



(Translation from the Italian original which remains the definitive version)



2022 Sustainability Report



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Methodological note

This document represents the **Sustainability Report** of KOS S.p.A. and its fully consolidated subsidiaries (hereinafter the “Group” or “KOS Group”) for the fiscal year 2022 (from January 1st to December 31st).

In order to communicate the Group’s sustainability performance in a transparent and comparable way, the Sustainability Report has been drafted in compliance with the “Global Reporting Initiatives Sustainability Reporting Standards” published by the Global Reporting Initiative (GRI).

The content reported was selected on the basis of the results of the Materiality Analysis carried out during 2021, which made it possible to identify the material aspects for the Group and its stakeholders. The Materiality Matrix, as the result of the analysis conducted, is presented in the “Group stakeholders and Materiality Analysis” section. In 2022, this analysis was updated, identifying the impacts for each material aspect that the organization produces externally (with regards to the environment and its own stakeholders).

The reporting scope of financial data and information corresponds to that of the consolidated financial statements of the KOS Group at December 31st, 2022. The scope of data and information relating to social, governance and environmental aspects includes KOS S.p.A. and its fully consolidated subsidiaries with the exception of ClearMedi Healthcare Private Limited. Any changes to this scope are appropriately indicated in the document.

The data related to the previous year are reported for comparative purposes to facilitate the evaluation of the performance of the Group's business. To ensure the reliability of data, the use of estimates has been limited as far as possible and, if present, is appropriately reported and based on the best available methodologies.

It should also be noted that in 2022 there were no significant changes in the size, organizational structure, ownership, and supply chain of the Group. This report will be published annually.

This document was submitted for examination and approval to the Board of Directors of KOS S.p.A. on February 23rd, 2023.

For further information on the Sustainability Report and its contents, it is possible to write to Achille di Bernardo at the following email address: info@KOSgroup.com.



Letter to Stakeholders

Dear Stakeholders,

The last two years, characterized by the Covid-19 emergency, have posed an important challenge for the KOS Group, stressing more than ever the need to adopt a sustainable and resilient business model. For some years now, the Group has been paying attention to environmental, social and governance trends. Through this Sustainability Report, the Group has decided to further strengthen its commitment to the independent reporting of non-financial information, with the aim of increasing transparency towards its stakeholders.

In addition, in 2021, the Group defined the first Sustainability Plan with objectives for 2025, which expresses the strong will to improve over time by setting targets for the growth of human capital, attention to stakeholders, improvement of energy efficiency and contribution in terms of the circular economy. The plan also sets out the objectives of the Group's active participation in the sustainability of health systems and its continuous commitment to improving the quality of life of our patients. In 2022, this plan was also extended to the Charleston subsidiary. We are committed to our stakeholders to provide an annual update on our progress towards the goals we have set.

The difficulties faced during the pandemic have therefore strengthened the solidity of the KOS Group which today looks to the future as a promoter of *a sustainability of health systems* and the constant commitment to *improve the quality of life of our patients*.

The document outlines our commitment to sustainability and examples of initiatives in the field that have enriched our experience throughout the course of the year. Knowing that sustainability is not a point of arrival, but rather a *process of continuous improvement*, which will require perseverance, time, and effort, we are sure that we have laid a solid foundation for continuing this process in the years to come.

Giuseppe Vailati Venturi

Chief Executive Officer



Identity

Group Profile

KOS is a **leading Italian health group** operating in social health care and residential chronicity, rehabilitation and psychiatry, advanced technology applied to medicine and acute medicine, aimed at patients who have passed the acute phase of the disease and are in clinical stabilization phase. Since 2003 KOS operates through dedicated companies in different areas of activity.

Through the company **KOS Care Srl.**, under the brands Santo Stefano Rehabilitation, Neomesia and Anni Azzurri, it manages in Italy functional rehabilitation centers, psychiatric clinics, outpatient rehabilitation centers, residential and health care for self-sufficient and non-sufficient elderly people, and people with disabilities, including psychiatric patients. Through the companies **Ospedale di Suzzara S.p.A.** and **Sanatrix Gestioni Srl.** it guarantees the management of hospitals in Italy (KOS Italy).



