

SOCIAL REPORT 2020

COMMUNITY AT THE CENTER.



**CONAD**  
ADRIATICO



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**Our being "square"  
from time immemorial, has  
manifested itself in all its  
scope  
in this year marked by the  
pandemic: we are  
And we will continue to  
serve communities.**





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Together to  
meet the  
challenge of  
restarting.





## antonio di ferdinando

### managing director

We at Conad Adriatico have been a **community** of people serving many **communities** for almost 50 years. In these years of passionate work, we have acquired a role and responsibilities - recognized in all the areas in which we operate - that go beyond the commercial aspects. In a difficult 2020 for everyone, grappling with an unimaginable event such as Covid 19, which has brought enormous suffering and concern, the social role of the Cooperative has emerged in all its evidence. Our values, our determination and the organization we have built have made it possible to stay close to people, to give them courage and help, beyond our work. Every member, every collaborator has been asked to work overtime in situations of objective difficulty, in order to guarantee a vital service to the territories, such as the continuous availability of foodstuffs. We have gone much further, ensuring particular attention to situations of greater suffering, to the most fragile people. Social distancing and travel restrictions, necessary to combat the spread of the virus, have significantly changed the consumption choices of Italian families. People have turned more to points of sale located close to their homes, with the result of a general re-discovery of the function - also social - of the food chain.

- of small stores.

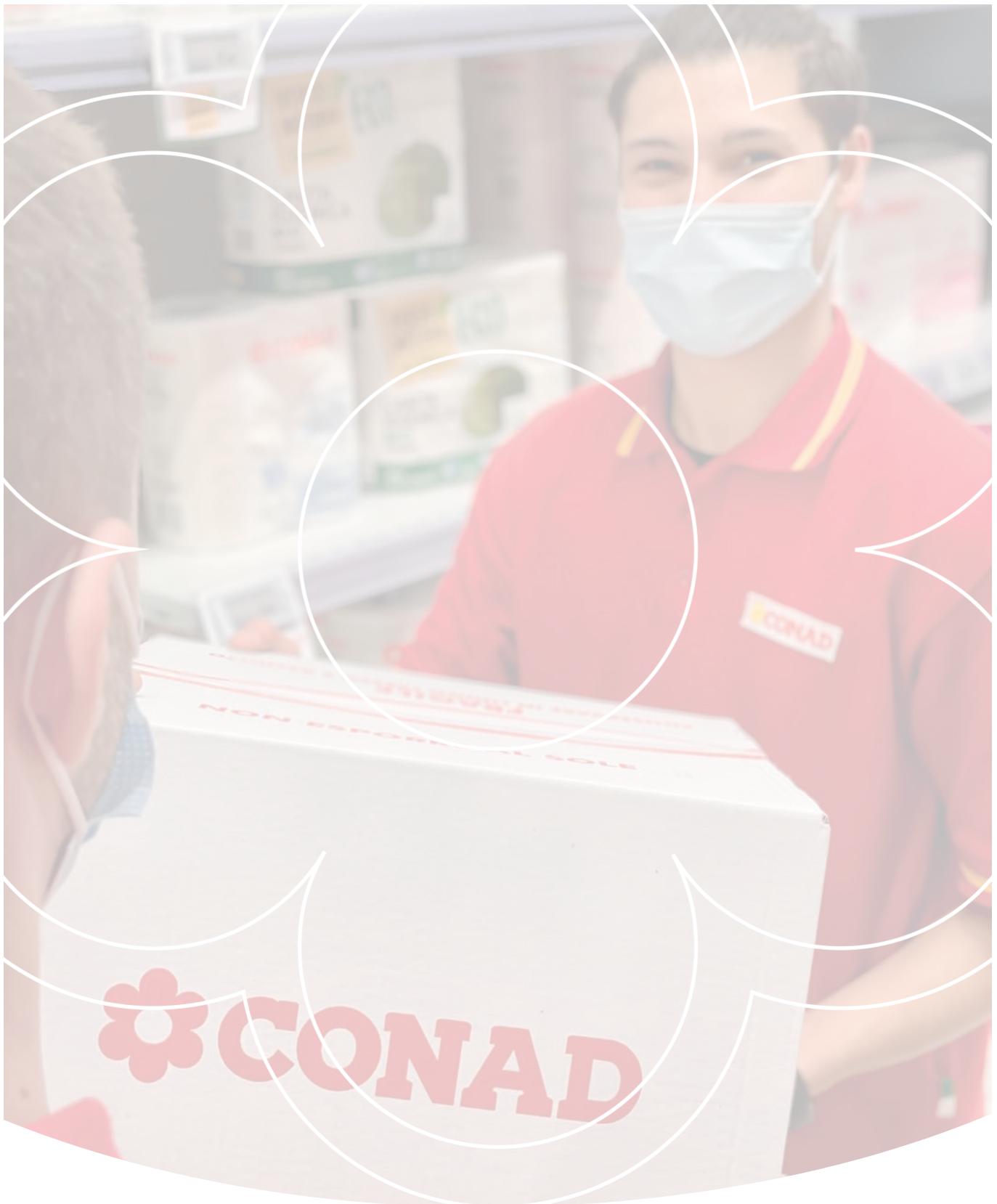
On the other hand, establishments located outside urban centers have suffered most. In addition, customers were less inclined to purchase promotional goods and more interested in basic food and pantry products, purchased in large quantities. Finally, the number of online purchases and home delivery requests has more than doubled. In this scenario, Conad Adriatico members and their staff have always been able to meet customers' needs. First of all, by guaranteeing their safety in the stores by adopting extraordinary measures, ensuring that shopping remains, as far as possible, a "normal thing". Then, in terms of assortment, by greatly revising the type and quantity of products on the shelves, in order to

meet major changes in demand. We have been able to do this well because for us, knowing and serving our customers is an everyday commitment, and even more so in the difficult and uncertain situation that has characterized almost the entire year 2020. Our stores, large and small, have been an important point of reference for the territory. Once the health emergency is over, we will have to deal with the economic consequences of this dramatic crisis, which is already reducing purchasing power. Moving ahead, we have identified a series of strategic levers to address the new scenario and thus limit the negative impact on the Cooperative's businesses. It will become increasingly important for us to respond to consumers' demand for proximity, also by offering new services. For this reason, it is essential that we continue to guarantee our clients moments that combine safety and a sense of **community**.

It is also very important to invest in the reorganization of our network following the new business models, to make the e-commerce channel profitable and to develop more and more the themes of quality, Italianness, environmental, social and economic sustainability. **Digitization, omnichannel and sustainability** are the watchwords of the present and the near future of organized distribution. Complex challenges, in uncertain scenarios, that we are ready to face with the strength of the skills that we have developed over time, and even more so in the last year, and the trust that our Cooperative and our brand have been able to gain. In difficult times, in order to live up to the expectations of consumers, it is necessary to be flexible and reactive, whatever the activity, especially for those who, like us, operate in the large-scale retail trade.

We have a wealth of credibility and trust that must be continuously nurtured, with work and investment, especially in digital technologies. Conad Adriatico is working in this direction: we are and will always be close to the **community**, we are and will always be more "people than things".

# 01. Identity



# About us

**A business composed of retail entrepreneurs, each of whom retains its independence, but at the same time it benefits from the strength and network that characterize the Cooperative.**

This is Conad Adriatico, protagonist of the retail distribution of consumer products in the regions of the middle and lower Adriatic (from the southernmost part of the Marche - the provinces of Ascoli Piceno, Fermo, Macerata, Ancona city and some municipalities of the province - to Abruzzo, from Molise to Puglia, up to Basilicata), as well as in the Balkan markets (Albania and Kosovo). A well-established presence in these territories, thanks to the commitment and tenacity put into every day in the field by 284 entrepreneur members through points 443 of sale (439, plus distribution facilities<sup>3</sup>)



of fuels and a PetStore). The Cooperative assures continuity to the attendance of the families in the points of sale and supplies them only with quality products, thanks also to the careful selection of the suppliers (towards the which has acquired the standing of a reliable and authoritative interlocutor), which are mostly local. A strategy that offers answers and creates wealth in the areas where Conad Adriatico is present. Alongside this function is the more properly social, made of attention to employees, to the community, to the creation of wealth, to the protection of the environment, with an authority recognized when It is a question of addressing the issues of large-scale distribution at institutional tables.

## Origins

The foundation of Conad Adriatico dates back to 1972, when 22 merchants decided to put their energies and skills together to give birth to to a reality whose values have remained unchanged over this period of time: cooperation, team spirit, attention to the person, customer satisfaction. Remembering the origins is important because we are talking about a historical period in which there was no widespread culture of aggregation, however unique as that of a Cooperative. At that time,

## For years 50 together

### years 1970

**Aries** of Porto S. Giorgio, in the province of Ascoli Piceno (1972)

**Gasb** > San Benedetto's alimentary group of S. Benedetto del Tronto, in the province of Ascoli Piceno (1972)

**Grap** > Picenum food group of Ascoli Piceno (1973)

The fusion between Aries, Gasb and Grap gives origin to Conad Piceno based in Moresco, in the province of Ascoli Piceno (1978).

### years 1980

Transfer of the head office to Monsampolo del Tronto, in the province of Ascoli Piceno (1984)

### years 1990

Transformation of **Conad Piceno** in **Conad Adriatico** (1995)

### years 2000

Acquisition of the **Despar Group** and **Coop Abruzzo** (2000)

Conad Adriatico enters the Albanian market (2006)



## years 2010

Realization of the **Piazza della Cooperazione** in the headquarters of the Cooperative in Monsampolo del Tronto (2011)

Opening of the **Fish Warehouse** in Pescara (2011)

Acquisition of **Billa** points of sale (2012)

Inauguration of the **Polo del Freddo** in San Salvo (Chieti) (2012)

Revision of the **logistic structure** (2013)

Point of sale acquisition **Sisa North Central** (2017)

Restructuring and upgrading of assortments of **miscellaneous goods warehouse** of Monsampolo del Tronto (2019)

Takeover of the commercial management of **Finiper** hypermarkets<sup>4</sup> following an agreement between Conad and the Group Finiper (2019)

First sign changes following acquisition of **Auchan** stores (2019)

(2020)

it was difficult to give up something in order to aim for a goal that was greater than the sum of the individual parts.

That of Conad Adriatico is a story that comes from afar, that proposes itself also as an example for the new generations of entrepreneurs who live the Cooperative as a part of themselves, linked to the tradition of an ancient craft that looks to the future with the ability to intercept changes in demand, supply, logistics and communication tools.

### The centrality of the Partner

The Entrepreneurial Partner has a central role and with his activity and ideas he contributes to the development of Conad Adriatico. It plays a multifaceted role because at the moment in which it chooses to associate, it brings together in itself the figure of the trader, the entrepreneur and the cooperator. Identities that come together in the experience and membership of a movement that has been able to build and confirm success in all market cycles that have characterized this half century of

## years 2020

Innovated the channel of large retail outlets by inserting the **Spazio Conad** sign (2020)

Acquisition of ex **Dico** points of sale in Puglia



activities. The member is an entrepreneur in the deepest meaning of the term, which derives from the Latin word "prahendere" that means "to take upon oneself", "to take charge". And as an entrepreneur adhering to a Cooperative, each of his actions is a social fact and

not simply personal, to share with other members. Whether it is a matter of listening to and responding to the needs of clients, or of managing one's own business in the best possible way in order to make it profitable, thus also contributing to the development of the Cooperative. Without losing sight of legitimate interests - economic and social - of the people with whom the Partner creates a relationship. A social role, that of the

entrepreneurial Partner, which is expressed on a daily basis at the service of the community in which it operates and which contributes to grow through their own point of sale, which stands as a constant reference for citizens, the neighborhood, the country. A point of sale that aggregates, that is a credible reference, that feeds trust, that is a protagonist of economic, cultural and social life.



# The Conad System

**Adriatic Conad  
is a Cooperative company  
part of Conad (acronym of  
Consorzio Nazionale  
Dettaglianti), the most  
important  
wide organization  
of independent retail  
entrepreneurs  
retail present on the  
Italian territory.**

A Consortium that lives with hand the delicate situation that the country is facing and is committed daily to offer answers to the needs of families and market changes. The history of Conad originates from the initiative of a group of small retailers who, between the end of the fifties and the beginning of the sixties, driven by the desire to emancipate themselves from the power of the wholesalers, decided to join forces to face the market together. They founded the first Cooperative Purchasing Groups, then joined other similar experiences that were being born a bit all over the country and the 13 May in 1962, Bologna, they signed the constitutive act of Conad - Consorzio Nazionale Dettaglianti. Conad has an organizational model on three levels:

- the Members who own the points of sale (2,348 at the end of 2020), who are entrepreneurs associated with the Cooperative;

- Cooperatives5, which operate in the different areas of the country supporting the associated entrepreneurs and coordinating the commercial activity at territorial level, through services Administrative, commercial, logistical and financial;
- the National Consortium of Cooperatives, which acts as a central purchasing and services hub, is responsible for strategic planning, marketing and communication activities for the entire system, as well as the production, promotion and development of the distributor brand.

The latter was one of the promoters of AgeCore, Europe's largest alliance of independent retailers: more than 22,000 points of sale scattered throughout the Old Continent, which develop a total turnover of around billion 157 euros.

Among the advantages offered by the partnership is, on the one hand, the possibility of ensuring greater value to customers, thanks to a wider and more convenient range of products; on the other hand, the opportunity to open up new market outlets for Italian agricultural and food products. The has 2020 been a very important year for the Conad system, that after having completed the integration between Conad del Tirreno and Nordiconad, from which Conad Nord Ovest took shape, has seen the integration of Conad Sicilia within PAC A2000. Choices that have allowed to the Consortium to accelerate the growth path, which has led Conad to become the first chain of large-scale retail trade, a consolidated positioning in the with 2020 the conclusion of the acquisition of Auchan.





## The Conad system in the 2020



 <b>2,91</b> Aggregate net equity (billion euros)	 <b>15,01%</b> Share Italy
 <b>3.305</b> Selling points (+98 vs 2019)	 <b>2.411.220 sqm</b> Sales area (+12.4% vs 2019)
 <b>2.348</b> Members (+58 vs 2019)	 <b>65.772</b> Employees (+8,273 vs 2019)
 <b>23,5%</b> Share supermarkets	 <b>30,9%</b> MDD share in the smk channel

# Values and Value Conad community

In the way of being and doing the entrepreneur there are values of Conad Adriatico. Guiding values that are never empty words, but describe the daily work, guide in difficult decisions, make responsible all those who are involved. Interpreters. Values intact after almost half a century of life of the Cooperative, solid and indispensable roots of its way of being and working in the market.

## Cooperation

The distinctive trait of a Cooperative enterprise, what distinguishes it from a capital enterprise, is the ability to cooperate, to provide answers and meet the needs of the Members.

Conad Adriatico designs and provides services to develop, creates new members through support programs, contributes to the development of the Cooperative thanks to common projects shared by the members.

## Ethics

Ethics means fairness in relationships, respect for work and commitment, attention that there is no exploitation, abuse, dishonesty. It is the expression of a modus operandi that characterizes the activity of the Cooperative in the choice of the suppliers and in the choice products, as well as in the relationship with its Members, its customers and its collaborators.

## Innovation

The research and practice of innovation is a constant concern of Conad Adriatico. In this way the Cooperative is able to differentiate itself competitively from other realities in the area and, above all, allows it to make available to members and customers services and tools that are always at the forefront. But also to think in terms of development, becoming an industry benchmark.



