



Servizi
Italia

SUSTAINABILITY REPORT

2021



Consolidated Non-Financial Statement
pursuant to Italian Legislative Decree 254 of
30 December 2016

Letter to stakeholders



“Sustainability” implies recognising that everything is related to everything; that there is no economic prosperity without social inclusion; that growth must take the ecosystem into account; that individual interest is always related to the common good; that social life is always an intergenerational alliance; that diversity is wealth if it can respect the need for identity and a sense of belonging.¹

It is with great pleasure that I share the ninth edition of the Servizi Italia Group's Sustainability Report with you, which comes out at a time when we can perhaps begin to be cautiously optimistic about the global pandemic situation. We have come through a very difficult two-year period: the pandemic has changed our lives, our work and our society, but we look to the future with renewed confidence, even though we are aware that the effects of the pandemic will leave a deep mark on our social and economic fabric, redrawing balances and making the need to find new paths and new solutions more evident than ever.

In this context, the Servizi Italia Group has increased and transformed its commitment according to the different surrounding conditions and always maintaining a fundamental pillar: **sustainability represents a key value and must influence our growth strategy and value creation.**

It is now clear and evident to all that profit is no longer the only metric on which companies are assessed. They must necessarily present themselves to the territory, the market and society with many more keys to interpretation and with the ability to combine the creation of value with sustainability over time, also necessarily looking at their socio-environmental impact.

It is in this context that we report on our social commitment, which goes well beyond regulatory requirements. With this report, we are responding to the demands of a market that is increasingly requesting clear and concrete answers. The report is an important opportunity to describe the path we have travelled and the future goals we have set ourselves to consolidate the system of relations between the company and the areas where it operates, in the hope of creating a virtuous system capable of influencing our entire value chain, from supplier to end user.

Servizi Italia also celebrated 35 years of activity in 2021: an important goal that would have been impossible to achieve without the contribution of the more than 3,000 employees of the Servizi Italia Group. I would like to thank them in particular for having embraced and made the culture of su-

stainability their own, translating it into concrete actions on a daily basis.

The way is still long but we are not afraid to travel it. We know that we have an important role to play in helping to create a world in which ethics and profit are not at odds, in which industry and territory speak the same language: **a balanced and replicable system that allows for sustainable and environmentally friendly growth, so that our company's successes are sustainable successes, to the benefit of our stakeholders and the world in which we live.**

The Chairman - Roberto Olivi

1. M. Magatti, "Sustainability is the new centre of gravity of our societies", 24/01/2021, article published on www.corriere.it

Letter to stakeholders



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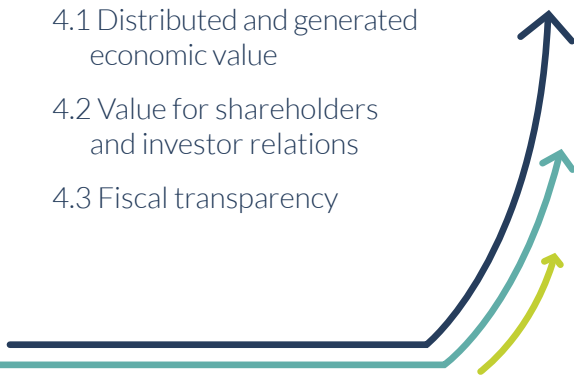
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1. METHODOLOGICAL FOREWORD



1.1 Methodological note

The Servizi Italia Group presents its ninth Sustainability Report, which constitutes the Consolidated Non-Financial Statement prepared in accordance with Italian Legislative Decree 254/16 and reports, to the extent necessary to ensure an understanding of the business activity, its performance, its results and the impact produced, on the issues considered relevant and envisaged in Article 3 of Italian Legislative Decree 254/16, with reference to the financial year 2021 (from 1 January to 31 December).

The reporting scope of the economic and financial data and information, as well as qualitative information and quantitative social and environmental data, corresponds to that of the Consolidated Financial Statements at 31 December 2021 of Servizi Italia S.p.A. Unless otherwise specified, the report considers **Servizi Italia S.p.A.** and the following companies it controls²:



ITALY: Steritek S.p.A., Wash Service S.r.l., Ekolav S.r.l., Consorzio San Martino 2000 S.c.r.l.³,



BRAZIL: SRI Empreendimentos e Participações Ltda (parent company of: Lavsím Higienização Têxtil S.A., Maxlav Lavanderia Especializada S.A., Vida Lavanderias Especializada S.A., Aqualav Serviços De Higienização Ltda)



TURKEY: Ankateks Turizm Insaat Tekstil Temizleme Sanayi ve Ticaret Ltd Sirketi (parent company of Ergülteks Temizlik Tekstil Ltd. Sti.). As established in Article 5 of Italian Legislative

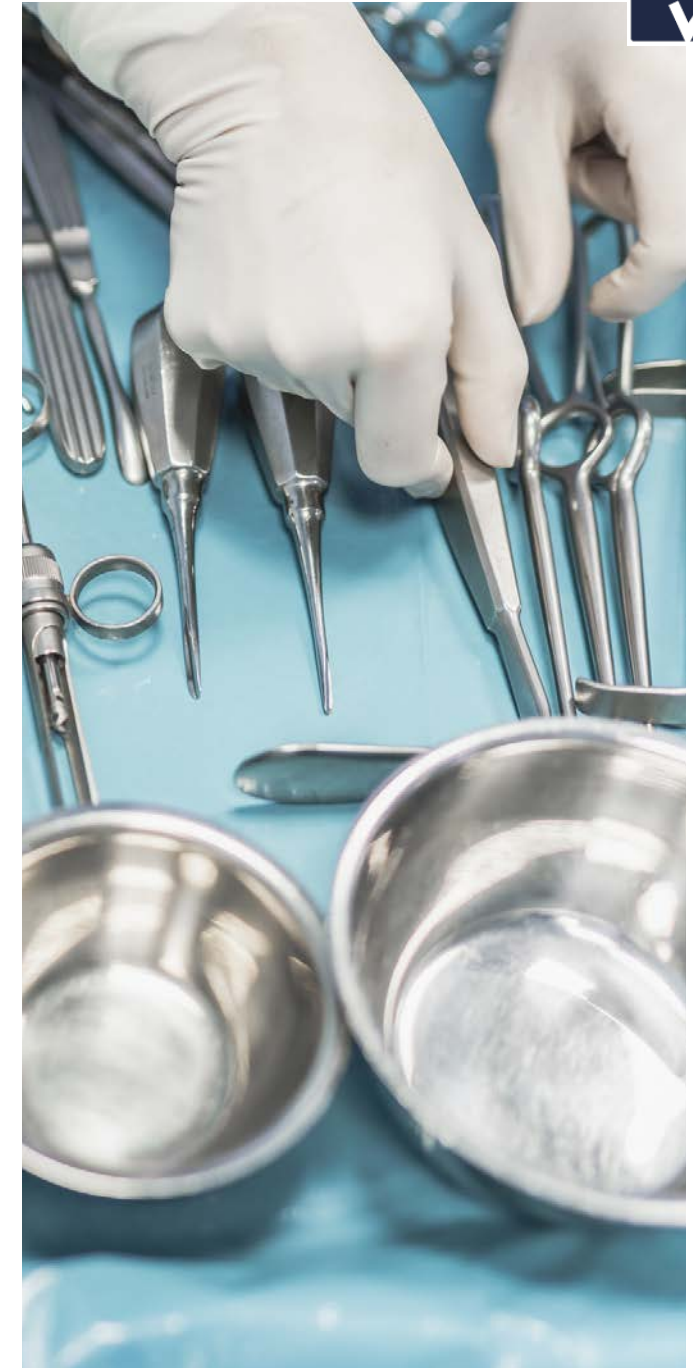
Decree 254/16, this document is a separate report, marked with an appropriate wording in order to refer it to the SR required by the legislation and has been drawn up in accordance with the reference standards: “*Global Reporting Initiative Sustainability Reporting Standards*” (hereinafter “*GRI Standards*”) issued by the *Global Reporting Initiative* (GRI), according to the “*in accordance - core*” option. In addition, the guidelines of the “*Public statement on European common enforcement priorities for 2021 annual financial reports*” published by the European Securities and Markets Authority (ESMA) on 29 October 2021 were also taken into account, where appropriate.

The selection of aspects and indicators to define the contents to be reported was made taking into account the information considered relevant to the Group and its stakeholders, through a materiality analysis process described in the section “*Materiality Analysis and Group Sustainability Plan*” of this document.

During 2021, with reference to significant changes that oc-

2. Further information on the Group companies consolidated on a line-by-line basis is provided in section “3.2 Scope of consolidation” of the Notes to the Consolidated Financial Statements of Servizi Italia S.p.A. at 31 December 2021.

3. Consorzio San Martino 2000 S.c.r.l. is a consortium company with registered office in Genoa, incorporated in 2003 for the management of the San Martino Hospital of Genoa, 60% owned by Servizi Italia S.p.A. This company works exclusively as an intermediary between the client and the consortia without making its own profits or having its own production activities or personnel.



curred during the reporting period considered, it should be noted:

1. On 3 February 2021, in line with the redistribution of volumes in order to achieve greater saturation of the production capacity of the sites in the north-west area, production activities at the plant located in Podenzano (PC) ceased;
2. On 26 February 2021, the Parent Company announced that it had signed the closing relating to the sale to AlSCO Italia S.r.l. of the workwear business unit, a preliminary disclosure to the market at the time of signing was made on 28 January 2021. The agreement took effect on 1 March 2021 and provides for:
 - the sale by Servizi Italia S.p.A. to AlSCO Italia S.r.l. of the Business Unit that includes in particular the workwear sector customer portfolio, the Barbariga (BS) plant and related property, the contractual relationships with the workwear sector employees and related payables, plant, machinery, equipment and other operating assets relating to the workwear and the linen and textiles workwear sectors, and the Business Unit's commercial goodwill;
 - the closure of the local unit in Barbariga (BS).
3. With the aim of trying to reduce the occupational and social repercussions and allow for even a limited and partial safeguarding of employment levels, the Parent Company activated, with a letter dated 6 September 2021, the procedure pursuant to art. 47 of Italian Law no. 428/1990 for the lease to Steris S.p.A. of the company's business unit known as "Ariccia instrument sterilization centre" consisting of 12 employees.

There have been no significant changes in the Group's structure and supply chain.

In order to allow the comparability of data and information over time and to assess the development of the Group's activities, a comparison with the previous year is proposed.

In the case of restatements of data relating to the previous period, these are expressly indicated. Moreover, in order to give a correct representation of performance, the use of estimates has been limited as much as possible. Where estimates were used, they are based on the best available methodologies and appropriately reported. Published annually, the Sustainability Report has been prepared with a view to providing information that is reliable, complete, balanced, accurate, timely, comprehensible and comparable, as required by the GRI Standards.

This document was drafted by the CSR Committee, which collected the reported data by involving all the relevant management functions. For further information on the data, please contact: csr@servizitaliagroup.com.

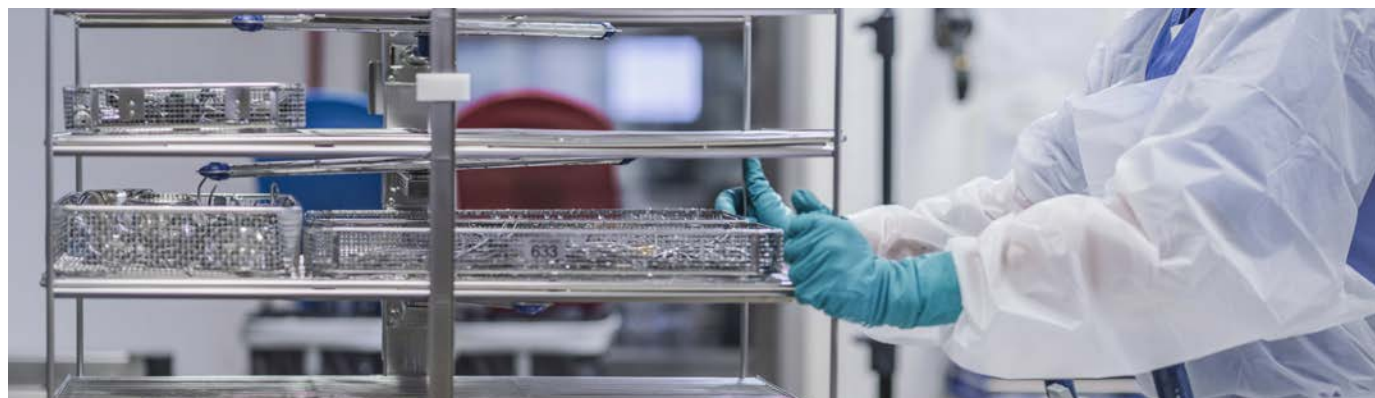
In addition, the 2021 Sustainability Report is subject to a "limited assurance engagement" according to the criteria set out in the ISAE 3000 Revised principle by Deloitte & Touche S.p.A. The verification was carried out in accordance with the procedures set out in the "Independent Audit Company Report", included in this document.

The publication of this SR, together with the Financial Report, follows the approval by the Board of Directors of Servizi Italia S.p.A. which took place on 14 March 2022.

In the 2022-2024 Sustainability Plan, the various activities and investment initiatives are classified into categories (En-

vironment, Social, Governance, Economic), associating the Group's medium-term commitment to one or more sustainable development goals (SDGs) of the parent company Servizi Italia S.p.A. and of the subsidiaries consolidated on a line-by-line basis within the Consolidated Financial Statements to each of them.

The following chapters of this SR discuss non-financial issues, for which the Group has also publicly shared its commitment to achieving non-financial objectives, whose contents are discussed in more detail in the appropriate section of the Group's Sustainability Plan.



1.2 Materiality analysis and Sustainability Plan of the Group

The Servizi Italia Group has defined a strategic focus and embarked on a path of continuous improvement related to sustainability aspects, with a view to creating value for all stakeholders in the medium-long term; in particular, in the separate Business Plan of Servizi Italia S.p.A. and consolidated Business Plan of the Servizi Italia Group for the five-year period 2022-2026, the commitments of the **Sustainability Plan 2022-2024** have also been considered. Within the plan, the various activities and investment initiatives are classified into categories (Environment, Social, Governance, Economic), associating the Group's medium-term commitment to one or more sustainable development goals (SDGs) of the parent company Servizi Italia S.p.A. and of the subsidiaries consolidated on a line-by-line basis within the Consolidated Financial Statements to each of them.

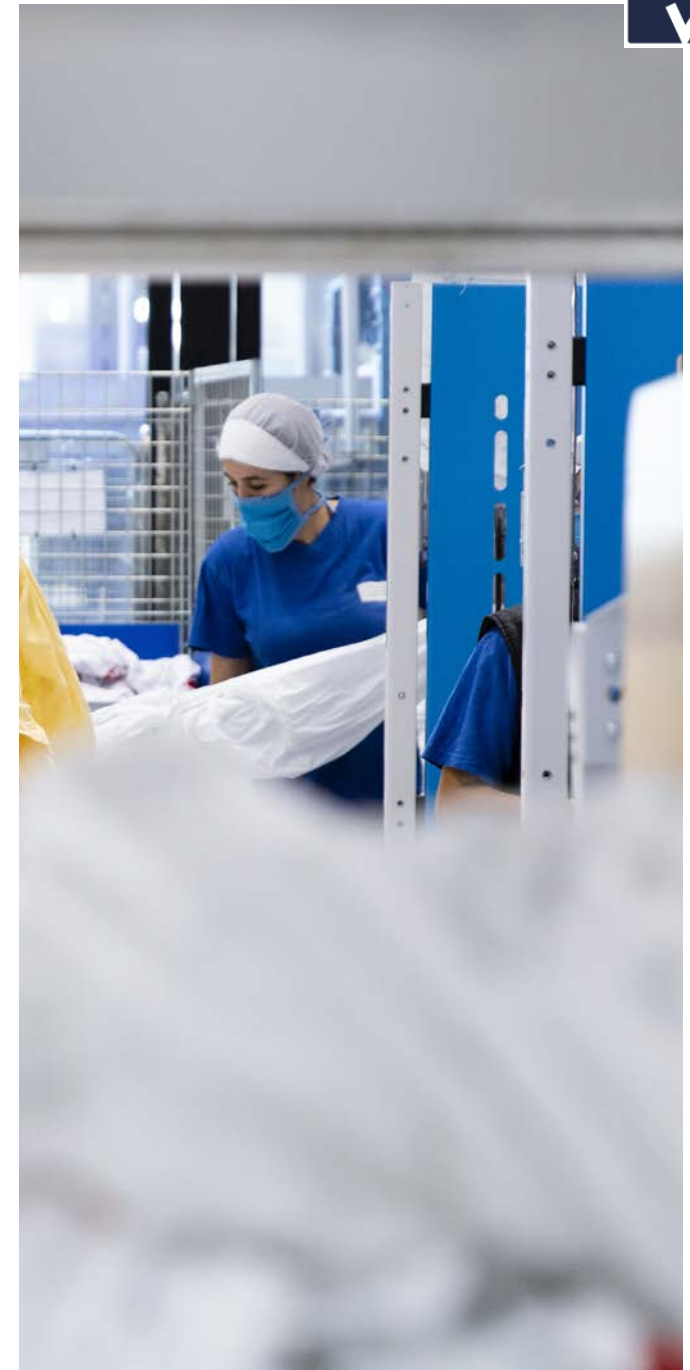
In order to define the relevant aspects for the Group and its stakeholders and thus define a targeted strategic focus, the Group has undertaken a structured process of priority analysis (“**materiality analysis**”), as required by the GRI Standards, aimed at defining material topics and preparing the materiality matrix. The target of the analysis is to identify and assess the highest priority topics for stakeholders, both internal and external to the Group, to relate them to the Group's priorities for action and to the industrial strategy, in order to verify their “alignment” (or “misalignment”) and identify any gaps to be filled.

The relevant topics were assessed by internal and external stakeholders, who were comprehensively involved through a questionnaire. In addition, it was decided to investigate the positions of a specific class of stakeholders in 2021 - suppliers - who were involved in individual meetings aimed

at sharing and acknowledging their positions on material topics for the Group, also with a view to future development and progression.

Understanding stakeholders' expectations is one of the crucial phases in the analysis of priorities, it is a moment of comparison and sharing of all those aspects related to growth which, at this moment in history more than ever, must be developed along two complementary lines of development: strategic development and sustainable development.

Stakeholders play a fundamental role thanks to which the Group maintains a vision of the contexts in which it operates, undertaking to consider their expectations, perceptions and priorities in decision-making processes and in the definition of economic, environmental and social objectives.



STAKEHOLDER CATEGORIES	MAIN INITIATIVES OF DIALOGUE AND INVOLVEMENT
Human resources	<ul style="list-style-type: none"> • Sending company information on main economic results and corporate events. • Activation of cross-functional working groups. • Participation as beneficiaries of annual and three-year variable remuneration. • Christmas gifts. • Regular involvement of trade union representatives in all phases of second level bargaining. • Occupational health and safety certifications. • Family Audit certification. • Updating of regulatory changes to the Organizational Model prepared pursuant to Italian Legislative Decree 231/2001. • Regulatory and organizational compliance in light of the application of anti-corruption, antitrust, environmental and safety laws in the various countries in which the Company operates.
Direct Customers	<ul style="list-style-type: none"> • Sponsorship of events, conventions and congresses, aimed at promoting the dissemination of scientific acquisitions in the field of health, management and safety. • Promotion and publication of images and advertising space or case histories in specialized magazines. • Updating of regulatory changes to the Organizational Model prepared pursuant to Italian Legislative Decree 231/2001. • Regulatory and organizational compliance in light of the application of anti-corruption, antitrust, environmental and safety laws in the various countries in which the Company operates.
Indirect Customers	<ul style="list-style-type: none"> • Drafting and updating the Code of Ethics. • Quality certifications. • In terms of information and knowledge, Servizi Italia addresses citizens mainly through its website and its activities on various social networks.
Shareholders	<ul style="list-style-type: none"> • Investor Relations activities. • Annual publication of corporate events calendar. • Real-time posting of notices on the website regarding approvals and publications of financial statements, reports, material transactions and other releases. • Dedicated mailing to shareholders who have requested it, in which direct information and/or answers to questions are provided. • Constant updating on the company's industrial and management policies, both through the official bodies (BoD) and through direct and indirect reporting. • One-to-one meetings and participation in events organized by Borsa Italiana. • Activities of the Supervisory and control body.
Suppliers	<ul style="list-style-type: none"> • Performance evaluation activities. • Involvement in policies for Quality, Health and Safety, Social Responsibility, Environment and Energy, and Corruption Prevention. • Involvement through specific videocalls to further explore the aspects foreseen by the materiality analysis questionnaire in relation to environmental, social and governance issues.
Local and Scientific communities	<ul style="list-style-type: none"> • Sponsorship of events in line with company policies. • Promotion of shows and events. • Promotion of production sites (visits, openings). • Publication of the Sustainability Report. • Participation in and sponsorship of conventions on research and innovation with a scientific purpose aimed at those who could benefit from the provision of services given by Servizi Italia: doctors, nurses and managers of the healthcare organization. • Regulatory and organizational compliance in light of the application of anti-corruption, environmental and safety laws in the various countries in which the company operates.
Future generations	<ul style="list-style-type: none"> • Publication of the Sustainability Report. • Activities of the Supervisory and control body. • Environmental certifications.

As in the last edition of the report, the Group has broadened the area of stakeholder engagement, extending their activities also to the foreign scope (Brazil and Turkey), with a view to greater inclusion and sharing of relevant sustainability issues.

In accordance with GRI Standards, in order to support the bodies responsible for defining a strategic focus on sustainability issues, the Servizi Italia Group has therefore applied a structured process for the analysis of materiality and its representation, which includes:

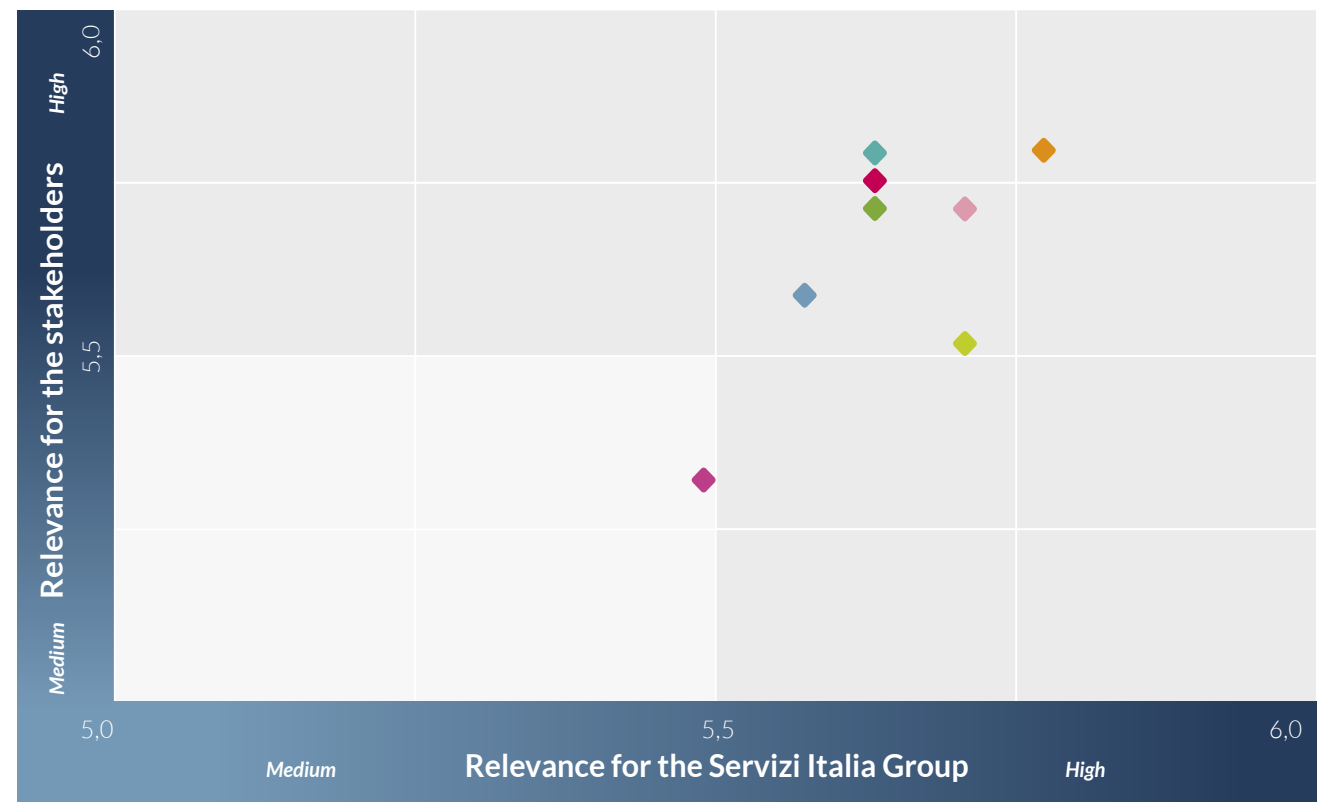
1. Analysis by Servizi Italia's Top Management of topics that emerged as "material" during the previous year. The topics assessed were in line with those identified for 2020, confirming the benchmark analysis conducted last year. The themes were aggregated based on homogeneity criteria determining the following four areas: Governance, Economic, Environmental and Social.
2. Activities involving certain categories of internal (Board of Directors, Top Management) and external stakeholders (Employees, Suppliers, Customers, Associated/Subsidiary Companies, Shareholders, Associations), through an online questionnaire sent to a sample of around 150 recipients representing the various categories involved and aimed at investigating the relevant importance of each topic in their perception and their expectations. In particular, the category of suppliers of the main relevant product classes was involved through video interviews, the aim of which was to ask questions concerning the aspects envisaged by the materiality analysis questionnaire in relation to environmental, social and governance issues.
3. Involvement of the members of the Board of Directors of Servizi Italia S.p.A. and the Group's Top Management in order to assess the level of impact of the topics on management strategies, determined based on current and prospective commitment made on each topic.

The updated materiality matrix has been analysed and discussed by the Board of Statutory Auditors and the Governance Committee. The topics emerging as priorities are in line with what emerged in the previous years.

On the various topics, also according to the priorities assigned by the stakeholders in the matrix, the Group is committed to working proactively to respond to the various needs, through the identification, monitoring and achievement of objectives and targets formalized within the Business Plan for the five-year period 2022-2026 and Sustainability Plan 2022-2024.

2021 MATERIALITY MATRIX OF THE SERVIZI ITALIA GROUP

- ◆ Community involvement and development
- ◆ Direct and indirect environmental impacts
- ◆ Quality service and operational improvement
- ◆ Procurement practices
- ◆ Diversity and equal opportunities
- ◆ Business integrity and ethics
- ◆ Creation of value
- ◆ Attention to employees



SCOPE	MATERIAL ISSUE	DESCRIPTION OF THE GROUP'S STRATEGIC APPROACH
ENVIRONMENT	DIRECT AND INDIRECT ENVIRONMENTAL IMPACTS	Commitment to efficient and correct management of energy resources, GHG and other polluting emissions, water consumption, water and waste discharges and use of consumables and packaging with particular attention to the implementation of actions that limit the environmental impact in all its aspects.
SOCIAL	DIVERSITY AND EQUAL OPPORTUNITIES	Maximum respect for diversity, at all levels, non-discrimination and protection of equal opportunities.
	ATTENTION TO EMPLOYEES	Attention to the needs of employees through the definition of individual development policies (skills development with training, <i>performance management system</i> , <i>retention policy</i>), and commitment to ensure the protection of the individual through welfare and prevention policies and protection of health and safety at work. Commitment to ensure that the Group's people have a series of conditions that are better than those established by local legislation, for example, in terms of labour discipline, safety protection and work-life balance.
	QUALITY SERVICE AND OPERATIONAL IMPROVEMENT	Comply with the regulations and ensure compliance with the contractual requirements of customers with the timely provision of the services requested, while seeking operational improvement and sustainability along the movement circuit of the same with technological innovation.
	COMMUNITY INVOLVEMENT AND DEVELOPMENT	Involvement of local communities and support to the territory in which the Group operates with a view of social and economic development.
	PROCUREMENT PRACTICES	Long lasting relationship with the Group's suppliers, for the guarantee of an effective and quality service and the sharing of the same values and the same commitment at an ethical, social and environmental level.
GOVERNANCE	BUSINESS INTEGRITY AND ETHICS	Commitment to preventing corruption, promoting ethics and integrity in business, aligning with international governance recommendations and best practices. Continuous commitment in safeguarding the company's reputation and reliability with respect to fair competition. Transparency and clarity of information provided to the market.
ECONOMIC	CREATION OF VALUE	Revenue growth through the consolidation of the business model and the increase of the presence on the Italian and international territory. Commitment to creating value for the Group's shareholders and other stakeholders.

