



AMBIENTHESIS

THINK GREEN, ACT SMART

ANNUAL FINANCIAL REPORT AS AT 31 DECEMBER 2021

AMBIENTHESIS S.p.A.

Via Cassanese, 45
20054 Segrate (MI)

Share Capital Euro 80,704,000.00 fully paid-up

Tax code 10190370154

VAT number 02248000248

Register of Companies no. 10190370154

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ANNUAL FINANCIAL REPORT AS AT 31 DECEMBER 2021

CORPORATE BODIES

INTRODUCTION

Letter to Shareholders
Group highlights

BOARD OF DIRECTORS' MANAGEMENT REPORT

Mission
Introduction and accounting standards adopted
Company data
The Ambienthesis Group and its business model
Scope of consolidation
Reference market and context in which the Group operates
Development strategies
Summary of economic and financial performance of the Ambienthesis Group
Significant events occurred during the year
Events occurred after the end of the year
Intra-group relations and related parties
Human resources and employment data
Investments
Information on the environment
Research and development
Operating outlook
Description of the main risks and uncertainties to which the company and the Group are exposed

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
Sustainability highlights
Responsible management for sustainability
Materiality analysis
Generated and distributed wealth
Ambienthesis and the people
Ambienthesis and the customers
Ambienthesis and its suppliers and partners
Ambienthesis and the community
Ambienthesis and the environment

The Group's approach to innovation
Correlation table to the GRI standard

PARENT COMPANY'S FINANCIAL STATEMENTS

Summary of economic and financial performance of Ambienthesis S.p.A.
Calling of the Shareholders' Meeting
Allocation of the result for the year of Ambienthesis S.p.A.

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 Quattrociochi	<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

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

LETTER TO SHAREHOLDERS – 2021

Dear Shareholders,

The 2021 Financial Report encapsulates an extraordinary year for Ambienthesis, which has experienced an incredible change of pace and is looking ahead to more ambitious challenges.

After 2018, which I had called a turning point, 2019, which saw the Group experiencing an all-round growth, and 2020, the year of resilience marked by an unexpected pandemic, 2021 can deservedly be regarded as the year of recognition, also by the stock market, where our share price grew from 0.67 at the beginning of the year to 1.15 at year-end.

This was achieved thanks to the relentless work that each business function has carried out untiringly and with dedication, in terms of cost rationalisation, commercial action maximisation, human capital enhancement, growth through training and the striving to respect both the law and the principles of environmental sustainability. During the year, we have also invested a lot in research and development, as well as in technological innovation, thus improving our ESG Rating and achieving the best score in the Legality Rating.

However, 2021 will forever be remembered as the year of the “Alta Quota” transaction, which has led our Group to reach a size and a market that had never been achieved before by our scope of listing.

This corporate and business integration transaction has concentrated Greenthesi's operations in the environmental sector in the hands of Ambienthesis, in accordance with a well-conceived business plan that has brought about a massive growth in value. All the above thanks to a greater organisational and corporate rationalisation, a broadening and diversification of business sectors, an increase in the size of the business that has allowed us to strengthen our market positions and expand our development capabilities, thus enabling us to achieve synergies and economies of scale.

Today, we should all be proud of having become the largest independent pure play listed company in Italy that specialises in the integrated management of environmental services.

I believe this success would not have been possible without the shareholders, who have always supported us, and all our staff, who have never spared their commitment for the common good of our endeavour, in spite of the difficulties of the pandemic.

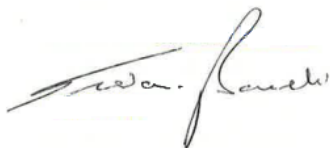
We should not regard this as a destination, though, but rather as a launch pad to an even more impressive growth: I am confident that 2022 will indeed be the year of development, and of social responsibility too.

A challenge – that of social responsibility – that Ambienthesis is happy to take on, by contributing to achieving the targets that the Recovery and Resilience Plan (PNRR) has set for Italy in the period 2021-2026.

Finally, also on behalf of the CEO, I would like to thank the members of our Board of Directors and Board of Statutory Auditors for supporting and pushing us forward, as well as all our external collaborators and stakeholders, who have contributed to our corporate growth.

Well-aware of our strength, we now aim at more ambitious goals of virtuous growth, proud to contribute to protecting the planet and future generations with our work.

Giovanni Bozzetti
Chairman



GROUP HIGHLIGHTS

FY 2021

155,938

thousand Euros

Revenues

25,706

thousand Euros

EBITDA

-69,305

thousand Euros

NFP

9,977

thousand Euros

Net profit

30,900

thousand Euros

EBITDA

(Adjusted)

19.8%

KPI Profitability

EBITDA (Adjusted)

Revenues



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.

“The best way to predict the future is to invent it”
(Alan Kay)



We are building
a **GREENER**
FUTURE



Introduction and accounting standards adopted

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 2021 consolidated financial statements have been audited by the Auditing Company EY S.p.A.

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

Please note that the 2021 consolidated financial statements of the Ambienthesis Group now include a number of assets and operations that did not fall within the scope of reference until just a few months ago.

As a matter of fact:

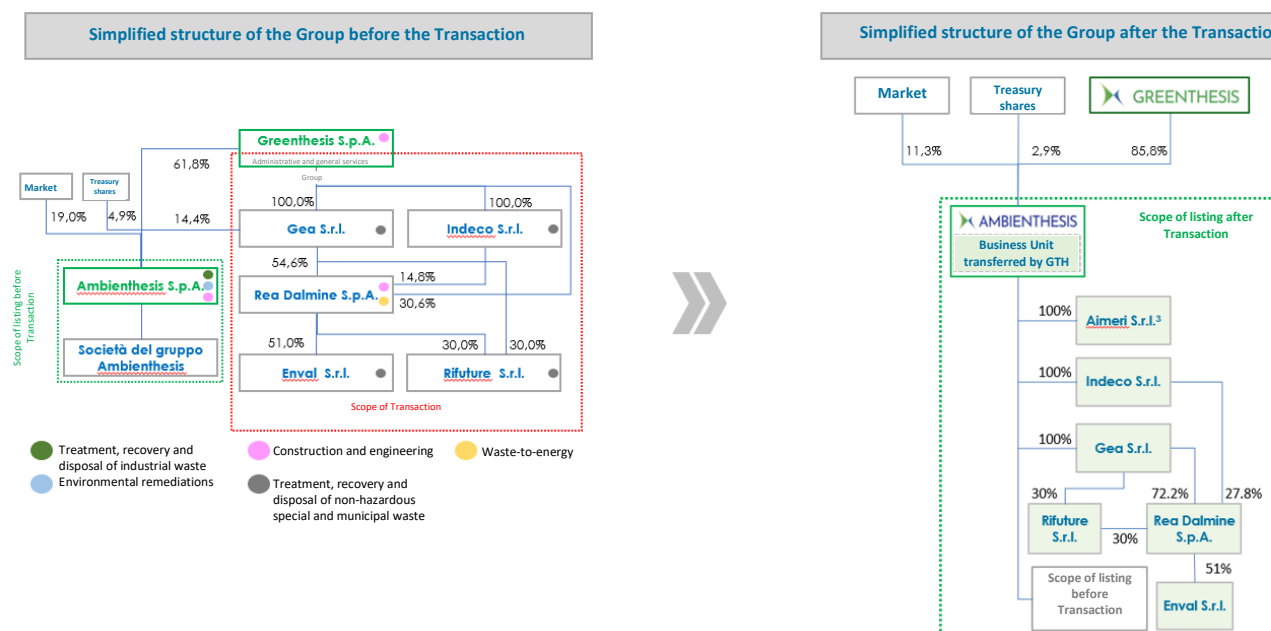
- On 28 July, Ambienthesis S.p.A. (“Ambienthesis” or the “Issuer”) and Greenthesis S.p.A. (“Greenthesis”) – holding company of the Grossi family that controls the Issuer – signed a non-binding Memorandum of Understanding for a possible business and corporate integration transaction aimed at concentrating all operations of the Greenthesis Group in the environmental sector in the hands of Ambienthesis, against a capital increase of the Issuer (the “Transaction”)
- On 15 November 2021, the Boards of Directors of Ambienthesis and Greenthesis approved the Transaction, by signing *inter alia* an investment agreement concerning a strategic transaction that has provided for the contribution in kind of all of Greenthesis’ operations in the environmental sector (the “Business Unit”) to Ambienthesis, against a capital increase of the Issuer with exclusion of the option right (the “Transfer”, the “Capital Increase”, and the transaction as a whole the “Transaction”)
- On 20 December 2021, the Extraordinary Shareholders’ Meeting of Ambienthesis approved the Capital Increase, whereby no. 62,500,000 new ordinary shares were issued, with the same characteristics as the shares outstanding at the issue date, equal to approximately 40.3% of the share capital of the Issuer after the Capital Increase, inclusive of treasury shares (the “New Shares”). The number of New Shares was agreed based on a relative valuation of the Business Unit and of Ambienthesis equal to Euro 75.0 million and Euro 1.20 per share
- The transfer of the Business Unit became effective on 31 December 2021 at 23:59 p.m.

The Transaction has made it possible to concentrate the Greenthesis Group’s operations in the hands of Ambienthesis, thus creating the largest independent pure play listed company in Italy that specialises in the integrated management of environmental services, able to offer innovative and sustainable solutions and obtain the following benefits for the Ambienthesis Group and its shareholders:

- streamlining, integrating and improving the efficiency of the Group's structure as a whole, in line with the best practices of listed companies, by concentrating all activities relating to the same business into a single listed group
- expanding and diversifying sectors of operation, previously focussed on environmental remediations and industrial waste management, with high-added value activities in the environmental service field – such as waste-to-energy, electricity generation and production of advanced biofuels, treatment, recovery, multi-material recycling and disposal of municipal waste, special waste and similar waste
- increasing the size of the Company, strengthening its market positions and expanding its development potential by achieving synergies, economies of scale and greater organisational and financial efficiency

Namely, the scope of the Transaction has covered the transfer to Ambientthesis of the following Greenthesi's operations:

- ownership and management of the waste-to-energy plant in Dalmine (BG), a national strategic facility that boasts a complex technology and is one of the most advanced – especially in terms of environmental requirements – and efficient in Italy (operations of Rea Dalmine S.p.A.);
- integrated management and multi-material recycling along the entire cycle of municipal waste collected in the Valle d'Aosta Region until 2036 (operations of Enval S.r.l.);
- ownership and management of the strategic regional landfill of the Veneto Region, devoted to disposal of mostly municipal and non-hazardous special waste, and of its ancillary plants for biogas upgrading and liquid waste treatment, located in the Municipality of S. Urbano (PD) (operations of Gea S.r.l.);
- ownership of the areas and development of landfill basins in the post-closure phase in Latina (Borgo Montello), which feature a system to produce electricity from biogas, and where a biomethane production plant and annexed photovoltaic park are currently being built (operations of Indeco S.r.l.);
- authorisation to build and operate a plant for the treatment of the organic fraction of waste and green residues (80,000 tons per year in total), with a view to producing advanced biomethane and high-quality compost, to be located in the Province of Latina (operations of Rifuture S.r.l.).



Company data

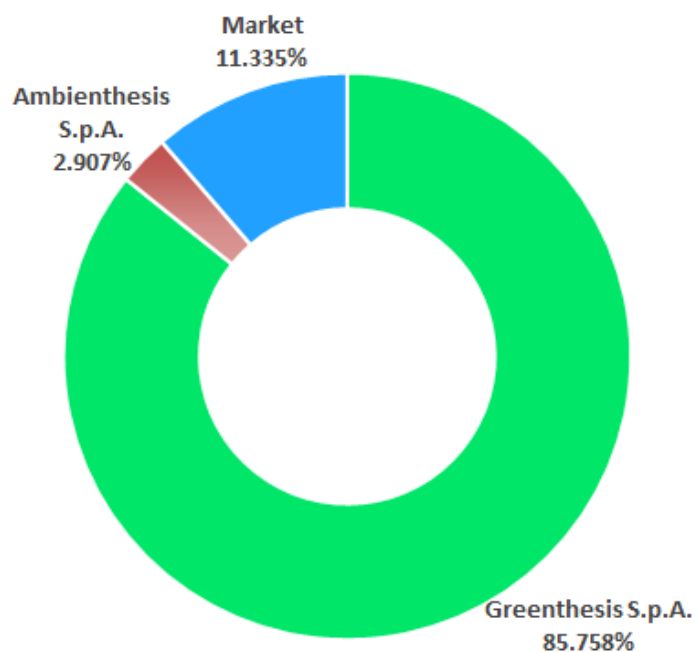
As at 31 December 2021, according to the shareholders' register, supplemented by the notices received under Article 120 of the Consolidated provisions on financial intermediation under Legislative Decree no. 58/1998, as well as according to other information available to the Company, the following shareholders held the following shares in the share capital of Ambientthesis S.p.A. – either directly or indirectly, with rights exceeding 2% of the share capital – formed by **no. 155,200,000 shares, of which 92,700,000 outstanding and 62,500,000 not traded yet**:

- **Greenthesis S.p.A.**, holder of no. 133,096,101 ordinary shares, equal to approximately **85.758%** of the share capital;
- **Ambientthesis S.p.A.**, holder of no. 4,511,773 treasury shares, equal to approximately **2.907%** of the share capital.

As at today, Ambientthesis S.p.A. holds a total of no. 4,511,773 treasury shares, equal to approximately **2.907%** 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, Ambientthesis 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 **11.335%** 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 2021, the reference share price of ATH was Euro 1.15 (approximately +66.9% compared to the same period of 2020, when it stood at Euro 0.69).

On the other hand, as at 14 March 2022, the ATH share price was Euro 1.10, with the following performances:

Performance 1 month:	-0.92%
Performance 6 months:	+37.06%
Performance 1 year:	+37.76%

Chart of ATH share performance over the last 12 months



Source: Teleborsa

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



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

The Ambientthesis Group and its business model

The Ambientthesis Group represents the largest independent pure play listed company in Italy that specialises in the integrated management of environmental services. It operates in the following areas:

Research and Development

The ability to innovate is bound to become increasingly important



Waste

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



Renewable Energy

Improving sustainability of energy supply by reducing greenhouse gas emissions



Air

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



Water

A vital resource



Remediations

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



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

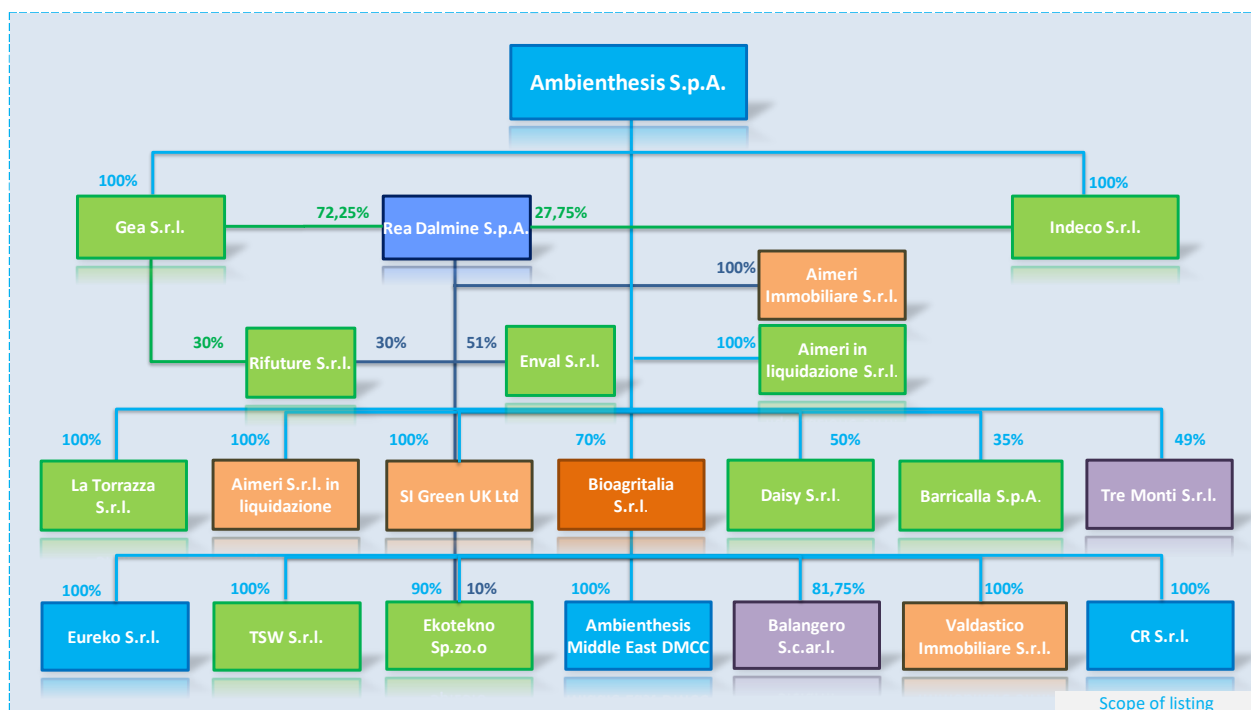
These requirements, with high environmental impact, can only be met by following the principles of **Circular Economy** throughout the whole chain:

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

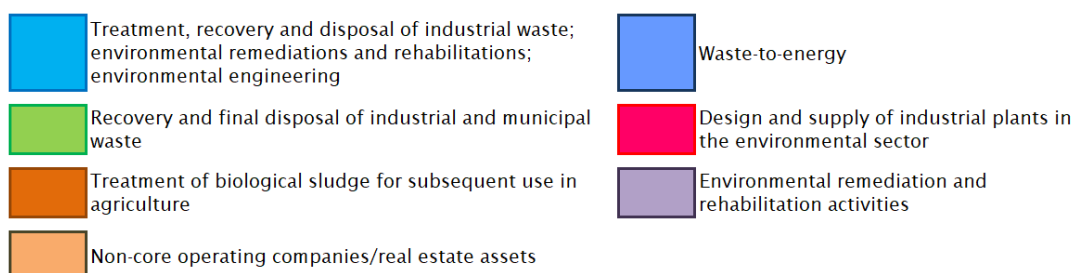


Scope of consolidation

The structure of the Ambienthesis Group as at 31 December 2021 is represented in the chart below:



BUSINESS UNITS



The above layout is the result, as already mentioned, of the capital increase carried out on 20 December 2021, by virtue of which Greenthesis S.p.A. has contributed the following operations in the environmental sector:

- ownership and management of the waste-to-energy plant in Dalmine (BG) – Rea Dalmine S.p.A.;
- integrated management and multi-material recycling along the entire cycle of municipal waste collected in the Valle d'Aosta Region until 2036 – Enval S.r.l.;
- ownership and management of the strategic regional landfill of the Veneto Region and of its ancillary plants for biogas upgrading and liquid waste treatment – Gea S.r.l.;
- ownership of the areas and development of landfill basins in the post-closure phase in Latina (Borgo Montello), which feature a system to produce electricity from biogas, and where a biomethane production plant and annexed photovoltaic park are currently being built – Ind.eco S.r.l.;
- authorisation to build and operate a plant for the treatment of the organic fraction of waste and green residues (80,000 tons per year in total), with a view to producing advanced biomethane and high-quality compost.