## Professionalism

Professionalism guarantees the quality of the services, allows to nurture the development and to confirm the loyalty of the partner and the customer over time. Conad Adriatico pursues this objective with the adoption of management methodologies that combine strategic thinking and operations, accompanied by an appropriate selection of human resources and the training of employees, as well as adequate attention to their growth.

## People satisfaction

Attention to the welfare of employees is considered and pursued as a fundamental value, because the quality of life in the company depends on it, the possibility for staff to find in the workplace also a place of satisfaction. Satisfaction that can translate into a better quality of services to the benefit of the company itself, its shareholders, customers and the community.

## Team spirit

Conad Adriatico has built its history and outlined its future on a true team spirit. Making each person aware to be an integral part of a system that nurtures ambitious goals because you make her feel competent, informed and secure in her daily "doing" she contributes to a common result made of respect for others, desire to build together, knowing how to put in second place personal beliefs and interests.



# The governance of the Cooperative

## Mission

Develop the cooperative model among independent merchants.

## Vision

To be a Cooperative, the result of the voluntary association of independent commercial entrepreneurs, able to meet customer expectations and play a primary social and economic role.

## The governance of the Cooperative

Corporate "good governance" is of fundamental importance because it enables clear rules to be set about the operation of the business and to implement governance structures that work in the best interests of the company.

It therefore represents an added value to ensure sustainable growth and long-term value creation. A vision that has always been applied in Conad Adriatico in which efficient governance is combined with an evolved concept of responsibility, making it a sustainable enterprise and contributing to the economic success of the Cooperative and to its development socio-economic of the territories in which it operates.

## Members' Meeting

It resolves on the appointment and dismissal of the members of the Board of Directors and the Board of Statutory Auditors, on their remuneration and responsibilities; on the approval of the annual financial statements and on the allocation of profits; on amendments to the Articles of Association and regulations.

## Board of Directors

It deals with ordinary administration and extraordinary of the Cooperative; definition and application of the rules of governance of the Cooperative; definition of strategic lines of development. Verification of the management trend.

## The President

He convenes the board, sets the agenda, and coordinates and directs its activities. Since June, the 2020role has been held by Nicola Fossemò. He started his career in the retail trade in his family's business, and then joined Conad Adriatico as Sales Point Manager. In the year he 2004became a Conad Partner, currently managing four points of sale on the Teramo coast.

## Chief Executive Officer

The Chief Executive Officer shall receive his or her authority from the Board of Directors of which he or she is a member.

Since the board of directors is responsible for the most important functions in terms of Of strategic choices and control over executives, the delegation of these tasks to the Managing Director makes the latter the central figure of the company in terms of decision-making, responsibility and also image. Moreover, the Managing Director must periodically report to the board of the Board of Directors on the most significant transactions carried out by the company, on the general performance of operations and on expected developments.

## The General Manager

The general manager is responsible for organizing the company and setting development policies in the medium and long term, as well as to ensure the proper performance of the activities of the company's management and take a number of decisions capable of influencing every aspect of it. deliberated by the board of directors.

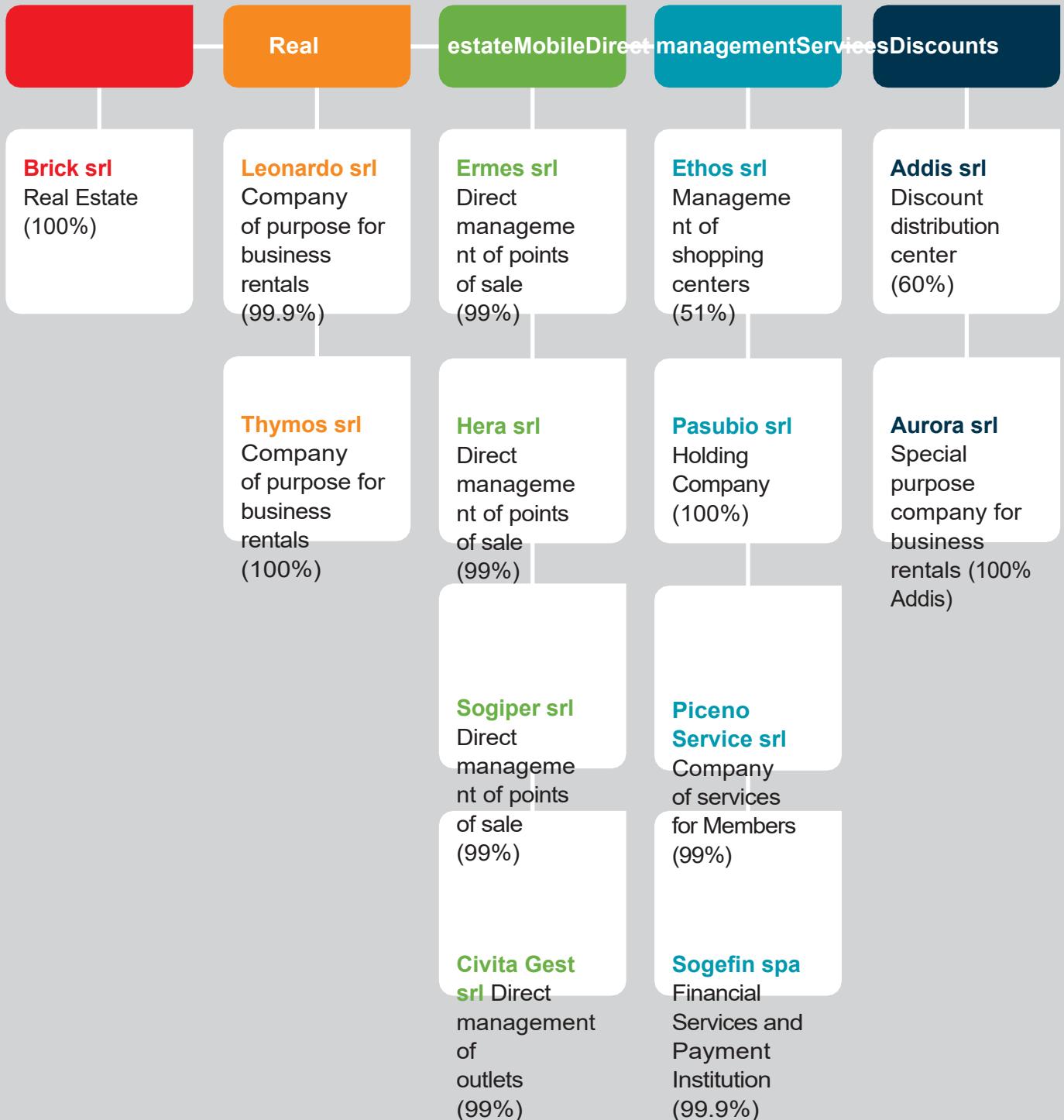
## Board of Auditors

It supervises compliance with the law and the memorandum of association, the principles of correct administration, the adequacy of the organisational structure for the aspects of internal control and the administrative-accounting system, on how to implement the governance rules in practice. He was appointed by the Assembly of Members on June 72020.

Bodies and figures that operate in a choral way, allowing the internal circulation of knowledge in different areas of activity and thus reducing Factors that could limit governance autonomy, such as regulations, innovation, communication, and changes in customer buying behavior or the advent of new forms of distribution, with inevitable impacts on the strategies to be implemented.

# Group companies

Conad Adriatico operates through the following subsidiaries:







# The corporate structure

Empowering the Cooperative's identity and its distinctiveness in the market. An objective that in Conad Adriatico is achieved through a strong attention to transparency, the pillar on which Conad Adriatico has built its business project, and to human capital, understood as a synthesis of knowledge and skills. that underlie the Cooperative's strategic development. Implicating on the latter front as well a meticulous work declined on several fronts: training of Members and collaborators; attraction of new Cooperative entrepreneurship; sharing of values from which to inspire daily work.



## Board of Directors

### President

Nicola Fossemò

### Vice Presidents

Vincenzo Odorisio  
Lauro Orsini

### Managing Director and General Manager

Antonio Di Ferdinando

### Directors

Francesco Avanzini  
Antonio Di Maggio  
Loredana Di Sante  
Flavio Giuseppe Fanuli  
Emidio Foglia  
Claudio Gallucci  
Oddo Matricardi  
Roberto Panfili  
Paolo Piombaroli  
Giuseppina Raspa  
Lucia Rota  
Fernando Vantaggiato

## Board of Statutory

### Auditors Chairman

Sergio Luigi Cerioli

### Statutory Auditors

Giorgio Magnanelli  
Massimo Mancinelli

### Alternate Auditors

Catia Santori  
Giancarlo Grossi

## Cooperative Structure

CORPORATE FUNCTION	MISSION
<b>General Affairs</b> <b>Cristina Matricardi</b>	<ul style="list-style-type: none"> <li>The role holder is responsible for the management of judicial and extrajudicial legal disputes, for the Cooperative and group companies. He/she assists the corporate functions in the correct setting of contractual agreements and in legal relations with third parties.</li> <li>Monitors the proper implementation of decisions made by the Steering Committee.</li> <li>Has responsibility for the proper application of the data processing system (Privacy) in compliance with regulations.</li> </ul>
<b>Management control</b> <b>Giorgio Langella</b>	<ul style="list-style-type: none"> <li>The role holder is responsible for coordinating the planning, scheduling (budget) and periodic controls processes.</li> <li>Responsible for analyzing variances and making proposals to optimize the economic and managerial performance of the Cooperative, the Special Purpose Entities and the sales network.</li> </ul>
<b>Commercial and marketing</b> <b>Federico Stanghetta</b>	<ul style="list-style-type: none"> <li>In accordance with category management criteria, the role holder is responsible for the purchasing, sales and commercial margin of Conad Adriatico.</li> <li>Has responsibility for collections and the "theoretical" margin of the associated sales network, maximizing the achievement of financial results.</li> <li>Has responsibility for all marketing and mass outreach activities, as well as innovation in direct-to-customer communication processes.</li> </ul>
<b>Sales network attraction</b> <b>Giuseppe Rocchio</b>	<ul style="list-style-type: none"> <li>The role holder is responsible for defining the positioning of Conad Adriatico's attraction sales network.</li> <li>Collaborates with the Sales Manager in defining assortments, pricing and promotions.</li> <li>Ensures constant monitoring of positioning and intervenes with corrective actions in the face of deviations in order to guarantee the achievement of revenue and operating results targets for the points of sale.</li> <li>The role holder collaborates on the definition and implementation of new store openings and/or renovations.</li> </ul>
<b>Walter Boccuni proximity sales network</b>	<ul style="list-style-type: none"> <li>The role holder is responsible for defining the positioning of Conad Adriatico's proximity sales network.</li> <li>Has responsibility for the management and financial performance of the discount channel.</li> <li>Collaborates with the Sales Manager in defining assortments, pricing and promotions.</li> <li>Ensures constant monitoring of positioning and intervenes with corrective actions in the face of deviations in order to guarantee the achievement of revenue and operating results targets for the points of sale.</li> <li>The role holder collaborates on the definition and implementation of new store openings and/or renovations.</li> </ul>
<b>I.C.T and Supply Chain</b> <b>Mirco Papili</b>	<ul style="list-style-type: none"> <li>The incumbent is responsible for ensuring the proper operation and innovation of the company's information systems and telecommunications networks across the group.</li> <li>Provides IT service and support to stores.</li> <li>He is responsible for the management of the company's logistics systems, ensures the efficiency of the organization of the entire distribution network, ensuring cost optimization.</li> <li>Ensures the goods reorder process by meeting business strategies and optimizing logistics performance.</li> </ul>
<b>Development, Heritage and Shopping Centers</b> <b>Lucia Grandoni</b>	<ul style="list-style-type: none"> <li>-The role holder is responsible for the development of market share and development of the sales network in the territory of Conad Adriatico.</li> <li>-Has responsibility for managing the procurement of new investments and monitoring the proper implementation of approved projects.</li> <li>-Has responsibility for ordinary and extraordinary maintenance and procurement of goods and services to ensure appropriate standards of efficiency and cost optimization of the group's assets.</li> <li>-Has responsibility for taking care of the leasing, management and enhancement of entrusted commercial galleries, increasing property yields and attractiveness to operators and customers.</li> </ul>
<b>Administration and Finance</b> <b>Alexander Treasure</b>	<ul style="list-style-type: none"> <li>The Position Holder is responsible for identifying and proposing budget guidelines and policies.</li> <li>Ensures the correct application of contractual and administrative procedures, in compliance with civil and fiscal law, for Conad Adriatico and its subsidiaries.</li> <li>Has responsibility for managing the group's financial policies, treasury services and payment systems.</li> <li>It is responsible for business consulting and the correct application of administrative procedures of civil and fiscal regulations for the Members who use the Service.</li> </ul>
<b>Human Resources</b> <b>Lino Fioravanti</b>	<ul style="list-style-type: none"> <li>The incumbent is responsible for defining company organization, staff sizing, management policies, training activities, human resources development, policies remuneration, personnel costs, trade union relations and personnel administration for Conad Adriatico and its subsidiaries.</li> <li>Has responsibility for labor consulting, personnel administration and labor relations for Members using the Service.</li> <li>Has responsibility for the proper implementation of workplace safety, quality, sanitation and food safety standards and procedures.</li> </ul>



## The multichannel network

**The pandemic has accelerated the trend of using of digital and more generally to a multichannel approach by customers.**

In fact it is diminished a lot the attendance of the stores, passed from the 1,45 to the 1,18 during the pandemic and customers then, on average, focused on a flagship store increasing their average spend. The online channel is growing, with an increasing number of consumers using the online for their purchases and who are looking for more points of contact with companies, both when buying and when searching for product information.

According to a research conducted by the Multichannel Observatory, promoted by the School of Management of the Politecnico di Milano and Nielsen, in the Italian multichannel 2020 consumers, the users who use e-commerce services or for whom digital plays a role in their purchasing path, have reached millions 46,5. A number growing by millions 2,6 compared to the previous year (+6%). A challenge to which even the large-scale retail trade is called to respond in a proactive and flexible way, in particular by renewing the role of physical stores, which must be integrated with digital channels to ensure continuity, and improving the customer experience through a mix of innovation and customer proximity. A proximity understood as the ability to take care of the relationship with the consumer, but also of offer a network that is as comprehensive as possible and capable of responding to new needs. The travel restrictions imposed by the health emergency

have in fact led consumers to choose the points of sale in which to do their shopping on the basis of the proximity to one's own home, therefore with a rediscovery of small and neighborhood stores. New trends to which Conad Adriatico is able to respond successfully thanks to a sales network that integrates different distribution formats, by functions, vocation and size, but which are united by the objective of responding effectively to the needs of the customer, in terms of quality of the offer and convenience in spending. The Cooperative's offer focuses in particular on clearly recognizable points of sale with homogeneous assortments, where great attention is paid to customer relations. A strong point is also the capillarity on the territory. In fact, the sign is present in numerous municipalities, from the largest to the largest. smaller, also located in areas where the economic value generated is minimal compared to the great value of their social function. In total, the Cooperative operates through points 443 of sale, covering an area of 363,826 square meters, with specific layouts for sales formats, wide and homogeneous assortments, which are distinguished by the Italian character of the products and the proposal of local food excellence. This is a sales network capable of adapting flexibly to the new consumption habits determined by the pandemic. Among the trends that have been emerging, for example, is the greater use of free service products, a behavior dictated both by a prudent attitude in search of distance and safety, but also by the search for greater product shelf life linked to the need to stock up. A trend that emerged in the first phase of the health emergency, and then established itself in the following months, to which the Cooperative responded by adapting the assortments also in the proximity channel, moving them towards Self Service.