Through the company **Charleston Holding GmbH** (from now also “Charleston”) in Germany, it manages 51 nursing homes, 4,428 beds, 4 day-care centers, and 6 clinics for self-sufficient and non-self-sufficient elderly people.





KOS is the island where Hippocrates, the father of modern medicine, was born. KOS is the name chosen to realize a great project: to create an aggregating pole in the health and social health sector. As a private operator in the health sector, a sector that is constantly and strongly changing, it intends to be an innovator and a provider of **personalized and quality services**.

“If there is love for man, there will also be love for science.”

Hippocrates of KOS, 5th century BC

Our services

The KOS Group currently offers the following services:

-  Functional rehabilitation
-  Nursing homes for the elderly and disabled
-  Intermediate and post-acute care
-  Surgical admissions/acute medicine
-  Psychiatry
-  Diagnostic and outpatient services
-  Day centers
-  Home Care
-  Telemedicine/ telehealth services

The KOS Group is present in **11 Italian regions** and in **Germany**, for a total of **more than 13,000 beds**.

KOS manages **108 facilities** in Italy, with more than **9,000 beds**, divided between 56 nursing homes, 16 rehabilitation clinics, 12 psychiatric rehabilitation facilities, 7 psychiatric clinics, and 2 hospitals. KOS is also active with 15 outpatient rehabilitation and diagnostic centers. In Germany there are 51 facilities dedicated to the elderly, mainly those who are not self-sufficient.



Highlights of 2022



13,400 total beds on December 31st, 2022



11 Italian regions in which the Group is present, with, among others:

- 15 outpatient centers
- 56 facilities dedicated to elderly care



Approximately 43,000 tCO₂eq of Scope 1 and Scope 2 emissions (Market based)



Almost 80% female staff on December 31st, 2022



11,341 employees on December 31st, 2022



€ 720 million in revenue

The values of the Group

Vision

Changing demographics, clear differences in demand by various social groups, higher technological sophistication, and more willingness by individuals to invest in health have an increasingly important effect on public spending, imposing **new relations between the public health system and the overall availability of services for the health and wellbeing of people.**

With this in mind, private operators who can combine entrepreneurship with subsidiarity on an industrial and international scale represent the driver of change; they will allow new market solutions to be developed through **innovative ways of providing services** that are increasingly **focused on taking a person-centered approach.**

Mission

We offer our customers healthcare and social health services with **professional competence, a warm sense of welcome, and a human touch** in the areas of chronic illnesses, rehabilitation, advanced diagnostic and high-tech therapy services and services for acute cases throughout the country. We work in highly sensitive areas and place great value on professional skills and talent, encouraging individuals to give their best. In addition, we ensure **growth and continuity in the creation of value for our shareholders.**



Values

- **Responsibility**, working in an exemplary manner and acting with integrity;
- **Customer focus**, translating into excellent interpersonal skills and the ability to listen and understand, a willingness to serve and dedication;
- **Professional competence**, with the drive to grow, stay constantly informed and updated;
- **Respect**, in recognizing the role, the dignity and the freedom of every individual;
- Wish for **transparency**, commitment to share information so that everyone can be part of the life and success of the company, and desire to develop equal opportunities;
- Sense of **belonging** as a result of sharing the mission, identification of the corporate values and the contribution of each person in achieving the common goals;
- **Coherence**: loyalty to the principles and commitments made, translated into actions that are in line with the company values and declarations;
- **Diversity**, which has always been an asset to human culture and ideas; it is a daily commitment to give value to diversity and allow it to form part of the common goals.

Code of Ethics

The Italian companies of the Group, in recognition of the importance of ethical and social responsibility, have adopted the Code of Ethics which contains **all the principles recognized, accepted and shared at all levels, in the carrying out of the business activities.**

The same is being done by the German subsidiary Charleston, which is defining the first shared version of the Code of Conduct, which sets out the ethical principles that the German company's workers are called on to respect.

