



Servizi
Italia

SUSTAINABILITY REPORT

2019

Consolidated Non-Financial Statement
pursuant to D. Lgs. 30 December 2016 n. 254



Letter to the Stakeholders



The integration is the guarantee for high-level services, for the exclusive benefit of patients and citizens, as recipients of assistance and healthcare services.

Growing and creating value in the Company means contributing to a future of widespread and lasting well-being and progress, for us and the Society we live in. Growing sustainably means respecting future generations and moving forward by balancing the resources used today with the possibilities to preserve them for tomorrow. Operating in a sustainable way does not mean simply choosing between different energy sources, but engaging in various areas, with respect and cooperation from all parties involved.

For several years, Servizi Italia has been publishing its sustainability report and the daily commitment has remained unchanged so far: **sustainability has always been a key value for the Group and determines its growth and strategic choices.** Sustainability is integrated into industrial and financial strategies, contributing to the achievement of the Sustainable Development Goals (SDGs) of the United Nations. The Group's strategic action is therefore based on the principle that it is possible to create sustainable value over time only if the management of the Company follows three guidelines: economic-financial, social and environmental, supported by a healthy and transparent Corporate Governance.

Reputation and social responsibility have always been the basis of the Group's strategic action. Drawing up a Sustainability Report, once again this year, does not simply mean responding to a regulatory request, but having the opportunity to tell you what path we have taken and what future goals we are setting ourselves to consolidate the system of relations between the Company and the territorial reference systems, in terms of: creating economic value, promoting integrity and corporate ethics, high quality of service, virtuous supply chain, involvement and development of local communities, attention to our employees and collaborators and attention to direct environmental impacts in the areas where the Group operates in order to promote collective well-being.

We believe that the Servizi Italia Group has demonstrated in recent years its willingness and commitment to face and

overcome the challenges coming over the years; this result has been possible thanks to the skills, availability and human value of our people. Together we share a corporate culture that puts at its base the protection of all the main elements of our history and tradition, to guarantee the creation of long-term value from a financial, environmental, social and ethical point of view.

There is still a long way to go, but by integrating social, environmental and economic development into everyday business, it will be possible to give future generations a world where ethics and profit will not be at odds with each other, where industry and territory will speak the same language: **a balanced and replicable system that allows sustainable and environmentally friendly growth, so that the successes of our Company are the successes of the world we live in.**

The Chairman - Roberto Olivi

Letter to the Stakeholders



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METHODOLOGICAL PREMISES



1.1 Methodological note

The Sustainability Report of the Servizi Italia Group (hereinafter also “the Group”) is the Consolidated Non-Financial statement (hereinafter also “NFS”) prepared in accordance with Legislative Decree 254/16 and reports, to the extent necessary to ensure an understanding of Company’s activities, its performance, its results and the impact of the product itself, on the subjects considered relevant and referred to in Art. 3 of Legislative Decree 254/16, with reference to the year 2019 (from 1 January to 31 December).

As provided for in Art. 5 of Legislative Decree 254/16, this document is a separate report, marked with an appropriate wording in order to refer it to the NFS required by the legislation and has been drafted in accordance with the reference standards: “Global Reporting Initiative Sustainability Reporting Standards” (hereinafter “GRI Standards”) issued in 2016 by the Global Reporting Initiative (GRI), according to the “*in accordance - core*” option. Regarding the specific GRI Standards 403 (Occupational Health and Safety) and GRI 303 (Water and Effluents), the most recent version of 2018 has been adopted. In addition, EC Guidelines 2017/C215/01 have also been 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 sustainability plan of the Group” of this document.

The reporting perimeter of financial and economic data and information corresponds to the one of the Consolidated financial statements as at 31 December 2019.

Concerning qualitative information and quantitative social and environmental data, the parent Company Servizi Italia

S.p.A. and the fully consolidated subsidiaries have been included in the consolidated financial statements.

During 2019, with reference to significant changes that occurred during the reported period, it should be noted that:

- On 28 January 2019, the Parent Company announced to have signed the acquisition of the majority of the share capital of Wash Service S.r.l., a Company operating mainly in northern Italy in the provision of washing and hiring services for flat linen, guest linen and personnel uniforms in healthcare facilities, nursing homes and retirement homes. On 27 February 2019, the Parent Company completed the acquisition of 90% of the share capital of Wash Service S.r.l. and announced the closing of the transaction;
- On 19 July 2019, the Parent Company announced the acquisition of the remaining 50% of the share capital of Ekolav S.r.l., a Company based in Tuscany and offering washing and hiring services for flat linen, guest linen and personnel uniforms, particularly for retirement homes, nursing homes, hospitals and industrial customers.
- During 2019, production activities started at Barbariga plant (Brescia, Italy), specifically set up to manage the washing and sanitising of textiles for community and industry sector, under the Workwear brand; then, the production site of Bilkent (located in Ankara, Turkey) has been brought to full capacity and in Sao Paulo, Brazil, the installation of a new sterilisation plant has started.

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

1. For the list of fully consolidated companies of the Group see paragraph “3.2 Scope of consolidation” of the Notes to the Consolidated Financial Statements as at 31 December 2019 of Servizi Italia S.p.A. In addition, in relation to Consorzio San Martino 2000 S.c.r.l., it is reported that the Company is a consortium based in Genoa, which was established in 2003 to manage the contract for the San Martino hospital in Genoa, whose 60% is owned by Servizi Italia S.p.A. This Company works exclusively as an intermediary between the customer and the consortia without making own profits or having own production activities or personnel.





case of data restatements 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 have been used, they are based on the best available methodologies and appropriately reported.

The Sustainability Report, published annually, has been prepared for providing reliable, complete, balanced, accurate, timely, comprehensible and comparable information, as required by GRI Standards.

The process of collecting data and information and preparing the report is coordinated and managed by the Group's Organization and Systems Department, which is responsible for managing the Group's Corporate Social Responsibility System and for the functional coordination of the CSR contacts points of the different business functions of the reporting companies.

In addition, the 2019 Sustainability Report is subject to a "Limited Assurance Engagement" according to the criteria set out in the ISAE 3000 Revised 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 NFS, together with the Financial Report, follows the approval by the Board of Directors of Servizi Italia S.p.A. on 13 March 2020.

The Group is following a process of continuous improvement with regard to sustainability aspects, with a view to creating value for all stakeholders in the medium to long term. In particular, the separate and consolidated Business Plan of Servizi Italia S.p.A. and the consolidated Business Plan of the Servizi Italia Group for the five-year period 2020-2024 have also taken into account the commitments of the Sustainability Plan 2020-2022 (the "Sustainability Plan"), which considers the Group's activities and investments for one or more sustainable development objectives

(SDGs) of the parent Company Servizi Italia S.p.A. and the fully consolidated subsidiaries in the consolidated financial statements.

The following chapters of this NFS 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 Grup

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 (so-called “materiality analysis”), as required by the GRI Standards, aimed at defining material issues and preparing the materiality matrix. The target of the analysis is to identify and assess the most priority issues 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.

Stakeholders involvement

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.

For 2019, the Group has broadened the area of stakeholder engagement, extending activities to the foreign perimeter (Brazil and Turkey) as well, for greater inclusion and sharing of relevant sustainability issues.

The process followed in carrying out the 2019 analysis of materiality led to the updating of the results of the previous year’s analysis.

In accordance with GRI Standards, in order to support the bo-



dies responsible for defining a strategic focus on sustainability issues, the Servizi Italia Group has therefore applied a structured process which includes:

1. Confirmation of a benchmark, in order to define the potentially material topics on 7 comparable Italian and foreign companies operating in industrial and multiservice sectors, also taking into account documents developed by specialized companies on non-financial reporting². This mapping has resulted in a list of themes, which have been aggregated on the basis of criteria of homogeneity determining the 4 following areas: Governance, Economic, Environmental and Social.
2. Activities involving certain categories of internal (Employees) and external (Suppliers, Customers and Shareholders) stakeholders, through an online questionnaire sent to a sample of 165 recipients (i.e. 50% more than the 2018 panel) representing the various categories involved and aimed at investigating the relevant importance of each issue and their expectation tendency.
3. Involvement of the members of the Board of Directors of Servizi Italia S.p.A. and Group’s management in order to assess the level of impact of these themes on management strategies, determined on the basis of current and prospective commitment on them.

2. Osservatorio Nazionale sulla Rendicontazione non Finanziaria ex D. Lgs. 254/2016, Deloitte and SDA Bocconi – School of Management, October 2019

The most relevant themes are represented in the materiality matrix here aside.

On the various issues, also according to the priorities assigned by the stakeholders in the matrix, the Group is committed to working proactively for responding to different needs, through the identification, monitoring and achievement of objectives and targets formalized within the Business Plan for the five-year period 2020-2024 and the Sustainability Plan 2020-2022.

The updated materiality matrix has been analysed and discussed by the Board of Statutory Auditors and the Control and Risk Committee. Issues emerging as priorities are in line with what emerged in 2018. On an annual basis, the Group reviews the issues identified as relevant, expanding its activities to involve stakeholders and updating its materiality matrix.

2019 MATERIALITY MATRIX OF THE SERVIZI ITALIA GROUP

- ◆ Communities involment 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



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

The table below provides a brief outline of both material issues and strategic approach of the Group.

SCOPE	MATERIAL THEME	DESCRIPTION OF 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 withdrawal, water discharges, waste 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, performance management system, retention policy), 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 better conditions than those provided by local legislation to all people of the Group, for example, in terms of labour discipline, safety protection and work-life balance.
	QUALITY SERVICE AND OPERATIONAL IMPROVEMENT	Regulations respect and compliance with customers' contractual requirements by timely provision of services requested, while seeking operational improvement and sustainability, in logistics as well, using technological innovation.
	COMMUNITIES INVOLVEMENT AND DEVELOPMENT	Involvement of local communities and development of territories in which the Group operates in order to support socio-economic development.
	PROCUREMENT PRACTICES	Long lasting relationship with Group's suppliers, for granting an effective and quality service, sharing the same values and the same commitment also at an ethical, social and environmental level.
GOVERNANCE	BUSINESS INTEGRITY AND ETHICS	Commitment for preventing corruption, promoting ethics and integrity in business, aligning with international governance recommendations and best practices. Constant commitment to protect Company's reputation, credibility and 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 Italian and international territories. Commitment to creating value for both Group's shareholders and other stakeholders.

SCOPE OF IMPACT OF RELEVANT ISSUES

MATERIAL THEMES	GRI ASPECTS	SCOPE OF IMPACT	GROUP'S ENGAGEMENT
BUSINESS INTEGRITY AND ETHICS	Anti-corruption	Group	Caused by the Group
	Anti-competitive behaviour	Group	Caused by the Group
	Socio-economic compliance	Group	Caused by the Group
CREATION OF VALUE	Economic performance	Group	Caused by the Group
DIRECT AND INDIRECT ENVIRONMENTAL IMPACTS	Materials	Group	Caused by the Group
	Energy	Group	Caused by the Group
	Water and effluents	Group	Caused by the Group
	Emissions	Group and electric and thermal energy suppliers	Caused by the Group and related to the Group because of its commercial relations
	Environmental compliance	Group	Caused by the Group
ATTENTION TO EMPLOYEES	Employment	Group	Caused by the Group
	Market presence	Group	Caused by the Group
	Training and education	Group	Caused by the Group
	Occupational health and safety	Employees and external collaborators of the Group ³	Caused by the Group
DIVERSITY AND EQUAL OPPORTUNITIES	Diversity and equal opportunities	Group	Caused by the Group
	Non discrimination	Group	Caused by the Group
QUALITY SERVICE AND OPERATIONAL IMPROVEMENT	Customer privacy	Group	Caused by the Group
	Marketing and labelling	Group	Caused by the Group
PROCUREMENT PRACTICES	Procurement practices	Group and suppliers	Caused by the Group and to which the Group contributes
COMMUNITIES INVOLVEMENT AND DEVELOPMENT	Local communities	Group	Caused by the Group

3. The data relating to the Health and Safety of external collaborators include outsourced labour and no other kind of non-employee worker operating at Group sites and/or under the Group's control, in view of 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 2020-2022 Sustainability Plan has been developed taking into account a structured path for the analysis of materiality which identified, based on the expectations of stakeholders inside and outside the Group, the relevant issues to be communicated, as well as the targets, the 2019 results and the plan for 2020-2022 classified throughout different categories (Environment, 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 wider disclosure on Climate Change issues. The Sustainability Plan integrates in its development guidelines the areas of action that animate the international debate, in particular:

- the Global Agenda 2030, with its **17 Sustainability Development Goals**,
- the Paris agreement (COP21) on climate changes;
- 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 19 December 2019.

In the following page, divided by areas (Environment, Social, Governance and Economic), there are the plans set out in the Sustainability Plan with the association of the Group's commitments to specific SGDs targets, the commitments/initiatives, the 2019 results and the 2020-2022 objectives/commitments.



DIMENSION: ENVIRONMENT⁴

TARGET SGDs	MATERIAL THEME	OBJECTIVE	RESULTS IN 2019	PLAN 2020-2022	DIMENSION
13.2 13.3	DIRECT AND INDIRECT ENVIRONMENTAL IMPACTS	Obtaining certifications: <ul style="list-style-type: none"> • Water footprint (ISO 14067) • Carbon footprint (ISO 14046) • ISO 50001 energy Harmonization and alignment with Group best practices in the way environmental issues are controlled.	Implementation of WTF study pursuant to ISO 14067. Implementation of CFP study pursuant to ISO 14046. Performed Phase 1 audits for ISO 50001 certification.	Obtaining certification from a third party body. Nitrogen footprint study and relevant certification. Drafting of a Group's environmental policy.	ECONOMIC Operational efficiency ENVIRONMENT Environmental footprint Climate change
		EMAS Registration for Italian productive sites.	EMAS registration obtained for the following Italian sites: Arco di Trento (IT), Pavia di Udine (IT), Castellina di Soragna (parma, IT), Montecchio Precalcino (Vicenza, IT), Genova (IT), Ariccia (Rome, IT) and Travagliato (Brescia, IT).	Maintenance of EMAS registrations.	
		Assessment of the environmental impact of services using the LCA (Life Cycle Assessment) methodology in accordance with ISO 14040-44.	LCA study for technical re-usable textile wash-hire service and relevant EPD (<i>Environmental Product Declaration</i>). LCA study for cotton wash-hire service.	Achievement of EDP certification for technical re-usable textile wash-hire service. Achievement of EDP certification for cotton wash-hire service.	

4. In 2019 results, concerning environmental dimension, in order to make the data comparable, the changes compared to 2018 are calculated considering the same scope of analysis, i.e. the new companies Wash Service S.r.l. and Ekolav S.r.l. included in the scope of environmental data during 2019 were not considered. For the overall changes in environmental impacts, please refer to the Chapter "Environmental sustainability" and related annexes.

TARGET SGDs	MATERIAL THEME	OBJECTIVE	RESULTS IN 2019	PLAN 2020-2022	DIMENSION
13.2 13.3	DIRECT AND INDIRECT ENVIRONMENTAL IMPACTS	Reduction of CO₂ emissions <ul style="list-style-type: none"> Start of Servizi Italia's «Plastic free Challenge». 	Purchase and distribution of water bottles to all employees at Parent Company's headquarter: the so-called "Plastic Free challenge".	Extension of the project to other Group sites/locations.	ENVIRONMENT Operational efficiency Technology and digitalization Climate change
		Reduction of CO₂ emissions <ul style="list-style-type: none"> Investments in technologically advanced and interconnected textile distributor cabinets for transport savings. 	Investments equal to Euro 367 thousand for technologically advanced and interconnected cabinets for textile distribution.	Investments in technological equipment (vending cabinets, automatic trolleys, MES).	
		Reduction of CO₂ emissions <ul style="list-style-type: none"> Operational improvement for better logistics/distribution models aimed at reducing fuel consumption. 		Continued operational improvement for the optimization of our logistics/distribution models aimed at reducing fuel consumption.	

TARGET SGDs	MATERIAL THEME	OBJECTIVE	RESULTS IN 2019	PLAN 2020-2022	DIMENSION
13.2 13.3	DIRECT AND INDIRECT ENVIRONMENTAL IMPACTS	Reduction of CO₂ emissions <ul style="list-style-type: none"> Company car policy update. 	Update of Company's car policy that provides allocation considering, among other things, the amount of CO ₂ produced by the vehicle; the assessment for replacing vehicles assigned by the Company will be carried out according to the following criteria: a) km reached by the vehicle; b) being the vehicle uneconomic both for Company and the assignee and in a bad range of CO ₂ emissions; c) high fuel consumption and high rate of polluting emissions resulting in penalties for the Company.	Car Policy implementation and improvement.	ENVIRONMENT Operational efficiency Climate change
		Reduction of CO₂ emissions <ul style="list-style-type: none"> Drafting of an IT workstation management procedure. Distribution of video communication systems for travel/mobility savings. 	Investments in <i>Microsoft Teams</i> licences and apps for video calls and consequent travel/mobility savings. Dissemination of IT workstation management procedures.	Enhancement of training and meeting activities through video conferencing. Increasing awareness for reducing the hours of inactivity of pc, monitors, laptops.	ENVIRONMENT Operational efficiency Technology and digitalization Climate change
		Reduction of CO₂ emissions <ul style="list-style-type: none"> Constant analysis of energy consumption. 	Investments made in Italian sites for technologically advanced and interconnected electricity meters.	Constant analysis on energy consumption. Installation of meters in every site.	ENVIRONMENT Operational efficiency Technology and digitalization Climate change

TARGET SGDs	MATERIAL THEME	OBJECTIVE	RESULTS IN 2019	PLAN 2020-2022	DIMENSION
13.2 13.3	DIRECT AND INDIRECT ENVIRONMENTAL IMPACTS	Material management: Packaging <ul style="list-style-type: none"> Currently experimenting a film for packaging with reduced thickness and made of recycled plastics 	Reduction of plastic packaging equal to 3.2% compared to 2018, calculated considering only Servizi Italia S.p.A. perimeter.	Extension of use of the recycled plastic film to all sites. Study for alternative packaging materials.	ENVIRONMENT Operational efficiency Climate change
		Material management: Chemicals <ul style="list-style-type: none"> Technologically advanced and interconnected chemical dispensers assuring correct dosing of products in the washing cycles Experimentation on Ecolabel washing cycles 	Investments for technologically advanced and interconnected chemical dispensers.	Improve the use of Ecolabel products, having a low environmental impact. Investments in technological equipment (automatic dispensers) at all Group sites.	ENVIRONMENT Operational efficiency Technology and digitalization Climate change
		Rationalisation of energy consumption <ul style="list-style-type: none"> Study and control of machine settings, working areas and lighting in order to reduce energy consumption; New generation LED lighting Heat recovery projects 	Energy consumption reduced by 2% compared to 2018, calculated considering only Servizi Italia S.p.A. perimeter. Investments for extending LED lightening. Interventions, technical precautions and education to reduce energy consumption. Studies and interventions carried out to control energy dispersion.	Investments in cogeneration plants for electricity production. Optimization of coal-powered steam generators in Turkish sites.	ENVIRONMENT Operational efficiency Climate change

