

# ANNUAL REPORT 2019

ENGLISH VERSION





# ANNUAL REPORT 2019



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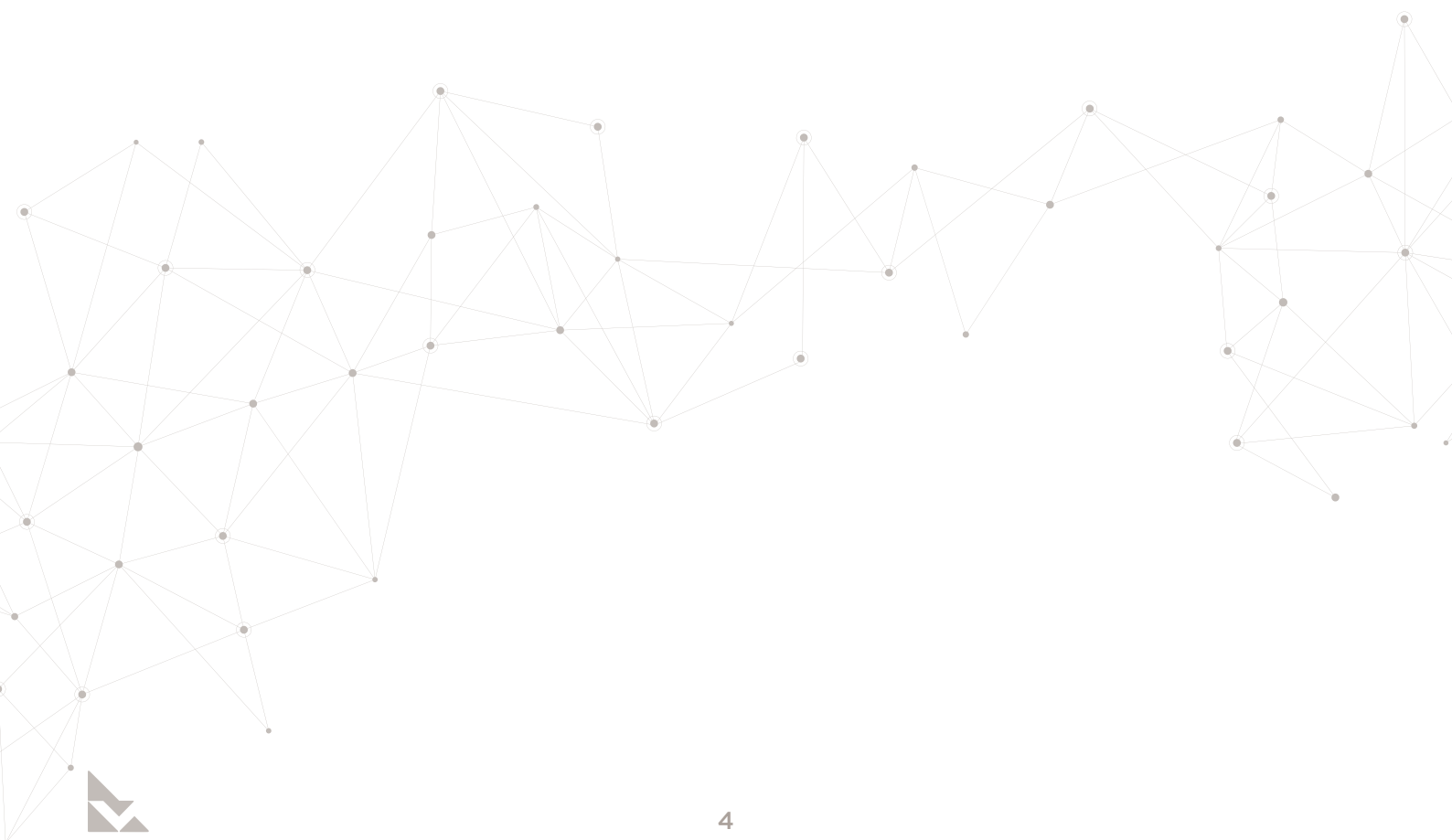
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## *A “connected” supply chain*

A year has just ended for our Group characterised by the achievement of important goals. We have finally crossed the threshold of three billion Euro in sales, inaugurated the first production investment abroad, while strengthening our presence on all our reference markets; facts that report of a group that continues its path of sustainable growth, thanks to the teamwork that characterises us.

We coordinate a supply chain that lives on connections, with constant links among the skills of each one of our personnel, between the different company functions, amidst the phases of each production process, between the territories in which we are present and which we have helped to grow. We believe that all “together” we represent uniqueness in the Italian industrial fabric and we are all aware that an invisible thread binds us: the responsibility to be decisive, each in their function, for the results we achieve daily, with the common goal of satisfying the taste and expectations of our consumers.

With this in mind, in this Annual Report we have enclosed our “connection story”, made of constant research for quality at all levels, thanks to the continuous commitment that our people make every day, with their dedication and passion. We are proud of this bond, especially in a particularly difficult moment like today.

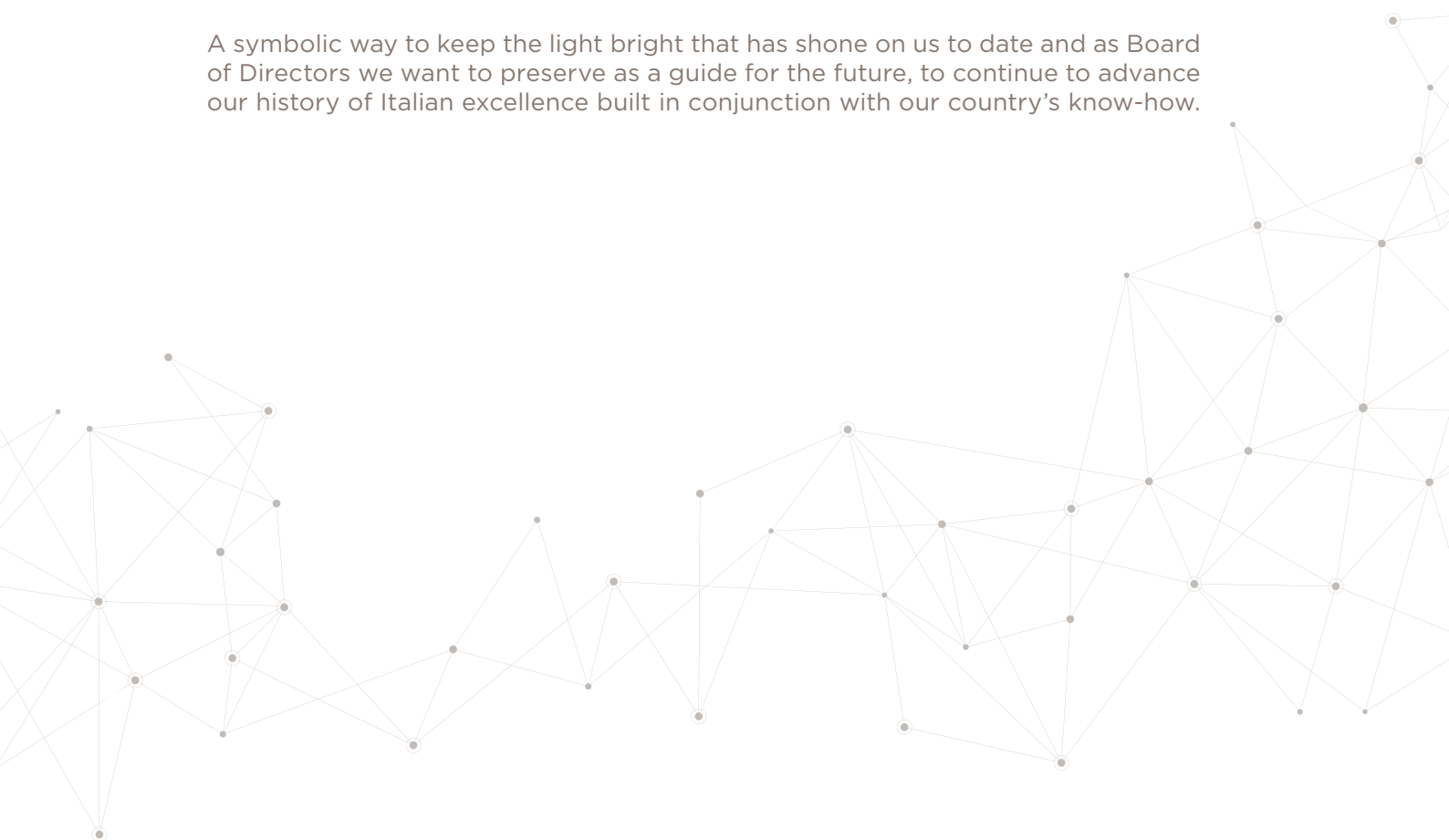


We started 2020 with a great challenge, totally unexpected: the Covid-19 health emergency. Even in an unprecedented context in the history of our company and the entire planet, we have not stopped.

Even in the face of this unexpected epoch, we have combined our efforts, put our skills into play and thanks to the extraordinary sense of responsibility of our people in the supply chains and the courage and determination that distinguishes us, we have managed to ensure the country's nutrition. We can only be proud.

This is why we have dedicated the cover of this Sustainability Report - the first to receive certification recognition - to the image of the Italian flag that illuminates the San Martino Buon Albergo platform, the distributive heart of our Group, from where we freight most of the supplies throughout Italy.

A symbolic way to keep the light bright that has shone on us to date and as Board of Directors we want to preserve as a guide for the future, to continue to advance our history of Italian excellence built in conjunction with our country's know-how.











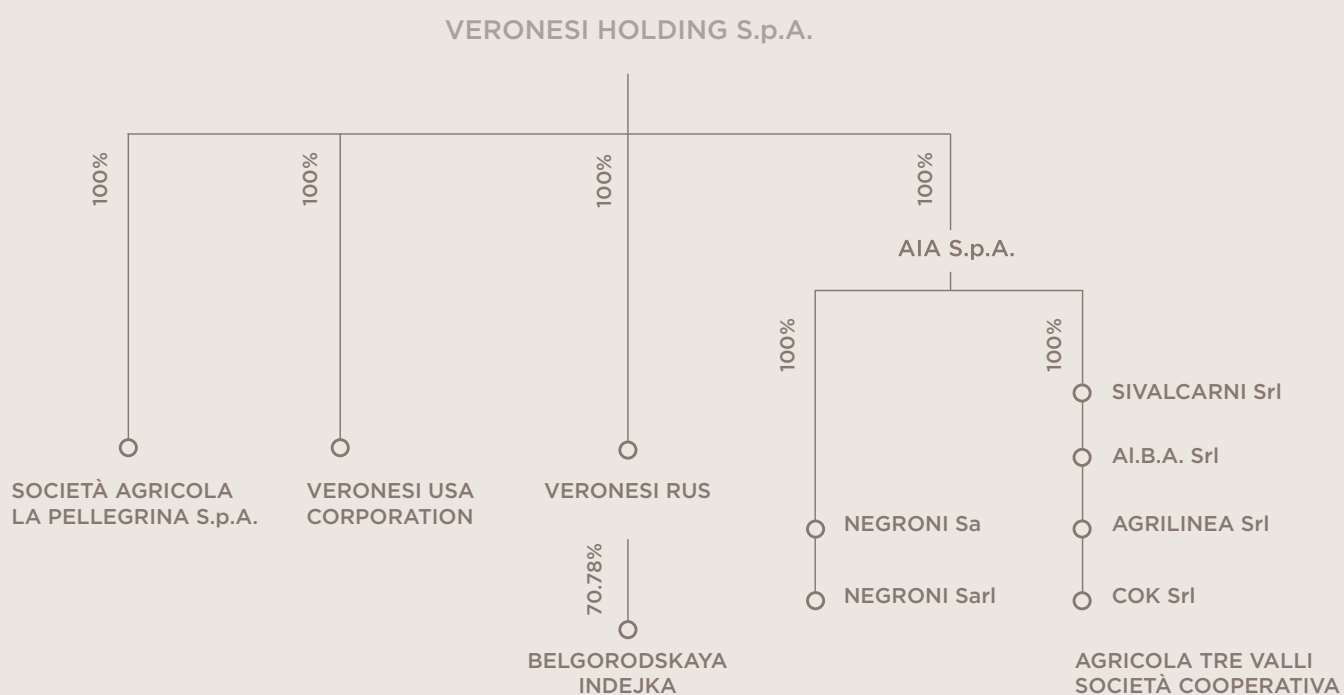
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02

## CORPORATE STRUCTURE



## Corporate structure



## BOARD OF DIRECTORS

**VICE PRESIDENT**  
Marcello Veronesi



**DIRECTOR**  
Antonio Nicodemo



**CHIEF EXECUTIVE  
OFFICER**  
Luigi Fasoli



**DIRECTOR**  
Tommaso Veronesi



**PRESIDENT**  
Mario Veronesi



**DIRECTOR**  
Francesco Ballini



## BOARD OF STATUTORY AUDITORS

**PRESIDENT**  
Mauro Melandri

**MAYORS**  
Andrea Castelli, Primo Ceppellini

**AUDITING FIRM**  
Deloitte&Touche S.p.A.

*In the photo, from left to right: Tommaso Veronesi, Marcello Veronesi, Antonio Nicodemo, Mario Veronesi, Luigi Fasoli, Francesco Ballini.*





## *Governance*

In Veronesi, the solidity of Governance effectively supports an industrial approach oriented to the creation of value not only in the short term, but also in the long term. This method allows the managerial group, which shares the definition of the growth and development strategies with the Board of Directors, to plan and implement medium and long-term actions to continue our significant expansion as a global player in this sector.

Veronesi has a Corporate Governance policy which sets out the guidelines to be adopted at Group level and a set of legal and technical rules aimed at ensuring the protection of stakeholders and maximum transparency through the correct management of the Company in terms of government and control.

This system is divided into a set of procedures and codes, subject to continuous verification and updating, to respond effectively to the evolution of the reference regulatory context and “best practice”.

The Corporate Governance model adopted by the Parent Company is based on the so-called Italian “traditional model”, based on the following corporate bodies: Shareholders’ Meeting, the Board of Directors, the Board of Statutory Auditors, the Independent Auditors.

**The Shareholders’ Meeting** appoints both the administrative body (Board of Directors) and the management control body (Board of Statutory Auditors).

It is the commitment of the Shareholders to protect and increase the value of the business and the solidity of the corporate assets, through the valorisation of management and the pursuit of high standards in production and service.

**The Board of Directors** has the broadest strategic directional powers for correct and efficient Group management. It is responsible for the management course, the assessment of the adequacy of the organisational, administrative and accounting structure, the assessment of the general management trend as well as the adoption of resolutions for matters that the Statute reserve to the Board of Directors. According to the statutory provision, the Company can be administered by a Sole Director or by a Board of Directors made up of three or more members according to a resolution of the Shareholders’ Meeting.

The current BoD is made up of six Directors, each representing the families of the 5 children of the founder Apollinare Veronesi, and an external director who holds the role of CEO. The mandate will end on the date of the Shareholders’ Meeting called to approve the 2019 financial statements.



The **Board of Statutory Auditors** is responsible for supervising compliance with the law and the Statute, compliance with the principles of correct administration and, in particular, the adequacy of the internal control system. It participates at all Boards of Directors' meetings.

Its members are external to the Group in compliance with the regulations. The mandate of the Board of Statutory Auditors will end with the approval of the 2019 financial statements.

The subject in charge of the Legal Audit of the Accounts pursuant to law is the **Independent Auditors** Deloitte & Touche S.p.A. The same company was also entrusted with the task of auditing the consolidated financial statements of the Group and the financial statements of the main Group companies.

The Group's subsidiaries operate under the direction and coordination of the Parent Company Veronesi Holding S.p.A.

The governance of the main Italian subsidiaries is structured in a manner consistent with their operating realities and, in foreign companies, however, refers to local laws.

	2019				2018 <sup>1</sup>			
	<30 years	30-50 years	>50 years	TOTAL	<30 years	30-50 years	>50 years	TOTAL
MEN	0%	50%	50%	100%	0%	50%	50%	100%
WOMEN	0%	0%	0%	0%	0%	0%	0%	0%
TOTAL	0%	50%	50%	100%	0%	50%	50%	100%

COMPOSITION OF THE BOARD OF DIRECTORS BY GENDER AND AGE GROUP AS OF DECEMBER 31st

<sup>1</sup> Following a process of improvement of the reporting system and in order to ensure their comparability, the data relating to the Board of Directors' composition of the 2018 were restated compared to those published in the previous Annual Report. For previously published data, please refer to the 2018 Annual Report, published in the Sustainability section of the site: <https://www.gruppoveronesi.it/annual-report>.

## ORGANISATIONAL MODEL

Most of the Group companies adopt an Organisation and Management and Control Model pursuant to Legislative Decree 231/01\* which is an integrated system of organisational protocols that responds to specific regulatory requirements, aimed at preventing the commission of particular types of offenses for facts which, insofar as they are committed for the benefit of the Company, may entail an administrative liability. Model 231 is made up of a set of principles and rules of conduct, operating procedures and disciplinary sanctions:

- aimed at adequately informing collaborators and those who act on behalf of the Group companies about the activities that involve the risk of committing a crime and the consequential sanctioning;
- spreading and affirming a corporate culture based on legality
- spreading a culture of control
- providing for an efficient and balanced organisation of the business.

A Supervisory Body (SB) is established at each Veronesi Group company, with functions of supervision and control over the operation, effectiveness, adequacy and observance of the Model 231 adopted.

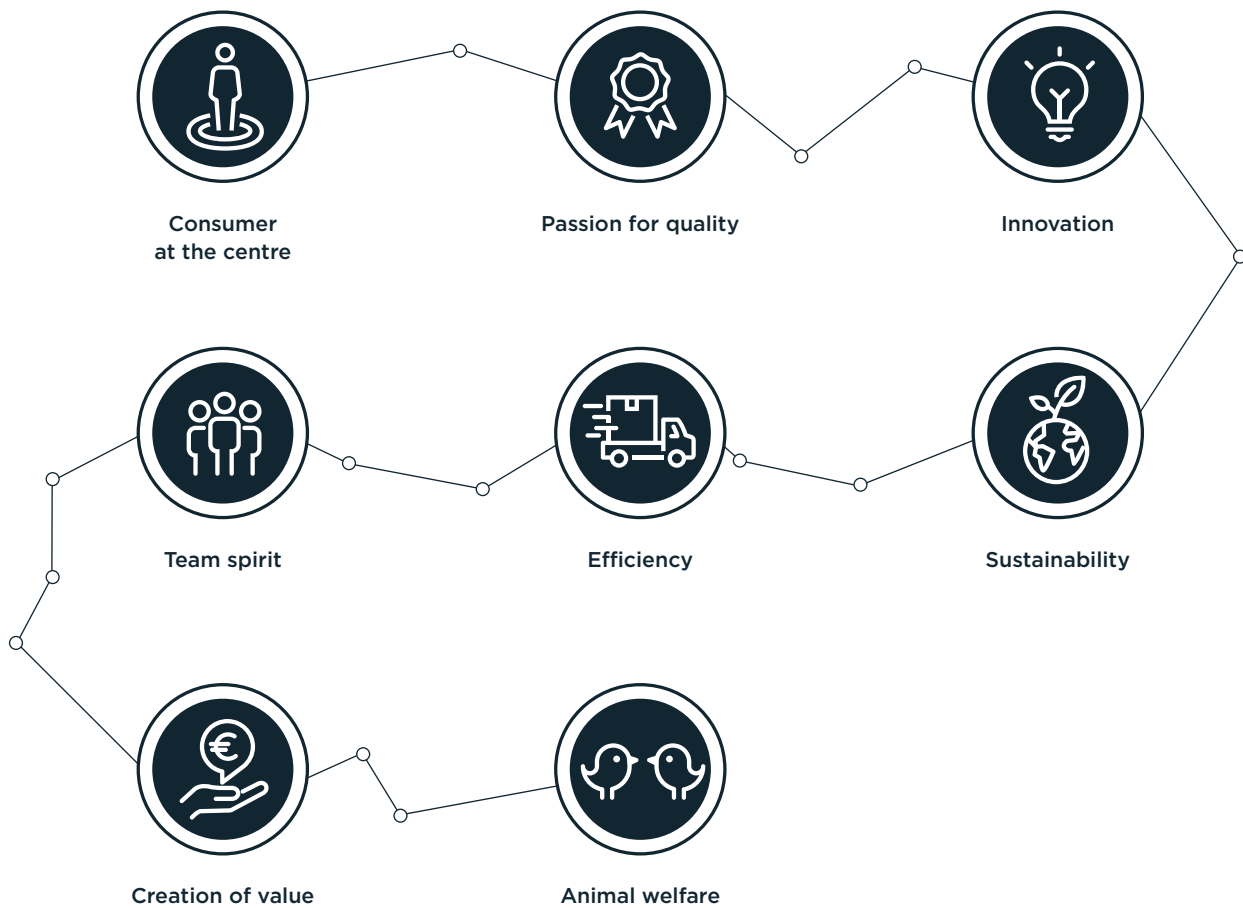
The Supervisory Body (SB) is a collegial body made up of three components and is placed in an apical position within the company organisation, in order to guarantee independence from any form of potential interference. In order to supervise possible crimes, a mapping of the differentiated risks for the various Group companies is worked out by the Supervisory Body with the involvement of the internal personnel involved at the operational level in the various functional areas. To assess the risk, a matrix is adopted which sees the crossing of the probability that the crime may occur with the impact that this crime can generate on the Group.

## CODE OF ETHICS AND VALUES

The Code of Ethics\* is the first safeguard of Model 231. It is an instrument with which the Group, in carrying out its mission, undertakes to contribute, in accordance with the laws and principles of correctness, equity, integrity, loyalty and professional rigor, to the socio-economic development of the territory where its headquarters and production units are located. The Code of Ethics contains the values and principles, handed down by our founder, which represent the pillars on which the Group's actions are based and which each collaborator is called to respect, well aware that there is no lasting success without ethical conduct.

*\* The Group's foreign companies are excluded.*





The serious and/or persistent violation of the rules of the Code of Ethics by its recipients harms the relationship of trust established with the Veronesi Group and may lead to the imposition of disciplinary sanctions pursuant to the Disciplinary System forming part of the Organisation Model pursuant to Legislative Decree no. 231/01, for damages and also, for cases of serious breaches, the termination of the employment relationship.

For further information, see the section of the Veronesi Group website:  
<https://www.gruppoveronesi.it/i-nostri-valori-e-i-principi>





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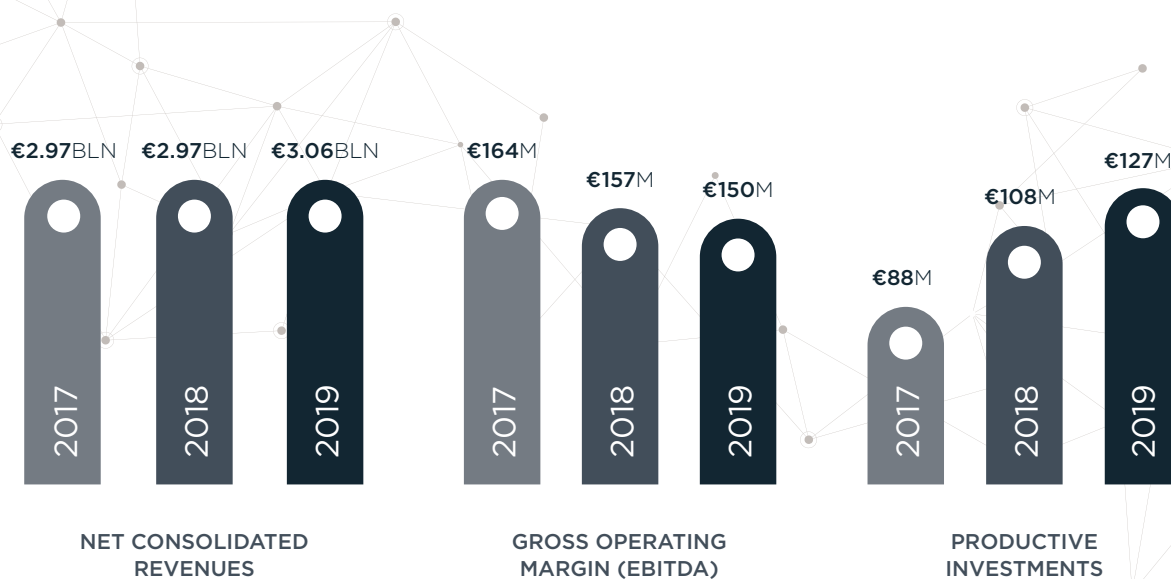
03

THE RESULTS  
OF OUR  
KNOW-HOW



## Main economic data

2017	2018	2019	
2.976,820,913	2,972,544,833	3,057,914,692	NET REVENUES
164,118,511	157,771,681	150,129,844	EBITDA (Gross Operating Margin)
81,416,276	83,836,880	87,171,900	AMORTISATION
56,687,917	45,055,852	44,395,155	NET INCOME
138,104,193	128,892,732	131,567,055	CASH FLOW (Self-financing)
88,183,402	108,189,792	127,874,048	INVESTMENTS IN IMMOBILISATIONS
382,861,155	373,412,613	397,071,504	NET FINANCIAL DEBT
558,747,064	596,461,348	635,279,255	NET ASSETS
4.10%	3.18%	3.35%	R.O.I. (Operating Result/Invested Capital)
10.15%	7.55%	6.99%	NET RESULT/NET ASSETS
0.69	0.63	0.63	NET FINANCIAL DEBT/NET EQUITY
2.33	2.37	2.64	NET FINANCIAL DEBT/EBITDA





## THE GROUP IN NUMBERS









04

## MARKETS



## Our history of innovation



### NEGRONETTO

Thanks to an idea by Paolo Negroni a star is born destined to shine forever: Negronetto, the first branded take-away salami.

1931

1970

1984

1985



### PRONTOCUOCI

AIA takes up the challenge of bringing quality meat to Italian tables in a new, practical format: ProntoCuoci. Skewers, chicken nuggets, cutlets and many other ideas all ready for cooking.



### MORTADELLA AL TAGLIO 4 CASTELLI

The 4 Castelli counter sliced mortadella is created with an unmistakable aroma and unique flavour, still recognised today as the Emilian tradition.



### WUDY

The AIA offer expands with a product that will conquer the palate and heart of Italians becoming an icon: Wudy, the first chicken sausage; taste and lightness.



### THE SPINACINE

In 1990 AIA invented Spinacine: chicken and turkey cutlets with spinach leaf, in a crunchy breading.

1990

1990

1995

1996



### DURANGO

Slightly spicy chicken wings: an unmistakable taste for one of AIA's symbolic products.



### MONVERO SLICED COOKED HAM

100% Italian cooked ham, symbol of the Veronesi Group's supply chain, the only instance where each product is traced one by one.



### THE CUBES

Cured meat in cubes are launched in 1995, an innovation that creates a new market segment and defines an original new way of consuming bacon, cooked ham and other cured meats as a versatile ingredient for first courses and recipes. Branded initially Montorsi, then Negroni since 2012.

## Our history of innovation



### BONROLL

A milestone: the first white meat roasts, with many different fillings and quick to cook. Even novice cooks can now bring a large roast to the table.



### AEQUILIBRIUM

An invention that opens a new market: the first sliced poultry, dedicated to those seeking lightness without sacrificing taste.

1996

2004

2005

2007



### STELLA LINE

The Negroni star brands self-service quality delicatessen, a wide range that goes from cooked to raw ham, from salami to mortadella.



### BRICK ALBUME AEQUILIBRIUM

A new idea, dedicated to those who follow a fat-free diet.







### GRAN COTECHINO

Made only with Italian meats. The tradition is renewed and immediately becomes a great self-service classic.



### SLICED ESSENZA

The top line of the Negroni offer, 100% Italian. Gran Crudo, Gran Cotto, Salami and Mortadella Riserve, Culatello, Pancetta and Coppa di Zibello, the essence of top delicatessen, thinly sliced and prepared in trays. The same quality is dedicated to the foreign market with the Chiffonnades Montorsi line.

2009

2015

2016

2018

2019



### I PETALI

Next to the classic cubes, Petali are born: a new versatile format that enhances the taste, responding to the new needs of an evolving market.



### CHICKEN CHIPS

Chicken fries, the new snack that wins everyone over. Tender inside and crispy outside, another example of AIA's innovation.



### VITAMIN E EGGS

Under the umbrella of the Aequilibrium brand we find ground-raised eggs rich in vitamin E.