SCOPE OF IMPACT OF RELEVANT TOPICS

MATERIAL TOPICS	GRI ASPECTS	SCOPE OF IMPACT	GROUP INVOLVEMENT
BUSINESS INTEGRITY AND ETHICS	Anti-corruption	Servizi Italia Group	Generated by the Servizi Italia Group
	Anti-competitive behavior	Servizi Italia Group	Generated by the Servizi Italia Group
	Socio-economic <i>compliance</i>	Servizi Italia Group	Generated by the Servizi Italia Group
CREATION OF VALUE	Economic <i>performance</i>	Servizi Italia Group	Generated by the Servizi Italia Group
	Tax	Servizi Italia Group	Generated by the Servizi Italia Group
DIRECT AND INDIRECT ENVIRONMENTAL IMPACTS	Materials	Servizi Italia Group	Generated by the Servizi Italia Group
	Energy	Servizi Italia Group	Generated by the Servizi Italia Group
	Water	Servizi Italia Group	Generated by the Servizi Italia Group
	Emissions	Group and Suppliers of electricity and thermal energy	Generated by the Servizi Italia Group and related to the Group through its commercial relationships
	Environmental <i>Compliance</i>	Servizi Italia Group	Generated by the Servizi Italia Group
ATTENTION TO EMPLOYEES	Employment	Servizi Italia Group	Generated by the Servizi Italia Group
	Market presence	Servizi Italia Group	Generated by the Servizi Italia Group
	Training	Servizi Italia Group	Generated by the Servizi Italia Group
	Health and safety at work	Employees and external collaborators of the Group ⁴	Generated by the Servizi Italia Group
DIVERSITY AND EQUAL OPPORTUNITIES	Diversity and equal opportunities	Servizi Italia Group	Generated by the Servizi Italia Group
	Non-discrimination	Servizi Italia Group	Generated by the Servizi Italia Group
QUALITY SERVICE AND OPERATIONAL IMPROVEMENT	Customer <i>privacy</i>	Servizi Italia Group	Generated by the Servizi Italia Group
	Labelling <i>and marketing</i>	Servizi Italia Group	Generated by the Servizi Italia Group
PROCUREMENT PRACTICES	Procurement practices	Group and Suppliers	Generated by the Servizi Italia Group and to which the Group contributes
COMMUNITY INVOLVEMENT AND DEVELOPMENT	Local communities	Servizi Italia Group	Generated by the Servizi Italia Group

4. Data relating to the Health and Safety of external collaborators includes the types of non-employee workers who work at the Group's sites and/or under the Group's control, given their significance and the availability of such data over which the Group does not exercise direct control.

1.3 The Sustainability Plan of the Group

The 2022-2024 Sustainability Plan contains objectives/results/commitments aimed at promoting the sustainable success of the Group, through the implementation of policies, strategies, actions and long-term investment initiatives linked to the same and considered in the 2022-2026 Business Plan. The Plan has been developed taking into account a structured path for the materiality analysis which identifies, based on the expectations of stakeholders inside and outside the Group, the relevant topics to be communicated, as well as the commitments, the 2021 results and the 2022-2026 plan classified by categories (Environmental, Social, Governance and Economic).

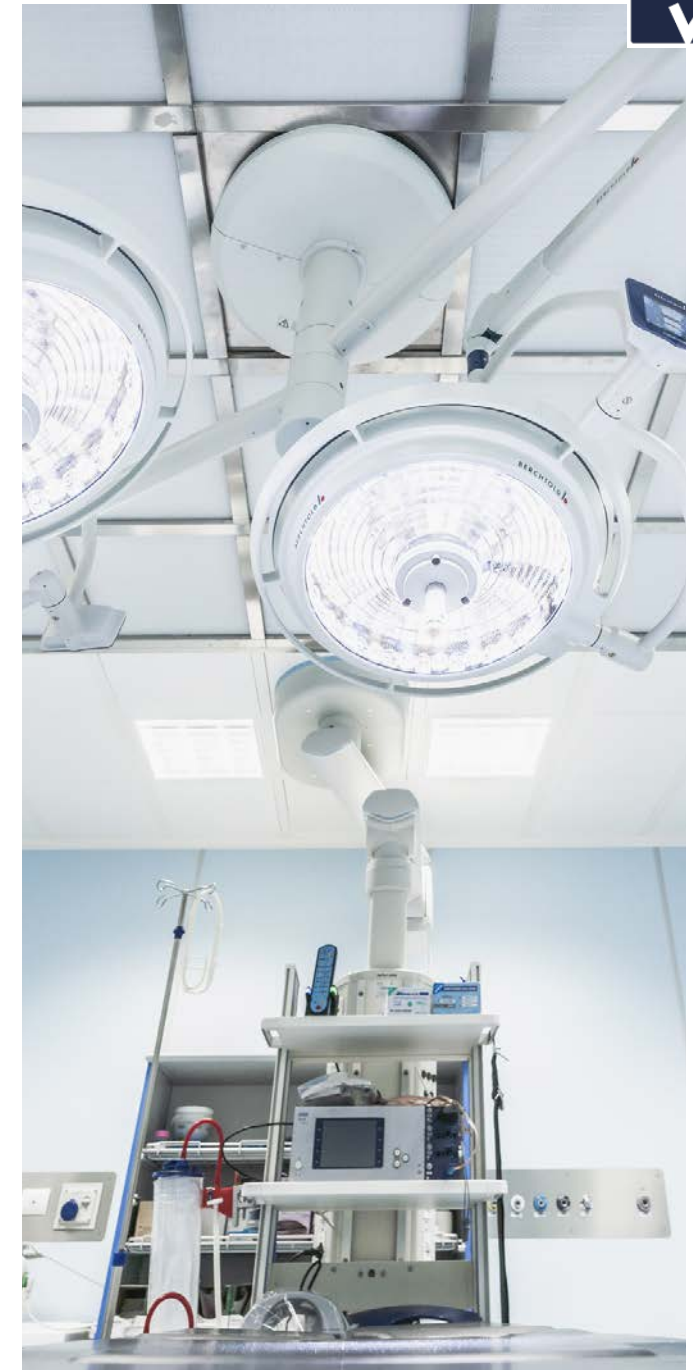
The Sustainability Plan outlines a path for the Group's growth and sustainable development and launches a medium-long term path towards a wider disclosure on Climate Change issues.

The development guidelines of the Sustainability Plan integrate the areas of action that animate the international debate, in particular:

- the Global Agenda 2030, with its 17 Sustainable Development Goals (SDGs);
- the Paris agreement (COP21) on climate change;
- the guidelines for reporting climate-related information published by the European Commission;
- the recommendations published by the Task Force on climate-related financial disclosure (TCFD);
- the provisions of current legislation and the recommendations contained in the letter of the Corporate Governance Committee dated 22 December 2020.

The priority themes, once identified, have been related to the 17 SDGs in order to identify a development strategy in line with the United Nations' Sustainable Development Goals and that could be incorporated and identified in the Group's Business Plan for growth and development.

The table below provides a brief outline of the Group's material topics and strategic approach. The plans set out in the Sustainability Plan are here divided by areas (Environment, Social, Governance and Economic) and associated to a specific SDG target; the table also shows Group's commitments/initiatives, the 2021 results and the 2022-2026 plan.



DIRECT AND INDIRECT ENVIRONMENTAL IMPACTS | SDG TARGETS: 6, 13.2, 13.3



DIMENSION: ENVIRONMENT (Operational efficiency, Climate change), ECONOMIC (Operational efficiency)

TARGET 2021	RESULTS 2021	PLAN 2022-2024
Implementation of the Water Footprint study according to ISO 14046.	Certification obtained for two plants in Italy (Castellina and Arco).	Continued environmental footprint assessment on other Group sites/services.
Carrying out the Carbon Footprint study in accordance with ISO 14067.		Conducting studies for "Made Green in Italy" certification (sector CPR published 17 June 2021).
Maintaining EDP certification for the Technical Reusable Textile wash-hire service.	Maintaining EDP certification for the Technical Reusable Textile wash-hire service.	
Preparation of environmental policies for non-certified Group companies according to recognized standards.	Group companies that are not certified according to recognised standards have environmental policies or have integrated respect for the environment into their policies.	Preparation and update of environmental policies for non-certified Group companies according to recognized standards.
	Maintenance of ISO 50001 certification (Servizi Italia S.p.A.).	
Renewal of EMAS registrations.	Renewal/maintenance of EMAS registration for Italian production sites (Servizi Italia S.p.A.).	Renewal/maintenance of EMAS registration for Italian production sites.
	Purchase of green energy produced entirely from renewable energy sources (Servizi Italia S.p.A.) with a saving of 8,135 tCO ₂ ⁵ .	Towards Carbon Neutrality <ul style="list-style-type: none"> • purchase of green energy produced entirely from renewable energy • promotion of energy production from renewable sources • offsetting carbon equivalent emissions
Rational use of water resources Maintaining/strengthening organisational/technical interventions aimed at more efficient water resources management.	Bolzaneto - 71,993 m ³ of water recovered, equal to 6.92% of the total water withdrawn by Servizi Italia S.p.A.	Rational use and protection of water resources Equipping all industrial laundry facilities with fully managed wastewater treatment plants to improve wastewater quality and reduce wastewater consumption

5. Calculated using the Market Based emission factor AIB - European Residual Mix 2020.

DIRECT AND INDIRECT ENVIRONMENTAL IMPACTS | SDG TARGETS: 6, 13.2, 13.3



DIMENSION: ENVIRONMENT (Operational efficiency, Climate change), ECONOMIC (Operational efficiency)

TARGET 2021	RESULTS 2021	PLAN 2022-2024
Investments for the creation of an additional drill at Montecchio Precalcino (VI).	New well constructed in Montecchio Precalcino (VI).	Evaluation and implementation of new wells in establishments that do not currently have them.
Continuous mapping of sites located in "Water Scarcity Areas" and management of any possible critical site.	Servizi Italia water consumption monitoring in the Energy Team. Detection of critical areas and their monitoring. Started a water reuse project at the Maxlav laundry in Brazil, reducing consumption by 1,800 m ³ of water per month.	
Compliance with the provisions of the Minimum Environmental Criteria (CAM) for the reference sector.	Opened company discussion table and collection of data and objective evidence.	"Produce more from less" - reducing energy and raw material consumption by making company resources more efficient.
Car Policy monitoring and improvement.	Inclusion of hybrid cars in the rental fleet.	Renewing the company fleet with low-carbon vehicles.
Ensure maintenance of software license investments.	Licences maintained.	
Maintained training and meeting activities via video conferencing.	Encouraging remote working. Delivered training courses in distance training mode. Setting up meeting rooms with videoconferencing systems.	Definition of internal rules for the adoption of <i>smart working</i> . Maintaining training activities in distance mode.
Continue to raise awareness of reducing hours of inactivity on PCs, monitors and laptops outside of business hours.	Continue to raise awareness of reducing hours of inactivity on PCs, monitors and laptops outside of business hours.	
Continuous monitoring of energy consumption and data analysis.	Installation of continuous consumption measurement systems. Implementation of compressed air measurement. Implementation of portal with water consumption.	Continuous improvement of data collection aimed at monitoring and obtaining white certificates and the objectification of savings achieved.

DIRECT AND INDIRECT ENVIRONMENTAL IMPACTS | SDG TARGETS: 6, 13.2, 13.3



DIMENSION: ENVIRONMENT (Operational efficiency, Climate change), ECONOMIC (Operational efficiency)

TARGET 2021	RESULTS 2021	PLAN 2022-2024
Extension of use of film made of recycled plastics to all sites.	By 2021, the use of recycled plastics had increased by 11% and now represents 82% of the total packaging plastics used.	Continuation of efforts to extend the use of films from recycled plastics.
Study for alternative packaging materials.	During 2021, studies on the use of alternative materials continued, but no suitable solution has yet been found.	Continuation of investigations into alternative materials to plastic for packaging.
Investments in technological equipment (automatic dispensers) at all Group sites.	Automatic detergent dispensers installed at all sites in Brazil and Turkey.	
Continuous investments for expanding LED lighting.	Installation of LED lighting in various workplaces.	Continued installation of energy-efficient light sources.
Optimisation of the use of coal-fired steam generators in Turkish production sites.	Replaced coal-fired plant in Smyrna with new gas-fired plant.	
Reduction of specific NOx emissions	Start-up of a new steam generator with higher efficiency and lower NOx production at the Italian site of Arco (TN)	Upgrading medium combustion plants with modernisation or replacement of steam generators to be compliant with regulations.
Maintaining/strengthening organisational/technical interventions aimed at more efficient recovery of special waste.	Signed a proposal for assistance services in the field of circular economy with Centrocot - Lombardy Region call for C-TEX proposals.	<p>Transition to a circular economy</p> <p>Define and promote appropriate improvement actions with a view to aligning with the latest circular economy policies.</p> <p>Internal training and information on the circular economy.</p> <p>Creation of inter-company projects aimed at recovering and recycling production waste.</p> <p>Promotion of industrial symbiosis projects.</p>

With a view to constantly maintaining the commitments made in terms of sustainability, it should be noted that, compared to the 2020 report, the following objectives have been achieved, replaced or integrated into other objectives.

2021 - 2023 PLAN OBJECTIVES	NOTES
Conducting the LCA study for the cotton washing service and obtaining the relevant EPD certification.	<i>Following the publication of the CAM for textiles and laundry (01/2021), only "Made Green in Italy", CFP and WFP certifications are taken into account by the contracting authorities. This is why the focus has been shifted to obtaining these certifications.</i>
Implementation of Nitrogen footprint study and its certification.	<i>In light of the above, there are currently no reasons that would justify this certification.</i>
Extension of the "Plastic Free" project to Group sites/locations.	<i>The project was discontinued with the arrival of the pandemic, although the good practices put in place when the project was initiated (use of water bottles, mains water fountains, etc.) continued.</i>
Investments in technological devices (vending cabinets, automatic trolleys, MES).	<i>Objective not reportable for target purposes.</i>
Investments in cogeneration plants for electricity production.	<i>The initially planned investment in Bolzaneto has been paused in favour of other targets.</i>
Continued operational research for the optimization of logistics distribution models of road transport for the reduction of fuel consumption.	<i>The project has been paused for the time being, pending the conclusion of internal discussions and discussions with logistics service providers.</i>
Promoting the use of Ecolabel products having low environmental impact.	<i>To date, Ecolabel certification is a CAM technical specification for participation in tenders, not a rewarding criterion. Target closed.</i>
Maintaining/strengthening organisational/technical and monitoring interventions aimed at more efficient management of combustion plants.	<i>We currently do not have counters at all sites and may be relying solely on estimated and therefore unaccountable values. In this respect, new targets have been added that are also aligned with the CAMs.</i>



DIVERSITY AND EQUAL OPPORTUNITIES | SDG: 5.1

DIMENSION: SOCIAL (Human Rights, Diversity)

TARGET 2021	RESULTS 2021	PLAN 2022-2024
Maintenance/renewal of SA8000 certification for the Parent Company Servizi Italia S.p.A.	Certification maintenance obtained (Servizi Italia S.p.A.).	Maintenance/renewal of SA8000 certification (Servizi Italia S.p.A.)
		Training programme dedicated to diversity issues and inclusive communication.

With a view to constantly maintaining the commitments made in terms of sustainability, it should be noted that, compared to the 2020 report, the following objectives have been achieved, replaced or integrated into other objectives.

2021 - 2023 PLAN OBJECTIVES	NOTES
Implementation, at the Italian subsidiaries and extension to the foreign companies of the Group, of the Servizi Italia Compliance Program consisting of policies inspired by regulations, recommendations and international best practices.	<i>This objective is also reported in the plan under target 3.9 "Attention to employees".</i>



ATTENTION TO EMPLOYEES - SDG: 3.9, 8.2

DIMENSION: SOCIAL (People development, Training, Safety policies, Security management)

TARGET 2021	RESULTS 2021	PLAN 2022-2024
Annual target: over 10,000 hours of training.	<p>Implemented training programmes totalling 14,825 hours.</p> <p>Among the new courses carried out on health and safety for workers (in distance learning mode):</p> <ul style="list-style-type: none"> • Safe and sustainable driving • Biological risk 	<p>New annual training target: 12,000 hours</p> <p>Scheduled courses include</p> <ul style="list-style-type: none"> • Safety training in sterilisation plants • Continuation of the safe and sustainable driving course. <p>Launch of a motivational communication and worker awareness project (focus on ergonomics and safety).</p> <p>Training focus for safety officers.</p>
Carrying out on-site and remote checks and investigations on all incidents, identifying preventive and corrective measures.	No days of service interruption due to COVID-19.	
Implementation, at the Italian subsidiaries and extension to the foreign companies of the Group, of the Servizi Italia Compliance Program consisting of policies inspired by regulations, recommendations and international best practices.	<p>Issue of:</p> <ul style="list-style-type: none"> • Guidelines of the Internal Control and Risk Management System (new revision) • Mandate of the Group Internal Auditor (new revision) • Anti-corruption policy • Anti-corruption guidelines; 	<p>Issue of:</p> <ul style="list-style-type: none"> • Guidelines for tax governance, control and risk management • Whistleblowing procedure. • Updating the code of ethics
Continuous monitoring of employees working abroad and continuous information.	Updating of the travel security procedure and monitoring of trips to Turkey, North Macedonia, Albania, Brazil, Morocco.	
Benefit package maintained for the various companies of the Group.	FAMILY AUDIT certification obtained.	EXECUTIVE Family Audit certification.
	Maintained the "FlexBenefit" corporate welfare platform in Servizi Italia S.p.A.	Benefit package maintained for the various companies of the Group.



ATTENTION TO EMPLOYEES - SDG: 3.9, 8.2

DIMENSION: SOCIAL (People development, Training, Safety policies, Security management)

TARGET 2021	RESULTS 2021	PLAN 2022-2024
Benefit package maintained for the various companies of the Group.	For the year 2021, Servizi Italia S.p.A. distributed a bonus payment using ticket compliments.	Research and development proposals oriented towards organisational well-being and healthy lifestyles.
	The benefit plan envisaged for the Brazilian companies has been maintained.	The "Healthy business - Healthy people" project including activities aimed at the psycho-physical well-being of employees (e.g., prevention packages, agreements, etc.).
Renewal, following dialogue with trade unions and workers' representatives at company level, of second-level agreements.	Renewed second-level agreements.	Performance assessment of blue-collar workers at Servizi Italia S.p.A. in accordance with the provisions of second-level agreements.
100% of the workers of Servizi Italia S.p.A. involved in second-level agreements.		
Approval of ABS and LTI Cash regulations of Servizi Italia S.p.A.	Maintained the ABS and LTI Cash plan regulations of Servizi Italia S.p.A. and its Brazilian subsidiaries.	Maintenance of the ABS and LTI Cash plan of Servizi Italia S.p.A. and its Brazilian subsidiaries.
100% of the beneficiaries involved in the ABS and LTI Cash plan of Servizi Italia S.p.A.		
Spreading the culture of cyber security and changing people's behavior to reduce cyber security risks.	Conducted internal information activities on IT security aspects and good practices on the use of IT equipment.	Implementation of a plan to strengthen and improve technological, operational and analytical capabilities within the Group, continuing to promote and disseminate the culture of cyber security.

With a view to constantly maintaining the commitments made in terms of sustainability, it should be noted that, compared to the 2020 report, the following objectives have been achieved, replaced or integrated into other objectives.

2021 - 2023 PLAN OBJECTIVES	NOTES
Carrying out on-site and remote checks and investigations on all incidents, identifying preventive and corrective measures.	<i>Target achieved.</i>
Continuous promotion and adoption of a Code of Ethics in each company.	<i>All Group companies have adopted their own Code of Ethics. Target achieved.</i>
Training and verification activities by the Parent Company and/or third parties.	<i>Target already included in training-related activities.</i>



QUALITY SERVICE AND OPERATIONAL IMPROVEMENT | SDG: 8.2

DIMENSION: GOVERNANCE (Business integrity and ethics)

TARGET 2021	RESULTS 2021	PLAN 2022-2024
Maintenance of required certifications as expressed in customer specifications and in the regulations in force regarding services procurement.	Maintenance of certifications.	Continuous maintenance of certifications
Continuous reorganisation by geographical area of logistical and production activities of plants.	Investments made in the installation of ward cabinets for the automatic distribution of uniforms.	Construction of a new sterilisation plant in Brazil.
	Integration of the commercial function with the service.	Traceability - information assurance - recovery of missing persons.



COMMUNITY INVOLVEMENT AND DEVELOPMENT | SDG: 4.2, 4.4

DIMENSION: SOCIAL (Community relations, Social development)

TARGET 2021	RESULTS 2021	PLAN 2022-2024
Support for educational development and the fight against poverty (e.g., non-profit organizations, charities). Sponsorships in cultural activities.	Sponsorship of cultural and charitable initiatives in the area, sponsorship of scientific conferences.	Support for educational development and the fight against poverty (e.g., non-profit organizations, charities). Sponsorships in cultural activities.
Contribute by example to the dissemination of concrete sustainability elements to local communities.	Collaboration agreement with Almacube and Unibo open innovation project.	Collaboration with universities to continue promoting innovation projects on environmental issues.



PROCUREMENT PRACTICES | SDG: 4.2, 4.5

DIMENSION: SOCIAL (Supply chain management, Safety policies, Human resources)

TARGET 2021	RESULTS 2021	PLAN 2022-2024
Target for plan years: 100% of critical suppliers. Creation of a software-based list of Servizi Italia S.p.A. suppliers of goods and services.	Preparatory activities for the release of the software platform for supplier qualification.	Qualification of 100% of critical suppliers. Creation of a software-based list of Servizi Italia S.p.A. suppliers of goods and services.
Implementation, at the Italian subsidiaries and extension to the foreign companies of the Group, of the Servizi Italia Compliance Program consisting of policies inspired by regulations, recommendations and international best practices.	Issuing anti-corruption policies and guidelines, as well as guidelines for the Internal Control and Risk Management System.	Information and involvement of suppliers on ethical, social and environmental sustainability issues, as well as on the policies applied on corruption prevention, in order to create a virtuous circle of shared commitment and positively influence the whole chain.



INTEGRITY AND BUSINESS ETHICS | SDG: 16

DIMENSION: GOVERNANCE (BoD Effectiveness, Corporate integrity and ethics, Training)

TARGET 2021	RESULTS 2021	PLAN 2022-2024
Monitoring the adoption of the diversity policy in the BoD and Statutory Auditors Board of different companies of the Group.	Renewed the composition of the Board of Directors in accordance with the policy regarding the diversity of the composition of the Board of Directors and the Board of Statutory Auditors, in light of the entry into force of the new Corporate Governance Code on 31 January 2020, to which Servizi Italia S.p.A. has adhered and which is applicable from 1 January 2021.	Monitoring the implementation of the diversity policy in the Board of Directors and Board of Statutory Auditors of the Parent Company and positively influencing the subsidiaries.
Monitoring of reports as referred to in the Whistleblowing procedure.	No whistleblowing reports were received for the year 2021.	Monitoring of reports as referred to in the Whistleblowing procedure.
Structured induction plan of Directors and Statutory Auditors during their term of office.	Updating of the rules for board proceedings in accordance with the new Corporate Governance Code. This adjustment also includes the regulations for the Executive Committee and the Governance Committee. Conducting induction activities for directors and auditors.	Arrangement of a structured induction plan dedicated to Board members and Statutory Auditors with a particular focus on Group activities.
Obtaining ISO 37001 anti-corruption certification.	Obtaining ISO 37001 anti-corruption certification and adoption by each Group subsidiary of its own anti-corruption policy and guidelines.	Maintenance of ISO 37001 anti-corruption certification and supervision of the application of the guidelines.
Continuous training for directors, Top Management and employees.	Monitoring on respect of Code of Ethics and 231 procedures.	Structured training course for managers and executives focused on the application of the 231 Model.



VALUE CREATION | SDG: 8.2

DIMENSION: *ECONOMIC* (Value creation)

TARGET 2021	RESULTS 2021	PLAN 2022-2024
Creation over time of economic value generated by the Group.	Economic value generated by the Group equal to Euro 256.7 million compared to Euro 240.2 million generated in 2020.	Maintaining growth levels and consolidating our market position at national and international level.
Guarantee of shareholder remuneration.	The Board of Directors has proposed to the Shareholders' Meeting to allocate Euro 1.5 million to the Reserve for the valuation of investments using the equity method and to carry forward the remaining profit for the year. It also proposes to allocate Euro 0.2 million from the Reserve for the valuation of investments using the equity method to retained earnings, due to the fact that the non-distributability constraint has been removed.	Guarantee of shareholder remuneration.

2. THE GROUP



2.1 The Group

Servizi Italia S.p.A. is based in Castellina di Soragna (Parma, Italy) and is the leading operator in Italy in the field of integrated hire, washing and sterilisation services for textiles and medical devices in the healthcare sector. Together with its Italian and foreign subsidiaries, the company forms the Servizi Italia Group. It offers a wide and diversified range of services, thanks to a highly technological production platform consisting of 19 laundry plants, 6 linen sterilisation plants, 18 surgical instruments sterilisation plants, 3 transit points and several wardrobes located in healthcare companies, which make up an effective and efficient logistic-distribution model, serving public/private healthcare companies and private customers in central/northern Italy, the State of Sao Paulo in Brazil, Turkey, India, Albania and Morocco⁶.

6. The Group holds minority or jointly controlled interests in companies in Albania, India and Morocco, which are therefore excluded from the scope of environmental and social information in this Sustainability Report.



2.1.1 Presence in Italy

Servizi Italia S.p.A.

Founded in 1986, Servizi Italia S.p.A. is listed on Euronext STAR Milan and is the leading operator in the sector of integrated services for the hire, washing and sterilisation of textiles and medical devices in the healthcare sector.

In particular, the activities carried out by the Group include:



Hire and treatment of textiles, mattresses and high visibility personal protective equipment



Hire, treatment and sterilization of textile medical devices assembled in kits



Hire, treatment and sterilization of surgical instruments medical devices assembled in kits and related services



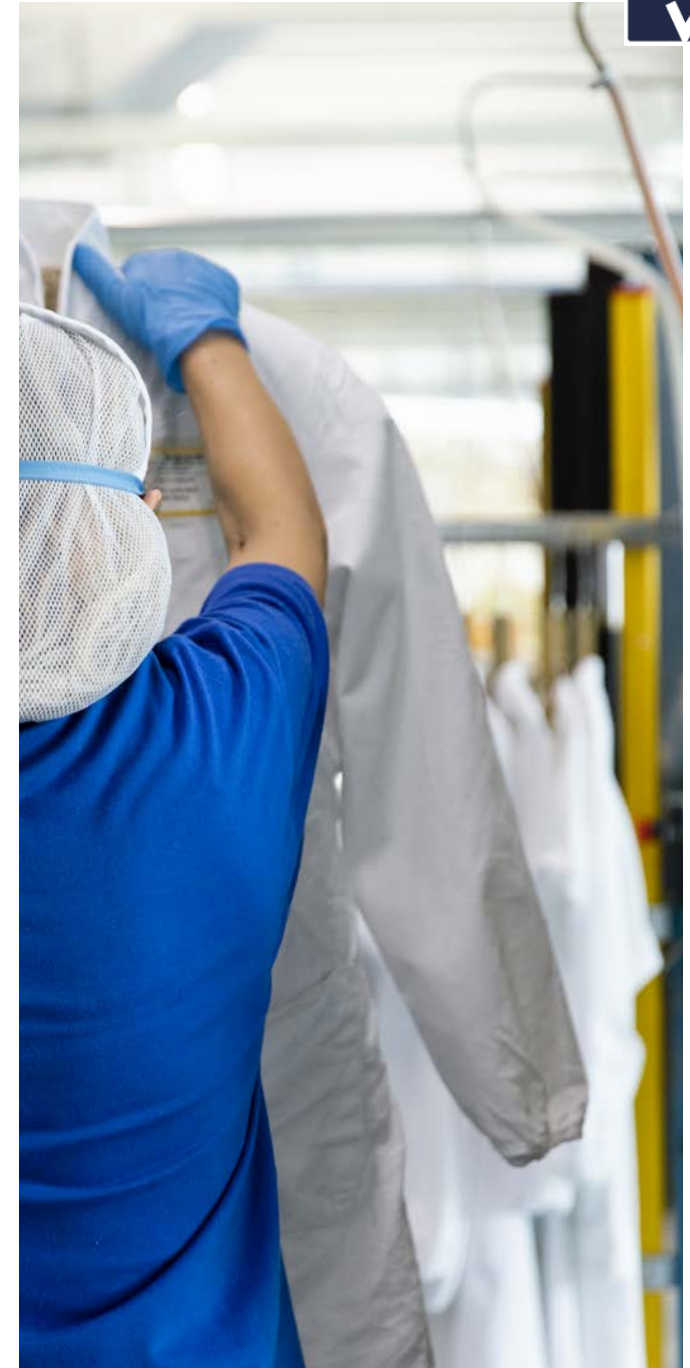
Technical services for clinical engineering and industry



Supply and sale of disposable materials.

In addition, in the Trentino Alto Adige area, Servizi Italia also provides a washing and linen hire service for the hotel and catering sector.

With regard to real estate structures in which the company operates, it should be noted that for real estate facilities whose title is linked to management attached to the tender, all regulatory requirements associated with various licenses and the management of utilities are borne by the owner (Procurement Station). For leased and owned properties, the Group mana-



ges all regulatory requirements associated with and linked to the authorizations issued by the competent bodies. The commitment of Servizi Italia has also continued to extend and maintain management systems covering specific issues such as occupational health and safety at work, the environment and the quality of the services provided.

In order to maintain its certifications, Servizi Italia shall perform all necessary activities, including verifications carried out by both internal staff and accredited external certifying bodies.