TARGET SGDs	MATERIAL THEME	OBJECTIVE	RESULTS IN 2019	PLAN 2020-2022	DIMENSION
13.2 13.3	DIRECT AND INDIRECT ENVIRONMENTAL IMPACTS	Reduction in specific NOx emissions <ul style="list-style-type: none"> • More efficient management of combustion plants • Start-up of a new steam generator at the Italian site of Arco di Trento for higher efficiency and lower emissions of NOx 	<p>Optimisation of steam generator operating hours.</p> <p>Reduction of NOx emissions coming from the installation of a new steam generator plant in Arco di Trento, equal to about 87% compared to old plants.</p>	<p>Maintaining/strengthening organisational/technical interventions aimed at more efficient management of combustion plants.</p> <p>Progressive replacement of burners in combustion plants for the containment of NOx emissions.</p>	ENVIRONMENT Environmental footprint
		Rational use of water resources <ul style="list-style-type: none"> • Better management of water resources • More control on drinkable water withdrawals • Maintenance of authorized volumes from wells 	<p>Reduction of new water consumption (-26% compared to 2014) thanks to the installation of a new wastewater recovery plant in Genoa, Italy.</p> <p>Start to drain from a new well dug in Montecchio Precalcino (Vicenza, Italy) for the controlled withdrawal of industrial water, preserving 24% of civil drinking water in the second half of 2019.</p>	<p>Mapping Group's sites within areas defined as "Water Scarcity Areas" and managing any "critical" site.</p> <p>Maintaining/strengthening organisational/technical interventions aimed at more efficient management of water resources.</p>	ENVIRONMENT Water
		Waste management <ul style="list-style-type: none"> • More efficient management of activities for recovering special waste 	<p>Recovered 5% more special waste than in 2018, calculated considering only Servizi Italia S.p.A. perimeter.</p>	<p>Maintaining/strengthening organisational/technical interventions for higher rates of special waste recovery.</p>	ENVIRONMENT Waste

DIMENSION: SOCIAL

TARGET SGDs	MATERIAL THEME	OBJECTIVE	RESULTS IN 2019	PLAN 2020-2022	DIMENSION
5.1	DIVERSITY AND EQUAL OPPORTUNITIES	SA8000 certification for Servizi Italia S.p.A.	SA8000 certification obtained in May 2019.	Obtaining the same certification also for the Italian subsidiaries and extension to the foreign companies of the Group.	SOCIAL Human rights Diversity GOVERNANCE Ethics and business integrity

TARGET SGDs	MATERIAL THEME	OBJECTIVE	RESULTS IN 2019	PLAN 2020-2022	DIMENSION
3.9	ATTENTION TO EMPLOYEES	Awareness programmes on prevention and promotion of health and safety at workplace, technical training and professional growth	Training and information programs, with 11,709 hours of training performed.	Target 2020: more than 10,000 hours of training. Target 2021: more than 10,000 hours of training.	SOCIAL Training
		Reduction in accident rates compared to previous years.	In terms of frequency of occurrence, the Group has registered an accident rate of 21 based on 1,000,000 worked hours, up by 16% compared to 2018 for internal workers and equal to 27 for external workers, down by 44% compared to 2018.	Reduction of accident rates compared to previous years.	SOCIAL Safety management
		Harmonization and alignment with Group best practices on how to carry out on-site controls and investigation of accidents, identification of preventive and corrective measures for health and safety at workplace.	100% of planned audit executed. Verification and confirmation of non-compliance notices on management systems carried out by third party. More than 30 preventive and corrective measures issued following non-compliance notices with relative sharing among function managers of each business line.	On-site controls and investigation on every accident occurred, identifying correcting and preventing measures. Promotion and adoption of a Code of Ethics in every single Company. Preparation of a set of procedures, regulations and formats, based on a risk analysis of the processes. Training and verification activities carried out by the Parent Company and/or third parties.	SOCIAL Safety policies Safety management

TARGET SGDs	MATERIAL THEME	OBJECTIVE	RESULTS IN 2019	PLAN 2020-2022	DIMENSION
8.2	ATTENTION TO EMPLOYEES	Monitoring of travel security model.	Assignment of powers to foreign operations managers. Consulting support for monitoring overseas transferees and dissemination of procedures and continuous information for overseas transferees. Insurance policies for transferees.	Constant information and continuous monitoring of overseas transferees.	SOCIAL Safety policies Safety management Security
		Commitment for an attentive management of welfare, for granting to Group's employees a fair remuneration, which allows familiar well-being and serenity, also favouring initiatives or non-monetary benefits, aimed at increasing the employee's well-being.	Benefit package maintained in Servizi Italia S.p.A. and its subsidiaries. FlexBenefit welfare platform in use in Servizi Italia S.p.A. Benefits plan for Brazilian companies maintained.	Maintenance of the benefits package throughout the Group companies.	SOCIAL Welfare Work-life balance
		Performance assessment, according to ABS and LTI Cash plans, in Servizi Italia S.p.A. and in Lavsim (Brazil), based on economic and qualitative objectives, including sustainability of Company's business in medium/long term. Assessment of workers' performance in Servizi Italia S.p.A. in accordance with second level agreements.	100% of Servizi Italia S.p.A.'s ABS plan recipients. 100% of Lavsim's (Brazil) ABS plan recipients. 100% of Servizi Italia S.p.A. workers involved in second level agreements.	Extension of ABS plan to Italian and Turkish subsidiaries. 100% recipients of ABS and LTI Cash plans of Servizi Italia S.p.A. 100% recipients of ABS and LTI Cash plans for Brazilian subsidiaries. 100% of Servizi Italia S.p.A. workers involved in second level agreements. Updating variable remuneration plans based on economic and qualitative objectives, including sustainability of Company's business in medium/long term.	SOCIAL People growth ECONOMIC Operational efficiency GOVERNANCE BoD effectiveness

TARGET SGDs	MATERIAL THEME	OBJECTIVE	RESULTS IN 2019	PLAN 2020-2022	DIMENSION
8.2	ATTENTION TO EMPLOYEES	Spreading the culture of cyber security and changing people's behaviour in order to reduce cyber security risks.	Drafting of specific recommendations for users. Investments in advance solutions of cyber security.	Actions for raising awareness among employees. Periodical actions for checking IT security (<i>Vulnerability Assessment</i>).	SOCIAL Training Cyber security
8.2	QUALITY SERVICE AND OPERATIONAL IMPROVEMENT	Maintaining and evolving the needs of customers and final users to technological innovation, social and environmental sustainability and quality of products and services.	Maintenance of certifications required by customers' tenders and by regulations in force for what concerns service providing.	Maintenance of certifications.	GOVERNANCE Integrity and business ethics
		Operational research and production optimization.		Reorganization of productive/ logistics activities by plant and by area.	ECONOMIC Operative efficiency ENVIRONMENT Climate change

TARGET SGDs	MATERIAL THEME	OBJECTIVE	RESULTS IN 2019	PLAN 2020-2022	DIMENSION
4.2 4.4	COMMUNITIES INVOLVEMENT AND DEVELOPMENT	Involvement of local communities and enhancement of territories through sponsorship and economic support.	Supported activities of medical/psychological support for Alzheimer's patients and cancer patients ("AAA Arts And Access for All" and "Ritrovarsi - Effects of Integral Yoga on the psychophysical well-being of oncological patients"). Sponsorship of cultural and sport activities.	Support for educational development and fight against poverty (e.g. non-profit organizations, charities). Sponsorship of cultural activities.	SOCIAL Relationships with communities Social development
	PROCUREMENT PRACTICES	Evaluation and qualification of suppliers on the basis of ethical, social and environmental criteria.	Qualification of 100% of suppliers considered as critical to business activities and processes. Evaluation and qualification of 90% of new suppliers.	Target 2020: 100%. Target 2021: 100%. Software registration platform for Servizi Italia S.p.A.'s suppliers of goods and services.	SOCIAL Supply chain management Safety policies Human rights
		Adoption of a Group's Code of Conduct for Suppliers in order to strengthen the attention on ethical, social and environmental aspects throughout the supply chain, for every kind of good.	Adoption and dissemination of the Suppliers Code of Conduct within Servizi Italia S.p.A. and its Italian subsidiaries. Adoption and dissemination of the Suppliers Code of Conduct within Brazilian companies.	Adoption and dissemination of a Suppliers Code of Conduct within Turkish companies as well.	SOCIAL Supply chain management Safety policies Human rights

DIMENSION: GOVERNANCE

TARGET SGDs	MATERIAL THEME	OBJECTIVE	RESULTS IN 2019	PLAN 2020-2022	DIMENSION
16	INTEGRITY AND BUSINESS ETHICS	Monitoring the implementation of the diversity policy in 2019 Board of Directors.	Full compliance with the policy among companies.	Monitoring of the implementation of the diversity policy within BoD and the Board of Statutory Auditors in different subsidiaries.	GOVERNANCE BoD effectiveness
		Alignment with international governance recommendations and best practices.	Adoption of a diversity policy both within the BoD and the Statutory Auditors Board. Permanent amendment to the Articles of Association concerning gender balance within management and control bodies. Market abuse procedure under control. Drafting of an anti-corruption Group policy.	Constant alignment with international governance regulations, recommendations and best practices. Approval and dissemination of a Group Anti-Corruption Policy to subsidiaries. Drafting of antitrust guidelines for Servizi Italia S.p.A. Preparation and adoption of rules for Board proceedings.	GOVERNANCE Integrity and business ethics BoD effectiveness
		Periodical induction of Directors and Statutory Auditors during their office. Board review activities.	Induction activities for Directors and Auditors at BoD meetings. Periodical strategic meeting held in June 2019. Board review: process started in November 2019 and completed in January 2020.	Structured induction plan for Directors and Statutory Auditors during their term of office. Board review activities. Guidance to shareholders on future size and composition of the Board of Directors.	GOVERNANCE BoD effectiveness

TARGET SGDs	MATERIAL THEME	OBJECTIVE	RESULTS IN 2019	PLAN 2020-2022	DIMENSION
16	INTEGRITY AND BUSINESS ETHICS	ISO 37001 anti-corruption certificate for Servizi Italia S.p.A.	Draft of a Group Policy concerning anti-corruption and procedures required by ISO 37001 certification process. Audits carried out by certification bodies from October 2019 onwards.	Anti-corruption certification ISO 37001.	GOVERNANCE Integrity and business ethics
		Promoting the adoption of a Group anti-corruption policy and of a Code of Ethics for the subsidiaries of the Group. Promotion of the adoption by Italian companies of the Organisation and Management Model pursuant to Legislative Decree 231/01	Code of Ethics approved by Brazilian and Turkish subsidiaries. Strategic summit held in Brazil in November 2019. Appointment of the Supervisory Body and approval of the Organisation and Management Model pursuant to Legislative Decree 231/01 for Ekolav S.r.l. and Wash Service S.r.l.. Monitoring of compliance with Code of Ethics and 231 procedures. Training courses for directors, top management and employees.	Approval and dissemination of the Group anti-corruption policy and procedures required by the UNI EN 37001 certification process. Continued commitment to promote the adoption of Group Policies and Code of Ethics at Group subsidiaries. Training and information for directors, top management and employees.	GOVERNANCE Integrity and business ethics SOCIAL Training

DIMENSION: ECONOMIC

TARGET SGDs	MATERIAL THEME	OBJECTIVE	RESULTS IN 2019	PLAN 2020-2022	DIMENSION
8.2	CREATION OF VALUE	<p>Expansion of turnover through the consolidation of the business model and the increase of the presence on Italian and international territory.</p> <p>Value creation for shareholders.</p>	<p>Economic value generated by the Group equal to Euro 262 million compared to Euro 251 million generated in 2018.</p> <p>Dividend equal to Euro 0.14 per share compared to Euro 0.16 per share in 2018, with a payout ratio sensibly higher than in the past.</p>	<p>Creation over time of economic value generated by the Group.</p> <p>Guarantee of Shareholders' remuneration, in line with previous years.</p>	ECONOMIC



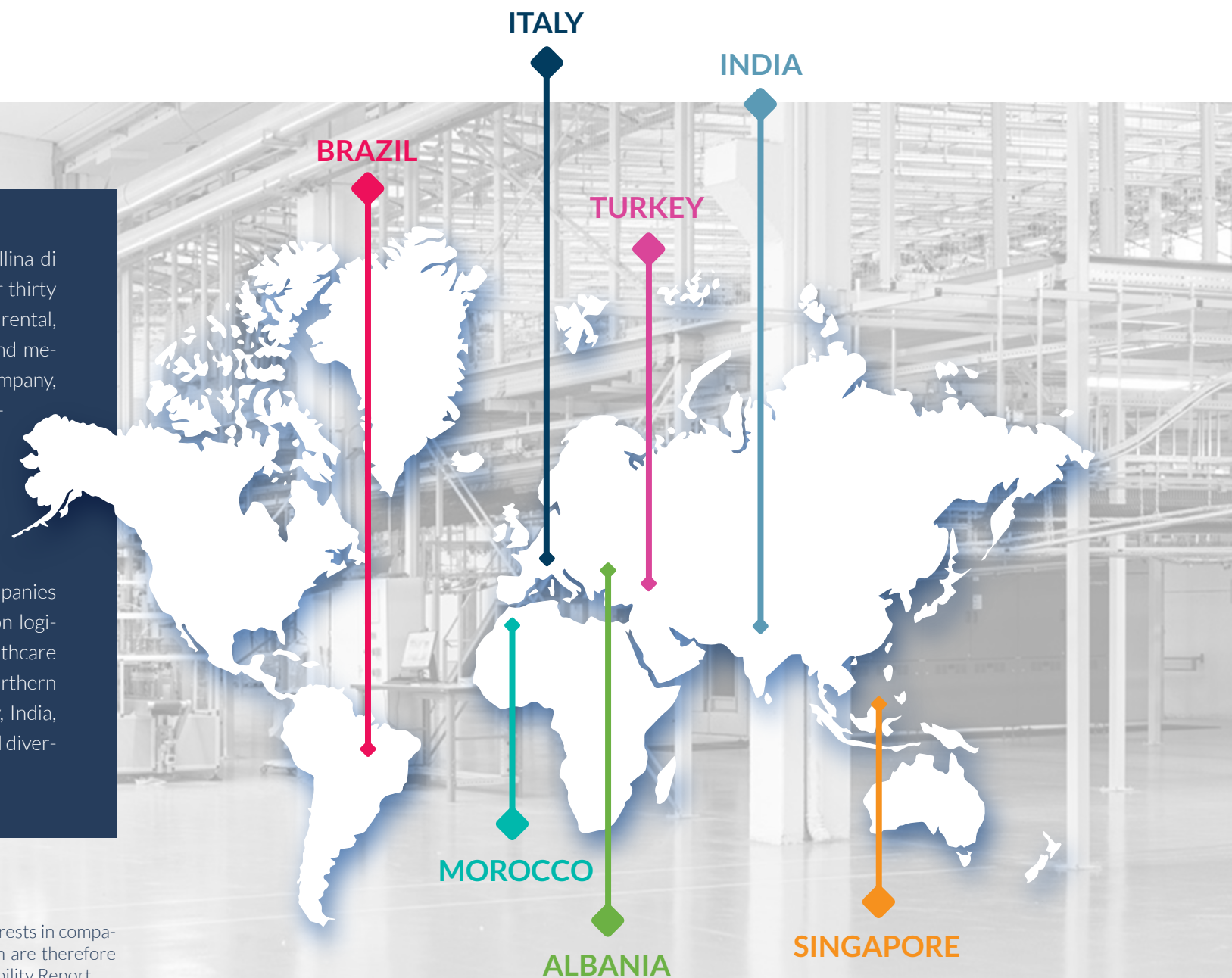
GROUP PROFILE



2.1 The Group

Servizi Italia S.p.A., a Company based in Castellina di Soragna (PR), has been a leader in Italy for over thirty years in the field of integrated services for the rental, washing and sterilization of textile materials and medical devices in the healthcare sector. The Company, which together with its Italian and foreign subsidiaries forms the Servizi Italia Group, has also expanded its services to industrial, community and hotel sectors. The Group features a highly technological production platform, made up of 26 laundry plants, 6 linen sterilization centres, 14 CSSDs, wardrobes located in healthcare companies and an effective and efficient goods distribution logistic model at the service of public/private healthcare companies and private customers in central/northern Italy, in the State of Sao Paulo in Brazil, Turkey, India, Albania, Morocco and Singapore with a wide and diversified offer.⁵

5. The Group holds minority or jointly controlled interests in companies in Albania, India, Morocco and Singapore, which are therefore excluded from the scope of reporting of this Sustainability Report.



2.1.1 Companies in Italy

The Parent Company

Founded in 1986, Servizi Italia S.p.A., a Company based in Castellina di Soragna (Parma, Italy), listed in the STAR segment of the MTA of Borsa Italiana S.p.A., is the main operator in Italy in the health, industrial and community, hotels and restaurants market areas for the following services:

- Hire and treatment of textiles, mattresses and high visibility personal protective equipment;
- Hire, treatment and sterilization of textile medical devices assembled in kit;
- Hire, treatment and sterilization of surgical instruments medical devices assembled in kits and related services;
- Technical services for clinical engineering and industry;
- Supply marketing services;
- “Turnkey” supplies, global service, project financing of healthcare design and construction (operating departments, construction/restructuring of sterilization plants, technological infrastructure, clinical engineering, medical-surgical devices, procurement processes).



With regard to the real estate facilities in which the Company operates, it is noted that for real estate facilities whose title is linked to tender management, all regulatory requirements associated with various licences and utilities are borne by the owner (Procurement Station). For rental and ownership properties, the Group shall manage all regulatory requirements associated with and linked to the authorisations 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 the certifications in place, Servizi Italia shall carry out all the necessary activities, including verifications carried out both by 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 and the objective is to promote their adoption in all its subsidiaries, in order to ensure proper organisation and compliance with the rules.

During 2019, audits were carried out by the Quality, Safety and Environment Assurance team to verify the effectiveness of the management systems adopted by the Company, in accordance with the plans provided for; checks were also carried out by accredited third-party certifying bodies.

COMPANY	SCOPE	CERTIFICATION AND ACCREDITATION TYPE
Servizi Italia S.p.A.	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
	HIGH VISIBILITY GARMENTS: TEST METHODS AND REQUIREMENTS	UNI EN 20471:2017
	HEALTH AND SAFETY AT WORKPLACE	UNI ISO 45001:2018
	COMPLIANCE WITH EUROPEAN REGULATION N.1221/2009	CE Certification
	BIOLOGICAL EVALUATION AND BIOCOMPATIBILITY TESTING - MEDICAL DEVICES	ISO 10993
	DETERMINATION OF ANTIBACTERIAL ACTIVITIES	UNI EN ISO 20645:2004, SN 195921 ⁶
	CONFORMITY TO DIRECTIVE 93/42/EEC AND SUBSEQUENT AMENDMENTS AND INTEGRATIONS TRANSPOSED BY LEGISLATIVE DECREE NO. 46 OF 24.02.1997 AND SUBSEQUENT AMENDMENTS AND INTEGRATIONS - MEDICAL DEVICES	EMAS (Eco-Management and Audit Scheme) registration for production sites located in Italy.

6. Certification of the process for the conferral and restoration of the antibacterial and antimycotic properties of textile materials used for hospital linen, working clothes (civil and health), Personal Protective Equipment (PPE), washing and maintenance of laundry applied to textile fibres and mixtures of cotton and polyester, ensures broad spectrum antibacterial efficacy, antimycotic efficacy and is found to be non-cytotoxic.



Steritek S.p.A.

