



AMBIENTHESIS

THINK GREEN, ACT SMART

ANNUAL FINANCIAL REPORT
AS AT 31 DECEMBER 2020

AMBIENTHESIS S.p.A.

Via Cassanese, 45
20054 Segrate (MI)

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

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Register of Companies no. 10190370154

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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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LETTER TO SHAREHOLDERS

Dear Shareholders,

The 2018 Financial Report marked what I have called a real turning point in Ambienthesis' recent history. In 2019, the Group experienced an all-round growth, which translated not only into an improved economic and financial performance, but also into advancements in the fields of R&D, corporate welfare, social responsibility and internationalisation.

Conversely, 2020 has been the year of Resilience, which we have achieved through continuous investments in innovation, human capital enhancement and circular economy that have enabled us to successfully overcome unreal and inconceivable market situations.

I am therefore glad to present you our financial statements, which show a positive result; once again and all the more so now that the entire country is required to make efforts and sacrifices in order to counter the effects of the pandemic crisis, this gives us reason for hope in the upcoming future, when the key values – growth and development, environmental sustainability and circular economy, innovation and training, and internationalisation – that already lie at the core of our business strategies will be further implemented and progress.

New, more ambitious goals lie ahead of us now. Our recent acquisitions, which confirm Ambienthesis' inclination for external growth, will fully consolidate their operating and economic dynamics over 2021, while we will have to wait a little longer for our leading position in the remediation market to be confirmed, as well as for our expertise to be appreciated abroad (first and foremost in the United Arab Emirates).

Having been able to preserve our existing market positions and economic returns – associated with capital stability and financial balance – in 2020 too, in spite of the criticalities arising out of COVID-19, is a reason for satisfaction. With regard to this, I would like to thank all Ambienthesis' people for their utmost commitment despite the abnormal circumstances, and for having made it possible for us to turn a challenge into an opportunity of further internal growth – this bears witness to the fact that our nature is not to give up, but to redouble our efforts.

It is also a pleasure for me to point out that in 2020 we have become fully aware of our social responsibility. This, in cooperation with Greenthesis, has translated into a book and into school classes on circular economy, as well as into our Sustainability Report, which we have drawn up on a voluntary basis for the third year in a row.

Finally, 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.

Now we are stronger, more confident in our potential and ready for even more ambitious challenges, aware of the efforts we will always have to make in order to improve our quality of life.

Giovanni Bozzetti

Chairman



GROUP HIGHLIGHTS

FY 2020

85,452

thousand Euros

Revenues

6,630

thousand Euros

EBITDA

-11,890

thousand Euros

NFP

3,234

thousand Euros

Net Profit

6,871

thousand Euros

EBITDA

(Adjusted)

8.0%

KPI Profitability

EBITDA ^(Adj)

Revenues



CORPORATE BODIES

Board of Directors

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

Control and Risk and Sustainability Committee

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

Remuneration Committee

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

Board of Statutory Auditors

Bernardino Quattrococchi	<i>Chairman</i>
Michaela Marcarini	<i>Standing Auditor</i>
Enrico Calabretta	<i>Standing Auditor</i>
Roberto Toldo	<i>Deputy Auditor</i>
Paola Pizzelli	<i>Deputy Auditor</i>

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.



We are 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 the 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 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 2020 consolidated financial statements have been audited by the Auditing Company 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

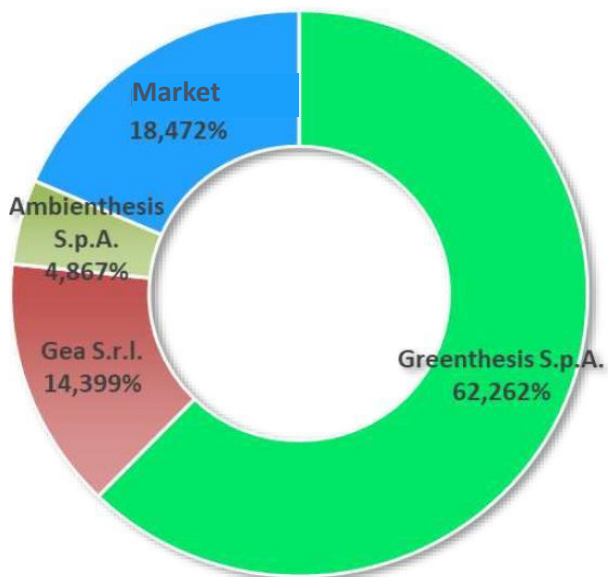
As at 31 December 2020, according to the shareholders' register, supplemented by the notices received under Article 120 of the Consolidated provisions on financial intermediation under Legislative Decree no. 58/1998, as well as according to other information available to the Company, the following shareholders 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 2020, the reference share price of ATH was Euro 0.69 (approximately +46.8% compared to the same period of 2019, when it stood at Euro 0.47).

On the other hand, as at 09 April 2021, the ATH share price was Euro 0.79, with the following performances:

Performance 1 month:	+0.51%
Performance 6 months:	+14.20%
Performance 1 year:	+29.61%

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



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



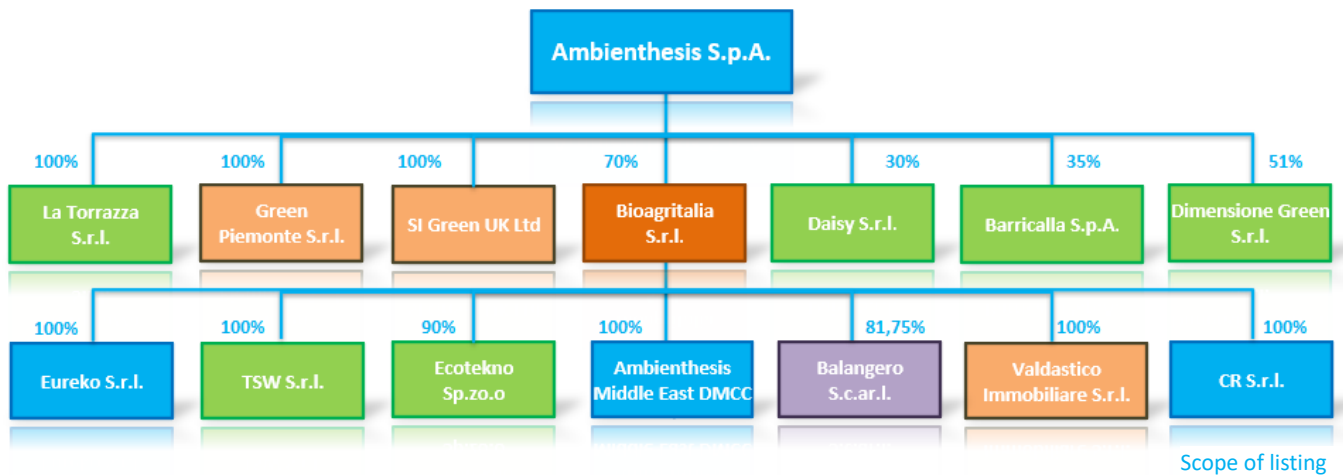
Recent EU Directives require very high standards for waste management, and for the corresponding technology.

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 2020 is represented in the chart below:



BUSINESS UNITS

- Treatment, recovery and disposal of industrial waste; environmental remediations and rehabilitations; environmental engineering
- Recovery and final disposal of industrial and municipal waste
- Treatment of biological sludge for subsequent use in agriculture
- Non-core operating companies/real estate assets
- Environmental remediation and rehabilitation activities



As at 31 December 2020, the scope of consolidation included, as well as Ambienthesis S.p.A., the following companies:

- Ambienthesis Middle East DMCC	100%	UAE
- Balangero S.c.a.r.l.	81.75%	ITALY
- Bioagritalia S.r.l.	70%	ITALY
- C.R. S.r.l.	100%	ITALY
- Dimensione Green S.r.l.	51%	ITALY
- Ekotekno Sp. Z.o.o.	90%	POLAND
- Eureko S.r.l.	100%	ITALY
- Green Piemonte S.r.l.	100%	ITALY
- La Torrazza S.r.l.	100%	ITALY
- S.I. Green Uk Ltd	100%	UNITED KINGDOM
- TSW S.r.l.	100%	ITALY
- Valdastico Immobiliare S.r.l.	100%	ITALY

During the year 2020, the following companies were also added to the scope of consolidation:

- C.R. S.r.l.	100%	ITALY
- Eureko S.r.l.	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
- B&A Waste Management Co. LLC	49%	UAE

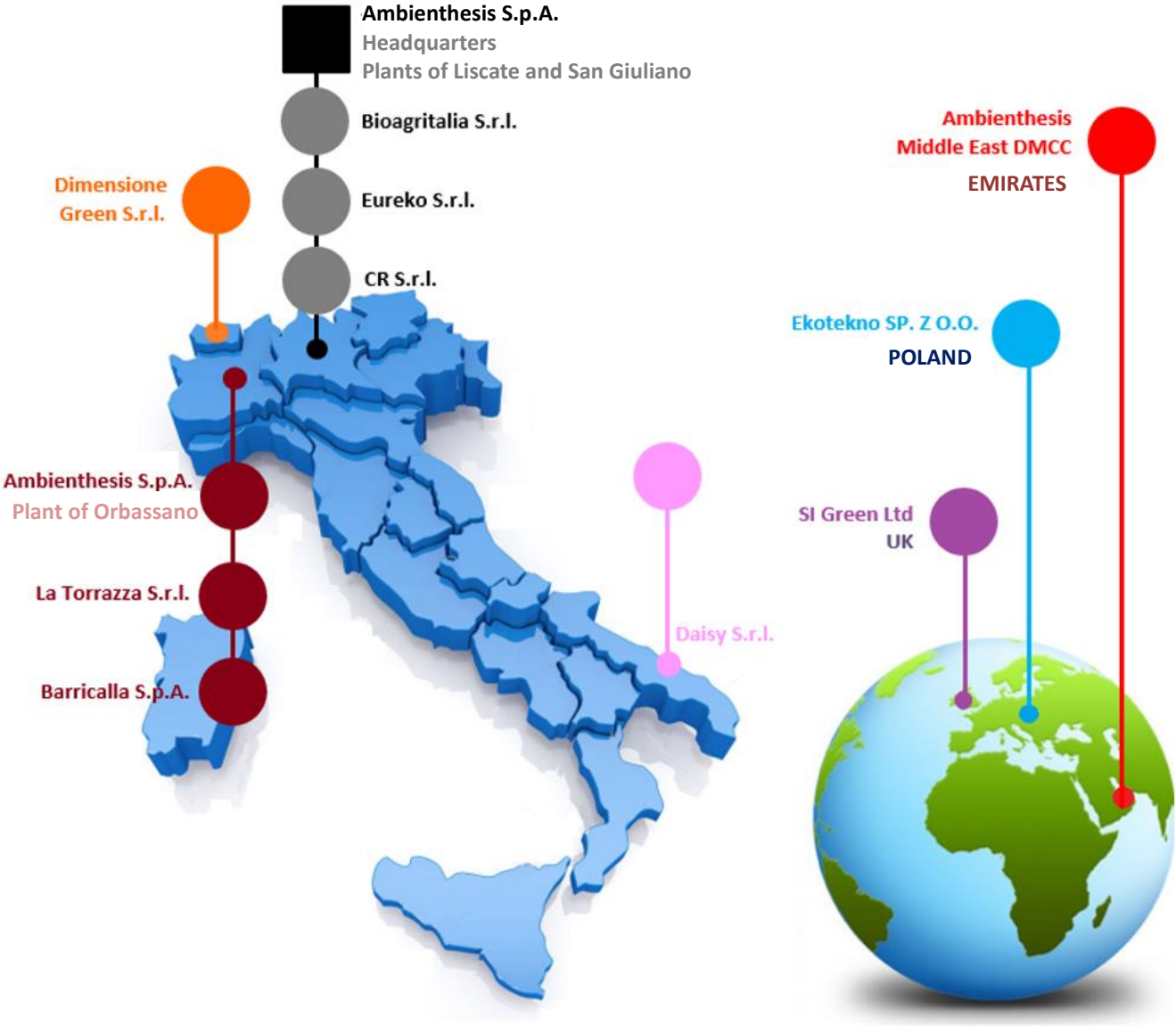
Ambienthesis S.p.A. owns and operates, in Orbassano (TO), the largest platform in Italy for the treatment of hazardous and non-hazardous special waste (authorised capacity over 500,000 t/year).

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 with hazardous substances, drugs, acids, bases and reagents), and is specialised in the disposal of hazardous waste containing asbestos.

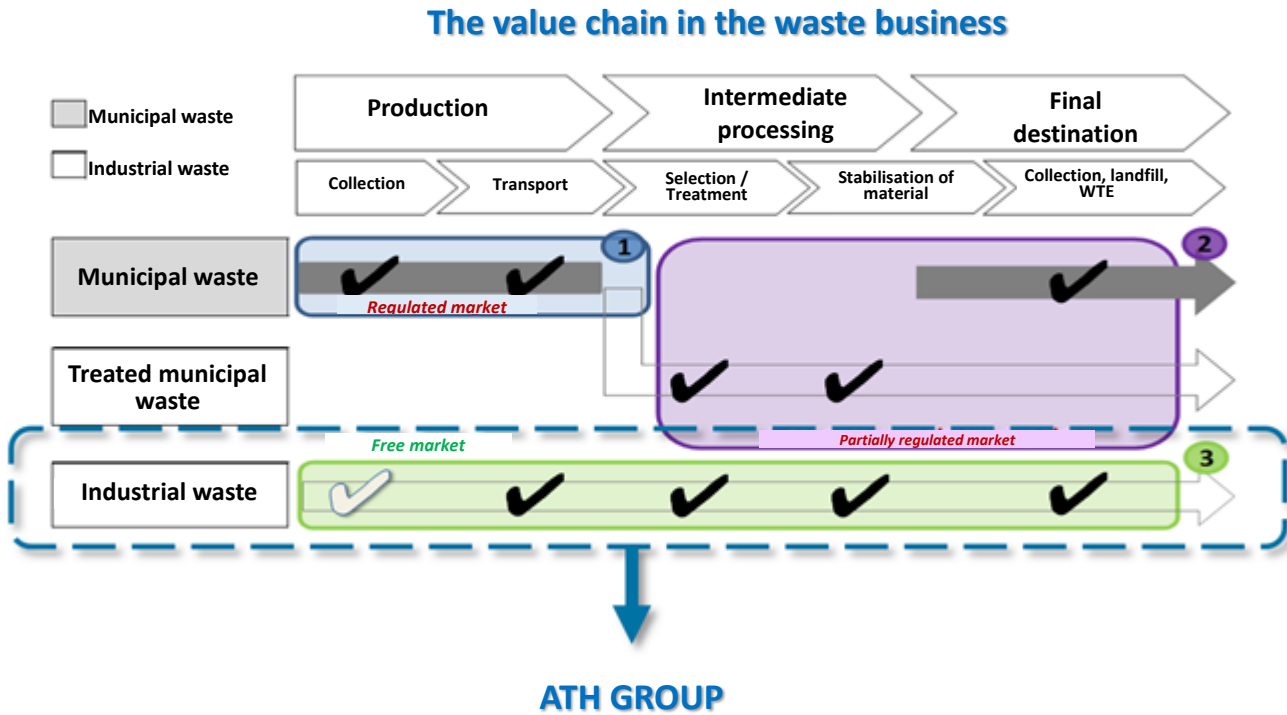
Through its subsidiaries La Torrazza S.r.l., CR S.r.l., Eureko S.r.l. and Bioagritalia S.r.l. (all 100% owned, except for Bioagritalia, 70% owned), the Company controls four other plants: the first one, located in Torrazza Piemonte (TO), is a landfill for hazardous and non-hazardous special waste; the second one, located in Sannazzaro de' Burgondi (PV), operates in the treatment of hazardous and non-hazardous special waste; the third one, located in Peschiera Borromeo (MI), operates in the treatment of waste to reuse it in the production of inert materials; the fourth one, located in Corte de' Frati (CR), is a plant for the treatment and recovery of biological sludge for subsequent reuse in agriculture.



