



# AMBIENTHESIS

THINK GREEN, ACT SMART

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ANNUAL FINANCIAL REPORT  
AS AT 31 DECEMBER 2019

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**AMBIENTHESIS S.p.A.**

Via Cassanese, 45  
20090 Segrate (MI)

Share Capital Euro 48,204,000.00 fully paid-up

Tax code 10190370154

VAT number 02248000248

Register of Companies no. 10190370154

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[www.ambienthesis.it](http://www.ambienthesis.it)



# ANNUAL FINANCIAL REPORT AS AT 31 DECEMBER 2019

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## **SUSTAINABILITY REPORT**

(Pursuant to Legislative Decree no. 254 of 30 December 2016, the Company is not obliged to prepare this non-financial disclosure; however, it is considered useful to provide the following information)

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## **FINANCIAL STATEMENTS AND EXPLANATORY NOTES**

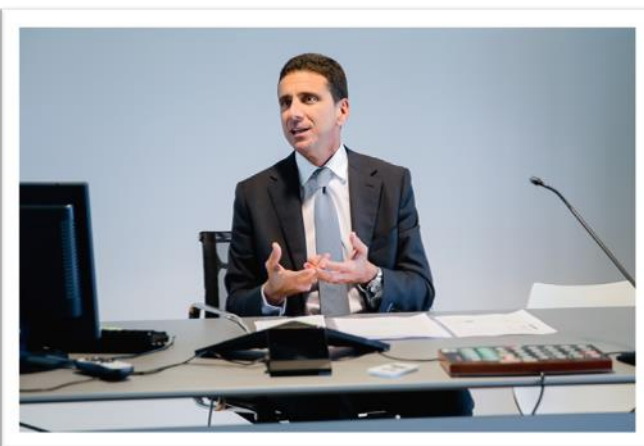
- Consolidated financial statements – Ambienthesis Group**
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## LETTER TO SHAREHOLDERS

Dear Shareholders,

Having opened our 2018 financial report by proudly reporting on the real “turning point” reached in Ambienthesis’ recent history, today I find myself commenting on an even more satisfying financial year – 2019, which we bring to your attention and submit for your approval – as a further confirmation of the growth achieved by the Company and the Group.

Such growth is reflected not only in terms of improvement of our economic and financial performance, but also in matters concerning sustainability and innovation, international development, corporate welfare and social responsibility.



As far as the first of these aspects, i.e. the economic one, is concerned, the process targeted at operational efficiency and maximisation of sales has been further strengthened. In 2019 we achieved new, important results indeed – a consolidated net profit of Euro 4.5 million, up by 37.8%, Group revenues reaching Euro 87 million, up by 5.5%, and a consolidated gross operating margin exceeding Euro 7.3 million, up by 34.2%.

Also thanks to the ongoing dialogue we maintain with the banking system, backed by our “Investment Grade” credit rating, all the above was accompanied by a balanced, effective and competitive use of credit.

We achieved significant results in the R&D field too, as our well-structured dedicated internal team has engaged in supervising and implementing the development and application of the most effective and newest technology available. In this respect, our partnerships with research institutes (open innovation), leading Universities and competent professional firms have also intensified.

A third corporate matter worth of attention is the internationalisation process, which is increasingly becoming one of the Group’s strategic pillars. Our 30-year experience, our professionalism, our integrated waste management technology and skills based on the circular economy logic are increasingly valued abroad, which bears witness to a new side to the “Made in Italy” label – the environmental side – that we, at Ambienthesis, are proud to represent worldwide. This has also caught the attention of important international players, as evidenced by the creation of B&A Waste Management CO.LLC. – a JV with Bee’ah, the main player in the environmental field in the Middle East. We are therefore proud to contribute our added value in the Arabian Gulf region, in the fields of both industrial waste and soil remediation.

A significant improvement has also involved the corporate Welfare, thanks to a set of measures aimed at assisting our employees, in line with our key principle that long-term growth can only be achieved by putting human resources first – our most valuable asset is the Ambienthesis family, the community of women and men who work with passion and determination day after day.

Finally, I would like to discuss our growth in terms of social responsibility, which we believe is key, especially in view of the current environmental conditions worldwide, as our planet continues to suffer. We are involved in a number of initiatives aimed at spreading greater environmental culture, raising awareness and promoting environmental consciousness in school first, which can effectively translate into virtuous, envi-

ronmentally sustainable behaviours.

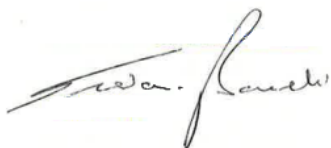
This is a goal that we are convinced we can achieve, also to make the dream of our founder, shareholders and workers come true – to become a reference point for circular economy and environmental sustainability, securing a better world for future generations.

Also on behalf of the CEO, I would like to thank the members of our Board of Directors, Board of Statutory Auditors, Committees and shareholders for supporting and pushing us forward, as well as all our staff and external collaborators, who have made this important process of corporate growth possible with their work.

In 2019, we have inaugurated a new phase of this growth, also symbolically represented in our new logo, a kite flying upwards, which bears witness to the fact that, to us, every result we achieve, rather than the end, is the beginning of a path that will lead us to even higher goals.

I would like to thank you for your attention and extend my warmest regards.

Giovanni Bozzetti

A handwritten signature in black ink, appearing to read 'Giovanni Bozzetti', written over a light blue horizontal line.

Chairman

# GROUP HIGHLIGHTS

Year 2019

**4,465**

thousand Euros

**Net Profit**

**8.5%**

KPI Profitability

**ROS**

**86,608**

thousand Euros

**Revenues**

**7,383**

thousand Euros

**EBITDA**

**7,758**

thousand Euros

**EBITDA** (Adjusted)

**0.2**

Leverage ratio

**NFP/EBITDA**

**9.7**

Interest cover ratio

**EBITDA/I**

**0.04**

Gearing ratio

**NFP/SE**



## CORPORATE BODIES

### Board of Directors

**Giovanni Bozzetti** (\*) <sup>(1)</sup> *Chairman*  
**Damiano Belli** (\*) <sup>(2)</sup> *CEO*  
**Gabriella Chiellino** <sup>(3)</sup>  
**Giovanni Mangialardi** <sup>(4)</sup>  
**Roberto Zocchi** <sup>(4)</sup>  
**Susanna Pedretti** <sup>(3)</sup>  
**Paola Margutti** <sup>(3)</sup>

### Control and Risk and Sustainability Committee

**Susanna Pedretti** *Chairwoman*  
**Gabriella Chiellino** <sup>(3)</sup>  
**Giovanni Mangialardi** <sup>(4)</sup>

### Remuneration Committee

**Paola Margutti** <sup>(3)</sup> *Chairwoman*  
**Susanna Pedretti** <sup>(3)</sup>  
**Giovanni Mangialardi** <sup>(4)</sup>

### Board of Statutory Auditors

**Michaela Marcarini** *Chairwoman*  
**Daniele Bernardi** *Standing Auditor*  
**Enrico Felli** *Standing Auditor*  
**Enrico Calabretta** *Deputy Auditor*  
**Paola Pizzelli** *Deputy Auditor*

### Executive in charge of drafting the Company financial statements

**Marina Carmeci**

### Auditing Company

**Ernst & Young S.p.A., in brief also EY S.p.A.**

#### Notes:

(\*): Executive Director

(1): Responsible for relations with institutional investors and other Shareholders

(2): Appointed by the Board to coordinate the Internal Audit and Risk Management System

(3): Independent Director

(4): Non-executive Director



## BOARD OF DIRECTORS' MANAGEMENT REPORT

### *Mission*

We aim to be a constant reference point for our own improvement and that of the people working with us, for what concerns the technological innovation capacity and systemic approach to services in the environmental field, in order to pursue the creation of a business model both environmentally sustainable and pragmatic, aimed at improving environmental and life quality.

Aware that the environment is a primary asset for the community and taking into account the social outreach of the activities we carry out, we aim to combine the carrying out of our business and the creation of value with the protection of the environment through the continuous improvement of our activities.

We believe that the current strong commitment in respecting, enhancing and protecting the environment is the best investment for tomorrow.



## Building

## a GREENER FUTURE



## Introduction

Ambienthesis S.p.A. is a joint-stock company incorporated in Italy and registered with the Register of Companies of Milan. The address of its registered office is Segrate (MI), via Cassanese 45.

The consolidated financial statements of the Ambienthesis Group (hereinafter the “ATH Group” or also simply the “Group”) include the financial statements of Ambienthesis S.p.A. (also called the “Company” or the “Parent Company” or “ATH”) and those of Italian and foreign companies over which ATH has the right to exercise direct or indirect control, determining their financial and management choices, as well as the right to obtain the related benefits.

The consolidated financial statements are prepared in accordance with international accounting standards (hereinafter “IFRS”) issued by the International Accounting Standards Board (IASB) and in compliance with the provisions of Article 9 of Legislative Decree no. 38/2005. IFRS refers to all International Financial Reporting Standards, all International Accounting Standards, all interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), which, at the date of approval of the financial statements, have been endorsed by the European Union, according to the procedure referred to in Article 6 of the Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002.

The financial statements include the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement.

The 2019 consolidated financial statements have been audited by Ernst & Young S.p.A., in short also EY S.p.A.

All values below and the items of the financial statements, unless otherwise indicated, are expressed in thousands of Euro.

## Company data

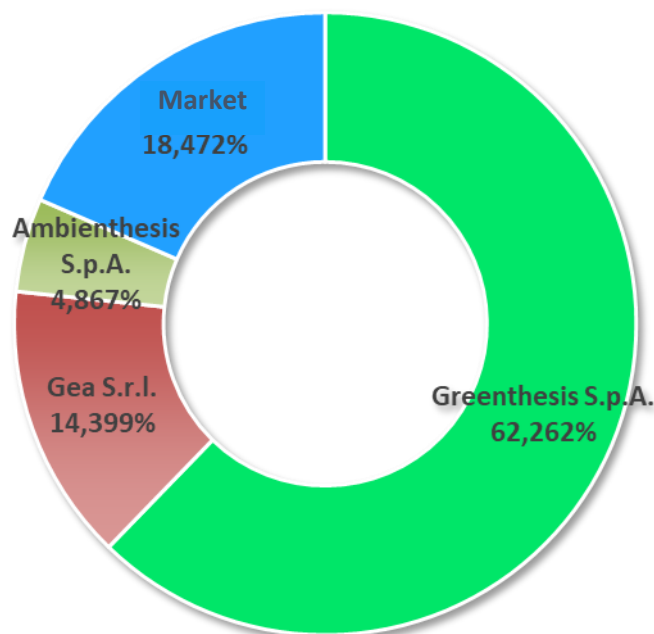
As at 31 December 2019, according to the shareholders' register, supplemented by the notices received under Article 120 of the Consolidated provisions on financial intermediation under Legislative Decree no. 58/1998, as well as according to other information available to the Company, the following shareholders held the following shares in the share capital of Ambienthesis S.p.A. – either directly or indirectly, with voting rights exceeding 2% of the share capital – formed by **no. 92,700,000** outstanding shares:

- **Greenthesis S.p.A.**, holder of no. 57,717,131 ordinary shares, equal to approximately **62.262%** of the share capital;
- **Gea S.r.l.**, holder of no. 13,348,043 ordinary shares, equal to approximately **14.399%** of the share capital;
- **Ambienthesis S.p.A.**, holder of no. 4,511,773 treasury shares, equal to approximately **4.867%** of the share capital.

As at today, Ambienthesis S.p.A. holds a total of no. 4,511,773 treasury shares, equal to approximately **4.867%** of the share capital, with an average carrying value of approximately Euro 0.55.

In this respect, it is recalled that, in accordance with the shareholders' resolutions of 24 April 2008 and 29 April 2009, from 24 to 27 February 2015, Ambienthesis S.p.A. proceeded to sell on the Italian Electronic Stock Exchange (Mercato Telematico Azionario – MTA) no. 123,400 treasury shares, equal to approximately 0.133% of the share capital.

The current shareholding structure, with a percentage of 18.472% placed on the market, is therefore represented in the chart below:



The company Greenthesis S.p.A. is indirectly controlled by RAPS Sas di Marina Rina Cremonesi & C.

As at 30 December 2019, the reference share price of ATH was Euro 0.47 (about +38.2% compared to the same period of 2018, when it stood at Euro 0.34).

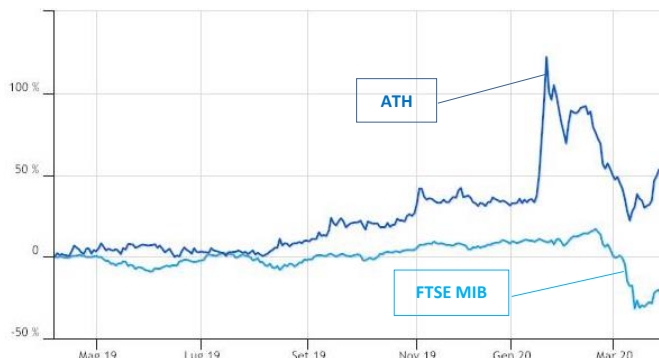
On the other hand, as at 06 April 2020, the ATH share price was Euro 0.61, with the following performances:

Performance 1 month:	+20.39%
Performance 6 months:	+40.18%
Performance 1 year:	+68.68%

Chart of ATH share performance over the last 12 months



Chart of ATH share performance (blue) compared to FTSE MIB index over the same period (light blue)



Source: Teleborsa

The Parent Company does not hold, or has held during the reporting period, shares of the controlling companies.

## The Ambienthesis Group and its business model

The Ambienthesis Group represents, in Italy, one of the leading players in the field of integrated management of industrial waste and environmental remediation. It operates in the following areas:

### Research and Development

The ability to innovate is bound to become increasingly important



### Waste

Waste provides a great opportunity for sustainable growth in terms of reduced consumption of natural resources



### Renewable Energy

Improving sustainability of energy supply by reducing greenhouse gas emissions



### Air

Restoring air quality in urban and industrial areas is a primary objective to fight climate change



### Water

A vital resource



### Remediations

An activity with great potential in terms of land improvement and development



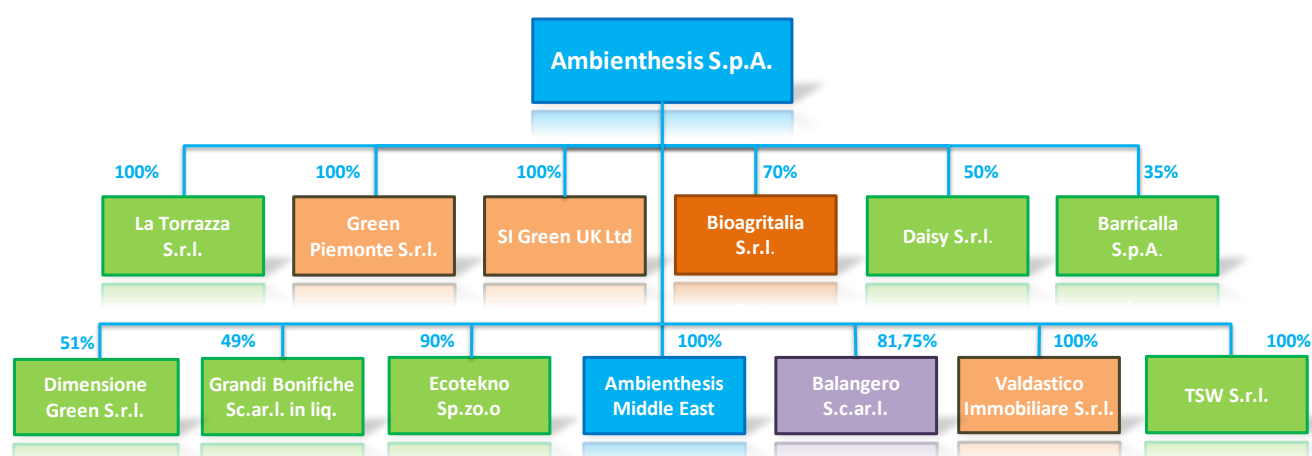
Recent EU Directives require very high standards for waste management, and for the corresponding technology.

These requirements, with high environmental impact, can only be met by following the principles of **Circular Economy** throughout the whole chain:

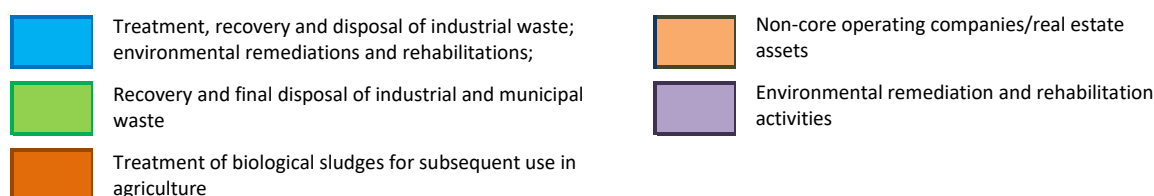
**This is the cross-cutting driver on which the Group's policies are based and evolve**



The structure of the Ambienthesis Group as at 31 December 2019 is represented in the chart below:



#### BUSINESS UNITS



As at 31 December 2019, the scope of consolidation included, as well as Ambienthesis S.p.A., the following companies:

- Bioagritalia S.r.l.	70%	ITALY
- Green Piemonte S.r.l.	100%	ITALY
- La Torrazza S.r.l.	100%	ITALY
- S.I. Green Uk Ltd	100%	UNITED KINGDOM
- Valdastico Immobiliare S.r.l.	100%	ITALY
- Balangero S.c.a.r.l.	81,75%	ITALY
- Ekotekno Sp. Z.o.o.	90%	POLAND
- Dimensione Green S.r.l.	51%	ITALY
- TSW S.r.l.	100%	ITALY
- Ambienthesis Middle East DMCC	100%	UAE

During the year 2019, the following companies were also added to the scope of consolidation:

- TSW S.r.l.	100%	ITALY
- Ambienthesis Middle East DMCC	100%	UAE

Moreover, the Group holds the following investments, consolidated using the equity method:

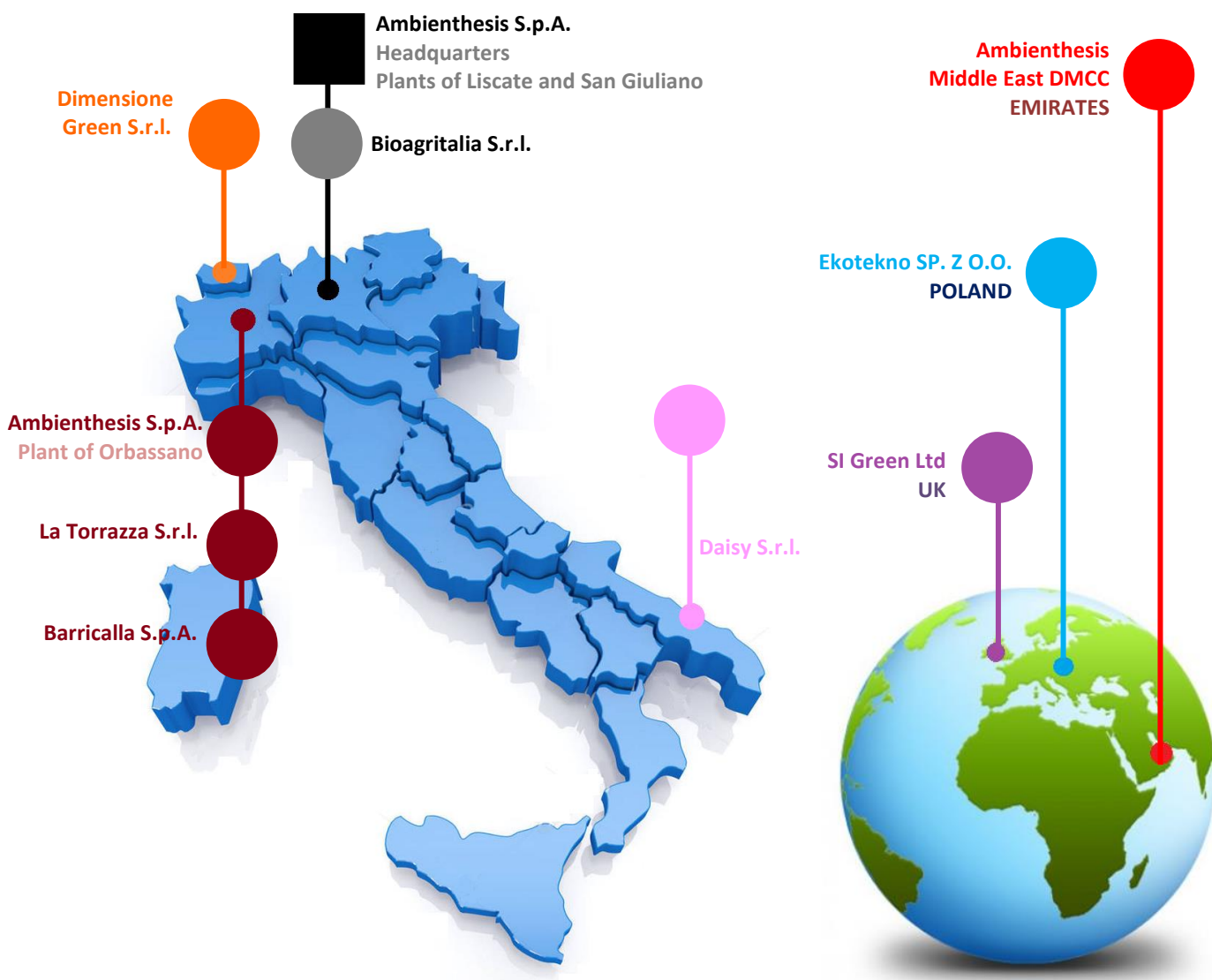
- Barricalla S.p.A.	35%	ITALY
- Daisy S.r.l.	50%	ITALY
- Grandi Bonifiche S.c.a.r.l. in liquidation	49%	ITALY

Ambienthesis S.p.A. owns and operates, in Orbassano (TO), the largest platform in Italy for the treatment of hazardous and non-hazardous special waste (authorised capacity 500,000 t/year).

Furthermore, the Company operates two other proprietary plants: the first, located in Liscate (MI), provides a specific disposal service for various types of liquid waste of both civil and industrial origin; the second, located in San Giuliano Milanese (MI), is intended for the storage of many waste types (batteries, paints, containers contaminated by hazardous substances, drugs, acids, bases and reagents), and is specialised in the disposal of hazardous waste containing asbestos.

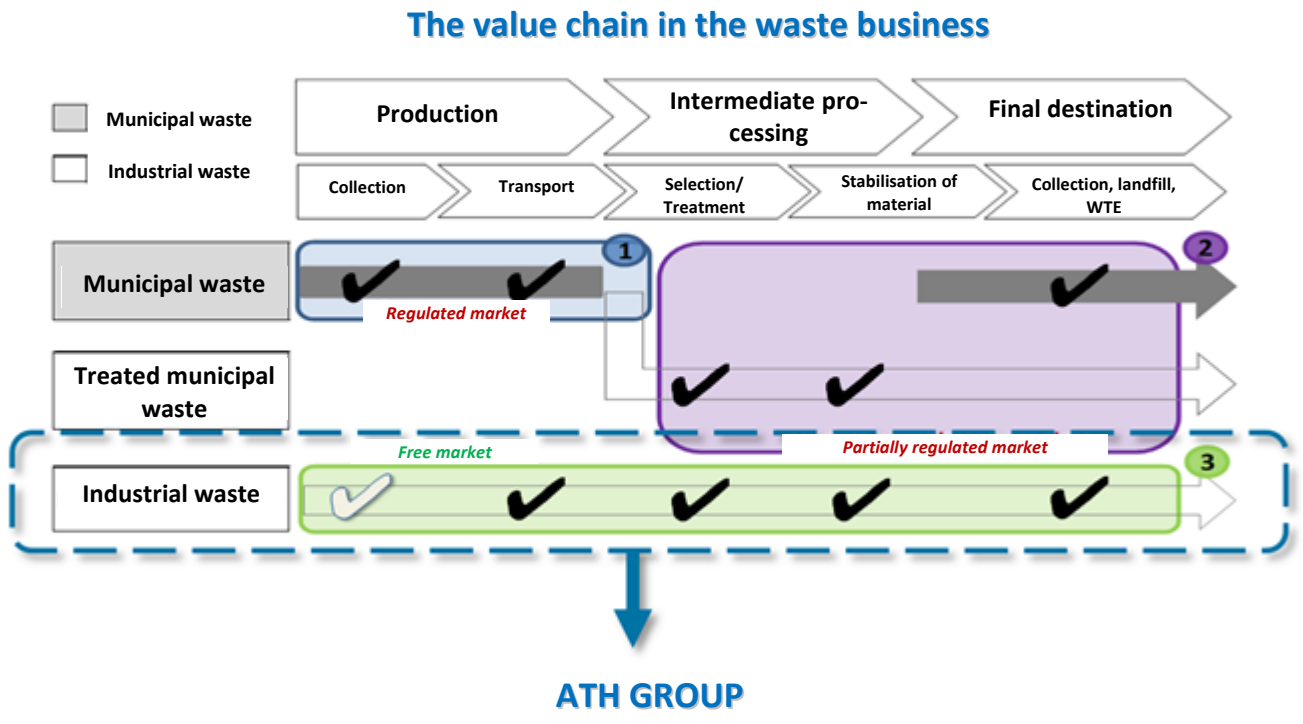
Through its subsidiaries La Torrazza S.r.l. and Bioagritalia S.r.l. (owned 100% and 70%, respectively), the Company controls two other plants: the first, located in Torrazza Piemonte (TO), is a landfill for hazardous and non-hazardous special waste; the second, located in Corte de' Frati (CR), is a plant for the treatment and recovery of biological sludge for subsequent reuse in agriculture.

Finally, Ambienthesis S.p.A. holds a 50% stake in Daisy S.r.l., which operates a landfill in San Procopio (BT) that incorporates a plant for rendering non-hazardous special waste inert, and a 35% stake in Barricalla S.p.A., which owns and operates Italy's largest landfill for hazardous and non-hazardous special waste in Collegno (TO).

