



Servizi
Italia

SUSTAINABILITY REPORT

2020

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



Letter to the stakeholders



We can hardly forget the year that just ended. It has been a difficult and challenging year, which has faced us with a new normality, a new way of being together and a new way of relating. Growth and corporate value have taken on new connotations, but the commitment that - as a company - we must and want to continue to put into it remains unchanged, in order to contribute in a concrete way to a future of widespread and lasting wellbeing and progress, for us and the society in which we live.

The pandemic has drawn new balances and has made more evident than ever the need to find new ways and new solutions, not only adapting to the environment that surrounds us, but also transforming it. Growing in a sustainable way means respecting future generations and moving by combining with balance the resources used today with the possibilities to be preserved for tomorrow. Sustainability must necessarily represent a new way of working at 360 degrees, which does not mean simply choosing between different energy sources, but engaging on all fronts and in different areas, in respect and collaboration of all parties involved.

Servizi Italia has been drafting and publishing its sustainability report for 10 years now, changing its commitment according to the changing context conditions, always maintaining a fundamental pillar: **sustainability has always been a key value for the Group and determines its growth and strategic choices**. Sustainability is integrated in the industrial and financial strategies, contributing to the achievement of the United Nations Sustainability Development Goals (SDGs). The Group's growth strategy is therefore based on the inalienable principle that it is possible to create sustainable value over time only if Company's management takes into consideration four fundamental aspects: economic-financial, social, environmental and a healthy and transparent Corporate Governance.

Today more than ever, companies must autonomously feel the need to report on their commitment in the social field, beyond the regulatory requirements. The market asks for transparency and concreteness and we, as Servizi Italia, believe that the drafting of the Sustainability Report represents an important opportunity to tell the story of how far we have come and what future goals we have set in order to consolidate the system of relations between Company and territorial systems of reference, in terms of: creation of economic value, promotion of integrity and business ethics, high quality of service, virtuous supply chain, involvement and development of local communities, attention to employees and collaborators and attention

to the direct impact on the territories in which the Group operates, in order to promote collective well-being.

Over the years, the people of Servizi Italia Group have demonstrated their willingness and commitment to face and overcome the challenges that have gradually been arisen to them, even more so during this year's health emergency. The ability to adapt to a social and economic context strongly influenced by the spread of the Covid-19 virus and the resulting health emergency, the strength, perseverance and abnegation with which we have managed and faced the difficulties have allowed us to carry on our work with serenity and continuity, ensuring an **essential service for the whole community**. Such a result has been possible thanks to the skills, availability and human value of our people. Together we share a **corporate culture** based on the protection of all the main elements of our history and tradition, to ensure the creation of long-term value from a financial, environmental, social and ethical point of view.

We are living a historical turning point, it is the moment in which we must keep our objectives clear and continue on the path we have already traced over the past few years: integrating social, environmental and economic development into everyday business will be the key to guarantee to future generations a world in which ethics and profit will not be at odds, in which industry and territory will speak the same language: **a balanced and replicable system that allows for sustainable growth that respects the environment, so that the successes of our Company will be sustainable successes, to the benefit of our stakeholders and the world in which we live.**

The Chairman - Roberto Olivi

Letter to stakeholders



02

1. Methodological premises

04

1.1 Methodological note	05
1.2 Materiality analysis and sustainability plan of the Group	07
1.3 The Sustainability Plan of the Group	12

2. Group Profile

27

2.1 The Group	28
2.2 The Governance	34



3. Main risks and related impacts

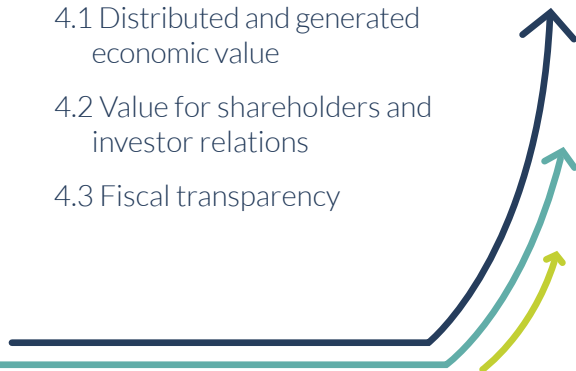
37

3.1 Risk management within the Group	38
3.2 Ethics, business integrity and compliance	46

4. Main performances of the Group

47

4.1 Distributed and generated economic value	50
4.2 Value for shareholders and investor relations	52
4.3 Fiscal transparency	53



5. The value of people

57

5.1 Recruitment and employment	59
5.2 Employees listening and change management	60
5.3 Remuneration policies	60
5.4 Training and development of employees	62
5.5 Equal opportunities	62
5.6 Health and safety in the workplace	62
5.7 Welfare, well-being and social serenity	66
5.8 Industrial relation	67

6. Environmental sustainability

68

6.1 Energy consumption	70
6.2 Atmospheric emissions and GHG	71
6.3 Water resources management	72
6.4 Consumables and packaging materials	75
6.5 Special waste management	75

7. Social sustainability

76

7.1 The supply chain	77
7.2 Customers	79
7.3 Local communities	82
7.4 Relations with trade associations	83

Annexes



84

GRI Content Index



114

Independent Auditors' Report



123



1. 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 “DNF”) 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 2020 (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 DNF required by the legislation and has been drawn up in accordance with the reference standards: “Global Reporting Initiative Sustainability Reporting Standards” (hereinafter “GRI Standards”) issued in 2016 by the Global Reporting Initiative (GRI), according to the “in accordance - core” option. Regarding the specific GRI Standards 403 (Health and Safety at Work) and GRI 303 (Water and Wastewater), the most recent version of 2018 has been adopted, as well as for GRI 207 (Taxes) issued in 2019. In addition, the guidelines of the EC Guidelines 2017/C215/01 and the “Public statement on European common enforcement priorities for 2020 annual financial reports” published by the European Securities and Markets Authority (ESMA) on 28 October 2020 concerning the reporting on the consequences of the Covid-19 pandemic 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 Group Sustainability Plan” of this document.

The reporting scope of the economic-financial data and information corresponds to that of the Consolidated Financial Statements as at 31 December 2020 of Servizi Italia S.p.A.

As regards qualitative information and quantitative social and environmental data, the parent company Servizi Italia S.p.A. and the fully consolidated subsidiaries¹ have been included in the consolidated financial statements.

During 2020, with reference to significant changes that occurred during the reporting period considered, it should be noted:

- On 25 March 2020, the Junta Comercial do Estado Do Amazonas approved the extinction process, with retroactive effect from 20 February 2020, of the company SIA Lavanderia S.A. in liquidation, initially resolved by Company’s shareholders’ meeting. Therefore, as of the above date, the Company is extinct and consequently excluded from the Group’s scope of consolidation;
- On 15 April 2020 the minority shareholders of the Brazilian companies, Maxlav Lavanderia Especializada S.A. and Vida Lavanderia Especializada S.A, already indirectly controlled by Servizi Italia through a 65.1% holding, exercised the put option aimed at selling the shares they held equal to 34.9% of the share capital of the two companies for a total consideration of Real 19,994 thousand (Euro 3,501 thousand at the exchange rate of 15 April 2020). As a result, Servizi Italia, via the company SRI Empreendimentos e Participacoes LTDA, holds 100%

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 2020 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, 60% owned by Servizi Italia S.p.A.. This company works exclusively as an intermediary between the client and the consortia without making own profits or having own production activities or personnel.





of the share capital of both companies following the acquisition of a further 34.9%.

It should be noted that for the whole of 2020 the production activities of the Kemalpasa plant of the Turkish company Ergülteks Temizlik Tekstil Ltd. Sti have ceased in line with the Group's logistical-production reorganization decisions.

Moreover, in December 2020, due to causes linked to the structural deterioration of the leased property, the laundry site of the Brazilian company Vida Lavanderias Especializada S.A. was closed, with consequent concentration of production at the other production sites with available capacity of the Brazilian group.

On 3 February 2021, in line with the redistribution of volumes in order to achieve greater saturation of the production capacity of the Italian sites present in the north-west area, production at the plant located in Podenzano (PC) ceased.

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 the case of restatements of data relating to the previous period, these are expressly indicated.

Moreover, in order to give a correct representation of performance, the use of estimates has been limited as much as possible. Where estimates were used, they are based on the best available methodologies and appropriately reported.

The Sustainability Report, published annually, has been prepared with a view to providing information that is reliable, complete, balanced, accurate, timely, comprehensible and comparable, as required by the GRI Standards.

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 2020 Sustainability Report is subject to a "limited assurance engagement" according to the criteria set out in the ISAE 3000 Revised principle by Deloitte & Touche S.p.A. The verification was carried out in accordance with the procedures set out in the "Independent Audit Company Report", included in this document.

The publication of this DNF, together with the Financial Report, follows the approval by the Board of Directors of Servizi Italia S.p.A. which took place on 15 March 2021.

The Group has defined a strategic focus and embarked on 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 2021-2025 have also taken into account the commitments of the Sustainability Plan 2021-2023 (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 DNF discuss non-financial issues, for which the Group has also publicly shared its commitment to achieving non-financial objectives, whose contents are discussed in more detail in the appropriate section of the Group's Sustainability Plan.

1.2 Materiality analysis and sustainability plan of the Group

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.

Internal and external stakeholders of the Group, involved through a questionnaire, analyzed the relevant issues, already identified in 2019, taking into account the aspects related to the epidemiological crisis and climate change and subjected to evaluation.

Stakeholder 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.

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



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

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

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

1. Analysis and update by Servizi Italia's Top Management of the issues that emerged as "material" during 2019. The issues assessed were in line with those identified for 2019, confirming the benchmark analysis conducted last year, which now takes into account the economic and social situation caused by the pandemic. The themes were aggregated based on homogeneity criteria determining the following 4 areas: Governance, Economic, Environmental and Social.
2. Activities involving certain dimension of internal stakeholders (**Employees, Board of Directors, Top Management**) and external stakeholders (**Suppliers, Customers, Associated/Subsidiary Companies, Shareholders, Associations**), through an online questionnaire sent to a sample of around 150 recipients representing the various categories involved and aimed at investigating the relevant importance of each issue in their perception and their expectation tendency.
3. Involvement of the members of the Board of Directors of Servizi Italia S.p.A. and the Group's management in order to assess the level of impact of the themes on management strategies, determined based on current and prospective commitment made on each theme.

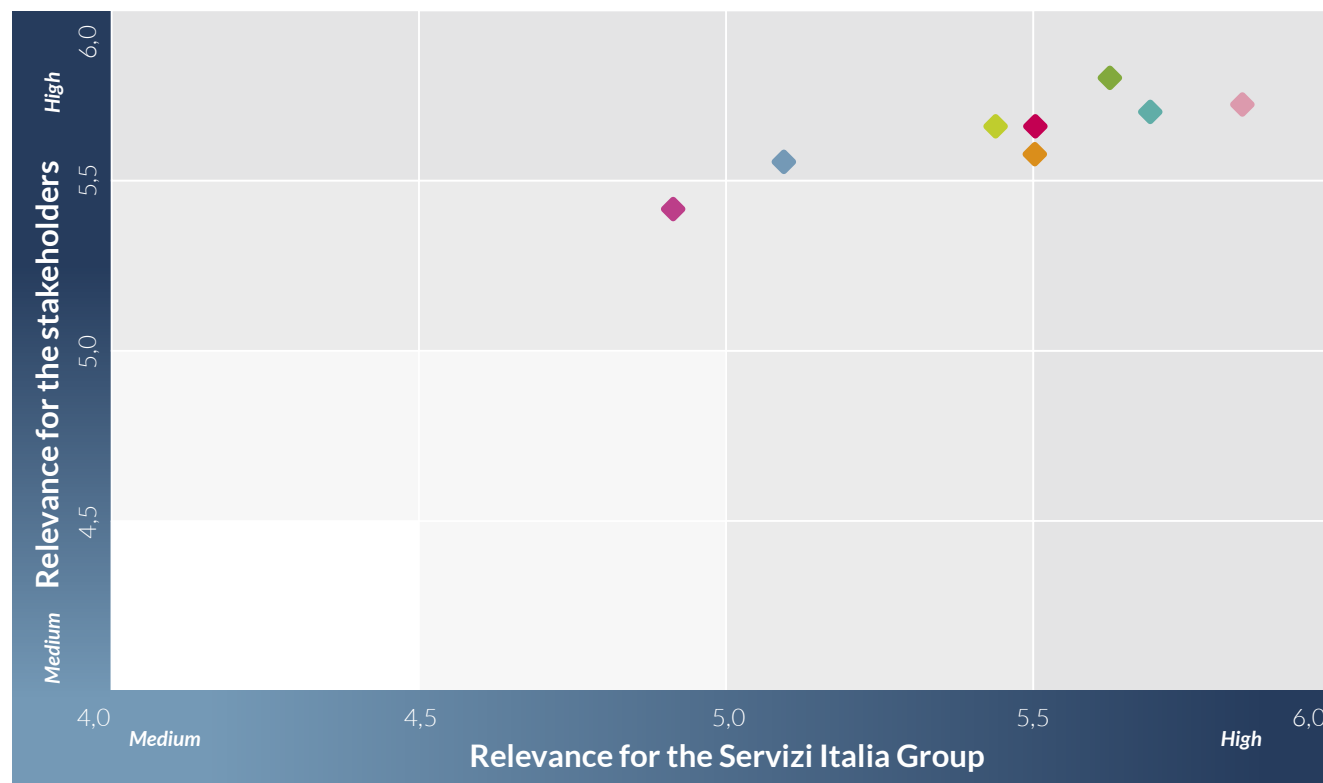
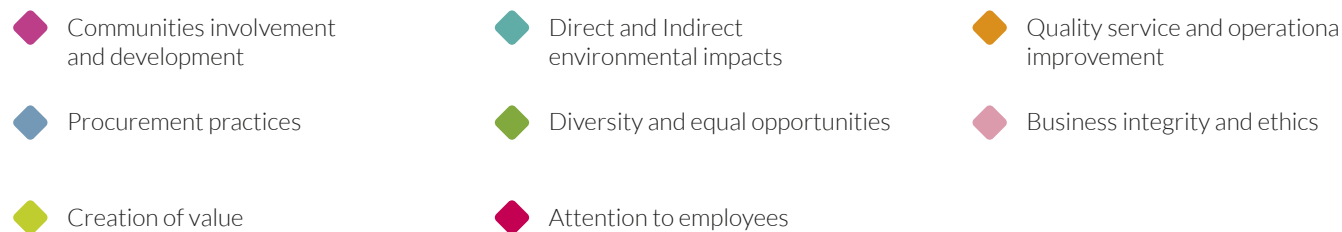
The most relevant issues are indicated in the materiality matrix here aside.

On the various issues, also according to the priorities assigned by the stakeholders in the matrix, the Group is committed to

working proactively to respond to the various needs, through the identification, monitoring and achievement of objectives and targets formalized within the Business Plan for the five-year period 2021-2025 and Sustainability Plan 2021-2025.

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 2019.

2020 MATERIALITY MATRIX OF THE SERVIZI ITALIA 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 consumption, water discharges and 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 that the Group's people have a series of conditions that are better than those provided for by local legislation, for example, in terms of labour discipline, safety protection and work-life balance.
	QUALITY SERVICE AND OPERATIONAL IMPROVEMENT	Comply with the regulations and ensure compliance with the contractual requirements of customers with the timely provision of the services requested, while seeking operational improvement and sustainability along the movement circuit of the same with technological innovation.
	INVOLVEMENT AND COMMUNITIES DEVELOPMENT	Long lasting relationship with the Group's suppliers, for the guarantee of an effective and quality service and the sharing of the same values and the same commitment also at an ethical, social and environmental level.
	PROCUREMENT PRACTICES	Long lasting relationship with the Group's suppliers, for the guarantee of an effective and quality service and the sharing of the same values and the same commitment at an ethical, social and environmental level.
GOVERNANCE	BUSINESS INTEGRITY AND ETHICS	<p>Commitment to preventing corruption, promoting ethics and integrity in business, aligning with international governance recommendations and best practices.</p> <p>Constant commitment to protecting Company's reputation, credibility and fair competition.</p> <p>Transparency and clarity of information provided to the market.</p>
ECONOMIC	CREATION OF VALUE	Revenue growth through the consolidation of the business model and the increase of the presence on the Italian and international territory. Commitment to creating value for the Group's shareholders and other stakeholders.

SCOPE	GRI ASPECTS	SCOPE OF IMPACT ²	GROUP'S ENGAGEMENT
BUSINESS INTEGRITY AND ETHICS	Anti-corruption	Servizi Italia Group	Generated by the Group
	Anti-competitive behavior	Servizi Italia Group	Generated by the Group
	Socio-economic compliance	Servizi Italia Group	Generated by the Group
CREATION OF VALUE	Economic performance	Servizi Italia Group	Generated by the Group
	Tax	Servizi Italia Group	Generated by the Group
DIRECT AND INDIRECT ENVIRONMENTAL IMPACTS	Materials	Servizi Italia Group Suppliers of goods	Generated by the Group
	Energy	Servizi Italia Group Suppliers of electricity and thermal energy	Generated by the Group
	Water	Servizi Italia Group Water suppliers	Generated by the Group
	Emissions	Servizi Italia Group and Suppliers of electricity and thermal energy	Generated by the Group and related to the Group through its commercial relationships
	Environmental Compliance	Servizi Italia Group	Generated by the Group
ATTENTION TO EMPLOYEES	Employment	Servizi Italia Group	Generated by the Group
	Market presence	Servizi Italia Group	Generated by the Group
	Training	Servizi Italia Group	Generated by the Group
	Health and safety at work	Employees and external collaborators ² of the Servizi Italia Group	Generated by the Group
DIVERSITY AND EQUAL OPPORTUNITIES	Diversity and equal opportunities	Servizi Italia Group	Generated by the Group
	Non-discrimination	Servizi Italia Group	Generated by the Group
QUALITY SERVICE AND OPERATIONAL IMPROVEMENT	Customers' privacy	Servizi Italia Group	Generated by the Group
	Labelling and marketing	Servizi Italia Group	Generated by the Group
PROCUREMENT PRACTICES	Procurement practices	Servizi Italia Group and Group Suppliers	Generated by the Group and to which the Group contributes
COMMUNITIES INVOLVEMENT AND DEVELOPMENT	Local communities	Servizi Italia Group	Generated by the Group

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

1.3 The Sustainability Plan of the Group

The Plan contains objectives/results/commitments aimed at promoting the sustainable success of the Group, through the implementation of policies, strategies, actions and long-term investment initiatives linked to the same and considered in the 2021-2025 Business Plan.

The 2021-2023 Sustainability Plan has been developed taking into account a structured path for the analysis of materiality which identifies, based on the expectations of stakeholders inside and outside the Group, the relevant issues to be communicated, as well as the commitments, the 2020 results and the 2021-2025 plan classified by categories (Environmental, Social, Governance and Technological).

The Sustainability Plan outlines a path for the Group's growth and sustainable development and launches a medium-long term path towards a wider disclosure on Climate Change issues. The 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 Sustainable Development Goals** (SDGs);
- the Paris agreement (COP21) on climate change;
- the guidelines for reporting climate-related information published by the European Commission;
- the recommendations published by the Task Force on climate-related financial disclosure (TCFD);
- the provisions of current legislation and the recommendations contained in the letter of the Corporate Governance Committee dated 22 December 2020.

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

The Group, facing the negative market dynamics and the epidemiological situation that has affected the business³ in both the financial, non-financial and sustainability areas, has readjusted its medium-long term strategy by aligning objectives and targets to the new reference context.

The table below provides a brief outline of the Group's material issues and strategic approach. The plans set out in the Sustainability Plan are here divided by areas (Environment, Social; governance and Economic) and associated to a specific SDG target; the table also shows Group's commitments/initiatives, the 2020 results and the 2021-2025 plan.

3. For more details regarding the impacts of Covid-19 on the business, please refer to the "Covid-19 disclosure" section of Servizi Italia S.p.A.'s Consolidated Financial Statements as at 31 December 2020.