Steritek S.p.A. is the leading Italian operator in the offer of technical services for clinical engineering and industry, 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 Parent Company's Code of Ethics and the former Organizational Model D. Legislative Decree 231/2001. A UNI EN ISO 9001 certified management system maintained and renewed over the years, internal regulations, parent-driven policies and auditing activities make organisational system monitoring effective. Operating system management and governance policies are functional for quality control, environmental management and safety at work in compliance with regulations of Company's sector and contractual requirements of its customers.

Wash Service S.r.l.

Wash Service S.r.l. is mainly active in northern Italy offering washing and rental services for flat linen, guest linen 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 Parent Company's Code of Ethics and the former Organisational Model D. Legislative Decree 231/2001. A UNI EN ISO 9001 certified management system maintained and renewed over the years, internal regulations, parent-driven policies and auditing activities make organisational system monitoring effective. Operating system management and governance policies are functional for quality control, environmental management and safety at work in compliance with regulations of the Company's sector and contractual requirements of its customers.

Ekolav S.r.l.

Ekolav S.r.l., is a Company based in the region of Tuscany offering washing and rental services of flat linen, guest linen 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 Parent Company's Code of Ethics and former Organizational Model D. Legislative Decree 231/2001. A UNI EN ISO 9001 certified management system maintained and renewed over the years, internal regulations, parent-driven policies and auditing activities make organisational system monitoring effective. Operating system management and governance policies are functional for quality control, environmental management and safety at work in compliance with regulations of Company's sector and contractual requirements of its customers.

2.1.2 Brazilian companies

As part of the development of the internationalisation strategy of the Group, in 2012, the Company in Brazil set up SRI Empreendimentos e Participações L.t.d.a., which, over a period of three years, has acquired the following companies active in the State of São Paulo: 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.

For what concerns Brazilian companies, the actions implemented during 2019 and compared to 2018, together with planned actions in the various ESG areas, are illustrated in the Sustainability Plan.

The Brazilian market has undergone major changes in the last 4-5 years, the arrival of Servizi Italia in the territory has triggered a process of market consolidation. 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 Turkish companies

The Turkish perimeter consists of the companies Ankateks Turizm Insaat Tekstil Temizleme Sanayi ve 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 and Izmir areas.

The Group's strategic intentions with Ankateks Group's companies are to promote the adoption of management systems, to ensure proper organization and compliance with 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 collaboration, which includes the construction of majestic health centres that will repla-

ce small, outdated hospitals.

There is currently no predominant group in the local market providing laundry and sterilization services: some hospitals provide the service internally and others rely on companies offering general cleaning or laundry services for other sectors. Sterilization of surgical instruments is also mainly carried out internally in hospitals, but there is a growing trend towards outsourcing the management of CSSDs to contractors.

In 2019, foreign companies included in the scope of consolidation were audited and on-site assistance was provided on operational, administrative and control activities, with the presence of experienced employees of Servizi Italia, in order to facilitate, among other things, the definition of the Sustainability Report required by the reporting process with respect ESG data, facilitating the correct flow of information to the independent auditors and the parent Company's control bodies.



2.1.4 Group presence in other countries

In addition to Brazil and Turkey, Servizi Italia is also developing in other countries (Albania, India, Morocco, Asia-Pacific) with:

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 with low self-financing capacity and inefficient management models.

4.

Production sites are obsolete and without an industrial management model able to assure efficiency exporting technical management and industrial models adopted in the Group.

Although holding minority shares in companies of these countries, which are therefore excluded from the scope of reporting 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 environment and occupational safety, in compliance with local rules and regulations.

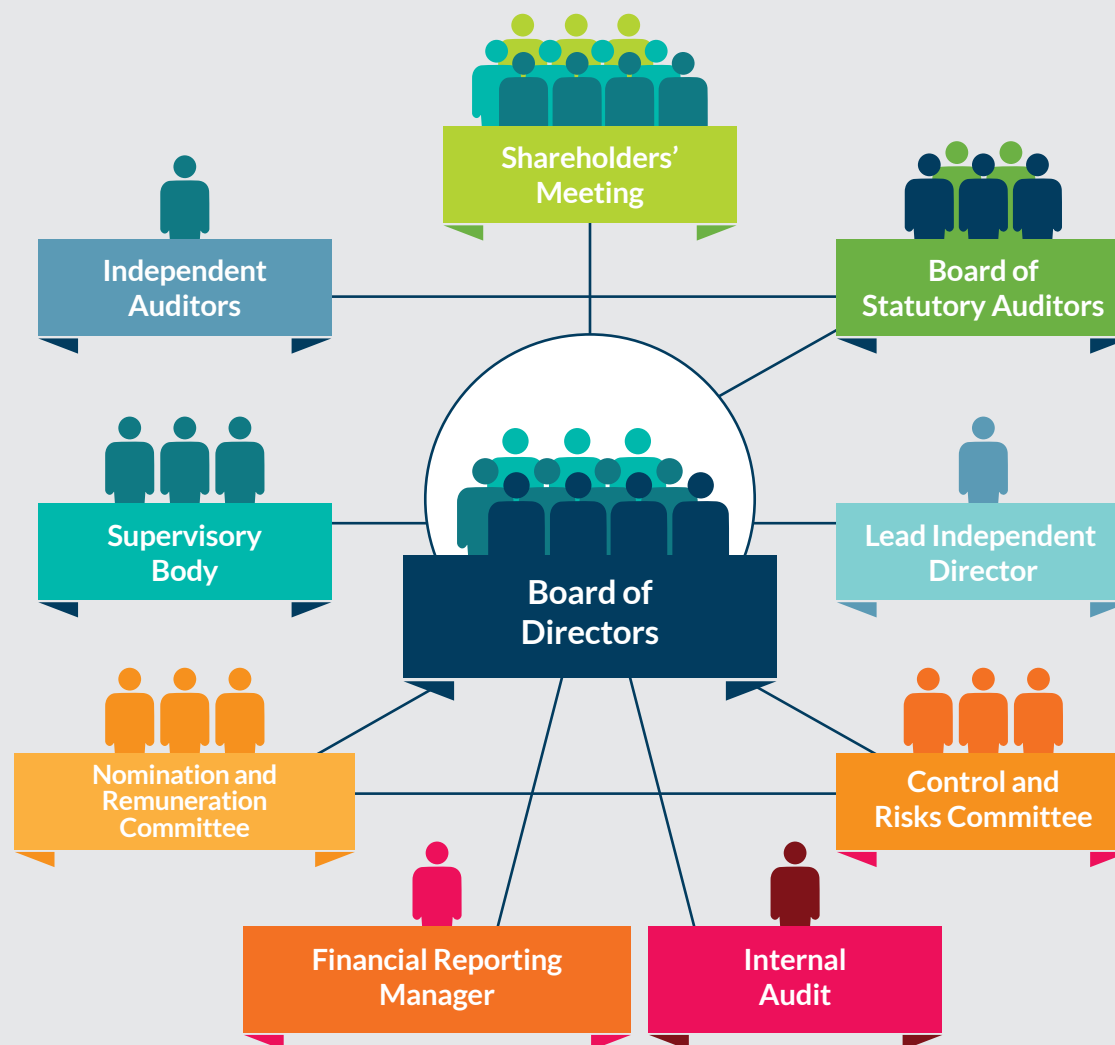
2.2 The Governance

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.

The corporate governance, based on a traditional management model, is made up of the following bodies :



The Shareholders' Meeting of 20 April 2018 renewed the Board of Directors of the Parent Company Servizi Italia S.p.A. for the financial years 2018, 2019 and 2020, which is composed by 11 members of which 4 women and 7 men.



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

	2019			2018		
	Men	Women	Total	Men	Women	Total
SERVIZI ITALIA S.P.A.	64%	36%	100%	64%	36%	100%

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

	2019				2018			
	< 30	30-50	>50	Total	< 30	30-50	>50	Total
SERVIZI ITALIA S.P.A.	0	45%	55%	100%	0	45%	55%	100%

It should be noted that on 7 January 2020, the Company announced the resignation of the Chief Executive Officer, Enea Righi, from all offices, functions and positions held in the Parent Company and in any other Company of the Servizi Italia Group. The Board of Directors, having consulted the Nomination and Remuneration Committee, activated the succession planning policy and assigned management powers to an Executive Committee, composed by Roberto Olivi (Chairman of the Board of Directors), Ilaria Eugeniani (Director, appointed Deputy Chairman of the Board of Directors) and Michele Magagna (Director), assisted by the Chief Operating Officer Andrea Gozzi.

For further information regarding the corporate governance system adopted by the Servizi Italia Group and the role of the Board of Directors, please refer to the 2019 Report on Corporate Governance and Ownership Structure, available on the website www.si-servizitalia-group.com.

With regard to sustainability and the Consolidated Non-Financial Statement, role and functions of different governance bodies are set out below.

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

The **Control and Risks Committee** (CCR): a committee which has been assigned, among other things, competence in CSR matters in terms of proposing, consulting and supervising - within the Board of Directors - the strategy, guidelines and policies of the Servizi Italia Group. The CCR actively interacts with the Group's CSR Manager, who is responsible for the management of 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 relation to non-financial reporting, the CCR is responsible for assessing the completeness and reliability of the internal procedures relating to the preparation of the Consolidated Non-Financial Statement (NFS), and it

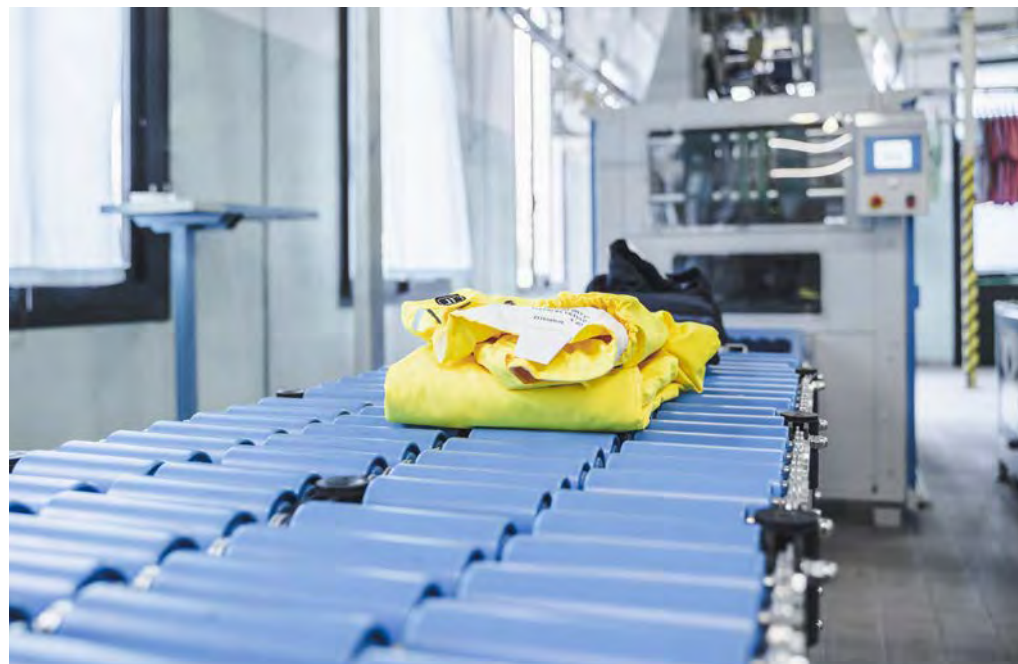
preliminarily examines the annual report, on which it expresses its opinion with a view to its approval by the Board of Directors.

The **Board of Statutory Auditors**: carrying out its tasks, it monitors compliance with the provisions laid down in Legislative Decree 254/2016 and report them in the annual report to the general meeting and be consulted by the administrative body to decide on the omission of information affecting the Company's business position.

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

Among its tasks, the **CSR Committee**⁷ 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 Non-Financial Consolidated Statement.

7. The CSR Committee is made up of the CSR Manager, together with the Managing Director or Executive Committee, 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 fulfillment of the reporting process and the regulations.





MAIN RISKS AND RELATED IMPACTS



3.1 Risk management within the 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 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 (Enterprise Risk Management):

- governance and risk culture;
- strategy and definition of objectives for risk management;
- 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:

1. BUSINESS OBJECTIVES:



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

2. GOVERNANCE OBJECTIVES



- ensure the credibility, accuracy, reliability and timeliness of financial reporting;
- safeguard Company's assets;
- compliance with laws, regulations, contracts, ethical and Company rules;
- protection of ethical and social responsibilities.

The Board of Directors, through the Administrator in charge of the Internal Control and Risk Management System and the Internal Audit Manager, has implemented specific processes to determine responsibilities for risk management to ensure long-term business solidity and continuity. To this end, an internal control system has been set up to monitor and oversee activity-related risks.

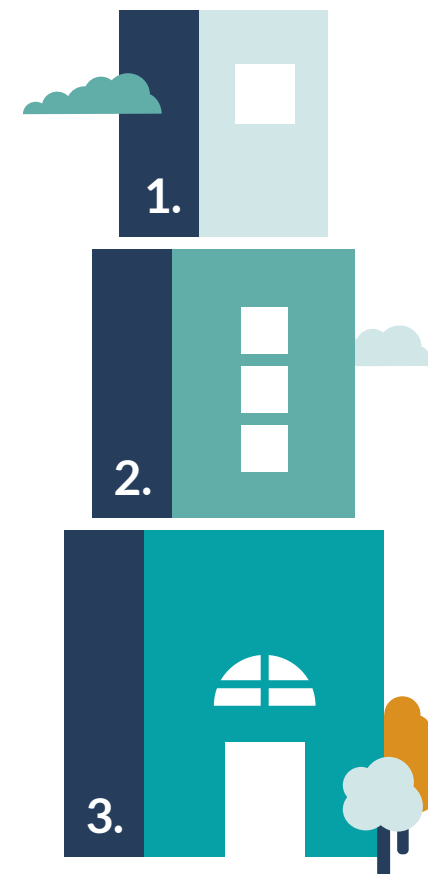
In particular, this control system is reflected in the internal rules of the Group and of the different companies subject to coordination and control (such as, for example, Model 231/01, Code of Ethics, Group Policy).

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 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 Auditor submits an activity plan to the Board of Directors, in which planned auditing activities in line with relevant risks are represented.

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 examina-

tion by the Control and Risk Committee; the critical elements found during the verification are, on the other hand, 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 at correctly control risks identified in all its activities, a primary condition for maintaining a relationship

of trust with stakeholders and ensuring Company's sustainability over time.

The risk control process, common to all control functions, shall be organised in accordance with the best -practices reference, in the following steps:

THE RISK CONTROL PROCESS





RISKS:

environmental

social

governance

The risk control process shall be common to all control functions, consistent with the reference best practices; the different types of risk are defined within the Risk Policy of the Group, which is subject to regular updating at least annually. 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 organisational processes. Within the scope of the RAF, the Risk Policy and, therefore, the internal body of regulations on risk management, aspects linked to the management of environmental, social and governance (ESG) risks are also considered, among others, in 2019 Management Report.

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 him) the Board of Directors accordingly.

Without prejudice to the principle of continuous monitoring and taking into account the characteristics of the activities carried out by Group companies, the review of the risk analysis shows that, through the application of the planned organisational and management actions, the Company has obtained the desired mitigation on the main risks identified in the operational, financial, strategic and compliance areas, implementing and documenting the control points within Company procedures.

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, among other things, to various types of ESG risks, the main ones of which are shown in the table below, together with activities designed to mitigate their effects and ensure their 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 2019.

ESG RISK	RISK DESCRIPTION	MANAGEMENT AND MITIGATION ACTIONS
ENVIRONMENTAL COMPLIANCE RISKS	Environmental protection legislation is becoming increasingly restrictive, partly as a result of increased community awareness and sensitivity to these issues. The result is an increase in requesting 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 a sector, industrial laundries, which is particularly exposed to environmental risks such as, for example, air, soil and water pollution, deriving from waste disposal, toxic-harmful emissions and spills of toxic-harmful materials.	<p>The Servizi Italia Group has developed a strong and constant commitment to manage and monitor the environmental aspects, through the adoption of certified management systems (for details of the certifications see the Chapter 2, “Group Profile”) in the Italian plants.</p> <p>The Group’s commitment to minimize its environmental impact is also entrusted to companies abroad through constant monitoring of environmental performance and maintained through compliance with all relevant local regulations and promotion of the adoption of certified management systems.</p>
PHYSICAL RISKS RELATED TO CLIMATE CHANGE	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. In addition, the Group is exposed to the risk of impacts on the operation of production facilities related to gradual climate change (e.g. rainfall, windiness).	<p>The Group is present throughout the Italian territory with several production sites with capacity available to meet the production loads of the facilities affected by damage and mitigating the risks associated with foreseeable changes in climate models and related 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 work is carried out on buildings, courtyards and storm drains.</p> <p>All the Group’s Italian areas are subject to environmental management certification (for details of the certifications see the 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’s commitment for foreign companies is to promote the best prevention and protection strategies, also with the aim of reducing the possible impacts on production facilities by ensuring maintenance activities of the buildings/locations.</p>
TRANSITIONAL RISKS RELATED TO CLIMATE CHANGE	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 term. In this sense, issues such as increasing emissions reporting requirements and other legal requirements, the use of low-emission energy sources and reduced exposure to fossil fuels, uncertainty in market signals with potential unforeseen changes in energy prices, and rising raw material costs are the risk factors related to climate change to which the Group may be exposed and which can potentially affect Company’s financial performance.	The Group is committed to a continuous improvement of existing activities in terms of environmental impact, through its emission reduction objectives and adopts a strategy aimed at growing through the use of technologies and continuous operational research for the optimization of logistics distribution models for goods and services and targeted projects, in line with some of the SDGs objectives.

ESG RISK	RISK DESCRIPTION	MANAGEMENT AND MITIGATION ACTIONS
RISKS RELATED TO HEALTH AND SAFETY AT WORKPLACE	Risks associated with Group's activities which, as a result of non-compliance with internal regulations and provisions, lead to accidents involving personnel and external collaborators.	<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 primary importance to this matter within the scope of its strategies and corporate objectives. Moreover, for the Italian perimeter, the Group has adopted a UNI ISO 45001 certified Health and Safety management system for its production sites and obtained SA8000 certification, adopting its own Supplier Code of Conduct in order to strengthen its presence in the ESG area in the supply chain and a travel policy as well.</p> <p>In foreign companies, the Group monitors risk: (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) training and auditing activities by the Parent Company and/or third parties.</p>
RISKS RELATED TO CORRUPTION	Corruption is the abuse of power conferred for private gain and may be instigated by individuals in public or private sector. It is interpreted here to include corrupt 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/causes throughout the value chain and promotes the fight against them in all its forms.	<p>The management is committed to provide clear guidelines, so as to block any form of corruptive phenomenon in advance. Moreover, with the contribution of the supervisory body, it actively participates in the prevention of corruptive phenomena through specific training courses for employees, aimed at the knowledge and application of the system. The Group, for risk management: (i) since 2006, in Italy, has adopted the instruments of the Code of Ethics and Organisation, Management and Control Model ex D. Legislative Decree No. 231/2001; (ii) at its foreign subsidiaries, with the promotion of 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 preparation of a set of procedures, regulations and formats that preventively oversee processes sensitive to the issue of offences and corruption; (iii) whistleblowing procedure; (iv) auditing activities by the Parent Company and third parties.</p> <p>The Parent Company has started the UNI ISO 37001:2016 certification process, referring to management systems for the prevention of corruption, which is expected to be completed by 2020. In addition, subsidiaries are expected to adopt a Group Policy on anti-corruption issues by 2020.</p>

Finally, the SARS-Cov-2 virus epidemic (also known as Coronavirus), which first occurred in Italy at the end of January 2020, has imposed the need to contain epidemiological development as much as possible, leading to changes in hospital procedures and activities with regard to hygiene measures for medical and nursing staff, wards and inpatients for treating infections caused by Coronavirus.

