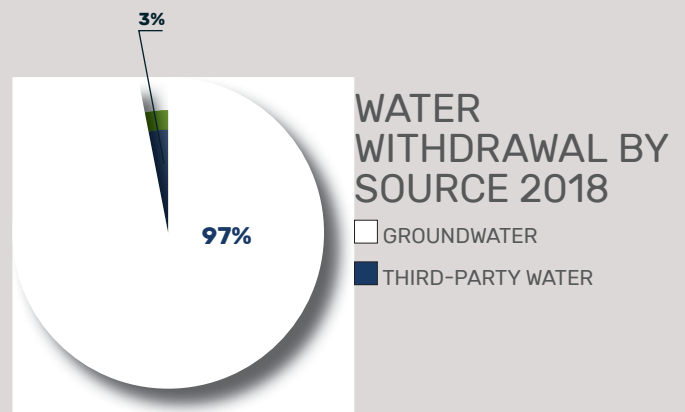
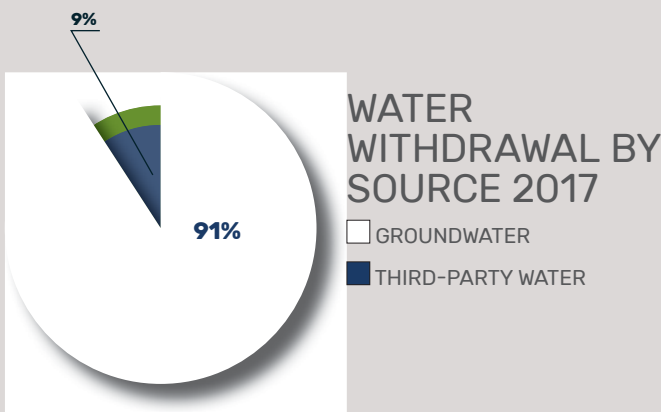
groundwater and aqueducts, a decrease of 26.5% compared to 2017.

Compared to unloading practices of wastewater, the Group applies the most advanced management techniques, respecting the environment and territory.

Where purification plants are present, maintenance interventions are carried out continuously and periodic analysis undertaken for the quality control of the wastewater.

All wastewater is returned to the sewer or to surface water (e.g. lakes, rivers) following appropriate treatment suitable for reporting chemical levels, physical and biological values required by current legislation on the subject (Legislative Decree 152/06).

The water discharged during the year, on the other hand, was 186,592 megaliters of which 164,768 in surface water and 21,824 in groundwater.



# Waste

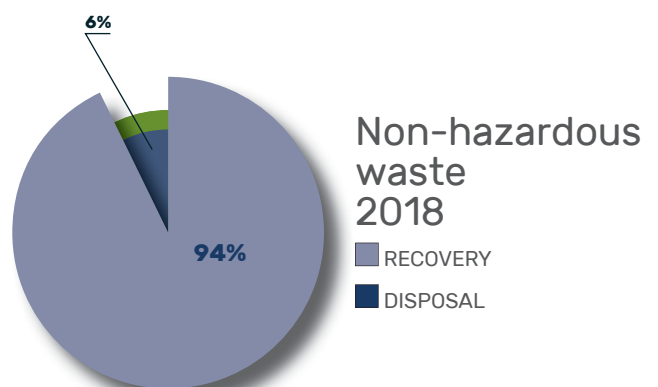
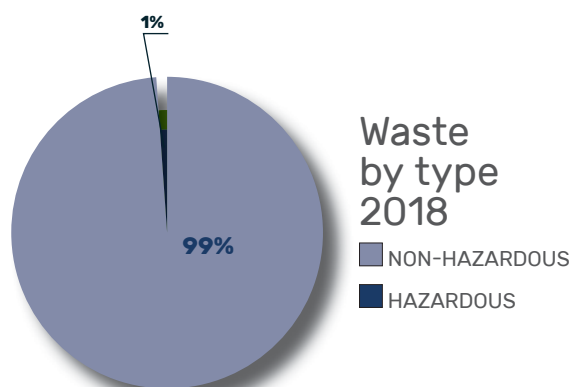
The Group is very vigilant towards the methods of waste management and disposal, in compliance with current regulations and in accordance with the commitment made under the environmental management

system ISO 14001: 2015. Total waste produced amounts to 46,137 tons, of which more than 99% is non-hazardous.

The latter are destined to be recycled for almost 90%, composted

or recovered and the remaining quantity sent for disposal.

Hazardous waste, less than 1% of the total, is scrupulously managed in compliance with the relevant legal provisions.



# Biodiversity

The Group recognizes the importance of biodiversity not only for today's global ecosystem to which it belongs to, but also for future generations.

It therefore operates in a perspective of protection of the variability of all living organisms including aquatic, terrestrial and marine ecosystems and the ecological complexes of which they are part. An internal analysis

carried out by the Group showed that none of the plants is located within protected areas or areas with high biodiversity value. Only examples of plants near to protected areas are reported below. The Group carefully monitors its potential impacts on the territory and on biodiversity and pays particular attention to plants closer to sensitive areas.







# SOCIAL SUSTAINABILITY

## Our people

Our company wants to be a participant in change by promoting, in agreement with the various social partners, the evolution that new contexts require.

In 2018 the company agreements of the S. Daniele, Villafranca, Correggio plants and the entire animal-feeding sector were renewed.

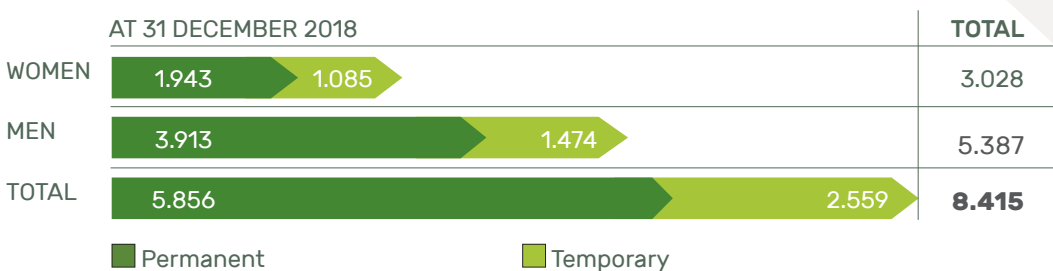
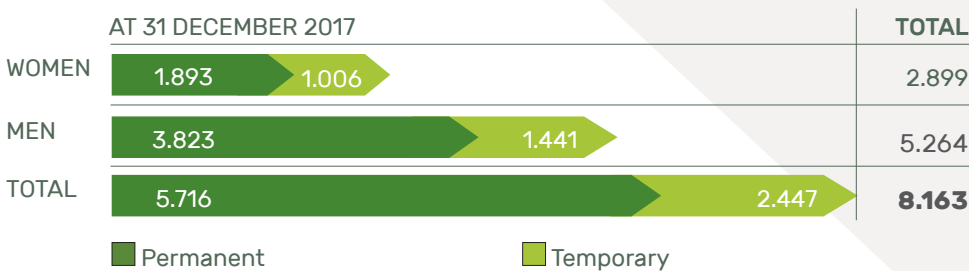
We have worked on balancing professional and private life, sharing agreements with the social partners on solidarity,

part-time leave and the granting of additional permits for extraordinary events.