ENVIRONMENTAL DIMENSION⁴

TARGET SGDs	MATERIAL THEME	OBJECTIVE	RESULTS IN 2020	PLAN 2021-2023	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 the Group's best practices in the way environmental issues are monitored.	Obtained ISO 50001 energy certification from a third party.	Conducting a Water Footprint study in accordance with ISO 14067. Realization of the CFP study according to ISO 14046. Realization of Nitrogen footprint study and its Certification. Obtaining certifications from third parties. Preparation of environmental policies for non-certified Group companies according to recognized standards.	ECONOMIC Operational efficiency ENVIRONMENT Environmental footprint Climate Change
		EMAS registration for Italian production sites	Following third party audits, EMAS registrations for the Italian sites of Arco (TN), Pavia di Udine (UD), Castellina di Soragna (PR), Montecchio Precalcino (VI), Genoa, Ariccia (Rome) and Travagliato (BS) maintained.	Renewal of EMAS registrations.	
		Assessment of the environmental impact of services using the LCA (Life Cycle Assessment) methodology in accordance with ISO 14040-44. Adaptation for Servizi Italia S.p.A. to the provisions of the Minimum Environmental Criteria (CAM) for: the awarding of the service for the reconditioning, logistics and hire of textile devices, mattresses, high-visibility clothing and sterile medical devices; the awarding of the service for the reconditioning and logistics of textile devices, mattresses, high-visibility clothing and sterile medical devices.	Conducted LCA study for Technical Reusable Textile wash-hire service and related EPD (Environmental Product Declaration). Obtained EDP certification for Technical Reusable Textile wash-hire service.	Maintaining EDP certification for Technical Reusable Textile wash-hire service. Conducting LCA study for cotton wash-hire service. Obtaining EDP certification for the cotton wash-hire service. Compliance with the provisions of the Minimum Environmental Criteria (CAM) for the reference sector.	

4. For overall changes in environmental impacts, see the Environmental Sustainability Chapter and related annexes.

TARGET SGDs	MATERIAL THEME	OBJECTIVE	RESULTS IN 2020	PLAN 2021-2023	DIMENSION
13.2 13.3	DIRECT AND INDIRECT ENVIRONMENTAL IMPACTS	Reduction of CO₂ emissions <ul style="list-style-type: none"> Launch of « Plastic free project» 		Extension of the project to all Group's sites/offices.	ENVIRONMENT Operational efficiency Climate change
		Reduction of CO₂ emissions <ul style="list-style-type: none"> Investments in technologically advanced and interconnected cabinets for textile distribution for transport travel savings 		Investments in technological devices (vending cabinets, automatic trolleys, MES).	
		Reduction of CO₂ emissions <ul style="list-style-type: none"> Operational research for optimization of logistics-distribution models on rubber for fuel reduction 		Continued operational research for the optimization of logistics distribution models of road transport for the reduction of fuel consumption.	

TARGET SGDs	MATERIAL THEME	OBJECTIVE	RESULTS IN 2020	PLAN 2021-2023	DIMENSION
13.2 13.3	DIRECT AND INDIRECT ENVIRONMENTAL IMPACTS	Reduction of CO2 emissions <ul style="list-style-type: none"> Updating corporate car policy 		Car Policy monitoring and improvement.	ENVIRONMENT Operational efficiency Climate change
		Reduction of CO2 emissions <ul style="list-style-type: none"> Preparation of computer station management procedure Spread of video communication systems for travel/mobility saving 	Maintenance of Microsoft Teams licenses and application for video communication to save travel/mobility and remote working. Improving of training activities and meetings through video conferencing.	Ensure maintenance of software license investments. Maintained training and meeting activities via video conferencing. Continue to raise awareness of reducing hours of inactivity on PCs, monitors and laptops outside of business hours.	ENVIRONMENT Operational efficiency Technology and digitalization Climate change
		Reduction of CO2 emissions <ul style="list-style-type: none"> Energy consumption monitoring 	Installed technologically advanced and interconnected electricity meters at Italian sites. On-site and remote monitoring of energy consumption guaranteed.	Continuous monitoring of energy consumption and data analysis.	ENVIRONMENT Operational efficiency Technology and digitalization Climate change

TARGET SGDs	MATERIAL THEME	OBJECTIVE	RESULTS IN 2020	PLAN 2021-2023	DIMENSION
13.2 13.3	DIRECT AND INDIRECT ENVIRONMENTAL IMPACTS	Material management: Use of packaging <ul style="list-style-type: none"> Experimentation on film for packaging goods with reduced thickness and made of recycled plastics 	The consumption of packaging amounted to 1,902 tons, of which 1,026 consisted of plastic packaging, 876 of paper and cardboard, with an overall increase compared to 2019 of 64% mainly attributable to the increase in the use of disposable devices to ensure the protection and safety of company personnel.	Extension of use of film made of recycled plastics 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 for the correct dosing of products in the washing cycles. Experimentation on Ecolabel washing cycles. 	Granted the monitoring of technologically advanced and interconnected chemical dispensers.	Promoting the use of Ecolabel products having low environmental impact. Investments in technological equipment (automatic dispensers) at all Group sites.	ENVIRONMENT Operational efficiency Technology and digitalization Climate change
		Rationalization of energy consumption <ul style="list-style-type: none"> Study and control of machine settings, work areas, lighting to reduce energy consumption. New generation LED lighting. Heat recovery projects. 	The Group's energy consumption decreased by approximately 8.77% compared to 2019. This decrease is associated to the reduced production activities, essentially related to the sterilization plants, due to the pandemic event. Installation of LED lighting (following the investment made in 2019). Closure, due to activity termination and concentration of production at production sites with available capacity, of a laundry site using coal-fired steam generators located in Izmir of the Turkish company Ergülteks Temizlik Tekstil Ltd. Sti.	Investments in cogeneration plants for electricity production. Continuous investments for expanding LED lighting. Optimization of the use of coal-fired steam generators in Turkish production sites.	ENVIRONMENT Operational efficiency Climate change

TARGET SGDs	MATERIAL THEME	OBJECTIVE	RESULTS IN 2020	PLAN 2021-2023	DIMENSION
13.2 13.3	DIRECT AND INDIRECT ENVIROMENTAL IMPACTS	Reduction of specific NO_x emissions <ul style="list-style-type: none"> More efficient management of combustion plants Start-up of a new steam generator with higher efficiency and lower NOx production at the Italian site of Arco (TN) 	<p>Optimization of steam generator operating hours.</p> <p>With regard to overall NOx emissions, the consolidated 2020 figure shows a decrease in NOx emissions of 13% compared to 2019. These values are related lower values recorded in the Italian sites of the Parent Company related to the replacement of burners at the combustion plants of Barbariga (BS), Travagliato (BS), Trieste and Arco (TN) sites.</p> <p>Replacement of burners at combustion plants of Barbariga (BS), Travagliato (BS), Trieste and Arco (TN) sites in order to contain NOx emissions.</p>	Maintaining/strengthening of organisational/technical interventions aimed at more efficient management of combustion plants.	ENVIRONMENT Environmental footprint
		Rational use of water resources <ul style="list-style-type: none"> More efficient water resources management. Higher control on drinking water withdrawals. Maintenance of well volumes as per the authorizations. 	<p>In 2020, there is a water withdrawal of 1,869 megaliters (ML), a decrease of approximately 11% compared to 2019, associated with reduced activity in sterilization plants due to the pandemic.</p> <p>The Group's investment objectives envisage, in the medium to long term, the replacement of obsolete washing machines with newly constructed machines that allow greater recovery of the water resource during the washing phases themselves.</p> <p>Mapping of sites located in "Water Scarcity Areas" and management of any possible critical site.</p>	<p>Continuous mapping of sites located in "Water Scarcity Areas" and management of any possible critical site.</p> <p>Maintaining/strengthening of organisational/technical interventions aimed at more efficient water resources management.</p> <p>Investments for the realization of an additional drill at Montecchio Precalcino (VI) site.</p>	ENVIRONMENT Water
		Management of waste produced <ul style="list-style-type: none"> More efficient management of start-up activities for the recovery of special waste products 	There is an increase of approx. 3.6% over 2019 primarily related to the waste generated by the pandemic emergency.	Maintaining/strengthening of organisational/technical interventions aimed at more efficient recovery of special waste.	ENVIRONMENT Waste

SOCIAL DIMENSION

TARGET SGDs	MATERIAL THEME	OBJECTIVE	RESULTS IN 2020	PLAN 2021-2023	DIMENSION
5.1	DIVERSITY AND EQUAL OPPORTUNITIES	Maintenance of SA8000 for Servizi Italia S.p.A.	Following auditing activities made by third parties, achieved the maintenance of SA8000 certification.	Certification renewal/maintenance. Implementation, at the Italian subsidiaries and extension to the foreign companies of the Group, of the Servizi Italia Compliance Program consisting of policies inspired by regulations, recommendations and international best practices.	SOCIAL Human rights Diversity GOVERNANCE Integrity and business ethics
3.9	ATTENTION TO EMPLOYEES	Awareness programmes on prevention and promotion of health and safety at work, technical training and professional growth	Programs realized and counting 11,228 hours, in line with the set target of 10,000 hours.	Annual target: over 10,000 hours of training.	SOCIAL Training
		Reduction in accident indices compared to previous years.	In terms of frequency of occurrence, the Group recorded an occupational injury rate for employees of 18, based on 1,000,000 hours worked (down by 14% compared to 2019) and 9 for external personnel, down by 67% compared to 2019.	Reduction of accident rates compared to previous years.	SOCIAL Safety management

TARGET SGDs	MATERIAL THEME	OBJECTIVE	RESULTS IN 2020	PLAN 2021-2023	DIMENSION
3.9	ATTENTION TO EMPLOYEES	<p>Harmonization and alignment with Group best practices of how to carry out on-site controls and investigation of all accidents, identification of preventive and corrective measures for health and safety at work.</p>	<p>94% execution of planned internal auditing activities performed in remote mode as well.</p> <p>Verification and confirmation of non-compliance by third party audits on management systems, performed in remote mode as well.</p> <p>Operational procedures are in place to implement measures to counter and contain the spread of the Covid-19 virus and protect the health and safety of personnel and the environment, while ensuring business continuity.</p> <p>More than 75 instructions/communications issued for providing all company personnel with preventive information regarding the risk of infection by Covid-19, providing measures to contain and contrast the spread of the virus within the workplace and for supporting the site representatives in the correct application of the measures taken to avoid the spread of infection by Covid-19, or to protect the health and safety of personnel and the environment. More than 20 preventive and corrective measures following the detection of non-conformities and relevant sharing among the Function Managers of the Business Lines.</p>	<p>Carrying out on-site and remote checks and investigations on all incidents, identifying preventive and corrective measures.</p> <p>Continuous promotion and adoption of a Code of Ethics in each company.</p> <p>Training and verification activities by the parent company and/or third parties.</p> <p>Implementation, at the Italian subsidiaries and extension to the foreign companies of the Group, of the Servizi Italia Compliance Program consisting of policies inspired by regulations, recommendations and international best practices.</p>	<p>SOCIAL</p> <p>Safety policies</p> <p>Safety management</p>

TARGET SGDs	MATERIAL THEME	OBJECTIVE	RESULTS IN 2020	PLAN 2021-2023	DIMENSION
8.2	ATTENTION TO EMPLOYEES	Monitoring the travel security model.	<p>Granted the monitoring of employees working abroad and continuous information through procedures and disclosures*.</p> <p><i>* The pandemic event has reduced the number of trips abroad, in compliance with government regulations of countries where the Group operates."</i></p>	Continuous monitoring of employees working abroad and continuous information.	<p>SOCIAL</p> <p>Safety policies Safety management Security</p>
		Commitment to an attentive welfare policy, committing itself to guaranteeing Group employees a fair remuneration that allows their family members to enjoy well-being and social serenity, also favouring initiatives or non-monetary benefits, aimed at increasing the employee's well-being.	<p>The benefit package within Servizi Italia S.p.A. and its Italian subsidiaries has been maintained.</p> <p>Maintained the "FlexBenefit corporate welfare platform.</p> <p>For the year 2020, Servizi Italia S.p.A. distributed a bonus payment using ticket compliments.</p> <p>The benefit plan envisaged for Brazilian companies has been maintained.</p>	Benefit package maintained for the various companies of the Group.	<p>SOCIAL</p> <p>Welfare Work-life balance</p>

TARGET SGDs	MATERIAL THEME	OBJECTIVE	RESULTS IN 2020	PLAN 2021-2023	DIMENSION
8.2	ATTENTION TO EMPLOYEES	<p>Evaluation of the performance of Beneficiaries, to guarantee the sustainable success of the Group in the medium/long term with the setting of financial, non-financial and qualitative economic objectives.</p> <p>Performance assessment of blue-collar workers at Servizi Italia S.p.A. in accordance with the provisions of second-level agreements.</p> <p>Guarantee of approval for Servizi Italia S.p.A. of ABS and LTI Cash regulations.</p> <p>Guarantee of approval for Brazilian companies of ABS regulations.</p>	<p>Due to the contraction in the Group's 2020 results, Servizi Italia S.p.A. assessed and approved the non-payment of bonuses to the beneficiaries of the variable remuneration plans as a result of the non-achievement of the threshold value of the LTI Cash 2018-2020 and ABS 2020 plans; for the operating figures, the Company paid the equalization element together with a liberal payment in ticket compliments⁵.</p> <p>100% of the beneficiaries of Lavsim's ABS plan (Brazil).</p> <p>Started the process of updating the variable remuneration plans (ABS and LTI Cash), to guarantee the sustainable success of the Group in the medium/long term, with the setting of financial, non-financial and qualitative targets.</p>	<p>Approval of ABS and LTI Cash regulations of Servizi Italia S.p.A.</p> <p>Renewal, following dialogue with trade unions and workers' representatives at company level, of second-level agreements.</p> <p>100% of the beneficiaries of the ABS and LTI Cash plan of Servizi Italia S.p.A.</p> <p>100% of the workers of Servizi Italia S.p.A. involved in second-level agreements.</p> <p>Extension of ABS plan to Italian and Turkish subsidiaries as well.</p>	<p>SOCIAL</p> <p>People growth</p> <p>ECONOMIC</p> <p>Operational efficiency</p> <p>GOVERNANCE</p> <p>BoD effectiveness</p>
		<p>Spreading the culture of cyber security and changing people's behavior to reduce cyber security risks.</p>	<p>Disseminated to users some recommendations on cyber security.</p> <p>Investments made for advanced cyber security solutions.</p>	<p>Awareness rising actions for employees.</p> <p>Periodic Vulnerability Assessment.</p> <p>Actions.</p>	<p>SOCIAL</p> <p>Training</p> <p>Cyber security</p>

5. It should be noted that the second level agreements expired on 31/12/2019 and were not renewed during 2020, due to the contraction in economic results in the period to which the negative effects connected to the current epidemiological emergency from COVID-19 also contributed. During 2020, the national trade unions, the trade association and the companies in the sector continued negotiations for the renewal of the National Collective Labor Agreement for the category, which expired in March 2019.

TARGET SGDs	MATERIAL THEME	OBJECTIVE	RESULTS IN 2020	PLAN 2021-2023	DIMENSION
8.2	QUALITY SERVICE AND OPERATIONAL IMPROVEMENT	Maintaining and evolving the needs of customers and end users to technological innovation, social and environmental sustainability and the quality of products and services.	Maintenance of required certifications as expressed in customer specifications and in the regulations in force regarding services procurement.	Continuous maintenance of certifications	GOVERNANCE Integrity and business ethics
		Operational research and product optimization.	<p>Started the reorganization of logistics and production activities at the Podenzano (PC) production site, followed by termination of activities⁶.</p> <p>Closure, due to causes linked to the structural deterioration of the leased building, and concentration of production at production sites with available capacity of the Brazilian group, of the laundry site of the Brazilian company Vida Lavanderias Especializada S.A. (December 2020).</p> <p>Ceased activity and concentration of production at production sites with available capacity at the laundry site of the Turkish company Ergülteks Temizlik Tekstil Ltd. Sti., which now exclusively works as a warehouse.</p>	Continuous reorganisation by geographical area of logistical and production activities of plants.	ECONOMIC Operational efficiency ENVIRONMENT Climate change

6. For more information, please refer to the Methodological Note.

TARGET SGDs	MATERIAL THEME	OBJECTIVE	RESULTS IN 2020	PLAN 2021-2023	DIMENSION
4.2 4.4	COMMUNITIES INVOLVEMENT AND DEVELOPMENT	Involvement of local communities and enhancement of the territory through sponsorship and economic support.	Sponsorship of cultural and sports activities at the local level, i.e. logistical support for home nursing, grants for access to education, sports classes for people with mental disabilities.	Support for educational development and the fight against poverty (e.g. non-profit organizations, charities). Sponsorships in cultural activities.	SOCIAL Community relations Social Development
		Involvement-oriented training about the climate issue, covering cognitive, affective and behavioral aspects in order to feel personally involved and concerned and to be motivated and able to act and to change behaviors.		Brochures illustrating virtuous behaviors in everyday life, both in the workplace and in private life. Contribute by example to the dissemination of concrete sustainability elements to local communities.	
	PROCUREMENT PRACTICES	Evaluation and qualification of suppliers based on ethical, social and environmental criteria for all types of goods.	100% qualification of supplier deemed critical for company's activities. Software selection for identifying a product finalized to the constitution of a suppliers list.	Target for plan years: 100% of critical suppliers. Creation of a software-based list of Servizi Italia S.p.A. suppliers of goods and services.	SOCIAL Supply chain management Safety policies Human rights
		Adoption of an Integrated Corporate Policy for Quality, Health and Safety, Social Responsibility, Environment and Energy, Corruption Prevention, Antitrust conduct and Fiscal strategy.	Adopted an Integrated Corporate Policy in order to strengthen the monitoring of ethical, social and environmental issues in the supply chain for all product groups.	Implementation and improvement of the Integrated Corporate Policy.	SOCIAL Supply chain management Safety policies Human rights

GOVERNANCE DIMENSION

TARGET SGDs	MATERIAL THEME	OBJECTIVE	RESULTS IN 2020	PLAN 2021-2023	DIMENSION
16	BUSINESS INTEGRITY AND ETHICS	Monitoring the adoption of a diversity policy in the Board of Directors of 2020.	Granted the full respect of diversity policies within the different companies of the Group.	Monitoring the adoption of the diversity policy in the BoD and Statutory Auditors Board of different companies of the Group.	GOVERNANCE BoD effectiveness
		Alignment with international governance recommendations and best practices.	<p>Diversity policy adopted in both BoD and Board of Statutory Auditors, including an amendment to the Articles of Association.</p> <ul style="list-style-type: none"> • Keeping market abuse procedures under control. • Adoption and publication in the "Tranparent Company" section of the website the following documents, as part of Servizi italia Compliance program: • Integrated Corporate Policy for Quality, Health and Safety, Social Responsibility, Environment and Energy, Corruption Prevention, Antitrust conduct and Fiscal strategy; • Anticorruption guidelines; • Antitrust Code of Conduct; • Code of Conduct about the relation with Public Administration; • Code of Ethics; • Organization, Management and Control Model pursuant to Legislative Decree no. 231 of 8 June 2001 and subsequent amendments and additions; • Whistleblowing procedure. <p>Adopted a regulation for council works.</p>	<p>Constant alignment with regulations, recommendations and international best practices concerning corporate governance matters.</p> <p>Monitoring of reports as referred to in the Whistleblowing procedure.</p>	GOVERNANCE Integrity and business ethics BoD effectiveness