The Company's activities, which operates in strict compliance with the relevant regulations, are influenced by the evolution of the contingent epidemiological situation.

At the present time, for the Company, the effects of the events in progress are causing:

- an increase in wash-hire activities, in particular uniforms of healthcare staff, as well as an increase in equipment compared to what agreed in different centers of use.
- a reduction in production activities in CSSDs due to the fact that many hospitals, in their strategy to contain the virus, have reduced the number of surgical operations scheduled in O.T.;
- possible shifts in production activities between the Group's various operating sites with available production capacity.

The combination of these factors is producing evolving economic effects; the management is monitoring the situation, and this is expected to lead to the definition of additional fees to cope with a different cost dynamic compared to the ordinary nature of current contracts.



3.2 Ethics, business integrity and compliance

The Servizi Italia Group gives particular importance to the monitoring of the risks of non-compliance with rules, in the belief that compliance with relevant laws and regulations is a key element in the conduct of its activities.

Main ethical principles and values are designed to:

- transparency, honesty, fairness, good faith in full compliance with the rules to protect the leading position and reputation of the Company
- involvement of stakeholders 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;
- protection and promotion of human rights;
- protection of individual freedom in all its forms and repudiation of all forms of discrimination, violence, corruption (in all its forms with regard to any public or private entity) of forced or child labour;
- recognition and safeguarding of the dignity, freedom and equality of human beings;
- protection of labour and trade union freedoms, health, safety, the environment and biodiversity.

The Company is convinced that the adoption of the Code of Ethics is a valuable and effective means of raising awareness of all those working or on behalf of the Company so that, when

carrying out their activities, they behave correctly, linearly and in compliance with current regulations. 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 all conduct of the Recipients in the exercise of the functions of their own competence and responsibility, 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 members, members of corporate bodies, managers 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 the Code of Ethics of the Parent Company and its Italian subsidiaries are available on Company's website.

For what concerns external growth activities, Servizi Italia identifies the partners according to the business commercial relations they have in the target foreign countries in compliance with Company's M&A process management procedure.



CONCERNING FINANCIAL YEAR 2019:

- There have been no incidents of corruption ascertained within the Servizi Italia Group in which employees have been 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 the updates of the episodes in progress and recorded in previous years, these are still under investigation and for further details, please refer to the Separate and Consolidated Financial Statements as at 31 December 2019 in the section about ongoing proceedings;
- One report of alleged violations of the OMM.231 and the Code of Ethics was filed. The Supervisory Board started an investigation in accordance with the organisational model and procedures adopted by the company and in this context, the Supervisory Board also availed itself of the advice of independent professionals. As a result of the investigation, no facts constituting offences under Decree 231/01 or violations of the Model emerged.
- One discrimination incident has been recorded and categorized as a discrimination complaint according to the procedures related to SA8000 certification. With regard to single episode recorded, the complaint was examined by the Social Performance Team, generating, with the protection of the reporter, corrective action that included training sessions and organizational changes in the context in which the episode occurred. Periodic monitoring of the effectiveness of the actions taken highlighted the positive resolution of the episode, which did not generate any measures of any kind and/or compensation;

- 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 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 significant monetary and non-monetary sanctions for non-compliance with laws and/or environmental regulations;
- There is no evidence of non-compliance with regulations and/or self-regulatory codes concerning the information and labelling of services which have resulted in a sanction, fine or warning from supervisory 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.



MAIN PERFORMANCES OF THE GROUP





€
262.4
million

**CONSOLIDATED
REVENUES**

€
68.4
million

EBITDA

€
13.8
million

EBIT

€
9.5
million

NET PROFIT

3,625

EMPLOYEES AT THE END OF THE YEAR



4.1 Distributed and generated economic value

The integration of economic, social and environmental choices is a fundamental commitment to create long-term value. 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.

Added value is the higher value that goods and services acquire by the Company itself, as a result of its organisational and production activity; 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 category of stakeholders.

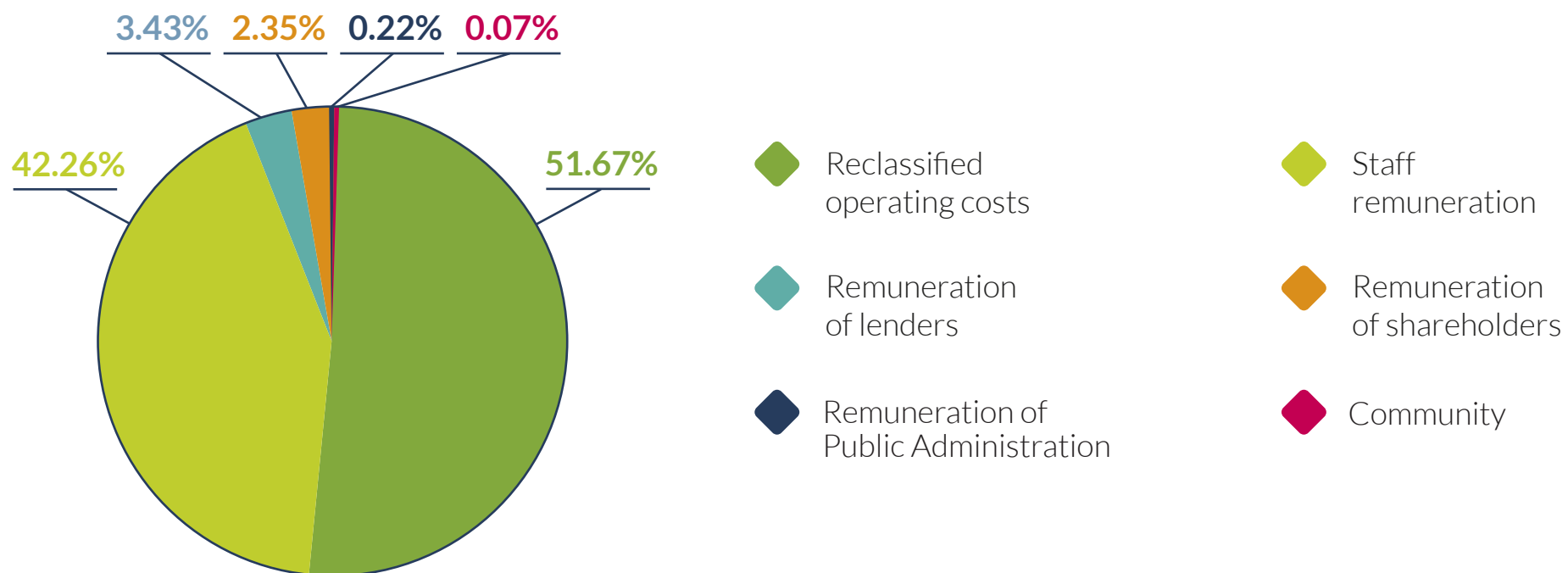
The economic value generated by Servizi Italia in 2019 amounts to Euro 270.9 million.

In recent years, the management of the Group has considered it appropriate to invest resources in structural investments, to consolidate its **leadership position** and to constantly **improve the efficiency of the Group**.

8. The allocation of the economic result for the reporting year corresponds to the allocation of the economic result for the year of Servizi Italia S.p.A. as a dividend that the Board of Directors of the Parent Company will propose to the Shareholders' Meeting.

DISTRIBUTION OF GENERATED ECONOMIC VALUE		
(Euro thousand)	2018	2019
Revenues from sales	250,908	262,403
Other income	5,607	5,140
Financial income	2,081	2,213
Income from equity investments	144	698
Revaluation of investments valued at equity	-704	480
Economic value generated by the Group	258,036	270,934
Reclassified operating costs	106,673	109,473
Raw materials and consumables used	26,633	27,137
Costs for services	78,131	80,495
Other costs	1,909	1,841
Staff remuneration	85,358	89,539
Staff costs	85,358	89,539
Remuneration of lenders	3,197	7,264
Financial charges	3,197	7,264
Remuneration of shareholders	5,610	4,977
Allocation of profit for the year ⁸	5,090	4,453
Profit for the year attributable to minority shareholders	520	524
Remuneration of Public Administration	558	462
Current and deferred taxes	558	462
Community	61	144
Donations, sponsorships and collaborations	61	144
Economic value distributed by the Group	201,457	211,859
Profit for the year attributable to the shareholders of the parent Company to reserves	6,510	4,537
Depreciation and amortization	50,069	54,538
Economic value retained by the Group	56,579	59,075

DISTRIBUTION OF GENERATED ECONOMIC VALUE IN 2019



4.2 Value for shareholders and investor relations

The objective of Servizi Italia has always been, since its entry into the financial markets, to ensure continuous capital creation for its investors, while giving strength the trust relationship between the Company and its shareholders. The Company's economic strategy has ensured value creation through internal and external growth over the years and through a policy of cost reduction and acquisition of other companies active in the same sector, and through a commitment to reorganisation for greater efficiency.

According to the results of the Shareholders' Register, supplemented by the communications received pursuant to Article 120 of the CFA and other information available to the Company 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 31/12/2019		
DECLARANT	DIRECT SHAREHOLDER	% OF ORDINARY SHARE CAPITAL
Coopservice S.Coop.p.a.	Aurum S.p.A.	55.334%
Steris Corporation	Steris UK Holding Limited	5.903%

With regard to the distribution of net profit, from 2007 to 2018, the Board of Directors of Servizi Italia proposed to the Shareholders' Meeting to distribute an ordinary unit dividend, gross of withholding taxes, to shares in circulation and excluding treasury shares in portfolio. In fact, Servizi Italia S.p.A. has always proposed to the shareholders, who have approved, the distribution of profit on the basis of a pay-out of about 40%. For the year 2019, the Board of Directors has proposed to the Shareholders' Meeting to distribute an ordinary unit dividend, gross of withholding taxes, equal to Euro 0.14 to the shares in circulation at the coupon detachment date, excluding treasury shares in portfolio.

Servizi Italia considers **financial communication** to be of fundamental importance in building a relationship of trust with the financial market; clear and transparent commu-

nication, as well as being a duty to the market, represents the possibility of establishing a continuous dialogue with its shareholders, in full compliance with current regulations. In particular, the Investor Relations department promotes a continuous dialogue with institutional and individual 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 2019, the investor relations team held several individual and Group meetings with analysts and investors and organised guided visits to production sites of sterilisation plants and industrial laundries for shareholders and potential investors who so requested. During the reporting period, the Company met investors by attending the "STAR Conference" in London organized by Borsa Italiana and also entrusted Midcap Partners (Appointed rep by Louis Capi-

tal Markets UK, LLP) with the task of conducting a research study published on 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 specific, accessible and easily identifiable sections there are news of relevance for shareholders in order to allow them to exercise their rights in an informed manner. Good financial communication work helps to create and strengthen the relationship between Company and investors; effective and clear information is a prerequisite for establishing a solid and lasting relationship between them.



THE VALUE OF PEOPLE



The growth and exploitation of people, the protection of health and safety at work, the creation of a positive working environment that offers equal opportunities for all on the basis of merit, the development of professional and managerial skills are the essential components of the work of the Group.

Servizi Italia respects the dignity of each individual and offers equal opportunities at all stages and in all aspects of the employment relationship, avoiding any form of discrimination that may arise from differences in sex, age, state of health, nationality, political or religious opinions.

Attention to the Group's people passes also by careful welfare management, with a commitment to ensuring that employees receive a fair salary that allows their families to enjoy well-being and social serenity, as well as promoting initiatives or non-monetary benefits aimed at increasing employees' well-being.

For the type of services provided by the Group, the resources devoted to corporate and thus indirect activities are in line with the real needs of the processes that need to be ensured for the good functioning of the business. Most of the production resources are devoted to the activities of industrial laundry, sterilization and distribution of the products covered by the services.

During 2019, the Company started and successfully completed the SA8000 certification process, based on the principles of the International Labour Organization (ILO) conventions, the Universal Declaration of Human Rights and the United Nations Convention on the Rights of the Child; in line with the International Standard, relations with employees are managed with respect for human and labour rights and in full compliance with the labour regulations in force in the countries where the Group operates.

5.1 Recruitment and employment

As at 31 December 2019, the Group counts **3,625 employees** (3,623 in 2018), 90.3% of whom are blue-collar workers, 7.9% white-collar employees, 1.3% middle-managers and 0.5% managers.

The staff selection and hiring process is governed by specific procedures and the selection of employees is carried out on the basis of 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 2019 1,030 resources were hired throughout the Group, with an incoming turnover rate of 28.41% and an outgoing turnover rate of 31.34%. As regards the Group in Italy, 2019 was characterised by the presence of more terminations than 2018 due to a combination of causes:

- The Dignity Decree (Decree Law 87/2018 converted by Law 96/2018) has restricted the use of fixed-term contracts both by limiting their duration and reintroducing the obligation of causation after the first 12 months. As a result of a reduction in production volumes, conditions for stabilizing all expiring contracts were no longer existing;
- The production site in Arco di Trento (Italy) shew the greatest variation in terminations (77 in 2019 and 11 in 2018 for a total delta of 66 terminations), due to the fact that at the production site, dealing with textiles of a hotel nature, seasonal labour is in use;
- The production site in Ariccia (Rome, Italy) shew a significant variation (35) in terminations (37 in 2019 compared to 2 in 2018) due to the non-award of Lazio Region tender;
- In Turkey, the Company Ergulteks has ceased production activities at the Kemalpacha laundry plant moving them to another site in Sarnic, which has changed the work organization and increased the workforce with an additional shift. In addition, new resources has been hired at Bilkent laundry production site in Ankara.

Servizi Italia generates 'good employment' by providing a stable and continuous working relationship because it is an intensive capital service company spread over much of the territory in the countries where it operates and because it carries out activities involving services essential to the community.

59% of the Group's employees as at 31 December 2019 are women and 41% are men. The prevalence of women's work (linked to the type of service offered) is a characteristic of Servizi Italia, which can also be read in terms of its impact on local communities as it generates long-term relationships, as evidenced by the high percentage of permanent employment (96%) recorded by the Group.

For further details on the Group's performance, please refer to the Annexes section.

5.2 Employee listening and change management

The internal dialogue and consultation initiatives within the Servizi Italia Group aim at bringing employees closer to top management, informing them about the economic performance and presenting strategic planning; for this reason, meetings are organised on a regular basis, focusing on economic and financial performance, results achieved and future objectives. The website, mailing lists and Company notice boards, make the staff aware of Company events concerning quality, safety and environmental issues and production trends.

The organisational model adopted by the Company takes into account the functions and roles that allow to follow the international development strategy and the diversification of services provided. With regard to the sizing, 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 on the basis of 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. A performance bonus based on indicators of economic performance and productivity has been included in Company's supplementary agreements between companies and the trade unions. 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:

- linking the remuneration of key corporate resources to the actual performance of the Company, to the management of sustainability issues and to the creation of new value for the Servizi Italia Group, as also encouraged by the Corporate Governance Code for listed companies;
- orient 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 2019”.

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 regularly conducts a remuneration placement analysis for the leading positions and key positions of the Company (divided into managers, executives, employees) by conducting a benchmark analysis with respect to the target market, with the help of specialised supplier and/or market surveys published by recognised sources.

The analysis takes as a reference the market by considering a basket 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 analysis of job description, purpose and responsibility of the role), in order to make the comparison homogeneous also between different companies.

The remuneration structure, on which the survey was conducted, is based on two components that define the Overall Remuneration:

- Gross Annual Remuneration (italian: RAL): 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. The objectives may, therefore, be both quantitative, i.e. numerical objectives (absolute values, percentages and/or indices), and qualitative (in any case 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 produced;
 4. the respect of project times and quality of output;
 5. customer satisfaction reducing any contractual penalty or complaint;
 6. projects/activities/initiatives relevant to some of the 17 Sustainability Development Goals SDGs identified by the Group and for which policies, strategies and actions/ commitments are implemented in the Sustainability Plan.

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 assess any changes in remuneration to be made in relation to the previous financial year, compares with:

- the Chief Executive Officer or Executive Committee and Nominating and Remuneration Committee, in respect of the remuneration of Strategic Directors;
- the Chief Executive Officer or Executive Committee and Chief Operating Officer in relation to the remuneration of Senior Managers, Middle Managers, Special/Key figures;
- the heads of department of the Company organisation in relation to the remuneration of the employees/operations.

It should be noted that, with regard to operational personnel, any increase in the remuneration component may occur, in addition to the application of the national collective agreement, for the payment of the performance bonus (variable component) upon achievement of the objectives set in the existing second-level trade union agreements.

5.4 Training and development of employees

People are the most important factor for the growth of the Company, which is committed to promote their professional development, paying attention to the quality of the working environment, 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 refresher and training programs defined on the basis of an analysis of the specific needs of the people and innovative methods and activities able to ensure adequate training with respect to the skills required by the role.

In 2019, the Group provided a total of 11,709 hours of training, equal to 3.23 hours per employee. 84% of training hours involved workers, while 16% involved the remaining qualifications.

The training interventions were aimed at ensuring the constant updating of all staff, supporting the professional growth of junior figures and enhancing the skills of the roles of responsibility, in the knowledge that training is a strategic lever for the growth of the Company.

In 2019, the identification and maintenance of the succession tables provided for in the succession planning process and the related implementation of individual development plans for resources with roles considered strategic and/or key figures were carried out.

The chart below reports the **main training areas** divided by geographical area:

AREA	TOPIC
ITALY	Managerial, provided for in the individual development plans of resources with roles considered strategic and/or key figures. Professional technology and technical systems. Occupational Health and Safety, Environment and Quality SA8000, UNI EN 37001 certification systems and regulations in general.
BRAZIL	Professional technology and technical systems. Occupational Health and Safety, Environment and Quality
TURKEY	Professional technology. Health and Safety at workplace

5.5 Equal opportunities

The Servizi Italia Group has made concrete its commitment to the protection of **diversity, equal opportunities and non-discrimination** through the adoption of a Code of Ethics for all Italian, Brazilian and Turkish companies and full compliance with the regulations in force in each country where Servizi Italia is present.

Since 2013, Servizi Italia and the trade unions Filtcem Cgil, Femca Cisl and Uiltec Uil signed the agreement that provides for the extension of marriage leave to homosexual couples in the territory of Castellina di Soragna and Florence, with the aim of extending the possibility to all employees to work in the other national production sites of the Company. This is one of the first agreements of this type approved in Italy where the parties reject any logic of discrimination in terms of sexual orientation.

As far as parental leave is concerned, the companies guarantee equal access conditions for men and women in the countries where the group operates, in compliance with the local regulations in force.

In 2019, 22 men and 90 women took parental leave, with a rate of return to work on 31 December 2019 respectively of 95.24 % and 91.53 %.

5.6 Health and safety in the workplace

The Servizi Italia Group is strongly committed to take care of the safety and health of its employees, customers and community as a whole. Health, safety and psycho-physical 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 plants where it 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;
- the 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 assessment of all health and safety risks and the adoption of a systematic approach to eliminate them at source or, when not possible, 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 safety and working activities ensuring the best conditions of health, safety, comfort and well-being;
- the rigorous selection and management of contractors and suppliers and the promotion of their involvement in programs for continuous improvement of safety performance;
- constant attention to communities, and to all those who operate or come into contact with Group's activities through the sharing of 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.