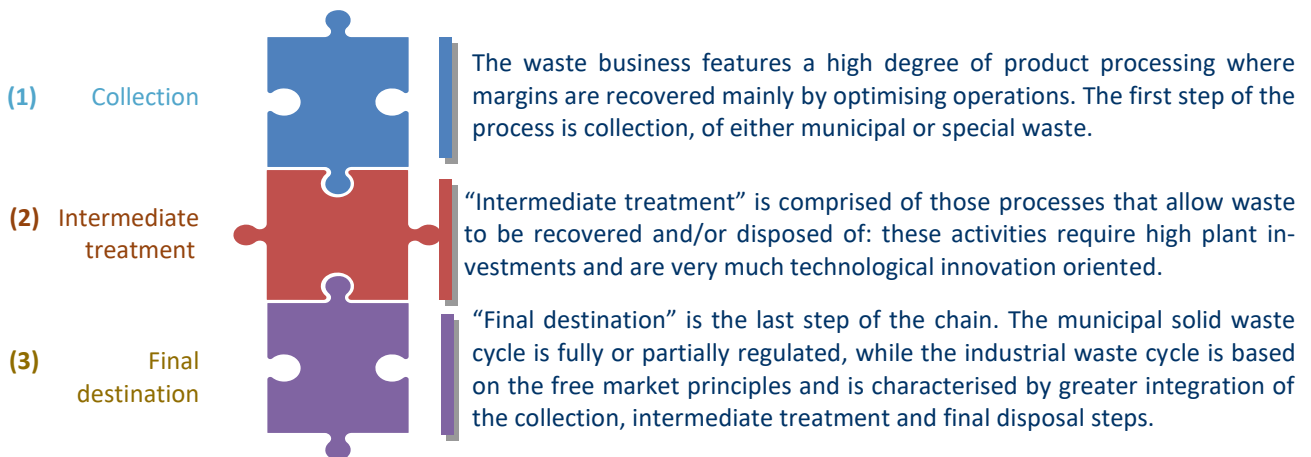




The Ambienthesis Group operates within a well-defined business model as summarised in the following chart, which shows the waste value chain in brief:

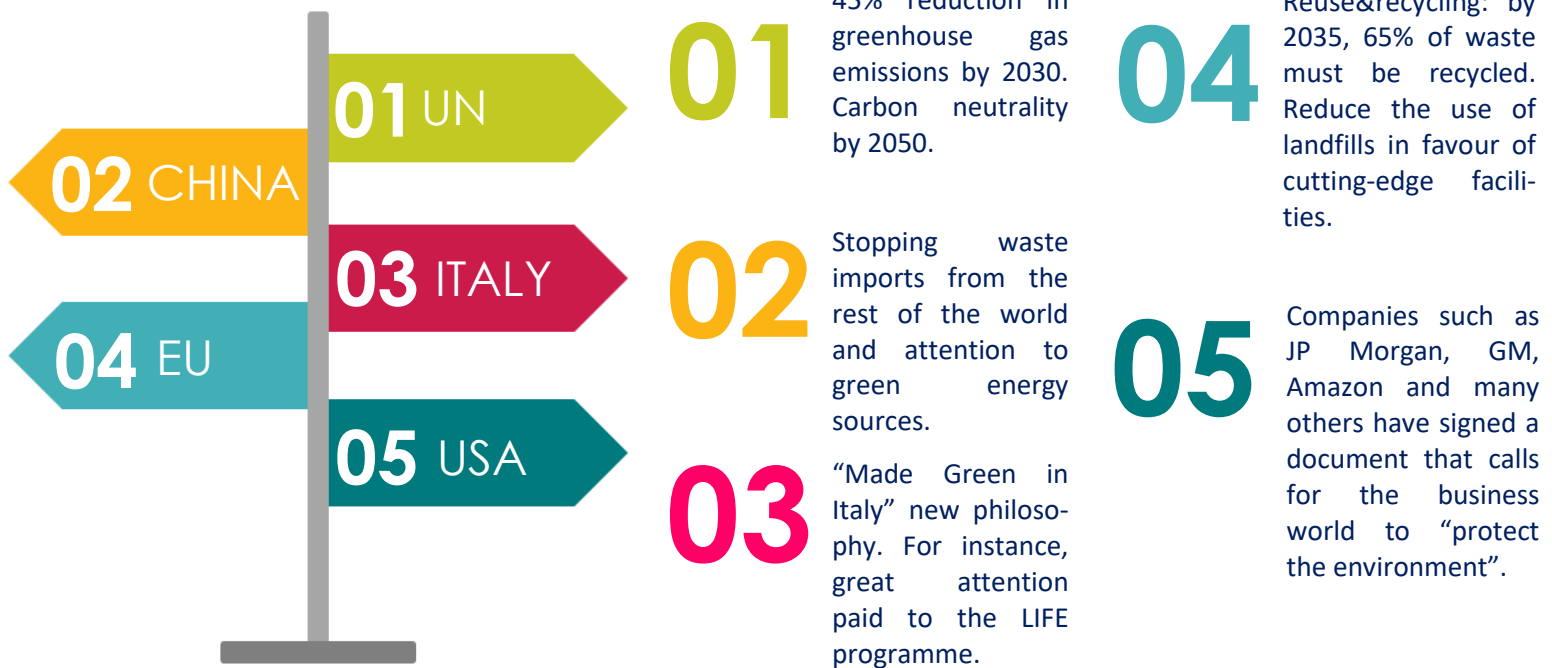


The **value chain** in the waste sector consists of three micro phases for two types of waste (municipal waste and industrial waste):



## Reference market

The macro “GreenDrivers” for modern economic development, which lie at the heart of the Group’s business model, are presented below.



As at the date of this report, the 2019 edition of the “Special Waste Report” prepared by the Italian National Institute for Environmental Protection and Research – ISPRA (hereinafter “ISPRA Report”) is available.

The available data are therefore those of the ISPRA Report published in July 2019. They refer to the year 2017 and were derived from the disclosures submitted in 2018 under the Decree of the President of the Council of Ministers of 28 December 2017. In particular, it is noted that in the above-mentioned ISPRA Report, the national production of special waste has been quantified from the information contained in the Environmental Disclosure Form (MUD) databases relating to annual disclosures made under sectoral legislation.

Domestic production of special waste amounted in 2017 to 138.9 million tons. The overall figure takes into account both the quantities resulting from the processing of MUD databases and the estimates. It also includes the quantities of special waste from the treatment of municipal waste, amounting to approximately 10.9 million tons. In particular, the production of non-hazardous special waste, derived from the MUD calculations, amounted to 68.6 million tons.

In addition, there are over 4 million tons relative to the estimates made for the manufacturing sector and the healthcare sector, 468,000 tons relating to end-of-life tires and approximately 56.1 million tons of waste from construction and demolition operations related to Chapter 17 of Decision 2000/532/EC, entirely estimated, for a total non-hazardous special waste production equalling over 129.2 million tonnes, including slightly more than 3,000 tonnes of waste with unspecified ISTAT (Italian National Institute of Statistics) activity (Table 1.1 and Figure 1.1).

**Table 1.1 – National special waste production, years 2015-2017**

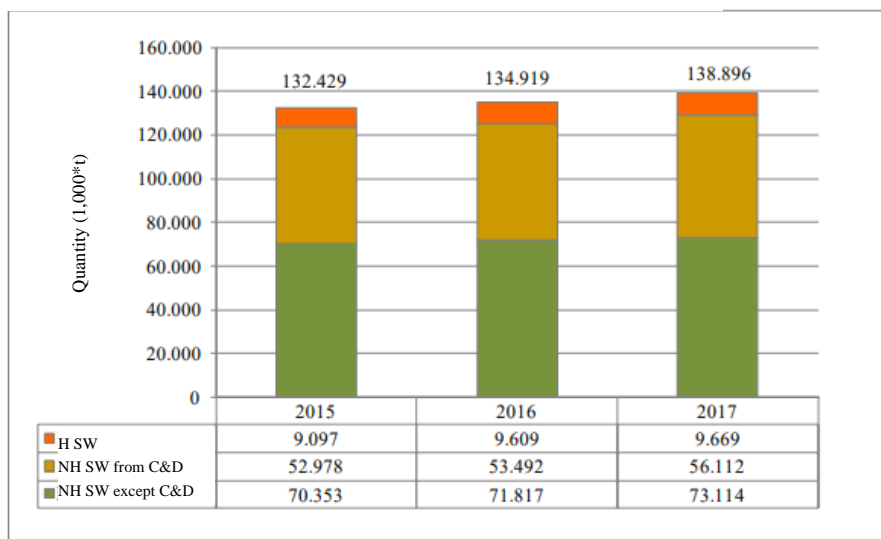
Type	Annual quantity (t/a)		
	2015	2016	2017
Non-hazardous special waste, except estimated waste (MUD data)	66,120,949	67,451,141 <sup>a</sup>	68,612,885
Non-hazardous special waste, except estimated waste from construction and demolition (estimated data)	4,220,392	4,360,822	4,498,320
Non-hazardous special waste from construction and demolition C&D (Chapter EER 17 estimated data)	52,978,023	53,492,199	56,112,305
Non-hazardous special waste with unspecified ISTAT activity (MUD data)	11,712	5,384	3,221
<b>Total non-hazardous waste (NH SW)</b>	<b>123,331,076</b>	<b>125,309,546</b>	<b>129,226,731</b>
Hazardous special waste (MUD data)	7,854,452	8,296,624	8,364,024
Hazardous special waste (estimated data)	2,117	2,216	2,350
End-of-life vehicles	1,239,829	1,308,488	1,302,640
Hazardous special waste with unspecified ISTAT activity (MUD data)	717	1,728	462
<b>Total hazardous waste (H SW)</b>	<b>9,097,115</b>	<b>9,609,056</b>	<b>9,669,476</b>
Special waste with unspecified EER code (MUD data)	691	134	0
<b>Total special waste</b>	<b>132,428,882 <sup>b</sup></b>	<b>134,918,736 <sup>b</sup></b>	<b>138,896,207 <sup>b</sup></b>

(a) Updated compared to the Special Waste Report – 2018 Edition.

(b) Including special waste from treatment of municipal waste.

Source: ISPRA

**Figure 1.1 – National special waste production, years 2015-2017**



Source: ISPRA

As to non-hazardous waste, the estimated quantity amounts to 46.9% of the total quantity generated (43.6% of the aggregate quantity of special waste), especially due to the significant quantity of waste from construction and demolition activities.

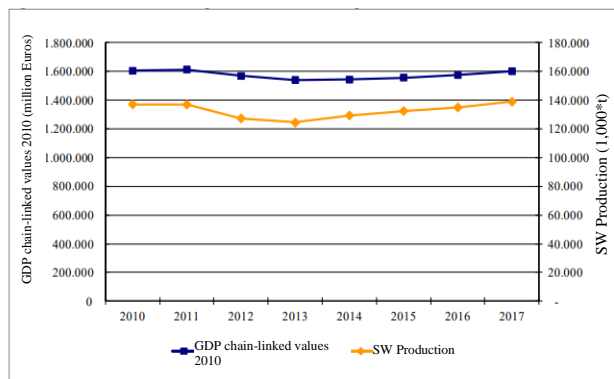
The quantity of hazardous special waste generated in 2017 reached 9.7 million tons (1.3 tons of which are end-of-life vehicles, i.e. 13.5% of the aggregate figure). The quantity of waste with unspecified ISTAT activity was below 500 tons. Between 2016 and 2017 there was a rise in the total production of special waste, equalling to 2.9%, corresponding to approximately 4 million tons.

The increase refers virtually in its entirety to non-hazardous waste, and namely waste from construction and demolition activities, up by 4.9% i.e. over 2.6 million tons. On the other hand, the production of other non-hazardous waste types was more limited, according to the MUD database (+1.7%, i.e. almost +1.2 million tons).

The production of hazardous special waste remained essentially unchanged compared to 2016, slightly increasing by 0.6% i.e. 60,000 tons, referring to hazardous waste other than end-of-life vehicles.

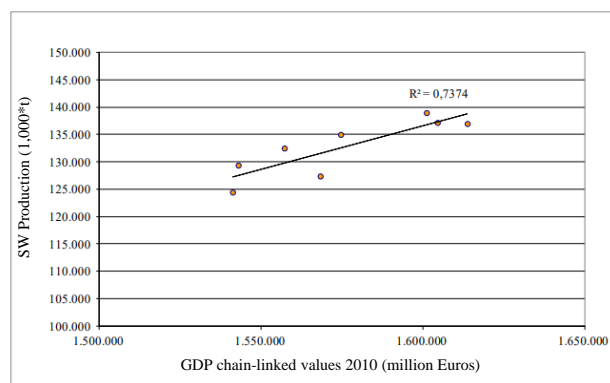
Comparing the evolution of waste production to the gross domestic product (chain-linked values with reference year 2010) it may be noted, with reference to the 2010-2017 period, a correlation with a value of  $R^2$  equal to 0.7374 (Figures 1.2 and 1.3).

**Figure 1.3 – Trend of special waste production and GDP, years 2010-2017**



Sources: ISPRA, ISPRA elaboration on ISTAT data

**Figure 1.2 – Relation between GDP and special waste production, years 2010-2017**



Sources: ISPRA, ISPRA elaboration on ISTAT data

The Ispra “Special Waste Report” clearly shows how the current economic scenario and the trend in the production of industrial waste, in the medium-to-long term, will have to deal with and adapt to the most recent European regulations in the field of circular economy, which provide for the implementation in the waste management cycle of increasingly higher levels of efficiency in terms of recycling, dedicated facilities and disposal to landfills.

This scenario represents a demanding challenge for professionals in the sector and, at the same time, a great opportunity in social and economic terms, since the increasingly challenging and ambitious objectives require the development of more environmentally friendly technologies and processes to manage the integrated waste cycle through the construction of new facilities.

The most recent studies on the subject have estimated the **investment needs at around Euro 10 billion**.

As far as environmental remediation is concerned, it is worth recalling that, according to the Italian regulation on contaminated sites (Legislative Decree no. 152/06 and following amendments and integrations), the term “contaminated” site refers to an area where contaminant concentrations in the various environmental matrices (soil, subsoil, fill, groundwater) are such to pose an unacceptable risk to the health and the environment, in the light of its intended use.

These sites require remediation, that is, actions aimed at removing sources of pollutions from the environmental matrices at issue, and/or reducing their concentrations under contamination threshold values (Concentrazioni Soglia di Contaminazione – CSC) as defined in the regulations depending on the intended use for the site, or under site-specific risk threshold values (Concentrazioni Soglia di Rischio – CSR), which are calculated based on Risk Analysis procedures.

The first measures to implement at the site are emergency safety measures (Messa in Sicurezza di Emergenza – MISE) aimed at containing contamination and preventing it from spreading. Until “remediated”, a site is subject to restrictions of use in order to ensure the safety of users depending on its specific intended use.

**Sites of National Interest (Siti di Interesse Nazionale – SINs)** are selected based on the features of the site, quality and hazardousness of pollutants, impact on the surrounding environment in terms of health and environmental risk, as well as damages to cultural heritage and environmental assets; the Ministry for Environment, Land and Sea Protection (MATTM) is in charge of the corresponding remediation procedures.

Please note that many Sites of National Interest are the largest industrial areas of the country, both disused and still in operation.

To access the remediation market one needs to register with the National Register of Environmental Managers kept by the MATTM; according to the most recent figures published by the MATTM, there are 1,357 operators in the remediation field, 20% of which in Lombardy, while other regions such as Lazio, Campania, Puglia, Sicily and Veneto account for 7.5-8.5% of the total each.

As at 30 June 2016, in Italy, an aggregate surface area of 243,788 hectares was occupied by contaminated sites of national interest – 166,055 on land and 77,733 in the sea (the figure was 306,052 in 2014 – 171,977 on land and 134,075 in the sea).

As to their number, there are 40 of them (39 in 2014).

**Table 4:** The industrial site remediation business: contaminated sites of national interest as at 30/06/2016

Region	Number	Surface area in hectares		
		Land	Sea	Total
Piemonte	4	110,151	0	110,151
Valle d’Aosta	1	23	0	23
Lombardia	5	3,752	0	3,752
Trentino-Alto Adige	1	24	0	24
Veneto	1	1,621	0	1,621
Friuli	2	714	1,196	1,910
Liguria	2	2,113	167	2,280
Emilia-Romagna	1	25	0	25
Toscana	4	1,457	5,339	6,796
Umbria	1	655	0	655
Marche	1	108	1,165	1,273
Lazio	1	-	-	-
Abruzzo	1	232	0	232
Molise	0	0	0	0
Campania	2	1,083	2,886	3,969
Puglia	4	10,465	13,458	23,923
Basilicata	2	3,645	0	3,645
Calabria	1	874	1,448	2,322
Sicilia	4	7,488	16,910	24,398
Sardegna	2	21,625	35,164	56,789
<b>Total</b>	<b>40</b>	<b>166,055</b>	<b>77,733</b>	<b>243,788</b>

Source: Cerved elaboration on data from Ministry for Environment, Land and Sea Protection – Land and Water Protection Department

As at April 2016, in Lombardy, there are over 800 sites in which the soil and groundwater are potentially polluted.

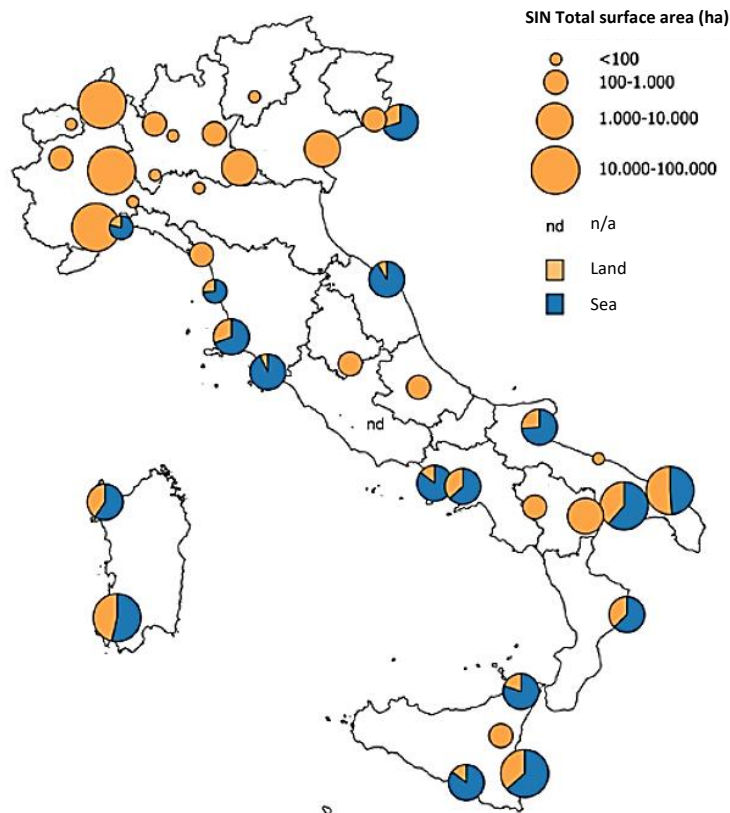
As far as SINs (Sites of National Interest) are concerned, there are 5 of them in Lombardy:

- Sesto San Giovanni (former Falck area);
- Pioltello Rodano Chemical Complex;
- Broni (former Fibronit area);

- Brescia Caffaro;
- Mantua Chemical Complex and Mantua lakes.

Furthermore, according to the Report on the State of the Environment drafted by the Regional Environmental Protection Agency of Lombardy (Agenzia Regionale per la Protezione dell’Ambiente – ARPA), as at June 2017, there are approximately 800 sites regarded as “contaminated” under the current regulation (Legislative Decree no. 152/06 and following amendments and integrations, Part IV, Title V). In most cases, their contamination is linked to industrial areas disused or still in operation and to the presence of fuel storage/loading facilities. Contaminated sites are concentrated in the Province of Milan (approximately 45%) and, to a lesser extent, in the Provinces of Brescia, Bergamo and Varese (approximately 11%, 9% and 8%, respectively) – i.e. areas that have traditionally hosted industrial settlements and many craft enterprises.

The following map shows the distribution of SINs across the national territory. SINs are identified in the framework of legal provisions of various nature and their boundaries are outlined by decree of the MATTM, in agreement with the Region concerned:



Source: ISPRA

Although remediation activities are not specifically regulated on a shared basis nationwide, law-makers are increasingly interested in the matter.

## Structure of the reference market

Below are the aspects that characterise and define the waste market analysed above, focussing the attention on the processes involving the various players along the entire chain.

In the waste management sector, competition is medium to high and based on:

- Range of ancillary services offered in addition to disposal;
- Efficient management;
- Modern facilities compliant with the laws in force, given the environmental impact of the type of products treated.

In the remediation sector, competition is high and based on:

- Price;
- Level of specialisation and technological expertise of the business, which are crucial also to ensure appropriate margins for each job.

Barriers to entry are medium to high in the waste treatment, waste recovery and waste disposal phase. Treatment and recovery do not require large investments, while investments are necessary to build incinerators and landfills, which require authorisations. Barriers to entry are medium to high in the remediation sector, depending on the technological know-how, regulatory complexity and staff expertise.

There are no such things as substitute goods in waste management; rather, the technology is constantly evolving. This is magnified in the remediation sector, in which the specific intended use for the activity virtually removes all threats of substitute goods.

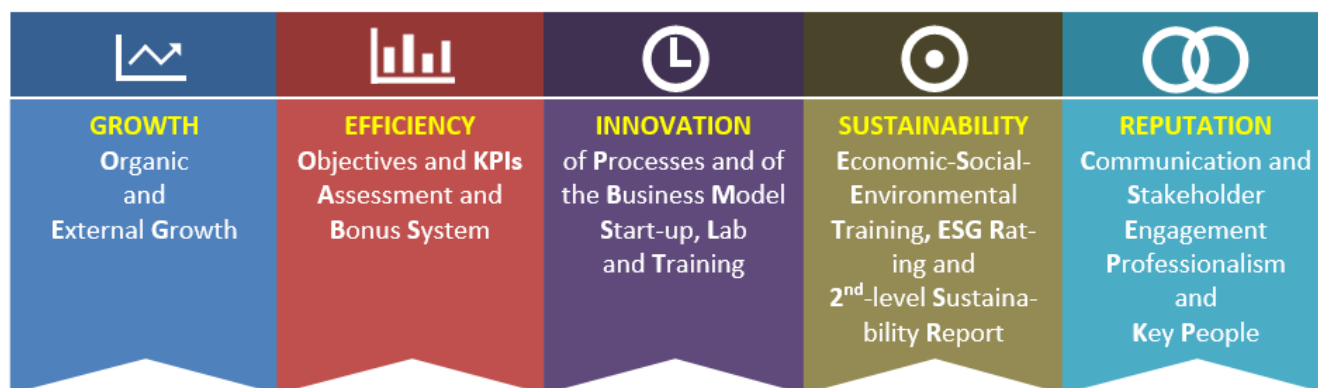
In the waste treatment sector, suppliers have great bargaining power. Suppliers are plant manufacturers or those with critical know-how in waste disposal matters. Size is key in the remediation sector: larger operators typically have very high bargaining power towards suppliers of components and materials used by plant manufacturers.

As to special waste, demand is mostly from private users, given the peculiarity of this type of waste, with medium bargaining power: the size of the business is therefore an important aspect. The bargaining power of customers in the remediation sector is high. On the other hand, when the customer is a public entity, parameters are established in the tendering procedure and usually do not match the usual company/client relationship.



## Development strategies

Consistently with the Group's long-term business vision, the Plan is based on logics that identify **5 macro-areas** within it.



More specifically, the Ambienthesis Group's development strategies are based on the following key assumptions:

- Attention for **sustainability** with an integrated approach to social responsibility, innovation, circular economy and human capital enhancement;
- Strong **acceleration of the process to maximise commercial action and development for new business initiatives (in Italy and abroad)**, to reach higher turnover levels and an operational phase for **internationalisation**, especially in Eastern Europe and in the Eastern and Middle Eastern market (GCC Countries);
- **Achievement of specific objectives in terms of innovation and efficiency** in response to the increasingly competitive market scenario through, on the one hand, the focus on the core business (environmental remediation and treatment, recovery and disposal of industrial waste) combined with the disposal of non-core or non-strategic assets; on the other hand, the implementation of policies and business decisions aimed at achieving cost saving targets in the areas of operating costs and overheads;
- **Value creation** based on a selected, high-quality order book, a strong commercial drive and support to liquidity and capital strengthening.

## SUMMARY OF ECONOMIC AND FINANCIAL PERFORMANCE OF THE AMBIENTHESIS GROUP AS AT 31.12.2019

ECONOMIC DATA (thousand Euros)	31/12/2019	31/12/2018	Variation %
Revenues	86,608	82,077	5.5%
Operating costs	-79,225	-76,575	3.5%
Gross operating margin (Ebitda)	7,383	5,502	34.2%
Amortisation and depreciation	-2,598	-2,192	18.5%
Net operating margin (Ebit)	4,785	3,310	44.6%
Pre-tax income	6,043	3,433	76.0%
Final net result – Profit/(Loss)	4,465	3,239	37.8%

Adjusted* ECONOMIC DATA (thousand Euros)	31/12/2019	31/12/2018	Variation %
Revenues	86,608	82,077	5.5%
Operating costs	-78,850	-75,738	4.1%
Gross operating margin (Ebitda)*	7,758	6,339	22.4%

\*Adjusted data express values net of non-recurring values

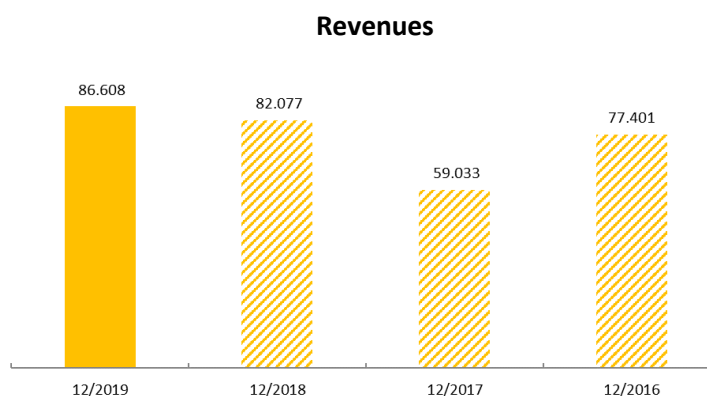
FINANCIAL DATA (thousand Euros)	31/12/2019	31/12/2018	Variation %
Net working capital	2,529	-2,388	n.a.
Total assets	110,561	96,770	14.3%
Equity	49,032	45,212	8.4%

NFP (thousand Euros)	31/12/2019	31/12/2018	Variation %
Net financial position	-1,822	847	n.a.

### Operating performance

Consolidated net revenues generated by the Ambienthesis Group in 2019 amounted to **Euro 86,608 thousand**, an increase by **5.5%** compared to the previous year, when they amounted to Euro 82,077 thousand.

This increase in sales revenues derives from great performances in the “Waste disposal, transport and storage” business area, which

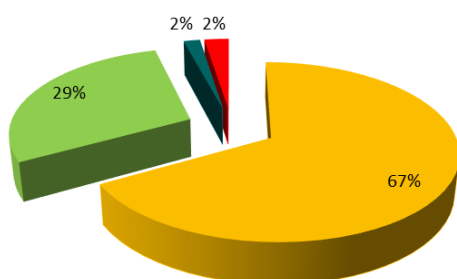


grew by 15.6% compared to the previous year. These results reflect the Group's excellent ability to strengthen and expand its market shares.

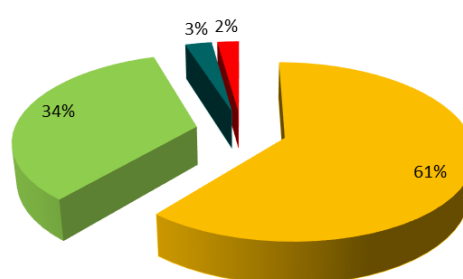
The breakdown of Group revenues for 2019 and the previous year is shown in the table and charts below:

REVENUES (thousand Euros)	31/12/2019	31/12/2018	Variation %
Waste disposal, transport and storage	57,906	50,088	15.6%
Environmental remediations	25,085	27,925	-10.2%
Construction and engineering	1,446	2,244	-35.6%
Other revenues	2,172	1,819	19.4%
<b>TOTAL REVENUES</b>	<b>86,608</b>	<b>82,077</b>	<b>5.5%</b>

2019 FY REVENUES



2018 FY REVENUES



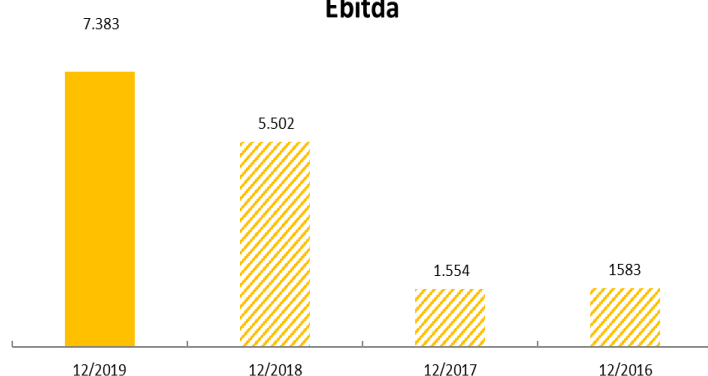
■ Waste disposal, transport and storage     
 ■ Environmental remediations     
 ■ Construction and engineering     
 ■ Other revenues

**Consolidated operating costs** in 2019 amounted to **Euro -79,225 thousand**, up 3.5% compared to the previous year, when they amounted to Euro -76,575 thousand.