TARGET SGDs	MATERIAL THEME	OBJECTIVE	RESULTS IN 2020	PLAN 2021-2023	DIMENSION
16	BUSINESS INTEGRITY AND ETHICS	Periodic induction of Directors and Statutory Auditors during their term of office. Board review activities.	Induction activities for Directors and Statutory Auditors during BoD meetings. Board review completed. Prepared a guidance to shareholders on future size and composition of the BoD related to 2021-2022-2023 term.	Structured induction plan of Directors and Statutory Auditors during their term of office.	GOVERNANCE BoD effectiveness
		Obtainment of ISO 37001 anti-corruption certification for Servizi Italia S.p.A.	Prepared, after risk analysis, the system of procedures required by ISO 37001 certification process. Appointment of the Head of the Prevention of Corruption Function. Audit carried out by a third party for ISO 37001 certification. The procedure for UNI ISO 37001:2016 certification relating to management systems for the prevention of corruption is nearing completion.	Obtainment of ISO 37001 anti-corruption certification.	GOVERNANCE Integrity and business ethics
		Promotion and adoption of a group policy concerning anti-corruption and Code of Ethics within the subsidiaries of the Group. Promotion and adoption within the Italian subsidiaries of the Group of an Organization and Management Model pursuant to Legislative Decree 231/01.	Spread of anti-corruption policy within the Group subsidiaries. Monitoring on respect of Code of Ethics and 231 procedures. Training for directors, top managers and employees.	Constant alignment with regulations, recommendations and international best practices concerning corporate governance matters. Continuous training for directors, top managers and employees.	GOVERNANCE Integrity and business ethics SOCIAL Training

ECONOMIC DIMENSION

TARGET SGDs	MATERIAL THEME	OBJECTIVE	RESULTS IN 2020	PLAN 2021-2023	DIMENSION
8.2	CREATION OF VALUE	<p>Expansion of turnover through the consolidation of the business model and increase of presence in Italy and abroad.</p> <p>Value creation for shareholders.</p>	<p>Economic value generated by the Group equal to Euro 240.2 million compared to Euro 262 million generated in 2019.</p> <p>The Board of Directors proposed to the Shareholders' Meeting to allocate Euro 1.4 million as Reserve for valuation of equity investments using the equity method and carry forward the residual net income for the year. It also proposes to allocate Euro 0.3 million from the Reserve for valuation of equity investments using the equity method as retained earnings, as the restriction on non-disreputability no longer applies.</p>	Creation over time of economic value generated by the Group.	<p>ECONOMIC</p> <p>Creation of value</p>



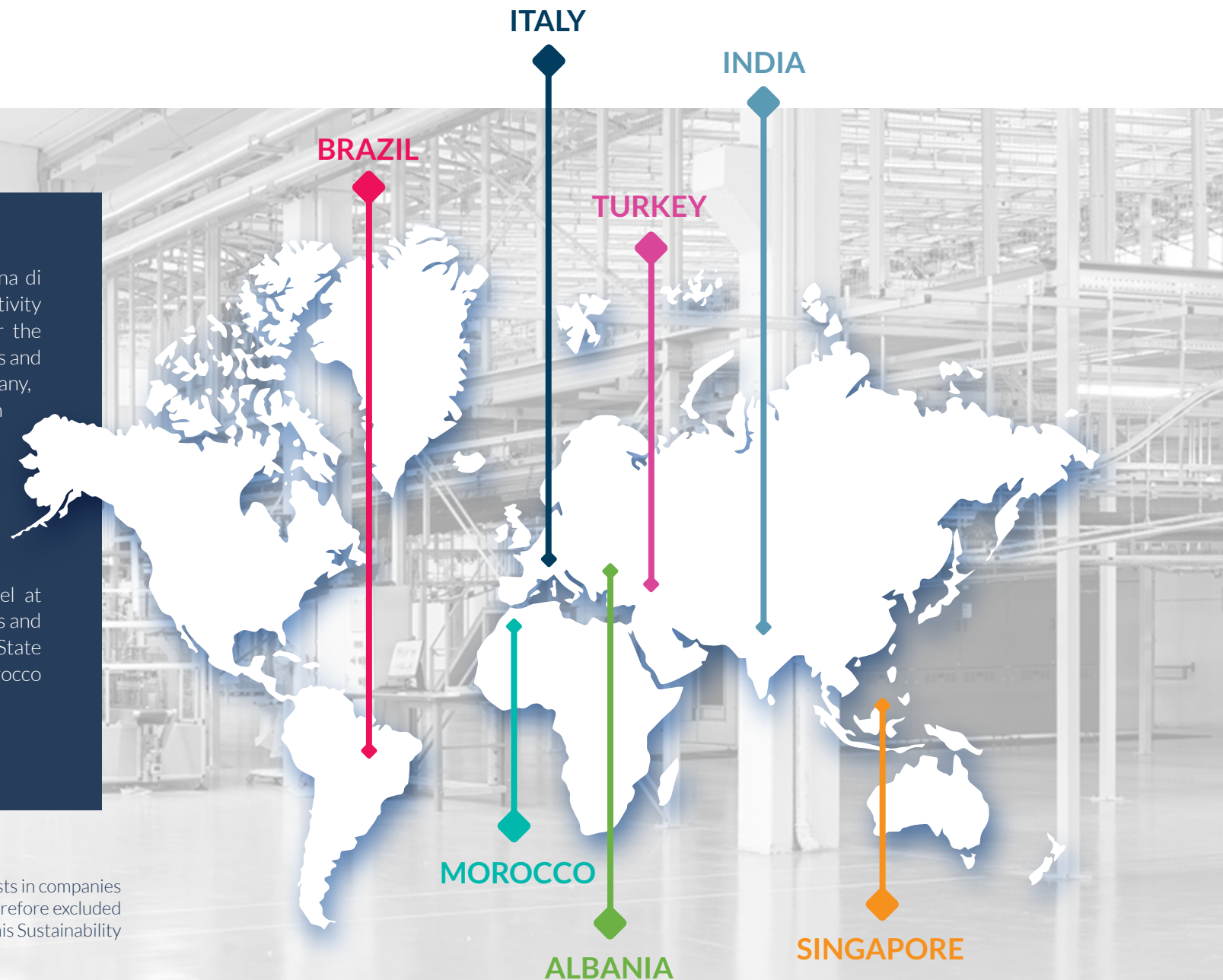
2. GROUP PROFILE



2.1 The Group

Servizi Italia S.p.A., a company based in Castellina di Soragna (PR), celebrates this year 35 years of activity as leader 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, offers a wide and diversified range of services thanks to a highly technological production platform, made up of 25 laundry plants, 6 linen sterilization centres, 14 CSSDs and many wardrobes located in healthcare companies, which constitute an effective and efficient 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 Singapore⁷.

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



2.1.1 Companies in Italy

The Parent Company

Founded in 1986, Servizi Italia S.p.A., 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 and sell of disposable materials.



With regard to real estate structures in which the Company operates, it is noted that for real estate facilities whose title is linked to management attached to the tender, all regulatory requirements associated with various licenses and the management of utilities are borne by the owner (Procurement Station).

For rental and ownership properties, the Group shall manage all regulatory requirements associated with and linked to the authorizations issued by the competent bodies.

The commitment of Servizi Italia has also continued to extend and maintain management systems covering specific issues such as occupational health and safety at work, the environment and the quality of the services provided.

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

Servizi Italia S.p.A. has adopted several certified management systems listed in the relevant section of Company's website whose objective is to promote their adoption in all its subsidiaries, in order to ensure a proper organization and compliance with the rules.

During 2020, the Quality, Safety and Environment Assurance team carried out audit to verify the effectiveness of the management systems adopted by the Company, in accordance with the plans provided for; accredited third-party certifying bodies also carried out checks.

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
	ENERGY MANAGEMENT SYSTEM	UNI EN ISO 50001
	HIGH VISIBILITY GARMENTS: TEST METHODS AND REQUIREMENTS	UNI EN 20471:2017
	HEALTH AND SAFETY AT WORKPLACE	UNI ISO 45001:2018
	COMPLIANCE WITH EUROPEAN REGULATION 1221/2009	CE Certification
	BIOLOGICAL EVALUATION AND BIOCOMPATIBILITY TESTING - MEDICAL DEVICES	ISO 10993
	DETERMINATION OF ANTIBACTERIAL ACTIVITIES	UNI EN ISO 20645:2004, SN 195921 ⁸
	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 certification for production sites located in Italy.

8. Certification of the process for the conferral and restoration of the antibacterial and antimicrobial 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 fibers and mixtures of cotton and polyester, ensures broad spectrum antibacterial efficacy, antimicrobial efficacy and is found to be non-cytotoxic on human cells.



Steritek S.p.A.

Steritek S.p.A. is the leading Italian operator in the offer of technical services for clinical engineering 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 the Parent Company's Code of Ethics and the Organizational Model pursuant to 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 organizational system monitoring effective. Operating system management and governance policies are functional for quality control, environmental management and safety at work in compliance with the regulations of the company's industry and the contractual requirements of its customers.

Wash Service S.r.l.

Wash Service S.r.l. is mainly active in northern Italy offering washing and rental services of flat linen, guest laundry and staff uniforms to hospitals, nursing homes and retirement homes. Wash Service S.r.l. has adopted its own Code of Ethics whose principles and values are in line with the Parent Company's Code of Ethics and the Organizational Model pursuant to 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 organizational system monitoring effective. Operating system management and governance policies are functional for quality control, environmental management and safety at work in compliance with the regulations of the company's industry and the contractual requirements of its customers.

Ekolav S.r.l.

Ekolav S.r.l. is a company based in Tuscany offering washing and rental services of flat linen, guest laundry and staff uniforms in particular for retirement homes, nursing homes, hospitals and industrial customers. Ekolav S.r.l. has adopted its own Code of Ethics whose principles and values are in line with the Parent Company's Code of Ethics and the Organizational Model pursuant to 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 the regulations of the company's industry and the contractual requirements of its customers.

2.1.2 Brazilian companies

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

Thanks to these operations and investments in technology, plant/machinery and innovation, the Group in Brazil has become, through its various brands, a reference operator in the state of São Paulo for textile washing services. The strategic intentions of the Group in the State of São Paulo are to promote the adoption of management systems, to ensure proper organization and enforcement of legislation and to develop sterilization services (both

textile and instruments), by seeking cross selling opportunities on target customers or by launching partnerships to provide a comprehensive and traceable service mix using RFID technology to ensure the traceability of devices.

The Brazilian market has undergone major changes in the last 4-5 years and 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.

Please note that, on 28 December 2020, the laundry site of the Brazilian company Vida Lavanderias Especializada S.A. has been closed due to structural deterioration of the leased building and all the production was moved to the other production sites of the Brazilian group having capacity available.



2.1.3 Turkish companies

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

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

Turkey is currently a market with significant growth potential, where Servizi Italia has seen the possibility to bring efficiency through the same industrial model successfully adopted in Italy. Currently, the Turkish Government has launched an investment package for public-private collaboration, which includes the construction of majestic health centres that will replace small, outdated hospitals.

Turkish is a market with significant growing potentials, thanks to the recent local reforms in healthcare, which will lead to the construction of a series of new hospitals with public-private participation. Now there is 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 carried out mainly in hospital facilities, but there is a growing trend towards outsourcing the management of CSSDs to contractors.

It should be noted that for the whole 2020. The production activities of Kemaplasa plant of the Turkish Company Ergülteks Temizlik Tekstil Ltd. Sti ceased operations in line with Group's logistical and production reorganizational plan.

In 2020, for the foreign companies included in the scope of consolidation, appropriate checks were carried out in order to facilitate, among other things, the operations for the definition of the Sustainability Report required by the reporting process with respect to environmental, social and governance data, favoring the correct information flow towards the auditing company and the control bodies of the Parent Company.



2.1.4 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 give to private operators by health authorities (public and private);

3.

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

4.

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

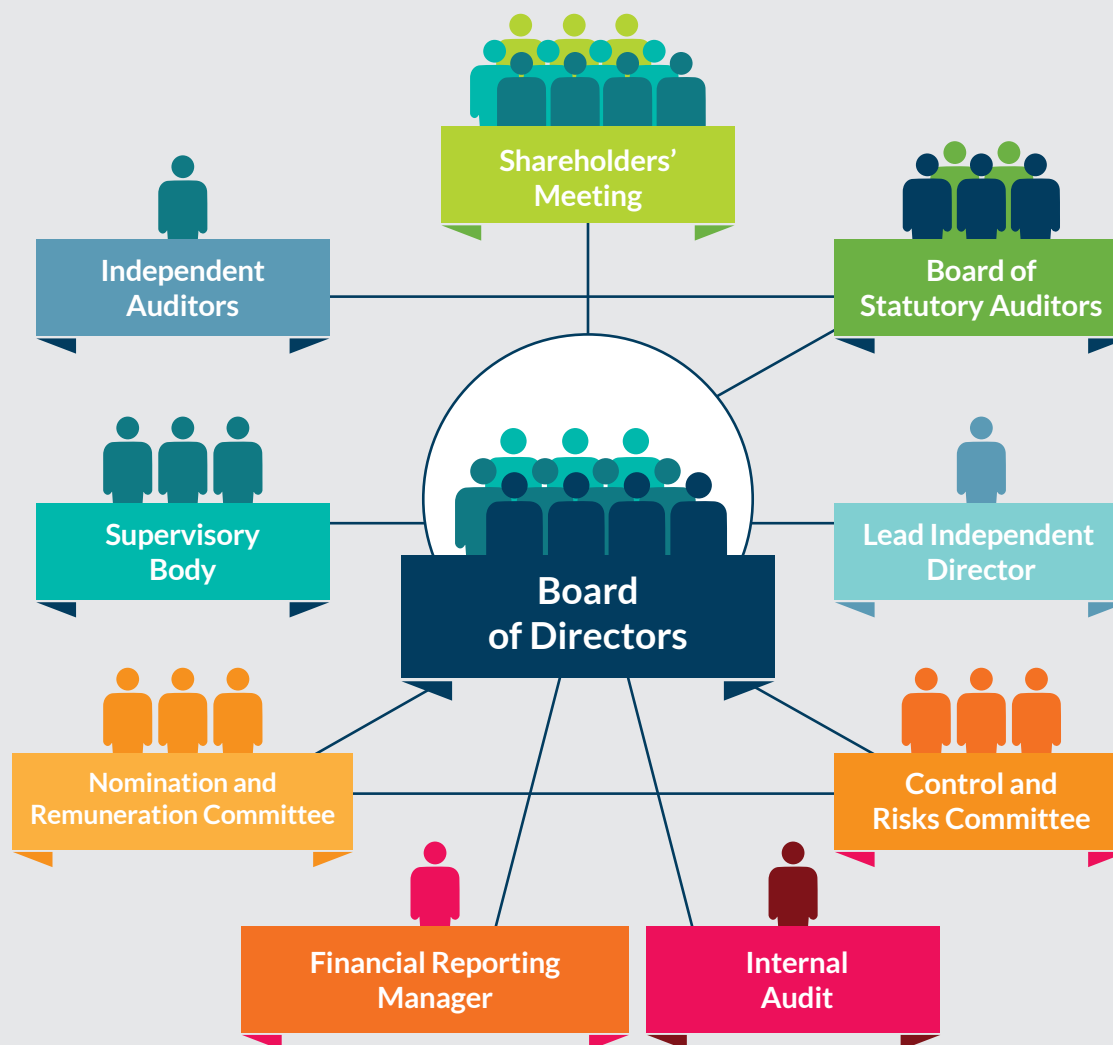
Although it holds minority shares in companies of these countries, which are therefore excluded from the scope of reporting in this Sustainability Report, the Group, through its management, promotes the adoption of management systems in order to guarantee the proper organization and management of the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

2.2 The Governance

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

The Corporate Governance is based on a traditional management model and 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 and this is made up of 11 members, 4 women and 7 men.



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

	2020			2019		
	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

	2020				2019			
	< 30	30-50	>50	Total	< 30	30-50	>50	Total
SERVIZI ITALIA S.P.A.	0	27%	73%	100%	0	45%	55%	100%

On 7 January 2020 the Company announced the resignation of the Chief Executive Officer, Mr. Enea Righi, from all offices, functions and positions held in the 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 Eugeni (Director, appointed Deputy Chairman of the Board of Directors) and Michele Magagna (Director), assisted by the Chief Operating Officer Andrea Gozzi.

On 5 March 2020, the Board of Directors appointed Roberto Olivi as temporary Director in charge of Internal Audit and Risk Management. The resigning CEO previously held the position.

On 28 April 2020, the Shareholders' Meeting - among other things - resolved to integrate the Board of Directors by appointing Mr. Giovanni Manti, currently Director of Organisation and Systems and manager with strategic responsibilities.

On 30 April 2020, Servizi Italia received the resignation of Director Paola Schwizer, who therefore left her position as director of Servizi Italia; on 13 May 2020, the Board of Directors

co-opted Simona Campanini, currently Director of Human Resources and executive with strategic responsibilities, to the role of director.

On 30 July 2020, upon proposal of the Executive Committee, the Board of Directors of the Company appointed Mr. Andrea Gozzi, formerly Director of Operations and executive with strategic responsibilities, as General Manager. This was done in view of the opportunity to achieve an even more adequate and efficient management of corporate activities, also from an operational, organizational and planning point of view, thus enhancing and strengthening his constant and profitable cooperation with both the Executive Committee and the top management.

For further information on the corporate governance system adopted by Servizi Italia Group and the role of the Board of Directors, reference should be made to the Report on Corporate Governance and Ownership Structure drafted for 2020, available on the website www.servizitaliagroup.com.

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

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

The **Control and Risk Committee** (CCR) has been assigned, among other things, the 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 managing 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 Declaration (DNF), 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**, while carrying out the tasks assigned to it by the law, monitors compliance with the provisions set forth in Legislative Decree 254/2016, report on them in its annual report to the Shareholders' Meeting, and is consulted by the administrative body to deliberate on the omission of information that may compromise company's business position.

The **CSR Manager**⁹ depends on the delegated body (CEO or Executive Committee) and he is in charge of drafting the DNF 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 DNF: Sustainability Report in accordance with current legislation.

Among its tasks, the CSR Committee 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.

9. The CSR Committee is made up of the CSR Manager, together with the CEO 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.





3. 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 the corporate “core business” have been determined, measured, and managed using the risk analysis process in accordance with the principles of the new COSO-ERM framework (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 organization’s resources.

2. GOVERNANCE OBJECTIVES



- ensure credibility, accuracy, reliability and timeliness of financial reporting;
- safeguarding of 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 soundness and continuity. To this end, an internal control system has been set up to monitor the risks associated with the activity.

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

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

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

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

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



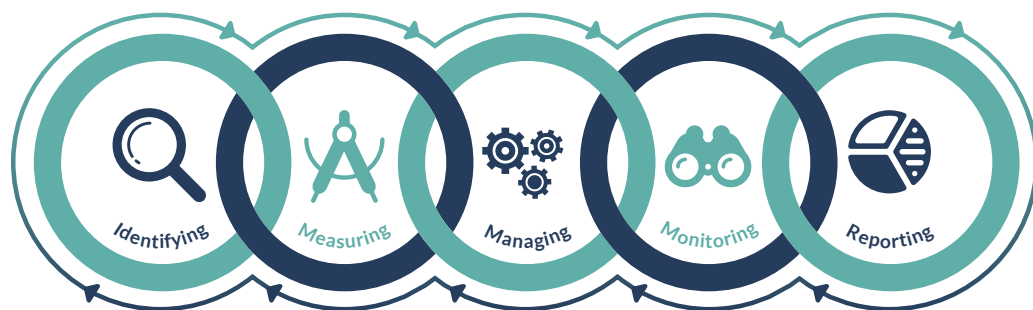
In order to carry out its activities, the Internal Auditing Department presents an activity plan to the Board of Directors, in which the planned auditing activities are represented in line with the risks associated with the activities aimed at achieving Company's objectives.

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

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

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

RISK CONTROL PROCESS



The different kinds 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 organizational processes. The RAF, the Risk Policy and, therefore, the body of internal regulations governing risk management, include, among others, aspects linked to the management of environmental, social and governance (ESG) risks.

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 organizational 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 to different ESG risks (environmental, social and governance), whose most important ones are shown in the table below, together with activities aimed at mitigating their effects and ensuring a proper management.

Additional information about other types of risk is provided in the Separate and Consolidated financial statements as at 31 December 2020.