Finally, Ambientthesis 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:

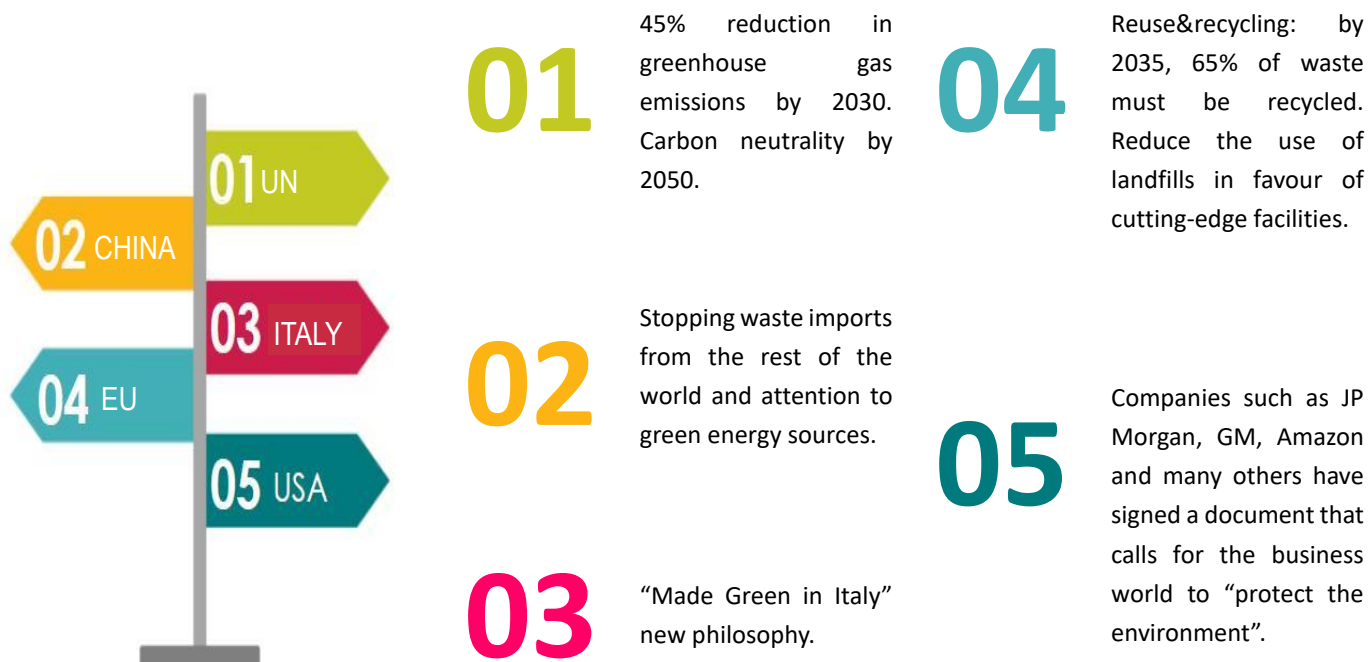


The **value chain** in the waste business consists of three micro phases for two types of waste (municipal waste and industrial waste):



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 2020 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 May 2020. They refer to the year 2018 and were derived from the disclosures submitted in 2019 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 to 143.5 million tons in 2018. 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 10.5 million tons. In particular, the production of non-hazardous special waste, derived from the MUD calculations, amounted to approximately 69 million tons.

In addition, there are over 4.1 million tons relative to the estimates made for the manufacturing sector and the healthcare sector, 511,000 tons relating to end-of-life tires and approximately 59.8 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 133.4 million tons, including slightly more than 3,000 tons of waste with unspecified ISTAT (Italian National Institute of Statistics) activity (Table 1.1 and Figure 1.1).

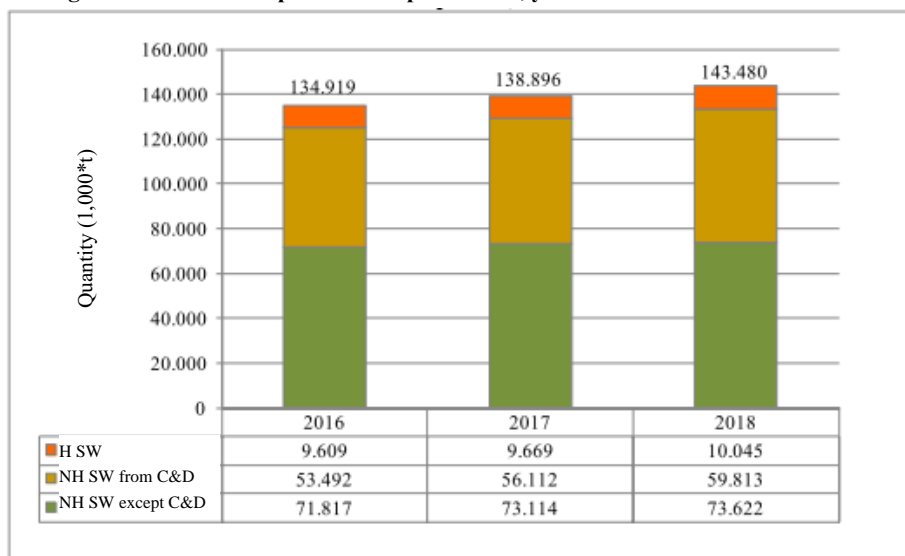


Table 1.1 – National special waste production, years 2016-2018

Type	Annual quantity (t)		
	2016	2017	2018
Non-hazardous special waste, except estimated waste (MUD data)	67,451,141	68,612,885	69,040,255
Non-hazardous special waste, except estimated waste from construction and demolition (estimated data)	4,360,822	4,498,320	4,573,771
Non-hazardous special waste from construction and demolition C&D (Chapter EER 17 estimated data)	53,492,199	56,112,305	59,812,827
Non-hazardous special waste with unspecified ISTAT activity (MUD data)	5,384	3,221	7,694
Total non-hazardous waste (NH SW)	125,309,546	129,226,731	133,434,547
Hazardous special waste (MUD data)	8,296,624	8,364,024	8,617,647
Hazardous special waste (estimated data)	2,216	2,350	2,527
End-of-life vehicles	1,308,488	1,302,640	1,423,089
Hazardous special waste with unspecified ISTAT activity (MUD data)	1,728	462	1,892
Total hazardous waste (H SW)	9,609,056	9,669,476	10,045,155
Special waste with unspecified EER code (MUD data)	134	0	0
Total special waste	134,918,736 ^a	138,896,207 ^a	143,479,702 ^a

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

Source: ISPRA

Figure 1.1 – National special waste production, years 2016-2018

Source: ISPRA

As to non-hazardous waste, the estimated quantity amounts to 48.3% of the total quantity generated (44.9% 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 2018 exceeded 10 million tons (1.4 tons of which are end-of-life vehicles, i.e. 14.2% of the aggregate figure). The quantity of waste with unspecified ISTAT activity was approximately 2,000 tons. Between 2017 and 2018 there was a rise in the total production of special waste, equalling to 3.3%, corresponding to approximately 4.6 million tons.

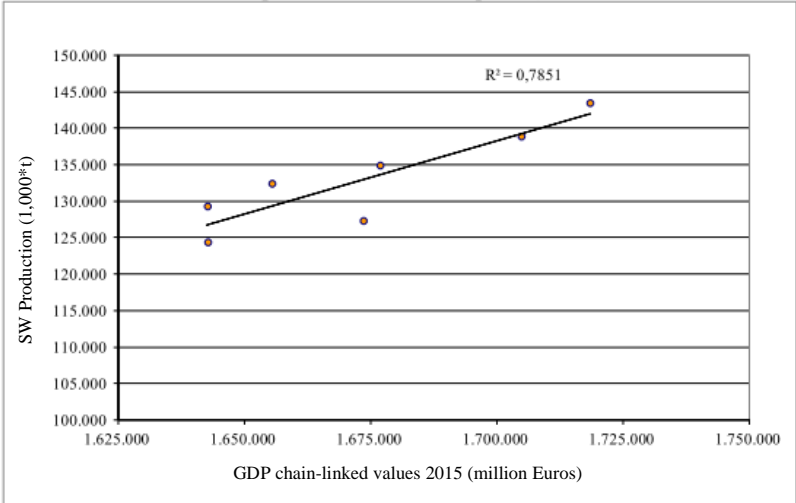
The increase refers virtually in its entirety to non-hazardous waste in quantitative terms, and namely waste from construction and demolition activities, up by 6.6%, i.e. over 3.7 million tons in quantitative terms. On the other hand, the production of other non-hazardous waste types was more limited, according to the MUD database (+0.6%, i.e. approximately 427,000 tons).

The production of hazardous special waste increased by 3.9% i.e. 376,000 tons.



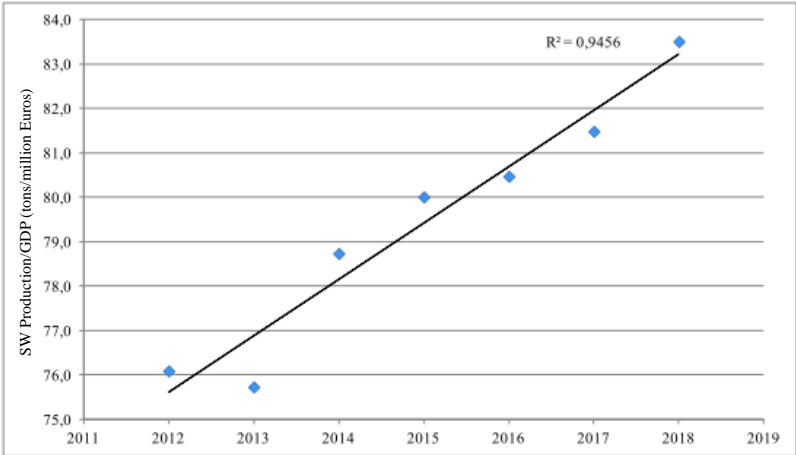
Comparing the evolution of waste production to the gross domestic product (chain-linked values with reference year 2015), a correlation with a value of R^2 equal to 0.7851 (Figures 1.2 and 1.3) may be noted with reference to the 2012-2017 period.

Figure 1.2 – Relation between GDP and special waste production, years 2012-2018



Sources: ISPRA, ISPRA elaboration on ISTAT data

Figure 1.3 – Trend of special waste production per GDP unit, years 2012-2018



Sources: ISPRA, ISPRA elaboration on ISTAT data

The Ispra “Special Waste Report” clearly shows how the current economic scenario and the positive 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 reduced 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.

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 31 December 2018, in Italy, an aggregate surface area of 241,769 hectares was occupied by contaminated sites of national interest – 164,036 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 41 of them (39 in 2014).



Contaminated sites of national interest as at 31 December 2018

Region	Number	Surface area in ha		Total
		land	sea	
Piemonte	4	89,970	0	89,970
Valle d'Aosta	1	23	0	23
Lombardia	5	1,643	0	1,643
Trentino-Alto Adige	1	24	0	24
Veneto	1	1,618	0	1,618
Friuli	2	707	1,196	1,903
Liguria	2	22,294	167	22,461
Emilia-Romagna	2	38	0	38
Toscana	4	1,457	5,339	6,796
Umbria	1	655	0	655
Marche	1	108	1,165	1,273
Lazio	1	n.d.	0	-
Abruzzo	1	232	0	232
Molise	0	0	0	0
Campania	2	1,083	2,886	3,969
Puglia	4	10,552	13,458	24,010
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
ITALY	41	164,036	77,733	241,769

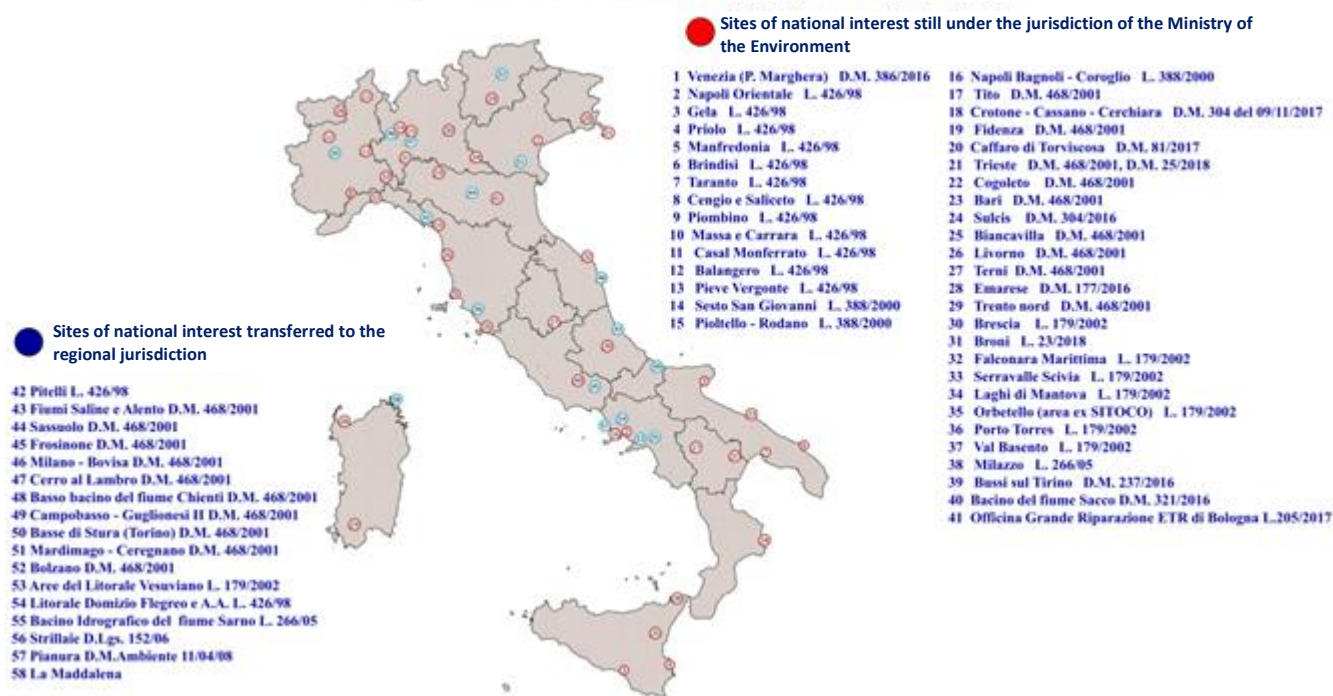
Source: MATTM, ISPRA, ISTAT

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.