We agreed to the dissemination of the agreement, signed on 3rd May 2017 between Confindustria-Emilia Romagna and CGIL-CISL-UIL, on harassment and violence in the workplace, for companies in the area.

All our employees (8,415 people) are covered by collective bargaining agreements.

### TOTAL NUMBER OF EMPLOYEES BREAKDOWN BY CONTRACT TYPE (PERMANENT AND TEMPORARY) AND BY GENDER



# Welfare

In 2018 the on-line platform VERONEASY-LIFE was activated and more than 15% of the poultry sector workers took part. Through the platform it is possible to convert the gross value of the performance bonus into welfare and use the tax-free amount to purchase a range of goods and services.

At the same time, agreements were finalised on the conversion of the performance bonus also

for the other sectors: in this way, all Group employees can take advantage of the same benefits.

Among the various new services that colleagues can take advantage of, after the JoJob App dedicated to carpooling, the new portal of company agreements was set up exclusively for employees of the Veronesi Group in 2018. (<https://gruppoveronesi.convenzioniaziedali.it>)



## SAFETY AT WORK

In order to achieve higher standards of safety at work than those prescribed by the legislation on procurement, in addition to the certification of activities, the company has developed a protocol for the integrated and systematic assessment of the management of labour relations, in collaboration with the Marco Biagi Foundation.

## Training: a year of quality

Last year was also characterised by the involvement of numerous poultry sector operators in quality training courses. The objective of this activity is to make everyone aware of the responsibility that the production of high quality food entails. The course "GOOD FOOD PRACTICES"

focuses on hygienic aspects and the correct behaviour of the operators.

The course of physical education carried out in collaboration with the University of Padua continues and grows in participation. In 2018 the plants involved were: San Giorgio in Bosco, Nogarole

Rocca, San Martino Buon Albergo and Vazzola.

Over the course of 2018, more than 60,000\* hours of training were provided.

\* The figure considers the hours of training provided by the Veronesi Group to employees during the year 2018 with the exception of managerial training hours.



# The future in the company... first steps

Developing new and different skills is the key to continue remaining a leading company. For this reason, we continue to look for young people who want to live together with us new paths of growth and education and develop dedicated projects such as:

- “TECNICAMENTE”, a project created by Adecco that sees us involved with some technical institutes of the Veneto Region in the context of school-work alternation. 4 students were hired in production at the end of the course
- ACCADEMIA AGENTI, established after a selection process throughout Italy. Thanks to this we have definitively included 6 professional figures in the area of sales of the fresh food sector (AIA), dedicating to them an internal training course that is both theoretical and practical
- FARM ACADEMY, a real internal master dedicated to the insertion of new veterinary technicians for our supply chain. In 2018 we selected 9 people who will start the journey in March 2019
- APPRENTICESHIP IN PRODUCTION, a project that has the purpose of enhancing and building skills in the technical production sector. Ten young people were hired as apprentices for the Cremona, San Martino Buon Albergo and Caselle di Villafranca plants
- INNOVATION CAMP, an initiative developed by Samsung Electronics Italia in collaboration with Randstad which involved the University of Verona and to which we participated by commissioning a business case with the theme “internal communication” to the students. Over 1,000 university students participated.





# Health & Safety of employees

We consider of primary importance the safeguarding of the safety and health of our workers with the aim of respecting not only all the specific regulations on the subject but also the implementation of an effective action aimed at the prevention and continuous improvement of working conditions.

We have therefore developed a special Security Policy in order to implement an effective accident prevention and management strategy for our employees.

The Workers' Safety Representatives (WSR) are periodically involved in assessing the risks of accidents at the workplace; in addition, each worker, in the context of specific tasks and competences, receives

continuous and adequate information and training for safety and prevention in the field of accidents and occupational diseases.

Since 2007, we have undertaken a project in collaboration with INAIL Veneto concerning the prevention and awareness-raising in the workplace which involved all the Food plants located in the Veneto region.

Department heads and supervisors are involved to have an active presence in constant training on safety in the workplace.

In 2017, the project was also extended to the Lombardy Region in collaboration with INAIL Lombardy.

The project derives from the knowledge that training is not sufficient unless linked to constant monitoring, essential to safeguard the safety of all the Group's employees.

The audits have the objective of carrying out conformity and surveillance of the implementation paths of the Occupational Health and Safety Management Systems (OHSMS), compliant with the UNI-INAIL Guidelines, through the use of the Operating Guide "Safe work" Ed. 2011. In 2017, in a voluntary manner, the verification was extended to aspects relating to the environmental management system, in particular for plants not certified according to ISO 14001.



# 07 ATTACHMENTS

## Stakeholders and materiality analysis

With our stakeholders, we are committed to maintaining active relationships and a constant dialogue through various ways of involvement, also in regards to the daily business activities. In fact, as a Group we have an open dialogue with all the stakeholders who participate in the life of the company, through the daily activities of the relevant offices and participation in debates and working groups in the sectoral and category Associations of which we are members.

### The main Consortium and Associations in which we participate

UNAITALIA



ASSALZOO



CONSORTIUM PROSCIUTTO SAN DANIELE P.O.D.



CONSORTIUM PROSCIUTTO DI PARMA P.O.D.



CONSORTIUM ZAMPONE COTECHINO MODENA



CONSORTIUM MORTADELLA BOLOGNA



CONSORTIUM ITALIAN CACCIATORE



CONSORTIUM CULATELLO DI ZIBELLO DOP



CONSORTIUM SALAME CREMONA IGP



## Material topics and their Boundaries

The table below represents the perimeter of the impacts of material issues.