Upholding the Code of Ethics/Code of Conduct is a binding obligation for those who work with KOS, whatever the relationship, even temporary, that binds them with the Group. **Fairness, transparency, professionalism** are core values and principles that dictate behavior. The Code of Ethics/Code of Conduct is binding for all employees of the company; non-compliance may be the cause of disciplinary measures for personnel as well as of withdrawing from contracts with external parties.

The KOS Group has adopted various internal policies that employees must observe and on which they are trained, and which are subject to strict internal and external controls.

Respect for human rights

The KOS Group supports, respects, and protects dignity, freedom, equality of human beings and occupational health and safety within the framework of the **United Nations *Universal Declaration of Human Rights*** and promotes respect for the cultural and physical integrity of the person. Every individual must be treated with respect and dignity, and all relationships must be conducted with full respect for each party.



In order to protect the principles reported in the **Code of Ethics**, communication channels have been established (Whistleblowing Procedure) for reporting violations of the Code.

Membership in associations

KOS, as a primary operator in the Italian health care system, considers membership in associations an important means for the dialogue between facilities at national and international level. In particular, the company is present in the main associations of the sector, at both the local and national levels (AIOP, ARIS, **the Council of Assolombarda's Health and Life Sciences group**, etc.) and actively participates in round-table discussions. In addition, KOS Care Srl, a subsidiary of KOS operating in nursing homes and health care for the elderly, is one of the **founders of AGeSPI** (Association of Social Health Service Managers and Post Intensive Care).

Charleston is also active in the main associations of the sector, in particular it is a member of **BPA** (Association of Private Providers) and **AGVP** (Association of Nurses). Charleston is also a member of several organizations that represent various stakeholders and monitor regulatory developments.

Group Stakeholders and Materiality analysis

For KOS, Stakeholders play a major role. Establishing and reinforcing **relationships of mutual trust**, based on **transparency, openness and listening**, represents for the Group the opportunity to **understand the expectations and the everchanging needs** of stakeholders, who, directly or indirectly, influence the Group's activities or are influenced by them.

Within the framework of the preliminary activities for the definition of the Materiality matrix, **the Group has identified the following Stakeholders**, both in the light of an **internal analysis** and of a study of the **reference sector in which the Group operates**.

The Stakeholders of KOS



Types of engagement and dialogue with Stakeholders

The process of stakeholder engagement of KOS is based on **effective communication** with stakeholders and has the objective of stimulating a continuous and reciprocal growth. Below are the main engagement activities adopted for each type of Stakeholder of KOS.

Stakeholders	Type of dialogue and engagement
Patients and families	<ul style="list-style-type: none"> • Internet sites • Social Networks • Web Radio • Satisfaction surveys • Direct mailings • Structured interviews • Service charters • User brochures
Investors	<ul style="list-style-type: none"> • Meeting of the Board of Directors • Periodic financial reporting • Dedicated meetings
Employees	<ul style="list-style-type: none"> • E-mail communications • Communications on company message boards • Individual meetings



	<ul style="list-style-type: none"> • Dedicated meetings • Performance assessment • Intranet • LinkedIn • Web Radio • Climate analysis
Suppliers	<ul style="list-style-type: none"> • Dedicated meetings • Website
Community	<ul style="list-style-type: none"> • Website
Government and regulatory bodies	<ul style="list-style-type: none"> • Official communications • Inspections • Specific reporting • Communications for professionals
Research institutes and universities	<ul style="list-style-type: none"> • Research projects • Training projects • Conferences