Servizi Italia S.p.A. has adopted several certified management systems listed in the relevant section of Company's website whose objective is to promote their adoption in all its subsidiaries, in order to ensure a proper organization and compliance with the rules. During 2021, the Quality, Safety and Environment Assurance team carried out audits to verify the effectiveness of the management systems adopted by the company, in accordance with the plans established; accredited third-party certifying bodies also carried out checks.

COMPANY	SCOPE	CERTIFICATION AND ACCREDITATION TYPE
Servizi Italia S.p.A.	Management system for the prevention of corruption	UNI ISO 37001:2016
	Quality	UNI EN ISO 9001:2015
	Quality - Medical Devices	UNI EN ISO 13485:2016
	Environmental management	UNI EN ISO 14001:2015
	Biocontamination control	UNI EN 14065:2016
	Energy management system	UNI EN ISO 50001:2018
	High visibility garments: test methods and requirements	UNI EN 20471:2017
	Workplace health and safety	UNI ISO 45001:2018
	Conformity to Directive 93/42/EEC and subsequent amendments and supplements transposed by Italian Legislative Decree 46 of 24/02/1997 and subsequent amendments and supplements - Medical Devices	EC Certification
	Biological evaluation and biocompatibility testing - medical devices	ISO 10993
	Determination of antibacterial activities	UNI EN ISO 20645:2004, SN 195921 ⁷
	Compliance with european regulation 1221/2009	EMAS (Eco-Management and Audit Scheme) registration certification for production sites located in Italy.
	Social responsibility management system	SA8000:2014
A certification tool that qualifies an organisation as being attentive to the family-work balance needs of its employees	FAMILY AUDIT	

7. Certification of the process for conferring and restoring the antibacterial and antifungal properties of textile materials used for hospital linen, workwear (in civil and healthcare settings), Personal Protective Equipment (PPE) subject to laundry washing and maintenance applied to textile fibres and cotton and polyester blends, ensures broad-spectrum antibacterial efficacy, antifungal efficacy and is non-toxic as it has no cytotoxic effects on human cells



Steritek S.p.A.

Steritek S.p.A. is the leading Italian operator in the offer of technical services for clinical engineering, in particular for the validation of sterilization cycles, surgical instrument washing systems and accessory services for healthcare facilities. Steritek S.p.A. has adopted its own Code of Ethics whose principles and values are in line with the Parent Company's Code of Ethics and the Organizational Model pursuant to Italian Legislative Decree 231/2001. A UNI EN ISO 9001 certified management system maintained and renewed over the years, internal regulations, Parent Company-driven policies and auditing activities make organizational system monitoring effective. Operating system management and governance policies are functional for quality control, environmental management and safety at work in compliance with the regulations of the company's industry and the contractual requirements of its customers. The company is also UNI ISO 45001 certified.

Wash Service S.r.l.

Wash Service S.r.l. is mainly active in northern Italy offering washing and hire services of flat linen, guest laundry and staff uniforms to hospitals, nursing homes and retirement homes. Wash Service S.r.l. has adopted its own Code of Ethics whose principles and values are in line with the Parent Company's Code of Ethics and the Organizational Model pursuant to Italian Legislative Decree 231/2001. A UNI EN ISO 9001 certified management system maintained and renewed over the years, internal regulations, Parent Company-driven policies and auditing activities make organizational system monitoring effective. Operating system management and governance policies are functional for quality control, environmental management and safety at work in compliance with the regulations of the company's industry and the contractual requirements of its customers.

Ekolav S.r.l.

Ekolav S.r.l. is a company based in Tuscany offering washing and hire services of flat linen, guest laundry and staff uniforms in particular for retirement homes, nursing homes, hospitals and industrial customers. Ekolav S.r.l. has adopted its own Code of Ethics whose principles and values are in line with the Parent Company's Code of Ethics and the Organizational Model pursuant to Italian Legislative Decree 231/2001. A UNI EN ISO 9001 certified management system maintained and renewed over the years, internal regulations, Parent Company-driven policies and auditing activities make organizational system monitoring effective. Operating system management and governance policies are functional for quality control, environmental management and safety at work in compliance with the regulations of the company's industry and the contractual requirements of its customers. The company is also UNI ISO 45001 certified.



2.1.2 Presence in Brazil

As part of the development of the internationalization strategy of the Group, in 2012, the company in Brazil set up the company SRI Empreendimentos e Participações L.t.d.a., which has acquired companies active in the State of São Paulo over a period of three years: Lavsim Higienização Têxtil S.A., Maxlav Lavanderia Especializada S.A., Vida Lavanderias Especializada S.A. and Aqualav Serviços De Higienização Ltda.

Thanks to these operations and investments in technology, plant/machinery and innovation, the Group in Brazil has become, through its various brands, a reference operator in the state of São Paulo for textile washing services. The strategic intentions of the Group in the State of São Paulo are to promote the adoption of management systems, to ensure proper organization and enforcement of legislation and to develop sterilization services (both textile and instruments), by seeking cross selling opportunities on target customers or by launching partnerships to provide a comprehensive and traceable service mix using RFID technology to ensure the traceability of devices.

The Brazilian market has dramatically changed in the last ten years and Servizi Italia has significantly contributed to the market consolidation process. In the past, there were many small family-run laundries and today there are two large industrial groups which effectively share the market of wash-hire services. The market for outsourcing of sterilization services is still in the development phase.



2.1.3 Presence in Turkey

The Turkish scope consists of the companies Ankateks Turizm Insaat Tekstil Temizleme Sanayve Ticaret Ltd Sirketi, (55% shareholding) and its subsidiary Ergülteks Temizlik Tekstil Ltd. Sti. The Turkish companies are active through the brand Ankara Laundry in the wash-hire sector for healthcare facilities and operate mainly in Ankara area.

The Group's strategic purpose with Ankateks Group's companies is to promote the adoption of management systems, to ensure proper organization and compliance with the legislation and to develop sterilization services (both textile and instruments), by seeking cross-selling opportunities on target customers or by launching partnerships aimed at offering a full and traceable mix of services thanks to the use of the RFID technology to ensure the traceability of textiles.

Turkey is currently a market with significant growth potential, where Servizi Italia has seen the possibility to bring efficiency through the same industrial model successfully adopted in Italy. Currently, the Turkish Government has launched an investment package for public-private

vate collaboration, which includes the construction of majestic health centres that will replace small, outdated hospitals.

The Turkish market is characterized by important growth potential, thanks to recent local reforms in the healthcare sector that will lead to the construction of a series of new private/public hospitals. Currently, there is not a leading group in the local market proving laundry and sterilization services: some hospitals keep such service internal and others rely on companies that provide general cleaning and laundry services for other sectors. The sterilization of surgical instruments is also carried out mainly in hospital facilities, but there is a growing trend towards outsourcing the management of CSSDs to contractors.

In 2021, for the foreign companies included in the scope of consolidation, appropriate checks were carried out in order to facilitate, among other things, the operations for the definition of the Sustainability Report required by the reporting process with respect to environmental, social and governance data, favoring the correct information flow towards the auditing company and the control bodies of the Parent Company.



2.1.4 Other geographical areas

In addition to Brazil and Turkey, Servizi Italia is also active in Albania, India and Morocco, all areas characterized by:

1.

Recent and strongly developing markets seeking qualified operators able to meet the high demand for quality services related to the wash-hire/sterilization activity, which in some countries is also increased by the so-called medical tourism;

2.

High market penetration rate characterised by a few outsourced wash-hire/sterilization services given to private operators by health authorities (public and private);

3.

Reduced competitiveness, as operators are on average small-scale with low self-financing capacity and inefficient management models;

4.

Production sites are obsolete and without an industrial management model with a real chance of efficiency through the technical management export of the industrial models adopted in the Group.

Although it holds minority shares in companies of these countries, which are therefore excluded from the scope of reporting social and environmental information in this Sustainability Report, the Group, through its management, promotes the adoption of management systems in order to guarantee the proper organization and management of the environment and occupational safety, in compliance with local rules and regulations.

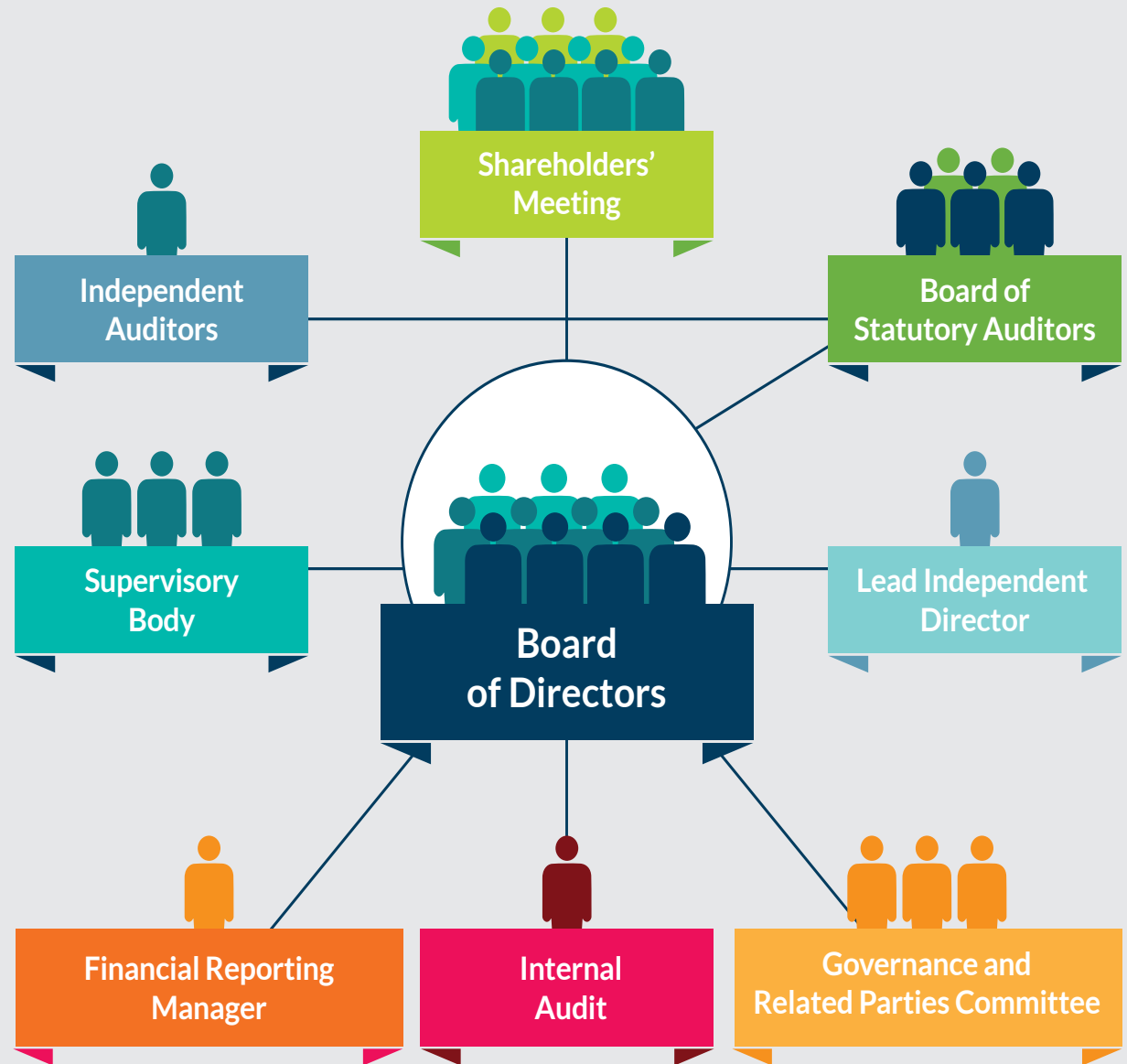
2.2 The Governance

The Corporate Governance system adopted by the Servizi Italia Group is in line with international best practices and adheres to the principles set out in the Code of Conduct for Listed Companies, issued by Borsa Italiana.

Corporate governance is based on a traditional management model and is made up of the following bodies.



The Shareholders' Meeting of 20 April 2021 renewed the Board of Directors of the Parent Company Servizi Italia S.p.A. for the financial years 2021, 2022 and 2023 and it consists of seven members, three women and four men.



COMPOSITION OF THE BOARD OF DIRECTORS OF THE PARENT COMPANY BY GENDER AS AT 31 DECEMBER

	2021			2020		
	Men	Women	Total	Men	Women	Total
SERVIZI ITALIA S.P.A.	57%	43%	100%	64%	36%	100%

COMPOSITION OF THE BOARD OF DIRECTORS OF THE PARENT COMPANY BY AGE GROUP AS AT 31 DECEMBER

	2021				2020			
	< 30	30-50	>50	Total	< 30	30-50	>50	Total
SERVIZI ITALIA S.P.A.	0	29%	71%	100%	0	27%	73%	100%

For further information on the corporate governance system adopted by the Servizi Italia Group and the role of the Board of Directors, reference should be made to the Report on Corporate Governance and Ownership Structure drafted for 2021, available on the website www.servizitaliagroup.com.

With regard to sustainability and the Sustainability Report, the role and respective functions of the various governance bodies are set out below.

The **Board of Directors** (BoD): responsible for ensuring that the Sustainability Report is drawn up and published in accordance with the provisions of Italian Legislative Decree 254/2016, for approving the SR within the same time-limits as for the submission of draft financial statements and for making it available to the Independent Auditors for the purpose entrusted, as well as to the Supervisory Body. The Board of Directors is active in the development of strategies, guidelines and policies, including CSR matters.

The **Governance and Related Parties Committee** (GC): an Internal Board committee which, as at the date of approval of this Document, consists only of independent Directors. It assesses the correctness of the preparation process of periodic non-financial information, so that

it correctly represents the company's business model, strategies, the impact of its activities and the performance achieved, and examines the content of periodic non-financial information relevant to the Internal Control and Risk Management System, expressing its opinion for approval by the Board of Directors. In this context, it plays a proposition, advisory and supervisory role vis-à-vis the Board of Directors. The GC actively interacts with the Group's CSR Manager, who is responsible for managing the Group's Corporate Social Responsibility System, in order to assess proposals for CSR activities, reporting to the Board of Directors and periodically updating it on CSR activities and any emerging critical issues. In addition, the Governance Committee, in its capacity as Control and Risk Committee, is responsible for assessing the completeness and reliability of internal procedures relating to the preparation of the Sustainability and examines the annual report in advance, on which it expresses its opinion for approval by the Board of Directors.

The **Board of Statutory Auditors**: while carrying out the tasks assigned to it by the law, it monitors compliance with the provisions set forth in Italian Legislative Decree 254/2016, reports on them in its annual report to the Shareholders' Meeting, and is consulted by the administrative body to deliberate on the omission of information that

may compromise the company's business position.

The *CSR Manager* depends on the delegated body (Chief Executive Officer or Executive Committee) and is in responsible for drafting the SR and managing the Group's Corporate Social Responsibility System with the functional coordination of the CSR contacts of the different business functions of the reporting companies within the reporting scope, as well as the process of collecting data and information and writing the SR: Sustainability Report in accordance with current legislation.

Among its tasks, the **CSR Committee**⁸ is responsible for the promotion of an ethical and environmental corporate policy identified among the strategic guidelines of the Board of Directors, the monitoring of the economic, environmental, social and governance expectations of all stakeholders and the implementation of an organizational, reporting and control system in order to allow a correct and complete representation of the Sustainability Report.



⁸ The CSR Committee consists of the CSR Manager, together with the Executive Committee, General Manager, Head of Environmental Management Systems, Head of Quality Management Systems, Human Resources Director, Purchasing Director and other department heads involved and/or a representative of the Group companies that are part of the reporting boundary involved depending on the different issues to be dealt with for the fulfilment of the reporting process and the regulations.

3. MAIN RISKS AND RELATED IMPACTS



3.1 Risk management within Servizi Italia Group

The Group has developed a model based on the integration of risk management and internal control systems and their adequacy. All major risks that are relevant to the corporate core business have been determined, measured, and managed using the risk analysis process in accordance with the principles of the new COSO-ERM framework (Committee of Sponsoring Organization of the Tradeway Commission - Enterprise Risk Management):

- Governance and risk culture;
- Strategy and definition of risk targets;
- Risk analysis;
- Information, communication and reporting for risks;
- Monitoring the performance of the risk management model.

The model adopted by the Group is aimed at ensuring the continuity of the organization and the adequacy of its processes, activities and performance in terms of:

The Board of Directors, through the Director responsible for the Internal Control and Risk Management System and the Internal Audit Manager, has implemented specific processes



1. BUSINESS OBJECTIVES:

- achievement of the objectives set out in the definition of corporate strategies;
- effective and efficient use of the organisation's resources;



2. GOVERNANCE OBJECTIVES

- ensuring the reliability, accuracy, trustworthiness and timeliness of financial reporting;
- safeguarding company assets;
- compliance with laws, regulations, contracts, ethical and company rules;
- protection of ethical and social responsibilities.

to determine responsibilities for risk management to ensure long-term business soundness and continuity. To this end, an internal control system has been set up to monitor the risks associated with the activity.

In particular, this control system is reflected in the internal rules of the Group and of the different companies subject to coordination and control (e.g., Model 231/01, Code of Ethics, *Servizi Italia Compliance Program* consisting of group policies inspired by law, recommendations and international best practices, code of conducts, procedures, rules and formats which provide preventive supervision to sensitive processes in terms of offence issues).

The internal risk control system of the Servizi Italia Group is divided into three levels:

1 First level: the operating structures identify, evaluate, monitor, mitigate and report risks deriving from ordinary business activities, ensuring the correctness of operations in accordance with the limits and objectives assigned;

2 Second Level: the director in charge of the internal control system is responsible for monitoring all types of risk and clearly representing the Group's overall risk profile and its degree of solidity to the Control and Risk Committee or to the Board of Directors;

3. Third level: Internal Auditing, which reports directly to the Board of Directors, assesses the suitability of the overall internal control and risk management system to ensure the effectiveness and efficiency of processes, the safeguarding of company assets, the reliability and integrity of accounting and management information, compliance with internal and external regulations and management instructions.



In order to carry out its activities, the Internal Auditing Department presents an activity plan to the Board of Directors, in which the planned auditing activities are represented in line with the risks associated with the activities aimed at achieving the company's objectives.

The results of the activities carried out, on a half-yearly basis, are brought to the attention of the Board of Directors and the Board of Statutory Auditors, after being examined by the Control and Risk Committee; the critical elements found during the verification are promptly reported to the competent company structures for the implementation of improvement actions.

The Servizi Italia Group, aware of its mission and corporate policy, aims to correctly control risks identified in all its activities, a primary condition for maintaining a relationship of trust with stakeholders and ensuring the company's sustainability over time.

The risk control process is common to all control functions and shall be organized in accordance with the best practices of reference, following these steps:

The risk control process is common to all control functions, in line with reference best

practices; the different types of risks are defined in the Group Risk Policy, which is subject to periodic updating at least once a year. The Risk Policy represents the Group's Risk Appetite Framework (hereinafter, in brief, also "RAF"), i.e., the key instrument with which the Board of Directors defines the propensity to risk, tolerance thresholds, sustainable risk limits, risk governance policies and the framework of related organizational processes. The RAF, the Risk Policy and, therefore, the body of internal regulations governing risk management, include, among others, aspects linked to the management of environmental, social and governance (ESG) risks, which are reported in the Management report on the year of reference.

In order to minimize the various types of risk to which it is exposed, the Group has adopted control methods and time scales that allow corporate management to monitor risks and inform the Director in charge of the internal control system and (also through them) the Board of Directors accordingly.

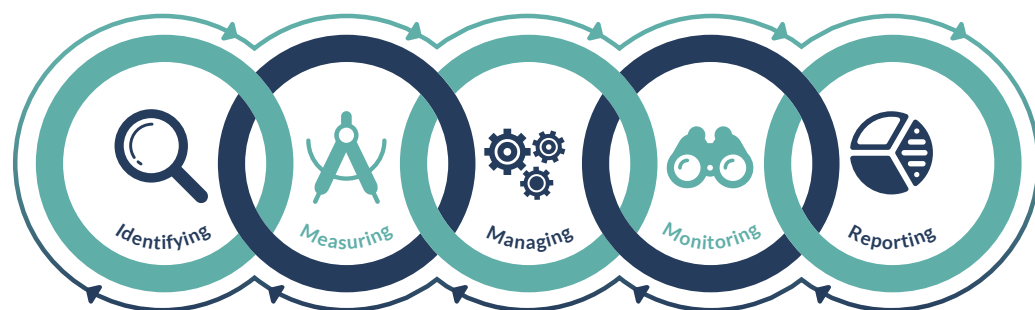
Without prejudice to the principle of continuous monitoring and considering the characteristics of the Group's activities, a review of the risk assessment indicates that the Group has been able to achieve the desired mitigation of the primary operational, financial, strategic and compliance risks identified by taking the planned organisational and operating measures and implementing and documenting control points within company processes.

The Group has identified the main risks to which it is exposed in carrying out its business activity in relation to processes deemed sensitive.

Due to the nature of its business and geographical distribution, the Group is exposed to different ESG risks (environmental, social and governance), whose most important ones are shown in the table below, together with activities aimed at mitigating their effects and ensuring a proper management.

Additional information about other types of risk is provided in the Separate and Consolidated Financial Statements of Servizi Italia S.p.A. as at 31 December 2021.

RISK CONTROL PROCESS PHASES



ESG RISK	RISK DESCRIPTION	MANAGEMENT AND MITIGATION ACTIONS
<p>ENVIRONMENTAL COMPLIANCE RISKS</p>	<p>Environmental protection legislation is becoming increasingly restrictive, partly as a result of an increased community awareness and sensitivity to these issues. The result is an increase in demands on companies to minimize their environmental impact. In addition, population and economic growth generate impacts related to resource scarcity, water, waste and biodiversity management. The Group operates in the sector of industrial laundries, which is particularly exposed to environmental risks such as, by way of example, air, soil and water pollution, deriving from the disposal of waste, toxic-harmful emissions and spillages of toxic-harmful materials.</p>	<p>The Servizi Italia Group has developed a strong and constant commitment to managing and monitoring the environmental aspects, adopting certified management systems in the Italian plants (for more details of the certifications see Chapter 2 “Group Profile”).</p> <p>The Group’s commitment to minimizing its environmental impact is also asked of companies abroad through the constant monitoring of environmental performance and maintained through compliance with all relevant local regulations and by promoting the adoption of certified management systems and the <i>Servizi Italia Compliance Program</i> consisting of group policies inspired by law, recommendations and international best practices, codes of conduct, procedures, rules and formats which provide preventive supervision to sensitive process on environmental issues.</p>
<p>PHYSICAL RISKS RELATED TO CLIMATE CHANGE</p>	<p>Physical risks related to climate change may be linked to individual events or to foreseeable long-term changes in climate models. Extreme weather events and natural disasters expose the Group to the risk of damage to production facilities, with the consequent possibility of unavailability of the facilities involved. Moreover, the Group is exposed to the risk of impacts on the operations of production facilities linked to gradual climate change (e.g., rain and wind conditions).</p>	<p>The Group is present in Italy with different production sites with capabilities to cover the production pipeline of the structures involved in the damage and to mitigate the foreseeable changes in the climate models and their overall financial implications.</p> <p>In addition, the Group uses the best prevention and protection strategies, also with the aim of reducing possible impacts on production facilities. Furthermore, maintenance works are carried out on buildings, courtyards and storm drains.</p> <p>All the Group’s Italian areas are subject to environmental management certification (for details on certifications, refer to chapter 2 “Group Profile”) and through the application of internationally recognised Environmental Management Systems (EMS), potential sources of risk are monitored so that any critical issues can be detected in a timely manner.</p> <p>The Group is committed to promote, for its foreign companies, the improvement of prevention and protection strategies, also with the aim of reducing potential impacts on production facilities, guaranteeing maintenance activities on facilities/sites.</p>
<p>TRANSITIONAL RISKS RELATED TO CLIMATE CHANGE</p>	<p>The transition to a low-carbon energy model may involve risks related to rules/regulations, political, legal, technological and market changes associated with the fight against climate change, with effects in short, medium and long terms. In this respect, issues like the growing reporting obligations on emissions and other legal requirements, the use of low-emission energy sources and the reduced exposure to fossil fuels, the uncertainty of signals from the market with unforeseeable changes in energy prices, the increase in the costs of raw materials are risk factors linked to climate change to which the Group might be exposed and that might potentially influence the financial performance of the Company.</p>	<p>The Group is committed to the continuous improvement of existing activities in terms of environmental impacts, through its goals of reducing the emissions, and it adopts a strategy aimed at growth through the use of technologies and continuous operative research for the optimization of distribution logistics model of goods and services and with projects in line with of the SDGs, for which the Groups has decided to promote initiatives.</p>

ESG RISK	RISK DESCRIPTION	MANAGEMENT AND MITIGATION ACTIONS
<p>WORKPLACE HEALTH AND SAFETY RISKS</p>	<p>Direct and indirect risks (consequence of events) related to the Group's activities which, as a result of non-compliance with internal rules and regulations, lead to the occurrence of accidents involving staff and external collaborators:</p> <ul style="list-style-type: none"> ● Fires ● Injuries ● Medical expenses ● Insurance and legal costs ● Loss of working hours ● Cost of repair or replacement of materials/machinery ● Fines ● Convictions ● Interdiction ● Damage to public and professional image ● Stress and falling worker morale 	<p>In order to mitigate these risks, the Company carries out its activities in full compliance with rules and regulations specific to each country regarding health and safety in the workplace. The Group gives this matter primary importance within the scope of its strategies and corporate objectives. In addition, for the Italian scope, the Group⁹ has adopted an ISO 45001 certified Health and Safety management system for production sites and obtained SA8000 Corporate Social Responsibility certification in order to strengthen its ESG oversight in the supply chain, and a travel policy.</p> <p>In foreign companies, the Group presides the risks: (i) by promoting and adopting a Code of Ethics in each individual company; (ii) by preparing a set of procedures, regulations and formats based on a risk analysis of processes; (iii) by training and auditing activities performed by the Parent Company and/or third parties.</p>
<p>RISKS RELATED TO CORRUPTION</p>	<p>Corruption is the abuse of conferred power for private gain and may be instigated by individuals in both public and private sector. Here it is interpreted to include corruption practices such as bribes, extortion, collusion, conflict of interest and money laundering. The Group pays particular attention to the risks of conduct or negligence that may lead to the occurrence of bribery and corruption events/cases throughout the value chain and promotes the fight against them in all its forms.</p>	<p>Management is committed to providing clear guidelines, so as to prevent any form of corruption. Moreover, with the contribution of the Supervisory Body, it actively participates in the prevention of corruption through specific training for employees, aimed at knowledge and application of the system. The Group monitors risk as follows: (i) by adopting and constantly amending and updating both the Code of Ethics and Organization, Management and Control Model in Italy pursuant to Italian Legislative Decree No. 231/2001 since 2006; (ii) at its foreign subsidiaries, promoting the adoption of a Code of Ethics and an anti-corruption Group Policy, which is based on the implementation of a risk analysis of company processes, the drafting of the <i>Servizi Italia Compliance Program</i> consisting of group policies inspired by law, recommendations and international best practices, codes of conduct, procedures, rules and formats which provide preventive supervision to sensitive process on corruption and offences issues; (iii) whistleblowing procedure; (iv) auditing activities by the Parent Company and third party entities Since March 2021, the Parent Company has obtained UNI ISO 37001:2016 certification relating to management systems for the prevention of corruption.</p>

⁹. With the exception of Wash Service S.r.l., which aims to undertake certification in the three-year period 2022/2024.

3.2 Ethics, business integrity and compliance

The Servizi Italia Group attributes specific importance to monitoring the risks of non-compliance with regulations, in the belief that compliance with relevant laws and regulations is a fundamental element in performing its activities.

Ethical principles and values are aimed at:

- Transparency, honesty, fairness, good faith in full compliance with the rules to protect its leader position and reputation;
- Stakeholder engagement, by extending the dialogue on sustainability and corporate responsibility issues;
- Creating a competitive value for the company, stakeholders and the territory in which it operates;
- Human rights protection and promotion;
- Individual freedom protection in every way and rejection of every kind of discrimination, violence, corruption (in every way with reference to whichever public or private entity) and of forced or minor labour;
- Acknowledgement and safeguard of the dignity, freedom and equality of human beings;
- Protection of labor and trade union freedoms, health, safety, environment and biodiversity.

Consistently with its system of values and the commitments already expressed in the “Consolidated Non-Financial Statement: Sustainability Report 2021”, Servizi Italia S.p.A. has implemented a management system for the prevention of corruption and implemented a compliance program aimed at preventing antitrust offences, in order to prevent and reduce the risks to which it might be exposed.

In line with the Code of Ethics, the company has therefore expanded the contents of the Integrated Corporate Policy for Quality, Health and Safety, Social Responsibility, Environment and Energy, Prevention of Corruption, Prevention of Antitrust Crimes and Fiscal Strategy and has adopted the **Anti-Corruption Guidelines**, detailing its preventive and repressive commitment against corruption (active, passive, public and private) and an **Antitrust Code of Conduct**, in order to prevent and minimize the risk of possible violations of Italian and European regulations on the protection of competition.