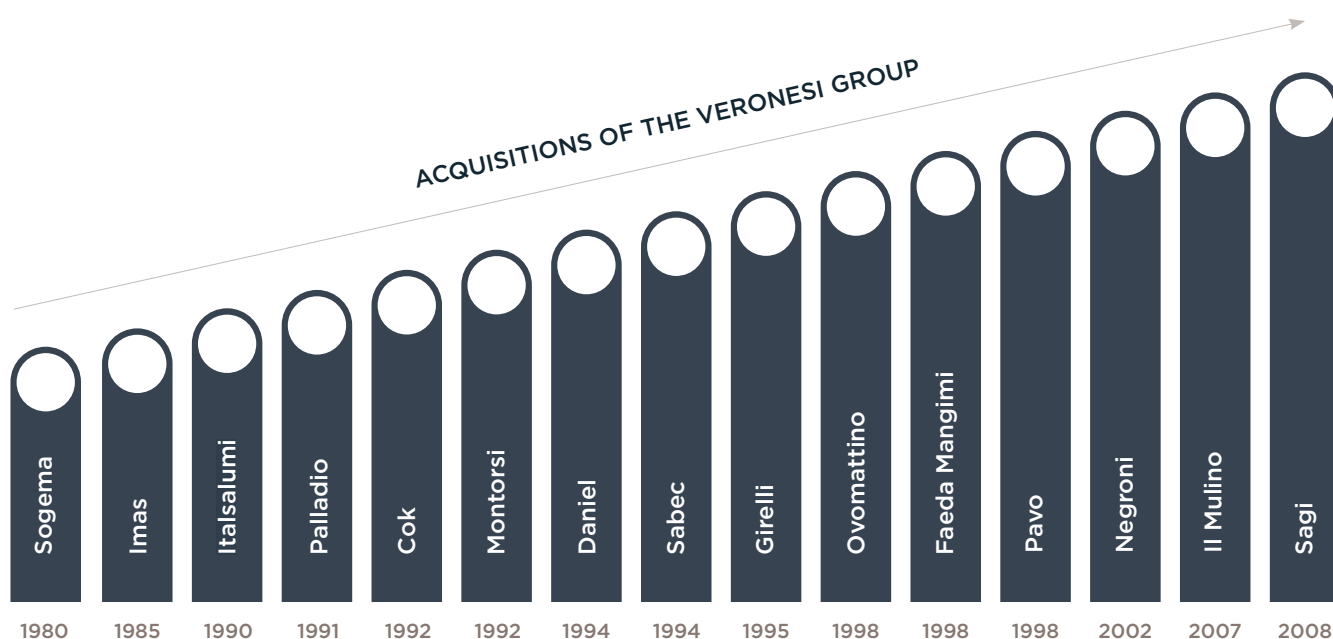
## The Veronesi Group

The Veronesi Group is the first Italian group with a complete and integrated supply chain that starts at feed production and goes up to the transformation and distribution of meats and cured meats of the Italian gastronomic tradition.

Today the Group is a leader in Italy in livestock nutrition, in poultry, pork and salami, with a consolidated position in the world of beef and rabbit breeding, eggs and egg products. **Veronesi, AIA and Negroni** are the three reference brands on the market; beloved brands belonging to the Group that have been able to innovate entire segments such as Aequilibrium, Bon Roll, Wudy.

Spinacine, Carne al Fuoco, the iconic Negronetto, Montorsi and Fini Salumi. The history of the Veronesi Group was started near Verona in 1958 and is linked to the vision and ingenious intuition of its founder, **Apollinare Veronesi**: in post-war Italy returning to having meat on the table it gave impetus to modern animal husbandry, building the first feed plant in Quinto di Valpantena (VR). Since **1958**, thanks to Apollinare Veronesi's propensity for innovation and continuous research, the company is transformed.

In **1968**, the Group opens to poultry breeding and poultry meat production and processing: Agricola Italiana Alimentare S.p.A was established and became famous in Italy and worldwide as AIA. Under the new banner, the Group continues to grow and in **1985** it enters also the pork meat and salami sector acquiring important Italian companies (including Montorsi and Italsalumi) until the acquisition, in **2002**, of Negroni, a historic Italian company, delicatessen excellence.



## Food

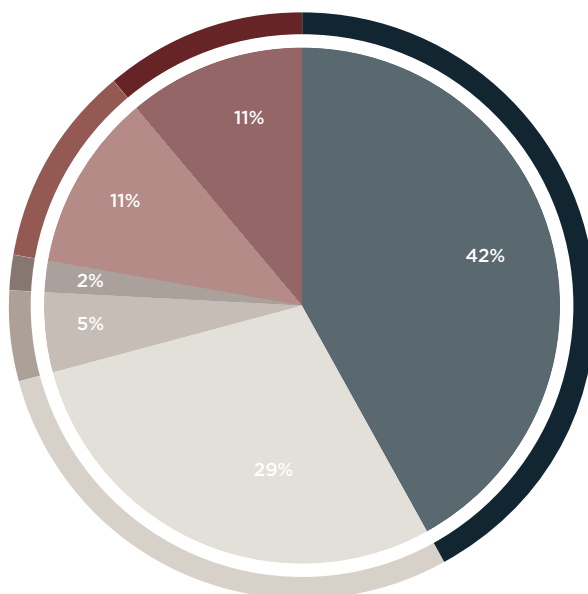
### OUR PRESENCE ON THE MARKET

There are many markets in which we operate: meat as such, raw processed meats, cooked and raw breaded meats, eggs, egg products, traditional cured meats in self-service and over-the-counter. We are protagonists in every market thanks to the wide range of shelf products throughout Italy and in many foreign countries.

We were born with the Sunday chicken, with the classic cuts of the breast, thigh and wings, with the “as it is”, meats that do not undergo particular processes and are identified with an anatomical part. When the Group’s food division was born, AIA entered the homes of all Italians, exalting the quality of our meats, the “meats of our home”, and the supply chain as a complete guarantee.

Our history of innovation was born with the **“Prontocuoci”** brand in 1984 which emblem all the raw meat products (skewers, sausages, hamburgers). Today this market is particularly competitive with a highly articulated offer and numerous players. Through the AIA brand, we maintain constant leadership.

#### PROCESSED PI + PV RAW TOTAL ITALY H + S\*



\* Source: Information Resources Inc. (IRI). Year ending 2019.

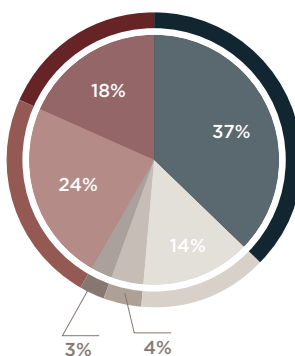


In 1985 one of the most important brands of the Group was born, today a love-brand: **Wudy**. In a category where frankfurters were rigorously of pork meat, the first frankfurter sausage arrives made of Italy poultry meat, a real challenge especially in a market with a great culinary tradition like our beautiful Italian country.

Wudy is one of the brands with the highest reputation in the whole of AIA's portfolio, 96% of consumers know our brand (source brand equity gfk 2020) and it is the undisputed leader, rewarded by consumers thanks to its quality and unmistakable taste.

#### TOTAL WURSTEL ITALIA H + S + LSP\*

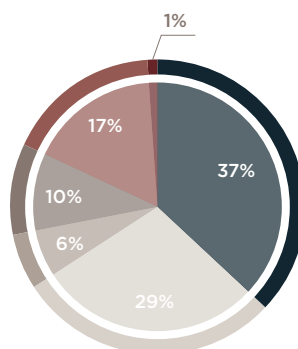
- VERONESI GROUP
- 1° COMPETITOR
- 2° COMPETITOR
- 3° COMPETITOR
- PL
- OTHERS



**Spinacine** was born from the union of chicken meat and spinach leaves. In 1990, thanks to this important brand, the elaborate cooked breaded market grows and sees us protagonists thanks to our distinguishable high quality. Over the years there have been many innovations that enriched the category, starting from **La Milanese** and **La Vennese** to continue with "**Chicken Chips**", a product awarded the FOOD 2019 prize in the section Meat&Cured meats as one of the most successful launches. Our leadership in this market has also been confirmed this year with a volume share of approximately 37%.

#### TOTAL PROCESSED COOKED BREADED ITALY H + S\*

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



\* Source: Information Resources Inc. (IRI). Year ending 2019.



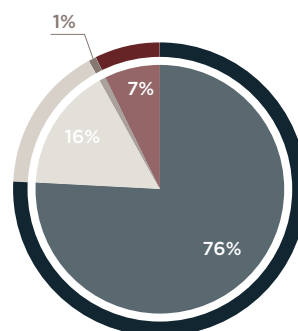




From abroad comes the idea for one of AIA's cult products: **Durango**, pre-cooked flavoured roasted chicken wings. It was 1996, another bet for the Group that contributed to considerably increasing the growth of the processed unbaked breaded market of which we are the main players.

#### TOTAL PROCESSED UNBREADED ITALY H + S\*

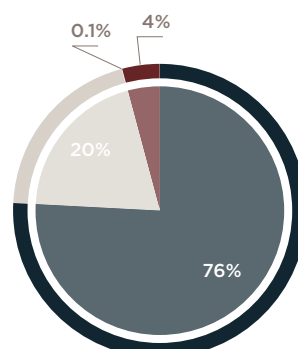
- VERONESI GROUP
- 1° COMPETITOR
- 2° COMPETITOR
- OTHERS



Following in the footsteps of our founder, who drew inspiration to innovate from the observation and technologies used in different markets, we were inspired by the markets that drive the large food trends and not only, interpreting and anticipating them on our markets. We are in 1996, from the observation of a biscuit production plant comes the brilliant idea: a poultry meat roast, which today has become one of Italy's most loved products, **BonRoll**. For 24 years, BonRoll has been the most processed raw product sold in Italy. Every year we build up our share by working on the quality and innovation of the range, an example being the **BonRoll Express** meatballs. In 2019, the BonRoll range expands with the special edition "turnip broccoli and smoked bacon".

#### BON ROLL PF + PV H+S\*

- VERONESI GROUP
- 1° COMPETITOR
- PL
- OTHERS



The experience gained with the **Montorsi** (1992) and **Negrone** (2002) acquisitions allowed us to acquire specific know-how for processing traditional cured meats of excellent quality. 2019 was a difficult year for the delicatessen sector due to the onset of swine flu in China which strongly affected the market, causing an increase in costs of raw materials with a consequent increase in product costs. In this difficult context, Negrone has maintained its market shares through improvement of the **Stella and Essenza cold cuts** lines coverage distribution.

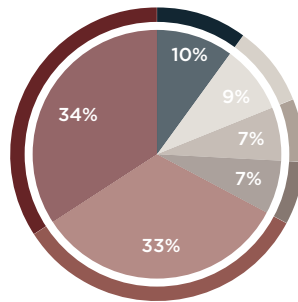
Creating markets and becoming leaders, this is our desire. **Aequilibrium**, born in 2005, AIA's sliced poultry meat with a reduced fat content is a solid example.

With Aequilibrium the segment of sliced poultry has become the third in importance after the traditional cooked ham and the renowned raw ham. Next to the historical references launched over the years, today we find "Fior di" a line born in 2019, with only natural ingredients in the "**Fior di gusto**" and "Fior di mediterraneo", enriched with Provencal herbs. With the AIA and Negrone brands we are now the first player in the sliced meats market.



#### SLICED H + S + LSP + DISCOUNT\*

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



\* Source: Information Resources Inc. (IRI). Year ending 2019.



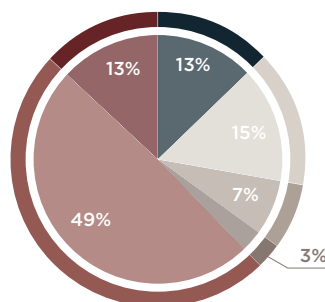
The pride of our production are all the cured meats from the cutting counter top from **Stella and Monvero** cooked ham to Parma and San Daniele raw hams, with cured meats, like Negronetto, to the Mortadella **4 Castelli** and **Stella**, up to the fine Culatello di Zibello accompanied by Coppa and Pancetta di Zibello. Italianism, quality and service are the characteristics that reward most in cutting counter top products. In the panorama of Italian producers, we stand out for our depth of range and for the quality of products belonging to one proprietary supply chain complete with logistics.



Within the market of self-service cured meats, we find the Negroni branded **cubes**. Next to the classic references of bacon and cooked meats, since 2015, the range has been enriched with the “**Petali**” line which has met the favour of the market thanks to the product’s modernity. In 2019, the range has expanded with the launch of the reference Bacon that responds to the market trend for gourmet hamburgers.

#### CUBES H+S+LSP +DISCOUNT\*

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



\* Source: Information Resources Inc. (IRI). Year ending 2019.



A special mention goes to our iconic **Negronetto**. Its birth was due to the ingenuity of Paolo Negroni. History tells that at the Nice fair, Paolo, unable to offer his guests sliced salami due to the prohibitions imposed by the French, invented a pocket sized salami with the same qualitative characteristics of the large, counter top ones. Thus the first branded takeaway salami was born. Over the years Negronetto, a real love-brand, has become an umbrella brand under which we find different specialties: Negronetto Snack, sliced Negronetto, and Negronetto Snack with salty biscuits.



The Group, with the Negroni and Fini brands has gained leadership also in the pre-cooked special occasions market: **cotechino** and **zampone**, the products of the Italian Christmas tradition.

2019 was a significant year that saw us protagonists with significant growth (+ 18% in volume) which has driven the market (+ 6% by volume). The strategy was a decisive union between marketing and sales: distribution control in synergy with radio and TV communication activities. 2019 is the first year in which a brand has promoted this category of recurring products.







In 1998, the Group acquired the Ovomattino company and joined the egg market. The egg market is ever more oriented towards the offer of “special eggs”: premium segments related to the enhancement of the types of breeding and the specialisation of use. We are the second player on the market for the production of shelled eggs. The AIA range of products responds perfectly to market demands with references of outdoor farmed eggs, organic, yellow paste and Aequilibrium eggs with omega 3 and enriched with Vitamin E.

In the egg products sector, our leading reference remains the egg white brick branded Aequilibrium. Based on egg white is also the new reference for cooked egg white: a practical 170g product ideal for those who follow a diet poor in fat and high in protein. The ability to innovate and respond to the needs of products with an ever greater service is our goal. As evidence of this we have recently launched a line in the area of egg-based products of ready-made omelettes.

In addition to overseeing the categories just described, we are also present in the markets of fresh pork, beef and rabbit. We are leaders in the rabbit meat market, with a 51% volume share (Hyper + super - tot. 2019 - developed rabbit with imposed weight). Thanks to the collaboration of many of our breeders we are investing in more modern livestock methods where animals are free to move, jump, get up on their hind legs and manifest all the behaviour proper to the species. Products born from this project are branded by the “**more free**” brand.

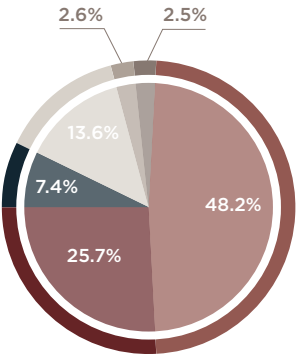
In the red meat market, our brand **Carne al fuoco** is having a huge success thanks to digital communication and to the offer of products that increasingly met consumer taste such as marinated spare ribs, the Scottona burgers and Parmigiano Reggiano DOP.

*In order to view our vast range of products, we invite you to visit our websites:  
[www.aiafood.it](http://www.aiafood.it) and [www.negroni.com](http://www.negroni.com).*



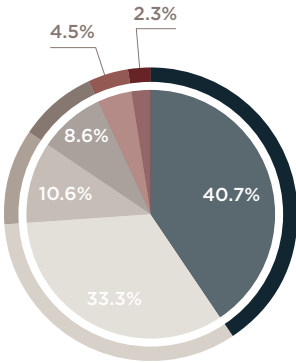
EGGS IN SHELL  
H + S + LSP\*

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



SHELLED EGGS  
H + S + LSP\*

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



\* Source: Information Resources Inc. (IRI). Year ending 2019.



## Feed

When we talk about feed, we are talking about a world where **Veronesi** is the reference brand, with a presence that sees it protagonist in all animal sectors, whether it an integration or free market, whether looking at the great universe of breeding, that of the hobbyist channel, or of agricultural retailers.

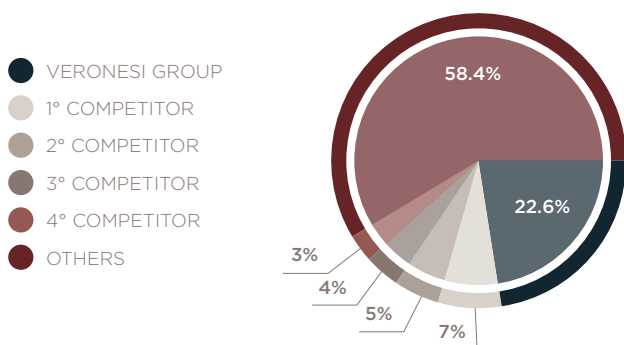
Our feed mills were created following the distribution of Italian livestock, supporting the development and growth of the Veronesi Group. We began in Quinto di Valpantena, five miles from the centre of Verona, where it all started, then consolidating our presence in the North East with the settlement of Padua, moving then west, first to Cremona, then Piedmont and then in Emilia Romagna; for more than thirty years we have been in Puglia, from where we reach every region of the South.

Seven factories allow Veronesi today to be present throughout Italy, from North to South, from East to West, from the continent to the islands, ensuring fast and punctual deliveries. Thanks to an efficient organisation and the high quality of its products, Veronesi is today the best-known Italian feed brand abroad.

### THE ITALIAN MARKET

The Italian industrial production of feed has been consolidated for years averaging 14 million tons, without significant changes from one year to the next. This is due to the stability of the livestock consistency and the improvement of feeding performances thanks to the strong commitment of research and development and breeding techniques. Veronesi today covers almost a quarter of the feed requirements of the Italian market, confirming itself as absolute leader.

#### ITALIAN PRODUCTION 2019\*



\* Source: Databank





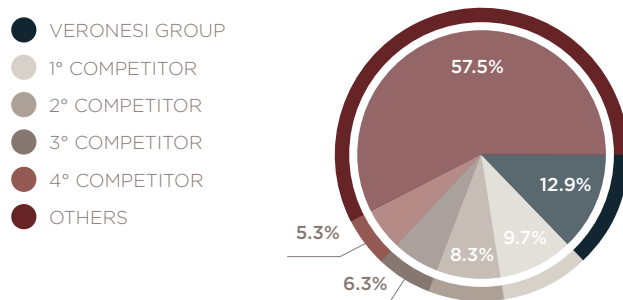


## THE FREE MARKET

Veronesi's great strength derives from being one of the largest realities of European integration, with complete supply chains managed internally, with particular reference to the world of aviculture and pig farming.

Integration today absorbs almost three quarters of total annual production. However, the quota destined for sale on the free market makes Veronesi the first absolute player in this sector too, with a breadth of range and a presence so articulated that it allows our brand to be the first absolutely in terms of recognition. Our confirmed market share is the only two-digit figure in the entire competitive landscape operating on the free market.

### FREE MARKET SALES 2019\*



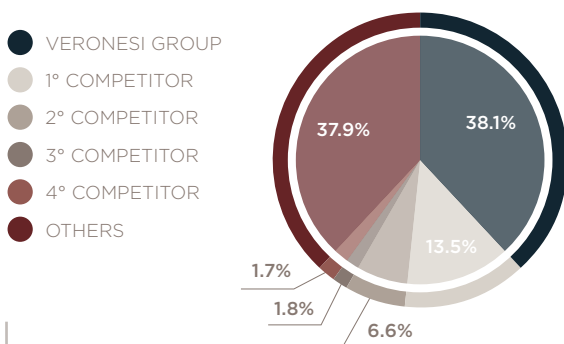
\* Source: Databank



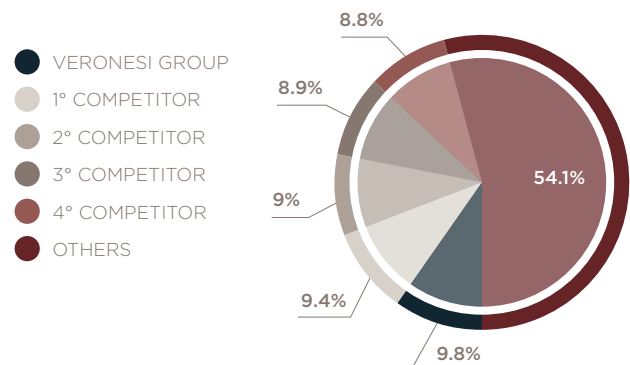
## FEED FOR POULTRY

From the beginning of its history, Veronesi has been committed to growing an important sector for the food supply chain such as the poultry one, first developing chickens, then turkeys and then hens for the production of eggs, without forgetting those that in jargon are called smaller poultry, such as quail, duck, guinea fowl or game, which have always been protagonists in the rural Italian courtyards. The older than sixty-year history in this sector makes Veronesi the true point of reference, both for breeders who have chosen to join its supply chain, and for all those who have decided to buy feed for its guaranteed qualitative standard, while continuing to operate directly on the downstream market. The market share result leaves little room for further comment.

MARKET SHARE FEED FOR POULTRY 2019\*



MARKET SHARE FEED FOR CATTLE 2019  
(meat + milk)\*



\* Source: Databank

## FEED FOR BOVINES

The other sector whose presence knows no regional borders, with highly professional barns present everywhere in Italy, is that of cattle, both for milk and for meat production. With specialised nutritionist and veterinary technicians at the service of breeders for a management of the barn in the name of efficiency and animal welfare, Veronesi is now able to make formulations available on the market suitable for every need and for each specific stage of the breeding, whether it is feed intended to enter mixer trucks rather than designed for dry feeding.

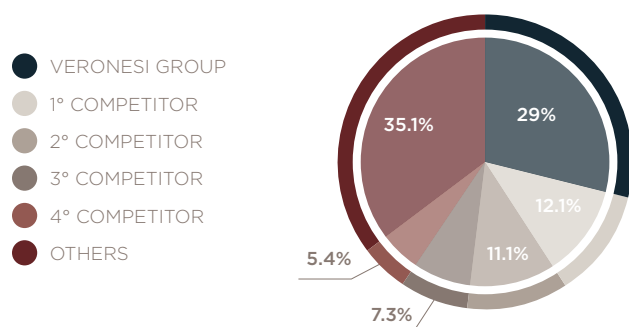
The intrinsic quality of products is increasingly accompanied by a physical quality obtained with dedicated systems, to satisfy the most demanding palates. It is also for this commitment that Veronesi is increasingly protagonist in the world of ruminants.

## FEED FOR PIGS

The breeding of Italian pigs is the starting point of the main DOP productions, the food excellence that gives so much prestige to our country in the world. Good genetics, adequate plants, good breeders would not be enough if feed wasn't adequate, as is the case with Veronesi.

Present for many years with a consolidated supply chain organisation, external supply chains are also increasingly turning to us, so as to be able to achieve performances in line with the top of the market. Once again it is the result of a joint venture between research and development, production, technical and commercial assistance. These are the secrets behind a leadership confirmed in the numbers.

### MARKET SHARE PIG FEED 2019\*



\* Source: Databank

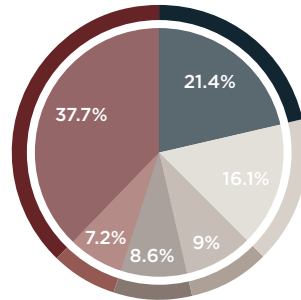
## FEED FOR RABBITS, FISH AND MUCH MORE

There is no breeding sector for farm animals in which Veronesi is not present, large or small, seasonal or non. This is the case of sheep and lambs, typical of some areas of Italy, with particular concentrations in the central and southern regions, or in the islands. According to the size of the farm, we reach it with bulk feed transported in the characteristic yellow and blue container trucks, or with the feed in bags distributed by over 1,300 retailers present throughout the territory, where feed for pets such as horses, dogs and cats can also be found.

Rabbit feed can also be obtained, which is also a great breeding reality and part of a chain managed within the framework of a strong collaboration between our company and the market. Year after year, our brand's share increases ever more, as with our fish feed, destined for a growing aquaculture both in Italy and abroad.

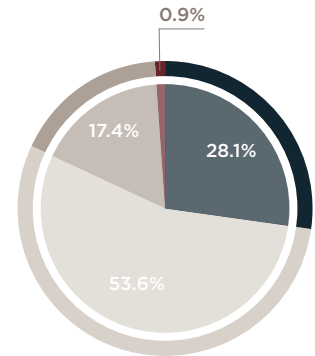
MARKET SHARE RABBIT FEED 2019\*

- VERONESI GROUP
- 1° COMPETITOR
- 2° COMPETITOR
- 3° COMPETITOR
- 4° COMPETITOR
- OTHERS



MARKET SHARE FISH FEED 2019\*

- VERONESI GROUP
- LEADER
- 1° COMPETITOR
- OTHERS



\* Source: Databank

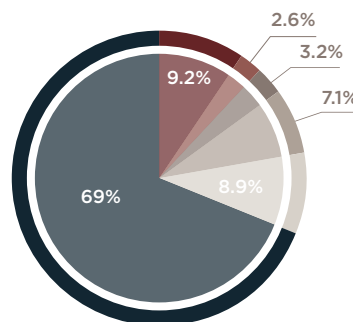
The professionalism that Veronesi puts in place is recognised by the way it works in all its functions, by the awareness that mixing the best raw materials available on the market is only the first step towards that safe, guaranteed, quality food excellence that we want to bring to the consumers' table.

To ensure this, we pay the utmost attention in every phase of our work, dedicating men and means to specialisation, as is the case of production with raw materials not deriving from GMOs.

The supply chains, internal or external, which ask for these characteristics in feed, know that they find in Veronesi the only Italian reality with two factories totally dedicated to GMO-free production, thus excluding any risk of contamination. This is why Veronesi produces almost 70% of all the GMO-free food used in Italy!

MARKET SHARE FEED GMO FREE 2019\*

- VERONESI GROUP
- 1° COMPETITOR
- 2° COMPETITOR
- 3° COMPETITOR
- 4° COMPETITOR
- OTHERS



\* Source: Databank

## The Export

Over the years, the Group's exports have become a strategic and fundamentally important channel so as to represent 16% of consolidated turnover in 2019. With our brands (mainly AIA, Negroni, Montorsi and Veronesi) we bring our know-how and the excellence of Made in Italy to over **70 countries** worldwide. In the food division it is necessary to make a distinction between fresh products and traditional cured meats, that have different distribution logistics. The significant difference in the life span of the products determines the range of action for food product exports.

**1,000** are the kilometres that determine our meat and processed products arrive fresh on the tables of many European markets. **1,000** kilometres is the maximum stretch that our vehicles can undertake to ensure that our products arrive on store shelves whilst maintaining the high quality that distinguishes them. Thanks to our Research & Development we have been able to satisfy the tastes of European consumers by creating finished products that meet their needs. An example is the "**Buongiorno Italia**" line dedicated to Germany: marinated products where the all-Italian taste is mixed with the spices and flavours of the local market. The leading brand in foreign markets is Wudy: our sausage breaks the 1,000 km rule and has a high penetration especially in Eastern Europe markets as well as Spain, Germany and Greece. Wudy represents an important challenge that we have won in the field of exports: a poultry sausage has managed to enter the consumer shopping basket in countries where the pork sausage was culturally well established.

The foreign channel is even more significant in the cured meat market: a market in which the consumer is looking for the high quality that distinguishes the Italian delicatessen. The dizzying and constant increase in China's imports of pork meat throughout 2019 has significantly affected the cost and availability of raw materials with a negative effect on the entire Italian delicatessen sector. With our **Negroni** and **Montorsi** brands we are ambassadors of Italian food in the world: our mortadella, cooked ham, raw ham, salami up to Culatello di Zibello DOP are distributed in 5 continents.





The main European countries of France, Germany and England, despite the economic difficulties, have maintained their leadership positions in the reference markets thanks to the constant attention to product quality, brand support and widespread service.