The Materiality analysis

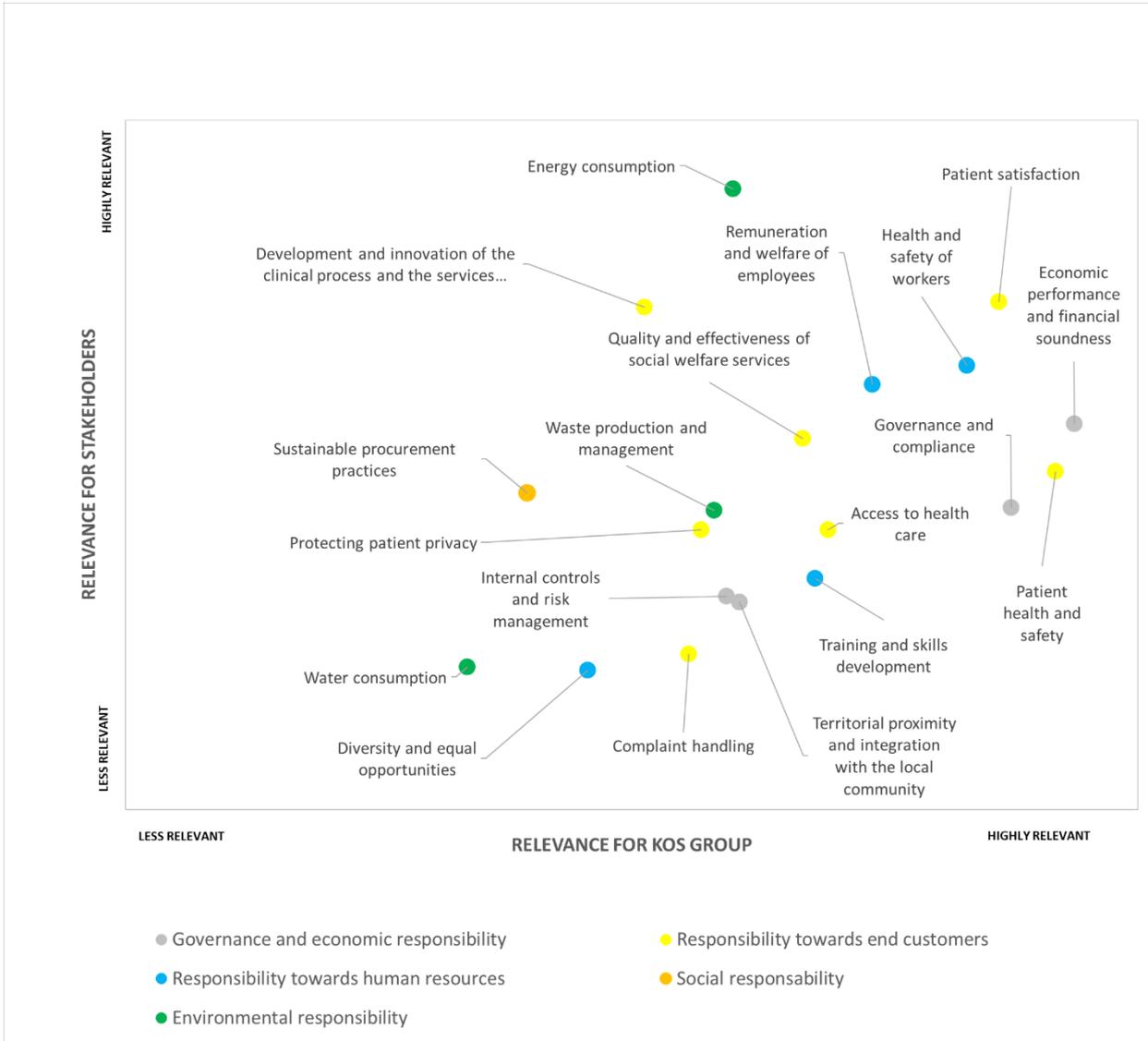
In accordance with the requirements of the GRI Standards, **the contents of this report have been defined by a Materiality analysis**, through which it was possible to identify the **economic, environmental, social, and governance impacts that are most material for the Group** and that could substantially influence the assessments and **decisions of its stakeholders**.

The analysis initially focused on a **benchmarking activity of the non-financial reporting of companies operating in the management of hospitals and healthcare facilities**, which led to the identification of a set of sustainability topics that are potentially material for the Group.

Subsequently, through a **questionnaire for the evaluation of material topics** distributed to the **employees of KOS** in July 2021, and to the **suppliers** of KOS in October 2021, it was possible to assess the **materiality** of each topic for these categories of stakeholders. The topics were then submitted for management’s evaluation, which attributed the materiality according to the Group’s perspective and in light of the topic’s present and prospective impact. This process led to the definition of **19 material topics**, positioned within the **materiality matrix**. In 2022, in line with the update of the GRI Universal Standards 2021, the organization identified the impacts on the economy, the environment, and people (including those on Human Rights) for each material topic. KOS confirmed the topics voted on in 2021, and integrated the impacts, from an inside-out perspective, in accordance with the GRI 2021.