It should be noted that the increase in operating costs compared to 2018 (+3.5%) was in any case lower, as a percentage, than the trend of net sales revenues in the same period, which, in turn, showed a +5.5%.

In detail, "Purchases of raw materials and semi-finished products" increased by 9.2%, "Services" increased by 4.3%, "Personnel costs" recorded an increase of 4.9%, and finally, "Other operating costs and provisions" decreased by 17.0%.

Ebitda



The **consolidated gross operating margin** was positive for **Euro 7,383 thousand**, thus showing an increase by 34.2% compared to the same figure for 2018, of Euro 5,502 thousand (**+ Euro 1,881 thousand**).

The **final consolidated net result** was positive in the amount of **Euro 4,465 thousand** (against a profit of Euro 3,239 thousand in FY 2018), after expensing amortisation, depreciation and write-downs for Euro 2,598 thousand (against

Euro 2,192 thousand in FY 2018).

In order to express the real ability of the Ambienthesis Group to create value, the above margins of economic significance have been recalculated net of those non-recurring and extraordinary cost items that occurred in 2019. In this regard, such non-recurring expense items are listed below, details of which are provided in the following paragraphs and in the explanatory notes:

<i>thousands Euros</i>	<b>31 December 2019</b>	<b>31 December 2018</b>
Costs for environmental restoration of the San Benigno area		(837)
Effects of Grandi Bonifiche/MilanoSesto transaction	(229)	
Addition to provision for works in the Casei Gerola area	(145)	
Non-recurring taxes and charges	(24)	(179)
<b>TOTAL</b>	<b>(399)</b>	<b>(1,016)</b>

The **gross operating margin**, net of non-recurring items (**adjusted**), amounted to **Euro 7,758 thousand** compared to a positive margin of Euro 6,339 thousand in the previous year (Euro +1,419 thousand), thus recording a marked improvement (+22.4%) compared to 2018, confirming the Group's renewed ability to produce satisfactory operating margins.

The **final consolidated net result**, also net of non-recurring items (**adjusted**), was positive for **Euro 4,863 thousand** (compared to Euro +4,255 thousand in 2018), thus confirming the good overall performance of the Group. The different impact of **income taxes** in financial year 2019 – of Euro -1,579 thousand against Euro -194 thousand in financial year 2018 – should be noted. The increase in aggregate taxes for the year is ascribable to the effect of using prepaid taxes recorded in previous years in relation to tax losses that can be carried forward.

<b>ECONOMIC DATA (thousand Euros)</b>	<b>Adjusted data*</b>					
	<b>31/12/2019</b>	<b>31/12/2018</b>	<b>Variation %</b>	<b>31/12/2019</b>	<b>31/12/2018</b>	<b>Variation %</b>
<b>Revenues</b>	86,608	82,077	5.5%	86,608	82,077	5.5%
Operating costs	-79,225	-76,575	3.5%	-78,850	-75,738	4.1%
<b>Gross operating margin (Ebitda)</b>	<b>7,383</b>	<b>5,502</b>	<b>34.2%</b>	<b>7,758</b>	<b>6,339</b>	<b>22.4%</b>
Amortisation and depreciation	-2,598	-2,192	18.5%	-2,598	-2,192	18.5%
<b>Net operating margin (Ebit)</b>	<b>4,785</b>	<b>3,310</b>	<b>44.6%</b>	<b>5,160</b>	<b>4,147</b>	<b>24.4%</b>
Pre-tax income	6,043	3,433	76.0%	6,418	4,270	50.3%
<b>Final net result - Profit/(Loss)</b>	<b>4,465</b>	<b>3,239</b>	<b>37.8%</b>	<b>4,863</b>	<b>4,255</b>	<b>14.3%</b>

\*Adjusted data express economic values, net of non-recurring values

EBITDA/Revenues ratio

8.5%

6.7%

9.0%

7.7%

The adjusted operating margin translates into an even more satisfactory level of performance.

The total net financial position (**NFP**) as at 31 December 2019 was **Euro -1,822 thousand** against Euro 847 thousand as at 31 December 2018. The degree of leverage – understood as the ratio between net financial position and shareholders' equity – was therefore -0.037. The increase in financial liabilities also resulted from the new application of IFRS 16, which led to book financial liabilities of Euro 1,316 thousand, Euro 924 thousand of which non-current, as at 31 December 2019. The degree of leverage – understood as the ratio between net financial position and shareholders' equity – was therefore 0.024.

<b>NET FINANCIAL POSITION</b> (thousand Euros)	<b>31/12/2019</b>	<b>31/12/2018</b>
A. Cash	32	21
B. Cash equivalents	3,996	1,901
C. Securities held for trading	0	0
<b>D. Cash and cash equivalents (A)+(B)+(C)</b>	<b>4,029</b>	<b>1,922</b>
<b>E. Current financial receivables</b>	<b>2,893</b>	<b>2,858</b>
F. Current bank payables	-4,133	-3,740
G. Current portion of non-current debt	-760	0
H. Other current financial payables	-657	-194
- of which to related parties	-206	-157
<b>I. Current financial debt (F)+(G)+(H)</b>	<b>-5,550</b>	<b>-3,934</b>
<b>J. Net current financial debt (I)-(E)-(D)</b>	<b>1,372</b>	<b>847</b>
K. Non-current bank payables	-2,770	0
L. Issued bonds	0	0
M. Other non-current financial payables	-924	0
<b>N. Non-current financial debt (K)+(L)+(M)</b>	<b>-3,694</b>	<b>0</b>
<b>O. Net financial debt (J)+(N)</b>	<b>-2,322</b>	<b>847</b>
<b>P. Long-term financial assets</b>	<b>500</b>	<b>0</b>
<b>Q. Net financial debt (J)+(N)</b>	<b>-1,822</b>	<b>847</b>

## Significant events occurred during the 2019 FY

### ▪ New job orders

During the 2019 financial year, the acquisition of new contracts amounted to a total of Euro 26,693 thousand;

The main job orders obtained in 2019 included the following:

- Contract for the performance of remediation works at the Portovesme facility located within the Sulcis-Iglesiente-Guspinese Site of National Interest, executed with the client Alcoa Servizi S.r.l. by a Business Association having Ambienthesis as Lead Company. The aggregate value of the contract is approx. Euro 18.9 million.
- Awarding of safety and remediation works concerning the former Flucoxit area located in Castelnuovo di Asola (MN) for an aggregate amount of about Euro 4.9 million.
- Contract for the performance of a pilot test of the remediation technologies outlined during the screening phase and potentially applicable for environmental rehabilitation of the Bagnoli-Coroglio SIN – Lot 1 – Off-site pilot test, executed with the client Invitalia S.p.A. by a Business Association having Ambienthesis as Lead Company. The aggregate value of the contract is approx. Euro 1.4 million.

The **consolidated order book** as at 31 December 2019, exclusively for “contract” activities, amounted to approximately **Euro 50 million**, of which Euro 44 million in the environmental remediation sector and Euro 6 million in the plant construction sector.

### ▪ Ambienthesis S.p.A. – Signed a contract for the purchase of Ecorisana S.r.l.

On 25 January 2019 Ambienthesis S.p.A. closed the deal to purchase the environmental rehabilitation business unit of the company Ecorisana S.r.l. in Liquidation (formerly Gio.Eco. S.r.l.) which it had leased to that date by virtue of the contract executed on 16 May 2017.

As a result of the above, Ambienthesis S.p.A. has thus integrated its business structure operating in the field of environmental remediation and rehabilitation and, at the same time, has strengthened its presence in the field of urban and land redevelopment activities promoted by the private sector consisting of large real estate managers and developers of buildings or infrastructures.

### ▪ Ambienthesis S.p.A. – Completion of the first and second phase of the plant upgrade at the Orbassano (TO) platform

In the first months of 2019, the new Regenerative Thermal Oxidizer (RTO) was put into full operation. Through this system, it is possible to thermally treat the emissions captured by the various operating lines of the plant and, therefore, in addition to the already active abatement systems, to obtain an even higher level of effectiveness in the abatement of volatile organic compounds.

Not only does the plant, built in compliance with the requirements of “Industry 4.0” machines and according to the best technologies in the sector (BATs), meet specific prescriptive requirements; it also represents the embodiment of the principles outlined in the Corporate Policy document, in which ATH undertakes to adopt a virtuous approach of continuous improvement to the efficiency of its environmental controls, with regard to the progressive mitigation of the impact of its activities.

The adoption of this type of advanced solution, which is innovative in the whole industry, confirms once again Ambienthesis’ propensity to become a sector leader in the application of the most advanced technological standards.

On the other hand, in December, the trigeneration plant was started up, with a view to achieving three significant technical and environmental objectives: to allow the Orbassano Facility to self-produce and meet most of its energy needs, and, by carefully reusing waste heat, to improve the performance of the biological plant and to optimise microclimatic conditions inside office and laboratory buildings.

Finally, the works for the new warehouse to store waste that must undergo volume reduction treatment (SESI line) will be completed by the end of 2020. Since the waste to be stored there are flammable, the new building will be equipped with special firefighting features, suitably sized and with automatic or remote activation.

- **Real estate development of SI Green UK's area in Swansea**

After obtaining the planning permission from the competent authorities on 11 January 2018, real estate development activities started in the property owned by the Company, through the preliminary closure of the landfill in the same area. Final capping works were completed in June 2019, and after-closure activities were started by launching safety works in the landfill under the surveillance of Natural Resources Wales (local environmental authority). Meanwhile, the final design for ancillary urbanisation works in the area has been submitted to the City of Swansea, and construction works for the first infrastructures of the urban complex have begun (surface drains and accessways). Building works of residential units in the first lot (28 units out of 300) are about to start, and the sale will begin in January 2021.

- **Ambienthesis S.p.A. – Decision of the Court of Cassation on the action brought by the counterparty against the judgments of the Court of Appeal of Genoa in the appeal judgment number R.G. 195/2005 on the so-called “Jolly Rosso” credit**

As already mentioned on a number of occasions in the past reports, as concerns the adverse decision of the Court of Cassation relating to the judgement submitted on 07 February 2017, Ambienthesis S.p.A. has set aside a provision to cover such risk in full.

Against said decision of the Supreme Court, Ambienthesis S.p.A., based on a specific mandate to its lawyers of the law firm Bonelli-Erede of Milan, has filed, in parallel, an application for revision under Article 391-*bis* of the Italian Code of Civil Procedure and appeal to the European Court of Human Rights.

On 06 February 2018 the hearing in chambers was held at the Court of Cassation, in which the Court examined Ambienthesis' application without the presence of the defence lawyers, reserving the right to communicate its decision through the Registry. We are awaiting the outcome of the hearing, which should happen relatively soon.

The appeal to the European Court of Human Rights passed the first screening of eligibility and was assigned the no. 2355/2017, but, to date, it is not possible to predict exactly how long the proceedings and the decision will take to progress.

- **Update on the Polish subsidiary Ekotekno Sp. Z o.o.**

Given the most recent ruling of the Regional Administrative Court in Lodz dated 06 August 2019, which, completely unexpectedly, did not implement the Polish Council of State's very clear guidelines on the matter, and failed to include Ekotekno's project in the regional development planning, the directors of the subsidiary – who stood firm in their beliefs, convinced that the Regional Administrative Court was acting unreasonably – proceeded to file a new appeal before the Council of State to protect Ekotekno's legitimate interest.

At the hearing held on 04 March 2020, the Council of State, against all predictions and completely unexpectedly, dismissed the above-said new appeal of the subsidiary.

While waiting to analyse the most recent judgement (which, as at the date of this document, is not available yet) and the corresponding grounds in order to decide how to proceed, it should be noted that, by virtue of the new provisions reforming the law on waste, the subsidiary's entrepreneurial initiative can, in any case, develop in two separate phases: the first one, which can already be implemented as it has been already authorised, concerns the construction of a landfill to serve an extensive area within the region; the second one, which is



conditioned on the outcome of the ongoing litigation, or on the regulatory framework that is being developed, concerns the construction of an annexed plant for treatment and recovery of municipal solid waste and similar waste.

- **La Torrazza S.r.l.: Application for the creation of a new landfill cell**

We have had no feedback on the application submitted in 2017 to the Metropolitan City of Turin for building and using a new landfill cell (Cell 9), for a total volume of 512,000 m<sup>3</sup>.

As already mentioned in past reports, the Cell 9 project, once the approval process is completed, will not only guarantee the best possible conditions for the definitive and permanent landfilling of industrial waste, but will also allow for a careful redefinition of the altimetric level of the roofing of exhausted tanks.

- **Ambienthesis S.p.A. – Incorporation of Ambienthesis Middle East DMCC and B&A Waste Management Co. LLC in the United Arab Emirates**

The company “Ambienthesis Middle East DMCC”, fully owned by Ambienthesis S.p.A., was established in Dubai under the laws of the United Arab Emirates on 17 April 2019. This has translated into the implementation, pursuant to the Shareholders Agreement already executed, of the Joint Venture with Bee’ah Sharjah Environment Co. LLC (“Bee’ah”), the main waste management operator in the United Arab Emirates, through the incorporation of “B&A Waste Management Co. LLC”, also established under the laws of the United Arab Emirates, 51% owned by Bee’ah and 49% owned by Ambienthesis Middle East DMCC itself.

By establishing this new legal entity, the product of the Joint Venture referred to above, the process for the development of joint business initiatives kicked off in the United Arab Emirates region, and in the broader area falling within the scope of the international organisation known as Cooperation Council for the Arab States of the Gulf (comprising Saudi Arabia, Bahrein, United Arab Emirates, Kuwait and Oman), in the sectors of waste management and waste to energy, as well as of soil and water remediation.

- **Dimensione Green S.r.l. – “Chalamy” landfill in Issogne**

On 24 May 2019, Regione Autonoma Valle d’Aosta transferred the authorisation to build and operate a landfill for special inert waste, called “Chalamy” and located in Issogne (AO), in the name of Dimensione Green. The changes in the regulatory framework of Regione Valle d’Aosta, which became evident with the approval of the 2020-2022 Regional Stability Law on 03 February 2020, led to the resolution of 17 March 2020, whereby the Regional Council revoked the Authorisation to carry out works for the management of non-hazardous waste in the above-said landfill, without prejudice to the possibility to carry out, pursuant to Article 21, paragraph 2 of Regional Law 3/2020, works concerning the activities for the management of waste under Table 1 of Article 5 of Ministerial Decree 27 September 2010 (inert waste). The directors of Dimensione Green are currently considering to bring a legal action as appropriate.

- **Ambienthesis S.p.A. – Confirmation of public rating B1.2 (Investment Grade)**

On 27 May 2019, Cerved Rating Agency S.p.A. – Italian rating agency specialising in the assessment of non-financial businesses’ creditworthiness – confirmed the public rating of Ambienthesis S.p.A. as B1.2, which falls within the scope of the “Investment Grade” class, as granted on 13 September 2018, when the existing credit rating was improved from B2.1 to B1.2.

- **Ambienthesis S.p.A. – Appointment of Mr Giovanni Bozzetti as President of Cisambiente**

On 14 March 2019, the Company's Executive Chairman, Mr Giovanni Bozzetti, was appointed as President of the Foreign Area of Cisambiente, one of the most important industrial associations of reference, established to protect and enhance those companies that have always shown a great effort in the areas of management of municipal and special waste.

- **Ambienthesis S.p.A. – Signed preliminary sales agreement for Casei Gerola (PV) property complex**

On 17 July 2019, following extensive negotiations, Ambienthesis entered into a preliminary agreement with a leading operator in the field of real estate development in the framework of industrial logistics, subject to a number of conditions precedent being satisfied and concerning the sale of the aforesaid property complex.

In order to carry out the required Due Diligence process, the Prospective Buyer asked to postpone the deadline to complete such process to 31 May of this year, and the final deadline for the Parties to finally proceed to execute the notarial deed to transfer the property complex itself to 30 September, subject to certain conditions precedent being satisfied.

- **Ambienthesis S.p.A. – New company logo**

In the framework of the rebranding and image makeover launched by its controlling company Greenthesis S.p.A., in September, Ambienthesis S.p.A. also proceeded to update its corporate image and adopt a new logo – a green-and-blue kite. Its new visual identity is also linked to a new payoff – “Think Green, Act Smart”, which perfectly sums up the strategic positioning we are pursuing, to be developed as a winning combination of thinking and acting. For further information, see the Sustainability Report.

- **Ambienthesis S.p.A. – Other information**

As already disclosed via press release on 08 May 2019, as far as some press articles relating to ongoing investigations on a Euro 10,000 political party funding are concerned, Ambienthesis S.p.A. has been able to point out that, while willing to fully cooperate with the investigating authorities, it is not involved in the facts being investigated, and it is confident that the situation will be solved positively and soon.

## ***Events occurred after the end of the 2019 FY***

- **Ambienthesis S.p.A. – Acquisition of new job orders**

In January 2020, Ambienthesis acquired another important environmental rehabilitation contract regarding the performance of works for “permanent safety/remediation of the former Ciliverghe landfill” in the Municipality of Mazzano (BS), concerning Lot 1B and an option, already provided, for Lot 2.

Pending the execution of the corresponding final contract, these works have been awarded to a Temporary Business Grouping in which Ambienthesis acts as Lead Company holding a share of 60%. The aggregate amount of works (Lot 1B + Lot 2) is about Euro 3.9 million, Euro 2.3 million of which ascribable to Ambienthesis. Works will begin in the first half of the year and will cover a span of 20 months. The intervention is aimed at solving the environmental issue linked to the above-said landfill through the restoration of its waterproof roofing, on the one hand, and the implementation of measures to render the perched water table safe, along with the upgrading and integration of leachate drainage and biogas capture systems.

- **Ambienthesis S.p.A. – New Specialist Operator Intermonte SIM S.p.A.**

As of 01 April 2020, Intermonte SIM S.p.A., a major independent investment bank in the Italian financial market, has replaced Banca Akros S.p.A. as Specialist Operator in charge of providing liquidity support for the ordinary shares of the Company, pursuant to Article 4.4.1 of the Rules of the Markets Organised and Managed by Borsa Italiana S.p.A., and Article IA.4.4.1 of the corresponding Instructions.

Such appointment, having an initial term of 24 months, falls within the scope of a broader plan agreement aimed at keeping the investors' attention high.

▪ **Ambienthesis S.p.A. – Issue of an Euro 8 million debenture loan with duration of seven years in the framework of “Programma Elite – Intesa Sanpaolo Basket Bond”, aimed at supporting its business plan**

On 31 March 2020, Ambienthesis S.p.A., as Issuer of the Securities, placed a non-convertible, non-subordinated and unsecured debenture loan having a principal amount of Euro 8 million, fully subscribed by Intesa Sanpaolo S.p.A.

The bond issue – carried out by virtue of an agreement executed by and between the Issuer itself, Intesa Sanpaolo S.p.A. as initial subscriber of the Securities, and Banca IMI S.p.A. as Arranger of the Transaction – involved 80 Securities having par value of Euro 100 thousand each.

The security was fully subscribed by Banca Intesa Sanpaolo in the framework of the broader Basket Bond transaction launched in partnership with ELITE, London Stock Exchange Group's international business platform aimed at accelerating the growth of business through an organisational and management development approach. The innovative Basket Bond mechanism meets the medium-long term financing needs of companies, to ensure the implementation of their development and investment plans.

The Transaction was arranged by Banca IMI S.p.A., the investment bank of Intesa Sanpaolo Group. The bonds, fully subscribed by Intesa Sanpaolo S.p.A., will then be subject to a securitisation transaction intended for institutional investors. The Securities, which are issued as dematerialised securities and held at Monte Titoli S.p.A., are represented by bookkeeping systems and their ownership will be transferred through such systems, in accordance with the provisions of Article 83-*bis* of the Consolidated Finance Act and of the joint regulation adopted by Bank of Italy and Consob by Decree of 13 August 2018 (Rules governing central counterparties, central securities depositories and central depository services – “Joint regulation on post-trading”).

The debenture loan repayment plan will be based on an amortisation schedule over 7 years, inclusive of a pre-amortisation period of 2 years. Interest on bonds, i.e. 3.30% per year, will be paid every six months on a deferred basis.

The Rules governing the debenture loan provide for specific economic and financial covenants and for certain threshold values to be met in terms of Net Financial Position/EBITDA, Net Financial Position/Shareholders' Equity, and EBITDA/Gross interest payments. The same were met upon issue, as they are now, with reference to figures as at 31 December 2019, i.e.

- The Leverage Ratio, of 0.2, is not higher than 2.5x;
- The Interest Cover Ratio, of 9.7, is not lower than 4.0x;
- The Gearing Ratio, of 0.04, is not higher than 0.75x.

## ***Intra-group relations and related parties***

With regard to transactions with related parties, it should be noted that the same fall within the normal course of business of the Group companies and are regulated at market conditions, taking into account characteristics of the goods or services involved. Please note that the above transactions do not qualify as either atypical or unusual.

For details regarding the relationships with related parties, please refer to the explanatory notes to the consolidated financial statements.

## Human resources and employment data

In 2019, the income statement includes Euro 6,899 thousand of personnel costs. The Group's composition at the end of the year, broken down by category, is as follows:

Number of employees	ATH Group at 31.12.2019	ATH Group at 31.12.2018	Variation
Executives	5	8	-3
White collars	74	70	4
Blue collars	37	36	1
<b>Total</b>	<b>116</b>	<b>114</b>	<b>2</b>

## Investments

During the 2019 financial year, the Group invested a total of Euro 3,620 thousand, relating to the construction of the RTO and Trigeration plants at the Orbassano platform, for an amount of Euro 1,650 thousand, and to the upgrading and expansion of Bioagritalia facility, for Euro 1,143 thousand; the remaining part refers to the normal cycle of investments in plant, machinery and equipment necessary to carry out the Company's activities.

## Information on the environment

The commitment on the issues of social responsibility and of the territory is now an integral part of the Group's principles and conduct, oriented to technological excellence, maintenance of high levels of safety, environmental protection and energy efficiency, as well as training, awareness and involvement of staff on social responsibility issues.

The Group's environmental strategy, therefore, is based on the following principles:

- ✓ optimise the use of energy sources and natural resources;
- ✓ minimise negative environmental impacts and maximise positive ones;
- ✓ spread the culture of a correct approach to environmental issues;
- ✓ progressively improve environmental performances;
- ✓ minimise environmental risks by taking advantage of the various investment opportunities offered by the market;
- ✓ adopt purchase policies sensitive to environmental issues.

For further information, reference is made to the Sustainability Report.

## Research and development

The Group's research activities, during the year 2019, continued to focus mainly on the analysis of operational measures for the optimisation of the management of owned plants, the development of monitoring and environmental control technologies, and energy efficiency.

For further information, reference is made to the Sustainability Report.

## *Operating outlook*

During the year 2019, turnover growth and all other positive economic and financial results already recorded in past periods were consolidated and further enhanced.

According to the forecasts for the three-year period 2020-2022, average annual revenues will remain steadily above Euro 80 million, with an average gross profitability for the period above 9%, all the above in the framework of a process aimed at supporting internationalisation and external growth – consistently with the logics underlying the operational guidelines of the strategic plan – while maintaining an essentially consistent economic and financial balance.

While medium-term objectives and forecasts remain unchanged, it is worth noting that short-term expectations could be affected by the impacts of the COVID-19 pandemic emergency, currently ongoing, and by the extraordinary containment measures adopted by the competent Authorities in this respect – and therefore by the slowdown that domestic and global economy could suffer as a result. Since the current situation is rapidly changing, as at today, we have proceeded to estimate the impacts by assuming that restrictive measures will be lifted over the next few weeks, although at the moment, given the existing uncertainties, it is still hard to provide estimates and simulations that are sufficiently accurate in the long term; in any case, a reasonably limited worsening of 2020 economic fundamentals may be assumed.

It is however important to point out that the companies of the Ambienthesis Group, having adopted appropriate prevention and protection measures that are consistent with the provisions issued by the Authorities, are continuing to operate and provide waste management services and activities, always in a safe manner, which according to Article 177, paragraph 2 of Legislative Decree no. 152/2006, are activities in the public interest, all the more so in the context of an emergency and quarantine.

## *Risks and uncertainties*

The main risk factors to which the Group is exposed, described below with an indication of the management strategies and policies pursued, are classified into the following four macro categories and are commented below:

- I. Financial Risks
- II. Operational Risks
- III. Strategic Risks
- IV. Compliance Risks

## I. – FINANCIAL RISKS (FR)

### FR - credit

Risk Class	Brief Description	Detailed Description
Financial	Credit Risk	Risk linked to the possibility that trading counterparties may not fulfil the obligations assumed

For the Group, the credit risk is mainly its exposure to potential losses arising from trading partners' non-compliance with obligations.

Given that trade receivables are classified into three macro areas (from "Third parties", from "Public Administration / Subsidiaries of Public Administration" and from "Related Party Companies"), the Group believes that it is exposed to the type of risk in question only for what concerns the area of "Receivables from Third Parties", representing about 61% of the total credit items (in line with the figure for the year 2018).

For what concerns procedures, customers' solvency and reliability are subject to specific assessments both prior to the possible establishment of the business relationship, by means of preventive analysis of each potential customer in terms of creditworthiness, and in the course of the same trading relationship, through constant credit assessment activities, designed to monitor over time the economic and financial reliability conditions of each customer and, by this means, to provide timely information to verify the correctness of the payment terms applied at any given time and to organise the correct management policies of each single credit position.

More specifically, the Group governs the aforementioned aspects of this type of risk by means of the following measures, which in turn represent the various stages of the trade receivables management process:

- 1) During a preliminary stage, retrieval of appropriate information, both of an economic nature and of a legal and administrative nature (as well as historical), on each potential customer, which is aimed at the preliminary evaluation of all the qualitative aspects of the related reliability profile of each of them, as well as their actual creditworthiness;
- 2) Provision of appropriate contractual guarantee clauses, such as advance payments and issuance of sureties (mainly in the form of bank sureties);
- 3) Continuous and systematic monitoring of all outstanding receivables;
- 4) Periodic update of the reliability analyses carried out, including any possible change – if deemed necessary – of the credit ratings given and of the corresponding credit limits;
- 5) Early detection of any delays in payments and/or insolvencies;
- 6) Launch of pre-established debt reminding and collection activities;
- 7) Management of extrajudicial and/or judicial recovery phases.

The reliability of each customer is managed at a central level. In order to further improve the effectiveness of the process in question, in particular of the steps related to the collection and constant updating of detailed information on potential or already acquired customers, the Parent Company Ambienthesis S.p.A. has chosen to activate, with a national information provider, a special credit information service that enables it to continuously evaluate and monitor customer reliability on the basis of a solvency analysis updated in real-time, integrating information characterised by different degrees of depth.

