



CONTI
DEGLI AZZONI

DOES ETHICS AFFECT HAPPINESS?

First sustainability report in the Wine industry

May 2018

Degli Azzoni Wines

DEGLI AZZONI WINES is a group that comprises various companies, all of which owned by **the Azzoni Avogadro Carradori brothers** and distributed across the regions of **Marche, Tuscany and Veneto**.

Its overall surface area exceeds 1350 hectares, 175 of which are cultivated with vineyards.

It has over 100 permanent and seasonal employees.



CONTI RICCATI **CONTI RICCATI SRL**

- ♦ **VENETO REGION**
- ♦ **LAND:** 200 hectares, where 23 are vineyards and 170 are arable crops
- ♦ **MAIN PRODUCTS:** Prosecco DOC, Pinot Grigio IGT, Asolo Prosecco Superiore DOCG



CONTI
DEGLI AZZONI

AZIENDA AGRARIA DEGLI AZZONI
AVOGADRO CARRADORI S.S. SOC. AGR.

- ♦ **MARCHE REGION**
- ♦ **LAND:** 850 hectares, where 130 are vineyards, 615 are arable crops, 20 are trees and the rest belongs to the winery, the farmhouses, the farming equipment storage area and the workshop
- ♦ **MAIN PRODUCTS:** Passatempo IGT, Rosso Piceno DOC, Sauvignon Blanc IGT, Ribona DOC, wheat, barley, sunflowers, peas, basil, parsley, rocket, radicchio



CONTE
ALDOBRANDO
DEGLI AZZONI AVOGADRO

AZIENDA AGRICOLA CONTE
ALDOBRANDO DEGLI AZZONI
AVOGADRO CARRADORI

- ♦ **TUSCANY REGION**
- ♦ **LAND:** 300 hectares, where 22 are vineyards, 143 are arable crops and 120 are woods
- ♦ **MAIN PRODUCTS:** Chianti DOCG, Pinot Grigio IGT, Vermentino IGT

The company philosophy is founded on protecting and respecting the environment, values that we have always sought to apply in our activities and which we now wish to put down in writing. With this aim we have decided to begin with our biggest and more representative company, Conti degli Azzoni.

Welcome to the first

Conti degli Azzoni Sustainability Report

The theme of sustainability is becoming more and more important for us; our goal is to spread the culture of responsibility, creating value for our company, our stakeholders and the community where we belong.

KEY COMPANY FIGURES


COMPANY

3.4 M euro
Turnover

70 
no. employees
(of which 24 seasonal)

ACTIVITIES

745 
Total hectares cultivated
(of which 130 vineyards
and 615 arable land)

614,300 
Kilos of grapes harvested

4834 
Hectolitres of wine produced
(of which 788 DOC and 4046 IGT)

3,232,100 
Kilos of crops harvested
(of which 1.34 million wheat,
510,000 basil, 410,000 sunflowers
and the rest other products)

ENVIRONMENT

38,386 kWh 
Energy from photovoltaic power plant

88 
Hectares of ORGANIC crops
(12% of total hectares cultivated)

3792 
Total CO₂ sequestration

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“ We don’t want to be the best company “in the world”, we strive to be regarded and respected as the best “for the world”. Because sustainability is happiness. ”

Letter to Stakeholders

Dear readers,

Calculating our impact on the environment and optimising our impact on our employees. Maximising our effect on communities in the surrounding area. In short, analysing whether the wellbeing our company creates is also able to generate happiness or not. This is the real challenge: respecting and being respected not only for what you do but also for the way you do it. Sustainability is a 360° challenge. A challenge that our father Roberto drummed into us, teaching us to preserve and protect the environment and the area in which we work like authentic guardians. This is why we believe that agriculture and viticulture in particular must have a strong bond with the local community: the development of a company depends on the enhancement of the territory and vice versa. As well as people, of course. In fact, for a company to grow you have to invest in people: technology, research and innovation always, but before this men and women, people. This is our company approach: developing the knowledge and expertise of individuals, seeking to raise everyone’s awareness of their own value so they can play an active role in the company’s evolution. Without ever averting our full attention from all those beings present in various forms in nature which inhabit the land, the air and the water as man’s equal. Cathartic elements of a quality of life which to be understood must also be calculated: how much CO₂ do we develop? How much water do we consume? How many of the substances we use in our processes remain in the soil? These calculation procedures and techniques must represent a “circular” exchange of information with other businesses because sharing know-how, like sharing values, will make it possible to tackle the new challenges that increasingly expert and demanding international markets impose. The path ahead of us, both challenging and stimulating, is therefore oriented to build and manage not the best company “in the world” but a company that strives to be regarded and respected as the best “for the world”. The world that surrounds us and of which we are only the guardians. Because sustainability is happiness, but also good economics. This is the commitment we have taken on and it represents just the first step on a long path.

Aldobrando, Filippo and Valperto degli Azzoni
Avogadro Carradori



**Aldobrando
degli Azzoni Avogadro Carradori**



**Filippo
degli Azzoni Avogadro Carradori**



**Valperto
degli Azzoni Avogadro Carradori**

Methodological Note

A working team consisting of in-house and external personnel drafted this document in accordance with principles and guidelines recognised at national and international level.

EXTERNAL



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INHOUSE



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Beatrice Accattoli



Saverio Illuminati

The Sustainability Report was produced with the technical support of Network Advisory as regards the launch of the Corporate Social Responsibility (CSR) process and the planning and creation of the document, and of Studio Agronomico Sata for the calculation of the carbon footprint and the implementation of good environmental practices in vineyards. It also involved a working group from inside the organisation for data collection and the identification of indicators. The strategies were defined by the ownership.

The work carried out by the company's internal collaborators was very important. These included: Gianfranco Canullo, Beatrice Accattoli, Saverio Illuminati, and all the people that contributed to the data collection process.

After a period of reflection Conti degli Azzoni identified the importance of sustainability as an integrated approach for the development and growth of the company and the people connected to it and in 2017 decided to launch the CSR process and to draft "edition zero" of the Sustainability Report.

From this moment Conti degli Azzoni began a dialogue with its stakeholders in order to develop reciprocal understanding and the continuous improvement of the management process. The company undertakes to continue the process of reporting to them the objectives pursued and the results achieved in the area of social, environmental and economic sustainability.

The data and information contained in the Sustainability Report refer, unless otherwise stated, to Azienda Agraria degli Azzoni Avogadro Carradori s.s. società agricola and Bio degli Azzoni s.s. società agricola.

The document aims to provide a comprehensive overview of Conti degli Azzoni. Beginning with the family origins, it reports the results of the current management set-up before outlining the goals the company intends to pursue in the future, all of which with a focus on CSR.

This Sustainability Report refers to the 2017 financial year, although where possible data and information relating to previous years have been provided for comparative and analytical purposes, and **is structured into 5 parts**:



References for the 2017 Sustainability Report:



Global Reporting Initiative (GRI) Guidelines to measure the organisation's economic, social and environmental performances¹



AccountAbility 1000 Stakeholder Engagement Standard guidelines for a social report that focuses particular attention on stakeholder engagement²



ITA.CA Protocol - Italian Wine Carbon Calculator, to calculate greenhouse gas emissions and water consumption in the Italian viticultural sector³

1__

The Global Reporting Initiative (GRI) is an American non-profit organisation that began as a department of CERES (Coalition for Environmentally Responsible Economies), becoming independent in 1997. Recognised at international level, today the GRI guidelines are the most widely used across the world for the drafting of Sustainability Reports. On 19 October the Global Reporting Initiative presented new sustainability reporting standards that will definitively replace the G4 guidelines by 1 July 2018.

2__

Standard developed by the ISEA (Institute of Social and Ethical Accountability), verified and approved by its Council. ISEA, an international body set up in London in 1996, is a leader in supplying companies, non-profit organisations and governments with innovative solutions in the area of social responsibility, environmental responsibility, ethics, governance and sustainable development.

3__

As part of a joint project, in 2007 the Wine Institute of California, New Zealand Winegrowers, Integrated Production of Wine South Africa and the Winemakers' Federation of Australia produced the first International Wine Carbon Calculator (IWCC), an official method adopted in various nations, free and recognised at global level by FIVS (Federation Internationale des Vins et Spiritueux) (FIVS, 2008; Battaglene et al., 2010a).

Sata Studio Agronomico and WFA have worked together to improve the IWCC and adapt it to the Italian wine industry. In fact, to produce Ita.Ca® the Australian WCC was adapted, which itself derived from the International WCC. The Agriculture Faculty of the University of Milan was asked to provide scientific supervision and the collaboration of URS, the multinational that developed version 1.3 of the IWCC, was also requested. Numerous other documents were taken as references, including the international ISO 14064 1-3:2006 standard and PAS 2050. In addition, the International Standard for Life Cycle Assessment, ISO 14044:2006, was consulted and used in order to define the boundaries of studies.





Company Identity

In the past our essence, in the future our energy.

▲ About us

A family, a group of men and women, a company located in the heart of the Marche that loves the local area and intends to respect and promote it in every possible way.



850 hectares
property



615 hectares
crops



130 hectares
vineyards



20 hectares
trees

Conti degli Azzoni operates in the agro-industrial sector and in particular the viticulture and crop-growing segment.

The company was founded in 1940 by Roberto degli Azzoni and since 2000, following the generational change, it has been managed by his three sons, Aldobrando, Filippo and Valperto.

Its property extends across an area of over 850 hectares in the province of Macerata, in the heart of the Marche, 130 hectares of which is covered by vineyards, 615 of which cultivated with traditional crops, 20 with trees (poplars, elms, oaks, mulberries, acacias) and the rest reserved for the winery and the farmhouse outbuildings. The land has a number of small watercourses and three lakes used as reservoirs.

In the vineyard, lots of space is given over to traditional varieties of the Marche ampelographic panorama such as Montepulciano, Sangiovese and Ribona, together with Grechetto and classic international grape varieties like Merlot, Sauvignon Blanc, Cabernet Sauvignon, Pinot Grigio and Chardonnay. Over 15 hectares are reserved for the company nursery in which American vines are grown for their subsequent use as rootstock. The arable land is dedicated to annual crops that are sown on a rotation basis: cereals (durum wheat, common wheat and barley),

sunflowers, alfalfa, peas (fresh and dried), vegetables (radicchio and rocket) and herbs (basil and parsley). The company also possesses an olive grove.

Promoter of organic production as a method of cultivation that is more respectful of the environment and healthier for people, Conti degli Azzoni began growing organic basil and parsley over 20 years ago. Over time the company has continued to believe and invest in it; today 30 hectares of vineyards and 58 hectares of crops are involved in the conversion process. Following in the footsteps of the long family tradition of love and respect for nature, this choice shapes the future path of the company.

The winery, located near the historic centre of Montefano, consists of steel and glass-lined concrete tanks; the latter are ideal for storing wine as they are not subject to changes in temperature. The company also has a barrique cellar in the centre of Montefano, in the caves of the historic family building; the same building is also home to the administrative offices. The company oversees the entire production chain of both its farm and wine products internally, from cultivation in the field to direct and indirect sales.



VISION

Harmony between **ethics, business and happiness** with complete respect for nature.

MISSION

100% environmentally sustainable cultivation and guaranteeing the utmost quality of all of the products of our land: agricultural products, grapes and wines.