ESG RISK	RISK DESCRIPTION	MANAGEMENT AND MITIGATION ACTIONS
ENVIRONMENTAL COMPLIANCE RISKS	Environmental protection legislation is becoming increasingly restrictive, partly as a result of an increased community awareness and sensitivity to these issues. The result is an increase in demands on companies to minimize their environmental impact. In addition, population and economic growth generate impacts related to resource scarcity, water, waste and biodiversity management. The Group operates in a sector that of 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 in managing and monitoring the environmental aspects, adopting certified management systems in the Italian plants (for more details of the certifications see the Chapter 2 “Group Profile”).</p> <p>The Group’s commitment to minimize its environmental impact is also asked to companies abroad through constant monitoring of environmental performance and maintained through compliance with all relevant local regulations and promoting the adoption of certified management systems and the Servizi Italia Compliance Program consisting of group policies inspired by law, recommendations and international best practices, code of conducts, procedures, rules and formats which provide preventive supervision to sensitive process on environmental issues.</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 in the Italian territory with several production sites with capacity available to meet the production loads of the facilities affected by the damage and mitigating the risks associated with foreseeable changes in climate models and the 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 works are carried out on buildings, courtyards and storm drains.</p> <p>All the Group’s Italian areas are subject to environmental management certification (for details on certifications, refer to chapter 2 “Group Profile”) and through the application of internationally recognised Environmental Management Systems (EMS), potential sources of risk are monitored so that any critical issues can be detected in a timely manner.</p> <p>The Group’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 terms. 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
HEALTH AND SAFETY RISKS 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 attaches 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.</p> <p>In foreign companies, the Group presides the risks: (i) by promoting and adopting a Code of Ethics in each individual company; (ii) by preparing a set of procedures, regulations and formats based on a risk analysis of processes; (iii) by training and auditing activities performed by the Parent Company and/or third parties.</p>
RISKS RELATED TO A PROLONGED COVID-19 PANDEMIC	The Group's activity is affected by pandemic, whose continuation could expose the Company to various risks, including that of the spread of Covid-19 infection. Failure to provide personnel and other possibly involved actors with the information, the procedures to be followed and the safeguards to be used, necessary to allow them to carry out their work activities in safety; moreover, failure to guarantee adequate hygiene and safety conditions, in compliance with the provisions of the competent Authorities, could undermine the health and safety of personnel, the environment and therefore business continuity.	<p>In order to mitigate the possible negative impact, the Group, in compliance with the provisions of governments of areas where it operates, has implemented project management and control activities regarding organizational measures and prevention and protection measures, in particular:</p> <ul style="list-style-type: none"> • drafting of operating procedures and specific protocols; • remote working for employees and management, in order to reduce travel and contacts for work-related needs. All the staff involved has been trained in advance on correct use and safety aspects of hardware and software assigned. Where possible, the use of paid vacations and leave was encouraged; • increase in the procurement of goods and services to prevent the spread of contagion and protect the health and safety of staff and the environment, with procurement of personal protective equipment, instruments necessary for access control, products for hygiene and sanitation, and an increase in hygiene and sanitation services; • measures to guarantee the supply chain and measures to revise contracts for the supply of goods and services in order to guarantee emergency services and contain costs and/or investments.

ESG RISK	RISK DESCRIPTION	MANAGEMENT AND MITIGATION ACTIONS
RISKS RELATED TO CORRUPTION	<p>Corruption is the abuse of conferred power for private gain and may be instigated by individuals in both public and private sector. Here is interpreted to include corruption practices such as bribes, extortion, collusion, conflict of interest and money laundering. The Group pays particular attention to the risks of conduct or negligence that may lead to the occurrence of bribery and corruption events/cases throughout the value chain and promotes the fight against them in all its forms.</p>	<p>Management is committed to provide clear guidelines, so as to prevent any form of corruption. Moreover, with the contribution of the Supervisory Body, it actively participates in the prevention of corruption through specific training for employees, aimed at knowledge and application of the system.</p> <p>The Group presides the risk by: (i) since 2006, in Italy adopting and constantly amending and updating both Code of Ethics and Organization, Management and Control Model pursuant to Legislative Decree No. 231/2001; (ii) at its foreign subsidiaries, promoting the adoption of a Code of Ethics and an anti-corruption Group Policy, which is based on the implementation of a risk analysis of company processes, the drafting of the Servizi Italia Compliance Program consisting of group policies inspired by law, recommendations and international best practices, code of conducts, procedures, rules and formats which provide preventive supervision to sensitive process on corruption and offences issues. (iv) auditing activities by the Parent Company and third parties.</p> <p>During 2020, the Parent Company has started the UNI ISO 37001:2016 certification process, referring to management systems for the prevention of corruption, which positively concluded in March 2021.</p>

Moreover, the Servizi Italia Group has decided to consolidate the process of reporting climate-related financial information through an analysis to understand which are the main financial risks related to climate change in relation to each material issue previously identified through the materiality analysis:

MATERIAL ISSUE	CLIMATE RISK	POTENTIAL FINANCIAL IMPACT	MANAGEMENT AND MITIGATION
PROCUREMENT PRACTICES	Physic – Acute risk	Difficulty in importing goods or difficulty in finding certain materials.	Wide differentiation of suppliers Mainly local suppliers, short supply chain.
	Transition – political and legal	Increasing of transport costs for procurement of goods.	Diverse supply chain, favoring environmentally friendly transportation services.
QUALITY SERVICE AND OPERATIONAL IMPROVEMENT	Physic – Acute risk	Cancellation, early retirement or damage to existing assets.	Reorganization of production capacity to compensate any downtime.
	Transition – political and legal	Review of customer requests or requirements expressed in tenders.	Development of technologies, products and services due to innovation and context change.
COMMUNITIES INVOLVEMENT AND DEVELOPMENT	Physic – Acute risk	n.a.	n.a.
	Transition – political and legal	n.a.	n.a.
DIRECT AND INDIRECT ENVIRONMENTAL IMPACTS	Physic – Acute risk	Any waste or product non-conformity that may lead to production downtime.	Disaster assessment for any hazardous chemical product should be spilled into the environment.
	Transition – political and legal	Additional costs for compliance with more stringent regulations.	Insurance coverage related to weather events.
DIVERSITY AND EQUAL OPPORTUNITIES	Physic – Acute risk	n.a.	n.a.
	Transition – political and legal	n.a.	n.a.

MATERIAL ISSUE	CLIMATE RISK	POTENTIAL FINANCIAL IMPACT	MANAGEMENT AND MITIGATION
INTEGRITY AND BUSINESS ETHICS	Physic – Acute risk	Imputation of omitted maintenance and regulatory activities that may damage the corporate image.	Clarity and consistency in planning and execution of all activities necessary to ensure health and safety in the workplace.
	Transition – political and legal	Negative impact on Group's reputation if stakeholders judge the commitment to climate change insufficient. Failure to win contracts due to missing climate change requirements.	Clear and transparent environmental policies. Disclosure of commitments/objectives achieved. Compliance with the provisions of the Minimum Environmental Criteria (CAM) for the reference sector.
ATTENTION TO EMPLOYEES	Physic – Acute risk	Lawsuits/Injuries for damage caused to people.	Health and Safety prevention activities.
	Transition – political and legal	n.a.	n.a.
CREATION OF VALUE	Physic – Acute risk	Damages to group properties and assets.	Insurance coverages.
	Transition – political and legal	Additional costs due to new regulatory obligations related to participation in tenders (e.g. obligation to use Ecolabel products).	Cutting-edge solutions to maintain the required levels of sustainability.

The Covid-19 pandemic, which first appeared in Italy at the end of January 2020, imposed the need to contain the epidemiological development as much as possible, entailing the modification of hospital procedures and activities with regard to hygiene guarantees for medical and nursing staff, wards and inpatients intended for the treatment of infections deriving from the Coronavirus. All Group's activity, while operating in strict compliance with the reference legislation, has been influenced during the year by the evolution of the contingent epidemiological situation.

In view of the fact that the services provided by the Group are to be considered essential, of primary necessity and of public utility, and therefore defensive with respect to the current epidemiological situation, the Group implemented risk & project management and project control activities in order to

- prevent the spread of the contagion and protect the health and safety of staff and the environment;
- guarantee business continuity;
- mitigate any possible negative impact on economic results deriving from a drop in demand for certain types of services;
- have an updated mapping of risks, related impacts and mitigation actions in the various areas of the corporate organization, in line with the requirements of Risk Management and Internal Audit processes.

For further information on the impacts of Covid-19, please refer to the separate financial statements of Servizi Italia S.p.A. and the consolidated financial statements as at 31 December 2020.



3.2 Ethics, Business Integrity and Compliance

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

Ethical principles and values are aimed at:

- transparency, honesty, fairness, good faith in full compliance with the rules to protect its leader position and reputation;
- stakeholders engagement, by extending the dialogue on sustainability and corporate responsibility issues;
- creating a competitive value for the company, stakeholders and the territory in which it operates;
- protection and promotion of human rights;
- protection of individual freedom in all its forms and repudiation of any kind of discrimination, violence, corruption (in all its forms with regard to any public or private entity) of forced or child labor;
- recognition and safeguarding of dignity, freedom and equality of human beings;
- protection of labor and trade union freedoms, health, safety, environment and biodiversity.

Consistently with its system of values and the commitments already expressed in the “Consolidated non-financial statement: Sustainability Report 2020”, Servizi Italia S.p.A. has implemented a management system for the prevention of corruption and implemented a compliance program aimed at preventing antitrust offences, in order to prevent and reduce the risks to which it might be exposed.

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

The Company is convinced that the adoption of the Code of Ethics is a valuable and effective way to raise 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 any conduct of the recipients in the exercise of their functions of 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 relations they have in the target country, in compliance with Company’s M&A management procedure.



DURING 2020:

- 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 2020 in the section about ongoing proceedings;
- Three reports of alleged violations of the OMC.231 and the Code of Ethics have been received and, following an appropriate investigation lead by the Supervisory Body in accordance to the Organization Model and procedures adopted by the Company, were dismissed as unfounded or irrelevant for the purposes of Legislative Decree no. 231/01;
- No discrimination incidents towards employees have been recorded during the reporting period;
- No legal actions were filed or concluded during the reporting period concerning anti-competitive behaviour, violation of antitrust laws and related monopolistic practices in which the Group was taking part;

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



4. MAIN PERFORMANCES OF THE GROUP





€
240.2
mln

**CONSOLIDATED
REVENUES**

€
57.9
mln

EBITDA

€
3.9
mln

EBIT

€
2.9
mln

NET INCOME

3.765

EMPLOYEES AT THE END OF THE YEAR



4.1 Distributed and generated economic value

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

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

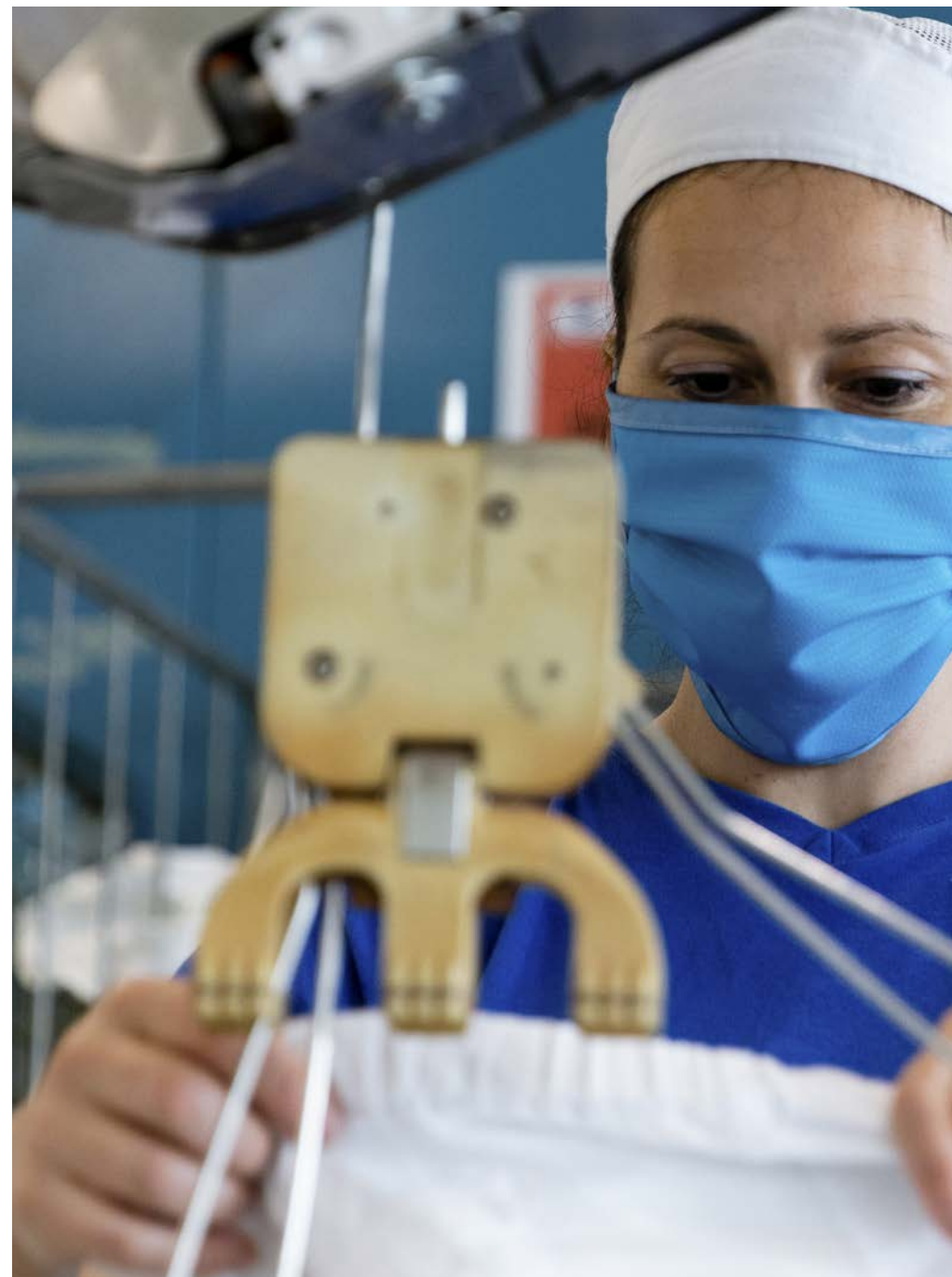
Value added is the highest value that the company acquires the goods and services as a result of its organisational and production activity; This wealth, in various forms, is distributed to the various stakeholders. Through a reclassification of the profit and loss account, a basic indication is given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

The results of 2020 were influenced by the epidemic crisis and the effects of the measures to contain it in the various countries in which the Group operates, which continued to face the current social and economic context with increasing adaptability¹⁰. The Group's management remains confident that, thanks to the progressive vaccination campaigns of the population in the countries in which the Group operates, the temporary crisis in demand will improve and therefore continues its commitment to the implementation of a renewed strategy. This strategy is based on sustainable success, which means creating value in the long term taking into account the interests of the stakeholders and therefore ensuring business continuity, through the continuous search for optimizations and efficiencies in the production operations and in the service supply chain, in order to improve the marginality and profitability levels of the business.

The economic value generated by Servizi Italia in 2020 amounts to Euro 248 million.

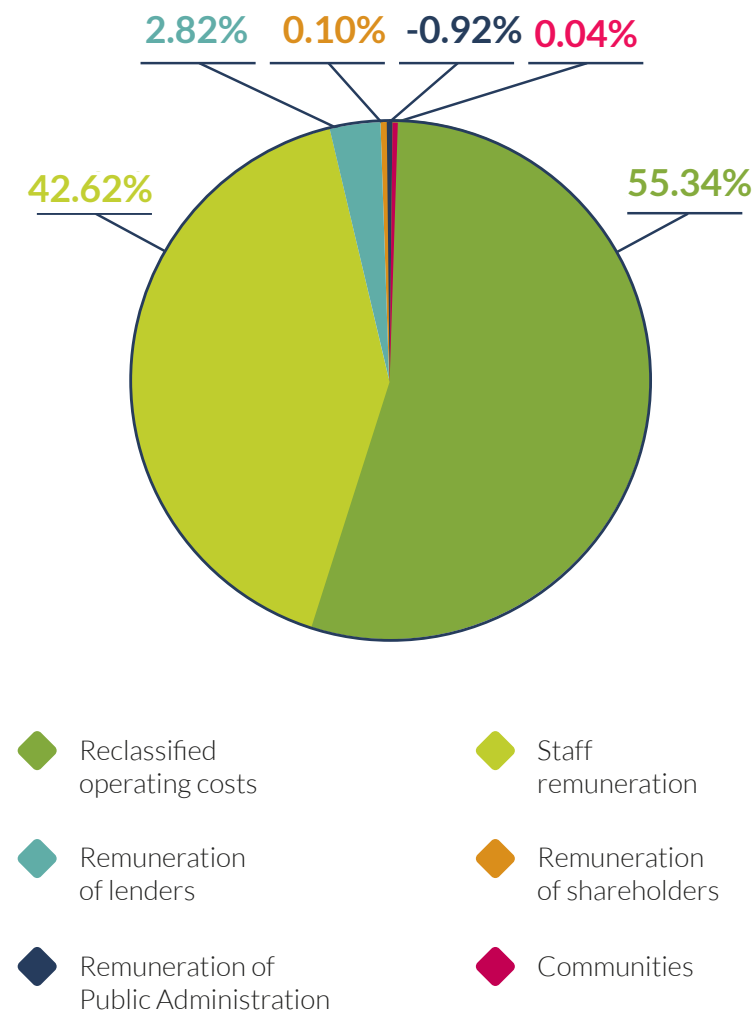
Over the last few years, the Group's management has deemed it appropriate to commit its resources to structural investments, in order to consolidate its leadership position and to constantly improve the efficiency of the Group.

10. For more details on Covid-19 impacts on business, please refer to paragraph "Covid-19 information" of the Consolidated Financial Statement as at 31 December 2020 of Servizi Italia S.p.A.



DISTRIBUTION OF GENERATED ECONOMIC VALUE

(Euro thousand)	2020	2019
Revenues from sales	240,160	262,403
Other income	5,467	5,140
Financial income	2,292	2,213
Income from equity investments	2,105	698
Revaluations/write-downs of equity investments valued using the equity method	-1,663	480
Economic value generated by the Group	248,361	270,934
Reclassified operating costs	105,987	109,473
Raw materials and consumables used	27,607	27,137
Costs for services	75,899	80,495
Other costs	2,481	1,841
Staff remuneration	81,627	89,539
Staff costs	81,627	89,539
Remuneration of lenders	5,409	7,264
Financial charges	5,409	7,264
Remuneration of shareholders	193	4,977
Allocation of profit for the year ¹¹	-	4,453
Profit/(Loss) for the year attributable to minority shareholders	193	524
Remuneration of Public Administration	-1,756	462
Current and deferred taxes	-1,756	462
Communities	75	144
Donations, sponsorships and collaborations	75	144
Economic value distributed by the Group	191,535	211,859
Profit/(Loss) for the year attributable to Parent Company's shareholders to reserves	2,761	4,537
Depreciation, amortization, write-downs and provisions	54,065	54,538
Economic value retained by the Group	56,826	59,075



11. The Board of Directors proposed to the Shareholders' Meeting to allocate Euro 1.4 million as Reserve for valuation of equity investments using the equity method and carry forward the residual net income for the year. It also proposed to allocate Euro 0.3 million from the Reserve for valuation of equity investments using the equity method as retained earnings, as the restriction on non-distributability no longer applies.

4.2 Value for shareholders and investor relations

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

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

MAJOR SHAREHOLDINGS AS AT 31 DEC.		
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%
Servizi Italia S.p.A.	Servizi Italia S.p.A.	5.013%

**of which without vote 5,013%*



Servizi Italia considers financial communication to be of fundamental importance in building a relationship of trust with the financial market; clear and transparent communication, in addition to be a duty to the market, represents the possibility of establishing a continuous dialogue with 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 2020, the Investor Relations Team held both individual and Group meetings with analysts and investors. Meetings took place virtually, following shareholders direct contact. During the reporting period, the Company met investors by attending the "STAR Conference" (Milan and Fall Edition) organized by Borsa Italiana and also entrusted Midcap Partners (Appointed rep by Louis Capital 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. A good financial communication helps to create and strengthen the relationship between the Company and its investors; effective and clear information is a prerequisite for establishing a solid and lasting relationship.