It should also be noted that there are no particular seasonal phenomena in credit exposure and that, with regard to the "Environmental Remediation and Rehabilitation" business line in particular, the timing of work progress reports makes it possible to effectively and even more systematically monitor any credit risk of the customer.

The operational synergies established between the Loans Office and the Purchasing Office allow to efficiently manage the relations, also according to an integrated approach, with all those who, for the Group, are at the same time not only customers but also suppliers.



## FR - liquidity

Risk Class	Brief Description	Detailed Description
Financial	Liquidity Risk	Risk linked to the difficulty of meeting payment obligations due to the lack or insufficient availability of the necessary financial resources

The liquidity risk to which the Group is potentially exposed is due to the lack of or insufficient availability, under favourable economic conditions, of monetary resources necessary to fulfil its financial obligations within the pre-established terms and deadlines, both in relation to the current operations, as for what concerns the development of planned industrial and commercial activities.

More precisely, this risk may derive from the lack or inadequacy of financial resources to meet its obligations within the pre-established terms and deadlines, or from the possibility that the Group finds itself in the situation of having to fulfil its financial liabilities before their natural maturity date (for example, in the event of a sudden cancellation of previously agreed financing lines).

The overall financial management of the Group is essentially centralised at the Parent Company Ambienthesis S.p.A., which, according to established practices based on prudence and protection policies of the various stakeholders, negotiates credit lines with the banking system and continuously monitors the financial flows of individual companies of the same Group.

For what concerns ordinary operations, the Group normally generates adequate liquidity sources, through which it addresses both cash requirements and its obligations of a strictly financial nature. These sources derive, on the one hand, from business margins and, on the other hand, from compliance with payment terms applied to counterparties, whose collection times are subject to constant monitoring, as already pointed out with reference to the management of the "Credit risk".

On the other hand, liquidity requirements for investments are mostly covered by ad hoc financial transactions negotiated with primary Credit Institutions.

Namely, in order to contain the risk in question, the Group has adopted some specific strategies, based, in particular, on the elements listed below:

- 1) Special attention is paid to both the main indicators of financial structure and to the various aspects of reputational nature, that the banking system assesses to attribute creditworthiness and the rating agencies consider for the attribution of public ratings;
- 2) The ongoing monitoring of current and prospective liquidity conditions in order to be able to identify sufficiently in advance any misalignments between the availability and the total amount of financial resources which, from time to time, is considered to be functional to ensure the level of operational flexibility deemed appropriate over time;
- 3) The implementation of judicial recovery actions and the obtaining of appropriate guarantees to safeguard the Group's assets;
- 4) The definition, with primary Credit Institutions, of dedicated transactions aimed at increasing the available financing lines, including through the structuring of specific programmes for the sale of trade receivables originated by the Parent Company; in this regard please note that, on 15 July 2016, the agreement originally signed on 23 July 2015 between Ambienthesis S.p.A. and other Greenthesis Group (formerly Green Holding Group) companies, on the one part, and Banca IMI S.p.A., on the other, was updated. Such agreement, relating to so-called "rolling" credit lines currently totalling Euro 18 million, renewable and with a duration of three years, has allowed, over time, to provide single companies with more credit lines in support of their own operations.

As at 31 December 2019, the Group had available credit lines for approximately Euro 17.7 million, drawn for a little more than Euro 10 million, as well as approximately Euro 2.7 million of the specific factoring line, currently undrawn.



Finally, it should be noted that the Group does not have significant liquidity risk concentrations for what concerns the trade payables.

#### FR - price

Risk Class	Brief Description	Detailed Description
Financial	Price Risk	Risk related to the possibility that fluctuations in the purchase price of some production factors may have a negative impact on the profitability of the business

The Group mitigates the risk associated with the volatility of the purchase cost of production factors by defining contracts – typically annual contracts – at a fixed price or by maintaining consolidated supply relations that allow for price reductions or, in any event, price stability of the goods or services purchased.

In addition, the Group seeks to reduce the risk in question also through specific investments to increase the efficiency of its plants, in order to achieve savings in its energy and raw material consumption, as well as the optimisation of the different operating processes.

In particular, it should be noted that the Central Purchasing Office for Disposal and Transportation, now fully operational, has allowed not only to centralise and better coordinate all the activities related to the management of providers of such services, considered critical to the whole Group's business, but also to obtain significant improvements in terms of costs incurred, all the above with clearly positive effects across the entire procurement system.

#### FR - exchange rate

Risk Class	Brief Description	Detailed Description
Financial	Exchange Rate Risk	Risk linked to unfavourable exchange rate changes that could, as a result of the translation of assets and liabilities denominated in foreign currencies, result in a possible economic loss

During the reference period, the Group operated mainly within the domestic market and did not carry out significant foreign currency transactions, thus avoiding significant exposures in this respect. In turn, the three foreign subsidiaries included in the scope of consolidation, namely the English company SI Green UK Ltd, the Polish company Ekotekno Sp. Z o.o., and the UAE company Ambienthesis Middle East DMCC, established in April 2019, did not have significant effects in this regard.

#### FR - interest rate

Risk Class	Brief Description	Detailed Description
Financial	Interest Rate Risk	Risk related to the possibility of an increase in financial liabilities due to an unfavourable variation of the interest rates

Exposure to interest rate risk is mainly due to short-term and long-term variable-rate financial payables, negotiated to maintain a balance between financial sources and uses and, to a lesser extent, from the indexation of financial lease contracts.

Negotiation and raising of short and medium-to-long term financing in the market are carried out by Ambienthesis S.p.A. for all the Group companies and exposure to interest rate risk is constantly monitored by the Par-

ent Company on the basis of the Euribor curve, in order to immediately assess the need for any measures to contain the risk of a potential rise in market interest rates.

Given the most recent trend of interest rates (which have steadily remained at very low levels for some time now), the Group's current financing policy prefers variable-rate options in the raising of loans.

Please note that, as at 31/12/2019, the Group's exposure to short and medium-to-long term bank loans was essentially the same, and in both cases not significant when compared to revenues.

## II. – OPERATIONAL RISKS (OR)

### OR - authorisations/certifications

Risk Class	Brief Description	Detailed Description
Operational	Risk linked to authorisations / certifications	Risk linked to the lack of authorisations and/or certifications that are required or useful for operations

The Group mitigates the risk of possible failure to maintain over time the authorisations and certifications that are required or useful for its activities, especially in terms of their deadlines and periodic renewals, by means of adequate internal information monitoring and control systems.

For this purpose, the Group uses a specific instrument for continuous management and monitoring of renewals/deadlines of authorisations and certifications, overseen directly by the Technical Managers of the various plants and/or Operating Divisions and supervised by the Group's "Quality, Environment and Safety" function.

For the sake of completeness, the certifications currently held by the individual companies of the Group are summarised below.

The Parent Company Ambienthesis S.p.A. is in possession of the following certificates:

- 1) Multi-site certificate UNI EN ISO 9001:2015 – Quality, issued (in its latest version) on 23 April 2018, regarding both the plants of Orbassano (TO) and San Giuliano Milanese (MI), and the headquarters in Segrate (MI), referring to the operational field of activities for "design and carrying out of environmental remediation; design and construction of plants for the treatment/disposal of waste; design of energy recovery plants";
- 2) Multi-site certificate UNI EN ISO 14001:2015 – Environment, issued (in its latest version) on 19 June 2019 and regarding both the plants of Orbassano (TO), S. Giuliano Milanese (MI) and Liscate (MI), and the headquarters in Segrate (MI), referring to the operational field of activities for "design and carrying out of environmental remediation; design and construction of plants for the treatment/disposal of waste; design of energy recovery plants; management of mobile treatment plants for waste treatment in the framework of authorised activities";
- 3) EMAS – Environment Certificate, issued (in its latest version) on 14 November 2019 and relating to the plant of Liscate (MI), concerning the treatment and disposal of hazardous and non-hazardous waste;
- 4) Multi-site certificate BS-OHSAS 18001:2007 – Safety, issued (in its latest version) on 02 July 2019 and regarding both the plant of Orbassano (TO), and the headquarters in Segrate (MI), referring to the operational field of activities for "design and carrying out of working sites for decommissioning of disused sites and remediation of contaminated sites".

The subsidiary company Bioagritalia S.r.l. is in possession of the following certificates:

- 1) Certificate UNI EN ISO 9001:2015 – Quality, issued (in its latest version) on 09 November 2019 and related to the Corte De' Frati (CR) plant, concerning the treatment and storage of non-hazardous special waste (biological sludge) to be spread on soil for the benefit of agriculture;

- 2) Certificate UNI EN ISO 14001:2015 – Environment, issued (in its latest version) on 09 November 2019 and related to the Corte De’ Frati (CR) plant, concerning – also in this case – the treatment and storage of non-hazardous special waste (biological sludge) to be spread on soil for the benefit of agriculture.

The subsidiary company La Torrazza S.r.l. is in possession of the following certificates:

- 1) Certificate UNI EN ISO 9001:2015 – Quality, issued (in its latest version) on 07 May 2018 and related to the plant of Torrazza Piemonte (TO), concerning the management of landfills for hazardous and non-hazardous special waste, as well as post-operation management of exhausted cells in the same landfill;
- 2) Certificate UNI EN ISO 14001:2015 – Environment, issued (in its latest version) on 21 January 2020 and also related to the plant of Torrazza Piemonte (TO), concerning – also in this case – the management of landfill for hazardous and non-hazardous special waste, as well as post-operation management of exhausted cells in the same landfill;
- 3) EMAS – Environment Certificate, issued (in its latest version) on 02 August 2017 and also related to the plant in Torrazza Piemonte (TO), concerning waste treatment and disposal operations.

The associated company Daisy S.r.l. is in possession of the following certificates:

- 1) Certificate UNI EN ISO 14001:2015 – Environment, issued (in its latest version) on 07 February 2018 and related to the plant of Barletta (BT), concerning the management of the landfill of non-hazardous special waste equipped with a treatment section;
- 2) EMAS – Environment Certificate, issued (in its latest version) on 30 July 2018 and also relating to the Barletta (BT) plant, concerning the treatment and disposal of non-hazardous waste.

#### OR - litigation

Risk Class	Brief Description	Detailed Description
Operational	Litigation Risk	Risks related to current or future litigations

The risk involved is mitigated through different measures depending on the type of litigation. As regards, in particular, relationships with customers and suppliers, this risk is primarily managed through the contractual instrument as an element to minimise the onset of possible disputes between the parties beforehand.

In this regard please note that the Group, in the definition of contracts with its counterparties, provides for the insertion of a special clause prescribing compliance with the principles and rules contained in Legislative Decree no. 231/2001, as well as the duty to read the Code of Ethics and the extract of the Organisational, Management and Control Model pursuant to Legislative Decree no. 231/2001 (the “Organisational Model”) of Ambientthesis S.p.A.

With reference, in particular, to the dispute concerning the so-called “Jolly Rosso” credit and the authorisation and implementation process of the industrial project promoted by the Polish subsidiary Ekotekno Sp. z oo, reference is made to what is stated in the separate section of this report focussing on significant events occurred during the 2019 FY.

#### OR - plants

Risk Class	Brief Description	Detailed Description
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Operational	Plant Risk	Risk related to possible malfunctioning of the plants or sudden shutdown of the same
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The Group considers the constant maintenance and the progressive modernisation of its facilities as critical elements to ensure the quality of the work performed and the services provided.

In order to limit the risk of a possible interruption of production due to breakdown or malfunctioning of the plants, ordinary and extraordinary maintenance is constantly carried out, in accordance with periodic service contracts specifically executed for this purpose, based on specific inspection protocols established by the manufacturers and characterised by high service levels that must be guaranteed by the provider in charge of performing maintenance operations from time to time.

The Group schedules and periodically monitors internal and external maintenance using a dedicated software; special formalised procedures are also in place to deal with emergencies, such as an unforeseen block in the operation of the same plants.

With reference to this, as already mentioned in another section of this document, it is reminded that the first and second plant upgrades have been completed at the multifunctional platform for special waste treatment and management located in Orbassano (TO), which consisted in the following: (i) in the first months of 2019, the new Regenerative Thermal Oxidizer (RTO) was put into full operation; through this system, it is possible to thermally treat the emissions captured by the various operating lines of the plant and, therefore, to obtain an even higher level of effectiveness in the abatement of volatile organic compounds; and (ii) in December, the trigeneration plant was started up, to self-produce and meet most of the energy needs of the facility in a sustainable way and to improve the performance of the biological treatment unit (by carefully reusing waste heat) and optimise microclimatic conditions inside office and laboratory building.

It is emphasised that the aim of the above-mentioned plant implementations (both aligned with the sector's BATs – Best Available Technologies) is to significantly improve the overall environmental, economic and energy performance of the facility as a whole.

#### OR - accidents at work

Risk Class	Brief Description	Detailed Description
Operational	Accident Risk	Risk of accidents in the workplace

The Group adopts high levels of control to ensure full compliance with the legislation on health and safety of workers.

In particular, the system of proxies and powers of attorney in place ensures that the corporate subjects responsible for the various health and safety issues (the latter chosen for this purpose, since possessing the necessary knowledge) are at the same time given the management and spending powers to meet these needs in a timely manner, even in cases of urgency.

As already mentioned above, the Parent Company holds the certification BS-OHSAS 18001:2007 (for the site of Orbassano (TO), as well as for that of Segrate (MI) for “design and carrying out of working sites for decommissioning of disused sites and remediation of contaminated sites”), which attests compliance with high standards for the overall workplace safety management system.

In addition to the dedicated audits carried out by highly specialised independent third parties, the Group has adequate procedures to carry out periodic internal audits aimed at assessing the degree of safety of different work environments, paying particular attention to production sites, and constantly invests in workplace health and safety training, delivering specific courses periodically, which are different for all professional roles.

#### OR - subjects in Temporary Business Associations/JVs

Risk Class	Brief Description	Detailed Description
Operational	Risk related to subjects in Temporary Business Associations/JVs	Risk related to the identification of subjects for the establishment of TBAs/JVs

The Group mitigates the risk associated with relationships with TBA/JV partners, potentially relevant to the business of environmental remediation, through a particularly targeted selection of the same, which is conducted on the basis of a careful evaluation of their reliability and operational capacity, also in order to comply with the different requirements set out in any invitation to tender.

On the basis of a consolidated practice, individual TBAs are always structured to ensure the complementary skills required. In this sense, all components of each TBA must meet specific requirements, attested by technical documents and verified by the Tender Office beforehand.

The Group promotes the use of legal protocols designed to activate, in accordance with the Anti-Mafia Guidelines, specific coordinated monitoring and supervisory procedures for data across the entire chain of businesses involved in the individual contracts.

#### OR - counterparty requirements

Risk Class	Brief Description	Detailed Description
Operational	Counterparty Requirements Risk	Risk related to the possibility of dealing with subjects (suppliers/customers) who are not in possession of adequate requirements (capital/financial/ethical)

With reference to the various sectors in which it operates, the Group mitigates this risk (on the supplier side) through a scrupulous process of selection and timely evaluation of the various suppliers to which it can potentially resort, as formalised within the Group purchasing procedure ("Procurement" procedure).

In the most important cases, the Group carries out special audits at final disposal facilities managed by third parties in order to verify their adequacy in terms of requirements and authorisations held.

The Group, in the definition of contracts with its customers, provides for the insertion of a special clause prescribing compliance with the principles and rules contained in Legislative Decree no. 231/2001, as well as the duty to read the Code of Ethics and the extract of the Organisational Model under Legislative Decree no. 231/2001 of Ambientthesis S.p.A.

As already mentioned for the above type of risk, the Group promotes the use of legal protocols designed to activate, in accordance with the Anti-Mafia Guidelines, specific coordinated monitoring and supervisory procedures for data across the entire chain of businesses involved in the individual contracts.

## OR - information systems in support of the Purchasing Office

Risk Class	Brief Description	Detailed Description
Operational	Risk linked to Information systems in support of the Purchasing Office	Risk linked to the possible occurrence of technical-operational problems in information systems supporting procurement activities

The Group manages the risk that information systems supporting purchases are not suitable to changing business dynamics by dedicating specific resources to the ongoing improvement of existing systems, as well as by maintaining and enhancing an integrated information system, fed by a special database where all information, both of personal and technical nature, relating to all the suppliers, is collected and catalogued.

This activity is carried out by the Purchasing Office's staff in close collaboration with the IT Function and Quality Function, as well as with the providers of information systems themselves.

## OR - information systems in support of the Tender Office

Risk Class	Brief Description	Detailed Description
Operational	Risk linked to Information systems in support of the Tender Office	Risk linked to the possible occurrence of technical-operational problems in information systems to support the monitoring, identification and selection of tenders

The Group mitigates the risk of technical and operational issues in the information system dedicated to the monitoring, identification and selection of tenders mainly by maintaining a strong relationship with its long-term provider of the service.

The Tender Office staff also have the professional and technical skills necessary to independently search for tenders through additional channels, thus minimising the potential risk of incomplete or inaccurate identification of all bidding opportunities potentially of interest for the Company and the Group.

## OR - organisational structure

Risk Class	Brief Description	Detailed Description
Operational	Organisational Structure Risk	Risk linked to an organisational structure not aligned with the pursuit of strategic objectives

The Group mitigates possible risks deriving from a type of organisational structure not aligned with the strategic objectives pursued by the Group itself by defining and periodically reviewing the structure itself, in order to ensure that it is always sufficiently articulated both in terms of staff numbers and in terms of skills required. In particular, this is made possible by constantly monitoring and assessing that the overall structure is consistent with the objectives of the Group and of each single business line.

The reinforcement of two separate operating-business Divisions, one for the "Waste Disposal, Transport and Storage" area and the other for the "Environmental Remediation and Rehabilitation" area, together with the upgrading and progressive optimisation of the sales network, are all interventions in the organisational field

aimed to further increase the quality of services offered to customers, and to meet, in a more timely and precise manner, the various needs expressed by each individual customer.

#### OR - job orders evaluation

Risk Class	Brief Description	Detailed Description
Operational	Job orders Evaluation Risk	Risk linked to an incorrect estimate of contract costs

The Group operates mainly with jobs within the environmental remediation business. In order to closely monitor the performance of contract costs, the Group has structured a specific process of analysis covering, for each contract: (i) the expected costs and possible deviations of the costs compared with what had been estimated in the definition of the budget; (ii) the related margins; (iii) extra-budget amounts; (iv) any revised budget.

The progress of the various job orders is checked through the regular preparation of the corresponding Work Progress Reports (“Stati di Avanzamento Lavori” – SALs) and of specific detail reports, through which the costs and revenues referring to each of them are recorded analytically.

In particular, the Management Control Office monitors the costs incurred and the resulting accrued revenues monthly, by implementing a single summary table of cost and revenue items of all ongoing job orders.

#### OR - risk of non-realisation of revenues

Risk Class	Brief Description	Detailed Description
Operational	Risk of non-realisation of revenues	Risk related to the reduction of market shares/business volumes or lack of control over order variations

In order to minimise the risk associated with a possible reduction in market shares and/or business volumes, the Group has continued to strengthen and improve its technical and commercial network, a process that it had already started in previous years.

Specific actions have continued in this area to maximise commercial activities as far as the quantities of incoming waste at the different treatment plants of the Group are concerned, both for the solid waste line and for the liquid waste one.

The possibility of a non-timely identification and evaluation of the possible commercial opportunities arising from participation in tenders is mitigated by the presence, within the company structure, of a Tender Office specifically designated for this purpose, as well as by a dedicated service provided by an external agency specifically aimed at identifying and reporting potential bids for the Group.

As to revenues from ongoing remediation job orders, whose progress is intrinsically subject to the possible occurrence of unpredictable events that could lead to a distribution of the revenues in question over a longer time span, the Group evaluates the definition of specific agreements with the customer in order to establish the related variations or any reservations to be indicated in the Work Progress Reports. Variations to job orders are usually defined in agreement with the customer through the preparation of appropriate record documents.

Based on the latest Three-Year Business Plan approved last 13 March, and following up on the actions already successfully completed in the most recent years, the Group aims not only at reaching higher turnover levels, but also diversifying its operations on a geographical and service level.

In this sense, the following should be reported: on a national level, the purchase of the environmental rehabilitation business unit (previously leased) from the company Ecorisana S.r.l. in Liquidation (formerly Gio.Eco. S.r.l.), closed in the early months of 2019, which has enabled the Parent Company to integrate its structure in



the field of environmental remediation, especially with reference to redevelopment activities promoted by the private sector of large real estate managers and developers of buildings or infrastructures; on an international level, the project of Ambienthesis Middle East DMCC, the new special-purpose company established under the laws of the United Arab Emirates, aimed at exporting the Group's know-how in the industrial waste treatment, recovery and disposal field and in the environmental remediation and rehabilitation field to the geographical area of GCC Countries, and especially the United Arab Emirates.

### III. – STRATEGIC RISKS (SR)

#### SR - macroeconomic trend

Risk Class	Brief Description	Detailed Description
Strategic	Macroeconomic Trend Risk	Risk linked to the possibility that the Group's equity, financial and economic position may be adversely influenced by exogenous macroeconomic factors

The Group systematically monitors the reference macroeconomic framework in order to detect, in a timely manner, potential unfavourable trends and to plan, if necessary, related corrective actions.

Namely, as far as the current situation linked to the COVID-19 pandemic emergency is concerned, the Group is monitoring its evolution over time and is evaluating its possible impacts on the sectors and markets in which the Group operates.

With reference to this, the Group believes that, while medium-term objectives and forecasts will remain unchanged, short-term expectations could be affected by the impacts of a domestic and global economy slowdown.

#### SR - competition

Risk Class	Brief Description	Detailed Description
Strategic	Competition Risk	Risk linked to the possible entry of new competitors into the business sectors

The risk of new competitors entering the sectors in which the Group operates is mitigated by factors that are inherent to the sectors themselves, such as market of reference fragmentation, difficulty in entering the market and the need to have specific authorisations and certifications, including SOA certifications, which involve periodic verification of the possession of adequate technical, organisational, financial and economic requirements.

The Tender Office regularly monitors, by constantly updating a special database, the percentage of tenders won over the total number of invitations to tender in which the Group companies participate.

The Group intends to further mitigate the competition risk on the domestic market, also by gradually increasing its presence in the foreign market, especially in the Middle-Eastern one and in the Balkan area.

#### SR - business growth

Risk Class	Brief Description	Detailed Description
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Strategic	Risk of lack of business growth	Risk related to the lack of monitoring of business opportunities that arise on the market or the incorrect management of the same
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The Group mitigates the risk linked to a possible lack of monitoring of business opportunities in the market or mismanagement thereof through the use of a formalised procedure to identify, select and assign to the competent functions the various opportunities that may arise.

The risk of lack of growth in the waste treatment and disposal business is managed proactively by means of actions aimed at optimising the mix between organic growth, through commercial action, and external growth, through acquisitions of target companies in order to implement vertical and horizontal integration processes.

With regard to the environmental remediation business, the Group constantly monitors the opportunities offered by both public and private customers, with growing attention to the foreign market. As already mentioned, the Tender Office, also by using the support provided by a specialised agency, monitors the invitations to tender in which the Group can participate on a daily basis.

#### SR - dependence on customers

Risk Class	Brief Description	Detailed Description
Strategic	Risk of dependence on customers	Risk related to contractual dependence on one or a few customers

The Group mitigates this type of risk through constant monitoring of its customer base in order to identify potential contractual dependence situations where the turnover obtained from a single counterparty significantly exceeds incidence thresholds over the aggregate turnover in each business line.

#### SR - dependence on suppliers

Risk Class	Brief Description	Detailed Description
Strategic	Risk of dependence on suppliers	Risk related to contractual dependence on certain suppliers such to lead to blocks in the normal business operations

The Group mitigates the potential risk of contractual dependence on suppliers by using the following measures:

- 1) The constant updating and periodic verification of the effectiveness and appropriateness of the Group purchasing procedure ("Procurement" procedure) for the purpose of regulating: (i) the flow of supply activities; (ii) roles and related responsibilities; (iii) the specific risks of the various stages of the process; (iv) controls on the process; (v) how to manage and file the documentation; (vi) the distinction, on the basis of predefined parameters, between critical and non-critical suppliers for the various business activities;
- 2) the centralisation of the business function in question;
- 3) the implementation of a structured filing system of data and information on bids issued by potential suppliers.

#### SR - dependence on key human resources

Risk Class	Brief Description	Detailed Description
Strategic	Risk of dependence on key human resources	Risk related to the possible dependence on human resources considered as key

The Group constantly monitors the risk in question, in relation, particularly, to commercial and technical personnel working in the various business lines.

More specifically, in order to contain said risk, the Group intervenes through: (i) continuous training at all business levels; (ii) incentives and benefits; (iii) the structure of operating proxies.

With specific reference to training, just like 2018, 2019 was characterised by the design and execution of training programmes covering all the main company areas and aimed at consolidating and increasing the specific skills of human capital and its intrinsic value and potential.

#### SR - reputational

Risk Class	Brief Description	Detailed Description
Strategic	Reputational Risk	Risk linked to the possible deterioration of the image of the Group and the reputation it has on the market, which is likely to have adverse effects on the overall performance of the business

The Group pays particular attention to the management of reputational risk. This is done through initiatives that involve an active role in projects with key players in the industry, as well as presence in major trade fairs in the reference market (e.g. Ecomondo).

In order to manage the risk more effectively, the Parent Company may also use a specific Web Reputation service, implemented by the controlling company Greenthesi S.p.A. for the entire Greenthesi Group; this service is an integral part of a broader project that has focussed on the redefinition of the Group's image and brand.

In May 2019, as proof of the fact that the Group has always paid great attention to the proper management of its own business, the Parent Company Ambienthesi S.p.A. obtained the high score of ★★++ in the Legality Rating assigned by the Italian Competition Authority (Autorità Garante della Concorrenza e del Mercato – AGCM).

The Legality Rating is a synthetic indicator designed by AGCM itself in partnership with the Ministry of the Interior and the Ministry of Justice, which certifies compliance with high transparency, ethical and responsibility standards in carrying out the Company's business.

Finally, it should be noted that the Parent Company and the subsidiary Bioagritalia S.r.l. are included in the list established by the Prefecture pursuant to Article 1, paragraphs 52-57 of Law 190/2012 (so-called "Whitelist").

## SR - full operational use of the production capacity

Risk Class	Brief Description	Detailed Description
Strategic	Risk of failing to use production capacity in full	Risk related to failure to use/exploit plants and/or production capacity in general, with consequent impacts on the business volumes that can be achieved

Like in the previous years, the Group has demonstrated a satisfactory level of capacity to use its plants throughout the year 2019.

Retention of full production capacity is supported from a structural point of view through a capillary plan of technical and plant investments, which is updated on an annual basis, aimed at maintaining the competitive capacity of the various operating sites.

## IV. – COMPLIANCE RISKS (CR)

### CR - waste classification

Risk Class	Brief Description	Detailed Description
Compliance	Waste classification Risk	Risk associated with an incorrect classification of waste and therefore inadequate management of the same

The Group operates continuously to minimise the risk of incorrect classification of waste and therefore inadequate management of the same. To this end, each Group's operating unit has adopted a precise and structured procedure that governs the entire waste disposal cycle from the acceptance phase to the last scheduled destination and which guarantees full tracking throughout the chain. In addition, the Group provides technical training activities related to updates that might intervene in the legislation on the classification of waste.