The integration of the above-said facilities has allowed to create the largest independent pure play listed company in Italy that specialises in the integrated management of environmental services, able to contribute to the ongoing ecological transition process and to offer innovative and sustainable environmental solutions and obtain competitive advantages and added value for the Ambienthesis Group and its shareholders.

As at 31 December 2021, the scope of consolidation included, as well as Ambientthesis S.p.A., the following companies:

Company name			Share capital		Share consolidated by the Group	Investing companies	% of ownership in the share capital
Subsidiaries consolidated using the full consolidation method							
Aimeri Immobiliare S.r.l.	Segrate (MI)	Italy	119	EUR	100%		
Aimeri S.r.l. in liquidation	Inzago (MI)	Italy	197	EUR	100%		
ATH Middle East DMCC	Dubai	UAE	13	AED	100%		
Balangero	Quincinetto (TO)	Italy	10	EUR	82%		
Bioagritalia S.r.l.	Segrate (MI)	Italy	99	EUR	70%		
C.R. S.r.l.	Paderno Dugnano (MI)	Italy	10	EUR	100%		
Enval S.r.l.	Aosta	Italy	1,500	EUR	51%		
Eureka S.r.l.	Milan	Italy	100	EUR	100%		
Ekotekno Sp. z.o.o.	Blaszki	Poland	152	PLN	100%		
Evoluzione Ambiente S.r.l.	Sant'Urbano (PD)	Italy	40	EUR	100%		
Gea S.r.l.	Sant'Urbano (PD)	Italy	2.100	EUR	100%		
Greenpiemonte S.r.l.	Segrate (MI)	Italy	40	EUR	100%		
Indeco S.r.l.	Latina	Italy	500	EUR	100%		
La Riccia S.r.l.	Taranto	Italy	10	EUR	100%		
La Torrazza S.r.l.	Segrate (MI)	Italy	90	EUR	100%		
Marzano S.r.l. in liquidation	Milan	Italy	50	EUR	100%		
Rea Dalmine S.p.A.	Dalmine (BG)	Italy	2.500	EUR	100%		
Rifuture S.r.l.	Latina	Italy	100	EUR	60%		
Si Green UK Ltd	Swansea	UK	625	GBP	100%		
TSW S.r.l.	Nebbiuno (NO)	Italy	10	EUR	100%		
Valdastico Immobiliare S.r.l.	Segrate (MI)	Italy	100	EUR	100%		
Subsidiaries consolidated using the equity method							
Barricalla S.p.A.	Turin	Italy	2,066	EUR	35%	Ambienthesis S.p.A.	35%
Daisy S.r.l.	Barletta (BT)	Italy	5,120	EUR	50%	Ambienthesis S.p.A.	50%
B&A Waste Management	Dubai	UAE	16	AED	49%	ATH Middle East DMCC	49%
Tremonti S.r.l.	Milan	Italy	100	EUR	49%	Ambienthesis S.p.A.	49%

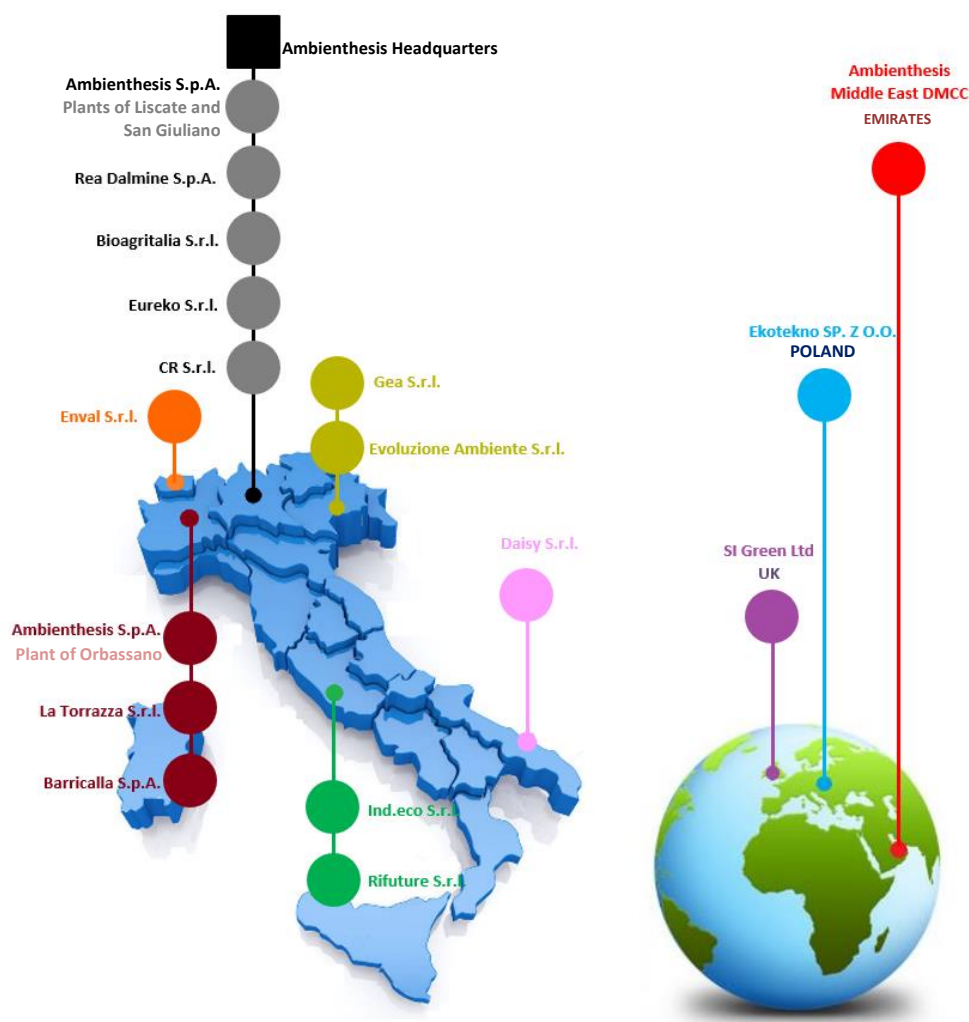
Ambientthesis S.p.A. owns and operates, in Orbassano (TO), the largest platform in Italy for the treatment of hazardous and non-hazardous special waste (authorised capacity over 500,000 t/year).

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 Rea Dalmine S.p.A., Gea S.r.l., Ind.eco S.r.l., Enval S.r.l., La Torrazza S.r.l., CR S.r.l., Eureka S.r.l. and Bioagritalia S.r.l. (all 100% owned, directly or indirectly, except for Enval and Bioagritalia, which are 51% and 70% owned, respectively), the Company controls eight other plants: the first one, located in Dalmine (BG), is regarded as a waste-to-energy plant of reference across the country and Europe; the second one, located in Sant'Urbano (PD), serves as the strategic regional landfill of the Veneto Region; the third one, located in Borgo Montello (LT), covers the ownership of the areas and development of landfill basins in the post-closure phase in Latina, which feature a system to produce electricity from biogas, and where a liquefied biomethane production plant and annexed photovoltaic park are currently being built; the fourth one, located in Brissogne (AO), is the plant for the management and multi-material recycling of municipal waste in the Valle d'Aosta Region; the fifth one, located in Torrazza Piemonte (TO), is a landfill for hazardous and non-hazardous special waste; the sixth

one, located in Sannazzaro de' Burgondi (PV), operates in the treatment of hazardous and non-hazardous special waste; the seventh one, located in Peschiera Borromeo (MI), operates in the treatment of waste to reuse it in the production of inert materials; lastly, the eighth 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 Ambientthesis Group's operating areas can be summarised as follows:

Management of environmental services:

- Treatment, recovery and disposal of municipal and industrial waste
- Treatment, recovery and disposal of sludge, both civil and agricultural/industrial
- Environmental brokerage
- Energy recovery and production from renewable sources, advanced biomethane production
- Organisation and management of public utility services

Design, construction and management of ecological plants:

- Landfills for municipal and industrial waste
- Inertization and treatment plants for solid waste

- Water treatment plants
- Energy recovery and multi-material recycling plants

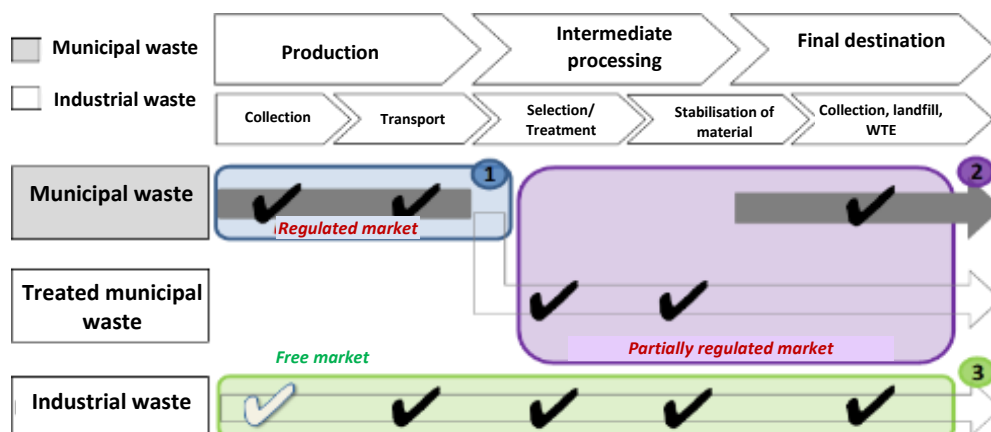
Local services:

- Environmental remediation, building rehabilitation and land redevelopment projects
- Environmental monitoring
- Auditing

The Ambienthesis Group, as is known, covers the entire value chain of the integrated management of the municipal and industrial waste cycle, with the exception of the collection service. The Group companies, in addition to having implemented major diversification in the field of cogeneration and generation of electricity from renewable sources, are primarily concerned with logistics, brokerage, treatment, recovery and disposal of waste, environmental remediation, design and construction of dedicated plants.



The value chain in the waste business

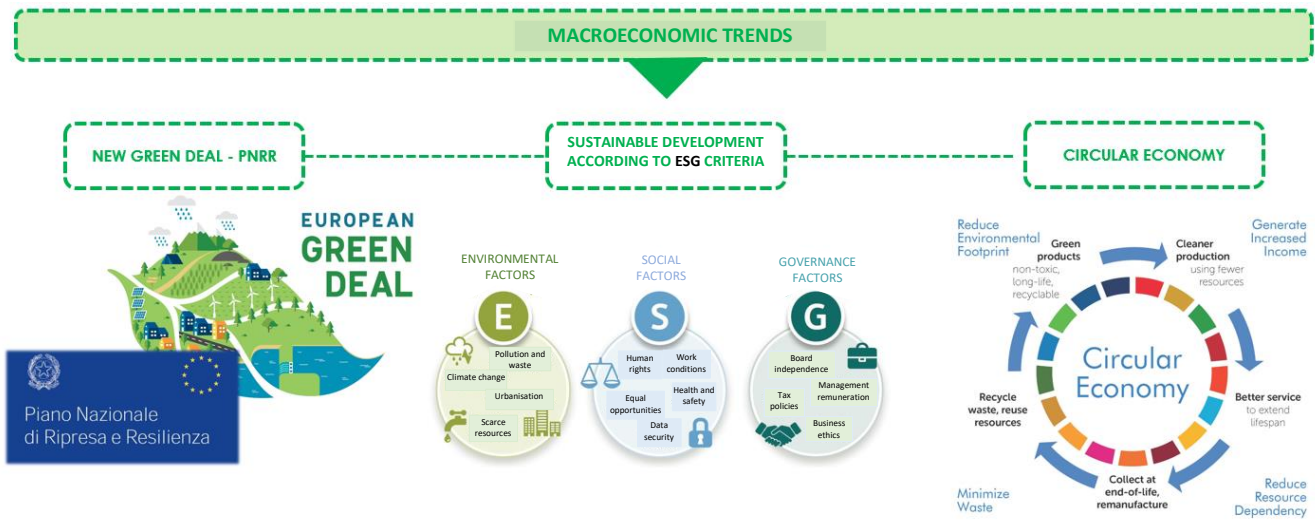


The **value chain** in the waste business consists of three micro phases for two types of waste (municipal waste and industrial waste):

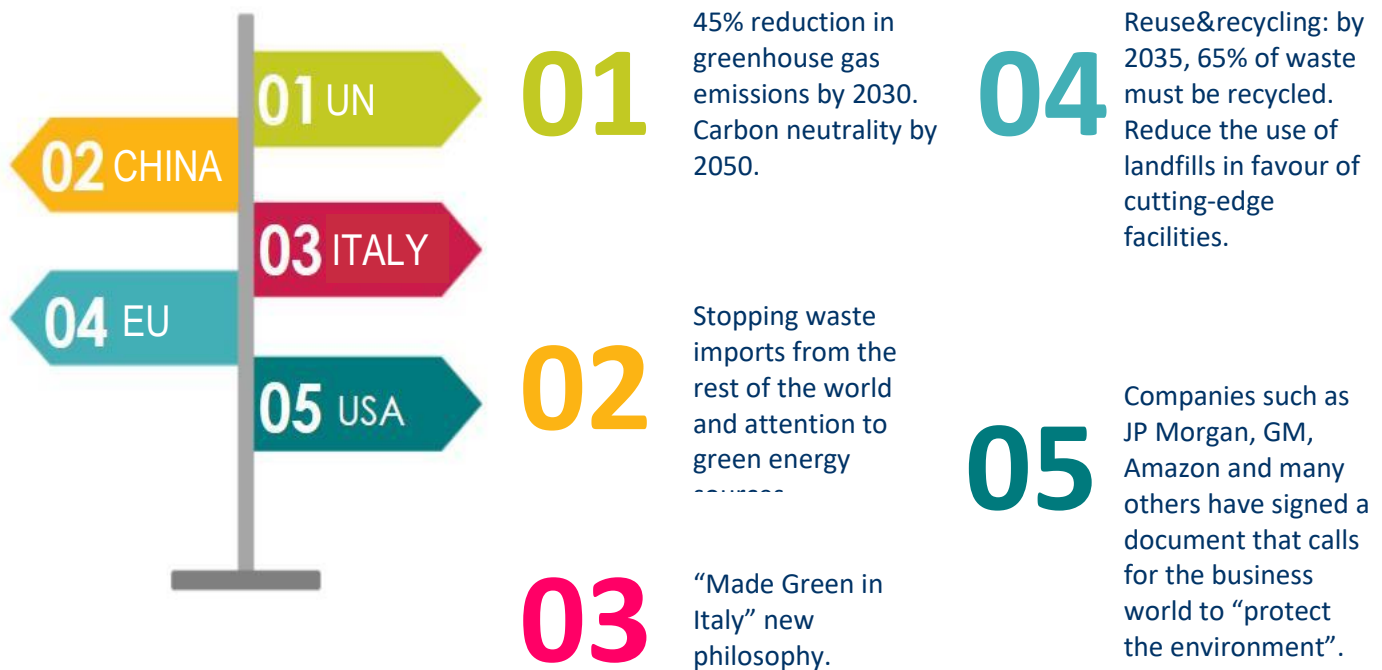


Reference market and context in which the Group operates

The Group operates in a context where the wellbeing of the planet and of the living beings that inhabit it lie at the core of management dynamics, as is self-evident from a number of sources:



The macro "GreenDrivers" for modern economic development lie at the heart of the Group's business model and are summarised as follows:



As at the date of this report, the 2021 editions of the “Special Waste Report” and of the “Municipal Waste Report”, both prepared by the Italian National Institute for Environmental Protection and Research (ISPRA), are available. The available data are therefore those of the Special Waste Report published in June 2021 and those of the Municipal Waste Report published in December 2021.

With regard to the production of special waste, we have taken into consideration the data referring to the year 2019 as derived from the disclosures submitted in the year 2020 under the Decree of the President of the Council of Ministers of 24 December 2018. In particular, it is noted that in the above-mentioned ISPRA Report, the domestic 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 154 million tons in 2019.

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 11.6 million tons. In particular, the production of non-hazardous special waste, derived from the MUD elaborations, amounted to over 71.2 million tons. In addition, there are almost 3.8 million tons relative to the estimates made for the manufacturing sector and the healthcare sector, 500,000 tons relating to end-of-life tires and 68.3 million tons of waste from construction and demolition operations related to Chapter 17 of Decision 2000/532/EC, entirely estimated, i.e. a total non-hazardous special waste production equalling about 143.8 million tons. The figure includes 5,000 tons of waste with unspecified ISTAT (Italian National Institute of Statistics) activity. The quantity of hazardous special waste generated in 2018 exceeded 10 million tons (over 1.4 million tons of which were 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.

The analysis of data shows that 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.