	<b>Points of sale (no.)</b>	<b>Average surface (sqm)</b>	<b>Product assortment (n.)</b>	<b>Definition</b>
<b>Conad Space</b>	<b>24</b>	<b>4.723</b>	<b>16.000/19.000</b>	It is the true evolution of the traditional hypermarket transformed into a new experience: a convenient, complete and functional offer.
<b>Conad Superstore</b>	<b>17</b>	<b>1.623</b>	<b>10.500/12.000</b>	It combines the convenience factor - the practicality of shopping close to home - with the completeness of the assortment and services typical of a commercial area.
<b>Conad</b>	<b>168</b>	<b>878</b>	<b>7.000/8.500</b>	The "heart" of the Cooperative's network, in terms of importance of turnover and because it combines the spirit of easy, complete, fast traditional shopping.
<b>Conad City</b>	<b>124</b>	<b>343</b>	<b>4.500/5.500</b>	Present in central areas, dedicated to daily shopping and weekly completion.
<b>Margherita Conad</b>	<b>31</b>	<b>191</b>	<b>1.500</b>	They are the traditional format from which Conad's adventure in the panorama of national distribution is being launched, intended for quick, everyday shopping.
<b>Todis</b>	<b>58</b>	<b>565</b>	<b>2.000/3.000</b>	The quality discount store, which abandons the image of the spartan point of sale to focus on the quality of products and service.
<b>Food</b>	<b>17</b>	<b>till 250</b>	<b>800/1.200</b>	It is the sign that was born in the late '80s, the small store with its function and tradition for everyday shopping, from fresh to small groceries.
<b>PetStore</b>	<b>1</b>	<b>250/500</b>	<b>5.000/8.000</b>	The last born of Conad, dedicated to pets. Two surfaces, with a defined quantity of products (4 thousand for the smaller format, 5 thousand for the larger one), promotional activities and specific services.
<b>Fuel distributor</b>	<b>3</b>	<b>1.773</b>	<b>-</b>	The solution that brings convenience to motorists in an item that weighs more in the family budget and acts as a ballast on competitors' prices.

The sales network is complemented by other concepts that respond to new patterns and consumption needs:

**7 Self Conad** The **24** convenience of self-service beyond the closing time of other stores.

**27 Parapharmacies** The convenience and assistance of registered professional pharmacists, with the same qualification as their colleagues working in traditional pharmacies.

**11 Ottico** The best of professionalism and the best of the market in the name of convenience.

**2 ConceptFor** the nutrition and well-being of pets.



# Points of sale

<b>Brands</b>	<b>Pdv (no.)</b>	<b>Superf. (sqm)</b>
Conad Space	7	28.720
Conad Superstore	1	2.545
Conad	24	22.644
Conad City	24	9.133
Margherita Conad	7	1.340
Todis	3	1.941
Food	9	1.125
PetStore	-	-
Fuel stations	-	-
<b>Total</b>	<b>75</b>	<b>67.448</b>

<b>Abruzzo</b>	<b>Pdv (no.)</b>	<b>Superf. (sqm)</b>
Conad Space	8	42.862
Conad Superstore	3	7.040
Conad	60	56.051
Conad City	27	9.689
Margherita Conad	12	2.319
Todis	29	19.230
Food	5	795
PetStore	1	330
Fuel stations	2	2.920
<b>Total</b>	<b>147</b>	<b>141.236</b>

<b>Molise</b>	<b>Pdv (no.)</b>	<b>Superf. (sqm)</b>
Conad Space	2	8.136
Conad Superstore	-	-
Conad	3	3.836
Conad City	3	1.693
Margherita Conad	5	835
Todis	2	1.070
Food	1	150
PetStore	-	-
Fuel stations	1	2.400
<b>Total</b>	<b>17</b>	<b>18.120</b>

**443**  
Selling points

**219**  
Municipalities

**18**  
Provinces

**5**  
Regions

**2**  
Foreign countries  
(in 12 cities)

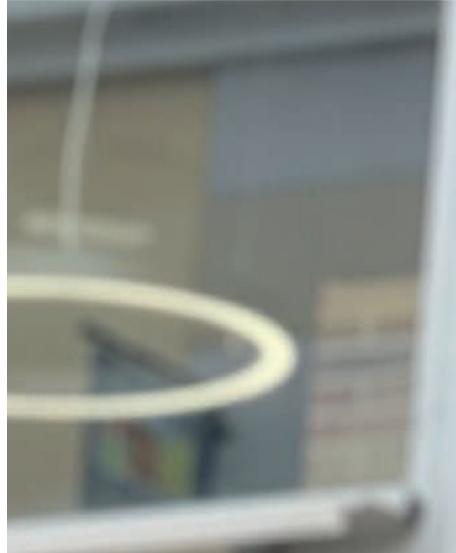
<b>Basilicata</b>	<b>Pdv (no.)</b>	<b>Superf. (sqm)</b>
Conad Space	-	-
Conad Superstore	-	-
Conad	3	3.106
Conad City	3	810
Margherita Conad	1	100
Todis	-	-
Food	-	-
PetStore	-	-
Fuel stations	-	-
<b>Total</b>	<b>7</b>	<b>4.016</b>

<b>Apulia</b>	<b>Pdv (no.)</b>	<b>Superf. (sqm)</b>
Conad Space	7	32.995
Conad Superstore	13	18.013
Conad	42	30.487
Conad City	67	21.440
Margherita Conad	6	1.210
Todis	24	10.973
Food	2	310
PetStore	-	-
Fuel stations	-	-
<b>Total</b>	<b>161</b>	<b>115.428</b>

<b>Albania Kosovo</b>	<b>Pdv (no.)</b>	<b>Superf. (sqm)</b>
Conad Space	-	-
Conad Superstore	-	-
Conad	36	17.578
Conad City	-	-
Margherita Conad	-	-
Todis	-	-
Food	-	-
PetStore	-	-
Distributors carburetors	-	-
<b>Total</b>	<b>36</b>	<b>17.578</b>







**ONAD**  
SUPERSTORE  
*hVenuTi*  
supermerca





# Logistics

**Efficient logistics allow you to achieve some of the priority objectives of those who do companies: optimizing available resources, avoiding waste with benefits in terms of time and budget, finally meet customer requests quickly.**

The result is the ability to make a difference even within highly competitive sectors such as large-scale retail trade. Structure, investment capacity and orientation towards innovation are the main features that make of the logistics of Conad Adriatico a model of integrated Supply Chain able to synchronize at best the flows between warehouses and points of sale on all temperature ranges. With the result of being able to move efficiently each year about millions 188 of parcels of goods between entry, transfer and output, thanks to a structure composed of poles 8 for about thousand 103 square meters, from Marche to Abruzzo, from Puglia to Albania. The logistics chain is a process that lends itself to continuous improvements and so, after a careful reading of the market, Conad Adriatico has decided to put a new action to improve the efficiency of the warehouses and bring them closer to the points of sale, containing handling and transport costs with a consequent reduction in CO<sub>2</sub> emissions. Alongside the logistics hub of San Salvo, small peripheral warehouses have been "hooked up"; Surbo (Le), Monsampolo del Tronto (AP), Rutigliano (Ba),

Popoli (Pe), Pescara and Soleto (Le). The latter has become the Pole of cold dedicated to the supply of points of sale in the regions of southern Italy served by by the Cooperative. The assortment of fruit and vegetables in the Monsampolo del Tronto warehouse 2020 was expanded, reference point for northern areas, and the "historic" warehouse for various goods was upgraded. The warehouse in Popoli, destined to manage products for Todis discount stores, became the central warehouse of this sales channel. Information technology plays a decisive role in the management of the logistic process, since it allows the application of procedures aimed at improving the efficiency and quality of the service by integrating the operations on the entire supply chain of the products. The order system is managed through software tools capable of leading to a significant reduction of warehouse stocks and maximize the level of service provided to Members. Just from the integration between the processes of product purchase and delivery to the point of sale or in the peripheral warehouses close to the point of sale, there is a significant reduction in kilometers travelled and therefore in fuel consumption and pollution. Below are the characteristics of the main structures that oversee the logistics of the Cooperative.

## **San Salvo (Chieti)**

The integrated logistic pole of San Salvo (Chieti) occupies a covered surface of 53 thousand square meters and moves over 90 million packages per year with thousands 52 of vehicles in transit. 440 employees, between warehouse and transport. The Pole of cold allows the unification of deliveries of meat, cold cuts, dairy products, fruit and vegetables,



frozen foods and, when possible, various kinds of goods on a single vehicle with a reduction of more than per 30 cent of the kilometres travelled. Positive impacts on costs and environmental quality.

#### **Monsampolo del Tronto (Ascoli Piceno)**

Constitutes the history of Conad Adriatico not only because it is the operational headquarters of the same, but also for the presence of the warehouses from which the growth started. The structures that were no longer adequate to manage the growing volumes in areas increasingly distant from the Marche, thanks to the development over the years in the territories to the south and the important investments in information technology, have rediscovered themselves as strategic to make the business model more and more competitive. Today, the more than thousand 10 square meters of surface - in which, among warehouse and transport, 50 employees work - they are used for the management of fruit and vegetables and for the high-selling references of various kinds, with an annual handling of more than millions 30 of packages.

#### **Rutigliano (Bari) and Popoli (Pescara)**

They represent the integration model between the logistic systems of Conad Adriatico and those of the discount channel; different products that refer to logistic structures Shared using synergistic vehicles. The approximately thousand 19 square meters of the two warehouses are divided between the companies with a handling of more than million 28 packages. the 35 collaborators working in the two facilities.

#### **Surbo and Soleto (Lecce)**

Structures of more than 15 thousand square meters of total covered area mainly dedicated to the other products of various kinds, cold cuts and dairy products. They handle over millions 35 of packages per year with thousands 9 of vehicles in transit and 45 employees. The two structures concur economies on the handling and transport costs, acquitting to the task of logistic proximity of the Cooperative to the points of sale. The warehouse of Soleto has become also the Pole of the cold dedicated to the supplying of the points of sale of the southern zone of the territories in which the Cooperative operates.

#### **Pescara**

In Abruzzo's capital city, a warehouse dedicated to distribution is in operation of fish on square 200 meters of covered area, with an annual movement of millions 3 of kilos, thousands 4 of vehicles in transit and employees 15. An expansion is planned during

the period 2021 to 2021 to improve point-of-sale service management.

#### **Tirana (Albania)**

In the capital of Albania a completely autonomous multisectoral platform is active: 6 thousand square meters of covered area, with a handling

millions<sup>5</sup> of packages, thousands<sup>3</sup> of vehicles in transit each year and employees.<sup>35</sup>

The outbreak of the pandemic radically changed the scenario with which the Cooperative as a whole and each individual member had to deal. After securing the staff, the attention was focused on logistics, which was faced with a sudden surge in volumes, in the face of a crisis. of sales that some days were even twice the average. Conad Adriatico's response has been on several levels, starting with a focus on people to enable for everyone to work with peace of mind and assurance. First of all the presence has been assured in the warehouse of only the necessary persons of proven health, even in a more restrictive way than the prescriptions indicated. For example, an outbreak has been identified near one of our warehouses and we have immediately, as a precautionary

measure, allowed the persons domiciled near to stay at home. Aside from the necessary equipping of personal protective equipment, we created teams, organizing six different entrances per day (while we usually manage two) modifying entrances, exits and half-hour breaks so that the possibility of contact decreased dramatically. Dedicated areas were set aside for the transporters to prevent them from coming into contact with the rest of the operators. In this way, a sort of protective shield was created around the logistics chain to allow everyone to work in the best possible safety. Logistics is an important transmission belt in a retail company, and in this great emergency it has been able to support a system that is as safe as possible. who otherwise would not have made it.

#### The characteristics of the warehouses

Warehouse	Surface (sqm)	Packages handled (no. x 000)
San Salvo (CH)	53.000	90.000
Monsampolo del Tronto (AP)	10.000	30.000
Rutigliano (BA) and Popoli (PE)	19.000	28.000
Surbo and Soleto (LE)	15.000	35.000
Pescara	200	3.000 (kg)
Tirana (Albania)	6.000	5.000
<b>Total</b>	<b>103.200</b>	<b>188.000</b>

# Conad Adriatico in the 2020

(Data as of December 312020)



**1.71**

**Sales network turnover**

(millions of euros) +19.6% vs. 2019

**9**



**284**

**Members** (+19 vs 2019)



**7.846**

**Contributors** (+1,722 vs 2019)



**210,8**

**Consolidated shareholders' equity**  
(millions of euros)



**995.443**

**Loyalty Cards**



**44**

**Points of Sale** (+25 vs 2019)

\* 439+3 fuel distribution facilities +1 PetStore

**3**



**363.826 sqm**

**Sales area**



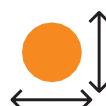
**18,32%**

**Market share**  
(+1.3% vs 2019)



**8**

**Logistics Poles**



**103.600 sqm**

**Surface of the logistic poles**





# Conad brand products

**Change to confirm. The brand of the distributor in Conad Adriatico's house has followed the evolution of consumer tastes and needs (from increasing attention to healthy eating to healthiness) in order to maintain its constant role as a reference for millions of loyal customers.**

During the year, the 2020, incidence of sales of Conad branded products on the total stood at 25.71% compared to 24.47% in 2019 (Source: Iri), thus consolidating its positioning.

The fact that more than one in four of the products sold is under the Conad brand testifies to the value of the work carried out by the Cooperative and its members.

Conad branded products continue their positive trend with a share of the FMCG market rising to 30.9%, more than ten percentage points above the Italian average.

(Source: Iri). Turnover stands at billions 4.5 of euros, an increase of 17%. There are about 4 thousand products in the assortment that make up under the brands Conad, Verso Natura Conad, Sapori&Dintorni Conad, Sapori&Idee Conad and new lines that respond to more modern consumption needs: Conad Alimentum, Conad PiacerSi, Conad Essentiae and Conad Baby. Only during the last year their growth has been of more than a thousand references, demonstrating how much Conad considers as a basic pillar of its commercial policy its MDD. The branded product provides a great advantage in terms of convenience to the customer and with an unbeatable quality-price ratio it makes him loyal to the sign that differentiates itself on the market. Progress is also due to close collaboration with local producers, who cover a large part of the products in Conad's lines. This action plan has led to a progressive growth in the incidence of MDD Conad, confirming the validity of a strategy that combines quality and attention to price, with the choice of the best partners in Italy. To ensure compliance with the highest quality levels, more than one million laboratory tests are carried out every year, with inspections 2.059 in the only 2020. These measures are finally flanked by the controls of the competent authorities on the products on the shelf of each point of sale, creating an articulated system of control to ensure maximum safety to those who choose us every day.



# 02. The market



# The scenario

**2020 will be remembered in the annals as one of the worst years for the economy worldwide, with the gross domestic product falling by 4%. And the situation would have been much worse if it had not been for the recovery already underway in many**

The pandemic, in addition to creating a dramatic health emergency, imposed radical travel restrictions and this has had a heavy impact on economies, hitting above all those that already had elements of structural fragility. Thus, even though the 2021 global economy has been

expected to rebound in the range of 6%, the effects of the pandemic recession will be felt long. According to a study conducted by the World Bank on countries<sup>183</sup>, 90% suffered a considerable drop in wealth in the year of the pandemic. The data collected speak of an average reduction of around 5.2%: more than double that of the financial crisis of 2008 among the worst since World War II.