The description of the impacts that are considered material is given in the annexes.

The Materiality Matrix of the KOS Group



Nel grafico, per favore sostituire “RELEVANCE” con “MATERIALITY” (2x) e sostituire “RELEVANT” con “MATERIAL” (4x)



Governance, business ethics and economic responsibility

Governance and compliance

The management of the Group and the control over accounting administration are carried out through a traditional corporate governance system which is characterized by a Board of Directors and a Board of Statutory Auditors.

The Board of Directors of the KOS Group is appointed by the ordinary shareholders' meeting, pursuant to art. 2383 of the Civil Code and in compliance with the Articles of Association according to the following procedure:

- Each shareholder holding A shares and B shares has the right to draw up a list of eight candidates;
- Each shareholder has, at the time of voting, one vote for each share held;
- The votes are attributed to the lists and not to the individual candidates:
 - The first 5 candidates included in the list that obtained the highest number of votes (majority list) and the first 3 candidates on the list that obtained the second highest number of votes (minority list) will be elected;
 - The candidate indicated first on the Minority List is elected as Chairman of the BoD and the candidate indicated first on the Majority List is elected as Deputy Chairman of the BoD.

The Board of Directors, within the limits of art. 2382 par. 4 of the Civil Code and subject to the qualified majorities envisaged by the Articles of Association, may appoint one or more Directors from among its members to whom it can delegate specific attributed or special duties.

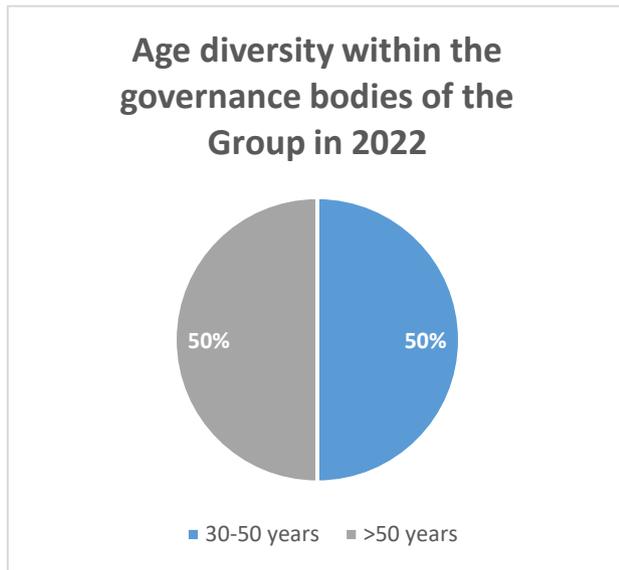
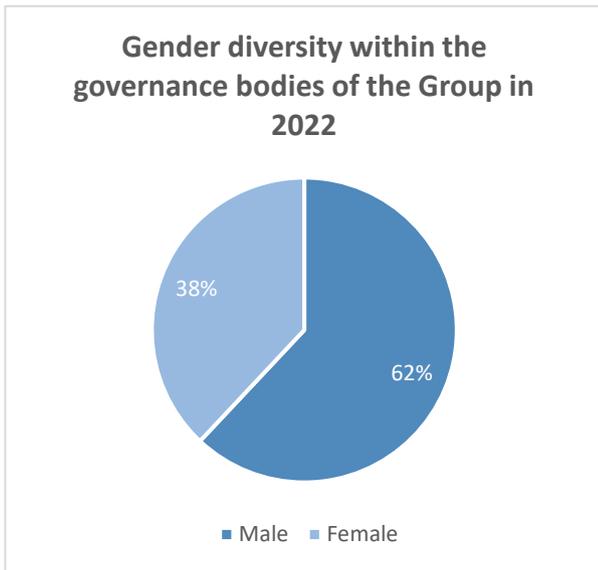
The Board of Directors in place in 2022 whose term of office ends with the approval of the 2024 financial statements, is composed as indicated in the table below.