Cluster	Material topic	Boundary of material aspects	Type of involvement
Governance e compliance	Corporate Governance	Parent Company	Caused by the Group
	Ethics and compliance	Group	Caused by the Group
Economic responsibility	Economic performance	Group	Caused by the Group
Environmental responsibility	Management of environmental impacts	Group and electricity suppliers	Caused by the Group and directly connected through a business relationship
Responsibility towards suppliers	Sustainable supply chain management	Group and Suppliers	Caused by the Group and to which the Group contributes
Social responsibility	Socio-economic development of the territory	Group	Caused by the Group
	Protection of human and workers' rights	Group and Suppliers	Caused by the Group and directly connected through a business relationship
	Human capital development and welfare	Group	Caused by the Group
	Health and safety in the workplace	Group Employees <sup>1</sup>	Caused by the Group
Product responsibility	Animal welfare	Group and Farmers	Caused by the Group and directly connected through a business relationship
	Safety, product traceability and quality	Group and Suppliers	Caused by the Group and directly connected through a business relationship
	Customer Satisfaction	Group	Caused by the Group
	Responsible consumption and marketing	Group	Caused by the Group
	Nutrition and wellbeing	Group	Caused by the Group

<sup>1</sup> The Group will enhance the analysis with respect to the significance of the other non-employee workers, in order to assess the need to collect data from employers of external collaborators and suppliers that operate at Group plants and/or under the control of the Group, assessing the quality and accuracy of such data over which it does not exercise direct control.

## Economic Sustainability

### Direct economic value generated and distributed

	2018 thousands of Euro	2017 <sup>1</sup> thousands of Euro
Direct economic value generated	2.993.742	2.997.306
Economic value retained	129.179	138.103
Economic value distributed, of which:	2.864.564	2.859.203
Reclassified operating costs	2.472.630	2.474.474
Remuneration of employees	369.562	360.851
Remuneration of investors	4.758	4.732
Remuneration of shareholder	0	1 <sup>2</sup>
Remuneration of the Public Administration	17.614	19.145

## Percentage breakdown of directly generated economic value

	2018	2017
Economic value retained	4,31%	4,61%
Distributed economic value, of which:	95,69%	95,39%
Reclassified operating costs	82,59%	82,56%
Remuneration of employees	12,34%	12,04%
Remuneration of investors	0,16%	0,16%
Remuneration of shareholder	0,00%	0,00%
Remuneration of the Public Administration	0,59%	0,64%

<sup>1</sup> Following a process of improvement of the reporting system, the 2017 figure has been restated. For data previously published, see the Annual Report 2017, published in the "About Us" section of the [www.gruppoveronesi.it](http://www.gruppoveronesi.it) website

<sup>2</sup> In 2018, dividends were distributed to the shareholders of Veronesi Holding S.p.A. for an amount of € 8,658,168.30 with withdrawal from the extraordinary Reserve existing in the balance sheet and formed by profits produced up to the current year at 31.12.2016.

## Environmental sustainability

The scope of environmental impacts relates to all the Group's production plants and farms located throughout the country. Branches are only considered in energy consumption and CO2 emissions eq., as for the other types of environmental impact indicators (consumption and water discharges and biodiversity indicators) they are not considered significant with respect to the Group's production activities.

In relation to farming activities, the Group is committed to maintaining constant attention to the territory, including soil and sub-soil protection and biodiversity.

### FOOD PRODUCTION PLANTS

CAPOPONTE - TIZZANO VAL PARMA (PR)  
CORREGGIO (RE)  
CREMONA (CR)  
MAGRETA DI FORMIGINE (MO)  
NOGAROLE ROCCA (VR)  
SAN DANIELE DEL FRIULI 1 (UD)  
SAN DANIELE DEL FRIULI 2 (UD)  
SAN MICHELE EXTRA (VR)  
S. GIORGIO IN BOSCO (PD)  
SAN MARTINO BUON ALBERGO (VR)  
CASELLE DI SOMMACAMPAGNA (VR)  
VAZZOLA (TV)  
VILLAFRANCA (VR)  
VILLAGANZERLA DI CASTAGNERO (VI)  
SANTA MARIA DI ZEVIO (VR)  
ZIBELLO (PR)

### FEED PRODUCTION PLANTS

ACQUANEGRA CREMONESE (CR)  
FOSSANO (CN)  
OSPEDALETTO EUGANEO (PD)  
PUTIGNANO (BA)  
QUINTO DI VALPANTENA (VR)  
SAN PIETRO IN GU (PD)  
SAN PAOLO DI TORRILE (PR)





Energy consumption					
Type of consumption	Unit of measure	2017		2018	
		Total	Total GJ	Total	Total GJ
NON-RENEWABLE FUELS			1.859.815		1.881.335
Methane gas	Smc	51.737.615	1.817.749	52.083.059	1.831.719
Diesel	liter	619.250	22.303	519.446	18.709
Liquefied Petroleum Gases	Smc	162.363	17.231	213.960	22.706
Combustion Oil	kg	62.100	2.531	201.371	8.200
RENEWABLE FUELS			223.047		236.950
Biogas	Smc	10.244.972	223.047	10.883.582	236.950
Digester boiler	Smc	66.625	1.451	5.210	113
ETS Boilers	Smc	952.119	20.729	834.804	18.175
ETS Cogenerator	Smc	8.762.413	190.770	9.767.473	212.651
Torch	Smc	463.815	10.098	276.095	6.011
ELECTRICITY PURCHASED		kWh	377.903.201	1.360.704	422.254.009
from certified renewable sources	kWh	0	0	0	0
from non-renewable sources	kWh	377.903.201	1.360.704	422.254.009	1.431.682
Self-produced electricity from photovoltaic systems and consumed *	kWh	n.d.	n.d.	33.518	1.197
ELECTRICITY PRODUCED AND TRANSFERRED/SOLD ON THE GRID FROM RENEWABLE FUELS		kWh	14.053.749	50.593	22.048.766
electricity produced and transferred/sold on the grid from photovoltaic systems	kWh	n.d.	n.d.	29.844	107
Total energy consumption	GJ		3.392.972		3.471.789
Renewable energy	GJ		1.533.157		1.590.454
Non-renewable energy	GJ		1.859.815		1.881.335
% Renewable energy of the total	%		45,19		45,81

The Group purchases certified electricity with guarantees of origin. Due to non-availability the 2017 and 2018 data are valued at zero, the Group is committed to monitoring for reporting purposes for next year.