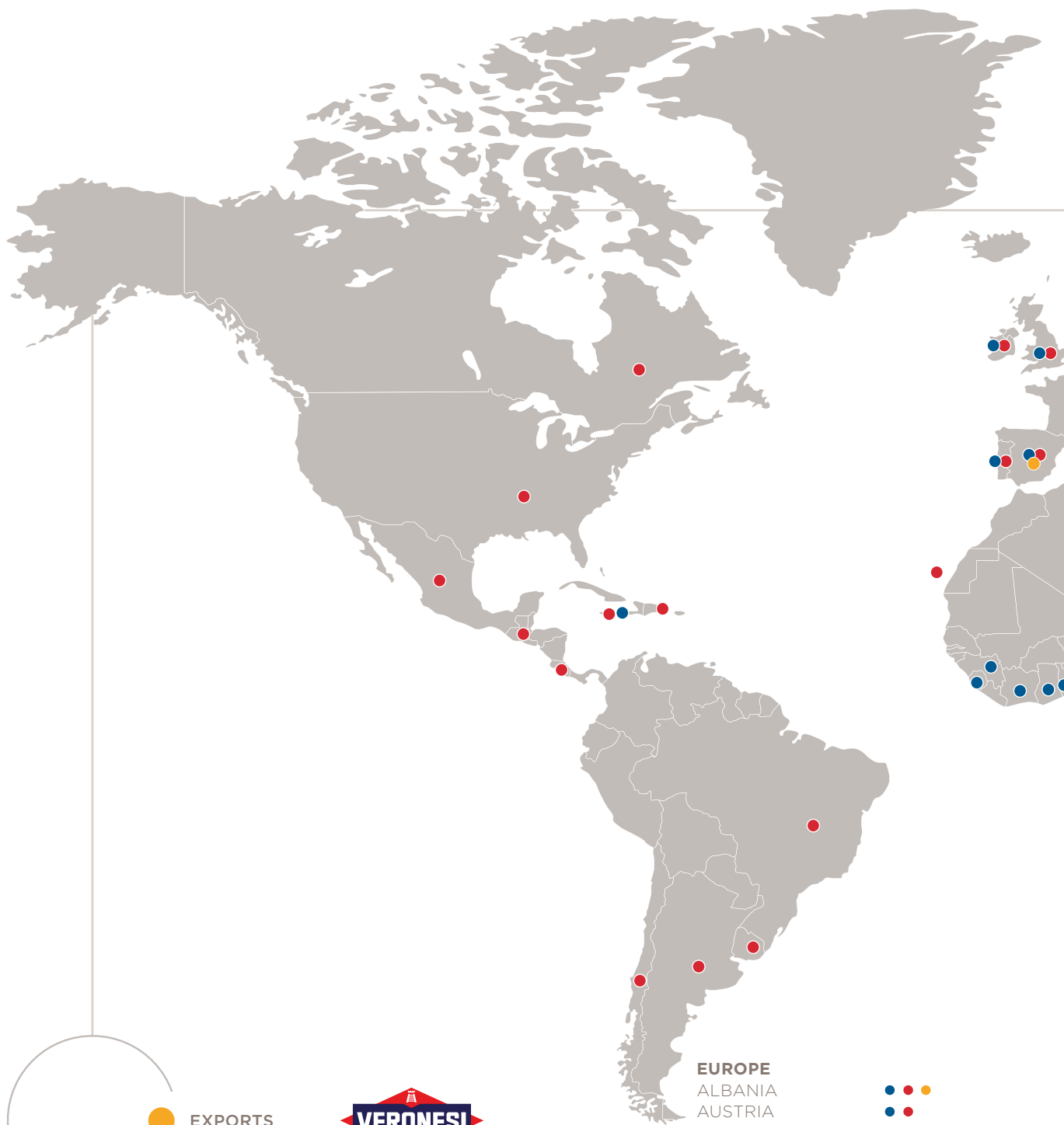
The commitment to bring the quality of Italian cured meats to the world is evidenced by the good performance in the American markets, in particular the United States, Canada and Brazil, which recorded double-digit growth. Consolidating mature market positions, supporting development in emerging markets and exploiting the untapped potential on the North American market will be the challenge for 2020. The acquisition of the highest level of customs certifications allows us to supply all distribution chains quickly and qualifies us as solid and reliable partners.

We are the eighth feed producers in Europe, thirty-sixth in the world. The **Veronesi** brand represents Italy in exports of feed for livestock to over twenty countries in the Mediterranean basin, the Middle East and the Far East. It is fish feed that allows us to be protagonists outside the Italian borders, for a commercial activity that began in the 1980s, in an almost pioneering form.

Today we count on an organisation that sees a sales structure made up of agents in the countries with the greatest growth potential and which relies on distributors in many other countries. Technical, commercial but also production and logistics are the basis of the growing success achieved by the Veronesi brand, with positions that are consolidated year after year. Even the increasingly testify numerous languages in which we find ourselves translating our dedicated website <https://www.fishfeed.eu/>

If fish feed is not only abroad for us, at the same time abroad is not only fish feed. Although we are faced with a sector, that of feed, which, with the sole exclusion of aquaculture, is certainly not suited to long journeys, quality and commitment are leading us to increasingly spread sales of feed for land animals to Greece, Albania, France, Romania and Malta being some of the countries where breeders and hobbyists can find our feed for beef and dairy cattle, rabbits, chickens and laying hens.

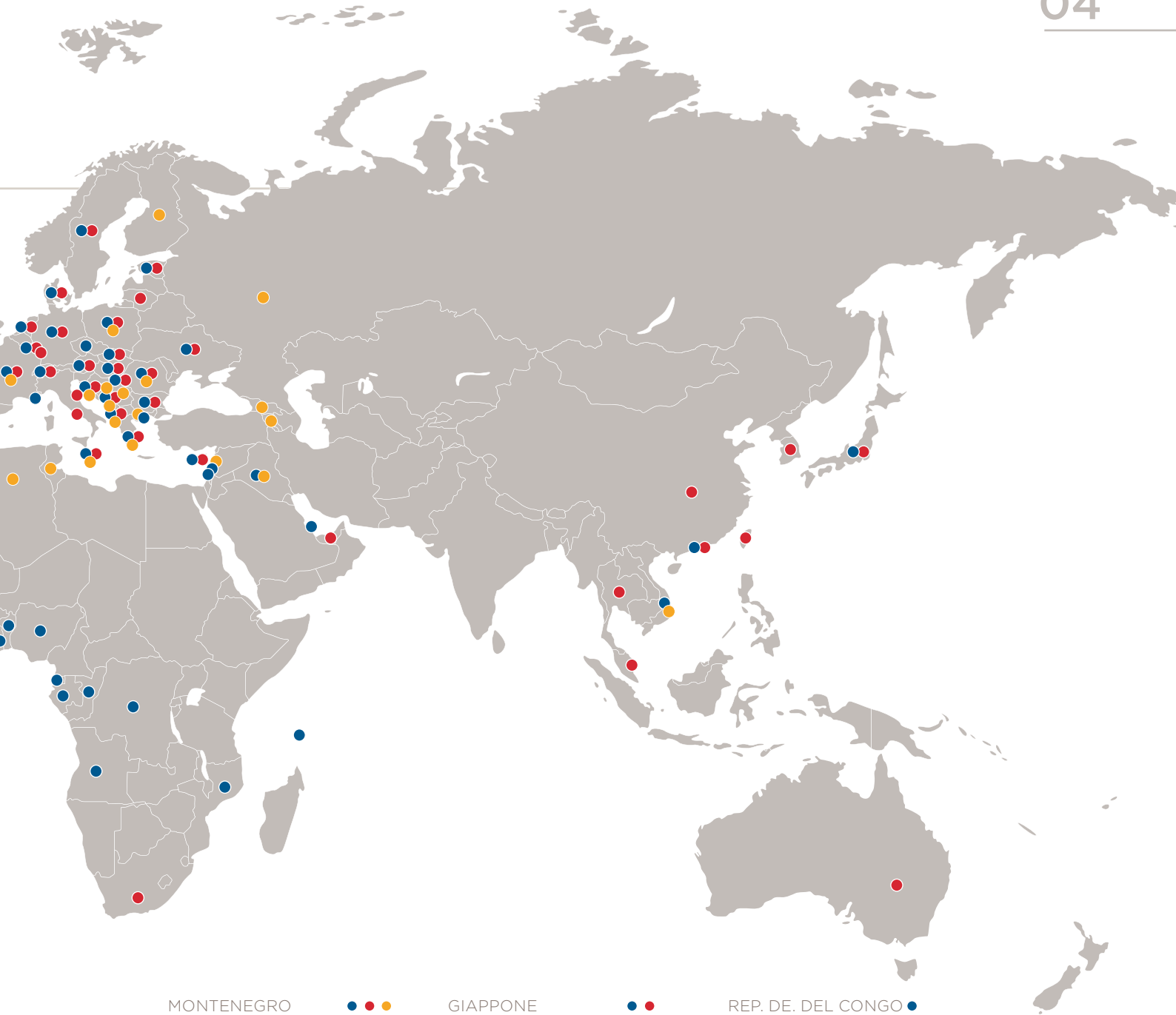




#### EUROPE

ALBANIA  
AUSTRIA  
BELGIUM  
BOSNIA ERZEGOV.  
BULGARIA  
CYPRUS  
CROATIA  
DENMARK  
ESTONIA  
FINLAND  
FRANCE  
GERMANY  
GREAT BRITAIN  
GRAN CANARIA  
GREECE  
IRELAND  
KOSOVO  
LITHUANIA  
LUXEMBOURG  
MACEDONIA  
MALTA  
MOLDOVA  
MONTECARLO





MONTENEGRO  
 OLANDA  
 POLONIA  
 PORTOGALLO  
 REP. CECA  
 REP. SLOVACCA  
 REP. SAN MARINO  
 ROMANIA  
 SERBIA  
 SLOVENIA  
 SPAGNA  
 SVEZIA  
 SVIZZERA  
 UCRAINA  
 UNGHERIA  
 VATICANO

**ASIA**

ARMENIA  
 IRAQ  
 LIBANO  
 COREA  
 EMIRATI ARABI  
 GEORGIA



GIAPPONE  
 GIORDANIA  
 HONG KONG  
 QATAR  
 REP. POP. CINESE  
 RUSSIA  
 SINGAPORE  
 TAIWAN  
 THAILANDIA  
 VIETNAM

**AFRICA**

ALGERIA  
 ANGOLA  
 BENIN  
 COSTA D'AVORIO  
 GABON  
 GHANA  
 GUINEA EQ.  
 MOZAMBICO  
 NIGERIA  
 REP. DI GUINEA  
 REP. DEL CONGO  
 REP. DEL TOGO



REP. DE. DEL CONGO  
 SEYCHELLES  
 SIERRA LEONE  
 SUD AFRICA  
 TUNISIA

**AMERICHE**

ARGENTINA  
 BRASILE  
 CANADA  
 CILE  
 COSTA RICA  
 GUATEMALA  
 HAITI  
 ISOLE CAYMAN  
 MESSICO  
 REP. DOMINICANA  
 URUGUAY  
 USA



**OCEANIA**

AUSTRALIA











05

## OUR PATH OF SUSTAINABILITY



## *Our path of sustainability*

For several years, the Group has started a structured reporting process of the main results achieved in the sustainability field, adopting the “Global Reporting Initiative Sustainability Reporting Standards” according to the “in accordance - Core” option.

A strategic tool that helps us to communicate the Group's performance transparently to our stakeholders with respect to the relevant issues of economic, environmental and social sustainability. The projects collected, the initiatives developed, the Group's strategic lines, highlight how the company contributes to achievement of several of the 17 Sustainable Development Goals - SDGs, promoted by the United Nations Organisation to favour sustainable development. Below we have highlighted the relevant SDGs on which our Group can concretely, by its nature, contribute to achieving.





### PROJECTS / INITIATIVES / ACTIVITIES IN PROGRESS IMPLEMENTATION OR TO BE IMPLEMENTED

- Safety, traceability and quality of products
- Guarantee everyone access to quality food
- To guide the development of an agri-food chain
- Continue to develop and disseminate best agricultural and livestock practices
- Promote our values throughout the supply chain
- Development of best breeding practices
- Responsible use of drugs in breeding and constant reduction of its use



### PROJECTS / INITIATIVES / ACTIVITIES IN PROGRESS IMPLEMENTATION OR TO BE IMPLEMENTED

- Technical post-diploma training courses for students of Technical Institutes and ITS
- “Apprenticeship in production” Project
- Projects with local universities
- “Safe driving” course
- Training for the management of sensitive data to all interested parties
- “Hygienic Design” course
- “Design of Experiments” Course
- Specific training course for new employees



### PROJECTS / INITIATIVES / ACTIVITIES IN PROGRESS IMPLEMENTATION OR TO BE IMPLEMENTED

- Initiatives to facilitate life-work balance
- Adhesion to the dissemination of the agreement on harassment and violence in the workplace, integrated and systematic assessment of the management of employment relationships, in collaboration with the Marco Biagi Foundation
- Growth of female leadership within the Group



### PROJECTS / INITIATIVES / ACTIVITIES IN PROGRESS IMPLEMENTATION OR TO BE IMPLEMENTED

- Mapping of water courses and the process of monitoring the quality of water courses
- Constant monitoring of consumption and application of technical procedures to avoid losses and waste
- Collection tanks for the reuse of water from animal waste treatment processes.
- All waste water is returned to surface water (e.g. lakes, rivers) or to sewerage after treatment according to the regulations. Construction of rainwater collection tanks where there is a passage of vehicles according to the Water Protection Plan (WPP)
- 88% of water withdrawal made from proprietary wells



### PROJECTS / INITIATIVES / ACTIVITIES IN PROGRESS IMPLEMENTATION OR TO BE IMPLEMENTED

- Installation of the fifth photovoltaic system, obtaining ISO 14001 certification
- Installation of a new biogas boiler and further enhancement of the Group's anaerobic digestion capacity thanks to the construction of the fifth anaerobic digester
- Insertion of new screw compressors, one of which equipped with variable drive speed
- Thermal insulation of refrigeration systems
- Installation of inverters on refrigeration machines
- Obtaining about 30,000 Energy Efficiency Certificates
- Over 1 million tons of raw materials travel on trains or ships
- 80% of vehicles are euro 6
- Use of 30 vehicles powered by green fuel
- CO<sub>2</sub> reduction along the supply chain stages





**8 DECENT WORK AND ECONOMIC GROWTH**

**PROJECTS / INITIATIVES / ACTIVITIES IN PROGRESS IMPLEMENTATION OR TO BE IMPLEMENTED**

- Health and safety in the workplace
- Agreements on solidarity, part-time, smart working and granting of additional permits for extraordinary events
- VERONEASYLIFE online platform
- Agreements on the conversion of the performance bonus
- “Good Food Practices” Course
- Physical education course “Gym Hub”, “Safe Work” Project
- Agreements with local polyclinics to guarantee employees access to medical services at reduced rates
- Welfare services

**9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**

**PROJECTS / INITIATIVES / ACTIVITIES IN PROGRESS IMPLEMENTATION OR TO BE IMPLEMENTED**

- Investments of over 127 million Euro for the continuous improvement of product quality, people's work, the parameters of competitiveness and efficiency in the use of resources

**12 RESPONSIBLE CONSUMPTION AND PRODUCTION**

**PROJECTS / INITIATIVES / ACTIVITIES IN PROGRESS IMPLEMENTATION OR TO BE IMPLEMENTED**

- Anaerobic digestion plants for production through the recovery of processing waste
- 100% recovery of waste from the poultry sector
- 90% of the waste destined for recycling
- 0.1% landfill waste
- Fami Qs+, Gmp+, German QS certified suppliers

## The Group's stakeholders

Stakeholders play a fundamental role in our Group's sustainable path of growth. 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 and our economic, environmental and social objectives, we are committed to taking their needs, expectations and requirements into consideration with the aim of creating value in a sustainable way.

With this awareness, we have started a materiality analysis process aimed at identifying the areas considered most relevant for the Group and its stakeholders in order to create value through a sustainable and responsible business approach, with a medium-long term sustainability perspective. Through a structured analysis of the context in which the Group operates, the sector of reference and its various activities, we have identified our main stakeholders, listed below.

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 offices in charge and participation in debates and working groups in the trade and sector associations of which we are members.

*(For details of the Associations to which we adhere, see page 122).*



## Materiality analysis

In accordance with the provisions of the GRI Sustainability Reporting Standards, the Veronesi Group carried out a materiality analysis for the definition of the relevant issues by the stakeholders and the Group itself.

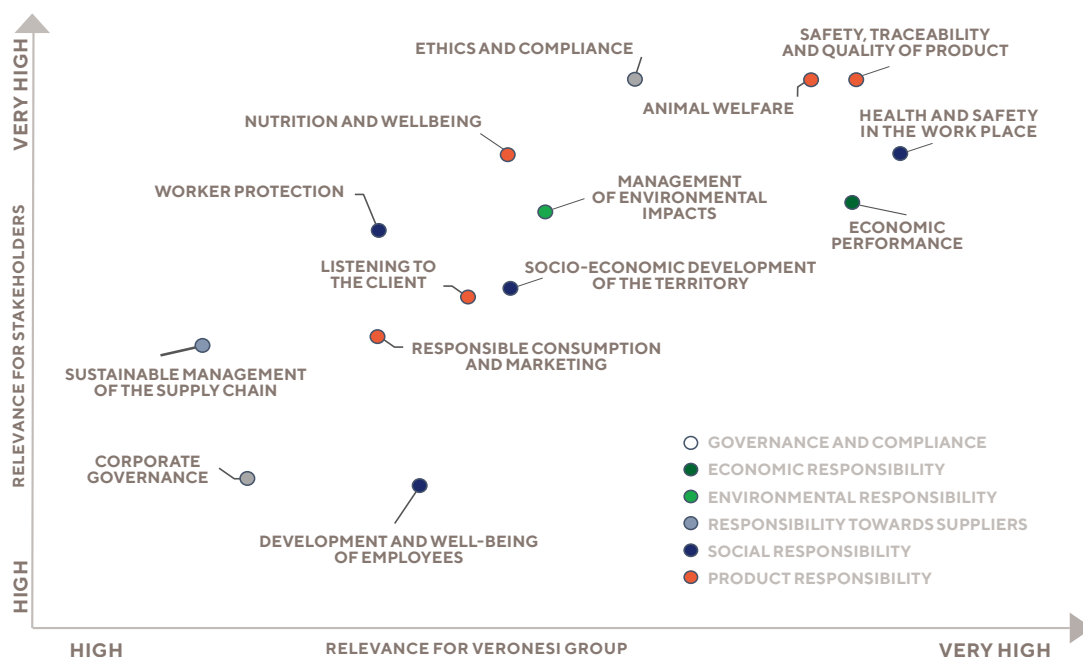
During 2018, the materiality analysis was updated through direct involvement activities of three categories of external stakeholders (Customers, Breeders and Media), in order to establish a direct and constructive dialogue and consider their perceptions and priorities to the internal decision-making processes and in the definition of economic, environmental and social objectives. For the purposes of the Annual Report 2019, this analysis has been confirmed, which will be updated in 2020.

The materiality analysis identifies the main issues that impact significantly from an economic, social and environmental point of view on the Group's activities, influencing their assessments and decisions towards stakeholders. The relevant issues for the purposes of the 2019 Annual Report were in line with the priorities of the Group and its stakeholders reported in previous years as there were no significant changes in the Group's structure, size and strategy.

In the materiality matrix shown below, the issues considered a priority for the Group and its stakeholders are shown in the upper right quadrant:

- Safety, traceability and quality of products;
- Animal welfare;
- Health and safety in the workplace;
- Ethics and compliance;
- Economic performance.

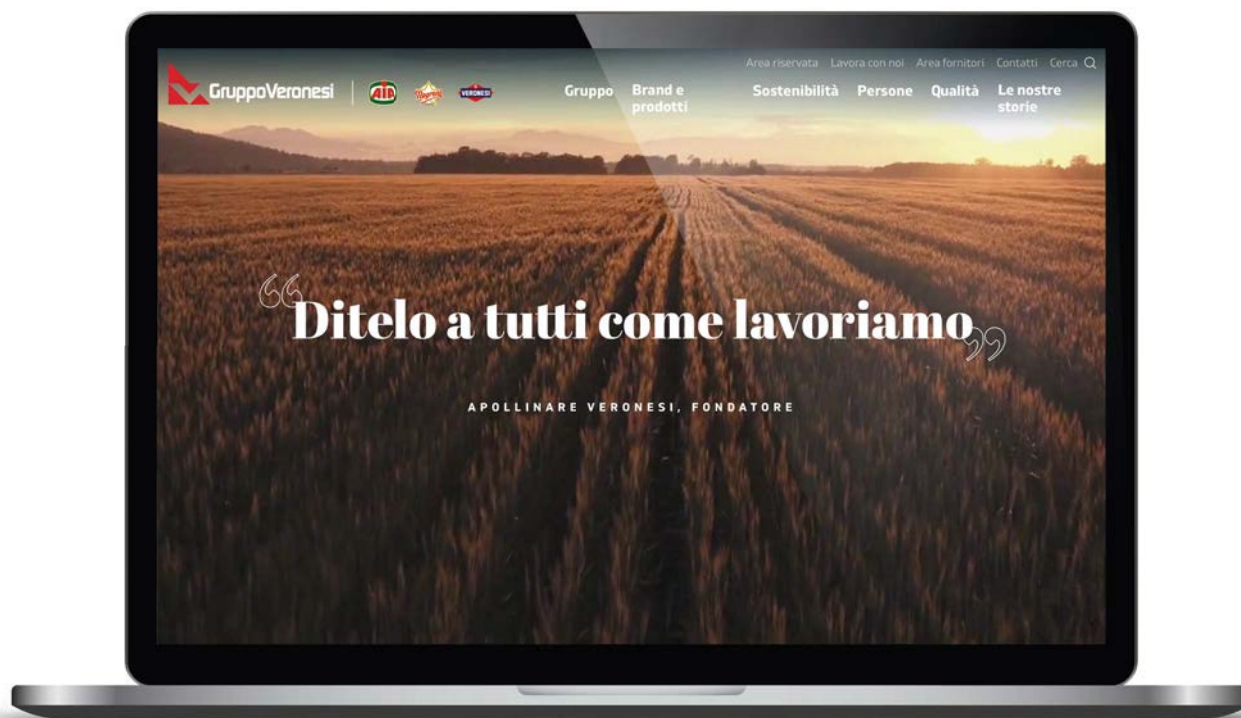
In particular, it should be noted that the topic "Protection of human and worker rights" has been changed to "Worker protection", considering the operating context in which the Group operates which did not lead to the identification of significant risks of violation of human rights by Group companies or their suppliers.



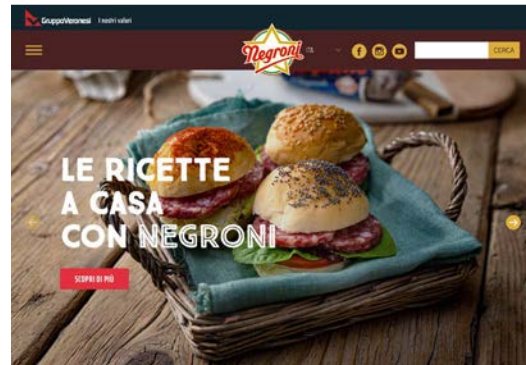
## *Our new digital identity*

One of the main communication tools towards stakeholders is represented today by corporate and brand sites that present themselves as true digital showcases. In order to restore a more complete image of our complex corporate reality, in 2019 we completely renewed the website **www.gruppoveronesi.it** transforming it into our new digital identity card.

In the main menu of the site, the sections dedicated to the Group and its history are added to those of the brands AIA, Negroni and Veronesi. Particular attention is paid to the “stories” signed by Veronesi: news, case histories, but above all people, through some of the faces behind the many skills of the supply chain that strive daily to offer consumers quality products in compliance with environmental and social sustainability.





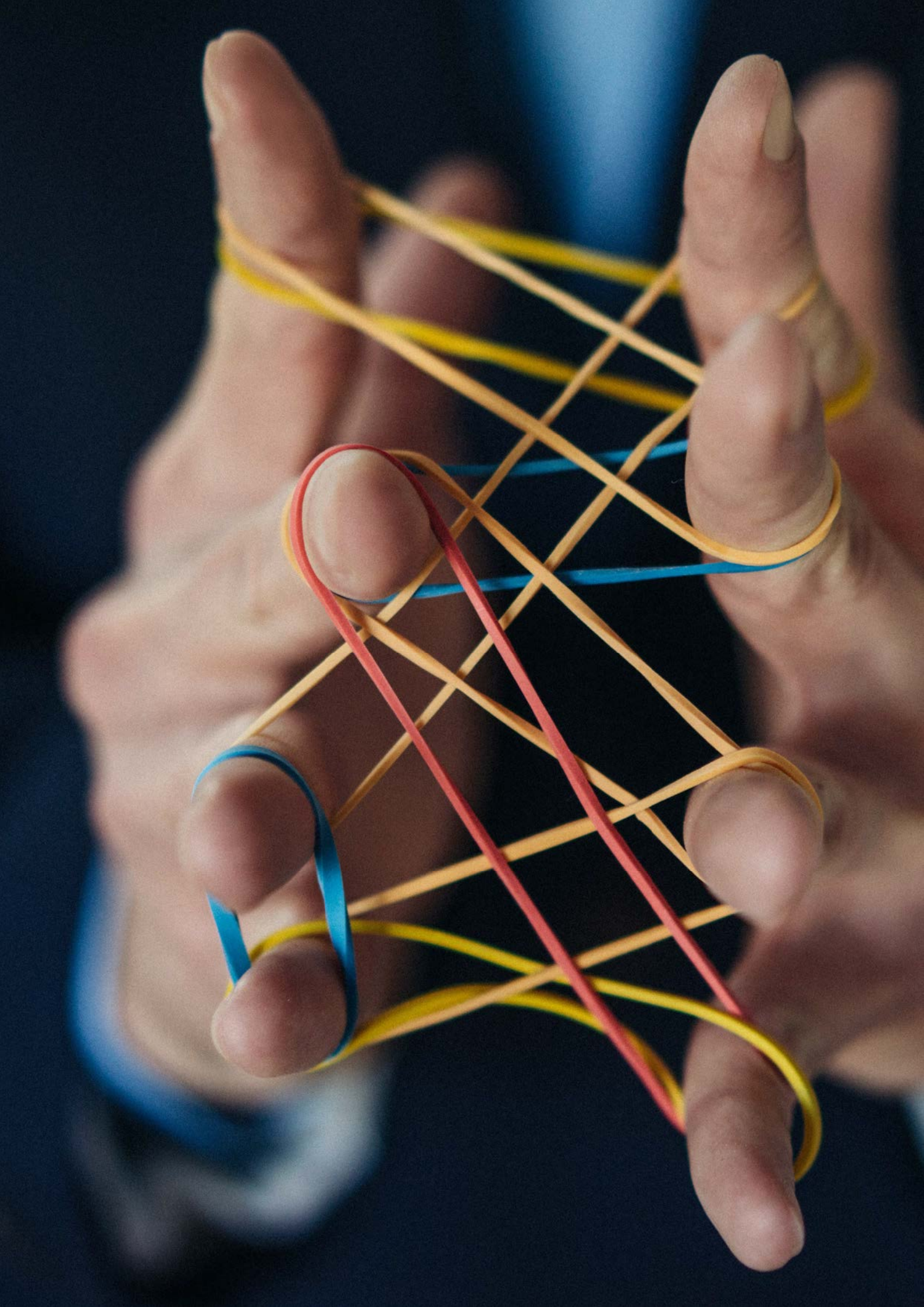


In order to narrate our commitment to sustainability in synthesis, we have activated the “Sustainability” section, updated annually with the most important results collected during the reporting process.

Our goal is to reach our interlocutors and keep them updated on the main projects and major issues addressed by the Group, which is why we have activated a LinkedIn page where, with a structured editorial plan, we have started an important process of dialogue.

In the path of greater transparency and more consumer orientation, our digital brand assets (**www.aiafood.it** and **www.negroni.it**) have also seen a renewal in terms of graphics and layout.

Aiafood.com becomes the virtual place where brand positioning comes to life: the largest kitchen in Italy. Thanks to immediate and easy navigation, the search for all types of information within the site is easy and exhaustive, even for the most demanding consumers. AIA offers two new tools to create special moments: “Find the right product for” and “AIA’s recipes”. The famous Negroni star also shines on the web. There are several sections that have been rethought to better inform consumers and the many fans of this historic symbol of Made in Italy. The quality of Negroni’s cured meats is enhanced through a variety of captivating, evocative images and with the constant updating of recipes and original food pairings undertaken by some of the most famous testimonials of Italian cuisine.