For implementing its mission and corporate policy, the Parent Company is equipped with a Health and Safety Management System in compliance with UNI 45001 which is based on 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 Servi-

zi Italia staff and the staff of the contractors working in the subsidiaries and provides for what follows:

- 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.



ITALY

In Italy, in 2019, the Internal Auditing activities carried out by the managers in charge in compliance with the annual audit plan continued and they were mainly aimed at assessing and improving the efficiency of the organisation in terms of health and safety at work; in the same way, third-party audits were carried out by the certification bodies in order to issue the health and safety certificate of conformity, with positive results.

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 takes 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.

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 routine and extraordinary work activities, i.e. the dangers that may cause accidents to the worker, with "acute" effects, and the dangers that result in occupational diseases, industrial hygiene risks, with "chronic" effects.

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 a 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. These risks have been identified through an analysis of the main events that have occurred in the last 3 years, considering all types of accidents that have occurred at work (death, amputation, fracture, hernia or stress injury, burns, etc.). In particular, mechanical hazards and road accidents are associated with the main risks capable of causing work-related injuries with serious consequences, i.e. accidents from which the worker cannot recover, does not recover or it is unrealistic to expect him or her to recover completely by returning to the state of health prior to the accident within six months.

In terms of frequency of occurrence, in 2019 the Group recorded a work-related injury rate of 21 work-related injuries, based on 1,000,000 hours worked, up by 16% compared to 2018 for employees and 27 for external collaborators⁹, down by 45% compared to 2018.

During 2019, the Servizi Italia Group recorded a fatality involving an employee of a Group subsidiary, caused by a road accident with a Company's vehicle. In addition to what done by the Authorities, the Company conducted an analysis of the probable causes that may have contributed to the occurrence of the event, without detecting factors and/or causes and/or omissions directly attributable to it. For 2020, the Company has planned a training plan on Safe Driving, with the aim of increasing the level of safety of travelling workers, by increasing sensitivity and respect for road driving.

Also in 2019, the Group in Brazil suffered an accident with serious consequences, i.e. an irreversible injury (amputation), as a result of a mechanical risk. The analysis conducted to find the cause of the event revealed that the injured party did not apply a work procedure. The actions taken to eliminate or reduce this danger to a minimum concerned the awareness and educational process of the personnel directly involved in the activities related to the accident, passing through the sharing of causes and human errors triggering the damaging event, training and educating on the correct procedures and working methods.

In addition, several initiatives were carried out in 2019 to strengthen the system of controls, including on contractors, and the integration of business areas and health and safety functions, in order to identify potential risk areas and prevent the occurrence of accidents.

For details on the Group's performance, please refer to the Annexes section.

9. The data relating to the Health and Safety of external collaborators include only the category of the Administrators and no other kind of non-employee workers who operate at Group sites and/or under the Group's control, in view of their significance and the availability of such data over which the Group does not exercise direct control.

5.7 Welfare, well-being and social serenity

The Group offers its employees a package of benefits in line with current market practices and differentiated according to organizational logic. Attention to the Group's people is also focused on careful welfare management, with a commitment to ensuring that employees receive a fair salary that allows their family members to enjoy well-being and social serenity, as well as encouraging initiatives or non-monetary benefits aimed at increasing the employee's well-being. This includes all the equipment for work activities such as Company cars, laptops and mobile phones, as well as resources intended to meet the social, welfare and welfare needs of employees.

In **Italy**, corporate welfare provides:

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

In 2019, a Company welfare platform called "FlexBenefit" was activated and it enables employees to convert the share of variable remuneration linked to performance bonuses into flexible benefits on a voluntary basis. A total of 115 employees have chosen to convert the 2019 award of the year into welfare and almost all of them are white-collar employees.

Benefits available through platform are

- a. Social security: employees can allocate their welfare account, in whole or in part, to the pension fund to which they are enrolled, requesting the payment of supplement-

tary amounts to their fund;

- b. Education: possibility to generate a voucher or request reimbursement of school expenses (tuition fees, tuition fees, school books, summer-winter campuses and ancillary costs such as canteen, pre-school, transport) for schools of all levels, both public and private, through your own welfare account;
- c. Assistance to children, elderly and non-self-sufficient people: possibility to choose from the platform's network, service providers (e.g. baby sitters, kindergartens and baby parking, carers, nurses, specialized social workers, nursing and rest homes, day care centres) for their families;
- d. Personal and professional training: possibility to use your own welfare account to generate vouchers for the purchase of training courses on the following topics: languages (including outdoor stays for families and professionals), personal development & coaching, management and leisure courses;
- e. Travel and Leisure: the purchase of packages, activities and experiences related to leisure time through numerous physical and online travel agencies. The welfare account can also be used for courses such as cooking, photography, art, etc;
- f. Sport & Wellness: purchase of vouchers that can be spent in gyms, sports centres, swimming pools.

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 groceries;
- Prepaid cards for meals, used to buy ready meals during

working hours;

- Prepaid cards for travel expenses between residence and work and vice versa;
- Company car in compliance with the car policy and provided for certain levels of professional classification;
- Supplementary healthcare;
- Conventions aimed at employees with local authorities and/or facilities of interest.

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



5.8 Industrial relations

During 2019, dialogue continued with trade unions and workers' representatives at Company level, with the aim of arriving at shared solutions to meet changing market needs, through the identification of measures aimed at increasing flexibility in work organisation and rationalising the workforce with a view to greater efficiency and integration.

With this in mind, in view of the non-award of the call for tenders launched by the Region of Lazio, referred to in the Significant Events and Operations, the Human Resources Department prepared a plan to safeguard employment levels and prevent the closure of the Ariccia (Rome) plant during the abovementioned period.

As a result of the joint examination pursuant to Article 4, paragraph 7, of Law 223/91 at the Lazio Region, the measures that have allowed the reduction of the total number of redundancies through a reduction in contractual working hours and incentives for leaving were identified.

During the 2019 financial year, the Human Resources Department, in compliance with the new SA8000 standard, started a discussion with the Trade Unions to promote and make operational the Social Performance Team (SPT) committee, which is responsible for:

- conduct a formalised risk assessment of the SA8000 standard;
- monitor activities;
- collaborate in the application of corrective and preventive actions and in the verification of effectiveness.

In 2019, the Human Resources Director took part in the negotiating tables with the Trade Unions, actively collaborating in the promotion of an innovative industrial policy, paying particular attention to the issues of labour costs and contractual dumping, in order to safeguard the high quality standards of production that have always been a distinctive feature of the Company.

In the Italian territory, Servizi Italia S.p.A. applies the National Collective Labour Agreement for workers and clerical staff of the companies of the integrated industrial system of textile and related medical services signed by Assosistema and the Trade Unions Femca-Cisl, Filctem-Cgil and Uiltec-Uil, it should be noted that on 17 July 2019, negotiations for the renewal of the National Collective Labour Agreement for the category were started. On the other hand, the National Collective Bargaining Agreement for Industry Executives is applied to managerial staff.

In addition, the Human Resources Department of the parent Company liaised with the territorial Trade Unions and the RSU, for signing second-level agreements concerning Result Bonuses, agreements that provide for a portion of variable remuneration directly and systematically correlated to the results achieved and the possibility for employees to benefit from Company welfare services.

With regard to second level agreements, for the Italian territory, Servizi Italia has not signed a supplementary Group agreement, considering that the growth of the Company over the years has taken place through acquisitions and the agreements existing locally, still present economic differences, at present, which are difficult to standardise. Therefore, on all production sites, there are agreements that provide for a portion of variable remuneration directly and systematically correlated to the results achieved.

The Company Steritek S.p.A. applies the CCNL Commercio Confesercenti; while the companies 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.

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. There is also a variable portion of remuneration linked to Company results (e.g. PLR).

In **Turkey** the Group companies do not have a specific ca-

tegory contract and apply Labour Law No. 4857/2003 and subsequent amendments. According to the law, 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.





ENVIRONMENTAL SUSTAINABILITY



Environmental sustainability, as well as technological innovation and customer satisfaction, is one of the founding values on which the Group's policy is based in the various geographical areas in which it operates.

Water, the main public good, is a significant environmental aspect for the Group's activities and business processes and must therefore be managed in a sustainable manner. For this reason, 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 withdrawals and special waste decaying from production processes. To this end, for years the Company Servizi Italia S.p.A. has implemented a solid environmental management system, constantly updated and certified in accordance with UNI EN ISO 14001.

The Group's commitment to reduce its environmental footprint and transparent communication is also renewed with the Group's medium/long-term commitments on climate change, the initiatives and results listed in the 2020-2022 Sustainability Plan, which include, among other things:

- Plastic free projects for the promotion and purchase of water bottles for employees of the different sites
- Investments in technologically advanced and interconnected lockers/distributor cabinets that allow the automatic distribution and storage of textile goods equipped with passive RFID tags where in use and therefore to optimize the daily delivery/collection routes and trips made by vehicles;



- Assessment of environmental impact of services offered, by means of LCA (Life Cycle Assessment) methodology in accordance with ISO 14040-44 standards and the obtaining of EPD (Environmental Product Declaration) certification for services concerning the category of products in cotton and reusable technical fabric. The activity makes it possible to identify the environmental impacts generated throughout the entire life cycle of the services offered;
- Iter for the achievement/renewal of EMAS (Eco-Management and Audit Scheme) registration for organisations wishing to engage in assessing and improving their environmental performance, in accordance with EC Regulation 1221/2009, EU 1505/2017 and EU 2018/26.
- Assessment of environmental footprint, expressed in terms of Water Footprint and Carbon Footprint.
- Implementation of an energy management system in compliance with UNI EN ISO 50001 standards and start of the certification process of this system by a third party for 60% of Italian production sites.

During 2019:

- 62% of the volumes processed in Italy for the lavender sector were located within EMAS registered sites.
- 100% of the Italian sites hosting the wash-hire and sterilization services have certified their environmental management system in compliance with UNI EN ISO 14001:2015 by an independent third party.

6.1 Energy consumption

Within the Servizi Italia Group, the Company's technical management has for some time now started a specific path oriented towards energy efficiency, with the aim of reducing energy consumption per unit of product processed. The strategic efficiency lines followed have involved the self-production of electricity, through the installation of a cogenerator at the Castellina site and the start of a feasibility study for a similar plant at the Genoa Bolzaneto site; the study and implementation of specific activities to control the efficiency of compressor rooms and compressed air leaks; the installation of new generation LED lighting systems. The Group's sites also periodically carry out analyses and comparisons of the specific consumption of the energy resources used, methane gas (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. These interventions, at the Italian production sites, have allowed and still allow the achievement of energy efficiency certificates, also known as white certificates, which imply the recognition to the Company of an economic contribution, thus representing an incentive to reduce energy consumption in relation to the goods distributed.

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 2019, an energy management system in accordance with the UNI EN ISO 50001 standard was implemented at the Group's Italian sites and the process for its certification

began, which will be completed within the terms set out in the 2020-2022 Sustainability Plan. This activity attests the Group's commitment to energy saving, defining an Energy Efficiency Plan aimed at reducing consumption and improving the energy efficiency of plants.

The Group's energy consumption increased by approximately 12.91% in 2019 compared to 2018. This increase is linked to the acquisition in the Group of Wash Service S.r.l. and Ekolav S.r.l., which operate through 4 laundry production sites, the start-up of a new site in Turkey and the new sterilisation plant in San Paolo-Brazil. Comparing the energy consumption of Servizi Italia's production sites on a like-for-like basis, compared to 2018, there was a 2% reduction in total energy consumption, consistent with the specific path taken towards energy efficiency.

For further details on the Group's performance, please refer to the Annexes 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. The Group, through its technical management and in full partnership with transport service providers, has over the years consolidated its own logistical distribution model capable of achieving the best compromise between punctuality and quality of customer service and the minimization of daily delivery/collection routes and journeys. The Group has invested and will continue to invest in technology in order to have technologically advanced and interconnected lockers/cabinets at its customers' facilities that allow the automatic distribution and storage of textile goods equipped with passive RFID tags in the places of use and therefore to optimize the daily delivery/pick-up routes and trips by vehicles.

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, during 2019 there was an increase of 5.05% compared to 2018, associated with the expansion of the Group's participation chain, the awarding of contracts and the routes travelled for the distribution logistics of textiles and medical devices.

For further details on the Group's performance, please refer to the Annexes section.

6.2 Atmospheric emissions and GHG

Polluting emissions into the atmosphere

The Group maintains a high commitment to controlling 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 from combustion plants used to produce technological steam. At the Italian sites, all steam generators have been fuelled with natural gas for years, thereby minimizing emissions of sulfur oxides and dust into the atmosphere.

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.

For the control of the above mentioned emissions, at all the sites are periodically carried out activities of regulation and calibration of burner combustion, specific analyses of gaseous effluents conducted by external laboratories and continuous monitoring of flue gas quality by means of probes.

With regard to total NOx emissions, the consolidated 2019 figure shows a 38.8% increase compared to 2018. These figures are justified by the extension of the Group's participation chain and therefore by the additional reporting of 4 laundry sites, the start-up of the Workwear laundry production site in Barbariga (BS) and the Bilkent laundry site in Turkey.

For further details on the Group's performance, please refer to the Annexes 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.

Quantified CO₂ equivalent emissions are divided by:

- direct emissions - *scope 1*, attributable to the combustion of methane, 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* coming 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 2019 is 45,105 tonnes of CO₂ equivalent for Scope 1, 10,997 tonnes for Scope 2 (location based) and 3,911 tonnes for Scope 3.

The total (Scope 1 + Scope 2 Local based) tonnes of carbon dioxide equivalent in 2019 shows an increase of 1.15% compared to 2018, in parallel with the increase in energy consumption introduced above. Considering Scope 2 (location based) emissions alone, on the other hand, there was a reduction in tonnes emitted in 2019 compared to 2018, equal to approximately -0.46%. Comparing with the same perimeter, total of equivalent carbon dioxide emissions (Scope 1 + Scope 2) coming from the production sites of the Group, compared to 2018, register a reduction of -1.67%, in line with the Group's objectives relating to the rationalisation of the use of energy resources and, in particular, the

start-up of a cogenerator for the production of electricity at the Italian site of Castellina di Soragna (PR).

For further details on the Group's performance, please refer to the Annexes section.



6.3 Management of water resources

Water supply and use of water in production process

The water supply at the sites of the Servizi Italia Group constitutes a significant environmental aspect for the activities and business processes. At the Group's production sites where industrial water laundry, washing and steam sterilization of surgical instruments, sanitization of mattresses and pillows, the Company uses underground water resources supplied by wells or water from public water mains. In order to meet the specific water demand peaks for the washing processes, water from wells or water from aqueduct is stored in storage tanks and, before being used in the production cycle, it is softened by ion exchange resin softeners. Following the softening process, the softened water is sent to the storage tank for use in the distribution line to the washing machines and the osmosis plant for the steam production line. The feeding capacity of the machines used for washing is adjusted and fractioned appropriately for each working phase and type of product being washed. The possible activities carried out within the group's plants consist of:

- Washing, disinfecting and ironing "flat" linen (sheets, crossbars, blankets and bedspreads).
- Washing, disinfection and ironing of "packaged" linen (uniforms, gowns, etc.).
- Sanitation of mattresses and pillows.
- Washing and sterilization of surgical instruments.
- Washing and sterilization of operating room cloths.

The water is used as a primary fluid for cleaning and washing laundry, mattresses and surgical irons and for feeding steam generators. For the production of steam is used the water taken from the well or the aqueduct, after osmosis

process.

The management of water resources is one of the environmental aspects considered 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 which are 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 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 54% of the water consumed at the Group's sites affects areas characterised by high to extremely high water stress levels, 68% of which is from wells and 32% from aqueducts. During the granting of groundwater pumping authorizations, technical reports were presented by geologists, experts in the field, aimed at assessing the quantities of water that can be withdrawn for industrial use, in order to avoid water stress conditions for the aquifers on which the abstractions were insisting. 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 withdrawals, 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 withdrawal represents a point of Company attention included in the management and process control, also in terms of greater efficiency. Every year the management approves environmental improvement plans, which include specific objectives associated with water withdrawal. These objectives mainly concern the recovery of the resource where possible and its rational use. An example is the installation at the Genoa site of a pilot plant for tertiary wastewater treatment, downstream of the biological treatment, which allows the recirculation of part of the wastewater for use in the washing process, instead of sending it to the final discharge. With the new treatment section, it has been possible to achieve a wastewater recovery of about 60% under optimal conditions, with a con-

sequent substantial reduction in the volumes of drinkable resources taken from the aqueduct. Another example is represented by the construction of a well at the Montecchio Precalcino site for the drainage of groundwater for industrial use. This intervention allows to have a greater control over the water supply, avoiding the dispersions associated with public water networks (loss rate estimated by ISPRA between 15 and 30% in the Veneto region) and not resorting to urban hydro-potable resources for industrial use.

Other investment objectives concern the replacement of obsolete washing machines with recently built machines that allow a greater recovery of the water resource during the washing phases themselves. An initial intervention in this sense was carried out at the Travagliato site, where the water withdrawal per kg of laundry was reduced by 20%. This means that the above-mentioned 20% of water needed for the treatment of the items, rather than being taken from the well, is continuously recovered from the clean water of some washing phases that would otherwise go to the drain. A second similar intervention will also be carried out

at the Pavia di Udine site by 2021, providing for a recovery of the water resource compared to the current machinery up to about 65%.

Water withdrawal in 2019 amounted to 2,109 megaliters, up by 11% compared to 2018, due to the expansion of the Group's perimeter and the contribution of new production sites in Italy and abroad.

For further details on the Group's performance, please refer to the Annexes 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 withdrawal aspects can be:

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

At Group's sites, the Water Usage calculation shows that about 80% of water use is attributable to water used directly for production purposes, while the remaining 20% is mainly accounted for by the consumption of water for the production of electricity and the various chemicals used for the treatment of linen or surgical irons. It is therefore relevant in order to optimize the main use of water in respect of final quality, interaction with customers and their awareness. Servizi Italia through different instruments (non-conformities, specific meetings, etc.) constantly raises the customer's awareness so that it can help the Company to avoid water wastage associated essentially with the rework, caused by the customer's incorrect behaviour in sending the goods in a non-compliant manner. Considering the case of laundries, for example, between 10 and 40 litres of water are required on average for the treatment of each kg of laundry, depending on the type of article and machinery. In the case of re-laundry, these quantities obviously double, resulting in a significant water withdrawal per unit of pro-



cessed article. The action on “customer” stakeholders in this case is the most significant.

Liquid effluent and waste water 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.

Water decaying from activities belonging to the sector in which Servizi Italia operates is mainly characterized by surfactants, nitrogen compounds, suspended solids, chlorides. 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.