VALUES

- Love for the **land**
- Promoting **people**
- The importance of the **local area**
- Focus on the **customer**
- Protecting the **environment**

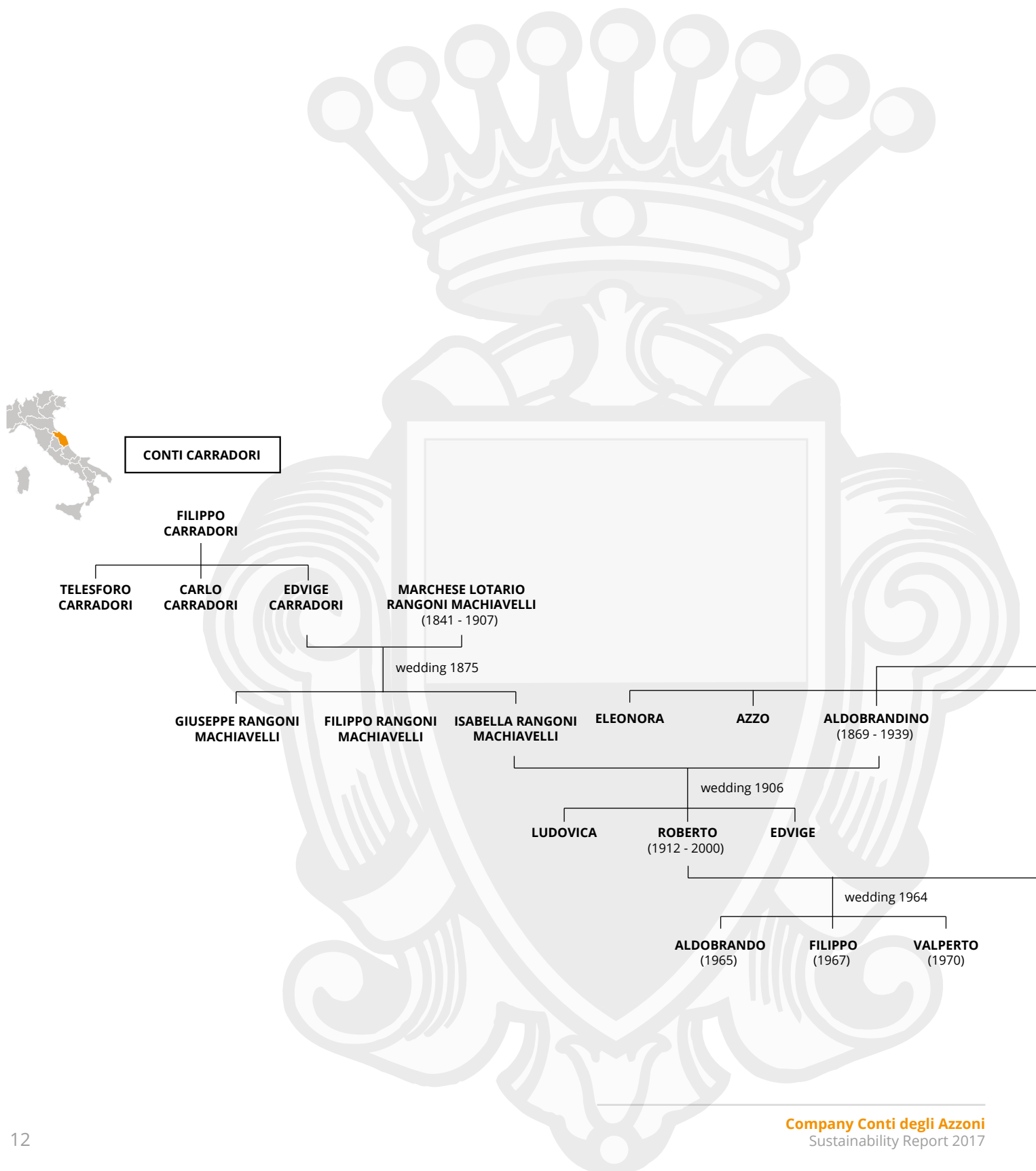
STRATEGIES

- **Enhancing the brand** increasing the company's level of sustainability and social responsibility
- **Promoting expansion on both the Italian and world market** particularly as regards wine sales
- **Increasing the sense of belonging** of the people that work with us
- **Increasing the proportion** of organically-produced products
- **Protecting our local identity**
- **Broadening the synergies between the various Family's companies**



Family background

The present-day Conti degli Azzoni Avogadro Carradori family was formed by the meeting over the last millennium of three noble families: Conti Carradori, Conti degli Azzoni Avogadro and Conti Riccati.



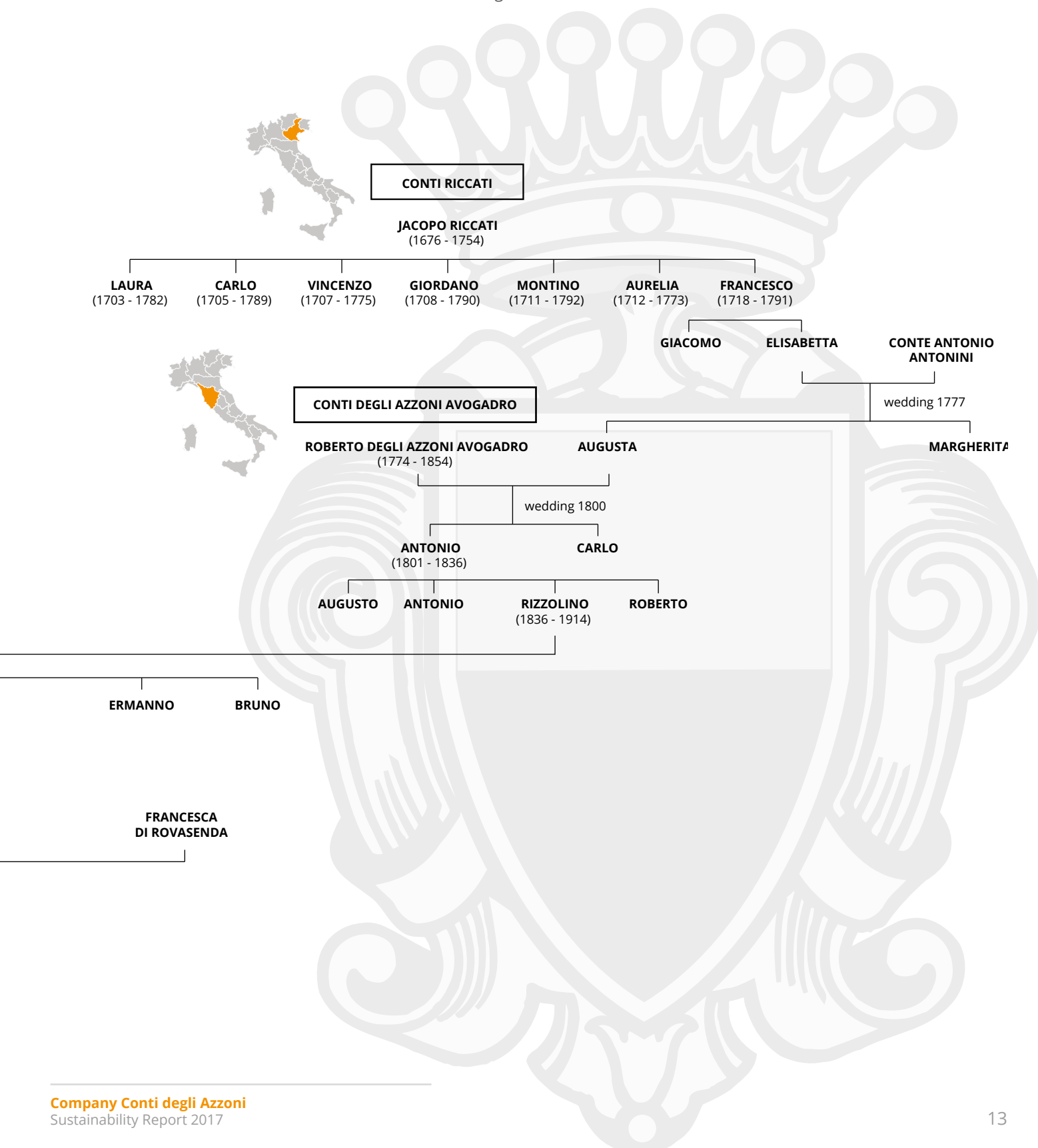
The Azzoni family has Venetian origins that date back to the year 1000. In the XIV century they were given the title of 'Conti' for their work in the "avogaria" (i.e. in the administration of diocesan heritage), hence the addition to their surname of 'Avogadro' and the coat of arms consisting of a silver and blue truncated shield. In 1800 Augusta, the last direct descendant of the Conti Riccati, married Roberto degli Azzoni Avogadro, bringing the family property as a dowry and this was united with that of the Azzoni Avogadro.

In 1906 Count Aldobrandino married Countess Isabella Rango-

ni Machiavelli, heir of the Conti Carradori family, whose dowry consisted of the Marche company in the province of Macerata.

In 1910, having fallen in love with the Tuscan hills, Aldobrandino bought the company in the province of Pisa, which is today managed by his grandson Aldobrando.

Isabella asked her son Roberto to add the surname of her mother, Edvige Carradori, to his own, and he fulfilled her wish in 1954.



Our land

Many generations, the same love: the land.
We believe that love means respect and, to respect the land that we cultivate, we must first understand its features so to adopt the best practices.

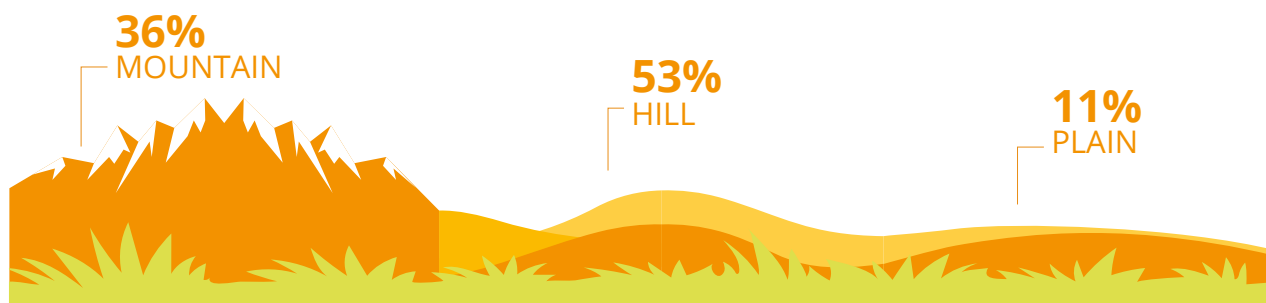
The Marche is distinctive for its hills and valleys which from the Apennines descend down to the Adriatic Sea.

It has a total surface area of **936,600 hectares** with approximately 11% consisting of plains and 36% of mountains; the hills, which often extend as far as the sea, account for 53%.

The land belonging to **Conti degli Azzoni** is located in the

heart of the Marche, in the province of Macerata, around 20 km from the sea and 100 km from the Sibillini Mountains, and is divided up as follows: **68% Montefano, 13% Macerata, 12% Recanati and 7% Potenza Picena.**

The vastness of the company's surface area, the different geopedological and climatic conditions and the multiple strata and geographical origins make these lands quite varied.



There are three types of soil:



Older areas, that rise around 50 metres above the valley floor, to an elevation of between 60 and 110 metres, are characterised by areas of flat, sandy-gravelly, alluvial sedimentation.

NOTABLE FEATURES

- Protection of organic matter by increasing water retention to counter infrequent hydration.
- Control of mineralisation benefiting the steady release of nutrients.

ADVANTAGE

- The high drainage capacity of these soils prevents waterlogging and surface runoff.
- These soils can be tilled at any time since they retain their physical and mechanical properties as the humidity changes.



Areas at sea level, just 2 km from the mouth of the Potenza river, where there are more loamy and clayey materials and the soils are therefore heavier and thicker.

NOTABLE FEATURES

- Control of cover crops, benefiting bearing capacity and stable transit.
- Protection of porosity by multifunctional sowing or tillage in slightly humid conditions.

ADVANTAGE

- Water retention capacity: clayey soil can store large quantities of water and retain it for relatively long periods of time, although the water retention potential is lower than that of soils that are poor in colloids at the same humidity level.



Areas of rolling hills, with slopes ranging from slightly inclined to inclined and elevations between 100 and 220 metres, in which the principal soil development substratum is pelitic-calcarene, alternating with areas with a higher clay content in the Pleiocene-Pleistocene pelites.

NOTABLE FEATURES

- Control of compaction by cracking the plough pan.
- Control of the assimilation of elements trapped by alkaline reactions.

ADVANTAGE

- Characterisation of the aromatic profiles of wines.
- Strong expression of territoriality and enhancement of rootstocks.

The diversity of the soils has greatly influenced the choice of products that are cultivated and the good cultivation practices used to protect the territory and respect its population.

To protect the land, and the soil in particular, Conti degli Azzoni carries out constant controls on its quality through the analysis of bioindicators and the evolution of organic matter, as part of the BIOPASS project (for more details see the chapter on the environment).

▲ Our products

We are a farm with over seven centuries of history; on our lands we cultivate agricultural products and vineyards, and in our cellar we produce the wine that we sell on the market.

Conti degli Azzoni produces and markets packaged wine and agricultural products from rotation crops like wheat, barley, sunflowers, peas, basil, parsley, rocket, radicchio, alfalfa, broad beans.