**Italy suffers more than average** As for Italy, gross domestic product fell by 8.9% in volume terms and 7.8% in prices compared to the previous year for 2019, a total value of billions 1.651,59 of euros. This was reported by ISTAT, which points out that this negative trend in the economy has caused the deficit-to-GDP ratio to soar to 9.5% after 1.6% in 2019. Among the indicators, consumption suffered the most (down 10.7%) due to the above-mentioned restrictions on travel, imposed in order to limit the number of passengers, the spread of the virus, to which was added the fear of many Italians in frequenting places that could prove to be occasions of contagion.



### The scenario

The year 2020 was a positive one for FMCG sales. The regions in the Nielsen4 Area (Abruzzo, Molise, Puglia, Basilicata, Campania, Calabria and Sicily) registered an increase of 3.1%, while those in Area 3 (Tuscany, Umbria, Marche, Lazio and Sardinia) grew by 1.0%. Performance that compares with +2.2% of the national average. The area also did better than the national average (+4.8% vs. +4.0%) in the same-network turnover indicator, while the area limited progress to +3.2%.

As regards grocery products, on the other hand, average national growth was 6.6% (in value), compared with +6.4% in the area and +5.9% in the area. The performance of large-scale retail outlets during the course of the year 2020 was negatively conditioned by the pandemic crisis, but positively influenced by the role that large-scale retail outlets were able to play in the face of the emergency, positioning themselves as an interlocutor always at the service of consumer needs, with a wide and varied offer, as well as through a series of initiatives to support the critical issues that have emerged during this complicated phase.





3,1 billions from distribution, billions 1,8from

### **The importance of the agri-food chain**

Agribusiness is a component

fundamental of the Italian economy, with a strong accentuation in the South, where it creates value for the territories and employment, especially of women and young people, two categories that in other fields have reduced entry spaces. A sector that, according to 2019, a study signed by The European House-Ambrosetti, had developed a turnover of over 100 million Euros.

of 538.2 billion euros, with an added value of billions 119,1 of euros, millions 3,6 of employed people (18% of the total) and millions 2,1 of businesses. 2020 has inevitably been affected by the pandemic crisis. "The collapse of bar businesses,

trattorias, restaurants, pizzerias and farm holidays has a negative effect to avalanche

on the national agri-food industry, with a loss of turnover of more than billions 9,6 for the lack of purchases in food and beverages during the year", reads the end-of-year budget realized by Coldiretti.

Out-of-home consumption suffered the most (-49%), while the trend was positive (+12%) for purchases for domestic consumption.

The extended food chain is the economic sector with the greatest propensity to invest: 4.3 billion euros are invested by the food processing industry,

catering and billions 1,6 from brokerage (2017 data). This propensity to invest in innovation has allowed the industry to limit the damage in the difficult situation that has arisen in the course of the 2020.

"The Covid-19 pandemic outbreak.

has brought out once again the resilience and anti-cyclical of this productive system, configuring it - also for the strong ties of sectoral and territorial integration that it expresses, in particular in our country - as a sector of national strategic importance", underlines a study by Ispi (Institute for international policy studies).

The same report then indicates that, with the

continuation of the pandemic and worldwide contagions, some changes that appeared to be cyclical are becoming structural, "going to affect the channels and the distribution modalities of agro-food products, the approach and the occasions of consumption of the same, the productive and

commercial organization of the enterprises".

These are challenges -such as taking off of e-commerce and the growing attention towards health products - that the sector is called upon to face without hesitation, strengthened by a structural robustness that can confirm its value as an engine of growth.

### Conad brand

In Conad Adriatico, mdd is synonymous with distinctiveness and customer loyalty, increasingly in search of a good relationship between quality and convenience and products that meet new consumption needs (well-being, health, food intolerances...) and respect for the environment. In the areas covered by Conad Adriatico, the incidence of sales of products of the total stood at 29.2% (Source: Iri). The branded product is one of the priority strategic objectives for development and the fact that one out of every four products sold is Conad testifies to the work carried out by the cooperative and its members. Conad branded products continued their positive trend with a share of FMCG products up to 30.9%, more than 10 percentage points above the Italian average (Source: Iri). Turnover amounts to billions 4,5 of euros, with an increase of 17% compared to the previous year. A 2019 great success due to a mix of ingredients: quality and convenience, but also health and well-being; attention to the support of Made in Italy products. in Italy and environmental sustainability criteria; finally, products in the growing assortment - which are part of the Conad, Verso Natura Conad brands,

Sapori&Dintorni Conad and new lines that respond to more modern consumption needs: Conad Alimentum, Conad PiacerSi, Conad Essentiae and Conad Baby - in a context of general contraction of the shelf offer. A development strategy that has always focused on Italian products: 90% of fruit and vegetables, milk and dairy products, tomatoes and the main vegetables are of Italian origin. Sapori&Dintorni Conad products. As well as the producers of the Conad brands, more than 90% of which are also Italian. The economic results confirm the role of the brand and are the result of the good quality-price ratio, of the careful evaluation of suppliers, of the investment in innovation and research for the protection and enhancement of quality. This objective is based on rigorous laboratory testing and in-plant audits. Overall, inspections 2.0592020 were carried out in the 9,882 samples were analyzed, distributed among the various MD brands and sectors. Conad's safety analyses and inspections and food quality are in addition to the competent authorities' checks on products on the shelf of each point of sale.







# Results



Increase in turnover  
2020



**210,8€**

Net asset value



**5.018€**

Productivity per sqm

## The turnover

Conad Adriatico closed the year with 2020 a turnover of millions 1.719 of euros, an increase of 19.62% compared to the previous year. This 2019 result places the Cooperative among those with the best performance and is the result of a mix of factors, combining management and service efficiency, commercial strength and technological innovation, Ongoing training of Members and employees. The strong performance also benefited from a record year for FMCG. The pandemic, with travel restrictions, has in fact diverted food consumption mostly to the home. According to Nielsen data, the Italian FMCG sector grew three times more than in the previous year (2019 with a 4.3% increase in value sales, equal to 4 billion euros more in turnover), and recorded a significant increase in the number of customers. the highest growth trend in the last decade. The objective of Conad Adriatico is to continue to grow along the Adriatic ridge through an affordable offer and services always more in line with customer needs and evolving consumption patterns. Thus succeeding in generating wealth in the territories and integrating in the local communities giving them answers to new needs and new aspirations. In this context, the Finiper operations - lease of a business unit relating to six Iper hypermarkets (Brunelli group) - are included.

four of which in the regions where Conad Adriatico is present - and the acquisition of the network of Italy of the French group Auchan, part of which has been integrated into the network of the Cooperative.

Results and initiatives that confirm the validity of the cooperative business model,

## Sales trend 2011-2021 (budget)

Year	Turnover (x.000)	Increase (%)
2021 (budget)	1.816.621	+5,67
2020	1.719.136	+19,62
2019	1.437.173	+15,2
2018	1.248.329	+15,5
2017	1.081.023	+6,9
2016	1.009.466	+4,8
2015	962.744	+4,0
2014	925.435	+1,7
2013	910.193	+2,2
2012	889.374	+1,0
2011	880.711	+1,6





whose strength lies in its ability to respond effectively and proactively to market needs, with an eye always turned to its social function. A vision strategy that increasingly leverages on the concept of multichannel that allows to enrich and consolidate the relationship with the customer through the increasing integration between physical and online channels and the proposal of different distribution formats designed for a wide range of needs. At the end, Conad Adriatico's sales 2020 network has stores 439. To these are added 3 fuel distributors and PetStore1. The multi-channel network is completed by 27 Parapharmacies, Opticians11, Self7 Conad24 and Concept2 dedicated to nutrition and pet welfare present within as many stores.

#### **Point of sale productivity**

The productivity of Conad Adriatico's points of sale averages 5,018 euros per square meter, higher than 4.746 the market average. A result made possible by the economic investments made by the Cooperative over the years that have aimed at guaranteeing an innovative and modern offer under the banner of quality, and convenience.

#### **Market shares**

In the Adriatic Conad2020 has confirmed its leadership in Abruzzo and Molise by strengthening the one

in the Marches, with shares of 33.82%, 21.05% and 21.90%, respectively. While in Puglia and Basilicata the Cooperative's share is 11.40% respectively percent and 4.10 percent. Overall, Conad Adriatico's market share stood at 18.32 percent, up 1.3 percent from 2019. In order to consolidate and strengthen its reputation among the communities in which it operates, Conad Adriatico has focused over the years on a number of key elements such as friendliness, competence, capacity of relationship with the customer, quality and convenient products. The increase of the market share is therefore for the Cooperative the result of a constant commitment aimed not only at the growth of volumes and sales turnover, but also and above all to win the trust of the customer and build loyalty.

Region	Share (%)
Marche (*)	21,90
Abruzzo	33,82
Molise	21,05
Basilicata	4,10
Apulia	11,40

(\*) Marche: prov. of Ascoli Piceno, Fermo, Macerata, city of Ancona and some communes of the same province.

Source: GNLC, 2nd half by distribution 2020center.







### Internationalization

Albania, at a first assessment socio-economic (average annual income of euros4.400, average monthly salary of about euros350), may appear to be a "difficult" market. In reality it should be considered that it is a "young" country, with an average age of years32,5, open to the world (not only for the very strong emigration, dictated by economic needs, but also for the high level of digitalization, a decidedly higher than average use of social media, even compared to other more economically advanced nations). Conad has been present in the country since it 2006, opened a relatively small supermarket (450 square meters) that represented a qualified response to a consumer demand for quality but above all food safety. The food distribution scenario of those years saw modern distribution relegated to insignificant shares. Over the years, the market has evolved in tandem with changing domestic demand: Conad has become a leader not only in the excellence of Italian food and wine, but also the main point of reference for the 2.0 consumer, that is, for all those who, in addition to taste, want to know more about food and wine, are attentive to the values of their own health and the environment. In Albania, Conad is the absolute leader in the segment of medium-sized consumers.

- high spenders; leader and protagonist in the transformation of the Albanian distribution model, which is rapidly passing from a traditional model made of family-run stores and convenience stores, to an evolved distribution model, where Conad presents itself as the with a distribution network made up of large supermarkets, for the local reality, having a complete range of products (assortment

of over references7.000; finally, reference for the market of the respect of the hygienic sanitary norms to safeguard the healthy values that The evolved consumer, more and more, puts the aspects of mere convenience first. The factors that have allowed Conad to achieve these results are represented by: a distribution center of 6,000 square meters, 36 supermarkets, which will become 44 by the end of the year, for a total sales area of over square16.000 meters, a market share of 25% in modern distribution, a team of store managers, department heads, salespeople, and a team of employees in charge of the sales of the products. and logistics of over 500 collaborators, with a level of qualification, in the distribution sector, decidedly higher than the average of competitors. The Covid emergency also2020 represented a difficult context for Albania, with negative repercussions not only for the economy, but also for society and consumers (changes in lifestyles, limitations to personal movements, closures of economic activities. In this context, Conad Albania has been able to intercept the new needs of consumers (through the constant presence of the product in support of the growth of purchases made at supermarkets as a result of the increase in family meals and the unavailability of malls; the increased demand for online shopping with home delivery to overcome travel restrictions).

Consumers have rewarded Conad Albania with a growth in turnover of over 15%. This success is a further demonstration of how over the years Conad has been able to strengthen its commercial and managerial qualities, organization to ensure success for the future.

# il FornaiO



# The added value

The difference between gross production and consumption of goods and services. The added value of an enterprise is thus calculated, i.e. the wealth produced by the same during a financial year. This is a useful indicator for linking general business accounting and the social balance sheet, in order to measure the wealth created by the company's activity for the benefit of the entire community and identifying the stakeholders within it interest. Ultimately, the added value makes it possible to calculate the capacity to produce and distribute

wealth. The tables below show that Conad Adriatico's global net added value 2020 exceeded millions 74 of euros during the year. Slightly less than half went to Shareholders (34.7 million), millions 12.7 to staff and millions 20.3 to corporate reserves. Other millions 5.1 have been distributed to the Public Administration and smaller sums have ended up to the cooperative movement, the community (although in this case, not all initiatives conducted for the benefit of the area are taken into account), and lenders.

<b>Value Added Production</b>	<b>2020</b>
Overall value production	1.106.134.742
Consumption of raw materials and external services*	1.024.527.199
<b>Added Value gross characteristic</b>	<b>81.607.543</b>
Extra feature management and extraordinary**-442	,430
<b>Added Value global gross</b>	<b>81.165.113</b>
Depreciation and provisions***	7.041.645
<b>Global net added value</b>	<b>74.123.468</b>

Costs for the purchase of goods, services, use of third party assets, other operating expenses.

\*\* Financial income/charges, adjustments to the value of financial assets, extraordinary income and charges.

\*\*\* Amortization, depreciation and write-downs, provisions for risks, other provisions.

<b>Distribution of value added a:</b>	<b>2020</b>
Members	34.715.650
Staff	12.775.102
Company Reserves	20.318.037
Public Administration	5.095.456
Lenders	44.543
Community	661.393
Cooperative Movement	513.287
<b>Total</b>	<b>74.123.468</b>





# 03. Conad Adriatico's commitment



## We support the future

For Conad, being a market leader means assuming ever greater responsibility, which goes beyond the simple growth of turnover. From this conviction, the internet portal "Let's support the future (futuro.conad.it)" has taken shape, dedicated to sustainability, which tells about the commitment of the leading group of the Italian large-scale retail trade and its members in favour of the environment and the community at large360. Conad Adriatico is actively involved in the contents of the portal, with the aim of providing consumers to better understand behind the scenes of products on the shelf

and policies adopted by the sign with the daisy: what is done by Conad for the territories, how to reconcile business activities and respect for the environment, what attention is paid to the supply chains. Let's support the future is a project designed in line with the Sustainable Development Goals set by the UN for the coming year 2030. to achieve significant goals in areas such as poverty alleviation, transition ambition and climate change. We can do it, but only with everyone's commitment.



# For competitiveness

Conad Adriatico aims at being more and more a protagonist in the life of the communities in which it operates. In this way it creates both economic value, generated by market competition, and social value, based on sharing with the communities themselves. In this context a prominent role is played by the Members, who are called to be active first of all as citizens, to identify problems and desires of the community. If the latter is in difficulty, the economic result is lost. A way of doing business which, since its inception, has relied on a mix of values based on territorial proximity, roots, the ability to create a community and a development model that refers to ethics and sustainability.

## Members

Relationship, closeness, commonality even beyond the walls of the store: in Conad Adriatico this means being a company for the community. A strategy that therefore goes well beyond the mere fact of offering food products for sale for quality and convenient shopping. In this context, the entrepreneurial partner Conad is the intermediary able to enrich the shopping experience with a strong human and relational dimension. To the point that Socio and community is a combination that is strongly rooted in all areas. In the face of the many social transformations that have taken place in recent years, from the changes that have affected the family to a world of work increasingly based on flexibility and mobility, passing through the increase in poverty, up to the growing presence of foreign citizens, the Conad Adriatico community aims at assuming a well-defined social responsibility by weaving new relationships with people, communities, institutions, the territory. Each of the Associate Entrepreneurs in Cooperative can in fact count on a privileged place of observation, its store, in which the dynamics at work in the communities find expression. Each of them is committed to actively participate in the life of the Cooperative, committees, work groups and, when elected, join the board of administration thus putting itself at the service of its community and customers. In contrast to the situation in large-scale retail companies (operated by a corporation), the Shareholder retains its responsibility and entrepreneurial autonomy, in compliance with the rules and founding values of the Conad system and the principles of the movement cooperative. It is precisely the contribution and participation of its entrepreneurial members that make Conad Adriatico a modern distribution system, capable of keeping up with the times and offering a diversified shopping experience in terms of channels. of sale, attentive to the evolution of lifestyles

and purchasing behavior.

