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MESSAGE TO STAKEHOLDERS

This is the second year we are publishing an Integrated Report to present our management results to our members and stakeholders. We have chosen this instrument because it allows us to explain how the solidity of a company is not only measured by its economic and financial performance but also by its creation of value over time and generation of sustainable development from a social, environmental and ethical point of view.

Sustainability and social responsibility are the two pillars upon which we base our choices and actions, as we are convinced that only by respecting these principles is it possible to build a solid, long-lasting competitive advantage.

All our major indicators have rewarded the quality of our work. Despite the current scenario of crisis and uncertainty, we have continued to invest in our future. The positive results we have achieved are due to the actions delineated in our 2018-2022 strategic plan and the many projects we have launched to improve our organisational efficiency and valorise our resources, thus developing effective, shared skills and management models.

I wish to thank all the women and men in our cooperative who have shown their commitment and participation during this year of transformation, which has been dedicated to increasing our competitiveness and winning market challenges. This transformation is ongoing and will be completed in 2019 with the incorporation of Gesta, which will strengthen our leading position in the provision of integrated facility services.

This report also provides an opportunity to present the new Coopservice logos. The restyling of our logo and visual identity was inspired by a desire to strengthen our image and communicate our reputation and authority through a fresh, modern and dynamic language, while remaining true to our history and values. This change is part of a wider communication strategy aimed at both improving relations with all stakeholders, members and employees via new languages and channels (e.g. the Coopservice Community App) and at using social media to make ourselves better known to and appreciated by a growing audience.

I thank everyone for these significant results, which come from the teamwork and determination of those who firmly believe in our project.

“Sustainability and social responsibility are the two pillars upon which we base our choices and actions”

Roberto Olivi
President of Coopservice
COOPSERVICE GROUP

SALES REVENUES
€933 M
Group revenues grew by 8.2% thanks to the development of internal lines and significant results of all our companies.
Our subsidiary Archimede S.p.A. had revenues of over €83 million euros with a growth of more than 18%.
Turnover for both Gesta S.p.A. and our subsidiary Servizi Italia remained constant.
Group results are in line with the objective of our strategic plan (i.e. €1.1 billion euros by 2020).

GROUP NET RESULTS
€2.3 M
Results are lower than the previous year, primarily due to non-monetary and non-recurring charges (i.e. provisions and value adjustments).

GROUP SHAREHOLDERS’ EQUITY
€126.9 M
Equity remained substantially in line with 2017 results.

EBITDA
€96.6 M
Result is slightly lower with respect to 2017 (-3.3%).

GROUP EMPLOYEES
22,214
There has been a 6.9% increase over 2017 with the creation of 1,426 new jobs.
OWNERSHIP STRUCTURE

Coopservice is a cooperative built upon and disciplined by the principles of mutuality. As can be seen in article 3 of our company by-laws, “Working members of the cooperative intend to achieve employment continuity and the best economic, social and professional conditions through individual work and member management.”

Members are entrepreneurs within the cooperative, as they both take on the risks of the business and benefit from the positive results of its management. Being a member means having an active role in the company and being part of a system based on equal rights and duties. Coopservice members:

- contribute to company management by participating in the formation of company bodies and definition of direction and management structures;
- participate in designing development programmes, making strategic choices and creating production processes;
- contribute to generating member capital and participate in risks, economic results and decisions regarding their use;
- contribute their personal and professional experience to developing mutuality principles and the cooperative image and movement, with an intergenerational view;
- contribute their professional abilities to their work.

To allow members more direct participation in the cooperative, as well as to strengthen and articulate our local presence, we created Member Sections based on geographical areas that consult to the board of directors, giving their opinions and suggestions.

Members participate in the cooperative’s decision-making process primarily through the Members’ Assembly, whose responsibilities include approving the annual accounts, assessing the work of executives and statutory auditors, and deliberating the assembly’s responsibilities.

MEMBER PROFILE

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Age</td>
<td>48.1</td>
<td>49.9</td>
</tr>
<tr>
<td>Average Seniority</td>
<td>11.9</td>
<td>11.6</td>
</tr>
<tr>
<td>Long-term Contracts</td>
<td>98.7%</td>
<td>99.9%</td>
</tr>
<tr>
<td>Part-time Contracts</td>
<td>15.4%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Immigrants</td>
<td>10.7%</td>
<td>11.6%</td>
</tr>
<tr>
<td>Ordinary Members</td>
<td>88.6%</td>
<td>86.6%</td>
</tr>
</tbody>
</table>

GEOGRAPHIC DISTRIBUTION OF MEMBERS

AGE GROUPS

- < 34: 23.8%
- 35-44: 41.3%
- > 55: 28.0%
COOPSERVICE

We handle all facility services that are not part of our clients’ core business, including: industrial, commercial and healthcare cleaning; management and maintenance of buildings and systems; management of energy provision; security and surveillance; transport and handling of goods; industrial and commercial moving; collection and transport of special waste.

The key aspects of our services include relying on a large workforce, working at client-sites, maintaining consistent quality, monitoring performance, and using high-tech tools, equipment and vehicles. Clients can contract a single service, several services or an integrated global service solution to maximise their cost/benefit ratio.

Our headquarters are located in Reggio Emilia. We operate our various divisions across Italy through a network of area offices, operational offices, security operations centres and high-tech warehouses.

MEMBERSHIP

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>5,533</td>
</tr>
<tr>
<td>2017</td>
<td>5,718</td>
</tr>
<tr>
<td>2018</td>
<td>5,598</td>
</tr>
</tbody>
</table>

The decrease in working members was due to normal market dynamics that led to the loss or non-renewal of tenders and consequent transfer of staff to other companies.

PREVALENT MUTUALITY

The cooperative creates mutuality with its members by establishing a working relationship with them. However, to maintain a condition of prevalent mutuality, the cost of their labour must be greater than 50% of the company’s total labour cost.

\[ \frac{\text{Cost of work done by members}}{\text{Total labour cost}} = 55.42\% \]

The condition of prevalence was reached, as work done by members was 55.42% of total work.

SALES REVENUES

€502 M

Coopservice revenues grew by 5.7%, which is in line with objectives in the 2018-2022 strategic plan.

NET RESULTS BEFORE TAXES

€4.9 M

These results are better with respect to 2017 (+2.2%) and in line with strategic plan objectives.

SHAREHOLDERS’ EQUITY

€101.4 M

Coopservice’s equity consolidation process is continuing.

EBITDA

€22.1 M

This result is a significant increase with respect to 2017 (+8.8%) and a higher percentage increase than for revenues, which indicates more efficient production processes.

EMPLOYEES

15,103

The parent company alone created 528 new jobs, which is a 3.6% increase with respect to 2017.
Coopservice was created through the merger of two major service companies, Coopsicurezza (founded in 1976) and Cierrepi (founded in 1972). At 31 December 1990, the company had 1,239 employees, 1,069 of which were members. Revenues were €25.3 million and member capital was €575,000.

New areas


Service offer expanded

The nationwide security and surveillance line was expanded with acquisitions in Chieti, Forlì, Parma, Pescara and Rimini. In 2002, two important acquisitions expanded the cooperative’s service portfolio: MGM, a moving company in the province of Reggio Emilia, and Servizi Italia, an industrial laundry that was listed on the stock exchange in 2007. In 2004, Coopservice made its first-ever foreign acquisitions in Croatia and Serbia. In 2009, central headquarters were moved to Via Rochdale in the hamlet of Pratofontana in the province of Reggio Emilia.

2018-2022 Strategic Plan

The 2018-2022 Strategic Plan was presented in April. Its objective is to reach a Group turnover of €1.1 billion by 2020. Coopservice expanded into Spain with the acquisition of PJC, a facility services company based in Madrid.

25th anniversary

Coopservice celebrated its 25th anniversary in 2016. At the end of 2017, Group revenues reached €783 million and the number of employees was almost 19,000.

The present

To achieve its strategic plan objectives, Coopservice reorganised its structure and launched a new logo. Communication with stakeholders was expanded through a new Coopservice Community App and active presence on social media. In 2019, the incorporation of Gesta, Ad Personam and Electric System will be completed.
The board of statutory auditors is composed of three effective and two alternate members who are elected by the assembly and remain in office for three years. The board supervises compliance with laws and company by-laws regarding administrative principles and, in particular, the appropriateness and concrete functioning of the organisational, administrative and accounting principles adopted by the company.

The supervisory body has autonomous initiating and controlling powers and supervises the functioning, observing and updating of regulated organisational models regarding administrative responsibility to avoid the company committing a crime in its interest or to its advantage.

When the 2018 annual accounts were approved, members of the board were:
Santa Agosti, Cinzia Bussei, Maria Marika Compagnone, Mirko Corsi, Marco Cozzolino, Andrea Di Gennaro, Salvatore Fiorentino, Serena Gargiulo, Silvia Gatti, Andrea Grassi, Luigia Leonardi, Barbara Lombardi, Raffaella Marazia, Antonia Maria Minervino, Enzo Musi, Roberto Olivi, Michela Petrei, Marco Poiani, Gavino Satta, Valentina Spaltro and Giorgio Zucchelli.

Chairperson: Veronica Camellini
Members: Franco Marchini, Uberto Rossi

Chairperson: Gianfranco Milanesi
Members: Giorgia Butturi, Paolo Alberini.
IMAGE AND COMMUNICATION

COMMUNICATION STRATEGY

The term brand identity refers to all graphic and communication elements that affect the perception of a brand and company by the public.

The measure of how much the public is aware of our brand on the market is expressed by brand awareness, while brand reputation expresses the public's opinion of our work and the consistency between what we claim to be and how we are really perceived by our clients.

The objective of our communication strategy, which is part of our 2018-2022 strategic plan, is to both strengthen existing instruments and create new communication tools to make ourselves known to a wider public — thus growing our brand awareness — as an authority figure and privileged partner in the category of integrated services — thus developing our brand reputation.

The first step in our new communication strategy is to improve our brand identity through a restyling of our logo, which is a fundamental element of our brand along with the name of our cooperative.

The new image will accompany the development and optimisation of our traditional and online presence. We will invest primarily to improve our internet and social media presence by disseminating dynamic, fresh and interesting content with the aim of maintaining intense engagement with users, promoting our strong points, and building a solid, distinctive reputation.

LOGO RESTYLING

The Coopservice logo was launched in 1991 along with the new cooperative. It has accompanied our growth for the past 28 years and is well known in the facility services market, where it is easily recognised on our workers uniforms and service vehicles.

Fluctuations in the macroeconomic scenario and market conditions have convinced us that the time has come to change our image and make it more distinctive and appealing.

For our restyling project, we chose to make our logo more modern, elegant and effective while keeping our original name and highlighting our identity through its graphic design to preserve an image that is well known to users and the market.

Our foundation is solid; our identity is precise, specific and highly distinctive with respect to our competitors.

For this reason we kept our original company colours, making them warmer and more vibrant, as they are a unique element and distinguish us from our competitors.

We also chose a more legible, visible and modern font. The two elements together create a simple, memorable, versatile and flexible logo.

CONCEPT

Our basic idea was to keep a strong connection to our distinctive values:

- our identity as a cooperative and focus on people;
- our ongoing commitment to continuous innovation;
- our environmental sustainability and corporate social responsibility.

As can be seen here, the joining of these elements has created a new brand that expresses who we are: people of value who design innovative solutions to respond effectively to client needs, while striving for greater social and environmental sustainability.
People making up a team and taking care of each other, what does that remind us of? There are certain iconic images that come to mind; one is a group of women and men standing in a circle with their arms coming together in the centre and their hands overlapping. Thus the circumference is filled and becomes a solid form, a disc. A universal shape of harmony and perfection.

The two concepts of energy and technological innovation are often represented by an arrow. As it gives the idea of movement, of going somewhere. In this era of the information society and big data, how many times have we heard the expression “digital highway”? Innovation is progress, movement and pushing forward.

Each one of us has a responsibility to strive for environmental sustainability for the sake of coming generations. This is even more important for our company, as we work in the fields of energy efficiency, heat management, professional cleaning and special waste management. Sustainability must be an integral part of our identity and company mission.
Today, competition is pushing companies to seek simpler operating methods that allow them to focus on their core business and ensure maximum yield in all processes. To achieve these objectives, companies are moving from traditional organisational models to new ones based on outsourced, global management of services, in order to rationalise work and increase efficiency.

We have taken up this challenge and offer our capabilities to clients as a **single provider** for the management of all non-core activities. We design and manage a wide range of **integrated facility services**: cleaning and soft services, security and surveillance services, energy management and technical/maintenance services, as well as specialised logistics services.

Our ambition is to be a reference point in the category of integrated services. To do this, we listen to our clients’ needs and offer them ease of access, quick responses, professionalism, reliability and affordability.

We do not limit ourselves to just providing services; we make sure that the people who frequent the places we manage have a positive experience, without risk to their safety or security. Whether they are travellers in train stations and airports, or doctors, healthcare workers and patients in hospitals, or students and teachers in schools, or workers in factories and offices, our objective is to make and keep these places clean, healthy, safe, secure, comfortable and efficient.
CLEANING & SOFT SERVICES
We clean and sanitise workplaces, hospitals, healthcare facilities, schools, shopping centres, transport systems, public entities and places where thousands of people congregate every day to carry out work, life and leisure activities. We take care of our clients’ buildings so that they are always welcoming, comfortable, tidy and perfectly functional.

SECURITY SERVICES
Our security guards and technologies watch over homes, businesses, companies, hospitals, public entities, train stations, ports and airports 24 hours a day to improve both security and safety. We use the most modern, cutting-edge technology and train our staff to prevent and deal with emerging security threats.

ENERGY & TECHNICAL SERVICES
We maintain buildings and systems in excellent working order to ensure optimum comfort and wellbeing to all users. We provide and manage energy to contain consumption, protect the environment and make systems more efficient through our technical services. We manage highly automated warehouses by applying the Kaizen method and using Lean and Agile logic to optimise processes and maximise efficiency.

MOVING AND HANDLING SECTOR
We take care of all types of client goods and property during the phases of handling, storage, transportation and distribution, assuring that they reach their destination in excellent condition and within established timelines. We offer specialised services for the handling and transport of artwork and valuable items.

WASTE MANAGEMENT AND WASH-HIRE TRANSPORT SECTOR
All human activities generate waste. We collect and transport innocuous, hazardous and special wastes and dispose of them with complete respect for regulations on all levels, while generating economic and environmental advantages. We transport hospital linen for processing to and from our industrial laundries.

