



CONTI
DEGLI AZZONI



BALANCE AND THE POWER OF RESPONSIBILITY

growth, development and business in the reasoned sustainability policy

June 2019

DEGLI AZZONI WINES

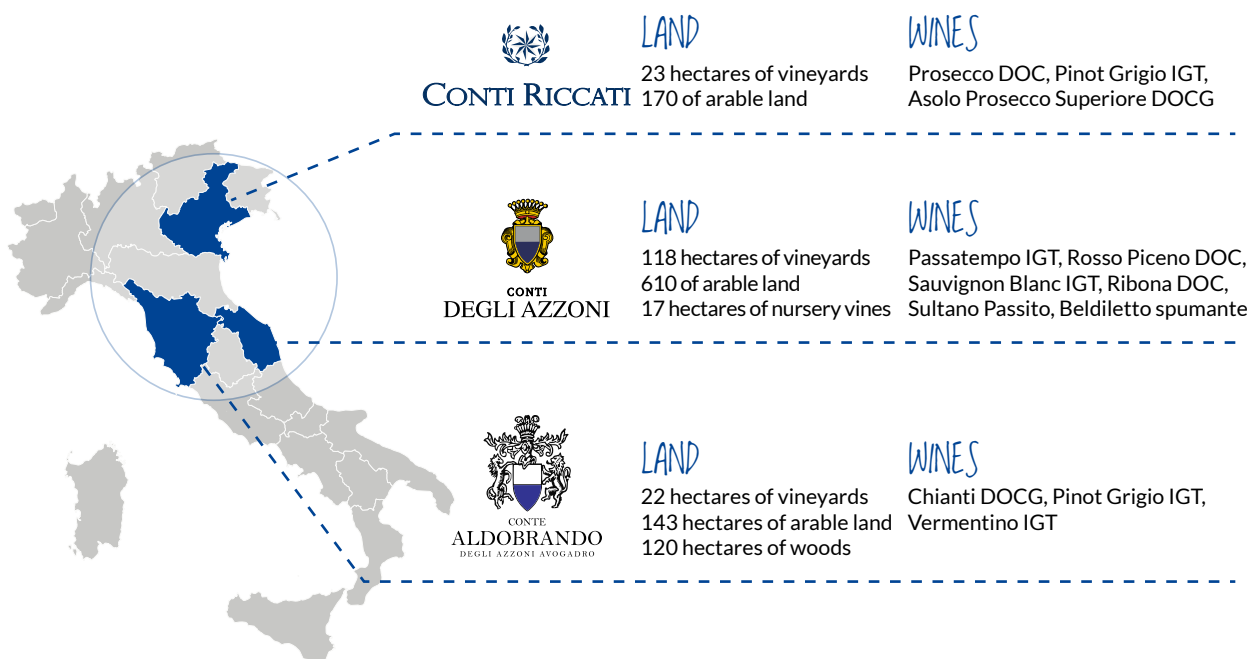
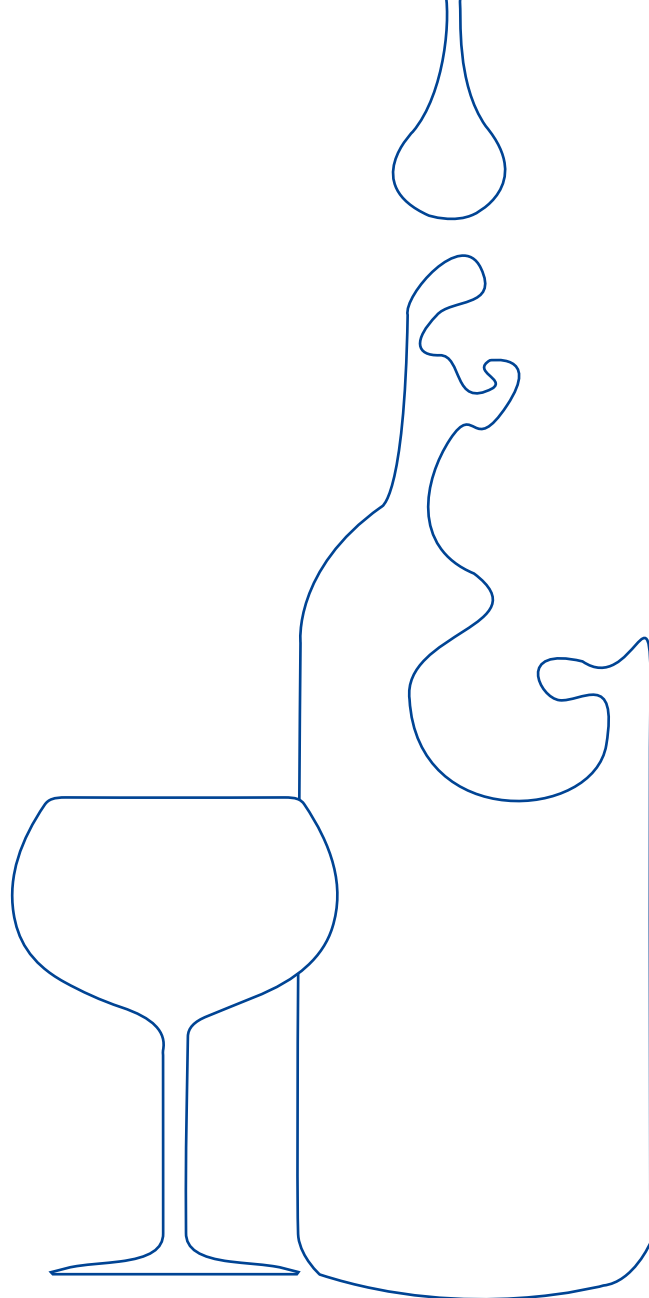
DEGLI AZZONI WINES is a group that comprises various companies, all of which owned by the **Azzoni Avogadro Carradori** brothers and distributed across the regions of Marche, Tuscany and Veneto.

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

It has over 100 permanent and seasonal employees.

The **philosophy** of brothers Aldobrando, Filippo and Valperto degli Azzoni Avogadro Carradori is founded on **the respect and the protection of the environment and people**, values they have always sought to apply in the activities of the family's three businesses.

This commitment is communicated and outlined in this highly valuable Sustainability Report. The scope of this complex document is currently limited to the Conti degli Azzoni company based in the Marche region but will soon also be extended the Group's other businesses.



LETTER TO STAKEHOLDERS	3
METHODOLOGICAL NOTE	4
COMPANY IDENTITY	7
» About us	8
» Family background	10
» Our land	13
» Our products	16
» The production cycle	18
STAKEHOLDERS	21
» Dialogue with stakeholders	22
SOCIAL REPORT	25
» Personnel	26
» Consumer protection	32
» Community and local area	38
ENVIRONMENTAL VALUE	43
» Safeguarding biodiversity	44
» Agricultural best practices	46
» Scientific approach	52
» Carbon footprint	57
» Energy	61
» Water	62
» Raw materials and packaging	64
» Waste	65
ECONOMIC PROFILE	67
» Value added	68
FUTURE PROJECTS	71
YOUR OPINION	72

Letter to Stakeholders

Dear readers,

A year on from the publication of our first Sustainability Report it is time to take stock once again. It is time for us to take account of our actions in the sphere of Sustainability (hence the report you are reading), where we are committed to finding the best possible solutions for our company in terms of achieving the goals we have set ourselves, but also a time to look at ourselves in the context of the ideas and values that drive us.

It is our firm belief that consumers, increasingly attentive and critically aware, are changing the way they evaluate products, putting new and broader parameters ahead of quality (now a prerequisite!) in their scale of priorities. As such, ethical and moral values are becoming increasingly important and this leads to certain products and companies being chosen because of deeper and, more importantly, documentable similarities that are not just the fruit of wonderful and bewitching advertising campaigns which are full of imagery but do not accurately reflect reality. Perceptions are changing, storytelling (as advertisers would say) is changing, and businesses are changing as a result!

In recognition of this new level of awareness (unfortunately perhaps a little more widespread abroad than in Italy), we believe it is crucial to present ourselves as a sustainable business through an evolution that is more structured and more comprehensive than merely adopting organic methods. This is why the many activities we launched last year included the reduction of CO₂ emissions, the application of new techniques to limit water consumption (ensuring this reduction takes places regardless of seasonal trends) and the improvement of the working environment in which our employees operate, both in the country and at transformation sites.

Are we not doing enough? Are we doing plenty? Is this sufficient? These are the “metaphysical” questions that the Family is attempting to answer a year on from the first report, drafted thanks to the contribution of highly valuable collaborators who, with great patience, help us to reflect on the importance of every little action we take in the name of Sustainability. And it is thanks to this team that, together with other top Italian brands from different sectors (Eni, Edison, Autogrill, fipmg, Candriam and Cordusio), we were able to describe our experience as an absolute leader in the Italian wine industry in a Forum in Milan at the start of the spring, with Prof. Giovannini demonstrating to the packed audience that the time for words is over and it is now necessary to take concrete and effective action. This is our belief and we are working with increasing desire and determination in the knowledge that the improvements we are introducing will not produce immediate results but will contribute to a gradual process of change that has already begun and that will have great benefits for the future generations. And so we are convinced that we are doing something important, that we are part of a project that is bigger than us, but that we are also working proactively to invert the trend of erosion of our planet’s resources. This without ever compromising on innovation or progress, as demonstrated by the new low environmental impact practices that we are developing and by the investments in new technology that we will continue to make.

A year has passed, as mentioned above, but what we have come to realise is that we are only at the beginning. There is still a long way to go and perhaps the results we envisage will not be matched by our final achievements, but this will not affect our spirit or change our goal, so ambitious that, without wishing to appear presumptuous in any way, we often feel like a team of pioneers. And like those that explore undiscovered lands, we too can study many new situations in greater depth and form a better understanding of the issues that we will have to confront. Seeking to improve. Always hungry to learn more. Never resting on our laurels!



Aldo Brando
degli Azzoni Avogadro Carradori



Filippo
degli Azzoni Avogadro Carradori



Valperto
degli Azzoni Avogadro Carradori

METHODOLOGICAL NOTE

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

External



PATRIZIA CAMILLETTI
Network Advisory



MONICA MAURINO
Network Advisory



PIERLUIGI DONNA
Sata Studio Agronomico



STEFANO DONARINI
Multimedia

This is the second edition of the Conti degli Azzoni Sustainability Report.

Once again the document was drafted thanks to the support of a team of inhouse and external technical experts each with their own specific role:

- **Network Advisory** for the planning and drafting of the document
- **Sata Studio Agronomico** for the calculation of the carbon footprint and the implementation of good environmental practices in vineyards
- **Inhouse working group** for data collection and the identification of key indicators

The strategies were defined by the ownership.

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.

Inhouse



GIANFRANCO CANULLO



BEATRICE ACCATTOLI



SAVERIO ILLUMINATI

The document aims to provide a comprehensive overview of Conti degli Azzoni.

Beginning with a description of the company identity and illustrating the family's origins, **it reports the management results in the reference period in the three key areas of sustainability** (environmental, social and economic) and then declares the objectives it plans to pursue in the future.

This Sustainability Report refers to the 2018 financial year, although where possible data and information relating to previous years have been

provided for comparative and analytical purposes. The document is structured into 5 parts:



References for the Sustainability Report



GLOBAL REPORTING INITIATIVE (GRI) GUIDELINES
to measure the organisation's economic, social and environmental performances.
www.globalreporting.org



SUSTAINABLE DEVELOPMENT GOALS, SDGS
to identify the global sustainable development goals to achieve by 2030.
www.un.org/sustainabledevelopment



ITA.CA PROTOCOL ITALIAN WINE CARBON CALCULATOR
to calculate greenhouse gas emissions and water consumption in the Italian viticultural sector.
www.agronomisata.it/impronta-carbonica

SUSTAINABLE DEVELOPMENT GOALS

In September 2015 the United Nations approved the **Global Agenda for sustainable development and its 17 Sustainable Development Goals (SDGs) to be achieved by 2030.**

These goals aim to put an end to poverty, combat inequality and halt climate change.

All countries are called on to contribute to putting the world on a sustainable

path and this requires the strong involvement of all sectors of society.

In particular, **businesses are required to contribute by adopting sustainable business models**, investing in innovation and developing partnerships with stakeholders.



In this context, as of next year **Conti degli Azzoni** plans to meet its sustainability commitments also by adopting the 17 goals that form the United Nations 2030 Agenda, defining its priorities, measuring its results and communicating them in order to achieve or improve its performances.





COMPANY IDENTITY

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



ABOUT US

Located in the Marche region, our family-run farm grows crops and produces wine. We want to make sustainability our most important value.