Composition of the Board of Directors:

Name	Role	Age group
Carlo Michellini ¹¹	<i>Chairman</i>	>50
Michele Caviglioli	<i>Director</i>	>50
Giuseppe Vailati Venturi	<i>Chief Executive Officer</i>	>50
Rosaria Calabrese	<i>Director</i>	30-50
Pietro La Placa	<i>Director</i>	30-50
Pietro Landenna	<i>Director</i>	30-50
Cecilia Todarello	<i>Director</i>	30-50
Monica Mondardini	<i>Director</i>	>50

The Board of Directors of the Parent demonstrates to be inclusive, as 38% of the Board is composed of women. In addition, there is an equal division between the 30-50 age group and the > 50 age group.

¹¹ The Chairman of the BoD is an external person to the organization and is therefore not a manager of the company or of the Group.



The Board of Directors plays a central role in the strategic guidance of the Company and the Group, as well as in the supervision of the overall business activities, with the power of direction over the administration as a whole and the power of direct intervention in the decisions necessary or useful for the pursuit of corporate goals.

The Board of Directors is the body responsible for taking the most important decisions for an economic and strategic point of view, or in terms of structural impact on management, or functional to the exercise of the direction and controlling activities of the Company and the Group. The BoD provides management for the company and is vested for this purpose with the widest powers of administration, except those which by law and/or the Articles of Association belong to the shareholders.

With regards to sustainability, the Board of Directors monitors the progress of the Sustainability Plan defined by the Group, which set targets for 2026 to improve its performance in ESG areas, and annually approves the Sustainability Report.

To date, the BoD has not received specific training or induction activities. Furthermore, the Board of Directors is not subjected to performance evaluation activities.

In 2011 the Group introduced a Related Party Procedure called the “**Regulation of transactions with related parties and interests of Directors and Managers**”, approved by the Board of Directors and subject to routine updates. The procedure established the principles of conduct that the company is required to adopt to ensure proper management of its activities; it identifies the rules governing the methods of approval and management of transactions with related parties or in which the directors and/or managers have an interest, in order to ensure transparency and substantial and procedural correctness of the transactions themselves.

The Group's anti-corruption policies and procedures were communicated to all Board members, however no member of the BoD received training related to anti-corruption throughout 2022.

Composition of the Board of Statutory Auditors:

Name	Role
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Luca Guarna	<i>Chairman of the Board of Statutory Auditors</i>
Luigi Macchiorlatti Vignat	<i>Standing Statutory auditor</i>
Luigi Nani	<i>Standing Statutory auditor</i>

The Board of Statutory Auditors is appointed by the Shareholders' Meeting; the members of the **board of statutory auditors** must possess particular **requirements of suitability** (art. 2382 of the civil code), **independence and integrity** (art. 2399 of the civil code) and remain in office for three years.

In addition to the Board of Directors and the Board of Statutory Auditors of KOS S.p.A., the following **committees** are active, all of which are set up on a voluntary basis, are not in the Company Register and have their own regulations:

- Control and Risk Committee;
- Committee for the Remuneration of Management;
- Supervisory Body.

In 2021, Charleston began the process to introduce a professional compliance management system. Currently, the system is divided into four areas:

1. Compliance Management
2. Risk Management
3. Audit Management
4. Process Management

The Compliance Management system is subject to internal company guidelines, which serve in particular to ensure transparency and, in the case of internal audits and damage control, global traceability. Further indications also derive from the Code of Conduct and from process management.

An organizational and management model as per Legislative Decree no. 231/2001 is a set of protocols which regulates and defines the company structure and the management of its sensitive processes. The 231 organizational model plays a fundamental role in preventing and reasonably limiting risks related to business activities, particularly in relation to possible illegal conduct, referring to the catalog of crimes pertaining to Legislative Decree no. 231/2001 as amended and supplemented.

Since 2008, KOS S.p.A. has adopted **an organizational model** ("Organizational Model") as defined by **Legislative Decree no. 231/2001** and subsequent amendments. The main operating companies of the Group have also adopted their own organizational model. Over time, following the various interventions of the legislator and organizational revisions, various updates of the organizational models have been made, until the current versions, approved by the Board of Directors in 2021.