Conversion factor			
Energy source	Conversion unit	2017	2018
Electricity	GJ/kWh	0,0036	0,0036
Methane gas	GJ/1000*Smc	35,134	35,253
Diesel	GJ/liters	0,0360	0,0360
Liquefied Petroleum Gases	GJ/t	46,141	46,141
	kg/mc	2,3	2,3
Combustion Oil	GJ/t	40,7611	40,7230
Biogas	GJ/Smc	0,0218	0,0218
Source of the conversion factors 2017	Ministry of the Environment, 2017 and Defra 2017 for combustion oil		
Source of the conversion factors 2018	Ministry of the Environment, 2018 and Defra 2018 for combustion oil		

\* It is specified that in 2018 only 2 photovoltaic plants were active; the other two plants will come into operation in 2019.

## Energy intensity - feed production plants

	Unit of measure	2017	2018
energy consumption per ton produced	GJ/Ton	0,276	0,279

## Energy intensity - food production plants

	Unit of measure	2017	2018
energy consumption per ton produced	GJ/Ton	3,0	3,1

## Total CO<sub>2</sub> emissions (Scope 1 and Scope 2)

Emissions	Unit of measure	2017	2018
		Total	Total
Scope 1	tCO <sub>2</sub> e	111.402	110.064
Scope 2 - Location Based	tCO <sub>2</sub> e	232.845	127.778
Total CO <sub>2</sub> emissions (Scope 1 + Scope 2 - Location Based)	tCO <sub>2</sub> e	232.845	237.841
Scope 2 - Market Based	tCO <sub>2</sub> e	180.293	190.891
Total CO <sub>2</sub> emissions (Scope 1 + Scope 2 - Market Based)	tCO <sub>2</sub> e	291.696	300.955

## Emission factors

Type of energy consumption	Unit of measure	2017	2018
Electricity (Location Based)	kgCO <sub>2</sub> /KWh	0,321	0,321
Electricity (Location Based)	kgCO <sub>2</sub> eq/KWh	0,477	0,480
Natural gas	kgCO <sub>2</sub> eq/m <sup>3</sup>	2,10	2,05
Liquefied Petroleum Gases	kgCO <sub>2</sub> eq/ton	2,940	2,937
Combustion Oil	kgCO <sub>2</sub> eq/ton	3,227	3,229
Biogas	kgCO <sub>2</sub> /kWh	0,00023	0,00022
Diesel	kgCO <sub>2</sub> eq/liters	2,600	2,627
Source of 2017 emission factors	Scope 1: UK Government GHG conversion factors for company reporting, 2017		
	Scope 2: ISPRA 2018 for Location-based and AIB 2017 for Market Based		
Source of 2018 emission factors	Scope 1: UK Government GHG conversion factors for company reporting, 2018		
	Scope 2: ISPRA 2018 for Location-based and AIB 2018 for Market Based		

## Emission intensity - feed production plants

	Unit of measure	2017	2018
CO <sub>2</sub> emissions per ton produced	tCO <sub>2</sub> e/Ton	0,0196	0,0196

## Emission intensity - food production plants

	Unit of measure	2017	2018
CO <sub>2</sub> emissions per ton produced	tCO <sub>2</sub> e/Ton	0,2027	0,2117



## Water withdrawal by source

Source of withdrawal	Unit of measure	2017	2018
Total water withdrawn	Megaliters	1.691.760	1.243.208
- of which from groundwater	Megaliters	1.534.177	1.210.310
- of which from aqueduct	Megaliters	157.583	32.898

## Water discharges

Type of water discharge	Unit of measure	2017	2018
Total water discharged	Megaliters	150.011	186.592
- in surface water	Megaliters	126.168	164.768
- in groundwater	Megaliters	23.843	21.824

## Waste by type and disposal method

Disposal method	Unit of measure	2017			2018		
		Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total
Landfill	t	0	12.080	12.080	17.057	37.120	54.177
Treatment	t	94.240	2.050.960	2.145.200	20.020	1.953.440	1.973.460
Incineration	t	0	970	970	0	1.490	1.490
Disposal	t	190.333	1.321.743	1.512.076	211.687	1.290.483	1.502.170
Energy recovery	t	84	0	84	40	146.050	146.090
Composting	t	4.700	6.884.525	6.889.225	3.160	11.398.280	11.401.440
Recycling	t	0	170.160	170.160	0	194.570	194.570
Recovery	t	99.289	31.219.679	31.318.968	127.058	29.502.848	29.629.906
Other	t	0	0	0	34.194	1.199.701	1.233.895

# Operational sites

Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas.

Site	Geographic Area	Distance from the site with respect to the protected area or high biodiversity value	Hectares	Value of biodiversity	Categorisation of protected status
CASELLE DI SOMMACAMPAGNA (VR)	Veneto	6,45	476	River Adige between Belluno Veronese and Verona West	IT3210043
CASTEGNERO (VI)	Veneto	1,7	12906	Berici Hills	IT3220037
CORREGGIO (RE)	Emilia Romagna	8,5	1100	Valle delle Bruciate and Tresinaro	IT4040017
		9,5	1456	Valle di Gruppo	Zps it 4040015
CREMONA (CR)	Lombardy	6,5	825	Spinadesco	IT20A0016
		6,5	1039	"Spinadesco"	IT20A0501
MAGRETA DI FORMIGINE (MO)	Emilia Romagna	2,5	50	Colombarone	IT4040012
		7,5	277	Expansion basins of the Secchia	SIC/ ZPS IT4030011
		9	371	Salse di Nirano	SIC IT4040007
		9	785	San Valentino, Rio della Rocca	SIC IT4030016
NOGAROLE ROCCA (VR) Loc. Salette Calette	Veneto	4	118	Fontanili di Povegliano	IT3210008
		10	111	Pellegrina Swamp	SIC/ZPS IT3210015
S. GIORGIO IN BOSCO (PD)	Veneto	0,5	3848	Gravelly flood plains and wetlands of the Brenta	SIC/ ZPS IT3260018
		5,5	148	Onara swamp and S. Girolamo resurgence stream	SIC IT3260022
		5,5	133	Onara swamp	ZPS IT3260001
S. MARIA DI ZEVIO (VR)	Veneto	1,77	2090	River Adige between East Verona and Badia Polesine	SICIT32100042
		2,84	186	Sguazzo di Rivalunga	SIC/ZPS IT3210019
		6	167	Feniletto swamp Sguazzo Vallese	SIC/ZPS IT3210014
SAN MICHELE EXTRA (VR)	Veneto	0,7	2090	River Adige between East Verona and Badia Polesine	IT32100042
		2,25	2090	River Adige between East Verona and Badia Polesine	IT32100042
SAN DANIELE DEL FRIULI (UD)	Friuli Venezia Giulia	2,5	2719	Tagliamento river bed	ZSC/SIC IT3310007
		3	83	Ragogna Lake	ZSC/SIC IT3320020
		8	62	Quadri di Fagagna	ZSC/SIC IT3320022
		8	98	Torbiera di Casasola e Andreuzza	ZSC/SIC IT3320021
		8	10	Magredi di Coz	ZSC/SIC IT3320024
		10	14	Torbiera di Sequals	ZSC/SIC IT3310005
SAN MARTINO BUON ALBERGO (VR)	Veneto	2,45	2090	River Adige between East Verona and Badia Polesine	IT32100042