OUR CLIENTS
We provide services to over 21,500 clients of various types throughout Italy, customising our offers to satisfy their specific needs.

DISTRIBUTION OF TURNOVER BASED ON NUMBER OF SERVICES CONTRACTED

<table>
<thead>
<tr>
<th>Services</th>
<th>% of Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>One service</td>
<td>60%</td>
</tr>
<tr>
<td>Two or more services</td>
<td>40%</td>
</tr>
</tbody>
</table>

% CLIENTS BY TYPE

<table>
<thead>
<tr>
<th>Type</th>
<th>% of Clients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private clients</td>
<td>48.2%</td>
</tr>
<tr>
<td>Public bodies</td>
<td>5.2%</td>
</tr>
<tr>
<td>Companies</td>
<td>46.6%</td>
</tr>
</tbody>
</table>

% CLIENTS BY TURNOVER

<table>
<thead>
<tr>
<th>Type</th>
<th>% of Clients</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,7%</td>
<td>45.0%</td>
</tr>
<tr>
<td>53.2%</td>
<td></td>
</tr>
</tbody>
</table>

REVENUES BY SERVICE TYPE

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Revenues (€ million)</th>
<th>Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security Services</td>
<td>271.3</td>
<td>30.8</td>
</tr>
<tr>
<td>Energy &amp; Technical Services</td>
<td>29.3</td>
<td>5.8</td>
</tr>
<tr>
<td>Moving and Handling Sector</td>
<td>19.4</td>
<td>5.5</td>
</tr>
<tr>
<td>Waste Management and Wash-Hire Transport Sector</td>
<td>27.8</td>
<td>3.9</td>
</tr>
</tbody>
</table>

OUR CLIENTS
We provide services to over 21,500 clients of various types throughout Italy, customising our offers to satisfy their specific needs.
We wish to be a leader in the category of integrated services through innovation and work quality, by focusing on our clients and community and valorising the professionalism and aspirations of our members and workers.

VALUES

- Teamwork: We work together to achieve common, shared objectives
- Consistency: We act with rigorous respect for the values we believe in
- Transparency: We act with fairness and clarity
- Innovation: We are committed to finding new solutions
- Legality: We encourage and defend ethical behaviour

OUR APPROACH TO CLIENTS

- Performance monitoring
- Client needs analysis
- Service provision
- Integrated Facility Services
- Integrated management
- Service design
2018-2022 STRATEGIC PLAN

While our strategic plan is the tool that guides our actions towards our chosen objectives, it is also dynamic and flexible enough to adapt to fluctuating market conditions.

OBJECTIVES

- Act on our cooperative identity
  Leverage cooperative values as a distinctive part of our daily work

- Foster an innovative approach
  Make innovation a permanent and distinctive factor of our services

- Strive for operational excellence
  Maintain profitability by making our operational processes more efficient

- Support growth
  Continue to grow our company by offering new services to new markets

- Valorise people
  Help people improve their skills and enhance their talents, while developing our organisational culture

SALES REVENUE FORECAST / EBIT

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales Revenue</th>
<th>EBIT + %</th>
<th>Values expressed in million euros</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>€502 M</td>
<td>+ 5.7%</td>
<td>€471.0</td>
</tr>
<tr>
<td>2019</td>
<td>€516.6 M</td>
<td>+ 3.6%</td>
<td>€477.6</td>
</tr>
<tr>
<td>2020</td>
<td>€527.2 M</td>
<td>+ 1.5%</td>
<td>€495.2</td>
</tr>
</tbody>
</table>

When economic forecasts for the 2018-2022 Strategic Plan were made, the Energy & Facility Management line was not included in the revenue forecast, as it was involved in an extraordinary operation along with our Gesta subsidiary. The 2018 operation was abandoned; therefore, the forecasted amounts will be re-analysed and updated in the next revision of the plan.
The aim of mapping our stakeholders, which was carried out along with our 2018-2022 Strategic Plan, was to improve our understanding of the context in which we work and to determine management procedures for the most effective relations with a wide range of actors.

**Stakeholder Analysis**

**Protection / Satisfaction**
Actors who exercise control and regulation or who influence our business. This category calls for two types of relationships: protection of our interests to limit risks associated with competitive, legislative or regulatory threats and implementation of actions that satisfy our stakeholders and facilitate growth and development.

- Banks and financial institutions
- Competitors
- Controlling bodies
- External rating bodies
- Governmental authorities
- Internationalisation consultants
- Local entities
- Partners in innovation processes
- Private, small and medium-sized clients
- Sector authorities

**Collaboration**
Actors who have a specific impact on our organisation and must be safeguarded through mutually satisfying relationships. This category involves clients with a strong impact on our turnover, including Group companies with whom we develop synergy, our supplier-partners, and universities with whom we invest in innovation. Above all, our members and employees, for whom we must act to strengthen their sense of belonging and the values of collaboration.

- Group companies
- Non-member employees
- Partners in temporary consortia
- Private clients
- Public clients
- Suppliers of technology and IT services
- Technical design consultants
- Universities and research entities
- Working members

**Information**
Actors with whom we must establish and maintain communication and information channels to stimulate attention and grow our brand awareness and reputation.

- Alliance of Italian Cooperatives
- Citizens
- Client end-users
- Consortia
- Insurance providers
- Local entities
- Trade associations
- Trade unions
- Voluntary sector entities

**Protection**
Actors with a strong dependence on us, as they are fundamental for business development. One example is subcontractors that must be safeguarded because they are an extension of our business on client-sites for specialised services or because they provide local services on our behalf. We monitor them to guarantee that our clients never notice a difference in the quality of services they receive.

- Strategic services providers
- Subcontractors

**Clients**
We aim to have a deeper awareness of our clients’ needs through our daily contact with them.

**Members and Employees**
We work to improve our marketability and worker satisfaction through employee welfare, participation and solidarity initiatives.

**Suppliers**
We have improved our process of supplier selection and qualification to keep our procedures in line with our values and ethical principles.

**Authorities and Legislative and Regulatory Entities**
We have adopted an ethical code and the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 (MOG 231) to facilitate legality, transparency and virtuous behaviour.

**Local Communities**
We support both our local communities through sponsorships and donations and our workers’ families through social and solidarity initiatives.
The materiality matrix shows the relevance of four categories from the stakeholders’ point of view on the vertical axis and value creation for Coopservice on the horizontal axis.

As a result of our analysis and assessment process, the topics are divided into three areas:

- **Supervise**: these elements are at the centre of our ability to create long-term value and play a major role in our company strategy.
- **Advance**: these elements can be subject to planned actions of continuous improvement and updating to increase their effectiveness and respond to the expectations of Coopservice and stakeholders.
- **Monitor**: in the future, these elements could be developed to support value creation in areas that are now considered less relevant but could change in relation to changes in the macroeconomic scenario.

We have defined specific management approaches for the topics in the **Supervise** and **Advance** areas. Current developments, activities and achieved results regarding the various topics are presented in other chapters within this report.
# Stakeholder Involvement and Value Creation

## Our Main Stakeholders

### Clients

Our understanding of our clients’ needs allows us to build long-lasting relationships and offer innovative services and solutions that are cost-efficient and create added value.

- Daily contact with clients
- Professionalism and experience in tender management
- Service quality monitoring
- Innovative tools for providing services and managing contracts

### Members

We keep in constant contact with our 5,500 working members and encourage their direct participation and involvement in the cooperative.

- General assembly of delegates and separate local assemblies throughout Italy
- Employee welfare plan and supplementary healthcare and pension
- Solidarity assistance to support members and their families when in need
- Patronage returns to members based on annual results
- Remuneration and re-evaluation of member capital

### Workers

Our most important resource is our 15,000 workers (more than 22,000 in the entire Group).

- Internal communication plan to reach all members and workers
- Coopservice Community App
- Initiatives for recruiting, training, talent development, career paths and reward systems to valorise our resources and retain people of merit
- Survey on employee welfare
- Application of the CCNL (National Collective Labour Agreements) for all employees
- Freedom of association is guaranteed
- Training on workplace health and safety

### Suppliers

We work with our suppliers to ensure that they adopt practices and procedures in line with our values and ethical principles.

- Purchasing of raw materials, products and services from over 1,000 suppliers
- NEOS portal to improve our supplier selection and qualification process and strengthen our partnerships
- Ethical and environmental guidelines for our suppliers

### Society and Local Communities

Our workers come into contact with the lives of others every day, while they are providing essential services that ensure safety and security, make workplaces clean and comfortable, and keep healthcare facilities disinfected and sterilised.

- Our services assure safety, hygiene, comfort and reliability for private companies and fundamental public services
- Stakeholder mapping
- Creation and analysis of materiality matrix
- Relations with local communities
- Funding support for cultural, environmental, social, solidarity and sports initiatives
- Relations with authorities and legislative and regulatory entities
- Relations with trade and sector associations and bodies
- Relations with academia

## Key Materiality Topics

- Client satisfaction
- Service quality and price
- Product and process innovation
- Ethics and legality
- Employee health and safety
- Employee welfare
- Democratic and participatory model
- Economic and financial results
- Valorise human resources
- Guarantee fair employment
- Intergenerational equity
- Guarantee fair employment
- Worker training
- Workplace health and safety
- Employee welfare
- Valorise human resources
- Supply chain management
- Correct business practices
- Ethics and legality
- Risk management
- Ethics and legality
- Local community support
- Safeguarding of diversity and inclusiveness
- Emission reduction
- Sustainable use of resources
Our key stakeholders are directly involved in our strategy or have a decisive impact on it. Our commitment to our stakeholders is fundamental, considering our role in society, the nature of our business and the size of our workforce. Our understanding of our stakeholders’ interests is essential to defining our strategic priorities and directing our decision-making.

**OUR ACTIONS**

- Revenue growth in 2018: Coopservice +5.7% (and +8.2% for the Group)
- Obtained and maintained 11 certifications for safety, standard compliance, quality procedures, social responsibility, and environmental compatibility and sustainability
- Obtained UNI EN 16082:2011 Certification - Security Services for Airports and Civil Aviation
- Customisable Pant@ software platform to respond to client and contract needs
- Forty percent of clients purchase two or more services
- Employee welfare plan and supplementary healthcare and pension - Specific welfare initiatives for members
- Solidarity fund for members and their families
- Remuneration and re-evaluation of member capital and member loans
- Patronage returns of €800,000 awarded again in 2018
- Coopservice Community App to facilitate communication to and from the cooperative

**LINK TO STRATEGY**

- Foster an innovative approach
- Strive for operational excellence
- Support growth

- Act on our cooperative identity
- Valorise people
- Support growth

- MBO system and Skills project
- Coopservice Academy
- Coopservice Way - Strengthen middle managers’ skills in operational areas and create a community that shares know-how

- Rationalisation of relations with suppliers via our NEOS portal for better efficiency (over 1,000 suppliers have been qualified in the Coopservice supplier register)
- Building and consolidating of partnerships with suppliers who we participate with in tenders as temporary consortia or with whom we design services with high added value
- Qualification system for subcontractors
- Specialist and technical consultancy for tenders

- Participation in UN Sustainable Development Goals
- Coopservice values
- Participation in and support for trade and sector associations and bodies
- Promotion of and support for employment of women and immigrants
- Diversity and Inclusion - Projects with local communities

- Programmes for energy efficiency and reduced emissions
- Development of electric vehicles
- Ethics Code and MOG 231
- Antitrust compliance
- Anticorruption guidelines
RISK ANALYSIS

Our risk management model aims to create value for and safeguard our stakeholders. To achieve this, we use an active, structured approach to risk analysis that is based on priorities and supported by the entire governing structure. Our risk analysis matrix helps us identify key risks and define their relative importance in order to determine appropriate countermeasures that are shared on all levels of our organisation.

The following are several measures that we employed in 2018 to create specific procedures based on priority levels revealed and illustrated by the matrix.

MEASURES FOR PREVENTION OF ILLEGAL BEHAVIOUR

Coopservice pays particular attention to illegality and corruption, promoting prevention in every form to protect our integrity and respect current regulations. We have adopted such tools as an Ethical Code and the MOG 231 to create a system of rules that prevent any illegal behaviour by executives, top management or any other figures with decision-making power.

To complete these measures, we have adopted new Anticorruption Guidelines, which detail appropriate behaviour within main risk areas, and new Antitrust Compliance Guidelines in accordance with both AGCM regulations and Confindustria guidelines. As we are well aware of the damage that non-compliance can do to our image, our objective is to follow the principles and rules of the competition authority and grow our company culture while maintaining compliance; thus, preventing possible behavioural risks in violation of antitrust laws. A staff member of the General Directorate was appointed as our Antitrust Manager, was given autonomy and independence to act, and was authorised to both intervene in any situation leading to the commission of an antitrust crime and impose disciplinary action when necessary.

NEOS SUPPLIER REGISTER

With the adoption of our NEOS telematic system, we intend to optimise collaboration and communication with our suppliers through a more efficient management of all phases in the procurement process, while fully respecting the need for privacy, authenticity, competitiveness, integrity and availability during data exchange. Over 1,000 suppliers have been qualified so far.

Our NEOS supplier register portal allows us to concentrate on supplier selection and qualification by assessing:
- respect for safety standards;
- quality of products and services provided and level of technological innovation;
- attention to environmental sustainability and respect for ethics;
- company transparency and financial solidity;
- level of reliability and respect for tax and contribution obligations;
- verification of certifications and professional, technical requisites.

PROCEDURES FOR BUSINESS CONTINUITY AND DISASTER RECOVERY

Coopservice has three data centres that guarantee provision of services at a previously defined level of acceptability in case of critical events or accidents. Two of these are redundant backups to ensure business continuity and the third, which is for disaster recovery, is located at a distance of 200 km and linked by dedicated optic-fibre cables.

The hardware infrastructure of the central site is composed of two FlexPods (with NetApp storage and Cisco UCS computational resources) that are fully redundant and split into two separate rooms on different floors. Each room has dedicated UPS and double power supply systems that are backed up by an external generator, along with dedicated climate control and fire-suppression systems. The main data centre has a certified fire-suppression system that is protected by inert gas and fitted with a dewatering pump in case of flooding. The building is protected by anti-intrusion systems and 24-hour video surveillance. Access is controlled by a system of magnetic badges and turnstiles.