### CR - code of conduct

Risk Class	Brief Description	Detailed Description
Compliance	Risk of failing to comply with the Code of Conduct	Risk associated with non-compliance or partial compliance with the recommendations of the Code of Conduct for all listed companies

The Parent Company is aware of the importance and the opportunity to conform its Corporate Governance system to the guidelines contained in the Code of Conduct for listed companies, whose most recent edition is July 2018 (the "Code").

During the reference period, the Parent Company, with the specific commitment and under the supervision of both the Control and Risk Committee and the Board of Statutory Auditors, has continued to focus on the centrality of the Internal Audit System and of Corporate Risk Management, furthering the development and gradual implementation of a "Risk-Based Audit Plan", which is in turn the result of a precise process of risk analysis and prioritisation which, in the scope identified by the Code, leads to the identification of specific tests aimed

at verifying the effectiveness of the internal audit system with explicit reference to the risks selected and considered a priority.

#### CR - regulation 231/01

Risk Class	Brief Description	Detailed Description
Compliance	Risk of non-compliance with 231 regulation	Risk associated with non-compliance or partial compliance with the regulation under Legislative Decree no. 231/2001

The Group pays attention to identifying the conditions required to ensure that its organisational and operating structure complies with the regulatory requirements set forth by Legislative Decree no. 231/2001 (the “Decree”) on administrative liability of companies.

Ambienthesis S.p.A. and the Group companies equipped with an Organisational, Management and Control Model pursuant to Legislative Decree no. 231/2001 (the “Organisational Model”) are constantly engaged in the periodic updating of the relevant Organisational Models in order to keep them in line with both the regulatory and organisational evolution.

The updating process of Organisational Models is always under the supervision of the companies’ respective Supervisory Bodies, which – in view of a broader integration of all control activities – regularly interact with the other parties involved in the internal audit system, such as the Control, Risk and Sustainability Committee, the Board of Statutory Auditors and the Group’s Internal Audit function.

As at the date of this Report, the new update of the Organisational Models of Ambienthesis S.p.A. and of the other Group companies equipped with a Model (Bioagritalia S.r.l., La Torrazza S.r.l. and Daisy S.r.l.) is ongoing, with a view to broadening the scope of such Models to the most recent offences covered by the Decree, including tax offences, which were introduced at the end of last year as predicate offences of administrative liability of legal entities under Legislative Decree no. 231/01.

The corresponding Board of Directors are expected to approve the updated version of the Organisational Models, and of the underlying risk assessments, by mid-2020.

Aware of the importance that training and information aspects acquire in a prevention perspective in accordance with the Decree, the companies – with the support of the Supervisory Bodies – provide for the internal distribution of the up-to-date versions of their Organisational Models and the related training activities, carrying on with the training courses already undertaken in the previous years.

In this regard, the Parent Company’s Supervisory Board also introduced a periodic newsletter addressed both to top management and to all department heads, aimed at providing broad disclosure on issues relating to the regulations set out in the Decree.

#### CR - regulation 262/05

Risk Class	Brief Description	Detailed Description
Compliance	Risk of non-compliance with 262 regulation	Risk associated with non-compliance or partial compliance with the regulation under Legislative Decree no. 262/2005

The Group has implemented the requirements of 262 regulation, having appointed the Manager responsible for the preparation of the Company’s financial reports and having adopted a Model for certification of financial statements and the management report pursuant to Article 154-bis of Legislative Decree no. 58/98 (“Manual of Administrative and Accounting Procedures”), with the aim of providing the Manager and his/her staff with a set

of operating procedures to support their activities, so as to allow the issuing of the certification provided for by Law no. 262/2005.

The global update of procedures in the Manual – a process that the Parent Company has implemented also in cooperation with specialised consultants – is ultimately aimed at ensuring better adherence of the whole procedure in question not only to the new organisational set-up, but also to the new administrative-management software, whose implementation at all Group companies and across the various functions concerned is now at an advanced stage of completion.

### CR - environmental regulation

Risk Class	Brief Description	Detailed Description
Compliance	Risk of non-compliance with the environmental regulation	Risk associated with non-compliance or partial compliance with the environmental regulation

The Group constantly monitors any evolution of environmental regulation in order to ensure, in particular, the full respect of both the provisions of the Environmental Code (Legislative Decree no. 152/2006) and the fulfilment of the requirements of the European Regulation on cross-border transportation.

The measures to ensure the Group's consistent alignment with the relevant regulation are represented by:

- 1) skills of the Technical Managers of each business line for the continuous monitoring of legislative and regulatory changes;
- 2) periodic control activities (external and internal audits and checks pursuant to Legislative Decree no. 231/2001);
- 3) internal audits carried out thanks to the supervision of the aforementioned Technical Managers, as well as the Group Internal Audit Function;
- 4) controls on all cross-border transporters, both on arrival at local units and during the waste transport route;
- 5) maintenance over time of specific authorisations and certifications; the latter are also considered as a way to keep in line with the regulations;
- 6) subscription to regulatory newsletters issued by trade associations;
- 7) use of special IT tools, such as online regulatory databases.

Please also note that, as a further measure to manage environmental risks, both the Parent Company and the subsidiaries Bioagritalia S.r.l. and La Torrazza S.r.l., as well as the associated company Daisy S.r.l., are equipped with an Organisational Model pursuant to Legislative Decree no. 231/2001 based on an accurate risk assessment, among others, of environmental offences.

Among the various environmental authorisations, special importance is attributed to the Integrated Environmental Authorisation, which has replaced dozens of different authorisations previously required, and whose renewal enables individual structures to comply with applicable regulatory standards.

## CR - regulation on health and safety at work

Risk Class	Brief Description	Detailed Description
Compliance	Risk of non-compliance with the regulation on health and safety at work	Risk associated with non-compliance or partial compliance with the regulation under Legislative Decree no. 81/2008

The Group mitigates the risk of non-compliance or partial compliance with the regulations on Health and Safety at work, as well as with all the requirements set forth by the Consolidated Act on Safety at Work (Legislative Decree no. 81/2008), through constant maintenance and updating of the “Safety Management System” over time.

The Parent Company holds the certification BS-OHSAS 18001:2007 (covering the site of Orbassano (TO) and environmental remediation activities), which attests compliance with high standards for the overall workplace safety management system.

The main measures taken to handle this risk are represented by:

- 1) continuous training, an element considered of strategic importance by the Group and in which the latter constantly invests;
- 2) constant and accurate maintenance of plant and machinery;
- 3) periodic control activities (external and internal audits and checks pursuant to Legislative Decree no. 231/2001);
- 4) subscription to regulatory newsletters issued by trade associations;
- 5) use of special IT tools, such as online regulatory databases;
- 6) strict application of the health surveillance required;
- 7) appointment of internal RSPPs (Managers of the Prevention and Protection Service) who are constantly updated and trained.

In this case too, please also note that, as a further measure to manage risks linked to health and safety at work, both the Parent Company and the subsidiaries Bioagritalia S.r.l. and La Torrazza S.r.l., as well as the associated company Daisy S.r.l., are equipped with an Organisational Model pursuant to Legislative Decree no. 231/2001 based on an accurate risk assessment, among others, of offences in this field.

Namely, as far as the ongoing COVID-19 pandemic emergency is concerned, all Divisions and Operating Sites of the Group have timely adopted a dedicated protocol to supplement their Risk Assessment Documents, which analytically indicates all instructions to follow from a technical, organisational and procedural perspective, as well as the required PPEs in accordance with national, regional and local provisions issued by the competent Institutions.

## CR - Consob regulation on “Related Parties”

Risk Class	Brief Description	Detailed Description
Compliance	Risk of failing to comply with Consob regulation on “Related Parties”	Risk associated with non-compliance or partial compliance with the Consob Regulation on “Related Parties”



In November 2010, the Group adopted its internal rules on transactions between Related Parties, in accordance with the specific rules issued by Consob.

If there are no deviations expressly stated, the aforementioned internal rules provide for the adoption of a specific procedure for the examination and approval of transactions between Related Parties, aimed at the identification of the following elements in detail:

- 1) the essential features of the transaction at issue (price, conditions, payment times);
- 2) the underlying economic reasons;
- 3) the description and analysis of the related economic, equity and financial effects;
- 4) the assessments on the fairness of consideration in relation to market values for similar transactions.

The Group has drawn up and keeps a specific list of its Related Parties updated over time.

With the preparation of the Annual and Interim Financial Reports, the Group develops and updates all the relevant statements summarising the transactions during the reported period.

The agenda of the meetings of the Parent Company's Board of Directors covers the analysis and discussion of any transactions with Related Parties.

Within the Parent Company's Board of Directors, the body responsible for the prior examination of transactions with Related Parties is the Control, Risk and Sustainability Committee.

The latest version of the internal rules relating to transactions between Related Parties was approved by the Board of Directors at its meeting held on 25 January 2017.

# SUSTAINABILITY REPORT



## SUSTAINABILITY REPORT

(Pursuant to Legislative Decree no. 254 of 30 December 2016, the Company is not obliged to prepare this non-financial disclosure; however, it is considered useful to provide the following information)

### *Introduction and methodological overview*

For the second year in a row, the decision to **supplement the Annual Financial Report with a Sustainability Report** allows the Ambienthesis Group to inform all of its stakeholders on the corporate performance not only from a financial, but also from an environmental and social perspective. Although the Sustainability Report is a voluntary disclosure for the Group, the decision to launch a well-structured reporting process on non-financial matters was made in order to achieve an increasingly transparent and thorough information to its main interlocutors, also in the light of the high technological, economic, business, social and environmental value of the activities performed to ensure the safety of citizens and local communities, protect the environment and safeguard future generations.

This Sustainability Report has been prepared in accordance with the **GRI Standards**: Core option, published in 2016 by the Global Reporting Initiative, which currently represent the most widespread and globally recognised non-financial reporting standard. To make it easier for readers to find information in the document, the corresponding **GRI Context Index** is provided at pages 92-94.

The non-financial reporting activity is based on the **materiality principle**. As a matter of fact, the topics discussed in the following sections are deemed material as they are able to reflect the social and environmental impacts of the Group's activities or to influence its stakeholders' decisions. The above-mentioned material topics have been identified by means of a materiality analysis based on an organised and well-structured approach (see pages 58-63).

The Sustainability Report was drafted following a **well-structured reporting process**, which provided for the engagement of all corporate Departments in charge of material fields and the corresponding data and information to be covered by the non-financial disclosure. They were actively involved in the following steps:

- ✓ identification and assessment of material topics;
- ✓ selection of significant initiatives and projects to be described in the document;
- ✓ data collection, analysis and consolidation, by checking and certifying all information in the document (each of them for the corresponding area of competence).

The information contained in this chapter refers to the **2019 fiscal year** and was reviewed by the **Board of Directors of Ambienthesis** at its meeting of 07 April 2020. Where possible, the data and information relating to the last financial year have been compared with those relating to the previous two financial years.

The **scope of reporting** covers the three main operating companies of the Ambienthesis Group (hereinafter also the "**Group**"), i.e.

- ✓ **Ambienthesis S.p.A.**, Parent Company specialised in both environmental remediation and rehabilitation and in the treatment, recovery and disposal of hazardous and non-hazardous special waste. As well as owning and operating, in Orbassano (TO), the largest platform in Italy for the treatment of hazardous and non-hazardous special waste (authorised capacity 500,000 t/year), the Company also owns and operates two other plants. The first, located in Liscate (MI), provides a specific disposal service for various types of industrial and civil liquid waste; the second, located in San Giuliano Milanese (MI), is intended for the activity of storage of many types of waste, and specialises in the disposal of hazardous waste containing asbestos;
- ✓ **La Torrazza S.r.l.**, a 100% subsidiary company of the Parent Company Ambienthesis S.p.A., operates a landfill for the final disposal of hazardous and non-hazardous special waste located in the Municipality of Torrazza Piemonte (TO);

- ✓ **Bioagritalia S.r.l.**, a 70% subsidiary company, operates a waste treatment plant for subsequent recovery of biological sludge to be used in agriculture, located in Corte de' Frati (CR).

Any changes in the scope of this reporting, in order to provide stakeholders with additional information or specific clarifications, have been duly indicated on each occasion in the following paragraphs.



# SUSTAINABILITY HIGHLIGHTS

Year 2019

**87,299**

thousand Euros

**Economic value  
generated**

**82,266**

thousand Euros

**Economic value  
distributed**

**26**

active working sites  
during the fy

**Remedia-**

**423,449**

tons managed in  
our plants

**Processed**

**95%**

permanent em-  
ployment contracts

**Employment**

**30**

hours per capita

**Training**

**-2,096** (Tons)

CO<sub>2</sub> by using energy  
from renewable sources

**Environment**

## Responsible management for sustainability

**Sustainability**, understood in its broadest sense, has always been a core value in the strategy followed by Ambienthesis S.p.A. and its Subsidiaries. As a matter of fact, the growing integration of the principles of corporate social responsibility into its business model allows the Group to develop technological and operational solutions to:

- ✓ Maximise the efficiency of corporate processes and activities, with clear benefits linked to the consolidation of competitiveness in the markets;
- ✓ Actively contribute to sustainable development from the environmental, economic and social viewpoints in the areas where it operates.

Ambienthesis, through the constant and effective implementation of the guidelines set out by its **Integrated Quality, Health & Safety, Environment Policy** (QHSE Policy), is particularly dedicated to guaranteeing, within its value system (as set out in the Code of Ethics and incorporated into the Organisational, Management and Control Model pursuant to Legislative Decree no. 231/2001), a solid compliance with the various reference regulations, a strong attention to the protection of the health and safety of workers, a continuous drive for technological innovation, a constant orientation towards the development of its human capital, as well as an ever-increasing involvement of the various categories of stakeholders.

Pursuant to international standards ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007, the QHSE Policy also reiterates the importance of **a constant analysis and monitoring of risks and opportunities** associated with the Company's business. Based on the assumption that continuously improving performances from various perspectives is key not only to achieve satisfactory economic results, but also to strengthen the Company's resilience thanks to a better ability to analyse the various situations and settings in which it operates, constant improvement is stimulated by setting challenging goals and then checking that they have been achieved.

In particular, some of the distinctive elements of the QHSE Policy concern **the protection and sustainable use of the "natural capital"** and are linked to objectives of energy and raw material containment, constant use of the best available technologies (BATs) in the sector and the long-term collaboration with institutes and research laboratories to promote new techniques for the reduction of environmental impact. After all, the increasingly pragmatic approach to the environmental sustainability issue is emphasised by the new payoff of the companies of the Greenthesis Group: *"Think Green, Act Smart"*.

At the same time, the Company recognises that the focal and distinctive point of its whole business strategy are the people, who form its **"human capital"**. For this reason, the Group aims to provide training, ongoing updates and development for its personnel by organising engagement, in-depth information and dissemination activities aimed at raising awareness on the Company's objectives, internal operating procedures and issues relating to environmental protection and local development.

The two main subsidiaries of Ambienthesis S.p.A., Bioagritalia S.r.l. and La Torrazza S.r.l., have also defined **specific company policies** in line with those adopted by the Parent Company and in compliance with the UNI EN ISO 9001:2015 and UNI EN ISO 14001:2015 standards, and have implemented effective management systems.

The **certifications** obtained by the Group, among which the two EMAS certificates for the plant located in Lisicate (MI) and the landfill managed by La Torrazza S.r.l. stand out, are a further guarantee of:

- ✓ effective interaction of processes, resources, data and information at strategic, tactical, organisational and operational levels;
- ✓ clear and transparent communication between all stakeholders;
- ✓ correct management of data and information to support the strategic decision-making process;
- ✓ economic, social and environmental sustainability throughout the service life cycle;
- ✓ constant improvement of the quality of the service offered.

***Focus Box no. 1 – Ambienthesis S.p.A. achieves the Legality Rating***

In May 2019, as proof of the fact that the Parent Company has always paid great attention to the proper management of its own business, Ambienthesis S.p.A. has obtained the high score of ★★<sup>++</sup> (best score available: ★★★) in the **Legality Rating** assigned by the Italian Competition Authority (Autorità Garante della Concorrenza e del Mercato – AGCM).

This is a synthetic indicator designed by AGCM itself in partnership with the Ministry of the Interior and the Ministry of Justice, which certifies compliance with high transparency, ethical and responsibility standards in carrying out the Company's business. From that perspective, the Legality Rating also represents a **competitive advantage**, as holding it allows acquiring certain benefits in terms of more favourable bank credit conditions and facilitated access to public funding and invitations to tender.

The Rating **remains valid for two years** after issue, and may be renewed at the Company's request.



## Materiality analysis

In order to better define the nature of its sustainability strategies and for the subsequent preparation of this Sustainability Report, the Group has carried out a **materiality analysis** aimed at identifying and giving priority to issues considered relevant and significant for its business and for its stakeholders. These issues are defined as “**material**” because they reflect the economic, social and environmental impacts of the Group and because they can influence the decisions of internal and external stakeholders. Namely, the analysis performed in 2019 aimed at confirming the validity of material and significant issues identified in the previous year and check any new, emerging topics. The investigations were carried out based on a **well-structured process** in the following steps:

- ✓ analysis of the **existing internal documentation**, both with reference to the Parent Company and considering the subsidiaries;
- ✓ analysis of public documents, articles, statistics and results of observers on the **type of international standards and frameworks** adopted in sustainability reporting;
- ✓ analysis of the **characteristics of the relevant sector**, in order to identify the main issues on which competitors also tend to focus.

This analysis allowed to identify **23 main topics** related to **4 different macro-areas**: Governance, Economic Responsibility, Environmental Responsibility and Social Responsibility.

After that, in order to select those topics that are actually material for the Ambienthesis Group and define their final positioning in the new materiality matrix, **their degree of importance was assessed separately for each of them by**:

- ✓ **12 representatives of the main corporate functions** who, in completing the so-called materiality questionnaire, took into consideration both the Group’s perspective (from an “internal” point of view) and the possible view of stakeholders (from an “external” point of view);
- ✓ **a significant sample of 80 employees**, whose assessments have made it possible to further investigate the actual materiality level of the topics being analysed from the stakeholders’ perspective<sup>1</sup>.

The outcomes of these investigations were compared with one another and processed using a weighing method based on both literature and practice (AA1000 SES, AA1000 APS, GRI Standards, etc.).

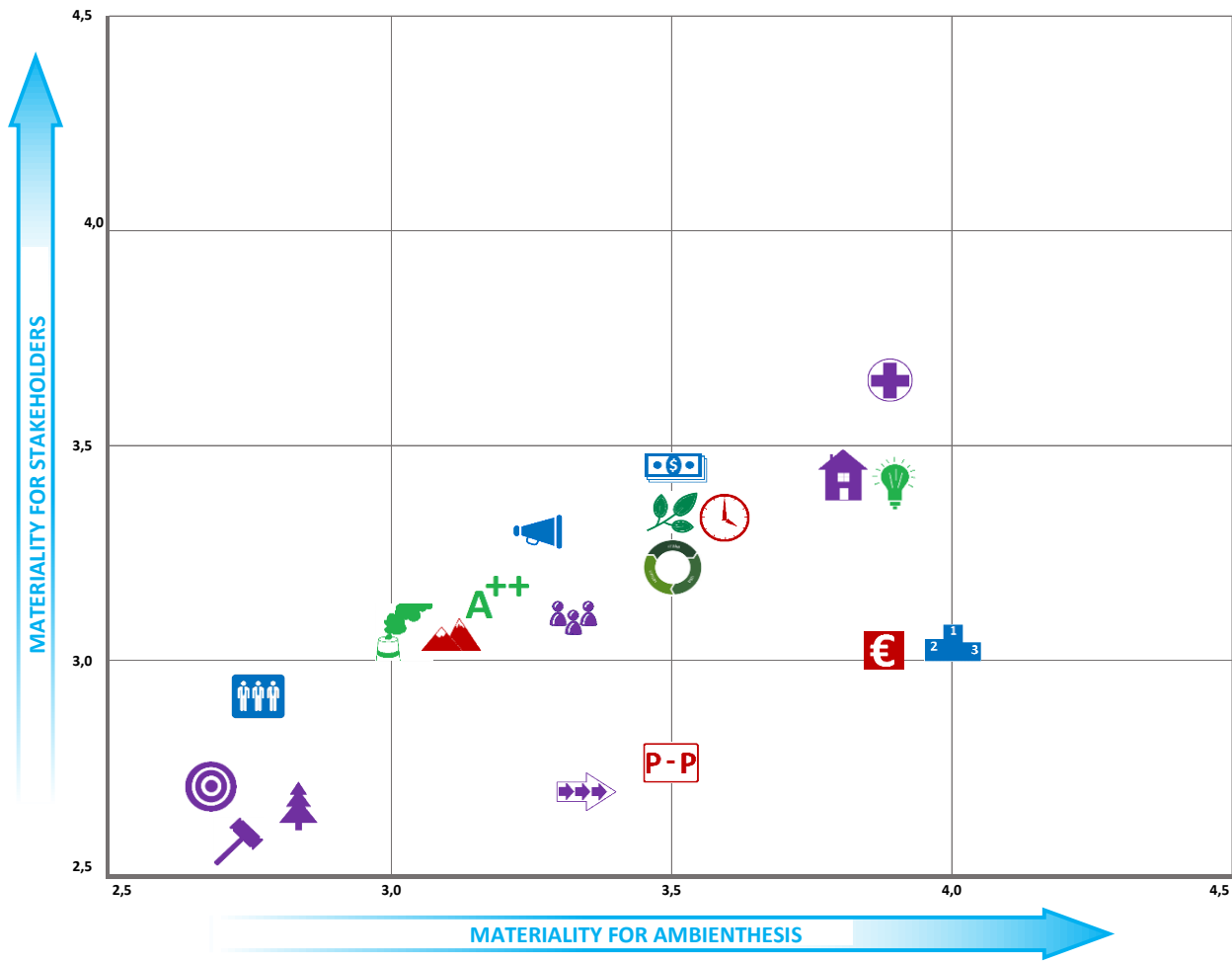
The materiality matrix below provides a **summary representation of the results** of the analysis carried out. It is comprised of a plane defined by two axes representing the level of importance to be attributed to any given topic, from the point of view of the Group (abscissa axis) and from the point of view of the stakeholders (ordinate axis), respectively. Only the topics that have exceeded the so-called **materiality threshold** are represented within the matrix (in the form of points), i.e. those that have obtained an average rating of more than 2.5 on a scale from 0 (negligible aspect) to 4 (very relevant aspect) on both axes.

If we look at the 2019 materiality matrix, it is clear that the results of the analysis show a high level of consistency with the outcomes for last year. The most relevant new aspects concern, on the one hand, the two new topics to be regarded as material for the Ambienthesis Group, i.e. “**Diversity, welfare and internal environment**” and “**Human rights at the company and along the chain**”; on the other hand, the topic “**Efficient use of water resources**”, which was material in 2018, stood slightly below the materiality threshold, and it is therefore no longer represented in the materiality matrix.

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<sup>1</sup> With reference to this, please note that the dedicated materiality questionnaire was distributed to all Group’s employees to achieve a participation rate of 100% and acquire each worker’s point of view. However, the sudden occurrence of unexpected operational and contingent situations has prevented from reaching this target in full, which will still be pursued in the non-financial reporting activity for 2020.

## Materiality matrix



## Areas – Topics

GOVERNANCE	ECONOMICS	ENVIRONMENTAL RESPONSIBILITY	SOCIAL RESPONSIBILITY
<ul style="list-style-type: none"> <li>Transparency and anti-corruption</li> <li>Governance sustainability elements</li> <li>Dialogue with Stakeholders</li> <li>Reputation</li> </ul>	<ul style="list-style-type: none"> <li>Local development of the territory</li> <li>Continuity of the service provided</li> <li>Synergies with public and private entities</li> <li>Financial viability</li> </ul>	<ul style="list-style-type: none"> <li>Energy efficiency and renewable energy sources</li> <li>Emissions</li> <li>Land protection</li> <li>Efficiency and innovation</li> <li>Circular economy</li> </ul>	<ul style="list-style-type: none"> <li>Environmental education</li> <li>Responsible chain management</li> <li>Personnel development</li> <li>Local communities</li> <li>Health and safety at work</li> <li>Diversity, welfare and internal environment</li> <li>Human rights at the company and along the chain</li> </ul>

The table below describes each of the material topics identified by the Group, together with: the **main risks** arising from a given topic; the **scope** within which actual and potential impacts generate; the type of such impacts (direct or indirect); the **topic-specific GRI Standards** of reference; the **main policies adopted by the Group** to prevent or minimise adverse impacts linked to such topics.