4.3 Fiscal transparency

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

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

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

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

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

Tax strategy objectives

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

- correct and timely determination and settlement of taxes due by law and performance of related obligations;
- containment of tax risk, as the risk of incurring in the violation of tax regulations or the abuse of tax system principles and aims.

Principles of tax strategy

The principles of the tax strategy are part of the tax strategy that the Group intends to pursue; they inspire Company's operations in managing the tax variable and require the adoption of suitable processes that can guarantee their effectiveness and application.

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

Lawfulness and transparency: The Group's conduct is oriented towards compliance with tax laws applicable in the countries in which it operates and towards interpreting them in such a way as to responsibly manage tax risk, so as to be able to satisfy the interests of all stakeholders. The Board of Directors defines the Group's tax strategy and ensures its application within the Group, thus assuming the role and responsibility of guiding the spread of a corporate culture based on the values of honesty and integrity and the principle of legality. The Group maintains a collaborative and transparent relationship with tax authorities, ensuring that the latter, among other things, can gain a full understanding of the facts underlying the application of tax regulations.





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

Guidelines for implementing the tax strategy

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

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

Governance

In the organizational model of Servizi Italia S.p.A., the Tax Unit of the Parent Company is responsible, among other things, for developing the Group's tax strategy, identifying, analyzing and managing the various optimization initiatives, monitoring the most relevant tax issues, and providing support to the various Business Lines.

Alongside the Tax Unit of the Parent Company, the Tax Units of the various countries, acting in compliance with the values and principles inherent in the tax strategy defined

by the Parent Company, are responsible for managing compliance and tax planning and tax monitoring activities at local level, supported by the collaboration of their local consultants.

Compliance

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

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

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

Intercompany transactions

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

Full cooperation with the tax authorities

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

Organization

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

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

Risk analysis

Fiscal risk is controlled according to two legislative measures: **Law 262/2005** and **Legislative Decree 231/2001**.

As part of the approach to tax compliance, the main types of risk have been identified (compliance, financial reporting, operational, external) to which an assessment is attributed for each of the sensitive functions and processes.

In case of “high” risks, the Tax Manager works with the functions involved in the sensitive processes to mitigate any type of exposure for the Company. The risk matrix is constantly updated through periodic monitoring with ordinary internal audit processes as well as through the tax authority systems provided by cooperative compliance schemes, where activated.

Reports

The Servizi Italia group considers tax compliance as one of the fundamental aspects of an ethical and responsible management of the Company. In this sense, among the violations that can be reported through Company's internal channels are also considered those of relevance to tax matters. The Code of Ethics adopted by the Group represents the framework of “ethical oversight” with which the Group operates and in the context of which the tax strategy is also fully included. The provisions relating to violations of the Code of Ethics are suitable for ensuring the effectiveness of the prescriptions contained therein and must be understood as extending to the provisions of the fiscal strategy.

Reporting

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

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

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

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



14	COUNTRY BY COUNTRY REPORTING					
	2020			2019		
In /000 euro	Italy ¹⁵	Turkey	Brazil	Italy	Turkey	Brazil
Names of resident entities	Servizi Italia S.p.A. Steritek S.p.A. Wash Service S.r.l. Ekolav S.r.l.	Ankateks Turizm Insaat Tekstil Temizleme Sanayi ve Ticaret Ltd Sirketi Ergülteks Temizlik Tekstil Ltd. Sti.	SRI Empreendimentos e Participações L.t.d.a. Lavsim Higienização Têxtil S.A. Maxlav Lavanderia Especializada S.A. Vida Lavanderias Especializada S.A. Aqualav Serviços De Higienização L.t.d.a.	Servizi Italia S.p.A. Steritek S.p.A. Wash Service S.r.l. Ekolav S.r.l.	Ankateks Turizm Insaat Tekstil Temizleme Sanayi ve Ticaret Ltd Sirketi Ergülteks Temizlik Tekstil Ltd. Sti.	SRI Empreendimentos e Participações L.t.d.a. Lavsim Higienização Têxtil S.A. Maxlav Lavanderia Especializada S.A. Vida Lavanderias Especializada S.A. Aqualav Serviços De Higienização L.t.d.a. SIA Lavanderias S.A.*
Revenues from third party sales	214,999	7,399	26,714	231,172	8,524	36,860
Revenues from intercompany transactions having different fiscal jurisdictions	3,346	151	1,991	1,817	114.34	2,661
Profit/Loss before taxes	-6,690	329	-1,886	6,809	741	3,479
Tangible assets other than cash and cash equivalents	102,521	5,192	18,828	96,707	6,953	23,964
Corporate income taxes paid on a cash basis	208	24	335	958	10	382
Corporate income taxes accrued on profits/losses	204	55	477	1,517	155	586

*Company liquidated during 2020.

14. Data reported in this table are consistent with what is stated in the "Country by Country" report (reporting of national data country by country). The figures differ from those reported in the Consolidated Financial Statement as at 31 December 2020 as Local GAAP has been adopted.

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



5. THE VALUE OF PEOPLE



The 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, based on value, 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 people passes also by a careful welfare management, with a commitment to ensure 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.

In 2020, the Group, in view of the fact that the services provided in all the countries in which it operates are to be considered essential, of first necessity and of public utility, has focused its efforts on the implementation of regulatory and organizational measures suitable to ensure the continuation of production activities during the Covid-19 epidemiological emergency, in order to mitigate any possible negative effect on the provision of services to customers and ensure business continuity.

In particular, the activities concerned:

1. monitoring of regulatory developments regarding travel bans, implementing appropriate measures to prevent the spread of the contagion;
2. analysis of the impact of the emergency on resources and work organization, in order to evaluate changes at production level and activate the tools provided by legislation and collective bargaining to deal with it. In particular, in Italy, it should be noted that social shock absorbers have been activated at the production sites affected¹⁷ by an activity reduction caused by the emergency, with the consequent need for targeted personnel management, because:
 - surgical instrument sterilization services have experienced a contraction in production activities. In this emergency situation, hospitals have generally adopted a strategy of reducing the number of surgical interventions scheduled in the operating theatres, confirming urgent interventions only without provision for accessing the intensive care unit, with a consequent reduction in work within CSSDs;
 - wash-hire services for guests and staff of residential facilities and nursing homes recorded a reduction in production volumes due to the significant impact of Covid-19 on residential facilities;
 - wash-hire services other than the healthcare market (hotel and catering sector) have recorded a drop in sales volumes with a consequent reduction in processing activities.

17. For more details on Covid-19 impacts on business, please refer to paragraph "Covid-19 information" of the Consolidated Financial Statement as at 31 December 2020 of Servizi Italia S.p.A.

5.1 Recruitment and employment

As at 31 December 2020, the Group counts **3,765 employees** (3,625 in 2019), 90.86% of whom are blue-collar workers, 7.52% office workers, 1.17% middle-managers and 0.45% managers.

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

With the aim of ensuring a contribution to the implementation of the strategy identified in the business plan, during 2020 1,303 resources were hired throughout the Group, with an incoming turnover rate of about 35% and an outgoing turnover rate of about 31%, in line with 2019.

Group employees as at 31 December 2020 are 59% women and 41% men, with a high prevalence of permanent employment contracts (96%).

More information available in Section "Annexes".

5.2 Employee listening and change management

The internal dialogue and consultation initiatives within the Servizi Italia Group aim at bringing employees closer to the 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. Website, mailing lists, social media and company notice boards make the staff aware of Company events concerning financial, quality, safety and environmental issues as well as production trends.

The organisational model adopted by the Company takes into account the functions and roles that allow following a renewed strategy, which implies to concentrate the available resources on optimization and development of activities in public and private healthcare sector, trying to widen the range of services offered focusing on the ones with the highest added value.

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



5.3 Remuneration policies

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

The remuneration policy is aimed at recognising, in a fair and practical way, the commitment and contribution of people to the success of the company. Salary levels depend on people's role and responsibilities, reflecting their experience and skills, the level of excellence demonstrated and the overall contribution to the business without discrimination. In no case have remuneration levels been established below the local minimum remuneration for the reference category of new recruits. 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 2020".

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 by executives, middle-managers and employees) by conducting a benchmark analysis with respect to the target market, with the help of specialized supplier and/or market surveys published by recognized sources. The analysis takes 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 is based on two items defining the Overall Remuneration:

- Gross Annual Remuneration: generally determined by taking into account professional specialization, the organizational role played by the related responsibilities;
- Variable Remuneration: determined to reward the results achieved, based on individual targets allocated annually or over the medium-long term and which are motivational and retention elements. 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. sustainable work conditions and standard;

7. specific compliance targets;

8. 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 evaluate any change 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;
- 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 organization in relation to the remuneration of the employees and workers.

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 workplace quality, encouraging team spirit and fostering the development of an integrated and compact group, proud of its corporate identity. For this reason, Servizi Italia invests in the professional growth of all people, through updating and training programs defined based on a specific analysis of needs and innovative methods and activities able to ensure adequate training with respect to the skills required by the role.

In 2020, the Group provided a total of 11,228 hours of training, equal to 2.98 hours per employee, involving for 86% workers, 11% white-collars, 2% middle-managers and 1% managers. The figure is in line with the target set of over 10,000 hours, maintaining constant updating of all staff, to support the professional growth of junior figures and the strengthening of the skills of roles of responsibility, in the awareness that training is a strategic lever for business growth.

Training hours are in line with those of 2019, recording a decrease of 4% owing to limitations caused by the pandemic crisis.

Below are the main areas of training by geographical area:

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

17. During 2020, the Parent Company has started the UNI EN ISO 37001:2016 certification process, which positively concluded in March 2021.

5.5 Equal opportunities

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

Concerning parental leave, the Companies guarantee equal access conditions for men and women in the countries where the Group operates, in compliance with local regulations in force. In 2020 47 men and 132 women to the parental leave, with a rate of return to work as at 31 December 2020 of respectively 90,70% and 83,00%.

5.6 Health and Safety at workplace

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

The health emergency caused by Covid-19 which characterized the entire 2020 rose new issues about health and safety at workplace. As already said, the activity of the Servizi Italia group is considered as of first necessity and – for ensuring business continuity – it had been necessary to guarantee employees protection. From this point of view, the Group:

- following an increase in volumes of laundries operating in the health sector, has modified shifts and moved the production activities among different Group operating sites having available capacity;
- increased the outsourcing of laundry services to qualified third parties;
- modified the methods of providing and delivering services at hospital facilities;
- authorized remote working for employees and management, in order to reduce travel and

contacts for work purposes. All staff involved has been trained in advance on correct use and security of hardware and software assigned. Where possible, the use of vacations and paid leave was encouraged;

- made numerous investments in procurement of goods and services for the purchase of personal protection equipment and the necessary equipment for access control, in order to avoid the spread of contagion and protect the health and safety of staff, workplace and ensure business continuity.

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

- compliance with legislation, adoption of the best standards and sharing of experience;
- creation, implementation and continuous improvement of the Management System for the Health and Safety of Workers in compliance with the international standard ISO 45001;
- the reduction of accidents, occupational diseases and other incidental events through the implementation of appropriate prevention measures and verification of their adequacy and effectiveness;
- the identification and 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.

In implementation of its mission and corporate policy, the Parent Company has 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 Servizi Italia staff and contractor's staff working in the subsidiaries and it 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 2020, planned internal auditing activities have been performed by the managers in charge, both in presence and remotely, in compliance with the annual audit plan and aimed at improving organizational efficiency on health and safety at workplace; in the same way, third-party verifications have been carried out, giving positive outcome, in order to release the conformity certificate on health and safety.

BRAZIL

In Brazil, all internal rules of safety and occupational medicine comply with the dictates of the legal provisions in force, whether federal, state or municipal; as well as the treaties issued for the Health Service, by ANVISA - National Agency for Health Supervision. Similar to the Italian area, health and safety in the Brazilian area 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 the basic and essential tool that allows to:

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

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

The main health and safety risks to which employees and external collaborators are exposed, whose workplace is

under the control of the organisation, are to be attributed to the performance of operational activities in the provision of services and at the Group’s production sites. 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 accidents at work 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 2020 the Group recorded an accident rate of 18.3, based on 1,000,000 hours worked, down by 13% compared to 2019 for employees and 9.3 for external collaborators¹⁸, down by 65% compared to 2019.

In 2020, the Servizi Italia Group did not record any fatal accidents. On the other hand, Servizi Italia S.p.A. recorded two accidents with serious consequences, i.e. irreversible injuries (amputation), as a consequence of a mechanical risk. The analysis conducted to find the cause of the two events showed, in both cases, an imprudent behaviour of the operator involved in the operations, which led to the accident and, in one of the two cases, a residual risk related to the machine supplied by the Hospital for providing the service. This condition has been promptly reported by Servizi Italia to the supplier for safety adjustment. Then, the actions taken aimed at eliminating or reducing to minimum the encountered dangers were relevant to sensitization and educational process of the personnel directly involved in the activities that were the subject of the accident, passing through the sharing of causes and human errors that triggered the harmful event, to the training and education on the correct procedures and work methods.

Initiatives aimed at strengthening the system of controls, including on contractors, and integration between business areas and health and safety functions continued in 2020, in order to identify potential risk areas and prevent the occurrence of accidents.

More information available in Section “Annexes”.

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

In **Italy**, corporate welfare provides:

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

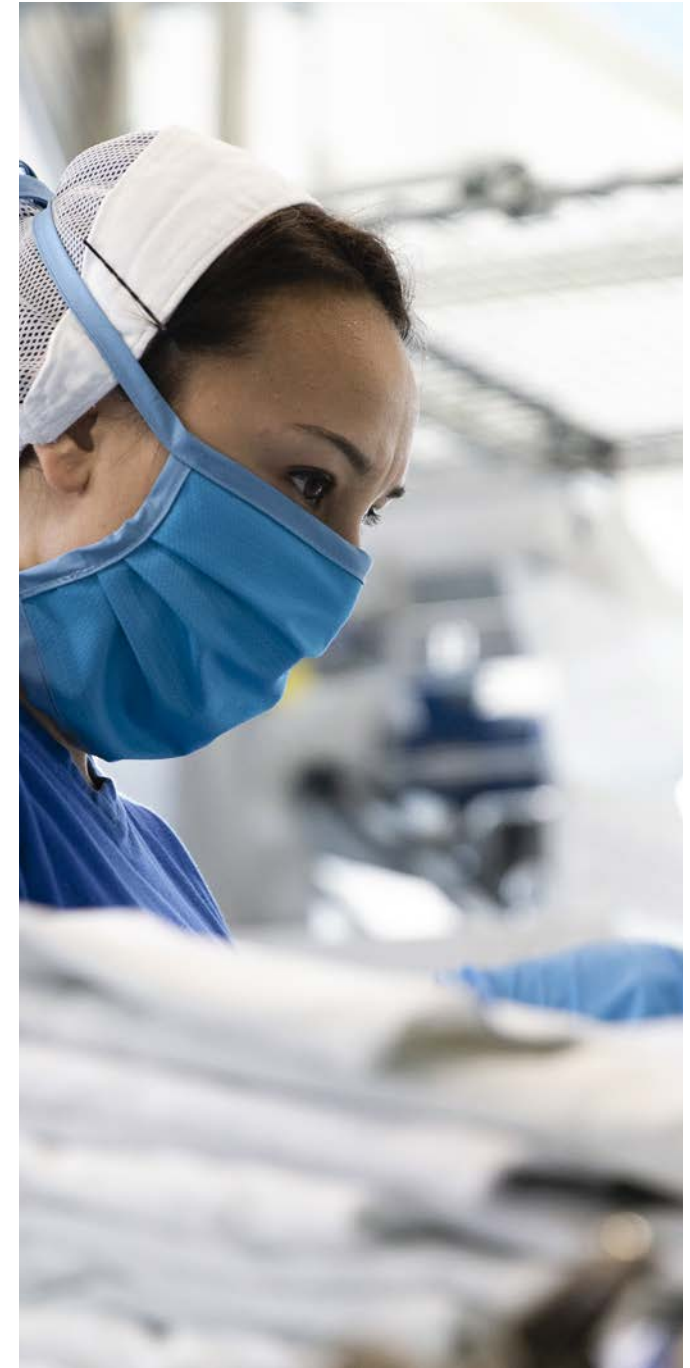
In 2020 the "FlexBenefit" corporate welfare platform has been maintained. The platform enables employees to convert, on a voluntary basis, the portion of variable pay linked to performance bonuses into flexible benefits. By way of example, the benefits made available within the platform may relate to retirement, education/training and assistance (for children, the elderly and dependent persons). It should be noted that for 2020, with regard to variable bonuses for operational staff, the Parent Company paid the equalization element, pursuant to the current National Collective Labor Agreement for the category, together with a liberal disbursement with ticket compliments. This

is because the second level agreements in Italy were valid until 31/12/2019 and were not renewed during the 2020 financial year, due to the contraction in economic results for the period to which the negative effects related to the current epidemiological emergency from Covid-19 also contributed.

In **Brazil**, the welfare actions implemented by the Group are aimed at creating an organizational climate, team motivation and improving productivity levels. In addition to the provisions of the **Convenção Coletiva de Trabalho**, the additional voluntary benefits made available to workers guarantee the necessary conditions for them to meet their basic needs, which allow their families to enjoy well-being and social serenity, in particular:

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

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



5.8 Industrial relations

The dialogue with the trade unions and workers' representatives at Company level continued in 2020 as well, having the aim of reaching shared solutions to meet changing market needs and activate social shock absorbers at the production sites affected by a reduction in activity due to the Covid-19 epidemic. In addition, the Parent Company started a discussion with trade unions and workers' representatives regarding the reorganization of the production sites in the north-west area and the consequent cessation, starting from 2021, of all the activities carried out at the production site of Podenzano (PC, Italy).

In Italy, Servizi Italia S.p.A. applies, for blue-collar and white-collar workers, the National Collective Bargaining Agreement for workers employed by companies in the integrated industrial system of textile and related medical services signed by Assosistema and the trade unions Femca-Cisl, Filctem-Cgil and Uiltec-Uil. During 2020, the Human Resources Department, together with national Trade Unions, trade association and companies of the sector, took part in the negotiations for the renewal of the Category CCNL that expired in March 2019 and was renewed with an agreement valid from April 1, 2019 to December 31, 2022. For managerial staff, on the other hand, the CCNL Dirigenti Industria (National Collective Labor Agreement for Industry Managers) is applied.

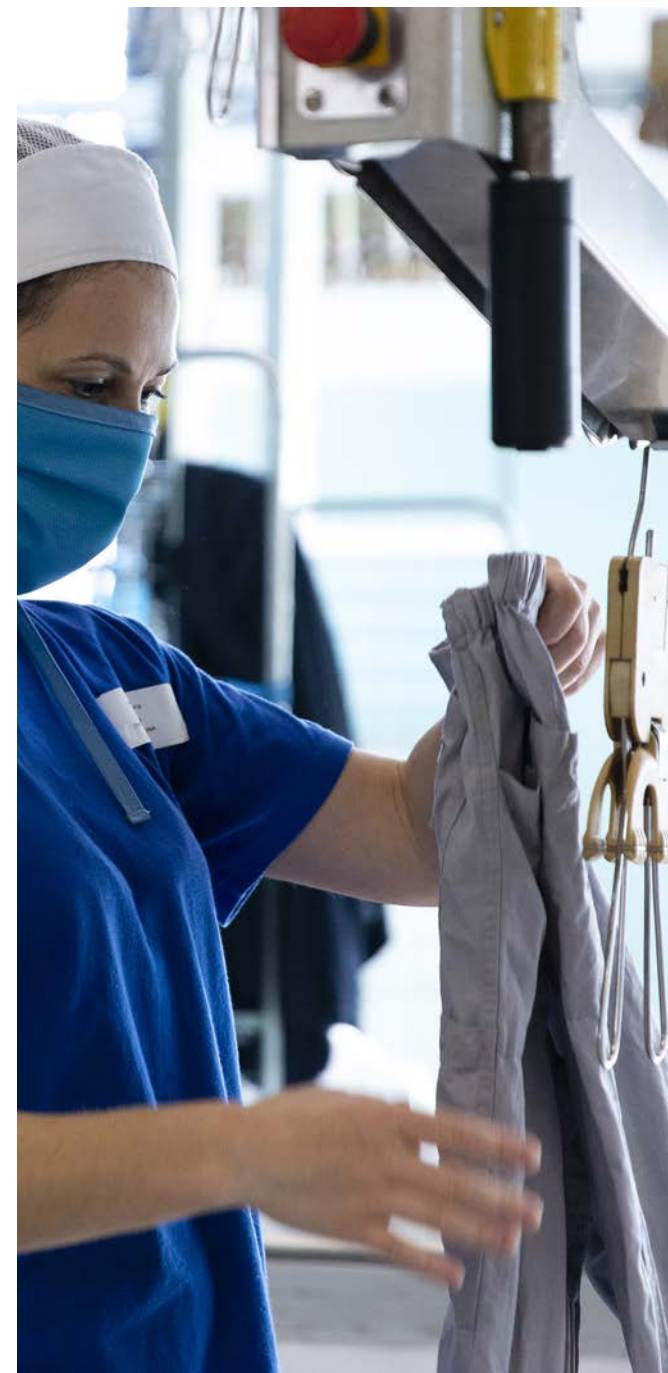
During the 2020, the dialogue with the trade unions continued in compliance with the SA8000 standard, to promote the Social Performance Team (SPT) committee whose task is to conduct a formalized assessment of the risks associated with the reference standard, carry out monitoring of activities and collaborate in the application of corrective and preventive actions and verification of effectiveness.