The rooms are interconnected by 10-Gbps optic-fibre cables and the network is run by Cisco Nexus apparatus divided by room. Each room can run autonomously if the other is offline and storage is synchronously redundant through NetApp Metrocluster technology. The checkpoint cluster is also replicated in both rooms. Connectivity to and from the internet is through two different providers, each with a bandwidth of 300 Mbps, and cables dedicated to each room that follow different pathways.

The entire infrastructure is hosted in a VmWare vSphere environment which hosts virtual machines in a RedHat OpenShift environment. All virtual servers are redundant and managed by an F5 load balancing cluster that can direct traffic to active nodes when one or more nodes go down.
STRATEGIC AND POLICY RISKS

These risks are associated with: the macroeconomic scenario and market where businesses operate; application of laws and regulations; international tensions in countries where the Group invests; economic and political stability; process of internal and external growth.

COUNTERACTIONS:
> PROJECT MANAGEMENT AND CONTROL
> MANAGERIAL AND ORGANISATIONAL EFFICIENCY TO MAINTAIN PROFIT MARGINS AND COMPETITIVENESS
> MONITORING OF FINANCIAL, ECONOMIC AND POLITICAL CHANGES IN COUNTRIES WHERE WE OPERATE
> OVERSEEING INVESTIGATION AND ASSESSMENT PHASES OF INVESTMENTS

ECONOMIC AND FINANCIAL RISKS

These include: financial risks associated with fluctuations in interest rates; credit risks associated with contractual non-compliance and the ordinary course of business; liquidity risks.

COUNTERACTIONS:
> COMPANY POLICY FOR FINANCIAL RISK MANAGEMENT
> HEDGING INSTRUMENTS FOR CASH FLOW RISK
> MONITORING OF CLIENT SOLVENCY
> EFFICIENT PROCEDURES FOR LEGAL ASSISTANCE AND CREDIT RECOVERY
> ADEQUATE LINES OF CREDIT
> PRIMARY LEVEL CREDIT INSTITUTES AS COUNTERPARTS

FINANCIAL DISCIPLINE

SUPPORT GROWTH

COUNTRY RISK

ECONOMIC STAGNATION

CHANGE IN DEMAND

GREATERT COMPETITION

INADEQUATENESS OF OFFER

FINANCIAL CONDITIONS OF MARKETS

NEW REGULATIONS

CRITICAL EVENTS

RESPONSIBILITY FOR DAMAGES CAUSED

ENVIRONMENTAL DAMAGE

ILLEGAL BEHAVIOUR

WORKPLACE INJURIES

LABOUR DISPUTES

ENVIRONMENTAL DAMAGE

CYBERATTACKS

LABOUR DISPUTES

EXCHANGE RATES

INTEREST RATES

LIQUIDITY

CREDIT INSOLVENCY

INFLATION

RISKS ASSOCIATED WITH THE EXTERNAL ENVIRONMENT

These risks are associated with: client contracts and possible non-renewal of tenders; a highly-competitive scenario due to many operators in our service sector; regulatory changes in our sector that could influence production.

COUNTERACTIONS:
> EXCELLENT SERVICE QUALITY AND REPUTATION
> CUSTOMER RETENTION ACTIVITIES TO KEEP CHURN RATE LOW
> DIVERSIFIED OFFER OF HIGH QUALITY AND HIGHLY INNOVATIVE SERVICES
> STRICT OBSERVANCE OF REGULATIONS
> MONITORING OF REGULATORY CHANGES IN SECTORS WHERE WE OPERATE

OPERATIONAL AND INNOVATION EXCELLENCE

PROCESS RISKS

These risks are associated with: operations with related parties; types of activities; service provision methods; adequateness of insurance coverage; environmental responsibility; illegal behaviour; workplace health and safety.

COUNTERACTIONS:
> ADOPTION OF ETHICAL CODE AND MOG 231
> ADOPTION OF ANITRUST GUIDELINES
> ADOPTION OF REGULATION FOR OPERATIONS WITH RELATED PARTIES
> PROCEDURES FOR BUSINESS CONTINUITY AND DISASTER RECOVERY
> ADEQUATE INSURANCE COVERAGE
> HEALTH AND SAFETY TRAINING

Note: The closer a risk is to the centre of the diagram, the higher is its relative importance. Areas within the circles indicate levels of tolerance. Risky events concerning strategic priorities have been placed in the sector with the greatest importance.
SUSTAINABILITY

O.N.U. Sustainable Development Goals call on companies to promote sustainable development through the investments they make, solutions they develop and practices they adopt. Coopservice is committed to finding organisational and technical solutions that respond to some of the world’s greatest sustainability challenges included in the 2030 Agenda, an action programme aimed at people, the planet and prosperity.

COOPSERVICE’S PRIORITY OBJECTIVES FOR SUSTAINABLE DEVELOPMENT

JOB CREATION

We give work to 22,000 people in Italy and areas of the world where there are critical social issues. We guarantee fair employment to all our workers and respect their worker and human rights and their right to a healthy, safe workplace. We strictly respect all national collective agreements, tender codes and labour laws.

More than 90% of the added value we produce is used for the remuneration of workers and members. We have an open-door policy to encourage membership and allow all workers to participate directly in the company and enjoy the advantages reserved for members, such as patronage returns and employee welfare initiatives, which help improve their social and economic conditions.

HEALTH AND WELLBEING

All workers enjoy supplementary healthcare for access to diagnostic and treatment services, as provided for in the CCNL. Members can use these benefits through a subscription to a specialised service (Mutua Nuova Sanità) that offers full reimbursement of national healthcare deductibles and affordable coverage for their families. Moreover, we offer members access to supplementary pension funds that they can count on when they retire.

We are highly committed to the health and safety of our workers and provide them with the training and equipment needed to carry out their responsibilities with optimal protection.

Health and wellbeing are also our objectives as a provider of cleaning and facility management services. We are committed every day to both ensuring cleanliness and hygiene in schools, hospitals, transport vehicles, meeting spaces and workplaces and to maintaining their systems at optimum levels of comfort and wellness for all people who use these places.

EMPLOYEE AND MEMBER WELFARE

We have always been committed to offering our members and employees a monetary and non-monetary benefit package to supplement their income and improve their quality of life. Along with supplementary healthcare and pension, we help members through our Solidarity Fund, which was created to give concrete economic support in such difficult situations as serious illness or death of a family member.

We believe strongly in the value of education and have set up a scholarship fund for our members’ school-aged children. We also offer advantageous conditions for access to summer camps.

Within the cooperative membership, we have created a culture that encourages exchanging ideas, learning about different cultures and sharing experiences through events, visits, dinners, trips and holidays organised for members and employees at discounted prices.

MANAGEMENT POLICIES FOR HUMAN RESOURCES

Almost 60% of our personnel are women and about 11% of our workers are immigrants coming from 86 different countries. Many have come from African and Asian countries in immigration fluxes that brought them to Italy in search of a better life.

We strongly believe in the value of diversity, which enriches the work environment and makes it more stimulating. For this reason, we adopt management policies for human resources that promote inclusion, respect and a culture of responsibility.

We work intensely to reward merit, attract and develop talent and encourage virtuous behaviour that creates value for the cooperative, our workers and our clients.

We invest in training to foster the personal and professional growth of our staff and work with universities and research centres to design and create advanced training programmes.
Reducing energy consumption means limiting GHG emissions, which are the main cause of climate change. Our objective is to guarantee efficient management of our clients’ buildings and systems and provide their end-users with optimum levels of comfort and wellbeing, while rationalising energy to reduce costs and protect the environment.

We invest in advanced technological research to develop sustainable energy vectors that can be used in the conduction and monitoring of heating and technical systems, in the ordinary and extraordinary maintenance of buildings and in making public lighting systems more efficient.

We support communities in the areas where we operate by funding cultural, environmental, social, solidarity and sports initiatives. We want to be an active part of a virtuous system that develops more inclusive, supportive and sustainable communities.

Every year, we support the projects of dozens of associations, non-profits and entities that protect the rights of disadvantaged people, foster social inclusion and integration, support all forms of culture and make them available to as many people as possible. We favour access to education and educational opportunities and work to disseminate the positive values of sports.

Our security specialists work daily to design and offer effective crime prevention solutions to mitigate the risk and impact of criminal activity and protect our clients’ property.

Our security guards are on duty 24 hours a day to protect hospitals, businesses, commercial spaces, transit services and private residences and to improve security and safety levels.

Our security patrol cars monitor commercial and residential areas and are an excellent deterrent against intrusions and burglary. Our armoured trucks transport client valuables with maximum security.
The results refer to business for the year 2018.
**GROUP**

SALES REVENUE

€933 M + 8.2% WITH RESPECT TO 2017

NET RESULTS

€2.3 M

SHAREHOLDERS’ EQUITY

€126.9 M

**COOPSERVICE**

SALES REVENUE

€502 M + 5.7% WITH RESPECT TO 2017

NET RESULTS

€1.6 M

SHAREHOLDERS’ EQUITY

€101.4 M

**EMPLOYEES**

GROUP

22,214

58% WOMEN

11% IMMIGRANTS

5,598 WORKING MEMBERS

COOPSERVICE

15,103

**HUMAN CAPITAL**

**PRODUCTION CAPITAL**

29 AREA OFFICES

18 LOGISTICS WAREHOUSES

10 SECURITY OPERATIONS CENTRES

6 HEALTHCARE LOGISTICS WAREHOUSES

**INTELLECTUAL CAPITAL**

57,000 TRAINING HOURS

9,367 PARTICIPANTS

3 RESOURCES DEDICATED TO INNOVATION BOARD

UNI EN 16082:2011 CERTIFICATION - SECURITY SERVICES FOR AIRPORTS AND CIVIL AVIATION

**MEMBER CAPITAL**

€196,800 DISBURSED CONTRIBUTIONS

95 BENEFICIARY ENTITIES

1 POST GRADUATE DIPLOMA IN MANAGEMENT

10 PARTICIPANTS IN 2018 EDITION

**FINANCIAL CAPITAL**

**PRODUCTION CAPITAL**

**NATURAL CAPITAL**

3,946 ENERGY EFFICIENCY TITLES

89,354 ELECTRICITY PRODUCED BY PHOTOVOLTAIC SYSTEM

-5% EMISSIONS DUE TO COOPSERVICE'S ENERGY SAVINGS
## INCOME STATEMENT

**SEPARATE FINANCIAL STATEMENTS OF COOPSERVICE S.Coop.P.A.**

### SALES REVENUES

Values expressed in million euros.

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production value*</td>
<td>411</td>
<td>439</td>
<td>459</td>
<td>475</td>
<td>502</td>
</tr>
</tbody>
</table>

+ 5.7 %

+ €27 M

€502 M

In 2018, revenues from services provided by Coopservice were €502,376,257 with an increase of 5.7% with respect to the previous year.

---

### INCOME STATEMENT

**31/12/2018** | **31/12/2017** | **DIFFERENCE**
---|---|---
Production value* | 513,452,321 | 485,219,039 | 28,233,282
Raw, ancillary and consumable goods | 32,491,111 | 31,410,506 | 1,080,605
Cost of services | 86,790,182 | 83,819,072 | 2,971,110
Cost of leases and rentals | 15,688,585 | 12,772,427 | 2,916,158
Variations in raw, ancillary and consumable goods | -2,795 | -11,301 | 8,506
Various management costs | 5,918,582 | 7,356,499 | -1,437,917
Added value | 372,566,656 | 349,871,836 | 22,694,820
Employee costs | 350,487,610 | 329,579,600 | 20,908,010
Gross operating margin - EBITDA** | 22,079,046 | 20,292,236 | 1,786,810
Amortisations | 12,138,903 | 11,860,878 | 278,025
Provisions for risks | 3,052,405 | 1,223,591 | 1,828,814
Write-downs | 2,632,867 | 2,510,000 | 122,867
Operating profit - EBIT | 4,254,871 | 4,697,767 | -442,896
Financial income | 2,776,455 | 2,796,925 | -20,470
Financial costs | 2,123,935 | 2,673,630 | -549,695
Value adjustments of financial assets | 0 | -19,838 | 19,838
Current result | 4,907,391 | 4,801,224 | 106,167
Extraordinary income | 0 | 0 | 0
Extraordinary costs | 0 | 0 | 0
Results before taxes | 4,907,391 | 4,801,224 | 106,167
Current taxes | 3,817,478 | 3,427,375 | 390,103
Deferred taxes | -551,158 | -292,346 | -258,812
Net results | 1,641,071 | 1,666,195 | -25,124

**EBITDA is not a financial measure used in Italian accounting principles; therefore, it should not be considered as a substitution for the assessment of company and group results. Note that the criterion for determining EBITDA applied by the company and group may not be similar to that adopted by other companies in the sector and, therefore, these data may not be comparable.**

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*Production value is the total of sales revenue and other revenue and income. Throughout this report, we have chosen to present revenue data as the result of provision of services.*

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ECONOMIC RESULTS

PROFITABILITY INDEX

ROE 1.62%
Return on Equity
-0.04 percentage points with respect to previous year

ROI 1.02%
Return on Investment
-0.10 percentage points with respect to previous year

ROS 0.85%
Return on Sales
-0.14 percentage points with respect to previous year

PERSONNEL 69.8%
In 2018, the cost of staff working in service provision was €350,487,610, which corresponds to 69.8% of revenues. When we add the amount for production tax, which was €2,293,074 and corresponds to 0.46% of revenues, the incidence of labour costs becomes 70.2%.

FINANCIAL MANAGEMENT +652 M
Ordinary financial management produced a positive balance of €652,520,000.

PROVISIONS 1.13%
Provisions and write-downs for 2018 totalled €5,685,272 (€1,951,681 million more with respect to the previous year), which equals 1.13% of revenues.

AMORTISATIONS 2.42%
Amortisations in the financial statements of 2018 amounted to €12,138,903, equal to 2.42% of revenues. This amount was higher than the €11,860,878 million of 2017.

TAXES AND DUTIES 0.65%
Taxes and duties for 2018, coming from current (income and production) and deferred taxes, amounted to €3,266,320, which corresponds to 0.65% of revenues.

NET RESULTS - EBIT 0.83%
Net results generated in 2018 were €1,641,071, equivalent to 0.33% of revenues. From a management point of view, the EBIT produced by Coopservice was equal to 0.83% of revenues, with respect to 0.97% of the previous year.