850
hectares of land



610
hectares of
arable land



118
hectares of
vineyards



20
hectares of trees



17
hectares of
nursery vines



Conti degli Azzoni is a family-run farm located in the heart of the Marche.

Founded in 1940 by father Roberto degli Azzoni, since 2000 the company has been managed by his three sons, Aldobrando, Filippo and Valperto Azzoni Avogadro Carradori.

The farm covers over 850 hectares in the province of Macerata and includes: the agricultural land, the winery, a few farmhouses and spaces that host different species of trees (poplars, elms, oaks, mulberries, acacias), a few watercourses and three lakes used as reservoirs.

The land is partially dedicated to **vineyards** and partially to agricultural **crops**, and a small portion is reserved for a **nursery** which grows American **nursery vines** used as rootstock. The varietals are both native to the Marche and international classics, while the arable land is dedicated to annual rotation crops.

For over 20 years Conti degli Azzoni has grown



organic basil and parsley and in recent years has expanded this production system to other crops and a number of vineyards with the aim of converting the entire company to **organic farming within a few years. 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 caves of the historic family building**; the same building is also home to the administrative offices.

Our aim is to convert
the entire business
to organic farming
methods.
With this choice we
shape our future.



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
IMPORTANCE OF THE LOCAL AREA
FOCUS ON THE CUSTOMER
PROTECTING THE ENVIRONMENT



STRATEGIES

ENHANCE THE BRAND increasing the company's level of sustainability and social responsibility

INCREASE SALES ON BOTH THE ITALIAN AND GLOBAL MARKETS, particularly sales of wine

IMPROVE THE QUALITY OF LIFE and increase the sense of belonging of the people that work with us

INCREASE OUR PROPORTION OF ORGANIC products

PROTECT THE LOCAL IDENTITY OF THE PRODUCTS

STRENGTHEN SYNERGIES BETWEEN THE VARIOUS COMPANIES IN THE FAMILY



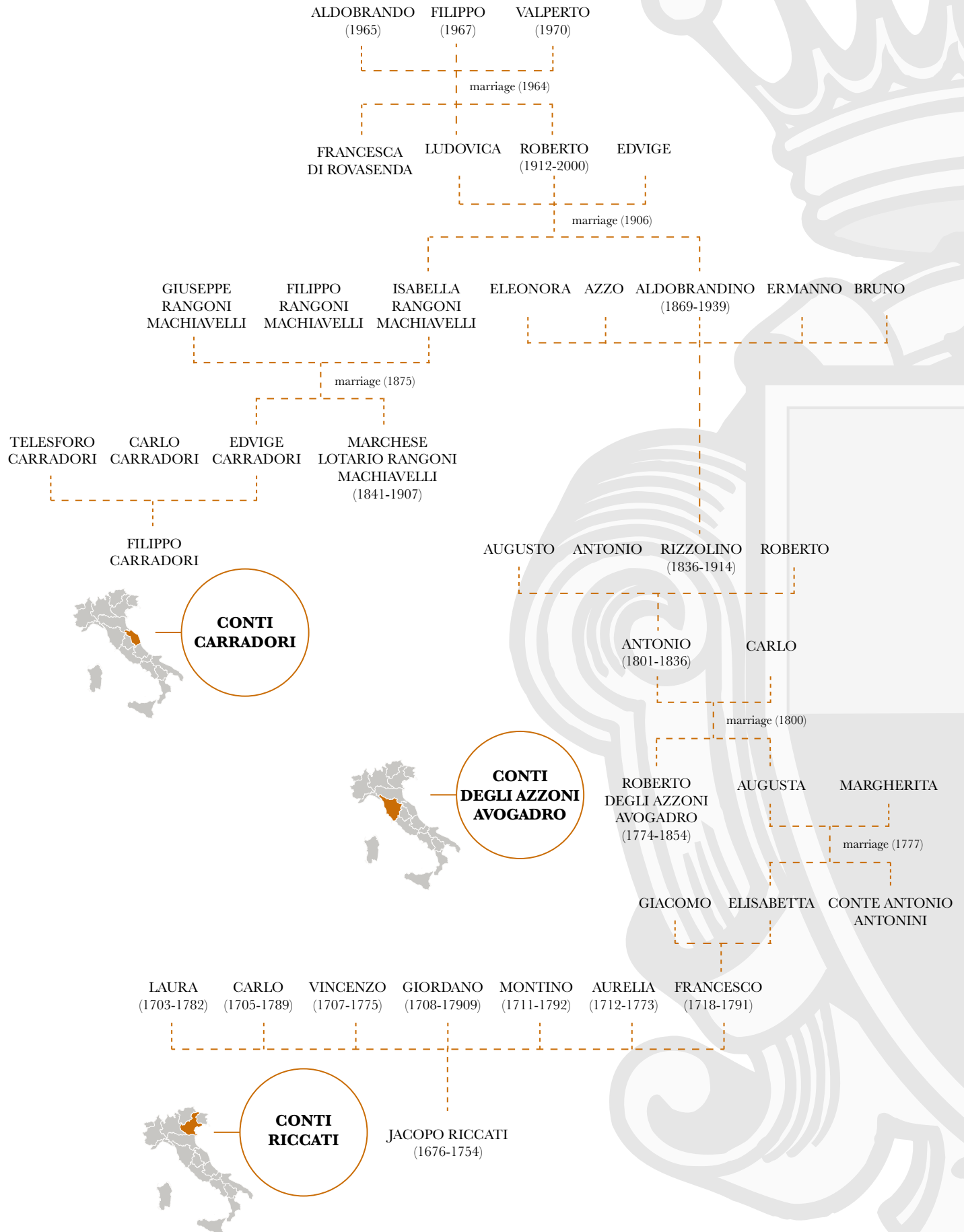
FAMILY BACKGROUND

The Conti degli Azzoni Avogadro Carradori family was formed by the meeting, over time, of three noble families connected with three Italian regions: the Conti Carradori (Marche), the Conti degli Azzoni Avogadro (Tuscany and Veneto) and the Conti Riccati (Veneto).

The Conti Riccati have Venetian origins that go back to before 1000 A.D., even if the earliest documentary evidence relating to the family, and more specifically Jacopo Riccati, dates to the mid-1600s.

The paths of the Conti Riccati and the Conti degli Azzoni Avogadro families became intertwined in 1800 when Augusta, the last direct descendant of the Conti Riccati, married Roberto degli Azzoni Avogadro. Her dowry, consisting of the family property, was added to that of the Azzoni Avogadro. The Azzoni family were given the title of 'Conti' in the XIV century 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.







Already residing in the Marche in the XIV century, the Conti Carradori, “cartwrights” by profession, i.e. builders and repairers of carts and carriages (hence their surname and the symbol still visible today on their coat of arms and on the boundary markers at the borders of the property), would soon enjoy an economic and social elevation that would see them purchase around 2000 hectares of land in the Municipalities of Montefano, Osimo, Recanati, Potenza Picena and Porto Recanati.

The decision of the heirs of Filippo Carradori - his children Telesforo, Carlo and Edvige - to bequeath the properties to their siblings upon their respective deaths was a decisive moment in the history of the family and for the future degli Azzoni Group. Following the death of the two brothers, all of the properties passed to Edvige who, married to Marquis Lotario Rangoni Machiavelli di Modena in 1875, had three children of her own: Giuseppe, Isabella and Filippo.

Isabella Carradori was excluded from the inheritance on the instructions of her father but this was remedied by Filippo who, having no issue, left everything to her when he died.

In 1906 Count Aldobrandino degli Azzoni Avogadro married Isabella Rangoni Machiavelli whose dowry consisted of the present-day 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 still managed today by his grandson Aldobrando, the oldest of the family’s three brothers.

In 1954 Isabella asked her son Roberto to add the surname of her mother, Edvige Carradori, to his own, and the family name therefore changed to Conti degli Azzoni Avogadro Carradori.



The administration of Conte Roberto, which began in the early 1950s, was a time of important transformations: the end of sharecropping and the consequent need to reorganise the company’s production structure resulted in major investments in machinery and modern equipment, the construction of a new winery and the purchase

of new irrigation systems in this period.

Since Conte Roberto’s death in 2000 his three sons, Aldobrando, Filippo and Valperto, the current owners, have followed in his footsteps, pursuing ongoing growth, quality and sustainability.



OUR LAND

We are located in the heart of the Marche, a hilly region between the Apennines and the Adriatic Sea, an agricultural environment whose sharecropping landscape is still distinctive for its little holdings, the alternating of vineyards and different crops, residual woody areas and numerous farmhouses that tell the stories of times past.

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%.



936,600 hectares
total surface area of the Marche



36%
mountains



53%
hills



11%
plains





The land belonging to **Conti degli Azzoni** is located around 20 km from the sea and 100 km from the Sibillini Mountains, and is distributed across the following Municipalities: **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



NOTABLE FEATURES

SANDY/GRAVELLY

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.

Protection of organic matter to aid water retention in the event of infrequent hydration.

Control of mineralisation benefitting the steady release of nutrients.



ADVANTAGES

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.

CLAYEY

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

Control of cover crops, benefitting bearing capacity and stable transit.

Protection of porosity by multifunctional sowing or tillage in slightly humid conditions.

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

PELITIC/CALCARENITIC

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-calcarenitic, alternating with areas with a higher clay content in the Pleiocene-Pleistocene pelites.

Control of compaction by cracking the plough pan.

Control of the assimilation of elements trapped by alkaline reactions.

Characterisation of the aromatic profiles of the wines.

Strong expression of local identity 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 the population. To protect the land, and the soil in particular, as part of the BioPASS project

Conti degli Azzoni carries out constant controls on its quality through the analysis of bioindicators and the evolution of organic matter (for more details see the chapter on the environment).





OUR PRODUCTS

Our products are the fruit of the love and passion we put into our work every day.

Agricultural produce

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).





Wine production

The wines are produced from grapes grown in vineyards owned by the family in the Marche. The company produces red wine, white wine, sparkling wine and passito. The company's main varietals are traditional grapes 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.



RIBONA
DOC Colli Maceratesi



ROSSO PICENO
DOC



PASSATEMPO
IGT Marche Rosso



BELDILETTO
Brut Sparkling Wine



SULTANO
Sweet Wine

The nursery

The company has set aside a portion of land for the cultivation of nursery vines for rootstock.





THE PRODUCTION CYCLE

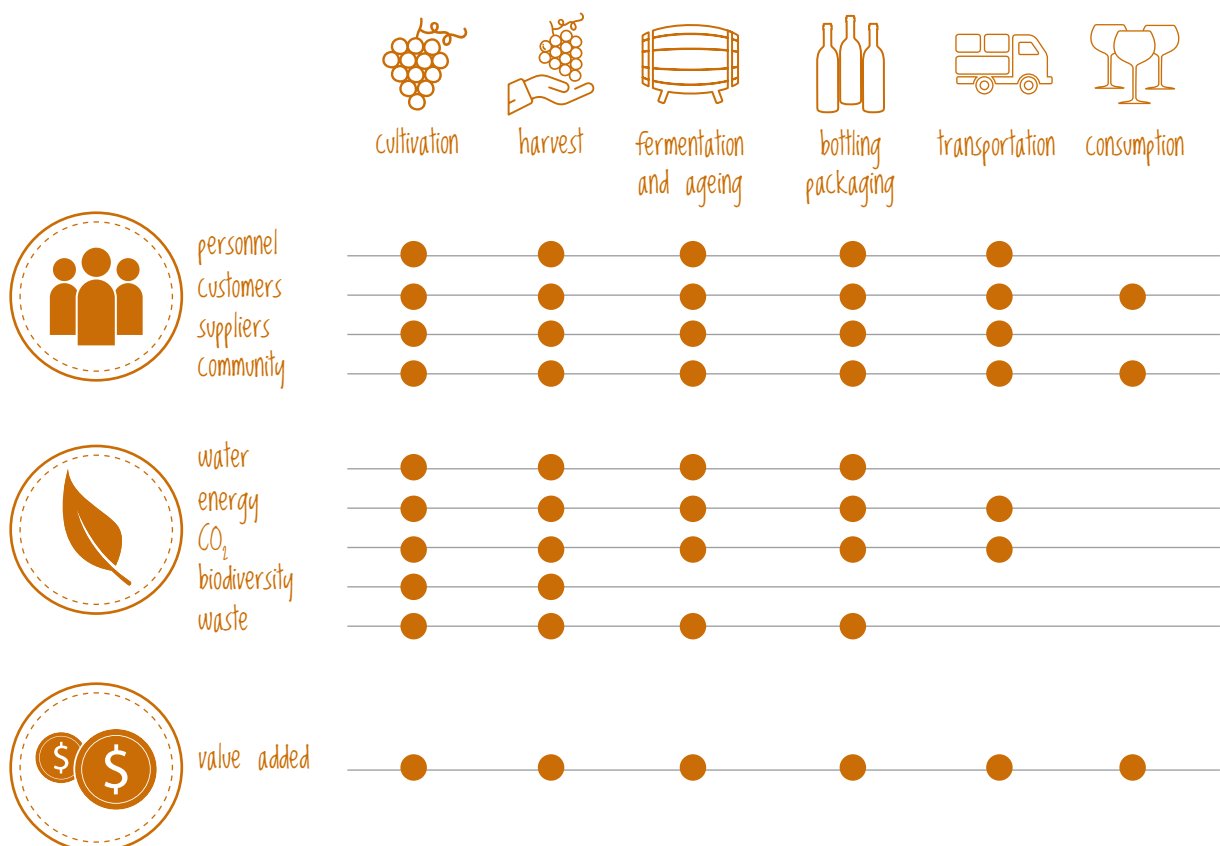
To get a better understanding of Conti degli Azzoni's commitment to social responsibility and sustainability in all business phases, below is a graphic of the production cycle of wine and of the farming products.