In detail, between 2018 and 2019 there was a rise in the total production of special waste equal to 7.3%, corresponding to approximately 10.5 million tons. (Table 1.1)

Table 1.1 – National special waste production, years 2017-2019

Type	Annual quantity (t)		
	2017	2018	2019
Non-hazardous special waste, except estimated waste (MUD data)	68,612,885	69,040,255	71,161,966
Non-hazardous special waste, except estimated waste from construction and demolition (estimated data)	4,498,320	4,573,771	4,317,844
Non-hazardous special waste from construction and demolition C&D (Chapter EER 17 estimated data)	56,112,305	59,812,827	68,334,771
Non-hazardous special waste with unspecified ISTAT activity (MUD data)	3,221	7,694	5,096
Total non-hazardous waste (NH SW)	129,226,731	133,434,547	143,819,677
Hazardous special waste (MUD data)	8,364,024	8,617,647	8,613,249
Hazardous special waste (estimated data)	2,350	2,527	2,710
End-of-life vehicles	1,302,640	1,423,089	1,538,046
Hazardous special waste with unspecified ISTAT activity (MUD data)	462	1,892	642
Total hazardous waste (H SW)	9,669,476	10,045,155	10,154,647
Special waste with unspecified EER code (MUD data)	0	0	0
Total special waste	138,896,207 ^a	143,479,702 ^a	153,974,324 ^a

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

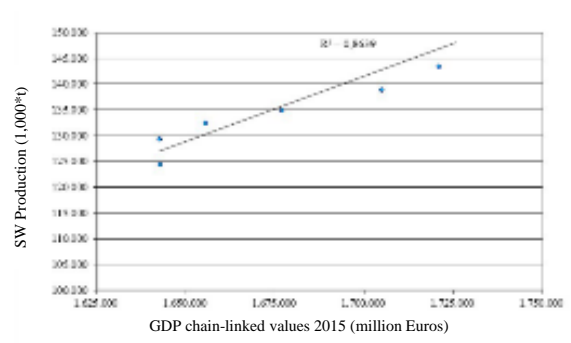
Source: ISPRA

In particular, compared to 2018, the increase refers virtually in its entirety to non-hazardous waste in quantitative terms, and namely waste from construction and demolition activities, up by 14.2%, i.e. 8.5 million tons in quantitative terms. On the other hand, the increase in the production of other non-hazardous waste types was more limited, according to the MUD database (+3.1%, i.e. approximately 2,100 tons). The production of hazardous special waste remained essentially unchanged, increasing slightly by 1.1%, i.e. 110,000 tons.

Comparing the evolution of waste production to the gross domestic product (chain-linked values with reference year 2015, ISTAT data current as at March 2021), a correlation with a value of R^2 equal to 0.8639 (Figure 1.2) may be noted with reference to the 2013-2019 period.

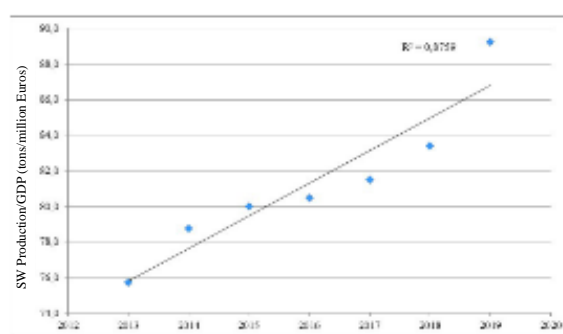
The trend of waste production per GDP unit suggests a moderate linear regression (R^2 equal to 0.9456, Figure 1.3).

Figure 1.2 – Relation between GDP and special waste production, years 2013-2019



Sources: ISPRA, ISPRA elaboration on ISTAT data

Figure 1.3 – Trend of special waste production per GDP unit, years 2013-2019



Sources: ISPRA, ISPRA elaboration on ISTAT data

On the other hand, as far as municipal waste (MW) is concerned, the domestic production in 2020 stood at almost 28.9 million tons, showing a slight decrease by 3.6% compared to 2019 (-1,078,000 tons); these figures are strongly influenced by the COVID-19 emergency that has had an impact on the social and economic context of the country. Hence, after returning in line with the 2016 figure in 2018 by exceeding 30.1 million tons, production has started to decrease again, albeit moderately (Table 2.5). If we take into consideration the trend over a longer period, it can be seen that between 2007 and 2010 production remained constantly above 32 million tons. Subsequently, it constantly stood at values below 30 million tons up until 2015, following the sharp drop in the two-year period 2011-2012 (concomitant with the contraction in the values of gross domestic product and household consumption). Later, with the exception of 2017, the value of production grew again above 30.1 million tons, and then started to decrease – to a limited extent in 2019 and more significantly in 2020, due to the pandemic.

Table 2.5 - Overall municipal waste production by region, years 2015-2019

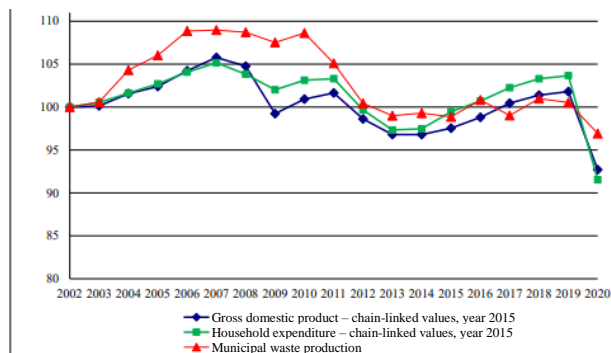
Region	2016	2017	2018	2019	2020
	(t)				
Piemonte	2,065,818	2,063,581	2,162,096	2,143,652	2,087,128
Valle d'Aosta	72,685	73,721	75,056	75,887	75,887
Lombardia	4,781,845	4,685,489	4,810,952	4,843,570	4,680,196
Trentino Alto Adige	510,477	519,034	543,626	546,636	512,341
Veneto	2,389,216	2,334,794	2,363,232	2,403,335	2,320,680
Friuli Venezia Giulia	582,052	589,018	595,729	603,107	597,621
Liguria	845,407	830,036	832,333	821,949	791,481
Emilia Romagna	2,904,852	2,859,763	2,945,291	2,960,609	2,844,728
Northern Italy	14,152,352	13,955,436	14,328,313	14,398,682	13,910,062
Toscana	2,306,696	2,243,820	2,284,143	2,277,254	2,153,388
Umbria	470,603	450,830	460,610	454,254	438,903
Marche	810,805	816,984	810,118	796,289	753,387
Lazio	3,025,528	2,961,867	3,026,441	2,982,549	2,815,268
Central Italy	6,613,633	6,473,502	6,581,313	6,510,346	6,160,946
Abruzzo	601,991	596,745	603,838	600,278	585,046
Molise	120,445	116,658	116,491	111,241	109,137
Campania	2,627,865	2,560,999	2,602,769	2,595,166	2,560,489
Puglia	1,909,340	1,876,335	1,898,348	1,871,828	1,851,161
Basilicata	201,946	196,315	199,425	197,214	188,717
Calabria	793,893	772,518	785,414	767,270	715,976
Sicilia	2,357,112	2,300,196	2,292,421	2,233,279	2,151,927
Sardegna	733,503	723,472	749,947	737,730	711,634
Southern Italy	9,346,094	9,143,237	9,248,654	9,114,005	8,874,087
Italy	30,112,079	29,572,175	30,158,280	30,023,033	28,945,094

Source: ISPRA

Compared to 2019, a misalignment of waste production and socio-economic indicators (GDP and final consumption expenditure on the economic territory of resident and non-resident households) was recorded. Indeed, in 2019, gross domestic product and household expenditure recorded an increase of 8.9% and 11.7%, respectively, while waste production somewhat decreased (-3.6%, Figure 2.2).

If we analyse the figure that refers to a longer period, and namely if we compare the various years' values with 2013 values (year when the GDP and consumption downward trend stopped, Figure 2.3), we note that the increase in waste production as a whole is more limited than that of the two socio-economic indicators (2020 being the exception, in which the decrease in waste production was less significant than that in the two socio-economic indicators, -2.1%, against a percentage decrease of 4.2% for GDP and of 6% for household consumption).

Figure 2.2 – Trend of municipal waste production and socio-economic indicators, years 2002-2020



Notes: The values of municipal waste production, GDP and household expenditure for year 2002 have been assumed as equal to 100.
Source: ISPRA; data of socio-economic indicators: ISTAT

A more detailed analysis of the trend in the production of municipal waste compared to household consumption shows, in the ratio of annual values for both indicators, that their performance was similar between 2013 and 2014 (essentially constant ratio), while the trend was discordant between 2014 and 2015 (decrease in production and increase in consumption, i.e. decrease in the ratio). In 2016, both indicators grew, with municipal waste production increasing slightly more; in 2017, consumption grew while MW production decreased (reduction in the ratio); and in 2018, both indicators grew again – also in this case, waste grew more significantly (increase in the ratio). Finally, in 2019, municipal waste production decreased slightly against an increase in consumption, thus reducing the ratio. Conversely, in 2020, given the decrease in both indicators, the ratio increased significantly.

Per capita production, expressed in kilograms per inhabitant, declined by 3% between 2019 and 2020. In 2020, the quantity per capita remained around 500 kilograms per inhabitant – the domestic figure has always remained similar since 2013, except for 2018 and 2019. However, quantities were much higher in the period 2007-2011, between 530 and 550 kilograms.

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.

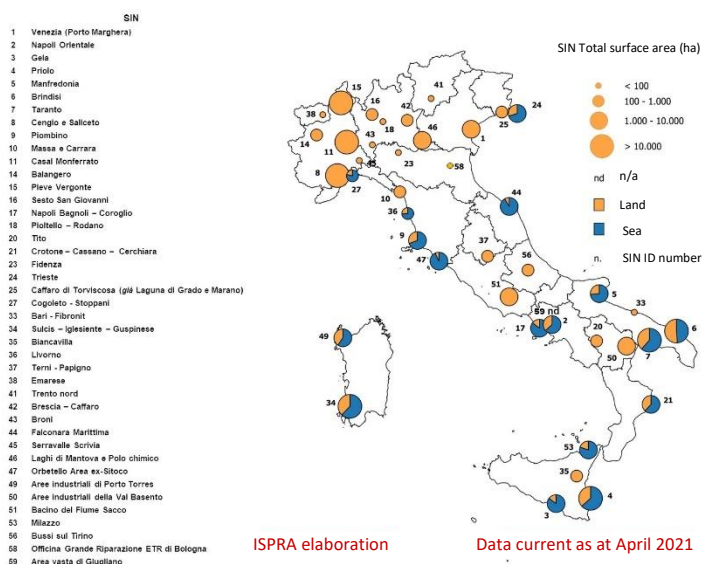
The first measures to implement at the site are emergency safety measures (Messa in Sicurezza di Emergenza – MISE) aimed at containing contamination and preventing it from spreading. Until “remediated”, a site is subject to restrictions of use in order to ensure the safety of users depending on its specific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

The aggregate surface area of SINs on land is 171,211 hectares, i.e. 0.57% of the surface area of Italy. The aggregate surface area of SINs in the sea is 77,733 hectares.



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.

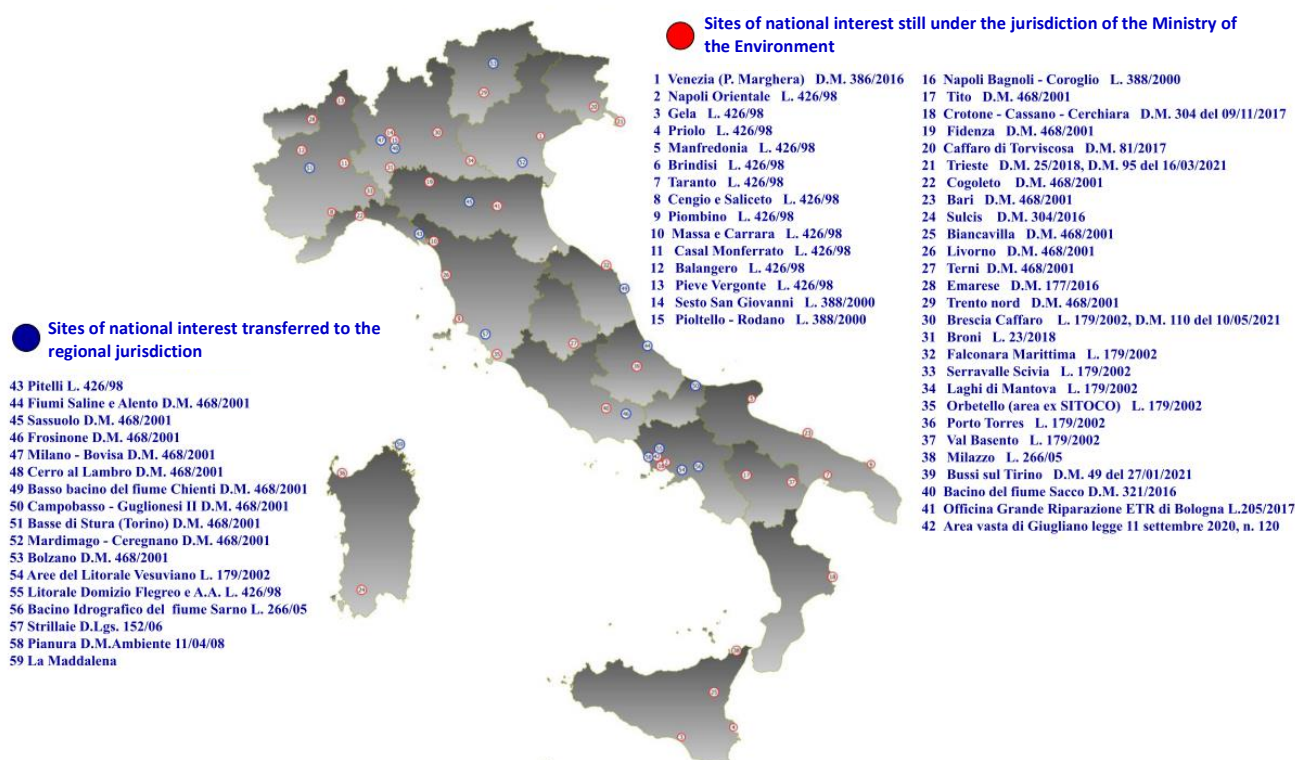
The following map shows the SINs by geographical area and jurisdiction:



Ministero dell'Ambiente e della Tutela del Territorio e del Mare

Direzione Generale per il Risanamento Ambientale

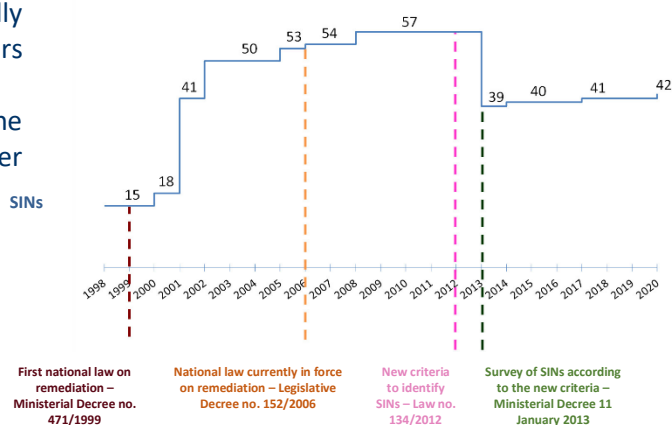
Jurisdiction over remediation activities at sites of national interest:



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 152/06 and following amendments and integrations, Part IV, Title V). In most cases, their contamination is linked to industrial areas still in operation or brownfields 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.



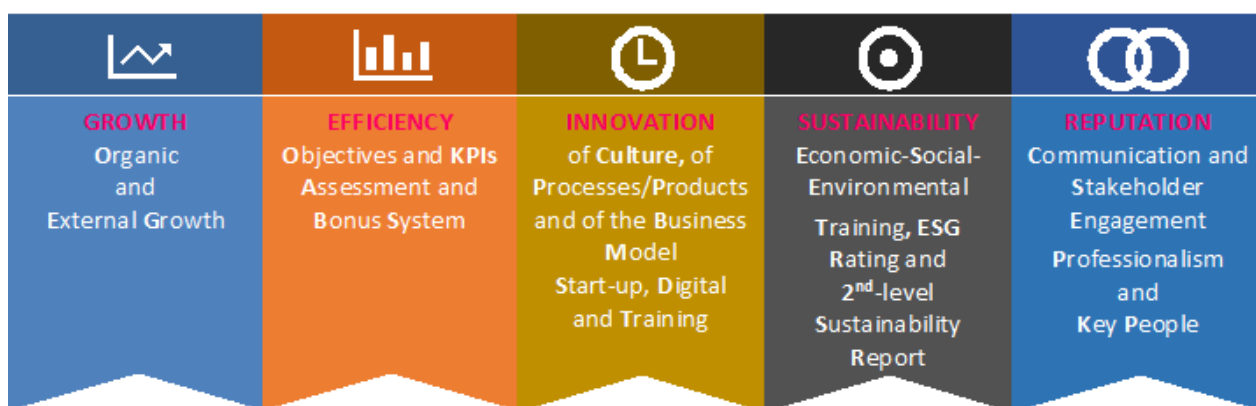
Development strategies

The **paradigms** around which our development strategies revolve are **Profit, Planet and People** (the “3P Approach”).

On the other hand, the **guidelines** that have shaped our business plan include **Growth in size, Technological innovation and Convergence of different businesses**, while the **fundamentals** on which such guidelines rest are **growth and development, efficiency improvement, introduction of process and digital technology, training and business culture, sustainability and reputation**.



All the above with a view to better facing the “internal” and “external” challenges raised by the ecological, energy and digital transition.



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 31.12.2021

(Comparative figures as at 31.12.2020 have been restated based on the criteria disclosed in the financial statements under note "Reorganisation")

ECONOMIC DATA			
Values in thousands of Euros	31/12/2021	31/12/2020	Variation %
Revenues	155,938	134,512	15.9%
Operating costs	-130,232	-108,236	20.3%
Gross operating margin (Ebitda)	25,706	26,276	-2.2%
Amortisation, depreciation and write-downs	-11,980	-10,262	16.7%
Net operating margin (Ebit)	13,727	16,014	-14.3%
Profit/(loss) before tax	12,995	14,851	-12.5%
Final net result – Profit/(loss)	9,977	10,538	-5.3%

ECONOMIC DATA			
Values in thousands of Euros	31/12/2021 adjusted*	31/12/2020 adjusted*	Variation
Revenues	155,938	134,512	15.9%
Operating costs	-125,038	-106,801	17.1%
Gross operating margin (Ebitda)	30,900	27,711	11.5%
Amortisation, depreciation and write-downs	-11,980	-9,885	21.2%
Net operating margin (Ebit)	18,920	17,826	6.1%
Profit/(loss) before tax	18,188	16,663	9.2%
Final net result – Profit/(loss)	13,964	11,253	24.1%

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

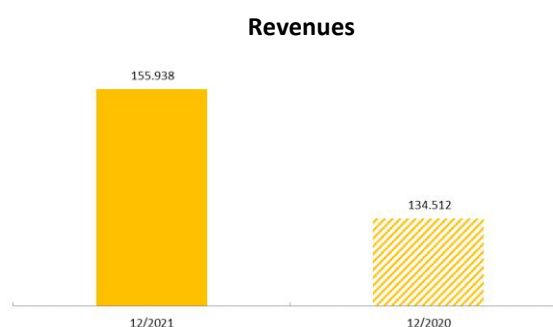
EQUITY DATA			
Values in thousands of Euros	31/12/2021	31/12/2020	Variation %
Net working capital	18,827	11,184	68.3%
Total assets	316,959	284,505	11.4%
Equity	9,205	6,831	34.8%

NFD			
Values in thousands of Euros	31/12/2021	31/12/2020	Variation %
Net financial debt	-69,305	-47,345	46.4%

Operating performance

Consolidated net revenues generated by the Ambienthesis Group in 2021 amounted to **Euro 155,938 thousand**, up by 15.9% compared to the previous year, when they amounted to Euro 134,512 thousand.