In view of the operating performance and the positive economic result achieved in 2018, the Board of Directors approved a patronage returns of €800,000 for members in the form of a supplement to remuneration or an increase in the share of the share capital subscribed and paid-up.

PATRONAGE RETURNS €800,000

In 2018, the cost of staff working in service provision was €350,487,610, which corresponds to 69.8% of revenues. When we add the amount for production tax, which was €2,293,074 and corresponds to 0.46% of revenues, the incidence of labour costs becomes 70.2%.

PROVISIONS and write-downs for 2018 totalled €5,685,272 (€1,951,681 million more with respect to the previous year), which equals 1.13% of revenues.

PRODUCTION VALUE €513,452,321

ROE 1.62% -0.04 percentage points with respect to previous year

ROI 1.02% -0.10 percentage points with respect to previous year

ROS 0.85% -0.14 percentage points with respect to previous year

NET RESULTS €1,641,071

RESULTS BEFORE TAXES €4,907,391

OPERATING PROFIT EBIT €4,254,871

GROSS OPERATING MARGIN EBITDA €22,079,046

FINANCIAL MANAGEMENT +652 M
Ordinary financial management produced a positive balance of €652,520,000.

PROVISIONS 1.13%
Provisions and write-downs for 2018 totalled €5,685,272 (€1,951,681 million more with respect to the previous year), which equals 1.13% of revenues.

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# BALANCE SHEET

## SEPARATE FINANCIAL STATEMENTS
OF COOPSERVICE S.COOP.P.A.

<table>
<thead>
<tr>
<th></th>
<th>31/12/2018</th>
<th>31/12/2017</th>
<th>DIFFERENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net intangible assets</td>
<td>14,111,211</td>
<td>16,944,345</td>
<td>-2,833,134</td>
</tr>
<tr>
<td>Net tangible assets</td>
<td>17,253,901</td>
<td>17,314,202</td>
<td>-60,301</td>
</tr>
<tr>
<td>Equity investments and other financial assets</td>
<td>34,964,062</td>
<td>36,725,119</td>
<td>-1,761,058</td>
</tr>
<tr>
<td>Fixed capital (A)</td>
<td>66,329,174</td>
<td>70,983,666</td>
<td>-4,654,492</td>
</tr>
<tr>
<td>Warehouse inventory</td>
<td>346,253</td>
<td>113,589</td>
<td>232,664</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>214,109,874</td>
<td>221,533,042</td>
<td>-7,423,168</td>
</tr>
<tr>
<td>Other receivables</td>
<td>22,525,815</td>
<td>17,077,210</td>
<td>5,448,605</td>
</tr>
<tr>
<td>Other current activity</td>
<td>3,749,916</td>
<td>3,049,619</td>
<td>655,297</td>
</tr>
<tr>
<td>Short-term activity for the year (B)</td>
<td>240,731,858</td>
<td>241,818,460</td>
<td>-1,086,602</td>
</tr>
<tr>
<td>Trade Payables</td>
<td>60,449,124</td>
<td>58,541,625</td>
<td>1,907,499</td>
</tr>
<tr>
<td>Tax payables</td>
<td>7,886,436</td>
<td>6,494,740</td>
<td>1,391,696</td>
</tr>
<tr>
<td>Other payables</td>
<td>68,275,341</td>
<td>67,698,497</td>
<td>576,844</td>
</tr>
<tr>
<td>Short-term liabilities for the year (C)</td>
<td>136,610,901</td>
<td>132,734,862</td>
<td>3,876,039</td>
</tr>
<tr>
<td>Net capital for the year (D = B-C)</td>
<td>104,120,957</td>
<td>109,083,598</td>
<td>-4,962,641</td>
</tr>
<tr>
<td>Provisions for risks and costs</td>
<td>18,471,415</td>
<td>15,721,040</td>
<td>2,750,375</td>
</tr>
<tr>
<td>Employee severance indemnity</td>
<td>19,952,097</td>
<td>21,643,919</td>
<td>-1,691,822</td>
</tr>
<tr>
<td>Medium/long-term liabilities (E)</td>
<td>38,423,512</td>
<td>37,364,959</td>
<td>1,058,553</td>
</tr>
<tr>
<td>Invested capital for the year (F = A+D-E)</td>
<td>132,026,618</td>
<td>142,702,305</td>
<td>-10,675,686</td>
</tr>
<tr>
<td>Shareholders’ equity (G)</td>
<td>-101,420,075</td>
<td>-100,442,808</td>
<td>-977,267</td>
</tr>
<tr>
<td>Medium/long-term net financial position (H)</td>
<td>-28,264,651</td>
<td>-43,950,339</td>
<td>15,685,688</td>
</tr>
<tr>
<td>Short-term net financial position (I)</td>
<td>-2,341,892</td>
<td>1,690,843</td>
<td>-4,032,735</td>
</tr>
<tr>
<td>Equity and net financial indebtedness (G+H+I = F)</td>
<td>-132,026,618</td>
<td>-142,702,304</td>
<td>10,675,686</td>
</tr>
</tbody>
</table>

---

### EQUITY / INVESTED CAPITAL AND DEBT RATIO

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity / Invested capital ratio</td>
<td>0.23</td>
<td>0.24</td>
<td>0.24</td>
</tr>
<tr>
<td>Indebtedness ratio</td>
<td>0.77</td>
<td>0.76</td>
<td>0.76</td>
</tr>
</tbody>
</table>

**Invested capital financed through the cooperative's equity**

**Invested capital financed through indebtedness**
**EQUITY INVESTMENTS**
The value of equity investments, included as financial fixed assets held by Coopservice, registered an increase of €414,009, going from €33,604,121 to €34,018,130.

+ €414,000

**FIXED ASSETS**
In 2018, the historic cost of fixed assets amounted to €173.2 million (intangible €68.6 M, tangible €70.6 M, financial €34 M). Intangible and tangible fixed assets were amortised by 62.2% of their value.

€173.2 M

**TRADE RECEIVABLES**
At 31 December 2018, trade receivables amounted to €195,358,467, with a decrease of 5.11% with respect to the previous year.

-5.11%

**AVERAGE COLLECTION TIME**
Average collection time (calculated based on production value) dropped from 135 days in 2017 to 129 days in 2018, showing an improvement in collection.

129 days

**WORK PRODUCTIVITY**
In 2018, Coopservice's average turnover produced by each worker was €33,423, which was the same as the previous year.

€33,423

**AVERAGE CAPITAL INTENSITY**
In 2018, the index measuring the amount of capital needed to finance one job position showed that Coopservice invested an average of €27,845 per employee with respect to €29,293 in 2017.

€27,845

---

**DISTRIBUTION OF NET RESULTS FOR THE YEAR**

- **Net results for the year at 31/12/2018** €1,641,071

- **To undistributable reserve fund (Law 904/1977)** €671,164 (40.9%)

- **To remuneration of subscribed and deposited member capital (gross rate 0.5%)** €71,394 (4.4%)

- **To ordinary undistributable legal reserve fund (article 2545-quater C.C.)** €492,321 (30%)

- **To ordinary undistributable legal reserve fund (article 2545-quater C.C.)** €356,960 (21.8%)

- **To mutuality fund for promotion and development of cooperation (Law 59/1992)** €49,232 (3%)

- **To remuneration of subscribed and deposited member capital (gross rate 2.50%)** €492,321 (21.8%)

---
**CONSOLIDATED FINANCIAL STATEMENTS**

**COOPSERVICE GROUP**

**Consolidated income statement**

<table>
<thead>
<tr>
<th>Description</th>
<th>31/12/2018</th>
<th>31/12/2017</th>
<th>DIFFERENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production value*</td>
<td>945,533,473</td>
<td>894,759,662</td>
<td>50,773,811</td>
</tr>
<tr>
<td>Raw, ancillary and consumable goods</td>
<td>80,747,905</td>
<td>89,189,194</td>
<td>-8,441,289</td>
</tr>
<tr>
<td>Cost of services</td>
<td>194,184,870</td>
<td>195,901,323</td>
<td>-1,716,453</td>
</tr>
<tr>
<td>Cost of leases and rentals</td>
<td>19,027,788</td>
<td>16,915,172</td>
<td>2,112,616</td>
</tr>
<tr>
<td>Variations in raw, ancillary and consumable goods</td>
<td>-878,308</td>
<td>-809,109</td>
<td>-69,199</td>
</tr>
<tr>
<td>Various management costs</td>
<td>9,908,636</td>
<td>11,635,747</td>
<td>-1,727,111</td>
</tr>
<tr>
<td>Added value</td>
<td>642,542,582</td>
<td>581,927,335</td>
<td>60,615,247</td>
</tr>
<tr>
<td>Employee costs</td>
<td>545,935,904</td>
<td>482,073,975</td>
<td>63,861,929</td>
</tr>
<tr>
<td>Gross operating margin - EBITDA**</td>
<td>96,606,607</td>
<td>99,853,360</td>
<td>-3,246,682</td>
</tr>
<tr>
<td>Amortisations</td>
<td>72,856,448</td>
<td>70,131,912</td>
<td>2,724,536</td>
</tr>
<tr>
<td>Provisions for risks</td>
<td>4,175,872</td>
<td>2,865,589</td>
<td>1,310,283</td>
</tr>
<tr>
<td>Write-downs</td>
<td>4,008,334</td>
<td>5,352,093</td>
<td>-1,343,759</td>
</tr>
<tr>
<td>Operating profit - EBIT</td>
<td>15,566,024</td>
<td>21,503,766</td>
<td>-5,937,742</td>
</tr>
<tr>
<td>Financial income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial costs</td>
<td>2,519,870</td>
<td>3,927,931</td>
<td>-1,408,061</td>
</tr>
<tr>
<td>Value adjustments of financial assets</td>
<td>5,806,769</td>
<td>6,112,105</td>
<td>-305,336</td>
</tr>
<tr>
<td>Result before taxes</td>
<td>10,892,458</td>
<td>19,264,551</td>
<td>-8,372,093</td>
</tr>
<tr>
<td>Current taxes</td>
<td>7,844,559</td>
<td>8,377,148</td>
<td>-532,589</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>-2,484,647</td>
<td>-460,433</td>
<td>-2,024,214</td>
</tr>
<tr>
<td>Net results</td>
<td>5,532,546</td>
<td>11,347,836</td>
<td>-5,815,290</td>
</tr>
<tr>
<td>Profit attributable to minority interests</td>
<td>-3,244,288</td>
<td>-4,635,249</td>
<td>1,390,961</td>
</tr>
<tr>
<td>Net result of Group</td>
<td>2,288,258</td>
<td>6,712,587</td>
<td>-4,424,329</td>
</tr>
</tbody>
</table>

**GROUP REVENUES**

Values expressed in million euros.

- **€933 M**
- + 8.2 %
- + 70.5 million

In 2018, revenues from services provided by the Coopservice Group were €932,698,545 with an increase of 8.2% with respect to the previous year.

**GROUP NET EQUITY**

+ €126.9 M

**GROUP NET RESULTS**

+ €2.3 M

*Production value is the total of sales revenue and other revenue and income. Throughout this report, we have chosen to present revenue data as the result of provision of services.

**EBITDA is not an accounting measure used in Italian accounting principles; therefore, it should not be considered as a substitution for the assessment of company and group results. Note that the criterion for determining EBITDA applied by the company and group may not be similar to that adopted by other companies in the sector and, therefore, these data may not be comparable.*
### Consolidated balance sheet

<table>
<thead>
<tr>
<th>Category</th>
<th>31/12/2018</th>
<th>31/12/2017</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net intangible assets</td>
<td>85,819,917</td>
<td>89,968,018</td>
<td>-4,148,101</td>
</tr>
<tr>
<td>Net tangible assets</td>
<td>230,793,538</td>
<td>220,347,576</td>
<td>10,445,962</td>
</tr>
<tr>
<td>Equity investments and other financial assets</td>
<td>80,658,363</td>
<td>80,880,587</td>
<td>-222,224</td>
</tr>
<tr>
<td><strong>Fixed capital (A)</strong></td>
<td>397,271,818</td>
<td>391,196,181</td>
<td>6,075,637</td>
</tr>
<tr>
<td>Warehouse inventory</td>
<td>10,627,672</td>
<td>17,412,713</td>
<td>-6,785,041</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>352,364,209</td>
<td>360,857,255</td>
<td>-8,493,046</td>
</tr>
<tr>
<td>Other receivables</td>
<td>49,143,471</td>
<td>38,004,669</td>
<td>11,138,802</td>
</tr>
<tr>
<td>Other current activities</td>
<td>4,900,550</td>
<td>4,401,628</td>
<td>498,922</td>
</tr>
<tr>
<td><strong>Short-term activity for the year (B)</strong></td>
<td>417,035,902</td>
<td>420,676,265</td>
<td>-3,640,363</td>
</tr>
<tr>
<td>Trade Payables</td>
<td>164,631,786</td>
<td>156,375,897</td>
<td>8,255,889</td>
</tr>
<tr>
<td>Tax payables</td>
<td>13,058,415</td>
<td>12,011,766</td>
<td>1,046,649</td>
</tr>
<tr>
<td>Other payables</td>
<td>111,190,774</td>
<td>104,321,721</td>
<td>6,869,053</td>
</tr>
<tr>
<td><strong>Short-term liabilities for the year (C)</strong></td>
<td>288,880,975</td>
<td>272,709,384</td>
<td>16,171,591</td>
</tr>
<tr>
<td><strong>Net capital for the year (D = B-C)</strong></td>
<td>128,154,927</td>
<td>147,966,881</td>
<td>-19,811,954</td>
</tr>
<tr>
<td>Provisions for risks and costs</td>
<td>26,703,090</td>
<td>23,870,149</td>
<td>2,832,941</td>
</tr>
<tr>
<td>Employee severance indemnity</td>
<td>30,640,714</td>
<td>32,744,062</td>
<td>-2,103,348</td>
</tr>
<tr>
<td><strong>Medium/long-term liabilities (E)</strong></td>
<td>57,343,804</td>
<td>56,614,211</td>
<td>729,593</td>
</tr>
<tr>
<td><strong>Invested capital for the year (F = A+D-E)</strong></td>
<td>468,082,941</td>
<td>482,548,851</td>
<td>-14,465,910</td>
</tr>
<tr>
<td>Shareholders’ equity (G)</td>
<td>-182,379,006</td>
<td>-186,626,077</td>
<td>4,247,071</td>
</tr>
<tr>
<td><strong>Medium/long-term net financial position (H)</strong></td>
<td>-103,254,936</td>
<td>-132,389,961</td>
<td>29,135,025</td>
</tr>
<tr>
<td><strong>Short-term net financial position (I)</strong></td>
<td>-182,448,999</td>
<td>-163,532,813</td>
<td>-18,916,186</td>
</tr>
<tr>
<td><strong>Equity and net financial indebtedness (G+H+I = F)</strong></td>
<td>-468,082,941</td>
<td>-482,548,851</td>
<td>14,465,910</td>
</tr>
</tbody>
</table>