Our leading products include:

WINES



Passatempo
IGT Marche Rosso



Sauvignon Blanc
IGT Marche Bianco

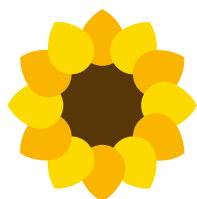


Ribona
DOC Colli Maceratesi



Rosso Piceno
DOC

AGRICULTURAL PRODUCTS



Sunflowers



Wheat



Barley



Various crops
basil, parsley, radicchio,
alfalfa, peas



▲ The production cycle

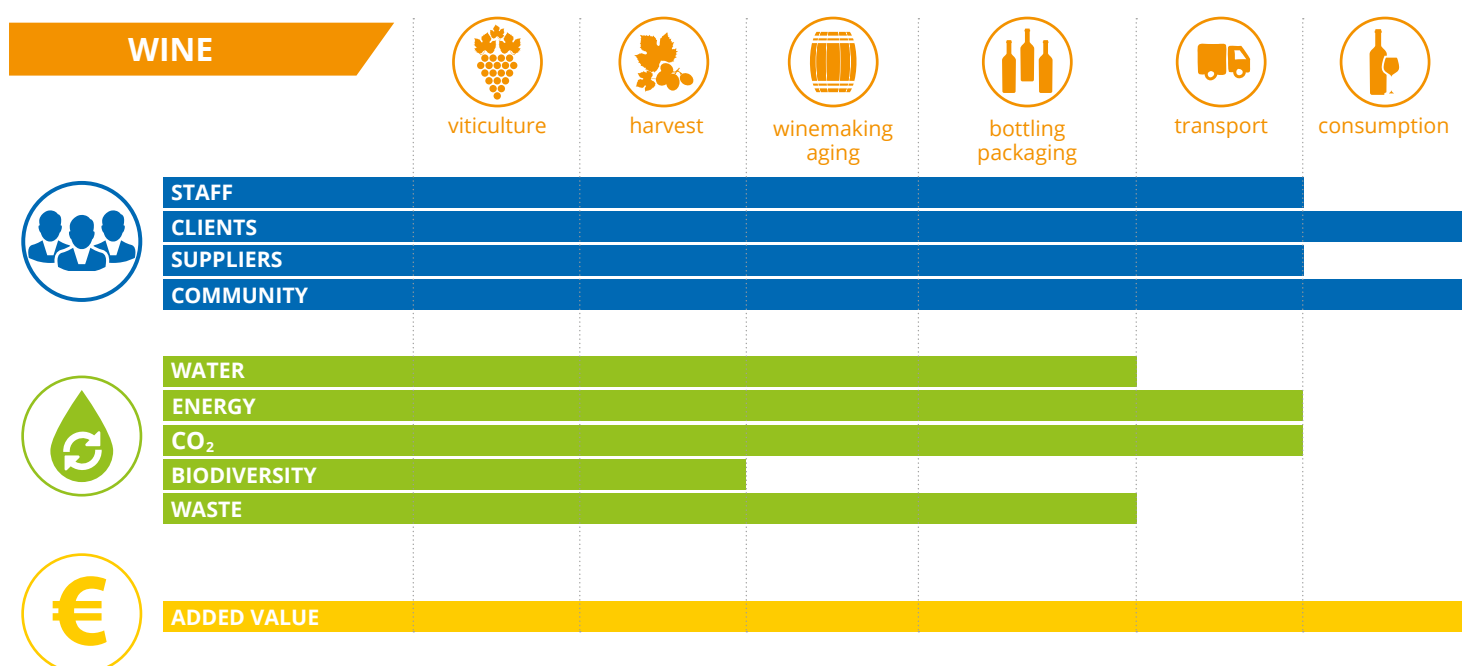
Our focus on social responsibility and sustainability regards all phases of our business, from farming activities to the marketing of wine and other products.

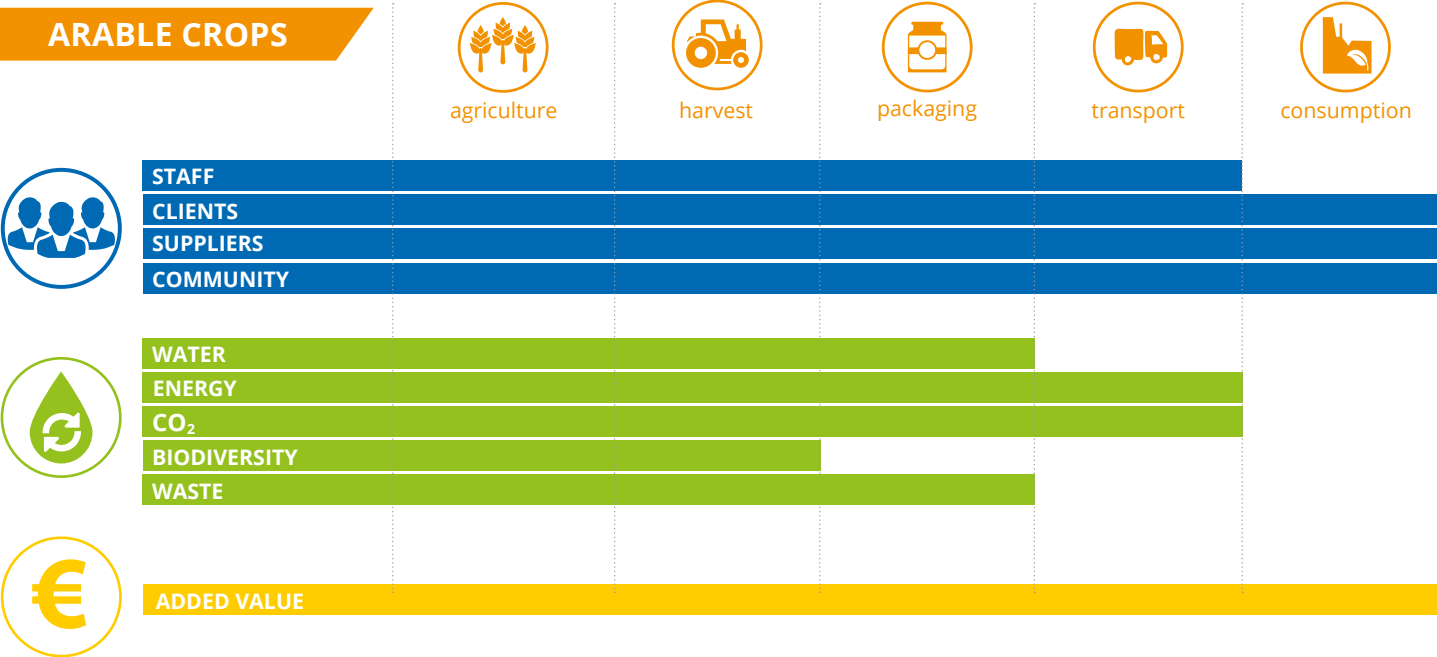
To get a better understanding of Conti degli Azzoni's commitment to social responsibility and sustainability in all business phases, below is a graphic of the production cycle of wine and of the farming products.

The wine production cycle is certainly far more complex as it involves the transformation of the raw material (grape) into a

finished product (wine). This process is not present in the crops sector where the harvested products are delivered directly to the customer, who is never the end consumer.

Everything Conti degli Azzoni does, it does with respect for its declared values, for the people involved, for the community to which it belongs and for the land it works.









Dialogue with Stakeholders

There is no growth without cooperation.

We are launching a lasting dialogue and discussion process with our stakeholders in order to share our goals following the path to sustainability.

Conti degli Azzoni has created its “**Stakeholder Map**” with the aim of identifying the main categories of stakeholders and launching a dialogue with them in order to understand their relative needs and expectations in the context of the ongoing improvement of the management process.

The identified stakeholders were classified in terms of relevance as regards their capacity to influence the company's business and their willingness to engage.

As is well documented, **Corporate Social Responsibility** is not an unconnected series of actions but a long-term **process centred on continuous engagement**.

With this in mind, in this period it was not possible to organise targeted engagement activities but some press releases were written to communicate the company's commitment to sustainability and a questionnaire was distributed to the most important suppliers to understand their awareness of these issues (to see the results visit the “Suppliers” section).

In addition, all contact opportunities with the various categories of stakeholders were important for collecting opinions and identifying the key issues to cover in this report.



STAKEHOLDER	KEY ISSUES Aspects that significantly impact the creation of value by the company	DIALOGUE Main dialogue and consultation initiatives
Personnel <ul style="list-style-type: none"> • Employees • Collaborators • Interns 	<ul style="list-style-type: none"> • Stability • Workplace safety • Enhancement • Professional growth • Work-life balance • Internal climate • Internal communication 	<ul style="list-style-type: none"> • Training • Presentation of the Sustainability Report
Customers and Consumers <ul style="list-style-type: none"> • Retail • Ho.Re.Ca • Mass retail • Foreign distributors • Consumers 	<ul style="list-style-type: none"> • Product quality • Reliability • Product safety • Accuracy of information • Communication 	<ul style="list-style-type: none"> • Initiatives organised in the winery (Cantine Aperte, etc.) • Communication through social media, • Press releases
Suppliers <ul style="list-style-type: none"> • Of goods, services and work • Qualified • Local 	<ul style="list-style-type: none"> • Punctuality of payments • Continuity of relationships 	<ul style="list-style-type: none"> • Survey to measure the level of sensitivity to CSR
Company <ul style="list-style-type: none"> • Owners 	<ul style="list-style-type: none"> • Legality • Transparency 	<ul style="list-style-type: none"> • Sharing of company results
Public Authorities <ul style="list-style-type: none"> • Region of Marche • Municipality of Montefano • Ministry of Agriculture 		
Local Community <ul style="list-style-type: none"> • Schools • Non-profit organisations • Trade associations • General public 	<ul style="list-style-type: none"> • Responsible management of the company (respect for people and the environment) • Support for initiatives • Investment in the local area • Strengthening of dialogue 	<ul style="list-style-type: none"> • Press releases on the company's prioritising of sustainability issues
Environment <ul style="list-style-type: none"> • Environmental associations • Association technicians and experts 	<ul style="list-style-type: none"> • Energy and water savings • Emissions reduction • Conversion to renewable sources • Separate waste collection • Responsible waste management 	



**Quality and
reliability**



**Transparency
and responsible
management**







Social Report

Looking at people not as monads but as part of a whole. Our strength is our unity.

Personnel











People and the land are the real assets of our company and that is why we seek to recruit men and women from the area in which we operate and we invest in their growth.

Policy

When recruiting staff we strive to prioritise labour from the area in which we work. We believe that training is crucial for the growth of people and the company and this is why we provide training on a periodical basis at various levels in the form of meetings between consultants, managers and workers.

Staff breakdown

A total of **70 people** worked in the company in 2017 (+1 versus 2016) - 5 administrative staff and 65 workers.

	2016	2017
 Managers	1	0*
 Administrative staff	5	5
 Workers	63	65
 Permanent contract	33	33
 Fixed-term contract	17	13
 Seasonal	19	24
 Full time	69	69
 Part time	0	1
 Average age	42	42
 Average seniority	13	12
TOTAL STAFF	69	70



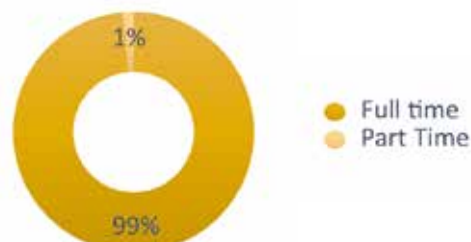
* The role of general manager was performed by a manager until 2016, the year he retired. This role is currently performed by one of the partners.

The National Collective Contract for Agricultural Employees and Workers and Gardeners is applied to staff. By nature, agricultural activities require seasonal workers in order to deal with the busiest times of year, such as the grape harvest and the harvest of vegetable products, and as such the workforce is distinctive for its strong **seasonal variation**. Seasonal work accounts for 34% of the company's activities. Of the company's 46 regular manual labourers, 72% have a **permanent contract** and the remaining 28% have a **fixed-term contract**. 99% of employees work **full time**.

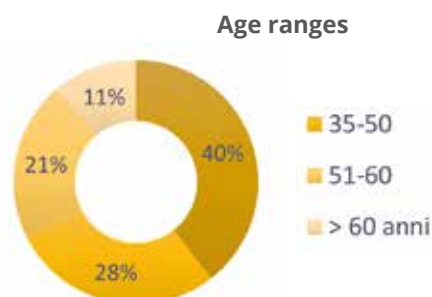
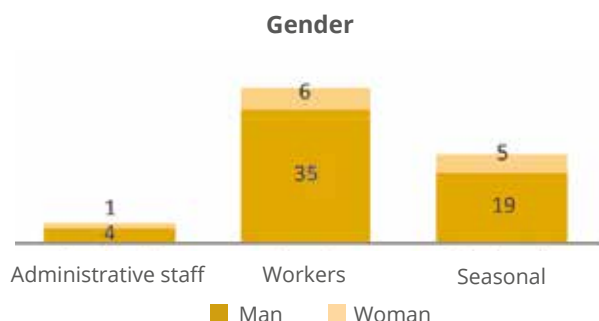
Type of contract



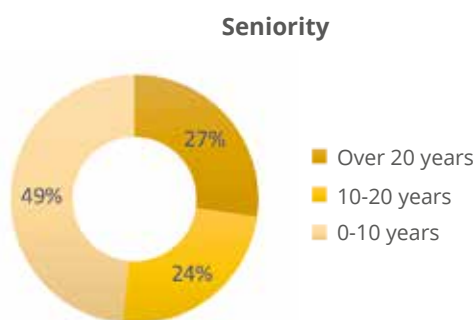
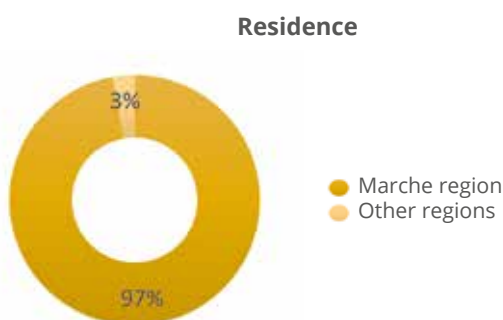
Form of employment



The number of women employed, apparently low (17%), is actually quite significant when you consider the type of physical work performed. Recently, **the female presence in the company has increased (+1 vs. 2016)**, but above all they have been given specific equipment management and coordination roles that were once the domain of men. Of the 12 women, 1 is an office worker, 6 are manual labourers and 5 are seasonal workers. Analysing the breakdown of employees by age range, there is a **strong presence of young workers aged between 18 and 34**.