Regarding KOS Italy, the senior persons are reached by communications of anti-corruption policies and procedures according to their interest and involvement with respect to their content. It is important to note that contracts with service providers, freelance professionals, consultants, and business partners contain a commitment clause to respect the Code of Ethics in accordance with Legislative Decree no. 231/01, which also regulates the possibility of termination in case of non-compliance with the Code of Ethics. Every year, the Internal audit function also checks for the presence of the clause in the various contracts examined.

Following the last update of the 231 organizational model, training sessions on anticorruption have been established for senior persons, as defined by the relevant legislation. The training has reached 25 managers, 76 facility managers, middle managers and second line of staff functions.

For Charleston, however, no communication has occurred, and no training is provided for employees or business partners in the field.

The Code of Ethics, prepared on the basis of Legislative Decree no. 231/2001, adopted by Italian companies of the Group, contains all the principles recognized, accepted, and shared by all levels of the organization and is binding for those who work with the Group. The obligation to comply with the Code of Ethics is considered to be a key factor for the proper functioning, reliability, reputation, and image of the Group itself, in the conviction that a business conduct characterized by strict compliance with shared principles, is an indispensable protection for economic and social development.

In order to facilitate compliance with these principles, various sharing and support tools are active, such as team meetings, listening and mutual assistance groups, evaluation of the work of the collaborators. A mailbox is also active to which anyone can make reports of violations of the code, sure of the discretion and protection of the company. The Group has the

right to terminate the contract if the employee or supplier does not comply with the contract terms and conditions.

To oversee the principles set out in the Code of Ethics, **communication channels** have been set up (Whistleblowing Procedures) for reporting behaviors in breach of the Code. Employees and third parties can report any unlawful conduct of which they have become aware. The system guarantees the confidentiality of the identity of the whistleblower.

There is also an active mailbox to which anyone can report violations of the code, with certainty of the company's discretion and protection.

In 2019, the **whistleblowing procedure** was also issued, which defines the levels of protection of possible whistleblowers.

Even the collaboration with the external business partners requires by contract, through a special clause, that they should know the contents of the Code of Ethics and respect it in accordance with Legislative Decree no. 231/01.

The Charleston subsidiary has a less structured governance system. Only recently has it developed the first formalized safeguards in the area of governance and control. The Company's legal manager has been given a mandate to develop the risk, compliance, and audit activities.

It began with the definition of the Code of Conduct which is being shared internally with various representatives of the Company. An initial risk-assessment was carried out, leading to the creation of the Risk Map, which allowed for the identification of the control areas that are the basis of the audit process.

The first audits were then carried out in the nursing homes, providing for structured feedback and follow-up actions.





During 2022, the Group received 2 complaints regarding customer privacy violations and the loss of their data. Both cases occurred in the German subsidiary Charleston.

In 2022, there were no significant cases, meaning over € 10,000 in fines, of non-compliance with laws and/or regulations in the social and economic field for which fines were issued. Finally, the Group did not record any incidents of corruption in 2021 or 2022. In 2022, no criticalities were brought to the attention of the Board of Directors.

In 2022, there were 11 cases of non-compliance with the regulations and self-regulatory codes concerning the health and safety impacts of the services provided, including 9 cases of non-compliance with the self-regulatory codes. All cases of non-conformity with regulations occurred in the Charleston subsidiary.

Relationship with government

In light of the benefits provided to patients in their affiliated facilities, the Italian companies of the KOS Group are remunerated by the **National Health Service (SSN)** through the regional health services. Each year, contracts are signed with **Local Health Companies (ASL)** that define the activity budgets and regulate how they are distributed. For the Group's subsidiary in Germany, however, the costs of care for the elderly are partly guaranteed by insurance or by local public funds whose reference bodies define their service levels.