### REVENUES BY SERVICE TYPE

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Value</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy &amp; Technical services</td>
<td>€106.1 M</td>
<td>11.4 %</td>
</tr>
<tr>
<td>Cleaning &amp; Soft services</td>
<td>€293.7 M</td>
<td>31.5 %</td>
</tr>
<tr>
<td>Wash-hire, linen and surgical instrument sterilisation</td>
<td>€251.5 M</td>
<td>27.0 %</td>
</tr>
<tr>
<td>Security services</td>
<td>€170.9 M</td>
<td>18.3 %</td>
</tr>
<tr>
<td>Moving and handling</td>
<td>€15.6 M</td>
<td>1.7 %</td>
</tr>
<tr>
<td>Waste management and wash-hire transport</td>
<td>€27.8 M</td>
<td>3.0 %</td>
</tr>
<tr>
<td>Employee leasing and training</td>
<td>€67.2 M</td>
<td>7.2 %</td>
</tr>
</tbody>
</table>

**Total Revenues:** €933 M
DISTRIBUTION OF ADDED VALUE

COOPSERVICE DISTRIBUTION OF ADDED VALUE

<table>
<thead>
<tr>
<th></th>
<th>31/12/2018</th>
<th>31/12/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>To workers (members and employees)</td>
<td>349,657,940</td>
<td>328,749,930</td>
</tr>
<tr>
<td>Labour cost (members and employees)</td>
<td>349,657,940</td>
<td>328,749,930</td>
</tr>
<tr>
<td>To members</td>
<td>2,135,278</td>
<td>2,071,286</td>
</tr>
<tr>
<td>Patronage returns</td>
<td>800,000</td>
<td>800,000</td>
</tr>
<tr>
<td>Interest on member loans</td>
<td>180,912</td>
<td>176,595</td>
</tr>
<tr>
<td>Remuneration of member shares</td>
<td>356,960</td>
<td>354,857</td>
</tr>
<tr>
<td>Re-evaluation of member shares</td>
<td>71,394</td>
<td>70,973</td>
</tr>
<tr>
<td>Company activities - fees for directors and statutory auditors</td>
<td>726,012</td>
<td>668,861</td>
</tr>
<tr>
<td>To local areas</td>
<td>196,778</td>
<td>203,657</td>
</tr>
<tr>
<td>Solidarity</td>
<td>52,499</td>
<td>53,157</td>
</tr>
<tr>
<td>Cultural and sports initiatives, local support</td>
<td>144,279</td>
<td>150,500</td>
</tr>
<tr>
<td>To the company</td>
<td>19,821,002</td>
<td>16,784,848</td>
</tr>
<tr>
<td>Amortisations and provisions</td>
<td>17,824,175</td>
<td>15,594,469</td>
</tr>
<tr>
<td>Provisions for legal reserve</td>
<td>492,321</td>
<td>499,859</td>
</tr>
<tr>
<td>Provisions for undistributable reserve (Law 904)</td>
<td>671,164</td>
<td>690,520</td>
</tr>
<tr>
<td>To the state*</td>
<td>4,551,671</td>
<td>4,418,053</td>
</tr>
<tr>
<td>Taxes and duties</td>
<td>4,551,671</td>
<td>4,418,053</td>
</tr>
<tr>
<td>To cooperation</td>
<td>550,109</td>
<td>530,602</td>
</tr>
<tr>
<td>Membership fees</td>
<td>500,877</td>
<td>480,616</td>
</tr>
<tr>
<td>Mutuality fees for promotion</td>
<td>49,232</td>
<td>49,986</td>
</tr>
<tr>
<td>Total to balance</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Net global added value: €376,079,436 M

Distribution of added value presented in the infographic does not correspond exactly to the income statement table, as it is derived from further reclassifications that were carried out to improve the preciseness of the information.

*The amount of added value remitted to the state is net of €551,158 for prepaid and deferred taxes.
DISTRIBUTION OF CONSOLIDATED ADDED VALUE

Added value is the accounting aggregate derived from the difference between production value and purchasing costs of goods and services. It is the increase in wealth created by the company through its production of goods and provision of services.

The composition and analysis of added value allows for the obtaining of an objective evaluation (as it is expressed in monetary terms) of a company’s social impact, as it measures the wealth created by the latter for the advantage of the entire cooperative.

Consolidated net global added value

In the Group’s consolidated financial statements, the infographic showing distribution of net global added value is approximate and simplified due to the impossibility of reclassifying and analysing all financial statements of all Group companies in detail. For these same reasons, the amount remitted to the state is underestimated, as it does not take into account related direct and indirect taxation.

*The amount of added value remitted to the state is net of €2,484,647 for prepaid and deferred taxes.
Financial capital includes all funds available to an organisation that can be used for production of goods and provision of services. These funds can be obtained through financing, such as debt or equity, or generated from cash flow produced through investment operations.

We use financial capital to support investment in technologies and systems that allow us to develop our business, create new jobs, improve the quality of working conditions, and satisfy our clients’ needs.

Financial capital is also needed to develop human capital and Coopservice’s efficient use of this resource, in both 2017 and 2018, has generated an appreciable reduction in the amount of investment that supports jobs in the cooperative (the exact amount of average capital intensity is indicated in Coopservice’s separate financial statements in this report). Strengthening our financial position is an objective that we have strived for over time, as we are aware of the importance of maintaining a proper balance between our equity capital and debt capital. The results of 2018 have allowed us to strengthen the financial position of the Coopservice parent company.

With regards to the Group, the consolidated financial statements registered a significant increase in added value, which generated new jobs and increased the number of employees to over 22,000. Significant increases in both production value and added value have maintained satisfactory levels of EBITDA and EBIT and kept our indexes of financial balance and indebtedness sustainability either unchanged or within acceptable limits.
## ECONOMIC AND FINANCIAL DATA ON CONSOLIDATED RESULTS FOR COOPSERVICE GROUP

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Value</th>
<th>Change</th>
<th>Change with respect to previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NFP / EBITDA</strong></td>
<td>2.96</td>
<td></td>
<td>-3.3 %</td>
</tr>
<tr>
<td><strong>NFP / SE</strong></td>
<td>1.56</td>
<td></td>
<td>-27.6 %</td>
</tr>
<tr>
<td><strong>ADDED VALUE</strong></td>
<td>€642,542,582</td>
<td>+ 10.4 %</td>
<td></td>
</tr>
<tr>
<td><strong>GROSS OPERATING MARGIN - EBITDA</strong></td>
<td>€96,606,678</td>
<td>- 3.3 %</td>
<td></td>
</tr>
<tr>
<td><strong>OPERATING PROFIT - EBIT</strong></td>
<td>€15,566,024</td>
<td>- 27.6 %</td>
<td></td>
</tr>
</tbody>
</table>

**GROUP PROFITABILITY INDEX**

- **ROE** (Return on Equity): 1.80% decrease with respect to previous year
- **ROI** (Return on Investment): 1.86% decrease with respect to previous year
- **ROS** (Return on Sales): 1.65% decrease with respect to previous year
PRODUCTION CAPITAL

Production capital includes tangible physical resources that are used to produce goods and provide services, including plants, equipment and infrastructures.

INFRASTRUCTURES

29 AREA OFFICES
These area offices are staffed by managers and accounting and sales personnel with organisational, managerial and coordinating roles regarding services. Our headquarters are located in Reggio Emilia.

65 OFFICES AND OPERATIONAL SITES
These structures offer operational and logistical support to service managers and workers. They are well distributed throughout Italy to maintain a close relationship with clients.

10 SECURITY OPERATIONS CENTRES
Our operations centres for prevention and management of security emergencies run 24 hours a day and offer remote surveillance, videosurveillance, satellite monitoring of vehicle fleets, monitoring of technological systems, and support to security guards on patrol. Two of our operations centres have obtained UNI 50518:2014 certification for Remote Surveillance Centres, which confirms the efficiency of our systems.

18 LOGISTICS WAREHOUSES
We have a storage area of over 150,000 square metres to house the goods, property and archives of our clients.

9 INDUSTRIAL LAUNDRIES
Production sites for our services of wash-hire and linen and surgical instrument sterilisation.

6 HEALTHCARE LOGISTICS WAREHOUSES
Highly automated warehouses for the management and distribution of pharmaceuticals, medical/surgical devices and non-medical consumables.
**VEHICLE FLEET**

We use specialised service vehicles for cleaning, grounds maintenance, management and maintenance of systems, moving and goods handling, and transport of pharmaceuticals, healthcare materials and special waste. In particular, our logistics services use vehicles with hydraulic ramps, lifting platforms, special liners and other specific fittings.

Our security services are carried out by patrol cars equipped with advanced security and communication systems and armoured trucks for the transport of valuables to and from our vaults and money-counting rooms.

Whenever compatible with our service needs, we use vehicles with low environmental impact, such as cars that run on electricity, LPG or methane.

<table>
<thead>
<tr>
<th>Quantity</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; 510</td>
<td>VEHICLES FOR LOGISTICS, PHARMACEUTICAL TRANSPORT AND SPECIAL WASTE TRANSPORT</td>
</tr>
<tr>
<td>&gt; 250</td>
<td>VEHICLES FOR CLEANING SERVICES</td>
</tr>
<tr>
<td>&gt; 40</td>
<td>VEHICLES FOR MAINTENANCE AND TECHNICAL SERVICES</td>
</tr>
<tr>
<td>&gt; 350</td>
<td>VEHICLES FOR SECURITY SERVICES</td>
</tr>
<tr>
<td>&gt; 140</td>
<td>ARMoured TRUCKS FOR TRANSPORT OF VALUABLES</td>
</tr>
<tr>
<td>&gt; 210</td>
<td>COMPANY CARS</td>
</tr>
</tbody>
</table>

**EQUIPMENT AND TOOLS**

Our services are becoming more based on operator work blended with innovative equipment, which makes heavy work easier, reduces work time, improves service quality and enables safe provision of complex services.

We have also implemented Internet of Things (IoT) solutions on some of our client-site machinery to monitor data (e.g. clean surfaces, amount of resources used, etc.) and return detailed service information to our clients, which is useful for decision-making processes regarding efficiency.

Our operators have the best tools available to carry out services with the highest possible level of quality and safety.

<table>
<thead>
<tr>
<th>Quantity</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; 5,200</td>
<td>MACHINES AND DEVICES FOR PROFESSIONAL CLEANING</td>
</tr>
<tr>
<td>&gt; 20</td>
<td>MOBILE LIFTING PLATFORMS</td>
</tr>
<tr>
<td>&gt; 170</td>
<td>ELECTRIC PALLET TRUCKS</td>
</tr>
<tr>
<td>&gt; 1,600</td>
<td>PORTABLE RADIOS FOR SECURITY SERVICES</td>
</tr>
<tr>
<td>&gt; 1,300</td>
<td>BULLETPROOF VESTS</td>
</tr>
<tr>
<td>&gt; 1,500</td>
<td>WORKSTATIONS</td>
</tr>
<tr>
<td>&gt; 27,000</td>
<td>SIMS FOR MOBILE TELEPHONY AND GEOLOCATING</td>
</tr>
</tbody>
</table>
INTELLECTUAL CAPITAL

Intellectual capital is composed of intangible resources that offer competitive advantages, including such intellectual property as patents, know-how, software, organisational procedures and protocols that the cooperative develops and maintains over time. It also includes intangible resources associated with the company’s brand and reputation.

VALUE OF KNOWLEDGE

In a knowledge-based economy, economic growth depends on the concept of knowledge as economic property and the accumulation of “intangible capital”.

Know-how, i.e. individual and shared work knowledge, comprises the human capital of the cooperative and helps build member capital in a constant interaction. When knowledge becomes a common, shared asset within an organisation, it becomes intellectual capital with economic value, as it can be used to increase productivity, stimulate growth and create economic development.

Coopservice invests in disseminating knowledge to all levels of personnel and promoting learning in all its forms, including: classroom and distance training; lectures and seminars; access to sector databanks; member involvement; daily action in the workplace; active participation in various social contexts; relations with colleagues, clients, suppliers and institutions.

RESEARCH AND INNOVATION

In 2018, research, development and innovation were greatly accelerated, thanks to a decisive commitment made by company management and the objectives of the 2018-2022 strategic plan. The organisational structure was reinforced by the hiring of recent graduates with degrees in Management Engineering and the creating of an Innovation Board that included the former along with the heads of various strategic company functions.

Training Numbers

- 9,367 participants
- 57,049 hours provided
- 46% women / 54% men
- 93% of total trainees are blue-collar workers
- 3.8 average training hours per employee
- 25,287 hours of workplace safety training
- 6,066 hours of first aid training
- 6,408 hours of fire-suppression training
- 4,052 hours of pre-hiring training for security guards
- 2,852 hours of equipment training (state-region agreement 12/03/12)
- 2,852 hours of language training
- 6,408 hours of fire-suppression training
- 6,066 hours of first aid training

The purpose of the board is to make operational the innovative solutions designed by a team that will achieve useful, successful results and create a competitive advantage for Coopservice in the integrated services market. We believe that innovation is the main tool to increase our advantage over the competition in a scenario where we are seeing a progressive and unstoppable contraction of the profitability margin of our work projects. The only solution that will recover profitability is to offer clients non-standardised services based on the integration of workers, whose role is fundamental for the successful provision of services, with technological innovation that supports them in various ways. These include helping to obtain better performance by reducing physical exertion, minimising risks to health and safety, carrying out operations that were not possible without technology except with prohibitive costs, simplifying communication with clients and making clients an active part of the service provision and monitoring processes.
We have launched many projects based on IoT technology and integrated it into the provision of our services, such as our project for national railway stations. We have also seen significant results in process efficiency and optimisation coming from the application of Lean and Agile logic and the Kaizen method, such as in the highly automated warehouses for pharmaceuticals and non-medical consumables that we manage for local health authorities and public administration consortia throughout Italy.