The wine production cycle is certainly far more complex as it involves the transformation of the raw material (grape) into a finished product (wine). In the crops sector 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.



Wine production cycle

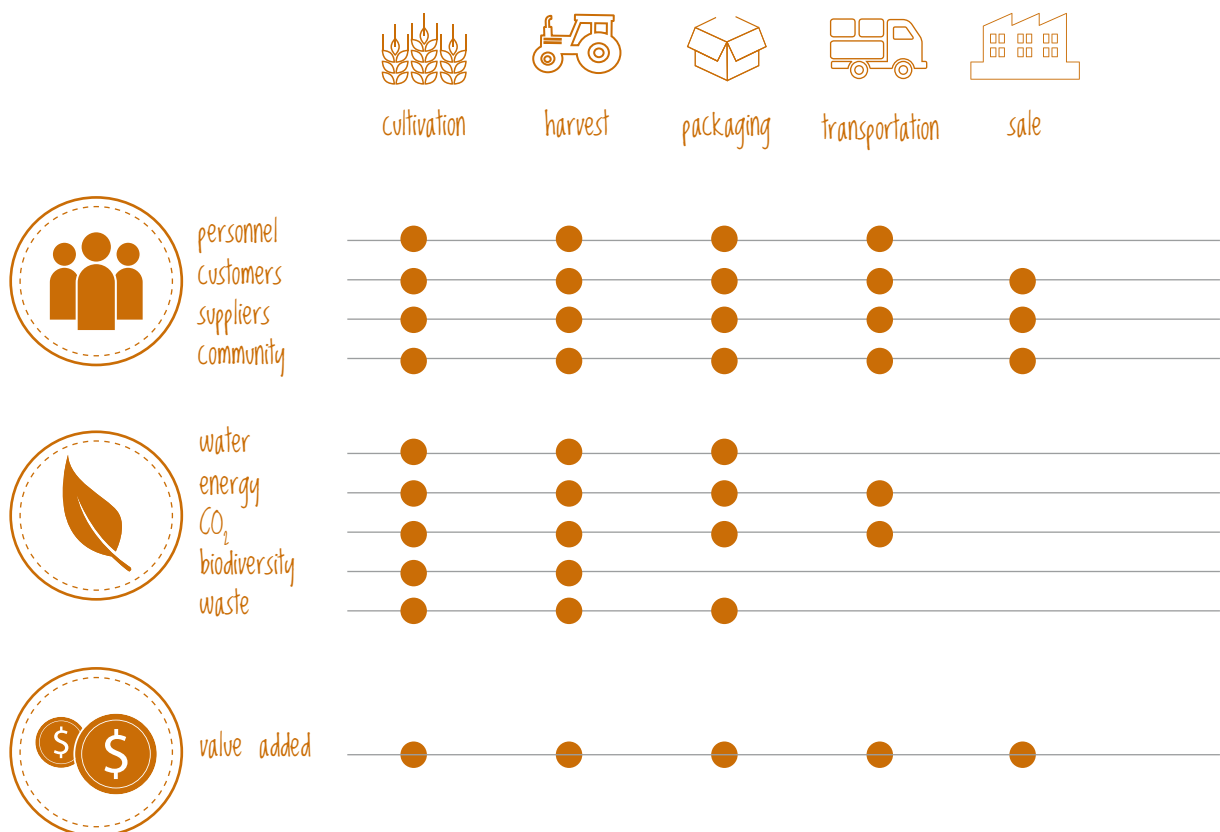




Our focus on environmental, social and economic sustainability regards all phases of our business, from farming activities to the marketing of wine and other products.



Crop production cycle







STAKEHOLDERS

Addressing growth.



DIALOGUE WITH OUR STAKEHOLDERS

Policy

Conti degli Azzoni's efforts to engage its stakeholders are aimed at:

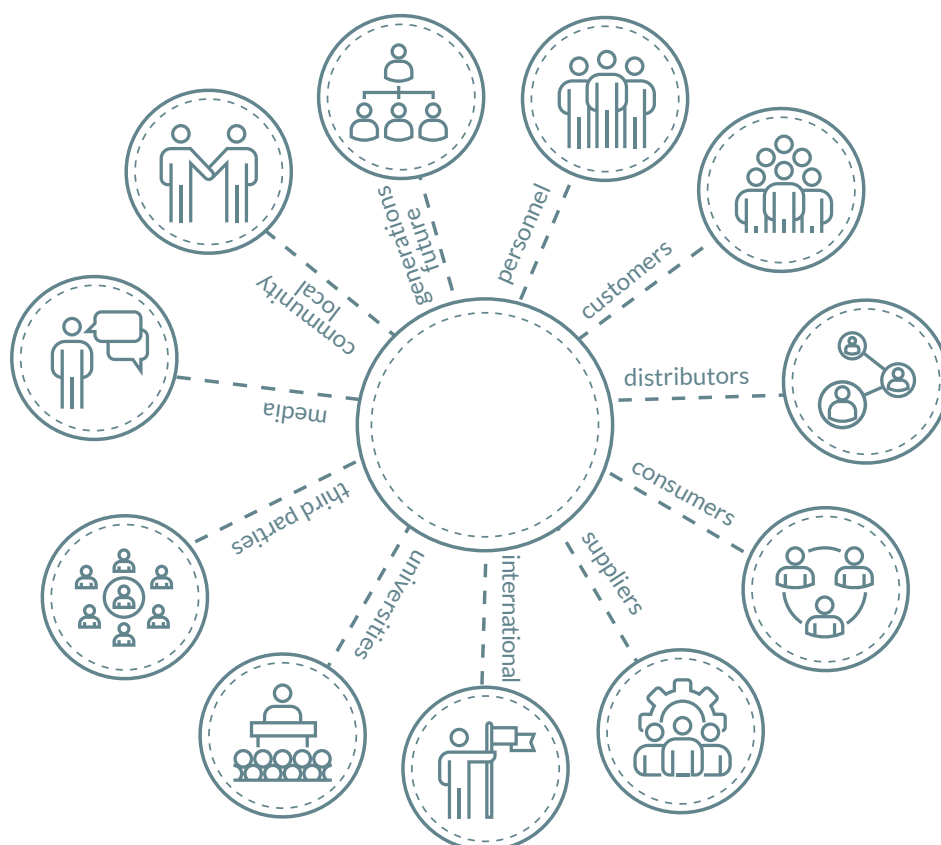
- **Identifying the main categories** of stakeholders with whom the company interacts
- **Analysing and understanding the interests** and

the most relevant issues for each category

- **Periodically reporting and communicating the management results** through the Sustainability Report and all other communication tools developed by the company

Having a positive and ongoing relationship with our stakeholders helps to create consensus, build trust, improve decision-making processes and develop the company.

Stakeholder map





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.

Even if a structured process has not yet been launched, stakeholder dialogue is very important for the company in terms of understanding and meeting their expectations. This is why every form of contact with the various categories of stakeholders is essential for the ongoing improvement of the company.

STAKEHOLDERS	KEY ISSUES Aspects that significantly impact the creation of value by the company	DIALOGUE Main dialogue and consultation initiatives
PERSONNEL Employees, Collaborators, Interns	Employment Workplace safety Enhancement and professional growth Work-life balance Equal opportunities Absence of discrimination Internal climate Internal communication	Direct reporting Training Presentation of the Sustainability Report
CUSTOMERS Retail, Ho.Re.Ca, Mass retail	Product quality and safety Reliability On-time deliveries Accuracy of information Communication	Direct contact Communication through social media Press releases
DISTRIBUTORS	Company reliability Stability of relationship Product quality	Direct contact
INTERNATIONAL	Respect for regulations	
CONSUMERS	Product quality and safety Transparency of information Communication	Direct contact Initiatives organised in the winery (Cantine Aperte, etc.) Communication through social media Press releases
SUPPLIERS	Punctuality of payments Continuity of relationships	Survey to measure the level of sensitivity to CSR Direct contact
THIRD PARTY	Workplace safety Reliability Punctuality of payments	Sharing of company results
MEDIA	Truthfulness of information	
UNIVERSITIES	Trial of new sustainable management practices	Projects
LOCAL COMMUNITY Schools, Non-profit organisations, Trade associations, Citizens	Socioeconomic impact in the local area Responsible management of the company (respect for people and the environment) Support for local initiatives and investments Strengthening of dialogue	Press releases on the company's prioritising of sustainability issues Events
FUTURE GENERATIONS	Protecting biodiversity Adoption of sustainable farming practices Production of renewable energy Reduction of emissions Responsible waste management	Events





SOCIAL REPORT

*People not as monads
but as part of a whole.
Our strength is our unity.*



PERSONNEL

The growth of the company over time has only been possible thanks to the passion and professionalism of our staff.

Our people and our land are our most important assets!

Policy

The respect shown for those that work for the company takes tangible form in the:

PROTECTION
OF HEALTH AND
SAFETY IN THE
WORKPLACE



TRAINING OF
SKILLS AND
ABILITIES TO HELP
PEOPLE GROW



PROTECTION FROM
ALL DISCRIMINATION
IN THE RECRUITMENT
AND REMUNERATION
OF PERSONNEL





Staff breakdown

2018 was a golden year for the wine sector and for agriculture in general. The particularly warm summer ensured an excellent harvest in terms of both quantity and quality.

For Conti degli Azzoni this translated into a

significant increase in the overall workforce employed: a total of 77 people worked in the company in 2018 (+7 versus 2017), 6 administrative staff and 71 workers (permanent and temporary employees and seasonal staff).

PERSONNEL BY ROLE	2017	2018	% VARIATION 2017/2018
Administrative staff	5	6	20%
Workers	65	71	9%
TOTAL	70	77	10%

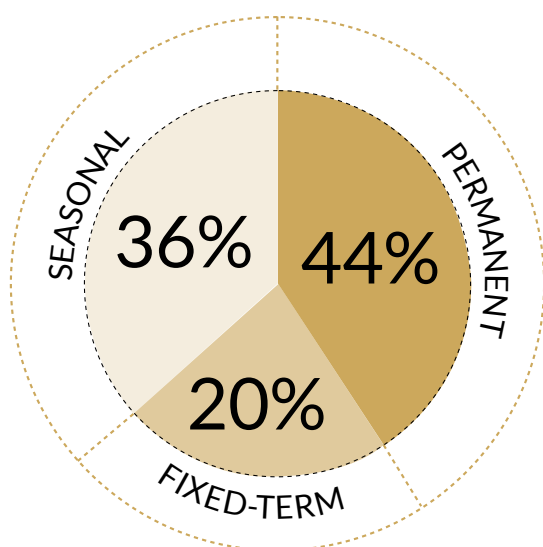
Work in the company is mainly carried out by carefully selected and trained employees. All administrative staff are employed under the National Collective Contract for Agricultural Employees while all manual workers are employed under the National Collective Contract for Agricultural Employees and Workers and Gardeners.

Excluding seasonal contracts, 69% of employees have a permanent contract and 100% have a full-

time contract.

Agricultural work is characterised by extremely busy periods (such as the summer when the harvesting of grapes and other vegetable products is concentrated) interspersed with quieter periods (the autumn and winter), and for this reason organic produce is highly seasonal in nature. In 2018 there were 28 seasonal workers (+4 vs. the previous year), 39% of the total manual labour force.