The **enhancement of the local area** through its promotion and development is one of our company's most important values and we demonstrate this by providing work to people from the local community: 53% of employees live in the Municipality of Montefano, 33% outside the municipality but in the province of Macerata and 11% in the Marche region. Over half of our staff have been with the company for more than 10 years (51%). Of these, 6% have over 30 years of seniority, 21% over 20 years and the remaining 24% from 10 to 20 years. The average overall seniority is 13 years (12 in 2016).



Turnover

As regards company turnover, excluding seasonal workers, in 2017 there were two new hires and nobody left the company. The new employees are both male agricultural garden labourers, aged 34 and 36. One was hired on a permanent contract and the other on a fixed-term contract, and both with the aim of expanding the workforce.

Equal opportunities

The company does not discriminate in terms of race or sex, or in any other way.

Women and men at the same level receive the same gross wage.



Training

A company cannot grow if its people do not grow and this is why we constantly invest in training our employees.

More specifically, the training provided during the year comprised:

- **On the job training meetings** at various company levels, on themes regarding viticulture and the sustainable management of the soil, held by the agronomist during the year.
Training hours: around 70.
This training was aimed at the manager of the vineyards and the workers.
- **On the job training meetings** on the most important vinification phases held by the oenologist during the year.
Training hours: around 70.
This training was mainly aimed at the cellar manager.
- **The company also held English language courses** in the classrooms at the Victoria Company school in Jesi (AN) to increase employees' knowledge of written and spoken English.
Total training hours: 340. Number of participants: 8.
Training hours per participant: 42.5. One administrative worker and 7 workers took part in this training course.

The training activities aimed at the professional growth of people are promoted by the company but workers can suggest attending update courses they feel could be of use.



Health and safety

We strive every day to ensure that all people who work for our company are able to carry out their jobs safely and with suitable protection. The safety of our workers is one of our most important and fundamental values. In complete compliance with the reference standard, Legislative Decree 81/2008, we have set up a prevention and protection service in the workplaces that involves multiple people, through which we guarantee the maintenance of suitable safety standards and the achievement of the identified targets.

With the help of our prevention and protection service we have:

- **drafted the DVR (Risk Evaluation Document)**
- **appointed a qualified doctor**
- **appointed a Health and Safety Officer**
- **appointed a Workers' Safety Representative**
- **organised information and training courses for company staff**
- **distributed PPE to staff according to the results of the risk analysis**

Improvement proposals

WE SHALL...

Internal communication. Spread the culture of sustainability in a more widespread way within the company through targeted communications

Climate survey. Carry out an internal climate survey to understand the level of satisfaction of people that work in the company and get suggestions for continuous improvement.

Staff development. Select a greater number of team leaders in order to monitor and improve the specialisation of employees in small groups.

▲ Customers

Customers are the value of a company: to grow and improve we have to know how to listen to them.

Policy

The main commitment a company makes to the customer is that of always guaranteeing healthy and quality products.

For Conti degli Azzoni safety and quality are among the most important factors for strengthening the loyalty of the customer and acquiring new market shares.

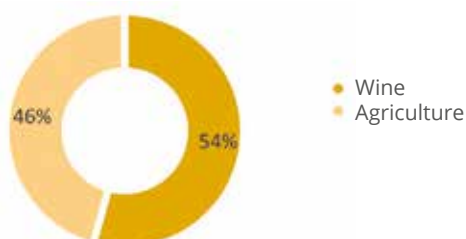


Customer breakdown

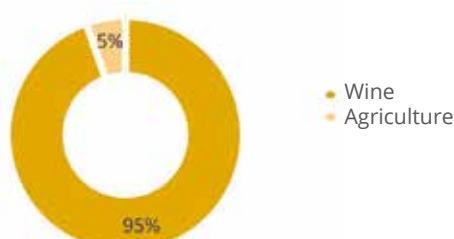
In 2017, the company recorded revenues of around €3 million.

The graphics below show how the company's revenues are divided fairly equally between the wine sector and the agriculture sector, while the analysis of the number of customers (without considering the wine consumers that make purchases directly from the point of sale) shows that the clear majority are from the agriculture sector. This means that the wine sector is far more segmented than that of agricultural products.

Turnover by sector

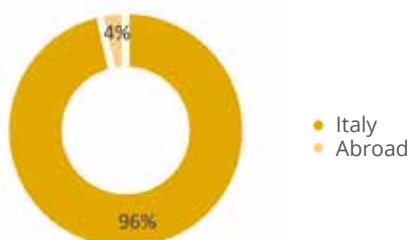


Number of customers by sector

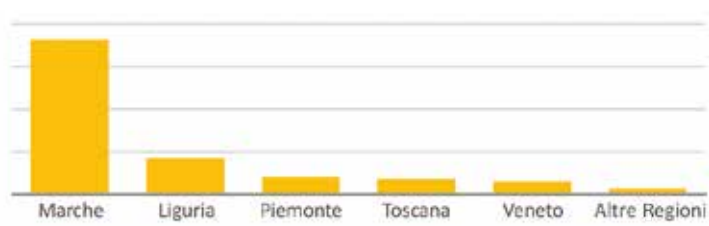


The analysis of **turnover by geographical area** shows that 96% is produced in Italy, distributed as follows among the various regions: Marche (65%), Liguria (15%), Piedmont (7%), Tuscany (6%), Veneto (5%) and other regions (2%). Of the 4% recorded abroad, around 80% is generated in the Czech Republic by wine exports

Turnover Italy/abroad



Italian turnover by region



An analysis of the wine sector's turnover by distribution channel reveals multiple channels, the most important of which are undeniably direct sales (85% of which come from the company point of sale), mass retail and sales through small retailers (e.g. minimarkets, wine stores, bakeries, small stores).

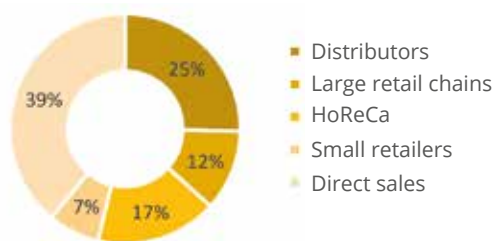
The agriculture sector has just one channel, direct sales. Customers are mainly food companies that acquire the raw material to make finished products (basil and parsley), farm product marketing companies (cereal storage) and fruit and vegetable companies (other fresh vegetables).

As previously highlighted, in recent years Conti degli Azzoni **has begun converting part of its production to organic**.

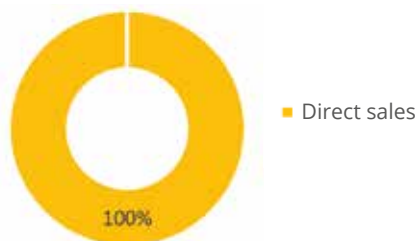
As regards the wine sector, it will still take a little time to produce organic wine, while in the farming sector 24% of turnover derives from sales of **organic basil**.

In 2017, 83 new customers were acquired (22%), with which the company recorded 5% of its total revenues.

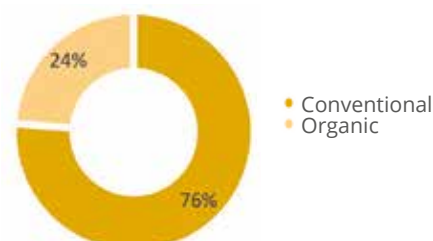
Turnover by wine sector channel



Turnover by farming sector channel



Traditional and organic turnover



Product quality and safety

Product safety is guaranteed by the systematic control of processes and products by competent and qualified personnel, by respect for the rules and conduct outlined in the HACCP manual and by GLOBALG. A.P. certification.

Analyses are carried out partly internally in the company lab and partly by external labs accredited by Accredia⁴.

More specifically, as regards **wine**, the internal lab carries out a basic check on acidity, sulphur dioxide, alcohol, residual sugars and dry extract, while the external lab carries out more detailed analyses for which specific machinery is required, such as protein and tartaric acid stability, malic acid and lactic acid, the presence of metals like lead, copper, zinc and ochratoxin. The external lab also carries out all HACCP analyses.

The analyses **on agricultural products** are all performed externally by certified laboratories, **such as the multiresidual analyses on basil, parsley and other fresh products** to monitor the presence of residues of active ingredients.

Meanwhile, controls for product quality and mycotoxins on **cereals** and **sunflowers** are carried out directly by the purchasing company (stockist or food company).

As regards **organic products**, in accordance with the regulations the company uses an authorised certification body to verify compliance with the EU regulation, the CCPB (Consortium for the Monitoring of Organic Products).

In 2008, the company acquired **GLOBAL G.A.P.[®] certification for parsley and basil** which has since been renewed continuously up until today.

Global Gap is a **voluntary protocol** that was developed by some of the most important European commercial chains (EUREP – Euro Retailer Produce Working Group) with the aim of identifying common rules applicable by any farmer. This protocol defines the Good Agriculture Practices that producers of fresh and unprocessed foods have to adopt to demonstrate safe, healthy and sustainable farming practices. This certification is required by the leading major retail companies.



⁴__

Appointed by the Italian government in application of European Regulation EC 765/2008, Accredia is the Italian accreditation agency for test and calibration laboratory certification, auditing and inspection bodies.

Product labelling

Providing clear and transparent information on its products is very important for the company and in the future it aims to enrich its labels and other accompanying documents with additional indications to those required by the regulation, also through the insertion of links to web pages on which these products are presented in a more detailed and engaging way, for example. The wine labels currently include obligatory information such as: origin, bottling company, bottling batch number, production country, volume, % of alcohol and the presence of allergens, if any. However, as they are sent to third-party companies, farm products do not have a label but are accompanied by shipping documents which provide all the information required by traceability regulations.



Improvement proposals

WE SHALL...

Innovate our labels. Every company product will be supplied (also through digital connections between the label and website) with a description of the main features of the product, its nutritional and health properties, and the quantity of production process residues. Completion of the brochure and website in this regard, with the addition of QR systems or similar.

Open the company, in full or for systematic sectors, for customers, potential customers and all interested parties, to offer a transparent view of the company and strengthen relations. Drafting of a “guide to company visits” with a description of the production chain as a training and information tool for guest tour guide personnel.

Visit our 20 most important customers who in total account for over 60% of the company turnover. The goal is to improve relations, listen to their needs and propose solutions as part of a sustainable partnership.

Launch the first **customer satisfaction survey** through the distribution of questionnaires to establish their level of satisfaction in terms of product and service quality. On the basis of this feedback the company will plan improvement actions.



Suppliers

Suppliers are an integral part of a company: to pursue the same goals it is necessary to share the same values.

Policy

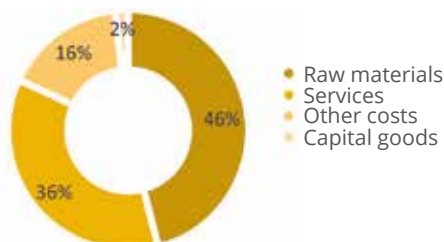
The agriculture and viticulture production chain is made up of numerous actors who together develop the finished products that arrive on tables of consumers. The creation of a partnership, particularly with those that supply everything that impacts on the final product, is essential for guaranteeing the customer

quality and safety. As such, when choosing its suppliers the company not only focuses on the price and quality of the product or service provided, it also considers health and hygiene aspects, delivery times and its direct knowledge of them.