**REGULATION COMPLIANCE**

One of our competitive advantages is regulation compliance. We believe that conformity indicates honesty and transparency and is in line with our ethical code and the principles and values of how we do business. We have included our integrated management system in intellectual capital because we believe it is a fundamental aspect of our reputation and distinguishes us from the competition.

We continue to invest resources to maintain and amplify our certifications regarding service quality and client satisfaction, containment of the environmental impact of our operating processes, health and safety protection of our personnel, respect for human rights and labour laws, and provision of highly specialised services.

In 2018, we maintained all the certifications we already possess and confirmed positive trends in all pre-established indicators. We are one of the first security institutes in Europe to obtain UNI EN 16082:2011 certification for “Security Services for Airports and Civil Aviation”. The regulation responds to requests from primary stakeholders, particularly airport managers, for qualification of supplier reliability in the very sensitive sector of airport security. The certification of our airport services at the Olbia-Costa Smeralda airport has fully satisfied this need and distinguished us from our competitors, thanks to the high quality and efficiency of our security processes.

**COOPSERVICE CERTIFICATIONS**

- UNI EN ISO 9001:2008
- UNI EN ISO 14001:2007
- BS-OHSAS 18001:2007
- UNI EN 10890:2000
- UNI CEI EN 50518:2014
- UNI CEI EN 150518:2014
- Security Manager UNI 10459:2014
- Airport Security UNI 16082:2011
- UNI 10459:2015
- Management of F-Gases
- Regulation (CE) 303/08
HUMAN CAPITAL

Human capital includes people’s experience and skills, along with their: willingness to innovate; commitment to and support of company governance and ethical values; ability to understand and implement company strategies; motivation to improve processes, property and service provision; collaboration and leadership abilities.

COOPSERVICE EMPLOYEES

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>13,718</td>
</tr>
<tr>
<td>2017</td>
<td>14,575</td>
</tr>
<tr>
<td>2018</td>
<td>15,103</td>
</tr>
</tbody>
</table>

+3.6%

GROUP EMPLOYEES

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>18,943</td>
</tr>
<tr>
<td>2017</td>
<td>20,788</td>
</tr>
<tr>
<td>2018</td>
<td>22,214</td>
</tr>
</tbody>
</table>

+6.9%

ANALYSIS OF COOPSERVICE EMPLOYMENT

Over the years, we have seen constant growth in the number of our employees, which testifies to our commitment to development that rewards work and fair employment.

We are a cooperative of prevalent mutuality and our challenge is to maintain and strengthen our membership and fight the illegal use of the cooperative framework, which discredits our world and the values we believe in.

The CCNL is applied to 100% of our employees, with 90% of them on long-term contracts and the remaining 10% on short-term contracts. Sixty percent of employees are on part-time contracts and 80% of these are women, who find that this solution helps them to better manage their life/work balance.

Fifty-five percent of workers have been at Coopservice for more than five years and almost 30% for more than ten years. Working with the company for many years develops a greater sense of belonging and expands the experience and skill set of workers, which is also beneficial to work quality and clients.

Eighty-five percent of management have worked with the company for longer than five years. This ensures a sense of responsibility for the achievement of medium/long-term strategic objectives.

We operate across Italy and our employee distribution is an excellent picture of how we have grown throughout the country, beginning in the region of Emilia Romagna in 1991 and gradually expanding to Northwestern, Northeastern, Central and Southern Italy, as well as the Islands.

GEOGRAPHIC DISTRIBUTION OF EMPLOYEES

We operate across Italy and our employee distribution is an excellent picture of how we have grown throughout the country, beginning in the region of Emilia Romagna in 1991 and gradually expanding to Northwestern, Northeastern, Central and Southern Italy, as well as the Islands.
## Employee Profile

**Total Employees:** 15,103

### Average Age
- **Average Age:** 46.8
- **Average Seniority:** 7.49

### Contract Types
- **Long-Terms Contracts:** 88.3%
- **Part-Time Contracts:** 28.4%
- **Executives:** 77.5%
- **New Hires:** 50.2%
- **Immigrants:** 11.4%
- **Member:** 36.3%

### Role Distribution
- **Executive and Managers:** 96.8%
- **White-Collar Workers:** 2.7%
- **Blue-Collar Workers:** 0.5%

### Business Distribution
- **Business:** 66.8%
- **Energy & Technical Services:** 20.5%
- **Cleaning & Soft Services:** 10.8%
- **Security Services:** 0.5%

### Contract Distribution
- **Full-Time:** 59.4%
- **Part-Time:** 30.4%
- **Short-Term:** 9.9%
- **Long-Term:** 0.5%

### Age Groups
- **< 34:** 37.9%
- **35-44:** 46.8%
- **45-54:** 10.9%
- **> 55:** 10.9%

---

**Integrated Report • 2018**

Human • Capital
DIVERSITY AND INCLUSION

Our concept of diversity is quite wide and encompasses people of different ages, genders, education, ethnicity and physical ability. We promote inclusion, respect and a culture of responsibility because we firmly believe in the value of diversity.

DIVERSITY MANAGEMENT

In 2018, we participated in a workshop on Diversity Management sponsored by the Fondazione Mondinsieme, in collaboration with the Municipality of Reggio Emilia, Chamber of Commerce, CNA, Legacoop Emilia Ovest, Unindustria Reggio Emilia, Fondazione E35, and eight other companies.

Diversity Management allows for managing of differences among members of an organisation through tools designed to classify and analyse the level of diversity present in a company on the basis of gender, origin, age and seniority of service.

The analysis has permitted us to assess a series of actions (from simple ad hoc experiments to more structured organisational practices) aimed at valorising the differences that each organisation member offers as a potential competitive advantage for the company as a whole.

Our first step was to add a Diversity Management Module to our Coopservice Way training project (described on page 44), entrusting the teaching to a consultant from Mondinsieme, in order raise participant awareness regarding this subject and assess ways to manage and valorise diversity within our work projects based on client-site contracts, service provision and tenders.

IMMIGRANT EMPLOYEES

Our immigrant employees originate from 86 countries and are a cultural wealth for our cooperative, which we support and valorise through member initiatives that aim to develop relations, improve integration and foster intercultural experiences.

FEMALE EMPLOYEES

Almost 60% of our workforce is women and this majority is also present on our board of directors, where 11 out of 21 members are female, and in our membership, where women make up 57%.

The presence of women is also growing in key management roles, where 22.5% of executives and managers are female, and this percentage is destined to increase in coming years, thanks to our growth plan that aims to expand the presence of women in strategically relevant positions.

While women are employed primarily in the cleaning sector (86.8%), they are also present in significant numbers in sectors that have traditionally been dominated by men, such as security and logistics. In particular, women are demonstrating that they have the aptitude and abilities to be armed security guards and unarmed security receptionists, two roles that have always been the prerogative of men. In our security and surveillance line, we have 507 women who work to assure the security of our clients (at airports, ports, public entities, industries, hospitals, etc.) with excellent results.

A considerable number of women (over 80%) are on part-time contracts with varying numbers of hours, a choice that allows them to both support their family members and contribute to their family income.

VALORE D ASSOCIATION

“Valore D” is an Italian business association that promotes diversity, talent and female leaders in companies. We have been members since 2016 and are one of 100 companies that has signed the “Manifesto for Female Employment”, from which we have taken on nine concrete commitments to encourage the growth of female professionals and valorise their talent.
MALE/FEMALE PAY EQUITY

An analysis of our pay equity has shown that men are higher paid than women, a gap which is a common occurrence in both Italy and Europe.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Men</td>
<td>110.61</td>
<td>111.07</td>
</tr>
</tbody>
</table>

+10.61% +11.07%

We believe that Coopservice’s pay gap is actually due to the difference in the specific jobs that men and women do, rather than a question of equal pay for equal work. In fact, our male and female employees work in different sectors, where their responsibilities tend to be related specifically to their gender. For example, 83% of security staff are men and the highly specialised work of security guards calls for significantly higher salaries with respect to other professions; such as cleaners, who are usually female workers with salaries that are contractually lower. With respect to 2017, our pay gap has improved slightly.

FAMILY LEAVE

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>211</td>
<td>340</td>
</tr>
<tr>
<td>Number of hours</td>
<td>137,575</td>
<td>35,197</td>
</tr>
</tbody>
</table>

FREEDOM OF ASSOCIATION

Coopservice always respects all the provisions in the CCNL. We respect the rights of our members and employees to join trade unions and elect the representatives of their choice. Specifically, 7,691 of our workers have joined trade unions and 84.8% of these belong to Italy’s top three associations: CGIL, CISL and UIL.

We believe it is important to have an open, constructive dialogue between the cooperative, its workers and the unions, with the objective of keeping all parties informed and involved in contractual and strategic negotiations.

STAFF TURNOVER

For a service company like ours, staff turnover is primarily linked to the winning and losing of tenders, which may call for personnel to be transferred to or from another company. Collective contracts contain clauses that protect workers and allow them to be hired by newly-appointed contractors; thus, guaranteeing employment continuity.

This is the main reason for the elevated rate of staff turnover in service companies, which are compelled to manage personnel transfers depending on if tenders are won, lost, renewed or not renewed.

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<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executives</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Managers</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>White-collar workers</td>
<td>22</td>
<td>33</td>
</tr>
<tr>
<td>Blue-collar workers</td>
<td>1,293</td>
<td>904</td>
</tr>
<tr>
<td>Total turnover</td>
<td>1,319</td>
<td>940</td>
</tr>
</tbody>
</table>

+ 40%

In 2018, the total number of job level changes increased by 40% annually due to both what is provided for in collective contracts and internal development programmes that the Human Resources Department implemented in an overall strategy of valorising skills and talents.

JOB LEVEL CHANGES

Dynamism in the workplace can also be measured by job level changes; i.e., opportunities offered to people to improve their work situation. These changes recognise the growth and professionalism of staff and, therefore, are an indication of the meritocratic policy practised by our cooperative.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Contracts</td>
<td>3,448</td>
<td>3,426</td>
</tr>
<tr>
<td>Terminated Contracts</td>
<td>2,915</td>
<td>2,607</td>
</tr>
<tr>
<td>Compensation rate</td>
<td>118.3</td>
<td>131.4</td>
</tr>
</tbody>
</table>
VALORISE HUMAN RESOURCES

SYSTEM OF MANAGEMENT BY OBJECTIVES

In 2018, we implemented a Management by Objective (MBO) project, the aim of which is to translate company strategy into organisational actions involving all key roles. The project involved approximately 120 people, who had roles of organisational and management responsibility at various levels. The 2019 programme will be expanded to include other company figures. Each resource was aware of their own objectives and priorities and how their actions affected the achievement of company objectives. The project also awards a production bonus, contingent on good company performance results, to participants who act consistently with fixed objectives and reach expected goals.

SKILL DEVELOPMENT MODEL

Both changes made to the company organisation in 2018 and the advent of new business needs led to an adaptation of our skill model in order to assure greater consistency and flexibility. The purpose of the model is to determine the abilities needed for the effective functioning of the organisation and the realisation of development plans. The project involved over 380 people, including the executives, managers, white-collar workers and blue-collar workers who are crucial to the realisation of our 2018-2022 strategic plan. Individual development plans were designed for each resource, which aimed to strengthen and support their professional growth, with the awareness of the positive effects they would have on company results.

COOPSERVICE WAY

In 2018, we laid the foundation for an important training project that will be completed in 2019. Our Coopservice Way project involves service provision managers in all business lines for a total of about 90 people and will be extended in 2020 to include all managers and coordinators who work on Coopservice’s client-site contracts, service provision and tenders. The aim of the training programme is to create and disseminate a Coopservice style in the provision, management and assurance of high quality services. The contents include theoretical training on privacy regulations, labour laws and company procedures, as well as training modules on soft skills that are fundamental for the correct interpretation and execution of company roles.

COOPSERVICE ACADEMY

Our Academy training project is an internal post-graduate diploma in management with the objective of developing better skills in leadership, management, interpersonal relations, and coordinating of co-workers. This edition, which began in October 2018, has 16 participants (employees from Coopservice and other Group companies), who have acquired several years of experience in middle management. At the end of the training programme, development plans will be designed for the participants to take on key roles in the operational and organisational management of services.

EMPLOYEE WELFARE

Employee welfare has always been part of the DNA of our cooperative. Since the founding of Coopservice, one of our concrete commitments has been to offer our members a non-monetary benefit package to support their income and improve their wellbeing and that of their families. Members and workers have access to our welfare system in different ways depending on their status.

Members are entitled to economic opportunities defined in our company by-laws, such as the remuneration and re-evaluation of their member shares, member loans and patronage returns. Patronage returns are the financial means through which we realise mutuality; i.e., we total the economic advantage for each member and distribute the results among all members on the basis of criteria established in our company by-laws. In 2018, patronage returns amounted to €800,000.

SUPPLEMENTARY HEALTHCARE AND PENSION

Members and employees have access to welfare opportunities such as supplementary healthcare and pension, albeit the healthcare services available differ in relation to the healthcare plans of the specific funds indicated in the CCNL. The two main contractual funds are “Fondo ASIM”, with which 9,000 of our employees are registered, and “Fondo FASIV”, with which 1,800 are registered. All members are registered with “Mutua Nuova Sanità” and enjoy extra services such as full reimbursement of national healthcare deductibles and the possibility to extend some services to family members.

Today, we work with several supplementary pension funds. The main one is “Previdenza Cooperativa” with which over 2,800 of our workers are registered. We also work with five smaller funds (Eurofer, Solidarietà Veneta, Fonte, Laborfond and Previp) and over 50 open or individual funds through banks and insurance companies.
SOLIDARITY FUND

Our solidarity fund for members and their families became fully operational in 2018. It offers significant economic support to members in difficult life situations, such as serious illness, death in the family, medical expenses not covered by healthcare funds, hospitalised family members and purchasing of medical aids. The fund was constituted in the amount of €200,000. From July to December 2018, the fund received 17 applications, 14 of which were accepted and three were rejected because they did not have the proper prerequisites.

MEMBERSHIP INITIATIVES

Some of our membership initiatives are intended exclusively for members, while others have differentiated access. They include support for families through a scholarship fund for school-aged children, discounts for summer camps, advantageous conditions for trips and holidays, special discounts for goods and services, and prize-winning contests to encourage artistic talent and personal abilities.