The Company believes that the adoption of the Code of Ethics is a valid and efficient tool to raise awareness towards every person working in the name and on behalf of the same so that they act with correct, linear and law-compliant manners in carrying out their activities. The Codes of Ethics of different Group companies identify the general rules of behaviour to be observed by directors and employees, with the purpose of ensuring effective functioning of all aspects of company’s management in terms of social, ethical and environmental responsibility. The actions, operations, transactions and generally any conduct of the recipients in the exercise of their functions must be based on the utmost integrity, honesty, correctness, loyalty, transparency, fairness, objectivity, as well as respect for individuals. The Code of Ethics for each company is binding on its partners, members of corporate bodies, executives with strategic responsibilities, Senior Managers, Middle Managers, employees, as well as for all those who, although external, work directly or indirectly for it.

The Organisation and Management Model and Code of Ethics of the Parent Company and its Italian subsidiaries are available on the company’s website, in the Transparent Company section, and on the websites of the individual subsidiaries.

For that which concerns external growth activities, Servizi Italia identifies the partners according to the business relations and activities they have in the target country, in compliance with the company’s M&A management procedure.



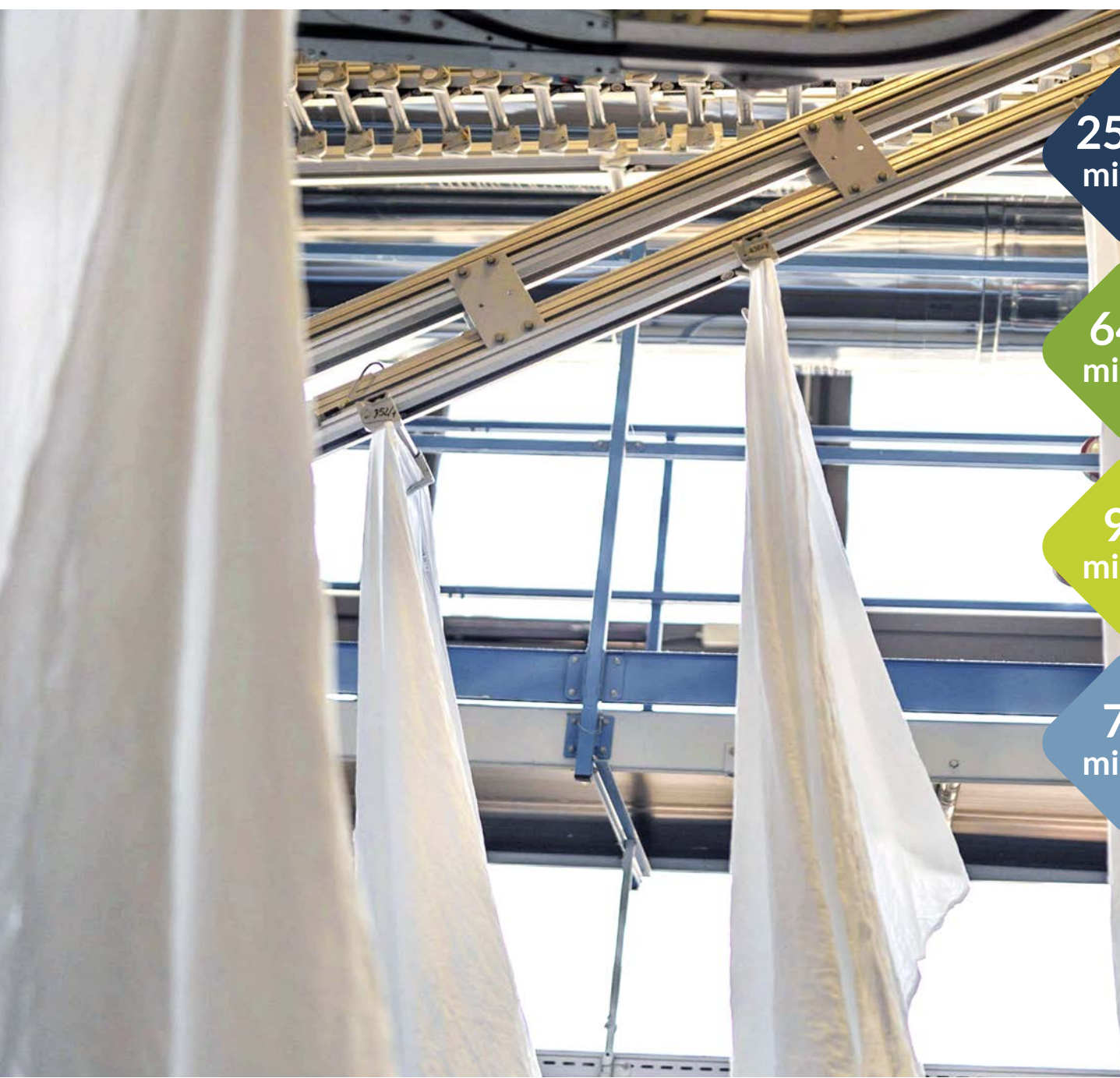
During 2021:

- There were no incidents of corruption ascertained within the Servizi Italia Group in which employees were dismissed or subject to measures and for which contracts with business partners have been terminated or not renewed due to corruption-related violations. In addition, there were no incidents of corruption-related public lawsuits taken against the Group or its employees during the reporting period. With reference to episodes recorded in previous years, these are still under investigation and for further details, please refer to the Separate and Consolidated Financial Statements of Servizi Italia S.p.A. as at 31 December 2021 in the section about ongoing proceedings;
- There are no reports of violations of the Code of Ethics and the organisational model pursuant to Italian Legislative Decree 231/01;
- No discrimination incidents towards employees have been recorded during the reporting period;
- No legal actions were filed or concluded during the reporting period concerning anti-competitive behaviour, violation of antitrust laws and related monopolistic practices in which the Group was taking part;
- There are no significant pecuniary or non-pecuniary sanctions for non-compliance with laws and regulations on social and economic matters;

- There are no significant pecuniary or non-pecuniary sanctions for non-compliance with laws and/or regulations on environmental matters;
- There is no evidence of non-compliance with regulations and/or self-regulatory codes on product information and labelling which have resulted in a sanction, fine or warning from control bodies;
- There are no cases of non-compliance with regulations and/or self-regulatory codes concerning the health and safety impacts of products that have resulted in a sanction, fine or warning from supervisory bodies;
- There have been no cases of substantiated complaints regarding breaches of customer privacy and leaks, theft or loss of customer data and complaints regarding breaches of privacy and loss of personal data in relation to the provisions of EU Regulation 2016/679 (GDPR, General Data Protection Regulation) and current national data protection legislation.

4. MAIN PERFORMANCES OF THE GROUP





€
256.7
million

CONSOLIDATED REVENUES

€
64.9
million

EBITDA

€
9.8
million

EBIT

€
7.2
million

NET INCOME

3,675

EMPLOYEES AT THE END OF THE YEAR



4.1 Distributed and generated economic value

The integration of economic choices with social and environmental choices is a fundamental commitment to long-term sustainable value creation.

The creation of **economic value** is a necessary condition for business activity, on which its existence and its perpetuation over time depends. For a productive enterprise, the generation of added value is the first way to be socially responsible: finding a new economic paradigm that also integrates environmental considerations and thus opens the way to a transformation of production and consumption patterns.

Value added is the higher value that goods and services acquire as a result of the organisational and productive activity of the enterprise; this wealth, in various forms, is distributed to the various stakeholders. Through a reclassification of the profit and loss account, a basic indication is given of how the Group has created wealth for its stakeholders, highlighting the economic effects of business management on the main categories of stakeholders.

The consolidated turnover of the Servizi Italia Group amounted to Euro 256.7 million, an increase of 6.9% or 9.0% at constant exchange rates compared to 2020. In particular, revenues from wash-hire services (which in absolute terms represent 76.0% of the Group's revenues) increased from Euro 181.0 million in 2020 to Euro 195.2 million in 2021, a growth of 7.8% or 10.6% at constant exchange rates. Growth is supported by the recovery in Italy and excellent organic growth in Brazil and Turkey, but this was offset by a negative exchange rate variation (-2.3%). With specific reference to the Italy area, the growth in revenues compared to the previous year is mainly linked to the new tenders in the north-east area, only partially mitigated by the decline in volumes and prices of certain contracts and by the decline in the hotel and restaurant services sector in the first part of the year. Revenues from linen sterilization services (steril B) (which in absolute terms represent 7.1% of the Group's revenues) go from Euro 18.0 million in 2020 to Euro 18.2 million, with an increase of 1.1% due to an increase in the fabric sterilization service in relation to new tenders in the north-east of Italy only partially offset by a lower supply of non-woven fabric (TNT) compared to the previous year. Revenues from surgical instrument sterilization services (steril C) (which in absolute terms represent 16.9% of the Group's revenues) go from Euro 41.1 million in 2020 to Euro 43.3 million in 2021, with an increase of 5.4% mainly due to some new orders in the north-eastern Italy area, as well as the resumption of surgical interventions compared to the previous year¹⁰.

Over the last few years, the Group's management has deemed it appropriate to commit its



resources to structural investments, in order to **consolidate its leadership position** and to constantly improve the **efficiency of the Group**.

10. For more information on the 2021 revenue trend, please refer to the Servizi Italia Group's Consolidated Financial Statements as at 31 December 2021.

DISTRIBUTION PROSPECT OF GENERATED ECONOMIC VALUE

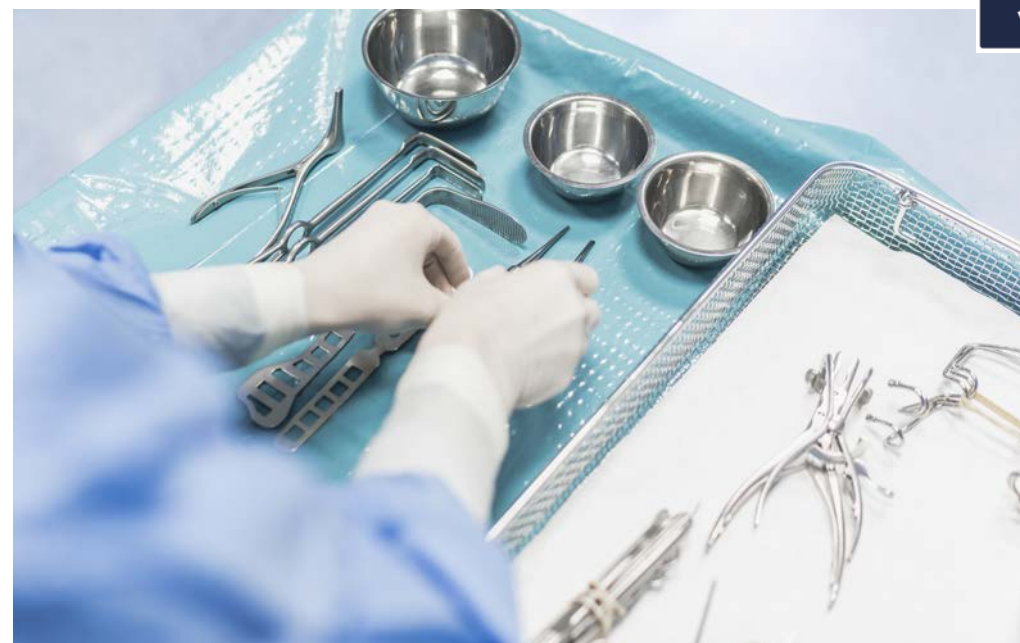
<i>(Euro thousand)</i>	2021	2020
Revenues from sales	256,694	240,160
Other income	8,430	5,467
Financial income	804	2,292
Income from equity investments	342	2,105
Revaluations/write-downs of equity investments valued using the equity method	2,247	-1,663
Economic value generated by the Group	268,517	248,361
Reclassified operating costs	113,564	105,991
Raw materials and consumables used	27,430	27,607
Costs for services	84,731	75,902
Other costs	1,403	2,410
Staff remuneration	86,658	81,627
Staff costs	86,658	81,627
Remuneration of lenders	4,989	5,409
Financial charges	4,989	5,409
Remuneration of shareholders	-263	193
Allocation of profit for the year	0 ¹¹	0
Profit/(Loss) for the year attributable to minority shareholders	-263	193
Remuneration of Public Administration	937	-1,756
Current and deferred taxes	937	-1,756
Communities	17	74
Donations, sponsorships and collaborations	17	74
Economic value distributed by the Group	205,902	195,050
Profit/(Loss) for the year attributable to Parent Company's shareholders to reserves	7,500	2,761
Depreciation, amortization, write-downs and provisions	55,114	54,065
Economic value retained by the Group	62,614	56,826

11. The Board of Directors has proposed to the Shareholders' Meeting to allocate Euro 1.5 million to the reserve from the valuation of equity investments using the equity method and to carry forward the remaining profit for the year; it has also proposed to allocate Euro 0.2 million from the reserve for the valuation of equity investments using the equity method for retained earnings, due to the lack of the non-distributability restriction.

4.2 Value for shareholders and investor relations

The company has approved a Policy for managing the dialogue with the Shareholders of Servizi Italia S.p.A., available on the website in the Investor Relations section. The purpose of this policy is to regulate the methods of engagement and communication of the company with current and potential shareholders in order, inter alia, to enhance the exchange of information and improve the level of mutual understanding, in compliance in any case with the provisions contained in EU Regulation No. 596/2014 of the European Parliament and of the Council of 16 April 2014 (“**MAR**”) and its implementing provisions on the management and public disclosure of inside information and forecasts, as reported in the “Procedure for the internal management and external communication of documents and information concerning Servizi Italia S.p.A.” adopted by the company.

According to the results of the Shareholders’ Register, supplemented by the communications received pursuant to Article 120 of the TUF and other information available at the date of approval of this Report, those who directly or indirectly hold more than 5% of the share capital are:



MAJOR SHAREHOLDINGS AS AT 31/12/2021

DECLARANT	DIRECT SHAREHOLDER	% SHARE ON ORDINARY CAPITAL
Coopservice S.Coop.p.a.	Aurum S.p.A.	55.334%
Steris Corporation	Steris UK Holding Limited	5.903%
Servizi Italia S.p.A.	Servizi Italia S.p.A.	6.29%*

*of which non-voting 6.29%

Servizi Italia considers **financial communication** to be of fundamental importance in building a relationship of trust with the financial market; clear and transparent communication, in addition to being a duty to the market, represents the possibility of establishing continuous dialogue with shareholders, in full compliance with current regulations. In particular, the Investor Relations department promotes continuous dialogue with institutional and indi-

vidual investors and financial analysts, ensuring equal and transparent information, timely and accurate communication, in order to foster a correct perception of the Group’s value.

During 2021, the Investor Relations Team held both individual and Group meetings with analysts and investors. The meetings were held virtually mode, through direct contact by the shareholders. During the reporting period, the company met with several investors by participating in the two virtual STAR events (*Spring and Fall Edition*) organised by Borsa Italiana and commissioned *Midcap Partners (Appointed rep by Louis Capital Markets UK, LLP)* for a research study published on the company’s website together with that of the specialist Intermonte SIM.

The company’s website www.servizitaliagroup.com is constantly updated with all the information regarding the Group and the most important corporate documentation, in Italian and English. In dedicated sections, easily to find and to access, information can be found for shareholders in order for them to exercise their rights in an aware manner. Good financial communication helps to create and strengthen the relationship between the company and its investors; effective and clear information is a prerequisite for establishing a solid and lasting relationship.

4.3 Fiscal transparency

The choices underlying the Group's internationalization are guided exclusively by business considerations and not by fiscal reasons. The Board of Directors of Servizi Italia has drafted and approved the tax strategy and guidelines for the entire Group, so that management is uniform across all the entities involved, inspired by the logic of correct and timely determination and settlement of taxes due and implements correct tax risk management.

The provisions contained in the tax strategy require behaviors that adhere to the values of the Group.

The governing bodies of the Group's entities are required to adopt the tax strategy adopted by the Parent Company by means of a specific resolution, thereby assuming responsibility for ensuring that it is known and applied within the entities for which they are responsible, together with the specific task entrusted to the governing bodies of disseminating the culture and values underlying the strategy.

The tax strategy approved by the Board of Directors of Servizi Italia S.p.A. is published in the "Transparent Company" section of Group's website (www.servizitaliagroup.com). The relevant interpretation is referred to the Parent Company, through the Fiscal Unit¹², which also takes care of the relative update every time a regulatory adjustment is required and/or mapping a specific process in order to monitor the relative risks.

¹² The Fiscal unit is understood to be the designated fiscal office in every different jurisdiction.

Tax strategy objectives

The Board of Directors of Servizi Italia S.p.A. has defined the tax strategy for the entire Group, with the aim of ensuring uniform management of taxation at all the entities concerned, and it is inspired by the following principles:

- correct and timely determination and settlement of taxes due by law and performance of related obligations;
- control on tax risk, meaning the risk of incurring in violations of tax regulations or in the abuse of principles and objectives of the fiscal system.

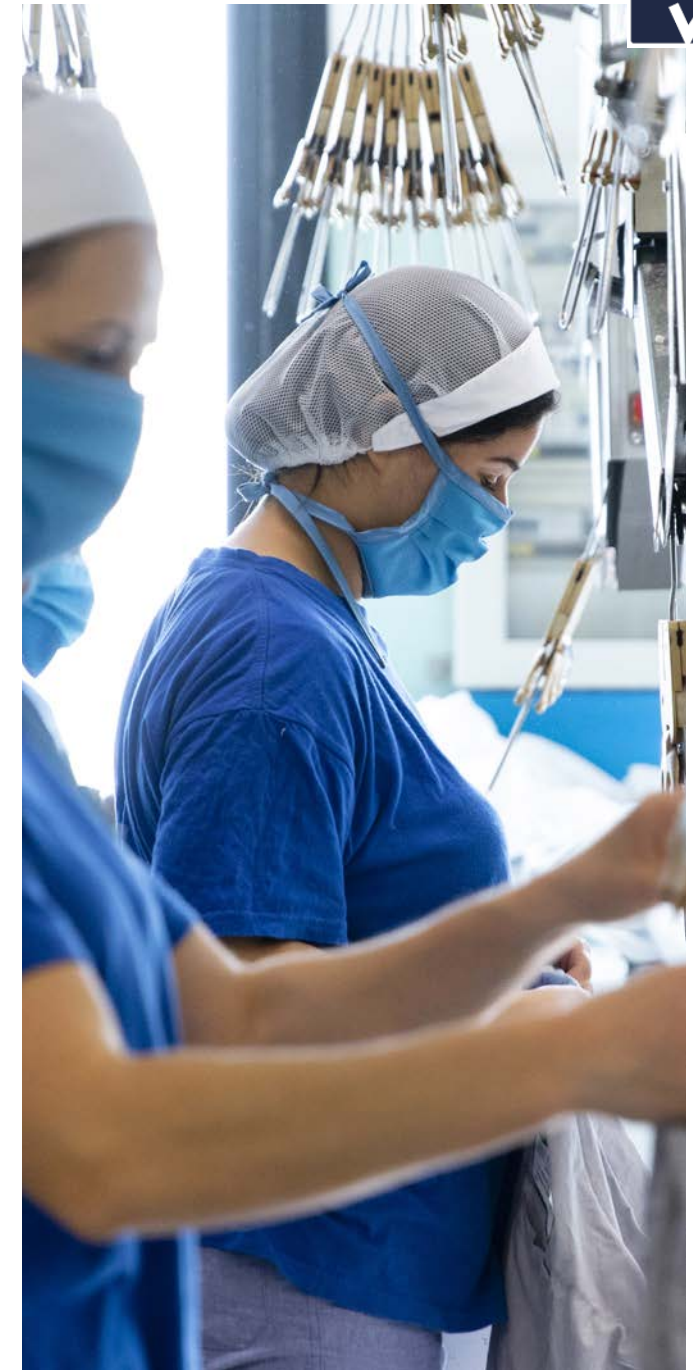
Tax strategy principles

The tax strategy principles are an integral part to the tax strategy that the Group intends to pursue, they inspire their operations in the management of tax variables and require the adoption of suitable processes in order to guarantee their effectiveness and implementation.

Values: in line with its sustainability strategy, the Group acts according to the values of honesty and integrity in the management of tax activities, being aware that tax revenues are one of the main sources of contribution to the economic and social development of the countries in which it operates.

Lawfulness and transparency: the Group's conduct is oriented towards compliance with tax laws applicable in the countries in which it operates and towards interpreting them in such a way as to responsibly manage tax risk, so as to be able to satisfy the interests of all stakeholders. The Board of Directors defines the Group's tax strategy and ensures its application within the Group, thus assuming the role and responsibility of guiding the spread of a corporate culture based on the values of honesty and integrity and the principle of legality.

The Group maintains a collaborative and transparent rela-





tionship with tax authorities, ensuring that the latter, among other things, can gain a full understanding of the facts underlying the application of tax regulations.

Shareholder value: the Group considers taxes a cost of doing business, and so they must be managed, in compliance with the principle of legality, with the aim of safeguarding the company's assets and pursuing the primary interest of creating value for shareholders in the medium to long term.

Guidelines for implementing the tax strategy

In order to ensure the concrete implementation of the general principles outlined above, the Group's tax strategy is broken down into the following guidelines:

- correct application of tax regulations;
- Group entities must comply with the principle of legality, applying the tax legislation of the countries in which the Group operates in a timely manner, in order to ensure that the spirit and purpose that the regulation or law provides for the matter being interpreted is observed. In cases where tax legislation is not sufficiently clear or unambiguous in its meaning, the competent Tax Unit pursues a reasonable interpretation of it, inspired by the principles of legality, availing itself of internal consultancy within the Group's Tax Unit and, where appropriate, of qualified external professionals.

Governance

In the organizational model of Servizi Italia S.p.A., the Tax Unit of the Parent Company is responsible, among other things, for developing the Group's tax strategy, identifying, analyzing and managing the various optimization initiatives,

monitoring the most relevant tax issues, and providing support to the various Business Lines.

Alongside the Tax Unit of the Parent Company, the Tax Units of the various countries, acting in compliance with the values and principles inherent in the tax strategy defined by the Parent Company, are responsible for managing compliance and tax planning and tax monitoring activities at local level, supported by the collaboration of their local consultants.

Compliance

The Group has adopted a set of rules, procedures and principles that are part of the Group's wider system of organization and control. These must be considered as fundamental points of reference that all parties, in relation to the type of relationship existing with the Group, are required to comply with¹³.

The various company Policies and Procedures applicable at both Group and Country level regulate the activities, the operating methods for managing them and the responsibilities of the Tax Unit, also in relation to other company functions. These documents are published on the company's intranet, are accessible to everyone, and constitute the general rules of conduct applicable within the Group for the performance of activities. In particular, with specific reference to the tax area, in addition to the definition of the Tax Strategy, the guidelines are a reference for the processes of Tax Compliance, Tax Planning, Tax Monitoring, Transfer Pricing and Tax Risk Management.

13. For example: Code of Ethics, Anti-Corruption Guidelines, Antitrust Code of Conduct, corporate policies, models and procedures, fiscal strategy, the internal control and risk management system, the system of proxies and powers of attorney, the system of sanctions pursuant to the applicable collective bargaining agreements, any other documentation relating to the control systems in place, the reference accounting standards, procedures and IT applications.

Intercompany transactions

Intragroup transactions are regulated, for tax purposes, based on the arm's length principle, as outlined by the OECD (Model Tax Convention and Transfer Pricing Guidelines), with the aim of aligning transfer conditions and prices as correctly as possible with the places where value is created within the Group. Where Group companies operate in countries that do not recognise the OECD rules, transfer-pricing policies will be aimed at ensuring consistency between the place of production of value and the place of taxation, on the one hand, and avoiding double taxation, on the other. In order to limit tax risks, the Group, compatibly with the applicable regulations, promotes the stipulation of rulings with local tax authorities, amongst other things in order to define transfer-pricing methods, the attribution of profits and losses to permanent establishments and the application of regulations relating to cross-border flows between Group entities.

Full cooperation with the tax authorities

The Group guarantees transparency and correctness in its relations with the tax authorities, including in the case of audits relating to both Group companies and third parties. The Group promotes adherence to co-operative compliance regimes, for companies that integrate the requirements established by the relative domestic regulations, in order to create forms of enhanced relations, and adheres to the provisions regarding transfer pricing documentation, in compliance with the indications of the OECD Transfer Pricing Guidelines (so-called three-tiered approach, based on Master File, Local File, Country-by-Country Report).

Organization

The Tax Unit of the Parent Company, coordinated by the Tax Manager, guarantees:

- in agreement with local CFOs, an adequate sizing of the necessary competencies (internal to the organization and using qualified external professionals), capable of carrying out not only the role of monitoring compliance, but also the one of decision-making analysis center, included in governance and business processes;
- periodic contact (Teams, emails) with peripheral tax units or local CFOs for the purpose of tax updates, analysis of tax benefits and tax compliance;
- training and orientation activities on tax issues, both at country and global level for any

useful form of alignment, towards the employees involved on the link between tax strategy, business strategy and sustainable development.

Risk analysis

Fiscal risk is controlled according to two legislative measures: **Italian Law 262/2005** and **Italian Legislative Decree 231/2001**. As part of the approach to tax compliance, the main types of risk have been identified (compliance, financial reporting, operational, external) to which an assessment is attributed for each of the sensitive functions and processes. In case of "high" risks, the Tax Manager works with the functions involved in the sensitive processes to mitigate any type of exposure for the company. The risk matrix is constantly updated through periodic monitoring with ordinary internal audit processes as well as through the tax authority systems provided by cooperative compliance schemes, where activated.

Reports

For the Servizi Italia Group, tax compliance is considered as a fundamental aspect in the ethical and responsible management of the Company. In this regard, internal channels of the Company can be used to communicate relevant violations on tax issues. The Code of Ethics adopted by the Group represents the framework of "ethical oversight" with which the Group operates and in the context of which the tax strategy is also fully included. The provisions relating to violations of the Code of Ethics are suitable for ensuring the effectiveness of the prescriptions contained therein and must be understood as extending to the provisions of the fiscal strategy.

Reporting

An annual report is sent to the Board of Directors of the Parent Company, via the Control and Risk Committee, in which, with regard to the Group's entities, the results of the monitoring of the internal control system for tax risk and the state of tax risk management are reported, for the tax period in question, with indications of the Group's Total Tax Contribution (also known as **TTC**) compared with the previous year, and with indications regarding the % of TTC relating to payments that represent a cost for the Group (Taxes Borne) and the residual percentage of payments made as a result of recourse mechanism, replacement, etc. (Taxes Collected).

The objective of preparing annual TTC reports detailing all tax contributions in Italy and in the main countries in which the Group operates underscores the importance the Group attaches to tax issues, to their social role and, in general, to transparency as a factor that promotes sustainable development. The concept of distributed value refers to the contribution of the company to society overall.

According to the TTC reporting methodology, the value distributed by a company is composed of the sum of the following elements:

- *Taxes borne and collected (as value distributed to Government);*
- Net interest (as the value distributed to creditors);
- Wages and salaries after taxes (as the value distributed to employees);
- Earnings retained for reinvestment or paid as dividends (as the value distributed to shareholders).



COUNTRY BY COUNTRY REPORTING

	2021			2020		
In /000 euro	Italy	Turkey	Brazil	Italy ¹⁵	Turkey	Brazil
Names of resident entities	Servizi Italia S.p.A. Steritek S.p.A. Wash Service S.r.l. Ekolav S.r.l.	Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi Ergülteks Temizlik Tekstil Ltd. Sti.	SRI Empreendimentos e Participações L.t.d.a. Lavsim Higienização Têxtil S.A. Maxlav Lavanderia Especializada S.A. Vida Lavanderias Especializada S.A. Aqualav Serviços De Higienização Ltda(*)	Servizi Italia S.p.A. Steritek S.p.A. Wash Service S.r.l. Ekolav S.r.l.	Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi Ergülteks Temizlik Tekstil Ltd. Sti.	SRI Empreendimentos e Participações L.t.d.a. Lavsim Higienização Têxtil S.A. Maxlav Lavanderia Especializada S.A. Vida Lavanderias Especializada S.A. Aqualav Serviços De Higienização Ltda(*)
Revenues from third party sales	234,236	7,289	26,469	214,999	7,399	26,714
Revenues from intercompany transactions having different fiscal jurisdictions	4,135	112	2,175	3,346	151	1,991
Profit/Loss before taxes	753	-756	1,539	-6,690	329	-1,886
Tangible assets other than cash and cash equivalents	100,722	3,335	21,471	102,521	5,192	18,828
Corporate income taxes paid on a cash basis	263	0	261	208	24	335
Corporate income taxes accrued on profits/losses	658	0	178	204	55	477

14 Data reported in this table are consistent with what is stated in the “Country by Country” report. The figures differ from those reported in the consolidated financial statements as at 31.12.2021, as the *Local GAAPs* have been adopted.

15. The country-by-country reporting figures do not include San Martino 2000 S.c.r.l., as it is a consortium company of the Group and considered a Third Party for the purposes of the CbCR.

5. THE VALUE OF PEOPLE



The enhancement of people, the protection of health and safety in the workplace, the creation of a positive working environment offering equal opportunities to all on the basis of merit and the encouragement to develop one's professional skills are essential components of the Group's growth. People are the key to meeting challenges in an increasingly dynamic and competitive environment.