NO. WORKERS BY CONTRACT TYPE	2017	2018	% VARIATION 2017/2018
Permanent	33	34	3%
Fixed-term	13	15	5%
Seasonal	24	28	17%
TOTAL	70	77	10%



Breakdown by contract type 2018

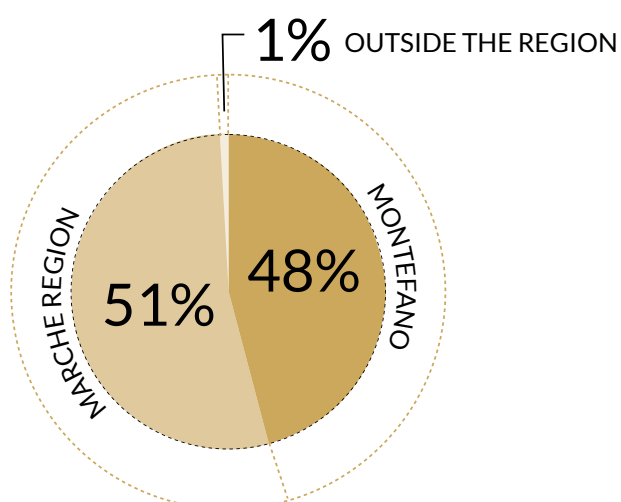
Work is mainly
carried out by
carefully selected and
trained employees



For Conti degli Azzoni it is very important to add people from the local community to its workforce as this represents one of the many ways of enhancing the area in which it operates. 48% of employees live in the Municipality of Montefano, 51% in

bordering towns still in the Region of Marche (32% of whom in the province of Macerata and 18% in the province of Ancona) and the remaining 1% outside the region.

NO. WORKERS BY GEOGRAPHICAL AREA OF RESIDENCE	2017	2018	% VARIATION 2017/2018
Montefano	37	37	0%
Marche region	31	39	26%
Outside the region	2	1	-50%
TOTAL	70	77	10%



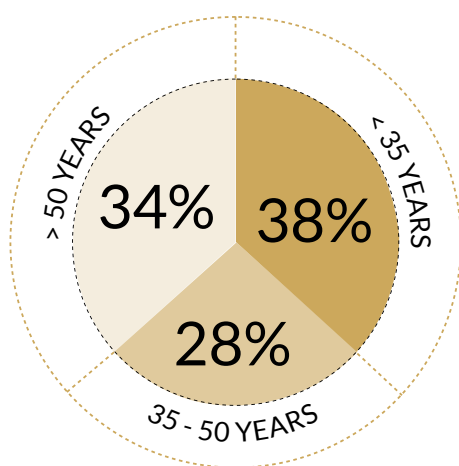
Breakdown by geographical area of residence 2018



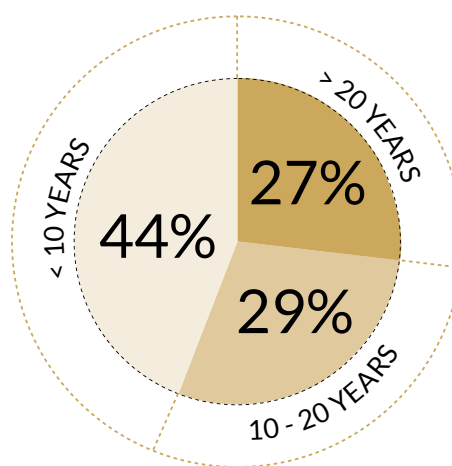
Analysing the breakdown of employees by age range, there is a strong presence of young workers aged between 18 and 34 (38% of the total).

Regarding only those with permanent contracts, the average age and average seniority of employees are 43 and 13 years respectively.

PERSONNEL BY AGE RANGE	2017	2018	% VARIATION 2017/2018
< 35 years	28	29	4%
35-50 years	19	22	16%
> 50 years	23	26	13%
TOTAL	70	77	10%



Breakdown by age range 2018



Seniority among employees with permanent contracts 2018

An analysis of the breakdown of employees by qualification shows how there has been an increase

in the number of company employees with degrees (twice as many as the previous year).

NO. WORKERS BY QUALIFICATION	2017	2018	% VARIATION 2017/2018
University degree	2	4	100%
High school diploma	27	23	-15%
Lower secondary education	33	41	24%
Primary education	8	9	13%
TOTAL	70	77	10%

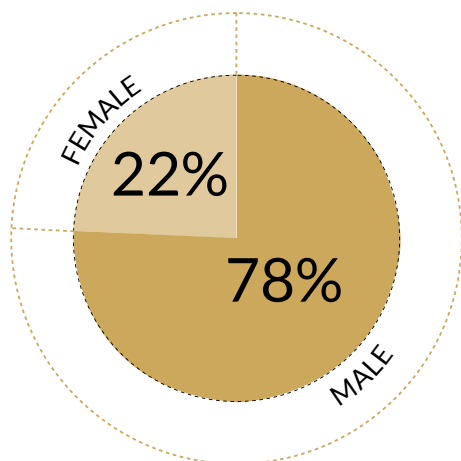


Equal opportunities

From an analysis of the breakdown of the workforce by gender it emerges that the number of women employed, apparently low (17 in all, 22% of the total), is in fact a highly relevant statistic for Conti degli Azzoni, particularly given the field of work. In 2018 there was a significant increase in the female

presence in the company (+5 vs. the previous year), and more tellingly women have been given equipment management and coordination roles that were once the exclusive domain of men. Of the 17 women: 1 is an office worker, 7 are manual labourers and 9 are seasonal workers.

NO. WORKERS BY GENDER	2017	2018	% VARIATION 2017/2018
Male	58	60	6%
Female	12	17	42%
TOTALE	70	77	10%



Breakdown by gender 2018

Turnover

As regards company turnover, excluding seasonal workers, in 2018 one person was hired and nobody left the company.

The new hire is a manual labourer between 35 and 50, and was employed on a permanent contract.

Training

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

The number of women employed is a highly relevant statistic for Conti degli Azzoni. In 2018 there was a significant increase in the female presence within the company.



17 FEMALE

+5

compared to 2017



1 office worker



7 manual labourers



9 seasonal workers



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.

As well as mandatory training courses, in 2018 the company held the following training activities:



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



on the job training meetings on the most important vinification phases and wine products held by the oenologist during the year



training on admin and marketing aspects aimed at administrative staff

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

Every day Conti degli Azzoni strives to ensure that all people who work for the company are able to carry out their jobs in safe and healthy environment. In complete compliance with Legislative Decree 81/2008, the company has set up a prevention and protection service in the workplaces which guarantees the maintenance of suitable safety standards and the achievement of the identified targets.

With the help of this service the company has:

- **launched a process to identify the risks** associated with working activities to ensure the health and safety of the workforce
- **drafted a risk assessment document** in accordance with current legislation
- **appointed the key figures** required by legislation (Health and Safety Officer, Workers' Safety Representative, qualified doctor)
- **equipped rooms with signage and fire extinguishers**

- **adopted risk mitigation measures** in the vineyards, in the winery, in bottling areas and in all other locations within the company
- **trained, informed and raised the awareness of all representatives and all staff** on health and safety matters and repeated these activities in the event of new hires and changes in role.

Health aspects are subject to particular attention, primarily through the supply of advanced protective equipment. The best example is the 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. The figures in the table below show some very important results for Conti degli Azzoni: in recent years there have been no accidents in the company and over time the number of days of sick leave has fallen significantly.

INJURIES AND ILLNESS	2017	2018	% VARIATION 2017/2018
No. injuries	58	60	6%
No. days absent due to injury	12	17	42%
No. days sick leave	70	77	10%



CONSUMER PROTECTION

Meeting the expectations of the consumer is our most important priority. This is why we work every day to develop healthy, high-quality products while respecting the underlying values of our company.

Policy

Conti degli Azzoni garantisce la qualità del prodotto inteso dal punto di vista sia organolettico che di salubrità attraverso tre principi fondamentali:

THE CAREFUL
SELECTION OF
SUPPLIERS,
WITH PARTICULAR
ATTENTION PAID TO
SUPPLIERS OF
RAW MATERIALS

CONTINUOUS
MONITORING OF
PRODUCTS
THROUGHOUT THE
PRODUCTION
PROCESS

TRANSPARENCY
TOWARDS
CONSUMERS

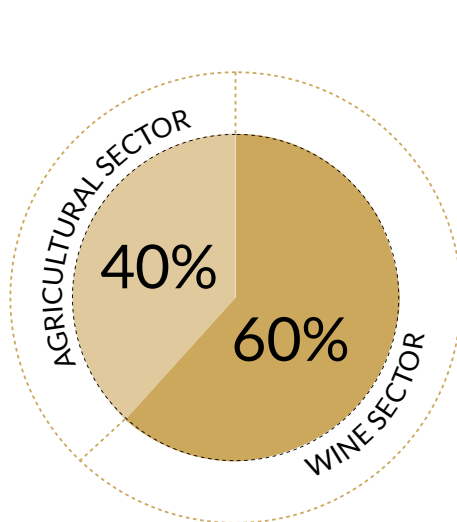




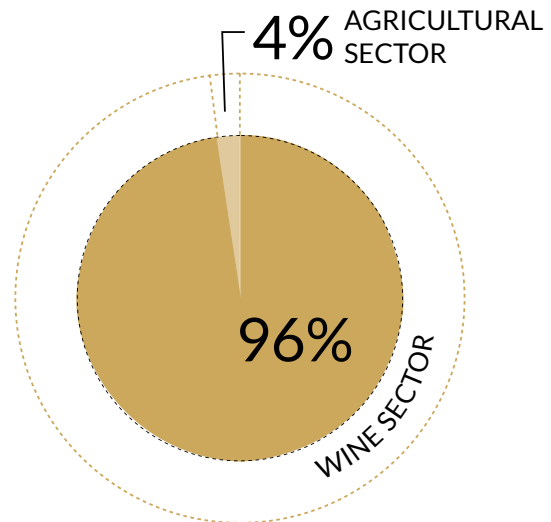
Customers

Conti degli Azzoni's business activities fall into two main areas: the wine sector and the agricultural sector. For the former income is generated through wine sales

while for the latter revenues comes from the sale of agricultural products like wheat, barley, sunflowers, peas, parsley, basil, rocket, radicchio and chard.



Revenue by sector 2018



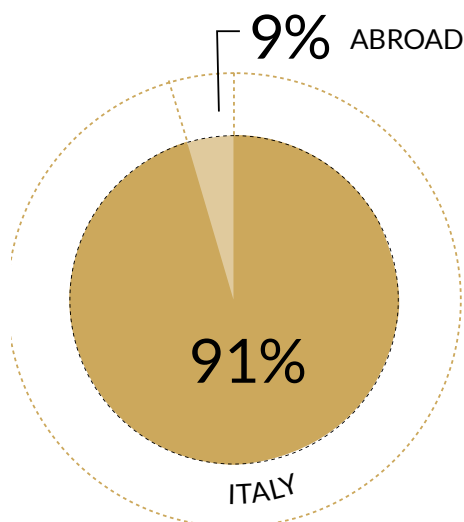
Number of customers by sector 2018

In 2018 revenues from wine sales rose by 3% compared with the previous year, accounting for 60% of overall turnover, and the number of customers also rose.

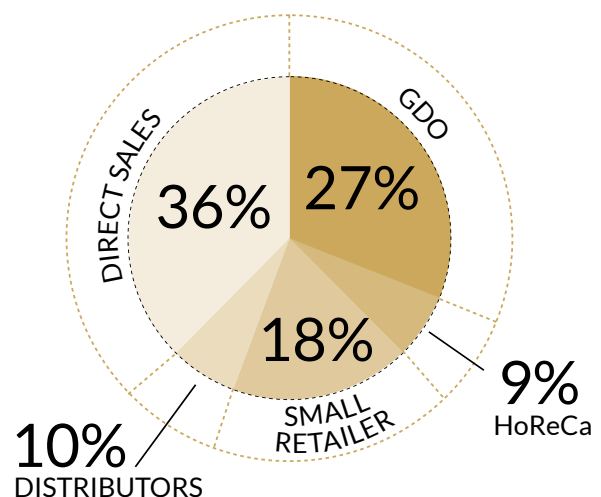
beginning to look beyond the national border and this has seen exports rise in recent years. The company's has deep roots in the local areas as demonstrated by the fact that 67% of revenues come from the Marche region.

The agricultural sector has around twenty customers, all of which Italian and mostly major transformation companies like pasta manufacturers and other food businesses, and the company has a direct relationship with them. Over 90% of the wine sector's customers are Italian but the company is

In 2018 the company acquired 76 new customers. The most important distribution channels are: direct sales (which also includes the takings of the winery shop), mass retail and small-scale distributors.