The objective of our Futuro Giovani project is to support members’ families through an economic contribution to the most meritorious middle school, secondary school and university students. Since 2015, we have received 179 applications and approved 167 of them. The number of applications increases every year and, in 2018, 60 were approved (52 middle and secondary school students and 8 university students).

WORKPLACE HEALTH AND SAFETY

Our primary task is finding a balance between the cooperative’s performance objectives and protecting the health of our people, who must always work in the safest possible conditions. Each worker receives appropriate health and safety training and is assisted by staff from our Prevention and Protection Department, who are tasked with encouraging the adoption of safe, correct behaviour and the attentive monitoring of any problems in order to apply appropriate corrective measures as quickly as possible.

The company’s overall performance regarding workplace safety is measured through a frequency index and severity index. In 2018, both indexes were stable with respect to the previous year.

FREQUENCY INDEX

<table>
<thead>
<tr>
<th>Year</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>38.91</td>
</tr>
<tr>
<td>2017</td>
<td>38.81</td>
</tr>
<tr>
<td>2018</td>
<td>38.85</td>
</tr>
</tbody>
</table>

SEVERITY INDEX

<table>
<thead>
<tr>
<th>Year</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>1.8</td>
</tr>
<tr>
<td>2017</td>
<td>1.1</td>
</tr>
<tr>
<td>2018</td>
<td>1.0</td>
</tr>
</tbody>
</table>

THINK SAFE PROJECT

In 2018, we launched a pilot project on two client-sites: Santa Maria Hospital in Reggio Emilia and San Bonifacio Hospital in Verona. Our Think Safe project aims to significantly decrease the number of workplace injuries and increase operator awareness of the correct assessment of risks and prevention. All safety officers and manual workers are expected to carry out a series of activities aimed at preventing and correcting risky behaviour. A specific communication campaign was designed to inform people about this project. Today, we can already see significant and appreciable improvements thanks to the project.
SOCIAL AND RELATIONAL CAPITAL

Social and relational capital includes existing relationships within and between communities, stakeholder groups and networks that bring improvement to individual and collective wellbeing.

COMMUNICATION WITH STAKEHOLDERS

In 2018, we launched several projects with the objective of improving communication with our main stakeholders. In particular, we designed a new Coopservice Community App to keep members and employees updated on initiatives and opportunities and to facilitate access to member notices and documents (e.g. payslips, salary certificates, etc.). The dematerialisation of payslips, which will be completed in October 2019, will bring a significant benefit for the environment, thanks to a reduction in our use of paper.

LOCAL COMMUNITY SUPPORT

The relations we establish with local communities and associations in the areas where we operate involve supporting cultural, environmental, social, solidarity and sports initiatives through sponsorships and donations. With our contributions, we intend to foster the development of more inclusive, supportive and sustainable communities and collaborate with entities, associations and organisations that are actively working on social, cultural and environmental issues. In 2018, we donated just under €200,000 in favour of 95 entities and associations.

ACADEMIA

We are convinced that competitiveness can be measured by the ability to integrate technological development and process innovation into our products and services. To achieve this goal, we believe it is fundamental that we work with universities and research centres to set up systematic research and development projects that would be too complicated to carry out internally. Our objective is to translate advanced knowledge into practical applications that are truly innovative and through which we can obtain a distinctive and competitive advantage on the market.

Throughout 2018, we maintained and consolidated our work with several Italian universities. In particular, with the universities of Modena and Reggio Emilia (UNIMORE) and Bologna (UNIBO), and with the NEST laboratories of the Scuola Normale in Pisa.

This year was the 5th edition of our post-graduate diploma in “Design and Management for Integrated Services”, which is offered through the Department of Engineering Sciences and Methods at UNIMORE. Moreover, IFOA (Chamber of Commerce Training Centre) has joined the project as a
partner in promotional and tutoring activities. Since its first edition, 53 students have successfully frequented the diploma programme, ten of which were in the 2018 edition. The course involves 360 classroom hours, which include Robotics and Big Data, and work placements with our top clients in the security, logistics, cleaning and facility management sectors. Our work with UNIMORE has also led to the revival of our Embedded project, in which university students are placed in our company with the objective of resolving specific problems by applying the Design Thinking method. This approach has allowed us to assess dozens of highly innovative projects and solutions and to launch feasibility studies and experiments to translate the most promising ones into concrete actions.

In 2018, we extended our Push To Open project (in collaboration with the company Jointly), which focuses on supporting youth employment, to students in two secondary schools: one is Istituto Calvino in Genova and the other is Istituto Tecnico Scaruffi in Reggio Emilia. The programme concluded with two hackathon workshops on “Responsible Production and Consumption”, in which students tackled the challenges of sustainable development contained in the UN 2030 Agenda.

ASSOCIATIONS AND BODIES

One of the Group’s key objectives is to maintain successful relations with trade associations, bodies and entities in order to: promote good practices; foster sector studies and research; coordinate strategic market policies on a national level; develop competitiveness based on transparency and respect for rules; communicate the value of technological innovation in improving the quality of services offered to clients.

To do this, we actively look for alliances and collaborations with intermediaries that ensure correct relationships between service providers and users.

We are members or partners of:

- Legacoop (Alliance of Italian Cooperatives)
- Legacoop Produzione e Servizi
- Valore D - Italian business association that valorises diversity

SECURITY AND SURVEILLANCE

- Assovalori - Professional Association of Companies Transporting Valuables
- Assiv - Italian Association of Security and Trust Services
- Federsicurezza - Professional, Trade Union and Employer Association
- Anssat - National Association of Satellite Service Providers
- AIPSA - Italian Association of Corporate Security Professionals
- AIPROS - Italian Association of Security Professionals
- Business network called Continuità Valori, which unites Coopservice, Mondialpol and Fidelitas

LOGISTICS

- AITI - Association of Italian Moving Companies
- IAM - International Association of Movers

ENERGY AND FACILITY MANAGEMENT

- TEROTEC - Laboratory for Innovation in Management and Maintenance of Urban and Building Heritage
- AICARR - Italian Association of Air Conditioning, Heating and Refrigeration (Gesta S.p.A)
- ASSISTAL - National Association of Industrial Systems, Energy Service and Facility Management Companies (Gesta S.p.A)
- FEDERESCO - National Federation of Energy Service Companies (Gesta S.p.A)
NATURAL CAPITAL

Natural capital includes water, earth, minerals, forests, biodiversity and the health of the ecosystem. Natural capital is an input factor for the production of goods and provision of services; thus, business activities can have both a positive and negative impact on this form of capital.

The Group expresses its commitment to environmental sustainability by investing annually in monitoring the environmental impact of its activities, preventing risks, achieving its energy saving objectives and obtaining energy efficiency titles.

ENERGY EFFICIENCY TITLES

Energy efficiency titles, which are also known as white certificates, certify energy savings achieved by businesses that carry out specific interventions (e.g. improving energy efficiency). As being certified includes receiving an economic contribution, the process is an excellent incentive to reduce energy consumption in relation to distributed utilities.

ENERGY EFFICIENCY TITLES

<table>
<thead>
<tr>
<th>Resource</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coopservice</td>
<td>510</td>
<td></td>
</tr>
<tr>
<td>Gesta</td>
<td>3,436</td>
<td></td>
</tr>
</tbody>
</table>

PHOTOVOLTAIC ENERGY

Our photovoltaic system located in Via Lama in Cavriago (province of Reggio Emilia) produced 89,354 kWh of electricity and input 27,527 kWh to the network.

FUEL CONSUMPTION

For the provision of our services, we use primarily road transport, including: transport of materials and goods from our warehouses, industrial laundries and production plants to our client-sites; security patrol cars and transport of valuables; transport of waste to treatment plants; movement of our people to client-sites and offices located throughout Italy.

Our Group policy calls for a continuing commitment to the reduction of fuel consumption and the consequent emission of the greenhouse gas (GHG) CO₂, through the optimisation of logistics and distribution to achieve the best balance between punctuality and quality of client services. This includes minimising daily travelling and rationalising security patrol routes without compromising the effectiveness of their deterrence.

The same policy is also applied to vehicles provided to staff who travel to production and client sites throughout the country. Our fleet is made up of long-term leases provided by qualified suppliers to ensure efficiency and the timely replacement of vehicles with newer models that have less negative impact on the environment.

In 2018, Group companies strived to improve the collecting and reporting of data on fuel consumption. Therefore, increased values are due to greater detail in the acquisition of data.

SERVIZI ITALIA GROUP FUEL CONSUMPTION

<table>
<thead>
<tr>
<th>Resource</th>
<th>units</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diesel</td>
<td>litres</td>
<td>1,527,873</td>
<td>1,158,022</td>
</tr>
<tr>
<td>Petrol</td>
<td>litres</td>
<td>4,578</td>
<td>2,255</td>
</tr>
<tr>
<td>Methane Gas</td>
<td>kg</td>
<td>1,086</td>
<td>1,158</td>
</tr>
</tbody>
</table>

The Group expresses its commitment to environmental sustainability by investing annually in monitoring the environmental impact of its activities, preventing risks, achieving its energy saving objectives and obtaining energy efficiency titles.
With regards to energy consumption, we wish to clarify that Group companies consume energy and resources to carry out work activities in their offices and branches; however, they also provide and manage energy and systems for their clients through the Energy & Technical Services lines of Coopservice and Gesta. Therefore, it is indispensable to differentiate consumption analysis between what is used for work by Group companies, which can be improved by energy saving objectives and compared to annual forecasts and budgets, and what is provided and managed on client-sites and through contracts. The latter must be analysed in detail for each contract to monitor efficiency and savings, as the only aggregated data we have can be extremely variable and affected by acquisitions and terminations that have occurred in the course of the year. Internal consumption can also vary depending on the opening of new production and logistics sites; however, this is much easier to document.

### CONSUMPTION FOR COOPSERVICE OFFICES

<table>
<thead>
<tr>
<th>Resource</th>
<th>units</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>kWh</td>
<td>4,932,943</td>
<td>4,861,982</td>
</tr>
<tr>
<td>Natural gas</td>
<td>m³</td>
<td>276,120</td>
<td>298,076</td>
</tr>
</tbody>
</table>

### CONSUMPTION FOR ENERGY & FACILITY MANAGEMENT

<table>
<thead>
<tr>
<th>Resource</th>
<th>units</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>kWh</td>
<td>50,809,870</td>
<td>51,358,453</td>
</tr>
<tr>
<td>Natural gas</td>
<td>m³</td>
<td>20,936,657</td>
<td>25,080,179</td>
</tr>
<tr>
<td>Diesel</td>
<td>kg</td>
<td>17,311</td>
<td>202,900</td>
</tr>
<tr>
<td>Remote heating</td>
<td>kWh</td>
<td>63,710,180</td>
<td>70,008,956</td>
</tr>
<tr>
<td>LPG</td>
<td>litres</td>
<td>18,493</td>
<td>19,059</td>
</tr>
</tbody>
</table>

### SERVIZI ITALIA GROUP CONSUMPTION

<table>
<thead>
<tr>
<th>Resource</th>
<th>units</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>kWh</td>
<td>30,768,511</td>
<td>32,997,567</td>
</tr>
<tr>
<td>Thermal energy</td>
<td>MWh</td>
<td>7,788</td>
<td>8,393</td>
</tr>
<tr>
<td>Methane gas</td>
<td>m³</td>
<td>15,133,726</td>
<td>15,709,589</td>
</tr>
<tr>
<td>Wood</td>
<td>kg</td>
<td>52,811</td>
<td>57,031</td>
</tr>
<tr>
<td>Coal</td>
<td>kg</td>
<td>2,621,726</td>
<td>4,038,000</td>
</tr>
<tr>
<td>Diesel</td>
<td>kg</td>
<td>340</td>
<td>600</td>
</tr>
</tbody>
</table>

**Servizi Italia Group reduced its energy consumption by about 8%. This was accomplished by rationalising energy resources, building a co-generator that produces electricity in Castellina di Soragna (in the province of Parma) and optimising carbon-fuelled steam generators at two production sites in Turkey.**

*Reduction in consumption of diesel fuel is due to a major fuel system conversion project, from diesel to natural gas, implemented in the region of Toscana.*
GREENHOUSE GAS EMISSIONS

Regarding GHG emissions, the Group has always been committed to constant monitoring and reduction of combustible fuel consumption in the operating of its business.

Our work activities primarily emit CO₂ into the atmosphere, which we generate through the consumption of combustible fuels (diesel, natural gas, LPG, etc.).

Coopservice emissions

In terms of tonnes of oil equivalent (TOE), Coopservice’s energy consumption (including client-sites and our offices and vehicle fleet) amounts to 13,691 TOE with CO₂ emissions equal to 32,547* TCO₂, which is down by 5% with respect to 2017.

Gesta emissions

Gesta’s energy consumption (including offices and client-sites) amounts to 24,835 TOE with CO₂ emissions equal to 28,074* TCO₂.

*Calculations do not include consumption of electricity or remote heating, as Coopservice and Gesta are not responsible for the systems that produce these energy vectors.

SERVIZI ITALIA GROUP - DIRECT GHG EMISSIONS (SCOPE 1)

<table>
<thead>
<tr>
<th>Resource</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Methane gas</td>
<td>30,971</td>
<td>32,939</td>
</tr>
<tr>
<td>Diesel for road transport</td>
<td>4,014</td>
<td>3,011</td>
</tr>
<tr>
<td>LPG</td>
<td>0.77</td>
<td>-</td>
</tr>
<tr>
<td>Coal</td>
<td>8,034</td>
<td>12,626</td>
</tr>
<tr>
<td>Diesel for generator</td>
<td>0.89</td>
<td>1.56</td>
</tr>
<tr>
<td>Wood</td>
<td>1,381</td>
<td>1,258</td>
</tr>
<tr>
<td>Petrol for road transport</td>
<td>10.09</td>
<td>4.96</td>
</tr>
<tr>
<td>Methane for road transport</td>
<td>2.98</td>
<td>3.26</td>
</tr>
<tr>
<td>Total Scope 1 emissions (tCO₂eq)</td>
<td>44,415</td>
<td>49,844</td>
</tr>
</tbody>
</table>

SPECIFIC CONSUMPTION FOR SERVIZI ITALIA GROUP

Water consumption

Water procurement for business processes of the Servizi Italia Group is a significant environmental concern, particularly for its laundries and sterilisation systems. For this reason, the Group is committed to constantly rationalising water consumption and recovering wastewater. Thus, its washing machines and production processes are redesigned and recalibrated annually for this purpose and to ensure the quality of final products as required by clients and sector regulations. Washing cycles are subject to validation based on standardised sector regulations, which specify the correct quantity and quality of water required for both the process and client needs, as well as a measured, rational use of water.