## Member Services

Assistance in a wide range of areas, from quality control and safety to marketing, from business development to accounting and human resources management, including training. These are some of the services that

the Cooperative provides the Member, who can also count on credit lines and advantageous financial conditions for the development of the company.

In fact, Conad Adriatico has always paid great attention to the welfare of its members, aiming to build their loyalty through a relationship made of sharing values, projects and development objectives. Hence the decision to put in place

available a series of services and tools that aim to enhance the skills of each Member and to encourage entrepreneurial commitment, with particular attention to the youngest.

## Membership committees

These are the 98 Members on which Conad Adriatico has invested in terms of human and economic resources for a training course that would put members and collaborators in a position to respond better and better to customer requests.

of participating members	Commissions Number
Meats	9
Ortofrutta	10
Fresh	11
Various genres	11
Commercial non food hyper	12
Services	12
Marketing & Communication	10
Pos	11
Omnichannel	12
<b>Total</b>	<b>98</b>

## Thinking ahead: encourage generational changeover

The generational changeover is a crucial step in the life of a company because it involves organizational, managerial and often also emotional aspects. The latter are particularly frequent in the case of family businesses.

Managing the generational renewal phase of a company means worrying about the development and future of the whole system and caring about the health of the stores, which are the main protagonists in the economy of the territory and witnesses of the authentic values of cooperation in society. From these premises, a project was born to promote the professional growth of future



Partners with training paths aimed at developing management and entrepreneurial skills.

If it is true that the Cooperative has the duty to ensure the longevity and development of the sales network, anticipating and hypothesizing future scenarios and promoting effective training initiatives that facilitate generational change, at the same time it is true that senior members must take on the responsibility of identifying suitable family members to continue the management of the company, transmitting

The spirit of entrepreneur and cooperator.

The training of Junior Members takes place through six-month training courses divided into classroom and on-the-job training, during which are tested the commitment and the determination to take the path outside of your own store, to acquire the most advanced techniques of running a business.

The experience in other stores is a very important phase, during which you can measure yourself against other management styles and breathe in different corporate cultures, training and testing your commitment and determination, enriching yourself with skills, tools and a vision that goes beyond the reality of your own store. Other companies

are what Conad Adriatico has called "school outlets", excellencies of the organization, whose collaborators and members are familiar with the educational, training and evaluation processes.

In summary, the training course is structured as follows

in three macro-phases: coaching on school outlets where, through job rotation periods, the junior associate will acquire knowledge and operational and management skills related to all departments; internship in Cooperative for

[Know and learn more about the activities](#)

services and contacts of the various sectors that interface with the point of sale so as to have a greater

awareness of logic and relationships with the social base; finally, coaching two entrepreneurial members to acquire new and different entrepreneurial and management models.

The return of the Junior Member to his own spot of sale marks

the beginning of the most delicate phase: the gradual transfer of decision-making power from senior to junior, through a so-called "dual" governance of the company in which the junior partner begins to manage and the senior partner maintains control and ensures its support.

To ensure a successful passing of the baton, the

Senior Member must "train" the family member to listen and constantly search for the best integration strategy with their own territory.

Finally, it is his responsibility to supervise the transition of management, accompanying the family member and giving space to new ideas.

This is a project that revolves around the responsibility of more than one protagonist (Cooperative, Senior and Junior Member): a "tri-responsibility" to guarantee the effectiveness of the transfer of experiences and values in the name of development and innovation.

As in "building the future" - of both the individual

firm and the Cooperative - must be in the interest of all parties.

It is important to note that, in order to access to the path, the Junior Partner must already be permanently employed in the family business, effectively collaborating in the activities of the store.

Participants should undertake the process with the understanding that the training period is not a phase to clarify ideas about their future or a transition phase, but an incentive to improve with the conviction that we want to be Entrepreneur Partners.

From the year 2013, the project began, 30 Junior members have been trained to date.

### **Collaborators**

For Conad Adriatico, the well-being and satisfaction of its employees represent strategic values, capable of determining the quality of life in the company. Each of the employees 306 employed at the headquarters in Monsampolo del Tronto (Ascoli Piceno) (+14 compared to 2019) and sales network associates 7,540 (+1,708 compared to 2019) is seen as a key resource for the development

And the success of the Cooperative.

The employee is asked to actively participate in the life of Conad Adriatico, providing his skills and abilities, integrating into the company's productivity and expressing the values of the brand in everyday life.

It is up to them to develop the necessary skills, understand the organization of which they are a part, ensure their willingness to be to help other points of sale, carry out training tasks for department personnel. The dynamic and flexible working environment helps him to gain the necessary experience to grow professionally and acquire new skills.

Conad Adriatico also plays its role in the social sphere in those areas of the country where the lack of work is now chronic, creating new jobs and safeguarding existing ones. As in the case of Conad's acquisition of the Italian Auchan sales network, which took place in the wake of the crisis that in three years produced significant economic losses (in the order of millions 1,1 of euros per day). In the operation

the Cooperative aimed to safeguard as many jobs as possible. To this end, Conad has drawn up an occupational solidarity plan that provides for the relocation of employees of the French group in the

Cooperatives, also as entrepreneurial members. The organization of work is developed in such a way as to comply with contractual regulations and the current laws on the subject and aims at creating of development, making the collaborators 7,846 who, with their commitment, grow professionally, Contribute to the achievement of the set goals.

	<b>Contributors</b>
Headquarters	306 (+14)
Sales Network	7,540 (+1,708)
<b>Total</b>	<b>7,846 (+1,722)</b>

### **Headquarters staff**

The Monsampolo del Tronto office employs people 306, the majority of whom are office workers (278). Women represent 44% of the workforce, while 96% of contracts are permanent. People who contribute to the development and good name of Conad Adriatico and actively participate in the life of the Cooperative.

<b>Type of contract</b>	
Open time	294
Temporary	12
<b>Total</b>	<b>306</b>

<b>Contractual qualification</b>	
Workers	1
Employees	278
Frameworks	18
Executives	7
Apprentices	1
Trainees	1
<b>Total</b>	<b>306</b>

<b>Age</b>	
Less than years 30	7
Between and 30 years 40	61
Between and 41 years 50	143
Over years 50	95

<b>Qualification</b>	
Lower Middle	21
Diploma	178
Degree	107

## Sales Network Employees

The sales network, which employs associates 7,540, plays a strategic role in helping to the roots of the Cooperative in the community. Each store, but in particular the proximity store, is conceived as a place in which shopping also becomes an opportunity to meet and develop relationships. Inside the store, the collaborator expresses the social function of Conad Adriatico, thus activating a virtuous circle of growth and of personal satisfaction.

Region	Employees
Abruzzo	3.081
Albania	468
Basilicata	99
Brands	1.502
Molise	342
Apulia	2.048
<b>Total</b>	<b>7.540</b>

## The role of training: venue budget

Despite the great difficulties imposed by the pandemic, Conad Adriatico has maintained its great commitment to the training of human resources, both within the Cooperative and on the network, aware of the importance of this tool for the growth and development of the company. Training activities were carried out at Conad Adriatico's headquarters during the year which involved around 90 employees for more than 400 hours provided. In order to improve the quality of services in favor of the network, in addition to holding specific courses for updating and strengthening knowledge and technical skills, tests were carried out to assess the potential of some colleagues of the Cooperative, to guide their growth and development strategies.

Headquarters	Resources	Hours
Demand, Inventory & Supply Planning	1	36
Labor Litigation	1	28
Process Planning and Control	1	24
Quality System	64	256
Evaluation of potentials	23	46
Practical cooking course	1	25



## Training in the sales network

Classroom meetings	Resources	Hours
Gastronomy department management	43	258
Desizing and hand-cutting of ham	40	240
Being a CAD Board Member	20	240
Welcome to Conad	93	372

## Laboratory of Crafts

In continuity with past editions, also this year has been realized the training course dedicated to fresh food staff, consultants of the "good taste" of our customers, to enhance their professionalism and specialization. In 2020, the "Workshop of Trades" was held with particular emphasis on respect to the precautions imposed by the pandemic, providing classes that can guarantee the distancing and compliance with all Covid-19 epidemiological emergency prevention and control guidelines.

The courses, which lasted several hours and focused on the delicatessen and sliced-counter departments, involved employees 83 of the sales network for a total of 498 hours provided.



### Being a Board Member

The 2020 kicked off a new edition the training course for aspiring Directors. The course, carried out entirely by distance learning and attended by 20 Business Partners, dealt with aspects relating to the characteristics, philosophies and management principles of Conad Adriatico, as well as to deepen Rights and duties associated with the office of board member.

### Mentoring: Detachments & Supports

The year 2020 was also the year in which the training process of the collaborators of the former Auchan stores, joined the Conad Adriatico family. The new colleagues have embarked on a journey of sharing the vision and the values of Conad, through an activity of shadowing on the wards, the cornerstone of this year's training activities. Through the contribution of the sales network and the expert collaborators who work within it, new colleagues have benefited from a On-the-job training to ensure the uniform acquisition of skills and competencies of Conad Adriatico, also encouraging a process of value contamination. It was also thanks to the support of experienced staff that the new colleagues faced the delicate moment of the change of sign with confidence and security.

### E-learning

Consistent with the limitations imposed by the epidemiological emergency from Covid-19, the e-learning portal has enabled staff to continue their training activities at a distance. Without spatial and temporal constraints, the resources have had the possibility to continue their training, of courses and tutorials on the techniques of workmanship, achieving excellent results in terms of learning.

The platform, easy to use even for the less experienced, will provide for the development of new multimedia content, such as the new course on department management that will be available starting in the second semester of the 2021.



### The new corporate welfare

Conad Adriatico, in implementation of the article of the company's integrative contract, and in collaboration with the Allianz group, has activated a web platform to facilitate access to welfare services and to improve the well-being of employees and their families. The system is funded through the premium of results, the value of which is further increased by the company's contribution. Employees who choose to take advantage of welfare can access a wide range of services, from family care (reimbursement of child-rearing and education expenses; assistance to elderly or dependent family members; baby sitting and elderly care packages; payment

to the pension fund; training/foreign language courses) to health and wellness (medical examinations and check-ups), from leisure (fitness centers, trips, shows, theme parks; reimbursement of public transportation passes) savings (repayment of interest on mortgages). Each employee can freely compose the basket of benefits in relation to their needs. The ways in which services can be used range from reimbursement of expenses to sustained, vouchers and voluntary payment to the pension fund. In over 2020 a third of eligible employees has invested the result bonus in "welfare credit" increasing by 41% the value of spending power.

### Services and statutory limits

	<b>EDUCATION</b>	School Fees / School Canteen / University Fees / School Texts, Language Courses	<b>NO LIMITS</b>	<b>WELFARE VOUCHER REFUND</b>
	<b>CURADEIFIGLI</b>	Nursery schools / Kindergartens / Summer and winter camps / Baby sitters / Playgrounds and baby parking	<b>NO LIMITS</b>	<b>FAMILY</b>
	<b>ASSISTANCE</b>	Elderly and dependent care services / Home care and nursing / RSA and specialized facilities	<b>NO LIMITS</b>	
	<b>MOBILITY</b>	Subscription to public transportation for the employee and his/her dependents	<b>NO LIMITS</b>	<b>REFUND</b>
	<b>LOANS</b>	Interest on loans	<b>NO LIMITS</b>	
	<b>COMPLEMENTARY PENSION</b>	Supplementary payments to supplementary pension funds	<b>5.164,57 euro*</b>	<b>PAYMENT</b>
	<b>SOCIAL WORK AND HEALTHCARE</b>	Specialist visits, check-ups, diagnostic examinations, social-assistance services	<b>NO LIMITS</b>	<b>WELFARE VOUCHER</b>
	<b>RECREATIONAL AND CULTURAL ACTIVITIES</b>	Sports, travel, culture, leisure, training courses	<b>NO LIMITS</b>	
	<b>FRINGE BENEFIT</b>	Goods and services in kind, shopping vouchers, petrol, shopping	<b>258,23 euro</b>	<b>PURCHASE VOUCHERS</b>

Regulatory references: art. T51.U.I.R. (Income Tax Consolidation Act); for recreational and cultural activities, reference should be made to the purposes of art. 100T.U.I.R. (Income Tax Consolidation Act). (\*) For workers employed for the first time after January 1st, in the 2007, years 20 following the 5th year of participation in supplementary pension schemes, increase in deductibility up to a maximum of €2.582,29 per year. In the case of welfare credit deriving from a Results Bonus, the relative amounts paid into complementary pension schemes do not contribute towards forming employee income and are not subject to the tax deductibility limit indicated.

### The development of the sales network

The difficult economic context has not stopped the investments of Conad Adriatico, which for the four-year period 2020-2023 has developed a ambitious investment program that includes new openings, renovations, maintenance and upgrades of IT systems. The objective is to continue to grow, to guarantee competitiveness to Members and to increase the efficiency of the service. Efficiency that entails a considerable economic investment to keep up with the times, provide answers to the spending needs of customers, be successful in the daily confrontation with competitors. Investments in 2020 amounted to 37.9 million euros - 24 of which are for new openings - and the aim is to do even better as early as 2020, when 2021, investments of millions 49,7 of euros are planned.

euros, including millions 26,94,7 for new openings, millions for maintenance, millions 16,7 for renovations and millions 1,3 between software and hardware. For the years to come A further acceleration is foreseen in order to reach a total in the space of four years of millions 170,5 of euros, of which destined 108 to expand the sales network. We are aware that the sales network does not grow with financial investments alone, but with the professionalism, motivation and collaboration between the entrepreneur who runs the store and all those who every day are committed to ensuring the customer has a comfortable, quality, convenient shopping experience. That's why we're committed to always doing our best for our Members, With the goal of growing together.



### Investments for the period 2020-2023

	2020	2021	2022	2023	Total
New openings	23.972,557	26.944,050	36.930,000	20.625,000	108.471,607
Maintenance	5.047,229	4.736,850	4.684,000	4.778,318	19.246,397
Renovations	7.486,925	16.689,000	10.261,067	2.913,311	37.350,303
Computer Systems	1.445,230	1.314,470	1.314,470	1.314,470	5.385,640
<b>Total</b>	<b>37.948,941</b>	<b>49.684,370</b>	<b>53.189,537</b>	<b>29.631,009</b>	<b>170.453,947</b>

# spazio CONAD





## Development tools: the Mercury Fund

With the aim of financing development with new liquidity, in Conad2016 Adriatico, Conad Centro Nord and Conad del Tirreno, together with Cattolica Assicurazioni, they set up the Italian reserved multi-compartment FIA called "Mercury Fondo di Investimento Alternativo Immobiliare Riservato Multi-comparto", managed by Savills Investment Management Sgr Spa.

Characterized by an endowment of 300 million euros, underwritten in majority by the insurance company, it corresponds to the value of the properties

- mainly points of sale - conferred, which remain at the disposal of the three Cooperatives by virtue of long-term lease agreements.

Conad Adriatico participated in the constitution of the fund in a specific sector called "Adriatic" with 23 properties, mainly sales points and commercial galleries, which remain in its possession by virtue of lease contracts averaging more than twenty years.

The fund represents both a modern instrument that allows to find financial resources to support the company's development and an innovative form of investment.