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06

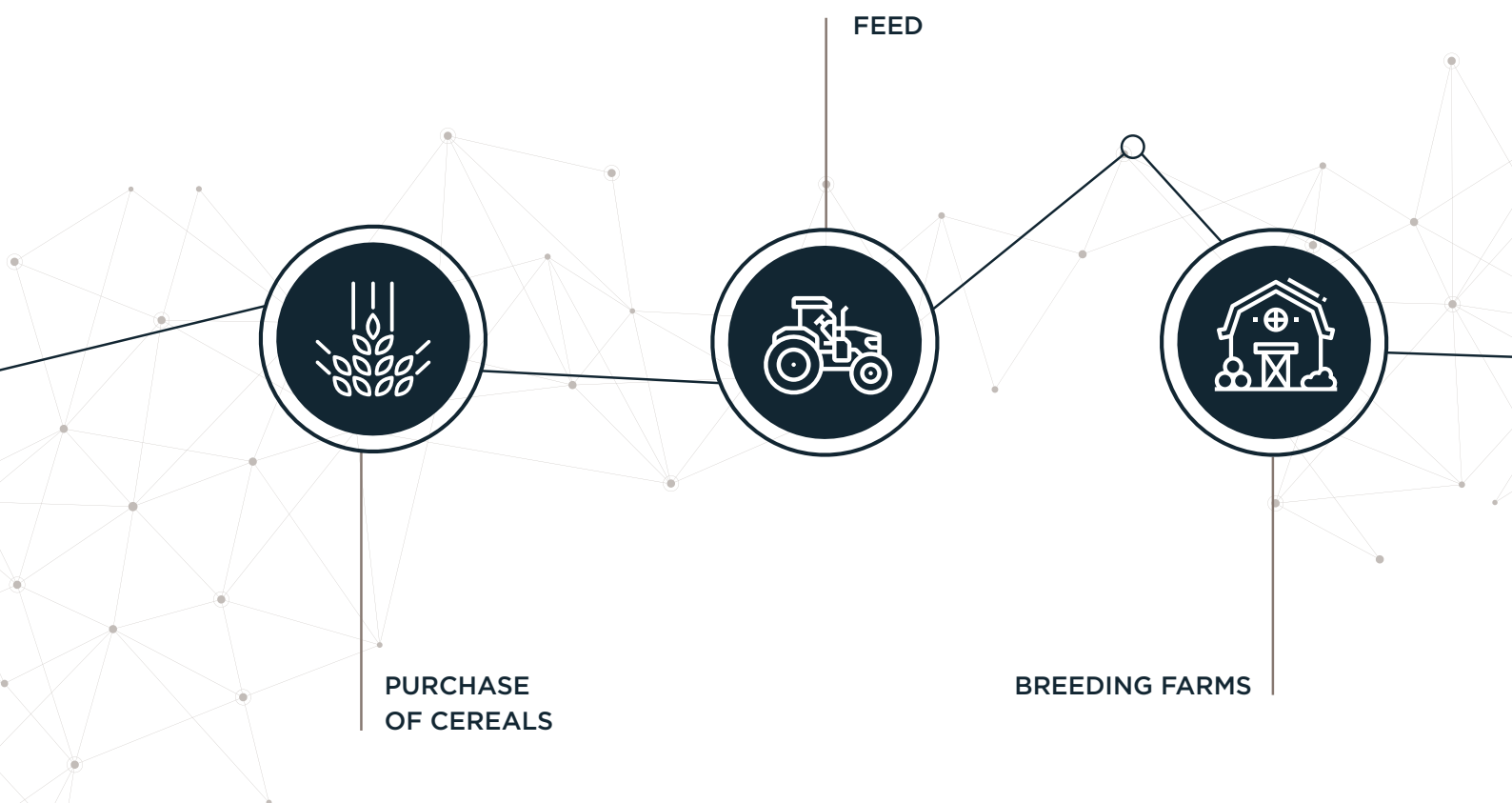
MANY DIFFERENT  
SOULS.  
A SINGLE  
INTEGRATED  
SUPPLY CHAIN

## *Quality, safety, technology: our integrated supply chain*

We are the first Italian group with a complete and integrated supply chain that starts from feed production up to the transformation and distribution of meats, eggs and cold cuts of the Italian gastronomical tradition.

Each phase, each internal process is subjected to strict controls with a view to constant improvement. We are aware that every decision, every action has responsibility along the whole chain.

We seek excellence at every stage, guided by skills and our know-how, thanks to constant monitoring of the high quality standards that have always distinguished us. We are over 8,600 people who work with passion every day with a single goal: to grow always, in goodness, in safety and in sustainability to bring to the tables of many consumers in Italy, in Europe and in the world inviting, good, safe and high quality products.





The strengths of our Group have always been the strong drive for innovation and research, and control of the production chain from feed to product distribution, well before this term became synonymous with traceability, thanks to an extremely rigorous organisational model.

The heritage of our company is today made up of the integrated supply chain: a unique example in Europe because it connects skills gained over different supply chains throughout the Italian territory, experiences and know-how grown over time that make the Group capable of guiding and developing knowledge and added value for all the livestock sector in the country.

In international markets, the Group generates more than 16% of its turnover, becoming an ambassador of that “made in Italy” which is enjoying growing success even in countries far from the Italian gastronomic tradition, and also for this reason attracted by its best products.



## Purchase of cereals

Our journey begins with the selection of cereals, oilseeds and grains: the ingredients at the base of our feed.

Our purchasing department is constantly engaged in relations with manufacturers and suppliers, in Italy and abroad, to ensure the delivery of the highest quality raw materials. When they arrive at our feed mills, all raw materials are analysed in the internal laboratories, where we verify compliance in real time with commodity parameters, contractual ones and compliance with the standards set by the Group. Over the years, this rigorous control process has allowed us to gain the confidence of breeders, thanks to the high level of safety that we can offer consistently every day.

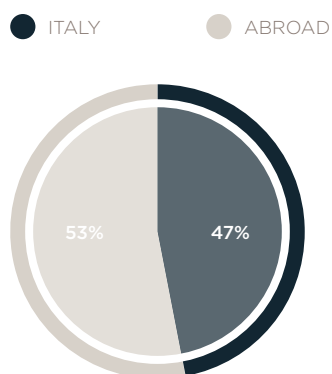
Each feed mill can count on its own internal analysis laboratory, where specialised and prepared personnel carry out all the checks for acceptance, including the visual one, producing a physical sample that will be kept for traceability. Only if the outcome is completely satisfactory can raw materials access our production sites to be transformed and create feed for our customers. Our goal is to enhance the raw materials from our territory, even if the use of imports is essential, given that Italy imports today about half of its need for cereals and oil seeds.

In 2019 we activated collaborations with 214 cereal suppliers for a growing turnover (+ 2% compared to 2018).

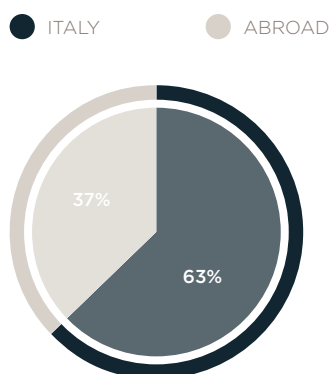
Where possible, the Group prefers purchases made by local or Italian suppliers, in order to create value towards the territory in which the Group operates.

In 2019 almost half of the Veronesi Group's purchases of cereals came from Italian suppliers (47%).

**DISTRIBUTION OF CEREAL PURCHASES  
BY GEOGRAPHICAL AREA IN SPENDING  
IN 2019**



**DISTRIBUTION OF CEREAL PURCHASES  
BY GEOGRAPHICAL AREA IN NUMBER  
OF SUPPLIERS IN 2019**



Over the years we have accompanied our suppliers in the certification process and today the entire supply chain, starting from our suppliers, is guaranteed by internationally recognised standards, such as FAMI QS, GMP+, QS.





## SECURITY MANAGEMENT

And it is at our suppliers, that we start our checks, with the audits we carry out at their storage warehouses, during the loading and unloading phases of the vehicles. The compliance analysis involves many different lots, so as to verify the correspondence to the contractual specifications.

## OUR NUMBERS ON QUALITY



The Hazard Analysis Critical Control Point, better known as the HACCP system, is a long-established reality, considering that it has been adopted by the Feed division since 2005. It is a set of procedures aimed at risk analysis in the production process, to ensure the healthiness of the finished product by acting in a preventive perspective. In particular, three business areas are involved in the process - Research & Development, Purchasing, Quality - which approve suppliers and products through a strict control procedure.

## SUSTAINABILITY OF CEREALS: DTP112

The DTP112 is the Technical Productive Disciplinary of Sustainability developed in collaboration with the CSQA Certification body and defines the purchase standards for soybean, soybean meal and soybean oil. The standard provides indicators that are based on the three pillars of sustainability: economic, environmental and social. Today almost 30% of the soybean purchased by Veronesi is certified according to the DTP112 scheme.







## DIGITAL SUPPLY CHAIN

### EAN128 BARCODE FOR PACKED RAW MATERIALS

*To ensure traceability and a totally safe management of the factory operations, the packaged raw materials have an EAN128 Barcode which identifies the type of product (GTIN), the supplier, the batch number and the expiry date. It is a management system not required by law but adopted on a voluntary basis.*

*Thanks to the collaboration and availability of the suppliers of these raw materials and additives, the goods arrive in the feed mill equipped with this important identification and with predisposed instrumentation, even mobile, such as a tablet, the activities of unloading, storage and subsequent transfer to the dosing systems are managed in a controlled manner.*



## Feed

Once the cereals have passed the checks, they can enter the feed mills and start the production process that will create one of the more than 2,000 Veronesi branded products.

Our feed mills are equipped with cutting-edge technology, with highly specialised systems, able to specifically manage products with high technological value such as feed intended for fish, the early stages of piglet life, for sensitive palates such as those of rabbits and all the other farm animals to which Veronesi turns.

More than 100 are studied by the department of Research & Development with the aim of giving the correct nutritional intake based on the animal species, the characteristics of the farm, the stages of growth, never forgetting the respect of the objectives of sustainability and environmental impact.

About 75% of the feed produced enters the Group's supply chain and is delivered to our farms. The remaining 25% is sold by our sales network, which is present throughout the Italian territory and in some Mediterranean countries, on the free market, with the support of a staff of specialised technicians by animal sector. The Group, with the Veronesi brand, is the first feed producer in Italy and among the major European players. Dedicated factories, separate production lines, production sequences that do not allow errors, process and product certifications, are all elements that add value to what we do every day, allowing us to grow and be ever more protagonists in all sectors, including those that are typically from the free market, such as game, quail, the world of rurality, as well as of course important areas such as those of dairy cows and bovines for meat.

Constantly updated technical and commercial staff, increasingly professionalism, customised services and products and the ability to guarantee our continuous support have allowed us to be among the partners of the main Italian supply chains. The Veronesi brand is increasingly known in many countries in and outside Europe and thanks above all to the fish sector, which has seen our brand grow at unthinkable rates over the last twenty years, demonstrating that it can compete with multinational and specialised companies, maintaining the flexibility that also in this sector the breeder asks from his supplier.

Over  
**2,000**  
products

More than  
**800**  
formulations

**1<sup>st</sup>**  
Producer  
in Italy



## QUALITY MANAGEMENT

The management of **productive carry over** is an analysis process that allows to limit the risk of “cross-contamination” and has required the collection of data 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 pre-defining the level of carry over and effectively allowing management. It is a unique process in the world that allows us to offer our customers healthier, safer, quality feed.



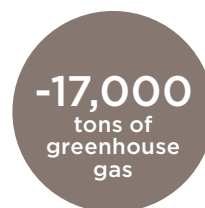
## DIGITAL SUPPLY CHAIN PRODUCTION JUST IN TIME

*All our feed mills use a “just in time” production system, managing minimum stocks of raw materials and completely eliminating the warehouse of finished products; in fact, we work on order, we produce exactly what we are asked for by the Customer, using raw materials that have just arrived. This system requires strong collaboration between all business functions, in particular between purchasing, logistics, production and commercial. We need flexible and reliable systems, adequate production capacity, availability of an important computerisation and automation of the processes and prepared personnel.*



## FEED LOGISTICS

Our feed is ready and must reach our chain farms and free market breeders within the agreed time. There are **200 vehicles** that, with the unmistakable yellow and blue livery, each year travel more than 500 times the distance equivalent to round the world, almost ten times every week. To serve better our customers, we make over 650 deliveries every day, transporting more than 12,000 tons of feed. In an international market such as that of raw materials and with the promptness required for deliveries of feed, logistics management is increasingly strategic in order to offer an efficient and sustainable service. For this reason, more than a third of the raw materials directed to our feed mills, travels on alternative means to that of rubber, taking advantage of rail links and the motorways of the sea. This constant commitment allows us to reduce greenhouse gas emissions by over 17,000 tons every year, with less use of more than 30,000 vehicles. We are constantly looking to reduce our environmental impact and we have included liquid methane powered vehicles in our fleet that allow us to reduce nitrogen monoxide emissions by 70%, particulate emissions by 99% and carbon dioxide emissions by 15% compared to a diesel equivalent.



## DIGITAL SUPPLY CHAIN

### TRAVEL OPTIMISATION

*We have developed a complex system for organising the trips that our vehicles make every day for the distribution of feed. The project permitted, with the same volumes of movement, to reduce the kilometres travelled by 2%, with a 6% improvement in the level of vehicle saturation. All this has allowed us to guarantee delivery service to the customer, with a 10% decrease in vehicles used.*





## *Breeding Farms*

Our policy has always been directed towards the development of the territories in which we operate, aware that we play a key role in Italian animal husbandry. This is why we have chosen to work together with the over **2,000 farmers** who are part of our integrated supply chain, with the aim of guiding the growth of a key sector of the Italian economy, creating and distributing value locally.

We are the only ones in Italy to have a team of over **80 technicians** and **veterinarians** with transversal skills that accompany farmers in a path of shared growth and continuous improvement that combines training, animal welfare, biosecurity, competitiveness, innovation and sustainability. Their role is fundamental to ensure the virtuous and responsible management of breeding in all its aspects, the application of high sanitary standards, the correct nutrition of animals, adherence to good practices in line with modern animal husbandry.



Working as a single team that brings together different skills and generations has allowed us to guide our breeders in choosing and implementing those technological innovations that can guarantee them higher levels of biosecurity and well-being, while respecting their entrepreneurial management. We grew up together thanks to the continuous comparison, dialogue, collaboration and professional esteem that binds us. We have helped our breeders in the **digitisation process** that has taken place in recent years trying to be a support especially for those who have grown up in a more traditional context.

We have supported young breeders who have decided to approach this profession through consultancy relating to the planning of structures and systems and the daily presence in managing the new business.

*To make them more involved and aware of the role the breeders play within our supply chain, we organised an important training course that involved 100% of chicken, turkey and pig breeders. The course includes a classroom discussion together with our technicians and veterinarians, a visit to our slaughterhouses with the support of the production division to highlight what are the peculiarities of our production system. The aim of the training is to make farmers more involved in the production process and to highlight how they can contribute personally to the quality of the final product. The course will also be extended to laying hens breeders during 2020.*

Italy can boast one of the best livestock sectors in the world, strictly regulated and subjected to rigorous controls that make it a virtuous example for many countries. An example is the “**All in - All out**” system, our nation is the only one in the world where this system is adopted which provides, between one production cycle and another, some practices that allow to maintain a biosafety standard among the highest such as, for example, total cleaning of the farm and complete sanitation of the barns.

The livestock sector is strategic for us, over the years the role of research and development has become increasingly important and the Group in 2019 has invested significant resources to support projects aimed at the continuous improvement of the practices used in the sector. Our technicians and veterinarians are in constant contact with universities and centres of research with the aim of reaching ever higher standards.

Our farms are divided into supply chains by animal species: poultry (chicken, turkey, guinea fowl and capons), laying hens, pig.

All supply chains start from breeding farms. Each type of animal corresponds to a specific breeding of breeders characterised by **very high levels of biosecurity** which allows us to fully trace our production. The chicks and piglets that are born on the farms are then transported to other structures where they begin their growth path.



## POULTRY CHAIN

The poultry sector is the first chain in which the Group began operating and today represents an excellence of our “breeding” division.

In chicken farms we have achieved the highest standards for animal health over the years and our goal is to continue consolidating our leadership. Today, thanks to the commitment of all, over 50% of our chickens grow without having ever received antibiotic treatments and since 2011 we have reduced the use of antibiotics on our farms by over 80%. Investments in this sector also focus on achieving better energy and environmental efficiency parameters and for the inclusion of applied technological innovation.

In 2019, we started to develop the “**antibiotic free**” project also for turkey. The result was possible thanks to a careful analysis carried out on the entire chain that involved feed, hatchery and breeding. Numerous farms have invested in the improvement of their structures allowing a positive increase in the parameters that indicate the animals’ quality of life.

Our entire chicken and turkey supply chain enjoys QS\* and part **Tierwhol\*** certifications, which are essential for commercial relations with foreign countries such as Germany.

We adhere to the Disciplinary of voluntary labelling of poultry meat promoted by Unitalia and authorised by the Ministry of Agricultural, Food and Forestry Policies in 2005. Thanks to the constant work carried out together with all the players in the supply chain, in line with the continuous progress in the livestock field, we have developed typologies of breeding with characteristics that go well beyond the minimum legal standards and that already find concrete expression on the market today. An example of this is our **AIA Oro Natura** ranges - whose production is sanctioned by a specification approved by the Ministry of Agricultural, Food, Forestry and Tourism Policies - and **AIA BIO**, made in compliance with the regulations in force in the organic sector. In the laying hens sector we manage all types of breeding, including outdoor and BIO structures. We have an ambitious plan to move **to 100% of laying hen farms in alternative structures to the cage**, respecting the commitments already made with our breeders. To date, 60% of our production already takes place in similar structures.

\* [www.gruppoveronesi.it/certifications](http://www.gruppoveronesi.it/certifications)





## PIG CHAIN

Our supply chain skills also apply to the very complex sector of pigs; of which we are the only ones in Italy to directly manage all phases. We can count on owned centres that represent national excellence in the sector and cutting-edge sows, to which we have started to provide free delivery rooms with the ambitious goal of extending this system to 100% of the Group's delivery rooms. In none of our farms are the incisors cut. The livestock pig production sectors of the Group, since 2004, have voluntarily joined the **GlobalGap\*** initiative which establishes specific certification schemes recognised throughout Europe.

Also in the pig chain, the project to reduce the use of drugs began in 2015, has led to important results. A decrease in drugs is the result, as in the other supply chains, of a path, which features our technicians, veterinarians and breeders, aimed at the continuous improvement of breeding techniques and consequent animal welfare. We have started several experimental projects in line with the continuous progress in the livestock field which foresee well-being standards set well above legal requirements (environmental enrichments, full, free or straw flooring, free gestation of sows, etc.). The Group, by way of example, has a certified chain of pigs **“bred without the use of antibiotics in the last 120 days of life”** and **“well-being in breeding and responsible use of the drug”**, chains that well represent the results achieved in this sector.

\* <https://www.gruppoveronesi.it/certificazioni>





## QUALITY MANAGEMENT

### TECHNICAL AND VETERINARY TEAMS

Over **80 specialised professionals** for each animal species who work closely with farmers to constantly improve in terms of biosecurity, sustainability, attention to people and animal welfare.

### MONITORING ANIMAL WELLBEING

We consider respect for animals a primary value. Every day we engage with thousands of breeders to ensure animal health by keeping them responsibly. Our animals are constantly free to satisfy the need to drink and feed, to move in an adequate physical environment and to manifest the behavioural characteristics of the species they belong to. To ensure the animals an ever-increasing level of well-being, we have formed a dedicated team of experts who collaborate with our technicians to ensure maximum care of the animals at every stage of their life, specifically in the stages of growth, transport, transport breaks and management in the processing sites.

To constantly monitor compliance with our standards, dedicated professional figures have been identified in the company, “Animal Welfare Managers”, specific for the breeding and production phases. We then carry out numerous visits and analyses on the farms.

The analyses are linked to the measurement of many parameters and are divided into:

- analysis on food and drinking water (chemical and microbiological) with the aim of providing all the animals in the group with drinking water of the best quality
- environmental analyses (temperature, humidity, ammonia, CO<sub>2</sub>) to ensure compliance with environmental comfort parameters for animals throughout the farm
- visual and analytical analysis on the animals’ status of health.

## THE RIGHT TO HEALTH OF OUR ANIMALS

In compliance with current regulations, no growth promoters are used in the farms of our supply chain and for all types of animals and we adopt practices for the responsible use of drugs, in particular antibiotics are used only for therapeutic use, never as prophylaxis, in a targeted and only after veterinary prescription. If the staff of technicians and veterinarians detect the need to treat the animals, there is a strict procedure that starts from the receipt of the prescription recipe at our centralised medicines office. The reference technician or veterinarian can only purchase the drug in recognised pharmacies part of the suppliers validated by the Group. The drugs are then brought to the farm and administered in specific ways. In this way all consumption is constantly monitored. In addition to the internal management plans, for the poultry sector we adhere to the National Voluntary Plan for the reduction of drugs for the production of Broilers and turkeys in collaboration with Unitalia and the Ministry of Health with important results recognised by national and foreign authorities.

## TRANSPORT 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 impose a maximum transport time.



### POULTRY FARMER AWARD OF THE YEAR

Now in its third edition, the award aims to narrate the excellence of the poultry sector in Italy and bring attention of all those who are the virtuous examples of a healthy, growing and cutting-edge sector. This year the prize dedicated to “**Technological Innovation**” was won by one of our breeders.e.

### ELECTRONIC RECIPE

The electronic recipe is the new method used in Italy for the complete traceability of the use of drugs in animal husbandry. All recipes issued are registered in the **Ministry's National Bank**. More than 3 years ago our Group began an experimentation in the pig chain by adopting the electronic recipe as a reference base for the use of drugs in breeding



### DIGITAL SUPPLY CHAIN

THE WEBFARM - FARM MONITORING SYSTEM

*Breeders who follow the animal production cycle, have a suite of web applications available to interact with the technical and administrative functions involved, so as to provide the real-time situation of the animals that have been entrusted to them regarding both health and growth, in such a way that they lack nothing and it is possible to verify compliance with the regulations that govern the breeding phase.*

*The monitoring of the data thus inserted guarantees the quality of the product reared and therefore processed in the slaughterhouses.*

## *Meat transformation and processing, eggs and egg products*

### INTEGRATED QUALITY - SAFETY - ENVIRONMENT MANAGEMENT SYSTEM

The continuous improvement of our products and processes, the safeguarding of the health and safety of our employees and the safeguard and protection of the environment are our objectives. This is why the Group's food division has set up an **Integrated Quality, Safety and Environment Management System** developed thanks to the collaboration of the feed and agri-livestock division with the awareness that every choice adopted at each stage of the supply chain has a role on the quality of the products we offer to our consumers.

The system is developed throughout the supply chain with the aim of generating synergies between the different functions and promoting the participation of all parties, in an organised and dynamic way. The reference targets to be pursued by all the roles of the organisational matrix are:

- SAFETY AND HIGH QUALITY OF PRODUCTS
- INNOVATION
- HEALTH AND SAFETY OF COLLABORATORS
- ENVIRONMENTAL SUSTAINABILITY
- ANIMAL WELLNESS

To confirm the effectiveness of the Quality System, the Group's factories are subject to third party certification. The main accredited standards used by the Group for voluntary certifications are: the ISO 9001 Quality Management System (23 production sites), ISO 14001 for the Environment (5 production sites and 2 laboratories).





## OUR PRODUCTS

**AIA** and **Negroni** are now the most important brands in the Group's food sector, the brands with which over the years we have entered the homes of Italians and many lovers of Made in Italy in Europe and worldwide. Alongside AIA and Negroni we find other important brands such as **Montorsi** and **Fini Salumi** (see [www.aiafood.it](http://www.aiafood.it) and [www.negroni.it](http://www.negroni.it)). AIA is the first brand with which the Group began operating in the food goods market. In fact, innovation is the main vocation of AIA, if on the one hand it owes its growth to "as it is" products, on the other it is the elaborate products, which make AIA one of the Italian brands with the highest reputation. Successes such as Wudy, Spinacine, BonRoll, Aequilibrium make AIA an avant-garde company, always capable of satisfying the needs of a constantly changing consumer. Guided by the desire to expand our portfolio in the food sector, the historic Negroni company, leader in high-quality delicatessen, was acquired in 2002. Negroni is one of the best known brands of cured meats by Italians and has been a point of reference for consumers who want to taste the excellence of Italian delicatessen for over a hundred years.

Negroni's success is based on a wide, varied and constantly developing product range. Negroni is one of the first brands to make its appearance in the world of advertising in the sixties with the historic jingle "The stars of Negroni" which entered the homes of all Italian families.



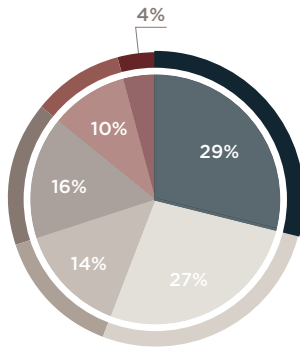
## QUALITY RAW MATERIALS FOR QUALITY PRODUCTS

The quality of our products stems from the awareness that every decision made in the supply chain stages (from the purchase of cereals, to feed processing, from the choice of packaging to the speed of delivery to the store) together with the checks carried out in all the processes, has a fundamental role. All employees and collaborators play an active role and contribute passionately towards obtaining a high quality product, recognised by all those consumers who choose us every day. The transformation process of meat and eggs takes place in our factories designed to respect the different product categories through the use of specific line layouts created in collaboration with the best experts and suppliers internationally. All our production lines are subjected to a risk analysis to safeguard the health and safety of our employees. In a logic of transparency, all our sites are open to visits by our customers to give concrete evidence of the commitment and passion with which we work. To obtain products that meet the Group's high standards, we pay particular attention to the selection of ingredients and raw materials. The most important parameter that has always guided us in choosing our suppliers is quality: only those who are able to ensure the highest quality standards can enter our official supplier list.

In 2019, we collaborated with more than 1,700 suppliers (1,926 in 2018). Of these, 532 deal with Services, equal to 14% of the total purchase. The most significant category in economic terms (excluding the suppliers of cereals treated previously) is confirmed to be, also in 2019, that of the packaging suppliers represented by 114 companies. 27% of purchases relate to investments and maintenance. There are 87 ingredient suppliers (10% of turnover), while 5 energy suppliers have an equal impact on turnover at 16%. Purchases of consumables represent a residual share of total purchases (4%).

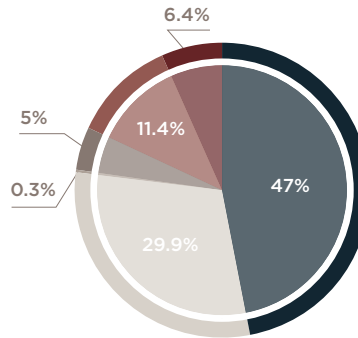


**SUPPLIERS BY PURCHASE TYPE  
IN SPENDING IN 2019**  
(Excluding suppliers of cereals)



- PACKAGING
- INVESTMENTS AND MAINTENANCE
- SERVICES
- ENERGY CONSUMPTION (GAS AND ELECTRICITY)
- INGREDIENTS
- CONSUMABLES

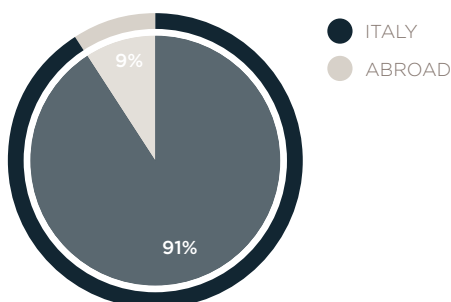
**SUPPLIERS BY PURCHASE TYPE  
IN NUMBER IN 2019**  
(Excluding suppliers of cereals)



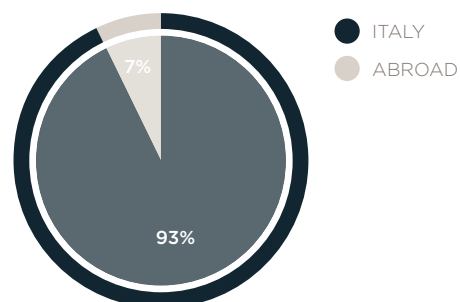
- INVESTMENTS AND MAINTENANCE
- SERVICES
- ENERGY CONSUMPTION (GAS AND ELECTRICITY)
- INGREDIENTS
- CONSUMABLES
- PACKAGING

We purchase various ingredients for the preparation of processed products and cured meats, favouring the purchase of Italian products in compliance with the Group's standards. In 2019, in fact, we collaborated with over 1,600 local Italian suppliers for a value of purchases from Italian companies of 435 million Euro (91% on total purchases), an increase of 8% compared to 2018.