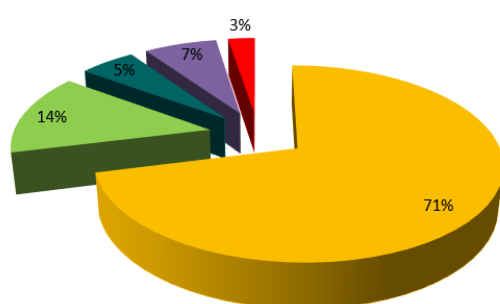
Namely, our main business areas – “Waste disposal, treatment and recovery”, “Environmental remediations” and “Energy production” – went up by 15.5%, down by -11.2% and up by 35.5%, respectively, compared to the same period in the previous year.



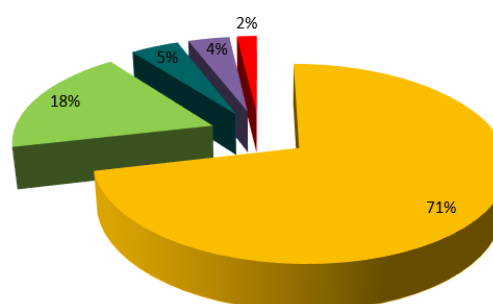
The breakdown of “Revenue from contracts with customers” for 2021 and the previous year is shown in the table and charts below:

REVENUE FROM CONTRACTS WITH CUSTOMERS Values in thousands of Euros	31/12/2021	31/12/2020	Variation %
Waste disposal, recovery and transport	110,846	95,967	15.5%
Remediations	21,771	24,519	-11.2%
Energy production	8,343	6,157	35.5%
Plant construction	11,005	5,344	105.9%
Other services	3,001	1,426	110.4%
TOTAL REVENUE FROM CONTRACTS WITH CUSTOMERS	154,966	133,413	16.2%

2021 FY REVENUES



2020 FY REVENUES

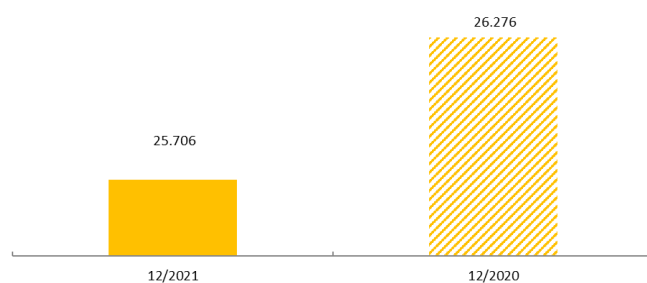


■ Waste disposal, recovery and transport
 ■ Remediations
 ■ Energy production
 ■ Plant construction
 ■ Other services

Consolidated operating costs in 2021 amounted to **Euro -130,232 thousand**, up by 20.3% compared to the previous year, when they amounted to Euro -108,236 thousand.

In detail, “Purchases of raw materials, semi-finished and other products” increased by 22.7%, “Services” by 19.2%, “Personnel costs” by 7.8%, “Other operating costs” by 50.4%, while “Costs for leases” decreased by -8.0%, and, finally, “Provisions” went up by 131.4%.

Ebitda



The **consolidated gross operating margin** was positive for **Euro 25,706 thousand**, thus showing a decrease by -2.2% compared to the same figure for 2020, when it stood at Euro 26,276 thousand (**Euro -570 thousand**).

The **final consolidated net result** was positive in the amount of **Euro 9,977 thousand** (against a profit of Euro 10,538 thousand in FY 2020), after expensing amortisation, depreciation and write-downs for Euro -11,980 thousand (against Euro -10,262 thousand in FY 2020).

The margins of economic significance have been adjusted for those non-recurring and extraordinary cost items that emerged in 2021 and in 2020. In this regard, such non-recurring income and expense items are listed below, details of which are also provided in the explanatory notes:

Values in thousands of Euros	31/12/2021	31/12/2020
Interpart settlement agreement		-100
Addition to provision for works in the Casei Gerola area		-141
Labour dispute settlement agreement		-940
Rea contingent liabilities for IMU tax audit PP.AA.		-254
Legal and notary consulting for REA/Municipality of Dalmine settlement	-62	
Registration tax on REA/Municipality of Dalmine settlement	-1,050	
Losses on receivables for REA/Municipality of Dalmine settlement	-1,108	
Adjustment to Provision for risks from arbitration between Aimeri in liq. and SEAB	-800	
Amount set aside to Provision for risks from labour lawsuit	-2,174	
Change on Ebitda	-5,194	-1,435
Write-down of Dimensione Green assets under construction		-70
Write-up of Green Piemonte real estate		212
Write-down of GEA sorting plant		-265
Write-down of REA office building		-253
Change on Profit/(loss) before tax	-5,194	-1,812

The **gross operating margin**, net of non-recurring items (**adjusted**), amounted to **Euro 30,900 thousand** against a positive margin of Euro 27,711 thousand in the previous year (Euro +3,189 thousand), thus recording an increase by 11.5% compared to FY 2020.

ECONOMIC DATA Values in thousands of Euros	Adjusted data*					
	31/12/2021	31/12/2020	Variation %	31/12/2021	31/12/2020	Variation %
Revenues	155,938	134,512	15.9%	155,938	134,512	15.9%
Operating costs	-130,232	-108,236	20.3%	-125,038	-106,801	17.1%
Gross operating margin (Ebitda)	25,706	26,276	-2.2%	30,900	27,711	11.5%
Amortisation, depreciation and write-downs	-11,980	-10,262	16.7%	-11,980	-9,885	21.2%
Net operating margin (Ebit)	13,727	16,014	-14.3%	18,920	17,826	6.1%
Profit/(loss) before tax	12,995	14,851	-12.5%	18,188	16,663	9.2%
Final net result – Profit/(loss)	9,977	10,538	-5.3%	13,964	11,253	24.1%

EBITDA/Revenues ratio	16.5%	19.5%	19.8%	20.6%
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*Adjusted data express economic values, net of non-recurring items

The adjusted operating margin translates into a highly satisfactory level of performance (19.8% against 20.6% in the previous year).

The **final consolidated net result**, also net of non-recurring items (**adjusted**), was positive for **Euro 13,964 thousand** (compared to Euro 11,253 thousand in 2020), up by 24.1%, thus confirming the good overall performance of the Group.

The total net financial debt (**NFD**) as at 31 December 2021, as per the ESMA document “Guidelines ESMA32-382-1138”, stood at **Euro -69,305 thousand**, against Euro -47,345 thousand as at 31 December 2020. The leverage ratio – understood as the ratio between net financial debt and EBITDA (adjusted) – was 2.2.

NET FINANCIAL DEBT			
Values in thousands of Euros		31/12/2021	31/12/2020
A. Cash		3,343	60
B. Cash equivalents		24,193	27,356
C. Other current financial assets		4,916	3,452
- of which from related parties		1,716	1,072
D. Cash and cash equivalents (A)+(B)+(C)		32,451	30,868
E. Current financial payables		-12,899	-5,640
- of which to related parties		-1,008	0
F. Current portion of non-current debt		-14,415	-10,733
G. Current financial debt (E)+(F)		-27,315	-16,373
H. Net current financial debt (G)-(D)		5,137	14,495
I. Non-current financial payables		-62,970	-49,950
J. Issued bonds		0	-7,789
K. Trade payables and other non-current payables		-16,684	-9,952
- of which to related parties		-87	0
L. Non-current financial debt (I)+(J)+(K)		-79,654	-67,691
M. ESMA Net financial debt (H)-(L)		-74,518	-53,196
N. Long-term financial assets		5,213	5,851
- of which from related parties		3,912	3,750
O. Total net financial debt (M)-(N)		-69,305	-47,345



We are building
a **NEW EARTH**

Significant events occurred during the year 2021

■ Acquisition of new job orders

During FY 2021, the acquisition of new job orders amounted to a total of Euro 45,351 thousand.

The main job orders obtained in the year include the following:

- Execution of a contract to carry out remediation works by completing the backfilling of green areas at the site called “Former I.C.M.I. Area”, located in Naples, at via Ferrante Imparato, totalling approximately Euro 0.5 million; these works fall within the scope of the Soil Remediation Project approved by the Ministry for Environment, Land and Sea Protection under Ministerial Decree of 05/10/2009 and following integrations;
- Acquisition of a significant environmental rehabilitation activity, concerning the performance of remediation and waste removal works in the “Tre Monti” area located in the Site of National Interest (SIN) of Bussi sul Tirino (PE), totalling approximately Euro 41 million; additional information is provided in the paragraph “Acquisition of 49% in Tremonti S.r.l.”;
- Award of extraordinary maintenance works on the final cover of the former landfill in Cologno Monzese (MI), aimed at restoring the capping with suitable materials and slopes to achieve the most appropriate morphology and ensure functionality and durability over time. The total amount of works, commissioned by the client Ecosesto S.p.A., is approximately Euro 3.4 million.

The **order book** as at 31 December 2021, exclusively for “contract” activities, amounted to approximately **Euro 78 million**, of which Euro 71 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 – was completed. Two other significant investments were finalised in the last two-year period, leading to the construction of a tensile structure for temporary storage of packed materials, equipped with infrared sensors, as well as of a new, large warehouse to accommodate waste that must undergo volume reduction treatment (SESI line); the latter is equipped with cutting-edge safety and firefighting features, suitably sized, with automatic and even 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 started off. As a matter of fact, final capping works were completed in June 2019, and after-closure activities and safety works began in the landfill under the surveillance of Natural Resources Wales (local competent 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, which allowed launching the activities to build the first lot (28 out of 300 real estate units) in the second half of 2020. The first 9 real estate units were sold and delivered in 2021. At the moment, the sales plan progresses as expected.

- **Decision of the European Court of Human Rights on the action brought by the counterparty against the judgements of the Court of Appeal of Genoa in the appeal judgement 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 filed on 07 February 2017, Ambientthesis S.p.A. set aside a provision to cover such risk in full and also proceeded to challenge said decision of the Supreme Court: based on a specific mandate to its lawyers of the law firm Bonelli-Erede of Milan, Ambientthesis S.p.A. lodged, in parallel, an application for revision under Article 391-bis of the Italian Code of Civil Procedure and an appeal to the European Court of Human Rights.

On 18 November 2021, the European Court of Human Rights dismissed the appeal as inadmissible. As a consequence, the existing provision for risks was reclassified to “Other current liabilities” in the financial statements as at 31 December 2021.

- **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.

Given the difficulties experienced in launching the project, the asset is no longer regarded as conducive to implementing the Business Plan strategies; negotiations have therefore been launched to determine its value. Since we currently believe that we are close to establishing the terms and conditions to sell the subsidiary, its assets and liabilities have been reclassified to “Non-current assets held for sale”.

- **Current works being performed by B&A Waste Management Co. LLC, a Joint Venture between Ambientthesis Middle East DMCC and B&A Waste Management Co. LLC**

During 2021, safety and environmental regeneration works were carried out at a site of the multinational company ADNOC – the works, in the Emirate of Abu Dhabi, have reached the final stage of development and generated revenues of around Euro 500 thousand. This first intervention could lead to other requests for works at sites (already identified) that have similar characteristics to the area being subject to environmental rehabilitation. Scouting and commercial proposition activities continue, to expand the business in the area even more significantly.

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.

- **Sale of the equity investment in Dimensione Green**

By judgement no. 48/2021 of 15 June 2021, published on 06 July, the Valle d’Aosta Regional Administrative Court (TAR), having acknowledged that Regional Law no. 3/2020 – based on which the authorisation to build and operate a landfill for special inert waste, called “Chalamy” and located in Issogne (AO), had been revoked – has been declared unconstitutional, ruled to annul that revocation and ordered the administrative authority to enforce its ruling.

Ambientthesis’ sale of the equity investment in Dimensione Green to Cape S.r.l. (the owner of the landfill) was completed in October 2021.

- **Intermonte SIM S.p.A. launches coverage of ATH stock with Outperform rating**

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, updated to Euro 1.35 on 21 January 2022. 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.

- **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 successfully 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, first to 30 April 2022 and then to 31 March 2023, subject to certain conditions precedent being satisfied.

- **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 Ambientthesis 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.

- **"BBB" (High Class) ESG rating obtained**

Based on the analysis of the consolidated non-financial disclosure relating to 2020, last October, the rating agency CERVED – which rates not only the creditworthiness of businesses, but also their level of sustainability – confirmed Ambientthesis in the "HIGH" class as far as its global performance in environmental, social and corporate governance matters is concerned, and gave it an ESG Rating of "BBB", i.e. a score of 67.9 on a scale from 0 to 100.

- **Sale of the area located in San Benigno Canavese (TO), previously owned by the 100% subsidiary Green Piemonte S.r.l., and subsequent removal of the latter from the Register of Companies**

On 09 April 2021, 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. The final liquidation financial statements were then approved on 23 December 2021, pursuant to Article 2495 of the Italian Civil Code, and an application was filed to remove the company from the Register of Companies as of 24 January 2022.

- **Distribution of 2020 dividends**

The Shareholders' Meeting held on 24 May 2021 resolved to distribute a gross dividend of Euro 0.0080 per outstanding ordinary share entitled to profits, i.e. an aggregate amount of Euro 705 thousand (Euro 926 thousand in the previous year). The dividend was paid starting from 16 June 2021 (payment date).

- **Acquisition of 49% in Tremonti S.r.l.**

The deal for Ambientthesis S.p.A.'s acquisition of a 49% stake in Tremonti S.r.l. at its nominal value was closed on 14 July, in the context of the Framework Agreement entered into by Ambientthesis, Herambiente Servizi Industriali (Hera Group), Sersys Ambiente and Edison last 24 May. As a result, Ambientthesis S.p.A. is now the relative majority shareholder of Tremonti, against a countervalue of Euro 49 thousand.

Such JV was launched based on the expertise of these four leading operators in the environmental services market, in order to provide soil and groundwater remediation services.

The NewCo will carry out its first works in the "Tre Monti" area located in the Site of National Interest (SIN) of Bussi sul Tirino (PE) and will progressively expand its activity to the areas of Piano d'Orta and of the Bussi industrial plant. This special-purpose company will serve as a paradigm for the management and successful

solution of soil contamination cases by historical industries in our country, such as the former Montedison sites, the recovery of which has been taken over by Edison in full.

Also in accordance with the Framework Agreement, Ambientthesis S.p.A. has been entrusted with a portion of remediation and waste removal works to be carried out in the “Tre Monti” area of the Bussi sul Tirino (PE) Site of National Interest (SIN) – which Tremonti S.r.l. took over from Edison S.p.A. – against a consideration currently quantified as approximately Euro 41 million.

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

On 16 July 2021, the Metropolitan City of Turin confirmed its adverse opinion, given on 04 June 2020, 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 that decision before the Piedmont Regional Administrative Court (TAR) on 01 September 2021. However, the Administrative Court issued its adverse opinion in judgement no. 49/2022, filed on 18 January 2022. The company has already instructed its lawyers to lodge an appeal before the Council of State.

▪ **Transfer of all of the Greenthesi Group’s operations in the environmental sector to Ambientthesis S.p.A. to create the largest independent pure play listed company in Italy that specialises in the integrated management of environmental services**

On 20 December 2021, the Extraordinary Shareholders’ Meeting of Ambientthesis approved the issue of no. 62,500,000 new ordinary shares to Greenthesi S.p.A., for an aggregate amount of Euro 75.0 million – of which Euro 32.5 million as share capital and Euro 42.5 as share premium – enjoying regular rights and with the same characteristics as the shares outstanding at the issue date, equal to approximately 40.3% of the share capital of Ambientthesis after the Capital Increase, inclusive of treasury shares.

Please note that the New Shares exceed the 20% threshold of the total number of Ambientthesis shares already traded. Therefore, for the purpose of being admitted to trading on Euronext Milan Market organised and managed by Borsa Italiana S.p.A., the Company is required to prepare a prospectus for admission to trading of the New Shares, to be submitted for approval by Consob (the Italian Companies and Exchange Commission).

Following the approval by the Shareholders’ Meeting and pursuant to the investment agreement signed on 15 November 2021, Ambientthesis and Greenthesi then executed the deed of transfer relating to the Business Unit, effective as of 31 December 2021 at 23:59 p.m.

After the closing of the Transaction, the shareholding structure of Ambientthesis is as follows:

- Greenthesi: approximately 85.8%;
- Treasury shares: approximately 2.9%;
- Market: approximately 11.3%.

As already mentioned in the introduction to this Annual Financial Report, the transfer has covered the following assets:

- ownership and management of the waste-to-energy plant in Dalmine (BG), a national strategic facility that boasts a complex technology and is one of the most advanced – especially in terms of environmental requirements – and efficient in Italy;
- integrated management and multi-material recycling along the entire cycle of municipal waste collected in the Valle d’Aosta Region until 2036;
- ownership and management of the strategic regional landfill of the Veneto Region, devoted to disposal of mostly municipal and non-hazardous special waste, and of its ancillary plants for biogas upgrading and liquid waste treatment, located in the Municipality of S. Urbano (PD);
- ownership of the areas and development of landfill basins in the post-closure phase in Latina (Borgo Montello), which feature a system to produce electricity from biogas, and where a liquefied biomethane production plant and annexed photovoltaic park are currently being built;

- authorisation to build and operate a plant for the treatment of the organic fraction of waste and green residues (80,000 tons per year in total), with a view to producing liquefied biomethane and high-quality compost, to be located in the Province of Latina.