For this reason, Conad Adriatico has decided to

during the year to 2020, increase its holding in the Mercury fund, through a new real estate contribution, for a total value of millions 37,2 of euros, regarding a real estate portfolio consisting of buildings 6 and appurtenances 2. The new contribution allowed to the Conad Adriatico group to obtain important financial resources and to increase the value of its shareholding in the fund. The new properties conferred will remain at Conad's disposal, thus enabling it to continue with substantial continuity in its rental relationships with the managers. of outlets. The total net value at December of 31 the Adriatic 2020 section, in relation to the value of the share held, amounts to millions 57,55 of euros, with an increase over the previous year of 44.38%. This leap forward was mainly due to the new contribution, with a return from ordinary activity of property management by about %.9,31 on an annual basis. The performance of the Adriatic segment, from the start of operations to early 2021, corresponds to an IRR of (internal rate of return) positive 10.32%.





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## For customers

Amidst the demographic crisis and the declining population, the South registers a significant gap with the rest of the country. The contribution of private household consumption is weak, with food consumption falling as a direct consequence of the drop in income and employment, phenomena that were exacerbated during the year by 2020 the Covid-19. According to the Bank of Italy report entitled "The economy of the Italian regions - Recent dynamics and structural aspects", in fact, the contraction of economic activity caused by the epidemic has had the heaviest impact in terms of job losses in Southern Italy, where temporary contracts are more widespread.

In addition, an extraordinary survey conducted by Bankitalia between the end of August and the beginning of August of September 2020 showed that in the southern regions, despite the summer recovery, "the proportion of households declaring losses of more than 50% remained higher". New themes of an ancient issue, the southern one, in which Conad Adriatico continues to be a reliable reference point. For so many communities, large and small. Being a community business involves a constant commitment, the result of solid human relations, knowledge of what happens outside the walls of the store, of daily needs.



people and the community itself. A social role, the one covered by Conad Adriatico, recognized and appreciated, which refers to many good practices: from convenience to the quality of the branded product, from the initiatives to the many services that accompany spending. In a year of largely stagnant consumption (+0.2%), the commitment to savings that Conad Adriatico has succeeded in guaranteeing its customers is extensive. Overall, between spending and services, the benefits for customers amount to millions46 of euros.

### **Expenditure**

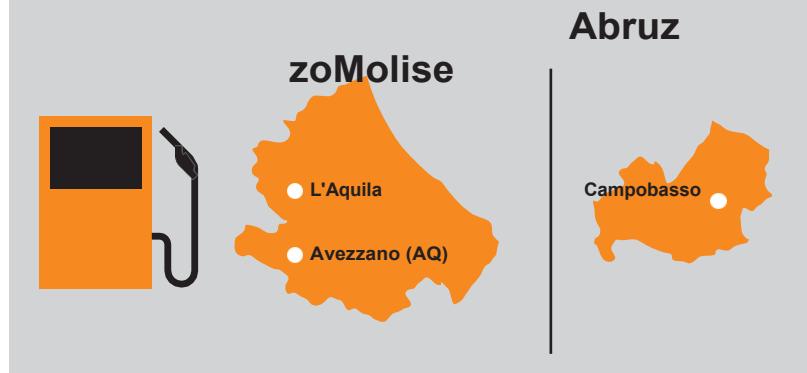
The dynamics of consumption have been conditioned on the one hand by the economic crisis triggered by the pandemic and on the other by travel restrictions (for consumers) and from forced closures (for shopkeepers). So the food expenditure in our country, reports ISTAT, in 2020 fell by 10.1% compared to the 2019,share billion250 euros. A result in which to heavily affect was the collapse of the restaurant industry, with out-of-home dining seeing a 35% drop year-over-year. While travel restrictions and closures have led to a positive trend for household food consumption, which, according to a report Ismea, have grown in the 2020 by 7.4% on an annual basis, with a real boom (+9.3%) in the first half of the year, marked by the hardest lockdown in the period March-May. We are facing the highest growth trend in the last decade, which reached its peak in March, when sales peaked at +20%. With the Phase and2 the consequent easing of restrictions, the beginning of the first warm weather and the reopening of public venues, the "pandemic" effect actually faded and the trend in domestic consumption returned to normal, with some weeks even seeing negative variations compared with the same period of the 2019.

The Low and Fixed initiative, to which Conad gave birth in 2013, provides customers with many products for everyday use, with a correct quality/price ratio, representing a concrete help to Italian families. 700 products representing 128 categories that generated average savings of 1,500 euros per year per family at national level. In Conad Adriatico the savings guaranteed by the initiative amounted to to 35.5 million euros (27.1 million in 2019), broken down as follows: Marche million6,4; Abruzzo million15,4; Molise million1,6; Puglia million 11,4and Basilicata thousand710 euros. Customers also benefited from of the value of the vouchers, saving an additional 1.1 million euros, largely from spending in supermarkets, with

toy vouchers for a further 942 thousand euros and school vouchers for one thousand895 euros.



## Where are the Conad petrol stations



The use of the Conad Card - whose benefits are in addition to those provided for all Carta Insieme customers - has produced savings of a further thousand 370 euros. The benefits for customers amounted to millions 38,8 of euros.

### Services

The services that Conad Adriatico makes available to its customers during 2020 have produced convenience for a total amount of millions 7,3 of euros.

### Loyalty card

Customers with an active card together and who have made at least one purchase in the year 2020 with loyalty cards are 995,443. Each card issued by Conad Adriatico allows the customer to have access to dedicated and convenient services: insurance, Enel for recharging electric cars, books, etc. school, coupons and many other exclusive benefits.





## Where are the Conad recharge stations



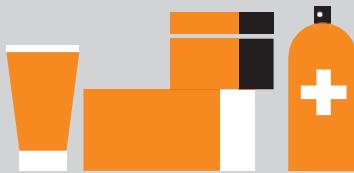
\* Fast Recharge

### Electric mobility

A Memorandum of Understanding between Conad and EnelX continues to promote the development and dissemination of electric mobility throughout the country. By virtue of this agreement, EnelX installs vehicle recharging columns in the parking lots of Conad stores. These are the ones ~~already in place~~ <sup>in place since the beginning of the year 2021</sup> activation of eight additional charging stations. These infrastructures, thanks to the technology developed by EnelX, are managed remotely and are able to identify the customer through a dedicated card or through registration on a special App.



## Where are the parapharmacies Conad



### Brands



### Abruzzo



### Molise



### Apulia

#### Parapharmacies

Conad Adriatico has extended its commitment to protect the purchasing power of families also to the area of personal care through a network of parapharmacies<sup>27</sup>, where it is possible to buy non-prescription drugs (Sop and Otc), medical devices and a wide assortment of health care products.

The average discount was 20%, with peaks of 40%. compared to the list prices charged by traditional pharmacies. Customers enjoyed millions<sup>3,9</sup> in benefits in 2020, compared to millions<sup>2,8</sup> in 2010.

As for the market, in the 2020 sales of drugs for self-medication registered a decrease of 6.6% compared with the previous year (standing at just over one billion<sup>2,3</sup> euros), whilst consumption (245 million packs) fell by 8.8%.

In both cases these are the worst data in the last fifteen years. Results, explains Assosalute, the Association of companies in the sector, can be attributed precisely to the effects of the Covid-19 pandemic.



## Where are Conad Opticians



### Brands

- Ancona
- Civitanova Marche (MC)



### Opticians

The economic crisis is putting to hard test the budgets of the families and is always greater the number of those that struggle also to spend on necessary goods, such as eyeglasses and prescription lenses. The 11 Opticians of Conad Adriatico respond to budget needs, but without sacrificing the quality of service, which is so important. When people's health is at stake. Dedicated points of sale are staffed by qualified opticians who use modern diagnostic instruments and a wide range of products with the convenience guaranteed by Conad. Being able to check eyesight in the same place where you do your shopping, you save time and, above all, you benefit from the convenience guaranteed by Conad with discounts from 2050%. To give an idea, in 2020 alone, the benefit to customers was 980 thousand euros. Despite hopes of a recovery, consumption in optical stores for frames and sunglasses registered a 2.7% drop. Ophthalmic lenses fared a little better, with a slightly positive trend in value thanks to the progressive lenses segment (Source: Anfao, non-final data).



## Where are Self Conad24



**Insurance Products** The experience of the pandemic has generated a sense of increasing vulnerability in people while raising awareness of individual and family protection issues. Conad Adriatico offers insurance products that protect many moments of life, from the home to travel, from cars to motorcycles, from groceries to pets. By choosing this service, in the course of the 2020 customers have saved thousand 157 euros.

### School books

Children's education costs money. According to research conducted by the Italian Booksellers Association, middle school books alone cost families between 140 and 240 euros per year, with the range rising to 163-248 euros for those attending high school. These are not negligible costs for many families and for this reason Conad Adriatico provides concrete support to families with school-age children by offering a convenience that involves a growing number of customers every year.

### PetStore

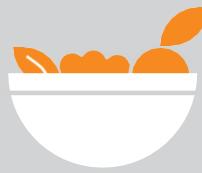
Find everything you need to care for your four-legged friend, at an affordable price. This is the motto of Conad PetStores. In addition to the convenience of Conad branded products, it also offers branded products sold inside specialty stores and services such as grooming, with the added opportunity to donate food to local kennels to help the animals in need and "without family". In the PetStore the customer finds the convenience and advantages of the specialized store close to the supermarket in which to shop.

### Self 24

Having an assortment of products available at your doorstep comes in handy in those moments when in which you organize a dinner in the closing hours of the stores or simply when you do not feel like cooking or, again, when you realize that in the house is missing an ingredient to make the dish you have in mind. In the Self7 of 24Conad Adriatico the customers make a shopping in a versatile, reliable, safe vending machine and temperature controlled in order to sell many different products.



## Where are i With Taste Conad



### With Sapore Conad

The convenience given by the contiguity to the point of sale; the quality the same as guaranteed food offers and formats attention to consumer welfare. They are the distinctive features of the 17 active refreshment points inside as many stores of Conad Adriatico. To characterize them are a wide range of solutions for all tastes and special dietary needs, the use of products for much of the territory and the convenience that has always characterized Conad. For a culinary break when shopping.

Gaffè & Saperi



# For local businesses

**The value of products**  
**the Conad brand is the result**  
**of partnerships with many**  
**small and medium-sized**  
**local entrepreneurs, built up**  
**and nurtured over the**  
**years.**

**These partnerships are**  
**based on criteria of**  
**reliability, transparency,**  
**quality and for these**  
**reasons they last over**

The product-territory bond is solid because it is made of history, tradition, identity, to the point of to identify themselves and become one with the community of people who have contributed to the typicality of a given production. Conad Adriatico enhances the value of many local products that have an inseparable connection with local communities in the culture of know-how and respect for tradition - even with the adaptations that are necessary due to the context, new knowledge and regulations.

## Local suppliers

In a world that is becoming increasingly global, territories are once again becoming protagonists. It is a concept that may seem paradoxical on the surface, but in reality it is not. Because the role of communities is increasingly being discovered, there is growing attention to short supply chain products, there is widespread sensitivity to the impact of the that economic activities have on those who live in the territories. Conad Adriatico pays great attention to local producers, in line with the social role that the Conad system feels it plays, due to its cooperative input and its market leadership. This approach consolidates the link with the territory and its socio-economic fabric. The Cooperative buys from 929 local producers (44 more than in 2019) with whom it has developed a turnover of 394.1 million euros (61.8 million more than in 2019) to which is added the value of the spin-offs on local induced activities. The enhancement of local excellence is never an alternative with a rigorous selection of local suppliers, starting from the most delicate commodity sector, the fresh and in particular meat, cold cuts cheese and gastronomy. Even the single point of sale can activate agreements with small local producers. In these cases the Cooperative simply grows in the entrepreneurial Partner the culture of control, sharing with him the main useful

	No. of suppliers	Turnover
Brands	224	143.709.988
Abruzzo	324	112.432.648
Molise	92	27.558.868
Basilicata	11	3.669.219
Apulia	278	106.711.777
<b>Total</b>	<b>929</b>	<b>394.082.499</b>

information to carry out the activity at best.

## Local suppliers

**929**

## The National Quality Project

During the course of the 2020 new National Quality Project 2019 launched in the fully operational thanks to the professionalism and availability of the network of auditors who have operated with the utmost respect for Covid's security protocols. The objective of the Project is to align all the Cooperatives of the Conad system to the following guidelines and shared control procedures to ensure an adequate level of food safety and process hygiene in Conad supermarkets, monitoring the entire food chain: from the suppliers, distribution centers, up to the points of sale, to arrive at a Conad Quality Assurance System. The project is the result of work carried out by the QRs of all the Cooperatives and by Conad Quality, which together make up The National Quality Commission.



Local producers suppliers Conad

**394,1 mln**

Turnover



## Supplier qualification

Despite the pandemic, important verification/qualification activities have not stopped of local suppliers by adopting new systems of verification such as the new "remote audit" mode that allowed assessments to be conducted even during the harshest lockdown periods (March - May). The qualification includes the assessment of the fresh produce production facility and fresh on the basis of Conad Guidelines shared with all Cooperatives. Laboratory analysis of suppliers' products The control of local suppliers also passes through the monitoring of their products with programmed laboratory analyses based on product and turnover criteria. The plan of analysis on the products of the suppliers is however continued recovering in the summer and autumn months up to complete annual programming. Analyses are scheduled by Conad Adriatico and carried out by accredited laboratories on the best-selling products of the Cooperatives' Fresco and Superfresco suppliers.

Suppliers qualified in 2020	<b>35</b>
Suppliers analyzed in the 2020	<b>216</b>
Sampling carried out on suppliers in the 2020	<b>373</b>
Number of searches performed with analysis	<b>84.000</b>



## Audit of Cooperative Offices

Inspections carried out by professionals with proven experience and expertise in order to verify Cedi food safety and hygiene requirements.

Distribution centers	No. of audits	Quality
	<b>815</b>	

**Point of sale support for quality and safety at work** Point of sale support and control is carried out by professionals on assignment and coordination of the Cooperative, with the aim of assisting members in the proper management of food safety in their Conad supermarket. The activity includes also carrying out laboratory analyses on the processes carried out in the points of sale, covering about 80% of the network's sales.

**Pandemic and Occupational Safety** For occupational safety, 2020 has been a very busy year, given

The need to address the health emergency caused by the Covid-19 virus.

Thanks to the continuous updating of the rules and protocols of prevention carried out in accordance with the provisions of the law and the collaboration of the Associates who immediately took action, work in the points of sale continued without recording any outbreaks. The activities implemented with a view to safety also involved the elaboration and dissemination of a Covid check list distributed to all members and used to constantly monitor the provisions of the DPCMs.

The checklist has also been used by all the auditors of the sales network (Safety and Quality) for the monitoring of the information and prevention interventions addressed to customers, point of sale staff and suppliers

and in the following areas: ready-to-eat food at food service locations, procedures sanitization of departments and tills, as well as of ventilation systems. Safety training, which was initially suspended due to the pandemic, resumed thanks also to the availability of consultants and the experimentation of new methods of training such as the "D.A.D. - Distance Learning" that has allowed access to courses in videoconferencing with the use of mobile or fixed devices. The qualification of the suppliers carried out

in "remote audit" mode finally made it possible to continue the activity also in the moments of harder lockdown and created a new opportunity to be used for future remote evaluations.

# For local communities

**The 2020 health emergency due to the spread of the Coronavirus has deeply changed the life of the community and catalyzed the attention on solidarity initiatives, more and more important to concretely support the most needy people.**

In this scenario Conad Adriatico and its members have shown commitment and dedication, confirming its nature of "enterprise for the community". A few examples: an additional 10% discount was applied to all holders of government-allocated shopping vouchers, daily donation of meals and shopping packages for families in greater difficulty, other initiatives such as "la Spesa Sospesa", "metti a heart for a concrete help", "who can put, who can not take", "Let's help each other", periodic organization of collections of basic necessities, activation of initiatives against food waste, up to the donation of the fan

lungs at Sulmona Hospital. These initiatives confirm the values at the base of Conad Adriatico, values that constitute the DNA of the Cooperative, which have accompanied the development in recent years, so as to make its presence felt constantly alongside the community. The centrality of the person is one of the main distinguishing features of the brand and is manifested in the closeness to the customer, to listen to him, to know him better, to understand what his priorities are and how to best meet his expectations.