**DISTRIBUTION OF PURCHASES  
BY GEOGRAPHICAL AREA  
IN SPENDING IN 2019**  
(Excluding suppliers of cereals)



**DISTRIBUTION OF PURCHASES  
BY GEOGRAPHICAL AREA IN NUMBER  
OF SUPPLIERS IN 2019**  
(Excluding suppliers of cereals)



Before starting the supply process, each supplier must be validated by all the company departments concerned: Research & Development, Production, Purchasing, Marketing, Quality and Technical Office. Each function applies strict control criteria with the aim of selecting the best companies able to achieve maximum results in terms of quality and hygiene and health safety. We have always been engaged in auditing activities with suppliers in order to monitor consistency in the quality standards requested by us. Quality is not the only parameter under analysis: we make use of the collaboration of a specialised company with the task of verifying the reliability of our suppliers' financial solidity and compliance with Model 231 (Administrative liability of legal persons).

The current supplier selection process does not provide for an assessment based on specific social and environmental criteria; however, most of them are required to adhere to general supplier conditions which include environmental and social responsibility requirements.



## DIGITAL SUPPLY CHAIN

### SUPPLIER PORTAL

*To optimise the management and control of supplies an IT portal has been implemented that has a double value: structuring of interaction processes and repositories of relevant information and documents.*

*This advanced management system allows us to share them all specifications and commitments between us and our suppliers in terms of quality, sustainability and safety. With a view to partnership and transparency, all our suppliers use the system to improve the management and updating of product sheets, certifications and all documents relating to contractual relations.*



## **PACKAGING: A SECURITY GUARANTEE FOR THE HYGIENE AND STORAGE OF THE PRODUCTS**

Packaging - especially primary ones in direct contact with the product - in food companies play a fundamental role in maintaining the healthiness of the products; an essential characteristic for our sector, considering the importance of preserving fresh meats and cold cuts. Over the years, the Group's packaging choices have always had the aim of protecting food safety and the high quality of our products, guaranteed up to the tables of consumers. Sensitive to the environmental impact of packaging materials, for some years we have set up a working group with the aim of reviewing our packaging and evaluate solutions with less impact and without product waste.

The Group mainly uses two packaging materials: paper for 70% and plastic for the remaining 30%. 60% of the paper used is recycled, the remaining 40% is virgin, also in compliance with current legislation, because in direct contact with food. As for plastic, we are working closely with suppliers to find solutions aimed at reducing the use of this material.



Keeping in mind the entire life cycle of products and materials, our commitment is articulated according to 4 guidelines:

- 1) Reduction of the material used (through the reduction of the grams of plastic used and optimisation of the packaging)
- 2) Reduction of coupled materials and use of single materials
- 3) Increase in the use of recycled materials
- 4) Replacement of plastic with other materials, respecting the shelf-life of the products where the technology and knowhow available permit it

There are many ongoing projects which, over the past two years, have led to a reduction of over 400 tons of plastic. The most important reduction projects carried out are:

*The reduction of the plastic material used in the cured meats trays and trays dedicated to the packaging of some fresh products in ATM (modified atmosphere).*

*The replacement of 100% of the plastic packaging of AIA branded eggs with wooden pulp (recycled paper) packages, with a reduction of 116 tons of plastic and 56 tons of virgin paper.*

## QUALITY MANAGEMENT

The Group's Quality Policies have as their primary objective "the development, production, marketing and distribution of Good, Healthy, Safe, Sustainable and High Quality food products".

For the continuous improvement of the manufacturing processes, we use self-control systems (HACCP) in order to eliminate or reduce any chemical, physical and microbiological risks within acceptable limits. Each employee contributes to the quality and safety of the products and is continuously trained. In all our production sites we can count on specific Quality staff to guarantee and protect food safety.

During the production process we foresee visual checks and continuous sampling that we submit to analytical checks in our internal laboratories. The controls are effective on products, processes and materials in direct contact with the products.

**140,000**  
Analytical  
checks

127,000 microbiological analyses  
13,000 chemical analyses

**366,600**  
Parameters  
carried out

A single analysis may require  
searching for one or more  
parameters.

**65**  
People

Dedicated to quality



Before arriving on the tables of our consumers, the products are subjected to organoleptic tests and shelf-life tests. The pride of our monitoring systems is the Sensory Test.

## SENSORY TEST: science applied to the five senses.

*Among the many checks carried out is the sensory test, it is a science that allows you to evaluate the organoleptic characteristics of a product through the senses and is part of the process of controls that the Group imposes. It is applied with rules and parameters that have been studied and defined over the years, to analyse the quality of the meat and products developed through the five senses.*

*The function of sensory analysis is to study the relationship between the characteristics of a product and the sensations that these arouse, both from a qualitative point of view (therefore the type of sensation), and from a quantitative aspect (therefore the intensity of the perceived sensation). The goal is to arrive at the definition of a profile capable of describing food products univocally and objectively. In this way it becomes possible to evaluate the maintenance of the organoleptic and qualitative characteristics over time and at various moments of production.*

*Sensory analysis takes place in a dedicated structure, strictly designed according to international regulations: a room duly illuminated, ventilated and soundproofed in compliance with the regulations that govern its structure. There are 65 tasters throughout the company: real "taste professionals".*

*The pride of the path to Quality: thanks to the contribution of tasters the company has managed, for over ten years, to constantly monitor the high standards of food products and to guarantee not only quality but also goodness.*



Quality reports are handled directly with the final consumer or with the customer according to two different procedures.

A dedicated **Courtesy Service** system is active for products intended for the final consumer. The service manages every report directly with the consumer with the aim of understanding and satisfying each request. Each report is analysed and recorded, in collaboration with any company functions involved in order to ensure maximum satisfaction. During 2019, we managed 1,067 contacts, 50% of which related to product quality.

As for the management of customer complaints, the sales force collects the report and, with the collaboration of Quality, they are examined with the various competent functions in order to guarantee the best assistance.



## DIGITAL CHAIN

### **LOT GV**

*The development of internal software has made it possible to achieve very high levels of product and process traceability. Starting from a unique 8-digit number, "Lotto GV", present on the finished product, we can verify quickly the whole history of the product: where it comes from, how and when it was transformed, when it was checked and to whom and when it was delivered.*

### **INTELLIGENT MANAGEMENT OF PROMOTIONS**

*A cutting-edge project that uses artificial intelligence (A.I.) to estimate the planning of the promotional plan based on historical data, allowing colleagues in charge of data entry to speed up the calculation operations.*

### **MES: MANUFACTURING EXECUTION SYSTEM**

*It is the system of control and execution of production in logic of industry 4.0 based on a holistic vision. The production machines are integrated into the company IT structure and cooperate with the system by receiving orders, returning the progress of the work phases and operating data of the machines and implementing, where possible, automatic corrective actions.*





## FOOD LOGISTICS

Our path towards maximum quality continues in the last phase of our supply chain: logistics and transport, the fundamental link between our production sites and the final consumer. Our complex organisation has made it necessary to develop strategies and programs specifically designed for our needs. Our extraordinary logistics machine has been expertly studied thanks to the collaboration and skills of our people and the companies that provide services that have always been our partners.

**5,000**

Locations  
provided

**30**

Distribution  
centres

**6**

Central  
platforms

The speed of our fleet, which has more than 2,000 vehicles, allows us to supply the points of sale by relying on the 30 distribution centres and 6 central platforms located throughout the country.

Every day we reach about 5,000 locations between Italy and abroad. With a radius of 1,000 km we supply all the most important European chains of fresh and very fresh products, while our cured meats manage to arrive in countries such as Japan and the United States. We pay close attention to the environmental impact that our distribution force has on the territory, which is why it is a priority for us to develop continuous methods to optimise the saturation of vehicles and routes. To this end, in 2019, we carried out an important travel rationalisation by increasing direct deliveries to customers which previously envisaged an intermediate step, through our distribution centres, and implementing a new system for calculating routes. All this has translated into **over 1,000,000 kilometres saved** with a consequent reduction of 480,000 kg of CO<sub>2</sub> emissions into the atmosphere\*.

2019, saw the start of another important project in line with the objectives of reducing the logistical impact: the construction of a **new logistics platform** in Vallese di Oppeano from which all shipments destined for the export of poultry and cured meats will start. The centrality of the structure will favour the optimisation of the routes and an important reduction in the kilometres travelled, significantly impacting the Group's sustainability, thanks to savings of up to 250,000 km of transport - equal to 8 times around the world - and a **reduction of 120,000 kg of CO<sub>2</sub> emissions** into the atmosphere\*. Without forgetting the highly strategic use of the circular economy: a photovoltaic park inside the hub will produce clean energy capable of contributing to about 25% of the site's energy needs. Our fleet is being renewed and is becoming increasingly eco-sustainable. Today we can boast 80% of the euro 6 line vehicles to which 30 vehicles that use green fuel are added.

\*estimated value on an average speed of 80 km/h



During 2018, AIA S.p.A. obtained the highest customs recognition required by the Customs Code: the AEOF authorization class AA (Authorised Economic Operator Full - Custom + Service - High Reliability). There are six of our production sites recognised by the customs authorities as being in charge of export controls. This allows us to speed up customs operations and not have procedural delays at the borders, guaranteeing a faster service to our customers which translates into an important competitive advantage.

**-480**  
Tons CO<sub>2</sub>

**80%**  
of EURO6  
vehicles

**25%**  
of photovoltaic  
needs



## DIGITAL SUPPLY CHAIN

### **TRAVEL MANAGEMENT SYSTEM**

*The strength of our distribution network is the speed of deliveries and compliance with the times agreed with customers. To help our carrier we have devised a travel management system. Each carrier can access the system by checking the date of deliveries to be made and the suggested route to comply with the sequence of deliveries. When planning trips, the carrier confirms acceptance of the trip and completes it with detailed data; during the execution phase, it confirms every single delivery with a dedicated web application, accessible from one's own mobile device (smartphone, tablet).*

### **COLD CHAIN CONTROL SYSTEM**

*Each vehicle is equipped with a temperature control system which allows always control of the maintenance of the cold chain and prompt intervention in event of difficulty or exceeding set temperature thresholds. Each data is rigorously tracked and centralised in real time for all control requirements.*

## LOGISTIC ORGANISATION



\* They are excluded from the perimeter of this report as rented and are not directly managed by the Group and not owned by the Group.



## *Centres of excellence: the group's laboratories*

The scrupulous attention to quality and food safety throughout all phases of the production chain led the Group to create two important internal analysis laboratories.

The Microbiology and Diagnostics Laboratory which carries out analyses in the field of molecular microbiology, serology, diagnostics, food microbiology and diagnostic microbiology. It can boast **46 accredited tests** for each of which the laboratory responds with certifications (**Proficiency Test**). The microbiology and diagnostics laboratory also performs functions of fundamental importance in the right to animal care by identifying exactly the therapy indicated.

The Chemistry Laboratory, completed in 2018, in which chemical analyses can be performed with the most modern analytical techniques available today. In fact, the equipment includes the main analytical instrumental techniques (HPLC, GC, ICPMS, LCMS, GCMS, IC) that allow you to perform analyses in multiple areas of the agri-food sector such as water, feed and food contaminants, process controls, nutritional parameters and additives.

In 2019, the implementation of a Quality System compliant with **ISO 17025** began which will lead, in the second half of this year, to the accreditation of the first 6 Test Methods.

The role of our chemists, biologists and researchers is fundamental in maintaining high quality standards and in guaranteeing all consumers safe and excellent products. Analytical controls cover all stages of the supply chain: from the analysis of raw materials intended for the production of feed, to the controls of ingredients, materials and processes, up to the finished product intended for our consumers. The laboratories are constantly updated in the analytical methods to achieve high levels of verification regarding quality and food safety of feed and food. Through scrupulous diagnostic analyses, we identify the best treatments for our animals. Another important role of the laboratories is to support the Research & Development, Production and Quality functions to continuously improve processes and products and to always guarantee food safety.





## *The digital supply chain*

The complexity of our supply chain and the need for each phase to be connected to the next with an impeccable system for sharing information flows has created a digital supply chain parallel to our physical supply chain. Complex data that is transmitted through internal communication channels and management and operating systems designed by four hands among our ICT experts and the most important suppliers of technological services.

Our main requirement is to ensure the continuity of operational services to allow constant control of business processes that operate 24 hours a day. Complete control of the supply chain, a distinctive and key sign of our success, is made possible only thanks to the internal management of a complex network of activities in a very short time that have the aim of ensuring a high quality product for our consumers. At the base of such complex management processes is the integrated data of all production phases: a process that must be managed ever more rapidly to guarantee the freshest products such as meat and eggs. Thus a system has been implemented through which our breeders can order the feed just in time for our animals, our programming office knows the exact number of each direct delivery to our slaughterhouses and allows an optimal production management that must be integrated with the flow of orders from our customers. Each function is connected by an invisible thread through our IT systems that allow us to make thousands of deliveries daily in compliance with commercial timings. Everything is created to respect our structure and the timings of a very fast market in which a delivery made in wrong moment can become a problem to manage.

The development of the important project to improve the business continuity of the data centres and increase the response speed of our services is in 2019. By renewing the infrastructure of the Datacentre, the Group has given a further push to the digitalisation of the supply chain, reducing the number of machines to be managed, consolidating all the most important applications and therefore increasing the operational control of the individual activities.



## Our certifications

To offer the best guarantees on our internal quality management systems we voluntarily adhere to the most important certification schemes recognised internationally.

### SYSTEM CERTIFICATIONS



ISO 9001: 2015



ISO 22000: 2005<sup>1</sup>



ISO 22000: 2005<sup>2</sup>

### ENVIRONMENTAL CERTIFICATIONS



UNI EN ISO 14001: 2015

### PRODUCT CERTIFICATIONS



IFS International Food Standard<sup>3</sup>



BRC and IFS logistic<sup>4</sup>



BRC Global Standard for Food Safety<sup>5</sup>

### PRODUCT CERTIFICATIONS



Vegetable feeding



Non-GMO product



Global Gap\_CFM



ASC Aquaculture Stewardship Council



Halal EHZ



Organic product



VLOG "Ohne Gentechnik" Standard



German QS



Tierwohl



Sustainable cereals and oilseeds



GMO-free nutrition



Eggs from hens raised without the use of antibiotics



Pig raised without antibiotics

### ADHESION TO ETHICAL PRINCIPLES ALONG THE SUPPLY CHAIN



<sup>1</sup> San Martino Buon Albergo (VR)

<sup>2</sup> Caselle di Sommacampagna (VR), San Martino Buon Albergo (VR), Cremona.

<sup>3</sup> Caselle di Sommacampagna, Correggio, Cremona, Magreta of Formigine, Nogarole Rocca, San Giorgio in Bosco, Santa Maria di Zevio, San Daniele del Friuli, Via Apollinare 14/16, Villaganzerla, Zibello, San Martino Buon Albergo, Tizzano Val Parma, Vazzola, Villafranca.

<sup>4</sup> San Martino Buon Albergo (VR).

<sup>5</sup> Caselle di Sommacampagna, Correggio, Cremona, Magreta of Formigine, Nogarole Rocca, San Giorgio in Bosco, Santa Maria di Zevio, San Daniele del Friuli, Via Apollinare 14/16, Villaganzerla, Zibello, San Martino Buon Albergo.







07

## OUR PEOPLE

## *Our people*

“The motivation and professional growth of our employees are the key to our success. Respect, trust, fairness and dialogue are the principles which inspire us to create enthusiasm and team spirit “ (Group values). We recognise the centrality of our people who every day with passion and dedication contribute to the development of the Group’s activities and the creation of value.

For this reason, we strongly feel the need to attract and cultivate the talents that are part of our company and to plan training courses every year that allow our teams to grow.

Our commitment is also aimed at encouraging the creation of a positive work environment in which our people can express their skills and participate in activities aimed at improving their level of well-being. With these objectives we have promoted some important projects. On December 31st, 2019, Group employees numbered **8,639** (8,448 in 2018), of which 63.4% men and 36.6% women. **70.5%** of employees are **fulltime workers** (6,088 in 2019), an increase of 3% compared to 5,903 in 2018. On December 31st, 2019, the majority of employees belonged to the age group between 30 and 50 years (50% of total employees), while about 34.4% are over 50 and about 15% are under 30.

All our employees are covered by collective bargaining agreements.

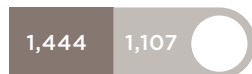


TOTAL NUMBER OF EMPLOYEES BY CONTRACT TYPE (PERMANENT AND TEMPORARY EMPLOYMENT) AND GENDER AS OF DECEMBER 31<sup>st</sup>

2019



TOTAL



TEMPORARY



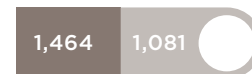
PERMANENT

● MEN ● WOMEN

2018\*



TOTAL



TEMPORARY



PERMANENT

● MEN ● WOMEN

\* Following a process of improvement of the reporting system and in order to guarantee the comparability of the same, the data relating to the number of employees by contract type and gender in 2018 have been restated compared to those published in the previous Annual Report. For previously published data, please refer to the Annual 2018 Report, published in the Sustainability section of the website <https://www.gruppoveronesi.it/annual-report>.





## *Living in Veronesi*

### SOLIDARITY HOLIDAYS

The Group has joined the solidarity holiday mechanism. A form of non-compulsory solidarity thanks to which our people can give their hours of rest and holidays to colleagues who, in order to assist family members needing constant care, must be absent from the workplace for a prolonged period that cannot be calculated. This is a path that we started experimentally involving the Magreta site, the ambition is to extend the project to other sites.

### GENDER DIGNITY

The Human Resources Office is always present as a reference point for the needs of our people. Dialogue and listening are two essential characteristics to ensure the centrality of people. In order to ensure that everyone is committed to maintaining a workplace in which everyone's dignity is respected and to foster interpersonal relationships, the agreement on harassment and violence in the workplace signed by CGIL CISL UIL and Confindustria in 2016 was widely disseminated. Anyone who feels victimised by violence in the workplace, has the opportunity to contact either the trade union or the employer to report the incident and, subsequently, it can be directed to assistance bodies.

### WELFARE PLAN

In 2019, the agreement was renewed at the Magreta plant. Agreeing in attributing particular value to the policies of reconciliation between professional and personal life, efforts were made to respond to the various needs demonstrated by sharing agreements with the social partners on solidarity, part-time, smart working holidays and the granting of additional permits for extraordinary events. The Group has entered into various agreements in the territories in which it operates, with the aim of obtaining a series of reduced rates for the purchase of goods and services. After the JoJob App dedicated to carpooling, in 2019 the portal of company agreements reserved exclusively for Group employees was reconfirmed (<https://gruppoveronesi.convenzioniaziendali.it>).

With this in mind, we have also worked with local polyclinics to ensure access to our people for medical services at reduced rates. Some services have also been set up to support our employees, such as, for example, the help filling out form 730 desk, agreements with insurance companies, discounts at company outlets, the company canteen. The **VERONEASY-LIFE** online platform, activated in 2018, was implemented and made available for all Group sites in 2019, while the agreements on the conversion of the result bonus were finalised. In this way, all Group workers will be able to take advantage of the same benefits.



## PRODUCTIVITY AND SUSTAINABILITY AWARD

Aware that the promotion of sustainable development is today inseparable from production, we have undertaken constant training for our staff aimed at raising awareness of everyone's responsibility in the production process. To give even more strength to the pursuit of sustainability objectives, we have included an indicator aimed at the environment among the indicators of the variable productivity bonus. Many food production units have joined the project, in some cases specifically, in others through a declaration of intent.

Each plant declined the measurement of the environmental parameters according to the production specificities. The goal pursued by most sites is to reduce dry waste in the face of the correct disposal of plastic waste. Some examples concern the correct disposal of glassine and nylon.

Important results were achieved in the two most performing sites of the Group's poultry sector, these are the factories of Noragarole Rocca and San Martino Buon Albergo. The objectives have been fully achieved and the prize will be donated 100%. The San Martino Buon Albergo site deserves a special mention which, thanks to the correct division of waste, has reduced by 246 tons its own CO<sub>2</sub> emissions, receiving an important recognition: the C4G Recycling Certificate.



## MARCO BIAGI FOUNDATION PROTOCOL

In order to achieve higher labour protection standards than those prescribed by the procurement law, the company in addition to the certification of the activities has developed in collaboration with the Marco Biagi Foundation an ad hoc protocol for the integrated and systematic assessment of management of employment relationships. This is an additional audit and certification service for the correct management of personnel by the contractor.

## *Attract young people and believe in the future*

People can make a difference: it is for this reason that our Group has always tried to enhance the skills and competences of the youngest. With particular attention for young people entering the world of work, for some years we have been dealing with the world of schools (technical and professional institutes and universities), opening up to discussion through meetings with students or by joining alternating school-work projects.

During 2019, there were many appointments dedicated to the search for students who want to get to know our Group and understand how to start moving in the job market. The roads we travel are two. The first is dedicated to the youngest, in particular to students from **Technical Institutes** and **ITS** (Paths of post-diploma technical training) present in the territories where we operate. While the second is aimed at those who are finishing a university specialisation course. Important projects have seen us protagonists with the **Universities of Verona, Padua** and the **Cattolica of Piacenza**. It is precisely with the latter that we have created an important **business game** that ended in January 2020 which involved over 100 students of the course of Food Marketing and Commercial Strategies and of Food Science and Technology, committed to developing innovative projects related to our two products. Another important appointment involved the engineering students of the University of Padua, in collaboration with the Career Service, in a day dedicated to technology and industry 4.0 for the food industry. There have been numerous career days and company presentations in which we participated this year for both university students and doctoral and PhD students.

The **Apprenticeship in production** project continues, aimed at enhancing the skills of the technical production sector. In 2019, apprenticeships were activated, our academies continue, real masters lasting 12 months, which this year involved 7 young veterinarians and graduates in animal production. The purpose of the academy is to train future breeding technicians for both the poultry and pig sector.



## Training

Training is a fundamental process for individual growth and for the development of all those key skills that contribute to corporate growth. We are witnessing a technological evolution and a generational change that makes it necessary to acquire a new working system based increasingly on relational capacity and speed of action. To maintain the leadership that distinguishes us, it is a priority for us to cultivate our resources and guide them towards the epochal change that we are experiencing.

In 2019, the Group provided a total of almost **50,000 hours\*** of compulsory and non-compulsory **training**, with the aim of stimulating change, developing skills especially in the technical, relational and managerial fields, and taking care of the well-being and safety of our people.

nearly  
**50,000**  
hours  
of training

**HYGENIC  
DESIGN**

**MACHINERY  
DIRECTIVE**

**SAFE  
DRIVING**

**DESIGN  
OF EXPERIMENT**

To sensitise people during home-work trips and transfers, we have activated a “**Safe Driving**” course among all employees of the Quinto and San Martino Buon Albergo offices. During 2019, the Group began a structural development path for some important application and management assets. To accompany the change, several people were involved in specific training activities.

With the recent introduction of the new European privacy legislation, a training course has begun, which will continue over time, to make all people who play an active role in the management of sensitive data aware and informed. Always attentive to our staff in the production areas, we have activated training relating to the “**Machinery Directive**” which involved all the people who deal with the management and maintenance of the lines, with the aim of raising awareness among colleagues on the issue of safety, with the aim of making operators increasingly aware. The courses were held in the classroom for the theoretical part and, for the practical part, along the production lines with the aim of highlighting the improvements to be made to guarantee ever greater safety. For all other types of training relating to safety, please refer to the “**INFORMATION AND TRAINING**” section on page 100.

\* The Veronesi Group undertakes to extend reporting, including the breakdown by professional category for the next few years.



With regards to food safety, in addition to the usual activity involving line operators and new employees, we have created a “**Hygienic Design**” course in collaboration with the University of Parma which involved the Technical, Quality Assurance, Research and Development and Production offices.

Always looking for new stimuli we wanted to deepen some productive aspects of mortadella production through the collaboration with one of the leading experts in the field by establishing a technical course for the Research & Development department. The “**Design of Experiments**” course was born with the aim of improving the assessment of the effectiveness of our processes.

Finally, in the managerial sphere, training activities aimed at the Heads of the Livestock Service and the Heads of Shifts of the San Martino Buon Albergo and Nogarole Rocca plants were particularly significant.

## WELCOME TO THE GROUP

We are a group based on a single supply chain. To encourage the integration of the young potentials included in our reality, we have invested in a path that guides new employees to understand our organisational structure by retracing the entire supply chain. The added value of this activity lies in the availability of more experienced colleagues who make new resources available. In 2019 about **32 new colleagues** participated in this process.



## *Safety and employee health policies*

The Group believes that safeguarding the safety and health of its workers is of primary importance.

This is why we work not only to ensure the necessary compliance with specific regulations, but above all with the aim of identifying effective plans for prevention and continuous improvement of working conditions. All this translates into actions aimed at reducing the probability of accidents as well as their severity, reducing the probability of occupational diseases, improving the health levels of workers in the workplace, ensuring compliance with the regulations applied. In order for safety and health in the workplace to be the patrimony of all, each employee is called on today to spread the culture of safety first-hand and to become aware of their own responsibilities. All working relationships with third parties not directly dependent on the Group are regulated through Art. 26 d. Legislative Decree 81/08. We adopt a Safety Policy with the aim of respecting not only all the specific regulations on the matter but also implementing an effective action of prevention towards all our collaborators and continuous improvement of working conditions.

The preventive approach that we follow is constantly evolving and starts from a careful analysis of every activity we carry out. It involves the active involvement of all and a scrupulous assessment of health and safety risks which are monitored through targeted and constant audits over time. The analyses that emerge are evaluated during the review meetings held periodically and are used to update the improvement program that each plant has developed based on its production and organisational complexity. This criterion is followed by all the Food and Feed companies and is being implemented by the Farms.



In 2019, a **three-year audit plan** was prepared by the **Safety and Environment Coordination**, which involves all the factories of the Group (FEED and FOOD) and the proprietary farms (FARM). The objective of the audits is to verify the application of the mandatory requirements regarding worker safety and management of environmental aspects and to verify the effectiveness of the Integrated Quality - Safety - Environment Management System (see page 72). The tools used by the auditors are: interviews with management roles, evaluation of records relating to the application of safety and environmental procedures, evaluation of the effectiveness of the management system procedures, evaluation of the application and effectiveness of the technical, technological and procedural measures. All the information obtained is reported in a single check list duly completed by the managers of the Health & Safety and Environment function.

**In 2019, 12 operating units were audited for the safety area and 13 for the environment area.**

The company has joined a training initiative for RLS and RSPP entitled “**Safely together, because safety is a team game**” created within the “Veneto in action” project and promoted in synergy with Confindustria Verona and CGIL CISL UIL from the province of Verona. We participated both as host and as promoter because strongly convinced that the development and enhancement of the communication and relational skills of the subjects involved is a precious opportunity to affront any change.

A Prevention and Protection Manager is appointed in each of the Group Units and is accompanied by a Prevention and Protection Officer (FEED and FOOD divisions). To spread a policy of knowledge regarding Health & Safety, a procedure has been prepared which lists the processes to be activated, specifically information, training and training processes by HPPS (Head of Prevention and Protection Service), PPSO (Prevention and Protection Service Officer), EMSM (Environment Management System Manager), QAM (Quality Assurance Manager) and HR (Human Resources Training Manager). The Workers’ Safety Representatives (WSR) are involved in the risk assessment updating activities, in the training programs, in the presentation of the statistical analysis of accidents, in the annual meeting and in the meetings with doctors in compliance with the cogency. In more complex production situations, the frequency of meetings is higher than what is foreseen by the standard. All our employees, in line with the 231 model, can contact the Supervisory Body via email anonymously to report any dangerous situations or repercussions.



## INFORMATION AND TRAINING

Training and information are the basis of our prevention path. Specific security procedures are provided for each company role. We pay particular attention to all new employees in the operating units through the “**AIA GOOD PRACTICES**” course, in which everyone must participate in order to work with us. A training module dedicated to safety has been provided, with the aim of spreading the culture of quality and the information necessary to prevent and to report any presence of dangerous situations in full compliance with the cogency they may incur during the task in charge. The reporting methods may vary from filling in specific forms to direct comparison with the Workers’ Safety Representative.

The training activities are managed by the **Prevention and Protection Service** in collaboration with the Human Resources of the plant. As for the workers, the training lasts 12 hours on the main topics relating to Quality, Safety and the Environment. At the end of the path for new employees, learning is verified through an assessment test.

The registration of training courses takes place following two different methodologies depending on whether the course is organised internally or externally to the organisation: if the training is carried out internally this is recorded with reports using specially designed modules, otherwise from the provider body a training certificate or report is required. In both cases, the activities are recorded using the Group’s IT support. Participation in the courses can take place during working hours, or if conditions do not allow it, always in agreement with the trade unions, outside of working hours.