This transaction has concentrated the Greenthesi Group's operations in the hands of Ambientthesis and created the largest independent pure play listed company in Italy that specialises in the integrated management of environmental services, able to offer innovative and sustainable solutions and obtain the following benefits for the Ambientthesis Group and its shareholders:

- streamlining, integrating and improving the efficiency of the Group's structure as a whole, in line with the best practices of listed companies, by concentrating all activities relating to the same business into a single listed group;
 - expanding and diversifying sectors of operation, which are currently focussed on environmental remediations and industrial waste management, with high-added value activities in the environmental service field – such as waste-to-energy, electricity generation and production of advanced biofuels in accordance with the principles of circular economy, treatment, recovery, multi-material recycling and disposal of municipal waste, special waste and similar waste;
 - increasing the size of the Company, strengthening its market positions and expanding its development potential by achieving synergies, economies of scale and greater organisational and financial efficiency.
- **Covenants for the Euro 8 million debenture loan issued in the framework of “Programma Elite – Intesa Sanpaolo Basket Bond”**

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 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 – “Leverage Ratio”, Net Financial Position/Shareholders' Equity – “Gearing Ratio” and EBITDA/Gross interest payments – “Interest Cover Ratio”. As better detailed in the paragraph above, the contribution in kind from Greenthesi S.p.A. was completed on 20 December 2021. After that, a request for consent and waiver was submitted, relating to the Gearing Ratio covenant under clause 11.1 “Financial covenants”, letter (a) of the Rules governing the debenture loan. The request, which was granted on 09 March 2022, has led to redetermining the Gearing Ratio as follows:

- 2021: n/a
- 2022: < 2.5x
- 2023: < 2.0x
- 2024: < 1.5x
- 2025 and later: < 0.5x

The covenant parameters relating to the 2021 financial statements are as follows:

BOND COVENANTS		31/12/2021
< 2.5x	Leverage ratio	2.3x
> 4.0x	Interest cover ratio	9.4x
< 0.75x	Gearing ratio	Waived

Please note that, in accordance with IAS 1, the entire debt outstanding at the reference date of these consolidated financial statements was reclassified to short-term financial liabilities.

The net financial debt to calculate the Leverage Ratio was measured as instructed in clause 11.1 “Financial covenants”, letter (a) of the Rules governing the debenture loan.

- **Ambienthesis S.p.A., in cooperation with the Circular Economy Lab, continued its 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**

The scouting activity aimed at identifying and selecting business projects with high innovative content in the field of the integrated waste cycle continued in 2021. 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. During 2021, the scouting activity brought about experimental collaborations with two innovative start-ups in the organic waste treatment sector, and namely in the processes of sludge and digestate reduction from the organic matrix.

- **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 2021

▪ Acquisition of new job orders

In March 2022, a contract was awarded by the client Enel Italia S.p.A. to carry out remediation works at “Lot 1 – Remediation of HFO tanks”. The contract, which was executed within a Temporary Business Association, is worth approximately Euro 4.9 million in aggregate, around Euro 2.4 million of which ascribable to Ambientthesis.

▪ Rea Dalmine S.p.A. obtains a Euro 35 million loan in the framework of Sustainable and Responsible Investments

On 23 February 2022, Rea Dalmine S.p.A. entered into a loan agreement for an aggregate amount of Euro 35 million, intended to finance initiatives in the framework of Sustainable and Responsible Investments.

The transaction is characterised by a pricing mechanism linked to a specific ESG (Environmental, Social and Governance) target. Namely, this is an environment target based on the so-called recovery performance index, which is a key parameter in the industry to measure the ability of a waste-to-energy plant to recover energy from the thermal destruction of waste.

The loan provides for two credit lines that can be used in a single instalment and are amortised over six months with expiry on 31 December 2031. It is aimed at supporting new industrial initiatives in the environmental engineering sector and in the production of electricity and advanced biofuels in accordance with the principles of circular economy, as well as at requalifying the financial sources of the company.

▪ Management of risks linked to the war in Ukraine

Having regard to the recent developments in the geopolitical scenario and the abrupt deterioration of the conflict in Ukraine, the company and the Group, given the geographical location of their business units, believe that they will not suffer any material economic or financial impacts. However, threat and emergency control and monitoring mechanisms have been implemented to deal with the possible consequences, should the conflict worsen.

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 2021, the income statement includes Euro -16,625 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	31/12/2021	31/12/2020	Variation
Executives	15	15	0
White collars	162	155	7
Blue collars	129	120	9
Total	306	290	16

Investments

During FY 2021, the Group invested a total of Euro 27,737 thousand, mainly relating:

- to the real estate purchase transaction carried out by Aimeri Immobiliare S.r.l. in 2021 and concerning: i) an industrial complex comprised of storage warehouses, workshop, utility rooms, canopies and toilets, ii) an office building and toilets, iii) a detached house for residential use, iv) the 120-m² (one hundred and twenty square metres) urban area where the above-said real estate units stand, located in the Municipalities of Inzago and Città di Castello – Bonsciano. The real estate complex is aimed at creating a training hub for the ATH Group and consists of plots of land with old buildings, partly for residential use, and a small place of worship: these properties were not depreciated during the year as it is believed that their residual value is not lower than their book value;
- to the recognition, pursuant to IFRS 16, of the right-of-use value and related ancillary charges incurred for taking over the finance lease contract with Leasint S.p.A., relating to the property serving as headquarters of Greenthesi S.p.A.'s direct and indirect subsidiaries, for a value of Euro 14,220 thousand. The lease contract was taken over by Greenthesi S.p.A. from its related company Plurifinance S.r.l. on 28 December 2021; the contract forms part of the transferred business;
- to the construction of the biomethane production plant and photovoltaic park serving the landfills located in the areas owned by the subsidiary Ind.Eco S.r.l.;
- to the leachate treatment plant owned by the subsidiary Gea S.r.l. which, in line with the principles set forth by regional environmental regulations, is aimed at significantly reducing the leachate treatment issue thanks to triple effect reverse osmosis; at the end of such process, the treated product complies with the acceptability limits set by the law to discharge water into surface water bodies and with authorisation limits for PFAS;
- 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 2021, the Group's research activities continued to focus on the analysis of operating measures to optimise the management of owned plants, as well as on the development of innovative technologies to recover energy and matter from residues and waste of various business sectors. The energy audit plan at the main production sites was also completed, with a view to acquiring information for strategic interventions aimed at improving energy efficiency.

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

Operating outlook

After a satisfactory financial year, the Group's expectations for 2022 are optimistic, although the distress on the raw material procurement market and the recent geopolitical criticalities translate into uncertainty and instability for the Italian businesses.

Having implemented the project to expand its scope of listing, the Group is now required to create conditions for obtaining synergies and achieving the convergence of different businesses, by integrating more conventional assets with those that meet the guidelines of circular economy and of the ecological, energy and digital transition.

The strategic business plan considers turnover growth expectations to be of some Euro 180/200 million in the medium-to-long term, with economic dynamics that will be able to confirm the current overall profitability levels across business units.

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

<i>Risk Class</i>	<i>Brief Description</i>	<i>Detailed Description</i>
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 82% of the total receivables.

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

<i>Risk Class</i>	<i>Brief Description</i>	<i>Detailed Description</i>
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 2021, the Group had available credit lines – including those for sureties – totalling approximately Euro 165.7 million, drawn for about Euro 85.7 million (approximately Euro 3 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

<i>Risk Class</i>	<i>Brief Description</i>	<i>Detailed Description</i>
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

<i>Risk Class</i>	<i>Brief Description</i>	<i>Detailed Description</i>
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

<i>Risk Class</i>	<i>Brief Description</i>	<i>Detailed Description</i>
<i>Financial</i>	<i>Interest rate risk</i>	<i>Risk related to the possibility of an increase in financial liabilities due to an unfavourable variation of the interest rates</i>

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 31/12/2021, 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

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

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:

- i) 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";
- ii) 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";
- iii) 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;
- iv) 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 26 May 2021 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 UNI ISO 45001:2018 – 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.

The Company **REA Dalmine S.p.A.** is in possession of the following certificates:

- 1) 1) Certificate UNI EN ISO 9001:2015 – Quality, issued on 16 September 2021 and related to the plant of Dalmine (BG), concerning waste-to-energy activities involving municipal solid waste and non-hazardous special waste with energy recovery. Waste-to-energy plant ordinary and extraordinary

maintenance. Waste brokerage without storage. Design and construction of waste treatment/disposal and energy recovery plants;

- 2) Certificate UNI EN ISO 14001:2015 – Environment, issued on 14 September 2021 and also related to the plant of Dalmine (BG), concerning waste-to-energy activities involving municipal solid waste and special waste and similar waste by combustion with pollutant reduction, residues management and heat recovery, electricity generation by steam turbine, waste brokerage without storage;
- 3) Certificate UNI EN ISO 45001:2018 – Safety, issued on 16 June 2021 and also related to the plant of Dalmine (BG), concerning waste-to-energy activities involving municipal solid waste and similar waste with heat recovery and electricity generation.

The Company **Enval Srl** is in possession of the following certificates:

- 1) Certificate UNI EN ISO 9001:2015 – Quality, issued on 13 February 2020 and related to the plant of Brissogne (AO), concerning municipal waste disposal by pressing, recovery of recyclable waste, energy recovery from landfill gas, non-hazardous special waste disposal, construction of waste disposal and recovery plants and remediation and environmental recovery plants;
- 2) Certificate UNI EN ISO 14001:2015 – Environment, also issued on 13 February 2020 and also related to the plant of Brissogne (AO), concerning municipal waste disposal by pressing, recovery of recyclable waste, energy recovery from landfill gas, non-hazardous special waste disposal;
- 3) Certificate UNI EN ISO 45001:2018 – Safety, issued on 28 September 2021 and also related to the plant of Brissogne (AO), concerning disposal of municipal waste and similar waste.

The Company **GEA Srl** is in possession of the following certificates:

- 1) Certificate UNI EN ISO 9001:2015 – Quality, issued on 06 March 2020 and related to the plant of Sant'Urbano (PD), concerning the design, construction, management, with production of electricity from biogas, of landfills for municipal waste and non-hazardous special waste. Post-closure management of landfills and management of biogas plant of landfills for municipal waste and non-hazardous special waste;
- 2) Certificate UNI EN ISO 14001:2015 – Environment, issued on 14 February 2019 and also related to the plant of Sant'Urbano (PD), concerning the management of non-hazardous waste landfill through the following phases: construction, use and related energy recovery from biogas for electricity generation. Waste brokerage and trade without storage. Post-closure management of non-hazardous waste landfill.

The Company **Ind.Eco Srl** is in possession of the following certificate:

- 1) Certificate UNI EN ISO 14001:2015 – Environment, issued on 11 December 2020 and related to the plant of Borgomontello (LT), concerning the design, construction, post-closure management, with production of electricity from biogas, of landfills for non-hazardous waste.

OR - litigation

<i>Risk Class</i>	<i>Brief Description</i>	<i>Detailed Description</i>
<i>Operational</i>	<i>Litigation risk</i>	<i>Risk related to current or potential future litigations</i>

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 Ambientthesis 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 2021.

OR - plants

<i>Risk Class</i>	<i>Brief Description</i>	<i>Detailed Description</i>
<i>Operational</i>	<i>Plant risk</i>	<i>Risk related to possible malfunctioning of the plants or sudden shutdown of the same</i>

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.

Between 2020 and 2021, a treatment plant for concentrating leachate using the reverse osmosis and vacuum evaporation technology was built, tested and commissioned at GEA’s strategic regional landfill in Sant’Urbano. The new sector, approved by Decree no. 75 of 09 November 2018 as a non-substantial change to the AIA for the landfill, has been conceived in line with the principles of the national and regional environmental regulations. The plant is aimed at significantly reducing the leachate treatment issue, by adopting a cutting-edge, efficient, effective and environmentally sustainable technology.

Finally, it is reported that Enval is completing construction of a new plant section intended for sorting and recovering the noble fraction still present in the waste disposed of at this site. The plant, the construction of which has reached an advanced stage, will be housed in a dedicated building and comprised of a section for sorting multi-material, mostly plastics, a shredding and screening plant for general waste, and a department for receiving and handling waste intended for biostabilisation (screened waste from general waste shredding and screening). Please note that the organic waste biostabilisation plant includes tunnels fitted for the biological activity of aerobic bacteria, which will act on the screened waste from general waste shredding and screening.

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

<i>Risk Class</i>	<i>Brief Description</i>	<i>Detailed Description</i>
<i>Operational</i>	<i>Accident risk</i>	<i>Risk of accidents in the workplace</i>

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.

Namely, to boost accident-prevention tools, REA Dalmine, Enval, CR, Eureko and Ambientthesis hold the certification UNI ISO 45001:2018 (having completed the transition from the previous standard of reference BS-OHSAS 18001:2007), respectively for the sites of Dalmine (BG), Brissogne (AO), Sannazzaro de' Burgondi (PV), Peschiera Borromeo (MI), Orbassano (PV), 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 as to 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 perform periodic internal audits aimed at assessing the degree of safety of the various 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 each professional role.

In the future, GEA's landfill expects to improve its performance relating to the health and safety of workers by implementing a Safety Management System in compliance with the UNI EN ISO 45000 standard.

OR - subjects in Temporary Business Associations/Joint Ventures

<i>Risk Class</i>	<i>Brief Description</i>	<i>Detailed Description</i>
<i>Operational</i>	<i>Risk related to subjects in TBAs/JVs</i>	<i>Risk related to the identification of subjects for the establishment of TBAs/JVs</i>

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

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

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 Ambienthesis S.p.A. or other operating units of the Group, depending on the parties involved.

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

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

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

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

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

<i>Risk Class</i>	<i>Brief Description</i>	<i>Detailed Description</i>
<i>Operational</i>	<i>Organisational structure risk</i>	<i>Risk linked to an organisational structure that proves not to be aligned with the pursuit of strategic objectives</i>

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

<i>Risk Class</i>	<i>Brief Description</i>	<i>Detailed Description</i>
<i>Operational</i>	<i>Job orders evaluation risk</i>	<i>Risk linked to an incorrect estimate of job order costs</i>

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 adopted a structured 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

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

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 Business Plan approved last 15 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 in November 2020), through which vertical and horizontal integration processes,

respectively, will be developed; on an international level, the project of Ambientthesis 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.

OR - cyber risk

<i>Risk Class</i>	<i>Brief Description</i>	<i>Detailed Description</i>
<i>Operational</i>	<i>Risk of malicious intrusion into corporate IT systems</i>	<i>Risk associated with possible hacking and online piracy activities aimed at extracting/editing/destroying sensitive data or injecting ransomware</i>

The Group's IT Office is aware that cyber risk is becoming increasingly important and that, unless properly protected, corporate IT assets could be the target of cyberattacks aimed at extracting, editing or destroying sensitive data or injecting ransomware.

To such end, the IT Office supervises the system by implementing the following control levels:

- IT infrastructure design and engineering;
- data storage tools and database access methods;
- definition and application of access policies to corporate systems and networks;
- identification of policies and prevention and protection measures implemented in the Cybersecurity field.

By means of the measures listed above, the IT Office ensures constant and effective monitoring of the entire corporate IT network to prevent any vulnerabilities that might enable cyberattacks and, more generally, acts of online piracy.

In addition, the most advanced antivirus software has been installed in the corporate network and is kept up-to-date.

Finally, security checks are in place also on computer activities performed by users, by preventing access to Internet websites that fail to meet the highest IT security protocols and by requiring multi-level passwords (tokens) to access from terminals outside the network.

III. – STRATEGIC RISKS (SR)

SR - macroeconomic trend

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

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 to the current situation linked to both the latest developments of the COVID-19 pandemic emergency and the ongoing conflict between Russia and Ukraine, the Group is monitoring their evolution over time and assessing their possible 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

<i>Risk Class</i>	<i>Brief Description</i>	<i>Detailed Description</i>
<i>Strategic</i>	<i>Competition risk</i>	<i>Risk linked to the possible entry of new competitors into the business sectors</i>

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

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

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

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

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

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

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

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

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, 2021 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

<i>Risk Class</i>	<i>Brief Description</i>	<i>Detailed Description</i>
<i>Strategic</i>	<i>Reputational risk</i>	<i>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</i>

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 Ambienthesis S.p.A. is also a member of Confindustria Cisambiente), as well as by having companies within the scope of listing attend major trade fairs in the reference market (e.g. Ecomondo).

In order to manage the risk more effectively, Ambienthesis has implemented a specific Web Reputation service for the entire 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 2021, as proof of the fact that the Group has always paid great attention to the proper management of its own business, Ambienthesis S.p.A. obtained the highest score available of "three stars" ★★ 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 main subsidiaries are included in the list established by the Prefecture pursuant to Article 1, paragraphs 52-57 of Law no. 190/2012 (so-called “Whitelist”).

SR - full use of production capacity

<i>Risk Class</i>	<i>Brief Description</i>	<i>Detailed Description</i>
<i>Strategic</i>	<i>Risk of failing to use production capacity in full</i>	<i>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</i>

Like in the previous years, the Group has demonstrated a satisfactory level of capacity to use its plants throughout FY 2021. 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

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

All Group companies operate 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, by means of a dedicated central function, the Parent Company 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

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

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, Ambientthesis, 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

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

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., Bioagritalia S.r.l., La Torrazza S.r.l., Daisy S.r.l., Rea Dalmine S.p.A., Gea S.r.l., Enval S.r.l., Ind.Eco. S.r.l. has been completed, while the Models of Eureko S.r.l. and C.R. S.r.l. are soon to be approved.

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

<i>Risk Class</i>	<i>Brief Description</i>	<i>Detailed Description</i>
<i>Compliance</i>	<i>Risk of non-compliance with 262 regulation</i>	<i>Risk associated with non-compliance or partial compliance with the regulation under Law no. 262/2005</i>

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

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

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 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

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

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, REA Dalmine S.p.A., Enval, CR, Eureko and Ambienthesis S.p.A. hold the certification UNI ISO 45001:2018 (former BS-OHSAS 18001:2007), covering the waste-to-energy plant of Dalmine (BG), the plants of Brissogne (AO), Sannazzaro de' Burgondi (PV), Peschiera Borromeo (MI), and Orbassano (TO), and environmental remediation activities, which attests compliance with high standards for the overall workplace safety management system.