The following map shows the SINS by geographical area and jurisdiction:

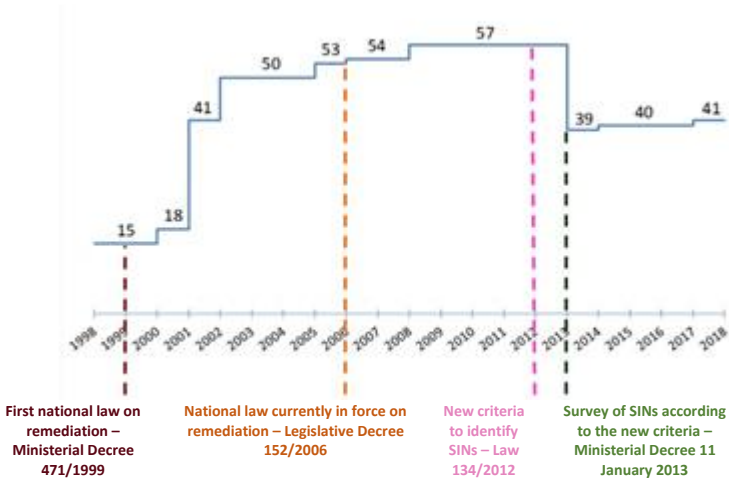
Jurisdiction over remediation activities at sites of national interest:



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.

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

The chart to the side shows the evolution in the number of SINS as the applicable law on the matter changes.



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.

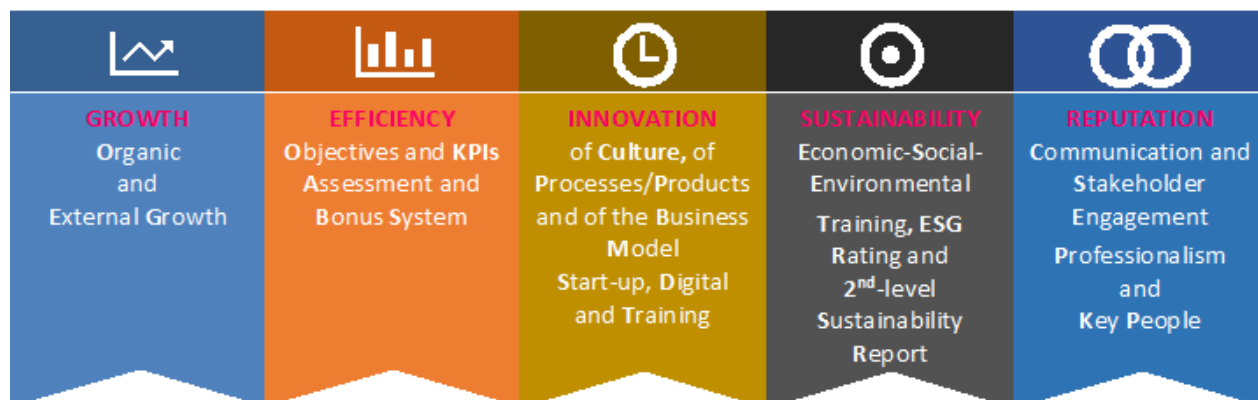
In the waste treatment sector, suppliers have great bargaining power. Suppliers are plant manufacturers or those with critical know-how in waste disposal matters. Size is key in the remediation sector: larger operators typically have very high bargaining power towards suppliers of components and materials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



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

- **Value creation** based on a selected, high-quality order book, a strong commercial drive and support to liquidity and capital strengthening.
- Strong **acceleration of the process to maximise commercial action and development of 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;
- Attention for **sustainability** with an integrated approach to social responsibility, innovation, circular economy and human capital enhancement;



SUMMARY OF ECONOMIC AND FINANCIAL PERFORMANCE OF THE AMBIENTHESIS GROUP AS AT 31.12.2020

ECONOMIC DATA Values in thousands of Euros	31 December 2020	31 December 2019	Variation %
Revenues	85,452	86,608	-1.3%
Operating costs	-78,822	-79,225	-0.5%
Gross operating margin (Ebitda)	6,630	7,383	-10.2%
Amortisation, depreciation and write-downs	-2,892	-2,598	11.3%
Net operating margin (Ebit)	3,738	4,785	-21.9%
Pre-tax income	4,274	6,043	-29.3%
Final net result Profit/(Loss)	3,234	4,465	-27.6%

ECONOMIC DATA Values in thousands of Euros	Adjusted*	31 December 2020	31 December 2019	Variation %
Revenues		85,452	86,608	-1.3%
Operating costs		-78,581	-78,850	-0.3%
Gross operating margin (Ebitda)*		6,871	7,758	-11.4%

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

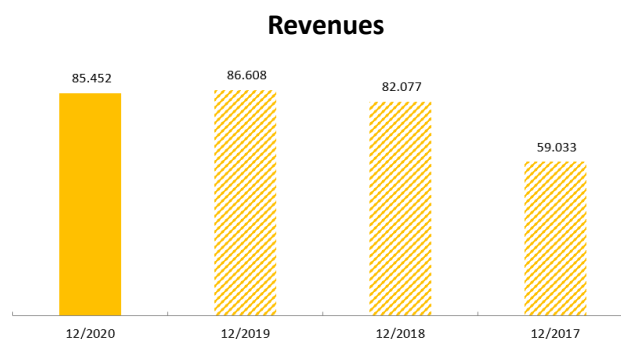
EQUITY DATA Values in thousands of Euros	31 December 2020	31 December 2019	Variation %
Net working capital	6,638	2,028	227.3%
Total assets	133,503	110,561	20.8%
Equity	51,017	49,032	4.0%

NFP Values in thousands of Euros	31 December 2020	31 December 2019	Variation %
Net financial position	-11,890	-1,821	552.9%

Operating performance

Consolidated net revenues generated by the Ambienthesis Group in FY 2020 amounted to **Euro 85,452 thousand**, a decrease by **-1.3%** compared to the previous year (-3.1% net of increases due to the recent company acquisitions), when they amounted to Euro 86,608 thousand.

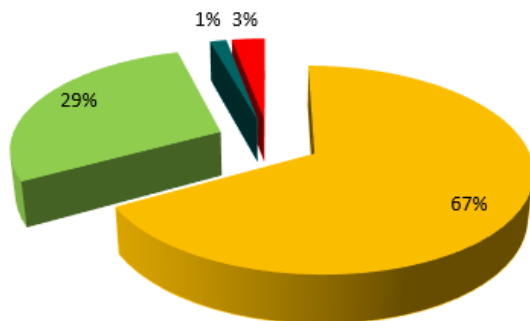
The 2020 performance, not far from the figures of FY 2019, is even more impressive in the light of the negative impact that the COVID-19 health emergency has had on macro-economic dynamics in both the domestic and international field. Namely, our main business areas – “Waste disposal, treatment and recovery” and “Environmental remediations” – went down by -1.2% and -2.3%, respectively, compared to the same period in the previous year.



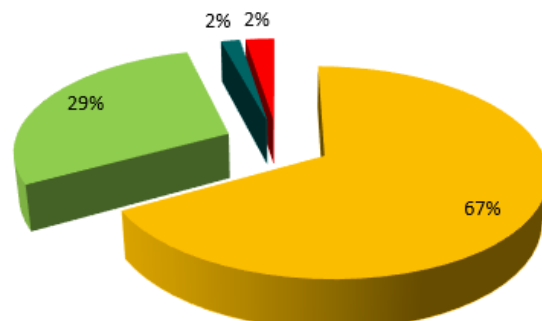
The breakdown of Group revenues for 2020 and the previous year is shown in the table and charts below:

REVENUES Values in thousands of Euros	31 December 2020	31 December 2019	Variation %
Waste disposal, treatment and recovery	57,191	57,906	-1.2%
Environmental remediations	24,519	25,085	-2.3%
Construction and engineering	1,237	1,446	-14.5%
Other revenues	2,506	2,172	15.4%
TOTAL REVENUES	85,452	86,608	-1.3%

2020 FY RICAVI



2019 FY RICAVI

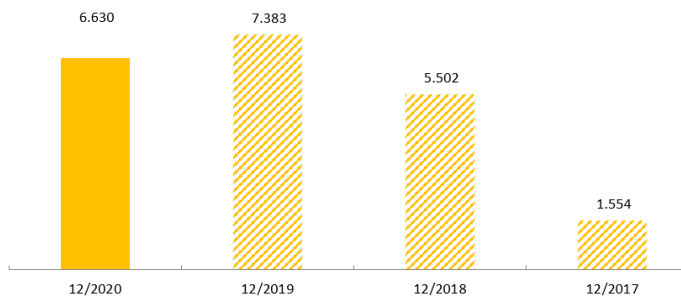


■ Waste disposal, transport and storage
 ■ Environmental remediations
 ■ Constructions and engineering
 ■ Other revenues

Consolidated operating costs in 2020 amounted to **Euro -78,822 thousand**, down by -0.5% compared to the previous year, when they amounted to Euro -79,225 thousand.

In detail, "Purchases of raw materials, semi-finished and other products" increased by 18.0%, while "Services" decreased by -1.7%, "Personnel costs" recorded an increase of 1.5%, and finally, "Other operating costs and provisions" decreased by -5.9%.

Ebitda



The **consolidated gross operating margin** was positive for **Euro 6,630 thousand**, thus showing a decrease by -10.2% compared to the same figure for 2019, when it stood at Euro 7,383 thousand (**Euro -753 thousand**).

The **final consolidated net result** was positive in the amount of **Euro 3,234 thousand** (against a profit of Euro 4,465 thousand in FY 2019), after expensing amortisation, depreciation and write-downs for Euro -2,892 thousand (against Euro -2,598 thousand in FY 2019).



The margins of economic significance have been adjusted for those non-recurring and extraordinary (and in any case negligible) cost items that emerged in 2020. 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>in thousands of Euro</i>	<i>31 December 2020</i>	<i>31 December 2019</i>
Interpart settlement agreement	-100	
Addition to provision for works in the Casei Gerola area	-141	-145
Effects of Grandi Bonifiche/MilanoSesto settlement		-229
Change on Ebitda	-241	-374
Write-down of Dimensione Green's assets under construction	-70	
Revaluation of San Benigno area	212	
Non-recurring taxes and charges	99	-24
Change on Net result	—	-399

The **gross operating margin**, net of non-recurring items (**adjusted**), amounted to **Euro 6,872 thousand** against a positive margin of Euro 7,758 thousand in the previous year (Euro -886 thousand), thus recording a decrease of -11.4% compared to FY 2019.

The **final consolidated net result**, also net of non-recurring items (**adjusted**), was positive for **Euro 3,234 thousand** (compared to Euro 4,863 thousand in 2019), thus confirming the good overall performance of the Group.

ECONOMIC DATA Values in thousands of Euros	Adjusted data*					
	31 December 2020	31 December 2019	Variation %	31 December 2020	31 December 2019	Variation %
Revenues	85,452	86,608	-1.3%	85,452	86,608	-1.3%
Operating costs	-78,822	-79,225	-0.5%	-78,581	-78,850	-0.3%
Gross operating margin	6,630	7,383	-10.2%	6,872	7,758	-11.4%
Amortisation, depreciation and write-downs	-2,892	-2,598	11.3%	-3,033	-2,598	16.7%
Net operating margin (Ebit)	3,738	4,785	-21.9%	3,838	5,160	-25.6%
Pre-tax income	4,274	6,043	-29.3%	4,374	6,418	-31.8%
Final net result – Profit/(Loss)	3,234	4,465	-27.6%	3,234	4,863	-33.5%

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

<i>EBITDA/Revenues ratio</i>	7.8%	8.5%	8.0%	9.0%
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In any case, the adjusted operating margin translates into a satisfactory level of performance (8% against 9% in the previous year).



The total net financial position (**NFP**) as at 31 December 2020 was **Euro -11,890 thousand**, essentially by virtue of the (basket bond) financing transaction better detailed here below, against Euro -1,821 thousand as at 31 December 2019. The degree of leverage – understood as the ratio between net financial position and shareholders' equity – was therefore -0.23.

NET FINANCIAL POSITION	31 December	31 December
Values in thousands of Euros	2020	2019
A. Cash	41	32
B. Cash equivalents	13,255	3,997
C. Securities held for trading	0	0
D. Cash and cash equivalents (A)+(B)+(C)	13,296	4,029
E. Current financial receivables	660	2,893
- of which to related parties	660	2,893
F. Current bank payables	-3,998	-4,133
G. Current portion of non-current debt	-1,291	-760
H. Other current financial payables	-2,190	-657
- of which to related parties	-205	-206
I. Current financial debt (F)+(G)+(H)	-7,480	-5,550
J. Net current financial debt (I)-(E)-(D)	6,476	1,373
K. Non-current bank payables	-8,672	-2,770
L. Issued bonds	-7,789	0
M. Other non-current financial payables	-3,157	-924
N. Non-current financial debt (K)+(L)+(M)	-19,617	-3,694
O. Net financial debt (J)+(N)	-13,141	-2,321
P. Long-term financial assets	1,251	500
- of which to related parties	750	0
O. Net financial debt (J)+(N)	-11,890	-1,821



Significant events occurred during FY 2020

▪ Acquisition of new job orders

During FY 2020, the acquisition of new job orders amounted to a total of Euro 17,544 thousand.

The main job orders obtained in 2020 include the following:

- Acquisition of an 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. 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 4 million. The intervention, which will take place over a time span of 20 months, 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, on the other, along with the upgrading and integration of leachate drainage and biogas capture systems.
- Ambienthesis’ execution, as the Lead Company of an ad hoc Temporary Business Association, of a contract for removal and disposal of anthropogenic materials from the **Sogin** power plant in Latina, for an aggregate amount of about Euro 10.4 million, around Euro 5 million of which ascribable to Ambienthesis.
- Execution of a contract to carry out safety and remediation works at the **Sun Chemicals** facility in Florence, for an aggregate amount of about Euro 2.2 million.
- Works to remove the potential contamination in the “Waste Bale Area” in the **Municipality di Cavallino** (LE) – località Masseria Guarini – awarded to the Temporary Business Association between Cisa S.p.A. as Lead Company and Geoambiente S.r.l. and Ambienthesis S.p.A. as member companies, for an aggregate amount of about Euro 13.2 million.

The **consolidated order book** as at 31 December 2020, exclusively for “contract” activities, amounted to approximately **Euro 50 million**, of which Euro 43 million in the environmental remediation sector and Euro 7 million in the plant construction sector.

▪ Completion of the plant upgrade at the Orbassano (TO) platform

The plant upgrade – which, since 2019, has involved building and putting the Regenerative Thermal Oxidizer (RTO) and the trigeneration plant into full operation to serve the entire complex at the Orbassano (TO) industrial site – will be completed by May 2021 by finalising the construction of a new warehouse to process waste that must undergo volume reduction treatment (SESI line). The new facility 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 to develop the property owned by the subsidiary Company from the competent authorities on 11 January 2018, and following the preliminary closure of the existing landfill, real estate development activities could start. As a matter of fact, 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 was submitted to the City of Swansea, and construction works for the first infrastructures of the urban complex began (surface drains and accessways). The activities to build the first lot



(28 out of 300 real estate units) were launched in the second half of 2020, and the first units were sold and delivered in the early months of 2021.

- **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.**

As already mentioned in past reports, and completely unexpectedly, at the hearing held on 04 March 2020, the Polish Council of State dismissed the appeal of the subsidiary Ekotekno against the ruling of the Regional Administrative Court in Lodz dated 06 August 2019, which effectively excluded Ekotekno’s project from the regional development planning.

While waiting to define the next steps to be taken and following the changes in the environmental regulatory framework, it is worth noting that, according to one of the possible scenarios to give value to this initiative, the project could, in any case, develop as of now (also by reaching an agreement with a leading local operator) in two separate phases: the first one, which can already be implemented as it has been already authorised, concerns the construction of a landfill; 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.

- **Application for the creation of a new landfill cell**

On 04 June 2020, the Metropolitan City of Turin issued an adverse opinion on the environmental compatibility of the application submitted in 2017 by the company La Torrazza to build and use a new landfill cell (Cell 9), for a total volume of 512,000 m³.