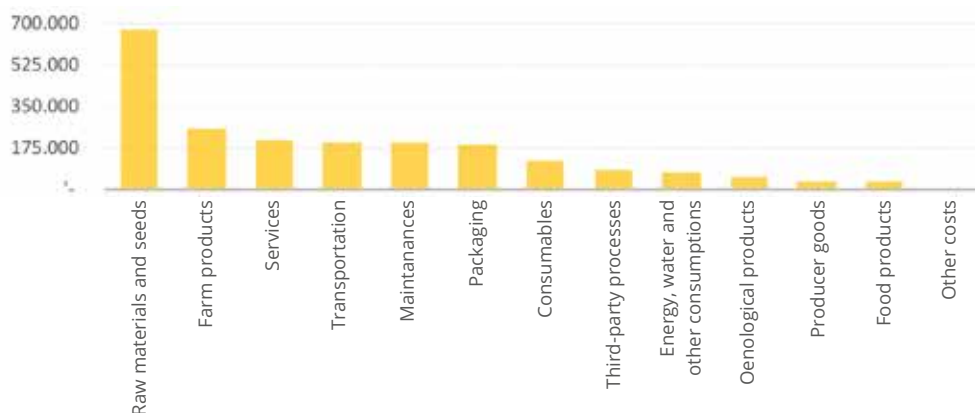
Supplier characteristics

The analysis of suppliers in relation to total purchases shows that **46%** of company supplies regard **raw materials** (rootings, basil and parsley seeds, grain, barley and sunflower seeds) **and products used in the production process** (agricultural and wine products), **36% services** (transport, maintenance, third-party processes, utilities and other services), **16% other costs** (packaging, consumables, food products sold in the point of sale and other expenses) and the remaining 2% capital goods.

Supplies by type

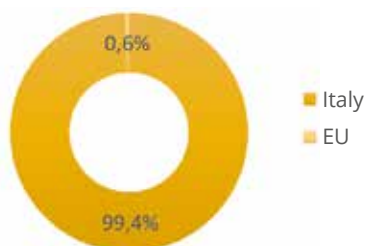


Supply by category (cost)

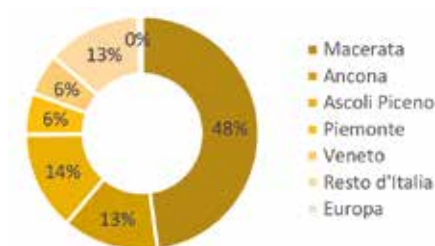


99.4% of procurement takes place in Italy with a strong concentration in the Marche Region (75%), divided between the province of Macerata (48%), Ancona (13%) and Ascoli Piceno (14%); the rest is split between Piedmont (6%), Veneto (6%) and other Italian regions (13%); supplies from outside Italy are negligible (0.6%) and mainly regard commercial expenses for exploring new markets.

Supplies by provenance



Supplies by geographical area



100% of the raw materials and farming and wine products used in the production process come from agriculture and Italian companies and 86% of these companies are from the Marche.

Third party companies

The company outsources some operations that require specific equipment and highly specialised labour.

The following activities in particular are sourced out:

- **Threshing:** to optimise timescales and for financial reasons, for over 30 years the company has used two third-party companies for the threshing of crops.
- **Mechanical grape harvesting:** the grape harvest in the company is carried out by hand by internal staff for all selections; in the remaining vineyards it is carried out partly by hand and partly by machine. Mechanical grape harvesting is sourced out to a specialist third-party company that guarantees the punctuality and efficiency of its work and also relieves the company of all problems relating to storage, maintenance and spare parts; thanks to the relationship consolidated with

the third party over the years, extremely precise and reliable work is guaranteed.

- **Bottling:** bottling is carried out four times a year and so rather than having its own internal bottling line the company feels it is more appropriate to use a third-party company, which supplies cutting-edge equipment and specialist staff that carry out bottling in the winery.

When choosing third parties, as well as the financial aspect Conti degli Azzoni also assesses parameters like whether they are local, reliability, professionalism, ethics and respect for regulations.

Supplier survey

In 2017 Conti degli Azzoni launched a pilot survey for its suppliers to determine their level of understanding and awareness of issues related to sustainability.

A questionnaire was created with 12 questions designed to understand the degree of importance they attach to CSR - Corporate Social Responsibility, the type of actions adopted, any certification they have obtained in the area of quality, safety and the environment, and the reasons why they regard sustainability as important.

All supplier companies to Conti degli Azzoni in 2017 were classified according to the size of their orders and the most significant were identified. To have a more representative sample, a further selection was made, choosing suppliers of different products/services.

Of the 69 questionnaires sent by email in October, 49 (71%) were returned completed within two months.

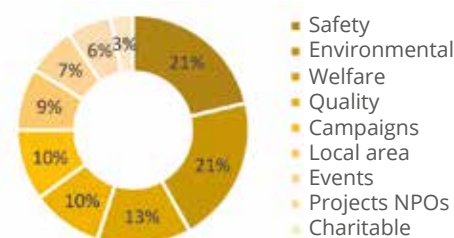
An analysis of these showed that only 9 companies had never heard of CSR while on a scale of 0 to 5 the others attributed the issue a relevance of 4.1, highlighting their strong interest in the matter.

The main issues associated with CSR are: workplace safety, environmental protection, company welfare, quality, awareness campaigns, promotion of the local area, charitable actions, the carrying out of projects with NPOs (...), the spread of the issue through awareness campaigns, organisation of targeted events.

47% are disseminating these issues in their companies. Measuring the various actions carried out by companies to make them more responsible and more sustainable, it emerges that many invest in training (22%), environmental analysis (19%) and certification (19%), while only the most structured draft a Sustainability Report (2%).

It is interesting to see how the welfare initiatives are: medical assistance, supplementary insurance, support for children's studies and personal care.

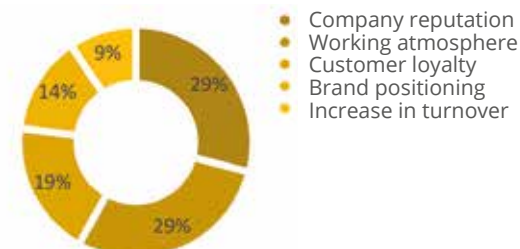
Issues associated with CSR



Main CSR actions



Why CSR is important



The criteria most used for the selection of suppliers are quality, safety and environmental certification. Half the companies have at least one piece of certification. Finally, the analysis of the reasons why CSR is important for the companies examined is very interesting, the reasons being: company reputation, internal climate, customer loyalty, brand positioning and even increase in turnover.

▲ Community and local area

The products of the land manage to express the values and potential of an entire region, the wine in particular. It is difficult to think of something richer in terms of cultural, traditional and symbolic meaning than wine.

Policy

The production of consumer goods connected with the land, and wine in particular, leads us to consider many different issues, from technical-scientific to cultural questions. It engages the people, entrusting producers, technical staff, workers and, last but not least, communicators with objective responsibilities. In fact, those who take care of their land in order to generate benefits and products from it become **the genuine guardians of the region**. Production areas are often frequented by many visitors who admire the landscapes, who live and breathe the zones, who turn them into oases of entertainment, sport and culture. The landscape, culture and tradition become integral parts of a product's image.

As such, it is imperative to do whatever is necessary to protect these contexts. With this in mind, we must not give up when

faced with the first hurdles and we mustn't necessarily look for the easiest option even when the goal of creating the ideal conditions seems utopian.

The path first undertaken by the company several years ago, and made official in this first Sustainability Report, seeks not only to estimate the environmental and social impact of our production activities but also to promote the local area through communication, which is an integral part of this process. This communication involves promoting its activities and initiatives connected with dialogue with the community, which takes place through both traditional means (journalistic articles, participation in events and fairs, winery openings) and the digital media (website, social media and influencers).

Solidarity

The earthquake in Central Italy that devastated the Marche and adjacent regions in 2016 triggered a long series of solidarity actions all around the world.

With the endorsement of the Municipality of Montefano, Conti degli Azzoni expressed its support for the communities affect-

ed in the Macerata hinterland by donating 6000 bottles of wine. Equally distributed among the communities, the wine was produced by the company entirely in the Montefano area in which it resides.



An expression of solidarity and support for the families affected by the earthquake, we want to offer a little ray of hope, beginning with the simplicity of daily habits, like enjoying good wine.

(Filippo degli Azzoni at the presentation ceremony)

Digital presence

Da diversi anni l'azienda è attenta alla propria presenza online. For several years the company has been attentive to its online presence which, beginning with the website, is often the subject of reorganisation, not just for technical modernisation purposes but more importantly in order to update its content and information on the company, company life and the products.

From the Conti degli Azzoni website www.degliazzoni.it it is also possible to access the sites of the Conti Riccati and Conte Aldobrando degli Azzoni Avogadro brands.

In terms of social media, the company is on Facebook, Instagram and Twitter. Through these it provides information and news, interacting with its followers and the local area and expressing its interest and passion for places, food, culture and daily life.



@ContiDegliAzzoni



@contidegliazzoni



@vinidegliazzoni

Awards and acknowledgements

Proof of the company's commitment to always seeking the right balance between production, quality and the needs of its market can be seen in the numerous awards and acknowledgements it has received from authoritative national and international competitions, magazines and specialist guides.

Below is a list of the main acknowledgements received in 2017:



Passatempo 2014 IGT Marche Rosso	The Wine Hunter Award
Passatempo 2011 IGT Marche Rosso	Berlin Wine Trophy , gold medal Asia Wine Trophy , gold medal AWC Vienna , gold medal Mundus Vini , gold medal
Conte Roberto 2008 Colli Maceratesi Rosso DOC Riserva	Asia Wine Trophy , gold medal AWC Vienna , gold medal Decanter , approval medal AIS Associazione Italiana Sommelier "Le Marche nel bicchiere" guide, excellence
Conte Roberto 2007 Colli Maceratesi Rosso DOC Riserva	Mundus vini , gold medal
Ribona 2016 Doc Colli Maceratesi	IWSC Londra , silver medal
Sultano 2013 Vino da Uve Stramature	IWSC Londra , silver medal Mundus vini , gold medal Decanter , bronze medal

“ *These acknowledgments are recognition of our loving commitment to our wines and our land, but also our desire to familiarise the entire world with the quality of wines from the Marche.*

(Aldobrando degli Azzoni)







Environmental commitment

"In all things of nature there is something of the marvellous"
(Aristotle).

▲ Sustainability policy

The company's sustainability and environmental respect policy is applicable, in its entirety and all of its complexity, to the instruments of production, to those who work for the company, to those who live in the local area and to those who consume its products.

Instruments of production and local area

To protect the land, and the soil in particular, **the company carries out constant controls** on its quality through the analysis of bioindicators and the evolution of organic matter.

The company's commitment, codified in the **"Biopass"** initiative, encompasses the dictates of the FAO which attributes organic matter with the key role of conserving fertility in a sustainable and healthy way. With regard to this project, **the Ita.Ca® protocol** was adopted for the analysis and monitoring of the Water and Carbon Footprint, a "calculation method" that makes it possible to estimate the amount of water consumed and the quantity of greenhouse gases, expressed in units of CO₂, emitted during a production process.

These assessments support the choice of whether to plant multi-functional grass to improve the structure and foster the growth of beneficial microbial communities, or to add compost.

With the focus on the virtuous **promotion of biomass**, the by-products of the harvesting and processing of the grapes and other crops are protected and placed in suitable composting environments so they can later be redistributed in the field enriched by the vital action of a complex of organisms.

Specific measures carried out on the soil, connected with surface or deep processes or with maintaining the grass cover intact, are scheduled in response to the year and the microclimate of every position and plot, also in order to promote the **conservation of water**, a value universally recognised as being part of our environmental heritage. To this end, the rainwater tanks are both conservation opportunities and biodiversity incentives.

The grapevine itself is an element of sustainability due to its longevity: extending replanting cycles to over fifty years means reducing the amount of energy required for replanting and the reuse of materials, as well as gradually improving the sensory qualities of grapes and wines. We seek to conserve longevity

particularly by respecting wood during pruning, avoiding causing damage close to where the sap flows, and safeguarding the balance between vegetative vigour and production monitored via spot checks.

Vigour maps obtained by satellite or through measurements carried out on the ground with specific infrared instruments typical of **Precision Farming** make it possible to target activities in a dedicated way without wasting fertiliser on the soil and in aquifers.

The classic and established production tools, comprising equipment and materials, are chosen by involving suppliers in the **programme that raises** awareness of respectful construction or formulation methods and by emphasising how the company prioritises businesses that objectively demonstrate their focus on these issues.



Workers, administrative staff and company managers

The respect shown for those that work for the company takes tangible form in the protection of their health through **the working conditions and the training** of their skills and abilities, the aim being to guarantee the personal gratification and development of all resources.

Health aspects are subject to particular attention, primarily through the provision of advanced protective equipment. The best example is the frequent replacement and substitution of old machines with tractors equipped with cabins that are pressurised in order to guarantee the quality of the air breathed, silent and fitted with shock absorbers for greater comfort during operations.