Site	Geographic Area	Distance from the site with respect to the protected area or high biodiversity value	Hectares	Value of biodiversity	Categorisation of protected status
SAN MARTINO BUON ALBERGO (VR)	Veneto	10	186	Sguazzo di Rivalunga	SIC/ZPS IT32100019
		10	989	Val Galina and Progno Borago	SIC IT32100012
SAN MICHELE EXTRA (VR)	Veneto	2,25	2090	River Adige between East Verona and Badia Polesine	IT32100042
		2,25	2090	River Adige between East Verona and Badia Polesine	IT32100042
TIZZANO VAL PARMA (PR)	Emilia Romagna	5,5	825	Monte Fuso	SIC IT4020015
		9	424	Barboj di Rivalta	SIC IT4020023
VAZZOLA (TV)	Veneto	8	4752	Grave del Piave - Soligo River - Fosso di Negrisia	SIC IT3240030
		9	4687	Grave del Piave	ZPS IT3240023
		9	1955	Fluvial area of the Livenza and lower course of the Monticano	SIC IT3240029
VERONA (VR)	Veneto	2,25	2090	River Adige between East Verona and Badia Polesine	IT32100042
VILLAFRANCA (VR)	Veneto	4,5	118	Fontanili di Povegliano	SIC/ZPS IT3210008
VILLAGANZERLA DI CASTEGNERO (VI)	Veneto	1,6	12906	Berici Hills	IT3220037
		7,5	15096	Colli Euganei - Monte Lozzo - Monte Ricco	SIC/ZPS IT3260017
ZIBELLO (PR)	Emilia Romagna	1	336	Golena del Po near Zibello	ZPS IT4020019
		2,2	210	Bosco Ronchetti	IT20A0015
		2	300	Bosco Ronchetti Regional Reserve	ZPS IT20A0401
		4	1245	Meadows and environmental restoration of Frescarolo and Samboseto	ZPS IT4020018
		5,3	1005	Basso Taro	SIC/ ZPS IT4020022
AVIANO (PN)	Friuli Venezia Giulia	6,1	261	Resurgences of Vinchiaruzzo	ZSC IT3310010
BELLUNO (BL)	Veneto	1,6	212	Fontane di Nogarè	SIC IT3230044
		3,1	25	Torbiera di Antole	SIC IT3230045
BONDENO DI GONZAGA (MN)	Lombardy	11,28	7223	Viadana, Portiolo San Benedetto Po and Ostiglia	IT20B0501
CASTEGNERO (VI)	Veneto	0,75	12906	Berici Hills	SIC IT3220037
ISOLA DELLA SCALA (VR)	Veneto	7,76	118	Fontanili di Povegliano	SIC/ZPS IT321008
		9	111	Pellegrina Swamp	SIC/ZPS IT32150015
MORENGO (BG)	Lombardy	2,28	12	Fontanile Brancaleone	IT2060013
	Lombardy	9,8	5,33	Boschetto Della Cascina Campagna	IT2060014
RONCOFERRARO (MN)	Lombardy		25	Chiavica del Moro	ZPS IT 20B0014

Site	Geographic Area	Distance from the site with respect to the protected area or high biodiversity value	Hectares	Value of biodiversity	Categorisation of protected status
S. PIETRO IN GÙ (PD)	Veneto	2,7	715	Dueville forest and neighbouring springs	SIC IT3220040
		7,3	3848	Gravelly flood plains and wetlands of the Brenta	SIC/ ZPS IT3260018
S. QUIRINO (PN)	Friuli Venezia Giulia	8,5	10097	Magredi di Pordenone	ZPS IT3311001
ACQUANEGRA CREMONESE (CR)	Lombardy	2,12	42	Morta di Pizzighettone	SIC IT20A0001
		3.50	1039	"Spinadesco"	ZPS IT20A0501
		3.50	825	Spinadesco	SIC IT20A0016
FOSSANO (CN)	Piedmont	4,6	559	River bed and springs of the Stura stream	SIC IT1160071
		5	107	Wetlands of Fossano and Sant'Albano Stura (loc. San Lorenzo)	ZPS IT1160059
OSPEDALETTO EUGANEO (PD)	Veneto	2	13	Le Vallette	ZPS IT3260020
		5	15096	Colli Euganei - Monte Lozzo - Monte Ricco	SIC/ZPS IT3260017
PUTIGNANO (BA)	Puglia	4	61	Grotte di Castellana	SIC IT9120001
		8,3	59	Pozzo Cucù	SIC IT9120010
QUINTO DI VALPANTENA (VR)	Veneto	2,4	989	Val Galina and Progno Borago	SIC IT3210012
		4,5	476	Adige river between Belluno Veronese and Verona West	SIC IT32100043
S. POLO DI TORRILE (PR)	Emilia Romagna	1,13	2622	Areas of the resurgences of Viarolo, Torrile basins, Po river range	SIC/ZPS IT4020017
		7,39	601	Parma Morta	SIC/ZPS IT4020025
SAN PIETRO IN GU' (PD)	Veneto	2,7	715	Dueville forest and neighbouring springs	SIC IT3220040
ROSARO DI GREZZANA (VR)	Veneto	3,5	989	Val Galina and Progno Borago	SIC IT3210012
		7,5	171	Monti Lessini: Ponte di Veja, Vaio della Marciora	SIC/ZPS IT3210006
		7	233	Monti Lessini: Molina Waterfall	SIC IT3210002



# Social Sustainability

It should be noted that following a process of improvement of the reporting system, the 2017 data relating to the Veronesi Group's workforce have been restated with respect to those published in the previous Annual Report. For data previously published, see the Annual Report 2017, published in the "About Us" section of the [www.gruppoveronesi.it](http://www.gruppoveronesi.it) website

Table 1. Workforce by employee category and gender as of December 31st (Headcount)