The company, which stands firm in its belief that the project will further enhance the site, challenged this decision before the Piedmont Regional Administrative Court (TAR) last 01 September. By order of 22 October 2020, the TAR granted the Company’s preliminary application and ordered the Metropolitan City of Turin to restart the environmental compatibility procedure as instructed by the Regional Environmental Protection Agency (ARPA); the hearing was scheduled on 25 May 2021.

On 16 February 2021, the Metropolitan City of Turin reopened the preliminary procedure and convened a new Conference of Services on 15 April 2020.

- **Incorporation of B&A Waste Management Co. LLC in the United Arab Emirates, a Joint Venture between Ambienthesis Middle East DMCC and B&A Waste Management Co. LLC**

The company “B&A Waste Management Co. LLC”, 51% owned by Bee’ah Sharjah Environment Co. LLC (“Bee’ah”) and 49% owned by Ambienthesis Middle East DMCC, was established in Dubai under the laws of the United Arab Emirates on 13 January 2020.



This has translated into the implementation, pursuant to the Shareholders Agreement already executed, of the Joint Venture with Bee'ah, the main waste management operator in the United Arab Emirates.

By establishing this new legal entity, the product of the Joint Venture referred to above, the process for the development of joint business initiatives has kicked off – albeit much slower than we had hoped, due to the ongoing health emergency – 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, the United Arab Emirates, Kuwait and Oman), in the sectors of waste management and waste to energy, as well as of soil and water remediation.

In the last few months of the year, B&A began safety and environmental regeneration operations (currently ongoing) at a site of the multinational company ADNOC – the works will be carried out in the Emirate of Abu Dhabi over the entire current year and their value is around Euro 500 thousand.

Continuation after the testing and prototyping phase of the “NavaMASK” project to manufacture innovative and new-generation face masks – promoted together with the Khalifa University in Abu Dhabi and the University of Salerno – is also worth noting.

- **“Chalamy” landfill in Issogne**

Negotiations are ongoing between Ambientthesis and Cape S.r.l. (the owner of the landfill) to sell the equity investment in Dimensione Green to Cape itself.

Having regard to the authorisation, the following is pointed out: 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). On 01 July 2020, the Company challenged the aforesaid resolution of 17 March 2020 before the Valle d'Aosta Regional Administrative Court (TAR). The hearing, initially scheduled on 15 December, was postponed to 15 June.

- **Signed preliminary sales agreement for Casei Gerola (PV) property complex**

On 17 July 2019, following extensive negotiations, Ambientthesis 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.

The Prospective Buyer positively carried out the Due Diligence process by the deadline agreed in the eighth addendum, dated 31 March 2021. The Parties have agreed to postpone the final deadline for them to finally proceed to execute the notarial deed to transfer the property complex itself to 31 March 2022, subject to certain conditions precedent being satisfied.

- **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.



- **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, Ambientthesis 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 2020, i.e.

BOND COVENANTS		31 December 2020
< 2.5x	Leverage ratio	1.8x
> 4.0x	Interest cover ratio	6.4x
< 0.75x	Gearing ratio	0.23x

All the above – consistently with the underlying assumptions of broadening the sources of funding with a view to supporting the Company’s growth – has allowed supplementing the Group’s plants in the field of both environmental remediations and disposal and treatment of industrial waste with the acquisitions of last November – 100% of Eureko S.r.l. and 100% of CR S.r.l., as further detailed in the dedicated paragraphs here below.



- **Distribution of 2019 dividends**

The Shareholders' Meeting held on 21 May 2020 resolved to distribute a gross dividend of Euro 0.0105 per outstanding ordinary share entitled to profits, i.e. an aggregate amount of Euro 926 thousand, up by +31.25% compared to the dividend declared and distributed in relation to the 2018 financial statements. The dividend was paid starting from 17 June 2020 (payment date).

- **Ambienthesis S.p.A., in cooperation with the Circular Economy Lab, launched a scouting activity aimed at identifying innovative start-ups and SMEs to develop projects of interest in the field of technological innovation of products and processes, also consistently with the guidelines of Circular Economy**

In May 2020, Ambienthesis S.p.A., together with three other companies of the Greenthesis Group, launched a targeted scouting activity aimed at identifying and selecting business projects with high innovative content in the field of the integrated waste cycle. This was done in cooperation with the Circular Economy Lab, an initiative sponsored by Cariplo Factory and Intesa Sanpaolo Innovation Center, focussing on the design, development and provision of innovation-specific services linked to Circular Economy. Such scouting activity aims at identifying, by applying open-innovation models, new-generation solutions and technologies in the field of circular economy, with a twofold goal: to develop innovative business processes and to trigger cross-industry synergies across different sectors; all the above based on an approach that fully meets the principles of environmental sustainability and is chiefly oriented at creating shared value.

More specifically, the above-said scouting activity translated into a call for bids, from 27 May to 30 June 2020, with a view to selecting existing start-ups, innovative SMEs and research projects able to provide technological solutions that are useful for the Greenthesis Group's (and, therefore, for Ambienthesis') business, which, once implemented, will ensure high technological maturity, energy efficiency and low environmental impacts. A number of technologies have been identified to date, which may be concretely applied in newly implemented or already operating industrial processes.

- **Acquisition of the entire share capital of Eureko S.r.l.**

On 03 November, Ambienthesis acquired the entire share capital of Eureko S.r.l., a company that owns a plant authorised to carry out industrial waste treatment, recovery and disposal. For over 40 years, the company has specifically devoted itself to treating and recovering inert waste and soil from environmental remediations and land regeneration activities. Eureko S.r.l., which was established to meet a specific need in the sector of "inert and the like", is based inside one of the main extraction hubs of Lombardy, located in the Municipality of Peschiera Borromeo (MI), where it operates a plant that treats, recycles and recovers the above-mentioned waste categories through washing and sorting processes in order to obtain economically valuable products that can be used in different fields and can replace raw materials extracted from nature.

The consideration for the acquisition of the entire share capital of Eureko S.r.l. and of the shareholders' loan was set at Euro 1,710 thousand in aggregate, Euro 510 thousand of which will be paid within 18 months of the acquisition date.

- **Acquisition of the entire share capital of CR S.r.l.**

On 23 November, Ambienthesis acquired the entire share capital of C.R. S.r.l., a multifunctional platform located in the Municipality of Sannazzaro de' Burgondi (PV) in an area of approximately 30,000 m², authorised to carry out hazardous and non-hazardous industrial waste treatment, recovery and disposal. The company mainly devotes itself to recovering and valorising industrial solid and liquid waste intended for waste-to-energy plants.



Operations at the plant complex of C.R. S.r.l. pursue goals such as recovery of materials and limited use of landfills, which are consistent with the Group's policy aimed at implementing the guidelines of circular economy.

The consideration for the acquisition of the entire share capital of C.R. S.r.l. was set at Euro 5.5 million, plus Euro 1.9 million to purchase the property complex comprised of the above-mentioned multifunctional platform and surrounding plots of land, the balance of which, totalling Euro 1.7 million, will be paid over 36 months, starting from February 2021.

- **Management of the COVID-19 emergency**

Besides making calculations and estimates – in spite of the unavoidable uncertainty – of the impacts of the health emergency on the Group's accounts, it should be pointed out that all the companies within it have adopted suitable prevention and protection measures in line with the Authorities' orders. In doing so, they have been able, on the one hand, to continue to operate safely to ensure the provision of waste management services and activities – which, according to Article 177, paragraph 2 of Legislative Decree no. 152/2006, are activities in the public interest – and on the other hand, to seize further job opportunities thanks to a business model that has been recently made even more structured and comprehensive. Service continuity and stakeholder relations, utmost attention to health and safety issues, work and organisational model structuring, technological implementation and protection from general risks – all these assets have been made consistent also with the effects and criticalities arising out of the pandemic.



Events occurred after the end of FY 2020

- **Acquisition of new job orders**

In January 2021, Ambienthesis acquired the remediation works at the site called “Former I.C.M.I. Area”, located in Naples, totalling approximately Euro 0.4 million. It also launched preliminary and preparatory activities to carry out the remediation plan in the “Tremonti Area” located in the Site of National Interest of Bussi sul Tirino.

- **Intermonte SIM S.p.A. launches coverage of ATH stock with Outperform rating and target price at Euro 0.90**

On 08 January 2021, Intermonte SIM – current Specialist Operator of the Company and leading independent investment bank on the Italian financial market – launched coverage of ATH stock by issuing an Outperform rating and setting a target price of Euro 0.90 per share. The publication of the Coverage Initiation Report falls within the scope of the corporate broking mandate granted to Intermonte and aimed at institutional marketing and stock coverage activities to be carried out by the research office, with a view to developing the Company’s relations with the market and its appreciation by operators.

- **Confirmation of public rating to B1.2 (Investment Grade)**

On 15 March 2021, 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 and later confirmed on 27 May 2019 and on 23 April 2020.

- **Sale of the area located in San Benigno Canavese (TO), previously owned by the 100% subsidiary Green Piemonte S.r.l.**

Last 09 April, the subsidiary Green Piemonte S.r.l. sold the area (non-core asset for the Group) it owned in the Municipality of San Benigno Canavese for Euro 237 thousand.



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 relations with related parties, please refer to the explanatory notes to the consolidated financial statements.

Human resources and employment data

In 2020, the income statement includes Euro -7,003 thousand of personnel costs.

The Group's staff composition at the end of the year, broken down by category, is as follows:

Number of employees	ATH Group at 31.12.2020	ATH Group at 31.12.2019	Variation
Executives	6	5	1
White collars	95	74	21
Blue collars	53	37	16
Total	154	116	38

Investments

During FY 2020, the Group invested a total of Euro 4,406 thousand, relating: to the parent company ATH's purchase of the property complex comprised of the multifunctional platform and surrounding plots of land located in the Municipality of Sannazzaro de' Burgondi (PV) and used by CR S.r.l. to carry out its activities, by means of a real estate lease agreement, for an amount of Euro 1,900 thousand; to the building of a new warehouse to accommodate the "solid line" at the Orbassano platform, for Euro 285 thousand; and to the right of use, pursuant to IFRS 16, of industrial motor vehicles to carry out Environmental Remediations held under new lease agreements, for Euro 1,256 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

During FY 2020, the Group's research activities have continued to focus mainly on the analysis of operating 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

The financial year just ended has shown that our Group, in spite of the surrounding environment being affected by the health emergency that has put under strain our country, has organisation, qualities and resilience of absolute value.

Positive and satisfactory economic dynamics have been confirmed by preserving a balanced financial and capital ratio. Having regard to this, according to the three-year forecasts already presented in the disclosures concerning the 2021-2023 Business Plan, average annual revenues will be around Euro 110 million, with a profitability in line with the figures most recently achieved.

Even more solid foundations have been laid in an attempt to achieve excellence as to the Group's business positioning. As a matter of fact, consistently with our Mission and Vision – based on logics that identify 5 macro-areas to govern corporate strategies – Organic and external growth, Efficiency, Innovation, Environmental Sustainability and Reputation – we believe that 2021, while still being affected by the general economic slowdown, will see the implementation of ecological transition measures, in the framework of which proactive approaches such as those that the Group expects to adopt will allow creating long-term value.

The now undisputed attention for an increasingly integrated, efficient and digital-oriented business model, aiming more and more at a sustainable development and at activities in line with the most recent guidelines of circular economy, will lead Ambienthesis to become a leading operator even more.



Risks and uncertainties

The main risk factors to which the Group is exposed, each described with an indication of the corresponding management and mitigation strategies and policies pursued, are classified into the following four macro-categories and are separately commented on 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 business counterparties may not fulfil the obligations assumed

For the Group, the credit risk is mainly its exposure to potential losses arising from business 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 76% of the total receivables (in 2019, such figure was around 61% of the total).

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 business relationship, through constant credit assessment activities, designed to monitor the economic and financial reliability conditions of each customer on a continuous basis and, by this means, to provide timely information to verify the appropriateness of the payment terms applied at any given time and, more generally, to set up and possibly update correct management policies of each single credit position over time.

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 – from establishing a business relationship, to collecting any overdue accounts receivable:

- 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 granted;
- 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.

Credit to 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.

Finally, the operational synergies established between the Loans Office and the Purchasing Office (both central offices) 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 at the agreed deadlines 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, and 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 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 totalling Euro 18 million, which is currently tacitly renewed every six months, has allowed, over time, to provide single companies with more credit lines in support of their own operations.

As at 31 December 2020, the Group had available credit lines – including those for sureties – totalling approximately Euro 37.5 million, drawn for about Euro 24.9 million (approximately Euro 3.7 million of which for sureties), plus 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 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.

Finally, the new, updated and implemented version of the "Procurement" procedure was defined and put into effect, thus introducing an even more detailed qualification process for suppliers.

FR - exchange rate

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

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 Parent 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 31/12/2020, the Group was mostly exposed to medium-to-long term bank loans. On each occasion, the Group assesses whether or not to enter into dedicated IRS hedge agreements.



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; operation of mobile treatment plants for waste treatment in the framework of authorised campaigns";
- 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 UNI ISO 45001:2018 – Safety, issued (in its first version following transition from the previous multi-site certificate *BS-OHSAS 18001:2007*) on 30 July 2020 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 operation of the landfill 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 operation of the 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 20 April 2020 and also related to the plant of Torrazza Piemonte (TO), concerning waste treatment and disposal operations.

The subsidiary company **Eureko S.r.l.** (acquired last 03 November 2020) is in possession of the following certificates:

- 1) Certificate UNI EN ISO 14001:2015 – Environment, issued (in its latest version) on 27 February 2019 and related to the plant of Peschiera Borromeo (MI), concerning the storage of hazardous and non-hazardous special waste, the preliminary storage, preliminary reconditioning and recovery of non-hazardous special waste;
- 2) Certificate UNI ISO 45001:2018 – Safety, issued (in its first version following transition from the previous certificate *BS-OHSAS 18001:2007*) on 14 January 2021 and also regarding the plant of Peschiera Borromeo (MI), concerning the storage and recovery of non-hazardous special waste by means of grinding, screening and soil washing processes;
- 3) EMAS – Environment Certificate, issued (in its latest version) on 30 July 2018 and also related to the plant of Peschiera Borromeo (MI), concerning recovery of selected materials.

The subsidiary company **C.R. S.r.l.** (acquired last 23 November 2020) is in possession of the following certificates:

- 1) Certificate UNI EN ISO 9001:2015 – Quality, issued on 03 May 2018 and related to the plant of Sannazzaro de’ Burgondi (PV), concerning the collection, transport, temporary storage, treatment and disposal to landfill of hazardous and non-hazardous special waste;
- 2) Certificate UNI EN ISO 14001:2015 – Environment, also issued on 03 May 2018 and also related to the plant of Sannazzaro de’ Burgondi (PV), concerning the same activities as the certificate above;
- 3) Certificate BS-OHSAS 18001:2007 – Safety, also issued on 03 May 2018 and also related to the plant of Sannazzaro de’ Burgondi (PV), concerning the same activities as the two certificates above.

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 12 February 2021 and related to the plant of Barletta (BT), concerning the operation of the landfill for 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	Risk related to current or potential future litigations



The risk involved is mitigated through different measures depending on the type of possible 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 Ambienthesis S.p.A.

With reference, in particular, to the dispute concerning the so-called “Jolly Rosso” credit and to that concerning the authorisation and implementation process for the industrial project promoted by the Polish subsidiary Ekotekno Sp. z o.o., reference is made to what is stated in the separate section of this report focussing on significant events occurred during FY 2020.