Training is provided periodically at various levels. Periodical meetings between consultants, managers and workers are designed to improve the expertise and care that go into more skilled operations such as pruning, crushing and the management of green spaces. On these occasions the specific attributes of those involved emerge and more particularly those of the most promising younger employees, who are gradually assigned monitoring and coordination roles. Together with the managers and the company admin staff, these young workers are involved in research activities coordinated by external consultants and researchers. Aware of the prerequisites, goals and methods, they manage to obtain and interpret the results in first person and to share them in the company during



seminars organised internally.

Aspects relating to the gradual **transition to organic methods** and the containment of greenhouse gas emissions thanks to objective quantitative monitoring, as per the "Ita.Ca" protocol, are necessarily based on this training activity which enables the workers themselves, at all levels, to share the project and to manage it in a safer and more productive way, appreciating the positive repercussions on health and the company image.

General public and consumers

Finally, all of these processes impact on those who live in the community and consume the product.

Through different forms of communication and reception initiatives in the company during various events, the general public is encouraged to:

- visit the production sites to get a first-hand view of them
- observe the features of a landscape whose biodiversity has been conserved
- **taste products in the knowledge that their impact is gradually being reduced**



Environmental investments

In the last 7 years the company has invested around 580,000 euro to develop a photovoltaic power plant, to implement and support the BIOPASS project to protect the biodiversity of the soils it farms, and to purchase company transport and farming machines with next-generation emissions standards.

YEAR	COMPANY AREA	INVESTMENT TYPE	EURO
2010	winery	Photovoltaic plant	115,200
2014	vineyard	Biopass Project (implementation)	2,000
2015	vineyard	Biopass Project (maintenance)	1,000
2015	field	Claas Nexos 230F Tractor (BM 434 V), PHASE III	32,730
2015	field	Challenger New Holland MT765D AGCO Tractor (BM 147 D), PHASE III	200,000
2015	field	New Holland T7 245 Tractor (BP 661F), PHASE IV	100,000
2016	vineyard	Biopass Project (maintenance)	1,000
2017	field	New Holland T4 100 Tractor (BP 364 Y), PHASE III B	41,000
2017	field	New Holland T5 (BR 548 G) Tractor, PHASE III B	35,000
2017	vineyard	Biopass Project (maintenance)	1,000
TOTAL			580,196



▲ Focus on organic and sustainability

The company began its commitment to organic production back in 1999 with the organic farming of a small plot of land.



88 hectares
ORGANIC land



30 hectares
ORGANIC vineyards

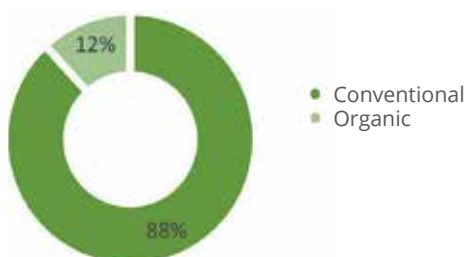


58 hectares
ORGANIC crops

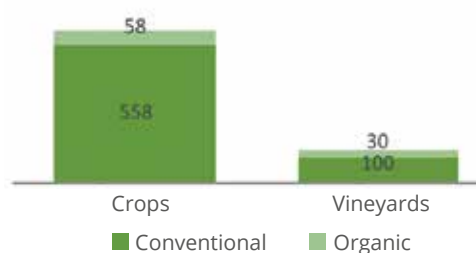
Since then, small plots of crops have periodically been switched over to organic farming, increasing the surface area of arable land subject to crop rotation. The demand for organic basil was the springboard that saw the company switch to this form of farming. Since 2016 the vineyards have also undergone an important conversion process with organic methods introduced in 30 hectares of vineyard; currently, the total surface area of organically farmed land, comprising crops and vineyards, is around 90 hectares.

The vineyards are distributed in different plots that cover a total area of around 130 hectares and take the name of the zone in which they are located: Margherita, Cantalupo, Beldiletto, Villa Potenza, Polpano, Monti. The switch to ORGANIC was made in the Margherita (approx. 21 of the 24 hectares) and Beldiletto vineyards (approx. 9 of the 15 hectares), but they will only produce completely organic wines in the years to come.

Type of farming



Proportion of ORGANIC farmland



The following crops are produced ORGANICALLY:

CROP	TOTAL AREA (hectares)	ORGANIC AREA (hectares)	% ORGANIC
Wheat	230	10.0	4.4%
Barley	60	13.7	23.3%
Basil	27	8.0	29.6%
Broad beans	4.0	4.0	100%
Alfalfa	22.6	22.6	100%
Rocket	0.1	0.1	100%
TOTAL	317	58.2	18.5%



The choice of organic has seen the company adopt a **new approach in the use of pesticides**, not only on organic crops but on all of its conventional crops too.

Organic protection strategies have led to a **drastic reduction in quantities** of copper per hectare in order to respect the limits imposed by EU regulations.

The excellent plant protection results with organic farming, despite the total absence of crop protection products made from chemical synthesis, has also contributed to **changing our approach to conventional protection**.

A tangible example is the adoption of Organic methods in the vineyard which has led to the disuse of chemical weedkillers for controlling weeds under rows of vines.

Organic weeding - mechanical processing and the cutting of the grass under the vines - is also gradually being extended to the conventional vineyards.

These actions have **altered our mental approach**. Sticking with the example of the chemical control of the strip of earth underneath the vines, by using only chemical weedkillers you end up with a "tidier" vineyard but you run the risk of obtaining results that only satisfy the farmer from a psychological perspective. In reality, controlling the wild vegetation under the rows with organic methods means tolerating it until it provides excessive competition; **the presence of wild plants increases the biodiversity of the system** resulting in a more balance environment that is more able to control the virulence of some parasites.



The basil and parsley productions have had Global Gap certification for around a decade. Over the years this certification has contributed to the implementation of a series of actions mainly aimed at the safety of the end product: the soil is analysed in order to plan appropriate and targeted fertilising programmes, the suitability of irrigation water is controlled analytically. Separated into easily identified plots, the crops are controlled with the multi-residual analysis of samples of the fresh product before harvest to guarantee products free of pollution.

Having to respect the **rules of a certification** also involves the training and punctual updating of staff by competent figures in the areas of workplace safety, the correct use of plant protection devices and product traceability.



LIFE Project – VITISOM

The general aim of the project is to promote the sustainable management of wine-growing soil through the development, trial and scale-up of a technology for the organic fertilisation of the vineyard.

This innovative technology makes it possible to combat the erosion of organic matter and to improve the homogeneity and the quality of vineyard soils.

*Together with just two other companies in Italy, **Conti degli Azzoni** joined the project in 2017 which involves the distribution of organic matrices like compost, digestate and manure at variable rates.*

Precision farming practices like variable rate fertilisation involve the optimised use of fertilisers. Vigour maps can be used to distribute more fertiliser where vegetation is lacking and little or no fertiliser where there is excess vegetation; in this way less fertiliser is wasted, there are fewer losses due to run-off and vegetation is more uniform, resulting in better quality fruit.

The project involved:

- the creation of custom prototypes by a farm machine constructor for the three different companies; these manure spreaders are able to distribute at variable rate and were constructed specifically on the basis of the environmental and structural characteristics of the three different Italian wine companies;
- not only conventional classical physical-chemical analyses of the soil but also according to a protocol that evaluates the organic activity of the soils;
- the study of emissions and the accurate detection of vigour maps through special sensors mounted on the tractor etc.;
- the training of staff with focus on respect for the vitality and longevity of the plants through correct pruning cuts.



The LIFE programme is the European Union's financial instrument supporting the environment and climate. LIFE VITISOM falls under the priority Area "Environment and resource efficiency".

Sexual confusion technique

The company has adopted a **modern form of controlling** some grape parasites (vine moths), which makes it possible to avoid the use of pesticides, ensuring that the fruit and environment is free of all molecules.

In fact, sexual confusion is a behavioural condition in the insect which prevents the fertilisation of the female, the laying of eggs

on the grapes and the presence of harmful larvae.

An "odour" is released in the air which is only smelt by the male vine moth (with great specific selection).

By simulating the female sex hormone (attractive pheromone) males can no longer identify the females.



▲ Watchword: Biodiversity

We are lucky enough to work in a farming environment that is actually very variable. Our land includes irrigated alluvial plains, smooth hills easy-to-cultivate through to steep slopes. We believe that this plurality of microenvironments is a source of wealth and we are determined to maintain it.



In both farming and wine-producing activities, the **most important production tool** is the land on which the product is grown and for this reason the most crucial commitment of all companies must be to protect and promote it. It is interesting to note how we do not just talk simply about the land but about the “**terroir**”, a definition borrowed from French which encompasses not only the soil but also the climate, the plant and the traditions and interaction between these.

The characteristics of agricultural products, and even more so those of wine, are particularly influenced by the terroir and so all of its aspects must be taken into consideration, and this is exactly what Conti degli Azzoni is doing through the BIOPASS project.

Monitoring the biodiversity of the company and its soils **increases our awareness of the real state of health of the land** and fully communicates the company strategies. It makes also possible to assess the effects of the agronomic management of the vineyards and their soils according to a multi-disciplinary approach. The aim is to better

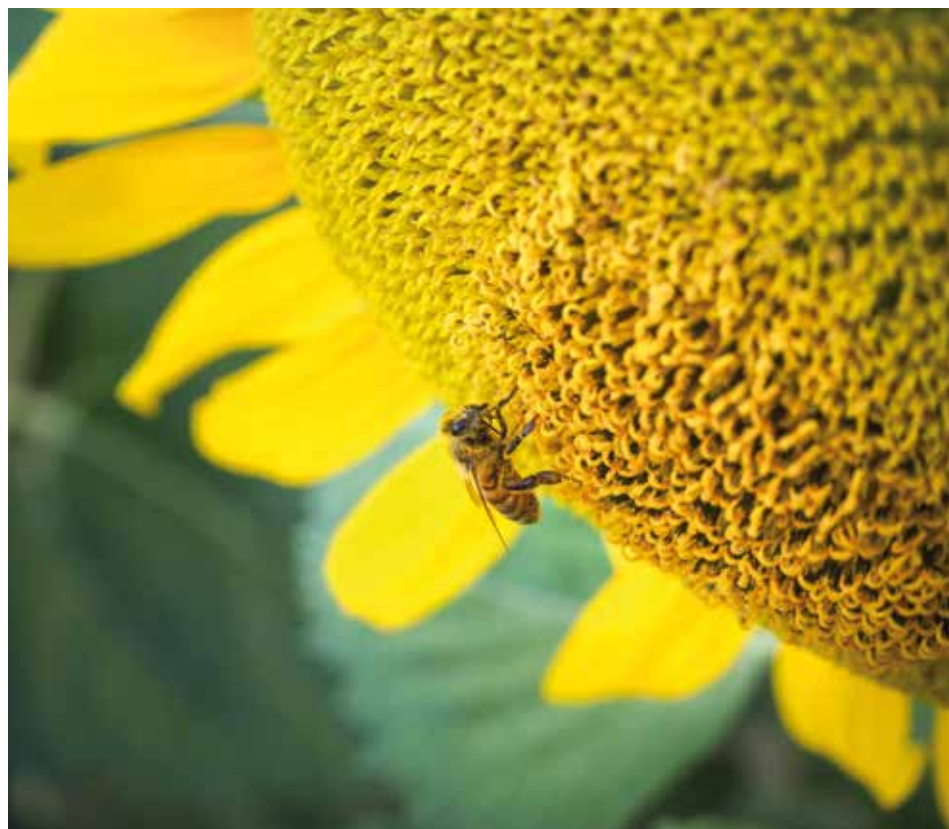
understand the dynamics that lead to the production of higher quality grapes in a sustainable way.

Considering the possible variability due to the seasonal nature of the measurements, the influence of the climate and the intrinsic heterogeneity of the soils, it is obvious that we have to consider a company data **analysis strategy** that provides **good representation of the sites** so as to obtain a sufficiently broad overview of the company.

Once the ex-ante and intra-company variability situations have been understood, the monitoring of the Biopass indices can be programmed at frequencies that make it possible to control the effect of company management activities (e.g. on the change of the company's structural biodiversity) and operations on the soils (e.g. on their biodiversity and agronomic quality through the VSA values) and their eventual interactions with the quality of the grapes.

The Biopass project was launched by the company in 2014 when four sites were chosen to represent the territorial variety





and biodiversity of the ecosystem. Control activities and annual monitoring are still carried out today on the basis of the results produced.

Lots of actions have been taken: the **use of green manure** in portions of land set to remain "bare" for some time, **crop rotation** as opposed to excessive specialisation, large **buffer areas on headlands**, the **maintenance of lakes with lots of surrounding vegetation**, tree-lined ditches, hedges, woods etc.