	2017			2018		
	Men	Women	Total	Men	Women	Total
Senior executives	67	2	69	67	2	69
Managers	60	3	63	62	6	68
Employees	893	226	1.119	919	229	1.148
Workers	4.244	2.668	6.912	4.339	2.791	7.130
- of which seasonal workers	1.412	1.000	2.412	1.433	1.078	2.511
Total employees	5.264	2.899	8.163	5.387	3.028	8.415
Total external collaborators <sup>1</sup>	1.761	63	1.824	1.755	56	1.811
Total Veronesi Group workforce	7.025	2.962	9.987	7.142	3.084	10.226

<sup>1</sup> External collaborators are interim workers and cooperatives who work 100% of their time for the Veronesi Group

Table 2. Employees by employee category and age groups as of December 31<sup>st</sup>

	2017				2018			
	<30 years old	30-50 years old	>50 years old	Total	<30 years old	30-50 years old	>50 years old	Total
Senior executives	0	10	59	69	0	9	60	69
Managers	0	17	46	63	0	19	49	68
Employees	75	551	493	1.119	82	557	509	1.148
Workers	1.171	3.408	2.333	6.912	1.250	3.404	2.476	7.130
- of which seasonal workers <sup>i</sup>	937	1.133	342	2.412	980	1.173	358	2.511
Total	1.246	3.986	2.931	8.163	1.332	3.989	3.094	8.415

Table 3. Employees by gender and type of contract as of December 31<sup>st</sup>

	2017			2018		
	Men	Women	Total	Men	Women	Total
Permanent contract	3.823	1.893	5.716	3.913	1.943	5.856
Temporary contract	1.441	1.006	2.447	1.474	1.085	2.559
- of which seasonal workers	1.412	1.000	2.412	1.433	1.078	2.511
Total	5.264	2.899	8.163	5.387	3.028	8.415

Table 4. Employees by geographical area, gender and type of contract as of December 31<sup>st</sup>

	2017			2018		
	Men	Women	Total	Men	Women	Total
North	5.131	2.891	8.022	5.256	3.021	8.277
Permanent contract	3.692	1.885	5.577	3.788	1.936	5.724
Temporary contract	1.439	1.006	2.445	1.468	1.085	2.553
Centre	30	4	34	29	4	33
Permanent contract	30	4	34	27	4	31
Temporary contract	-	-	-	2	-	2

Table 4. Employees by geographical area, gender and type of contract as of December 31<sup>st</sup>

	2017			2018		
	Men	Women	Total	Men	Women	Total
Islands	22	2	24	24	2	26
Permanent contract	22	2	24	22	2	24
Temporary contract	-2	-	-	2	-	2
South	81	2	83	78	1	79
Permanent contract	79	2	81	76	1	77
Temporary contract	2	-	2	2	-	2

Table 5. Part Time e Full Time Employees by gender as of December 31<sup>st</sup>

	2017			2018		
	Men	Women	Total	Men	Women	Total
Full-time	5.237	2.546	7.783	5.353	2.639	7.992
Part-time	27	353	380	34	389	423
Total	5.264	2.899	8.163	5.387	3.028	8.415

Below are the data relating to turnover by gender and age groups on the workforce broken down by age group, excluding seasonal workers

It should be noted that the 2018 data relating to new employee hires and turnover do not include the transformation of workers from seasonal to permanent workers.

Table 6. New employee hires by gender and age group

	New employee hires							
	2017				2018			
	<30 years old	30-50 years old	>50 years old	Total	<30 years old	30-50 years old	>50 years old	Total
Men	25	17	2	44	22	19	2	43
Women	3	1	-	4	3	8	-	11
Total	28	18	2	48	25	27	2	54

Table 7. Rate of new employee hires by gender and age group

	2017				2018			
	<30 years old	30-50 years old	>50 years old	Total	<30 years old	30-50 years old	>50 years old	Total
Men	2,84%	0,69%	0,10%	0,84%	2,34%	0,78%	0,10%	0,80%
Women	0,82%	0,07%	0,00%	0,14%	0,77%	0,51%	0,00%	0,36%
Total	2,25%	0,45%	0,07%	0,59%	1,88%	0,68%	0,06%	0,64%

Table 8. Employee turnover by gender and age group

	Outgoing							
	2017				2018			
	<30 years old	30-50 years old	>50 years old	Total	<30 years old	30-50 years old	>50 years old	Total
Men	11	46	77	134	15	34	95	144
Women	1	15	25	41	2	21	32	55
Total	12	61	102	175	17	55	127	199





Table 9. Rate of employee turnover by gender and age group

	2017				2018			
	<30 years old	30-50 years old	>50 years old	Total	<30 years old	30-50 years old	>50 years old	Total
Men	1,25%	1,87%	3,99%	2,55%	1,59%	1,40%	4,70%	2,67%
Women	0,27%	0,98%	2,50%	1,41%	0,51%	1,34%	2,99%	1,82%
Total	0,96%	1,53%	3,48%	2,14%	1,28%	1,38%	4,10%	2,36%

Table 10. Employees covered by collective bargaining agreements as of December 31<sup>st</sup>

	2017	2018
Percentage of employees covered by collective bargaining agreements	100%	100%

The minimum notice period for operational changes specified in the second level collective bargaining agreements for the Group employees is 15 days.

Table 11. Ratios of standard entry level wage compared to local minimum wage by gender

	2017		2018	
	Men	Women	Men	Women
Ratios between the standard entry level and the local minimum wage	1	1	1	1

Table 12. Composition of the Board of Directors by gender and age group as of December 31<sup>st</sup>

	2017				2018			
	<30 years old	30-50 years old	>50 years old	Total	<30 years old	30-50 years old	>50 years old	Total
Men	0%	57%	43%	100%	0%	43%	57%	100%
Women	0%	0%	0%	0%	0%	0%	0%	0%
Total	0%	57%	43%	100%	0%	43%	57%	100%

## Performance indicators on health and safety

The scope of the data and information is composed of the companies fully consolidated with the integrated method in the Consolidated Financial Statements, with the exclusion of the foreign companies (Veronesi RUS, Negrone SA and Negrone SARM) and refers only to employees of the Group on which it exercises direct control. It should be noted that following an improvement in the reporting system, the 2017 data have been restated for greater comparability.

For data previously published, please refer to the Annual Report 2017, published in the "About Us" section of the [www.gruppoveronesi.it](http://www.gruppoveronesi.it) website.

Table 13. Absenteeism

	2017			2018		
	Men	Women	Total	Men	Women	Total
Days of absence	87.762	71.884	159.646	94.660	75.096	169.756
Absenteeism rate	6,0	9,1	7,1	6,3	9,2	7,3

The absenteeism rate was calculated as the ratio between the total number of days of employee absence and the total number of workable days \* 100.