OR - plants

Risk Class	Brief Description	Detailed Description
Operational	Plant Risk	Risk related to possible malfunctioning of the plants or sudden shutdown of the same

The Group considers the constant maintenance and the progressive modernisation of its facilities as critical elements to ensure the efficiency of the work performed and therefore the quality of 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. In general, maintenance works are managed in accordance with the instructions and procedures of each business unit’s Management Systems. Moreover, the Prevention and Protection Service Manager (RSPP) of each operating unit is in charge of preparing an interference risk assessment document, if maintenance operations involve third-party companies and/or individuals.

With reference to the efficiency of plants, 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 2019, 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 buildings.

By the month of May of this year, again at the Orbassano local unit, a new warehouse will be completed, intended for containment of waste that must undergo volume reduction treatment (SESI line). Since the waste to be stored there is flammable, the new facility will be equipped with special firefighting features, suitably sized and with automatic or remote activation.

It is emphasised that the aim of the above-mentioned plant implementations (all of them 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, as they possess 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 UNI ISO 45001:2018 (having completed the transition from the previous standard of reference 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	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 prior evaluation of their reliability and operational, technical and financial capacity, also in order to comply with the different requirements set out in any invitation to tender and to ensure the actual performance of any works awarded.

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

The Group complies with 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 Requirement 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 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 Model under Legislative Decree no. 231/2001 of Ambientthesis S.p.A.

As already mentioned for the above type of risk, the Group complies with 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’s 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 of potential 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 that proves not to be 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.

In order to achieve strategic goals, a dedicated Engineering Unit coordinated by Director Roberto Zocchi (CTO – Chief Technology Officer) was set up, particularly to develop new and innovative business projects in the Green and Circular Economy fields. Giuseppe Farolfi was appointed as Corporate Social Responsibility (CSR) & Sustainability Manager in charge of coordinating projects to further improve the Company’s performance in terms of ESG (Environmental, Social and Governance). Finally, Davide Carlo Galfrè was appointed as ERM Manager, tasked with the duty to make the overall Enterprise Risk Management system evolve in an increasingly integrated way and depending on the various risks existing in the ESG field.

Finally, the constant reinforcement of the 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, on the one hand, and to meet, in a more timely and precise manner, the various needs expressed by each individual customer, on the other.

OR - job orders evaluation

Risk Class	Brief Description	Detailed Description
Operational	Job Orders Evaluation Risk	Risk linked to an incorrect estimate of job order costs

The Group operates mainly by means of contracts within the environmental remediation business. In order to closely monitor the performance of job order costs, the Group has structured a specific formalised process of analysis covering, for each contract: (i) the expected costs and possible deviations of the costs from what was estimated upon 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 revenues accrued on a monthly basis, by implementing a single summary table of cost and revenue items for 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 sales network, a process that it had already started in previous years.

Specific actions have continued in this area to maximise sales 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 provider and specifically aimed at identifying and reporting bidding opportunities of potential interest 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 reports.

Based on the latest Three-Year Business Plan approved last 16 March, which follows up on the actions already successfully completed in the most recent years, the Group aims not only at reaching higher turnover levels, but also at diversifying its operations on a geographical and service level.

In this sense, the following should be reported: on a national level, the acquisition of the two companies Eureka S.r.l. and C.R. S.r.l. (both acquired last November), through which vertical and horizontal integration processes, respectively, will be developed; on an international level, the project of Ambienthesis Middle East DMCC, the special-purpose company established under the laws of the United Arab Emirates, to be implemented through the company B&A Waste Management Co. LLC (a Joint Venture between ATH ME DMCC itself and Bee’ah Sharjah Environment Co. LLC, main operator in the waste management sector in the United Arab Emirates) and 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 ongoing COVID-19 pandemic emergency is concerned, the Group is monitoring its evolution over time and assessing its possible enduring impacts on the sectors and markets in which it operates, especially as far as the dynamics of the domestic and global economy recovery are concerned.

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 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 United Arab Emirates and, more generally, in the Middle Eastern market.

SR - business growth

Risk Class	Brief Description	Detailed Description
Strategic	Risk of lack of business growth	Risk related to the lack of monitoring of business opportunities that arise on the market or mismanagement of the same

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 of a specialised provider, monitors the invitations to tender in which the Group can participate on a daily basis.

Finally, as already mentioned in this case too, the Group is gradually increasing its presence in the foreign market, especially in the United Arab Emirates and, more generally, in the Middle Eastern market, which is regarded as a market with high potential for the Group's core business by virtue of the significant know-how of the Group itself.

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.

Monitoring is carried out by means of monthly and quarterly reports, checked by the Sales Department and also used to assess the performance level of each sales manager.

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;
- 4) the regular use of a number of suppliers for the same activity, where possible.



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 sales and technical personnel working in the various business lines, as well as with reference to resources with highly specific skills.

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

With specific reference to training, just like the most recent years, 2020 has been characterised by the design and execution of training programmes covering all the main company areas and aimed at consolidating and updating the specific skills of the human capital and consequently at increasing their 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 (with reference to this, please note that the Parent Company is also a member of Confindustria Cisambiente), as well as by attending 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 (the corresponding application for renewal has been already submitted), as proof of the fact that the Group has always paid great attention to the proper management of its own business, the Parent Company Ambienthesis 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.

As a further measure to protect its own image, the Group established an internal Communication Office in charge of managing the Group's image to the outside and to third parties by producing ad hoc contents, using social media, publishing technical and scientific or promotional articles, arranging meetings with schools or trade associations and promoting competitions for



scholarships dedicated to young graduates whose dissertations focus on environmental matters, land protection or the promotion of the key principles of circular economy.

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 use of 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 FY 2020. Moreover, it has managed to effectively contain the adverse effects of the pandemic.

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. As a matter of fact, among the main tools of risk response are the high skills and life-long learning of the technical staff in charge of classification activities.

CR - corporate governance code

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

During the reference period, the Parent Company, with the specific commitment and under the supervision of both the Control, Risk and Sustainability Committee and the Board of Statutory Auditors, has continued to focus on the centrality of the Internal Audit and Corporate Risk Management System, 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.

The ESG-specific activities that the Group is currently performing allow, among other things, to fully implement sustainability as a pillar of the strategies we pursue.

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 supervised by 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.) has been completed, 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 2019 as predicate offences of administrative liability of legal entities under Legislative Decree no. 231/01.

The corresponding Board of Directors are in the process of approving the updated versions of the Organisational Models and of the underlying risk assessments.

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 Body has 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 Law no. 262/2005

The Group has implemented the requirements of 262 regulation, having appointed the Executive in charge of drafting the Company’s financial statements 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 Executive 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.

RC - 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 constant 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) detailed operating procedures constantly updated in line with regulatory evolution;
- 3) periodic control activities (external and internal audits and checks pursuant to Legislative Decree no. 231/2001);
- 4) internal audits carried out thanks to the supervision of the aforementioned Technical Managers, as well as the Group Internal Audit function;
- 5) controls on all cross-border transporters, both on arrival at local units and along the waste transport route;



- 6) maintenance over time of specific authorisations and certifications; the latter are also considered as a way to keep in line with the regulations;
- 7) subscription to regulatory newsletters issued by trade associations;
- 8) 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 facilities to constantly 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.

Namely, the Parent Company holds the certification UNI ISO 45001:2018 (former 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 two recently acquired companies Eureka S.r.l. and C.R. S.r.l. hold a similar certification for the activities they carry out at the respective plants.

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 and systematically 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 Prevention and Protection Service Managers (RSPPs) who constantly receive updates and training.



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 is regularly upgraded and 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 deadlines);
- 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.

Upon preparation of its Annual and Half-Year Financial Reports, the Group develops and updates all the relevant disclosures summarising 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. The latter will be reviewed and updated by 30 June, to bring it in line with the amendments made by Consob, which will enter into force on 01 July.



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.

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.

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 **2020 fiscal year** and was reviewed by the **Board of Directors of Ambienthesis** at its meeting of 12 April 2021. 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 of the Sustainability Report as a whole** 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. that 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 that operates a waste treatment plant for subsequent recovery of biological sludge to be used in agriculture, located in Corte de' Frati (CR);

In addition to the above, in order to provide a full picture of the Group's personnel as at 31 December 2020, the two newly acquired companies Eureka S.r.l. and C.R. S.r.l. – which joined the Group on 03 and 23 November 2020, respectively, and which are fully owned by the Parent Company Ambienthesis S.p.A. – have been added to the section “Ambienthesis and the people” only:

- ✓ **Eureka S.r.l.**, a company that owns a plant authorised to carry out industrial waste treatment, recovery and disposal. For over 40 years, the company has specifically devoted itself to treating and recovering inert waste and soil from environmental remediations and land regeneration activities.
- ✓ **C.R. S.r.l.**, a company that owns a multifunctional platform located in the Municipality of Sannazzaro de' Burgondi in an area of approximately 30,000 m², authorised to carry out hazardous and non-hazardous industrial waste treatment, recovery and disposal. The company mainly devotes itself to recovering and valorising industrial solid and liquid waste intended for waste-to-energy plants.

Any changes compared to the above, which are disclosed in order to provide stakeholders with additional information or specific clarifications, have been duly indicated on each occasion in the following paragraphs.



SUSTAINABILITY HIGHLIGHTS

FY 2020

86,739

thousand Euros

**Economic
value
generated**

81,767

thousand Euros

**Economic
value
distributed**

391,592

tons managed in our
plants

**Managed
waste**

92%

Permanent
employment contracts

Labour

2,739

Hours of training

Training

98%

Electricity from
renewable resources

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 ISO 45001:2018, 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.

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 consumption containment, constant use of the Best Available Technologies (BATs) in the sector, and 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.

Likewise, the subsidiaries 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.

The two recently acquired companies Eureko S.r.l. and C.R. S.r.l. too have implemented management systems in compliance with the UNI EN ISO 14001:2015, UNI EN ISO 45001:2018 and EMAS standards and with the UNI EN ISO 9001:2015, UNI EN ISO 14001:2015 and UNI EN ISO 45001:2018 standards, respectively.

The **certifications** obtained by the Group, among which the three EMAS certificates for the plant located in Liscate (MI), the landfill operated by La Torrazza S.r.l. and the plant of Eureko S.r.l., respectively, 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.'s 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. obtained the high score of “two stars and two pluses” (best score available: “three stars”) 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.

Since the Legality Rating remains valid for two years, the Company has already applied to renew it in due time. Pending renewal, the existing rating remains valid until a new rating is issued.



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. The analysis performed in 2019, and confirmed for 2020 as well, has allowed to confirm the validity of material and significant issues identified in 2018 (when the materiality analysis was performed for the first time) and to check the existence of 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 made it possible to further investigate the actual materiality level of the topics being analysed from the stakeholders’ perspective¹.

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.).

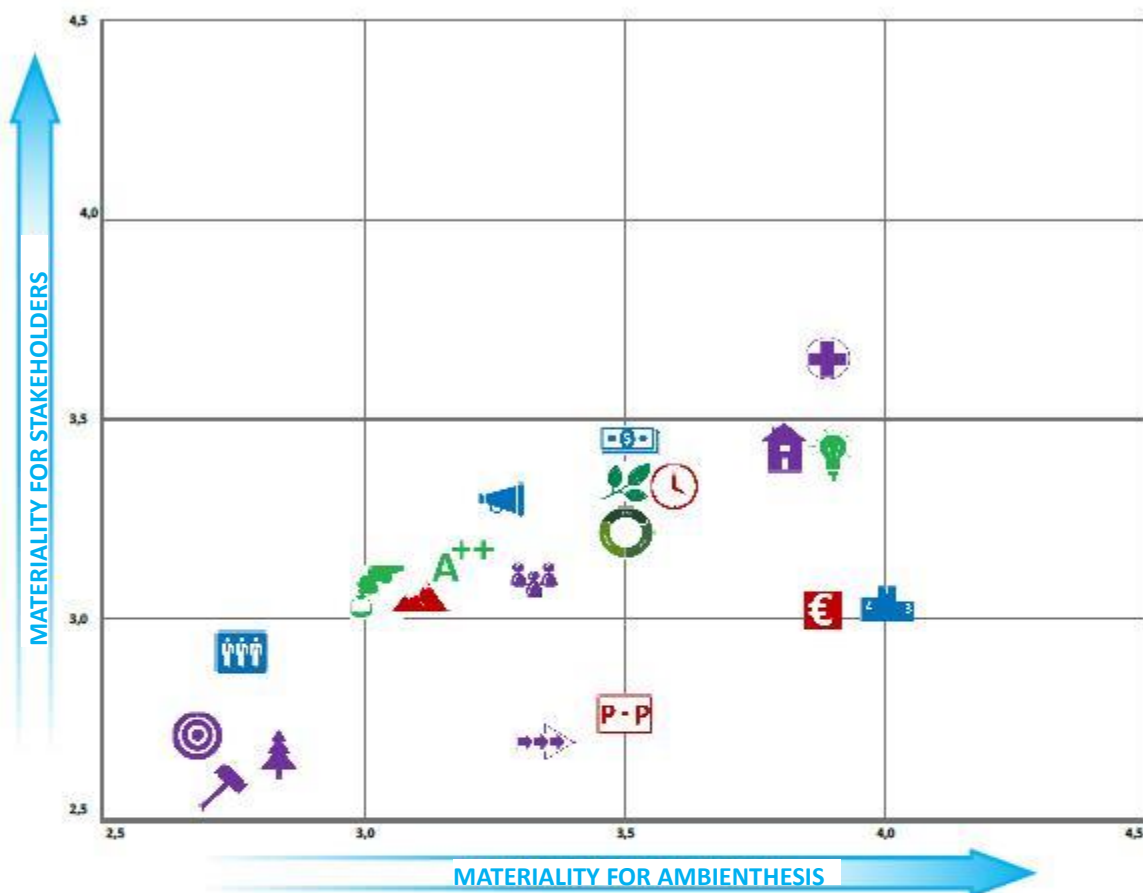
The materiality matrix below provides a **summary representation of the results** of the analysis carried out. It is comprised of a plane defined by two axes representing the level of materiality to be attributed to any given topic, from the point of view of the Group (abscissa axis) and from the point 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.

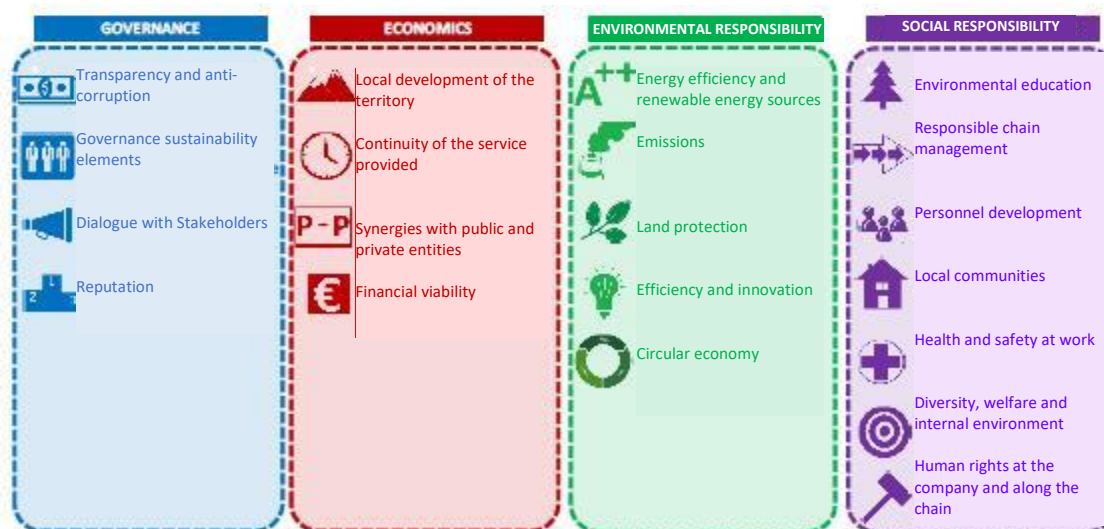
¹ With reference to this, please note that the dedicated materiality questionnaire was distributed to all Group’s employees to achieve a participation rate of 100% and acquire each worker’s point of view. However, the sudden occurrence of unexpected operating and contingent situations has prevented us from reaching this target in full.