For what concerns the Italian subsidiaries of the Group, it should be noted that Steritek S.p.A. applies the CCNL

Commercio Confesercenti, while Ekolav S. r.l. and Wash Service S.r.l. apply the National Collective Bargaining Agreement for workers employed by companies in the integrated industrial system of textile and related medical services.

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 category contract and apply Labour Law No. 4857/2003 and subsequent amendments. According to the law, both temporary and permanent employment contracts are allowed in Turkey: contracts with a maximum duration of thirty days are defined as "temporary", while all those exceeding this limit are considered as permanent. This labour law regulates minimum wages, which are set on a national basis by a committee made up of representatives of the government, workers and employers. In addition to the salary, the employee is granted some extra months' pay or bonuses on holidays and/or at the end of the year.





6. ENVIRONMENTAL SUSTAINABILITY



Environmental sustainability, as well as technological innovation and customer satisfaction, are the founding values on which the Group's Integrated Corporate Policy for Quality, Health and Safety, Social Responsibility, Environment and Energy, Prevention of Corruption, Antitrust Conduct and Tax Strategy is based in the various geographical areas in which it operates.

Water, the most important public asset, is a significant environmental aspect for the activities and business processes of the Group and it must 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 consumption and special waste decaying from production processes. To this end, for years the Company Servizi Italia S.p.A. has been implemented a solid environmental management system constantly updated and certified in accordance with UNI EN ISO 14001.

The Group's activity is conditioned by general economic conditions and by the pandemic situation in the countries where the Group operates. With regard to the impact provoked by Covid-19 pandemic, the Group has re-adapted its own governance strategy on the base of new medium-long targets, integrating it with the new post-covid corporate strategy, aligning target to the new context. In this framework, Group's commitment to reduce its environmental footprint does not change and communication transparency renews as well, according to medium-long term objectives on climate change. Initiatives and results are listed in the 2021-2023 Sustainability plan and, among other things, it includes:

- The maintenance of existing certifications in environmental matters and the renewal of EMAS (Eco-Management and Audit Scheme) registrations, the Community Eco-Management and Audit Scheme, for organizations wishing to engage in assessing and improving their environmental



efficiency, in accordance with EC Regulations 1221/2009, EU 1505/2017 and EU 2018/26;

- The conduction, through LCA methodology in accordance with ISO 14040- 44 standards and the obtaining of the EPD (Environmental Product Declaration) certification for activities concerning the washing of cotton products;
- Adaptation of Servizi Italia S.p.A. to the provisions set out in the Minimum Environmental Criteria (CAM):
 1. the awarding of the contract for the reconditioning, logistics and rental service for textile devices, mattresses, high-visibility clothing as well as sterile medical devices;
 2. the awarding of the contract for the reconditioning and logistics service for textile devices, mattresses, high-visibility clothing as well as sterile medical devices;
- Encourage the use of Ecolabel products with low environmental impact;
- Investments in technologically advanced and interconnected lockers/distribution cabinets that allow automatic distribution and storage of textile goods equipped with passive RFID tags and therefore it is possible to optimize routes and daily trips of delivery/ withdrawal.

During 2020:



76% of the volumes processed in Italy for the wash-hire sector took place in EMAS registered sites.



An independent third party according to UNI EN ISO 14001:2015 has certified **100% of Italian sites** hosting wash-hire and sterilization services.

6.1 Energy consumption

Some time ago, the Corporate Technical management of Servizi Italia 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:

1. the installation at the Italian plants of technologically advanced and interconnected electricity meters;
2. the installation of new generation LED lighting systems.

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

It should be noted that – during 2020 – the Kemalpaşa plant (part of the Turkish company Ergülteks Temizlik Tekstil Ltd. Sti) ceased its activities, in line with the logistic-productive reorganization of the Group.

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 2020, the Group obtained ISO 50001 certification for all the Italian sites. This result confirms the commitment of the Group for reducing consumes and improve energy efficiency of its plants.

In 2020, the Group's energy consumption decreased by approximately 8.77% compared to 2019. This decrease is associated to reduced production activities, essentially

related to sterilization plants, due to the pandemic event. More information available in Section "Annexes".

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 consolidated over the year its own logistical distribution model capable of achieving the best compromise between punctuality and quality of customer service, while minimizing daily delivery/collection routes and journeys. 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, in order to optimize daily delivery/collection routes.

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 2020, because of the pandemic, the Group allowed employees and managers in order to reduce movements and contacts related to working needs. This choice contributed to a dramatic reduction of fuel consumption, equal to 27.30% compared to 2019. More information available in Section "Annexes".



6.2 Atmospheric emissions and GHG

Polluting emissions into the atmosphere

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

At Group sites, the most significant emissions are nitrogen oxides, NO_x, present in gaseous effluents coming from combustion plants used to produce technological steam. At the Italian sites, all steam generators are fuelled with natural gas since many years, thereby minimizing emissions of sulphur 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.

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

With regard to overall NO_x emissions, the consolidated 2020 figure shows a decrease in NO_x emissions of 13% compared to 2019. These values are related to lower volumes recorded at the Italian sites of the Parent Company related to the replacement of the burners of the combustion plants at the Barbariga (BS), Travagliato (BS), Trieste and Arco (TN) sites.

More information available in Section “Annexes”.

Greenhouse gas emissions

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

The quantified CO₂ equivalent emissions are divided into:

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

The Group's 2020 carbon dioxide equivalent emissions balance registers 40,824 tons of CO₂ equivalent for Scope 1, 10,347 tons of CO₂ for Scope 2 (location based) and 3,802 equivalent tons of CO₂ for Scope 3.

The total tons (Scope 1 + Scope 2 Location based) of 2020 carbon dioxide equivalent shows a reduction of about 8.79% compared to 2019, in parallel with the reduction in energy consumption mentioned above. Considering Scope 2 (Location based) emissions alone, there is a reduction in 2020 tons emitted compared to 2019 of approximately 6%.

More information available in Section “Annexes”.



6.3 Management of water resources

Water supply and use of water in the production process

The water supply at the sites of the Servizi Italia Group constitutes a significant environmental aspect for both activities and business processes. At Group's production sites, the company uses groundwater from wells or water from public water network. In order to meet the peak water demand for washing processes, the water taken from wells or from the aqueduct is stored in tanks and, before being used, is softened by ion exchange resin softeners. After the softening process, the softened water is sent to the storage tank for being used into the washing machines and to the osmosis plant for producing steam.

The feeding capacity of the machines used for washing is adjusted and fractioned appropriately depending on working phase and type of product to wash. The possible activities carried out within Group's plants are:

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

The water is used as primary fluid for cleaning and washing laundry, mattresses, surgical instruments 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 as more significant

for Servizi Italia. The company's integrated management system has identified a specific procedure that defines the criteria to be followed in order to identify the environmental aspects applicable at the production sites, which of these are significant and 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 characterized by high to extremely high water stress levels, 76% of which is from wells and 24% from aqueducts. During the granting of groundwater pumping authorizations, geologists presented technical reports, 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 consumption, including the installation of process water recovery systems, the modification and modernization of washing machinery, the annual validation of production processes in order to



ensure the right balance between the quality levels of the product/service required in the contract by the customer and the technical standards of the sector. Specific water flow meters have also been installed at various Group plants in order to identify any anomalies or leaks and initiate specific interventions.

The rationalization of water consumption represents a point of attention for the Company, who included it 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 consumption. These objectives mainly concern the recovery of the resource where possible and its rational use.

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

In 2020, there is a water withdrawal of 1,869 megaliters (ML), down by approximately 11% compared to 2019, associated with reduced activity in sterilization plants due to the pandemic.

More information available in Section "Annexes".

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 consumption aspects can be:

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

At the Group's Italian sites, the Water Footprint study shows that about 80% of used water is directly attributable to production activities, while the remaining 20% is mainly attributable to electricity production of electricity and various chemicals used to treat linen or surgical instruments. Therefore, in order to optimize the main use of water while respecting the final quality, it is important to interact with customers and make them aware of the correct use of textile goods during healthcare activities. Servizi Italia, by means of different tools (non-compliance to customers, specific meetings, etc.), constantly sensitizes the customer to help the company to avoid water wastes, mainly associated with

re-laundry activity, caused by a wrong use of textiles during the sanitary activity that make the textile non-compliant. By way of example, the washing process in an industrial laundry involves that for the treatment of each kg of linen, between 10 and 40 liters of water are required on average, depending on the type of article and machinery. In case of re-washing, these quantities obviously double, resulting in a significant water withdrawal per processed item, and it follows that, in this case, preventive commercial action on "customer" stakeholders is the most significant.

Liquid effluent and wastewater discharges

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

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

All sites are equipped with procedures for the control of



wastewater treatment plants, plant management booklets and periodic internal and external analysis to verify the reliability of the purification process with respect to the required standards.

Surfactants, nitrogen compounds, suspended solids, chlorides, mainly characterize water decaying from activities belonging to the sector in which Servizi Italia operates. The internal purification plants are specifically sized and designed for the abatement of these contaminants. The internal analyses carried out daily and periodically by external laboratories specifically evaluate the above parameters, in order to constantly monitor the efficiency of the purification system according to the characteristics of the sector.

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

The Group confirms its commitment to controlling the quantity and quality of water discharges deriving from its activities, in compliance with mandatory regulations and internal objectives consistent with its environmental management system. The production sites located in the various countries are equipped with internal wastewater treatment plants, which 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 34%) and in the case of discharge into the sewerage system (equal to 66%).

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

In relation to the increase in water withdrawn as a Group, there was a decrease in water discharges of 2%, passing from 1,839 ML in 2019 to 1,800 ML in 2020.

More information available in Section “Annexes”.



6.4 Consumables and packaging materials

Packaging

In order to carry out its activities, the Servizi Italia Group purchases different types of packaging materials that are used in industrial laundries and sterilisation plants. Among the purchased packaging it is possible to distinguish between packaging supplied to the customer for the collection of linen to be treated and 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 2020, packaging consumption amounted to 1,902 tons, 1,026 of which are plastic packaging and 876 are paper and cardboard, with an overall increase compared to 2019 of 64% due to increased use of disposable materials for granting protection and safety to personnel.

More information available in Section “Annexes”.

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. During 2020, the trial for the use of Ecolabel products was suspended due to the onset of the pandemic event and it will resume in 2021.

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 2020 there was a decrease in the use of chemical products of about 18% compared to 2019, mainly related to the efficiency brought by the use of electronic dosing systems.

More information available in Section “Annexes”.

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 be mainly destined for recovery, through targeted repair work, the recovery of different sizes or the recovery of pieces for rags.

With regard to waste production, there is an increase of approximately 3.6% compared to 2019 mainly related to waste produced for the pandemic emergency.

More information available in Section “Annexes”.



7. 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 a Supplier Code of Conduct together with an Integrated Corporate Policy for Quality, Health and Safety, Social Responsibility, Environment and Energy, Corruption Prevention, Antitrust conduct and Fiscal strategy in order to strengthen the monitoring activity of ESG aspects throughout the supply chain.

In accordance with the Group's policies, the Purchasing Department of the Group is constantly committed to improving the procurement process efficiency, by enhancing

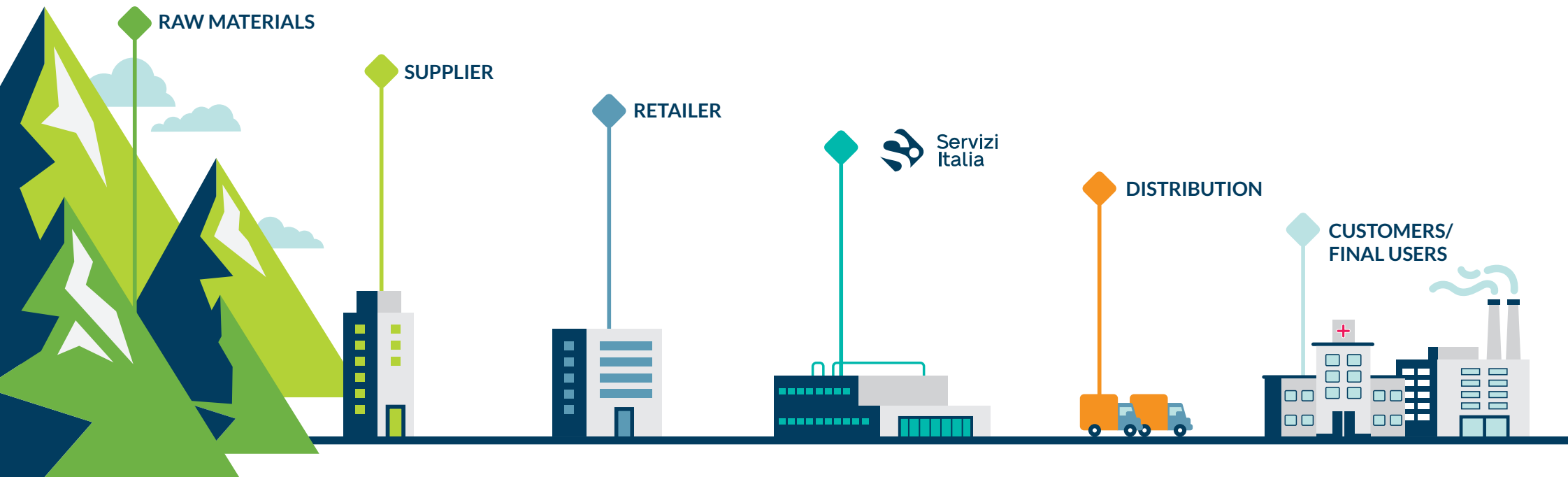
internal skills, rationalizing the different purchasing processes and establishing policies to ensure fairness, traceability and transparency in relations with suppliers.

The Servizi Italia Group believes that the Group's sustainable growth objectives and strategy are a commitment that does not stop within the organization, but must positively involve all parties connected to it. With this in mind, starting with the qualification phases, suppliers are submitted to a questionnaire to assess their level of maturity with regard to issues linked to ethics, human rights, working practices, environmental sustainability, safety at work and anti-corruption.

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

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

The Company's procurement policy aims to standardize suppliers in all locations as much as possible, preferably keeping at least three suppliers for each product/commodity category.



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



1. LONG-LASTING GOODS

Textiles, surgical instruments, machineries/ equipment, etc.



2. CONSUMABLES

Chemical products, spare-parts, packaging etc.



3. SERVICES

Transport and distribution, wardrobe management, technical services, labor supply etc.)

In 2020, the Servizi Italia Group registered approx. 4,330 suppliers, mainly Italian, for a total expenditure divided by country as follows:

SPENDING ON LOCAL SUPPLIERS (IN THOUSANDS OF €)¹⁹

	2020				2019			
	ITALY	BRAZIL	TURKEY	GROUP	ITALY	BRAZIL	TURKEY	GROUP
Local suppliers spending ²⁰	139,816	18,213	3,577	161,606	164,455	24,540	5,040	194,035
Total purchases	140,820	18,308	3,577	162,705	166,033	25,408	5,045	196,486
Percentage on total	99.29%	99.48%	100%	99.59%	99.05%	96.58%	99.91%	98.75%

NUMBER OF LOCAL SUPPLIERS

	2020				2019			
	ITALY	BRAZIL	TURKEY	GROUP	ITALY	BRAZIL	TURKEY	GROUP
No. of local suppliers	2,731	1,118	407	4,256	3,148	1,114	555	4,817
Total no. of suppliers	2,796	1,127	407	4,330	3,201	1,125	556	4,882
Percentage on total	97.68%	99.20%	100%	98.29%	98.34%	99.02%	99.82%	98.67%

19. The monetary value per supplier is calculated net of intercompany and excludes VAT apart from data relating to Brazil. Data relating 2019 for Italian companies have been restated following VAT unbundling compared to those published in the previous Non-Financial Statement following an improvement in the data collection process. Please refer to the 2019 Sustainability Report for previously published data.

20. In the definition of expenditure on local suppliers, "significant operating sites" was used to refer to purchasing data of the different geographical areas to which group companies belong (Italy, Brazil, Turkey), in line with the criterion used for "local".

7.2 Customers

The Group's main activity is performed within the healthcare sector, where the companies operate in different areas with specific business lines. With a view to business growth and diversification, the Group has expanded the range of its services to include hotel and catering sector as well.

In the healthcare sector, the Group mainly caters for public and private facilities, such as hospitals, clinics, university polyclinics, scientific institutes, nursing homes, retirement homes, healthcare residences, outpatient clinics, specialist centres, etc.

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

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

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

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

The average duration of the contracts signed by the Group is 4 years for wash-hire and textile sterilization and 6 years for surgical instruments sterilization. Once got to the first expiring date, these contracts can be extended for a further period, usually having the same duration of the initial contract. After the end of the extension period, customers may proceed to an additional invitation to tender or to an extension of the extension. In the meantime, the Company can continue to provide the service.

The multi-annual duration of the procurement contracts has enabled the Company to consolidate its strategic relationship with 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 scientific and technical partner in healthcare research.



offers
quality
relationship
research
regulations

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

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

The general economic conditions in the countries in which it operates influences the Group's activity. The continued economic 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's profitability, the Group intends, while primarily safeguarding business continuity, to pursue a strategy of diversification of services, thus increasing the offer; in addition, it has equipped itself with a managerial structure that, through project management and project control activities, pursues organizational and managerial efficiency objectives in order to maintain the margins and profitability levels of the business.

7.2.1 Customer Satisfaction

History and development of Servizi Italia are based on three fundamental values: reliability, flexibility, expertise. The adoption of certified systems is at the base of Group's organisational quality in providing services to customers and thus at the base of the satisfaction of their expressed and implied needs.

Each Company of the Group carries out the sales activity, which is headed by Commercial Director to which business managers, commercial area and responsible for service management report. All these have direct contact with hospitals' contact points and represent the trait d'union between Company and customers.

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

- The definition of product/service performance-based control systems, in which customer and Company 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 the base of acceptance details shared with the customer for verifying the quality of service/product provided in accordance with the contract between the parties. The comparison between Servizi Italia's "standard output quality" and customer's needs is a time for sharing and further understanding of customer-business dynamics.
- The prompt handling of any complaint or non-compliance report, which may be received by telephone, e-mail or customer service portals. Each report is directly managed in a shared way by the specific operating units (commercial, services, production) assisted by the Quality Management Dept. In particular, an analysis of the causes that generated the complaint/non-conformity is carried out in order to identify the immediate corrective actions to be implemented;

- The adoption by the Group of Variable Incentive Systems, which provide specific targets to the sales force, to service and production operators, including customer satisfaction scores.

Without prejudice to any different assessments based on the type of service offered or type of client, specific surveys are not normally conducted in reaction to the services offered by the Group, as the constant contact between company representatives within the customer's structure generates continuous monitoring of client satisfaction.