The company's lands are also home to **various beekeepers**; quantifying the contribution of pollinators in agriculture isn't easy but it is definitely more important than we are led to believe. For three years the practice of the **transhumance of bees** has also spread; well organised beekeepers take their hives to suitable locations in the company, in particular close to large areas of sunflowers, to concentrate the work of the bees during the flowering period.

The presence of these beneficial insects also requires us to ensure their protection. We believe that this is an excellent example of collaboration that brings benefits to various agricultural operators and the environment.

BIODIVERSITY, A VALUE THAT SUPPORTS QUALITY OF LIFE AND SUSTAINABLE PRODUCTION

Safeguarding and developing biodiversity is exceptionally important for the sustainability of the agro-food production chain as it makes it possible to improve the landscape with which it is inextricably linked and, more especially, **is crucial to the environmental protection management process**.

The soil, for example, **is the first indicator of the quality of biodiversity** through the living organisms that inhabit it.

At the same time it is home to roots, living tissue, structure and nourishment for the plants. Healthy soil is a guarantee of efficient plants and quality fruits. But the entire subsoil context is also of significant importance.

Biodiversity is the range of all forms of life. The more complex these are and the more they interact with each other, the more difficult it will be for a parasite to propagate and the easier it will be to establish a form of control with non-invasive instruments, more respectful of man, our health and nature.

The objective measurement of the biodiversity of a cultivated environment provides an unequivocal measure of the quality of the agronomic management methods.

In fact the assessment of biodiversity in all its components is essential for understanding how our actions impact on the forms of life that inhabit cultivated and neighbouring spaces.

A good agricultural operator therefore plans their activities in order to confirm their key and recognised role as "guardian of the land".

Finally, the Biodiversity complex includes all of the air, water, landscape and soil components in a natural or cultivated setting.

In viticulture borders, hedges, boundary trees, the edges of woods, brush or clearings are also considered to be important opportunities for balance and the habitation of insects, mammals, birds and plants that interact with each other.

In the vineyard itself, natural cover crops or deliberately sown crops can host bees and other pollinators, as well as a multitude of beneficial predators or other species that are not necessarily active against predators but which provide a territorial barrier, occupy space and prevent the uncontrolled expansion of harmful species.

Finally, **organic management favours the conservation of Biodiversity.** Every measure is planned at times and in ways so as not to alter the ideal balance; the substances used, present in nature and not generated by chemical synthesis, never perform a complete extermination action, fostering the maintenance of a particular form of complexity.

▲ Carbon footprint

**“Humanity has the chance to make development sustainable, i.e. to make sure it meets the needs of the present without compromising the ability of future generations to meet their own needs”.
(World Commission on Environment and Development, 1987)**

Humankind's wellbeing is supported by technology but also high energy consumption which increasingly diminishes our reserves of fossil fuels, leading to an increase in energy costs and the mobilisation of the carbon reserves packed into the depths of the Earth. In fact, there is no doubt that emissions are connected above all with the use of fossil fuels and therefore the use of non-renewable forms of energy.

Energy is a precious resource as it is increasingly less available and an item that has an exponential impact on the company's finances.

For these reasons **it is important to be aware of your emissions of greenhouse gases** (the best known of which is carbon dioxide, CO₂), which for many experts are closely correlated with the greenhouse effect and the climate change taking place on our planet.

It is therefore essential to measure these emissions in production cycles in order to manage the efficiency of your production chain, your environmental impact and any consequences on the greenhouse effect.

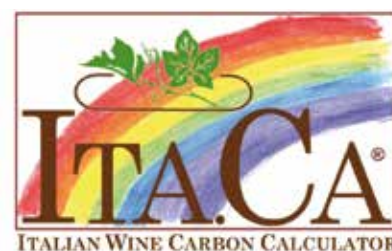
Measuring emissions

For 2017 the CO₂ emissions of Conti degli Azzoni were **calculated using the Ita.Ca®** calculator (see methodological note). Although not subject to verification by a certifying body, for its data collection and analysis the survey was carried out in accordance with current regulations so it could form part of the structure of this **first Sustainability Report**⁵.

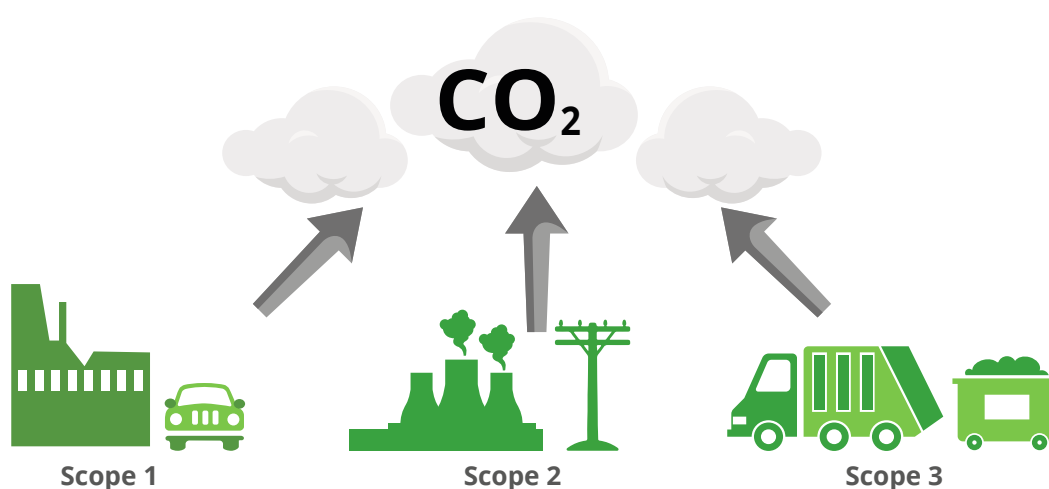
“Company” emissions were divided into 3 areas in order to distinguish the direct and indirect responsibilities of the company and to provide an overview of the entire supply chain, from production to distribution:

Primary footprint (or Scope 1), or rather **the measurement of CO₂ emissions caused directly by company activities** - including the use of fossil fuels and the internal consumption of energy for transport or company operations.

Secondary footprint (or Scope 2), the measurement of **indirect greenhouse gas CO₂ emissions caused by the energy acquired** by the company from external suppliers - for example to run the heating or cooling systems.



Tertiary footprint (or Scope 3), measurement of the indirect CO₂ emissions caused by the entire life cycle of the products and materials purchased and used during the company's production cycle (e.g. glass, wine products, fertilisers⁶).



⁵ The data are obtained by direct measurement and then multiplied by emission factors. The protocol followed to establish this data was redacted by SATA.

⁶ As regards the emissions of some production processes relating to materials purchased by the company, data on national soil, useful for the more in-depth monitoring of the various production activities, are not always available. For example, for pesticides data are missing due to a lack of responsibility or sensitivity on the part of manufacturers. In these cases, for now estimated values have been adopted on the basis of experience and assessments carried out in the most sensitive areas. However, in terms of scientific supervision SATA Studio Agronomico and the University of Milan plan to continuously update the calculation on the basis of all of the most recent and progressive acquisitions.

Soil balance

The Ita.Ca® calculator also involves the **balance of the soil** with the aim of assessing the **"sequestration" of CO₂** by cultivated soils and the **"company's emissions" of CO₂**.

In fact, as is well documented, plants have the ability to 'photosynthesise' and to "store carbon" in the form of organic matter in the soil; this is an important aspect when evaluating the company's carbon footprint in the viticulture area, but not only. Viticulture good practices and cover crop management express their values in qualitative improvements that can also be connected with the organic matter content in the soil.

Land management methods attentive to environmental sustainability can lead to important increases in the amount of organic matter in the soil, with the consequent reduction of CO₂ emissions.

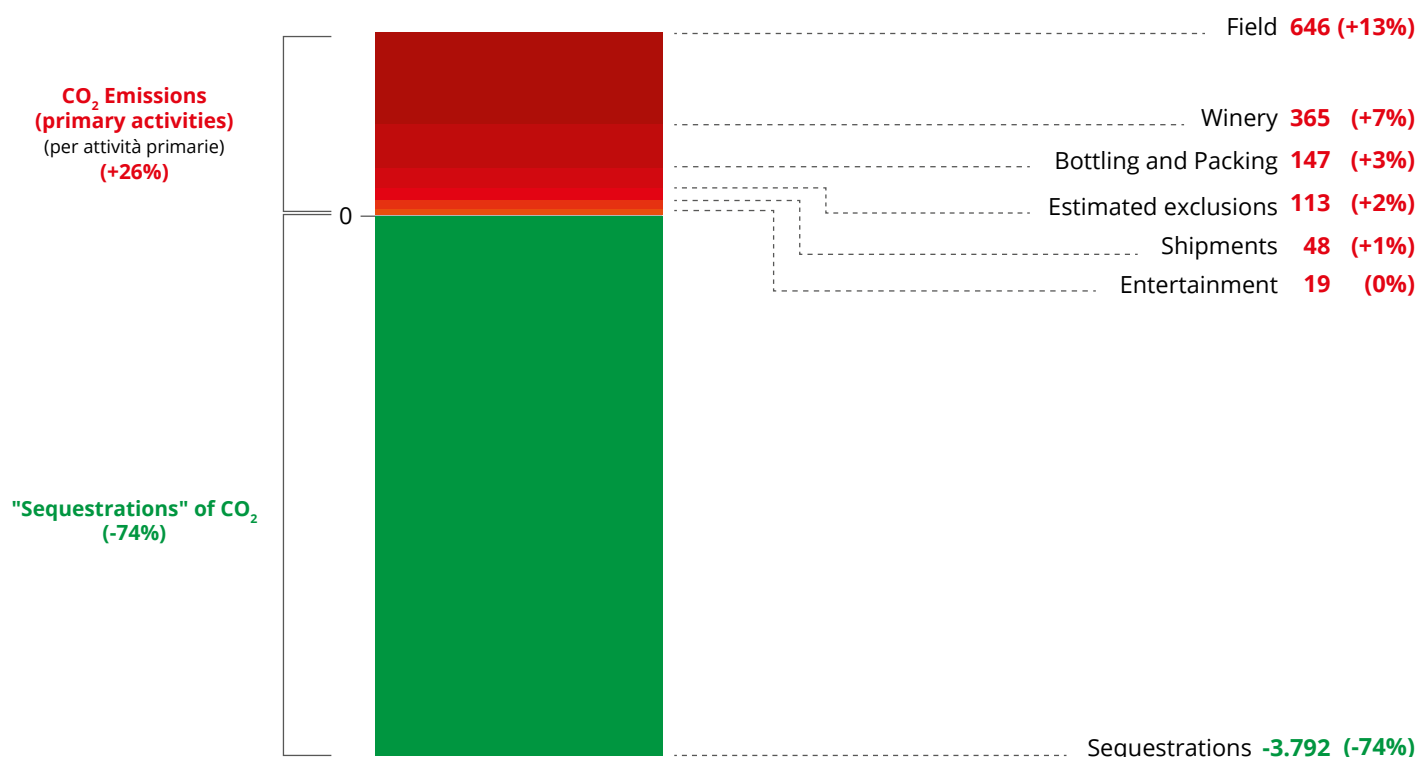


Company CO₂ emissions deriving from primary activities

Below are the CO₂ values calculated for the company's primary activities. The calculation was made using a fairly rigorous protocol that is more stringent compared with other cases at national

level. The emission values are significant if considered in relation to the sequestration figures.

EMISSIONS AND "SEQUESTRATION" OF CO₂



The **calculation** with Ita.Ca® highlights how the production chain activities that generate the greatest CO₂ emissions are activities in the field (13%) and the winery (7%). Other activities have smaller percentages. The evaluation includes estimates of

any exclusions⁷.

74% of all emissions calculated are represented by sequestration.

⁷ Missing data were replaced with conservative estimates, with average or generic data, with percentage limits and criteria in line with sector regulations.

It is evident that the company is primarily focused on land management and, as a result, the **sequestrations of greenhouse gases from the atmosphere are far superior to the emis-**

sions produced throughout the production chain thanks to the 'photosynthesising' action of the different crops.

**The company benefits the atmosphere by reducing the greenhouse effect.
The net CO₂ sequestrations deriving from the balancing of company activities are
equivalent to the benefits produced by 300 hectares of woods.**



The company's carbon footprint calculated by area is subdivided as follows:

- Direct scope 1 emissions are above all connected with the agricultural diesel used and the fuel for fixed plants.
- Scope 2 is characterised by the energy acquired net of the energy self-produced by the photovoltaic system.
- Scope 3 comprises indirect emissions generated by activities connected with the development of the production cycle: electricity, fuels and fixed plants, farm products, bottles, containers, paper and cardboard packaging, third-party work, commercial deliveries.