Materiality matrix



Areas – Topics



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 ²	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 no. 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 Corporate Governance Code 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 no. 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	Legality Rating ISO 9001 ISO 14001 OHSAS 18001 EMAS Model pursuant to Legislative Decree no. 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

² Details are provided in the Table of GRI indicators (see summary table section at pages 95-97).



	Synergies with public and private entities	Strategic risk in terms of exit from/inability to enter specific markets	ATH Group; Suppliers; Customers; Public Administration; Community	Direct and indirect	GRI 102-2 GRI 102-6 GRI 102-9 GRI 102-13	Corporate Policy 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	Energy audit "Environmental Analysis" document pursuant to ISO 14001 Environmental Disclosure Integrated Management System Objectives ISO 14001 EMAS Model pursuant to Legislative Decree no. 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 no. 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 no. 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 no. 231/01
	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 no. 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 no. 231/01 Code of Ethics
	Health and safety at work	Operational risk in terms of increase in the number of accidents and occupational diseases; Reputational risk in terms of loss of trust of employees	ATH Group; Suppliers; Customers	Direct and indirect	GRI 403-1	Corporate Policy Risk Assessment Internal Prevention and Protection Service Procedures and Instructions of the Integrated Management System OHSAS 18001 Model pursuant to Legislative Decree no. 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 no. 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 no. 231/01 Code of Ethics
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Generated and distributed wealth

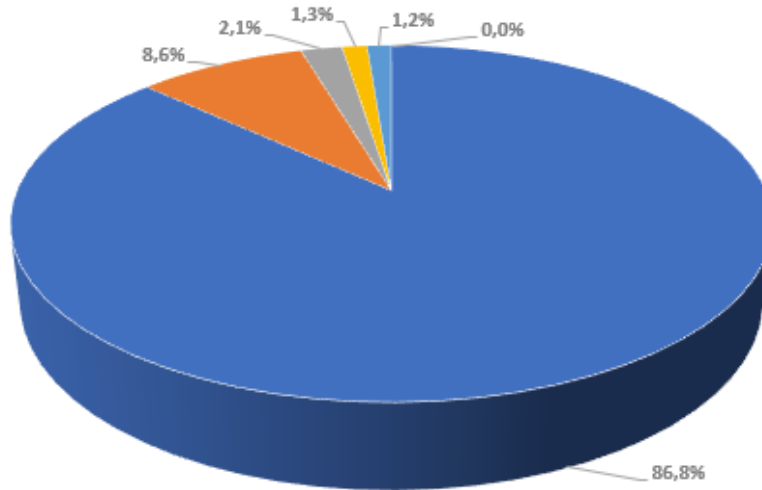
The following table shows a reclassification of the income statement in accordance with the Global Reporting Initiative methodology. This determination of the **economic value generated and distributed** better demonstrates **the Ambienthesis Group's ability to generate wealth** over the reference period 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.

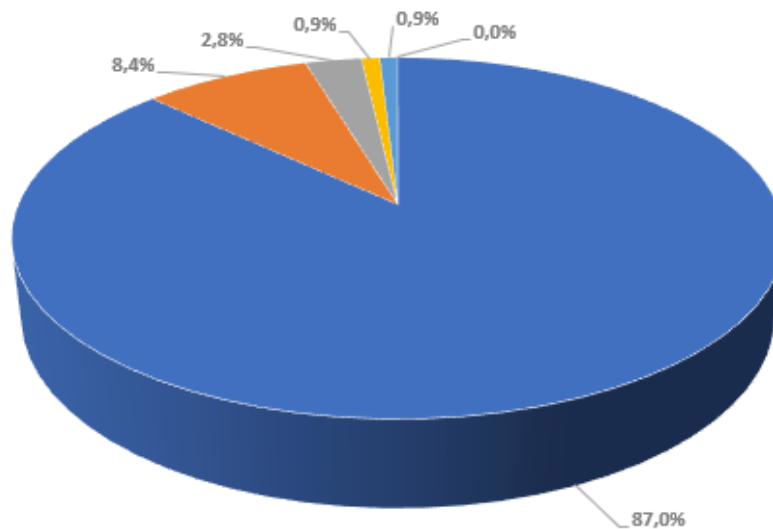
ECONOMIC VALUE GENERATED AND DISTRIBUTED		
(values in Euros)		
	31.12.2020	31.12.2019
A) Generated economic value	86,739	87,299
Production value	85,452	86,608
Other financial income	1,287	691
B) Distributed economic value	81,767	82,266
Remuneration of suppliers	71,002	71,557
Remuneration of personnel	7,003	6,899
Remuneration of loan capital	1,034	760
Remuneration of Shareholders and members (risk capital)	1,001	735
Remuneration of Public Administration	1,720	2,308
Community (donations to associations, non-profit organisations, etc.)	7	7
C) (=A-B) Retained economic value	4,972	5,033
Amortisation, depreciation and write-downs	2,610	1,272
Provisions for risks	129	32
Allocations to Reserves (allocation of the result for the year)	2,233	3,730



DISTRIBUTED ECONOMIC VALUE – YEAR 2020



DISTRIBUTED ECONOMIC VALUE – YEAR 2019



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

Ambienthesis and the people³

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 2020, the Group had **154 employees**. Of these, the vast majority operated within the Parent Company (more than 72% of the total). The number of employees increased by 33% compared to the previous year, when the Group had a total of 116 employees, thanks to the acquisitions of Eureka S.r.l. and C.R. S.r.l.

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).

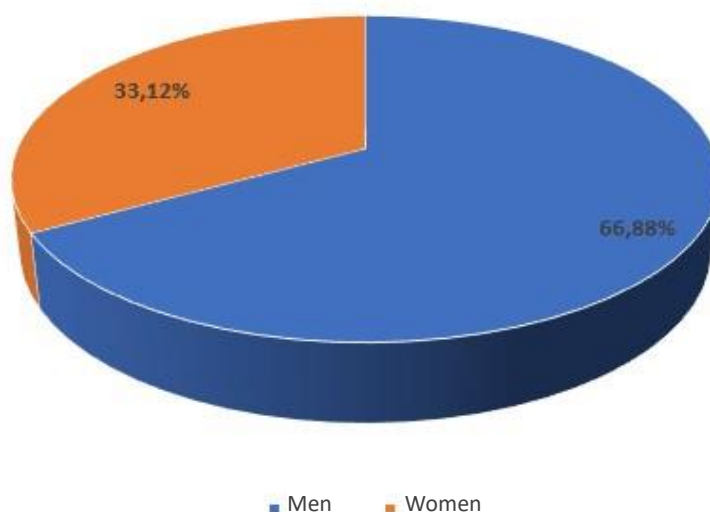
³ The information reported in this paragraph refers to the companies Ambienthesis S.p.A., La Torrazza S.r.l., Eureka S.r.l. and C.R. S.r.l., as Bioagritalia S.r.l. has no direct employees.



BREAKDOWN OF EMPLOYEES BY GENDER AND CATEGORY									
Classification	Men			Women			Total		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Executives	4	3	5	2	2	3	6	5	8
Middle managers	5	5	7	2	2	1	7	7	8
White collars	42	31	29	46	35	33	88	66	62
Blue collars	52	38	36	1	/	/	53	38	36
Total	103	77	77	51	39	37	154	116	114

BREAKDOWN OF EMPLOYEES BY GENDER AND CATEGORY EUREKO S.R.L. AND C.R. S.R.L. only			
Classification	Men	Women	Total
	2020	2020	2020
Executives	1	/	1
Middle managers	1	/	1
White collars	6	8	14
Blue collars	14	1	15
Total	22	9	31

BREAKDOWN OF EMPLOYEES BY GENDER (2020)



Taking into account the most significant operating sites, as at 31 December 2020, the Group does not employ senior managers from local communities⁴.

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 exceeded 92% of the total. Moreover, considering the number of employees at the end of 2020, around 70% of them have been employed by the Group companies for more than five years.

BREAKDOWN OF EMPLOYEES BY GENDER AND TYPE OF CONTRACT									
Type of contract	Men			Women			Total		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Permanent	94	73	72	48	36	37	142	109	109
Fixed-term	9	4	5	3	3	/	12	7	5
Apprenticeship	/	/	/	/	/	/	/	/	/
Total	103	77	77	51	39	37	154	116	114

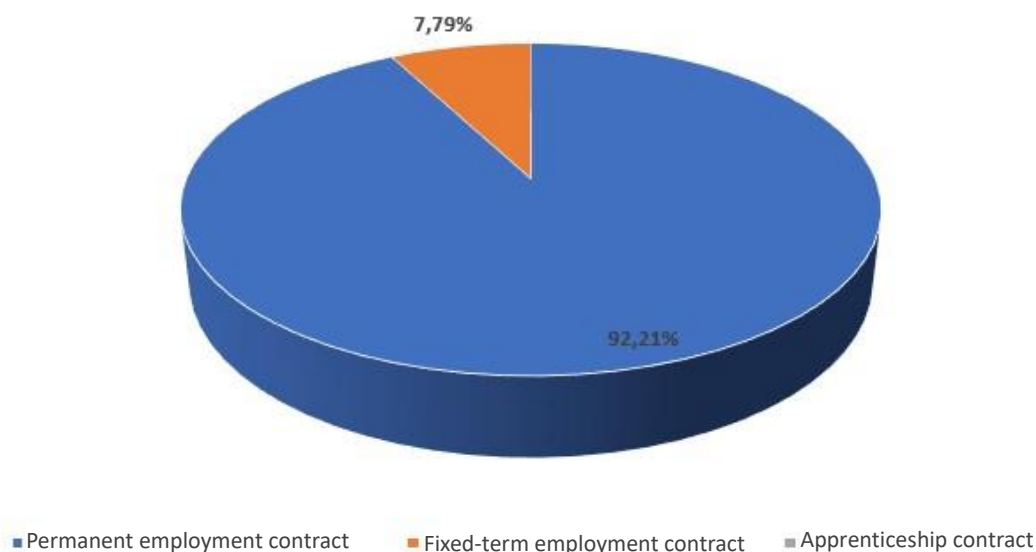
BREAKDOWN OF EMPLOYEES BY GENDER AND TYPE OF CONTRACT EUREKO S.R.L. AND C.R. S.R.L. only			
Type of contract	Men	Women	Total
	2020	2020	2020
Permanent	1	/	1
Fixed-term	1	/	1
Apprenticeship	6	8	14
Total	8	8	16

⁴ Namely, please note that:

- The sites taken into account include the facilities of Orbassano, Liscate, San Giuliano 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 is located.



BREAKDOWN OF EMPLOYEES BY TYPE OF CONTRACT (2020)



SENIORITY OF EMPLOYEES (2020)						
Gender	0-5	6-10	11-15	16-20	>20	Total
Men	33	10	19	14	27	103
Women	13	12	8	7	11	51
Total	46	22	27	21	38	154

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
Total	35	13	23	15	30	116

SENIORITY OF EMPLOYEES (2020) EUREKO S.R.L. AND C.R. S.R.L. only						
Gender	0-5	6-10	11-15	16-20	>20	Total
Men	11	3	4	4	/	22
Women	3	2	2	2	/	9
Total	14	5	6	6	/	31

The Group mainly employs workers over the age of 40, with a significant percentage of personnel belonging to the age group over 50 (approx. 37% of the total number).

Considering only male employees, the age group with the highest number of workers is between 51 and 60 years old (about 41% of the total); on the other hand, with reference to female employees, the most represented age group is between 41 and 50 years old (about 37% of the total). The presence of employees under 40 years of age is still substantial, exceeding 26% of the



total (+2% compared to 2019). The increase in the age group between 20 and 30 years old compared to previous years is worth noting.

DISTRIBUTION OF EMPLOYEES BY AGE GROUP (2020)						
Gender	20-30	31-40	41-50	51-60	>60	Total
Men	4	18	29	43	9	103
Women	7	11	19	14	/	51
Total	11	29	48	57	9	154

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
Total	5	23	44	38	6	116

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
Total	5	18	42	40	9	114

DISTRIBUTION OF EMPLOYEES BY AGE GROUP (2020) EUREKO S.R.L. AND C.R. S.R.L. only						
Gender	20-30	31-40	41-50	51-60	>60	Total
Men	1	6	6	7	2	22
Women	1	/	5	3	/	9
Total	2	6	11	10	2	31

EMPLOYEES TURNOVER				
Year	Terminated contracts	New contracts	Hiring rate ⁵	Termination rate ⁶
2020	11	17	11.00%	7.14%
2019	11	14	12.06%	9.48%
2018	7	5	4%	6%

⁵ 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.

⁶ 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.



EMPLOYEES TURNOVER EUREKO S.R.L. AND C.R. S.R.L. only				
Year	Terminated contracts	New contracts	Hiring rate	Termination rate
2020	6	5	16%	19%

LEVEL OF EDUCATION OF EMPLOYEES BY GENDER (2020)						
Gender	Degree		Diploma		Other types of certificates	
	2020	2019	2020	2019	2020	2019
Men	23	24	34	23	52	36
Women	18	21	23	23	4	1
Total	41	45	57	46	56	37

LEVEL OF EDUCATION OF EMPLOYEES BY GENDER (2020) EUREKO S.R.L. AND C.R. S.R.L. only			
Gender	Degree	Diploma	Other types of certificates
	2020	2020	2020
Men	4	6	12
Women	1	6	2
Total	5	12	14



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

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

ACCIDENTS AND HOURS WORKED									
	Men			Women			Total		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
No. of accidents at work	0	3	4	0	0	1	0	3	5
No. of commuting accidents	0	0	0	0	0	0	0	0	0
No. of lost working days due to accident	0	47	69	0	0	7	0	47	76
No. of lost working hours due to illness	8,583	5,752	5,530	2,413	596	1,214	10,996	6,348	6,744
Total number of deaths at work	0	0	0	0	0	0	0	0	0
Total number of hours worked	146,312	139,020	137,856	63,695	64,235	62,694	210,007	203,255	200,550
Total number of overtime hours	11,220	10,877	7,208	4,449	4,062	3,538	15,669	14,939	10,745
Frequency Rate	0.00	21.58	29.02	0	0	15.95	0.00	14.76	24.93
Severity Rate	0.00	0.34	0.5	0	0	0.11	0.00	0.23	0.38

No accident occurred and no employee of the Group has fallen ill with any work-related diseases in 2020. An increase in hours worked by around 3% compared to 2019, as well as a remarkable increase in the number of lost working hours due to illness, mostly as a result of the effects of the COVID-19 pandemic, are worth noting.

Namely, in order to deal with the Coronavirus emergency, a Technical Committee was established in 2020, comprised of the Employers, Technical Managers, RSP, Medical Officer, RLS and RSA, aimed at monitoring the situation at the Company by



implementing ad hoc risk assessment documents and anti-contamination protocols, which have been constantly updated during the entire pandemic period. Company employees have been provided with personal protective equipment and hydroalcoholic disinfectant solutions; moreover, they have regularly been subjected to rapid test campaigns to prevent the disease from spreading.