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

- 1) continuous training, an element considered of strategic importance by the Group and in which the latter constantly 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 main subsidiaries 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”

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

In November 2010, the subsidiary Ambientthesis 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.

Ambientthesis 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, Ambientthesis 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 listed subsidiary’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 of Ambientthesis S.p.A. at its meeting held on 25 June 2021, in accordance with the provisions of the new Consob Regulation.

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

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

This Sustainability Report has been prepared in accordance with the **GRI Standards**: Core option, published in 2016 by the Global Reporting Initiative, which currently represent the most widespread and globally recognised non-financial reporting standard. To make it easier for readers to find information in the document, the corresponding **GRI Context Index** is provided at pages 97-99.

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 **2021 fiscal year** and was reviewed by the **Board of Directors of Ambienthesis** at its meeting of 15 March 2022. Where possible, the data and information relating to the last financial year have been compared with those relating to the previous two financial years for the same scope.

The **scope of reporting** covers all of the 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;
- ✓ **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);
- ✓ **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;
- ✓ **Enval S.r.l.**, a 51% subsidiary company of Rea Dalmine S.p.A. that operates the Valle d’Aosta Regional Centre for the treatment of municipal and similar waste. The site, located in Brissogne (AO), has an annual treatment capacity of 70,000 tons and a storage capacity of 433,000 m³;

- ✓ **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;
- ✓ **Gea S.r.l.**, a 100% subsidiary company located in Sant'Urbano (PD) that operates in the construction and management of landfills for hazardous and non-hazardous waste and in related activities such as the management of biogas recovery plants with electricity generation;
- ✓ **Ind.Eco S.r.l.**, a 100% subsidiary company that operates in the landfill management sector for non-hazardous waste and carries out closely related activities such as energy production and energy recovery from biogas;
- ✓ **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);
- ✓ **Rea Dalmine S.p.A.**, a 100% subsidiary company that operates in the disposal, recovery and waste-to-energy sector, with related energy production. The company owns a waste-to-energy plant located in Dalmine, with a disposal capacity of 160,000 tons of municipal waste per year and a production of energy of about 100 GWh/year.

The data concerning **Daisy S.r.l.**, a 50% subsidiary company of Ambienthesis S.p.A., will not be considered in the following paragraphs, in order to take into account the same scope of reporting as the consolidated financial statements (Daisy S.r.l. is actually consolidated using the equity method, rather than the full consolidation method). Any other changes in the scope of this reporting, in order to provide stakeholders with additional information or specific clarifications, have been duly indicated on each occasion.

Please note that, following the transfer of the former Greenthesis Group's operations to Ambienthesis, the 2021 figures in this Report will be compared with the 2020 pro forma figures relating to the same scope taken into consideration.

SUSTAINABILITY HIGHLIGHTS

FY 2021

157,752

thousand Euros
**Economic value
generated**

142,653

thousand Euros
**Economic value
distributed**

92%

permanent
employment
contracts
Employment

19

hours per capita
Training

52.69%

waste recovered
Environment

16,927

Tons of CO2 avoided by
using electricity from
renewable sources

Environment



Responsible management for sustainability

Sustainability, understood in its broadest sense, has always been a core value in the strategy followed by Ambienthesis S.p.A. and the companies of the Group. 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 reference principles 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.

Consistently with 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, which aims to continuously improve its performance in many respects. This, by defining specific objectives and then verifying their achievement, based on an approach where continuous improvement can lead not only to positive results in economic terms, but also to rapid analysis of situations and contexts.

In particular, some of the distinctive elements of the QHSE Policy concern the **protection and sustainable use of the "natural capital"** and are linked to objectives aimed at guaranteeing the effectiveness of environmental protection through energy and raw material consumption containment at the Company, constant use of the best available technologies (BATs) in the sector and long-term collaborations 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 payoff adopted by all of the companies of the Ambienthesis Group: *"Think Green, Act Smart"*.

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

The main companies of the Group – that is, Ambienthesis S.p.A., Gea S.r.l., Rea Dalmine S.p.A., Enval S.r.l., 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; in addition, Ambienthesis S.p.A., Rea Dalmine S.p.A. and Enval S.r.l. hold the UNI EN ISO 45001:2018 certification.

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 – Ambientthesis S.p.A.'s Legality Rating

In May 2021, as proof of the fact that the Parent Company has always paid great attention to the proper management of its own business, Ambientthesis S.p.A. obtained the best score available of “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.

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. In order to identify material and significant topics for the Group, 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.

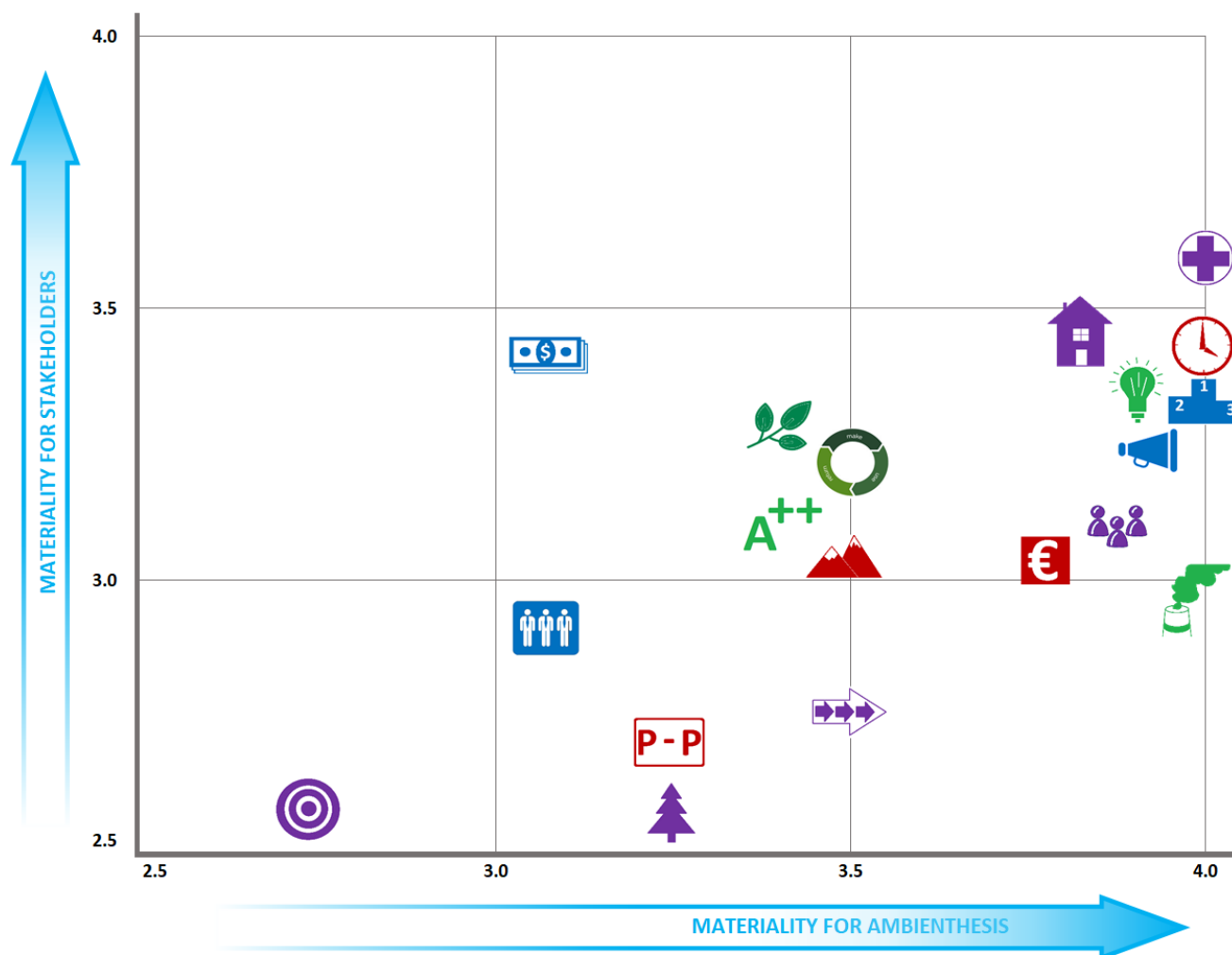
This analysis allowed to identify **23 main topics** related to **4 different macro-areas**: Governance, Economic Responsibility, Environmental Responsibility and Social Responsibility.

At first, the so-called materiality questionnaire was prepared and handed out to all employees. The questionnaire was aimed at selecting those topics that are actually material for the Greenthesi Group. This was then assessed separately by **12 representatives of the main corporate functions** and by a substantial sample of **166 employees**, which made it possible to further investigate the actual level of materiality associated with the topics being analysed from the stakeholders’ point of view.

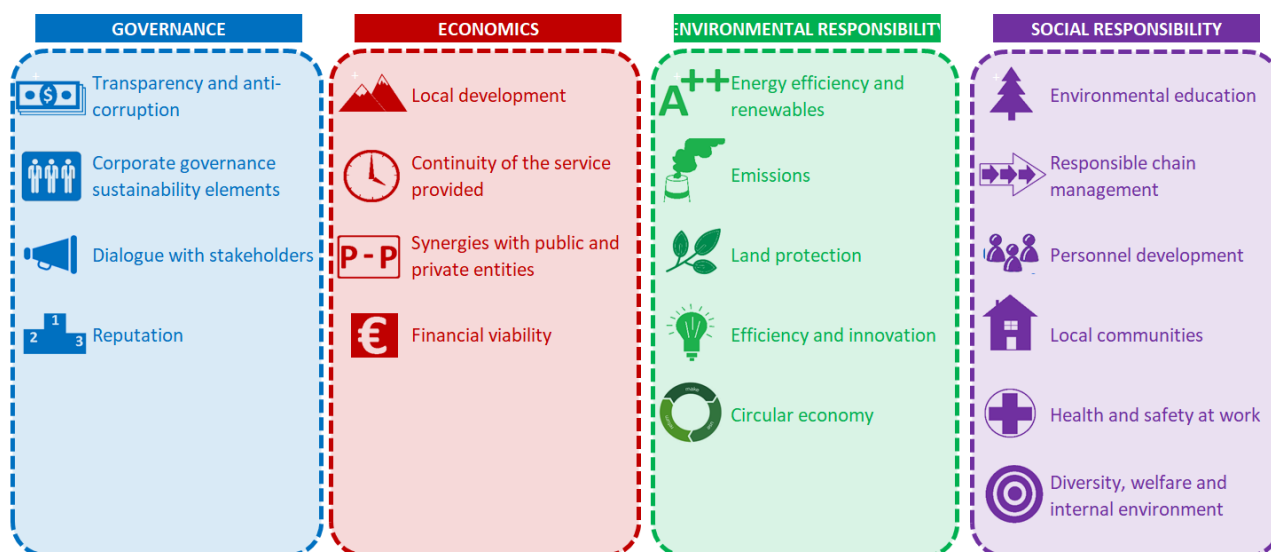
The outcomes of these investigations are presented in the materiality matrix, in which material topics are represented by symbols on a plane defined by two axes representing the level of importance attributed to any given topic from the point of view of the Group (abscissa axis) and from the point of view of the stakeholders (ordinate axis), respectively.

Only the 19 topics that have exceeded the so-called **materiality threshold** are represented, 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.

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 ² Indicators	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 of ATH 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 419-1	Legality Rating of ATH ISO 9001 ISO 14001 OHSAS 18001 EMAS of ATH 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 and competitiveness	ATH Group; Suppliers; Customers; Public Administration; Community	Direct and indirect	GRI 202-2 GRI 203-1 GRI 203-2 GRI 204-1 GRI 413-1	Corporate Policy “Risk and Opportunity Analysis” Procedure “Context Analysis”
	Continuity of the service provided	Reputational risk in terms of loss of trust of customers and investors Strategic risk	ATH Group; Suppliers; Public Administration	Direct and indirect	GRI 102-7 GRI 102-9	Corporate Policy “Risk and Opportunity Analysis” Procedure “Context Analysis” Emergency Plans

	Synergies with public 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	Environmental Analysis "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 of ATH 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 Code of Ethics
	Personnel development	Strategic and reputational risk in terms of loss of competitiveness and of 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 and 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 illnesses; 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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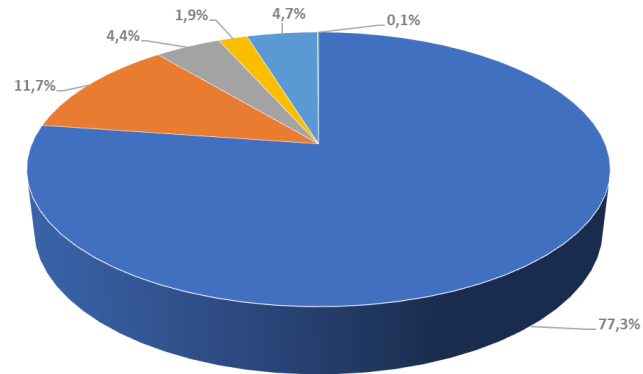
Generated and distributed wealth

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.

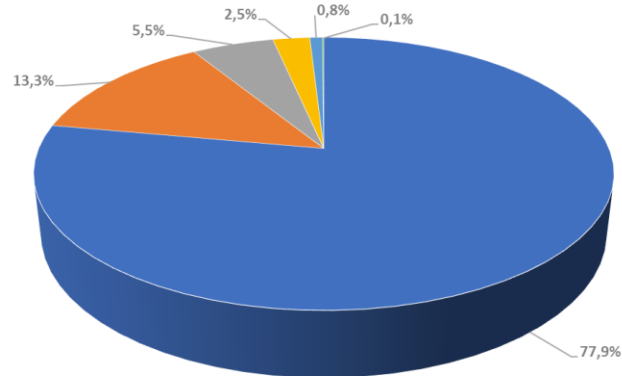
The values shown in the table below refer to the values in the two respective consolidated financial statements.

ECONOMIC VALUE GENERATED AND DISTRIBUTED		
(values in Euros)		
	31.12.2021	31.12.2020
A) Economic value generated	157,752	135,923
Value of production	155,938	134,512
Other financial income	1,814	1,411
B) Economic value distributed	142,653	116,254
Remuneration of suppliers	110,256	90,536
Remuneration of personnel	16,625	15,427
Remuneration of loan capital	2,736	2,856
Remuneration of Shareholders and members (risk capital)	6680	981
Remuneration of Public Administration	6,257	6,349
Community (donations to associations, non-profit organisations, etc.)	99	105
C) (=A-B) Economic value retained	15,099	19,669
Amortisation, depreciation and write-downs	11,788	9,980
Provisions for risks	14	131
Allocations to Reserves (allocation of the result for the year)	3,297	9,557

ECONOMIC VALUE DISTRIBUTED – YEAR 2021



ECONOMIC VALUE DISTRIBUTED – YEAR 2020



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

Ambienthesis and the people

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 2021, the Group had **306 employees**. Most of them (over 58% of the total) operate within Ambienthesis S.p.A. The number of workers has increased slightly compared to the previous year, when the Group had a total of 290 employees, thanks to a significant increase in hiring (the hiring rate in 2021 was approximately 17.97%).

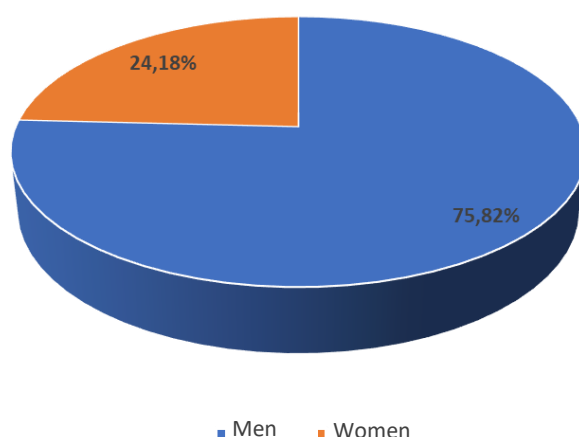
In line with the average values that are typical of the waste treatment and environmental remediation sectors, where men are traditionally employed to a greater extent than women, male individuals account for the majority of staff employed (about 75.82% of the total). Equality between workers of both 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).

BREAKDOWN OF EMPLOYEES BY GENDER AND CATEGORY						
Classification	Men		Women		Total	
	2021	2020	2021	2020	2021	2020
Executives	12	13	3	2	15	15
Middle managers	12	9	2	3	14	12
White collars	82	77	66	65	148	142
Blue collars	126	118	3	3	129	121
Total	232	217	74	73	306	290

BREAKDOWN OF EMPLOYEES BY GENDER (2021)

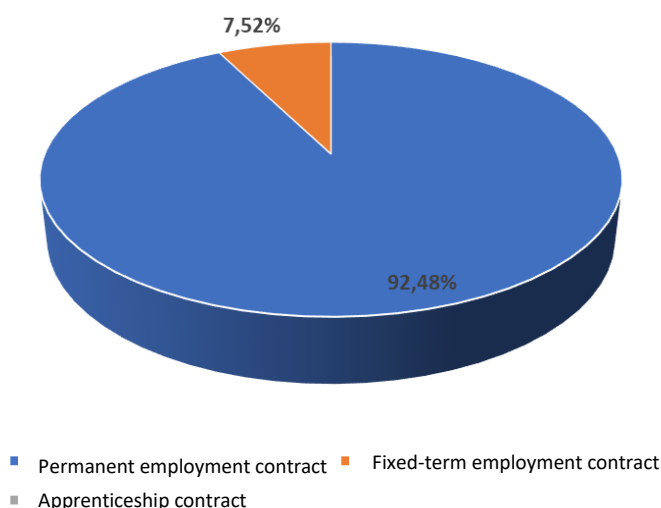


Taking into account the most significant operating sites, as at 31 December 2020, the Group does not employ senior managers from local communities.

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 2021, around 42% of them have been employed for less than five years, as proof of the growing presence of young resources within the Group.