The following are Group consumptions of well and aqueduct water.

SUPPLY OF WATER BY SOURCE

<table>
<thead>
<tr>
<th>Source</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underground water (m³)</td>
<td>1,372,303</td>
<td>1,547,733</td>
</tr>
<tr>
<td>Municipal, public and private water supply services (m³)</td>
<td>526,785</td>
<td>277,093</td>
</tr>
<tr>
<td>Total water supplied (m³)</td>
<td>1,899,089</td>
<td>1,824,826</td>
</tr>
</tbody>
</table>

Wastewater disposal

Disposal of wastewater is also of significant environmental concern for the Servizi Italia Group. For years, the Group has been committed to monitoring the quantity and quality of wastewater coming from its sites, with respect for both applicable regulations and corporate objectives regarding its environmental management system. This area has also improved slightly.

WATER DISPOSAL BASED ON DESTINATION

<table>
<thead>
<tr>
<th>Destination</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sewers (m³)</td>
<td>966,361</td>
<td>970,782</td>
</tr>
<tr>
<td>Surface waters (m³)</td>
<td>645,651</td>
<td>612,018</td>
</tr>
<tr>
<td>Total water disposal (m³)</td>
<td>1,612,012</td>
<td>1,582,800</td>
</tr>
</tbody>
</table>
WASTE MANAGEMENT

The Servizi Italia Group sees the production of special waste as one of the most important environmental issues in terms of volume produced. Whenever possible, the group’s policy is to recover rather than dispose of waste generated by its production processes and is highly attentive to the selection of its suppliers for said disposal and recovery.

Moreover, for many years, the Group's strategy has included strong action to foster use of covers in operating theatres made of cotton or cotton blended with reusable technical fabric, rather than the non-woven disposable fabrics that are now being used.

The company believes that if outsourcing in this area gave preference to reusable materials (i.e., processed by laundries and sterilisation systems) for operating theatres, this would offer benefits to the national economy regarding both hospitals and laundries. These advantages are:

- less waste production;
- savings for healthcare institutes regarding warehouse logistics, disposal of non-woven fabrics and related packaging;
- reduced CO₂ emissions coming from long-haul transport, as suppliers of non-woven fabrics are primarily foreign multinationals;
- creation of job opportunities, as suppliers of wash-hire and linen sterilisation would need to hire more personnel to respond to the needs of operating theatres.

CHEMICAL SUBSTANCES

Production sites of the Servizi Italia Group use various chemical products for the washing and sterilising of hospital textiles, surgical instruments, rollers and containers with which products are delivered to the final client. The Group aims to use products with reduced environmental impact that conform to current laws and respect the majority of criteria in the EU Ecolabel Regulation. In all cases, products used do not contain:

- SVHCs (substance of very high concern) in accordance with article 57 of REACH Regulation (EC) 1907/2006, listed in Appendix XIV;
- SVHCs included on the list in accordance with article 59 of REACH Regulation (EC) 1907/2006 of the European Parliament;
- restricted substances for specific use listed in Appendix XVII.

Washing cycles are subject to validation based on standardised sector regulations, which ensure use of the correct quantity of chemical products, amount and temperature of water, and contact time, as required by the process and client needs.

Regarding use of chemical substances, in 2018, the company showed a decrease of 0.35% with respect to 2017, going from 2,863 tonnes to 2,853 tonnes.

<table>
<thead>
<tr>
<th>SERVIZI ITALIA GROUP - WASTE TYPES AND DISPOSAL METHODS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tonnes of waste</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Of which recovered</td>
</tr>
<tr>
<td>Of which disposed</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Percentage</td>
</tr>
</tbody>
</table>
The following table provides an overview of the GRI Standard information included in the report. The table shows the indicator, the topic and the page or pages where the topic is covered in the report.

<table>
<thead>
<tr>
<th>General disclosures</th>
<th>102-1</th>
<th>Name of the organization</th>
<th>5-7</th>
</tr>
</thead>
<tbody>
<tr>
<td>General disclosures</td>
<td>102-2</td>
<td>Activities, brands, products, and services</td>
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</tr>
<tr>
<td>General disclosures</td>
<td>102-3</td>
<td>Location of headquarters</td>
<td>5</td>
</tr>
<tr>
<td>General disclosures</td>
<td>102-4</td>
<td>Location of operations</td>
<td>4</td>
</tr>
<tr>
<td>General disclosures</td>
<td>102-5</td>
<td>Ownership and legal form</td>
<td>6-7</td>
</tr>
<tr>
<td>General disclosures</td>
<td>102-6</td>
<td>Markets served</td>
<td>12-13</td>
</tr>
<tr>
<td>General disclosures</td>
<td>102-7</td>
<td>Scale of the organisation</td>
<td>5-7, 24-31</td>
</tr>
<tr>
<td>General disclosures</td>
<td>102-8</td>
<td>Information on employees and other workers</td>
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<tr>
<td>General disclosures</td>
<td>102-11</td>
<td>Precautionary Principle or approach</td>
<td>20-21</td>
</tr>
<tr>
<td>General disclosures</td>
<td>102-12</td>
<td>External initiatives</td>
<td>20-21</td>
</tr>
<tr>
<td>General disclosures</td>
<td>102-13</td>
<td>Membership of associations</td>
<td>46-47</td>
</tr>
<tr>
<td>Strategy</td>
<td>102-14</td>
<td>Statement from senior decision-maker</td>
<td>3</td>
</tr>
<tr>
<td>Strategy</td>
<td>102-15</td>
<td>Key impacts, risks, and opportunities</td>
<td>20-21</td>
</tr>
<tr>
<td>Ethics and integrity</td>
<td>102-16</td>
<td>Values, principles, standards, and norm behavior</td>
<td>14-15</td>
</tr>
<tr>
<td>Governance</td>
<td>102-18</td>
<td>Governance structure</td>
<td>9</td>
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<tr>
<td>Stakeholder engagement</td>
<td>102-40</td>
<td>List of stakeholders groups</td>
<td>16</td>
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<tr>
<td>Stakeholder engagement</td>
<td>102-41</td>
<td>Collective bargaining agreements</td>
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<td>Stakeholder engagement</td>
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<td>Identifying and selecting stakeholders</td>
<td>16</td>
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<tr>
<td>Stakeholder engagement</td>
<td>102-43</td>
<td>Approach to stakeholder engagement</td>
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<tr>
<td>Reporting practice</td>
<td>102-47</td>
<td>List of material topics</td>
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<tr>
<td>Reporting practice</td>
<td>102-50</td>
<td>Reporting period</td>
<td>1</td>
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<tr>
<td>Reporting practice</td>
<td>102-51</td>
<td>Date of most recent report</td>
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<td>Reporting practice</td>
<td>102-52</td>
<td>Reporting cycle</td>
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## GRI 103 | Management approach

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<th>102-53</th>
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<td>102-54</td>
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<td></td>
<td>102-55</td>
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### GRI 103-1 Explanation of the material topic and its Boundary

### GRI 103-2 The management approach and its components

### GRI 103-3 Evaluation of the management approach

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### GRI 201 | Economic performance*

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<th>201-1</th>
<th>Direct economic value generated and distributed</th>
<th>18-19, 24-33</th>
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### GRI 203 | Indirect economic impacts*

<table>
<thead>
<tr>
<th>Indirect economic impact</th>
<th>203-1</th>
<th>Infrastructure investments and services supported</th>
<th>36-37</th>
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</table>

### GRI 302 | Energy*

<table>
<thead>
<tr>
<th>Energy</th>
<th>302-1</th>
<th>Energy consumption within the organisation</th>
<th>48-51</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>302-2</th>
<th>Energy consumption outside of the organisation</th>
<th>48-51</th>
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</thead>
</table>

<table>
<thead>
<tr>
<th>302-4</th>
<th>Reduction of energy consumption</th>
<th>48-51</th>
</tr>
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</table>

### GRI 303 | Water and effluents*

<table>
<thead>
<tr>
<th>Water and effluents</th>
<th>303-3</th>
<th>Water withdrawal</th>
<th>48-51</th>
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### GRI 305 | Emissions*

<table>
<thead>
<tr>
<th>Emissions</th>
<th>305-1</th>
<th>Direct GHG emissions</th>
<th>48-51</th>
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### GRI 401 | Employment*

<table>
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<tr>
<th>Employment</th>
<th>401-1</th>
<th>New employee hires and employee turnover</th>
<th>43</th>
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<tr>
<th>401-3</th>
<th>Parental leave</th>
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### GRI 403 | Occupational health and safety*

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<tr>
<th>Occupational health and safety</th>
<th>403-1</th>
<th>Occupational health and safety management system</th>
<th>38, 45</th>
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<table>
<thead>
<tr>
<th>403-2</th>
<th>Occupational health services</th>
<th>45</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>403-3</th>
<th>Occupational health services</th>
<th>45</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>403-9</th>
<th>Work-related injuries</th>
<th>45</th>
</tr>
</thead>
</table>

### GRI 404 | Training and education*

<table>
<thead>
<tr>
<th>Training and education</th>
<th>404-1</th>
<th>Average hours of training per year per employee</th>
<th>38</th>
</tr>
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<thead>
<tr>
<th>404-2</th>
<th>Programs for upgrading employee skills and transition assistance program</th>
<th>44</th>
</tr>
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### GRI 405 | Diversity and equal opportunity*

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<thead>
<tr>
<th>Diversity and equal opportunity</th>
<th>405-1</th>
<th>Diversity of governance bodies and employees</th>
<th>42</th>
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<thead>
<tr>
<th>405-2</th>
<th>Ratio of basic salary and remuneration of women to men</th>
<th>43</th>
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### GRI 407 | Freedom of association and collective bargaining*

<table>
<thead>
<tr>
<th>Freedom of association and collective bargaining</th>
<th>407-1</th>
<th>Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk</th>
<th>43</th>
</tr>
</thead>
</table>

### GRI 413 | Local communities*

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<thead>
<tr>
<th>Local communities</th>
<th>413-1</th>
<th>Operations with local community engagement, impact assessments, and development programs</th>
<th>46</th>
</tr>
</thead>
</table>

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*For the topics of Standards GRI 200, GRI 300 and GRI 400 the specific management approach is included in the references belonging to Standard GRI 103.
NOTES TO 2018 INTEGRATED REPORT

We have chosen an integrated report as the instrument to completely, succinctly and consistently present the actions and tangible and intangible resources that we use to create value over time for our stakeholders. Compliance with standards guarantees a clear, thorough and easily comparable report.

For the writing of this report, we used the <IR> Framework of the International Integrated Reporting Council (IIRC), which lays down guidelines for non-financial output reporting. This allows us to meet specifications of the European Directive on “Disclosure of Non-Financial Information”, even though we are not the type of company that is obliged to do so.

According to the IIRC, the process of creating value is based on six pillars that provide input to a company. The company then applies its business model and, by interacting with the external environment, transforms them into output, generating value.

1. Financial Capital;
2. Production Capital;
3. Human Capital;
4. Intellectual Capital;
5. Social and Relational Capital;

In this report, we have described how, thanks to our organisational structure and governance system, we acted on and transformed each of these six pillars to accomplish the objectives stated in our strategic plan (which are described in detail on pages 26 and 27 of the 2017 integrated report and are summarised in the central infographic on page 15 of this report) and achieve our expected results, which are presented in the chapter on Performance.

Another reason why we have chosen this instrument is its connection to integrated thinking and the importance it plays within organisations. We have chosen to incorporate integrated thinking into our strategic planning and 2018-2022 Strategic Plan, consequently, we have adopted the integrated report as our standard for company reporting. Thus, emphasising the concepts of succinctness, strategic focus, information connectivity, focus on the future, and interdependence of capitals.

The reporting perimeter used in this report refers to Coopservice S.Coop.p.A., as it both provides services and is the parent holding company of a complex and articulated industrial group that includes a listed company in the STAR segment of the Italian stock exchange (Servizi Italia S.p.A.). Whenever data was available and relevant to the company and its stakeholders, data related to the Group’s consolidated financial reports and those of its individual companies were also provided.

As this is Coopservice’s second integrated report, criteria for collecting data related to natural capital and, in part, to human capital are being unified in an effort to obtain more homogeneous information for the main companies of the group, with the objective of providing more effective reports in the coming years.

We have completed our creation of a materiality matrix, which began in 2017, and the results are published on page 17. In this report, analysis of the materiality of information provided was based on the stakeholder analysis described on page 16 and allowed us to compare data regarding stakeholders and their needs with company strategies to clearly identify key areas and improve the quality of information.

Regarding company outlook, the information provided on pages 14 to 21 of this report (Business Model – Stakeholder Analysis – Materiality matrix – Stakeholder Involvement and Value Creation – Risk Analysis) provides a realistic vision of the challenges and uncertainties that the cooperative may encounter in the pursuit of its strategy and potential implications for its business model and future performance.

The report also contains information processed in accordance with Global Reporting Initiative (GRI) Standards, in particular regarding our environmental and social sustainability profiles. Whenever possible, the data have been processed and presented in conformity with such standards (application level - in accordance - Core Option). The tables on page 52 and 53 provide a summary of the GRI Standards included in the report. GRI Standards have not been applied to the Group’s supply chain or external suppliers.

Whenever possible, the data presented in the 2018 report are compared to those of the previous year or years and have been processed with the objective of presenting a clear and balanced image of Coopservice’s characteristics and actions, in order to facilitate the reader’s understanding and interpretation. All non-financial information has been processed by various managers of company functions. With regards to the subsidiary Servizi Italia S.p.A. and its subordinate group of companies, the information has been taken from a sustainability report published separately by Servizi Italia. Whenever necessary, all calculation methods for indicators in this report and any variations thereof with respect to previous years have been indicated in the footnotes of the tables in question. The present report includes extracts from the separate and consolidated financial statements of Coopservice and Coopservice Group.
This report was written by the Communication Office in collaboration with all company functions. Updated on 7 August 2019.