Wine sales by destination 2018



Wine sales by channel 2018



Selection of suppliers

The agriculture and viticulture production chain is made up of numerous actors who together develop the finished products that arrive on the tables of consumers. The creation of a partnership, particularly with those that supply everything that impact 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 own direct knowledge of them.

Particular attention is focused on purchases of raw materials, materials and equipment: these production tools are chosen by involving suppliers in the programme that raises awareness of construction or formulation methods that respect the environment and by emphasising how the company prioritises businesses that objectively demonstrate their focus on these issues.

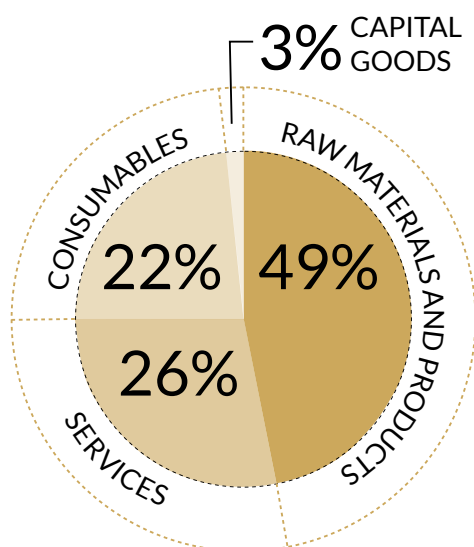
78% of raw materials and products come from companies in the Marche.

In 2018 purchase costs fell by 7% compared with the previous year.

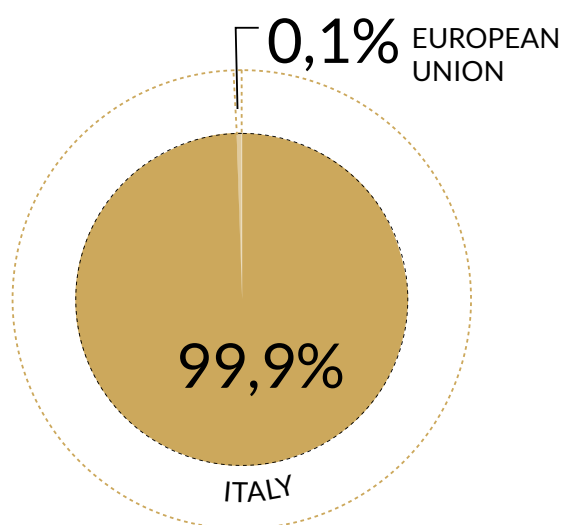
An analysis of suppliers shows that 49% of company purchases are connected with raw materials and products (basil plants, rootings, sunflower seeds, grapes, products sold at the point of sale) and products used in the production process (compost, other agricultural and wine products), 26% services (transport, maintenance,

third-party processing, utilities, advertising and other services), 22% consumables (packaging, materials for maintenance and other consumables) and the remaining 3% equipment and other capital goods.

100% of the raw materials and farming and wine products used in the production process come from Italian companies and 78% of these are from the Marche.



Supplies by type 2018



Supplies by provenance 2018



Third party companies

Conti degli Azzoni outsources some operations that require specific equipment and highly specialised labour to external companies.



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.



GRAPE HARVEST

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 the company also assesses parameters like whether they are local, reliability, professionalism, ethics and respect for regulations.





Quality control

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 GLOBAL G.A.P. certification.

Analyses are carried out partly in the internal company lab and partly by external labs accredited by Accredia¹.

As regards the **wine sector**, 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, and the presence of metals like lead, copper, zinc and ochratoxin.

The external lab also carries out all HACCP analyses which currently regard the monitoring, prior to bottling, of levels of sulphur dioxide in the wines and the control of glass matter in glass containers.

Meanwhile, in the **agricultural products** sector the controls are only carried out by external parties:

- on **basil, parsley and other fresh products** a certified external laboratory carries out multi-residue analyses to monitor the presence of traces of active ingredients
- on **cereals and sunflowers** meanwhile, controls for product quality and mycotoxins are carried out directly by the purchasing company (stockist or food company)



As regards **organic farm 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).

Conti degli Azzoni complies with the Integrated production procedure of the Marche Region for

¹ Appointed by the Italian government in application of European Regulation EC 765/2008, it is the Italian accreditation agency for test and calibration laboratory certification, auditing and inspection bodies.



the cultivation of basil and parsley. For these two products the company has received the international Standard Global G.A.P. certification every year for over 10 years. Standard Global G.A.P., 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.

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-residue 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.



For parsley and basil the company has also obtained organic certification from the Consortium for the Monitoring of Organic Products (CCPB Srl), which guarantees the compliance of products produced using organic methods in all phases of the production chain, from the field to the table, in accordance with the regulations of the European Union (Regs. EC 834/07 and EC 889/08).

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 information

required by law (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.



COMMUNITY AND LOCAL AREA

We open the doors of our company to the community in which we live to acquaint people with our story and our products and to show them a different side to the beautiful landscape that surrounds us.

Events

On 18 December, the company held an important event called **"Innovation in biodiversity. Studying the soil for sustainable growth"** during which the participants spoke about sustainability as a key value in production processes and discussed the intermediate results of the **European Life-Vitisom project** carried out with the technical

collaboration of Sata.

The speakers included Prof. Leonardi Valenti of the University of Milan.

During the event **the first edition of the Conti degli Azzoni Sustainability Report was presented** with the results for 2017.





School projects

Every year the company welcome pupils from local primary and secondary schools.



Cantine aperte

Every year Conti degli Azzoni opens the doors of its winery to numerous initiatives attended by many visitors interested in learning about its wines

but also about the landscape, culture and tradition reflected in them.





Conferences

The sustainable development of the economy as a real and profitable opportunity.

This was the topic of conversation discussed by degli **Azzoni Wines**, Candriam, KPMG, ENI and Autogrill during the **Sustainable Economy: from opportunity to concrete idea** conference moderated by Sebastiano Barisoni (Executive Deputy Director Radio 24 - Il Sole 24 Ore) and held at the headquarters of the Edison Foundation in Milan.

Public opinion, institutions, businesses and financial operators are increasingly attentive to environmental and social issues. However, fewer people are aware that the sustainable development of the economy is not utopia but a real and profitable opportunity already capable of offering long-term growth and guaranteeing the optimum allocation of economic, human and natural capital.



Valperto degli Azzoni speaks at the round table





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.

“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)

Main acknowledgements received in 2018



PASSATEMPO 2012
IGT Marche Rosso



Berliner Wine Trophy
gold medal



IWSC Londra
silver medal



Berliner Wine Trophy
gold medal



Asia Wine Trophy
gold medal



MUNDUS VINI
gold medal



IWSC Londra
silver medal



MERANO WINE FESTIVAL
Red Award



CONTE ROBERTO 2009
Colli Maceratesi
Rosso DOC Riserva





ENVIRONMENTAL VALUE

*In all things of nature there
is something of the marvellous.*

(Aristotle)



SAFEGUARDING BIODIVERSITY

Biodiversity is the variety of all forms of life.

Safeguarding and developing biodiversity is exceptionally important for the sustainability of the agro-food production chain as it is a fundamental tool of environmental protection. The careful assessment of all its components is important for understanding how our actions impact on the forms of life that inhabit cultivated and neighbouring spaces.

The soil 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.

The entire above-ground context is also of significant importance. The more complex and interactive the forms of life in an ecosystem above the ground, the more difficult it will be for parasites to find room to spread. In this way it will be possible to establish a form of control with non-invasive instruments that are more respectful of man, of our health and of nature.

Biodiversity is a value that supports quality of life and sustainable production.



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

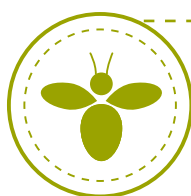
A good agricultural operator therefore plans their activities in order to confirm their key and recognised role as a “**guardian of the land**”.



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

In the vineyard itself, natural cover crops or deliberately sowed 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 level of complexity.



BEEES ARE VERY IMPORTANT FOR PRESERVING BIODIVERSITY.

Through pollination they carry out a strategic function in terms of preserving flora and contribute to improving and maintaining the environmental quality and the state of the natural ecosystems in which they live.

THE COMPANY'S LANDS ARE ALSO HOME TO VARIOUS BEEKEEPERS.

By placing hives in the vineyards, for example along headlands, they guarantee animal and vegetable diversity and encourage useful organisms, keeping parasites away and increasing the fertility of the land.

THE RIGHT HABITAT FOR BEES.

Thanks to the presence of hedges and flowery surfaces (green manure) etc., organic farms are an ideal habitat and source of sustenance for bees. Compared with wine growing and conventional agriculture, organic farms have 50-70% more surface area in harmony with nature.

ORGANIC FARMING HELPS THE BEES, THE MOST DISTINCTIVE FEATURE OF AN INCREASINGLY NATURAL AND CHEMICAL-FREE VINEYARD.





AGRICULTURAL BEST PRACTICES

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.

In agriculture and wine-growing the land is a key ingredient in a magic recipe that makes it possible to guarantee the utmost quality and goodness of the produce.

We do not just talk simply about the land but about the “**terroir**”, a French term 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.



With this in mind, Conti degli Azzoni has adopted practices and measures aimed at protecting the land and the environment, giving tangible form to its commitment and fully communicating its business strategies.



In general, the company has concentrated on:

- **converting its cultivated land** (vineyards and arable land) to organic farming and monitoring the biodiversity of the company and the soil to form a better understanding of the true condition of the land

- **adopting a multidisciplinary approach** to assess the effects of the agronomic management of the vineyards and their soils, also with the aim of better understanding the dynamics that lead to the production of better quality grapes in a sustainable way



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

Activities are carried out in a targeted fashion and without using fertilisers on the soil or in aquifers thanks also to the **Vigour maps** obtained by satellite or through measurements carried out on the ground with infrared instruments typical of Precision Farming.

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.

All of these aspects **form part of an informed plan shared** and supported by all members of staff at all levels thanks also to targeted training and knowledge-sharing activities that give them the chance to managing projects in a safe and productive way, increasing the positive repercussions on the company's image and state of health.



ORGANIC FARMING

HECTARES OF ORGANICALLY-FARMED LAND	2017	2018	VARIATION
Organic vineyards	30	40	33%
Organic arable land	28	66	14%
TOTAL ORG.	88	106	20%

Since 1999 Conti degli Azzoni has given tangible form to its commitment by introducing **organic farming methods** on the company's agricultural land. Since then, small plots of crops have periodically been farmed organically, increasing the surface area of arable land cultivated using this method. The conversion of the vineyards also began in 2016.

Currently around 106 hectares of arable land and vineyards are farmed organically, an increase of around 20% compared to 2017.

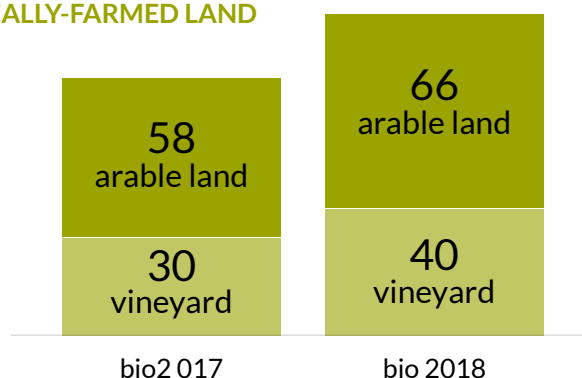
The vineyards are located in various plots of land that cover a total surface area of around **135 hectares** (around **17 of which** are used for the conventional cultivation of nursery **vines for rootstock**). The vineyards take the name of the zone in which they are located: Margherita, Cantalupo, Beldiletto, Villa Potenza, Polpano, Monti. The conversion to organic

farming continued in 2018 at the Margherita and Beldiletto vineyards and has begun in the Villa Potenza vineyard. In any case, the production of completely organic wines will begin in 2019.

In 2018 the organically-farmed crops included common and durum wheat, barley, basil and alfalfa. The type of crops and relative quantities grown vary over the years (crop rotation) to maintain the fertility of the land, guarantee greater product yield and also to meet the requirements of the company.

More specifically, **the conversion of the vineyards to organic farming methods has increased by 33%**, rising from 30 hectares in 2017 to 40 hectares in 2018. Meanwhile, **there has been a 14% increase in the number of hectares devoted to organically-farmed crops**, rising from 58 hectares in 2017 to 66 in 2018.