Macro area	Material topic	Associated risks	Scope of topic	Type of impact	GRI Indicators <sup>2</sup>	Supporting policies/instruments
Governance	Transparency and anti-corruption	Reputational risk in terms of loss of trust of investors and customers; Strategic risk	ATH Group; Suppliers; Public Administration; Investors	Direct and indirect	GRI 102-16 GRI 102-17 GRI 102-18 GRI 205-3 GRI 417-3	Legality Rating Code of Ethics Model pursuant to Legislative Decree 231/01
	Governance sustainability elements	Reputational risk in terms of loss of trust of investors and customers; Strategic risk	ATH Group; Suppliers; Investors	Direct and indirect	GRI 102-14 GRI 102-16 GRI 102-18	Compliance with the Code of Conduct for listed companies
	Dialogue with stakeholders	Strategic and reputational risk	ATH Group; Suppliers; Customers; Public Administration; Community; Investors	Direct and indirect	GRI 102-40 GRI 102-42 GRI 102-43	Corporate Policy ISO 9001 ISO 14001 OHSAS 18001 EMAS "Risk and Opportunity Analysis" Procedure "Context Analysis" Model pursuant to Legislative Decree 231/01 Code of Ethics
	Reputation	Reputational risk in terms of loss of customers and competitiveness	ATH Group; Suppliers; Customers; Investors	Direct and indirect	GRI 102-16 GRI 102-17 GRI 202-3 GRI 307-1 GRI 406-1 GRI 408-1 GRI 409-1 GRI 417-3 GRI 418-1 GRI 419-1	Legality Rating ISO 9001 ISO 14001 OHSAS 18001 EMAS Model pursuant to Legislative Decree 231/01 Code of Ethics
Economics	Local development	Reputational risk in terms of loss of trust of the community and employees Strategic risk in terms of loss of competitiveness	ATH Group; Suppliers; Customers; Public Administration; Community	Direct and indirect	GRI 202-2 GRI 203-1 GRI 203-2 GRI 204-1 GRI 413-1	Corporate Policy "Risk and Opportunity Analysis" Procedure "Context Analysis"
	Continuity of the service provided	Reputational risk in terms of loss of trust of customers and investors Strategic risk	ATH Group; Suppliers; Public Administration	Direct and indirect	GRI 102-7 GRI 102-9	Corporate Policy "Risk and Opportunity Analysis" Procedure "Context Analysis" Emergency Plans
	Synergies with public	Strategic risk in terms of exit from/inability to enter	ATH Group; Suppliers;	Direct and indirect	GRI 102-2 GRI 102-6	Corporate Policy

<sup>2</sup> Details are provided in the Table of GRI indicators (see summary table section at pages 92-94).

	and private entities	specific markets	Customers; Public Administration; Community		GRI 102-9 GRI 102-13	Strategic and Operational Plans "Risk and Opportunity Analysis" Procedure "Context Analysis"
	Financial viability	Liquidity risk; Operational risk; Strategic risk; Reputational risk	ATH Group; Suppliers; Investors	Direct and indirect	GRI 201-1 GRI 204-1 GRI 419-1	Corporate Policy Strategic and Operational Plans "Risk and Opportunity Analysis" Procedure "Context Analysis"
Environmental responsibility	Energy efficiency and renewable energy sources	Compliance risk Reputational risk Strategic risk in terms of exit from/inability to enter specific markets	ATH Group; Suppliers; Customers	Direct and indirect	GRI 302-1 GRI 302-4	Energy audit "Environmental Analysis" document pursuant to ISO 14001 Environmental Disclosure Integrated Management System Objectives ISO 14001 EMAS
	Emissions	Compliance risk Reputational risk Strategic risk in terms of exit from/inability to enter specific markets	ATH Group; Suppliers; Customers	Direct and indirect	GRI 305-1 GRI 305-2 GRI 305-5	Environmental Analysis "Environmental Analysis" document pursuant to ISO 14001 Environmental Disclosure Integrated Management System Objectives ISO 14001 EMAS Model pursuant to Legislative Decree 231/01 Code of Ethics
	Efficiency and innovation	Strategic risk in terms of exit from/inability to enter specific markets Reputational risk	ATH Group; Suppliers; Customers	Direct and indirect	GRI 102-13 GRI 203-1 GRI 203-2 GRI 204-1 GRI 302-4 GRI 305-5	Corporate Policy Integrated Management System Objectives Internal Engineering Team
	Circular economy	Strategic risk in terms of exit from/inability to enter specific markets Reputational risk	ATH Group; Suppliers; Customers; Public Administration; Community	Direct and indirect	GRI 302-4 GRI 303-1 GRI 305-5 GRI 306-2	Training Strategic and Operational Plans Integrated Management System Objectives Internal Engineering Team

	Land protection	Compliance and reputational risk	ATH Group; Suppliers; Customers; Public Administration; Community	Direct and indirect	GRI 302-4 GRI 303-1 GRI 305-5 GRI 306-2	Corporate Policy "Risk and Opportunity Analysis" Environmental Disclosure Emergency Plans ISO 9001 ISO 14001 EMAS Model pursuant to Legislative Decree 231/01 Code of Ethics
Social responsibility	Environmental education	Reputational risk in terms of loss of trust of the community and employees	ATH Group; Suppliers; Customers; Public Administration; Community	Direct and indirect	GRI 102-43 GRI 203-1	Legality Rating Code of Ethics Model pursuant to Legislative Decree 231/01
	Responsible chain management	Reputational risk in terms of loss of trust of investors and customers; Strategic risk	ATH Group; Suppliers; Customers; Public Administration; Investors	Direct and indirect	GRI 102-9 GRI 102-16 GRI 102-17 GRI 102-43 GRI 408-1 GRI 409-1	Corporate Policy Procedures and Instructions of the Integrated Management System Model pursuant to Legislative Decree 231/01 Code of Ethics
	Personnel development	Strategic and reputational risk in terms of loss of competitiveness and trust of employees	ATH Group; Suppliers	Direct	GRI 404-1 GRI 405-1 GRI 406-1	Corporate Policy Training programmes Corporate welfare Integrated Management System Objectives Model pursuant to Legislative Decree 231/01 Code of Ethics
	Local communities	Reputational risk in terms of loss of trust of the community and employees Strategic risk in terms of loss of competitiveness	ATH Group; Suppliers; Customers; Public Administration; Community	Direct and indirect	GRI 102-43 GRI 203-1 GRI 203-2 GRI 305-5 GRI 306-2 GRI 307-1 GRI 413-1 GRI 419-1	Corporate Policy "Risk and Opportunity Analysis" Environmental Disclosure Emergency Plans ISO 9001 ISO 14001 EMAS Model pursuant to Legislative Decree 231/01 Code of Ethics
	Health and safety at work	Operational risk in terms of increase in the number of accidents and occupational illnesses;	ATH Group; Suppliers; Customers	Direct and indirect	GRI 403-1	Corporate Policy Risk Assessment

		Reputational risk in terms of loss of trust of employees				Internal Prevention and Protection Service Procedures and Instructions of the Integrated Management System OHSAS 18001 Model pursuant to Legislative Decree 231/01 Code of Ethics
	Diversity, welfare and internal environment	Reputational risk in terms of loss of trust of employees	ATH Group; Suppliers	Direct	GRI 102-16 GRI 102-17 GRI 405-1 GRI 406-1	Corporate Policy Training programmes Corporate welfare Integrated Management System Objectives Model pursuant to Legislative Decree 231/01 Code of Ethics
	Human rights at the company and along the chain	Reputational risk in terms of loss of trust of employees	ATH Group; Suppliers	Direct	GRI 102-16 GRI 102-17 GRI 408-1 GRI 409-1	Corporate Policy Application of National Collective Bargaining Agreements (CCNL) Procedures and Instructions of the Integrated Management System Model pursuant to Legislative Decree 231/01 Code of Ethics

## Generated and distributed wealth

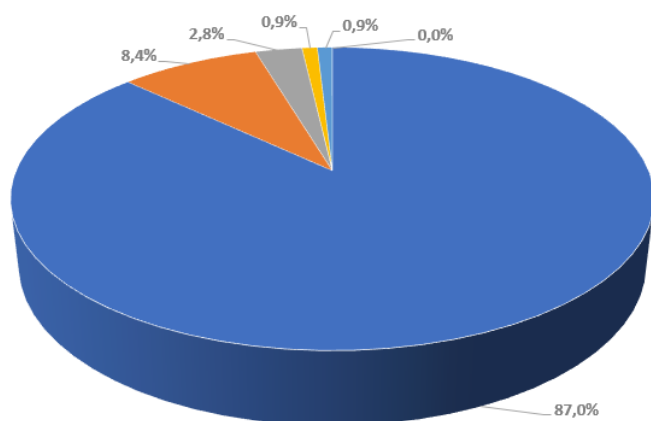
The following table shows a reclassification of the income statement in accordance with the Global Reporting Initiative methodology. This determination of the **economic value generated and distributed** better demonstrates **the Ambienthesis Group's ability to generate wealth** over the reference period for the benefit of some of its main stakeholders, while respecting management cost-effectiveness and the expectations of the stakeholders themselves.

The values shown in the table below refer to the values in the two respective consolidated financial statements.

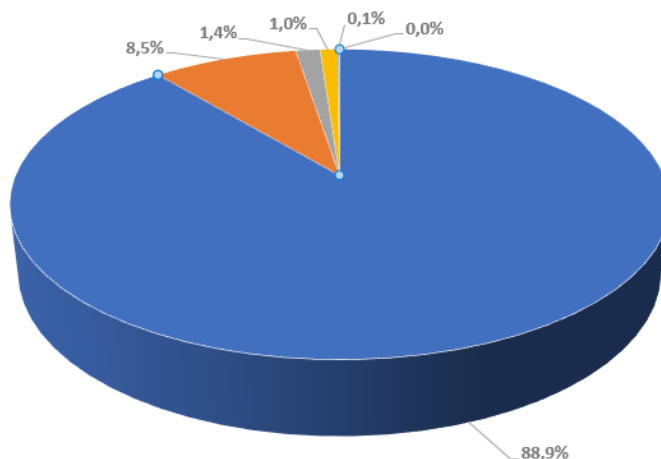
<b>ECONOMIC VALUE GENERATED AND DISTRIBUTED</b>		
<b>(values in Euros)</b>		
	<b>31.12.2019</b>	<b>31.12.2018</b>
<b>A) Generated economic value</b>	<b>87,299</b>	<b>82,926</b>
Production value	86,608	82,077
Other financial income	691	849
<b>B) Distributed economic value</b>	<b>82,266</b>	<b>77,478</b>
Remuneration of suppliers	71,557	68,904
Remuneration of personnel	6,899	6,579
Remuneration of loan capital	760	803
Remuneration of Shareholders and members (risk capital)	735	71
Remuneration of Public Administration	2,308	1,106
Community (donations to associations, non-profit organisations, etc.)	7	15
<b>C) (=A-B) Retained economic value</b>	<b>5,033</b>	<b>5,448</b>
Amortisation, depreciation and write-downs	1,272	2,115
Provisions for risks	31	165
Allocations to Reserves (allocation of the result for the year)	3,730	3,168



### DISTRIBUTED ECONOMIC VALUE – YEAR 2019



### DISTRIBUTED ECONOMIC VALUE – YEAR 2018



- Remuneration of suppliers
  - Remuneration of personnel
  - Remuneration of Public Administration
- Remuneration of loan capital
  - Remuneration of Shareholders and members (risk capital)
  - Community (donations to associations, non-profit organisations, etc.)

## Ambienthesis and the people<sup>3</sup>

For the Group, human resources management is aimed not only at attracting talents and enhancing their professional skills, but also at creating a work environment that favours the establishment and maintenance of positive collaboration relations, as well as the drive and passion for each task carried out, along with the definition of real paths for the growth and development of people.

The **selection** process is based on the analysis of needs and a careful assessment of profiles, not only referring to the technical skills and experience required, but also taking into account the values that can be communicated by the candidates.

As to collaborators, the Parent Company carries out **training and refresher courses** aimed at allowing each one to express his or her full potential. These training courses are implemented in the light of the organisational needs, as well as based on the role and skills of each resource.

The **human resources management policies** adopted by Group companies reflect the principles contained in the Code of Ethics, ensuring the dignity and equal opportunities of individuals, the full realisation of their potential and the absence of obstacles to professional development for reasons related to aspects such as gender, religion, political orientation, ethnicity, age and sexual orientation.

### ▪ Composition

As at 31 December 2019, the Group had **116 employees**. Of these, the vast majority operated within the Parent Company (more than 97% of the total). The number of employees increased slightly compared to the previous year, when the Group had a total of 114 employees.

In line with the average values that are typical of the waste treatment and environmental remediation sectors, where men are traditionally employed to a greater extent than women, male individuals account for the majority of staff employed (about two-thirds of the total). Equality between workers of both genders is in any case a fundamental value for the Group and the various companies are committed to avoiding any situation of discrimination within them.

The recruitment procedures also ensure strict compliance with the national collective bargaining agreements.

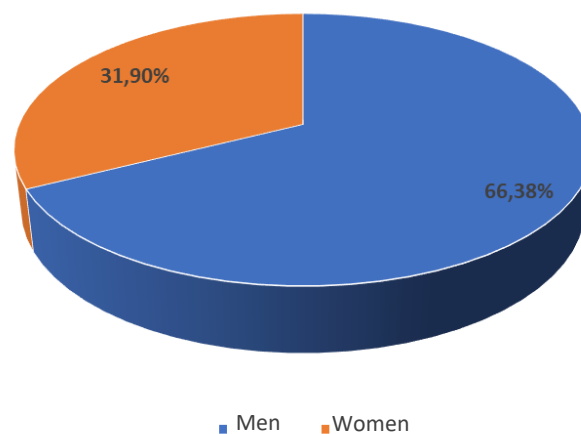
The following tables provide an in-depth analysis of the composition of staff, broken down by a number of parameters, also combined with one another (gender, category, contract type, seniority, age, turnover, education).

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<sup>3</sup> The quantitative information reported in this paragraph refers only to the companies Ambienthesis S.p.A. and La Torrazza S.r.l., as Bioagritalia S.r.l. does not directly employ any employees.

BREAKDOWN OF EMPLOYEES BY GENDER AND CATEGORY									
Classification	Men			Women			Total		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Executives	3	5	6	2	3	3	5	8	9
Middle managers	5	7	7	2	1	1	7	8	8
White collars	31	29	28	35	33	32	66	62	60
Blue collars	38	36	39	/	/	/	38	36	39
<b>Total</b>	<b>77</b>	<b>77</b>	<b>80</b>	<b>39</b>	<b>37</b>	<b>36</b>	<b>116</b>	<b>114</b>	<b>116</b>

**BREAKDOWN OF EMPLOYEES BY GENDER (2019)**



Taking into account the most significant operating sites, as at 31 December 2019, the Group does not employ senior managers from local communities<sup>4</sup>.

Maintaining **continuity of employment** of employees over time is a fundamental objective for the Group companies. In the last three years, in fact, the percentage of employees with permanent contracts stood around 95% of the total. Moreover, considering the number of employees at the end of 2019, almost 80% of them have been employed by the Group companies for more than five years.

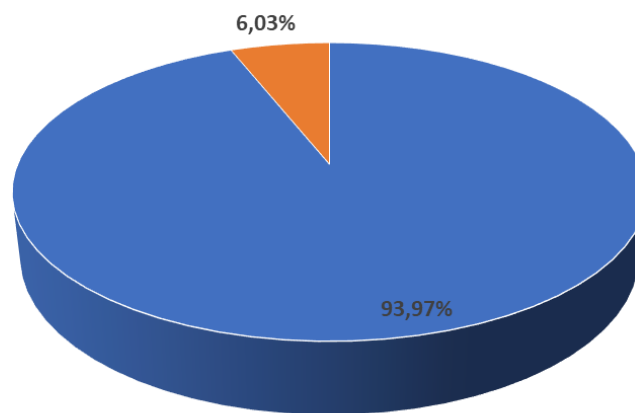
<sup>4</sup> Namely, please note that:

- The sites taken into account include the facilities of Orbassano, Liscate, San Girolamo and Torrazza Piemonte, as well as the Segrate headquarters;
- “Senior manager” means any employee in the “Executive” or “Middle Manager” category;
- “Local community” of a given facility refers to the population living in the Municipality where that operating site of Ambienthesis is located.

### BREAKDOWN OF EMPLOYEES BY GENDER AND TYPE OF CONTRACT

Type of contract	Men			Women			Total		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Permanent	73	72	75	36	37	35	109	109	110
Fixed-term	4	5	5	3	/	1	7	5	6
Apprenticeship	/	/	/	/	/	/	/	/	/
<b>Total</b>	<b>77</b>	<b>77</b>	<b>80</b>	<b>39</b>	<b>37</b>	<b>36</b>	<b>116</b>	<b>114</b>	<b>116</b>

### BREAKDOWN OF EMPLOYEES BY TYPE OF CONTRACT (2019)



■ Permanent employment contract   ■ Fixed-term employment contract   ■ Apprenticeship contract

### SENIORITY OF EMPLOYEES (2019)

Gender	0-5	6-10	11-15	16-20	>20	Total
Men	20	7	17	11	22	77
Women	15	6	6	4	8	39
<b>Total</b>	<b>35</b>	<b>13</b>	<b>23</b>	<b>15</b>	<b>30</b>	<b>116</b>

### SENIORITY OF EMPLOYEES (2018)

Gender	0-5	6-10	11-15	16-20	>20	Total
Men	15	11	42	8	1	77
Women	11	7	12	2	5	37
<b>Total</b>	<b>26</b>	<b>18</b>	<b>54</b>	<b>10</b>	<b>6</b>	<b>114</b>

The Group mainly employs workers over the age of 40, with a significant percentage of personnel belonging to the age group over 50 (approx. 38% of the total number).

Considering only male employees, the age group with the highest number of employees is between 51 and 60 years old (about 38% of the total); with reference to female employees, the age groups most represented are between 31 and 40 years old and between 41 and 50 years old (about 33% of the total in both cases). The presence of employees under 40 years of age is still substantial, exceeding 24% of the total (+4% compared to 2018).

DISTRIBUTION OF EMPLOYEES BY AGE GROUP (2019)						
Gender	20-30	31-40	41-50	51-60	>60	Total
Men	1	10	31	29	6	77
Women	4	13	13	9	/	39
<b>Total</b>	<b>5</b>	<b>23</b>	<b>44</b>	<b>38</b>	<b>6</b>	<b>116</b>

DISTRIBUTION OF EMPLOYEES BY AGE GROUP (2018)						
Gender	20-30	31-40	41-50	51-60	>60	Total
Men	2	8	28	30	9	77
Women	3	10	14	10	/	37
<b>Total</b>	<b>5</b>	<b>18</b>	<b>42</b>	<b>40</b>	<b>9</b>	<b>114</b>

DISTRIBUTION OF EMPLOYEES BY AGE GROUP (2017)						
Gender	20-30	31-40	41-50	51-60	>60	Total
Men	/	11	24	37	8	80
Women	3	13	13	7	/	36
<b>Total</b>	<b>3</b>	<b>24</b>	<b>37</b>	<b>44</b>	<b>8</b>	<b>116</b>

EMPLOYEES TURNOVER				
Year	Terminated contracts	New contracts	Hiring rate <sup>5</sup>	Termination rate <sup>6</sup>
2019	11	14	12.06%	9.48%
2018	7	5	4.38%	6.14%
2017	8	17	14.65%	6.89%

LEVEL OF EDUCATION OF EMPLOYEES BY GENDER (2019)						
Gender	Degree		Diploma		Other types of certificates	
	2019	2018	2019	2018	2019	2018
Men	18	17	23	25	36	35
Women	15	11	23	24	1	2
<b>Total</b>	<b>33</b>	<b>28</b>	<b>46</b>	<b>49</b>	<b>37</b>	<b>37</b>

<sup>5</sup> The hiring rate is obtained by dividing the number of contracts activated in the year under consideration by the total number of employees employed by the Company as at 31 December of the same year and expressing the value obtained as a percentage.

<sup>6</sup> The termination rate is obtained by dividing the number of contracts terminated in the year under consideration by the total number of employees employed by the Company as at 31 December of the same year and expressing the value obtained as a percentage.

## ▪ Health and safety

Also by virtue of its activities, the Group has always considered the issues of health and safety at work and the prevention of accidents and occupational diseases as fundamental themes of its work.

For this reason, the diffusion of the corporate internal health and safety culture at all organisational levels and the constant propensity to continuously improve the behaviour and procedures followed are an essential objective for the Group.

Although the individual **number of accidents** occurring each year within the Group does not, as such, provide a complete and exhaustive overview of the efficiency of prevention and protection activities, it is one of the data to assess the progress of safety management in a company.

In addition to this figure, Ambienthesis S.p.A. and La Torrazza S.r.l. use the following two indicators to monitor the trend of accidents:

- ✓ **the Frequency Index**, given by the formula:  $[(\text{No. of accidents}/\text{No. of hours worked}) \times 1,000,000]$ ;
- ✓ **the Severity Index**, given by the formula:  $[(\text{No. of days of accident}/\text{No. of hours worked}) \times 1,000]$ .

While the Frequency Index measures the accident trend in relation to the number of cases reported per million hours worked, the Severity Index expresses the severity of accidents at work on conventional lost days per thousand hours worked.

ACCIDENTS AND HOURS WORKED									
	Men			Women			Total		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
No. of accidents at work	3	4	1	0	1	0	3	5	1
No. of commuting accidents	0	0	0	0	0	0	0	0	0
Number of lost working days due to accident	47	69	119	0	7	0	47	76	119
No. of lost working hours due to illness	5,752	5,530	2,715	596	1,214	927	6,348	6,744	3,642
Total number of deaths at work	0	0	0	0	0	0	0	0	0
Total number of hours worked	139,020	137,856	130,308	64,235	62,694	62,679	203,255	200,550	192,987
Total number of overtime hours	10,877	7,208	4,781	4,062	3,538	2,993	14,939	10,745	7,774
<b>Frequency Index</b>	<b>21.58</b>	<b>29.02</b>	<b>7.67</b>	<b>0</b>	<b>15.95</b>	<b>0</b>	<b>14.76</b>	<b>24.93</b>	<b>5.18</b>
<b>Severity Index</b>	<b>0.34</b>	<b>0.5</b>	<b>0.91</b>	<b>0</b>	<b>0.11</b>	<b>0</b>	<b>0.23</b>	<b>0.38</b>	<b>0.62</b>



Over the last few years, no employee of the Group has fallen ill with any work-related diseases. For each of the operating units that fall within the scope of reporting<sup>7</sup>, the **four key figures** according to the **Consolidated Act of Health and Safety at Work (Legislative Decree no. 81/08)** have been identified, i.e. Employer, Prevention and Protection Service Manager (RSPP), Workers' Representative for Safety (RLS) and Medical Officer (the same for all units). Hence, all Group's employees are represented within the dedicated official committees set up to deal with these issues. Every accident (including commuting and minor accidents) involving a worker must be immediately reported to the Personnel Office, which is in charge of informing INAIL (Italian National Institute for Insurance against Accidents at Work), and to the Prevention and Protection Service Manager, who is responsible for storing accident data and statistics.

Pursuant to Article 35 of the Consolidated Act, **Ambienthesis S.p.A. holds an annual meeting of the four key figures mentioned above** to discuss accident indicators and circumstances, as well as any occupational illnesses recorded in the year. To be in line with the Parent Company and allow a shared management of topics concerning health and safety at work, as of 2020, La Torrazza will also voluntarily arrange similar meetings on an annual basis, although it is not required to do so under Legislative Decree no. 81/80.

Ambienthesis S.p.A. itself has recently implemented **procedure PG20 "Analysis of accidents and near-accidents"**, which involves a detailed analysis of these events, also by preparing dedicated forms and submitting the main accident indicators to the Management's review. In order to keep its occupational health and safety management system – already certified under the **OHSAS 18001** standard – in line with the most recent international standards, the process to achieve an upgrade to the new **ISO 45001** standard was launched in late 2019, to be completed by the summer of 2020.

#### ***Focus Box no. 2 – Ambienthesis S.p.A.'s first Safety Day***

On 12 April 2019, Ambienthesis S.p.A. held its first **Safety Day**, attended by staff of remediation and construction divisions.

The event alternated in-depth sessions and team building activities, and gave us the chance to extensively discuss, in an innovative way, issues such as **workers' health and safety, environmental protection** and **communication among functions**. Based on the assumption that the human factor and correct behaviours are the best cross-cutting tools to achieve satisfactory results in these fields, the goal was to share with workers an **approach that is constantly aimed at raising awareness and perceiving risks**, during both day-to-day and extraordinary tasks.

The event also gave us the opportunity to review the main steps of the Group's evolution since the 1990s, and share our growth path for the future.

<sup>7</sup> The five operating units at issue are as follows (see methodological overview at pages 53-54): Segrate headquarters and working sites under its direct control, Orbassano facility, Liscate facility, San Giuliano Milanese facility and Torrazza Piemonte landfill.

## ▪ Remuneration

The Group companies have adopted a general remuneration policy aimed at **attracting, motivating and retaining** resources with the professional qualities required to profitably pursue the Group's strategic objectives. This policy has been developed in such a way as to align the interests of the various stakeholders and to enable the pursuit of the priority objective to create sustainable value in the medium and long term by consolidating the link between remuneration and individual and company performance.

All Group employees are covered by **national collective labour agreements (CCNL)**. After a certain assessment period, **career advancements** are recognised as the employee's performance increases, so as to make the function performed by the individual employee as consistent as possible in respect of the provisions of the contract.

Even if there is no direct report from the Head of Function, the Personnel Office may still make specific proposals to the Administrative Body for career advancements in the light of the assessments made.

## ▪ Personnel development

Proper business development necessarily involves enhancing the role of all employees within the Organisation. Using the tools of training and assessment of staff potential and performance, it is possible to define appropriate career paths for individual resources. These are growth processes that are implemented over time and that, if carried out systematically and consistently, lead to the creation, for each area of the Company, of internal resources with high soft and hard skills.

Overall, Training enables the Group to effectively cope with changes in a sector that increasingly requires multidisciplinary knowledge and the ability to offer technologically advanced solutions. For this reason, in some cases, **attendance bonuses** are paid to workers who voluntarily choose to attend optional training sessions. At the moment, all staff employed at the Orbassano facility are potentially eligible to receive these types of bonuses, with the exception of executives and two sales agents (totalling 51 resources).

Training initiatives in which employees of the entire Greenthesi Group (and, therefore, the employees of the Ambienthesi Group) participate are **managed at a central level** and may be grouped into **five main categories**:

- ✓ **Training funded by FONDIR** – specialised courses dedicated to executives and part of an inter-company training programme that also involves the other main companies of the Greenthesi Group<sup>8</sup>. Participation in these courses can also be extended to other collaborators as audience;
- ✓ **Training funded by FONDIMPRESA** – compulsory and non-compulsory courses for all employees except executives. Also in this case, an inter-company plan is presented, which involves the companies Ambienthesi S.p.A., Gea S.r.l., Greenthesi S.p.A. (Formerly Green Holding S.p.A.), Indeco S.r.l. and Rea Dalmine S.p.A.;
- ✓ **Non-funded (fee-based) training** – this category includes compulsory courses on topics such as safety and privacy, as well as training activities in the area of CFP credits for employed professionals enrolled in professional registers and other specific types of professional courses;
- ✓ **Internal training** – these are essentially courses organised internally by employees who meet the requirements of trainers on general and specific safety issues. This category also includes refresher courses focussing on the various management software used by the Company;

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<sup>8</sup> Gea S.r.l., Greenthesi S.p.A. and Rea Dalmine S.p.A.

- ✓ **Free training** – seminars of various kinds organised by industry associations such as Assolombarda and Confindustria.

The **quality of the training programmes** developed by Greenthesi Group is recognised by the so-called *Fondi Interprofessionali*. For instance, in 2019, the training programme called “DRIVING – Digitisation, Image Makeover and New Communicative Vision at Green Holding” was approved by FONDIR with the highest available score.

In general, in 2019, training hours decreased (both in absolute terms and with reference to the average number of hours per employee) compared to the previous year. This is due to the completion of an important initiative that, in 2018, allowed to train most of the Group’s personnel on the new administrative and management software. However, **in 2019, greater attention was paid to the implementation of dedicated training programmes** aimed at developing role-specific skills for each employee.

NUMBER OF TRAINING INITIATIVES			
	2019	2018	2017
Number of courses provided	104	72	64
Number of training hours	3,414	4,659	3,122
Average training hours per employee	30	41	30

EMPLOYEE TRAINING BY CLASSIFICATION AND GENDER (2019)						
Classification	Men			Women		
	Training hours	Average number of employees	Training hours per employee	Training hours	Average number of employees	Training hours per employee
Executives	288.5	3	96	146.5	2	73
Middle managers	227.5	5	45	220.5	2	110
White collars	1,066.5	31	34	819.5	35	23
Blue collars	645	38	1	0	0	0

EMPLOYEE TRAINING BY CLASSIFICATION AND GENDER (2018)						
Classification	Men			Women		
	Training hours	Average number of employees	Training hours per employee	Training hours	Average number of employees	Training hours per employee
Executives	550.5	5	110	336.5	3	112
Middle managers	245	7	35	164	1	164
White collars	1,538	29	53	1,361	33	41
Blue collars	464	36	13	0	0	0

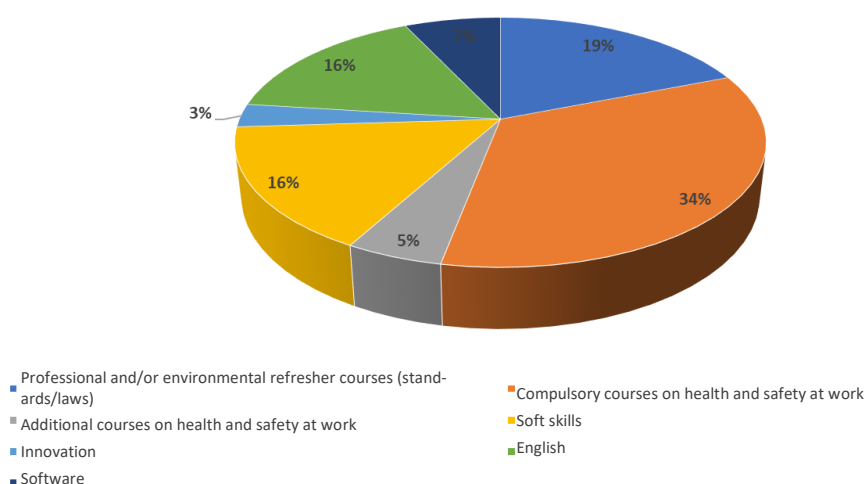
Among the so-called “**hard skills**” on which the Ambientthesis Group’s plans have focussed in 2019, many concern health and safety at work, environmental regulations, project management, risk management, use of new software and the English language. Namely, the main training activities on environmental regulations, addressed to the Group’s technicians, were the **Fir Day** held on 20 May – a day entirely devoted to revise the

basics of proper waste documentation management – and the **awareness-raising session on environmental offences linked to waste management**, held on 13 December by an authoritative forensic technician.