The Servizi Italia Group employs the majority of its resources in the production areas (industrial laundries, sterilisation plants, dedicated material distribution), in addition to corporate activities (indirect. The distribution of resources is sized in relation to the actual needs required by the processes that must be ensured for the business to run smoothly.

The activities of the Servizi Italia Group are considered essential, of first necessity and of public utility; in consideration of this, and given the continuation of the health emergency throughout 2021, the Group has focused its efforts on the implementation of regulatory and organisational measures suitable to ensure the continuation of production activities during the Covid-19 epidemic emergency, in order to mitigate the possible negative effects on the provision of services to customers and ensure business continuity.

Work-life balance

On 11 November 2021, Servizi Italia obtained the **basic Family Audit certification**, thus becoming part of a virtuous network of organisations oriented towards increasingly qualifying themselves as excellent workplaces sensitive to the issues of work-life balance and therefore to the well-being of their employees.

It is generally a matter of adopting and implementing staff management policies oriented towards the well-being of employees, improving the company climate and growth.

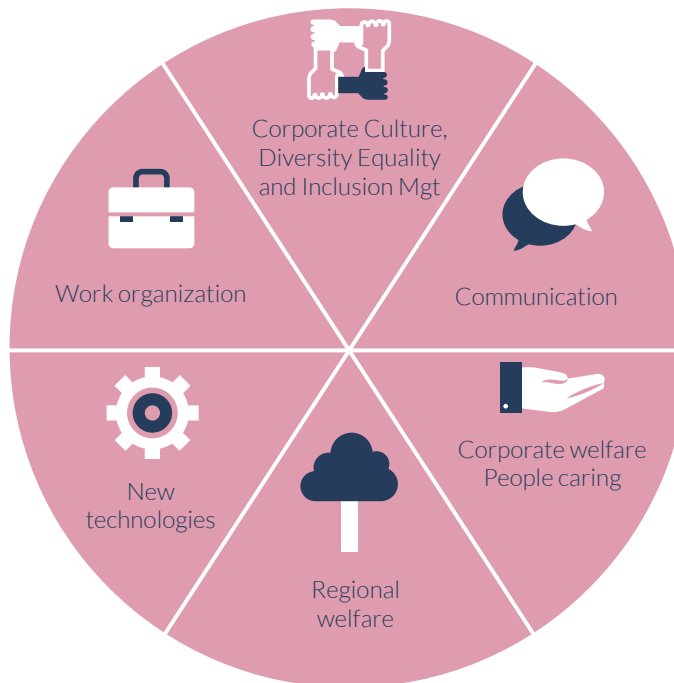
Achieving Family Audit certification therefore means **pro-**

moting and initiating a process of cultural change and continuous improvement within the company.

Human resources are an increasingly strategic element for the success of organisations, but the potential conflict between professional and private life is a threat to the health and well-being of people and to the very development of the organisation. It is therefore not only an ethical question of social responsibility for a company, but also an objective of corporate business and public interest.

To embark on this path, a **careful analysis of the working context, needs and expectations of employees was necessary, from which a business plan was then drawn up** listing all the measures that the organisation undertakes to implement in order to achieve the objectives it has set itself. The business plan must include six macro-environments:

Once this initial analysis phase has been completed, the organisation has **three years to implement the measures set out in the Plan** with an annual review of the status of imple-



mentation and progress of actions. After this period of the organisation is awarded the Family Audit Executive certificate.

Bottom-up logic lies at the heart of Family Audit certification: **it is not the organisation that chooses and implements the initiatives from above, but the employees themselves who express the different needs in terms of reconciliation.**

Servizi Italia distributed a questionnaire to a sample of more than 400 employees to investigate different needs in terms of work/life balance. The results (received and processed anonymously) were used to analyse the existing human resources management policies, propose improvement actions and/or new solutions deemed suitable, not only to achieve the certification objectives, but to improve the work-life balance of employees as much as possible through the preparation and approval of a three-year action plan, promoted by the Board of Directors and company management.

The actions identified in the plan mainly concern:

- experimentation with flexible hours for clerical workers, the transfer of solidarity holidays and smart working;
- the dematerialisation of HR and Administrative processes;
- welfare and well-being;
- prevention and health;
- the strengthening of managerial skills in terms of conciliation;
- the creation of an organizational culture strongly oriented towards the "smart" exploitation of IT tools and the issues of reconciliation;
- the establishment of scholarships for employees and employees' children;
- support for local communities and people development.

5.1 Recruitment and employment

As at 31 December 2021, the Group counts **3,675 employees** (3,765 in 2020), 90.34% of whom are blue-collar workers, 8.22% office workers, 0.98% Middle Managers and 0.46% Executives.

The staff selection and hiring process is governed by specific procedures and the selection of employees is carried out based on candidates' professional skills and abilities. The Group guarantees equal opportunities for all, without discrimination on grounds of gender, ethnicity, nationality, religion, political opinions, sexual orientation, personal and social conditions.

With the aim of ensuring a contribution to the implementation of the strategy identified in the business plan, during 2021 1,589 resources were hired throughout the Group, with an incoming turnover rate of about 43% and an outgoing turnover rate of about 46%, an increase compared with 2020.

Group employees as at 31 December 2021 are 59% women and 41% men, with a high prevalence of permanent employment contracts (93%).

More information is available in relation to the Group's performance in the Annex section.

5.2 Employee listening and change management

The dialogue and internal meeting initiatives of Servizi Italia Group aims at reducing the gap between employees and company management, giving information about economic results and presenting the strategic planning. This is the reason why, periodically, meetings are organized regarding the financial-economic trend, the results achieved and the future objectives. Website, mailing lists, social media and company notice boards make the staff aware of company events concerning financial, quality, safety and environmental issues as well as production trends.

The organization model of the Company entails the functions and roles that help in finding a new strategy with the focus on concentrating available resources to optimize and develop the business in the public and private healthcare sector, while seeking to increase the services offered, specifically those with a higher added value.

With regard to the sizing of organizational roles, in a logic of business continuity, succession tables have been identified and maintained as indicated by the succession planning and by the related implementation of the individual development plans of the resources having

strategic roles.

5.3 Remuneration policies

Remuneration policies aim at rewarding people and their contribution based on fair and meritocratic criteria, which are shared transparently in the different valuation processes. The Group's remuneration system is different for different business actors and includes a compensation component and variable incentive schemes for objectives and benefits. The Group shall offer new recruits and their employees a remuneration package in line with best market practice and in compliance with the minimum standards laid down in the regulatory references in force in the countries where it operates.

The remuneration policy is aimed at recognising, in a fair and practical way, the commitment and contribution of people to the success of the company. Salary levels depend on people's role and responsibilities, reflecting their experience and skills, the level of excellence demonstrated and the overall contribution to the business without discrimination. In no case have remuneration levels been established below the local minimum remuneration for the reference category of new recruits. The company's supplementary agreement, signed between the company and the trade unions, included a result bonus based on economic performance and productivity indicators. The variable elements of the remuneration are therefore based on the result bonus for all workers and employees and the bonus linked to the evaluation of performance and results for the roles of responsibility (e.g., annual bonus system plan and long-term incentive cash plan). Through the implementation of the incentive plans, Servizi Italia intends to promote and pursue the following objectives:

- link the remuneration of key corporate resources to the effective performance of the company, to sustainable success and to the creation of new value for the Servizi Italia Group, as also advocated in the Corporate Governance Code of listed companies;
- orient the company's key resources towards strategies for pursuing economic and financial results and greater pervasiveness of the theme of sustainability of business activity, integrated into its strategic prospects;
- align Top Management's interests to those of shareholders and investors;
- introduce retention policies aimed at building the loyalty of key corporate resources and encouraging them to remain with the company or the Group.

For further details, please refer to the "Remuneration Report 2021".

In order to assess the positioning of the remuneration package granted to directors, managers, top executives, staff and line managers in relation to the market, the Group regu-

larly conducts a remuneration placement analysis for the leading positions and key positions of the company (divided by executives, managers and employees) by conducting a benchmark analysis with respect to the target market, with the help of specialized supplier and/or market surveys published by recognized sources. The analysis takes the market as a reference by considering a collection of comparable companies by business sector, by size (in terms of turnover and number of employees), by type/characteristics and weight of role (defined by analyses of job descriptions, purpose and responsibility of the role), in order to make the comparison homogeneous also between different companies.

The remuneration structure is based on two items defining the overall remuneration:

- Gross Annual Remuneration: generally determined by taking into account professional specialization, the organizational role played by the related responsibilities;
- Variable Remuneration: determined to reward the results achieved, based on individual targets allocated annually or over the medium-long term and which are motivational and retention elements. Individual performance targets may, therefore, be both quantitative, i.e. objectives of a numerical nature (absolute values, percentages and/or indicators), and qualitative (measurable through observable behaviour), for example:
 1. the development of revenues from orders;
 2. the improvement of order marginality;
 3. the improvement of average cost for single kg of linen or sterilization unit produced;
 4. the respect of project times and quality of output;
 5. customer satisfaction reducing any contractual penalty or complaint;
 6. sustainable work conditions and standard;
 7. specific compliance targets;
 8. projects/activities/initiatives identified in the Group's

Sustainability Plan regarding relevant environmental, social and governance issues.

The latest analysis results have shown that the overall positioning of Servizi Italia with respect to the target market is competitive, both in terms of annual gross wages and overall wages.

With regard to the variable remuneration policy, both as a target variable and as the types of KPIs used, Servizi Italia is competitive and in line with the best market practices.

Periodically, within the economic budget, the Human Resources Director, in order to evaluate any change in remuneration to be made in relation to the previous financial year, compares with:

- Executive Committee and Nominating and Remuneration Committee, in respect of the remuneration of Strategic Directors;
- Executive Committee and General Manager in relation to the remuneration of Senior Managers, Middle Managers, Special/Key figures;
- the heads of department of the company organization in relation to the remuneration of the employees and workers.

It should be noted that, with regard to operational staff, any increases in the remuneration component may occur, in addition to the application of the National Collective Bargaining Agreement, for the appreciation of professionalism, skills and abilities and for the payment of the result bonus (variable component) upon achievement of the objectives set in the existing second-level union agreements.



5.4 Employee training and development

People are the most important factor for the growth of the company, which is committed to promoting their professional development, paying attention to workplace quality, encouraging team spirit and fostering the development of an integrated and compact group, proud of its corporate identity. For this reason, Servizi Italia invests in the professional growth of all people, through updating and training programs defined based on a specific analysis of needs and innovative methods and activities able to ensure adequate training with respect to the skills required by the role.

During 2021, the Group provided a total of 14,825 hours of training, equal to 4.03 hours per employee, involving 86.7% blue-collar workers, 12.4% office workers, 0.3% Middle Managers and 0.7% executives. This number is higher than the set target by more than 10,000, maintaining constant the updating of all staff, supporting the professional development of junior employees and strengthening the skills of those with roles of responsibility, aware that training represents strategic leverage for the growth of the company. The hours of training are increasing (+ 32% approximately) compared to those of 2020. The result is partly due to the consolidation of distance training (FAD) which has allowed the recovery of periodic training especially in the field of safety and professional technique for workers and partly to new training initiatives aimed at all staff relatively, in the first place, privacy and anti-corruption.

Below are the main areas of training by geographical area:

AREA	TRAINING AREAS
ITALY	Managerial, foreseen in individual development plans of strategic and/or key figures. Professional technology and technical systems. Health and Safety in the workplace, Environment and Quality. UNI EN 37001 17 certification systems and regulations in general.
BRAZIL	Professional technology and technical systems. Health and Safety in the workplace, Environment and Quality.
TURKEY	Professional technology. Health and Safety in the workplace.

5.5 Diversity and equal opportunities

The Servizi Italia Group made real its commitment to the protection of **diversity, equal opportunities and non-discrimination** maintaining the SA8000 certification, adopting a Code of Ethics for all Italian, Brazilian and Turkish companies and being compliant with the regulations in force in each country where it is present.

The Servizi Italia Group operates in different geographical areas characterised by a wide differentiation in terms of age and gender. The heterogeneity of resources is the bearer of values and opportunities arising from the different ways of pursuing and achieving the highest levels of performance within a single, broader Group organisational design.

It is in this perspective that the Servizi Italia Group operates, respecting the dignity of each individual and offering equal opportunities at all stages and for all aspects of the employment relationship, avoiding any form of discrimination that may derive from differences in gender, age, state of health, nationality, political or religious opinions.

Human resources management processes are applied according to the same principles of meritocracy, fairness and transparency in all countries where the Group operates.

Concerning parental leave, the companies guarantee equal access conditions for men and women in the countries where the Group operates, in compliance with local regulations in force. In 2021 27 men and 127 women took parental leave, with a rate of return to work as at 31 December 2021 of respectively 69.23% and 85.86%.



5.6 Workplace health and safety

The Servizi Italia Group is strongly committed to taking care of the safety and health of its employees, customers and community as a whole. Health, safety and psychophysical integrity are considered a precious asset to be protected at all times and the Group is committed at developing and promoting a solid safety culture in the sites where the Group operates in order to ensure a healthy and safe working environment. Everybody's constant commitment, the integration of safety into processes and training, the reporting and analysis of accident prevention, rigorous selection and management of contractors, human rights monitoring in the supply chain (in compliance with the internal Supplier Code of Conduct), quality controls and the sharing of experience within the Group are the founding elements of the safety culture of the Servizi Italia Group.

The Servizi Italia Group has a declaration of commitment to Health and Safety, signed by the Group's Top Management, which is based on the following fundamental principles:

- compliance with legislation, adoption of the best standards and sharing of experience;
- creation, implementation and continuous improvement of the Management System for the Health and Safety of Workers in compliance with the international standard ISO 45001;
- the reduction of accidents, occupational diseases and other incidental events through the implementation of appropriate prevention measures and verification of their adequacy and effectiveness;
- the identification and evaluation of all risks for health and safety and the adoption of a systematic approach to eliminate or minimize them;
- the promotion of information initiatives to disseminate and consolidate the culture of health, safety and organisational well-being;
- the adoption of working methods inspired by quality and their dissemination through incisive and effective training aimed at firmly combining technical and safety aspects;
- the direct commitment of managers to strengthening a strong leadership culture on safety;
- the adoption of safe and responsible behaviour at all levels of the organisation;
- the design of workplaces and the provision of equipment and tools suitable for the performance of working activities ensuring the best conditions of health, safety, comfort and well-being;
- the severity in selecting and managing contractors and suppliers and the promotion of

their involvement in programs for the continuous improvement of safety performance

- the constant attention to communities and everyone operating within or having contact with the activities of the Group, by sharing a culture of health and safety protection;
- the annual definition of specific and measurable objectives and their continuous monitoring in order to verify their effectiveness achievement through the involvement of Top Management.

In implementation of its mission and corporate policy, the Parent Company, Ekolav and Steritek have a Health and Safety Management System in compliance with UNI 45001, which is based on the identification of hazards, qualitative and quantitative assessment of risks, planning and implementation of prevention and protection measures, verification of the effectiveness of prevention and protection measures, and any corrective actions.

The management system involves both the Servizi Italia staff and contracted staff working in the subsidiaries and it establishes the following:

- prior assessment of risks and their elimination and/or reduction through the application of the most up-to-date technical knowledge;
- identification of the necessary preventive measures and programme for their implementation;
- adoption of residual risk mitigation measures, giving priority to collective measures over individual measures;
- active, responsible and integrated intervention of all those involved in safety, involving workers and/or their representatives, from the identification of risk situations to the choice of solutions to prevent and/or reduce them;
- appointment, where provided for, of a competent doctor and preparation of health surveillance for workers dealing with specific risk processing;
- preparation of an information and training programme for workers, in order to achieve greater awareness in dealing with risk situations;
- regular maintenance and cleaning of the working environment.

Risk management in the individual Group companies is guaranteed through an analysis and assessment of the risks typical of the workplace and the substances and equipment present in it, for which specific individual and collective prevention and protection measures are identified. In particular, the Employer assesses all risks associated with ordinary and extraordinary working activities, as well as risks that may cause accidents to workers with "severe" effects and risks of occupational diseases, industrial hygiene risks and chronic consequences.

The main objective of risk assessment is to establish a permanent and organic management system aimed at presenting, reducing and controlling any possible risk factor for workers' safety and health. A fundamental prerequisite for achieving this objective is the identification of all the risk factors potentially existing in the company, their reciprocal interactions, as well as the assessment of their extent carried out, where necessary, by means of analytical and instrumental methods.

It is clear, therefore, that risk assessment is the basic and essential tool that allows to:

1. review the specific operational realities and activities, with reference to tasks, jobs and subjects exposed to potential risk factors;
2. identify hazards, possible causes, potential consequences and criticality of any possible intervention;
3. identify the prevention and/or protection measures and consequently plan their implementation, improvement and control to verify their effectiveness.

In this context, it is possible to confirm measures already in place or decide to improve them, in relation to organisational or technical innovations in the field of health and safety.

The main health and safety risks to which employees and external collaborators are exposed, whose workplace is under the control of the organisation, are to be attributed to the performance of operational activities in the provision of services and at the Group's production sites. The identification of these risks was carried out not only by observing the activities but also by analysing the main events that occurred in the last three years, taking into account all types of injuries occurring at work (death, amputation, fracture, hernia or stress injury, burns, etc.). In particular, mechanical hazards, falls from ladders and road accidents are associated with the main risks that can lead to serious occupational injuries, i.e., accidents from which the worker cannot recover, does not recover or cannot realistically be expected to recover fully to the state of health before the accident within six months.

In terms of frequency of occurrence, in 2021 the Group recorded an occupational injury rate of 18.01 based on 1,000,000 hours worked, a decrease of 24.5% compared to 2020 (23.70) for employees and 34.10 for external staff¹⁶, an increase of 268% compared to 2020 (9.28).

Thus, while there was an improvement in the frequency of accidents for Group employees, for external staff, together with a 63% increase in the number of hours worked (most of which had to be used to cover absences), there was an increase in the number of injuries that brought the frequency rate to the 2019 level (26.71).

In 2021, the Servizi Italia Group did not record any fatal accidents. On the other hand, at Servizi Italia S.p.A., an injury with serious consequences due to a fall from a ladder during maintenance work occurred during the year. The actions taken to eliminate or minimise the

hazards encountered involved raising awareness and educating the staff directly involved in the activities that were the subject of the injury, by sharing the causes and human errors that triggered the accident, and providing training on correct working procedures and methods.

Initiatives aimed at strengthening the system of controls, including on contractors, and integration between business areas and health and safety functions continued in 2021, in order to identify potential risk areas and prevent the occurrence of accidents.

16. Data relating to the Health and Safety of external collaborators includes the types of non-employee workers who work at the Group's sites and/or under the Group's control, given their significance and the availability of such data over which the Group does not exercise direct control.





ITALY

In Italy, in 2021, planned internal auditing activities were performed by the managers in charge, both physically and remotely, in compliance with the annual audit plan and aimed at improving organizational efficiency on workplace health and safety; in the same way, third-party verifications have been carried out, with a positive outcome, in order to release the conformity certificate on health and safety.

BRAZIL

In Brazil, all internal rules of safety and occupational medicine comply with the dictates of the legal provisions in force, whether federal, state or municipal; as well as the treaties issued for the Health Service by ANVISA - National Agency for Health Supervision. Similar to the Italian area, health and safety in the Brazilian area take into account the work areas and its specific features regarding the maintenance of machinery and equipment, the control of physical risks (environmental temperature, noise, vibrations, lighting levels, humidity and ventilation), the control of exposure to chemicals used and ergonomics. The health of the worker is determined by aspects related to environmental, production and work organisation factors. During the reporting period, monitoring activities continued at the production sites and all applicable legal provisions, whether federal, state or municipal, were complied with.

TURKEY

In Turkey, the Law on Health and Safety at Work, in force since March 2003, has imposed an obligation on every employer to take all necessary measures to ensure a good level of health and safety of employees in the working environment. Employees, in turn, are obliged to comply at all times with the health and safety regulations in force. The Ministry of Labour is responsible for monitoring compliance with the rules and the application of any penalties to offenders.

For details of further Group Health and Safety data, please refer to the Annex section.

5.7 Welfare, well-being and social serenity

The Group's focus on people also includes careful management of welfare, committing to guarantee employees a fair salary that enables families to enjoy well-being and social serenity, while also promoting initiatives or non-monetary benefits aimed at the greater well-being of the employee himself. This includes resources intended to meet the social, welfare and assistance needs of employees. The Group offers its employees a benefit package in line with current market practices and differentiated according to organizational criteria.

In **Italy**, corporate welfare includes:

- Supplementary healthcare assistance;
- Electronic vouchers for meals;
- Company car, provided for certain levels of professional classification;
- Conventions for employees with local authorities and facilities of interest;
- Shopping vouchers.

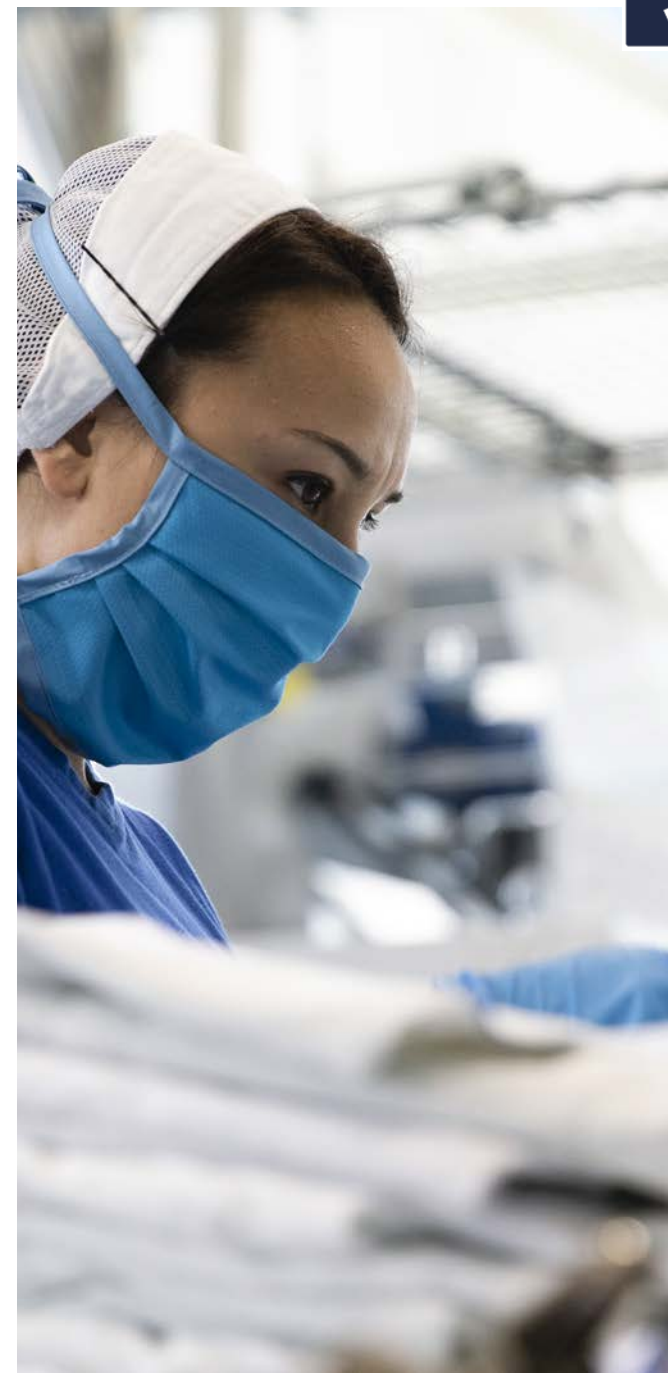
The 'FlexBenefit' corporate welfare platform, which allows employees to voluntarily convert the portion of variable remuneration linked to performance bonuses into flexible benefits, was maintained in 2021. By way of example, the benefits made available within the platform can relate to retirement, education/training and assistance (for children, the elderly and dependent persons).

In **Brazil**, the welfare actions implemented by the Group are aimed at creating an organizational climate, team motivation and improving productivity levels. In addition to the provisions of the *Convenção Coletiva de Trabalho*, the additional voluntary benefits made available to workers guarantee the necessary conditions for them to meet their basic

needs, which allow their families to enjoy well-being and social serenity, in particular:

- Prepaid cards to buy food;
- Prepaid cards for meals, used to buy ready meals during working hours;
- Prepaid cards for travel expenses from/to home and work;
- Company car in compliance with the car policy and provided for certain levels of professional classification;
- Supplementary healthcare assistance;
- Conventions with local authorities and/or facilities of interest.

In **Turkey**, there are no additional benefits.



5.8 Industrial relations

During 2021, the HR Department was mainly focused on its commitment to allow the continuation of production activities during the epidemiological emergency from Covid-19, in order to mitigate the possible negative effects on the provision of customer services and guaranteeing business continuity.

In particular, the activities regarded:

- monitoring the evolution of regulations relating to travel bans, implementing suitable measures to prevent the spread of contagion;
- analysis of the impact of the emergency on resources and on the organization of work in order to assess changes in production levels and activate the tools required by legislation and collective bargaining to deal with them;
- the activation of social safety nets in production sites affected by a decrease in activities due to the current epidemiological emergency.

In this context, dialogue continued with the trade unions and workers' representatives at company level, with the aim of seeking shared solutions to respond to the epidemiological and market situation.

In addition, in order to counteract the negative economic effects linked to both the current market context and the pandemic underway, the company undertook a financial and reorganization process, still ongoing.

Italy

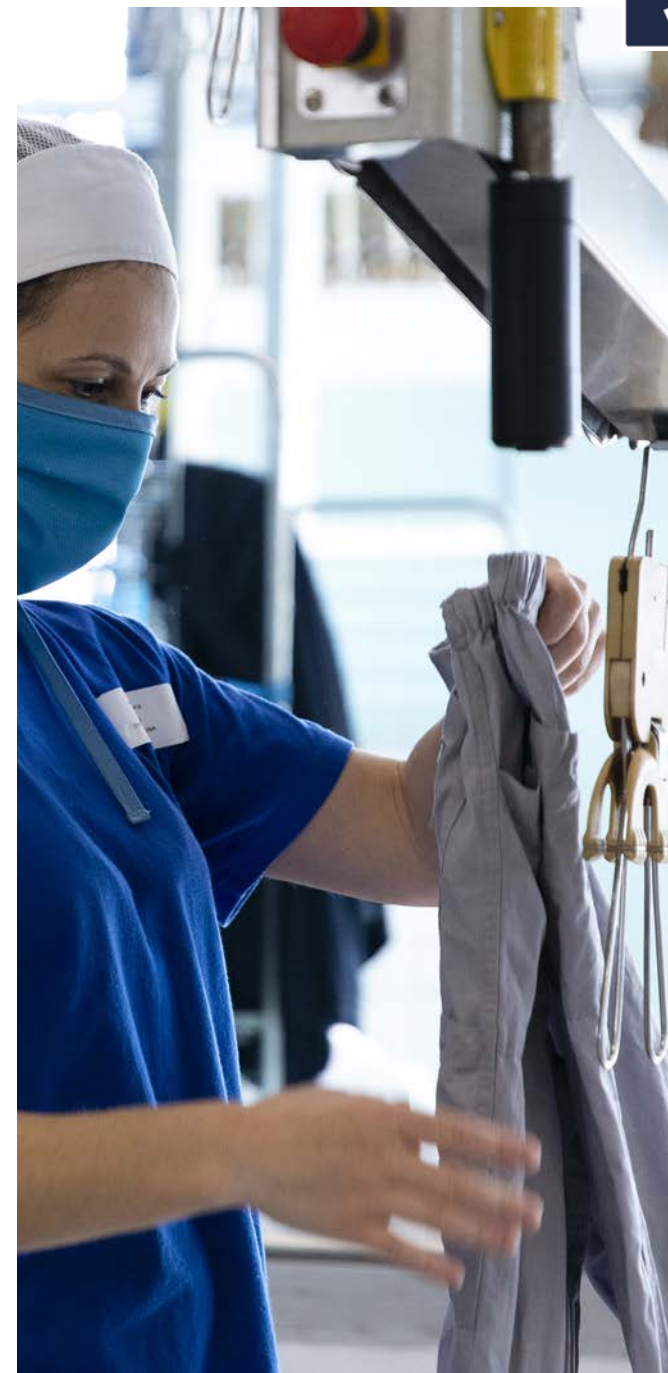
In Italy, Servizi Italia S.p.A. applies, for blue-collar and office workers, the National Collective Bargaining Agreement for workers employed by companies in the integrated industrial system of textile and related medical services signed by As-sistema and the trade unions Femca-Cisl, Filctem-Cgil and Uiltec-Uil, renewed with an agreement valid from 1

April 2019 to 31 December 2022. For managerial staff, on the other hand, the CCNL Dirigenti Industria (National Collective Labor Agreement for Industry Managers) is applied.

During 2021, the dialogue with the trade unions continued in compliance with the SA8000 standard, to promote the Social Performance Team (SPT) committee whose task is to conduct a formalized assessment of the risks associated with the reference standard, monitor activities and collaborate in the application of corrective and preventive actions and verification of effectiveness.

With regard to the events of 2021, it should be noted that on 20 September 2021, the Parent Company initiated, pursuant to and for the purposes of the provisions of Articles 4 and 24 of Italian Law 223/1991, a procedure for the dismissal of structurally surplus workers and solely related to the production unit located in Ariccia (RM), Via Quarto Negroni, 4, due to the cessation of the activities of this production unit relating to textile washing and sterilisation.