BREAKDOWN OF EMPLOYEES BY GENDER AND TYPE OF CONTRACT						
Type of contract	Men		Women		Total	
	2021	2020	2021	2020	2021	2020
Permanent	218	206	65	69	283	275
Fixed-term	14	11	9	4	23	15
Apprenticeship	/	/	/	/	/	/
Total	232	217	74	73	306	290

BREAKDOWN OF EMPLOYEES BY TYPE OF CONTRACT (2021)



SENIORITY OF EMPLOYEES (2021)						
Gender	0-5	6-10	11-15	16-20	>20	Total
Men	103	19	34	40	36	232
Women	27	16	7	7	17	74
Total	130	35	41	47	53	306

SENIORITY OF EMPLOYEES (2020)						
Gender	0-5	6-10	11-15	16-20	>20	Total
Men	81	19	36	43	38	217
Women	18	18	9	9	19	73
Total	99	37	45	52	57	290

The Group mainly employs workers over the age of 40, with a significant percentage of personnel belonging to the age group over 50 (approx. 40% 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 37% 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 40% of the total). The presence of employees under 40 years of age is still substantial, exceeding 24% of the total, and grew compared the previous year, when it was only 20%.

DISTRIBUTION OF EMPLOYEES BY AGE GROUP (2021)						
Gender	20-30	31-40	41-50	51-60	>60	Total
Men	19	34	77	87	15	232
Women	9	14	30	20	1	74
Total	28	48	107	107	16	306

DISTRIBUTION OF EMPLOYEES BY AGE GROUP (2020)						
Gender	20-30	31-40	41-50	51-60	>60	Total
Men	14	26	70	89	18	217
Women	7	13	28	23	2	73
Total	21	39	98	112	20	290

EMPLOYEES TURNOVER				
Year	Terminated contracts	New contracts	Hiring rate ¹	Termination rate ²
2021	27	55	17.97%	8.82%
2020	22	27	9.31%	7.58%

LEVEL OF EDUCATION OF EMPLOYEES BY GENDER			
Gender	Degree	Diploma	Other types of certificates
Men	41	66	93
Women	21	39	9
Total	62	105	102

¹ 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.

² The termination rate is obtained by dividing the number of contracts terminated in the year under consideration by the total number of employees employed by the Company as at 31 December of the same year and expressing the value obtained as a percentage.

■ Health and safety

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

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

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

In addition to this figure, all the Group companies 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	
	2021	2020	2021	2020	2021	2020
No. of accidents at work	5	1	0	0	5	1
No. of commuting accidents	2	0	0	0	2	0
No. of lost working days due to accident	203	43	0	0	203	43
No. of lost working hours due to illness	17,177	14,787	4,192	3,394	21,369	18,181
Total number of deaths at work	0	0	0	0	0	0
Total number of hours worked	383,086	320,043	121,167	81,779	504,254	401,823
Total number of overtime hours	34,701	26,334	9,356	5,513	44,05	31,847
Frequency Rate	13.05	3.12	0.00	0	9.91	2
Severity Rate	0.52	0.13	0.00	0	0.40	0

During 2021, 5 accidents occurred at the plants of Ambientthesis, Enval and CR, respectively.

Only one of them can be regarded as a significant accident, accounting for 70% of lost days due to accident out of 203 in total.

The accident trend has therefore remained essentially stable, while in 2020 and 2021 the number of days lost due to illness increased significantly. However, this is considered to be mostly due to fiduciary quarantine and isolation processes linked to the COVID-19 pandemic.

Namely, in order to deal with the Coronavirus emergency, a Technical Committee was established in 2021, comprised of the Employers, Technical Managers, RSPP, 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 reporting, the **four key figures** according to the **Consolidated Act on 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 and Eureko will also voluntarily arrange similar meetings on an annual basis, although they are not required to do so under Legislative Decree no. 81/80. In 2020, Ambienthesis S.p.A. itself had already 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 maintain its occupational health and safety management system – already certified under the **ISO 45001:2018 standard**.

▪ **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 Ambienthesis 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 Ambienthesis Group. 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 Ambienthesis S.p.A., Gea S.r.l., 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.

The **quality of the training programmes** developed by the Ambienthesis Group is recognised by the so-called *Fondi Interprofessionali*. For instance, in 2020, the training programme named after the payoff “**THINK GREEN, ACT SMART**” and also valid in 2021 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 2021 training hours per capita decreased compared to the previous years, 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.

As can be seen, both the number of courses provided and the total number of training hours increased, while average training hours per employee were slightly lower as a greater number of employees was involved compared to the previous year.

Namely, in 2021, 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		
	2021	2020
Number of courses provided	167	70
Number of training hours	5,830	2,739
Average training hours per employee	19	23

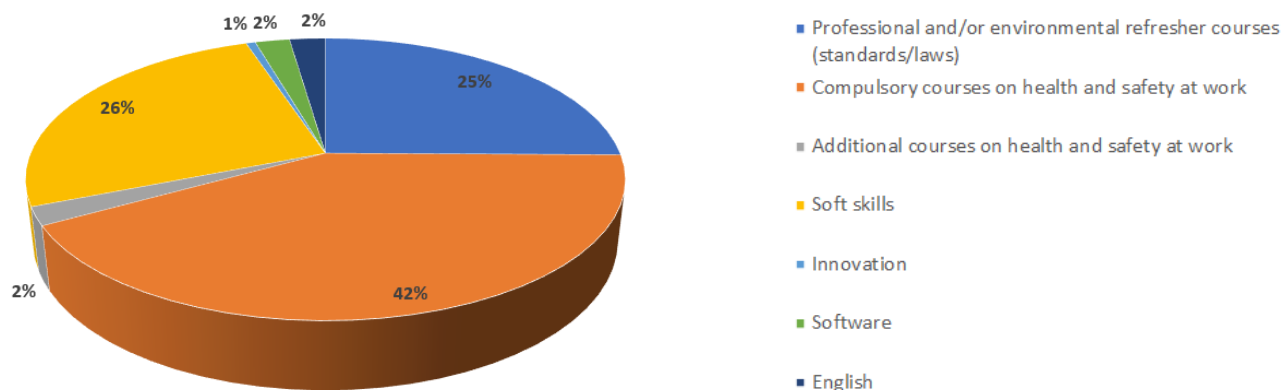
EMPLOYEE TRAINING BY CLASSIFICATION AND GENDER (2021)						
Classification	Men			Women		
	Training hours	Number of employees	Training hours per employee	Training hours	Number of employees	Training hours per employee
Executives	884	12	73	168	3	56
Middle managers	408	12	34	86	2	43
White collars	1424	82	17	1018	66	15
Blue collars	1754	126	13	20	3	6

Among the so-called “hard skills” on which the Ambienthesis Group’s development plans have focussed in 2021, many have concerned mostly health and safety at work, environmental regulations, risk management, project management, use of software and the English language, with a view to improving work management while creating a shared corporate vision.

On the other hand, the focus on “soft skills” was especially facilitated by the initiatives in the framework of “Stakeholder 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 (with reference to this, please note that last year the focus was on innovation).

TRAINING HOURS BY TYPE OF COURSE (2021)		
Type of course	Training hours per category	Percentage of the total
Professional and/or environmental refresher courses (standards/laws)	1,347	23%
Compulsory courses on health and safety at work	2,612	45%
Additional courses on health and safety at work	194	3%
Soft skills	1,356	23%
Innovation	52	1%
Software	120	2%
English	143	2%
TOTAL	5,830	100%

TRAINING HOURS BY TYPE OF COURSE (2021)



■ 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

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.).

For each company, the Model 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.).

■ 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: 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.

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 accountants in customer relations and are in charge of developing 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. Finally, the Group often invites customers 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, 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 other external stakeholders are classified as "nonconformities" by the management system. They are handled, on the one hand, by implementing appropriate immediate response strategies to solve the existing issues, and on the other, by developing 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, the considerable attention paid to continuous commercial development and the proactive and problem-solving approach adopted in performing works make Ambienthesis highly regarded with reference to environmental initiatives that include the remediation of polluted sites, the safety of disused areas and decommissioning activities. As a matter of fact, the Parent Company's customers include some of the major industrial groups operating in Italy, such as Eni, Enel, Edison, Ilva, Alcoa and Invitalia.

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. In 2021, we registered for ANGA categories 2bis, 4 class C and 5 class C, by virtue of which we are now able to directly provide transport of both hazardous and non-hazardous waste. Registrations for categories 8 class A (brokerage) and 9 class A (remediation) were also renewed;
- ✓ **launch of a specialisation and technologization process** for the services we offer, having regard in particular to the valorisation of on-site remediation works and to the valorisation of recovery, including energy recovery, from decommissioning waste.

Furthermore, the process aimed at gradually replacing some of the machines employed for remediation activities with **cutting-edge machinery** continued in 2021, by expanding and organising those already existing as well as by introducing previously unavailable equipment characterised by a low environmental impact when in use. Furthermore, our investments have also been aimed at expanding our service offering and performing some of the works or services requested by customers directly.

Focus Box no. 2 – Tremonti S.r.l.

Based on the expertise of four leading operators in the environmental services market – Ambienthesis, Herambiente, Sersys Ambiente and Edison – the company Tremonti S.r.l. was incorporated to provide soil and groundwater remediation services. ATH acquired a 49% stake in the company, thus becoming its majority shareholder.

The first remediation works have already been launched in the northern part of the “Tre Monti” area located in the Site of National Interest (SIN) of Bussi sul Tirino (PE) and will progressively expand to the areas of Piano d’Orta and of the Bussi industrial plant.

Tremonti S.r.l., which embodies an innovative corporate governance and management model, has taken on the challenge to complete one of the most ambitious site remediation and environmental regeneration projects Europe-wide.

Ambienthesis and its suppliers and partners

As at 31 December 2021, the Group had approximately 2,588 active suppliers, almost all of which were located in Italy or within the European Union.

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

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

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

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

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

With reference to this, in 2021, **approximately 30% of active suppliers at each waste treatment and disposal plant** 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 45% 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 had been further implemented already in 2020 – these are 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.

Already during 2021, with the help of external consultants and agencies specialising in engagement processes, the Group had launched a number of projects to identify its own stakeholders, using the following tools: interviews with 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;
- ✓ Customers;
- ✓ Schools and universities;
- ✓ Environmental associations;
- ✓ Scientific community;
- ✓ Professional associations.

Relations with stakeholders are based on dialogue, sharing of objectives and transparency, which lie at the heart of the “**Integrated Communication**” project, launched in 2018 in the framework of our rebranding process. The initiative is aimed at setting out a new integrated and shared communication strategy, analysing the current reputational position of the Ambienthesis Group as a whole, and developing a global image strengthening process.

Focus Box no. 3 – “Wonder What – PCTO I rifiuti da scarto a risorsa”

The last step of the project “A Scuola di Economia Circolare” (Circular Economy at School), aimed at raising awareness on so-called “green jobs” by means of a stakeholder engagement process targeted at recent high school graduates looking to work in the environmental service sector, is ongoing.

The project entails an online PCTO (Cross-cutting skills and career counselling course) made up of 4 modules, followed by a guided tour of our plants, with a view to making young participants aware of the importance of responsible resource management and of the world of circular economy.

▪ The Group's commitment to the territory

The activities of the Ambienthesis 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 services³” 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 Ambienthesis' 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.

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 sponsorships 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.

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.

³ 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.).

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

For the same reasons, the “Safety Day” held by the remediation and construction division could not take place in 2021 as originally planned.

Focus Box no. 4 – Supporting “our territory”

For the second three-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 sponsors some sports associations in the territories where it operates, in order to support them in organising events ranging from sport to culture, tourism and leisure.

Namely, in 2021:

- Gea launched a sponsorship to support Associazione Sportiva Dilettantistica Green Bike, an amateur cycling team based in the Municipality of Sant’Urbano
- Once again, Rea sponsored U.S. Dalmine (an amateur football club), while the transferred business Greenthesi supported Virtus Inzago
- Together, Gea and Rea sponsored Cisterna di Latina’s volleyball team, Volley Cisterna.

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

The responsible management model adopted at the landfill operated by Barricalla S.p.A. (35% owned by Ambientthesis 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.

Around the year 2000, a bee farm was established within the landfill area, where it serves as a crucial bio-indicator. As a matter of fact, in spite of the challenges these extremely pollution-sensitive insects are facing across Europe, no threats to their life have ever been found at the Barricalla site. The honey they produce is analysed and then compared and contrasted with that produced in a rural area. No anomalous concentrations of pollutants have ever been recorded to date.

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.

In order to achieve such goals, Ambienthesis has launched a process to monitor specific ESG **KPIs (Key Performance Indicators)**, including environmental ones, which are regarded as strategic for the Company, with a view to assessing the impact of ESG risks and ensuring business sustainability over time.

■ Waste produced and managed by the Group

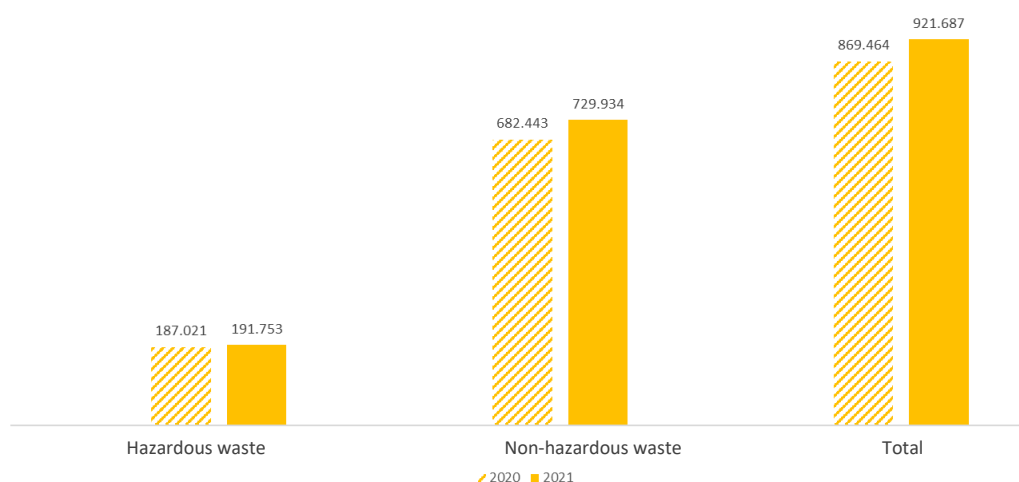
The Group companies manage both their own waste and waste produced by other bodies and communities by following the principles of prevention, sustainability and safety, according to an approach aimed at ensuring, on the one hand, the effectiveness of treatment and disposal processes and, on the other,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

In 2021, **our own plants** treated a total of 921,687 tons of waste, of which 191,753 tons of hazardous waste and 729,934 tons of non-hazardous waste.

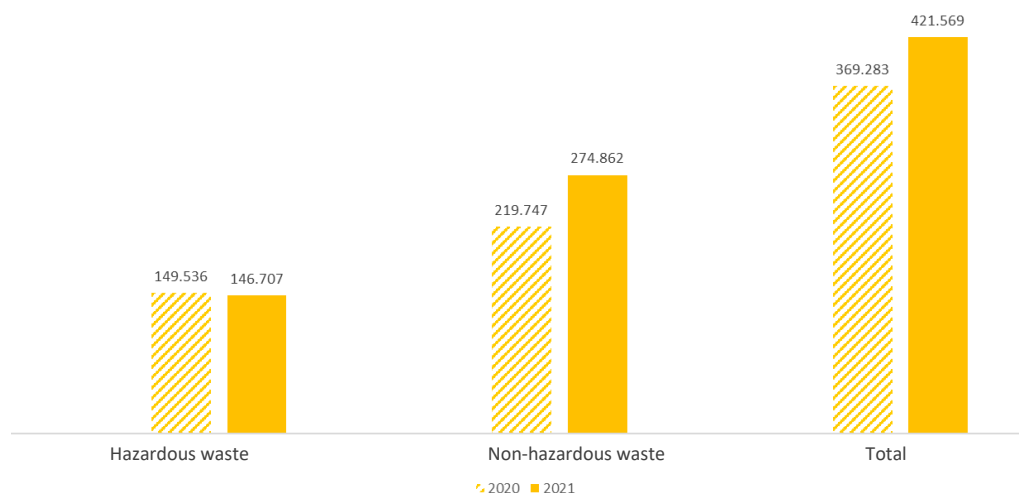
On the other hand, outgoing waste (i.e. waste treated at the plants) stood at 146,707 tons of hazardous waste and 274,862 tons of non-hazardous waste, totalling 421,569 tons.

Based on the monitoring of environmental KPIs carried out in the reference period, the percentage of waste recovered over the total quantity of outgoing waste from the plants was 52.69%, 20.07% of which intended for end-of-waste recovery.

INCOMING WASTE AT GROUP PLANTS (tons)



OUTGOING WASTE FROM GROUP PLANTS (tons)



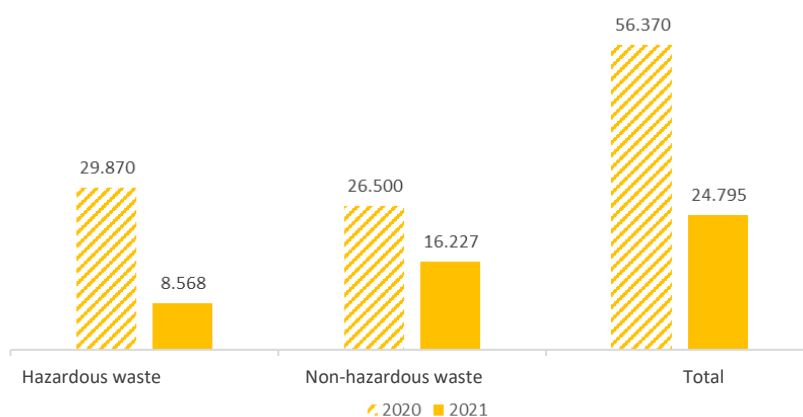
The **remediation activities** carried out by the Parent Company are also connected to the production of different types of waste, which, in accordance with each specific remediation project, can be confined and managed on site or transported to specialised treatment and disposal plants.

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.