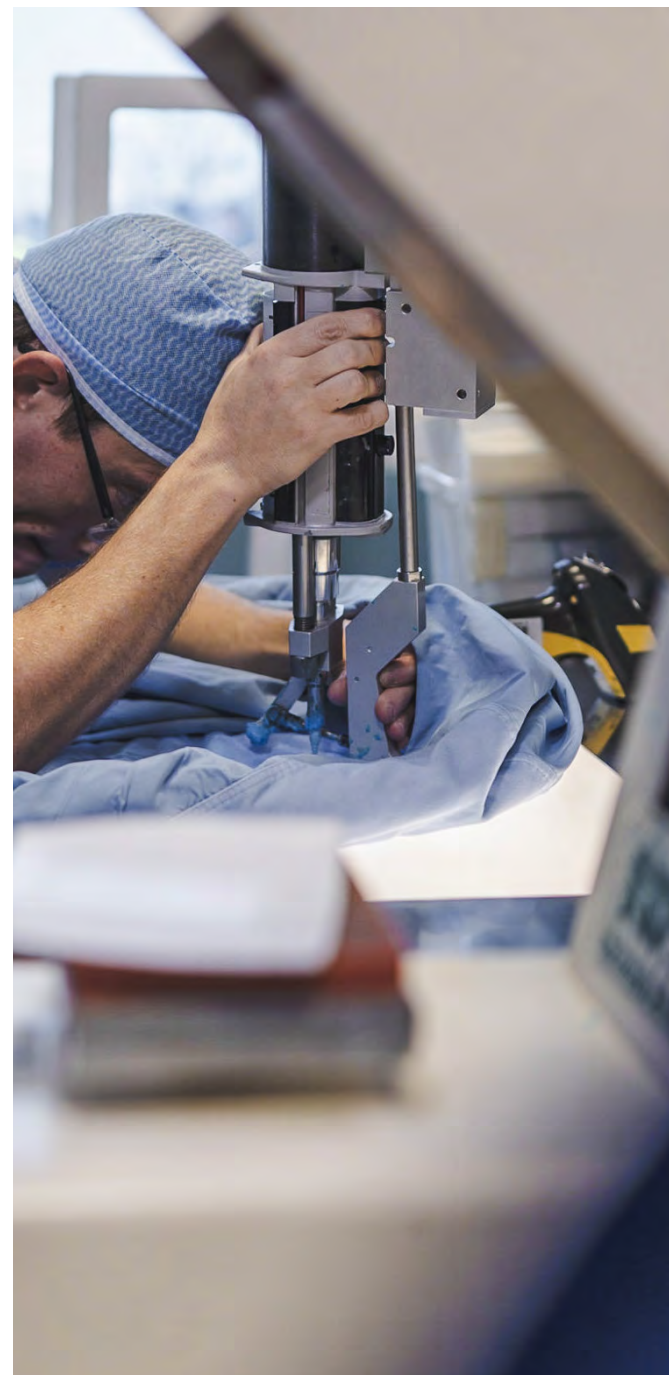
The Group confirms its commitment to controlling the quantity and quality of water discharges deriving from its activities, in compliance with mandatory regulations and internal objectives consistent with its environmental management system. The production sites located in the various countries are equipped with internal wastewater treatment plants, which bring outgoing water in compliance with the values provided for in the site authorization measures and

the binding regulations on the subject, both in the case of discharge into surface water (equal to 36%) and in the case of discharge into the sewerage system (equal to 64%).

In order to guarantee the established level of wastewater quality, chemical analyses 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 increase in water withdrawn at group level, there was an increase in water discharges of 14%, from 1,612 megalitres in 2018 to 1,839 megalitres in 2019.

For further details on the Group’s performance, please refer to the Annexes 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 the linen to be treated and packaging 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 2019, packaging consumption amounted to 1,158 tons, 1,019 of which are plastic packaging and 140 are paper and cardboard, with an overall increase compared to 2018 of 6% due to the expansion of the Group's perimeter and therefore the additional reporting of 4 laundry sites, the start-up of the Workwear laundry production site in Barbariga (Brescia, Italy) and the Bilkent laundry site in Turkey.

For further details on the Group's performance, please refer to the Annexes 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 which comply 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. In particular, during 2019, two Ecolabel certified washing lines were tested at two Italian production sites.

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 2019 there was an increase of 27.3% compared to 2018, linked to the expansion of the Group's chain of ownership and therefore the additional reporting of 4 laundry sites, the start-up of the Workwear brand laundry production site in Barbariga (Brescia, Italy) and the Bilkent laundry site in Turkey.

For further details on the Group's performance, please refer to the Annexes section.

6.5 Special 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 with the

utmost care the suppliers of the final disposal/recovery service. The percentage of waste sent for disposal rather than recovery is strongly conditioned by the nature of the waste itself. It is specified 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.

There was a 3.3% reduction in waste production compared to 2018.

For further details on the Group's performance, please refer to the Annexes section.



SOCIAL SUSTAINABILITY



7.1 The supply chain

The Group's relations with its suppliers are based on loyalty, impartiality, ethics and transparency towards all parties involved. The Group believes in the collaboration between the Company and its suppliers as a factor of development and has adopted its own Supplier Code of Conduct in order to strengthen its presence within the ESG in the supply chain.

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

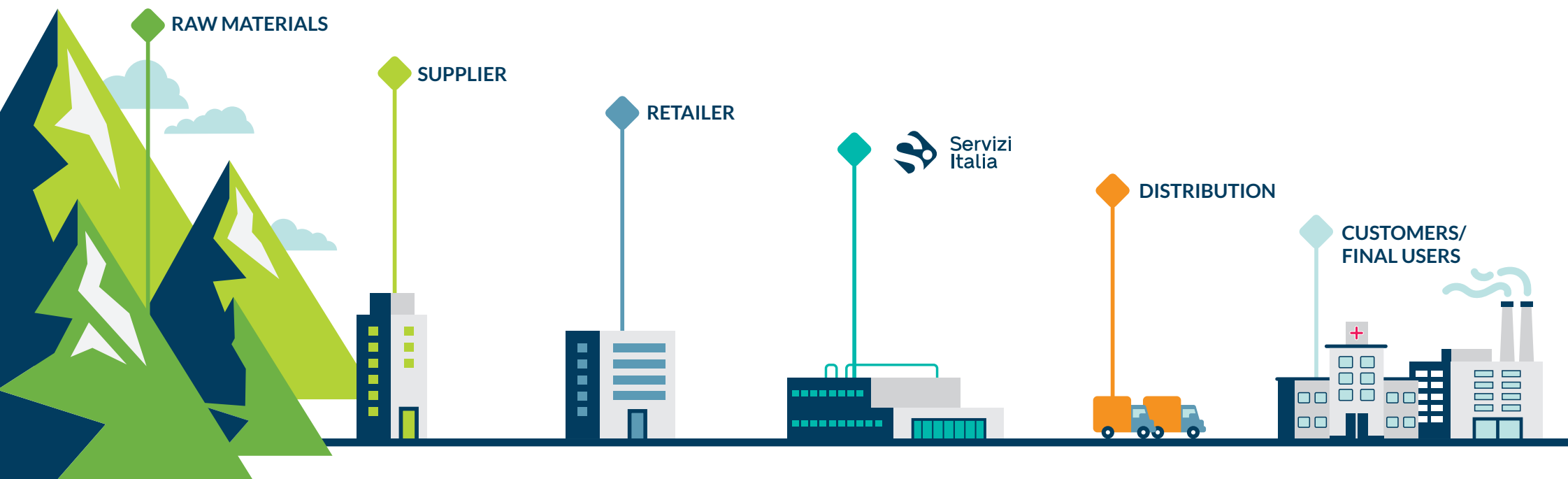
The Servizi Italia Group considers that the objectives and the Sustainable Growth Strategy of the Group are a commitment which does not stop within the organisation, but which should involve all the actors connected with it in a positive manner. From this point of view, starting with the qualification phases, a questionnaire is submitted to suppliers to assess the degree of maturity in relation to ethics, human rights, working practices, environmental sustainability, safety at work and anti-corruption issues.

Any action by the Group is therefore 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 on the basis of com-

mon 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 Company's procurement policy aims to align suppliers at all locations as much as possible, preferably maintaining at least three suppliers for each product/product category.



The main products/services to be supplied by the Group's are divided into the following product categories::



1. DURABLE GOODS

Textiles, surgical instruments, machinery, equipment, etc.)



2. CONSUMABLES

Chemicals, spare-parts, packaging, etc.



3. SERVICES

Transport and distribution logistics, wardrobe management, technical services, work administration, etc.

During 2019, the Servizi Italia Group has registered 4,882 suppliers, mainly Italian, for a total expenditure of about Euro 196.5 million.

SPENDING ON LOCAL SUPPLIERS IN 2019 (IN THOUSANDS OF €)¹⁰

	2019				2018			
	ITALY	BRAZIL	TURKEY	GROUP	ITALY	BRAZIL	TURKEY	GROUP
Local suppliers spending ¹¹	164,455	24,540	5,040	194,035	134,331	21,318	3,753	159,402
Total purchases	166,033	25,408	5,045	196,486	134,828	23,377	3,759	161,963
Percentage on total	99.05%	96.58%	99.91%	98.75%	99.63%	91.19%	99.84%	98.42%

NUMBER OF LOCAL SUPPLIERS IN 2019

	2019				2018			
	ITALY	BRAZIL	TURKEY	GROUP	ITALY	BRAZIL	TURKEY	GROUP
No. of local suppliers	3,148	1,114	555	4,817	1,932	1,010	456	3,398
Total number of suppliers	3,201	1,125	556	4,882	1,950	1,020	457	3,427
Percentage on total	98.34%	99.02%	99.82%	98.67%	99.08%	99.02%	99.78%	99.15%

10. The monetary value per supplier is calculated net of inter-Company and includes VAT for all reference countries. Data relating to the number of suppliers have been restated with respect to those published in last Non-Financial Declaration. For previously published data please refer to the Sustainability Report 2018.

11. In the definition of spending on local suppliers, the different geographical areas to which the group companies belong (Italy, Brazil, Turkey) have been considered as local..

7.2 Customers

As part of its strategic planning, the Group diversifies and widens the services offered, with dedicated brand-images, within healthcare, industrial, community services, hotel and catering market areas. The Group operates in different market areas in order to satisfy customer demand and final users' needs:

Market area	Type of customer	Type of service
Healthcare	Hospitals, clinics, university hospitals, scientific institutes, nursing homes, retirement homes, clinics, specialist centres etc.	<p>Hiring and laundry treatment of textiles for dressing patient units (sheets, pillowcases, mattresses) and staff (gowns and work uniforms); supply of high visibility PPE, dressing operators with anti RX gowns (PPE), laundry service for guests' clothing and nursing home staff, supply of disposable products and provision of "dynamic pressure devices" for the prevention and/or treatment of pressure sores.</p> <p>Rental, treatment and sterilization of textile medical devices assembled in kits (for dressing patient operating unit, dressing medical and health personnel in the operating room, TNT supplies) and surgical instruments assembled in kits (surgery and disposable supplies to complete the kit);</p> <p>Services for clinical engineering subject to tender specifications for the validation of biomedical instrumentation, autoclaves.</p> <p>Supply of non-woven and economy products of various kinds covered by the specifications for the awarding of public tenders.</p> <p>Coordination, design and "turnkey" supplies of O.T. and CSSDs, global service and project financing (PPP).</p>
Community and industry	Public and private facilities (schools, prisons, police and military, schools, social and religious communities, industrial, commercial and service activities), whose staff, for hygiene, safety or image reasons, must wear work clothes, uniforms and personal protective equipment.	<p>Rental and laundry treatment of work clothes, uniforms and high visibility personal protective equipment, general supplies and disposable products.</p> <p>BRAND WORKWEAR.</p>
Hotel and restaurants	Hotels and accommodation facilities in general, collective and commercial catering and other accommodations.	Rental and treatment of textiles for dressing the sleeping place and textile bath set for hotels, setting up and textile equipment for restaurant tables.

The requirements for service requests are defined in technical specifications describing requirements in terms of quality and quantity by “Contracting Authorities” customers or in proposed technical offerings made by the Company. The Group, upon award of contract, will be able to plan its production activity, i.e. the services to be provided to the customer.

The group’s strategy is to strengthen its position as a privileged partner of public and private health companies in countries where the group operates, through:

1. a supply portfolio that meets both express and implied needs of the customers;
2. provision of quality services by monitoring them using RFID technology for distribution and traceability;
3. continued relationship with customers aimed at improving services;
4. research and development of innovative technology;
5. strict compliance with the rules.

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

The average duration of the contracts concluded by the group is 4 years for laundry and laundry sterilisation and 6 years for the sterilisation of surgical equipment. These contracts provide, at the end of the first natural expiry, for the possibility of an extension for a further period, usually of the same duration as the initial contract. After the end of the extension period, customers may proceed to an additional invitation to tender or an extension of the extension; In the meantime, the Company continues to provide the service.

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

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

- the duration of the contract and any extensions defined in the contract/request for the service;
- the billing drivers provided (e.g. Euro/bed, Euro/patient stay, quantity/price, Euro/sterilization unit, Euro/surgical intervention);
- the revenues by different kind of product and service requested by the Customer;
- the reversal of the costs of the production sites (laundry, sterilization unit, warehouse) where the order will be processed;
- the quantity/volumes and quality of products, equipment, machinery/plants and technologies to be



offer
quality
communication
research
regulations

purchased;

- the costs of services subcontracted by authorised subcontractors (e.g. transport, labour for distribution logistics services/clothing) and depreciation for the different types of products/bonus required by the order;
- costs of direct and indirect personnel employed for distribution logistics/wardrobe services;
- investments in technology and software (e.g. vending machines, passive RFID tag reading gates);
- further or possible investments for service improvement proposals.

The Group's activity is influenced by the general economic conditions in the countries in which it operates. The continued economic 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 centers, CONSIP, etc..) and/or contractual conditions (Quality/Price); in particular, the specific criticality of the healthcare services sector is the phenomenon of the awarding of contracts with economic offers increasingly downwards 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 Company profitability, the Group intends to pursue a strategy of service diversification, thus increasing the offer; moreover, it has equipped itself with a managerial structure that, with project management and project control activities, pursues organizational and management efficiency objectives in order to maintain the levels of marginality and profitability of the business.

7.2.1 Customer satisfaction

Reliability, flexibility, expertise. It is on these three fundamental values that the history and development of Servizi Italia has been based for over thirty years. The adoption of certified systems by the Group's companies underpins the organisational quality of the provision of services to customers and thus the satisfaction of the expressed and implied needs of the customers.

The sales activity is carried out through the commercial structure of the various companies in the Group, which is headed by a Directorate of Commerce on which the business managers of the product line, the commercial area, responsible for the management of the services are responsible; This is from people who have direct contact with the contact points of hospital bodies and who are the link between the Company and customers.

The assessment and measurement of customer satisfaction is based essentially on the management of the institutions' relations and communications with business contact persons; these internal analyses shall be evaluated to identify the strengths and weaknesses of the service provided and to develop possible improvement actions. Customer satisfaction monitoring also involves:

- the definition of product/service performance-based control systems, in which the customer's contact points and contact points for the Company's services share criteria and arrangements for monitoring the quality of services and therefore customer satisfaction. The system shall provide for a random check, in contradictory cases, on details with acceptance criteria shared with the customer for the purpose of verifying the quality of the service/product provided in accordance with the contract between the parties. The comparison of the 'standard output quality' of the Servizi Italia processes with the customer's needs is a time for sharing and further understanding of customer-business dynamics. I
- the prompt management of any complaints or reports of non-compliance, which may be received by telephone, e-mail or customer service portals. Each report shall be managed directly in a manner shared by the specific operating unit (commercial, services, production) assisted by the Directorate for Quality. In particular, analyses shall be carried out of the causes of the complaint/non-compliance in order to identify the immediate corrective actions to be taken;
- the adoption by the Group of Variable Incentive Systems providing for the allocation of targets to the sales force, to service and production operators, including the allocation of customer satisfaction scores.

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

type of customer, no specific surveys are normally conducted in response to the services offered by the Group, as the continuous contact of the corporate contact points within the customer structure generates continuous monitoring of customer satisfaction.

An efficient and flexible structure enables the provision of a tailored, timely, high-quality service, often anticipating the customer's needs and helping to keep costs down, which, through outsourcing, become secure and therefore standardised, limiting public spending and creating great opportunities for qualified operators to deliver such services.

In this way, the Servizi Italia Group is no longer just a supplier, but a real strategic partner and privileged interlocutor for integrated services such as the hire, washing and sterilisation of textile and surgical equipment.

7.2.2 Responsibility for the product/service provided to Customers

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

Wash-hire and reconditioning of textiles, mattresses and work clothes, is described as 'service of public interest'. In case of strikes, the contractor shall, including through appropriate agreements with the trade unions, take all measures to ensure the continuity of the essential services. Performance related to washing and/or wash-hire services for operating theatres, emergency rooms, first aid, healthcare facilities, supply of sterile kit for operating theatres shall be all considered as indispensable. The washing and/or wash-hire service for the provision of the minimum essential services shall be ensured, taking into account the specific organisational conditions of the holding 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 distributor cabinets equipped with RFID technology and the wardrobe service at the healthcare facilities provide linen to the wards and to remove dirty linen shall be provided in such a way as to ensure the functionality of the service with particular attention to the removal of dirt and the distribution of the washed linen to the departments.

Hiring, treatment and sterilization of medical devices consists in the provision of medical



devices to be used in the operating departments in hospital facilities for which traceability of the product and process applied to the medical device is required under the legislation in force. Any defects in their sterilisation process could result in liability of the Group to customers and result in subsequent claims for damages. For this reason, in order to cover these risks, the Group has established insurance policies, in line with industry practice, to cover liability from product and civil liability, to third parties and to labour suppliers in sterilisation plants.

It should be noted that in 2019, there were no events that led to the Group's liability assumptions for the above.

7.3 Local communities

The value created by a Company daily affects its environment and community. 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 on these are established relations with the Company.

In this context, we would like to point out that, during 2019, the Municipality of Soragna requested the contribution of Servizi Italia for the construction of a cycle path from the main town to the headquarters in Castellina (PR); the initiative, in addition to make easier the cycle/pedestrian transit on the provincial road, also contributes to the sustainable mobility in the territory of the staff working at Castellina headquarters.

7.3.1 Sponsorships and donations

The Group expresses its support to communities through donations and initiatives of various kinds, making economic contributions to particular initiatives or associations, donating textiles or equipment of various kinds for pro-bono activities.

During 2019, the main donation was in favour of the ICA Foundation in Milan, which inaugurated the “**AAA Arts and Access for All**” project, a three-year program dedicated to cultural and museum proposals for people with Alzheimer’s disease and their carers; a true training project that aims to create the skills needed to disseminate accessible educational activities in the area, making ICA the leader of a different approach to museum teaching.

In addition to this, the Servizi Italia Group has contributed

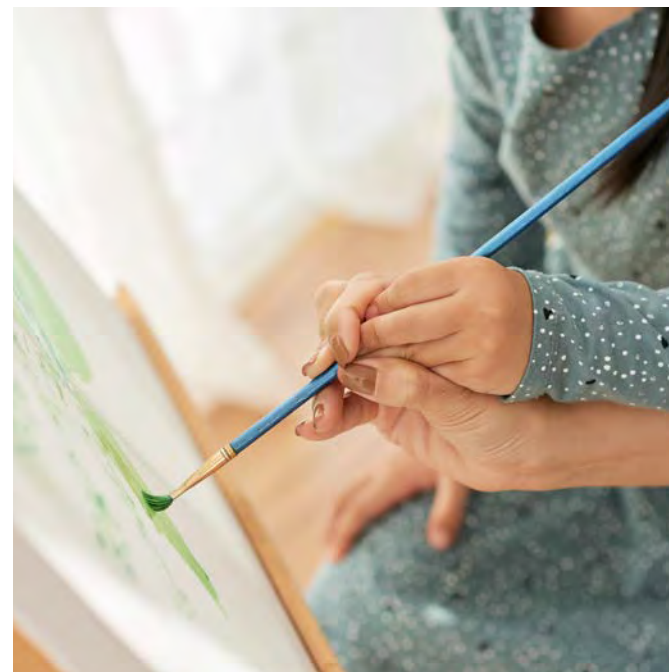
to the realization of the project “**Ritrovarsi - Effects of Integral Yoga on the psychophysical well-being of oncological patients**” in collaboration with I.E.O. European Institute of Oncology; the project involves 40 oncological patients and is aimed at improving the psychophysical well-being of patients following the effects of a path through Integral Yoga and emotional and psychological awareness, which will be evaluated in accordance with scientific research criteria by the research staff of the Department of Psychoncology.