The reasons are attributable to the loss of volumes processed at the aforementioned production unit as well as to the Coronavirus emergency. In fact, as already communicated in the Financial Statements of 31 December 2019, following the outcome of the regional tender, relating to eight lots for the management of wash-hire services at the Health Authorities of the Lazio Region (three lots of which had previously been entrusted to Servizi Italia and processed at the Ariccia plant), in July 2019 Servizi Italia was not awarded any of the lots in the tender, with a consequent structural reduction in the volumes of the laundry department of the Ariccia production unit. For this reason, already in 2019 the Parent Company had started a collective dismissal procedure pursuant to Articles 24 and 4 of Italian Law no. 223/1991 for the employees of this production unit and, in order to mitigate the social effects of the staff reduction program, had signed, at the Regional Labour Directorate of the Lazio Region, an agreement with the trade unions in which it had made itself available to reduce the overall number of redun-



dancies through:

- the temporary displacement of a part of volumes normally processed at another plant - with consequent additional costs for the company;
- the transfer of employees to other company sites with maintenance of working hours or preservation of the working position of the same employees at the Ariccia plant through reduction of working hours.

In the meantime, the structural decline of the Italian industrial laundry facilities market continued, linked to a number of specific critical factors in the health services sector, such as the awarding of contracts with increasingly low bids and with increasingly reduced economic margins, had determined, among other things, the non-renewal of contracts and the award of others, already in the portfolio, at lower prices.

In the above context, the Coronavirus emergency intervened which, as early as March 2020, had effects on the trend in demand for services, as Hospitals have generally adopted a strategy of reducing surgical interventions scheduled in operating theatres, confirming only urgent services, with a consequent impact also on the laundry and instrument sterilization activities of the Ariccia plant.

Lastly, in May 2021, following participation in the tender, the Parent Company was excluded from the award of a contract for the hire of linen, mattresses, clothing, drapes, wash-hire, maintenance, logistics, hire and sterilization of surgical instruments and integrated sterilization services. Moreover, the aforementioned contract was already in the portfolio in relation to the sterilization service of surgical instruments alone, which constituted approximately 95% of the volumes processed in the sterilization centre located in the Ariccia plant.

The foregoing, together with the drastic structural reduction of volumes on all departments of the production site, accompanied by the absence of new orders (not even potential ones in the short/medium term, especially as regards the public hospital sector) in the Lazio Region, radi-

cally changed the economic and production situation of the Ariccia production site, causing an imbalance in fixed costs, making it uneconomical and therefore no longer sustainable.

With the aim of trying to reduce the occupational and social repercussions and allow for even a limited and partial safeguarding of employment levels, the Parent Company activated, with a letter dated 6 September 2021, the procedure pursuant to Article 47 of Italian Law no. 428/1990 for the lease to Steris S.p.A. of the company's business unit known as "Ariccia instrument sterilization centre" consisting of 12 employees.

For more information on the closure of the Ariccia plant, please refer to the section "Significant events and operations" in the Group's Separate and Consolidated Financial Statements as at 31 December 2021.

For that which concerns the **Italian subsidiaries of the Group**, it should be noted that Steritek S.p.A. applies the CCNL Commercio Confesercenti, while Ekolav S.r.l. and Wash Service S.r.l. apply the National Collective Bargaining Agreement for workers employed by companies in the integrated industrial system of textile and related medical services.

Brazil

In Brazil, the Group companies apply the labour legislation in force locally, therefore the *Convenção Coletiva de Trabalho*, which provides for minimum wage treatment for all workers in Brazil. A variable retribution component linked to business results is also included (i.e. PLR).

Turkey

In Turkey, the Group companies do not have a specific category contract and apply Labour Law No. 4857/2003 and

subsequent amendments. According to the law, both temporary and permanent employment contracts are allowed in Turkey: contracts with a maximum duration of thirty days are defined as "temporary", while all those exceeding this limit are considered as permanent. This labour law regulates minimum wages, which are set on a national basis by a committee made up of representatives of the government, workers and employers. In addition to the salary, the employee is granted some extra months' pay or bonuses on holidays and/or at the end of the year.

6. ENVIRONMENTAL SUSTAINABILITY



The Servizi Italia Group considers environmental sustainability to be one of the core values for the development of its business, as well as technological innovation and customer satisfaction. Processes and activities are organised through an integrated management system for Quality, Health and Safety, Social Responsibility, Environment and Energy.

The Group's attention to the environment is reflected in the constant promotion of the efficiency and sustainability of production processes, in the constant monitoring of the energy resources used at production sites, the related greenhouse gas emissions, water consumption and special waste decaying from production processes. The environmental certification processes (ISO 14001, EMAS and ISO 50001) already undertaken and maintained at the various Italian sites are at the basis of this activity, representing an indispensable reference point for all the companies belonging to the Parent Company.




Environmental sustainability means the ability not only to preserve natural resources, but to actively engage in mitigating the direct and indirect impacts generated by production activities as much as possible.

In this context, the European Commission's commitment to a specific classification system to identify environmentally sustainable economic activities is an important enabling factor to support sustainable investments and to adopt the indications of the European *Green Deal*.

The following paragraphs report on the Group's activities



and commitment¹⁷ to mitigating the environmental impact of its operations. Against this backdrop, the initiatives implemented and the objectives for the future focus on the following areas:

- 
maintenance of environmental certifications for all plants
- 
reduction of energy consumption
- 
reduction of CO₂ emissions and other pollutants
- 
conservation of water resources
- 
waste management and recovery
- 
environmental expenditure and investments

17. The environmental data reported in this chapter and in the tables in the "Annexes" section do not include the data of Steritek S.p.A. and Consorzio San Martino 2000 S.c.r.l..

6.1 Energy consumption

The Servizi Italia Group has long since embarked on a specific path of efficiency aimed at reducing energy consumption per unit of product processed. The strategic efficiency lines followed have involved:

- the installation at the Italian plants of technologically advanced and interconnected electricity meters;
- replacement of boilers;
- replacement of compressors;
- installation and maintenance of new generation LED lighting systems.

The Group's sites also periodically carry out analyses and comparisons of specific consumption of energy used, such as methane (Italy, Turkey), electricity (Italy, Turkey, Brazil), thermal energy (Italy), eucalyptus wood, from certified suppliers and characterized by a high growth rate (Brazil), coal (Turkey), diesel (Brazil). Based on these assessments, the Group plans investments aimed at saving energy at its sites.

The following which occurred in 2021 should be noted:

1. For Servizi Italia S.p.A. - Italy:

- the sale of the "workwear" business unit including the Barbariga plant (1 March);
- the closure of the Podenzano plant in line with the decision to redistribute volumes in order to achieve greater saturation of the production capacity of the sites in the north-west area (3 February, with the property being delivered to the owners on 16 August);
- the sale of the Ariccia sterilisation plant (1 October) and the suspension of the laundry's production activities at the end of the year.

2. For the subsidiary Wash Service S.r.l. - Italy:

- The closure of the Segrate plant due to divestment (1

March);

- Sale of the transport division (vehicles and staff) (1 January)

3. For the subsidiary Vida Lavanderias Especializada S.A. - Brazil

- Plant closure due to transfer to other group sites with available production capacity (1 January)

4. For the subsidiary Ergülteks Temizlik Tekstil Ltd. Sti. Smyrna - Turkey

- the replacement of the coal-fired steam generator at the Smyrna production site with a new gas-fired plant.

With regard to energy consumption at the sterilization stations for surgical instruments located within the customer's hospital facilities, the management of utilities is the responsibility of the owner (Contracting Station). Nevertheless, Servizi Italia is committed to a correct and rational use of the energy resources necessary to provide the services, in compliance with the instructions given in the specifications and by the customer itself.

During 2021, Servizi Italia maintained ISO 50001 certification at all Italian sites and renewed EMAS registrations where already present. This activity confirms the Group's commitment to monitor its consumption and impact and to evaluate opportunities for improvement, to reduce consumption and improve the energy efficiency of its plants.

The Group's total energy consumption in 2021 increased by 6.21% compared to 2020, with a 12.57% increase in renewable energy compared to the 2020 figure.

The most significant changes include the increase in natural gas (+13.69%) and purchased electricity (+8.97%), of which 54.7% from renewable sources.

There was also a significant reduction in wood consumption due to the closure of the Vida Lavanderias Especializada S.A. plant.

More information is available in relation to the Group's per-

formance in the Annex section.

Automotive fuels

The Group's policy includes a constant commitment both in Italy and abroad to reduce fuel consumption and the related emission into the atmosphere of GHG (Green House Gases) in the form of CO₂. The services provided by the Group include road transport activities carried out with vehicles owned or belonging to qualified third party suppliers to which the service is outsourced. Through its technical management and in full partnership with transport service providers, over the years the Group has consolidated its own logistical distribution model capable of achieving the best compromise between punctuality and quality of customer service, while minimizing daily delivery/collection routes and journeys.

In addition to this, particular attention is paid to the quality aspects of the services and to the reduction of environmental impacts with the use of maintained and certified vehicles belonging to the most recent EURO category.

A minimum percentage of fuel consumption is also associated with the use of cars assigned as benefits to employees for work requirements. These cars, supplied through qualified suppliers of long-term car rental services, are granted as benefits for mixed use, but in compliance with a specific internal regulation consistent with the above policy.

With regard to fuel consumption in 2021, there was a decrease of 23.3%, mainly due to the outsourcing of some internal transport and a better reallocation of consumption of foreign offices.

More information is available in relation to the Group's performance in the Annex section.

6.2 Atmospheric emissions and GHG

Polluting emissions into the atmosphere

The Group maintains a high commitment to control the quantity and quality of gaseous effluents deriving from its activities, in compliance with mandatory regulations and internal objectives, in line with its environmental management system.

At Group sites, the most significant emissions are nitrogen oxides, NOx, present in gaseous effluents coming from combustion plants used to produce technological steam. At the Italian sites, all steam generators have been fuelled for years with natural gas, in order to minimise the emissions into the atmosphere of sulfures and dust.

At the Brazilian sites, since the steam generators are wood-fuelled, atmospheric emissions also concern the dust parameter, for the containment of which the emission chimneys are equipped with ash and particulate abatement systems.

In order to control these emissions, all sites periodically carry out burner combustion adjustment and calibration activities, specific analyses of the gaseous effluents conducted by external laboratories and continuous monitoring of the quality of the fumes by means of probes.

With regard to total NOx emissions, the 2021 consolidated figure shows an increase of 1.02% compared to 2020. These values are linked to the change due to the increase in production compared to 2020.

More information is available in relation to the Group's performance in the Annex section.



Greenhouse gas emissions

With regard to greenhouse gas emissions (*Green House Gases - GHG*), the Group's commitment is aimed at constant reduction and control, in close correlation with the control of the consumption of energy resources used for its business directly and indirectly.

The quantified CO₂ equivalent emissions are divided into:

- direct emissions - *scope 1*, attributable to the combustion of Methane Gas, Diesel, Coal and Wood for production purposes and the use of fuels for the refuelling of transport vehicles (Diesel, Gasoline and Methane) owned and controlled by the Group;
- indirect emissions - *scope 2* from electricity and steam generation imported and consumed by the organisation; the importer is indirectly responsible for the emissions generated by the supplier for the production of the required energy;
- indirect emissions - *scope 3*, related to fuel consumption for logistics services not directly managed by the Group, logistics connected to supply chains are excluded.

The Group's carbon dioxide equivalent emissions balance for 2021 is 44,878 tonnes of CO₂ equivalent for *Scope 1*, 10,443 tonnes of CO₂ for *Scope 2 (location based)*, 5,024 tonnes of CO₂ for *Scope 2 (market based)* and 6,920 tonnes of CO₂ equivalent for *Scope 3*.

The total tonnes (*Scope 1 + Scope 2 Location based*) of 2021 carbon dioxide equivalent show an increase of about 8.11% compared to 2020, in parallel with the increase in energy consumption mentioned above. Considering only *Scope 2 emissions (location based)*, the value of tonnes emitted in 2021 is in line with 2020 values (+0.94%), while *Scope 2 emissions (market based)* show a reduction of 60.92% due to the share purchased from renewable sources.

More information is available in relation to the Group's performance in the Annex section.



6.3 Water resources management

Water supply and use of water in the production process

The water supply at the sites of the Servizi Italia Group constitutes a significant environmental aspect. At the Group's sites, the company makes use of underground water resources through wells or the public water grid. To provide for the peaks in water need specific of the washing process, the water drained from wells or the aqueduct is conveniently stored in storage tanks and, before being employed in the production cycle, is softened through ion exchange resin softeners. After the softening process, the softened water is sent to the storage tank for being used in the washing machines and to the osmosis plant for producing steam. The feeding capacity of the machines used for washing is adjusted and fractioned appropriately depending on the work phase and type of product to wash. The possible activities carried out within Group's plants are:

- Washing, disinfecting and ironing of flat linen (sheets, blankets, drapes and bedspreads);
- Washing, disinfection and ironing of tailored linen (uniforms, gowns, etc.);
- Sanitation of mattresses and pillows;
- Washing and sterilization of surgical instruments;
- Washing and sterilization of textiles for operating theatres.

Water is used as primary fluid for cleaning and washing laundry, mattresses, surgical instruments and for feeding steam generators.

The management of water resources is one of the environmental aspects considered more significant for Servizi Italia. The company's integrated management system has

identified a specific procedure that defines the criteria to be followed in order to identify the environmental aspects applicable at the production sites, which of these are significant and identifying the related environmental risks and impacts.

For each operational phase characteristic of the production cycle of the site, the environmental aspect "water resources" is assessed by assigning a level of significance according to legislative (L), environmental (A), social (S) criteria. The "significance index" (IS) is calculated according to a specific algorithm that combines the factors introduced above and the final value of this index and determines which aspects are considered significant.

The assessment of the significance of the environmental aspect and its impacts is carried out considering normal, abnormal and emergency operating conditions.

Since this is a significant environmental aspect, the rational use of water, the optimization of water consumption and the recovery of the resource constitute one of the Group's constant and priority objectives. Approximately 58% of the water used at the Group's sites affects areas characterized

by high to extremely high water stress levels, 91% of which is from wells and 9% from aqueducts. During the granting of groundwater pumping authorizations, geologists - experts in the field - presented technical reports aimed at assessing the quantities of water that can be withdrawn for industrial use, in order to avoid water stress conditions for the aquifers over which the abstractions lie. After an appropriate assessment of the water conditions of the aquifers in relation to the required abstraction volumes, the authorities in charge issued the concessions, setting hourly and annual limits on the amount that can be withdrawn in order to guarantee the minimum impact on the natural groundwater resource.

The Group's sites have therefore implemented various activities and initiatives aimed at the rational use of water, the optimization of water consumption, including the installation of process water recovery systems, the modification and modernization of washing machinery, the annual validation of production processes in order to ensure the right balance between the quality levels of the product/service required in the contract by the customer and the technical standards of the sector. Specific water flow meters have also been installed at various Group plants in order to identify any



anomalies or leaks and initiate specific interventions.

The rationalization of water consumption represents a point of attention for the company, which has included it in management and process control, also in terms of greater efficiency. Every year management approves environmental improvement plans, which include specific objectives associated with water consumption. These objectives mainly concern the recovery of the resource where possible and its rational use.

The Group's investment objectives envisage the medium/long-term replacement of obsolete washing machinery with recently built machinery that allows greater recovery of water resources during the washing phases.

In 2021, 2,209 megalitres (ML) of water was withdrawn, an increase of 18.1% compared to 2020, mainly associated with increased production, particularly in Italy.

More information is available in relation to the Group's performance in the Annex section.

In terms of water withdrawals, interaction with interested stakeholders plays an important role as well. For the activity of Servizi Italia, the stakeholders involved in water consu-

mption aspects can be:

- electricity suppliers;
- suppliers of chemical products;
- textile suppliers;
- customers.

The *Water Footprint* analyses conducted in 2021 showed that downstream processes account for the majority of water consumption, ranging from 60 to 90%. With this in mind, the company is developing study and research projects to optimise the downstream processes. Therefore, in order to optimize the main use of water while respecting the final quality, it is important to interact with customers and make them aware of the correct use of textile goods during healthcare activities. Using different tools (customer non-compliance, specific meetings, etc.), Servizi Italia constantly sensitizes the customer to help the company to avoid water waste, mainly associated with re-laundering activities caused by the improper use of textiles during the sanitary activity that make the textile non-compliant.

Liquid effluent and wastewater discharges

The wastewater resulting from the production processes is conveyed to the internal wastewater collection network and discharged into the surface water body or into the sewerage system, after appropriate treatment.

At most of the Group's sites there are specific discharge authorizations with quantitative and qualitative limits on wastewater.

All sites are equipped with procedures for the control of wastewater treatment plants, plant management booklets and periodic internal and external analysis to verify the reliability of the purification process with respect to the required standards.

Surfactants, nitrogen compounds, suspended solids, chlorides, mainly characterize the water coming from activities belonging to the sector in which Servizi Italia operates. The internal purification plants are specifically sized and designed for the abatement of these contaminants. The internal analyses carried out daily and periodically by external



laboratories specifically evaluate the above parameters, in order to constantly monitor the efficiency of the purification system according to the characteristics of the sector.

The characteristics of the receiving water body have been taken into account for the discharge and the qualitative and quantitative parameters of the discharged wastewater have been commensurate with this.

The Group confirms its commitment to controlling the quantity and quality of water discharges deriving from its activities, in compliance with mandatory regulations and internal objectives consistent with its environmental management system. The production sites located in the various countries are equipped with internal wastewater treatment plants, which make the outgoing water comply with the values established in the site authorization measures and the binding regulations on the subject, both in the case of discharges into surface water (equal to 31%) and in the case of discharges into the sewerage system (equal to 69%).

In order to guarantee the established level of wastewater quality, chemical analyses of wastewater are carried out at all plants, both internally and by external laboratories, with the frequency prescribed by site authorisation measures or internal procedures. These analyses present parameters that are well below the legal limits.

In relation to the 18.1% increase in water withdrawal at Group level, there is a 1.5% increase in water discharges, from 1,800 megalitres (ML) in 2020 to 1,827 megalitres (ML) in 2021.

More information is available in relation to the Group's performance in the Annex section.



6.4 Consumables and packaging materials

Packaging

In order to carry out its activities, the Servizi Italia Group purchases different types of packaging materials that are used in industrial laundries and sterilisation plants. Among the purchased packaging it is possible to distinguish between packaging supplied to the customer for the collection of linen to be treated and that used for the final packaging of the sanitized linen and for the sterilization of the surgical instruments to be sent to the customer, whose disposal or recovery is therefore the responsibility of the end user.

The objectives that the Group sets itself in the various countries in which it operates to promote the environmental sustainability of its packaging concern the use of packaging characterized by minimum thickness in plastic and made up of percentages of recycled plastic. The Group also promotes the recovery of waste paper and plastic packaging at regularly authorized waste treatment sites, with a view to continuously improving environmental performance.

In 2021, packaging consumption amounted to 1,210 tonnes, of which 1,098 tonnes consisted of plastic packaging and 112 tonnes of paper and cardboard, a reduction of 36% compared to 2020.

More information is available in relation to the Group's performance in the Annex section.

Chemicals

Within the Group's production sites, different types of chemical products are used for washing, sanitising and reconditioning textile products, surgical instruments and cabinets, rollers and containers/cabinets with which the products are handled directly to the end customer. The Group's objectives with regard to chemical substances in the form of mixtures are the use of products with a reduced environmental impact, which comply with most of the criteria taken from the Ecolabel Regulation and with the regulations in force and with the request for specifications from the Contracting Authority, which defines the requirements of the goods and services to be supplied by Servizi Italia S.p.A.

With regard to the dosages of chemical products, the right balance between achieving the quality required by the customer and the rational use of raw materials is guaranteed by special validations of the washing cycles according to the technical and harmonized standards

of the sector.

In 2021, there was an increase of about 3% compared to 2020, due to the significant increase in the use of mixtures at the expense of pure substances.

More information is available in relation to the Group's performance in the Annex section.

6.5 Waste management

The production of special waste, distinguished between hazardous and non-hazardous waste, represents one of the most significant environmental aspects for the Group, in terms of volumes produced. For this reason, the Group's policy favours, where possible, the start of recovery operations rather than disposal of waste generated during the production cycles, with the commitment to select the suppliers of the final disposal/recovery service with the utmost care.

The percentage of waste sent for disposal rather than recovery is strongly conditioned by the nature of the waste itself. It should be noted that cotton waste textiles are mainly destined for recovery through targeted repair work, the recovery of different sizes or the recovery of pieces for rags.

With regard to waste production, there is an increase of about 7% compared to 2020, mainly due to an increase in non-hazardous waste sent for disposal. The amount of hazardous waste was reduced.

More information is available in relation to the Group's performance in the Annex section.

7. SOCIAL SUSTAINABILITY



7.1 Procurement strategies

Over the years, Servizi Italia has built and maintained its supply chain, sharing values such as reliability, transparency, collaboration, respect and valuing people.

The value of people, attention to the selection of sustainable supply sources, a rigorous contribution to respect for the environment and the ecosystem, concrete support for waste reduction, and a strong focus on profitability through process optimisation are fundamental elements for the Group, which - from this point of view - considers it essential to also inform and involve suppliers on ethical issues and social and environmental sustainability, as well as on the policies applied to prevent corruption, in order to create a virtuous circle of shared commitment to positively influence the entire chain.

Sustainability issues must therefore necessarily be integrated into our procurement strategies, so that we can successfully meet the new challenges and create, together with our stakeholders, a new business model capable of focusing

on innovation and circularity, developing synergies between values, economics and production development, convinced that this is the way to create new and important growth opportunities.

The selection and verification of their compliance with Group policies forms the basis of the collaboration and, with a view to mutual development and improvement, Servizi Italia shares an integrated Corporate Policy for Quality, Health and Safety, Social Responsibility, Environment and Energy, Prevention of Corruption, Antitrust and Fiscal Strategy with its suppliers in order to strengthen its ESG oversight in the supply chain.

In accordance with the Group's policies, the Purchasing Department of the Group is constantly committed to improving the procurement process efficiency by enhancing internal skills, rationalizing the different purchasing processes and establishing policies to ensure fairness, traceability and transparency in relations with suppliers.

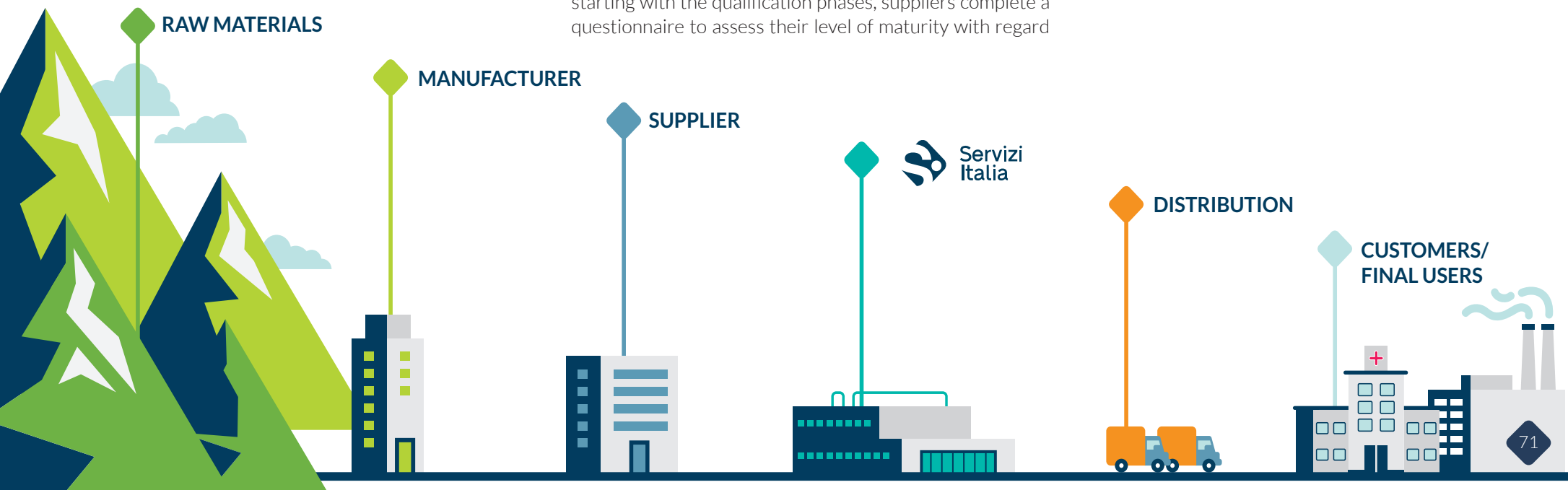
The Servizi Italia Group believes that the Group's sustainable growth objectives and strategy are a commitment that does not stop within the organization, but must positively involve all parties connected to it. With this in mind, starting with the qualification phases, suppliers complete a questionnaire to assess their level of maturity with regard

to issues linked to ethics, human rights, working practices, environmental sustainability, safety at work and anti-corruption.

The questionnaire was transformed into a real web portal dedicated to the qualification of current and potential suppliers in 2021, thanks to which it is possible to deepen knowledge of our partners and exchange information more comprehensively, with the possibility of sharing information with the other corporate functions involved as well. The official launch of the portal is scheduled for the first quarter of 2022.

Every Group action is aimed at involving the supplier in achieving high and lasting performance levels over time, with a view to mutual growth and sustainable value creation.

To ensure high quality standards, the Group addresses suppliers who are selected and monitored based on common evaluation parameters for the supply of all different product types: reliability, delivery times, matching product quality specifications, production capacity, sustainability issues (labour practices, environmental criteria, human rights) and business ethics.



The main products/services the Group purchases are divided into the following product categories:



1. LONG-LASTING GOODS

Textiles, surgical instruments, machinery/equipment, etc.



2. CONSUMABLES

Chemical products, spare-parts, packaging etc.



3. SERVICES

Transport and distribution, wardrobe management, technical services, labour supply etc.

The Servizi Italia Group has a database of over 4,584 suppliers, broken down by country as shown in the following tables:

SPENDING ON LOCAL SUPPLIERS (IN THOUSANDS OF €)¹⁸

	2021				2020			
	ITALY	BRAZIL	TURKEY	GROUP	ITALY	BRAZIL	TURKEY	GROUP
Local suppliers spending ¹⁹	146,627	20,693	4,369	171,715	139,816	18,213	3,577	161,607
Total purchases	147,694	21,020	4,401	173,115	140,820	18,308	3,577	162,705
Percentage on total	99.28%	98.44%	99.88%	99.19%	99.29%	99.48%	100%	99.33%

NUMBER OF LOCAL SUPPLIERS

	2021				2020			
	ITALY	BRAZIL	TURKEY	GROUP	ITALY	BRAZIL	TURKEY	GROUP
No. of local suppliers	2,896	1,049	546	4,491	2,731	1,118	407	4,256
Total no. of suppliers	2,981	1,056	547	4,584	2,796	1,127	407	4,330
Percentage on total	97.15%	99.34%	99.82%	97.97%	97.68%	99.20%	100%	98.29%

18. The monetary value per supplier is calculated net of inter-company and excludes VAT apart from data relating to Brazil.

19. In the definition of expenditure on local suppliers, as "local suppliers" were considered those suppliers having their registered office in the national territory in which each business unit operates (Italy, Brazil, Turkey). "Significant operating sites" were considered as the purchasing data of the various geographical areas to which the group companies belong (Italy, Brazil, Turkey), similarly to the criterion used for "local".

7.2 Customers

The Group's main activity falls within the healthcare environment, where the companies operate in different areas with specific business lines. The Group's services are aimed at public and private facilities such as hospitals, clinics, university polyclinics, scientific institutes, nursing homes, retirement homes, healthcare residences, outpatient clinics, specialist centres, etc.

The requirements for services are defined in technical specifications or bids in which Contracting Bodies or customers in general describe their needs in terms of quality and quantity. After contract awarding, the Group can plan its production activities, i.e., the services that will have to be carried out for the customer.

The strategy pursued by the Group is to consolidate its position as a privileged partner of public and private healthcare companies in the countries in which it operates, by means of:

- A range of offers meeting clear and hidden needs of customers;
- Provision of quality services, monitoring of the same using RFID technology for distribution and traceability;
- Continuous relationship with customers for improving services;
- Research and development of innovative technology;
- Strict compliance with the regulations.

For public customers, the contract award criterion typically consists of two factors: quality of service and price, with a ratio of 60% to 40% or 50% to 50%.

The average duration of the contracts signed by the Group is 4 years for wash-hire and textile sterilization and 6 years for surgical instruments sterilization. At the end of the first natural expiry, these contracts envisage the possibility of extension for a further period, usually for the same duration as the initial contract. Subsequent to the end of the extension period, the customers can take steps to call another tender or extend the extension; pending this, Servizi Italia continues to supply the service.

The multi-annual duration of the procurement contracts has enabled the company to consolidate its strategic relationship with customers, planning the delivery of services in good time and developing new services in line with the specific needs of its customers, complementing its role as a problem-solver and scientific and technical partner in healthcare research.