## EMPLOYEE HEALTH

The protection of employee health is one of our priorities, the main objective is the protection of our workers who are exposed to professional risks. In each plant, a Competent Doctor is appointed who will have the task of assessing the suitability of employees according to the specific risks that their function may present. Given the complexity of our structure, a Coordination of Competent Doctors is planned with the appointment of a Coordinating Competent Doctor. The Competent Doctor draws up his own Health Surveillance Protocol where he analyses, in a disaggregated way, specific job-processing risks, taking into account the basic Protocol drawn up by the Coordinating Doctor. The Health Surveillance includes: a preliminary pre-employment visit (whose objective is to verify the suitability of the person in the relevant function), a periodic visit (to check the state of health and continuous suitability for the role), a visit at each job change and visits at the request of the worker. The suitability judgment is recorded in the company applications.

For the third consecutive year, in collaboration with the University of Padua, the “Motor Activities” project continues, aimed at all workers to valorise and make





known the importance of physical activity in daily life. During this activity, people with the support of competent professionals and instructors from the University of Padua have the opportunity to practice movements that are useful in preventing and contrasting any problems due to sedentary lifestyle or repetitive movements. In 2019, about 600 people took part in the course involving production sites and offices of 6 plants (San Martino B.A., Quinto, Nogarole Rocca, San Giorgio in Bosco, Villaganzerla and Magreta).

During 2019, in some plants, with the aim of extending it to all the production/administrative units of the Group, about **20 defibrillators** were introduced in order to guarantee timely intervention in case of need by staff, duly trained through a specialist course attended by 300 people.

## SAFE WORK PROJECT

Since 2007, the Veronesi Group has undertaken a project in collaboration with INAIL Veneto with the aim of preventing and raising awareness in the workplace involving all food establishments located in the Veneto Region. Department heads and supervisors are involved to have an active presence in constant training on workplace safety.

In 2017, the project is also extended to the Lombardy Region in collaboration with INAIL Lombardy. The project was born out of awareness that training itself is not sufficient but constant monitoring is necessary to safeguard the safety of the people who work daily in the Group's plants. The audits aim to carry out the verification of compliance 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 Operational Guide "**Safe Work**" Ed. 2011.

Some Feed (San Pietro in Gu) and Farm sites (San Pietro in Gu and Isola della Scala hatcheries) also joined the project with the aim of extending it to all the Group's operating units. In 2017, in a voluntary form, the verification was expanded to include aspects relating to the environmental management system, in particular for sites not certified according to ISO 14001.





08

## THE ENVIRONMENT





## Environment

We are a company rooted in the territory and we are committed to promoting sustainable development. Our goal is to do more, grow and at the same time reduce the environmental impact of our activities thanks to the responsible use of natural resources.

We work by involving all business processes, starting with the design and development of products and processes to encourage collaboration and a constructive approach in identifying the best solutions. Our Integrated Quality - Safety - Environment Management System is proof of this, combining different disciplines, the validity of which is guaranteed by the UNI EN ISO 9001 international standards (23 production plants\*) and UNI EN ISO 14001 (5 production plants and 2 laboratories\*\*).

The Integrated Management System is applied by the whole group with corporate documents, declined in the individual plants with detailed documents, only some plants have the ISO 14001 certification.

This is the strategic management tool that guides us and has allowed us to have a single vision on such an important issue as environmental protection: for each business process we have identified key roles that are responsible for developing projects and continuous improvement actions. These figures are entrusted with the research, acquisition and introduction of new technologies and development of good management practices.

The application of the Integrated Management System has allowed us to achieve important results such as, for example, the knowledge of the territory and its peculiarities from an environmental point of view, both as an opportunity for the company and as risks for the community. In addition, the continuous monitoring of our processes and the analysis of the effectiveness of the technologies in use, through annual processing of the sustainability report, has allowed us to have a deeper knowledge of consumption and emissions. Thanks to the analysis of the big data collected in this way, we are able to research the Best Available Techniques (BAT) for the reduction of impacts and environmental costs.

Since 2018, the San Martino Buon Albergo centre and other significant production plants of the FOOD business\*\* have obtained recognition of the ISO 14001 certification of compliance with the 2015 version of the standard. The transition to the new version of the standard entailed the introduction of a global vision of the system and an extension of the culture of management and monitoring of relations with all interested parties. The Group confirms its commitment to extend, in the next few years, this certification also to other plants.

\* Acquanegra Cremonese (CR), Fossano (CN), Ospedaletto Euganeo (PD), Putignano (BA), Quinto Di Valpentena (VR), S. Polo Di Torrile (PR), San Pietro In Gu (PD), Caselle Di Sommacampagna (VR), Correggio (RE), Cremona (CR), Magreta Di Formigine (MO), Nogarole Rocca (VR), S. Giorgio In Bosco (PD), S. Maria Di Zevio (VR), San Daniele Del Friuli (UD), San Daniele Del Friuli (UD), San Martino Buon Albergo (VR), Tizzano Val Parma (PR), Vazzola (TV), Verona (VR), Villafranca (VR), Villaganzerla Di Castegnaro (Vi), Zibello (PR).

\*\* Caselle Di Sommacampagna (VR), Magreta Di Formigine (MO), Nogarole Rocca (VR), San Martino Buon Albergo (VR), Verona via Apollinare Veronesi 14/16 (VR), Central Chemistry Lab (VR), Lab. Corte Pellegrina (VR).





This upgrade allowed us to put more emphasis on the results achieved in terms of sustainability and to increase the impulse towards continuous improvement by promoting awareness actions within the organisation and sharing with key stakeholders. The certification recognises, in fact, the commitment to:

Containing and reducing the environmental impacts deriving from the production processes carried out through the separate collection of waste, technological innovation (with benefits for the environment), production and the use of biomass for green energy production, starting from production waste;

Generating and developing a team culture, as attention to the environment requires continuous collaboration between all organisational roles;

Increasing collaborations with institutions and institutions in order to promote projects aimed at environmental protection;

Developing partnerships with suppliers of goods and services, which share the Group's objectives and participate in their pursuit.

We are aware of our role and believe that spreading good practices can help achieve better results.



## ENERGY AND EMISSIONS IN THE ATMOSPHERE

For many years the company has pursued policies aimed at environmental sustainability, with particular attention towards limiting the use of energy resources (electricity and natural gas). The energy used by the Group comes from different sources, with the aim of ensuring the necessary needs and promoting the use of alternative sources: in particular, in addition to purchasing from the national grid operator, we have invested in proprietary biogas cogeneration, photovoltaic and solar thermal systems. Overall, alternative energy production plants (biogas, photovoltaic and solar thermal) produce energy equal to the average annual consumption of more than 7,800 families and allow avoid emission avoidance of approximately 6,600 tons of CO<sub>2</sub> into the air.

During 2019, the Group's total energy consumption stood at 3,865,632<sup>1</sup> GJ, slightly up on 2018, equal to 3,821,860<sup>2</sup> GJ (+ 1.1%). These consumptions are composed of usage of non-renewable fuels such as natural gas, gas oil, LPG, burning oil for a total of 2,155,579 GJ, a slight decrease compared to 2018 and renewable fuels, biogas used to power the boilers for a total of 254,582 GJ up 24.8% on the previous year. The increase in consumption from renewable sources is attributable to the installation of a new boiler at the San Martino Buon Albergo plant totally running on biogas and an additional photovoltaic system, the Group's fifth. The remaining part corresponds to indirect consumption (electricity purchased) which amounts to a total of 1,455,471 GJ (+ 0.63% compared to 2018).

### SCOPE 1 E SCOPE 2 EMISSION



### SCOPE 2 - LOCATION - BASED (tCO<sub>2</sub>)



### SCOPE 1 (tCO<sub>2</sub>eq)

In 2019 the direct emissions of the Veronesi Group amounted to 110,746 tons of CO<sub>2</sub> equivalent (Scope 1)<sup>3</sup> deriving from the consumption of natural gas, gas oil, LPG, burning oil. Indirect emissions (Scope 2)<sup>4</sup>, on the other hand, deriving from the electricity purchased, amounted to 145,143 tons of CO<sub>2</sub> based on the calculation method - Location based and equal to 196,893 tons of CO<sub>2</sub> equivalent calculated with the Market based method. Total emissions (Scope 1 and Scope 2 Location-based) amounted to 255,889 tons of CO<sub>2</sub> equivalent slightly increasing compared to 2018 in which they reached 255,491<sup>5</sup> tons of CO<sub>2</sub> equivalent (+ 0.16%).





<sup>1</sup> For the conversion factors used for the calculation of the energy consumption in GJ, see the Appendix section of this Sustainability Report.

<sup>2</sup> Following a process of improvement of the reporting system and in order to ensure their comparability, the 2018 energy consumption figures were restated compared to those published in the previous Sustainability Report. For previously published data, please refer to the 2018 Sustainability Report, published in the Sustainability section of the website [www.gruppoveronesi.it](http://www.gruppoveronesi.it).

<sup>3</sup> For the emission factors used for the calculation of Scope 1 and Scope 2, see the Appendix section of this Sustainability Report.

<sup>4</sup> The GRI Sustainability Reporting Standards provide two Scope 2 emissions calculation methods, the "Location-based method" and the "Market-based method". For the calculation of Scope 2 emissions, in line with the GRI Sustainability Reporting Standards, both calculation methods were used. The Market-based is based on the CO<sub>2</sub> emissions emitted by the energy suppliers from which the organisation buys electricity through a contract and can be calculated by considering: certificates of guarantee of origin of energy and direct contracts with suppliers, factors supplier-specific emission factors, emission factors related to the residual mix, i.e. energy and emissions not monitored or unclaimed (methodology used, with emission factor Italy 2019: 487g eq/kWh - source: AIB - European Residual Mixes 2018). The Location-based method is based on average emission factors relating to the generation of energy for well-defined geographical borders, including local, subnational or national borders (methodology used, with emission factor Italy 2019: 359 gCO<sub>2</sub>/kWh - source: Terna International Comparisons 2017). Scope 2 emissions calculated with the Location-based method are expressed in tons of CO<sub>2</sub>, however the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions (CO<sub>2</sub> equivalent) as can be deduced from the reference technical literature.

<sup>5</sup> Following a process of improvement of the reporting system and in order to ensure its comparability, the 2018 emissions figures have been restated compared to those published in the previous Sustainability Report. For previously published data, please refer to the 2018 Sustainability Report, published in the Sustainability section of the website [www.gruppoveronesi.it](http://www.gruppoveronesi.it).



## BIOGAS

With a view to optimising energy resources, as well as a policy of attention to environmental protection issues, the construction of anaerobic digestion plants for the production of biogas was decided to be used as an integrative fuel to the existing thermal power plants (powered by natural gas) and for the production of saturated steam used in production processes. Our desire to research low-impact energy production systems is reflected in the **4 anaerobic digestion plants** that produce biogas that are located in our main poultry plants: San Martino Buon Albergo, Nogarole Rocca and Villaganzerla. Biogas is used in as many electricity production plants through combustion in an eight-cycle internal combustion engine (cogeneration).





2019

In 2019, the Group's anaerobic digestion capacity was further strengthened, thanks to the construction of the fifth digester, which will start operating in 2020.

All sludge from on-site wastewater treatment plants in the poultry sector are recovered in anaerobic digestion systems, which result in the production of biogas, electricity and thermal energy from renewable sources. In addition to the generation of energy, the organic waste treatment process involves returning purified water to the environment, in compliance with the legal limits.

All organic waste and washing water from the production lines, which have organic matter present, flow into the purifiers. In the tanks, the water is separated from the organic part, purified and returned to surface waters in full compliance with regulations. The sludge, i.e. the residual organic component, is then digested in anaerobic digesters with the production of biogas used in co-generators and thermal power plants for the production of heat and electricity. The residual sludge is further centrifuged and dried and can be used as fertiliser after being treated and mixed with domestic composting by specialised companies outside of the Group.

All the thermal energy produced from biogas is used internally to meet part of the Group's energy needs, while the electricity produced is fed into the network. The cogeneration plants allow a reduction in the consumption of natural gas and a containment of the atmospheric emissions associated with the Group's production processes.

## PHOTOVOLTAIC AND SOLAR THERMAL

There are **5 photovoltaic systems** owned by the Group located in the offices of Putignano, Guidonia (Rome), Bari, San Quirino and San Michele Extra to which 3 more are already planned. All sites use all the energy produced. Photovoltaic systems cover, for example, 28% of the energy needs of the Bari distribution centre and 14% of that of Rome. The San Polo in Torrile site is currently the only one supported by a solar thermal system that will be joined by a photovoltaic system during 2020.

We are constantly engaged in the development of new methods to reduce energy consumption and increase our ability to be more and more efficient: we have implemented plans to reduce or eliminate product and material waste which translates into evident energy savings. In the production of fresh food, the production of cold, necessary to ensure its safety, healthiness and high quality, has a predominant role in energy consumption. We are therefore particularly attentive to energy consumption in the management of the cold chain and we have succeeded over the years, through the creation of targeted projects, to acquire **Energy Efficiency Certificates (EEC)** equal to the value of **4 million Euro** which correspond to a reduction of approximately 25,500 tons of CO<sub>2</sub> emitted into the air. To these are added the almost **5,000 green certificates** obtained from 2008 to today, equivalent to a reduction in emissions of 1,500 tons of CO<sub>2</sub>. EECs are issued by the Electricity Market Operator (EMO) on the basis of savings certificates verified by the Authority. The most recent projects for ECCs currently underway are the installation of a new boiler and the replacement of existing compressors.





The project to install a new boiler at the San Martino Buon Albergo food plant generates around **5,000 EECs** corresponding to an economic value of around 1 million Euro which equates to a **reduction of 12,000 tons of CO<sub>2</sub>** over a five-year period. The boiler, powered by biogas, is of smoke tubes for the nominal production of 20 t/h of saturated steam at a pressure of 12 bar. The biogas is produced entirely by a new anaerobic digester with a volume of 4,000 cubic meters. The increase in the company's productivity has naturally led to an increase in the quantity of waste to be subjected to anaerobic digestion treatment. The Group therefore decided to **centralise the sludge treatment and biogas production phase of the entire poultry department** thus increasing the synergy level of the production plant.

The second project consists in the replacement of existing compressors to serve the production needs of the Quinto di Valpantena plant with the insertion of new screw compressors, one of which is equipped with variable speed drive. From this project, approximately **260 EECs** are foreseen, corresponding to an economic valorisation of approximately 65,000 Euro, corresponding to **430 tons of CO<sub>2</sub> saved**. The project stems from the desire to reduce the electricity consumption of the plant by using high efficiency compressors and dryers, with priority given to regulation by inverter machines, for a more efficient modulation of compressed air production according to the productive request.

The Veronesi Group is constantly looking for new energy efficiency measures along the entire production chain. The elimination of waste, in terms of products and materials, is one of the aspects to which more attention is paid at each stage of the production process and which permits evident energy savings.



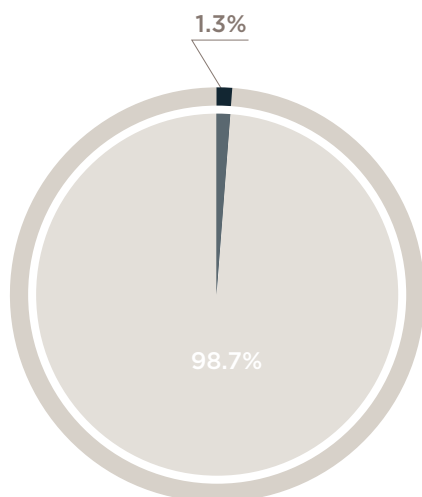
## WASTE

We pay more and more attention to waste management methods in compliance with current regulations and by virtue of the commitment made in the context of the **ISO 14001:2015 certification**. This is testified by the introduction, among the objectives of the production bonus, of a variable linked to environmental sustainability (for further details see page 101 “Productivity Bonus”). The waste produced by the Group falls 98.7% in the category of non-hazardous waste and only 1.3% in the category of hazardous waste (solvents for washing, acids, IT components such as computers, batteries, cell phones, etc.) which are scrupulously managed in accordance with the relevant legal provisions.

In 2019, over 55,000 tons of waste were produced, a slight increase compared to 2018 (54,640 t)<sup>6</sup>. Of these, 70% was used for recovery, including energy, around 19% was used for composting, 4% was sent for treatment and the remainder belong to residual categories.

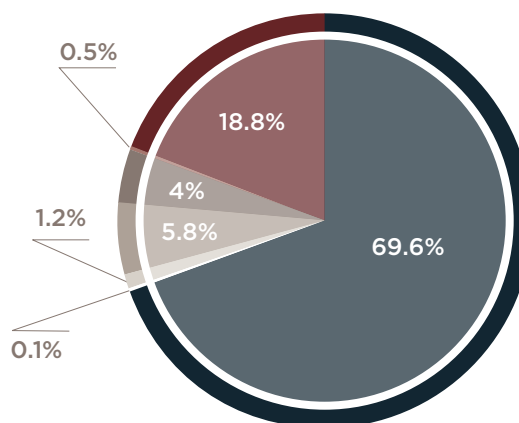
WASTE BY TYPE 2019

- HAZARDOUS
- NON-HAZARDOUS



WASTE BY TYPE 2019

- RECOVERY, INCLUDING ENERGY RECOVERY
- LANDFILL
- DISPOSAL
- OTHER
- TREATMENT
- RECYCLING
- COMPOSTING

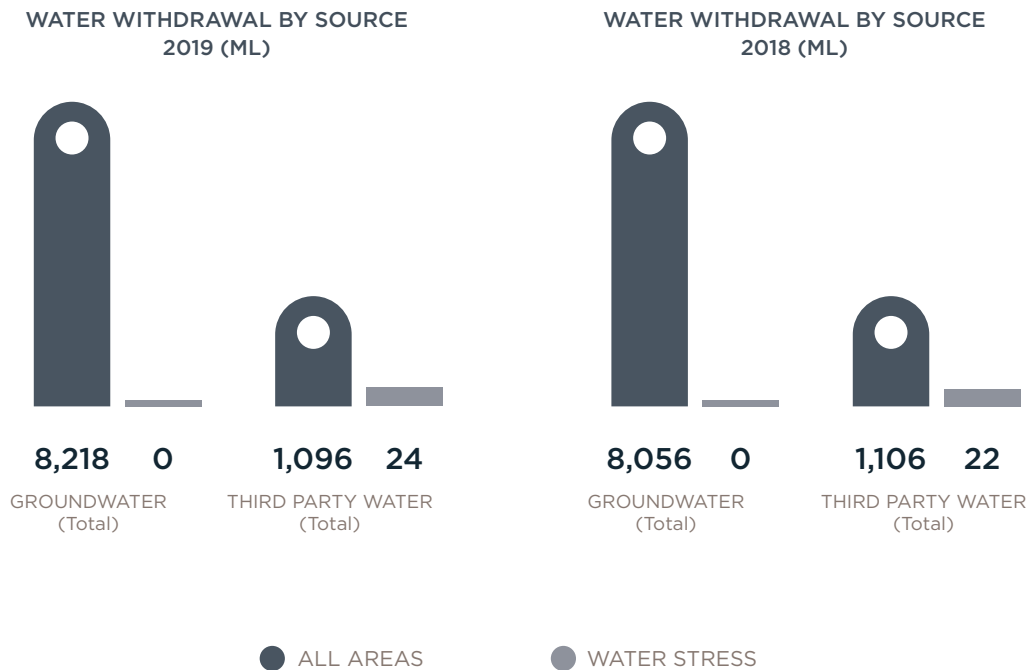


<sup>6</sup> Following a process of improvement of the reporting system and in order to ensure its comparability, the 2018 waste data were restated compared to those published in the previous Sustainability Report. For previously published data, please refer to the 2018 Sustainability Report, published in the Sustainability section of the website [www.gruppoveronesi.it](http://www.gruppoveronesi.it).



## WATER

Water is a precious asset, a patrimony of all and for this reason its protection is fundamental. Aware of the importance it holds, we are constantly looking for activities aimed at reducing its consumption in the various stages of the supply chain. The water is used in all phases of the production process from plucking to freezing, from washing machinery and vehicles to that of the crates to the live deposits. In 2019, the total water withdrawal was equal to 9,313 mega litres, most of which from wells (8,218 MI) slightly increasing compared to 2018, in which 9,162<sup>7</sup> mega litres were withdrawn. The Group's objective is the withdrawal of 100% of water from its own wells (today the withdrawal is equal to 88% of the total requirement) so as to reduce or eliminate the marginal impact (1,096 MI) that our activity would have on public water. All the water withdrawn comes from fresh water (water with a total dissolved solids concentration equal to or less than 1000 mg/l<sup>8</sup>). The water discharged during the year amounted to 6,685 mega litres, of which 4,589 in surface water and 2,095 in the sewer system, a slight increase compared to 2018 (+9%).



<sup>7</sup> Following a process of improvement of the reporting system and in order to ensure its comparability, the data relating to water withdrawals in 2018 have been restated compared to those published in the previous Sustainability Report. For previously published data, please refer to the 2018 Sustainability Report, published in the Sustainability section of the website [www.gruppoveronesi.it](http://www.gruppoveronesi.it).

<sup>8</sup> This definition is based on ISO 14046:2014 and the USGS (United States Geological Survey) document, Water Science Glossary of Terms, [water.usgs.gov/edu/dictionary.html](http://water.usgs.gov/edu/dictionary.html), (access June 1, 2018) and on the document of the WHO (World Health Organization) Guidelines for Drinking-water Quality (2017).

Almost all of the water used in our sites is treated inside our owned purifiers and returned to the surface waters. The treatment plants are structured with technologies suitable for the type of polluting load contained in the waste water and is managed by competent personnel according to operating procedures that have been established and consolidated for some time. Precisely in relation to the technology adopted and the competent process management, the discharges that derive from this have a limited environmental impact.

In order to verify compliance with the legal parameters before water release, **sampling points** are set up, some of which with the possibility of carrying out independent analyses.

Before discharging, each purifier is designed to carry out a sampling so that it is always available to the competent authorities. **Our controls go well beyond those established by law**, the Group in fact carries out continuous internal analyses under self-control through our laboratories. Each year, the company performs around **2,000 internal analyses** in the new centralised chemistry laboratory, which allow us to manage the treatment plants, in compliance with the environmental authorisations the company has. In 2019, work continues on the **Water Protection Plan (WPP)** with the construction of tanks for rainwater collection where vehicles are expected to pass (parking lots, parking areas for distribution vehicles, etc.). The water is conveyed into tanks and purified through filters from oily residues and impurities before being released into the various receptor bodies.

In order to assess its impact in sensitive areas, with reference to the withdrawal and discharge of water in areas subject to water stress, the Veronesi Group makes use of the **Aqueduct Tool** developed by the World Resources Institute <sup>9</sup> to identify areas potentially at risk. Pursuant to this analysis, only the withdrawals and water discharges relating to the Putignano production site concerned areas with water stress.

## BIODIVERSITY

The Group recognises the importance of biodiversity not only for today's global ecosystem to which it belongs, but also for future generations. It therefore operates with a view to **protecting the variability of all living organisms** included in aquatic, terrestrial and marine ecosystems and in the ecological complexes of which they are a part. An internal analysis that the Group has carried out has shown that **none of the plants are located within protected or highly biodiverse areas**. There are only cases of protected areas in the proximity of the plants, shown in the annex. The Group carefully monitors its potential impacts on the territory and on biodiversity and pays particular attention to the sites closest to sensitive areas.

<sup>9</sup> The WRI tool is available online at the web page: <https://www.wri.org/our-work/project/aqueduct>. For the analysis, the results that emerged in the "baseline water stress" column were taken into consideration.











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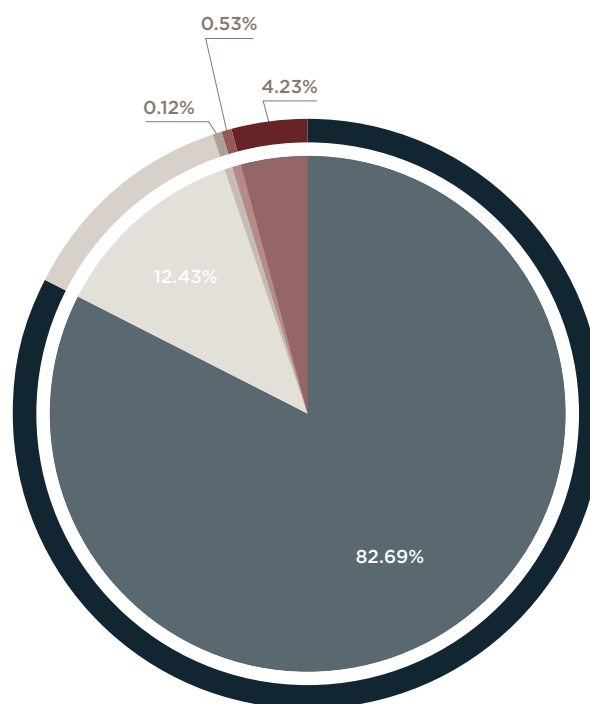
## ECONOMIC VALUE AND INVESTMENTS



## *Economic value generated and distributed*

The creation and distribution of value for its stakeholders is a constant commitment of the Veronesi Group. The economic value represents the wealth produced by the Group distributed and allocated to stakeholders in the following manner: reclassified operating costs (mainly purchases of raw materials and services), staff remuneration (direct remuneration consisting of wages, salaries and severance pay and indirect remuneration consisting of social security charges), remuneration of lenders (interest expense), remuneration of the Public Administration (income tax). The value retained by the Veronesi Group is mainly represented by profit for the year intended for reserves, amortisation and provisions.

### PERCENTAGE BREAKDOWN OF THE ECONOMIC VALUE DIRECTLY GENERATED AND DISTRIBUTED IN 2019



The economic value directly generated by the Veronesi Group in 2019 amounted to 3,108 million Euro, an increase of about 4% compared to 2018, of which the economic value distributed amounted to around 2,976 million Euro. Most of this value is represented by reclassified operating costs for a total of approximately 2,570 million Euro followed by staff remuneration (over 386 million Euro). The remuneration of the Public Administration was equal to approximately 17 million Euro, while the remuneration to the financiers was equal to approximately 4 million Euro. The value retained in the company was approximately 132 million Euro.



## *Investments 2019*

We believe in continuous innovation and growth through the use of the most advanced technologies in the logic that guides Industry 4.0. Our Group has always chosen to allocate significant resources to production plants with the aim of constantly improving their performance and safety levels.

All our investments are aimed at increasingly careful safeguarding of our people and increasing the parameters of competitiveness and efficiency. We have allocated over 127 million Euro to our production plants, along the entire supply chain, to carry out major renovation works on the buildings and productive lines.









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## ATTACHMENTS



## STAKEHOLDER AND MATERIALITY

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 offices in charge and participation in debates and working groups in the trade and sector associations of which we are members.