Other minor amounts were instead donated for cultural and sports activities in the area, sponsoring youth sports associations and making donations to ONLUS organisations to support young people (school support, mobility aid, psychological listening, sports and cultural activities), prevention and recovery.

7.3.2 Scientific dissemination

Due to the type of activities that the Group carries out, 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. 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.

During 2019, Servizi Italia took part - among others - in the AIIC Congress in Catanzaro, the ANIPIO Congress in Rome, the AIFM Congress in Matera.



7.3.3 Relations with media

During 2019, the Servizi Italia Group renewed its corporate image, expanded its communication areas and consequently innovated its way of communicating.

The main project in this area is related to the **Company rebranding**, which ended with the release of a new logo and a new website that reflect the distinctive values of Servizi Italia. Throughout its history, the Servizi Italia logo has never undergone substantial changes, accompanying the Company along a path characterized by the distinctive values that represent the brand's strong points: technical expertise, wide territorial presence, reliability, transparency and technological innovation. Recently, the Company has felt the need to communicate and renew its corporate image, while at the same time maintaining a strong link with these characteristics that make it a solid, reliable and above all recognizable partner. The logo has remained blue, traditionally the colour of Servizi Italia, while the font acquires a more modern trait: together they represent stability, consistency, reliability, as well as attention, innovation and technology, all values that distinguish the Company and express its identity and corporate culture.

In this context, the Company portal (now at www.servizitaliagroup.com) has also been radically renewed, turning towards a graphic style that reflects the image of a modern Company, in continuous evolution but which has maintained continuity with its history. The new, user-friendly layout makes navigation even more linear, allowing users to get to know every aspect of the Company by browsing through the sections dedicated to corporate issues, investor relations and those dedicated to each of the business lines and the wide range of services for healthcare and industry.

The Group, through its Media Partner, organizes interviews and in-depth analysis on financial issues in the major 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 of the sustainable business model.



7.4 Relations with trade associations

Relations with the trade association, ASSOSISTEMA, are of particular importance to the Group. ASSOSISTEMA represents undertakings active in the field of safety at work, textile and medical devices. Associates produce, distribute and maintain individual and collective protective equipment and provide health and sterilisation services for textile and medical devices used in major purchasing bodies, such as public hospitals, welfare communities, care homes and private clinics. Its statutory objectives are to protect, disseminate and improve the activity of the sector and to protect and coordinate the bodies and interests of the Associates. Servizi Italia joins the National Bilateral Authority in order to encourage and promote studies and research in the sector, to collect agreements at territorial and corporate level, to promote studies and research on corporate social responsibility, on health and safety at work in the field of law and collective bargaining.

The Servizi Italia Group's relations with the local authorities and public entities are based on principles of transparency and continuous comparison, to help develop competitiveness, provide impeccable service and disseminate the values of technological innovation to the benefit of patient safety and the quality of life of every citizen.





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	2018			2019		
	Men	Women	Total	Men	Women	Total
ITALY	790	1221	2011	836	1245	2081
Permanent	700	1135	1835	765	1174	1939
Temporary	90	86	176	71	71	142
BRAZIL	483	787	1270	467	719	1186
Permanent	483	787	1270	467	719	1186
Temporary	0	0	0	0	0	0
TURKEY	183	159	342	197	161	358
Permanent	183	159	342	197	161	358
Temporary	0	0	0	0	0	0
GROUP	1456	2167	3623	1500	2125	3625
Permanent	1366	2081	3447	1429	2054	3483
Temporary	90	86	176	71	71	142

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

Contract type	2018			2019		
	Men	Women	Total	Men	Women	Total
ITALY	790	1221	2011	836	1245	2081
Full-time	686	854	1540	701	797	1498
Part-time	104	367	471	135	448	583
BRAZIL	483	787	1270	467	719	1186
Full-time	483	787	1270	467	719	1186
Part-time	0	0	0	0	0	0
TURKEY	183	159	342	197	161	358
Full-time	183	159	342	197	161	358
Part-time	0	0	0	0	0	0
GROUP	1456	2167	3623	1500	2125	3625
Full-time	1352	1800	3152	1365	1677	3042
Part-time	104	367	471	135	448	583

TOTAL NUMBER OF EXTERNAL WORKERS BROKEN DOWN BY CONTRACT TYPE AND GENDER AS AT 31 DECEMBER

External workers	2018			2019		
	Men	Women	Total	Men	Women	Total
ITALY	59	33	92	33	20	53
Outsourced labour	58	33	91	31	19	50
Project/ongoing and coordinated collaborators	1	-	1	2	0	2
Trainees and apprentices	-	-	-	0	1	1
BRAZIL	-	-	-	16	19	35
External collaborators	-	-	-	6	4	10
Trainees and apprentices	-	-	-	10	15	25
TURKEY	-	-	-	-	-	-
External collaborators	-	-	-	-	-	-
Trainees and apprentices	-	-	-	-	-	-
TOTAL GROUP	59	33	92	49	39	88

DISCLOSURE 102-41¹²

	UOM	2018			2019		
		ITALY	BRAZIL	TURKEY	ITALY	BRAZIL	TURKEY
Employees covered by collective bargaining agreement as at 31 December	N	2011	1270	342	2081	1186	358
Percentage	%	100	100	100	100	100	100

DISCLOSURE 202-1

RATIOS OF STANDARD ENTRY LEVEL WAGE BY GENDER COMPARED TO LOCAL MINIMUM WAGE				
GROUP	2018		2019	
	Men	Women	Men	Women
Ratios of standard entry level wage by gender compared to local minimum wage ¹³	1	1	1	1

12. 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. and the Confesercenti National Collective Agreement for Trade; in Brazil: the Convenção Coletiva de Trabalho; in Turkey: Law No. 4857/2003.

13. 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	2018					2019				
	<30	30-50	50<	Total	Percentage	<30	30-50	50<	Total	Percentage
Men	49	85	19	153	8%	60	95	15	170	14%
Women	33	72	10	115	6%	30	73	12	115	10%
Total	82	157	29	268	13%	90	168	27	285	24%
Percentage	4%	8%	1%	13%		8%	14%	2%	24%	
Turnover										
Number of people	2018					2019				
	<30	30-50	50<	Total	Percentage	<30	30-50	50<	Total	Percentage
Men	20	45	19	84	4%	46	91	41	178	15%
Women	14	45	12	71	4%	21	78	49	148	12%
Total	34	90	31	155	8%	67	169	90	326	27%
Percentage	2%	4%	2%	8%		6%	14%	8%	27%	

BRAZIL

New hires

Number of people	2018					2019				
	<30	30-50	50<	Total	Percentage	<30	30-50	50<	Total	Percentage
Men	103	99	3	205	16%	90	124	12	226	19%
Women	118	135	6	259	20%	85	89	8	182	15%
Total	221	234	9	464	37%	175	213	20	408	34%
Percentage	17%	18%	1%	37%		15%	18%	2%	34%	

Turnover

Number of people	2018					2019				
	<30	30-50	50<	Total	Percentuale	<30	30-50	50<	Total	Percentage
Men	95	107	15	217	17%	102	127	15	244	21%
Women	91	138	24	253	20%	104	117	28	249	21%
Total	186	245	39	470	37%	206	244	43	493	42%
Percentage	15%	19%	3%	37%		17%	21%	4%	42%	

TURKEY

New hires

Number of people	2018					2019				
	<30	30-50	50<	Total	Percentage	<30	30-50	50<	Total	Percentage
Men	32	36	12	80	23%	64	128	26	218	61%
Women	23	36	3	62	18%	36	80	3	119	33%
Total	55	72	15	142	42%	100	208	29	337	94%
Percentage	16%	21%	4%	42%		28%	58%	8%	94%	

Turnover

Number of people	2018					2019				
	<30	30-50	50<	Total	Percentage	<30	30-50	50<	Total	Percentage
Men	28	24	13	65	19%	67	104	30	201	56%
Women	22	31	8	61	18%	32	75	9	116	32%
Total	50	55	21	126	37%	99	179	39	317	89%
Percentage	15%	16%	6%	37%		28%	50%	11%	89%	

GROUP										
New hires										
Number of people	2018					2019				
	<30	30-50	50<	Total	Percentage	<30	30-50	50<	Total	Percentage
Men	184	220	34	438	12%	214	347	53	614	17%
Women	174	243	19	436	12%	151	242	23	416	11%
Total	358	463	53	874	24%	365	589	76	1030	28%
Percentage	10%	13%	1%	24%		10%	16%	2%	28%	
Turnover										
Number of people	2018					2019				
	<30	30-50	50<	Total	Percentage	<30	30-50	50<	Total	Percentage
Men	143	176	47	366	10%	215	322	86	623	17%
Women	127	214	44	385	11%	157	270	86	513	14%
Total	270	390	91	751	21%	372	592	172	1136	31%
Percentage	7%	11%	3%	21%		10%	16%	5%	31%	

DISCLOSURE 401-3

	ITALY		BRAZIL		TURKEY		GROUP	
	Men	Woman	Men	Woman	Men	Woman	Men	Woman
Employees who took parental leave during 2019	13	63	9	25	0	2	22	90
of which status as at 31.12.2019								
<i>still on leave</i>	1	23	0	7	0	1	1	31
<i>returned and still employed</i>	11	37	9	16	0	1	20	54
<i>of which dismissed</i>	1	3	0	2	0	0	1	5
Return to employment rate as at 31.12.2019	91.67%	92.50%	100.00%	88.89%	-	100.00%	95.24%	91.53%
Employees who took parental leave during 2018	13	86	6	29	0	1	19	116
of which status as at 31.12.2018								
<i>still on leave</i>	1	14	1	12	0	1	2	27
<i>returned and still employed</i>	12	71	5	11	0	0	17	82
<i>of which dismissed</i>	0	1	0	6	0	0	0	7
Return to employment rate as at 31.12.2018	100.00%	98.61%	100.00%	64.70%	-	-	100.00%	92.13%
Employees who took parental leave during 2018	13	86	6	29	0	1	19	116
of which status as at 31.12.2019								
<i>still on leave</i>	0	9		1			0	10
<i>returned and still employed</i>	12	73	2	13		1	14	87
<i>of which dismissed</i>	1	4	4	15			5	19
Retention rate as at 31.12.2019	92.31%	94.81%	33.33%	46.43%	-	100.00%	73.68%	82.08%

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						
	2018			2019		
	Men	Women	Total	Men	Women	Total
Servizi Italia S.p.A.	7	4	11	7	4	11
SRI Empreendimentos e Participações L.t.d.a.	2	0	2	1	0	1
Steritek S.p.A.	4	1	5	4	1	5
San Martino 2000 S.c.r.l.	3	0	3	3	0	3
Se.sa.tre. S.c.r.l.in liquidazione	1	0	1	-	-	0
Wash Service S.r.l.	-	-	-	2	1	3
Ekolav S.r.l.	-	-	-	1	0	1
Lavsim Higienização Têxtil S.A.	3	0	3	3	0	3
Maxlav Lavanderia Especializada S.A.	2	3	5	2	3	5
Vida Lavanderias Especializada S.A.	2	3	5	2	3	5
Aqualav Serviços De Higienização Ltda	1	0	1	1	0	1
Ankateks Turizm Insaat Tekstil Temizleme Sanayi ve Ticaret Anonim Sirketi	6	1	7	6	1	7
Ergülteks Temizlik Tekstil Ltd. Sti.	-	-	0	-	-	0

COMPOSITION OF THE BOARD OF DIRECTORS BY AGE GROUP

	2018				2019			
	<30	30-50	50<	Total	<30	30-50	50<	Total
Servizi Italia S.p.A.	0	5	6	11	0	5	6	11
SRI Empreendimentos e Participações L.t.d.a.	0	1	1	2	0	1	0	1
Steritek S.p.A.	0	5	0	5	0	4	1	5
San Martino 2000 S.c.r.l.	0	1	2	3	0	1	2	3
Se.sa.tre. S.c.r.l. in liquidazione	0	0	1	1	-	-	-	0
Wash Service S.r.l.	-	-	-	0	0	2	1	3
Ekolav S.r.l.	-	-	-	0	0	0	1	1
Lavsim Higienização Têxtil S.A.	0	1	2	3	0	2	1	3
Maxlav Lavanderia Especializada S.A.	0	3	2	5	0	3	2	5
Vida Lavanderias Especializada S.A.	0	3	2	5	0	3	2	5
Aqualav Serviços De Higienização Ltda	0	1	0	1	0	1	0	1
Ankateks Turizm Insaat Tekstil Temizleme Sanayi ve Ticaret Anonim Sirketi	0	5	2	7	0	5	2	7
Ergülteks Temizlik Tekstil Ltd. Sti.	-	-	-	-	-	-	-	0

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

Professional category	2018			2019		
	Men	Women	Total	Men	Women	Total
ITALY						
Managers	5	2	7	10	2	12
Middle-managers	27	3	30	27	5	32
Employees	106	95	201	113	104	217
Workers	652	1,121	1,773	686	1,134	1,820
Total	790	1,221	2,011	836	1,245	2,081
Percentage of total	39%	61%	100%	40%	60%	100%
BRAZIL						
Managers	3	2	5	3	2	5
Middle-managers	9	4	13	8	5	13
Employees	18	40	58	22	41	63
Workers	453	741	1,194	434	671	1,105
Total	483	787	1,270	467	719	1,186
Percentage of total	38%	62%	100%	39%	61%	100%
TURKEY						
Managers	2	0	2	2	0	2
Middle-managers	1	0	1	1	0	1
Employees	1	7	8	1	7	8
Workers	179	152	331	193	154	347
Total	183	159	342	197	161	358
Percentage of total	54%	46%	100%	55%	45%	100%
GROUP						
Managers	10	4	14	15	4	19
Middle-managers	37	7	44	36	10	46
Employees	125	142	267	136	152	288
Workers	1,284	2,014	3,298	1,313	1,959	3,272
Total	1,456	2,167	3,623	1,500	2,125	3,625
Percentage of total	40%	60%	100%	41%	59%	100%

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

Professional category	2018				2019			
	<30	30-50	50<	Total	<30	30-50	50<	Total
ITALY								
Managers	0	3	4	7	0	7	5	12
Middle-managers	0	17	13	30	0	20	12	32
Employees	8	132	61	201	11	147	59	217
Workers	126	929	718	1,773	126	1,001	693	1,820
Total	134	1157	720	2,011	137	1,175	769	2,081
Percentage of total	7%	58%	36%	100%	7%	56%	37%	100%
BRAZIL								
Managers	0	2	3	5	0	3	2	5
Middle-managers	0	10	3	13	0	9	4	13
Employees	18	36	4	58	21	39	3	63
Workers	340	630	224	1,194	272	610	223	1,105
Total	358	678	234	1,270	293	661	232	1,186
Percentage of total	28%	53%	18%	100%	25%	56%	20%	100%
TURKEY								
Managers	0	1	1	2	0	1	1	2
Middle-managers	0	1	0	1	0	1	0	1
Employees	5	2	1	8	5	3	0	8
Workers	68	186	77	331	63	221	63	347
Total	73	190	79	342	68	226	64	358
Percentage of total	21%	56%	23%	100%	19%	63%	18%	100%
GROUP								
Managers	0	6	8	14	0	11	8	19
Middle-managers	0	28	16	44	0	30	16	46
Employees	31	170	66	267	37	189	62	288
Workers	534	1,745	1,019	3,298	461	1,832	979	3,272
Total	565	2,025	1,033	3,623	498	2,062	1,065	3,625
Percentage of total	16%	56%	29%	100%	14%	57%	29%	100%

AVERAGE HOUR OF TRAINING PER YEAR PER EMPLOYEE				
Hours of training	2019			
	Men		Women	
	Number of hours	Average hours	Number of hours	Average hours
Managers	0.33	0.02	0	0,00
Middle-managers	105.65	2.93	15.33	1.53
Employees	1,344.04	9.88	413.79	2.72
Workers	5,455.9	4.16	4,373.52	2.23
Total by gender	6,905.92	4.60	4,802.64	2.26
Total training hours	11,709			
Total average per capita training hours	3.23			

AVERAGE HOUR OF TRAINING PER YEAR PER EMPLOYEE				
Hours of training	2018			
	Men		Women	
	Number of hours	Average hours	Number of hours	Average hours
Managers	36	3.6	9	2.2
Middle-managers	315	8.5	8	1.2
Employees	771	6.2	598	4.2
Workers	5,808	4.5	7,104	3.5
Total by gender	6,930	4.8	7,719	3.6
Total training hours	14,649			
Total average per capita training hours	4.04			

Health and Safety

DISCLOSURE 403-9 - EMPLOYEES¹⁴

14. For 2019, it has been decided to proceed with the reporting of injury data using the new GRI Standard 403, published by the Global Reporting Initiative (GRI) in 2018 to replace the version used until now, published in 2016. For comparison purposes, the 2018 data have been restated compared to the data published in the previous Non-Financial Statement following the update of GRI Standard 403. The injury rate was calculated as the ratio between the total number of injuries and the total hours worked, using a multiplication factor of 1,000,000. For previously published data, please refer to the 2018 Non-Financial Declaration, published at www.servizitaliagroup.com.

GROUP		
Work-related injuries		
Number of work-related injuries	2018	2019
Total number of fatalities as a result of work-related injuries	0	1
Total number of high-consequence work-related injuries (excluding fatalities)	0	1
Total number of recordable work-related injuries	114	136
Main types of work-related injuries		
Type of work-related injuries	2018	2019
Wound / Cutting	41	53
Bruising/Crushing	36	43
Stress injuries: muscle injuries, hernias, etc.	12	8
Other injuries	25	32
Time details		
Hours	2018	2019
Hours worked	6,287,590	6,496,768
Multiplier for calculation	1,000,000	1,000,000
Injury rates		
Fatalities as a result of work-related injury rate	-	0.15
High-consequence work-related injuries rate (excluding fatalities)	-	0.15
Recordable work-related injury rate	18	21

ITALY

Work-related injuries

Number of work-related injuries	2018	2019
Total number of fatalities as a result of work-related injuries	0	1
Total number of high-consequence work-related injuries (excluding fatalities)	0	0
Total number of recordable work-related injuries	73	89

Main types of work-related injuries

Type of work-related injuries	2018	2019
Wound / Cutting	25	30
Bruising/Crushing	23	31
Stress injuries: muscle injuries, hernias, etc.	11	8
Other injuries	14	20

Time details

Hours	2018	2019
Hours worked	2,953,863	3,157,284
Multiplier for calculation	1,000,000	1,000,000

Injury rates

Fatalities as a result of work-related injury rate	-	0,32
High-consequence work-related injuries rate (excluding fatalities)	-	-
Recordable work-related injury rate	25	28

TURKEY

Work-related injuries

Number of work-related injuries	2018	2019
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	9	4

Main types of work-related injuries

Type of work-related injuries	2018	2019
Wound / Cutting	2	1
Bruising/Crushing	2	3
Stress injuries: muscle injuries, hernias, etc.	1	0
Other injuries	4	0

Time details

Hours	2018	2019
Hours worked	755,202	931,209
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)	-	-
Recordable work-related injury rate	12	4

BRAZIL

Work-related injuries

Number of work-related injuries	2018	2019
Total number of fatalities as a result of work-related injuries	0	0
Total number of high-consequence work-related injuries (excluding fatalities)	0	1
Total number of recordable work-related injuries	32	43

Main types of work-related injuries

Type of work-related injuries	2018	2019
Wound / Cutting	14	22
Bruising/Crushing	11	9
Stress injuries: muscle injuries, hernias, etc.	3	4
Other injuries	4	8

Time details

Hours	2018	2019
Hours worked	2,578,524	2,408,276
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)	-	0,42
Recordable work-related injury rate	12	18

GROUP ¹⁶		
Work-related injuries		
Number of work-related injuries	2018	2019
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	7	4
Main types of work-related injuries		
Type of work-related injuries	2018	2019
Wound / Cutting	5	3
Bruising/Crushing	1	1
Stress injuries: muscle injuries, hernias, etc.	1	0
Other injuries	0	0
Time details		
Hours	2018	2019
Hours worked	143,771	149,755
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)	-	-
Recordable work-related injury rate	49	27

15. The data relating to the Health and Safety of external workers include only the category of Administrated and not other types of non-employee workers who operate at Group 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.