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

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

7.2.2 Responsibility for the product/service provided to Customer

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

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



Hiring, treatment and sterilization service. This service consists of providing the medical devices to be used in the O.T. of hospitals for which product and process traceability is required by law. Any defects in their sterilization process could result in a liability and subsequent claim for damages. For this reason, in order to cover these risks, the Group has specific insurance policies, in line with industry practice, to cover both product and civil liability, to third parties and to labour suppliers in sterilization plants.

7.3 Local Communities

The value created by a Company 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.

7.3.1 Sponsorships and donations

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

However, always looking out for its community, Servizi Italia guaranteed its support to youth sports associations with which it has been collaborating for years and guaranteed donations to non-profit organizations for children.

With the arrival of the pandemic, all the balances in terms of sponsorships and donations have changed and it is worth mentioning this year the contribution given to the ASL of Parma for the provision for two years of a car to be used by nurses to carry out home visits.

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.

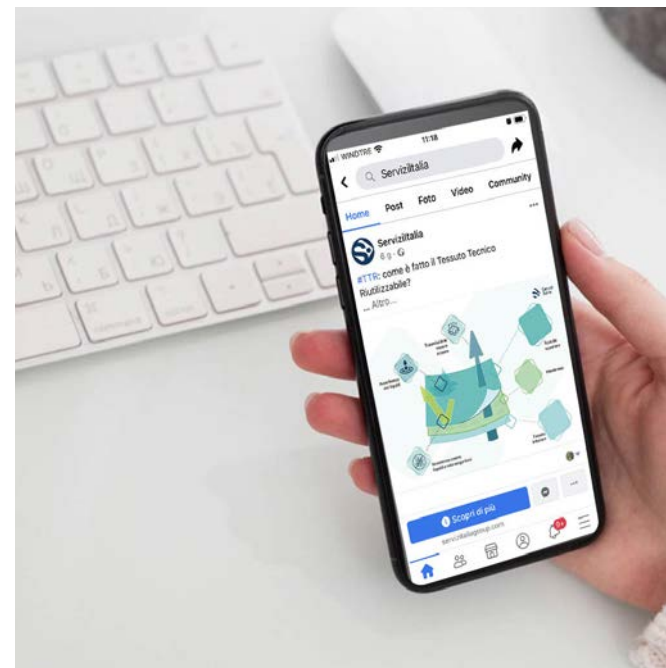
Due to the pandemic, during 2020, it was not possible to sponsor or participate in medical and scientific events and conferences, which were postponed several times and eventually cancelled.

7.3.3 Relations with the media

In 2020, the Servizi Italia Group began its activities on the main social medias, presenting a specific editorial plan on both LinkedIn and Facebook.

Given the global health situation and the impossibility of communicating in person, this choice was more favorable than ever, because it allowed the Company to maintain constant relations with its customers and employees, in a continuous flow of information.

The Group, through its Media Partner, organizes interviews and in-depth analysis on financial and commercial issues in the main local and economic newspapers, as well as in various trade magazines, in order to actively comment on economic and commercial results achieved, as well as to share success stories about its sustainable business model.



7.4 Relations with trade associations

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

Servizi Italia Group's relations with local authorities and public bodies are based on principles of transparency and continuous comparison, in order to contribute to develop competitiveness, offering an impeccable service and spreading 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 DEC.

Contract type	2019			2020		
	Men	Women	Total	Men	Women	Total
ITALY	836	1,245	2,081	810	1,246	2,056
Permanent	765	1,174	1,939	761	1,161	1,922
Temporary	71	71	142	49	85	134
BRAZIL	467	719	1,186	530	815	1,345
Permanent	467	719	1,186	530	815	1,345
Temporary	0	0	0	0	0	0
TURKEY	197	161	358	210	154	364
Permanent	197	161	358	210	154	364
Temporary	0	0	0	0	0	0
GROUP	1,500	2,125	3,625	1,550	2,215	3,765
Permanent	1,429	2,054	3,483	1,501	2,130	3,631
Temporary	71	71	142	49	85	134

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

Contract type	2019			2020		
	Men	Women	Total	Men	Women	Total
ITALY	836	1,245	2,081	810	1,246	2,056
Full-time	701	797	1,498	661	791	1,452
Part-time	135	448	583	149	455	604
BRAZIL	467	719	1,186	530	815	1,345
Full-time	467	719	1,186	530	815	1,345
Part-time	0	0	0	0	0	0
TURKEY	197	161	358	210	154	364
Full-time	197	161	358	210	154	364
Part-time	0	0	0	0	0	0
GROUP	1,500	2,125	3,625	1,550	2,215	3,765
Full-time	1,365	1,677	3,042	1,401	1,760	3,161
Part-time	135	448	583	149	455	604

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

External workers	2019			2020		
	Men	Women	Total	Men	Women	Total
ITALY	33	20	53	31	43	74
Outsourced labour	31	19	50	25	42	67
Project/ongoing and coordinated collaborators	2	0	2	17	3	20
Trainees and apprentices	0	1	1	14	14	28
BRAZIL	16	19	35	25	16	41
External collaborators	6	4	10	11	3	14
Trainees and apprentices	10	15	25	14	13	27
TURKEY	-	-	-	-	-	-
External collaborators	-	-	-	-	-	-
Trainees and apprentices	-	-	-	-	-	-
TOTAL GROUP	49	39	88	56	59	115

DISCLOSURE 102-41²¹

	UDM	2019			2020		
		Italy	Brazil	Turkey	Italy	Brazil	Turkey
Employees covered by collective bargaining agreement as at 31 Dec.	N	2,081	1,186	358	2,056	1,45	364
Percentage	%	100	100	100	100	100	100

DISCLOSURE 202-1

RATIOS OF STANDARD ENTRY LEVEL WAGE BY GENDER COMPARED TO LOCAL MINIMUM WAGE				
GROUP	2019		2020	
	Men	Women	Men	Women
Ratio of standard entry level wage by gender compared to local minimum wage ²²	1	1	1	1

21. 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.

22. 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).

ITALY										
New hires										
Number of people	2019					2020				
	<30	30-50	50<	Total	Percentage	<30	30-50	50<	Total	Percentage
Men	60	95	15	170	20%	57	92	15	164	20%
Women	30	73	12	115	9%	68	94	31	193	15%
Total	90	168	27	285	14%	125	186	46	357	17%
Percentage	8%	14%	2%	24%		95%	16%	6%	17%	
Turnover										
Number of people	2019					2020				
	<30	30-50	50<	Total	Percentage	<30	30-50	50<	Total	Percentage
Men	46	91	41	178	21%	54	96	40	190	23%
Women	21	78	49	148	12%	45	90	57	192	15%
Total	67	169	90	326	16%	99	186	97	382	19%
Percentage	49%	14%	12%	16%		75%	16%	12%	19%	

23. Data on employee turnover at Group companies have been restated from those published in the previous Non-Financial Statement following an improvement in the data collection process. Please refer to the 2019 Sustainability Report for previously published data.

BRAZIL

New hires

Number of people	2019					2020				
	<30	30-50	50<	Total	Percentage	<30	30-50	50<	Total	Percentage
Men	90	124	12	226	48%	163	172	21	356	67%
Women	85	89	8	182	25%	180	205	17	402	49%
Total	175	213	20	408	34%	343	377	38	758	56%
Percentage	60%	32%	9%	34%		88%	53%	16%	56%	

Turnover

Number of people	2019					2020				
	<30	30-50	50<	Total	Percentage	<30	30-50	50<	Total	Percentage
Men	102	127	15	244	52%	108	158	24	290	55%
Women	104	117	28	249	35%	113	162	34	309	38%
Total	206	244	43	493	42%	221	320	58	599	45%
Percentage	70%	37%	19%	42%		57%	45%	24%	45%	

TURKEY²⁴

New hires

Number of people	2019					2020				
	<30	30-50	50<	Total	Percentage	<30	30-50	50<	Total	Percentage
Men	60	20	117	60	100%	43	12	60	115	55%
Women	33	2	78	33	70%	12	4	57	73	47%
Total	93	22	195	93	87%	55	16	117	188	52%
Percentage	137%	10%	305%	87%		87%	7%	172%	52%	

Turnover

Number of people	2019					2020				
	<30	30-50	50<	Total	Percentage	<30	30-50	50<	Total	Percentage
Men	62	26	95	183	93%	37	10	54	101	48%
Women	30	8	73	111	69%	17	7	57	81	53%
Total	92	34	168	294	82%	54	17	111	182	50%
Percentage	135%	15%	263%	82%		86%	7%	163%	50%	

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

GROUP										
New hires										
Number of people	2019					2020				
	<30	30-50	50<	Total	Percentage	<30	30-50	50<	Total	Percentage
Men	214	347	53	614	17%	263	276	96	635	16,87%
Women	151	242	23	416	11%	260	303	105	668	17,74%
Total	365	589	76	1030	28%	523	579	201	1.303	34,61%
Percentage	10%	16%	2%	28%		13,89%	15,38%	5,34%	34,61%	
Turnover										
Number of people	2019					2020				
	<30	30-50	50<	Total	Percentage	<30	30-50	50<	Total	Percentage
Men	215	322	86	623	17%	199	264	118	581	15,43%
Women	157	270	86	513	14%	175	259	148	582	15,46%
Total	372	592	172	1136	31%	374	523	266	1.163	30,89%
Percentage	10%	16%	5%	31%		9,93%	13,89%	7,07%	30,89%	

DISCLOSURE 401-3

	ITALY		BRAZIL		TURKEY		GROUP	
	Men	Women	Men	Women	Men	Women	Men	Women
Employees who took parental leave during 2020	39	93	8	37	0	2	47	132
of which status as at 31.12.2020								
<i>still on leave</i>	4	24	0	7	0	1	4	32
<i>returned and still employed</i>	33	64	6	18	0	1	39	83
<i>of which dismissed</i>	2	5	2	12	0	0	4	17
Return to employment rate as at 31.12.2020	94.29%	92.75%	75%	60%	0	100%	90.70%	83%
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%	92.5%	100%	88.89%	0	100%	95.24%	91.53%
Employees who took parental leave during 2019	13	63	9	25	0	2	22	90
of which status as at 31.12.2020								
<i>still on leave</i>	1	9	0	0	0	0	1	9
<i>returned and still employed</i>	11	45	4	14	0	2	15	61
<i>of which dismissed</i>	1	9	5	11	0	0	6	20
Retention rate as at 31.12.2020	91.67%	83.33%	44.44%	56%	0	100%	71.43%	75.31%

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						
	2019			2020		
	Men	Women	Total	Men	Women	Total
Servizi Italia S.p.A.	64%	36%	100%	64%	36%	100%
SRI Empreendimentos e Participações L.t.d.a.	100%	0%	100%	100%	0%	100%
Steritek S.p.A.	80%	20%	100%	80%	20%	100%
San Martino 2000 S.c.r.l.	100%	0%	100%	100%	0%	100%
Wash Service S.r.l.	67%	33%	100%	67%	33%	100%
Ekolav S.r.l.	100%	0%	100%	100%	0%	100%
Lavsim Higienização Têxtil S.A.	100%	0%	100%	67%	33%	100%
Maxlav Lavanderia Especializada S.A.	40%	60%	100%	67%	33%	100%
Vida Lavanderias Especializada S.A.	40%	60%	100%	67%	33%	100%
Aqualav Serviços De Higienização Ltda	100%	0%	100%	100%	0%	100%
Ankateks Turizm Insaat Tekstil Temizleme Sanayi ve Ticaret Anonim Siirketi	86%	14%	100%	86%	14%	100%
Ergülteks Temizlik Tekstil Ltd. Sti.	0%	0%	0%	0%	0%	0%

COMPOSITION OF THE BOARD OF DIRECTORS BY AGE GROUP

	2019				2020			
	<30	30-50	50<	Total	<30	30-50	50<	Total
Servizi Italia S.p.A.	0%	45%	55%	100%	0%	27%	73%	100%
SRI Empreendimentos e Participações L.t.d.a.	0%	100%	0%	100%	0%	100%	0%	100%
Steritek S.p.A.	0%	80%	20%	100%	0%	60%	40%	100%
San Martino 2000 S.c.r.l.	0%	33%	67%	100%	0%	100%	0%	100%
Wash Service S.r.l.	0%	67%	33%	100%	0%	67%	33%	100%
Ekolav S.r.l.	0%	0%	100%	100%	0%	0%	100%	100%
Lavsim Higienização Têxtil S.A.	0%	67%	33%	100%	0%	67%	33%	100%
Maxlav Lavanderia Especializada S.A.	0%	60%	40%	100%	0%	67%	33%	100%
Vida Lavanderias Especializada S.A.	0%	60%	40%	100%	0%	67%	33%	100%
Aqualav Serviços De Higienização Ltda	0%	100%	0%	100%	0%	0%	100%	100%
Ankateks Turizm Insaat Tekstil Temizleme Sanayi ve Ticaret Anonim Siirketi	0%	71%	29%	100%	0%	71%	29%	100%
Ergülteks Temizlik Tekstil Ltd. Sti.	0%	0%	0%	0%	0%	0%	0%	0%

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

Professional category	2019			2020		
	Men	Women	Total	Men	Women	Total
ITALY						
Managers	10	2	12	9	2	11
Middle-managers	27	5	32	27	5	32
Employees	113	104	217	105	102	207
Workers	686	1,134	1,820	669	1,137	1,806
Total	836	1,245	2,081	810	1,246	2,056
Percentage of total	40%	60%	100%	39%	61%	100%
BRAZIL						
Managers	3	2	5	2	2	4
Middle-managers	8	5	13	7	4	11
Employees	22	41	63	18	52	70
Workers	434	671	1,105	503	757	1,260
Total	467	719	1,186	530	815	1,345
Percentage of total	39%	61%	100%	39%	61%	100%
TURKEY						
Managers	2	0	2	2	-	2
Middle-managers	1	0	1	1	-	1
Employees	1	7	8	1	5	6
Workers	193	154	347	206	149	355
Total	197	161	358	210	154	364
Percentage of total	55%	45%	100%	58%	42%	100%
GROUP						
Managers	15	4	19	13	4	17
Middle-managers	36	10	46	35	9	44
Employees	136	152	288	124	159	283
Workers	1,313	1,959	3,272	1,378	2,043	3,421
Total	1,500	2,125	3,625	1,550	2,215	3,765
Percentage of total	41%	59%	100%	41%	59%	100%

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

Professional category	2019				2020			
	<30	30-50	50<	Total	<30	30-50	50<	Total
ITALY								
Managers	0	7	5	12	0	6	5	11
Middle-managers	0	20	12	32	0	21	11	32
Employees	11	147	59	217	6	140	61	207
Workers	126	1,001	693	1,820	126	972	708	1,806
Total	137	1,175	769	2,081	132	1,139	785	2,056
Percentage of total	7%	56%	37%	100%	6%	55%	38%	100%
BRAZIL								
Managers	0	3	2	5	0	3	1	4
Middle-managers	0	9	4	13	0	7	4	11
Employees	21	39	3	63	30	37	3	70
Workers	272	610	223	1,105	359	670	231	1,260
Total	293	661	232	1,186	389	717	239	1,345
Percentage of total	25%	56%	20%	100%	29%	53%	18%	100%
TURKEY								
Managers	0	1	1	2	0	1	1	2
Middle-managers	0	1	0	1	0	1	0	1
Employees	5	3	0	8	1	5	0	6
Workers	63	221	63	347	62	226	67	355
Total	68	226	64	358	63	233	68	364
Percentage of total	19%	63%	18%	100%	17%	64%	19%	100%
GROUP								
Managers	0	11	8	19	0	10	7	17
Middle-managers	0	30	16	46	0	29	15	44
Employees	37	189	62	288	37	182	64	283
Workers	461	1,832	979	3,272	547	1,868	1,006	3,421
Total	498	2,062	1,065	3,625	584	2,089	1,092	3,765
Percentage of total	14%	57%	29%	100%	16%	55%	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	.,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	2020			
	Men		Women	
	Number of hours	Average hours	Number of hours	Average hours
Managers	50.49	3.61	41	10.25
Middle-managers	116.95	3.34	102	11.33
Employees	690.65	5.85	579.35	3.51
Workers	4,579.92	3.32	5,967.63	2.48
Total by gender	5,438.01	3.52	5,709,08	2.61
Total training hours	11,228,09			
Total average per capita training hours	2.98			

Health and Safety

DISCLOSURE 403-9 - EMPLOYEES

GROUP		
Work-related injuries		
Number of work-related injuries	2019	2020
Total number of fatalities as a result of work-related injuries	1	0
Total number of high-consequence work-related injuries (excluding fatalities)	1	2
Total number of recordable work-related injuries	136	136
Main types of work-related injuries		
Type of work-related injury	2019	2020
Wound / Cutting	53	69
Bruising/Crushing	43	48
Stress injuries: muscles injuries, hernias, etc.	8	8
Other injuries	32	11
Time data		
Hours	2019	2020
Hours worked	6,496,768	7,436,48
Multiplier for calculation	1,000,000	1,000,000
Injury rates ²⁵		
Fatalities as a result of work-related injury rate	0.15	-
High-consequence work-related injuries (excluding fatalities)	0.15	0.27
Recordable work-related injury rate	21	18

25. The injury rate was calculated as the ratio of the total number of injuries to the total hours worked, using a multiplying factor of 1,000,000.

ITALY

Work-related injuries

Number of work-related injuries	2019	2020
Total number of fatalities as a result of work-related injuries	1	0
Total number of high-consequence work-related injuries (excluding fatalities)	0	2
Total number of recordable work-related injuries	89	76

Main types of work-related injuries

Type of work-related injury	2019	2020
Wound / Cutting	30	26
Bruising/Crushing	31	33
Stress injuries: muscles injuries, hernias, etc.	8	6
Other injuries	20	11

Time data

Hours	2019	2020
Hours worked	3,157,284	2,744,512
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 (excluding fatalities)	-	0.7
Recordable work-related injury rate	28	28

TURKEY

Work-related injuries

Number of work-related injuries	2019	2020
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	4	8

Main types of work-related injuries

Type of work-related injury	2019	2020
Wound / Cutting	1	4
Bruising/Crushing	3	3
Stress injuries: muscles injuries, hernias, etc.	0	1
Other injuries	0	0

Time data

Hours	2019	2020
Hours worked	931,209	891,792
Multiplier for calculation	1,000,000	1,000,000

Injury rates

Fatalities as a result of work-related injury rate	-	-
High-consequence work-related injuries (excluding fatalities)	-	-
Recordable work-related injury rate	4	9

BRAZIL

Work-related injuries

Number of work-related injuries	2019	2020
Total number of fatalities as a result of work-related injuries	0	0
Total number of high-consequence work-related injuries (excluding fatalities)	1	0
Total number of recordable work-related injuries	43	52

Main types of work-related injuries

Type of work-related injury	2019	2020
Wound / Cutting	22	39
Bruising/Crushing	9	12
Stress injuries: muscles injuries, hernias, etc.	4	1
Other injuries	8	0

Time data

Hours	2019	2020
Hours worked	2,408,276	3,800,182
Multiplier for calculation	1,000,000	1,000,000

Injury rates

Fatalities as a result of work-related injury rate	-	-
High-consequence work-related injuries (excluding fatalities)	0.42	-
Recordable work-related injury rate	18	14

DISCLOSURE 403-9 – EXTERNAL WORKERS²⁶

GROUP ²⁷		
Work-related injuries		
Number of work-related injuries	2019	2020
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	4	1
Main types of work-related injuries		
Type of work-related injury	2019	2020
Wound / Cutting	3	1
Bruising/Crushing	1	0
Stress injuries: muscles injuries, hernias, etc.	0	0
Other injuries	0	0
Time data		
Hours	2019	2020
Hours worked	149,755	107,807
Multiplier for calculation	1,000,000	1,000,000
Injury rates		
Fatalities as a result of work-related injury rate	-	-
High-consequence work-related injuries (excluding fatalities)	-	-
Recordable work-related injury rate	27	9

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

27. The perimeter of the data relating to accidents involving external collaborators refers only to the Italian and Brazilian companies as there are no external collaborators in the Turkish companies.