On the other hand, the enhancement of “**soft skills**” was especially facilitated by initiatives in the framework of the renaming and rebranding process involving the whole Greenthesi s Group (see Focus Box no. 4 on the matter). In this case, efforts focussed on developing skills such as communication, creativity, problem solving and team building.

TRAINING HOURS BY TYPE OF COURSE (2019)		
Type of course	Training hours per category	Percentage of the total
Professional and/or environmental refresher courses (standards/laws)	636	19%
Compulsory courses on health and safety at work	1,142	34%
Additional courses on health and safety at work	184	5%
Soft skills	544	16%
Innovation	112	3%
English	556	16%
Software	240	7%
<b>TOTAL</b>	<b>3,414</b>	<b>100%</b>

TRAINING HOURS BY TYPE OF COURSE (2019)



## ▪ Protection of Human Rights

Although respect for human rights is guaranteed by current legislation, **the Group companies demonstrate their commitment along the entire value chain** through the following actions:

- ✓ adherence to the principles of the **Code of Ethics** (adopted by the Parent Company and also endorsed by the other companies) which, in the area of human rights, deals above all with issues such as individual freedom, equality and fairness, integrity, confidentiality and the protection of privacy;
- ✓ in the procedure relating to the **management of suppliers**, provision for adherence (before supply) to the Group's ethical requirements, with consequent control and monitoring activities during the supply of products/services;
- ✓ **information and training for all personnel** on procedures and policies concerning human rights.

## ▪ Anti-corruption

The Parent Company Ambienthesis S.p.A. has identified in its **Code of Ethics**, adopted in 2007 in its first version, the set of ethical values that inspire it in the exercise of its activities, as well as the guiding principles to which the conduct and the work of both its employees and all those who cooperate and collaborate with the Company in various ways for the pursuit of its mission must conform.

The Parent Company has also adopted since 2007, keeping it updated over time, its **Organisational, Management and Control Model pursuant to Legislative Decree no. 231/2001** (the "Decree"), which contains the set of procedures, rules and controls aimed at preventing, stopping and combating any risk to commit the offences covered by the Decree (including corruption, both public and private, false accounting, money laundering, violation of health and safety at work regulations, environmental crimes, etc.).

Similarly, Bioagritalia S.r.l. and La Torrazza S.r.l. have not only endorsed the Code of Ethics of the Parent Company, but have also adopted and implemented their own Organisational Model, also appointing their own Supervisory Body.

## ▪ Work-life balance and corporate welfare

It is common knowledge within the Ambienthesis Group that the programmes aimed at improving the workers' welfare and quality of life are key to **consolidate their sense of belonging** and **strengthen their trust** in the Group.

Below are **some of the initiatives implemented in this field**:

- ✓ **corporate accommodation** provided to employees living far from their workplace;
- ✓ flexibility in **granting holiday time abroad** to non-EU employees or employees with special needs;
- ✓ **paid leaves** guaranteed to all employees who need to undergo specialist medical examinations;
- ✓ as far as meals are concerned, **canteen serving free meals to all workers at the Orbassano plant** and **daily meal vouchers** provided to all staff at the other local units;
- ✓ **special arrangements** with a leading Credit Institution (in this case, employees who join the programme can reduce their current account fees) and with other parties (dental clinic, car dealer);
- ✓ **flexible work start time**;
- ✓ supplementary contribution of Euro 300 paid in the **Fonchim** fund (supplementary pension fund for chemical and pharmaceutical industry workers and the like) for each of the 55 workers with Chemical CCNL at the Orbassano plant.

To deal with the health emergency arising from the spread of Covid-19 in the early months of 2020, a dedicated **remote work programme** was launched for all employees in the sites of Segrate and Orbassano that qualify as “executives”, “middle managers” and “white collars”. Given the nature of the tasks performed by blue collars and technicians at the plants, remote working could not apply to all of the Group’s staff. In order to further improve the work-life balance of its employees, the Group is also considering to extend the term of remote working agreements beyond the emergency period, following an internal audit of processes to make sure that corporate operations are not jeopardised.



## Ambienthesis and the customers

In order to develop services that are always able to meet the needs of its customers, the Group companies have adopted specific management systems certified according to the standards **UNI EN ISO 14001:2015** and **UNI EN ISO 9001:2015**. In particular, the adoption of a **UNI EN ISO 9001** certified management system allows the companies not only to monitor the effectiveness, efficiency and flexibility of their activities, but also to adapt promptly to the needs of a constantly evolving market. Moreover, the model used maximises the effectiveness of communication processes both within companies and between them and their customers.

### ▪ Customer relations in the field of waste treatment and disposal

With reference to the services offered for the treatment and disposal of waste, the Group's objective is to provide effective solutions for each type of waste treated and to ensure that these solutions always meet strict requirements in terms of safety, regulatory compliance and environmental protection.

The correct functioning of commercial relations between the Group's plants and their customers is guaranteed, from the start, by specific **waste acceptance procedures**: for the different types of waste for which the plants are authorised, adequate characterisation analyses and/or description sheets of the materials to be treated are requested in advance, thus defining the correct methods of treatment or final disposal. After processing such information, **each customer is assigned to a sales manager** to whom specific reference should be made for any commercial, technical, regulatory and administrative requirements. These staff act as key account managers in customer relations and work in close cooperation with technical experts and back-office clerks to develop targeted and integrated solutions that are satisfactory for all the parties involved.

In the current market scenario, characterised by the lack of adequate infrastructure for the final management of industrial waste, the guarantee of a service provided **on a continuous basis** is a key aspect for customers. The Group is committed to meeting this need not only through the use of its various plants, but also by entering into new commercial agreements with strategic partners. Furthermore, in order to provide customers with all assurance they need, the Group often invites them to visit its own plants, and the plants managed by external partners with which it cooperates.

In addition to being constantly monitored by sales managers, the **level of customer satisfaction** in relation to the activities carried out by the Group is regularly assessed also by means of ad hoc questionnaires.

All complaints submitted by customers or third parties are classified as "**nonconformities**" by the management system and handled by designing and carrying out short and medium-term actions:

- ✓ first, appropriate action plans are designed and implemented to solve the existing issue;
- ✓ at the same time, the Group develops corrective actions to remove the causes of misalignment with the management system.

### ▪ Relations with customers in the context of remediation activities

The consolidated relations with historical customers and the considerable attention paid to continuous commercial development make Ambienthesis highly regarded with reference to environmental initiatives that include the remediation of polluted sites, the safety of disused areas and decommissioning activities. Despite the

general situation of the remediation sector is still marked by uncertain signs of recovery<sup>9</sup>, among the Parent Company's customers are the major industrial groups operating in Italy (e.g. Eni, Enel, Edison, Ilva, Alcoa, Initalia and Saipem).

In order to continuously improve the quality of the service offered to its customers, the Parent Company has developed a strategy based on the achievement of the following **objectives**:

- ✓ **refinement of methods and tools to support the processing of technical and commercial information** provided by customers;
- ✓ **further reduction of intervention times** at customers, supported by optimal procedures for recovery and disposal of waste produced during remediation operations. The efficient organisation of the recovery and disposal activities that the Group's plants can provide in support of the Remediation Sector is a key aspect to stand out among competitors;
- ✓ **strengthening of the technical/design assistance** provided to the customers' top technicians, where it is considered appropriate to increase the efficiency, quality and speed of the professional intervention;
- ✓ **strengthening of the engineering structure** for the design of remediation activities and the search for operational partners to involve;
- ✓ **accurate service customisation** ensured on an operational level by adapting existing procedures to the needs of individual plants or operating sites;
- ✓ **broadening of the range of services provided to customers** by registering for other categories in the National Register of Environmental Managers (ANGA) and therefore improving the operating structure.

Furthermore, a process aimed at gradually replacing some of the machines employed for remediation activities with **cutting-edge machinery** (hybrid equipment), characterised by a low environmental impact when in use, was launched in 2019.

**The Parent Company's staff was also enhanced** by hiring new operators at working sites, as well as managers in charge of job orders and engineers in the Technical Office.

### ***Focus Box no. 3 – The incorporation of B&A Waste Management Co. LLC***

Over the last few years, the Group has increasingly pursued a **progressive internationalisation strategy** aimed, in particular, at spreading its know-how in the GCC Countries' market.

In the early days of 2020, the company **B&A Waste Management Co. LLC was established** as a result of the Joint Venture between Bee'ah Sharjah Environment Co. LLC ("Bee'ah", main operator in the waste management field in the United Arab Emirates) and the UAE company Ambienthesis Middle East DMCC ("ATH ME", fully owned by Ambienthesis S.p.A.), in which Bee'ah holds a share of 51%, and ATH ME a share of 49%.

Through the creation of this new entity, whose activities will cover both waste treatment and remediation, Ambienthesis has been officially recognised as an international operator in the environmental service industry.

<sup>9</sup> More than ten years of contraction in the industrial sector and in the real estate development sector have, as a result, had a negative impact on the remediation sector. Public intervention for the rehabilitation of disused areas, including SInS (Sites of National Interest), was slowed down and economically downsized. A reverse trend has only been observed since the second half of 2017.

## Ambienthesis and its suppliers and partners

As at 31 December 2019, the Group had approximately a thousand active suppliers, almost all of which were located in Italy or within the European Union.

The Group, aware of the key role of the supply chain in achieving its business objectives, considers it necessary not only to have an impeccable and execution-oriented supply chain, but also to have a sustainable, reliable and ethical relationship with its suppliers, based on measurable parameters and on fundamental principles. The Group selects its suppliers with a view to establishing long-term relationships with them, in accordance with the principle of economic, social and environmental sustainability, and also in the light of their **adherence to the values stated in the Code of Ethics and 231 Model** (to which reference is systematically made in contracts) and their ability to perform even better than prescribed by the current environmental and social legislation.

With reference to the strategic approach in relation to supply chain management, the Group has outlined **five priorities** that also integrate environmental and social objectives:

- ✓ use only qualified suppliers;
- ✓ use only materials that have obtained an authorisation for their technical characteristics;
- ✓ develop “commodity strategies” that ensure continuity of supply and availability of the required volume. In particular, the financial health of the supplier and the maintenance of a modest dependence of the Group on specific suppliers are important;
- ✓ guarantee of on time delivery and a high level of quality over time;
- ✓ competitive prices.

The Group has adopted a specific **procurement procedure** for this purpose. In particular, the procurement phase is carried out in accordance with **three basic principles**:

1. ensure maximum participation of the relevant market players, in accordance with the principles of free competition, equal treatment and non-discrimination;
2. procure works and services with a high technological content from highly qualified suppliers capable of providing the appropriate guarantees from the point of view of continuity and timeliness of supply;
3. prefer, where possible, “local” suppliers with respect to the scope of execution, so as to support the development of the territory in the different geographical areas in which the Group operates.

With reference to this, in 2019, **approximately 30% of existing suppliers at each of the five waste treatment and disposal plants** within the scope of reporting **were based in the same province** as the plant in question. The best figure refers to the Bioagritalia plant, where over 50% of suppliers are based in the province of Cremona.

Finally, **when carrying out remediation activities**, Ambienthesis S.p.A. usually qualifies as a main contractor, i.e. as a specialised subject with know-how that makes use of external partners for the execution of the services. In this regard, the Company limits its supply chain to a single, first level of subcontracting; in the relevant orders, further subcontracting is systematically prohibited.

The Group has set up two different offices to manage collaborations with its **main categories of suppliers**: waste transport and disposal companies, on the one hand, and suppliers of all other services, on the other. The **selection of suppliers is a delicate process, especially considering the services of transport and disposal of waste** produced both in the plants owned by the Company and at the customer companies. More in particular, the assessment of the plants of destination is carried out by integrating the analysis of business information and financial data of the company in question with the verification of other aspects, such as the possible possession of voluntary certifications or certain global standing ratings. In some cases, real **audits** are also conducted **within these plants**, in order to assess their reliability and compliance with environmental and personnel safety standards.

Also the **selection of transporters**, managed through a close collaboration between technical managers of the plants, logistics personnel, sales structure and Purchasing Office, is carried out not only with a view to efficiency, but also, and above all, considering the history of the individual candidates.

The **choice of suppliers** of products, machinery and technical services is carried out jointly by the managers of the individual plants and the centralised Purchasing Office. The Group has launched an activity specifically aimed at assessing the **gradual implementation of a new Enterprise Resource Planning (ERP) software** at all operating units, with a view to facilitating real-time and accurate monitoring of the documents drafted by suppliers (availability, completeness and validity), including those related to environmental and social matters (e.g. certifications).

## *Ambienthesis and the community*

### ▪ **Group stakeholders**

The Group recognises as stakeholders all those subjects – institutions, organisations, groups or individuals – with whom it communicates and who, in the perspective of a shared value, can influence the achievement of its objectives or be influenced by the same objectives.

**The identification of the various stakeholders** is made on the basis of the degree of influence that each party has on corporate decisions and the interest that each of these parties manifests in the activities of the Company. These two aspects are also assessed taking into account the presence of legal or contractual obligations and any link with company strategies.

On the basis of these considerations, the Group has identified the following subjects as its **main stakeholders**:

- ✓ Local communities;
- ✓ Employees and families;
- ✓ Media;
- ✓ Local and national authorities and institutions;
- ✓ Suppliers and business associations;
- ✓ Schools and universities;
- ✓ Environmental associations;
- ✓ Scientific community;
- ✓ Professional associations.

**Relations with stakeholders** are based on dialogue, sharing of objectives and transparency. Indeed, with a view to suggesting an image of consistency, boldness and openness, in 2018, the whole Green Holding Group launched a **renaming and rebranding process**, as a result of which it is now called “Greenthesis Group” and has a new payoff (“Think Green, Act Smart”). Since such an extreme transformation, after over 20 years of activity, requires every aspect of communication to be revised and improved, a project called “**Integrated Communication**” was launched at the same time. The initiatives, currently ongoing, has engaged Ambienthesis and the other companies of the Greenthesis Group directly, with a view to setting out a new integrated and shared communication strategy, analysing the current reputational position of the Greenthesis Group, and developing a global image strengthening process. Although some important results have been already achieved, it is considered that it is still too early, in this first phase, to test the actual level of perception and satisfaction of the new brand by internal and external stakeholders.

**Focus Box no. 4 – Initiatives targeted at employees in the framework of the “Integrated Communication Project”**

Among the main goals to be pursued through the Integrated Communication Project, a prominent one is the gradual **consolidation of brand awareness** on the part of all employees.

A number of activities aimed at strengthening the tools to share information and the employees’ sense of belonging across the offices and plants of the Greenthesi Group have been carried out.

For instance, a quarterly **corporate news bulletin** was created in November 2018, which provides updates on the development of the main projects of the various corporate Divisions and publishes pictures and contents written by colleagues, to enhance a sense of sharing, transparency and cross-cutting belonging.

The Integrated Communication Project has also involved a number of **training sessions** aimed at uncovering the strengths of the existing communication tools, and gathering suggestions to improve our approach.

These quarterly sessions, organised and supervised by specialised communication consultants, have covered topics such as digital communication, marketing strategies and communication of sustainability in the world of circular economy.

To make it easier to adapt to the new image of the Greenthesi Group, and especially of Ambientthesis, as far as all elements that require graphical work are concerned, a dedicated **Brand Book** was created, which gathers the guidelines that all employees and any third parties must follow in using the logo.

▪ **The Group’s commitment to the territory**

The activities of the Ambientthesis Group contribute significantly to the development of social and economic systems in the territories where it operates. Indeed, where carried out in a careful and responsible manner, waste treatment and polluted site remediation activities play a key role, not only in **preserving all citizens’ health and safety**, but also in **protecting the environment**, thus ensuring that local communities can continue to benefit from the so-called “ecosystem services<sup>10</sup>” which lie at the heart of all economic and social systems.

There are a number of ways in which the Group companies generate a **positive impact on administrations, families and businesses**. Investments in new projects and the upgrading of existing plants, for instance, are enablers of infrastructure development and employment. When a local supply chain is activated (as a result of a contract being awarded for the clean-up of a polluted site), investments can trigger an increase in workplaces in the area and the creation of jobs of greater added value, which translate into a greater spending capacity for the citizens. Where technical and technological knowledge is appropriate, local suppliers can take a leading role in providing the necessary goods and services to carry out the tasks; if this is not the case, an opportunity may arise to transfer know-how and improve professional knowledge on a local level. Finally, the high technological and business value created by Ambientthesis’ solutions allows for new input linked to proper recovery and management of special waste to be integrated into the local production systems (e.g. use of biological sludges from wastewater treatment in agriculture), as well as favouring, with reference to environmental remediation

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<sup>10</sup> Ecosystem services, as defined in the Millennium Ecosystem Assessment supported by the United Nations and published in 2005, are “the multiple benefits provided by ecosystems to humans”. Namely, ecosystem services are grouped into four broad categories:

- ✓ Supporting (such as nutrient cycles, soil formation, etc.);
- ✓ Provisioning (such as the supply of oxygen, drinking water, raw materials, etc.);
- ✓ Regulating (such as the control of climate and tides, self-purification of water, plant pollination, etc.);
- ✓ Cultural (such as educational and recreational opportunities, etc.).

and rehabilitation, future developments in restored territories by giving them high economic, environmental and social value.

**Focus Box no. 5 – Responsible management of the Barricalla landfill**

From this perspective, the responsible management model adopted at the **landfill managed by Barricalla S.p.A.** (35% owned by Ambienthesis S.p.A.) is worth noting. Over the years, it has become the main Italian landfill for hazardous and non-hazardous special waste (over 130,000 tons of special waste treated annually). In its thirty years of activity, the plant has been able to become a cutting-edge facility and to set an example for all professionals in the sector, never generating any criticality in the territory, but rather establishing fruitful collaborations and opening up to the external context. The first two lots of the plant, which have been exhausted for some time, have been transformed into **photovoltaic hills**, something that will also happen to the third and fourth cells. In this way, the landfill can be transformed, lot after lot, into an actual renewable energy farm.

Furthermore, it is customary for Barricalla S.p.A. to hold **meetings and conferences** in partnership with other local Bodies (Universities, Associations, etc.), focussing on waste disposal. Namely, in 2019, the following conferences took place:

- ✓ **The hidden treasure – The invisible value of waste**, on 26 March at Centro Congressi Unione Industriale Torino (Turin);
- ✓ **Special waste: the European vision – Comparing experiences**, on 07 October at the Polytechnic of Turin's Energy Center.

The development of local communities is pursued, as well as by means of business decisions, through the implementation of **ad hoc actions in the field of corporate social responsibility**. The Ambienthesis Group strongly believes in the voluntary responsibility it assumes towards a wide range of social partners, also in relation to the territory and the community in which it operates, in a manner that is constant and consistent with its founding values. In fact, it has always been committed to supporting concrete cultural and educational initiatives aimed both at promoting different forms of art and culture, and at enhancing the value of people and enriching the experiences of individuals. In recent years, the Group has pursued a strategy of sponsorship and donations that, in addition to supporting projects and initiatives that are socially useful for the benefit of the communities around its plants, also focusses on the theme of **environmental education** and covers the introduction of educational projects in schools.

At the Ecomondo trade fair in Rimini, for instance, the Group was a guest at the stand of Confindustria Cisambiente (an association of which the Parent Company is a member, and in which Giovanni Bozzetti<sup>11</sup> serves as Foreign Area President) and presented the project **Circular Economy at School**, then launched in January 2020. This is an environmental education programme sponsored by the Ministry for Environment, Land and Sea Protection (MATTM) targeted at secondary schools in the communities where the Ambienthesis Group operates, aimed at raising the awareness of younger generations on how closely connected the waste cycle is with industrial production and the lifestyle of citizens of the future. On 11 October 2019, the award ceremony of **three scholarships** of Euro 1,000 was held, offered by Ambienthesis S.p.A., in cooperation with the Polytechnic of Turin and the Municipality of Orbassano, to young residents that had graduated in 2018 with a dissertation on environmental and land protection topics ("Environment and Land Award").

The Group understands the professional growth of young people as a strength that companies cannot ignore and a lever to pursue the creation of a business model that is not only able to respond to the changing dynamics of the context in which it operates, but that is also environmentally sustainable and aimed at the protection and safeguarding of the environment. In general, and mostly thanks to the proactivity and generosity of many employees, **exchange activities with schools, universities and training centres** grew in 2019. This is exempli-

<sup>11</sup> Chairman of the Board of Directors of Ambienthesis.



fied by the presentations of Ambientthesis' cutting-edge leachate purification plant for removal of PFAS<sup>12</sup>, given by the Group's Chief Technological Officer (CTO), Eng. Roberto Zocchi, to the students of the RIDEF Master (Renewable Energy, Decentralisation, Efficiency and Strong Sustainability) of the Polytechnic of Milan and at a conference held at Centro Congressi FAST in Milan.

***Focus Box no. 6 – Opening the Orbassano plant to the public for the “Open Plants” initiative***

On 08 June 2019, Ambientthesis and the other companies of the Greenthesi Group held “**Open Plants**”, an event aimed at increasing the awareness as well as reinforcing the responsibility of citizens (especially younger ones) on waste and circular economy.

In the framework of the initiative, held only a few days after the **World Environment Day** (05 June), many citizens have had the chance to safely visit the Orbassano multifunctional platform and participate in the tours guided by the plant's specialised technicians.

During the day, Professor Maurizio Onofrio (a member of the School of Environmental, Land and Infrastructure Engineering at the Polytechnic of Turin) held a speech on the state of special waste in Italy, followed by a buffet of local food selected from the excellences of the territory and Slow Food products.

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<sup>12</sup> The acronym PFAS refers to a set of substances classified as “perfluoroalkyl acids”, i.e. a family of chemical compounds mostly used in the industrial field and one of the main contaminants in the aquifers of many Italian regions.



## Ambienthesis and the environment

The Group considers the environment to be of primary importance, placing it at the heart of its mission and vision. The protection, safeguarding and preservation of the environment are an integral part of the Group's history and go beyond mere regulatory compliance.

The Group companies are committed not only to applying the highest standards in the field of environmental protection, but also to ensuring a proactive attitude by retaining their own certifications and to pursuing the continuous improvement of their environmental performance through the application of the best available technologies.

They work to offer their customers the most advanced solutions for the treatment and recovery of industrial waste and polluted sites, with a view to safeguarding economic growth and maintaining the balance of ecosystems. Wherever possible, every intervention that the Group companies are asked to carry out is primarily aimed at **regeneration** (consider, for example, the recovery of polluted sites so as to allow their redevelopment).

Aware of its **social function** deriving from the performance of rehabilitation and waste treatment activities, the Group is committed to protecting the environment, giving new life to areas that would otherwise be unusable and guaranteeing a sustainable and safe future for the next generations. Every Group company firmly believes that the environment is a fundamental right and its protection a duty.

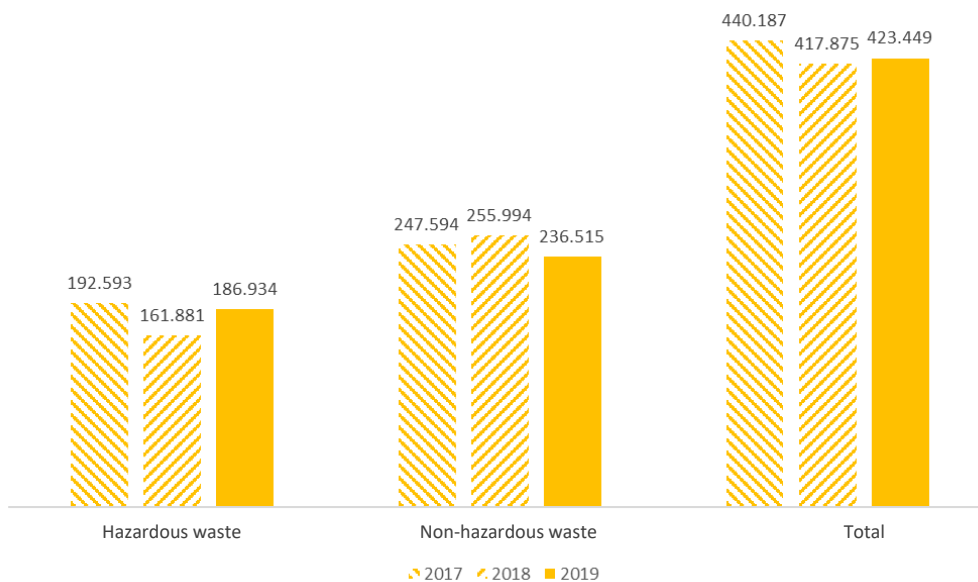
### Waste produced and managed by the Group

The Group companies manage both their own waste and waste produced by other bodies and communities by following the principles of prevention, sustainability and safety, according to an approach aimed at ensuring, on the one hand, the effectiveness of treatment and disposal processes and, on the other hand, the protection of the environment and compliance with current national and local regulations.

In 2019, **our own plants** treated a total of 423,449 tonnes of waste (+1.3% compared to 2018), of which 186,934 tonnes of hazardous waste (+15.5% compared to 2018 and 44.1% of the total) and 236,515 tonnes of non-hazardous waste (-8.2% compared to 2018 and 55.9% of the total).

The following tables show the **different types of hazardous and non-hazardous waste generated within the plants** in the last three years.

#### WASTE MANAGED BY GROUP PLANTS (tons)



MAIN TYPES OF HAZARDOUS WASTE PRODUCED WITHIN THE PLANTS (t) <sup>13</sup>			
Type of waste	2019	2018	2017
Miscellaneous hazardous waste from laboratory analysis and maintenance	0.6	5.5	0.5
Activated carbon	53.0	85.0	138.0
Laboratory chemicals consisting of or containing hazardous substances	0.1	0.1	0.0
Laboratory washing waters	0.2	0.4	0.0
Packaging containing or contaminated with hazardous substances	5.5	3.0	32.0
Other waste (including miscellaneous materials) from mechanical treatment of waste containing hazardous substances	45.0	00.0	0.0
Waste containing other hazardous substances	11.0	0.0	0.0
<b>TOTAL</b>	<b>115.4</b>	<b>94.0</b>	<b>170.5</b>

MAIN TYPES OF NON-HAZARDOUS WASTE PRODUCED WITHIN THE PLANTS (t)			
Type of waste	2019	2018	2017
Biological sludges	6,132.0	5,944.0	5,586.0
Chemical sludges	1,593.0	1,617.0	1,697.0
Sands	3,248.0	2,432.0	2,728.0
Sieve and bulky waste	626.0	691.0	670.0
Landfill leachate free of hazardous substances	211.9	207.6	114.4
Leachate	16,532.6	25,634.4	19,474.1
Non-specified waste	19,314.8	20,449.0	21,625.3
Wooden packaging	351.7	95.0	76.0
Iron and steel	15.4	64.0	26.0
Aqueous waste solutions free of hazardous substances	61.0	290.9	376.4
Paper or cardboard packaging	0.0	0.7	0.0
Glass	88.0	0.0	0.0
Non-ferrous materials	3.0	0.0	0.0
Mixed packaging	12.0	0.0	0.0
<b>TOTAL</b>	<b>48,189.4</b>	<b>57,425.6</b>	<b>52,373.2</b>

<sup>13</sup> Until 2018, the quantity of hazardous and non-hazardous waste produced at the San Giuliano plant was considered negligible for the purposes of this report and, for that reason, the figures concerning that plant are only included as of 2019.