HECTARES OF ORGANICALLY-FARMED LAND 2017/2018 VARIATION



Compared with the previous year, in 2018 **the overall proportion of organically-farmed produce increased by two percentage points, from 12 to 14%.**

PROPORTION OF ORGANIC PRODUCE 2017/2018





PROTECTION STRATEGY

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

This approach makes it possible to avoid the damage normally caused by chemical weedkillers, i.e. the drying out of the soil, the significant reduction in biodiversity and the imbalance of ecosystems. The latter problem in particular is caused by a lack of selectivity in terms of which plants to remove.

By using organic methods, however, it is possible to guarantee the presence of wild plants under rows of vines and increase the biodiversity of the system. This results in a more balanced environment that is more able to control the virulence of some parasites.



On organically-farmed land, and in particular young vineyards and basil and parsley crops that do not tolerate the presence of weeds, these are removed by hand.

For agricultural crops multifunctional crop rotation is used to both preserve the fertility of the soil in organic, physical and chemical terms, and to guarantee product safety. These rotations, on organically-farmed arable land, must take place at least every 3 years, as indicated in the Integrated production procedure of the Region of Marche.

Global G.A.P. and organic farming certification for some crops like basil and parsley has benefits such as more thorough control of the land, irrigation water and the correct use of plant protection products.



GREEN MANURE

WHAT IS IT? -----

The agricultural practice of using green manure, or cover crops, is designed to increase the fertility of the land, improving the structure and percentage of the organic matter contained therein.

HOW DOES IT WORK? -----

The technique consists of sewing one or more types of plant, each of which has specific beneficial properties for the soil and the subsoil.



One initial benefit of green manure is the fact that it brings a substantial amount of vegetation to the soil that is ready to be transformed into organic matter.

Other aspects include the enrichment of the nitrogen in the soil: for example, legumes have the ability to fix atmospheric nitrogen binding it in organic compounds; the loosening of compact soil, caused in particular by species with fasciculated roots which once decomposed leave genuine furrows in the earth, guaranteeing permeability and aeration.

The company regularly uses green manure in the organic vineyards and in particular cases also as part of the streamlined rotation of crops.

Green manure improves the agronomic characteristics of the soil, making it more hospitable for plants and forms of life, reduces erosive phenomena and helps increase biodiversity also above ground, attracting beneficial insects.



COMPOST

With the focus on the virtuous promotion of biomass, the **by-products of the harvesting and processing of the grapes (pomace)** and other crops are protected and placed in suitable composting environments for their transformation into **excellent organic compost** that can later be redistributed over organically-farmed land and neighbouring spaces for the natural fertilisation of the soil.

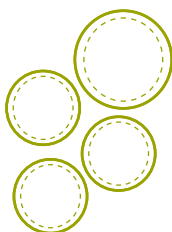


Distributed over the land, pomace has notable fertilising power thanks to its slow release of minerals like nitrogen and potassium. The beneficial effects of this fertiliser improve the structure of the soil and increase the number of living species in the ecosystem.



SEXUAL CONFUSION IS AN ALTERNATIVE TO SYNTHETIC WEEDKILLERS

The company adopts this modern form of controlling some grape parasites across an agricultural area of around 52 hectares, of organically-farmed vineyards and other neighbouring plots of conventionally-farmed land.



THIS FORM OF DEFENCE HELPS TO AVOID THE USE OF ANY KIND OF INSECT

The technique consists of leaving the fruit and the environment free of all molecules. In fact, it is a behavioural condition in the insect (the vine moth) 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.

The continuous monitoring of the land where the alternative technique has been applied enabled the company to avoid all forms of insecticide treatment in 2017 and 2018.



THE SCIENTIFIC APPROACH

The plurality of ecosystems on our land is an immense source of wealth and we are determined to preserve it.



EMPIRICAL CONFIRMATION OF TRADITIONAL INTUITIONS

As part of this passionate illustration of our approaches and vocation, **our attempts to provide objective evidence to back up our claims regarding the quality of the company's choices in all phases of the production chain stem from various requirements and pursue various goals.**

First of all, we want to pay tribute to the consumers and the public that live in our area who, overwhelmed and sometimes oppressed by the vast quantity of information that comes their way, require solid and demonstrable foundations in order to share and put their trust in our project.

In addition to this, the company has a genuine need to calibrate its choices according to real results with the aim of forming a genuine alliance with the environment that is both virtuous and fruitful, supporting the quality of life of those that work for the company and the sustainability of its income. The successful pursuit of these goals is dependent



on the permeation of ideas among the owners, the managers, the most motivated workers and institutional research bodies: University faculties, Study Groups, Administrations.



THE BIOPASS PROJECT

Biodiversity PASS® is an innovative project for the measurement, safeguarding and increase of biodiversity in winegrowing.

Evaluating and monitoring the various components of biodiversity is extremely important for understanding the impact that production activities have on the vineyard ecosystem and





gives us a 360° view of the sustainability of the winegrowing production chain.

The programme encompasses the dictates of the FAO and attributes organic matter with the key role of conserving fertility in a sustainable and healthy way.

In 2014 Conti degli Azzoni initially launched BioPASS® at four of its sites, which represent the territorial variety and biodiversity of the ecosystem. Annual control and monitoring activities were carried out at these sites in accordance with the results of the data measured. These assessments shaped the choices made in terms of whether to plant multi-functional grass to improve the structure and foster the growth of beneficial microbial communities, or to add compost.

The programme and strategy of the surveys, also dictated by the seasonal nature of the measurements, the climate and the intrinsic diversity of the soils, **are planned on a 5-year basis** and apply to all of the company's vineyards in order to produce a sufficiently broad overview and accurately represent all of the sites.

The monitoring of the BioPASS® indices is 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 surveys are repeated over time to check whether the virtuous measures implemented (green manure, addition of compost and organic matter, the use of a ripper after the grape harvest to aerate the soil without damaging the grass cover etc.) have improved the vitality of the cultivated soil.

The results of the surveys have emphatically confirmed some facts, most notably that the vineyards which have traditionally produced the best wine were also those to register the best BioPASS® score.



THE LIFE – VITISOM PROJECT

Together with just two other Italian businesses, Conti degli Azzoni is a partner of the LIFE VITISOM project to promote the sustainable management of winegrowing soil.



LIFE15 ENV/IT/00392 With the contribution of LIFE, Europe Union Programme

The general aim of the project is to promote the sustainable management of winegrowing soil through a technology for the organic fertilisation of the vineyard involving a variable rate distribution system.

This innovative technology makes it possible to combat the erosion of organic matter and to improve the homogeneity and the quality of vineyard soils. In particular, the promotion of the rational use of organic fertilisers makes it possible to conserve and reintegrate the organic substance in winegrowing soil with positive effects in terms of the chemical, physical and organic fertility of the earth.

Together with just two other companies in Italy, Berlucchi and Castello Bonomi, **Conti degli Azzoni** joined the 3-year 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 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 hope is that the VITISOM precision farming model will be exported and validated in all European winegrowing regions. A survey to learn more about the various wine producing businesses

is currently ongoing with the aim of creating a plan to replicate and transfer the model to all European production segments.





ENVIRONMENTAL INVESTMENTS

In recent years Conti degli Azzoni has invested around 629,496 euro to develop a **photovoltaic power plant**, to implement and support over the years the **Biodiversity PASS® project to protect the biodiversity of the soils it farms, and to purchase company transport and farming machines with next-generation emissions standards**.

More specifically, in 2018 the company purchased a new water refrigeration system. Chosen specifically to increase the sustainability of its controlled-temperature fermentation process, this system ensures a **reduction in energy**

consumption and the use of pollutant gases and, as a consequence, helps to reduce the company's environmental impact.

In addition, by signing up to the **Life Vitisom** project the company has not only invested in the feasibility of the project itself (purchase of organic matrices, performance of targeted analytical surveys, consultancy of professionals in the sector) but also in the dissemination and communication of sustainable winegrowing soil management issues through dedicated events and communiqués.

YEAR	COMPANY	TYPE OF INVESTMENT	EURO
2010	Winery	Photovoltaic plant	115,200
2014	Vineyard	Biopass® project (implementation)	2,000
2015	Vineyard	Biopass® project (maintenance)	1,000
2015	Agriculture	Claas Nexos 230F Tractor (BM 434 V), PHASE III	32,730
2015	Agriculture	Challenger New Holland MT765D AGCO Tractor (BM 147 D), PHASE III	200,000
2015	Agriculture	New Holland T7 245 Tractor (BP 661F), PHASE IV	100,000
2016	Vineyard	Biopass® project (maintenance)	1,000
2017	Agriculture	New Holland T4 100 Tractor (BP 364 Y), PHASE III B	41,000
2017	Agriculture	New Holland T5 (BR 548 G) Tractor, PHASE III B	35,000
2017	Vineyard	Biodiversity PASS® project (maintenance)	1,000
2018	Vineyard	Biodiversity PASS® project (maintenance)	1,000
2018	Vineyard	LIFE VITISOM project (organic matrices, analysis, transport, counseling, events and communication)	11,300
2018	Winery	New refrigeration system to control the temperature of fermentation and for the stabilisation of the wines	37,000
TOTAL			629,496





CARBON FOOTPRINT

Energy is a precious resource that 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 necessary 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.

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)

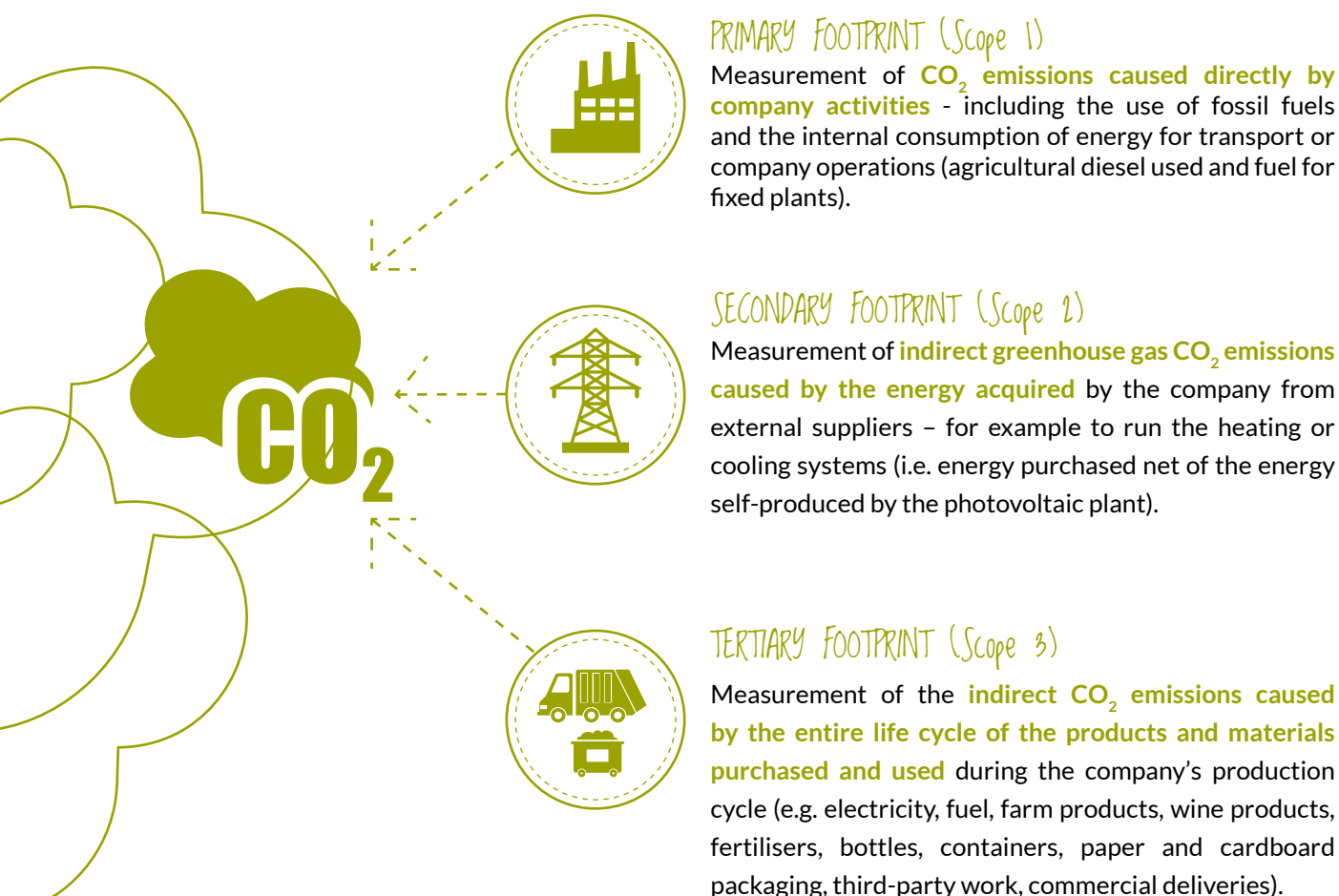
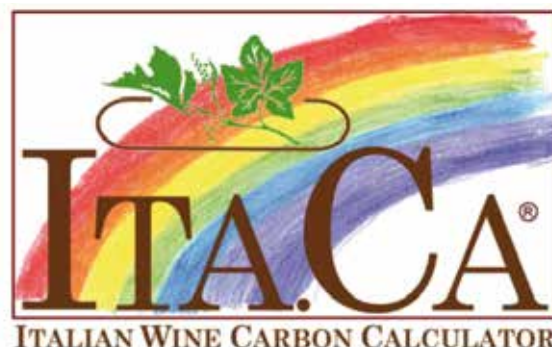




MEASURING EMISSIONS

For 2018 the CO₂ emissions of Conti degli Azzoni were calculated using the **Ita.Ca[®] calculator**.