Table 14. Occupational diseases

	2017			2018		
	Men	Women	Total	Men	Women	Total
Occupational diseases	18	27	45	20	35	55
Occupational disease rate	2,1	6,7	3,6	2,3	8,3	4,3

The occupational disease rate was calculated as the ratio between the total number of employee occupational diseases and the total hours worked \* 1,000,000

Table 15. Injury rate of the Group employees and lost day rate

	2017			2018		
	Men	Women	Total	Men	Women	Total
Injuries	296	204	500	326	200	526
of which in the workplace	258	169	427	275	171	446
of which in progress	38	35	73	51	29	80
Fatalities in the workplace	-	-	-	-	-	-
Total injury rate	35,1	50,7	40,1	37,9	47,7	41,1
Injury rate at work	30,6	42,0	34,3	32,0	40,8	34,9
Injury rate in progress	4,5	8,7	5,9	5,9	6,9	6,3
lost day rete	0,6	0,6	0,6	0,5	0,8	0,6

The total injury rate was calculated as the ratio between the total number of employee injuries and the total hours worked \* 1,000,000.

The injury rate at work was calculated as the ratio between the number of employee injuries in the workplace and the total hours worked \* 1,000,000.

The ongoing injury rate was calculated as the ratio between the number of employee injuries in progress and the total hours worked \* 1,000,000.

The lost day rate was calculated as the ratio between the total number of days lost due to employee injury or occupational disease and the total hours worked \* 1,000.



# METHODOLOGICAL NOTE

This document aims to report and communicate performances of the Veronesi Group in a transparent manner with respect to the relevant issues of economic, environmental and social sustainability related to the 2018 financial year (from January 1st to December 31st) and was prepared to the extent necessary to describe the business activity, the performance, the results and impacts produced.

This Report has been drawn up in compliance with the "Global Reporting Initiative Sustainability Reporting Standards", defined in 2016 by the Global Reporting Initiative (GRI), according to the "in accordance - Core" option, including the "Food Processing Sector Disclosures", defined respectively in 2016 and in 2014 by the GRI - Global Reporting Initiative, according to the "in accordance - Core" option.

As required by the GRI Standards, the Veronesi Group has elaborated a materiality analysis in order to report the sustainability issues deemed relevant to its stakeholders and to the Group itself.

The scope of economic and financial figures and information is the same as in the Consolidated Financial Statement of the Veronesi at December 31st, 2018. The scope of social data and information is composed of the consolidated companies using the integral method within the Consolidated Financial Statements, with the exception of the foreign companies (Veronesi RUS, Negroni SA and Negroni SARL). In particular, the health and safety data refer only to employees of the Group over which it exercises direct control.

Environmental data includes the Group's production facilities (food, feed mills and farms). The branches are only considered with regard to energy consumption and CO2 equivalent emissions, as for the other types of environmental impact indicators (consumption and water discharges and biodiversity indicators) they are not considered significant with respect to the Group's production activities. Furthermore, all the farms in the Group's supply chain fall within the scope of the analysis of this Annual Report, excluding purchases on the free market.

Any limitations in terms of the Group's perimeter in relation to individual topics or indicators are explicitly explained in the document. To ensure the reliability of the data, the use of estimates has been minimised, based on the best available methods and clearly marked within the document.

The data relating to the previous year, where available, are reported for comparative purposes, to allow an assessment of the performance of the activities over time.

No significant changes were reported in the ownership structure or in the size of the organisation that occurred during 2018.

The Veronesi Group adopts a risk-based approach in all its decision-making and operational processes in order to monitor and manage risk situations linked to social issues (management of human resources, respect for human and workers' rights, workplace health and safety, etc.), as well as those related to regulatory compliance and business integrity.

This approach is an integral part of good business management and the creation of a responsible business, considered fundamental for achieving a competitive advantage in markets where the focus on sustainability issues grows year by year.

The document is published annually on the Veronesi Group's website [www.gruppoveronesi.it](http://www.gruppoveronesi.it).

The document is not subject to external assurance.

For information regarding the Veronesi Group's Annual Report, please write to: [aia@aia-spa.it](mailto:aia@aia-spa.it).

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102-56	97; The document is not subject to external assurance	External assurance
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**SPECIFIC DISCLOSURES**

**GRI 200: ECONOMIC SERIES (2016)**

**Economic performance**

**GRI-103: Management approach (2016)**

103-1	40-41; 85		Explanation of the material topic and its Boundary
103-2	13; 31; 65-66		The management approach and its components
103-3	13; 31; 65-66		Evaluation of the management approach

**GRI-201: Economic performance (2016)**

201-1	65-66; 85-86		Direct economic value generated and distributed
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**Market presence**

**GRI-103: Management approach (2016)**

103-1	40-41; 85		Explanation of the material topic and its Boundary
103-2	34-35		The management approach and its components
103-3	34-35		Evaluation of the management approach

**GRI-202: Market presence (2016)**

202-1	95		Ratios of standard entry level wage by gender compared to local minimum wage
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**Procurement practices**

**GRI-103: Management approach (2016)**

103-1	40-41; 85		Explanation of the material topic and its Boundary
103-2	42-63		The management approach and its components
103-3	42-63		Evaluation of the management approach

**GRI-204: : Procurement practices (2016)**

204-1	56		Proportion of spending on local suppliers
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**Anti-corruption**

**GRI-103: Management approach (2016)**

103-1	40-41; 85		Explanation of the material topic and its Boundary
103-2	10-11		The management approach and its components
103-3	10-11		Evaluation of the management approach

**GRI-205: Anti-corruption (2016)**

205-3	In 2018, no incidents of corruption and/or other cases regarding corruption were reported.		Confirmed incidents of corruption and actions taken
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**Anti-competitive Behavior**

**GRI-103: Management approach (2016)**

103-1	40-41; 85		Explanation of the material topic and its Boundary
103-2	10-11		The management approach and its components
103-3	10-11		Evaluation of the management approach

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### GRI-206: Anti-competitive Behavior (2016)

206-1	During 2018 there were no legal actions against the Group with reference to anti-competitive practices and/or violations of regulations concerning anti-trust and monopolistic practices.		Legal actions for anti-competitive behavior, anti-trust, and monopoly practices
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### GRI 300: ENVIRONMENTAL SERIES (2016)

## Energy

#### GRI-103: Management approach (2016)

103-1	40-41; 85		Explanation of the material topic and its Boundary
103-2	70-74		The management approach and its components
103-3	70-74		Evaluation of the management approach