Type of farming



- Scope 1 - Direct emissions
- Scope 2 - Energy acquired
- Scope 3 - Purchases and disposals

Sequestrations are emissions 'captured' from the atmosphere and absorbed by cultivated land.

CARBON FOOTPRINT	TONNES OF CO ₂ EQUIVALENT
Primary Footprint (Scope 1)	441
Secondary Footprint (Scope 2)	81
Tertiary Footprint (Scope 3)	609
SEQUESTRATIONS	-3,792
TOTAL	-2,661

CO₂ EMISSIONS FROM CONVENTIONAL AND ORGANIC FARMING

Conti degli Azzoni has **compared conventional with organic farming** to form a better understanding of its impact in terms of carbon footprint and, more generally, health.

The results of the analysis show that **as regards emissions** the

impact of the two regimes is quite similar. In fact, in organic crops the reduced impact due to the adoption of natural plant protection products and the use of organic compost as opposed to synthetic composts, is offset by the increased use of fuel.

CONVENTIONAL AND ORGANIC ⁸ FARMING DIFFERENTIAL	T CO ₂ EQ/HECTARE
Conventional Area	0,553
Organic Area	0,550

The **healthy aspect of organic** is also very important and is bolstered by the **greater healthiness of the soil, the landscape in general, the working environment and the products themselves.**



⁸—
We have not included those factors that are similar in the two processes.

Energy

We use our photovoltaic power plant to produce part of the energy used in the production process.

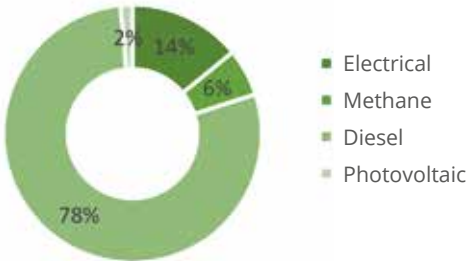
The company's energy consumption is divided between electricity, methane and diesel. Part of its electricity consumption is covered by the **energy generated by the photovoltaic power plant** commissioned in 2010 by the owners. The plant is installed on the 200 m2 roof of one of the buildings, used as a workshop, and has a capacity of 26.775 kWh.

It produces 38,386 kWh of photovoltaic energy a year, of which 24,962 kWh is exchanged onsite with the rest returned

to the network.

Electricity (16%, of which 2% from photovoltaic) is used for lighting, the air conditioning of the buildings in the summer, the functioning of the refrigeration and transformation plants for vinification and bottling; **methane** (6%) is used to heat the working environments, to produce hot water and for other minor processes, while **diesel** (78%) is used to power the fleet of vehicles, in particular those used in direct agricultural and logistics activities.

Energy consumption by source



ENERGY CONSUMPTION BY SOURCE 2017	GJ
Electrical	849
Methane	357
Diesel	4,716
Photovoltaic	90
TOTAL	6,013

An analysis of energy consumption by primary activity shows that:

- **the irrigation and direct farming of fields with tractors** has a significant impact on the distribution of energy consumption with 87%;
- the **winery** accounts for around 6% (66% of which is absorbed by bottling activities, with the remainder consumed during vinification and aging);
- **workshop** activities and the tractor **depot** account for 5%.
- **office** activities account for 2%.

Energy consumption by primary activity



Water

Water consumption is a relevant aspect in our environmental management, particularly considering our farming activities over large expanses of land.

Around 98% of our water consumption comes from the irrigation of our fields. The remainder is divided between winery activities (1.9%) and, to an even more negligible extent, workshop and vehicle washing activities.

In terms of water sources, **well water** represents around 72% of the total while 26% comes from **rivers** and just 2% from the **water system**.

The water withdrawn from wells and rivers is used for irrigation while the water drawn from the water system is mainly used as process water (bottling and washing of farm vehicles) and for personal use in the offices.

WATER CONSUMPTION BY SOURCE	mc
Lakes, rivers, ditches	39,000
Well	107,800
Water system	3,648
TOTAL	150,448

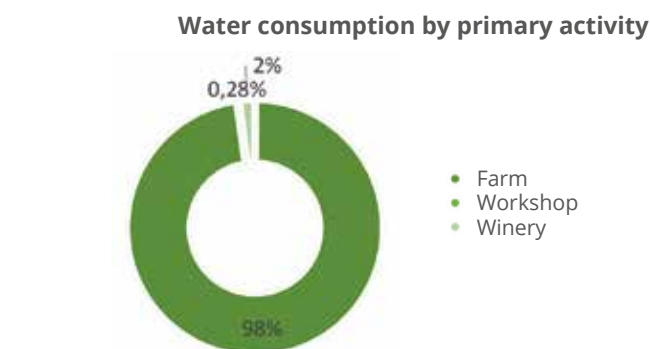
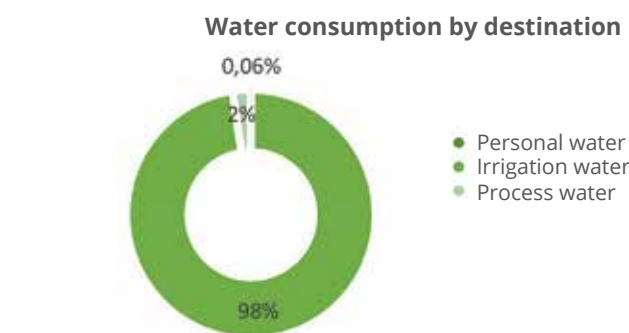
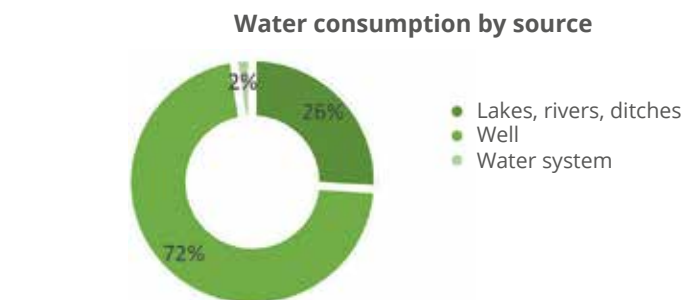
WATER CONSUMPTION BY PRIMARY ACTIVITY	mc
Farm	147,021
Workshop and tractor depot	429
Winery (Bottling)	2,998
TOTAL	150,448

The **irrigation systems** use surface running water free of wastewater emissions of all types, and pure groundwater wells; **the company analyses these waters on an annual basis** to guarantee these conditions.

Irrigation water never comes from the public water system.

The summer irrigation of crops, particularly basil and parsley, requires significant amounts of water. **To reduce its water consumption the company adopts suitable irrigation methods and criteria:** rotation, periodical frequency, preference for twilight and night-time hours (to avoid losses due to evaporation and the deviation of sprayed water caused by the breeze, almost continuous during the daytime on the Marche plains during the summer).

The volumes of water dispersed are established in such a way as to maintain a balance that permits the low-impact management of the land, reducing susceptibility to parasite attacks; the



distribution method is designed to minimise water losses due to evaporation or leaching, using the drip irrigation method with underground hose.

In 2017 irrigation water was used for the following crops: basil (22 ha), organic basil (8 ha), parsley (5 ha), soya (5 ha), radicchio (8 ha). The irrigated areas vary little from year to year. Parsley is irrigated from April to September, basil from May to September, soya from May to July and radicchio from August to September. River water (**26% of all water consumption**) was used to **irrigate the organic basil**.

The final destination of the wastewater used in the winery and in other buildings is the sewer. In any case, this water is monitored with specific half-yearly analyses, a condition also required by the SEA (Single Environmental Authorisation) which the company possesses to perform this activity.

Raw materials and packaging

Raw materials are procured exclusively from Italian suppliers, reducing the emissions connected with transportation and boosting the country’s overall economy.

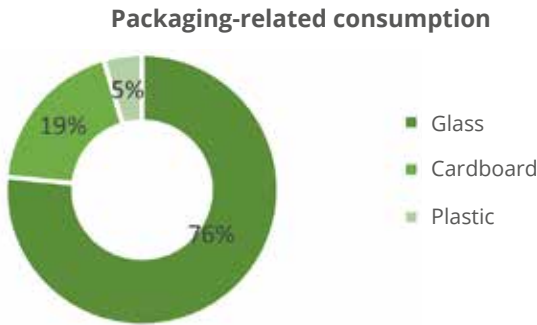
In accordance with quality and safety standards, the company has adopted a **packaging consumption reduction policy** relative to the use of bottles with more uniform formats in order to guarantee a reduction in glass consumption per unit of finished product in the future.

With the focus on correct environmental management, micro-

granular cork wine corks are preferred to synthetic wine corks.

In terms of the internal handling of goods, reusable European standard format wooden pallets are used together with plastic crates and containers for the harvesting of the crops, which are stored in silos.

The breakdown of packaging materials used in 2017 is as follows:



PACKAGING MATERIAL	TONNES
Glass	101
Cardboard	25
Plastic	6
TOTAL	132



Waste

The company produces special waste that is equivalent to urban waste (glass, plastic, paper and cardboard) and hazardous and non-hazardous special waste managed according to the laws in force.

The activities mainly involved in the generation of waste are those relative to the workshop (maintenance of all company mechanical machinery), vinification and crop production activities.

The waste produced in the workshop mainly regards handling machines and is largely made up of waste batteries, residual iron and

steel materials, oil filters and waste mineral oil from used engines. Waste such as mixed material packaging and filtering and absorbent materials is produced in the winery. Agricultural production activities generate minimum quantities of mixed material packaging and agrochemical waste.



As per the regulations in force, once produced all special waste is recorded in specific registers, stored in warehouses and disposed of, at least once a year, by specialist transport and/or disposal companies.

Plastic, like glass and cardboard, is assimilated with urban waste in the Municipality of Montefano. It is collected and sorted according to the directives of the Municipal company responsible for disposing of this waste.

Improvement proposals

WE SHALL...

Organic. Increase organic surface area compared with conventionally-farmed land

Composting. Reuse pomace as compost for the fertilisation of the land in order to reduce the use of chemical fertilisers

Equivalent waste. Measure waste equivalent to urban waste (glass, plastic, paper and cardboard)







Economic Profile

The sustainable value of distributed wealth.

▲ Generazione e distribuzione del valore

Economic sustainability is the bedrock of sustainable development: only companies that generate wealth can distribute it to the community in which they operate, creating social and environmental wellbeing.

Farming companies Azienda Agraria degli Azzoni Avogadro Caradori and Bio degli Azzoni are both associations and as such are not obliged to file financial statements. However, for prudent management reasons, these are drafted in any case to support the company decisions made by the partners.

In this context, in order to better represent the degree of economic wealth produced and distributed among the stakeholders, a decision was made to combine the economic results of both and to eliminate the economic effects between them.

As a result, **the direct economic value generated by Conti degli Azzoni is €3.4 million**, equivalent to the combined revenues of the two companies, excluding those generated by the relations between the two.

Sales revenues derive from the sale of cask and bottled wine, from sales of agricultural products (wheat, sunflowers, barley, dried peas, basil, parsley, rocket, alfalfa) and from other products sold at the point of sale. Contributions from public institutions mainly refer to the funding set aside by the European Union for agricultural production in EU nations (AGEA Agency for Agricultural Subsidies) and, to a lesser degree, the photovoltaic incentives offered by the Energy Services Manager (ESM)

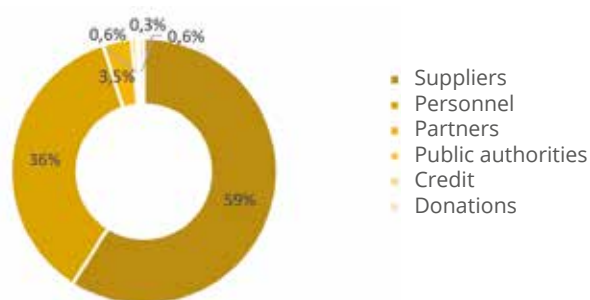
The company distributed €3 million of the value it generated between suppliers of goods and services (59%), personnel (36%), partners (3.5%) public authorities (0.6%), credit institutions (0.3%) and external donations and gifts (0.6%). These refer to the wines freely donated by Conti degli Azzoni to victims of the Marche earthquake.

The remaining €0.4 million consists of the value retained by the company in the form of depreciation and amortisation expenses and reinvested operating profits.

Economic value generated



Economic value generated





Your opinion

Receiving the thoughts and feedback of a high number of stakeholders interested in improving our management of the company is very important for us. We would therefore invite all readers to submit their opinions, suggestions and questions on both this document and the activities carried out by Conti degli Azzoni.

All feedback received will enable us to make further improvements and for this we thank you in advance.

Please use the below contact details to send us your communications:

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Thank you for dedicating your time to us and we look forward to hearing your thoughts.



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The 2017 Sustainability Report can be downloaded from the corporate website.

METHODOLOGICAL SUPPORT

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