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 Sustainability Report².



² Data collection is based above all on primary data, which are directly available at the company. To obtain these data, direct quantitative measurements were taken of the various activities considered which, multiplied by an emission factor, determined the quantity of greenhouse gas emissions (emissions of CO₂ equivalent) deriving from a specific process. The operational protocol, followed and drafted by SATA Studio Agronomico, specified the uncertainties surrounding these data and the conversion coefficients of the calculator.



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

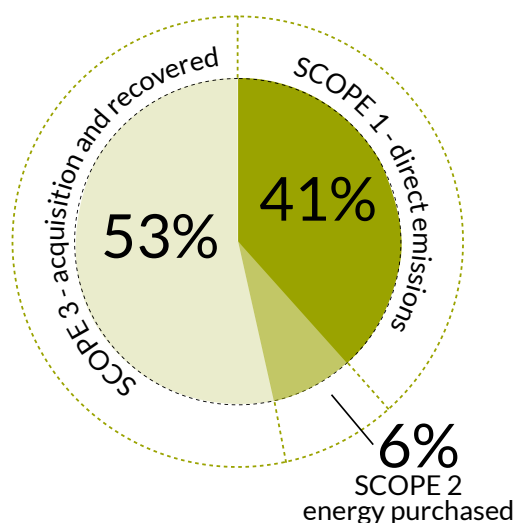
ability to “photosynthesise” and to “store carbon” in the form of organic matter in the soil; this is an important aspect when evaluating the company’s carbon footprint in the viticulture area, but not only.

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.

The company’s carbon footprint calculated by scope was distributed as follows in 2017 and 2018 and is complete with a calculation of the “sequestrations” due to cultivated soil (soil balance) for both years:

CARBON FOOTPRINT Tonnes of CO ₂ equivalent	2017	2018
Primary Footprint (Scope 1)	536	493
Secondary Footprint (Scope 2)	81	73
Tertiary Footprint (Scope 3)	657	636
Sequestrations	-3792	-2565
TOTAL	-2661	-1363

The difference between the two years of the survey is partly due to a redefinition of the natural emission factors relating to the biology of the soil which are constantly updated in literature on the basis of new and increasingly targeted research in this field. This does not mean greater company emissions but rather more accurate calculations. In any case **the company continues to be in a position of clear and evident credit.**



2018 emissions by scope

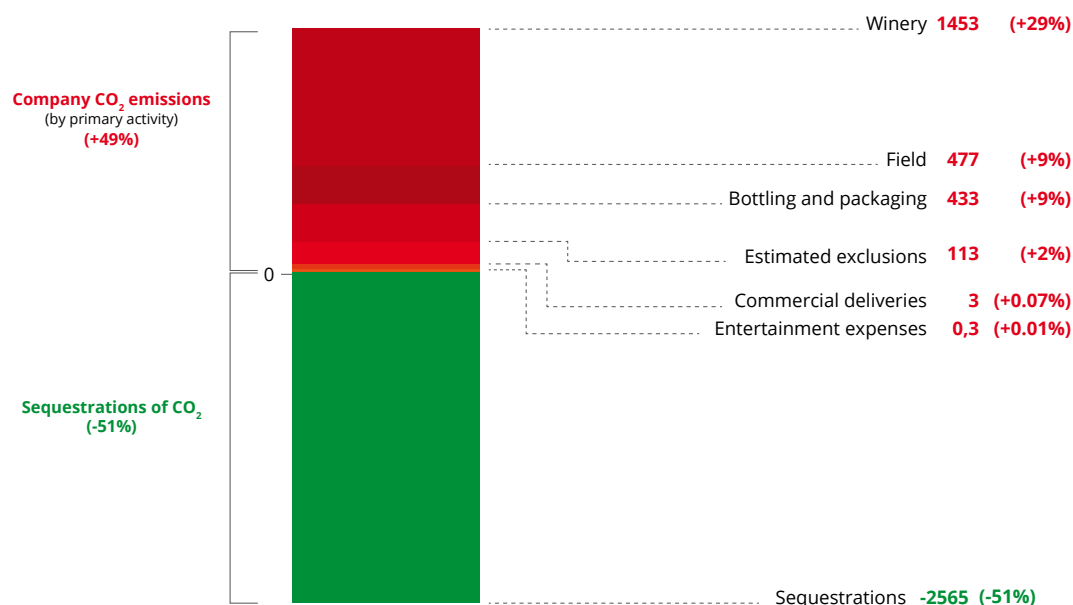


COMPANY CO₂ EMISSIONS FROM PRIMARY ACTIVITIES

Below are the CO₂ values calculated for the company's primary activities in 2018. The calculation was made using a fairly rigorous protocol that is more stringent compared with

other cases at national level.

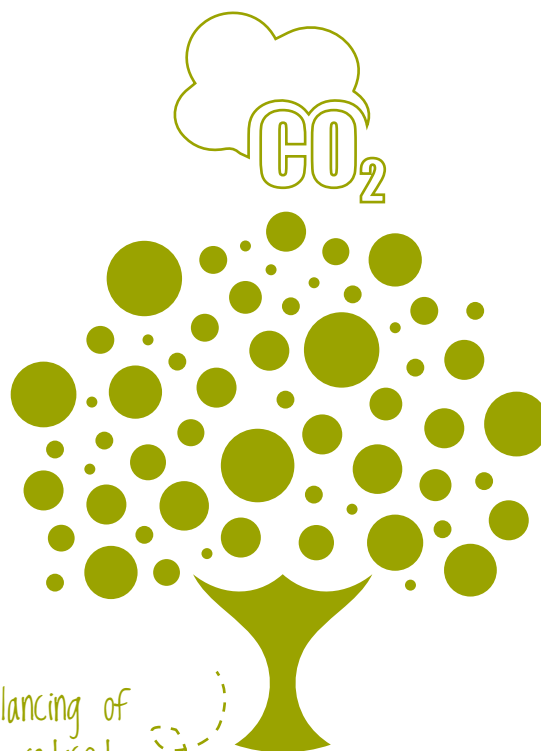
The emission values are significant if considered in relation to the sequestration figures, as shown below:



The calculation with Ita.Ca® highlights how the production chain activities that generate the greatest CO₂ emissions are those in the winery (29%) and the field (the vineyard, 9%). Bottling and packaging also account for 9% of emissions. Other activities have smaller percentages. The evaluation includes estimates of any exclusions³. 51% of all emissions calculated are represented by sequestration.

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 superior to the emissions produced throughout the production chain thanks to the "photosynthesis" action of the different crops. As such, 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.



³ Missing data were replaced with conservative estimates, with average or generic data, with percentage limits and criteria in line with sector regulations.



ENERGY

The company's energy consumption is divided between electricity, methane and diesel.

Electricity: (12%, of which 1.4% from photovoltaic) is used for lighting, the air conditioning of the buildings in the summer, and the functioning of the refrigeration and transformation plants for fermentation and bottling;

Methane: (6%) is used to heat the working environments, to produce hot water and for other minor processes;

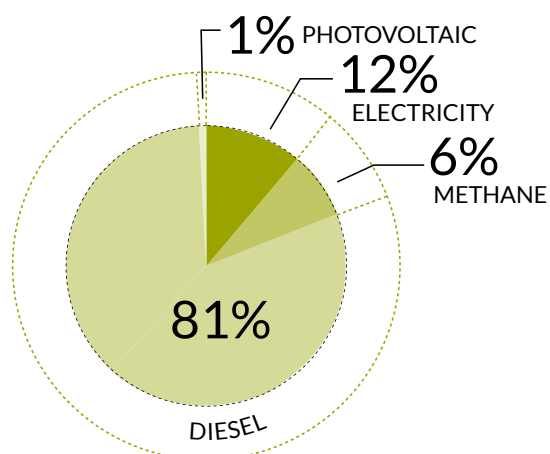
Diesel: (81%) is used to power the fleet of vehicles, in particular those used in direct agricultural and logistics activities. Part of

the energy used in the production process is generated by the company's **photovoltaic power plant**.

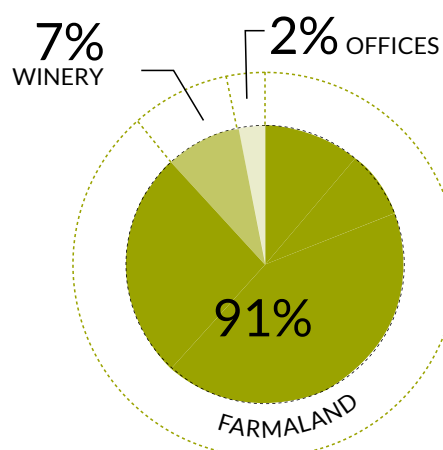
The plant is installed on the approx. 200 m² roof of one of the buildings and has a nominal capacity of **26,775 kWh**. It produced **35,004 kWh** of photovoltaic energy in 2018, of which **24,022 kWh** was exchanged onsite with the remaining energy (**10,982 kWh**) returned to the network.

As outlined in the table, a comparison of the years 2017/2018 shows how there has been a slight reduction in the amount of energy used with falls of various degrees in all energy sources.

ENERGY CONSUMPTION BY SOURCE (GJ)	2017	2018	% VARIATION
Electrical	849	764	-10%
Methane	426	343	-20%
Diesel	5375	5148	-4%
Photovoltaic	90	87	-4%
TOTAL	6740	6342	-6%



Energy consumption by source 2018



Energy consumption by primary activity 2018

An analysis of energy consumption by primary activity shows that:

- the irrigation and direct farming of fields with tractors and relative workshop activities have a significant impact on the distribution of energy consumption, accounting for around 91%;
- winery activities account for around 7% of total energy consumption;

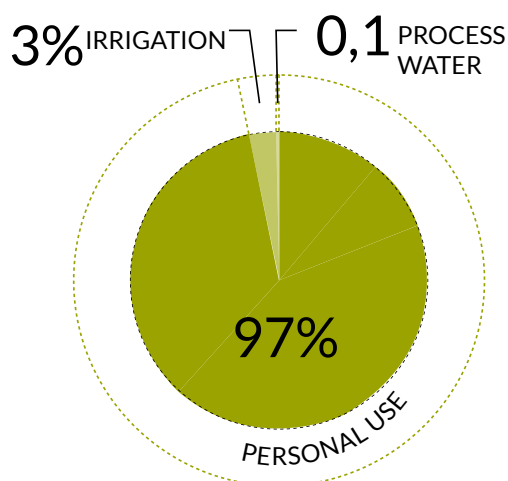
- office activities account for 2%.

Compared with 2017, the situation has remained practically unchanged. In 2018 the company purchased a new **water refrigeration system** which ensures a reduction in energy consumption and the use of pollutant gases, guaranteeing a controlled-temperature fermentation process.



WATER

Our farming activities over large expanses of land make our water consumption a relevant aspect in our environmental management activities.



Water consumption by destination 2018

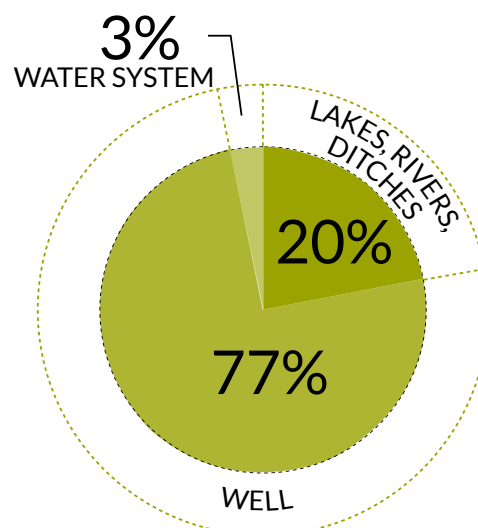
Around 97% of our water consumption comes from the irrigation of our fields. The remainder is divided between winery activities (approx. 3%) and, to an even more negligible extent, personal use.