For each of the operating units that fall within the scope of reporting⁷, 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 diseases recorded in the year. To be in line with the Parent Company's efforts and allow a shared management of topics concerning health and safety at work, as of 2021, 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 (please note that the meeting, though planned, could not be held in 2020 due to the health emergency).

In 2020, Ambienthesis S.p.A. itself has 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 ISO 45001:2018 standard – constantly up to date.

Focus Box no. 2 – Ambienthesis S.p.A.'s second Safety Day

On 26 June 2020, Ambienthesis S.p.A. held its second **Safety Day**, attended by the staff of the remediation and construction division and of the engineering division, and by the RSPPs of the entire Group.

The event alternated in-depth sessions and team building activities, and featured mountaineer and mountain rescuer De Zolt as special guest, who told us about how he has managed high-risk rescue operations over his many years of experience.

The Safety Day gives 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 is to share with workers an **approach that is constantly aimed at raising awareness and perceiving risks**, during both day-to-day and extraordinary tasks.

⁷ The five operating units at issue are as follows: 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 bargaining agreements (CCNL)**. After a certain assessment period, **career advancements** are recognised as the employee's performance improves, 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, the recognition of ad hoc **attendance bonuses** to workers who voluntarily choose to attend optional training sessions is considered. 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.

Training initiatives in which the 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 Group⁸. 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;
- ✓ **Free training** – seminars of various kinds organised by industry associations such as Assolombarda and Confindustria.

⁸ Gea S.r.l., Greenthesi S.p.A. and Rea Dalmine S.p.A.



The **quality of the training programmes** developed by Greenthesis Group is recognised by the so-called *Fondi Interprofessionali*. For instance, in 2020, the training programme named after the payoff **“THINK GREEN, ACT SMART”** was approved by FONDIR with the highest available score. This had also been the case with the previous training programme called “DRIVING – Digitisation, Image Makeover and New Communicative Vision at Green Holding” in 2019.

Although in 2020 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 mostly due to the COVID-19 emergency, which forced suspension of in-class training, thus penalising those activities that could not be held from remote – such as health and safety training courses; the figures achieved are remarkable nonetheless.

Namely, in 2020, greater attention was paid to the implementation of dedicated training programmes aimed at innovation and at sharing new strategic goals such as environmental sustainability, circular economy and sustainable finance.

NUMBER OF TRAINING INITIATIVES			
	2020	2019	2018
Number of courses	70	104	72
Number of training hours	2,739	3,414	4,659
Average training hours per employee	23	30	41

EMPLOYEE TRAINING BY CLASSIFICATION AND GENDER (2020)						
Classification	Men			Women		
	Training hours	Average number of employees	Training hours per employee	Training hours	Average number of employees	Training hours per employee
Executives	225.0	3	75	105.0	2	52
Middle managers	163.0	4	41	127.0	2	64
White collars	908.0	36	25	893.0	38	23
Blue collars	318	38	18	0	0	0

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



Among the so-called “**hard skills**” on which the Ambienthesis Group’s development plans have focussed in 2020, many concern health and safety at work, environmental regulations, project management and use of new software. Namely, in addition to the main training activities on environmental regulations, addressed to the Group’s technical staff, a 21-hour online course called “Transboundary waste management” was held with a view to improving knowledge on the matter.

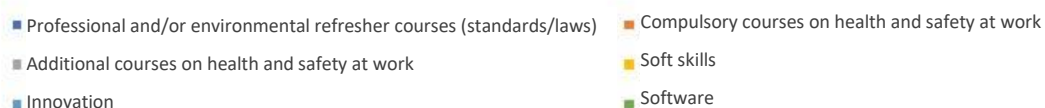
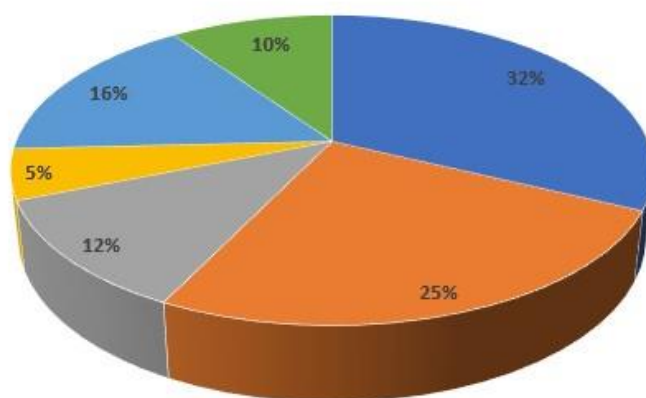
The courses “Management of corporate processes for energy efficiency” and “Energy audit”, of 16 hours each and aimed at improving energy efficiency at all Group’s plants, are also worth noting.

On the other hand, the enhancement of “**soft skills**” was especially facilitated by the initiatives in the framework of “Sales staff engagement” and “Internal communication”, which have involved the sales office and executives and have brought the rebranding process developed over the past two years to completion.

TRAINING HOURS BY TYPE OF COURSE (2020)		
Type of course	Training hours per category	Percentage of the total
Professional and/or environmental refresher courses (standards/laws)	879	32%
Compulsory courses on health and safety at work	692	25%
Additional courses on health and safety at work	319	12%
Soft skills	144	5%
Innovation	437	16%
Software	268	10%
TOTAL	2,739	100%



TRAINING HOURS BY TYPE OF COURSE (2020)



■ 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 own **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.).



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

▪ **Work-life balance and corporate welfare**

Within the Ambienthesis Group, the programmes aimed at improving the workers' welfare and quality of life are regarded as 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 into the **Fonchim** fund (supplementary pension fund for chemical and pharmaceutical industry workers and the like) for each worker with a Chemical CCNL at the Orbassano plant.

To deal with the health emergency arising from the spread of COVID-19, a dedicated **remote work programme** was launched for all employees 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 remote working beyond the emergency period, still ongoing, also in the light of the 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**: in fact, 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 spite of the national economic crisis becoming harsher as a result of the lockdowns and blocks of social and work activities, the Group has still been able to provide its services in a continuous, fast and competitive manner, as if it were in an ordinary business scenario. Furthermore, we have borne some additional costs related to safety protocols without increasing our prices on the market.

During the COVID-19 pandemic, the sales area has supported and accompanied our actions in such exceptionally adverse conditions by sharing procedures and protocols and strengthening its IT systems to better serve our customers. In spite of the level of difficulty that we have been and we are still experiencing, the quality of our services has not been neglected, also by providing refresher courses on a continuous basis to all our sales managers and having them attend dedicated training courses.

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 recovery⁹, among the Parent Company's customers are the major industrial groups operating in Italy (e.g. Eni, Enel, Edison, Ilva, Alcoa, Invitalia and Saipem).

In order to continuously improve the quality of the service offered to its customers, the Parent Company has adopted 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;
- ✓ **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;
- ✓ **accurate service customisation** ensured on an operational level too, 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;
- ✓ **launch of a specialisation process for the services we offer**, having regard in particular to the valorisation of onsite remediation works and to the valorisation of recovery, including energy recovery, from decommissioning waste.

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 completed in 2020.

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.

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

At the end of 2020, B&A Waste Management Co. LLC – the product of the Joint Venture between Bee'ah Sharjah Environment Co. LLC and the UAE company Ambienthesis Middle East DMCC – was awarded a remediation contract called by one of the most important oil companies worldwide, the Abu Dhabi National Oil Company (ADNOC). Environmental regeneration works, totalling approximately Euro 500 thousand, will be carried out by B&A Waste Management Co. LLC using innovative on-site treatment technologies, thanks to Ambienthesis' technical know-how and expertise.

⁹ 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.



Ambienthesis and its suppliers and partners

As at 31 December 2020, 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 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 2020, **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 40% of suppliers are based in the province of Cremona.

Moreover, **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 corporate procedure to qualify new suppliers has been further implemented in 2020 – these will be assessed on the basis of their environmental, social and governance performance too.

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.

During 2020, with the help of external consultants and agencies specialising in engagement processes, the Group has launched a number of projects to identify its own stakeholders, using the following tools: interviews to the management, sector research, specific training courses and attendance to meetings with specialised consultants.

Moreover, a multidisciplinary working group led by the Group's CSR Manager was established, with a view to monitoring initiatives and align data collection tools.

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. A project called “**Integrated Communication**” was launched in 2018 following the introduction of the Group's new name and payoff. The initiative, currently ongoing, is aimed at setting out a new integrated and shared communication strategy, analysing the current reputational position of the Greenthesis Group as a whole, and developing a global image strengthening process.



Focus Box no. 4 – Circular Economy at School

Among the main projects in the “Integrated Communication” field, the initiative called “A Scuola di Economia Circolare” (Circular Economy at School) stands out. Targeted at secondary schools in the communities where the Group operates, it involves experts in the field to raise the awareness of students on environmental matters and the waste cycle.

The project, which is open to all Italian teachers and also available on the website of the Ministry of Education (MIUR), has proved extremely successful, involving over 1,600 students from schools in the provinces of Bergamo, Turin and Padua, and 1,500 teachers across Italy.

“A Scuola di Economia Circolare” is sponsored by both the Ministry for Environment, Land and Sea Protection (MATTM) and Confindustria Cisambiente, and received the “Sodalitas Call for Future” award in the framework of Fondazione Sodalitas’ initiative to make the general public, institutions and especially young people more aware of the strategic role that businesses play in the sustainable development of the country.

▪ 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 rehabilitation 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 services¹⁰” 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 regeneration 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 sludge from wastewater treatment in agriculture), as well as favouring, with reference to environmental remediation and rehabilitation, future developments in regenerated areas by giving them high economic, environmental and social value.

¹⁰ 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.).



Focus Box no. 5 – First prize at Hub Tecnologica Campania

In June 2020, at the all-digital event “Hub Tecnologica Campania” – promoted by the partnership between fairs RemTech Expo (the only permanent international event specialising on remediations) and EnergyMed (a convention and exhibition on renewable sources and energy efficiency) – our engineers presented the project called “Remediation of the ‘Italsider’ Site of National Interest in Bagnoli – The benefits of an integrated solution”.

The project, which Ambienthesis implemented and presented as an educational poster in collaboration with Invitalia (Italian National Agency for Development, owned by the Ministry of Economy), won the first prize, having received the highest number of votes in its session. Our engineers were therefore given the opportunity to present the project in a dedicated session attended by the Undersecretary of the Ministry of the Environment Roberto Morassut.

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.

Focus Box no. 6 – Supporting “our territory”

Ambienthesis has joined the fundraising campaign launched by the other main companies of the Group – Greenthesis S.p.A., Rea Dalmine S.p.A. and Gea S.r.l. – to support Italian clinics and hospitals in dealing with the COVID-19 emergency. Ambienthesis’ donation has supported the San Luigi Gonzaga hospital in Orbassano.

For the second four-year period in a row, Bioagritalia has joined efforts with other local businesses in the area of Cremona by renewing its support to “Progetto Mobilità Garantita” (Guaranteed Mobility Project) for the period 2020/2023. “Progetto Mobilità Garantita”, organised by the association PMG Italia and sponsored by the Municipality of Cremona – Social Policies Area, involves subsidising the purchase of a vehicle to transport the disabled and the elderly, which is a key resource to take disabled students to school, accompany children and elderly to medical examinations and treatments, rehabilitation facilities and day-care centres, as well as to transport patients on dialysis.

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, the Group has strengthened **exchange activities with schools, universities and training centres** even further.

Due to the pandemic, the initiative “**Open Plants**”, which the Orbassano platform used to organise every year in June, could not be held in 2020. The event, aimed at raising the citizens’ awareness and making them more responsible in matters of waste and circular economy, will resume in 2021.



Focus Box no. 7 – Responsible management of the Barricalla landfill

The responsible management model adopted at the landfill operated by Barricalla S.p.A. (35% owned by Ambienthesis S.p.A.), which over the years has become the main Italian landfill for hazardous and non-hazardous special waste, is worth noting. 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, focussing on waste disposal.

Focus Box no. 8 – Tutto ruota. Viaggio nel mondo dell'economia circolare

Ambienthesis, in cooperation with Greenthesis, published "*Tutto ruota. Viaggio nel mondo dell'economia circolare*", a scientifically accurate educational book that uses images and words to delve into the innovative concepts of circular economy and environmental sustainability.

The book is targeted at an audience of environmental enthusiasts, helping young people understand what job opportunities green economy may offer and giving adults a chance to expand their knowledge of the matter.

Proceeds from the sale will be donated to the Italian Association for the Development of Circular Economy (AISEC).



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

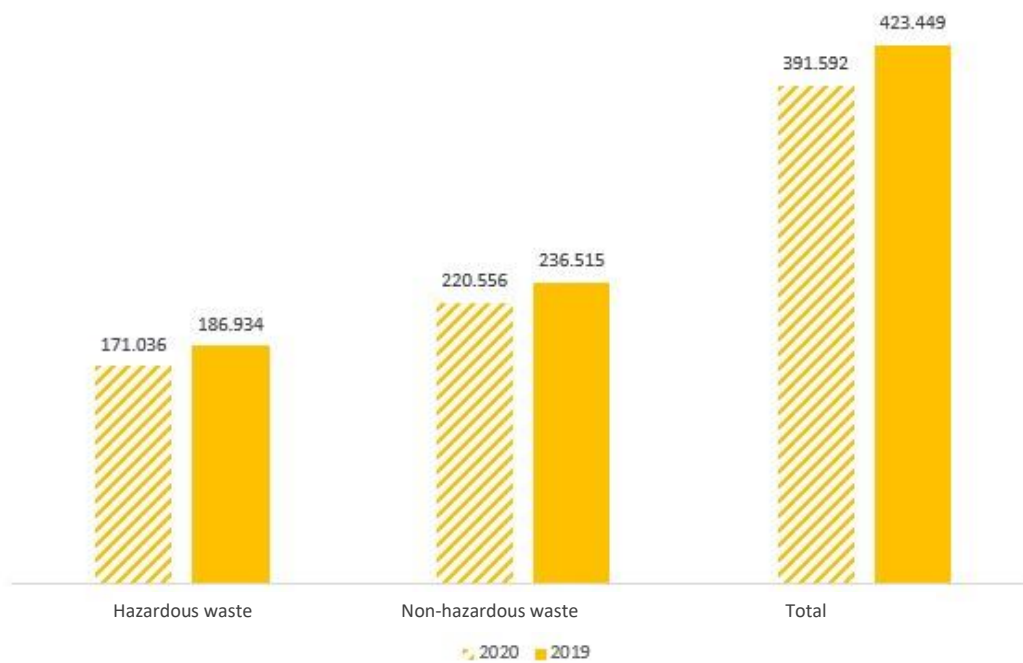
The Group companies manage both their own waste and waste produced by other bodies and communities by following the principles of prevention, sustainability and safety, according to an approach aimed at ensuring, on the one hand, the effectiveness of treatment and disposal processes and, on the other,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

In 2020, **our own plants** treated a total of 391,592 tons of waste (-8% compared to 2019), of which 171,036 tons of hazardous waste (-9% compared to 2019) and 220,556 tons of non-hazardous waste (-7% compared to 2019).



The following tables show the **different types of hazardous and non-hazardous waste produced within the plants.**

WASTE MANAGED BY GROUP PLANTS (tons)



MAIN TYPES OF HAZARDOUS WASTE PRODUCED WITHIN THE PLANTS (t)

Type of waste	2020	2019	2018
Miscellaneous hazardous waste from laboratory analysis and maintenance	0.0	0.6	5.5
Activated carbon	5.6 ¹¹	53.0	85.0
Laboratory chemicals consisting of or containing hazardous substances	0.4	0.1	0.1
Laboratory washing waters	0.0	0.2	0.4
Packaging containing or contaminated with hazardous substances	12.3	5.5	3.0
Other waste (including miscellaneous materials) from mechanical treatment of waste containing hazardous substances	29.9	45.0	00.0
Waste containing other hazardous substances	26.3	11.0	0.0
TOTAL	74.5	115.4	94.0

¹¹ The value of activated carbon is lower than in the past, after the Orbassano plant replaced “Camino E1 emergenza”, which used to generate large quantities of this waste, with more environmentally friendly solutions.