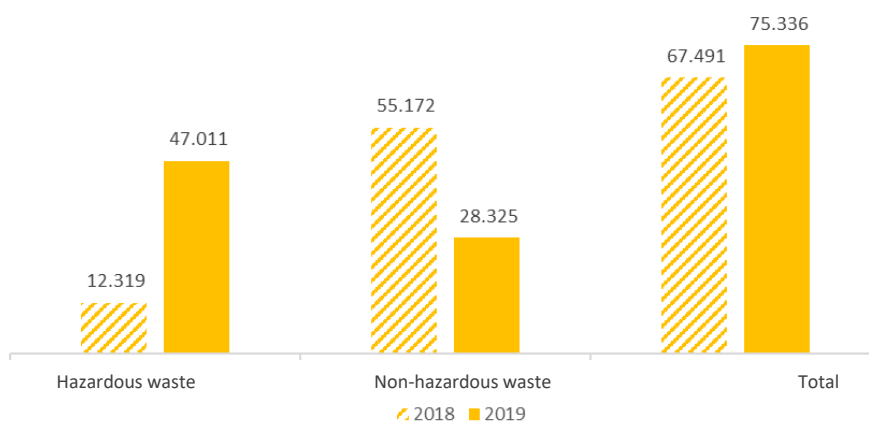
The **remediation activities** carried out by the Parent Company are also connected to the production of different types of waste, which, in accordance with each specific remediation project, can be confined and managed on site or transported to specialised treatment and disposal plants.

In the case of off-site disposal, the Company favours direct delivery to final plants (short supply chain), to recovery plants (greater sustainability) and to plants close to the intervention site (lower environmental impact), always in compliance with the homologation technical specifications of each destination plant.

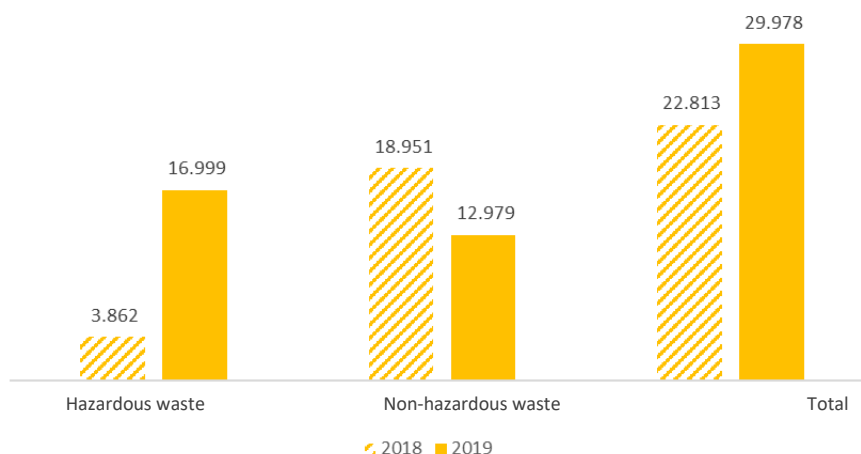
In 2019 the Company managed a total of almost 75,340 tons of waste at its remediation sites (+12% compared to 2018), of which about 47,011 tons of hazardous waste (+282% compared to 2018) and 28,325 tons of non-hazardous waste (-49% compared to 2018)<sup>14</sup>.

In particular, the Company was classified as producer/holder of the same waste for about 30,000 tons (approximately 17,000 tons of hazardous and 13,000 tons of non-hazardous waste).

### WASTE MANAGED DURING REMEDIATION ACTIVITIES (tons)



### WASTE PRODUCED DURING REMEDIATION ACTIVITIES (tons)



<sup>14</sup> The significant changes in the quantities of hazardous and non-hazardous waste managed by the Parent Company compared to 2018 are due to the natural evolution of environmental rehabilitation activities carried out at the sites. The types of waste to treat change substantially from a site to the other, and as remediation works progress (within the same site).

As far as remediation activities are concerned, the main interventions in which Ambienthesis S.p.A. is involved at the moment are:

- ✓ **rehabilitation of the former Pasquini industrial site in Legnago (Verona), on behalf of Edison**, by installing appropriate provisional structures and then removing buried hazardous waste;
- ✓ **pilot test of potentially applicable environmental rehabilitation technologies at the former Ilva former Italsider site in Bagnoli-Coroglio (Naples), on behalf of Invitalia**, by means of laboratory tests and industrial-scale tests on soil washing and thermal desorption<sup>15</sup> (Site of National Interest);
- ✓ **relocation of the riverbed of the Marmazza stream and drainage work upstream of the water table of the Syndial site near Pieve di Vergonte (Verbania)**, which constitutes a preliminary intervention for the protection of surface and groundwater, as well as for the preparation of the infrastructural works necessary for remediation of contaminated land within the site itself (Site of National Interest);
- ✓ **removal of waste and contaminated soils from the crater area of the Mantua chemical complex**, which have been accumulated over the years during the operation of the city's petrochemical plant (Site of National Interest);
- ✓ **safety works on the entire former Flucosit site (groundwater + land) in the Municipality of Asola (Mantua)**, aimed at removing about 100,000 cubic metres of land contaminated by volatile hydrocarbons and nitrogen organic substances deriving from the production processes of organic synthesis compounds, after maintaining the hydraulic barrier to protect the groundwater;
- ✓ **safety work and remediation of the former Alumix area located in the Municipality of Portoscuso (Cagliari)**, which involves the removal of about 500,000 tons of industrial waste from the previous production of aluminium, with the construction of a new confined volume that will contain about 300,000 tons, net of the fractions that will be disposed of as a result of the work carried out on site (Site of National Interest);
- ✓ **safety works and remediation of the former Alcoa area located in the Municipality of Portoscuso (Cagliari)**, which involves excavation, disposal and backfilling activities, the construction of structures for the permanent safety of the area, as well as the management of all waste and sewage generated by remediation activities themselves (Site of National Interest);
- ✓ **similar intervention also in the former Alcoa Fusina area in the Municipality of Marghera** (Site of National Interest).

In order to carry out its environmental remediation and rehabilitation activities, the Company uses **modular mobile plants** authorised for the treatment of solid and liquid waste. These mobile plants make it possible to carry out on-site rehabilitation work, i.e. at specific site areas, and using this machinery allows to significantly contain the environmental impact of the work and to reduce off-site disposal, transportation and supply of clean soil from quarries. This type of equipment includes, for instance, **the soil washing plant** and **the soil vapour extraction plant** to remove contaminated materials from the soil<sup>16</sup>.

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<sup>15</sup> This technique aims at purifying polluted soil through heat, in order to increase the volatility of contaminants to be removed and separate them from their solid matrix.

<sup>16</sup> The soil washing technique allows to effectively wash the substrate to be treated with water, aqueous solutions of surfactants, bio-surfactants or organic solvents. On the other hand, soil vapour extraction is carried out by means of extraction units that remove organic contaminants from the soil. This technique can be applied in densely populated areas too, since it does not require large excavations and has near-zero environmental impact.

## ▪ Electricity and fuel consumption

In 2019, the Ambienthesis Group's **total electricity consumption** was approximately 25,500 GJ<sup>17</sup>. In the past few years, the reduction of environmental impacts linked to energy consumption and resulting emissions of pollutants and GHG to the atmosphere has been a key objective in the environmental policy pursued by the Greenthesis Group as a whole, which, since 2019, **uses electricity from renewable sources only**.

Also at the Ambienthesis Group's level, actions continued with a view to maximising efficiency in using electricity at the various remediation sites and waste treatment and disposal plants. Namely, **energy audit** activities continued on electricity flows on a corporate level and at each plant, in order to design appropriate consumption reduction programmes by **replacing higher-impact machinery and engines** with more recent and high-performing solutions.

**Significant results** have been recorded in 2019 following the adoption of a similar approach – at the Liscate plant, for instance, the electricity required to treat a given quantity of wastewater has decreased significantly (13.2 kWh per cubic metre of wastewater vs 14.8 kWh in 2018). Although consumption also depends on the concentrations of pollutants in the substances to be treated, a large portion of the change recorded from one year to the next one is actually ascribable to the energy efficiency measures adopted at the facility.

Always with a view to pursuing constant renewal and technological improvement, in November, **the installation of a modern trigeneration plant was completed at the Orbassano facility**. This plant, composed of a cogeneration engine fuelled by natural gas combined with a refrigeration system, enables to produce electricity to support the production cycles of the facility, as well as thermal energy useful both for the overall efficiency of the waste processing cycle in the biological sector and for the air conditioning of offices and laboratories. Since this new plant is in full operation, the facility is essentially energy self-sufficient.

**Finally, in 2019, about 14,558 GJ of fuel were consumed**<sup>18</sup>. As per the following pie chart, most of this consumption (approximately 10,392 GJ) refers to **natural gas** for heating offices and changing rooms for employees, while the remainder is **fuel (mostly diesel) purchased** to feed machinery in use at the plants. In particular, about 92% of fuel consumption occurred at the Orbassano facility.

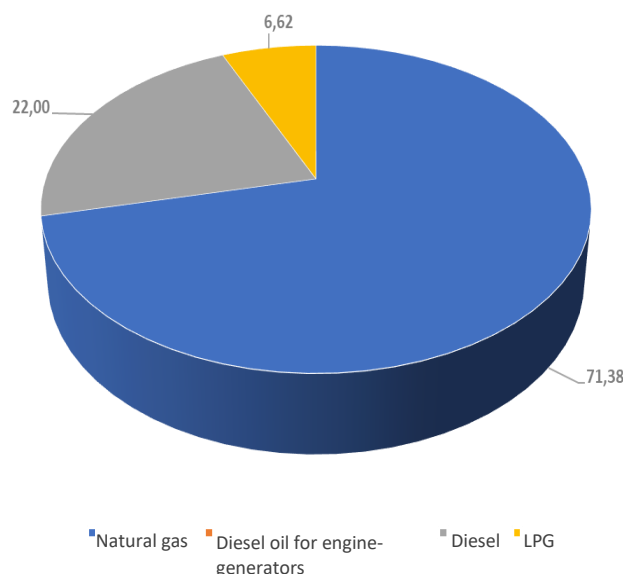
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<sup>17</sup> This figure is, to some extent, an estimate. As a matter of fact, in 2019, the plant of Bioagritalia underwent a number of expansion works as a result of which, in September, the power supply system was converted from low voltage to medium voltage. At the time of publishing this report, final electricity data for the last four-month period are not available yet; we have therefore considered it prudent to estimate a 25% consumption increase over the previous year.

Moreover, the emergency arising from the spread of Covid-19 in the early months of 2020 prevented us from timely collecting and processing energy consumption data at remediation sites. Based on the historical trend of previous years, it has been possible to assume that they accounted for approximately 5% of the aggregate Group consumption.

<sup>18</sup> Please note that this value does not include consumption of fuel for environmental remediation and rehabilitation activities. Also in this case, the deviation is due to the hindrance caused by the health emergency arising from the spread of Covid-19 as data collection and processing activities were ongoing.

## BREAKDOWN OF FUEL CONSUMPTION AT TREATMENT AND DISPOSAL PLANTS



### Water consumption

The Group promotes the sustainable use of water resources and, to this end, the applicable systems for reducing the consumption of drinking and non-drinking water are constantly evaluated.

For instance, at the Liscate local unit, **purified water from the plant is reused** as many times as possible for different purposes (e.g. washing machinery and equipment), in order to gradually reduce withdrawals from the well. Again in order to foster a responsible use of the resource, a number of **water meters** have been installed over the years, which allow to map and monitor well water consumption in the different sections of the plant. A similar monitoring activity is systematically performed at the Orbassano plant, based on the installation of dedicated meters at the various withdrawal lines and the preparation of an accurate **water balance at plant level** on a quarterly basis.

Taking into account all waste disposal and treatment plants within the scope of reporting, the **total water consumption** in 2019 was 94,827 cubic metres of water<sup>19</sup>. This value does not account for water volumes consumed at remediation sites, which are considered negligible given the absence of water-consuming activities.

WATER WITHDRAWALS BY SOURCE (m <sup>3</sup> )			
Source	2019	2018	2017
Aqueduct water	6,113	8,500	5,105
Well water	26,539	26,142	28,333
Surge tank	62,175	52,167	54,375
<b>TOTAL</b>	<b>94,827</b>	<b>87,202</b>	<b>88,057</b>

The **wastewater** produced by the Group's own plants is released directly into the municipal sewerage system and is periodically subject to compliance and acceptability inspections of the relative characteristic parameters.

<sup>19</sup> Until 2018, water consumption at the San Giuliano plant was deemed negligible for the purposes of this report. Now, however, such consumption is covered by the 2019 report.

## ▪ Direct and indirect emissions

**Direct emissions of CO<sub>2</sub> and other GHG to the atmosphere** from waste treatment and disposal plants managed by the Ambienthesis Group are essentially due to consumption of natural gas for heating and fuel to feed machinery (on the matter, see the section “Electricity and fuel consumption”)<sup>20</sup>. These emissions, totalling about 800 tons of CO<sub>2</sub> equivalent in 2019 and almost entirely generated by the Orbassano plant, are going to progressively decrease over the next years thanks to the gradual replacement (already started) of the Company’s equipment with cutting-edge hybrid machinery.

Moreover, the choice of the Greenthesis Group to **use electricity from renewable sources only** has enabled all Group companies to bring their indirect so-called “scope 2” GHG emissions to zero starting from 2019. Taking into account the scope of reporting (Ambienthesis Group), emissions saved in the last financial year totalled almost 2,096 tons of CO<sub>2</sub> equivalent<sup>21</sup>.

As far as **emissions of other volatile substances** from environmental rehabilitation and waste treatment and disposal are concerned, the main initiative completed in 2019 relates to the new **Regenerative Thermal Oxidizer (RTO)**, which was put into full operation at the Orbassano facility. Through this system, it is possible to thermally treat the emissions of organic volatile compounds captured by the various operating lines of the plant. This type of plant, whose technology is qualified as BAT – Best Available Technology – in the sector, essentially consists of a combustion chamber combined with a regenerative heat exchanger with ceramic masses. It allows all volatile organic substances in gaseous form to be burned even at low concentrations, optimising heat recovery and minimising both the consumption of primary energy sources and emissions from the plant. The Orbassano site itself and, to a lesser extent, the operating units of Liscate and Bioagritalia were also involved in a **general revamping of the equipment used for reducing air pollutant emissions**, which has led to the installation of new biofilters and scrubbers.

## *The Group’s approach to innovation*

Innovation, both in terms of service and process, is a fundamental factor in the Group’s strategy. Its member companies aim to constantly improve and update their plants and services in order to remain competitive in ever evolving sectors.

The Group’s mission is to **innovate and improve the efficiency of its service management models**, in the wake of Industry 4.0, by adopting processes and technologies increasingly directed towards automation and inter-connection, seeking new approaches in the way of designing and delivering the services themselves and exploiting all the opportunities that new technologies offer to ensure respect for social and environmental aspects.

Consequently, it is increasingly crucial to combine quality and efficiency, elements that have always distinguished the services of the Group companies, with the constant search for economic, social and environmental sustainability. Hence, our commitment to **try innovative techniques**, developed in close cooperation with business partners and/or research Bodies. The projects described below are a proof of this.

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<sup>20</sup> The lack of accurate data on fuel consumption at remediation sites during the reporting period prevented us from calculating direct emissions from environmental rehabilitation activities (see also footnote no. 18)

<sup>21</sup> This value was calculated using the emission factors published by the Italian National Institute for Environmental Protection and Research (ISPRA) in 2019.



### ***Focus Box no. 7 – Trials for using graphene***

In 2019 Ambienthesis and **Directa Plus S.p.A.**, one of the world's leading producers of graphene, continued their collaboration aimed at developing and promoting on the market products, plants and services for the treatment of waste and for the remediation of soils, groundwater and industrial water based on the use of products containing graphene as an absorbent base.

This activity has been carried out at the multifunctional platform of Orbassano, where an experimental plant for the treatment of water using graphene was installed. In particular, the Parent Company has taken care of the experimental tests (on a number of polluted water matrices) and data analysis in order to **assess the applicability on an industrial scale of the use of graphene** in the field of waste treatment and remediation activities.

The investigations carried out in 2019 have led to **excellent results** in terms of capacity to treat water contaminated with substances such as oils, polycyclic aromatic hydrocarbons (PAHs) and benzene. Furthermore, the approach has showed good potential in treating hydrocarbon-contaminated soils. The **goal for 2020** is to carry on with pilot tests on other matrices, and move on to designing the first industrial-scale interventions, if the outcomes of all tests performed are positive.

### ***Focus Box no. 8 – Innovation projects in cooperation with universities and research centres***

Also throughout 2019, the Group has continued to collaborate with the University of Salerno, the Polytechnic of Milan and the Ronzoni Research Institute of Milan to carry out **research projects in the field of the circular economy** and the **enhancement of renewable sources**.

In particular, a collaboration is underway with the University of Salerno for the **conversion of carbon dioxide (CO<sub>2</sub>) into biomethane**. More precisely, this project aims to use carbon dioxide found as a by-product of the process of upgrading of biogas to biomethane in order to transform the same CO<sub>2</sub> into biomethane through a reaction with hydrogen produced by the hydrolysis of water using photovoltaic energy. This would enable to use the carbon dioxide in the biogas produced by the decomposition of the organic matrix of non-hazardous waste placed in the landfill, which is now released directly into the atmosphere.

The Polytechnic of Milan and the Ronzoni Institute, on the other hand, have been working on a project to test the applicability of an exclusively natural material such as **nano-cellulose as an adsorbent material for the removal of micro-pollutants from wastewater**. This partnership has even led to hire a postdoctoral researcher at the Parent Company.

Another partnership was launched with the Polytechnic of Milan, aimed at **identifying sustainable industrial process for phosphorus recovery**. Since the presence of this chemical element in nature will fall dramatically over the next decades, it is important to find viable ways to recover phosphorus before it is released to the environment in concentrations that are too low to recover at sustainable costs. Namely, the research is aimed at assessing the potential recovery of phosphorus from ashes of purification sludges, where 80% of the phosphorus discharged into municipal wastewater is concentrated.

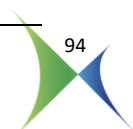
The Group's propensity for innovation is also demonstrated by the awards obtained by Ambienthesis in recent years, such as the VedoGreen Award for "excellence in the treatment of industrial waste", as well as the recognition obtained in the framework of the "Sustainable Development Award 2015", which considered products, services and good practices concerning, among others, issues relating to the circular economy, the collection, management and recycling of waste, the remediation of polluted sites and the recovery of materials.

## Correlation table to the GRI standard

CORRELATION TABLE			
GRI standard title	GRI disclosure number	GRI disclosure title	Page number/Note
GRI 102: General Disclosures – Organisational Profile	102-1	Name of the organisation	Page 2
	102-2	Activities, brands, products and services	Page 14
	102-3	Location of headquarters	Page 15
	102-4	Location of operations	Page 15
	102-5	Ownership and legal form	Page 11
	102-6	Markets served	Pages 17-22
	102-7	Scale of the organisation	Pages 7; 55
	102-8	Information on employees and other workers	Pages 66-69
	102-9	Supply chain	Pages 79-80
	102-12	External initiatives	Pages 80-83
	102-13	Membership of associations	Page 31
GRI 102: General Disclosures – Strategy	102-14	Statement from senior decision-maker	Pages 5-6
GRI 102: General Disclosures – Ethics and integrity	102-16	Values, principles, standards and norms of behaviour	Pages 9; 56-57
GRI 102: General Disclosures – Governance	102-17	Mechanisms for advice and concerns about ethics	Pages 75
	102-18	Governance structure	Page 8
	102-22	Composition of the highest governance body and its committees	Page 8
	102-35	Remuneration policies	Page 72
GRI 102: General Disclosures – Stakeholder engagement	102-40	List of stakeholder groups	Pages 58; 80
	102-42	Identifying and selecting stakeholders	Pages 58; 80
	102-43	Approach to stakeholder engagement	Pages 58; 80
GRI 102: General Disclosures – Reporting practice	102-45	Entities included in the consolidated financial statements	Pages 53-54
	102-46	Defining report content and topic boundaries	Page 53
GRI 102: General Disclosures	102-47	List of material topics	Page 59

sures – Reporting process	102-50	Reporting period	Page 53
	102-54	Claims of reporting in accordance with the GRI standards	Page 53
	102-55	GRI content index	Pages 92-94
GRI 103: Management approach	103-2	The management approach and its components	Pages 56-57
GRI 201: Economic performance	201-1	Direct economic value generated and distributed	Page 64
GRI 201: Economic performance	202-2	Proportion of senior management hired from the local community	Page 67
GRI 203: Indirect economic impacts	203-1	Infrastructure investments and services supported	Pages 81-83
	203-2	Significant indirect economic impacts	Pages 81-83
GRI 204: Procurement practices	204-1	Proportion of spending on local suppliers	Page 79
GRI 205: Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	None
GRI 302: Energy	302-1	Energy consumption within the organisation	Page 88
	302-4	Reduction of energy consumption	Page 88
GRI 303: Water	303-1	Water withdrawal by source	Page 89
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	Page 90
	305-2	Energy indirect (Scope 2) GHG emissions	Page 90
	305-5	Reduction of GHG emissions	Page 90
GRI 306: Effluents and waste	306-2	Waste by type and disposal method	Pages 85-86
GRI 307: Environmental compliance	307-1	Non-compliance with environmental laws and regulations	None
GRI 401: Employment	401-1	New employee hires and employee turnover	Page 69
GRI 403: Occupational health and safety	403-1	Workers' representatives in formal health and safety committees	Page 71
	403-2	Type and rate of accidents, occupational diseases, absenteeism and number of deaths at work	Page 70
GRI 404: Training and education	404-1	Average hours of training per year per employee	Page 73
GRI 405: Diversity and equal opportunities	405-1	Diversity of governance bodies and employees	Pages 67; 8
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	None

GRI 408: Child labour	408-1	Operations and suppliers at significant risk for incidents of child labour	None
GRI 409: Forced or compulsory labour	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	None
GRI 413: Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	Pages 81-83
GRI 417: Marketing and labelling	417-3	Incidents of non-compliance concerning marketing communications	None
GRI 418: Customer privacy	418-1	Documented complaints relating to breaches of privacy and loss of customer data	None
GRI 419: Socioeconomic compliance	419-1	Non-compliance with laws and regulations in the social and economic area	None



## Summary of economic and financial performance of Ambienthesis S.p.A. as at 31.12.2019

The financial statements of AMBIENTHESIS S.p.A. closed with a final net profit of Euro 2,837 thousand, compared to a profit of Euro 3,354 thousand in the previous year, after deducting amortisation, depreciation and write-downs of Euro 1,932 thousand (Euro 1,460 thousand in 2018).

The different impact of **income taxes** in financial year 2019 – of Euro -1,677 thousand against Euro -403 thousand in financial year 2018 – should be noted. The increase in aggregate taxes for the year is ascribable to the effect of using prepaid taxes recorded in previous years in relation to tax losses that can be carried forward. As far as the NFP is concerned, it is pointed out that the increase in financial liabilities also results from the new application of IFRS 16, which led to book financial liabilities of Euro 1,316 thousand, Euro 924 thousand of which non-current, as at 31 December 2019.

<b>ECONOMIC DATA</b> (thousand Euros)	<b>31/12/2019</b>	<b>31/12/2018</b>	<b>Variation %</b>
Revenues	86,360	82,144	5.1%
Operating costs	-79,152	-75,815	4.4%
Gross operating margin (Ebitda)	7,207	6,329	13.9%
Amortisation and depreciation	-1,932	-1,460	32.3%
Net operating margin (Ebit)	5,275	4,869	8.3%
Pre-tax income	4,514	3,758	20.1%
Final net result – Profit/(Loss)	<b>2,837</b>	<b>3,354</b>	<b>-15.4%</b>

<b>FINANCIAL DATA</b> (thousand Euros)	<b>31/12/2019</b>	<b>31/12/2018</b>	<b>Variation %</b>
Net financial position	1,852	4,264	-56.6%
Total assets	113,304	102,759	10.3%
Equity	53,154	51,060	4.1%

In order to obtain a uniform comparison between the economic results net of non-recurring items which, in 2018 amounted to Euro -179 thousand and in 2019 amounted to Euro -399 thousand, the Company's income statements have been adjusted, thus normalising results.

These results therefore showed an “adjusted” profit of Euro 3,236 thousand in 2019 (compared to a profit of Euro 3,533 thousand in the previous year).

<b>Adjusted* ECONOMIC DATA</b> (thousand Euros)	<b>31/12/2019</b>	<b>31/12/2018</b>	<b>Variation %</b>
Revenues	86,360	82,144	5.1%
Operating costs	-78,778	-75,815	3.9%
Gross operating margin (Ebitda)	7,582	6,329	19.8%
Amortisation and depreciation	-1,932	-1,460	32.3%
Net operating margin (Ebit)	5,650	4,869	16.0%
Pre-tax income	4,913	3,937	24.8%
Final net result – Profit/(Loss)	<b>3,236</b>	<b>3,533</b>	<b>-8.4%</b>

## Calling of the Shareholders' Meeting

The Board of Directors, pursuant to the law and having to prepare the consolidated financial statements, decided to call the Shareholders' Meeting for the approval of the 2019 financial statements, approved by the Board of Directors on 7 April, within the period of 180 days from the end of the financial year. As a result, they will be submitted to the Shareholders' Meeting for approval on 21 May 2020 (3 pm) on first call and on 25 May 2020 (3 pm) in second call.

It is anticipated, given the Company's shareholding structure, that the Shareholders' Meeting is likely to be validly held on 21 May 2020.

The Board of Directors will also propose to allocate the profit for the year of Euro 2,837,490 as follows:

- Euro 141,874.50 to the Legal Reserve;
- A gross dividend of Euro 0.0105 for each of the shares entitled to distributable profits, corresponding to approximately Euro 926 thousand, to the Shareholders;
- Allocate the remaining profit for the year to be carried forward;
- Pay the dividend starting from 17 June 2020, with ex-dividend date 15 June 2020 and record date (date of entitlement to payment of the dividend itself, pursuant to Article 83-*terdecies* of Legislative Decree no. 58 of 24 February 1998 and Article 2.6.6, paragraph 2 of the Rules of the Markets Organised and Managed by Borsa Italiana S.p.A.) on 16 June 2020.

The Shareholders' Meeting will be called to resolve on:

### Extraordinary matters

- Amendments to articles 18 and 26 of the By-laws to adjust to the new legal and regulatory provisions on gender equality in Corporate Bodies;

### Ordinary matters

- Proposal for approval of the financial statements of "Ambienthesis S.p.A." as at 31 December 2019;
- Report on Remuneration Policy and remuneration paid;
- Renewal of the Board of Statutory Auditors;
- Authorising the Board of Directors to purchase and sell treasury shares.

Segrate, 07 April 2020

On behalf of the Board of Directors  
The Chairman  
Giovanni Bozzetti