NATIONAL UNION AGRI-FOOD MEAT AND EGGS CHAINS



NATIONAL ASSOCIATION OF ZOOTECHNICAL FOOD PRODUCERS



INDUSTRIAL ASSOCIATION OF MEAT AND CURED MEATS



CONSORTIUM SAN DANIELE HAM



CONSORTIUM PARMA HAM DOP



CONSORTIUM MORTADELLA BOLOGNA



CONSORTIUM ITALY CACCIATORE



CONSORTIUM CULATELLO DI ZIBELLO DOP



CONSORTIUM SALAME CREMONA IGP



Stakeholder	Channels of dialogue
<b>Clients</b>	<ul style="list-style-type: none"> <li>• Daily report Group's commercial offices</li> <li>• Visits organised to the Group's offices</li> <li>• Collaboration and support in the daily activities of breeding and management of the structures</li> <li>• Dedicated meetings</li> <li>• Corporate website Groupveronesi.it, LinkedIn profile</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Daily report Group's purchasing offices</li> <li>• Selection of suppliers and evaluation of performance in terms of quality, cost of the service and ethical, social and environmental responsibility criteria</li> <li>• Periodic meetings and checks at suppliers</li> <li>• Corporate website Groupveronesi.it, LinkedIn profile</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>• Report of the Group's Corporate Communication Function</li> <li>• Constant dialogue with the media</li> <li>• Corporate website Groupveronesi.it, LinkedIn profile</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Notice boards at plants and offices</li> <li>• Training and periodic updating activities</li> <li>• Periodic meetings with the social partners</li> <li>• Company intranet</li> </ul>
<b>NGO</b>	<ul style="list-style-type: none"> <li>• Constant dialogue with the main associations</li> <li>• Corporate website Groupveronesi.it, LinkedIn profile</li> </ul>
<b>Institutions and Governments</b>	<ul style="list-style-type: none"> <li>• Constant collaboration with local and national institutions</li> <li>• Fulfilments to the documentary requests foreseen by the current regulations in force</li> <li>• Corporate website Groupveronesi.it, LinkedIn profile</li> </ul>
<b>Breeders</b>	<ul style="list-style-type: none"> <li>• Collaboration and support in the daily activities of breeding and management of the structures</li> <li>• Dedicated training and engagement initiatives</li> </ul>
<b>Consumers</b>	<ul style="list-style-type: none"> <li>• Commercial relations</li> <li>• Listening and managing complaints</li> <li>• Sites of the main brands and proprietary social channels</li> </ul>
<b>Local communities</b>	<ul style="list-style-type: none"> <li>• Contribution to the socio-economic development of the territories in which the Group operates</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Shareholders' meeting</li> <li>• Publication of the information on request</li> <li>• Section of the Reports and Financial Statements website</li> </ul>

Material issues	Perimeter of the impact	Involvement of the group
<b>Safety, traceability and quality of products</b>	Group	Caused by the Group
<b>Health and safety in the workplace</b>	Group employees <sup>1</sup>	Caused by the Group
<b>Economic performance</b>	Group	Caused by the Group
<b>Animal welfare</b>	Group and Breeders	Caused by the Group and related to the Group through its commercial relationships
<b>Ethics and compliance</b>	Group	Caused by the Group
<b>Management of environmental impacts</b>	Group and electricity suppliers	Caused by the Group and related to the Group through its commercial relationships
<b>Socio-economic development of the territory</b>	Group	Caused by the Group
<b>Listening to the client</b>	Group	Caused by the Group
<b>Worker protection</b>	Group and Suppliers	Caused by the Group and to which the Group contributes
<b>Nutrition and Well-Being</b>	Group	Caused by the Group
<b>Responsible consumption and marketing</b>	Group	Caused by the Group
<b>Sustainable management of the supply chain</b>	Group	Caused by the Group
<b>Corporate governance</b>	Parent company	Caused by the Group
<b>Development and well-being of employees</b>	Employees of the Group	Caused by the Group

<sup>1</sup> The Group evaluates deepening the analysis regarding the significance of the other non-employed workers, in order to assess the need to collect data from the employers of external collaborators and suppliers who operate at the Group's sites and or under the Group control, assessing the quality and accuracy of such data over which it does not exercise direct control.

## PEOPLE

## DISCLOSURE 102-8 Information on employees and other workers

Workforce by professional category and gender as of December 31 <sup>st</sup> (Headcount)						
Professional category	2019			2018 <sup>1</sup>		
	Men	Women	Total	Men	Women	Total
<b>Employees</b>	<b>5,476</b>	<b>3,163</b>	<b>8,639</b>	<b>5,407</b>	<b>3,041</b>	<b>8,448</b>
Senior executives	66	2	<b>68</b>	68	2	<b>70</b>
Executives	71	5	<b>76</b>	64	6	<b>70</b>
Employees	951	270	<b>1,221</b>	943	245	<b>1,188</b>
Workers	4,388	2,886	<b>7,274</b>	4,332	2,788	<b>7,120</b>
<b>External collaborators</b>	<b>8</b>	<b>40</b>	<b>48</b>	<b>7</b>	<b>42</b>	<b>49</b>
Administered	8	40	<b>48</b>	7	42	<b>49</b>
<b>Total workforce</b>	<b>5,484</b>	<b>3,203</b>	<b>8,687</b>	<b>5,414</b>	<b>3,083</b>	<b>8,497</b>

Workforce by professional category and gender as of December 31 <sup>st</sup> (FTE)						
Professional category	2019			2018 <sup>1</sup>		
	Men	Women	Total	Men	Women	Total
<b>Employees</b>	<b>5,200</b>	<b>2,728</b>	<b>7,928</b>	<b>5,125</b>	<b>2,602</b>	<b>7,727</b>
Senior executives	68	2	<b>70</b>	68	2	<b>70</b>
Executives	71	6	<b>77</b>	63	5	<b>68</b>
Employees	949	236	<b>1,185</b>	931	217	<b>1,148</b>
Workers	4,112	2,484	<b>6,596</b>	4,063	2,378	<b>6,441</b>
<i>of which temporary</i>	<i>1,172</i>	<i>861</i>	<b>2,033</b>	<i>1,195</i>	<i>821</i>	<b>2,016</b>
<b>External collaborators</b>	<b>5</b>	<b>22</b>	<b>27</b>	<b>6</b>	<b>23</b>	<b>29</b>
Administered	5	22	<b>27</b>	6	23	<b>29</b>
<b>Total workforce</b>	<b>5,205</b>	<b>2,750</b>	<b>7,955</b>	<b>5,131</b>	<b>2,625</b>	<b>7,756</b>

Employees by employment contract and gender as of December 31 <sup>st</sup> (Headcount)						
Employment contract	2019			2018 <sup>2</sup>		
	Men	Women	Total	Men	Women	Total
Permanent	4,032	2,056	<b>6,088</b>	3,943	1,960	<b>5,903</b>
Temporary	1,444	1,107	<b>2,551</b>	1,464	1,081	<b>2,545</b>
<b>Total</b>	<b>5,476</b>	<b>3,163</b>	<b>8,639</b>	<b>5,407</b>	<b>3,041</b>	<b>8,448</b>

<sup>1</sup> Following a process of improvement of the reporting system and in order to ensure its comparability, the data relating to the workforce expressed in headcount and FTE of 2018 have been restated compared to those published in the previous Annual Report. For previously published data, please refer to the 2018 Annual Report, published in the Sustainability section of the website <https://www.Groupveronesi.it/annual-report>.

<sup>2</sup> Following a process of improvement of the reporting system and in order to ensure their comparability, the data relating to the number of employees divided by type of contract in 2018 were restated compared to those published in the previous Annual Report. For previously published data, please refer to the 2018 Annual Report, published in the Sustainability section of the website <https://www.gruppoveronesi.it/annual-report>.



Employees by type of employment and gender as of December 31 <sup>st</sup> (Headcount)						
Type of employment	2019			2018 <sup>3</sup>		
	Men	Women	Total	Men	Women	Total
Fulltime	5,445	2,753	<b>8,198</b>	5,373	2,653	<b>8,026</b>
Part-time	31	410	<b>441</b>	32	390	<b>422</b>
Part-time percentage	1%	13%	<b>5.10%</b>	0.59%	12.82%	<b>5.00%</b>
<b>Total</b>	<b>5,476</b>	<b>3,163</b>	<b>8,639</b>	<b>5,405</b>	<b>3,043</b>	<b>8,448</b>

Employees by employment contract, gender and geographical area as of December 31 <sup>st</sup> (Headcount)						
Employment contract	2019			2018 <sup>4</sup>		
	Men	Women	Total	Men	Women	Total
<b>North</b>	<b>5,322</b>	<b>3,138</b>	<b>8,460</b>	<b>5,250</b>	<b>3,019</b>	<b>8,269</b>
Permanent	3,880	2,031	<b>5,911</b>	3,792	1,938	<b>5,730</b>
Temporary	1,442	1,107	<b>2,549</b>	1,458	1,081	<b>2,539</b>
<b>Centre</b>	<b>26</b>	<b>4</b>	<b>30</b>	<b>29</b>	<b>4</b>	<b>33</b>
Permanent	26	4	<b>30</b>	27	4	<b>31</b>
Temporary	-	-	-	2	-	<b>2</b>
<b>Islands</b>	<b>22</b>	<b>2</b>	<b>24</b>	<b>24</b>	<b>2</b>	<b>26</b>
Permanent	22	2	<b>24</b>	22	2	<b>24</b>
Temporary	-	-	-	2	-	<b>2</b>
<b>South</b>	<b>75</b>	<b>1</b>	<b>76</b>	<b>77</b>	<b>1</b>	<b>78</b>
Permanent	73	1	<b>74</b>	75	1	<b>76</b>
Temporary	2	-	<b>2</b>	2	-	<b>2</b>
<b>Abroad</b>	<b>31</b>	<b>18</b>	<b>49</b>	<b>27</b>	<b>15</b>	<b>42</b>
Permanent	31	18	<b>49</b>	27	15	<b>42</b>
Temporary	-	-	-	-	-	-
<b>Total</b>	<b>5,476</b>	<b>3,163</b>	<b>8,639</b>	<b>5,407</b>	<b>3,041</b>	<b>8,448</b>
Permanent	<b>4,032</b>	<b>2,056</b>	<b>6,088</b>	<b>3,943</b>	<b>1,960</b>	<b>5,903</b>
Temporary	<b>1,444</b>	<b>1,107</b>	<b>2,551</b>	<b>1,464</b>	<b>1,081</b>	<b>2,545</b>

#### DISCLOSURE 102-41 Collective bargaining agreements<sup>5</sup> (%)

	2019	2018
Employees covered by collective bargaining agreements	100%	100%

<sup>3</sup> Following a process of improvement of the reporting system and in order to ensure their comparability, the data relating to the number of employees divided by type of employment in 2018 were restated compared to those published in the previous Annual Report. For previously published data, please refer to the 2018 Annual Report, published in the Sustainability section of the website <https://www.gruppoveronesi.it/annual-report>

<sup>4</sup> Following a process of improvement of the reporting system and in order to ensure their comparability, the data relating to the number of employees divided by contract type, gender and geographical area in 2018 were restated compared to those published in the previous Annual Report. For previously published data, please refer to the 2018 Annual Report, published in the Sustainability section of the website <https://www.gruppoveronesi.it/annual-report>.

<sup>5</sup> CCNL Agricultural workers and flower nurseries, CCNL food industry. Second level negotiations.

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

	2019		2018	
	Men	Women	Men	Women
Ratio of salary for new recruits and local minimum wage <sup>6</sup>	1	1	1	1

**DISCLOSURE 401-1 New employee hires and employee turnover**

New employees by gender, age group and geographical area												
Number of employees	2019											
	Italy				Abroad				Group			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	105	141	46	<b>292</b>	2	1	-	<b>3</b>	107	142	46	<b>295</b>
Women	53	96	27	<b>176</b>	4	-	-	<b>4</b>	57	96	27	<b>180</b>
<b>Total</b>	<b>158</b>	<b>237</b>	<b>73</b>	<b>468</b>	<b>6</b>	<b>1</b>	<b>-</b>	<b>7</b>	<b>164</b>	<b>238</b>	<b>73</b>	<b>475</b>

Employment rate by gender, age groups and geographical area												
Percentage	2019											
	Italy				Abroad				Group			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	2%	3%	1%	<b>5%</b>	0%	0%	0%	<b>0%</b>	2%	3%	1%	<b>5%</b>
Women	2%	3%	1%	<b>6%</b>	0%	0%	0%	<b>0%</b>	2%	3%	1%	<b>6%</b>
<b>Total</b>	<b>2%</b>	<b>3%</b>	<b>1%</b>	<b>5%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>2%</b>	<b>3%</b>	<b>1%</b>	<b>5%</b>

Employee turnover by gender, age group and geographical area												
Number of employees	2019											
	Italy				Abroad				Group			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	17	67	142	<b>226</b>	-	-	-	-	17	67	142	<b>226</b>
Women	7	25	38	<b>70</b>	-	1	-	<b>1</b>	7	26	38	<b>71</b>
<b>Total</b>	<b>24</b>	<b>92</b>	<b>180</b>	<b>296</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>24</b>	<b>93</b>	<b>180</b>	<b>297</b>

Turnover rate by gender, age group and geographical area												
Percentage	2019											
	Italy				Abroad				Group			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	0%	1%	3%	<b>4%</b>	0%	0%	0%	<b>0%</b>	0%	1%	3%	<b>4%</b>
Women	0%	1%	1%	<b>2%</b>	0%	0%	0%	<b>0%</b>	0%	1%	1%	<b>2%</b>
<b>Total</b>	<b>0%</b>	<b>1%</b>	<b>2%</b>	<b>3%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>1%</b>	<b>2%</b>	<b>3%</b>

<sup>6</sup> Please refer to the CCNL AGRICULTURAL WORKERS AND FLORAL NURSERIES 2018 - 2021.

New employees by gender, age group and geographical area												
Number of employees	2018 <sup>7</sup>											
	Italy				Abroad				Group			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	22	17	-	<b>39</b>	-	-	-	-	22	17	-	<b>39</b>
Women	4	5	-	<b>9</b>	2	-	-	<b>2</b>	6	5	-	<b>11</b>
<b>Total</b>	<b>26</b>	<b>22</b>	<b>-</b>	<b>48</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>28</b>	<b>22</b>	<b>-</b>	<b>50</b>

Employment rate by gender, age groups and geographical area												
Percentage	2018											
	Italy				Abroad				Group			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	0.4%	0.3%	0.0%	<b>0.7%</b>	0.0%	0.0%	0.0%	<b>0.0%</b>	0.4%	0.3%	0.0%	<b>0.7%</b>
Women	0.1%	0.2%	0.0%	<b>0.3%</b>	0.1%	0.0%	0.0%	<b>0.1%</b>	0.2%	0.2%	0.0%	<b>0.4%</b>
<b>Total</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.0%</b>	<b>0.6%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.0%</b>	<b>0.6%</b>

Employee turnover by gender, age group and geographical area												
Number of employees	2018 <sup>8</sup>											
	Italy				Abroad				Group			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	14	32	88	<b>134</b>	-	-	-	-	14	32	88	<b>134</b>
Women	2	22	31	<b>55</b>	-	-	-	-	2	22	31	<b>55</b>
<b>Total</b>	<b>16</b>	<b>54</b>	<b>119</b>	<b>189</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>54</b>	<b>119</b>	<b>189</b>

Turnover rate by gender, age group and geographical area												
Percentage	2018											
	Italy				Abroad				Group			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	0.3%	0.6%	1.6%	<b>2.5%</b>	0.0%	0.0%	0.0%	<b>0.0%</b>	0.3%	0.6%	1.6%	<b>2.5%</b>
Women	0.1%	0.7%	1.0%	<b>1.8%</b>	0.0%	0.0%	0.0%	<b>0.0%</b>	0.1%	0.7%	1.0%	<b>1.8%</b>
<b>Total</b>	<b>0.2%</b>	<b>0.6%</b>	<b>1.4%</b>	<b>2.2%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.2%</b>	<b>0.6%</b>	<b>1.4%</b>	<b>2.2%</b>

<sup>7</sup> Following a process of improvement of the reporting system and in order to ensure their comparability, the data relating to new employee hires in 2018 have been restated compared to those published in the previous Annual Report. For previously published data, please refer to the 2018 Annual Report, published in the Sustainability section of the website <https://www.gruppoveronesi.it/annual-report>.

<sup>8</sup> Following a process of improvement of the reporting system and in order to ensure their comparability, the data relating to the employee turnover of 2018 have been restated compared to those published in the previous Annual Report. For previously published data, please refer to the 2018 Annual Report, published in the Sustainability section of the website <https://www.gruppoveronesi.it/annual-report>.

**DISCLOSURE 403-9 Employees work-related injuries<sup>9</sup>**

EMPLOYEES OF THE GROUP		
Injuries at work		
Number of injuries	2019	2018 <sup>10</sup>
Total number of deaths from work-related injuries	-	-
Total number of high-consequence work-related injuries (excluding deaths) <sup>11</sup>	-	5
Total number of recordable work-related injuries	288	274
Main types of injuries at work		
Type of injury	2019	2018
Bruises	129	94
Cutting wounds	48	47
Dislocations/Sprains/Fracture	67	70
More	44	68
Total	288	279
INJURY RATES <sup>12</sup>		
Death rate due to workplace injuries	0	0
Rate of high-consequence work-related injuries (excluding deaths)	0	0.39
Recordable work-related injuries	21.65	21.08

High-consequence injuries occurred in 2019 refer to 3 fractures (2 in Vazzola di Treviso and 1 in San Daniele del Friuli - Udine) and 2 crushing of the fingers (Correggio - Reggio Emilia).

<sup>9</sup> For 2019 it was decided to proceed with the reporting of injuries data using the new Standard GRI 403, published by the Global Reporting Initiative (GRI) in 2018, to replace the version used so far, published in 2016. For comparative purposes, the 2018 data have been restated compared to those published in the previous Annual Report following the update of the GRI 403 Standard. For previously published data, please refer to the 2018 Annual Report, published on the website <https://www.gruppoveronesi.it/annual-report>.

<sup>10</sup> Following an improvement process in the reporting system and in order to ensure their comparability, the 2018 injuries data were restated compared to those published in the previous Annual Report.

For previously published data, please refer to the 2018 Annual Report, published in the section Sustainability of the site <https://www.gruppoveronesi.it/annual-report>.

<sup>11</sup> Accidents at work that led to damage from which the worker cannot recover, will not recover or it is not realistic to foresee that he will fully recover to the state of health prior to the accident within 6 months.

<sup>12</sup> The injury rate was calculated as the ratio between the total number of accidents and the total hours worked, using a multiplication factor of 1,000,000.





**DISCLOSURE 404-1 Average hours of training per year per employee<sup>13</sup>**

Hours of compulsory training by professional category and gender									
Hours of training	2019								
	N. hours men	Total employees men	N. hours per capita men	N. hours women	Total employees women	N. hours per capita women	N. hours Total	Total employees	N. hours per capita
<b>Total</b>	<b>35,874</b>	<b>5,476</b>	<b>6.55</b>	<b>10,375</b>	<b>3,163</b>	<b>3.28</b>	<b>46,249</b>	<b>8,639</b>	<b>5.35</b>

Hours of compulsory training by professional category and gender									
Hours of training	2018								
	N. hours men	Total employees men	N. hours per capita men	N. hours women	Total employees women	N. hours per capita women	N. hours Total	Total employees	N. hours per capita
<b>Total</b>	<b>36,931</b>	<b>5,407</b>	<b>6.83</b>	<b>10,431</b>	<b>3,041</b>	<b>3.43</b>	<b>47,362</b>	<b>8,448</b>	<b>5.61</b>

<sup>13</sup> Currently, the management system does not provide the data broken down by professional category. The Veronesi Group is committed to extending reporting, including the breakdown by professional category in the next years

**DISCLOSURE 405-1 Diversity of governance bodies and employees**

Number of employees by professional category and gender as of December 31 <sup>st</sup>						
Number	2019			2018 <sup>14</sup>		
	Men	Women	Total	Men	Women	Total
Senior executives	66	2	<b>68</b>	68	2	<b>70</b>
Executives	71	5	<b>76</b>	64	6	<b>70</b>
Employees	951	270	<b>1,221</b>	943	245	<b>1,188</b>
Workers	4,388	2,886	<b>7,274</b>	4,332	2,788	<b>7,120</b>
<b>Total</b>	<b>5,476</b>	<b>3,163</b>	<b>8,639</b>	<b>5,407</b>	<b>3,041</b>	<b>8,448</b>

Number of employees by professional category and age group on December 31 <sup>st</sup>								
Number	2019				2018 <sup>15</sup>			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Senior executives	0	9	59	<b>68</b>	0	13	57	<b>70</b>
Executives	0	25	50	<b>75</b>	0	22	48	<b>70</b>
Employees	113	626	483	<b>1,222</b>	93	623	472	<b>1,188</b>
Workers	1,244	3,661	2,369	<b>7,274</b>	1,254	3,640	2,226	<b>7,120</b>
<b>Total</b>	<b>1,357</b>	<b>4,321</b>	<b>2,961</b>	<b>8,639</b>	<b>1,347</b>	<b>4,298</b>	<b>2,803</b>	<b>8,448</b>

Percentage of employees by professional category and gender as of December 31 <sup>st</sup>						
Percentage	2019			2018		
	Men	Women	Total	Men	Women	Total
Senior executives	1.2%	0.1%	<b>0.8%</b>	1.3%	0.1%	<b>0.8%</b>
Executives	1.3%	0.2%	<b>0.9%</b>	1.2%	0.2%	<b>0.8%</b>
Employees	17.4%	8.5%	<b>14.1%</b>	17.4%	8.1%	<b>14.1%</b>
Workers	80.1%	91.2%	<b>84.2%</b>	80.1%	91.7%	<b>84.3%</b>
<b>Total</b>	<b>63.4%</b>	<b>36.6%</b>	<b>100.00%</b>	<b>64.0%</b>	<b>36.0%</b>	<b>100.00%</b>

Percentage of employees by professional category and age group on December 31 <sup>st</sup>								
Percentage	2019				2018			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Senior executives	0.0%	0.2%	2.0%	<b>0.8%</b>	0.0%	0.3%	2.0%	<b>0.8%</b>
Executives	0.0%	0.6%	1.7%	<b>0.9%</b>	0.0%	0.5%	1.7%	<b>0.8%</b>
Employees	8.3%	14.5%	16.3%	<b>14.1%</b>	6.9%	14.5%	16.8%	<b>14.1%</b>
Workers	91.7%	84.7%	80.0%	<b>84.2%</b>	93.1%	84.7%	79.4%	<b>84.3%</b>
<b>Total</b>	<b>15.7%</b>	<b>50.0%</b>	<b>34.3%</b>	<b>100.0%</b>	<b>15.9%</b>	<b>50.9%</b>	<b>33.2%</b>	<b>100.0%</b>

<sup>14</sup> Following a process of improvement of the reporting system and in order to ensure their comparability, the data relating to employees by professional category and gender in 2018 were restated compared to those published in the previous Annual Report. For previously published data, please refer to the 2018 Annual Report, published in the Sustainability section of the website <https://www.gruppoveronesi.it/annual-report>.

<sup>15</sup> Following a process of improvement of the reporting system and in order to ensure their comparability, the data relating to employees by professional category, gender and age group of 2018 were restated compared to those published in the previous Annual Report. For previously published data, please refer to the 2018 Annual Report, published in the Sustainability section of the website <https://www.gruppoveronesi.it/annual-report>.



## THE ENVIRONMENT

For 2019, the perimeter of environmental data refers to the production plants, distribution centres, transit points, warehouses, laboratories, branches, farms and incubators owned or rented and directly managed by the Group belonging to consolidated Italian companies with the integral method within the Consolidated Financial Statements. In particular, 16 food production plants, 5 distribution centres, 4 transit points, 1 warehouse, 2 laboratories and 3 branches of the “Food” business area, 7 feed mills in the “Feed” business area and 8 farms and 5 hatcheries of the “Farm” business area. Branches are considered only for energy consumption, CO<sub>2</sub> equivalent and waste disposal indicators, as for other types of environmental impact indicators they are not considered significant with respect to the Group’s production activities.

### DISCLOSURE 302-1 Energy consumption within the organization

DISCLOSURE 302-1 Energy consumption within the organization					
Type of consumption	Unit of measure	2019		2018 <sup>16</sup>	
		Total	Total GJ	Total	Total GJ
Non-renewable fuels			2,155,579		2,171,564
Natural gas	Smc	52,525,068	2,091,590	52,090,019	2,099,918
Gas oil	l	237,395	9,181	285,633	11,046
Automotive diesel	l	348,871	13,309	338,480	12,918
LPG for heating	Smc	306,491	34,750	364,718	41,358
Burning oil	Kg	146,130	6,748	136,880	6,324
Renewable fuels	Smc	12,741,073	325,573	10,883,582	278,108
Biogas	Smc	12,741,073	325,573	10,883,582	278,108
for digester boiler	Smc	11,610	297	11,377	291
for ETS Boilers	Smc	2,689,418	68,723	833,343	21,294
for ETS Co-generator	Smc	9,056,532	231,422	9,764,234	249,505
for Torch	Smc	983,513	25,132	274,628	7,018
Electric energy	kWh	384,578,078	1,384,481	381,163,514	1,372,189
Electricity purchased	kWh	404,297,595	1,455,471	401,758,299	1,446,330
of which from non-renewable sources	kWh	404,297,595	1,455,471	401,758,299	1,446,330
of which from renewable sources <sup>17</sup>	kWh	-	-	-	-
Self-produced electricity from photovoltaic systems*	kWh	494,444	1,780	362,362	1,305
Self-produced electricity and sold/sold online	kWh	20,213,961	72,770	20,957,146	75,446
of which from renewable sources - produced by photovoltaic plants <sup>1618</sup>	kWh	29,355	106	29,844	107
of which from renewable sources produced by biogas plants	kWh	20,184,606	72,665	20,927,302	75,338
from non-renewable sources - produced by methane plants	kWh	-	-	-	-
Total energy consumption	GJ		3,865,632		3,821,860
Renewable energy	GJ		254,582		203,967
Non-renewable energy	GJ		3,611,050		3,617,893
% Renewable energy of the total	%		6.59%		5.34%

<sup>16</sup> Following a process of improvement of the reporting system and in order to ensure comparability of the same, the data relating to energy consumption in 2018 have been restated compared to those published in the previous one Annual Report. For previously published data, please refer to the Annual Report 2018, published in the section Sustainability of the website [www.gruppoveronesi.it](http://www.gruppoveronesi.it).

<sup>17</sup> The Group purchases certified electricity with guarantees of origin. Due to unavailability the 2018 and 2019 data they are valued equal to zero. The Group is committed to monitoring for the purpose of reporting for next year.

<sup>18</sup> It is specified that in 2018 only 2 photovoltaic plants were active; the other three plants went into operation in 2019

**CONVERSION FACTORS IN GJ**

Electricity (GJ/kWh)	Natural gas (GJ/ton)	Natural gas (kg/mc)	Gas oil (GJ/ton)	Gas oil (l/ton)	Automotive diesel (GJ/ton)	Automotive diesel (l/ton)
0.0036	49,776	0.8	45.2860	1,171	45.4140	1,190.45
Constant	DEFRA 2019	DEFRA 2019	DEFRA 2019	DEFRA 2019	DEFRA 2019	DEFRA 2019

LPG (GJ/ton)	LPG (kg/mc)	Burning oil (GJ/ton)	Biogas (GJ/Smc)
49.296	2.3	46.1810	0.0256
DEFRA 2019	FIRE: Linee guida Energy Manager 2018	DEFRA 2019	DEFRA 2019

Electricity (GJ/kWh)	Natural gas (GJ/ton)	Natural gas (kg/mc)	Gas oil (GJ/ton)	Gas oil (l/ton)	Automotive diesel (GJ/ton)	Automotive diesel (l/ton)
0.0036	53.751	0.75	45.2860	1,171	45.5030	1,192.3010
Constant	DEFRA 2018	DEFRA 2018	DEFRA 2018	DEFRA 2018	DEFRA 2018	DEFRA 2018

LPG (GJ/ton)	LPG (kg/mc)	Burning oil (GJ/ton)	Biogas (GJ/Smc)
49.303	2.3	46.1990	0.0256
DEFRA 2018	FIRE: Energy Manager guidelines 2018	DEFRA 2018	DEFRA 2018





**DISCLOSURE 302-3 Energy intensity**

ENERGY INTENSITY - FEED AREA			
	Unit of measure	2019	2018 <sup>19</sup>
Energy intensity	GJ/Ton	0.301	0.307

ENERGY INTENSITY - FOOD AREA			
	Unit of measure	2019	2018 <sup>20</sup>
Energy intensity	GJ/Ton	3.509	3.482

**DISCLOSURE 303-3 Water withdrawal**

WATER WITHDRAWAL					
Source	Unit of measure	2019		2018 <sup>21</sup>	
		All areas	Areas with water stress <sup>18</sup>	All areas	Areas with water stress
Groundwater (total)	Mega-litres	8,218	-	8,056	-
Fresh water (<1.000 mg/l total dissolved solids)	Mega-litres	8,218	-	8,056	-
Other types of water (> 1.000 mg/l of total dissolved solids)	Mega-litres	-	-	-	-
Third party water (total)	Mega-litres	1,096	24	1,106	22
Fresh water (<1.000 mg/l total dissolved solids)	Mega-litres	1,096	24	1,106	22
Other types of water (> 1.000 mg/l of total dissolved solids)	Mega-litres	-	-	-	-
<b>Total water withdrawal</b>	<b>Mega-litres</b>	<b>9,314</b>	<b>24</b>	<b>9,162</b>	<b>22</b>

<sup>19</sup> Following a process of improvement of the reporting system and in order to ensure their comparability, the data relating to the energy intensity of the "Feed" area of 2018 were restated compared to those published in the previous Annual Report. For previously published data, please refer to the Annual Report 2018, published in the Sustainability section of the website [www.gruppoveronesi.it](http://www.gruppoveronesi.it).

<sup>20</sup> Following a process of improvement of the reporting system and in order to ensure their comparability, the data relating to the energy intensity of the "Food" area of 2018 were restated compared to those published in the previous Annual Report. For previously published data, please refer to the Annual Report 2018, published in the Sustainability section of the website [www.gruppoveronesi.it](http://www.gruppoveronesi.it).

<sup>21</sup> Following a process of improvement of the reporting system and in order to ensure their comparability, the data relating to water withdrawals in 2018 have been restated compared to those published in the previous Annual Report. For previously published data, please refer to the Annual Report 2018, published in the Sustainability section of the website [www.gruppoveronesi.it](http://www.gruppoveronesi.it).