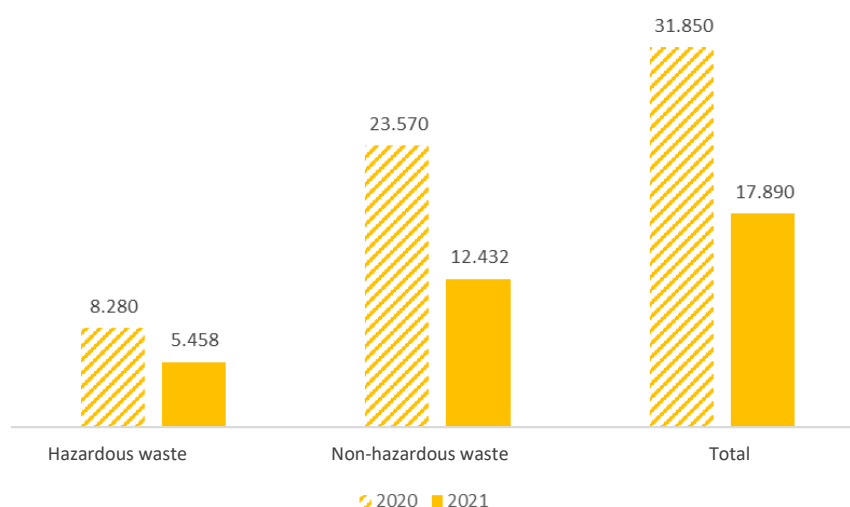
In 2021 the Company managed a total of approximately 24,795 tons of waste at its remediation sites (-56% compared to 2020), of which about 8,568 tons of hazardous waste (-71% compared to 2020) and 16,227 tons of non-hazardous waste (-38% compared to 2020). In particular, the Company was classified as producer/holder of the same waste for about 17,890 tons (approximately 5,458 tons of hazardous and 12,432 tons of non-hazardous waste).

Such figures, sensibly decreasing compared to the previous year, are mainly due to a decline in operations concerning the remediation area in 2021, when we focussed more on planning and design activities instead (see the “Operating performance” section).

WASTE MANAGED DURING REMEDIATION ACTIVITIES (tons)



WASTE PRODUCED DURING REMEDIATION ACTIVITIES (tons)



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

- ✓ **On behalf of Tremonti S.r.l., remediation of the former “Tre Monti” area in Bussi sul Tirino (PE)** (Site of National Interest). The scope of the works covers the removal of waste that have been accumulated without control along the banks of the Tirino river, as well as the remediation of contaminated soil using the thermal desorption technology⁴, which, if the pilot plant proves successful, will allow Ambientthesis to decontaminate environmental matrices in a “sustainable” way;
- ✓ **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)** (Site of National Interest), which constitutes a preliminary intervention for the protection of surface and groundwater, as well as preparation of the infrastructural works necessary for remediation of contaminated soil within the site itself;
- ✓ **On behalf of Edison, removal of waste and contaminated soils from the crater area of the Mantua chemical complex** (Site of National Interest), which have been accumulated over the years during the operation of the city’s petrochemical plant;
- ✓ **Safety works on the entire former Flucosit 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** (Site of National Interest) **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;
- ✓ **Safety works and remediation of the former Alcoa area** (Site of National Interest) **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 wastewater generated by remediation activities themselves;
- ✓ **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;
- ✓ **On behalf of the Municipality of Mazzano (BS), remediation and safety works at the Ciliverghe landfill;**
- ✓ **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 soil⁵.

⁴ 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.

⁵ 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.

▪ Electricity and fuel consumption

In 2021, the **total consumption of electricity** by the Group's plants was approximately 471,634 GJ (131,009,667 KWh), over 95% of which from renewable sources, and was mainly related to waste treatment and disposal processes.

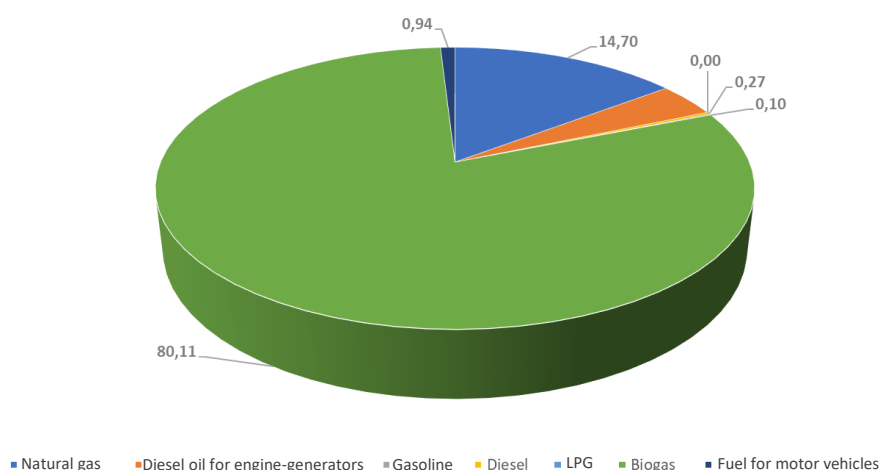
The 452,061 GJ of energy self-produced by the various plants – 414,666 GJ of which by Rea Dalmine only, which feeds clean electricity back to the grid and also supplies other operating sites of the Group – are worth noting.

The Group is actively committed to reducing its impact linked to **energy consumption** and the consequent emissions of pollutants and greenhouse gases into the atmosphere. In recent years, the Group has begun a process aimed at the improvement of its performance in terms of consumption containment and, in general, of electricity efficiency at remediation sites and treatment and disposal plants.

Increasing attention is paid, in particular, to the **energy audit** of electricity flows on a corporate level and at each plant, in order to identify the elements to be improved in this respect in each case.

Finally, in 2021, about 644,701 GJ of fuel were consumed. Most of this consumption is linked to the recovery of landfill biogas to generate electricity (516,468 GJ) and to the use of natural gas for heating offices and changing rooms for employees (94,743 GJ), while the remainder refers to fuel purchased to feed machinery in use at the plants.

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.

Taking into account all waste disposal and treatment plants within the scope of reporting, the **total water consumption** in 2021 was 225,533 cubic metres of water.

This value does not account for water volumes consumed at remediation sites, which are considered negligible given the absence of water-consuming activities.

For instance, at the Liscate local unit, **purified water from the plant is reused** as many times as possible for different purposes (e.g. washing machinery and equipment), in order to gradually reduce withdrawals from the well.

Again in order to foster a responsible use of the resource, a number of **water meters** have been installed over the years, which allow to map and monitor well water consumption in the different sections of the plant.

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.

WATER WITHDRAWALS BY SOURCE (m ³)		
Source	2021	2020
Aqueduct water	32,872	9,436
Surface water (rivers, lakes, other)	14,600	15,000
Well water	98,549	116,659
Rainwater	0	4,665
Surge tank	98,549	68,300
Other source	5,016	
TOTAL	225,533	214,060

A portion of the **wastewater** produced by the Group’s own plants is released directly into the municipal sewerage system (85%) and is periodically subject to compliance and acceptability checks of the relative characteristic parameters. On the other hand, approximately 2,866 m³ (1.2%) are used to water gardens and 8,541 m³ (3.7%) internally recycled to wash machinery and equipment.

■ Direct and indirect emissions

Direct emissions of CO₂ and other GHG to the atmosphere, totalling about 84,707 tons of CO₂ equivalent in 2021, are essentially ascribable to the Rea Dalmine waste-to-energy plant, which uses municipal waste and non-hazardous special waste to generate electricity from renewable sources (94% of total emissions), to the consumption of natural gas for office heating, and to the fuel to feed machinery (on the matter, see the section “Electricity and fuel consumption”).

The choice of the Ambientthesis Group to **use electricity mostly from renewable sources** has enabled all Group companies to bring their indirect, so-called “Scope 2” GHG emissions to zero.

Considering the scope of reporting, the emissions avoided by third-party users of RES electricity⁶ generated by our plants totalled almost 16,927 tons of CO₂ equivalent⁷.

Moreover, CO₂ emissions are going to progressively decrease over the next years also thanks to the gradual replacement (already started) of our equipment with cutting-edge and hybrid machinery.

⁶ From renewable energy sources.

⁷ This value was calculated by applying the emission factors published by the Italian National Institute for Environmental Protection and Research (ISPRA) in 2020.

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 2021, Ambienthesis focussed its research on identifying innovative technological solutions that can apply within the purification processes and allow reducing the quantity of residual biological sludge on the one hand, while increasing production of biogas and biomethane on the other.

In particular, experimental collaborations have been developed with two innovative start-ups in the organic waste treatment sector, both specialising in the treatment by thermal hydrolysis of sludge from the anaerobic digestion of organic matrices such as slurry, manure, food waste and the organic fraction of municipal solid waste.

Such experimentations have proved that thermal hydrolysis is able to reduce the quantity of sludge and solid digestate to be disposed of after the anaerobic digestion process by up to 70%, while also ensuring a potential extra production of biogas from the organic material treated.

An in-depth study was performed during the reference period on the technologies applicable to treat food waste that, due to inadequate processing or storage or due to expiry, need to be treated as waste. The above with a view, on the one hand, to recovering and reusing packages (glass, paper, plastic, aluminium, iron) and, on the other, to transforming the organic waste matrix into biomass to produce biogas and agricultural fertilizers, according to a very high-value process in environmental and social terms, which fully complies with the principles of circular economy.

Ambienthesis has also launched a bibliographic and experimental laboratory study to identify cutting-edge technologies to remove nickel from wastewater at the site of Orbassano.

The study has shown that the potentially best performing technology consists in a plant able to selectively capture any heavy metals dissolved in water, including nickel.

Research will continue by implementing a pilot plant, which will allow monitoring the quantity of nickel extracted on a daily basis; furthermore, additional chemical tests will be agreed with an external lab, leading to the issue of the corresponding analysis certificate.

Moreover, in line with the green targets that lie at the heart of the new Recovery and Resilience Plan (PNRR) for Italy, the Group has developed some preliminary studies on innovative projects, such as recovering end-of-life wind turbines, residues from the textile industry and mixed plastic thanks to a pyrolysis process – all of the above aimed at recycling material and implementing the principles of circular economy.

This background of technological research and in-depth studies will allow Ambienthesis to consider any investments on its own and third-party plants in 2022, in order to provide a global service with the application of these technologies.

Focus Box no. 7 – Gea's leachate treatment plant

The leachate purification plant of GEA S.r.l. received final acceptance in 2021.

The plant has confirmed to be entirely able to ensure the technical performance required for the process that lies at the core of this innovative and virtually one-of-a-kind plant.

Leachate purification by reverse osmosis and subsequent concentration allow recovering over 90% of the treated and purified leachate volume for irrigation purposes. The remaining 10% is thermally destroyed to thermochemically remove PFAS compounds in particular.

GEA's constant search for more sustainable technological solutions has led it to submit an application and be granted, in 2021, the authorisation to install (in 2022) a biogas co-generator for combined production of electricity and thermal power from a renewable source. This will make the energy system of the leachate purification plant and all electrical installations at the landfill self-sufficient, besides taking advantage of the biogas renewable source generated by the landfill itself.

A technological in-depth study is also being carried out, aimed at further treating the evaporation distillate on site to improve the management of this purification process, rather than allocating it to the upgrading plant.

Focus Box no. 8 – Collaborations with universities and research centres

Also throughout 2021, 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 has continued 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 Rifuture S.r.l., 30% owned by REA and 30% owned by GEA). Moreover, simulations have been carried out of the impact on road traffic of waste transportation vehicles heading to the plant, of vehicles collecting digestate intended for agriculture, and of those picking up biomethane.

The partnership with the Polytechnic of Milan, aimed at identifying sustainable industrial processes for phosphorus recovery, is also 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. By sponsoring a three-year scholarship, REA has strengthened its relationship with the Polytechnic of Milan, expanding studies to the application of the thermal hydrolysis process to purification sludge.

CORRELATION TABLE TO THE GRI STANDARD

CORRELATION TABLE			
GRI standard title	GRI disclosure	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	Pages 13; 16
	102-3	Location of headquarters	Page 16
	102-4	Location of operations	Page 16
	102-5	Ownership and legal form	Page 14
	102-6	Markets served	Pages 19-25
	102-7	Scale of the organisation	Pages 7; 63
	102-8	Information on employees and other workers	Pages 74-82
	102-9	Supply chain	Pages 84-85
	102-12	External initiatives	Pages 86-88
	102-13	Membership of associations	None
GRI 102: General Disclosures – Strategy	102-14	Statement from senior decision-maker	Page 6
GRI 102: General Disclosures – Ethics and integrity	102-16	Values, principles, standards and norms of behaviour	Pages 8; 64-65
GRI 102: General Disclosures – Governance	102-17	Mechanisms for advice and concerns about ethics	Pages 81-82
	102-18	Governance structure	Page 5
	102-22	Composition of the highest governance body and its committees	Page 5
	102-35	Remuneration policies	Page 78
GRI 102: General Disclosures – Stakeholder engagement	102-40	List of stakeholder groups	Page 86
	102-42	Identifying and selecting stakeholders	Page 86
	102-43	Approach to stakeholder engagement	Page 86
GRI 102: General Disclosures – Reporting process	102-45	Entities included in the consolidated financial statements	Pages 61-62
	102-46	Defining report content and topic boundaries	Pages 61-62

GRI 102: General Disclosures – Reporting process	102-47	List of material topics	Pages 66-67
	102-50	Reporting period	Page 61
	102-54	Claims of reporting in accordance with the GRI standards	Page 61
	102-55	GRI content index	Pages 97-99
GRI 103: Management approach	103-2	The management approach and its components	Pages 64-65
GRI 201: Economic performance	201-1	Direct economic value generated and distributed	Pages 72-73
GRI 201: Economic performance	202-2	Proportion of senior management hired from the local community	Page 75
GRI 203: Indirect economic impacts	203-1	Infrastructure investments and services supported	Pages 87-88
	203-2	Significant indirect economic impacts	Pages 87-88
GRI 204: Procurement practices	204-1	Proportion of spending on local suppliers	Pages 84-85
GRI 205: Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	None
GRI 302: Energy	302-1	Energy consumption within the organisation	Page 93
	302-4	Reduction of energy consumption	Page 93
GRI 303: Water	303-1	Water withdrawal by source	Page 94
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	Page 94
	305-2	Energy indirect (Scope 2) GHG emissions	Page 94
	305-5	Reduction of GHG emissions	Page 94
GRI 306: Effluents and waste	306-2	Waste by type and disposal method	Pages 90-91
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 76
GRI 403: Occupational health and safety	403-1	Workers' representatives in formal health and safety committees	Pages 77-78

	403-2	Type and rate of accidents, occupational diseases, absenteeism and number of deaths at work	Pages 77-78
GRI 404: Training and education	404-1	Average hours of training per year per employee	Pages 78-80
GRI 405: Diversity and equal opportunities	405-1	Diversity of governance bodies and employees	Pages 5; 74
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 87-88
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	None

Summary of economic and financial performance of Ambientthesis S.p.A. as at 31.12.2021

The financial statements of AMBIENTHESIS S.p.A. close with a final net profit of Euro 3,998 thousand, against a profit for the previous year of Euro 1,769 thousand, after amortisation, depreciation and write-downs of Euro -2,564 thousand (Euro -2,281 thousand in 2020).

ECONOMIC DATA			
Values in thousands of Euros	31/12/2021	31/12/2020	Variation %
Revenues	81,291	83,030	-2.1%
Operating costs	-75,537	-77,236	-2.2%
Gross operating margin (Ebitda)	5,754	5,794	-0.7%
Amortisation, depreciation and write-downs	-2,564	-2,281	12.4%
Net operating margin (Ebit)	3,193	3,514	-9.1%
Profit/(loss) before tax	4,049	2,445	65.6%
Final net result – Profit/(loss)	3,998	1,769	126.0%

EQUITY DATA			
Values in thousands of Euros	31/12/2021	31/12/2020	Variation %
Net financial position	-37,113	509	n/a
Total assets	254,513	128,275	98.4%
Equity	131,282	53,921	143.5%

In order to uniformly compare the economic results net of non-recurring items, which only occurred in 2020 and amounted to Euro -333 thousand, the Company's income statements have been restated according to an adjusted perspective, thus normalising results.

These results therefore show an adjusted profit of Euro 3,998 thousand in FY 2021 (against Euro 2,102 thousand in the previous year).

Adjusted* ECONOMIC DATA			
Values in thousands of Euros	31/12/2021	31/12/2020	Variation %
Revenues	81,291	83,030	-2.1%
Operating costs	-75,537	-76,995	-1.9%
Gross operating margin (Ebitda)	5,754	6,035	-4.7%
Amortisation, depreciation and write-downs	-2,564	-2,281	12.4%
Net operating margin (Ebit)	3,190	3,754	-15.0%
Profit/(loss) before tax	4,049	2,686	50.7%
Final net result – Profit/(loss)	3,998	2,102	90.2%

Calling of the Shareholders' Meeting

The Board of Directors has determined to call the ordinary and extraordinary Shareholders' Meeting to approve the 2021 financial statements – which were approved by the Board of Directors on 15 March – within 120 days of the end of the financial year. As a result, they will be submitted to the Shareholders' Meeting for approval on 27 April 2022 (at 5:00 p.m.) in first call, or on 29 April 2022 (at 5:00 p.m.) in second call.

Given the shareholding structure of the Company, it is anticipated that the Shareholders' Meeting will be validly held already on 27 April 2022.

The Board of Directors will also propose to allocate the profit for the year, of Euro 3,998,246, as follows:

- Euro 199,912 to the Legal Reserve;
- a gross dividend of Euro 0.0097 per share entitled to distributable profits, approximately equal to Euro 1,505,000, to the Shareholders;
- to carry forward the residual profit for the year;
- to pay the dividend starting from 15 June 2022, with ex-dividend date 13 June 2022 and record date (date of entitlement to payment of the dividend itself, pursuant to Article 83-terdecies of Legislative Decree no. 58 of 24 February 1998 and Article 2.6.6, paragraph 2 of the Rules of the Markets Organised and Managed by Borsa Italiana S.p.A.) on 14 June 2022.

The Shareholders' Meeting will be called to resolve on the following ordinary matters:

- Proposal for approval of the financial statements of "Ambientthesis S.p.A." as at 31 December 2021;
- Renewal of the Board of Directors;
- Report on Remuneration Policy and remuneration paid;

and on the following extraordinary matters:

- Change of the Company's name and subsequent amendment to Article 1 of the Articles of Association;
- Amendments to Articles 8, 21 and 26 of the Articles of Association.

Segrate, 15 March 2022

On behalf of the Board of Directors
The Chairman
Giovanni Bozzetti