Pricing for the business services required by tender specification (or the request for a private offer) takes place on an indicative basis by taking into account different variables:

- Contract duration and possible extension defined by tender/service request;



- Invoicing drivers as set in the tender (i.e., Euro/bed, Euro/day of hospitalization, quantity/price, Euro/sterilization unit, Euro/surgery);
- the revenues of the order for the different types of products and services requested by the customer;
- Costs of the production sites where the service will be performed (laundry, sterilization plant, warehouse);
- Quantities/volumes and quality of products, equipment, machinery/plants and technology to be purchased;
- Costs of authorized sub-contracted services (e.g., transportation, labour for distribution and wardrobe logistics services) and depreciation for the different types of products/goods required by the order;
- Costs of direct and indirect staff employed for distribution, logistics and wardrobe services;
- Investments in technology and software (e.g.: vending machines, reading points for passive RFID tag);
- Further or possible investments for service improvement proposals.

The general economic conditions in the countries in which it operates influences the Group's activity. The continued economic and pandemic crisis could expose the Group to a number of macroeconomic risks, stemming, for example, from changes in the country's political, social, economic and regulatory systems. In particular, for the sector in which the Group operates, restrictions may be placed on services provided, due to spending review actions by the Ministry of Health and reorganization activities of healthcare structures in the different Regions requiring changes in the type of public health procurement (demand organized by aggregating entities: regional commissioning centres, CONSIP, etc..) and/or contractual conditions (Quality/Price); in particular, the specific criticality of the healthcare services sector is the phenomenon of awarding contracts with ever decreasing economic offers which could lead the Group to consider not submitting offers at economically unsustainable sales prices.

A slowdown in consumption and/or the failure to present an offer in unsustainable economic conditions may have a negative effect on the Group's sales performance, with a consequent reduction in production volumes and causing significant uncertainty on future forecasts with the consequent risk that lower performance could affect margins in the short term. In order to mitigate the possible negative impact that a drop in demand could have on the company's profitability, the Group intends, while primarily safeguarding business continuity, to pursue a strategy of diversification of services, thus increasing its offer; in addition, it has equipped itself with a managerial structure which pursues organizational managerial

efficiency objectives through project management and project control activities in order to maintain the margins and profitability levels of the business.

In South Tyrol and a small part of Austria, Servizi Italia also offers a laundry and linen hire service for the hotel and catering industry.

7.2.1 Customer Satisfaction

The adoption of certified systems is at the base of Group's organisational quality in providing services to customers, and thus at the base of the satisfaction of their expressed and implied needs.

Each Group company carries out sales activities, which are headed by the Commercial Director to whom the business managers, area sales agents and service managers report. All these have direct contact with the hospitals' contact points and represent the trait d'union between the company and its customers.

The assessment and measurement of customer satisfaction is essentially based on managing institutions' relations and communications with business contact persons; these internal analyses are evaluated to identify service strengths and weaknesses and for developing improvement actions. Monitoring customer satisfaction also includes:

- the definition of product/service performance-based control systems, in which the customer and the company share criteria and arrangements for monitoring the quality of services and therefore customer satisfaction. The system envisages a random check, in joint consultation, on detailed elements with acceptance criteria shared with the customer for verifying the quality of service/product provided in accordance with the contract between the parties. The comparison between Servizi Italia's "standard output quality" and the customer's needs is an opportunity for sharing and further understanding customer-business dynamics.
- the prompt handling of any complaint or non-conformity report, which may be received by telephone, e-mail or customer service portals. Each report is directly managed in a shared way by the specific operating units (sales, services, production) assisted by the Quality Management Department. In particular, an analysis of the causes that generated the complaint/non-conformity is carried out in order to identify the immediate corrective actions to be implemented;
- the adoption by the Group of variable incentive systems, which provide specific targets to the sales force, to service and production operators, including the assignment of scores linked to customer satisfaction.

Without prejudice to any different assessments based on the type of service offered or type

of client, specific surveys are not normally conducted in relation to the services offered by the Group, as the constant contact between company representatives within the customer's structure generates continuous client satisfaction monitoring.

An agile and efficient structure allows to offer a tailored, timely, high-quality service, often anticipating the customer's needs and contributing to limiting the costs that, through the outsourcing, become certain and therefore standardized, limiting public expense and creating great opportunities for qualified operators to distribute such services.

In this way, the Servizi Italia Group is no longer a simple supplier, but a true strategic partner and privileged interlocutor of integrated services of hiring, washing and sterilization of textile and surgical instruments.

7.2.2 Responsibility for the product/service provided to the customer

In its relations with customers, the Servizi Italia Group is responsible for the type of activities carried out and the way in which services are provided. In particular:

The washing and reprocessing service includes textiles, mattresses, high-visibility workwear and is qualified as of public interest and utility in the healthcare sector. Following appropriate agreements with the trade unions, in case of strikes the contractor shall take all measures to ensure the continuity of the essential services. Operations related to washing and/or wash-hire services for operating theatres, wards, emergency rooms, healthcare facilities, sterile kits for O.T. shall all be considered as indispensable. The washing and/or wash-hire service for the provision of minimum essential services shall be ensured, taking into account specific organizational conditions and the availability of storage, in order to ensure a percentage of the supply of sterile laundry and/or kits to users. The provision of textile distribution cabinets equipped with RFID technology and the wardrobe service in healthcare facilities, which is instrumental in the supply of linen to wards and the collection of dirty linen, will be ensured in order to guarantee the functionality of the service, with particular attention to the collection of dirty linen and the distribution of clean linen to wards.



The hire, treatment and sterilisation of medical devices consists of the preparation of the same for use in the operating departments of hospitals for which, in accordance with current legislation, it is necessary to ensure the traceability of the product and process undergone by the medical device itself. Any defects in their sterilization process could result in a liability and subsequent claim for damages. For this reason, in order to cover these risks, the Group has specific insurance policies, in line with industry practice, to cover both product and civil liability, to third parties and to labour suppliers in sterilization plants.

7.3 Local Communities

The value created by a company affects its environment and community every day. The Group is historically very deeply rooted in the territory and has a constant relationship with the community it belongs to.

The workers, who for the most part live near the production sites, are the first means through which the Group operates within the community, while local administrations express requests and needs related to the territory and relations with the company are established thereon.

7.3.1 Sponsorships and donations

The Group expresses its support to local communities through donations and initiatives of various kinds, making financial contributions to specific initiatives or associations.

In particular, in 2021, Servizi Italia joined the initiative **"Aiutaci a crescere. Regalaci un libro!" (Help us to grow. Give us a book!)** promoted by the Giunti publishing house, which consisted in the donation of "Bibliotechine", or small libraries for patients 0/6 - 6/11 years old in the Paediatrics Departments of the main Italian hospitals. Servizi Italia donated six small libraries that were distributed at the Presidio Ospedaliero di Busto Arsizio (VA), Carlo Poma Hospital in Mantua, S. Jacopo Hospital in Pistoia, Vaio Hospital in Fidenza (PR), Borgo Roma Hospital in Verona, and Lavagna Hospital (GE).

In addition, with a view to caring for its community, Servizi Italia has guaranteed its support to youth sports associations with which it has been working for years and which are involved not only in introducing children to sport, but also in including disadvantaged people in the various activities.

7.3.2 Scientific dissemination

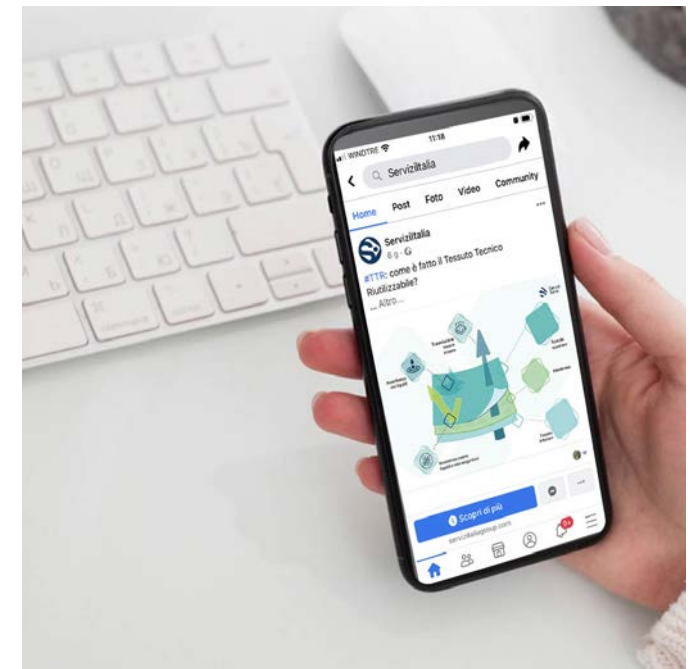
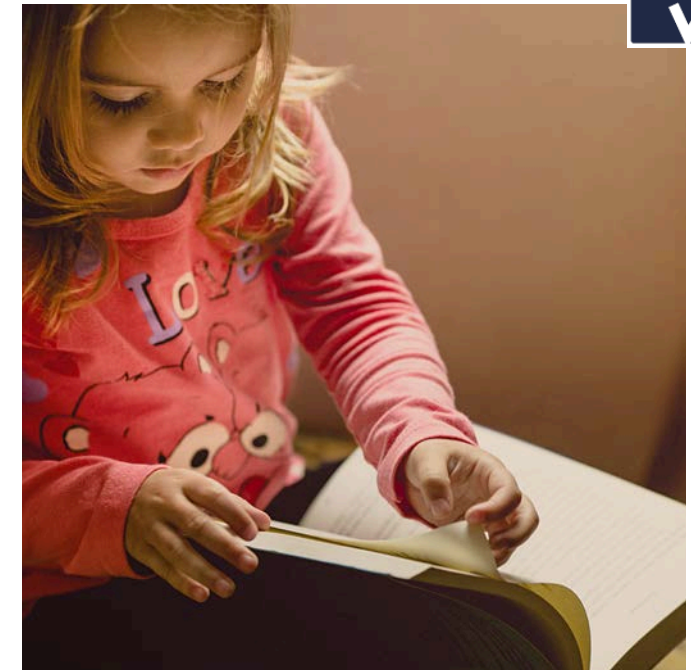
Due to the type of activities that the Group carries out, the promotion and support of scientific research and dissemination are of primary importance. In particular, Servizi Italia's activities mainly consist in the sponsorship of events, conferences and specialist congresses, relevant to the Group's area of operation, for the promotion of its own brand. The promotional activities are often carried out in collaboration with trade associations, thematic purpose associations concerning healthcare and clinical risk management, and providers qualified for the organization of events.

2021 saw a slight upturn in congresses and training events. Servizi Italia contributed to the 60th ATE (Associazione Triveneta Economi) Congress which was organised in Padua at the San Gaetano Institute, and entitled "Towards the future: between celebrations and reflections. The new challenges of an old and changing profession". In addition to this, Servizi Italia also contributed to the fourth edition of the Taormina Congress entitled "The Role of Hygienists in the Covid-19 Pandemic", an event sponsored by the University of Messina, the AOU "G.Martino" General Hospital, the Order of Surgeons and Dentists of Messina and Siti (Italian Society of Hygiene and Preventive Medicine).

7.3.3 Media relations

Servizi Italia is present on the main social media channels (LinkedIn, Facebook, YouTube) with corporate pages that are updated at least once a week on the basis of a specific editorial plan that touches on different strands of communication, from commercial activities to human aspects, from financial communication to product videos. In addition to this, Servizi Italia is committed to sharing original content with trade magazines on topical issues. During 2021, we published several articles in trade journals on topics relevant to our business, such as the benefits of using TTR or technological innovation applied to hospital wardrobes.

Through its Media Partner, the Group organizes interviews



and in-depth analyses on financial and commercial issues in the main local and economic newspapers, as well as in various trade magazines, in order to actively comment on the economic and commercial results achieved, as well as to share success stories about its sustainable business model.

7.4 Relations with trade associations

In compliance with the Antitrust Code of Conduct, Servizi Italia adheres and actively participates in the trade association Assosistema, which is very important for the Group. ASSOSISTEMA represents companies operating in the sector of workplace safety and that of textile and medical devices. The members produce, distribute and maintain individual and collective protection devices and provide sanitization and sterilization services for textile and medical devices used by major customers, such as public hospitals, healthcare facilities, nursing homes and private clinics. The statutory objectives of the association are the protection, dissemination and improvement of the activity of the sector, as well as the protection and coordination of instances and interests of members. Servizi Italia adheres to the Ente Bilaterale Nazionale (National Bilateral Agency) in order to encourage and promote studies and research on the sector, to collect the agreements made at territorial and corporate level, to promote studies and research related to corporate social responsibility, health and safety at work within the scope of legal regulations and collective bargaining.

The Servizi Italia Group's relations with local authorities and public bodies are based on principles of transparency and continuous dialogue in order to contribute to developing competitiveness, offering an impeccable service and spreading the values of technological innovation to benefit patient safety and the quality of life of every citizen.



EU TAXONOMY



Introduction to the European Taxonomy

The EU is committed to sustainable development and environmental protection through regulations and, in recent years, through specific plans stemming from the SDGs and the Paris Agreement on climate change. The EU climate strategy also included the setting of specific targets for the reduction of greenhouse gas (GHG) emissions by 2050, with intermediate targets set for the decades 2020 and 2030.

In order to boost the contribution of the financial services sector, the European Commission has published an action plan for financing sustainable growth that includes ten actions to help link the financial services world with the needs of a sustainable economy. One of the key actions of this plan is the definition of a taxonomy of sustainable activities, which serves as a tool for capital markets to identify and respond to investment opportunities and contribute to the achievement of the European Union's environmental and climate change policy objectives. Introduced by EU Regulation 852/2020, the taxonomy is a practical guide on how to invest in economic activities that help promote an economy that does not negatively impact the environment.

The taxonomy identifies six **environmental and climate** objectives, but the current focus of the taxonomy is only on the first two:

6 OBJECTIVES

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems



To be eco-friendly, an activity must meet the **following criteria**:

1. Make a substantial contribution to at least one of the six environmental objectives;
2. Do no significant harm to any of the other environmental objectives;
3. Comply with minimum social safeguards;
4. Comply with the technical screening criteria.

The objective of the taxonomy is to guide the choices of investors and companies in view of the transition towards economic growth without negative impacts on the environment and, in particular, on the climate.

Economic activities can be classified into two categories: *eligible* and *aligned*.

TAXONOMY ELIGIBLE: economic activity described in the *Climate Delegated Act* regardless of whether it meets the criteria for technical screening specified in those documents.

TAXONOMY ALIGNED: activity which, in addition to being *Taxonomy eligible*, meets the requirements of Article 3 of EU Reg. 2020/852 according to the technical screening criteria set out in the *Climate Delegated Act*.

From 1 January 2022, companies subject to the obligation to publish a Consolidated Non-Financial Statement (NFS) must disclose the proportion of their revenues, capital expenditure (CapEx) and operating expenditure (OpEx) that qualify as *eligible* from the perspective of *climate change* objectives. From 2023 onwards, these organisations will also have to report on these indicators in relation to alignment with the screening criteria set out in the annexes to the Regulation.

The interpretation of Servizi Italia

Servizi Italia welcomes the guidelines expressed in the EU Taxonomy in the hope that they will lead to an improvement in stakeholder understanding of activities focusing on fighting climate change. To this end, the company analysed the delegated acts relating to the first two environmental objectives (mitigating climate change and adapting to climate change) in order to identify the shares of its activities eligible and ineligible for the Taxonomy.

On the basis of the provisions of Article 10, paragraph 2 of Delegated Regulation (EU) 2021/2178 of 6 July 2021, which specifies the information to be provided for the year 2021, the indicators (KPIs) relating to the shares of turnover, capital expenditure (CapEx) and operating expenditure (OpEx) relating to the economic activities eligible and not eligible for the Taxonomy were calculated. This analysis is a preliminary step to the future "alignment" analysis, which will be carried out taking into account the technical screening criteria. The indicators below are based on currently available data and the current interpretation of the legislation and may therefore be subject to future changes.

In line with the requirements of the Regulation, the analysis was carried out on the 2021 financial year and includes all the companies of the Servizi Italia Group consolidated on a line-by-line basis.

Turnover

Comparing the activities of the Servizi Italia Group with the list of activities defined by the Regulations and the most recent interpretations published, in consideration of the NACE codes of the companies of the Group, to date none of the activities carried out by Servizi Italia generates revenues considered taxonomy eligible.

CapEx

Servizi Italia considered the increases in tangible and intangible assets and rights of use related to the following categories in 2021 as eligible for the Taxonomy:

5.2 - Renewal of water collection, treatment and supply systems

6.5 - Transportation by motorbikes, passenger cars and light commercial vehicles

7.2 - Installation, maintenance and repair of energy efficiency devices

7.5 - Devices for the measurement, regulation and control of the energy performance of buildings

In particular, investments were considered for the purchase of: efficient systems for softening the water used for washing (5.2); trucks for transport related to company activities (6.5); upgrading of lighting systems, heating and cooling systems, systems for recovering process water, compressors, AHUs and interventions to insulate the roof of plants (7.2); data loggers, meters, analysers and automation systems in company buildings (7.5).

OpEx

To date, the value of taxonomy-eligible OpEx is not significant for the purposes of this report.

Below are the percentages of turnover, CapEx and OpEx of the Servizi Italia Group considered eligible according to the criteria of the EU Taxonomy.

	ELIGIBLE	NOT ELIGIBLE
Turnover	0.0%	100.0%
Capex	1.0%	99.0%
OpEx	0.0%	100.0%

ANNEXES



Human resources data

DISCLOSURE 102-8

TOTAL NUMBER OF EMPLOYEES BROKEN DOWN BY CONTRACT TYPE, GENDER AND COUNTRY AS AT 31 DECEMBER

Contract type	2020			2021		
	Men	Women	Total	Men	Women	Total
ITALY	810	1,246	2,056	820	1,247	2,067
Permanent	761	1,161	1,922	744	1,090	1,834
Temporary	49	85	134	76	157	233
BRAZIL	530	815	1,345	90	737	1,227
Permanent	530	815	1,345	484	722	1,206
Temporary	0	0	0	6	15	21
TURKEY	210	154	364	214	167	381
Permanent	210	154	364	214	167	381
Temporary	0	0	0	0	0	0
GROUP	1,550	2,215	3,765	1,524	2,151	3,675
Permanent	1,501	2,130	3,631	1,442	1,979	3,421
Temporary	49	85	134	82	172	254

TOTAL NUMBER OF EMPLOYEES BROKEN DOWN BY CONTRACT TYPE, GENDER AND COUNTRY AS AT 31 DECEMBER

Contract type	2020			2021		
	Men	Women	Total	Men	Women	Total
ITALY	810	1,246	2,056	820	1,247	2,067
Full-time	661	791	1,452	687	835	1,522
Part-time	149	455	604	133	412	545
BRAZIL	530	815	1,345	490	737	1,227
Full-time	530	815	1,345	490	737	1,227
Part-time	0	0	0	0	0	0
TURKEY	210	154	364	214	167	381
Full-time	210	154	364	214	167	381
Part-time	0	0	0	0	0	0
GROUP	1,550	2,215	3,765	1,524	2,151	3,675
Full-time	1,401	1,760	3,161	1,391	1,739	3,130
Part-time	149	455	604	133	412	545

TOTAL NUMBER OF EMPLOYEES BROKEN DOWN BY CONTRACT TYPE, GENDER AND COUNTRY AS AT 31 DECEMBER

External workers	2020			2021		
	Men	Women	Total	Men	Women	Total
ITALY	31	43	74	58	49	107
Outsourced labour	25	42	67	55	49	104
Project/ongoing and coordinated collaborators	17	3	20	3	0	3
Trainees and apprentices	14	14	28	0	0	0
BRAZIL	25	16	41	13	27	40
External collaborators	11	3	14	0	0	0
Trainees and apprentices	14	13	27	13	27	40
TURKEY	0	0	0	0	0	0
External collaborators	0	0	0	0	0	0
Trainees and apprentices	0	0	0	0	0	0
TOTAL GROUP	56	59	115	71	46	147

DISCLOSURE 102-41²⁰

	UOM	2020			2021		
		Italy	Brazil	Turkey	Italy	Brazil	Turkey
Employees covered by collective bargaining agreement as at 31 December	No.	2,056	1,345	364	2,067	1,227	381
Percentage	%	100	100	100	100	100	100

DISCLOSURE 202-1

RATIOS OF STANDARD ENTRY LEVEL WAGE BY GENDER COMPARED TO LOCAL MINIMUM WAGE				
GROUP	2020		2021	
	Men	Women	Men	Women
Ratio of standard entry level wage by gender compared to local minimum wage ²¹	1	1	1	1

20. In Italy: the National Collective Agreement for the integrated industrial sector of textile and related medical services is adopted for Servizi Italia S.p.A., the Confesercenti National Collective Agreement for Trade and the Industry Managers Agreement. In Brazil: the *Convenção Coletiva de Trabalho* is adopted, and in Turkey: Law No. 4857/2003.

21. The ratio between new hires' wages and the local minimum wage required by law is 1 for all significant locations of operation (Italy, Brazil, Turkey).

DISCLOSURE 401-1

ITALY										
New hires										
Number of people	2020					2021				
	<30	30-50	50<	Total	Percentage	<30	30-50	50<	Total	Percentage
Men	57	92	15	164	20%	66	87	16	169	21%
Women	68	94	31	193	15%	79	133	27	239	19%
Total	125	186	46	357	17%	145	220	43	408	20%
Percentage	95%	16%	6%	17%		94%	25%	4%	20%	
Turnover										
Number of people	2020					2021				
	<30	30-50	50<	Total	Percentage	<30	30-50	50<	Total	Percentage
Men	54	96	40	190	23%	42	86	31	159	19%
Women	45	90	57	192	15%	55	108	75	238	19%
Total	99	186	97	382	19%	97	194	106	397	19%
Percentage	75%	16%	12%	19%		63%	22%	10%	19%	

BRAZIL

New hires

Number of people	2020					2021				
	<30	30-50	50<	Total	Percentage	<30	30-50	50<	Total	Percentage
Men	163	172	21	356	67%	186	152	17	355	72%
Women	180	205	17	402	49%	190	187	13	390	53%
Total	343	377	38	758	56%	376	339	30	745	61%
Percentage	88%	53%	16%	56%		105%	52%	14%	61%	

Turnover

Number of people	2020					2021				
	<30	30-50	50<	Total	Percentage	<30	30-50	50<	Total	Percentage
Men	108	158	24	290	55%	176	186	33	395	81%
Women	113	162	34	309	38%	195	233	40	468	64%
Total	221	320	58	599	45%	371	419	73	863	70%
Percentage	57%	45%	24%	45%		104%	64%	33%	70%	

TURKEY²²

New hires

Number of people	2020					2021				
	<30	30-50	50<	Total	Percentage	<30	30-50	50<	Total	Percentage
Men	43	12	60	115	55%	106	113	26	245	114%
Women	12	4	57	73	47%	63	109	19	191	114%
Total	55	16	117	188	52%	169	222	45	436	114%
Percentage	87%	7%	172%	52%		245%	92%	64%	114%	

Turnover

Number of people	2020					2021				
	<30	30-50	50<	Total	Percentage	<30	30-50	50<	Total	Percentage
Men	37	10	54	101	48%	96	109	34	239	112%
Women	17	7	57	81	53%	58	103	19	180	108%
Total	54	17	111	182	50%	154	212	53	419	110
Percentage	86%	7%	163%	50%		223%	88%	76%	110	

22. Incoming and outgoing turnover rates are affected by Turkish national legislation governing employment relationships, which defines fixed-term contracts as those with a maximum duration of 30 days and for which renewal is not possible more than once. Otherwise, the employment contract is considered permanent even if the relationship is not continuous. Please note that the turnover calculation excludes rehiring during the year.

GROUP										
New hires										
Number of people	2020					2021				
	<30	30-50	50<	Total	Percentage	<30	30-50	50<	Total	Percentage
Men	263	276	96	635	17%	358	352	59	769	21%
Women	260	303	105	668	18%	332	429	59	820	22%
Total	523	579	201	1,303	35%	690	781	118	1,589	43%
Percentage	14%	15%	5%	35%		119%	44%	9%	43%	
Turnover										
Number of people	2020					2021				
	<30	30-50	50<	Total	Percentage	<30	30-50	50<	Total	Percentage
Men	199	264	118	581	15%	314	379	98	791	52%
Women	175	259	148	582	15%	308	443	133	884	41%
Total	374	523	266	1,163	31%	622	822	231	1,675	46%
Percentage	10%	14%	7%	31%		107%	47%	17%	46%	

DISCLOSURE 401-3

	ITALY		BRAZIL		TURKEY		GROUP	
	Men	Women	Men	Women	Men	Women	Men	Women
Employees who took parental leave during 2021	15	95	12	30	0	2	27	127
of which status as at 31.12.2021								
<i>still on leave</i>	1	22	0	6	0	0	1	28
<i>returned and still employed</i>	11	68	7	15	0	2	18	85
<i>of which dismissed</i>	3	5	5	9	0	0	8	14
Return to employment rate as at 31.12.2021	78.57%	93.15%	58.33%	62.50%	0	100.00%	69.23%	85.86%
Employees who took parental leave during 2020	39	93	8	37	0	2	47	132
of which status as at 31.12.2020								
<i>still on leave</i>	4	24	0	7	0	1	4	32
<i>returned and still employed</i>	33	64	6	18	0	1	39	83
<i>of which dismissed</i>	2	5	2	12	0	0	4	17
Return to employment rate as at 31.12.2020	94.29%	92.75%	75.00%	60.00%	0	100%	90.70%	83%
Employees who took parental leave during 2020	39	93	8	37	0	2	47	132
of which status as at 31.12.2021								
<i>still on leave</i>	1	7	0	0	0	0	1	7
<i>returned and still employed</i>	30	75	5	13	0	1	35	89
<i>of which dismissed</i>	8	11	3	24	0	1	11	36
Retention rate as at 31.12.2021	78.95%	87.21%	62.50%	35.14%	0	50.00%	76.09%	71.20%

DISCLOSURE 405-1

Composition of the Board of Directors by gender and age group as at 31 December

COMPOSITION OF THE BOARD OF DIRECTORS BY GENDER

	2020			2021		
	Men	Women	Total	Men	Women	Total
Servizi Italia S.p.A.	64%	36%	100%	57%	43%	100%
SRI Empreendimentos e Participações L.t.d.a.	100%	0%	100%	100%	0%	100%
Steritek S.p.A.	80%	20%	100%	80%	20%	100%
San Martino 2000 S.c.r.l.	100%	0%	100%	67%	33%	100%
Wash Service S.r.l.	67%	33%	100%	67%	33%	100%
Ekolav S.r.l.	100%	0%	100%	100%	0%	100%
Lavsim Higienização Têxtil S.A.	100%	0%	100%	67%	33%	100%
Maxlav Lavanderia Especializada S.A.	40%	60%	100%	67%	33%	100%
Vida Lavanderias Especializada S.A.	40%	60%	100%	67%	33%	100%
Aqualav Serviços De Higienização Ltda	100%	0%	100%	100%	0%	100%
Ankateks Turizm Insaat Tekstil Temizleme Sanayi ve Ticaret Anonim Siirketi	86%	14%	100%	86%	14%	100%
Ergülteks Temizlik Tekstil Ltd. Sti.	0%	0%	0%	0%	0%	0%

COMPOSITION OF THE BOARD OF DIRECTORS BY AGE GROUP

	2020				2021			
	<30	30-50	50<	Total	<30	30-50	50<	Total
Servizi Italia S.p.A.	0%	27%	73%	100%	0%	29%	71%	100%
SRI Empreendimentos e Participações L.t.d.a.	0%	100%	0%	100%	0%	100%	0%	100%
Steritek S.p.A.	0%	60%	40%	100%	0%	40%	60%	100%
San Martino 2000 S.c.r.l.	0%	100%	0%	100%	0%	100%	0%	100%
Wash Service S.r.l.	0%	67%	33%	100%	0%	0%	100%	100%
Ekolav S.r.l.	0%	0%	100%	100%	0%	0%	100%	100%
Lavsim Higienização Têxtil S.A.	0%	67%	33%	100%	0%	0%	100%	100%
Maxlav Lavanderia Especializada S.A.	0%	67%	33%	100%	0%	0%	100%	100%
Vida Lavanderias Especializada S.A.	0%	67%	33%	100%	0%	0%	100%	100%
Aqualav Serviços De Higienização Ltda	0%	0%	100%	100%	0%	0%	100%	100%
Ankateks Turizm Insaat Tekstil Temizleme Sanayi ve Ticaret Anonim Siirketi	0%	71%	29%	100%	0%	57%	43%	100%
Ergülteks Temizlik Tekstil Ltd. Sti.	0%	0%	0%	0%	0%	0%	0%	0%