**DISCLOSURE 303-4 Water discharge**

WATER DISCHARGES					
Place of water discharge	Unit of measurement	2019		2018 <sup>22</sup>	
		All areas	Areas with water stress	All areas	Areas with water stress
Groundwater (total)	Mega-litres	4,589	-	4,074	-
Fresh water (<1.000 mg/l total dissolved solids)	Mega-litres	-	-	-	-
Other types of water (> 1.000 mg/l of total dissolved solids)	Mega-litres	4,589	-	4,074	-
Third party water (total)	Mega-litres	2,095	11	2,066	7
Fresh water (<1.000 mg/l total dissolved solids)	Mega-litres	0.67	-	0.7	-
Other types of water (> 1.000 mg/l of total dissolved solids)	Mega-litres	2,095	11	2,065	7
<b>Total water discharge</b>	<b>Mega-litres</b>	<b>6,684</b>	<b>11</b>	<b>6,140</b>	<b>7</b>

<sup>22</sup> Following a process of improvement of the reporting system and in order to ensure its comparability, the data relating to water discharges in 2018 were restated compared to those published in the previous Annual Report. For previously published data, see the 2018 Annual Report, published in the Sustainability section of the website [www.gruppoveronesi.it](http://www.gruppoveronesi.it).

## DISCLOSURE 304-1

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

Data relating to operating sites owned, rented, managed or adjacent to protected areas and areas with high biodiversity value outside protected areas includes the Group's production plants. Branches are therefore excluded.

BIODIVERSITY (2019)					
Site	Geographic location	Position in relation to the protected or high biodiversity area (km)	Size of operational site hectares	Biodiversity value	Categorisation of protected status
ACQUANEGRA CREMONESE (CR)	Lombardy	distance from the Adda river bend 2.12	42.0	Morta di Pizzighettone	SIC IT20A0001
		distance from the river PO 3.50	1,039.0	"Spinadesco"	ZPS IT20A0501
		distance from the river POa 3.50	825.0	Beaches of Spinadesco	SIC IT20A0016
FOSSANO (CN)	Piedmont	distance to the nearest border 4.6	559.0	Bed and resurgences of the Stura torrent	SIC IT1160071
		distance 5	107.0	Wetlands of Fossano and Sant'Albano Stura	ZPS IT1160059
OSPEDALETTO EUGANEO	Veneto	distance 2	13.0	Le Vallette	ZPS IT3260020
		distance from the nearest border 5	15,096.0	Euganean Hills - Monte Lozzo - Monte Ricco	SIC/ZPS IT3260017
PUTIGNANO (BA)	Puglia	distance 4	61.0	Castellana Caves	SIC IT9120001
		distance 8.3	59.0	Pozzo Cucù	SIC IT9120010
QUINTO DI VALPANTENA (VR)	Veneto	distance 2.4	989.0	Val Galina and Progno Borago	SIC IT3210012
		distance from river bend 4.5	476.0	Adige River between Belluno Veronese and Verona Ovest	SIC IT32100043
S. POLO DI TORRILE (PR)	Emilia Romagna	distance 1.13	2,622.0	Areas of the resurgences of Viarolo, Bacini di Torrile, floodplain of the Po	SIC/ZPS IT4020017
		distance 7.39	601.0	Parma Morta	SIC/ZPS IT4020025
SAN PIETRO IN GU' (PD)	Veneto	distance from Tesina river 2.7	715.0	Dueville Wood and neighbouring resurgences	SIC IT3220040
CASELLE DI SOMMA-CAMPAGNA (VR)	Veneto	distance nearest point of river 6.45	476.0	Adige River between Belluno Veronese and Verona Ovest	IT3210043
CORREGGIO (RE)	Emilia Romagna	distance to the nearest border 8.5	1,100.0	Valley of Bruciate and Tresinaro	IT4040017
		distance 9.5	1,456.0	Gruppo Valley	Zps it 4040015
CREMONA (CR)	Lombardy	distance 6.5	825.0	Beaches of Spinadesco	IT20A0016
		distance 6.5	1,039.0	"Spinadesco"	IT20A0501
MAGRETA DI FORMIGINE (MO)	Emilia Romagna	distance 7.5	277.0	Secchia expansion tank	SIC/ ZPS IT4030011
		distance 9	371.0	Salse di Nirano	SIC IT4040007
		distance 2.5	50.0	Colombarone	IT4040012
NOGAROLE ROCCA (VR) Loc. Salette Calette	Veneto	distance 4	118.0	Fontanili di Povegliano	IT3210008
		distance 10	111.0	Pellegrina Marsh	SIC/ZPS IT3210015

BIODIVERSITY (2019)					
Site	Geographic location	Position in relation to the protected or high biodiversity area (km)	Size of operational site hectares	Biodiversity value	Categorisation of protected status
S. GIORGIO IN BOSCO (PD)	Veneto	distance 5.5	133.0	Onara Marsh	ZPS IT3260001
		distance from river bend 0.5	3,848.0	Gravelly grounds and wetlands of the Brenta	SIC/ ZPS IT3260018
S. MARIA DI ZEVIO (VR)	Veneto	distance nearest point of the river 1.77	2,090.0	Adige River between East Verona and Badia Polesinee	SICIT32100042
		distance 2.84	186.0	Sguazzo di Rivalunga	SIC/ZPS IT32100019
		distance 6	167.0	Feniletto Marsh - Sguazzo Vallese	SIC/ZPS IT3210014
SAN DANIELE DEL FRIULI (UD)	Friuli Venezia Giulia	distance nearest point of the river 2.5	2,719.0	Greto del Tagliamento	ZSC/SIC IT3310007
		distance 3	83.0	Lago di Ragogna	ZSC/SIC IT3320020
		distance 8	62.0	Quadri di Fagagna	ZSC/SIC IT3320022
SAN DANIELE DEL FRIULI (UD)	Friuli Venezia Giulia	distance 8	98.0	Torbiera di Casasola e Andreuzza	ZSC/SIC IT3320021
		distance 8	10.0	Magredi di Coz	ZSC/SIC IT3320024
		distance 10	14.0	Torbiera di Sequals	ZSC/SIC IT3310005
SAN MARTINO BUON ALBERGO (VR)	Veneto	distance nearest point of the river 2.45	2,090.0	Adige River between East Verona and Badia Polesine	IT32100042
		distance 10	186.0	Sguazzo di Rivalunga	SIC/ZPS IT32100019
		distance 10	989.0	Val Galina e Progno Borago	SIC IT3210012
SAN MICHELE EXTRA (VR)	Veneto	distance nearest point of the river 2.25	2,090.0	Adige River between East Verona and Badia Polesine	IT32100042
TIZZANO VAL PARMA (PR)	Emilia Romagna	distance to the nearest border 5.5	825.0	Monte Fuso	SIC IT4020015
		distance to the nearest border 9	424.0	Barboj di Rivalta	SIC IT4020023
VAZZOLA (TV)	Veneto	distance from river bend 8	4,752.0	Grave del Piave - Fiume Soligo - Fosso di Negrizia	SIC IT3240030
		distance 9	4,687.0	Grave del Piave	ZPS IT3240023
		distance 9	1,955.0	River area of Livenza and lower course of Monticano	SIC IT3240029
VERONA (VR)	Veneto	distance nearest point of the river 2.25	2,090.0	Adige River between East Verona and Badia Polesine	IT32100042
VILLAFRANCA (VR)	Veneto	distance 4.5	118.0	Fontanili di Povegliano	SIC/ZPS IT3210008
VILLAGANZERLA DI CASTEGNERO (VI)	Veneto	distance to the nearest border 1.6	12,906.0	Colli Berici	IT3220037
		distance to the nearest border 7.5	15,096.0	Colli Euganei - Monte Lozzo - Monte Ricco	SIC/ZPS IT3260017





BIODIVERSITY (2019)					
Site	Geographic location	Position in relation to the protected or high biodiversity area (km)	Size of operational site hectares	Biodiversity value	Categorisation of protected status
ZIBELLO (PR)	Emilia Romagna	distance from river bend 1	336.0	Golena del Po presso Zibello	ZPS IT4020019
		distance 2.2	210.0	Bosco Ronchetti	IT20A0015
		distance 2	300.0	Riserva Regionale Bosco Ronchetti	ZPS IT20A0401
		distance 4	1,245.0	Meadows and environmental restoration of Frescarolo and Samboseto	ZPS IT4020018
		distance from Po river bend 5.3	1,005.0	Basso Taro	SIC/ ZPS IT4020022
AVIANO (PN)	Friuli Venezia Giulia	distance 6.1	261.0	Risorgive del Vinchiaruzzo	ZSC IT3310010
BELLUNO (BL)	Veneto	distance from river bend 1.6	212.0	Fontane di Nogarè	SIC IT3230044
		distance 3.1	25.0	Antole peat bog	SIC IT3230045
BONDENO DI GONZAGA (MN)	Lombardy	distance 11.28	7,223.0	Viadana, Portiolo San Benedetto Po & Ostiglia	IT20B0501
CASTEGNERO (VI)	Veneto	distance to the nearest border 0.75	12,906.0	Colli Berici	SIC IT3220037
GUARDIAREGIA (CB)	Molise	distance 0.3	978.0	Sella di Vinchiaturò	SIC/zps IT7222296
		distance 0.6	25.0	La Gallinola - Monte Miletto - Monti del Matese	SIC/ZPS IT7222287
ISOLA DELLA SCALA (VR)	Veneto	distance 7.76	118.0	Fontanili di Povegliano	SIC/ZPS IT321008
		distance 9	111.0	Pellegrina Marshes	SIC/ZPS IT32150015
MORENGO (BG) RONCOFERRARO (MN)	Lombardy	distance 2.28	12.0	Fontanile Brancaleone	IT2060013
		distance 9.8	5.3	Boschetto Della Cascina Campagna	IT2060014
		distance	25	Chiavica del Moro	ZPS IT 20B0014
S. PIETRO IN GU' (PD)	Veneto	distance from the Tesina river 2.7	715	Dueville Wood and neighbouring resurgences	SIC IT3220040
		distance from river bend 7.53	3,848	Gravelly ground and wetlands of the Brenta	SIC/ ZPS IT3260018
S. QUIRINO (PN)	Friuli Venezia Giulia	distance 8.5	10,097	Magredi di Pordenone	ZPS IT3311001
ROSARO DI GREZZANA (VR)	Veneto	distance to the nearest border 3.5	989	Val Galina e Progno Borago	SIC IT3210012
		distance to the nearest border 7.5	171	Monti Lessini: Ponte di Veja, Vaio della Marciora	SIC/ZPS IT3210006
		distance to the nearest border 7	233	Monti Lessini: Molina waterfalls	SIC IT3210002

**DISCLOSURE 305-1 Direct (Scope 1) GHG emissions**

DIRECT EMISSIONS			
	Unit of measurement	2019	2018 <sup>23</sup>
Natural gas	tCO <sub>2</sub> eq	106,654	106,603
Gas oil	tCO <sub>2</sub> eq	655	848
Automotive diesel	tCO <sub>2</sub> eq	905	911
LPG for heating	tCO <sub>2</sub> eq	2,070	2,464
Burning oil	tCO <sub>2</sub> eq	463	433
Total Scope emissions 1	tCO <sub>2</sub> eq	110,746	111,260

**DISCLOSURE 305-2 Energy indirect (Scope 2) GHG emission<sup>24</sup>**

INDIRECT EMISSIONS			
	Unit of measurement	2019	2018 <sup>25</sup>
Electricity purchased Location Based	tCO <sub>2</sub>	145,143	144,231
Electricity purchased Market Based	tCO <sub>2</sub> eq	196,893	195,656

TOTAL EMISSIONS			
	Unit of measurement	2019	2018
TOTAL EMISSIONS (SCOPE 1 + SCOPE 2 - Location based)	tCO <sub>2</sub> eq	255,889	255,491
TOTAL EMISSIONS (SCOPE 1 + SCOPE 2 - Market based)	tCO <sub>2</sub> eq	307,639	306,916

<sup>23</sup> Following a process of improvement of the reporting system and in order to ensure its comparability, the data relating to Scope 1 emissions in 2018 have been restated compared to those published in the previous Annual Report. For previously published data, please refer to the Annual Report 2018, published in the Sustainability section of the website [www.gruppoveronesi.it](http://www.gruppoveronesi.it).

<sup>24</sup> The GRI Sustainability Reporting Standards provide two Scope 2 emissions calculation methods, the "Location-based method" and the "Market-based method". For the calculation of Scope 2 emissions, in line with the GRI Sustainability Reporting Standards, both calculation methods were used. The Market-based is based on the CO<sub>2</sub> emissions emitted by the energy suppliers from which the organisation buys electricity through a contract and can be calculated by considering: certificates of guarantee of origin of energy and direct contracts with suppliers, factors specific supplier emissions, emission factors related to the residual mix, i.e. energy and emissions not monitored or unclaimed (methodology used, with emission factor Italy 2019: 487 gCO<sub>2</sub>eq/kWh - source: AIB - European Residual Mixes 2018). The Location-based method is based on average emission factors relating to the generation of energy for well-defined geographic borders, including local, subnational or national borders (methodology used, with emission factor Italy 2019: 359 gCO<sub>2</sub>/kWh - source: Terna International Comparisons 2017). Scope 2 emissions calculated with the Location-based method are expressed in tons of CO<sub>2</sub>, however the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions (CO<sub>2</sub> equivalent) as can be deduced from the reference technical literature.

<sup>25</sup> Following a process of improvement of the reporting system and in order to ensure its comparability, the data relating to Scope 2 emissions in 2018 have been restated compared to those published in the previous Annual Report. For previously published data, please refer to the Annual Report 2018, published in the Sustainability section of the website [www.gruppoveronesi.it](http://www.gruppoveronesi.it).

**CO<sub>2</sub>eq EMISSION FACTORS**

Natural gas (kgCO <sub>2</sub> eq/mc)	LPG (tCO <sub>2</sub> eq/Ton)	Burning oil (tCO <sub>2</sub> eq/Ton)	Automotive diesel (tCO <sub>2</sub> eq/Ton)	Gas oil (tCO <sub>2</sub> eq/ Ton)	Biogas (kgCO <sub>2</sub> eq/kWh)
2,031	2.93686	3.16536	3.08823	3.229860	0.00021
DEFRA 2019	DEFRA 2019	DEFRA 2019	DEFRA 2019	DEFRA 2019	DEFRA 2019

Electric energy Location based (KgCO <sub>2</sub> /kWh) - Italy	Electric energy Market based (kgCO <sub>2</sub> eq/kWh) - Italy
0,359	0.487
Terna International Comparisons 2017 for Location-based	AIB 2018

Natural gas (kgCO <sub>2</sub> eq/mc)	LPG (tCO <sub>2</sub> eq/Ton)	Burning oil (tCO <sub>2</sub> eq/Ton)	Automotive diesel (tCO <sub>2</sub> eq/Ton)	Gas oil (tCO <sub>2</sub> eq/ Ton)	Biogas (kgCO <sub>2</sub> eq/kWh)
2.047	2.93732	3.16526	3.20922	3.47844	0.00022
DEFRA 2018	DEFRA 2018	DEFRA 2018	DEFRA 2018	DEFRA 2018	DEFRA 2018

Electric energy Location based (KgCO <sub>2</sub> /kWh) - Italy	Electric energy Market based (kgCO <sub>2</sub> eq/kWh) - Italy
0.359	0.487
Terna International Comparisons 2017	AIB 2018

**DISCLOSURE 305-4 GHG emissions intensity**

EMISSION INTENSITY - FEED AREA			
	Unit of measure	2019	2018 <sup>26</sup>
Emission intensity	tCO <sub>2</sub> eq/Ton	0.0207	0.0211

EMISSION INTENSITY - FOOD AREA			
	Unit of measure	2019	2018 <sup>27</sup>
Emission intensity	tCO <sub>2</sub> eq/Ton	0.227	0.228

<sup>26</sup> Following a process of improvement of the reporting system and in order to ensure their comparability, the data relating to the emission intensity of the "Feed" area of 2018 were restated compared to those published in the previous Annual Report. For previously published data, see the 2018 Annual Report, published in the Sustainability section of the website [www.gruppoveronesi.it](http://www.gruppoveronesi.it)

<sup>27</sup> Following a process of improvement of the reporting system and in order to ensure their comparability, the data relating to the emission intensity of the "Food" area of 2018 were restated compared to those published in the previous Annual Report. For previously published data, see the 2018 Annual Report, published in the Sustainability section of the website [www.gruppoveronesi.it](http://www.gruppoveronesi.it)

**DISCLOSURE 306-2 Waste by type and disposal method**

WASTE						
Disposal method (Ton)	2019			2018 <sup>28</sup>		
	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total
Treatment	38	2,204	2,242	20	1,962	1,982
Recycling	2	270	272	5	206	211
Composting	3	10,499	10,502	3	11,398	11,401
Recovery, including energy recovery	449	38,354	38,803	225	37,859	38,084
Incineration (mass burn)	-	0.95	0.95	-	1.49	1.49
Deep well injection	-	-	-	-	-	-
Landfill	-	29	29	17	37	54
Disposal	230	461	691	220	1,301	1,520
Other	10	3,215	3,225	34	,351	,385
<b>TOTAL</b>	<b>732</b>	<b>55,032</b>	<b>55,764</b>	<b>524</b>	<b>54,116</b>	<b>54,640</b>
Percentage	1.31%	98.69%		0.96%	99.04%	

**DISCLOSURE 201-1 Direct economic value generated and distributed**

ECONOMIC VALUE DIRECTLY GENERATED AND DISTRIBUTED		
	2019 in thousands of Euro	2018 in thousands of Euro
Economic value directly generated	3,107,582	2,993,742
Economic value retained	131,567	129,179
Economic value distributed, of which:	2,976,015	2,864,564
Reclassified operating costs	2,569,586	2,472,630
Remuneration of staff	386,165	369,562
Remuneration of financials	3,646	4,758
Shareholder remuneration <sup>27,29</sup>	0	0
Remuneration of PA	16,618	17,614

<sup>28</sup> Following a process of improvement of the reporting system and in order to ensure its comparability, the 2018 waste data were restated compared to those published in the previous Annual Report. For previously published data, see the 2018 Annual Report, published in the Sustainability section of the website [www.gruppoveronesi.it](http://www.gruppoveronesi.it).

<sup>29</sup> During 2019 and 2018 dividends were distributed to the shareholders of Veronesi Holding S.p.A. for an amount of 8,658,168.30 Euro for each year, with withdrawal from the Extraordinary Reserve existing in the financial statements.





## *Methodological Note*

The purpose of this document is to report and communicate the performance of the Veronesi Group in a transparent manner with respect to the relevant issues of economic, environmental and social sustainability, with reference to the 2019 financial year (from January 1st to December 31st) and was prepared in the measure necessary to describe the business activity, its performance, its results and the impacts produced.

The document was prepared in accordance with the GRI Standards: Core option. As for the specific Standards GRI 403 (Occupational Health and Safety) and GRI 303 (Water and effluents), the most recent version of 2018 was adopted. As required by the GRI Standards, the Veronesi Group has prepared a materiality analysis in order to report the sustainability topics deemed relevant for its stakeholders and for the Group itself, described in the “Materiality Analysis” paragraph of this document.

The reporting perimeter of economic and financial data and information corresponds to that of the Veronesi Group Consolidated Financial Statements as on December 31st 2019.

The perimeter of data and social information is made up of companies consolidated with the integral method within the Consolidated Financial Statements. Environmental data and information include production sites, distribution centres, transit points, warehouses, laboratories, branches, farms and proprietary incubators or rented in direct management of the Group belonging to the consolidated Italian companies with the integral method within the Consolidated Financial Statements. In particular, 16 food production plants, 5 distribution centres, 4 transit points, 1 warehouse, 2 laboratories and 3 branches of the “Food” business area, 7 feed mills in the “Feed” business area and 8 farms and 5 hatcheries of the “Farm” business area. The branches are considered only for the indicators of energy consumption, equivalent CO<sub>2</sub> emissions and waste disposal, since for the other types of environmental impact indicators they are not significant with respect to the Group’s production activities. For information relating to the supply chain, all the farms in the Group’s chain fall within the scope of the analysis of this Annual Report, excluding purchases on the free market. Any perimeter limitations in relation to individual themes or indicators are explicitly expressed in the text.

In order to allow the comparability of data and information over time and evaluate the progress of the Group’s activities, a comparison with the previous year is proposed. In the event of re-exposures of data relating to the previous period, these are expressly indicated.

To ensure the reliability of the data, the use of estimates was limited as much as possible, which, if any, are appropriately reported and based on the best available methodologies. During 2019, there were no significant changes in the Group’s size, structure, ownership structure and supply chain.

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, environmental, ethical and integrity issues in business and regulatory compliance. This approach is an integral part of good corporate management and the creation of a responsible business, considered fundamental for the achievement of a competitive advantage within markets where attention to issues of sustainability grows year by year.

The document is published annually on the Veronesi Group website [www.gruppoveronesi.it](http://www.gruppoveronesi.it). The 2019 Annual Report is subject to a limited examination (“limited assurance engagement” according to the criteria indicated by the ISAE 3000 Revised principle) by Deloitte & Touche S.p.A. The verification was carried out according to the procedures indicated in the “Independent Auditor’s Report”, included in this document.

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

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205-3	Confirmed incidents of corruption and actions taken	No corruption and/or cases were recorded during 2019	
<b>GRI 206: Anti-competitive behaviour (2016)</b>			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	During 2019 there were no legal actions against the Group with reference to anti-competitive practices and/or violations of anti-trust regulations and monopolistic practices	

GRI Standards	Disclosure	Page	Omission
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<b>306-2</b>	Waste by type and disposal method	112; 140	
<b>GRI 307: Environmental compliance (2016)</b>			
<b>307-1</b>	Non-compliance with environmental laws and regulations	During 2019, there were no fines or non-monetary sanctions for non-compliance with environmental laws and regulations	
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GRI Standards	Disclosure	Page	Omission
<b>403-6</b>	Promotion of worker health	100	
<b>403-7</b>	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	98	
<b>GRI 403: Occupational health and safety (2018)</b>			
<b>403-9</b>	Work-related injuries	128	
<b>Material topic: worker protection</b>			
<b>GRI 103: Management Approach (2016)</b>			
<b>103-1</b>	Explanation of the material theme and its boundary	51; 123	
<b>103-2</b>	The management approach and its components	90-94	
<b>103-3</b>	Evaluation of management methods	90-94	
<b>GRI 402: Labor/Management Relations (2016)</b>			
<b>402-1</b>	Minimum notice periods regarding operational changes	The minimum notice period for organisational changes envisaged by the second level collective bargaining agreement for Group employees is 15 days	
<b>GRI 406: Non-discrimination (2016)</b>			
<b>406-1</b>	Incidents of discrimination and corrective actions taken	During 2019 there were no cases of discrimination	
<b>GRI 407 Freedom of association and collective bargaining (2016)</b>			
<b>407-1</b>	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Given the operational context of the Veronesi Group, significant risks have not been identified related to freedom of association and collective bargaining with Group companies or their suppliers	
<b>Material topic: Safety, traceability and product quality</b>			
<b>GRI 103: Management Approach (2016)</b>			
<b>103-1</b>	Explanation of the material theme and its boundary	51; 123	
<b>103-2</b>	The management approach and its components	60; 69; 72; 78-79; 85; 87	
<b>103-3</b>	Evaluation of management methods	60; 69; 72; 78-79; 85; 87	
<b>GRI 416: Consumer health and safety (2016)</b>			
<b>416-2</b>	Incidents of non-compliance concerning the health and safety impacts of products and services	During 2019, there were no cases of non-compliance regarding the impacts on the health and safety of products and services	
<b>Material topic: Consumption and responsible marketing</b>			
<b>GRI 103: Management Approach (2016)</b>			
<b>103-1</b>	Explanation of the material theme and its boundary	51; 123	
<b>103-2</b>	The management approach and its components	52-53; 86	
<b>103-3</b>	Evaluation of management methods	52-53; 86	



GRI Standards	Disclosure	Page	Omission
<b>GRI 417: Marketing and labelling (2016)</b>			
<b>417-2</b>	Incidents of non-compliance concerning product and service information and labeling	During 2019 there were no cases of non-compliance a regulations and / or voluntary codes with reference to information and communication practices for products and services	
<b>417-3</b>	Incidents of non-compliance concerning marketing communications	During 2019 there were no cases of non-compliance to regulations and/or voluntary codes with reference to communication practices of marketing, promotion and advertising	
<b>Material theme: Animal welfare</b>			
<b>GRI 103: Management Approach (2016)</b>			
<b>103-1</b>	Explanation of the material theme and its boundary	51; 123	
<b>103-2</b>	The management approach and its components	69-71	
<b>103-3</b>	Evaluation of management methods	69-71	
<b>Material topic: Nutrition and well-being</b>			
<b>GRI 103: Management Approach (2016)</b>			
<b>103-1</b>	Explanation of the material theme and its boundary	51; 123	
<b>103-2</b>	The management approach and its components	60-71; 78-80	
<b>103-3</b>	Evaluation of management methods	60-71; 78-80	
<b>Material topic: Listening to the client</b>			
<b>GRI 103: Management Approach (2016)</b>			
<b>103-1</b>	Explanation of the material theme and its boundary	51; 123	
<b>103-2</b>	The management approach and its components	80	
<b>103-3</b>	Evaluation of management methods	80	
<b>Material topic: Corporate governance</b>			
<b>GRI 103: : Management Approach (2016)</b>			
<b>103-1</b>	Explanation of the material theme and its boundary	51; 123	
<b>103-2</b>	The management approach and its components	10-11	
<b>103-3</b>	Evaluation of management methods	10-11	





## INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT

To the Board of Directors of  
Veronesi Holding S.p.A.

We have carried out a limited assurance engagement on the Annual Report of the Veronesi Group (hereinafter also "the Group") as of December 31, 2019.

### Responsibility of the Directors for the Annual Report

The Directors of Veronesi Holding S.p.A. are responsible for the preparation of the Annual Report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" established by GRI – Global Reporting Initiative ("GRI Standards"), as stated in the paragraph "Methodological note" of the Annual Report.

The Directors are also responsible, for such internal control as they determine is necessary to enable the preparation of the Annual Report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for the definition of the Veronesi Group's objectives in relation to the sustainability performance, for the identification of the stakeholders and the significant aspects to report.

### Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our auditing firm applies *International Standard on Quality Control 1 (ISQC Italia 1)* and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the Annual Report with the GRI Standards. We conducted our work in accordance with the criteria established in the "International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the *International Auditing and Assurance Standards Board* (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the Annual Report is free from material misstatement.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. Milano n. 1720239 | Partita IVA: IT 03049560166

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Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 *Revised*, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on the Annual Report are based on our professional judgement and included inquiries, primarily with Company personnel responsible for the preparation of information included in the Annual Report, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

- 1) analysis of the process relating to the definition of material aspects disclosed in the Annual Report, with reference to the methods used for the identification and prioritization of material aspects for stakeholders and to the internal validation of the process results;
- 2) comparison between the economic and financial data and information included in the paragraph "Economic value generated and distributed" of the Annual Report with those included in the Group's Financial Statements;
- 3) understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the Annual Report.

In particular, we carried out interviews and discussions with the management of Veronesi Holding S.p.A., and with the personnel of A.I.A. Agricola Italiana Alimentare S.p.A. and Agricola Tre Valli Società Cooperativa and we carried out limited documentary verifications, in order to gather information about the processes and procedures, which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the Annual Report.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company's and subsidiaries' level:
  - a) with regards to qualitative information included in the Annual Report, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
  - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- for the following companies and sites, Quinto di Valpantena site for Veronesi Holding S.p.A., S.Martino Buon Albergo site for A.I.A. Agricola Italiana Alimentare S.p.A. and Nogarole Rocca production plant for Agricola Tre Valli Società Cooperativa, which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits or remote meetings, during which we have met the management and have gathered supporting documentation on a sample basis with reference to the correct application of procedures and calculation methods used for the indicators.

**Conclusion**

Based on the work performed, nothing has come to our attention that causes us to believe that the Annual Report of the Veronesi Group as of December 31, 2019 is not prepared, in all material aspects, in accordance with the GRI Standards as stated in the paragraph "Methodological note" of the Annual Report.

**Other matters**

The data for the year ended December 31, 2018 presented for comparative purposes in the Annual Report have not been subject to a limited or to a reasonable assurance engagement.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Franco Amelio**  
Partner

Milan, Italy  
July 3, 2020

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

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