WATER CONSUMPTION BY SOURCE (m³)	2017	2018	% VARIATION
Lakes, rivers, ditches	39,000	22,000	-44%
Well	107,800	85,000	-21%
Water system	3,648	3,537	-3
TOTAL	150,448	110,537	-27%

The water withdrawn from wells and rivers is used for irrigation; in particular, the water taken from rivers is used to irrigate organic crops (22,000 m³). The water withdrawn from the water system is mainly used as process water (bottling and washing

of farm vehicles) and for personal use in the offices. In 2018 there was a fall in water consumption compared with 2017, the main reason being the increase in rainfall during the year, and this was reflected in the quantities of water withdrawn.

In terms of water sources, **well water** represents around 77% of the total while 20% comes from rivers and just 3% from the water system.



Water consumption by source 2018



WATER CONSUMPTION BY PRIMARY ACTIVITY (m ³)	2017	2018	% VARIATION
Farmland	147,450	107,494	-27%
Winery (Bottling)	2,998	2,955	-1%
Offices	88	89	2%
TOTAL	150,448	110,537	-27%



Irrigation water never comes from the public water system.

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.

The company adopts suitable irrigation methods and criteria to reduce its water consumption:

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. Irrigation water was used almost exclusively for organic and conventional crops.

The final destination of wastewater from the winery and 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

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.

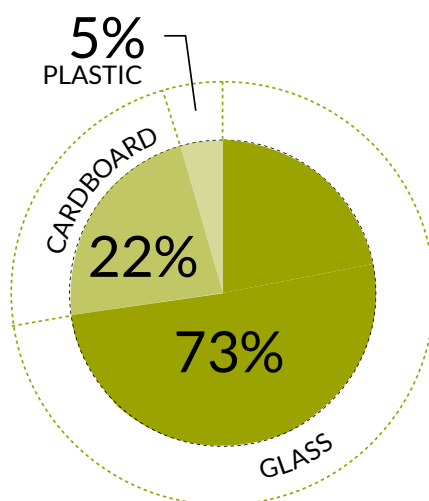
Also in the area of correct environmental management, microgranulated wine corks are

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.

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

The breakdown of packaging materials used in 2018 is as follows:



Packaging material 2018

ENERGY CONSUMPTION BY SOURCE (GJ)	2017	2018	% VARIATION
Glass	101	93	-8%
Cardboard	25	27	10%
Plastic	6	6	5%
TOTAL	132	127	-4%



WASTE

Conti degli Azzoni reuses grape harvest and processing residues (**pomace**) having suitably transformed them. After storing it in appropriate composting environments the company transformed around **171 tonnes of pomace** into **organic compost** that is then redistributed as a natural fertiliser in the organic vineyards.

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

Waste plastic, like glass and cardboard, is disposed of together 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. Special waste is also produced and, as per the regulations

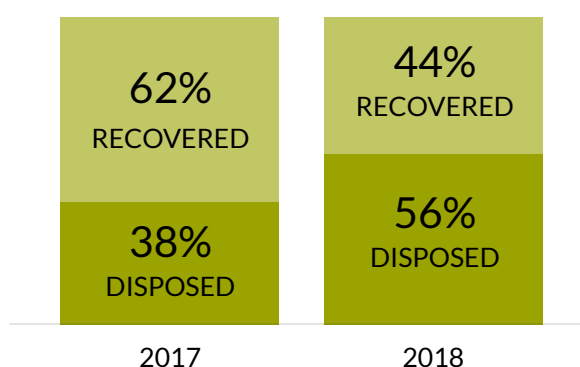
in force, is recorded in specific registers, stored in warehouses and disposed of, at least once a year, by specialist transport and/or disposal companies. The waste produced in the workshop mainly regards material handling machines and is largely made up of waste batteries, residual iron and steel materials, 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 activities generate minimal quantities of mixed material packaging and agrochemical waste. Finally, there are also office waste materials which generally consist of used printer toner. As well as the regular annual management of this waste, extraordinary waste disposal activities also take place from time to time.

MANAGEMENT	DESTINATION	2017	2018	% VARIATION
ORDINARY	Recovered	1660	2607	57%
	Disposed	2667	2078	-22%
EXTRAORDINARY*	Recovered	2750	0	-
	Disposed	1500	0	-
TOTAL		8577	4685	-

(*) 2017 saw the extraordinary disposal (recovery) of a farm vehicle that was no longer usable and the cleaning of septic tanks with the generation of sludge (disposed).

In the last two years there has been a considerable increase in waste sent for recovery compared with a decrease in waste sent for disposal.

BREAKDOWN BY DESTINATION







ECONOMIC PROFILE

*The sustainable value
of distributed wealth.*



VALUE ADDED

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 Carradori 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, in 2018 Conti degli Azzoni's total revenues came to 3.5 million euro (+ 40,000 euro versus 2017), equivalent to the combined revenues of the two companies excluding those generated by the relations between the two.

The total revenues are made up of the revenues from sales of wine, agricultural products and other products sold in the company shop (92%), AGEA-Agency for Agricultural Subsidies contributions allocated by the European Union for agricultural production in EU countries (7.6%) and photovoltaic incentives offered by the Energy Services Manager



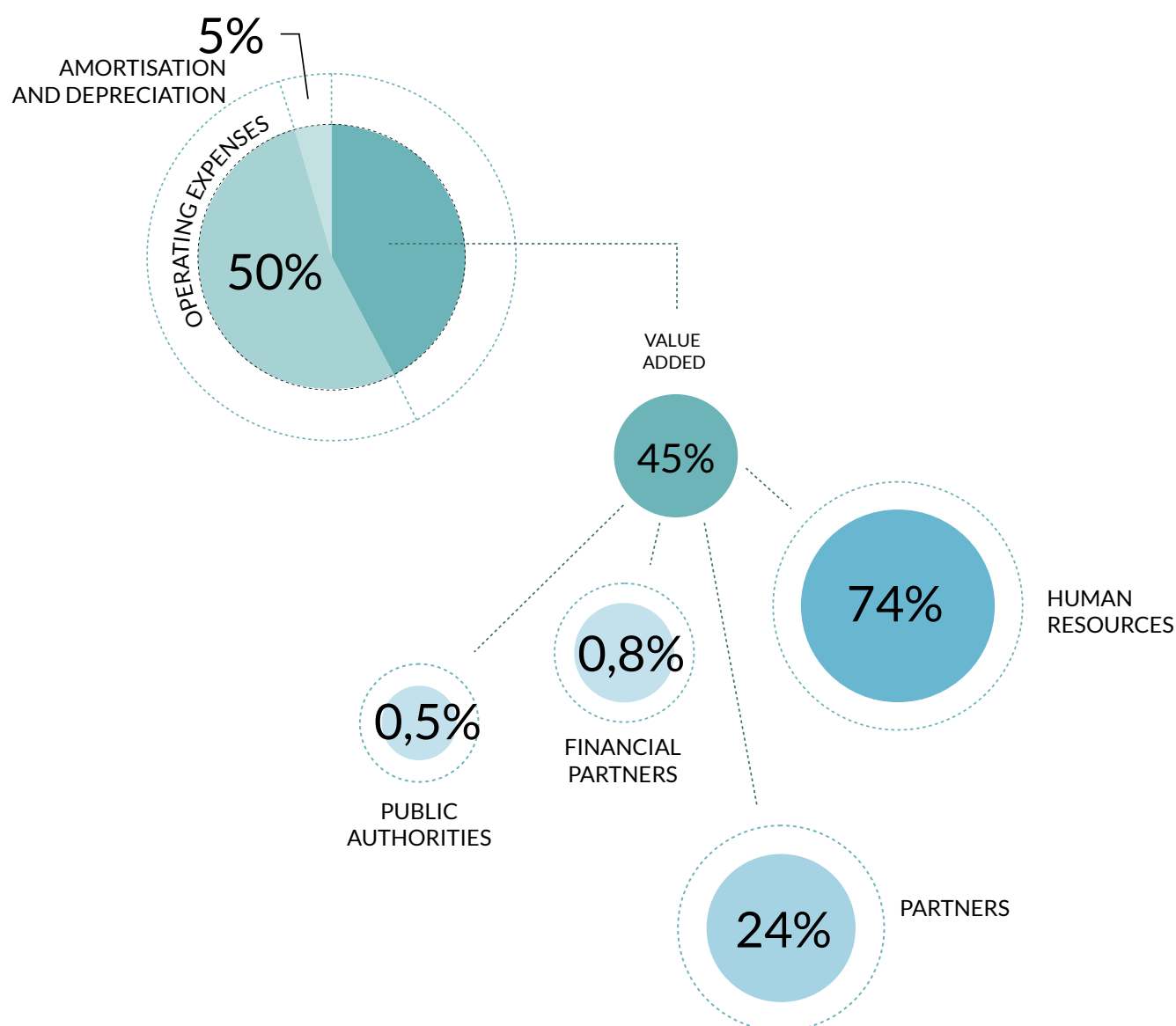
(ESM) (0.4%).

Subtracting operating expenses and depreciation and amortisation expenses, the total net Value Added generated by the company in 2018 was €1.5 million euro (45% of total revenues) and distributed to the various stakeholders as follows:

- **Human Resources (74.2%):** this includes all forms of remuneration paid for the work carried out by employees, including social and welfare

expenses, meals and transfers, and training

- **Partners (24.5%):** this includes all profits made by the company and distributed to partners including personal taxes
- **Financial partners (0.8%):** the return on capital of credit supplied by third-party financial partners in the form of interest expenses
- **Public authorities (0.5%):** total direct and indirect taxes owed to public authorities





FUTURE PROJECTS



SUPPORTING BIODIVERSITY

To strengthen its commitment to environmental sustainability, in 2019 the company will participate in sub-measure 16.1 of RDP 2014-2020 of the Region of the Marche to **support the creation and management of operating groups (OG) of the European innovation partnership (EIP) for agricultural productivity and sustainability.**

The operating group will be formed of various wine producers from different areas of the Marche, a research institute represented by the University of Milan and a communications agency, and Conti degli

Azzoni will act as leader. **The aim of the project** is to identify, for the various soils and contexts, the best soil management techniques, the best grasses to cover the soil and to allow the transit of farm machinery, and the best way of composting healthy biomass created from company sub-products that do not require energy consumption for its transportation. The overall goal is to **champion organic substance, organic fertility and the conservation of the water regime.**

CONVERSION TO ORGANIC

The company will continue to convert conventionally-farmed land to organic farming.



ACTIVE TRAINING

The company will continue to **innovate in terms of staff training**, switching from passive listening methods to the more active involvement of workers who are encouraged to express their opinions on the issues dealt with and offer suggestions for improvement. In fact, Conti degli Azzoni has shown that people feel more involved and appreciated

with this new approach and, being beneficial for both the organisation and the climate within the company, it aims to further strengthen this activity in future years. In particular, 6 on-the-job training days on the sustainable management of the soil and vineyards were planned for 2019 during which this innovative approach will be applied.

EMPLOYEE ENGAGEMENT

A positive workplace generates advantages in terms of employee satisfaction, productivity and profitability.

With this in mind, in 2019 Conti degli Azzoni will launch an **organisational climate improvement project** involving the owners and staff. The project will consist of three phases:

- a first phase to analyse the working environment through interviews and questionnaires
- a second organisational-decision-making phase which will identify how to address any problems that emerge
- a third phase in which the decisions taken will be implemented



PROMOTING SUSTAINABILITY

Conti degli Azzoni will continue to promote and raise awareness of sustainability particularly in the agri-food sector through its participation in

initiatives and events organised at both regional and national level.

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:

***Azienda Agraria degli Azzoni Avogadro Carradori s.s. soc. agr.
Corso Carradori, 13 - 62010 Montefano (MC)
sustainability@degliazzoni.it - www.degliazzoni.it***

*Thank you for dedicating your time to us. We look forward to hearing your thoughts.
The 2018 Sustainability Report can be downloaded from the company website.*

METHODOLOGICAL SUPPORT

Network Advisory Srl
www.networkadvisory.eu

TECHNICAL SUPPORT CARBON FOOTPRINT AND BIOPASS

Studio Agronomico Sata
www.agronomisata.it

GRAPHICS AND PAGE LAYOUT

Dream Advertising s.n.c.
www.dreamadv.it

COMMUNICATION PROJECT

MultiMedia
www.multimediamilano.it

PRINTING

DIGITECH s.r.l.
www.digitechsrl.it

CONTI DEGLI AZZONI
www.degliazzoni.it