TOTAL NUMBER OF EMPLOYEES BY PROFESSIONAL CATEGORY, GENDER AND COUNTRY AS AT 31 DECEMBER

Professional category	2020			2021		
	Men	Women	Total	Men	Women	Total
ITALY						
Executives	9	2	11	10	2	12
Middle Managers	27	5	32	25	2	27
Office Workers	105	102	207	108	103	211
Blue collars	669	1,137	1,806	677	1,140	1,817
Total	810	1,246	2,056	820	1,247	2,067
Percentage of total	39%	61%	100%	40%	60%	100%
BRAZIL						
Executives	2	2	4	2	1	3
Middle Managers	7	4	11	6	3	9
Office Workers	18	52	70	28	55	83
Blue collars	503	757	1,260	454	678	1,132
Total	530	815	1,345	490	737	1,227
Percentage of total	39%	61%	100%	40%	60%	100%
TURKEY						
Managers	2	0	2	2	0	2
Middle-managers	1	0	1	0	0	0
Office Workers	1	5	6	3	5	8
Blue collars	206	149	355	209	162	371
Total	210	154	364	214	167	381
Percentage of total	58%	42%	100%	56%	44%	100%
GROUP						
Executives	13	4	17	14	3	17
Middle Managers	35	9	44	31	5	36
Office Workers	124	159	283	139	163	302
Blue collars	1,378	2,043	3,421	1,340	1,980	3,320
Total	1,550	2,215	3,765	1,524	2,151	3,675
Percentage of total	41%	59%	100%	41%	59%	100%

TOTAL NUMBER OF EMPLOYEES BY PROFESSIONAL CATEGORY, AGE GROUP AND COUNTRY AS AT 31 DECEMBER

Professional category	2020				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total
ITALY								
Managers	0	6	5	11	0	5	7	12
Middle Managers	0	21	11	32	0	16	11	27
Office Workers	6	140	61	207	10	138	63	211
Blue collars	126	972	708	1,806	144	717	956	1,817
Total	132	1,139	785	2,056	154	876	1,037	2,067
Percentage of total	6%	55%	38%	100%	7%	42%	50%	100%
BRAZIL								
Managers	0	3	1	4	0	2	1	3
Middle Managers	0	7	4	11	0	7	2	9
Office Workers	30	37	3	70	34	47	2	83
Blue collars	359	670	231	1,260	323	594	215	1,132
Total	389	717	239	1,345	357	650	220	1,227
Percentage of total	29%	53%	18%	100%	29%	53%	18%	100%
TURKEY								
Managers	0	1	1	2	0	1	1	2
Middle-managers	0	1	0	1	0	0	0	0
Office Workers	1	5	0	6	3	5	0	8
Blue collars	62	226	67	355	66	236	69	317
Total	63	233	68	364	69	242	70	381
Percentage of total	17%	64%	19%	100%	18%	64%	18%	100%
GROUP								
Managers	0	10	7	17	0	8	9	17
Middle-managers	0	29	15	44	0	23	13	36
Office Workers	37	182	64	283	47	190	65	302
Blue collars	547	1,868	1,006	3,421	533	1,547	1,240	3,320
Total	584	2,089	1,092	3,765	580	1,768	1,327	3,675
Percentage of total	16%	55%	29%	100%	16%	48%	36%	100%

DISCLOSURE 404-1

AVERAGE TRAINING HOURS PER YEAR PER EMPLOYEE				
Hours of training	2020			
	Men		Women	
	Number of hours	Average hours	Number of hours	Average hours
Executives	50.49	3.61	41	10.25
Middle Managers	116.95	3.34	102	11.33
Office Workers	690.65	5.85	579.35	3.64
Blue collars	4,579.92	3.32	5,067.63	2.48
Total by gender	5,438.01	3.52	5,790.08	2.61
Total training hours	11,228.09			
Total average per capita training hours	2.98			

AVERAGE TRAINING HOURS PER YEAR PER EMPLOYEE				
Hours of training	2021			
	Men		Women	
	Number of hours	Average hours	Number of hours	Average hours
Executives	89.36	6.38	7.80	2.60
Middle Managers	40.10	1.29	5.50	1.10
Office Workers	937.30	6.74	897.75	5.51
Blue collars	7,183.00	5.36	5,664.00	2.86
Total by gender	8,249.76	5.41	6,575.05	3.06
Total training hours	14,824.81			
Total average per capita training hours	4.03			

DISCLOSURE 403-9 - EMPLOYEES

GROUP		
Work-related injuries		
Number of injuries	2020	2021
Total number of fatalities as a result of work-related injuries	0	0
Total number of high-consequence work-related injuries (excluding fatalities)	2	1
Total number of recordable work-related injuries	136	104
Main types of work-related injuries		
Type of work-related injury	2020	2021
Wound / Cutting	69	43
Bruising/Crushing	48	43
Stress injuries: muscles injuries, hernias, etc.	8	14
Other injuries	11	4
Time data		
Hours	2020	2021
Hours worked	5,697,041	5,773,817
Multiplier for calculation	1,000,000	1,000,000
Injury rates²³		
Fatalities as a result of work-related injury rate	-	-
High-consequence work-related injuries rate (excluding fatalities)	0.35	0.17
Recordable work-related injury rate	23.87	18.01

ITALY

Work-related injuries

Number of injuries	2020	2021
Total number of fatalities as a result of work-related injuries	0	0
Total number of high-consequence work-related injuries (excluding fatalities)	2	1
Total number of recordable work-related injuries	76	63

Main types of work-related injuries

Type of work-related injury	2020	2021
Wound / Cutting	26	23
Bruising/Crushing	33	27
Stress injuries: muscles injuries, hernias, etc.	6	10
Other injuries	11	3

Time data

Hours	2020	2021
Hours worked	2,744,512	2,746,409
Multiplier for calculation	1,000,000	1,000,000

Injury rates

Fatalities as a result of work-related injury rate	-	-
High-consequence work-related injuries rate (excluding fatalities)	0.73	0.36
Recordable work-related injury rate	27.69	22.94

BRAZIL

Work-related injuries

Number of injuries	2020	2021
Total number of fatalities as a result of work-related injuries	0	0
Total number of high-consequence work-related injuries (excluding fatalities)	0	0
Total number of recordable work-related injuries	52	35

Main types of work-related injuries

Type of work-related injury	2020	2021
Wound / Cutting	39	18
Bruising/Crushing	12	13
Stress injuries: muscles injuries, hernias, etc.	1	4
Other injuries	0	0

Time data

Hours	2020	2021
Hours worked	2,060,737 ²⁴	1,962,953
Multiplier for calculation	1,000,000	1,000,000

Injury rates

Fatalities as a result of work-related injury rate	-	-
High-consequence work-related injuries (excluding fatalities)	-	-
Recordable work-related injury rate	25.23	17.83

24. The 2020 hours worked figure for the Brazilian companies was restated in light of an updated estimation methodology for Maxlav Lavanderia Especializada S.A. which considered the hours worked in the year 2020 as daily working hours times the average number of monthly working days times the average number of employees in the year. Please refer to the 2020 Sustainability Report for the previously published data.

TURKEY

Work-related injuries

Number of injuries	2020	2021
Total number of fatalities as a result of work-related injuries	0	0
Total number of high-consequence work-related injuries (excluding fatalities)	0	0
Total number of recordable work-related injuries	8	6

Main types of work-related injuries

Type of work-related injury	2020	2021
Wound / Cutting	4	2
Bruising/Crushing	3	3
Stress injuries: muscles injuries, hernias, etc.	1	0
Other injuries	0	1

Time data

Hours	2020	2021
Hours worked	891,792	1,064,454
Multiplier for calculation	1,000,000	1,000,000

Injury rates

Fatalities as a result of work-related injury rate	-	-
High-consequence work-related injuries (excluding fatalities)	-	-
Recordable work-related injury rate	8.97	5.64

DISCLOSURE 403-9 – EXTERNAL WORKERS ²⁵

GROUP ²⁶		
Work-related injuries		
Number of injuries	2020	2021
Total number of fatalities as a result of work-related injuries	0	0
Total number of high-consequence work-related injuries (excluding fatalities)	0	0
Total number of recordable work-related injuries	1	6
Main types of work-related injuries		
Type of work-related injury	2020	2021
Wound / Cutting	1	4
Bruising/Crushing	0	2
Stress injuries: muscles injuries, hernias, etc.	0	0
Other injuries	0	0
Time data		
Hours	2020	2021
Hours worked	107,806	175,943
Multiplier for calculation	1,000,000	1,000,000
Injury rates		
Fatalities as a result of work-related injury rate	-	-
High-consequence work-related injuries (excluding fatalities)	-	-
Recordable work-related injury rate	9.28	34.10

25. Data relating to the Health and Safety of external collaborators includes the types of non-employee workers who work at the Group's sites and/or under the Group's control, given their significance and the availability of such data over which the Group does not exercise direct control.

26. The scope of the data relating to injuries involving external collaborators refers only to the Italian and Brazilian companies, as there are no external collaborators in the Turkish companies.

ITALY

Work-related injuries

Number of injuries	2020	2021
Total number of fatalities as a result of work-related injuries	0	0
Total number of high-consequence work-related injuries (excluding fatalities)	0	0
Total number of recordable work-related injuries	1	6

Main types of work-related injuries

Type of work-related injury	2020	2021
Wound / Cutting	1	4
Bruising/Crushing	0	2
Stress injuries: muscles injuries, hernias, etc.	0	0
Other injuries	0	0

Time data

Hours	2020	2021
Hours worked	80,216	163,411
Multiplier for calculation	1,000,000	1,000,000

Injury rates

Fatalities as a result of work-related injury rate	-	-
High-consequence work-related injuries (excluding fatalities)	-	-
Recordable work-related injury rate	12.47	36.72

BRAZIL

Work-related injuries

Number of injuries	2020	2021
Total number of fatalities as a result of work-related injuries	0	0
Total number of high-consequence work-related injuries (excluding fatalities)	0	0
Total number of recordable work-related injuries	0	0

Main types of work-related injuries

Type of work-related injury	2020	2021
Wound / Cutting	0	0
Bruising/Crushing	0	0
Stress injuries: muscles injuries, hernias, etc.	0	0
Other injuries	0	0

Time data

Hours	2020	2021
Hours worked	27,591	12,532
Multiplier for calculation	1,000,000	1,000,000

Injury rates

Fatalities as a result of work-related injury rate	-	-
High-consequence work-related injuries (excluding fatalities)	-	-
Recordable work-related injury rate	-	-

Environmental data

The scope of environmental data refers to all Italian production sites of Servizi Italia, Ekolav S.r.l. and Wash Service S.r.l., Brazil and Turkey. Concerning data relating to waste management and disposal and data relating to the consumption of materials, the Italian sterilization plants are included.

DISCLOSURE 301-1

CONSUMABLES AND PACKAGING MATERIALS			
	Unit of measurement	2020	2021
TOTAL USE OF MATERIALS	t	4,882	4,283
NON-RENEWABLE MATERIALS	t	4,006	4,171
Pure chemicals	t	1,128	1,082
Chemical preparations	t	1,852	1,992
Plastic packaging	t	1,026	1,098
RENEWABLE MATERIALS	t	876	112
Paper and cardboard	t	876	112

ENERGY CONSUMPTION WITHIN THE ORGANIZATION

Type of consumption	Unit of measurement	2020		2021	
		Total	Total GJ	Total	Total GJ
Non-renewable sources			648,256		720,057
Methane	Smc	15,604,962	558,059	17,807,439	634,432
LPG	kg	263	13	0	0
Diesel for generators ²⁷	l	482	18	35,710	1,364
Coal	t	1,512,000	48,130	1,634,750	52,037
Diesel - Company fleet	l	1,095,769	41,748	836,817	31,954
Gasoline - Company fleet	l	8,096	276	7,696	264
Methane - Company fleet	kg	278	12	122	5
Renewable sources	m3	58,856	406,627	57,018	393,926
Wood	m3	58,856	406,627	57,018	393,926
Purchased electricity	kWh	29,733,813	107,042	32,400,551	116,642
of which from renewable sources	kWh	0	0	17,723,710	63,805
of which from non-renewable sources	kWh	29,733,813	107,042	14,676,841	52,837
Self-produced electricity and sold/grid electricity	kWh	(34,800)	(125)	(41,996)	(151)
of which from renewable sources	kWh	0	0	0	0
of which from non-renewable sources	kWh	(34,800)	(125)	(41,996)	(151)
Purchased steam	MWh	7,001	25,204	8,390	30,204
Total energy consumption	GJ		1,187,004		1,260,677
Renewable energy	GJ		406,627		457,731
Non-renewable energy	GJ		780,377		802,946
% of renewable energy on total	%		34.26%		36.31%

DISCLOSURE 302-2

ENERGY CONSUMPTION OUTSIDE THE ORGANIZATION ²⁸					
	Unit of measurement	2020		2021	
		Total	Total GJ	Total	Total GJ
Diesel for road transport ²⁹	l	1,493,443	56,900	2,754,433	105,178
Total fuel for road transport	GJ	0	56,900	0	105,178

28. Energy consumption outside the organization includes fuel consumption for logistics services not directly managed by the Group, excluding inbound logistics related to supply flows.

29. In order to improve the data collection and monitoring system, consumption by logistics service providers of Brazilian companies, previously not included in the calculation, was included in 2021. The diesel consumption of Turkish companies was also attributed to logistics service providers.

DISCLOSURE 305-1

DIRECT EMISSIONS			
	Unit of measurement	2020	2021
Methane gas	tCO ₂ eq	31,564	35,995
Diesel for road transport	tCO ₂ eq	2,790	2,102
LPG	tCO ₂ eq	0.8	0.00
Coal	tCO ₂ eq	4,872	5,174
Diesel for generator	tCO ₂ eq	1.23	89.72
Wood ³⁰	tCO ₂ eq	1,579	1,498
Gasoline for road transport	tCO ₂ eq	17.55	18.01
Methane for road transport	tCO ₂ eq	0.70	0.31
Total emissions Scope 1	tCO₂eq	40,824	44,878

30. The emission factor used to calculate *Scope 1* emissions from wood combustion, expressed in tCO₂ equivalent (source: DEFRA 2021), includes CH₄ and N₂O emissions, while the CO₂ emissions have been set to "zero" because the fuel itself (wood) absorbs as much CO₂ during the growth phase as is released during combustion. In accordance with the GHG Protocol, the contribution of CO₂ released during wood combustion was also calculated "outside the scopes" to ensure full accounting of the emissions created. CO₂ emissions from wood combustion are 35,926 tCO₂ in 2020 and 34,804 tCO₂ in 2021 (Emission factor: Source DEFRA 2021; DEFRA 2020).

DISCLOSURE 305-2³¹

INDIRECT EMISSIONS			
	Unit of measurement	2020	2021
Purchased steam – <i>Location and Market Based</i>	tCO ₂ eq	1,208	1,432
Purchased electricity – <i>Location Based</i>	tCO ₂ eq	9,138	9,011
Purchased electricity – <i>Market Based</i>	tCO ₂ eq	11,648	3,592
Total emissions Scope 2 - <i>Location Based</i>	tCO₂eq	10,347	10,443
Total emissions Scope 2 - <i>Market Based</i>	tCO₂eq	12,857	5,024
Total emissions 1- <i>Scope 2 - Location Based</i>	tCO₂eq	51,171	55,321
Total emissions Scope 1 - <i>Scope 2 - Location Based - Scope 3</i>	tCO₂eq	54,973	62,241

31. The reporting standard used (GRI Sustainability Reporting Standards 2016) provides two different approaches to calculating Scope 2 emissions: "Location-based" and "Market-based". The "Location-based" approach involves the use of average emission factors related to specific national power generation energy mixes (source: Terna International Comparisons 2019). The "Market-based" approach involves the use of emission factors defined on a contractual basis with the electricity supplier (source: AIB - European Residual Mixes 2020 and Terna International Comparisons 2019). In the absence of specific contractual agreements between the Organization and the electricity supplier (e.g., purchase of Guarantees of Origin), for the "Market-based" approach the emission factor relating to the national "residual mix" has been used, where available.

DISCLOSURE 305-3

OTHER INDIRECT EMISSIONS ³²			
	Unit of measurement	2020	2021
Diesel for road transport	tCO ₂ eq	3,802	6,920
Total emissions Scope 3	tCO₂eq	3,802	6,920

32. Scope 3 emissions include fuel consumption for logistics services not directly managed by the Group, excluding inbound logistics related to supply flows.

GJ CONVERSION FACTORS

2020	LPG (GJ/ton)	Gasoline (GJ/ton)	Diesel (GJ/ton)	CNG (GJ/ton)	Electricity (GJ/kWh)	Steam purchased (GJ/MWh)	Natural Gas (GJ/Smc)	Wood (GJ/Ton)	Coal (GJ/Ton)
Conversion factors	49.33	46.21	45.32	44.76	0.0036	3.6	0.035762	16.256	31.83
Source	DEFRA 2020	DEFRA 2020	DEFRA 2020	DEFRA 2020	Constant	Constant	DEFRA 2020	DEFRA 2020	DEFRA 2020

2021	LPG (GJ/ton)	Gasoline (GJ/ton)	Diesel (GJ/ton)	CNG (GJ/ton)	Electricity (GJ/kWh)	Steam purchased (GJ/MWh)	Natural Gas (GJ/Smc)	Wood (GJ/Ton)	Coal (GJ/Ton)
Conversion factors	49.33	46.18	45.13	45.03	0.0036	3.6	0.035627	16.256	31.83
Source	DEFRA 2021	DEFRA 2021	DEFRA 2021	DEFRA 2021	Constant	Constant	DEFRA 2021	DEFRA 2021	DEFRA 2021

EMISSION FACTORS in CO₂ eq

2020	Natural gas (tCO ₂ eq/ton)	LPG (tCO ₂ eq/ton)	Diesel (tCO ₂ eq/l)	Gasoline (tCO ₂ eq/l)	CNG (tCO ₂ eq/Ton)	Wood (tCO ₂ eq/Ton)	Coal (tCO ₂ eq/Ton)
	0.002	2.94	0.003	0.002	2.53	0.063	3.22
	DEFRA 2020	DEFRA 2020	DEFRA 2020	DEFRA 2020	DEFRA 2020	DEFRA 2020	DEFRA 2020

2020			
	ELECTRICITY Location based (gCO ₂ /kWh)	ELECTRICITY Market based (gCO ₂ /kWh)	STEAM Location based (KgCO ₂ eq/kWh)
Italy	336	466	0.17261
Brazil	142	142	
Turkey	455	455	
Source	Terna 2018	AIB - European Residual Mix 2019 for Italy; Terna 2018 for Brazil and Turkey	DEFRA 2020

2021	Natural gas (tCO ₂ eq/ton)	LPG (tCO ₂ eq/ton)	Diesel (tCO ₂ eq/l)	Gasoline (tCO ₂ eq/l)	CNG (tCO ₂ eq/Ton)	Wood (tCO ₂ eq/Ton)	Coal (tCO ₂ eq/Ton)
	0.002	2.939	0.003	0.002	2.538	0.062	3.165
	DEFRA 2021	DEFRA 2021	DEFRA 2021	DEFRA 2021	DEFRA 2021	DEFRA 2021	DEFRA 2021

2021			
	ELECTRICITY Location based (gCO ₂ /kWh)	ELECTRICITY Market based (gCO ₂ /kWh)	STEAM Location based (KgCO ₂ eq/kWh)
Italy	315	459	0.17073
Brazil	139	139	
Turkey	415	415	
Source	Terna 2019	AIB - European Residual Mix 2020 for Italy; Terna 2019 for Brazil and Turkey	DEFRA 2021

DISCLOSURE 305-7

OTHER SIGNIFICANT AIR EMISSIONS			
	Unit of measurement	2020	2021
NOx emissions	t	57.44 ³³	58.03

33. The NOx emission data of the Group companies have been restated compared to those published in the previous Sustainability Report following the accounting of the emissions of the company Wash Service S.r.l., previously not considered. Please refer to the 2020 Sustainability Report for the previously published data.

DISCLOSURE 303-3³⁴

WATER WITHDRAWAL					
Collection source	Unit of measurement	2020		2021 ³⁵	
		All areas	Areas with water stress	All areas	Areas with water stress
Groundwater (total)	MI	1,420	896	1,912	1,388
Fresh water (≤1,000 mg/l of total dissolved solids)	MI	1,420	896	1,912	1,388
Other water types (>1,000 mg/l of total dissolved solids)	MI	0	0	0	0
Third party water (total)	MI	450	390	297	214
Fresh water (≤1,000 mg/l of total dissolved solids)	MI	450	390	297	214
Other water types (>1,000 mg/l of total dissolved solids)	MI	0	0	0	0
Water by source	MI				
Groundwater	MI	1,420	896	1,912	1,388
Third party water	MI	450	390	297	214
TOTAL WATER WITHDRAWAL	MI	1,870	1,286	2,209	1,602

34. For the identification of water stress sites, the Acqueduct tool was used, which revealed the following plants in water stress areas: Ariccia, Florence, Bolzaneto, Montecchio, Treviso, Udine, Travagliato, Barbarigia, Lastra a Signa, Sao Roque, Santana De Parnaiba, Biritiba Poa' and all Ergulteks and Ankateks plants.

35. In order to improve the system for monitoring and collecting data on water use in the Turkish companies, water withdrawals previously not considered were included in 2021.

DISCLOSURE 303-4³⁶

WATER DISCHARGE					
Place of discharge	Unit of measurement	2020		2021	
		All areas	Areas with water stress	All areas	Areas with water stress
Surface water (total)	MI	612	425	558	373
Fresh water ($\leq 1,000$ mg/l of total dissolved solids)	MI	0	0	0	0
Other water types ($> 1,000$ mg/l of total dissolved solids)	MI	612	425	558	373
Sewerage (total)	MI	1,188	873	1,269	1,011
Fresh water ($\leq 1,000$ mg/l of total dissolved solids)	MI	0	0	0	0
Other water types ($> 1,000$ mg/l of total dissolved solids)	MI	1,188	873	1,269	1,011
Third-party water by withdrawal source					
Surface water	MI	612	425	558	373
Sewerage	MI	1,188	873	1,269	1,011
TOTAL WATER DISCHARGE	MI	1,800	1,298	1,827	1,384

36. At the Brazilian and Turkish production sites there are no volumetric meters for the quantification of the volumes of water discharged. These are therefore estimated on the basis of the quantities of water withdrawn, subtracting 10% for physiological losses linked to the processes.

DISCLOSURE 306-3

WASTE						
	2020 ³⁷			2021		
	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total
Waste in tonnes						
of which sent for recovery	48	1,128	1,177	26	1,195	1,220
of which sent for disposal	424	1,231	1,655	417	1,402	1,819
TOTAL	472	2,359	2,831	442	2,597	3,039
Percentage	17%	83%	100%	15%	85%	100%

37. The waste delivery data of the Group companies have been restated from those published in the previous Sustainability Report following an improvement in the data collection process and aligned to the 2020 MUDs. Please refer to the 2020 Sustainability Report for the previously published data.

GRI CONTENT INDEX



GRI content index

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201-1	Direct economic value generated and distributed	44	
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GRI 103: Management Approach (2016)			
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Material topic: Direct and indirect environmental impact

GRI 103: Management Approach (2016)

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GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its boundaries	10-11	
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38. Scope 3 emissions include fuel consumption for logistics services not directly managed by the Group, excluding inbound logistics linked to supply flows.

GRI STANDARDS	DISCLOSURE	PAGE	OMISSION
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GRI 103: Management Approach (2016)			
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103-2	The management approach and its components	20; 76-77	
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INDEPENDENT AUDITORS' REPORT



**INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

**To the Shareholders of
Servizi Italia S.p.A.**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Servizi Italia S.p.A. (the "Company"), which comprise the statement of financial position as at December 31, 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of goodwill

Description of the key audit matter

Servizi Italia S.p.A. as at December 31, 2021 records goodwill in its financial statements of Euro 44,575 thousand, referring entirely to the Servizi Italia cash generating unit (CGU), deriving from business combinations carried out in previous years. During the year, no impairment losses have been recorded. The Management's assessment process to ascertain possible impairment losses is based on assumptions relating primarily to the expected cash flows of the CGU, the determination of the discount rate (WACC) and long-term growth (g-rate).

In consideration of the importance of the amount of goodwill recorded in the financial statements, the subjectivity of the estimates relating to the determination of the cash flows of the CGU and the key variables of the impairment model, as well as the many unpredictable factors that can influence the trend of the market in which the Company operates, we considered the impairment test of the goodwill referred to the Servizi Italia CGU as a key audit matter of the financial statements of Servizi Italia S.p.A. as of December 31, 2021.

The explanatory notes in paragraphs "3 D Goodwill", "3 E Impairment test" and "3 O Use of estimated values – Particularly significant accounting standards" report the disclosure on the management assessment process; note 6.3 reports the information on goodwill, including a sensitivity analysis that illustrates the effects resulting from changes in the key variables used to carry out the impairment test.

Audit procedures performed

As part of our procedures we have, among other things, carried out the following procedures, also with the support of our experts:

- examination of the methods adopted by the Management to determine the value in use of the CGU, as well as analysis of the methods and assumptions used for the purposes of the impairment test;
- understanding and verification of the operating effectiveness of the relevant controls put in place by the Company on the process of carrying out the impairment test;
- analysis of the reasonableness of the main assumptions adopted by the Management for the preparation of the long-term plan and consequent estimate of the expected cash flows through discussion with the Management and obtaining information deemed useful in the circumstance; we have included the review of historical performance in our procedures;
- analysis of the actual values with respect to the plan prepared in the previous year in order to assess the nature of the variances and the reliability of the budgeting process;

- assessment of the reasonableness of the discount rate (WACC) and long-term growth rate (g-rate), through an appropriate identification and observation of external sources usually used in professional practice and of relevant data referring to the main comparables;
- verification of the mathematical accuracy of the model used to determine the value in use of the CGU;
- verification of the determination of the value in use and the carrying amount of the CGU;
- verification of the sensitivity analysis prepared by the Management;
- examination of the disclosure on the impairment test and its compliance with the provisions of IAS 36.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Servizi Italia S.p.A. appointed us on April 22, 2015 as auditors of the Company for the years from December 31, 2015 to December 31, 2023.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Servizi Italia S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the “Delegated Regulation”) to the financial statements, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Servizi Italia S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Servizi Italia S.p.A. as at December 31, 2021, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements of Servizi Italia S.p.A. as at December 31, 2021 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and information contained in the report on corporate governance and ownership structure are consistent with the financial statements of Servizi Italia S.p.A. as at December 31, 2021 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Valeria Brambilla
Partner

Parma, Italy
March 28, 2022

As disclosed by the Directors on page 38, the accompanying financial statements of Servizi Italia S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

**INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

**To the Shareholders of
Servizi Italia S.p.A.**

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Servizi Italia S.p.A. and its subsidiaries (the "Servizi Italia Group"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Servizi Italia Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Servizi Italia S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment test of goodwill of Servizi Italia CGU**Description of the key audit matter**

As of December 31, 2021, the Group records goodwill for the Italy area in its consolidated financial statements for Euro 51,668 thousand, primarily referring to the CGU Servizi Italia (the "CGU"), which arose in previous years. During the year, no impairment losses were recorded.

The notes to the consolidated financial statements in paragraphs "3.3 D Goodwill" and "3.3 E Impairment test" and in paragraph "3.3 O Use of estimated values – Particularly significant accounting standards" report the disclosure on the Management assessment process relating primarily to the expected cash flows of the CGU, the determination of the discount rate (WACC) and long-term growth rate (g-rate).

In consideration of the significance of the amount of goodwill recorded in the financial statements, the subjectivity of the estimates relating to the determination of the cash flows of the CGU and the key variables of the impairment model, as well as the many unpredictable factors that can influence the performance of the market in which the CGU operates (Italy), we considered the impairment test of the goodwill of the Servizi Italia CGU as a key audit matter of the audit of the Group's consolidated financial statements at December 31, 2021.

Note 6.3 reports the information on goodwill, including a sensitivity analysis that illustrates the effects resulting from changes in the key variables used to carry out the impairment test.

Audit procedures performed

As part of our procedures we have, among other things, carried out the following procedures, also with the support of our experts:

- examination of the methods adopted by the Management to determine the value in use of the CGU, as well as analysis of the methods and assumptions used for the purposes of the impairment test;
- understanding and verification of the operating effectiveness of the relevant controls put in place by the Company on the process of carrying out the impairment test;
- analysis of the reasonableness of the main assumptions adopted by the Management for the preparation of the long-term plan and consequent estimate of the expected cash flows through discussion with the Management and obtaining information deemed useful in the circumstance; we have included the review of historical performance in our procedures;

- analysis of the actual value with respect to the plan prepared in the previous year in order to assess the nature of the variances and the reliability of the budgeting process;
- assessment of the reasonableness of the discount rate (WACC) and long-term growth rate (g-rate), through an appropriate identification and observation of external sources usually used in professional practice and of relevant data referring to the main comparables;
- verification of the mathematical accuracy of the model used to determine the value in use of the CGU;
- verification of the determination of the value in use and the carrying amount of the CGU;
- verification of the sensitivity analysis prepared by the Management;
- examination of the disclosure on the impairment test and its compliance with the provisions of IAS 36.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Servizi Italia Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Servizi Italia Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Servizi Italia Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Servizi Italia Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Servizi Italia Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Servizi Italia Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Servizi Italia S.p.A. appointed us on April 22, 2015 as auditors of the Company for the years from December 31, 2015 to December 31, 2023.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815**

The Directors of Servizi Italia S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the “Delegated Regulation”) to the consolidated financial statements, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Servizi Italia S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Servizi Italia Group as at December 31, 2021, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of Servizi Italia Group as at December 31, 2021 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Servizi Italia Group as at December 31, 2021 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of Servizi Italia S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Valeria Brambilla
Partner

Parma, Italy
March 28, 2022

As disclosed by the Directors on page 38, the accompanying consolidated financial statements of Servizi Italia S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.



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