MAIN TYPES OF NON-HAZARDOUS WASTE PRODUCED WITHIN THE PLANTS (t)			
Type of waste	2020	2019	2018
Biological sludge	5,571.5	6,132.0	5,944.0
Chemical sludge	1,630.6	1,593.0	1,617.0
Sands	3,275.4	3,248.0	2,432.0
Sieve and bulky waste	669.3	626.0	691.0
Landfill leachate free of hazardous substances	390.7	211.9	207.6
Leachate	17,318.6	16,532.6	25,634.4
Non-specified waste	22,771.0	19,314.8	20,449.0
Wooden packaging	197.4	351.7	95.0
Iron and steel	86.7	15.4	64.0
Aqueous waste solutions free of hazardous substances	0.0	61.0	290.9
Paper or cardboard packaging	0.0	0.0	0.7
Glass	64.9	88.0	0.0
Non-ferrous materials	1.8	3.0	0.0
Mixed packaging	8.4	12.0	0.0
TOTAL	51,986.3	48,189.4	57,425.6

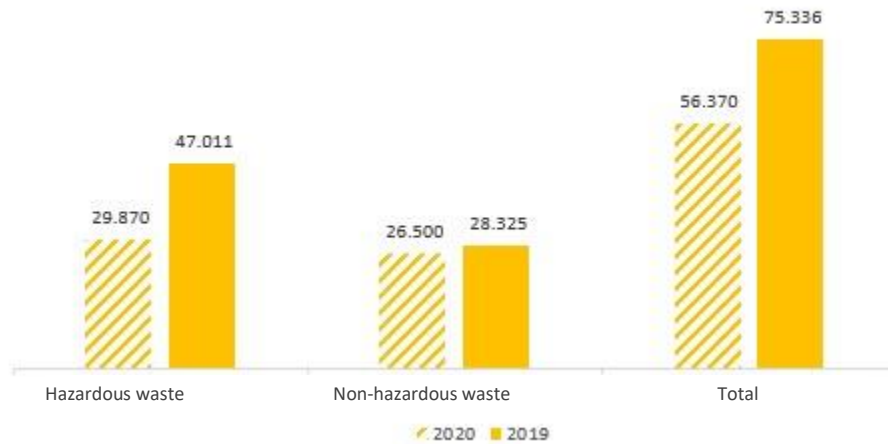
The **remediation activities** carried out by the Parent Company are also connected to the production of different types of waste, which, in accordance with each specific remediation project, can be confined and managed on site or transported to specialised treatment and disposal plants.

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.

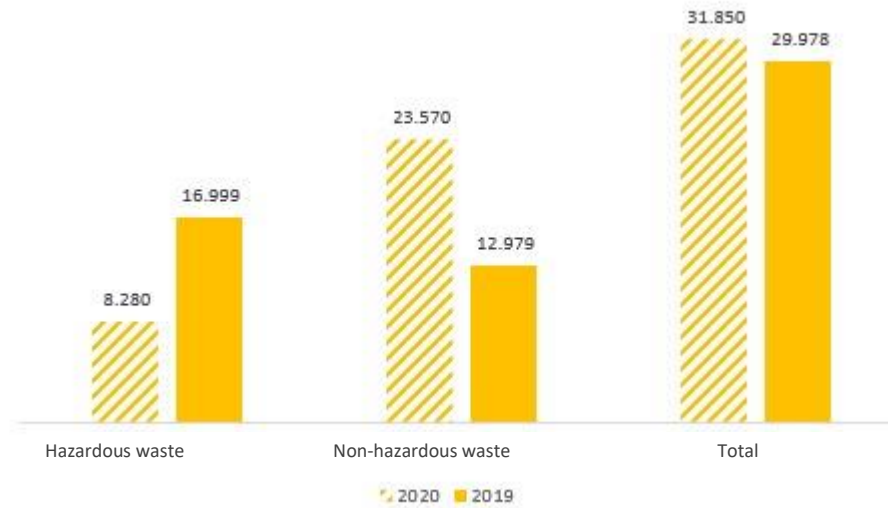
In 2020 the Company managed a total of almost 56,370 tons of waste at its remediation sites (-25% compared to 2019), of which about 29,870 tons of hazardous waste (-40% compared to 2019) and 26,500 tons of non-hazardous waste (-8% compared to 2019). In particular, the Company was classified as producer/holder of the same waste for about 31,850 tons (approximately 8,280 tons of hazardous and 23,570 tons of non-hazardous waste).



WASTE MANAGED DURING REMEDIATION ACTIVITIES (tons)



WASTE PRODUCED DURING REMEDIATION ACTIVITIES (tons)



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

- ✓ **Soil desorption**¹² (Site of National Interest);
- ✓ **On behalf of Eni Rewind**, 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 soil within the site itself (Site of National Interest);

¹² 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.



- ✓ **On behalf of Edison**, 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 Fluosit site (groundwater + soil) in the Municipality of Asola (Mantua), aimed at removing about 100,000 cubic metres of soil contaminated with 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 works and remediation of the former Alumix area located in the Municipality of Portoscuso (Cagliari)**, which involve 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 involve 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 works also in the former Alcoa Fusina area in the Municipality of Marghera** (Site of National Interest);
- ✓ **Remediation** and demolition works at the Sun Chemical site in Florence, which aggregate remediation, demolition and emergency safety works aimed at regenerating the disused industrial site;
- ✓ **Remediation** and safety works at the Ciliverghe landfill on behalf of the Municipality of Mazzano (BS);
- ✓ **Other minor works** for public and private customers, currently ongoing country-wide.

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 soil¹³.

▪ Electricity and fuel consumption

In 2020, the Ambienthesis Group's **total electricity consumption** was approximately 29,300 GJ¹⁴. 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, so much so that **98% of the Company's electricity consumption comes from renewable sources**.

At the Ambienthesis Group's level, too, actions have 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 have continued on electricity

¹³ The soil washing technique allows to effectively wash the substrate to be treated with water, aqueous solutions of surfactants, biosurfactants 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.

¹⁴ The figure includes electricity consumption at Bioagritalia's plant, as well as electricity consumption at remediation sites (2,296 GJ), both of which were only estimated in the 2019 Report.



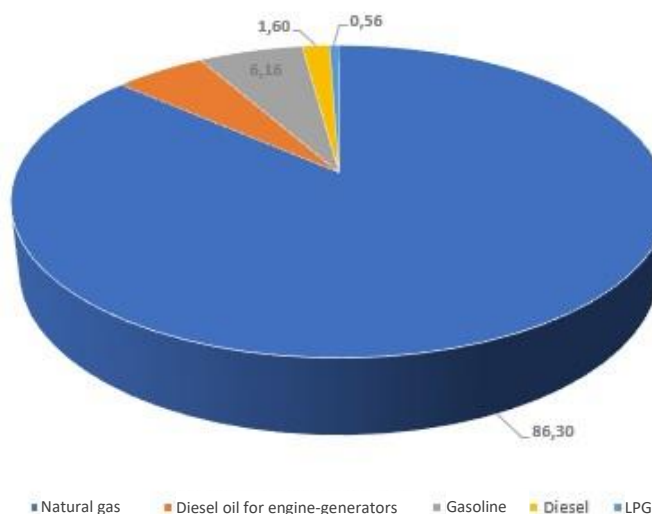
flows on a corporate level and at each plant, in order to design appropriate consumption reduction programmes by **replacing higher-impact machinery and engines** with more recent and high-performing solutions.

Significant results have been recorded in 2020 following the adoption of a similar approach – at the Liscate plant, for instance, electricity consumption has decreased significantly following the introduction of more energy efficient equipment and LED lights. In order to reduce electricity consumption at the San Giuliano plant, on the other hand, an automatic power factor correction unit was installed on the fluorescent tube treatment machine.

Finally, in 2020, about 57,753 GJ of fuel were consumed¹⁵. As per the following pie chart, most of this consumption (approximately 48,298 GJ) refers to **natural gas** for electricity production and heating of offices and changing rooms for employees, while the remainder is **fuel (mostly diesel and gasoline) purchased** to feed machinery in use at the plants. In particular, about 92% of fuel consumption occurred at the Orbassano facility.

Although the consumption of natural gas increased after putting the **trigeneration plant at the Orbassano facility** into full operation in 2020, the purchase of electricity from the grid and the use of LPG¹⁶ have been significantly limited as a result. The plant actually allows heating and cooling offices and producing domestic hot water, thus reducing the purchase of gas for the heating and cooling unit.

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 (approximately 30% of the water drawn from the well and aqueduct is recycled). Again in order to foster a responsible use of the resource, a number of

¹⁵ This value is higher than in 2019, as the Orbassano platform consumed 48,017 GJ of Natural Gas in the trigeneration plant to produce electricity.

¹⁶ Thanks to the trigeneration plant, electricity production increased by 4,178,130 Kwh compared to last year, saving 37,814 l of LPG.

water meters have been installed over the years, which allow to map and monitor well water consumption in the different sections of the plant.

In order to reduce withdrawals from the well, at the Orbassano plant, certain types of liquid waste called “fluidifiers” are recycled and used in the process for rendering solid waste inert; as a matter of fact, their chemical and physical features are such that they can replace water.

Taking into account all waste disposal and treatment plants within the scope of reporting, the **total water consumption** in 2020 was 101,390 cubic metres of water¹⁷. 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 ³)		
Source	2020	2019
Aqueduct water	5,659	6,113
Well water	27,431	26,539
Surge tank	68,300	62,175
TOTAL	101,390	94,827

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.

▪ **Direct and indirect emissions**

Direct emissions of CO2 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”). These emissions, totalling about 3,000¹⁸ tons of CO2 equivalent in 2020 and almost entirely generated by the Orbassano facility – especially in connection with the use of natural gas for the trigeneration plant – are going to progressively decrease over the following years thanks to the gradual replacement (already started) of the Company’s equipment with cutting-edge hybrid machinery.

As far as **emissions of other volatile substances** from environmental rehabilitation and waste treatment and disposal are concerned, the main initiative completed in 2020 has involved upgrading the plant of the new **Regenerative Thermal Oxidizer (RTO)**, which was put into full operation in 2019 at the Orbassano facility. The system allows 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 Lisate and Bioagritalia have also been involved in a **general revamping of the equipment used for reducing air pollutant emissions**, which has led to the installation of new biofilters

¹⁷ 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.

¹⁸ This value is higher than in 2019 due to the increase in the use of natural gas at the trigeneration plant in Orbassano. However, the plant itself has allowed saving 1,076 tCO2, i.e. the electricity we self-produced and no longer purchased.

and scrubbers. Namely, at the Liscate plant, the biogas heater has resumed operation; its emissions will be monitored during 2021.

The Group's approach to innovation

Innovation, in terms of both 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 interconnection, 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.

In 2020, Ambienthesis has focussed its research in identifying innovative technological solutions that can apply to the purification process and allow reducing the quantity of biological sludge and increasing production of biogas and biomethane.

This series of technological studies and research will allow Ambienthesis to consider investing in its own and third-party plants during 2021, providing a global service for the application of these technologies, which have proved able to allow reducing the quantity of sludge to be disposed of by 50-70% and increasing the quantity of biogas by 30-40%.

Focus Box no. 9 – 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 continued in 2020 too 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 2020 have confirmed the 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 shown good potential in treating hydrocarbon-contaminated soils.

Following the analysis of results achieved in the two-year period 2019-2020, we have been able to start developing the industrial scale-up of the pilot plan, which is currently in its final phase.

Focus Box no. 10 – Innovation projects in cooperation with universities and research centres

Also throughout 2020, the Group has continued to collaborate with the University of Salerno and the Polytechnic of Milan to carry out research projects in the field of circular economy and enhancement of renewable sources.

In particular, a collaboration is underway with the University of Salerno for assessing the effects of odorous emissions and monitoring and controlling them in relation to a project to produce liquified biomethane from the anaerobic digestion of the organic fraction of municipal solid waste (Project of the company Rifiuture srl, 30% owned by REA and 30% owned by GEA).

The partnership with the Polytechnic of Milan, aimed at identifying sustainable industrial process for phosphorus recovery, is continuing. 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 purification sludge ashes, where 80% of the phosphorus discharged into municipal wastewater is concentrated.



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 16
	102-3	Location of headquarters	Page 15
	102-4	Location of operations	Page 15
	102-5	Ownership and legal form	Page 13
	102-6	Markets served	Pages 17-21
	102-7	Scale of the organisation	Pages 7; 54-55
	102-8	Information on employees and other workers	Pages 69-74
	102-9	Supply chain	Pages 82-83
	102-12	External initiatives	Pages 84-86
	102-13	Membership of associations	Page 31
GRI 102: General Disclosures – Strategy	102-14	Statement from senior decision-maker	Page 5
GRI 102: General Disclosures – Ethics and integrity	102-16	Values, principles, standards and norms of behaviour	Pages 8; 57-58
GRI 102: General Disclosures – Governance	102-17	Mechanisms for advice and concerns about ethics	Pages 78-79
	102-18	Governance structure	Page 9
	102-22	Composition of the highest governance body and its committees	Page 7
	102-35	Remuneration policies	Page 76
GRI 102: General Disclosures – Stakeholder engagement	102-40	List of stakeholder groups	Page 84
	102-42	Identifying and selecting stakeholders	Page 84
	102-43	Approach to stakeholder engagement	Page 84
GRI 102: General Disclosures – Reporting process	102-45	Entities included in the consolidated financial statements	Pages 54-55
	102-46	Defining report content and topic boundaries	Pages 54-55



GRI 102: General Disclosures – Reporting process	102-47	List of material topics	Page 60
	102-50	Reporting period	Page 54
	102-54	Claims of reporting in accordance with the GRI standards	Page 54
	102-55	GRI content index	Pages 95-97
GRI 103: Management approach	103-2	The management approach and its components	Pages 57-58
GRI 201: Economic performance	201-1	Direct economic value generated and distributed	Pages 67-68
GRI 201: Economic performance	202-2	Proportion of senior management hired from the local community	Page 70
GRI 203: Indirect economic impacts	203-1	Infrastructure investments and services supported	Pages 84-87
	203-2	Significant indirect economic impacts	Pages 81-82
GRI 204: Procurement practices	204-1	Proportion of spending on local suppliers	Pages 82-83
GRI 205: Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	None
GRI 302: Energy	302-1	Energy consumption within the organisation	Pages 90-91
	302-4	Reduction of energy consumption	Pages 90-91
GRI 303: Water	303-1	Water withdrawal by source	Pages 91-92
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	Page 92
	305-2	Energy indirect (Scope 2) GHG emissions	Page 92
	305-5	Reduction of GHG emissions	Page 92
GRI 306: Effluents and waste	306-2	Waste by type and disposal method	Pages 88-90
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 73



GRI 403: Occupational health and safety	403-1	Workers' representatives in formal health and safety committees	Pages 74-76
	403-2	Type and rate of accidents, occupational diseases, absenteeism and number of deaths at work	Pages 74-76
GRI 404: Training and education	404-1	Average hours of training per year per employee	Page 77
GRI 405: Diversity and equal opportunities	405-1	Diversity of governance bodies and employees	Pages 7; 69
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 84-86
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