ITALY

Work-related injuries

Number of work-related injuries	2019	2020
Total number of fatalities as a result of work-related injuries	0	-
Total number of high-consequence work-related injuries (excluding fatalities)	0	-
Total number of recordable work-related injuries	4	1

Main types of work-related injuries

Type of work-related injury	2019	2020
Wound / Cutting	3	1
Bruising/Crushing	1	-
Stress injuries: muscles injuries, hernias, etc.	0	-
Other injuries	0	-

Time data

Hours	2019	2020
Hours worked	117,93	80,216
Multiplier for calculation	1,000,000	1,000,000

Injury rates

Fatalities as a result of work-related injury rate	-	-
High-consequence work-related injuries (excluding fatalities)	-	-
Recordable work-related injury rate	34	12

BRAZIL

Work-related injuries

Number of work-related injuries	2019	2020
Total number of fatalities as a result of work-related injuries	0	0
Total number of high-consequence work-related injuries (excluding fatalities)	0	0
Total number of recordable work-related injuries	0	0

Main types of work-related injuries

Type of work-related injury	2019	2020
Wound / Cutting	0	0
Bruising/Crushing	0	0
Stress injuries: muscles injuries, hernias, etc.	0	0
Other injuries	0	0

Time data

Hours	2019	2020
Hours worked	32,562	27,59,
Multiplier for calculation	1,000,000	1,000,000

Injury rates

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

Environmental data

For 2020, the perimeter of environmental data refers to all Italian, Brazilian and Turkish production sites.

Concerning data relating to waste management and disposal and data relating to the consumption of materials, Italian sterilization plants are included. It should be noted that in 2020 a new sterilization plant (Busto Arsizio CSSD), relating to the Parent Company, joined the Group.

DISCLOSURE 301-1

MATERIALS USED BY WEIGHT			
	Unit of measurement	2019	2020
TOTAL USE OF MATERIALS	t	4,790	4,882
NON-RENEWABLE MATERIALS	t	4,650	4,006
Plastic packaging	t	1,019	1,026
Chemicals	t	1,262	1,128
Chemical preparations	t	2,369	1,852
RENEWABLES	t	140	876
Paperboard	t	140	876

ENERGY CONSUMPTION WITHIN THE ORGANIZATION

Type of consumption	UoM	2019		2020	
		Total	Total GJ	Total	Total GJ
Non-renewable sources			764,496		719,913
Methane	Smc	15,798,361	629,154	15,604,962	558,059
LPG	kg	0	0	263	13
Diesel for generator	L	152	6	482	18
Charcoal	t	2,435	77,515	1,512	48,130
Diesel - Company fleet	L	1,504,530	57,394	1,095,769	41,748
Gasoline - Company fleet	L	11,560	394	8,096	276
Methane - Company fleet	kg	665	33	278	12
Renewable sources	m³	57,469	397,042	58,856	406,627
Wood	m ³	57,469	397,042	58,856	406,627
Purchased electricity	kWh	31,276,871	112,597	29,733,813	107,042
of which from renewable sources	kWh	0	0	0	0
of which from non-renewable sources	kWh	31,276,871	112,597	29,733,813	107,042
Self-produced electricity and sold/grided electricity	kWh	(35,400)	(127)	(34,800)	(125)
of which from renewable sources	kWh	(0)	(0)	(0)	(0)
of which from non-renewable sources	kWh	(35,400)	(127)	(34,800)	(125)
Purchased steam	MWh	7,519	27,068	7,001	25,204
Total energy consumption	GJ		1,301,076		1,187,004
Renewable energy	GJ		397,042		406,627
Non-renewable energy	GJ		904,035		780,377
% of renewable energy on total	%		30.52%		34.26%

DISCLOSURE 302-2

TOTAL ENERGY CONSUMPTION OUTSIDE THE ORGANIZATION ²⁸					
	UoM	2019		2020	
		Total	Total GJ	Total	Total GJ
Diesel for road transport	L	1,507,456	57,506	1,493,443	56,900
Total fuel for road transport	GJ		57,506		56,900

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

DISCLOSURE 305-1

DIRECT EMISSIONS			
	UoM	2019	2020
Methane gas	tCO ₂ eq	32,079	31,564
Diesel fuel for road transport	tCO ₂ eq	3,903	2,790
LPG	tCO ₂ eq	0	0.8
Charcoal	tCO ₂ eq	7,536	4,872
Diesel for generator	tCO ₂ eq	0.4	1.226
Wood ²⁹	tCO ₂ eq	1,559	1,579
Gasoline for road transport	tCO ₂ eq	25.54	17.55
Methan for road transport	tCO ₂ eq	1.69	0.70
Total Scope 1 emissions	tCO₂eq	45,105	40,824

DISCLOSURE 305-2³⁰

INDIRECT EMISSIONS			
	UoM	2019	2020
Purchased steam – Location and Market Based	tCO ₂ eq	1,324	1,208
Purchased electricity – Location Based	tCO ₂	9,674	9,138
Purchased electricity – Market Based	tCO ₂	12,068	11,648
Total emissions Scope 2 - Location Based	tCO₂	10,997	10,347
Total emissions Scope 2 - Market Based	tCO₂	13,392	12,857

DISCLOSURE 305-3

OTHER INDIRECT EMISSIONS ³¹			
	UoM	2019	2020
Diesel for road transport	tCO ₂ eq	3,911	3,802
Total emissions Scope 3	tCO₂eq	3,911	3,802

29. The emission factor used to calculate Scope 1 emissions from wood combustion, expressed in tCO₂ equivalent (source: DEFRA 2020), includes CH₄ and N₂O emissions, while CO₂ emissions were set equal to “zero” because the fuel itself (wood) absorbs an amount of CO₂ during the growth phase equal to that released during combustion. In accordance with the GHG Protocol, the contribution of CO₂ released during wood combustion was also calculated “outside the Scope” to ensure full accounting of the emissions created. CO₂ emissions from wood combustion result in 35,078 tCO₂ in 2019 and 35,926 tCO₂ in 2020 (Emission Factor: 1.436 tCO₂/ton, Source DEFRA 2020; DEFRA 2019).

30. The reporting standard used (GRI Sustainability Reporting Standards 2016) provides for two different approaches to calculating Scope 2 emissions: “Location-based” and “Market-based”. The “Location-based” approach involves the use of average emission factors related to specific national power generation energy mixes (source: Terna Confronti Internazionali 2019). The “Market-based” approach involves the use of emission factors defined on a contractual basis with the electricity supplier (source: AIB - European Residual Mixes 2019, Ver. 1.1, 2020-09-08). In the absence of specific contractual agreements between the Organization and the electricity supplier (e.g. purchase of Guarantees of Origin), for the “Market-based” approach the emission factor relating to the national “residual mix” has been used, where available.

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

GJ CONVERSION FACTORS

Year 2019

Wood (GJ/Ton)	Coal (GJ/Ton)	Wood (GJ/Ton)	Coal (GJ/Ton)	Wood (GJ/Ton)	Coal (GJ/Ton)	Wood (GJ/Ton)	Coal (GJ/Ton)	Wood (GJ/Ton)	Coal (GJ/Ton)
49.296	46.09	45.41	49.78	0.0036	3.60	0.03982	49.296	16.26	31.83
DEFRA 2019	DEFRA 2019	DEFRA 2019	DEFRA 2019	DEFRA 2019	DEFRA 2019	DEFRA 2019	DEFRA 2019	DEFRA 2019	DEFRA 2019

Year 2020

LPG (GJ/ton)	Gasoline (GJ/ton)	Diesel (GJ/ton)	Methane - CNG (GJ/ton)	Electricity (GJ/kWh)	Purchased steam (GJ/MWh)	Natural Gas (GJ/Smc)	LPG (GJ/ton)	Wood (GJ/Ton)	Coal (GJ/Ton)
49.327	46.21	45.32	44.76	0.0036	3.60	0.035762	49.327	16.256	31.83
DEFRA 2020	DEFRA 2020	DEFRA 2020	DEFRA 2020	DEFRA 2020	DEFRA 2020	DEFRA 2020	DEFRA 2020	DEFRA 2020	DEFRA 2020

EMISSION FACTORS IN CO₂eq

Year 2019

Methan gas (tCO ₂ eq/Smc)	LPG (tCO ₂ eq/ton)	Diesel (tCO ₂ eq/l)	Gasoline (tCO ₂ eq/l)	Methane -CNG (tCO ₂ eq/Ton)	Wood (tCO ₂ eq/Ton)	Coal (tCO ₂ eq/Ton)
2.03053	2.936	0.0026	0.0022	2.54	0.064	3.09
DEFRA 2019	DEFRA 2019	DEFRA 2019	DEFRA 2019	DEFRA 2019	DEFRA 2019	DEFRA 2019

	Electricity Location based (gCO ₂ /kWh)	Electricity Market based (gCO ₂ /kWh)	Steam Location based (KgCO ₂ eq/kWh)
Italy	359	483	0.17606
Brazil	157	157	
Turkey	441	441	
Source	Terna 2017	European Residual Mix 2018	DEFRA 2019

Year 2020

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

	Electricity Location based (gCO ₂ /kWh)	Electricity Market based (gCO ₂ /kWh)	Steam Location based (KgCO ₂ eq/kWh)
Italy	336	466	0.17261
Brazil	142	142	
Turkey	455	455	
Source	Terna 2019	AIB - European Residual Mix 2019	DEFRA 2020

DISCLOSURE 305-7

OTHER SIGNIFICAN AIR EMISSIONS			
	UoM	2019	2020
NOx emissions ³²	t	64.37	56.06

32. 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 boilers.

WATER WITHDRAWAL					
Collection source	Unit of measurement	2019		2020	
		Collection source	Areas with water stress ³³	All areas	Areas with water stress
Groundwater (total)	MI	1,444	872	1,420	896
Fresh water (≤1,000 mg/l of total dissolved solids)	MI	1,444	872	1,420	896
Other water types (>1,000 mg/l of total dissolved solids)	MI	0	0	0	0
Third party water (total)	MI	665	589	450	390
Fresh water (≤1,000 mg/l of total dissolved solids)	MI	665	589	450	390
Other water types (>1,000 mg/l of total dissolved solids)	MI	0	0	0	0
Water by source	MI				
Groundwater	MI	1,444	872	1,420	896
Third party water	MI	665	589	450	390
TOTAL WATER WITHDRAWAL	MI	2,109	1,461	1,870	1,286

33. Acqueduct³³ tool was used to identify areas with water stress, which are: Ariccia, Florence, Travagliato, Barbarigia, Lastra a Signa, Sao Roque, Santana De Parnaiba, Biritiba Poa' and all Ergulteks and Ankateks plants.

WATER DISCHARGE					
Place of discharge	Unit of measurement	2019		2020	
		Place of discharge	Areas with water stress	All areas	Areas with water stress
Surface water (total)	MI	668	479	612	425
Fresh water ($\leq 1,000$ mg/l of total dissolved solids)	MI	0	0	0	0
Other water types ($> 1,000$ mg/l of total dissolved solids)	MI	668	479	612	425
Sewerage (total)	MI	1,171	804	1,188	873
Fresh water ($\leq 1,000$ mg/l of total dissolved solids)	MI	0	0	0	0
Other water types ($> 1,000$ mg/l of total dissolved solids)	MI	1,171	804	1,188	873
Third-party water by withdrawal source (total)					
Fresh water ($\leq 1,000$ mg/l total dissolved solids)	MI	668	479	612	425
Other water types ($> 1,000$ mg/l total dissolved solids)	MI	1,171	804	1,188	873
TOTAL WATER DISCHARGE	MI	1,839	1,283	1,800	1,298

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

DISCLOSURE 306-2

WASTE						
	2019			2020		
	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total
Waste in tonnes						
of which recovered	47	1,066	1,113	47	1,093	1,140
of which dumped	420	1,200	1,620	426	1,268	1,694
TOTAL	467	2,266	2,733	473	2,361	2,833
Percentage	17%	83%	100%	17%	83%	100%



GRI CONTENT INDEX



GRI CONTENT INDEX

GRI STANDARDS	DISCLOSURE	PAGE	OMISSION
GRI 102: GENERAL STANDARD DISCLOSURE (2016)			
Organisational profile			
102-1	Name of the organisation	5	
102-2	Activities, brands, products and services	28-33	
102-3	Location of headquarters	28	
102-4	Location of operations	28	
102-5	Ownership and legal form	34	
102-6	Markets served	28	
102-7	Scale of the organisation	28; 49 Servizi Italia S.p.A. mark up as at 31/12/2020 is Euro 64.35 million.	
102-8	Information on employees and other workers	85-87	
102-9	Supply chain	77-78	
102-10	Significant changes to the organisation and its supply chain	5-6	
102-11	Precautionary Principle or approach	38	
102-12	External initiatives	12	
102-13	Membership of associations	83	
Strategy			
102-14	Statement from senior decision-maker	2	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	46-47	

GRI STANDARDS	DISCLOSURE	PAGE	OMISSION
Governance			
102-18	Governance structure	34	
Stakeholder engagement			
102-40	List of stakeholder groups	8	
102-41	Collective bargaining agreements	88	
102-42	Identifying and selecting stakeholders	7	
102-43	Approach to stakeholder engagement	8	
102-44	Key topics and concerns raised	9-10	
Reporting practice			
102-45	Entities included in the consolidated financial statements	5	
102-46	Defining report content and topic Boundaries	11	
102-47	List of material topics	10	
102-48	Restatements of information	78; 89	
102-49	Changes in reporting	5-6	
102-50	Reporting period	5-6	
102-51	Date of most recent report	2019	
102-52	Reporting cycle	ANNUAL	
102-53	Contact point for questions regarding the report	CSR - via San Pietro, 59/B - 43019 Castellina (PR) email: csr@si-servizitalia.com	
102-54	Claims of reporting in accordance with the GRI Standards	5-6	
102-55	GRI content index	115-122	
102-56	External assurance	124	

GRI STANDARDS	DISCLOSURE	PAGE	OMISSION
TOPIC-SPECIFIC STANDARDS			
Material topic: Creation of value			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its boundaries	10-11	
103-2	The management approach and its components	26; 50; 53-56	
103-3	Evaluation of management methods	26; 50; 51; 53-57	
GRI 201: Economic performance (2016)			
201-1	Direct economic value generated and distributed	51	
GRI 207 Tax (2020)			
207-1	Approach to tax	53	
207-2	Tax governance, control and risk management	54-55	
207-3	Stakeholder engagement and management concerns related to tax	55	
207-4	Country-by-country reporting	57	
Material topic: Business integrity and ethics			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its boundaries	10-11	
103-2	The management approach and its components	24-25; 46-47	
103-3	Evaluation of management methods	46-47	
GRI 205: Anti-corruption (2016)			
205-3	Confirmed incidents of corruption and actions taken	47	

GRI STANDARDS	DISCLOSURE	PAGE	OMISSION
GRI 206: Anti-competitive behaviour (2016)			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	47	
GRI 419: Socio-economic compliance (2016)			
419-1	Non-compliance with laws and regulations in the social and economic area	47	
Material topic: Attention to employees			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its boundaries	10-11	
103-2	The management approach and its components	18-21;59-67	
103-3	Evaluation of management methods	59-67; 88; 88-93; 98-105	
GRI 202: Market presence (2016)			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	88	
GRI 401: Employment (2016)			
401-1	New employee hires and employee turnover	89-92	
401-3	Parental leave		
GRI 403: Occupational health and safety (2018)			
403-1	Occupational health and safety management system.	62-63	
403-2	Hazard identification, risk assessment, and incident investigation	63-65	
403-3	Occupational health services	63-64	

GRI STANDARDS	DISCLOSURE	PAGE	OMISSION
403-4	Worker participation, consultation, and communication on occupational health and safety	64-65	
403-5	Worker training on occupational health and safety	62	
403-6	Promotion of worker health	62-65	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	64-65	
403-9	Work-related injuries	65; 99-105	
GRI 404: Training and education (2016)			
404-1	Average hours of training per year per employee	98	
Material topic: Diversity and equal opportunities			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its boundaries	10-11	
103-2	The management approach and its components	18; 46; 62	
103-3	Evaluation of management methods	18; 35; 46-47; 62; 94-95	
GRI 405: Diversity and equal opportunity (2016)			
405-1	Diversity of governance bodies and employees	35; 94-95	
GRI 406: Non-discrimination (2016)			
406-1	Incidents of discrimination and corrective actions taken.	47	

Material topic: Supply chain

GRI 103: Management Approach (2016)

GRI STANDARDS	DISCLOSURE	PAGE	OMISSION
103-1	Explanation of the material topic and its boundaries	10-11	
103-2	The management approach and its components	23; 77	
103-3	Evaluation of management methods	23; 77-78	

GRI 204: Procurement Practices (2016)

204-1	Proportion of spending on local suppliers	78	
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Material topic: Direct and indirect environmental impact

GRI 103: Management Approach (2016)

103-1	Explanation of the material topic and its boundaries	10-11	
103-2	The management approach and its components	13-17; 40; 69-75	
103-3	Evaluation of management methods	40; 69-75	

GRI 301: Materials (2016)

301-1	Materiali utilizzati per peso o volume	106	
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GRI 302: Energy (2016)

302-1	Energy consumption within the organization	107	
302-2	Energy consumption outside of the organization	108	

GRI 303: Water and effluents (2018)

303-1	Interactions with water as a shared resource	72-73	
303-2	Management of water discharge-related impacts	74	

303-3	Water withdrawal	111	
303-4	Water discharge	112	
GRI STANDARDS	DISCLOSURE	PAGE	OMISSION
GRI 305: Emissions (2016)			
305-1	Direct (Scope 1) GHG emissions	108-110	
305-2	Energy indirect (Scope 2) GHG emissions	108-110	
305-3	Other indirect (Scope 3) GHG emissions	108-110	
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	110	
GRI 307: Environmental Compliance 2016)			
307-1	Non-compliance with environmental laws and regulations	47	
Material topic: Quality service and operational improvement			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its boundaries	10-11	
103-2	The management approach and its components	22; 46	
103-3	Evaluation of management methods	46-47	
GRI 417: Marketing and Labeling (2016)			
417-2	Incidents of non-compliance concerning product and service information and labeling	47	
GRI-418: Customer Privacy (2016)			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	47	

GRI STANDARDS	DISCLOSURE	PAGE	OMISSION
Material topic: Communities involvement and development			
GRI 103: Management Approach (2016)			
103-1	Explanation of the material topic and its boundaries	10-11	
103-2	The management approach and its components	23; 82-83	
103-3	Evaluation of management methods	82-83; 123	
GRI-413: Local Communities (2016)			
413-1	Operations with local community engagement, impact assessments, and development programs	60 % of the Group's production facilities (laundries or sterilization plants) have developed activities to support local communities.	

“Public statement on European common enforcement priorities for 2020 annual financial reports” Content Index

The table below illustrates the references within the document of the guidance provided in the “Public statement on European common enforcement priorities for 2020 annual financial reports” published by the European Securities and Markets Authority (ESMA) for boards and auditors of companies publishing **non-financial statements** pursuant to Legislative Decree No. 254 of 2016.

PRIORITIES RELATED TO NON-FINANCIAL STATEMENTS	PAGE
Relevant to Covid-19 pandemic on non-financial issues , underlining mitigation actions adopted;	12; 14
Relevant to social and personnel issues , with particular attention to profiles about health, safety at workplace and remote working, as well as on policies adopted for employees and collaborators;	19-20; 41; 59; 63
Relevant to business model and creation of value , underlining tendencies and factors which can influence Issuer's business model, the resilience of that model following the impact of Covid-19 and consequences on capacity of the Company to continue to create value through time;	41; 45; 50
Relevant to risks connected to climate change , although in a difficult context as the one we are experiencing following the spread of the virus;	40; 43-44
Relevant to interconnection between financial and non-financial information , underlining as the financial situation and Company's performance have been impacted by the events caused by Covid-19	12; 45; 50



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, 2020 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on March 15, 2021 (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 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.

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 Wash Service S.r.l and Ergülteks Temizlik Tekstil Ltd. Sti. 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, Treviso production plants for Servizi Italia S.p.A., Cesano Boscone (MI) and Segrade (MI) production plant for Wash Service S.r.l., Sarnic, Smirne (Turkey) production plant for Ergülteks Temizlik Tekstil Ltd. Sti., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out remote meetings, 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, 2020 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 29, 2021

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



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