It's a responsibility that doesn't end with buying a product or spending money, but it involves relational and consulting aspects: on the other side of the sales counter there are available, competent, attentive, capable people to give meaning to an ancient craft and at the same time in step with the times.

Conad Adriatico gives concrete form to the concept of social responsibility because every point of retail is not just about shelves, assortments, quality, convenience; it is also the gateway to a world rooted in the community, based on relationships with people.

This approach allows the Cooperative to guarantee adequate responses to the expectations of those who choose Conad for quality shopping, safe and cost-effective, as well as a constant focus on community needs.

In Conad2020 Adriatico, **it allocated 2.95 million euros to numerous initiatives for the communities in which it operates.**



## School initiatives



### Together for the School

Together for the School is an initiative that for nine years now has witnessed Conad's constant commitment to supporting growth and the education of new generations, allowing Italian schools to be awarded free of charge, through a system of vouchers, educational materials, computer and multimedia equipment and many other indispensable items for school activities and learning. Conad Adriatico distributed 2.280 prizes to 1.767 educational institutions for a value of euro.187.992

### Classroom Writers

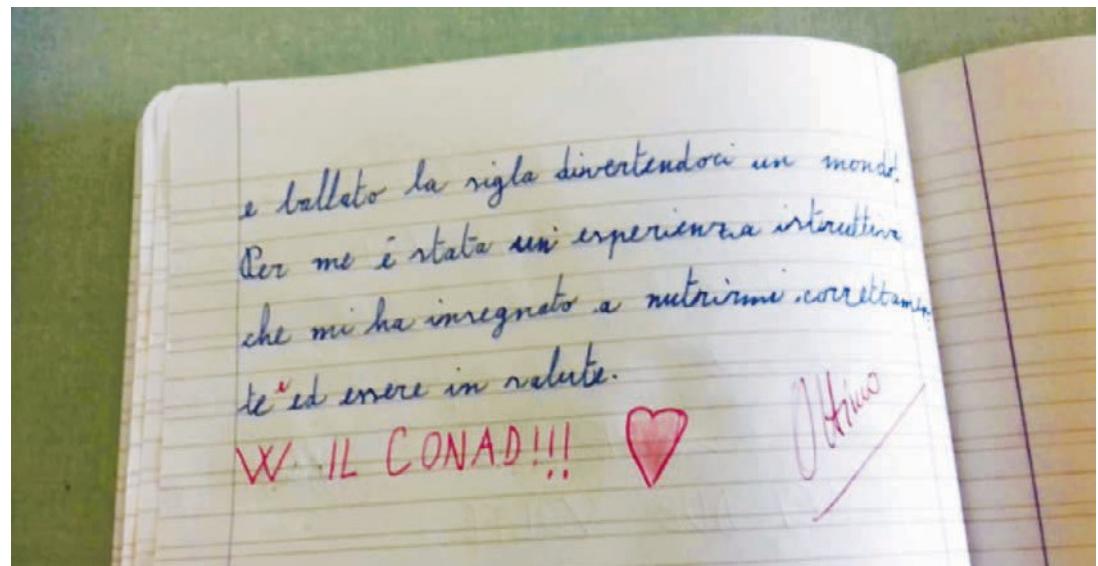
To spread fundamental and very current values such as the pleasure of reading and writing. This is the objective of "Writers in Class", a project promoted by Conad and aimed at elementary school and secondary schools throughout Italy. A well-established event that has involved in the seven editions 3 million pupils and 140 thousand classes, distributed millions 20 of free books and donated 30 million euros in computer equipment and educational materials to schools. After tackling topics such as healthy and proper nutrition, sports, the environment and resilience, the choice of theme for the seventh edition of "Writers in Class" 2020/2021 was space, with the awareness of the environmental problems of our planet, seen from space. More than 22 thousand classes enrolled from over 7,600 schools, with more than 6 thousand stories published on the platform dedicated to the project. Scrittori di Classe is an integral part of Insieme per la Scuola, an initiative that demonstrates Conad's constant commitment to supporting the growth and education of the new generations, through The free distribution of computer equipment and educational materials to institutions. More than 22 thousand classes from over 7,600 schools registered, with more than 6 thousand stories published on the platform dedicated to the project.



### The journalism championship

Conad Adriatico has reconfirmed the collaboration with QN II Resto del Carlino for the Championship of journalism, which has now become a regular event for schools, teachers and especially students.

It is an initiative aimed at the very young of our territory, youth and territory are two concepts that are very at the heart of Conad Adriatico. Investing in our kids means giving a future to our land, the socio-economic health of the territory in which we live will depend on the quality of the new generations. Promoting such concrete initiatives means bringing the world of education closer to the world of work through the possibility of expressing curiosity and creativity and designing one's own future.



### Nutrition education

#### "Lesson Comes with Eating."

Conad Adriatico has always been committed in the field of nutrition education, in the belief that raising awareness among young people on these issues helps to promote virtuous behavior within households.

The project on proper nutrition is aimed at the second and third classes of elementary school. The initiative involves several elementary school in the area with the aim of promoting in the younger generation proper nutrition, the culture of non-waste and the enhancement of products and their transformation. The course is divided into two classroom lessons to talk about nutrients, the food pyramid, supply chains and reading the labels; a visit to the supermarket "laboratory

didactic" to the discovery of the sector.

Guided by the Entrepreneur Partner and industry experts, children discover the nutrients in food, foods that contain them, healthy foods and foods for special occasions. The children also tried new experiences to increase their food awareness, from how to shop for healthy foods to discovering new and simple flavors to knowing how to read labels. They fill the heart with messages like the one pictured below in which a child writes:

"For me, it was a learning experience that taught me how to feed myself properly and be healthy. W the Conad!!!"



## Supporting local sport

In spite of the particularly difficult period in 2020, the commitment of Members to promote social responsibility projects continued.

These include support for local sports, particularly for clubs that promote youth sports and those involved in "minor" disciplines.



## Initiatives for culture

### Love for food

It's a corporate culture project with the goal of sharing it with people in your community.

An initiative aimed at enhancing the history of the region through the reconstruction, through the recovery of photos, stories, anecdotes, quotes, tales, food items, of the relationship that the people have had with food.

## Solidarity initiatives



**Support for the Lega del Filo d'Oro**  
 Conad continued its support 2020 for the activities of the Lega del Filo d'Oro. The collaboration, now in its third consecutive year, through the catalog miPREMIO allows you to turn your loyalty points into a donation to support the construction of the new National Center of the non-profit organization, a center of high specialization for the rehabilitation of deafblind people located in Osimo (AN). Through the initiative more than one billion euros were donated; donations made in 2020 made it possible to fund construction Of a building dedicated to kitchens and cafeterias within the center. It should be noted that the president of the Lega del Filo d'Oro of Osimo, Rossano Bartoli, sent a letter of thanks to Conad and Conad Adriatico, for the contribution of the amount donated by customers with miPREMIO points With 2019. the sum collected in the 2019,

earmarked to support the project "The First Step", the association was able to ensure families with children from 0 years 4 access to early intervention, a fundamental program to optimize the educational rehabilitation pathway in pediatric age.

### Solidarity emporiums

The pandemic has made Italy poorer: preliminary ISTAT estimates for the year indicate 2020 that the incidence of absolute poverty is on the rise both in family terms (from 6.4% to 2019 7.7%, +335 thousand, for a total of more than two million families), both in terms of individuals (from 7.7% to 9.4%, more than 1a million more), which came to millions.5,6 In the Covid-19 year, the Institute notes, the improvements recorded in After 2019. four consecutive years of increase, the number and proportion of the total number of employees and the number of employees of the Group were significantly reduced.

of families (and individuals) in absolute poverty, though remaining at values much higher than those prior to the crisis that began in the year when 2008, the incidence of absolute family poverty was less than 4% and individual poverty was around 3%. Numbers that bring absolute 2020 poverty in Italy to reach the highest values since the beginning of the century. 2005

(i.e., since the historical series for this indicator has been available). A context in which the Empori della solidarietà (Solidarity Emporiums), an initiative promoted by Caritas - the body of the Italian Episcopal Conference for the promotion of solidarity in the world - take on even greater importance. promotion of solidarity - to provide concrete help to individuals and families in economic difficulty. It is a network of solidarity stores where families who have a job and a house, but who are struggling to make ends meet, can receive food products,

Data	Ascoli	Vast	Macerata	Pinewood	Atri	Lecce
<b>Opening Date</b>	2011	2015	2016	2016	2012	2017
<b>Active cards</b>	<b>250</b>	<b>125</b>	<b>125</b>	<b>106</b>	<b>145</b>	<b>1.531</b>

<b>Families helped by opening</b>	<b>392</b>	<b>375</b>	<b>507</b>	<b>106</b>	<b>145</b>	<b>1.531</b>
<b>People</b>	<b>1.041</b>	<b>1.437</b>	<b>2.123</b>	<b>328</b>	<b>4.576</b>	<b>4.764</b>

for the home and personal hygiene, for children (food and non-food), for school, frozen foods - based on a system founded on a free points card, which goes beyond the traditional "food package".

In order to have access to the Empori, each municipality, on the basis of well-defined criteria for evaluating the persons and families who are entitled to access

to this service, in fact it issues a magnetic card with a (virtual) credit in euro in which is stored the value of the monthly expenditure related to the state of need of the person or family. An indispensable card for withdrawing products, but also for obtaining psychological support from employees duly trained for this purpose.

In Marche, Abruzzo and Puglia, this experience has met with the support of Conad Adriatico and its members. A collaboration that, starting from has 2011, produced the realization of six solidarity emporiums in Ascoli Piceno, Vasto (Chieti), Macerata, Pineto, Atri (Teramo) and Lecce. A project in which the Cooperative has done its best what it is capable of, namely designing and building supermarkets, and therefore even the Emporiums, letting them be



Members of the individual territories to ensure the continuity of supplies, while Caritas has made aid systematic and introduced the use of the magnetic card. This is an initiative intended as a way "other" to live the reality of the area, sharing the joys and concerns of the individual as well as families.

For Conad Adriatico it means in

In particular, to give content and substance to its slogan "People beyond things", living as a community the community in which it operates with its members, citizens before being entrepreneurs, through long-lasting initiatives rather than giving a contribution momentary.

#### **Discounts for seniors**

Many seniors find themselves in financially distressed situations.

For this reason many Members of Conad Adriatico offer a weekly discount of up to 10% on spending of all customers who have reached 60/65 years (depending on the initiatives) of age. Promotions are also included in the discount.

#### **The Flower Factory**

Conad Adriatico contributed to the realization of a one-hectare nursery of surface in San Benedetto del Tronto (AP) managed by Cooperativa Primavera. An ONLUS social cooperative composed by operators with psychic disabilities supported in carrying out of their work in order to promote their employment through the activity of flower and plant care. In addition, to increase the collaboration of all members of the cooperative, a bee farm has been created for the production of honey.



## Solidarity initiatives during the Covid emergency 19

In the year of the Coronavirus, Conad Adriatico members have implemented a series of initiatives to provide support and aid to individuals and families in economic difficulty. In addition to this, there is also aid to hospitals: Conad members, through their cooperatives, have donated millions<sup>3</sup> of dollars to hospitals. of euro to two hospitals in the front line in the containment and contrast of the epidemic of Coronavirus Covid-19, namely the Spallanzani of Rome and the Sacco of Milan, for the funding of research activities on drugs against Covid-19.

### Mask to school

In a difficult year for the pandemic crisis, the shopping centers managed by Ethos were the protagonists of an important social initiative.

Thousands of certified surgical masks have been distributed free of charge to over 30 thousand children in schools<sup>100</sup> in provinces<sup>12</sup> throughout Italy. With this project Ethos, a company of Conad Adriatico, which manages 27 shopping centers throughout Italy, wanted to launch a signal of closeness to its own territory, putting itself at the side of the population with a small but meaningful gesture.

### Health Emergency on the front lines for communities

The outbreak of the pandemic has involved an unprecedented effort, which has seen everyone involved, those behind the scenes - suppliers, warehousemen, employees - and those in the front line: Members and their collaborators who at points of

sales, even in difficulty, have had the sensitivity to always put the customer at the center of attention, meeting their basic needs, listening to them and taking care of them, adapting strategies and operations to the situation in a very short time, changing schedules, services and assortments, making sure that on the shelves there are the indispensable things for everyone. Equally important has been the commitment, generosity and support in favor of numerous local initiatives, collaborating with public bodies, parishes, Caritas, Red Cross, Civil Protection, voluntary associations, supporting and strengthening a network of solidarity, strongly rooted in the territory, capable of reaching people in difficulty in a capillary way.





# For the environment

**The results achieved on the in terms of environmental sustainability are the result of meticulous daily work aimed at the revision of the logics and mechanisms that regulate the activities of the Cooperative and the points of sale, carried out in harmony with the Members and collaborators, through investments in resources and energy.**

Every year Conad undertakes to systematically measure the impact of its activities on the environment. activities - from logistics to energy consumption, from packaging to directing customers toward environmentally friendly consumption choices - assessing their reach. The objective of this annual report is to develop solutions and set goals that allow to manage the activities in an increasingly sustainable way from an environmental, but also social and economic point of view. An environmental commitment that ranges from the construction of low-impact buildings to the centers distribution outlets that use renewable energy; energy-efficient points of sale

the use of consumables resulting from from environmentally friendly raw materials; from integrated logistics to the choice of developing unpackaged products; from differentiated waste disposal to awareness campaigns for customers.

## Sustainable choices

In the year the program aimed at equipping the following with innovative technological solutions 2020 continued points of sale, with the aim of saving energy and contributing to environmental protection by reducing CO<sub>2</sub> in atmosphere.

## Cold Line

In point-of-care refrigeration systems Conad Adriatico is concluding the decommissioning of the refrigerant gas mixture, replacing it with one with a low environmental impact. The system installed, in addition to produce cold for the refrigerated counters, it reuses the heat generated inside the circuit refrigerant, using it to heat the hot water used in the store's processes to around 50° free of charge. The defrosting of the evaporators inside the refrigerated counters takes place through hot gas produced by the same system and no longer through electrical resistances. Moreover, the refrigerated counters have been equipped with electronic valves instead of mechanical ones, that manage the gas transformation process according to the outside temperature. In the dairy wall units, glass closing doors have been installed that help to conserve better the product and to decrease the consumption of about





50% compared to a traditional mural.

All frozen food islands are now also equipped with sliding glass covers. In the latest projects, new food refrigeration systems are also installed, which integrate the air conditioning system. It is based on the concept of heat recovery from the refrigeration plant. In essence, in winter the heat produced by condensation of the gas, which would be dispersed outside through the condensers, is used to heat the room; the heat produced by the operation of the compressors is also recovered, thus allowing a reduction of about 70% of the refrigeration climate energy requirements.

In view of the fact that the food refrigeration system is in operation during 24 the 24, winter, warm air is also supplied to the room at night, thus avoiding the cooling of the rooms at night and the strong demand for warm air typical of the early morning hours.

#### **Solar Thermal**

The production of domestic hot water for the processing areas produced by the engine room fridge is integrated by a solar thermal panel system. This system has been installed on all our latest achievements. It allows the point sale to be completely autonomous in the production of hot water at zero cost and impact.