16. The scope of work-related injuries data for external collaborators refers only to Italian and Brazilian companies as there are no external collaborators in Turkish companies.

ITALY

Work-related injuries

Number of work-related injuries	2018	2019
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	7	4

Main types of work-related injuries

Type of work-related injuries	2018	2019
Wound / Cutting	5	3
Bruising/Crushing	1	1
Stress injuries: muscle injuries, hernias, etc.	1	0
Other injuries	0	0

Time details

Hours	2018	2019
Hours worked	110,610	117,193
Multiplier for calculation	1,000,000	1,000,000

Accident rates

Fatalities as a result of work-related injury rate	-	-
High-consequence work-related injuries rate (excluding fatalities)	-	-
Recordable work-related injury rate	63	34

BRAZIL

Work-related injuries

Number of work-related injuries	2018	2019
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 injuries	2018	2019
Wound / Cutting	0	0
Bruising/Crushing	0	0
Stress injuries: muscle injuries, hernias, etc.	0	0
Other injuries	0	0

Time details

Hours	2018	2019
Hours worked	33,161	32,562
Multiplier for calculation	1,000,000	1,000,000

Accident rates

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

Environmental data

For 2019, the perimeter of environmental data refers to all the production sites of Servizi Italia S.p.A. and all the Brazilian and Turkish production sites. In relation to waste management and disposal data as well as in relation to material consumption, Italian CSSDs are included. It should be noted that during 2019 four new sites in Italy related to Ekolav S.r.l and Wash Service S.r.l. joined the Group, together with the start up of the laundry production site for the Workwear brand in Barbariga (BS) and the Bilkent laundry site in Turkey.

DISCLOSURE 301-1

MATERIALS USED BY WEIGHT			
	UoM	2018	2019
TOTAL USE OF MATERIALS	t	3,946	4,790
NON-RENEWABLE MATERIALS	t	3,850	4,650
Plastic packaging	t	997	1,019
Chemicals	t	1,181	1,262
Chemical preparations	t	1,672	2,369
RENEWABLE MATERIALS	t	96	140
Paperboard	t	96	140

ENERGY CONSUMPTION WITHIN THE ORGANIZATION

Type of consumption	Unit of Measurement	2018		2019	
		Total	Total GJ	Total	Total GJ
Non-renewable sources			683,472		764,496
Methane	Smc	15,133,726	549,127	15,798,361	629,154
LPG	kg	263	12	0	0
Diesel for generator	l	340	12	152	6
Charcoal	t	2,622	79,281	2,435	77,515
Diesel - Company fleet	L	1,527,873	54,837	1,504,530	57,394
Gasoline - Company fleet	L	4,578	150	11,560	394
Methane - Company fleet	kg	1,086	53	665	33
Renewable sources	m³	52,811	330,158	57,469	397,042
Wood	m³	52,811	330,158	57,469	397,042
Purchased electricity	kWh	30,768,511	110,767	31,276,871	112,597
of which from renewable sources	kWh	0	0	0	0
of which from non-renewable sources	kWh	30,768,511	110,767	31,276,871	112,597
Self-produced and sold/grided electricity	kWh	(33,600)	(121)	(35,400)	(127)
of which from renewable sources	kWh	(0)	(0)	(0)	(0)
of which from non-renewable sources	kWh	(33,600)	(121)	(35,400)	(127)
Purchased steam	MWh	7,788	28,037	7,519	27,068
Total energy consumption	GJ		1,152,313		1,301,076
Renewable energy	GJ		330,158		397,042
Non-renewable energy	GJ		822,276		904,035
% Renewable energy on total	%		28,65%		30,52%

DISCLOSURE 302-2

TOTAL ENERGY CONSUMPTION OUTSIDE THE ORGANIZATION					
	UoM	2018		2019	
		Total	Total GJ	Total	Total GJ
Diesel fuel for road transport ¹⁷	l	1,280,556	45,961	1,507,456	57,506
Total fuel for road transport	GJ		45,961		57,506

17. Energy consumption outside the organization includes fuel consumption for logistics services not directly managed by the Group, excluding incoming logistics linked to supply flows.

DISCLOSURE 305-1

DIRECT EMISSIONS			
	UoM	2018	2019
Methane gas	tCO ₂ eq	30,971	32,079
Diesel fuel for road transport	tCO ₂ eq	4,014	3,903
LPG	tCO ₂ eq	0,77	0
Charcoal	tCO ₂ eq	8,034	7,536
Diesel for generator	tCO ₂ eq	0,89	0,4
Wood ¹⁸	tCO ₂ eq	1,381	1,559
Gasoline for road transport	tCO ₂ eq	10,09	25,54
Methane for road transport	tCO ₂ eq	2,98	1,69
Total Scope 1 emissions	tCO₂eq	44,415	45,105

18. The emission factor used for the calculation of the emissions of Scope 1 from the burning of wood, expressed in tCO₂ equivalent (source: DEFRA) includes CH₄ and N₂O emissions, while CO₂ emissions have been set to zero as the fuel itself (wood) absorbs a quantity of CO₂ during the growth phase equal to that released during combustion. In agreement with the GHG Protocol, the contribution of CO₂ released during the burning of wood was also calculated "outside the Scope" to ensure full accounting of the emissions created. The CO₂ emissions from the burning of wood amounted to 35,078 tCO₂ in 2019 and 32,235 tCO₂ in 2018 (Emission factor: 1.436 tCO₂/ton, Source DEFRA 2019 and 2018).

DISCLOSURE 305-2¹⁹

INDIRECT EMISSIONS			
	UoM	2018	2019
Purchased steam – Location e Market Based	tCO ₂ eq	1,460	1,324
Purchased electricity – Location Based	tCO ₂ eq	9,589	9,674
Purchased electricity – Market Based	tCO ₂ eq	11,891	12,068
Total emissions Scope 2 - Location Based	tCO₂eq	11,049	10,997
Total emissions Scope 2 - Market Based	tCO₂eq	13,351	13,392

19. The reporting standard used (GRI Sustainability Reporting Standards 2016) provides for two different approaches for the calculation of emissions Scope 2: Location-based and Market-based. The 'Location-based' approach provides for the use of average emission factors related to specific national energy mix of electricity generation. The Market-based approach provides for the use of emission factors defined on a contractual basis with the electricity supplier. In the absence of specific contractual arrangements between the Organisation and the electricity supplier (e.g. purchase of Guarantees of Origin), the 'Market-based' emission factor related to the national 'zero mix' was used, where available.

DISCLOSURE 305-3

OTHER INDIRECT EMISSIONS ²⁰			
	UoM	2018	2019
Diesel for road transport	tCO ₂ eq	3,364	3,911
Total emissions Scope 3	tCO₂eq	3,364	3,911

20. Scope 3 emissions include fuel consumption for logistics services not directly managed by the Group, excluding incoming logistics linked to supply flows..

GJ CONVERSION FACTORS

Electricity (GJ/kWh)	Purchased steam (GJ/MWh)	Methan (GJ/Smc)	LPG (GJ/Ton)	Gasoline (GJ/Ton)	Diesel (GJ/Ton)	Methan – CNG (GJ/Ton)
0.0036	3.6	0.03982	49.296	46.09	45.41	49.78
DEFRA 2019	DEFRA 2019	DEFRA 2019	DEFRA 2019	DEFRA 2019	DEFRA 2019	DEFRA 2019

Wood (GJ/Ton)	Coal (GJ/Ton)
16.26	31.83
DEFRA 2019	DEFRA 2019

EMISSION FACTORS IN CO₂eq

Year 2018

Methane (tCO ₂ eq/Smc)	LPG (tCO ₂ eq/Ton)	Wood (tCO ₂ eq/Ton)	Diesel (tCO ₂ eq/l)	Gasoline (tCO ₂ eq/l)	Methane - CNG (kgCO ₂ eq/Ton)	Coal (tCO ₂ eq/Ton)
0.002	2.94	0.06	0.003	0.002	2.7	3.06
DEFRA 2018	DEFRA 2018	DEFRA 2018	DEFRA 2018	DEFRA 2018	DEFRA 2018	DEFRA 2018

Electricity - Location based (gCO ₂ /kWh) - Italy	Electricity - Market based (gCO ₂ /kWh) - Italy	Steam – Location and Market based (gCO ₂ eq/kWh) - Italy
360	477	0.18746
Terna 2016	European Residual Mix 2017	DEFRA 2018

Electricity - Location based (gCO ₂ /kWh) - Brazil	Electricity - Market based (gCO ₂ /kWh) - Brazil
155	155
Terna 2016	Terna 2016

Electricity - Location based (gCO ₂ /kWh) - Turkey	Electricity - Market based (gCO ₂ /kWh) - Turkey
429	429
Terna 2016	Terna 2016

Year 2019

Methane (tCO ₂ eq/Smc)	LPG (tCO ₂ eq/Ton)	Wood (tCO ₂ eq/Ton)	Diesel (tCO ₂ eq/l)	Gasoline (tCO ₂ eq/l)	Methane - CNG (kgCO ₂ eq/Ton)	Coal (tCO ₂ eq/Ton)
2,03053	2,936	0,064	0,0026	0,0022	2,54	3,09
DEFRA 2019	DEFRA 2019	DEFRA 2019	DEFRA 2019	DEFRA 2019	DEFRA 2019	DEFRA 2019

Electricity - Location based (gCO ₂ /kWh) - Italy	Electricity - Market based (gCO ₂ /kWh) - Italy	Steam - Location and Market based (gCO ₂ eq/kWh) - Italy
359	483	0,17606
Terna 2017	European Residual Mix 2018	DEFRA 2019

Electricity - Location based (gCO ₂ /kWh) - Brazil	Electricity - Market based (gCO ₂ /kWh) - Brazil
157	157
Terna 2017	Terna 2017

Electricity - Location based (gCO ₂ /kWh) - Turkey	Electricity - Market based (gCO ₂ /kWh) - Turkey
441	441
Terna 2017	Terna 2017

DISCLOSURE 305-7

OTHER SIGNIFICANT AIR EMISSIONS			
	UoM	2018	2019
NOx emissions ²¹	t	46,37	64,37

DISCLOSURE 303-3²²

WATER WITHDRAWAL					
Collection source	UoM	2018		2019	
		All areas	Areas with water stress ²³	All areas	Areas with water stress
Groundwater (total)	MI	1,372	845	1,444	872
Fresh water (≤1.000 mg/l of total dissolved solids)	MI	1,372	845	1,444	872
Other water types (>1.000 mg/l of total dissolved solids)	MI	0	0	0	0
Third party water (total)	MI	526	501	665	590
Fresh water (≤1.000 mg/l of total dissolved solids)	MI	526	501	665	590
Other water types (>1.000 mg/l of total dissolved solids)	MI	0	0	0	0
TOTAL WATER WITHDRAWAL	MI	1,898	1,346	2,109	1,462

21. The amount of NOx emissions has been estimated on the basis of the mass flow avoided in the point plant analysis proportionate to the hourly use of the boilers.

22. For 2019, it was decided to proceed with the reporting of injury data using the new GRI Standard 303, published by the Global Reporting Initiative (GRI) in 2018 to replace the version used until now, published in 2016. For comparison purposes, the 2018 data have been restated compared to the data published in the previous Non-Financial Statement following the update of GRI Standard 303. For previously published data, please refer to the 2018 Non-Financial Statement published at www.servizitaliagroup.com.

23. The Acqueduct tool was used to identify the water-stressed sites, from which the following plants in water-stressed areas emerged: Barbariga, Travagliato, Ariccia, Florence, Pavia di Udine, Treviso, Genoa (Servizi Italia), Lastra a Signa (Ekolav), Lavsim, Aqualav, Vida and all the Ergulteks and Ankateks factories.

WATER DISCHARGE					
Place of discharge	Unit of Measurement	2018		2019	
		All areas	Areas with water stress	All areas	Areas with water stress
Surface water (total)	MI	646	472	668	479
Fresh water (≤ 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	646	472	668	479
Sewerage (total)	MI	966	702	1,171	804
Fresh water (≤ 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	966	702	1,171	804
TOTAL WATER DISCHARGE	MI	1,612	1,174	1,839	1,283

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

DISCLOSURE 306-2

WASTE						
	2018			2019		
	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total
Waste in tonnes						
of which recovered	10	961	971	47	1,066	1,113
of which dumped	404	1,429	1,833	420	1,200	1,620
TOTAL	414	2,390	2,804	467	2,266	2,733
Percentage	15%	85%	100%	17%	83%	100%



GRI CONTENT INDEX



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305-2	Energy indirect (Scope 2) GHG emissions	102, 103, 104	
305-3	Other indirect (Scope 3) GHG emissions	102, 103, 104 Scope 3 emissions include fuel consumption for logistics services not directly managed by the Group, excluding incoming logistics linked to supply flows.	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions	105	

GRI STANDARDS	DISCLOSURE	PAGE	OMISSION
Environmental Compliance (2016)			
103-1	Explanation of the material topic and its Boundaries	9-10	
103-2	The management approach and its components	39	
103-3	Evaluation of the management approach	39	
307-1	Non-compliance with environmental laws and regulations	43	
GRI 400: SOCIAL SERIES			
Employment (2016)			
103-1	Explanation of the material topic and its Boundaries	9-10	
103-2	The management approach and its components	50	
103-3	Evaluation of the management approach	50	
401-1	New employee hires and employee turnover	82-85	
401-3	Parental leave	86	
Occupational health and safety (2018)			
103-1	Explanation of the material topic and its boundaries	9-10	
103-2	The management approach and its components	18, 54-56	
103-3	Evaluation of the management approach	18, 54-56	
403-1	Occupational health and safety management system	54-56	
403-2	Hazard identification, risk assessment and accident investigation	54-56	
403-3	Occupational health services	54-56	

GRI STANDARDS	DISCLOSURE	PAGE	OMISSION
403 - 4	Worker participation, consultation and communication on health and safety	54-56	
403-5	Worker training on occupational health and safety	53-54	
403-6	Promotion of worker health	54-56	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	54-56	
403-9	Work-related injuries	92-98	
Training and education (2016)			
103-1	Explanation of the material topic and its boundaries	9-10	
103-2	The management approach and its components	53	
103-3	Evaluation of the management approach	53	
404-1	Average hours of training per year per employee	91	
Diversity and equal opportunities(2016)			
103-1	Explanation of the material topic and its boundaries	9-10	
103-2	The management approach and its components	17, 22, 33, 53	
103-3	Evaluation of the management approach	17, 22, 33, 53	
405-1	Diversity of governance bodies and employees	33, 87-90	
Non discrimination (2016)			
103-1	Explanation of the material topic and its boundaries	9-10	
103-2	The management approach and its components	42-43	
103-3	Evaluation of the management approach	42-43	
406-1	Incidents of discrimination and corrective actions taken	43	

GRI STANDARDS	DISCLOSURE	PAGE	OMISSION
Marketing and labelling (2016)			
103-1	Explanation of the material topic and its boundaries	9-10	
103-2	The management approach and its components	42-43	
103-3	Evaluation of the management approach	42-43	
417-2	Incidents of non-compliance concerning product and service information and labelling	43	
Socio-economic compliance (2016)			
103-1	Explanation of the material topic and its boundaries	9-10	
103-2	The management approach and its components	42-43	
103-3	Evaluation of the management approach	42-43	
419-1	Non-compliance with laws and regulations in social and economic area	43	
Customer privacy (2016)			
103-1	Explanation of the material topic and its boundaries	9-10	
103-2	The management approach and its components	42-43	
103-3	Evaluation of the management approach	42-43	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	43	
Local communities (2016)			
103-1	Explanation of the material topic and its boundaries	9-10	
103-2	The management approach and its components	21, 74-76	
103-3	Evaluation of the management approach	74-76	
413-1	Operations with local community engagement, impact assessments, and development programs	64% of Group's productive plants (laundries and CSSDs) has developed activities for supporting local communities.	



INDEPENDENT AUDITORS' REPORT



**INDEPENDENT AUDITOR'S REPORT
ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,
PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND
ART. 5 OF CONSOB REGULATION N. 20267 OF JANUARY 2018**

**To the Board of Directors of
Servizi Italia S.p.A.**

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Servizi Italia S.p.A. and its subsidiaries (hereinafter "Servizi Italia Group" or "Group") as of December 31, 2019 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on March 13, 2020 (hereinafter "NFS").

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the "*Global Reporting Initiative Sustainability Reporting Standards*" established in 2016 by GRI – Global Reporting Initiative (hereinafter "GRI Standards"), which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the *"International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information"* (hereinafter "ISAE 3000 Revised"), issued by the *International Auditing and Assurance Standards Board (IAASB)* for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

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

Specifically we carried out the following procedures:

1. Analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art. 3 of the Decree and taking into account the adopted reporting standard.
2. Analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree.
3. Comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Servizi Italia Group.
4. Understanding of the following matters:
 - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
 - policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
 - main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a).

5. Understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of Servizi Italia S.p.A. and with the employees of Ekolav S.r.l, Maxlav Lavanderia Especializada S.A., Vida Lavanderias Especializada S.A., Aqualav Serviços De Higienização Ltda and Lavsim Higienização Têxtil S.A. and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

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

- at the parent company's and subsidiaries' level:
 - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data;
- for the following companies and sites, Castellina di Soragna (PR) headquarters, Arco di Trento and Trieste production plants for Servizi Italia S.p.A., Lastra a Signa (FI) production plant for Ekolav S.r.l., São Roque (BR) production plant for Lavsim Higienização Têxtil S.A. and Aqualav Serviços De Higienização Ltda and Jaguariúna (BR) production plant for Maxlav Lavanderia Especializada S.A. and Vida Lavanderias Especializada S.A., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out visits on site, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Servizi Italia Group as of December 31, 2019 is not prepared, in all material aspects, in accordance with articles 3 and 4 of the Decree and the GRI Standards.

DELOITTE & TOUCHE S.p.A.

Signed by
Domenico Farioli
Partner

Parma, Italy
March 30, 2020

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



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