#### GRI-302: Energy (2016)

302-1	87		Energy consumption within the organisation
302-3	88		Energy intensity

## Water

#### GRI-103: Management approach (2016)

103-1	40-41; 85		Explanation of the material topic and its Boundary
103-2	76		The management approach and its components
103-3	76		Evaluation of the management approach

#### GRI-303: Water (2016)

303-1	76; 89		Water withdrawal by source
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## Biodiversity

#### GRI-103: Management approach (2016)

103-1	40-41; 85		Explanation of the material topic and its Boundary
103-2	77		The management approach and its components
103-3	77		Evaluation of the management approach

#### GRI-304: Biodiversity (2016)

304-1	90-92		Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
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## Emissions

#### GRI-103: Management approach (2016)

103-1	40-41; 85		Explanation of the material topic and its Boundary
103-2	70-75		The management approach and its components
103-3	70-75		Evaluation of the management approach

#### GRI-305: Emissions (2016)

305-1	75; 88		Direct (Scope 1) GHG emissions
305-2	75; 88		Energy indirect (Scope 2) GHG emissions
305-4	88		GHG emissions intensity

## Effluents and waste

#### GRI-103: Management approach (2016)

103-1	40-41; 85		Explanation of the material topic and its Boundary
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103-2	76		The management approach and its components
103-3	76		Evaluation of the management approach

#### GRI-306: Effluents and waste (2016)

306-2	89		Waste by type and disposal method
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### Environmental compliance

#### GRI-103: Management approach (2016)

103-1	40-41; 85		Explanation of the material topic and its Boundary
103-2	10-11; 71		The management approach and its components
103-3	10-11; 71		Evaluation of the management approach

#### GRI-307: Environmental compliance (2016)

307-1	In 2018 no fines or non-monetary penalties were recorded for failure to comply with environmental laws and regulations.		Non-compliance with environmental laws and regulations
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### SPECIFIC DISCLOSURES

#### GRI 400: SOCIAL SERIES (2016)

### Employment

#### GRI-103: Management approach (2016)

103-1	40-41; 85		Explanation of the material topic and its Boundary
103-2	79		The management approach and its components
103-3	79		Evaluation of the management approach

#### GRI-401: Employment (2016)

401-1	94-95		New employee hires and employee turnover
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### Labor/Management relations

#### GRI-103: Management approach (2016)

103-1	40-41; 85		Explanation of the material topic and its Boundary
103-2	79		The management approach and its components
103-3	79		Evaluation of the management approach

#### GRI-402: Labour/Management relations (2016)

402-1	96		Minimum notice periods regarding operational changes
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### Occupational Health and Safety

#### GRI-103: Management approach (2016)

103-1	40-41; 85		Explanation of the material topic and its Boundary
103-2	83		The management approach and its components
103-3	83		Evaluation of the management approach

#### GRI-403: Occupational Health and Safety (2016)

403-2	95-96		Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities
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### Diversity and Equal Opportunity

#### GRI-103: Management approach (2016)

103-1	40-41; 85		Explanation of the material topic and its Boundary
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INDICATOR	PAGE	OMISSIONS	INFORMATION
103-2	10-11		The management approach and its components
103-3	10-11		Evaluation of the management approach
<b>GRI-405: Diversity and Equal Opportunity (2016)</b>			
405-1	79; 93; 95		Diversity of governance bodies and employees
<b>Non-discrimination</b>			
<b>GRI-103: Management approach (2016)</b>			
103-1	40-41; 85		Explanation of the material topic and its Boundary
103-2	10-11		The management approach and its components
103-3	10-11		Evaluation of the management approach
<b>GRI-406: Non-discrimination (2016)</b>			
406-1	In 2018 there were no cases of discrimination		Incidents of discrimination and corrective actions taken
<b>Costumer Health and Safety</b>			
<b>GRI-103: Management approach (2016)</b>			
103-1	40-41; 85		Explanation of the material topic and its Boundary
103-2	58-60		The management approach and its components
103-3	58-60		Evaluation of the management approach
<b>GRI-416: Costumer Health and Safety (2016)</b>			
416-2	In 2018 there were no cases of non-compliance regarding the health and safety impacts of products and services		Incidents of non-compliance concerning the health and safety impacts of products and services
FP 5	53		Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognised food safety management system standards
<b>Marketing and Labelling</b>			
<b>GRI-103: Management approach (2016)</b>			
103-1	40-41; 85		Explanation of the material topic and its Boundary
103-2	45; 58-59; 64		The management approach and its components
103-3	45; 58-59; 64		Evaluation of the management approach
<b>Evaluation of the management approach</b>			
<b>GRI-417: Marketing and Labelling (2016)</b>			
417-2	In 2018 there were no incidents of non-compliance with regulations and / or voluntary codes with reference to information and communication practices regarding products and services.		Incidents of non-compliance concerning product and service information and labeling





417-3	In 2018 there were no incidents of non-compliance with regulations and / or voluntary codes with reference to marketing, promotion and advertising communications practices.		Incidents of non-compliance concerning marketing communications
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## Animal welfare

### GRI-103: Management approach (2016)

103-1	40-41; 85		Explanation of the material topic and its Boundary
103-2	48-53		The management approach and its components
103-3	48-53		Evaluation of the management approach

### GRI G4 : Animal welfare

FP 12	53		Policies and practices on antibiotic, anti-inflammatory, hormone and/or growth promotion treatments, by species and breed type.
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## Socioeconomic compliance

### GRI-103: Management approach (2016)

103-1	40-41; 85		Explanation of the material topic and its Boundary
103-2	10-11		The management approach and its components
103-3	10-11		Evaluation of the management approach

### GRI-419: Socioeconomic compliance (2016)

419-1	In 2018 there were no cases of non-monetary sanctions for non-compliance with laws and regulations		Non-compliance with laws and regulations in the social and economic area
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## Customer Satisfaction

### GRI-103: Management approach (2016)

103-1	40-41; 85		Explanation of the material topic and its Boundary
103-2	58-59		The management approach and its components
103-3	58-59		Evaluation of the management approach

## Nutrition and wellness

### GRI-103: Management approach (2016)

103-1	40-41; 85		Explanation of the material topic and its Boundary
103-2	42-55		The management approach and its components
103-3	42-55		Evaluation of the management approach

## Corporate Governance

### GRI-103: Management approach (2016)

103-1	40-41; 85		Explanation of the material topic and its Boundary
103-2	5		The management approach and its components
103-3	5		Evaluation of the management approach

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