#### **Lighting**

The fresh departments are illuminated with LED lamps that have allowed electricity savings of 50% compared to the lighting fixtures to sodium vapor.

Led tubes are also present in the hall areas, and recently also on the cashier barrier, also with design finishes, ensuring a saving of 60% compared to the consumption recorded by a point of sale.

sales area illuminated with traditional neon (T8). During the year, most of the refrigerated counters - wall and cabinets - were equipped with LED lighting on the shelves.

#### **Technology**

In more than 60 outlets, in distribution centers undergoing renovations and in all the new openings - direct and in some cases owned by members - the energy remote control system has been installed for the optimal management of the main utilities (general electric, hall lights, central refrigeration, air conditioning, gastronomy and kitchen departments).

On the whole, Conad Adriatico has intervened on about thousand 15 square meters of sales area, using innovative technologies and generating a saving of about thousand 600kWh of electricity, with the consequent reduction of about 750 tons of CO2 emitted into the atmosphere, the equivalent of planting 10 thousand trees.

### Photovoltaic

Thanks to the wide availability of space on the roofs of commercial facilities and to the lowering of the supply costs of the new generation panels, the Cooperative has set itself two objectives: economic, because the supply of energy from a system photovoltaic - even if partial - reduces in the medium term the costs of structure, and environmental, because it helps to reduce emissions due to an electricity supply based on non-renewable sources.

In the Adriatic Conad2020, consistently with the commitment already made in the past and with a vision increasingly directed towards future generations, has dedicated itself to the design of the new architectural structures that will house the new supermarkets.

Construction of major new initiatives of development that will materialize in the next two years will combine at the same time: efficiency, environmental sustainability and design.

The high-tech roofs, capable of obtaining maximum tightness and thermal efficiency with zero environmental impact, will be combined with integrated photovoltaic systems, made with polycrystalline silicon panels of the latest generation and much higher power.

to the minimums set by legislation, all in an architectural context with modern and pleasant lines destined to become a point of reference for the of reference in the urban fabric and the community that inhabits it.

### Electric mobility

A memorandum of understanding continues between Conad and EnelX to promote the development and diffusion of electric mobility throughout the country. Under this agreement, EnelX installs vehicle recharging columns in the parking lots of Conad stores.

These are the ones 14already present: L'Aquila, Taranto, Pescara, Martinsicuro (Teramo), Campobasso and in the Monsampolo del Tronto (Ascoli Piceno) location, Porto Sant'Elpidio (Fermo) - in the Fast Recharge version -, Montesilvano (Pescara), Brindisi, Casalbordino (CH), Francavilla al Mare (Chieti), Popoli (Pescara), San Severo (FG), Monteprandone (A.P.) During the course of the year it is 2021estimated that another eight recharging stations will be activated.

These infrastructures, thanks to the technology developed by EnelX, are managed remotely and are able to identify the customer through a dedicated card or through registration on a special app. Particular attention has been paid to the realization of the service stations "Conad



Self 24h" in which, in addition to the traditional dispensers, electric car recharges are flanked by dispensers of natural gas (GpL and GnC), which are considerably less polluting alternatives to automotive hydrocarbons. All this is also supported by a photovoltaic system installed above the service station canopy.

### Sustainable building

An objective that today Conad Adriatico sets itself for the future is to try to minimize the environmental impact of new stores in relation to their life cycle. It will therefore create new buildings with a "low environmental footprint" through the reduction of greenhouse gas emissions, but also through the search for 100% recyclable materials and the adoption of new construction techniques with low water consumption. The intention is to reduce the use of natural resources as much as possible. In the new buildings, large transparent curtain walls have been created with clear benefits to exploit natural sunlight to the maximum; the selective double-glazing sheets for the normal filtering of thermal radiation have been harmoniously combined with aluminium and steel pergolas whose electromechanical opening of the "flaps" contributes to the protection of the environment.

considerably in the reduction of thermal loads, to the improvement of the inside comfort, to the abatement of the necessity of conditioning, with positive consequences

on indoor wellbeing and energy saving, creating a new semi-outdoor environment where climatic conditions are as comfortable in summer as they are in winter.

This type of mobile solar shading also allows access to the incentives provided for the energy requalification of buildings (in order to take advantage of the Ecobonus these solar systems must: protect a glass surface, be architecturally integrated into the building envelope and be mobile technical screens). The technical structure of Conad Adriatico is also conducting a study for the adoption of a new non-slip, safe, high-strength and now also 'anti-Covid' flooring in the new constructions, made with a process of photocatalysis with carbon dioxide.

of titanium with added silver having the ability, thanks to the oxidation activated by light, to eliminate the presence of pollutants, microbial agents (viruses, bacteria, fungi and mold) that come into contact with the surface.

### Water

In the social seat of Monsampolo del Tronto, during 2020, ten drinking water fountains have been installed microfiltered-sterilized, in order to eliminate the use of disposable water bottles, favoring the



water bottle breakage. Microfiltration is a process that eliminates in the water all of those particles with a diameter greater than one micron0,5. The device uses special filters that block the passage of all solid particles and any suspended debris that may be harmful to the body such as debris, sand, rust, algae and sediment. This process

does not eliminate mineral salts such as potassium, sodium and calcium which are essential for the human organism. The lamp, present in the fountain, destroys all unwanted organisms. The process of microfiltration greatly reduces the odor of chlorine used to disinfect the water that is more pleasant to drink. The water filtered with the system of microfiltration maintains the same characteristics of the water supplied by the aqueduct, therefore hardness, pH, conductivity, mineral salts and fixed residue remain unchanged. The result is a reduction in the consumption of water in plastic bottles for more than lt35.000./year.

### Logistics

Among the elements with the greatest environmental impact of modern distribution activities are the kilometres travelled by vehicles for transport. of products and, consequently, fuel consumption. Conad Adriatico considered it important to participate in the Supply Chain Climate Footprint survey project - the project undertaken by at national level by Conad - to measure and therefore reduce the CO emissions<sup>2</sup> produced

By the entire Conad system. Conad's commitment to quantifying climate impact in logistics began as early as 2016. In the last three years, demonstrating the centrality of sustainability aspects, a path of certification of transport data has been undertaken and warehousing by the SGS certifying body, which has confirmed their consistency with respect to the calculation methodologies and extraction methods.

In addition, the processing methodology complies with the new global protocol 'GLEC Framework 2.0' for the calculation of emissions in transport, aligning Conad to international best practices. In 2020 the transport system belonging to Conad emitted 139,313 tons of CO<sub>2</sub>e, a value that includes the transport managed by Conad Nazionale (Branded Products) and by the Cooperatives (all products). Analyzing the totality of the primary distribution flows of the Branded Product - which includes direct transports to Ce.Di. and flows passing through the Hubs - the increase in total volumes of goods transported from 1,270,303 tons to 1,465,041 tons (+15% on 2019) is accompanied by an increase in emissions CO<sub>2</sub>e WtW from 52.181ton56.345 (+8% over 2019).

Therefore, in 2020 there has been a general improvement in the transport efficiency index, which has gone from kg 0,088CO<sub>2</sub>e/tonkm in 2020 to 2019 kg 0,077CO<sub>2</sub>e/tonkm<sup>2</sup> in 2020. In 2020 an estimated 2,024 kg of PMx were emitted for the transport of Conad brand products. This result marks a significant decrease (-33%) compared with the previous year.

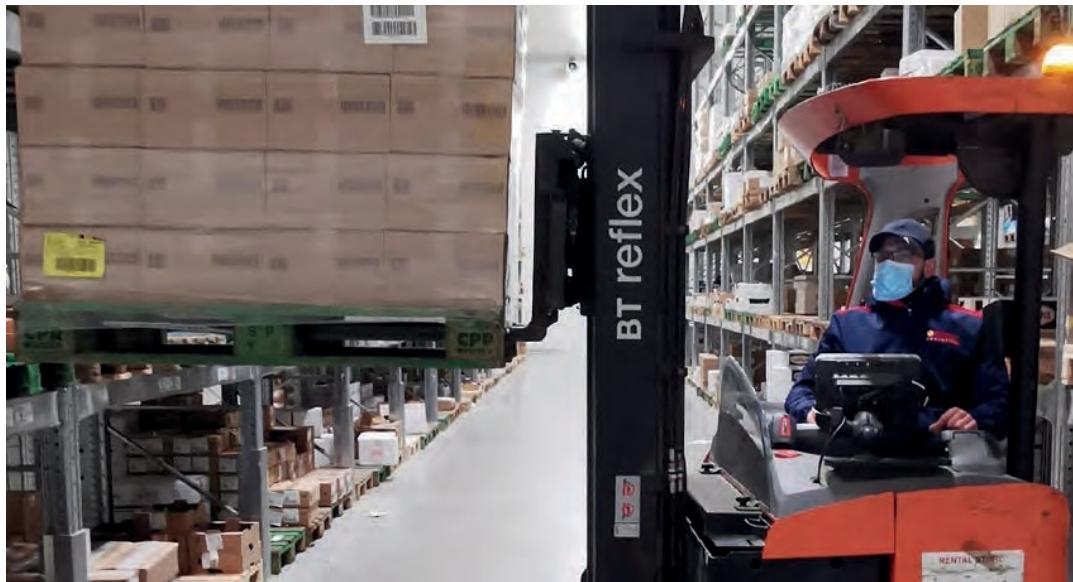
3.040 Kg of PMx emitted during the year, despite 2019 the increase in volumes transported, reflecting an improvement in the Euro mix of the fleet used in Conad brand product flows thanks to the gradual withdrawal of Euro class vehicles and the gradual elimination of Euro class vehicles.

was the distribution of products to the points of sale of the Cooperative, responsible for emissions equal to tons 10.692 of CO<sub>2</sub> and for about millions 6,6 of kilometres travelled. The final figure includes 2020 both point-of-sale delivery and transfers between warehouses. In recent years, in order to reduce the environmental impact of transport activities, Conad Adriatico has reviewed its distribution model and the organization of its vehicle fleet. The Cooperative has equipped itself with new Transit Points (Popoli, Rutigliano and Soleto) and has strengthened those already existing (Monsampolo del Tronto and Surbo), reducing the number of trucks travelling to transfer products to points of sale far from the Integrated Logistic Pole of San Salvo.

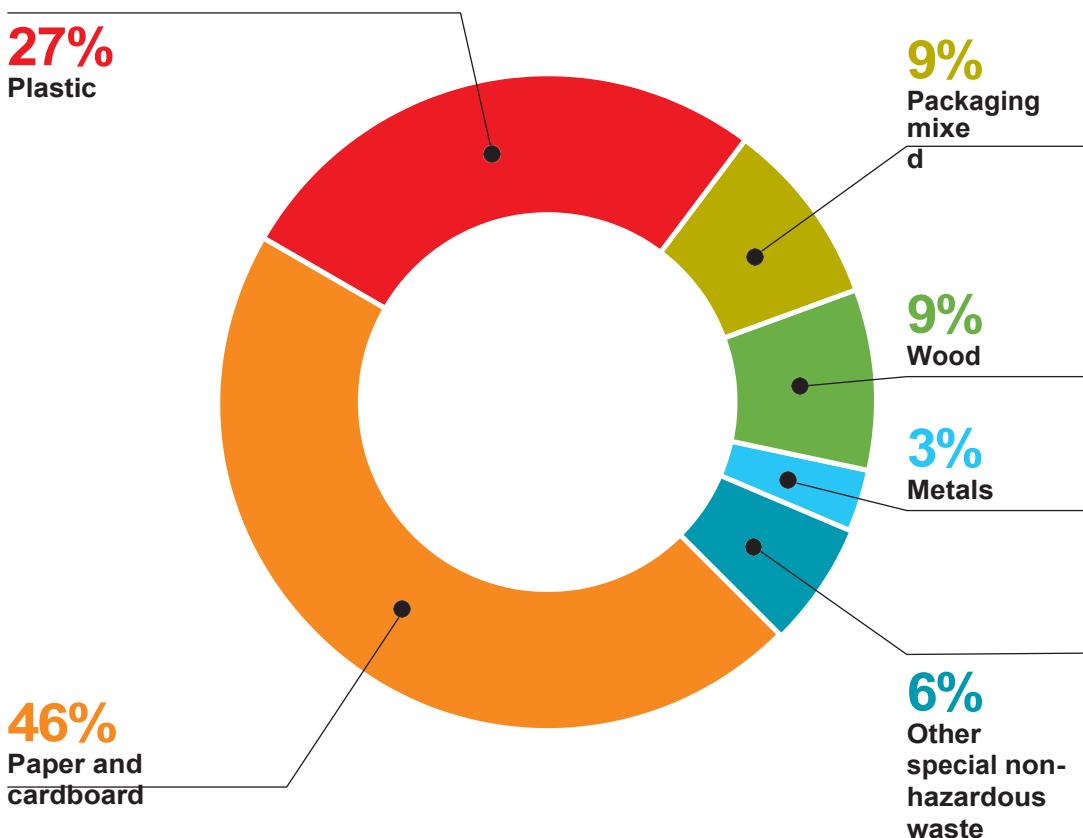
All this has led to an increase of 21% in volumes distributed and a change of only 12% in kilometers travelled.

The Cooperative also modernized the vehicle fleet used for product distribution, using a greater number of Euro vehicles (6 more modern and therefore less polluting) than in the past. In the year it is 2020 estimated that kg 402 of PMx were emitted, down on the kg of the previous 423 year. The trend of progressive modernization of the vehicle fleet and greater use of Euro and 5 Euro vehicles was therefore 2019 confirmed, Popoli, Rutigliano, San Salvo (GV and Polo), Surbo and Soleto for which emissions were estimated to be equal to a total of tons 2.711CO<sub>2</sub>e.<sup>2</sup>

During 2020, Conad Adriatico's Ce.Di. consumed a total of 61,595 m<sup>3</sup> of water. In the same period, a total of 742 tons of waste were produced by Conad Adriatico's Ce.Di., of which about 94% was sent for recycling and 6% disposed of in landfills.



### Percentage use of materials



### Pallets and crates pooling

Conad Adriatico continues its partnership with Chep for the use of the pallet pooling system, with a program that ensures recycling of materials, wood from controlled forests, and the CO<sub>2</sub> reduction associated with optimizing transportation. In this way in Conad Adriatico's Cedi the trucks have saved a total of 451 tons less CO<sub>2</sub> released into the atmosphere, equal to truck trips 10 around the earth. The use of Chep pallets has also saved m448.878 <sup>3</sup> of wood (equal to 434 trees) and reduce waste (48 tons less than in 2019). Chep received the program's logo from the Ministry of the Environment to environmental footprint assessment.

The partnership with CPR System also continued with regard to fruit and vegetables and meat, with the pooling of green and grey crates with a handling of approximately 5,7

million crates, thousand 211 pallets and thousand 37minibins. The use of pallets alone has led to a reduction of 360 tons of CO<sub>2</sub> released into the atmosphere compared to traditional packaging, while also generating a 29% reduction in the amount of virgin material, thanks to the recycling of CPR material. The use of crates for packaging also reduces the environmental impact resulting from production of cardboard boxes, waste management, and a reduction in the number of kilometers travelled by trucks to supply the production chain. The boxes are collected at the Cedi when the goods are received, with a significant reduction in the number of kilometres travelled for re-supply.

According to a study conducted by the University Bologna, over a time horizon of years 10, the use of CPR cassettes leads to a reduction of tons 65.278 of CO<sub>2</sub> compared to disposable plastic cassettes and tons 23.880 of

CO<sub>2</sub> compared to disposable cardboard boxes.



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