As stated in the Code of Ethics, the undertaking of commitments to the Public Administration and the Public Institutions is conducted in compliance with the **strictest observance of the applicable laws and regulations** and is reserved exclusively to the authorized corporate functions. The Group, through its employees or representatives, and through an intermediary person, must not receive, promise or offer to public officers, public service officers or employees in general of the Public Administration or other public institutions, money, goods or other utilities of various kinds in order to promote their own interests or the interests of the companies of the Group, or also to compensate or repay for an act of their office or to achieve the execution of an act contrary to the duties of their office.

Any employee or staff member who receives directly or indirectly proposals for benefits from public officials, public service officials or employees in general of the Public Administration or other public institutions, must immediately report them to **the Supervisory Body** or to his or her corporate contact (if a third party).

As regards the provision of public funds:

- It is not permitted to use or submit statements and documents certifying untrue facts and information, or to omit information to obtain, for the benefit of or in the interest of the individual and/or the Company, grants, financing, or other contributions granted, in any way, by the State, a Public Institution or the European Union;
- It is expressly prohibited to use grants, financing, or other contributions, however they are called, given to the Company by the State, a Public Institution, or the European Community for purposes other than those for which they have been assigned.



Internal controls and risk management

For KOS, **risk prevention and risk management are not only a regulatory requirement, but also an indicator of quality in the approach to its activities**, a guarantee for patients and employees and in the interests of the company. The Group aims at ensuring a high level of attention, a constant exchange of information from departments to management, to optimize procedures and overcome difficulties, as well as to maintain a good relationship with the patient and the family, in the belief that a company that listens is a company that can deal with practical problems and prevent errors. The Group has, for some time, established a function dedicated to risk management and has an **efficient organizational structure** that has found its basis in a constant analysis and mapping of sensitive processes, the identification of potential risks and the definition of strict rules for their correct management.

KOS Italy adopts an Enterprise risk Management model that is periodically updated by **the risk management function** to reflect the company's size growth and internal organizational changes, evaluating for each area of activity the risks potentially associated. Each risk is assessed by **impact** and **probability** of happening, and the effect of the preventive actions taken to define the residual risk level is then considered. Where possible, the impact of the negative events shall also be assessed on the basis of quantitative criteria.

Within this mapping, **more than 100 risks were considered**, to be subject to annual review. Over the last few years, reassessments have been carried out after some exceptional events such as the adoption by the Group of the Electronic Medical Record and the new ERP Platform, the revision of the privacy legislation and not least the Covid-19 pandemic. Throughout 2022, the reassessment of the Risk Map led, among other things, to the integration of the ESG Plan, displaying and evaluating the KPIs of the Plan.

Mitigation and prevention measures are implemented to protect the identified risks, such as the **adoption of guidelines, targeted safety and risk assessment protocols**, strict compliance with risk management regulations, annual audits, company training, and ongoing process monitoring.

The risk management system of the German subsidiary focuses in particular on monitoring **risks that can affect business continuity**. A risk analysis process has been developed within Charleston and summarized in a document that considers the approach to risks, the purpose of the underlying activities, and the application of those risks to everyday situations. At the content level, the assessment focuses on the risks that can impact the Group's reputation and upholding it, which are related to general behavior, ethics, employee relationships, and mutual respect. The work was also set up regarding the specific theme of sustainability.

Focus: Clinical and administrative audits

To guarantee ethics and regulatory compliance, KOS Italy carries out **widespread operational audits** that concern organizational and managerial aspects but also health and care aspects, followed by various types of interventions. KOS Italy has in fact set up a rigid **monitoring system** (audits, reports, inspections) based on a plan defined annually and approved by the Board of Directors of the parent, to which are added any checks on reports or special situations that occur during the year.

The results of the audits are shared with the operational contacts and functions concerned, as well as with the top management of the company and the Group. **The summary of the findings shall be submitted to the Risk and Control Committee and to the Supervisory Bodies** with which regular meetings are held.



The subsidiary Charleston has also launched an initial audit program, which involved only a few facilities in its first year, in order to test the validity and rigidity of the internal control system. Starting in 2023, Charleston will also have a more widespread audit program.

Economic responsibility

KOS aims to continue its organic and external growth in Italy and abroad, in particular as regards long-term care activities (nursing homes for the elderly, complex functional rehabilitation, psychiatric rehabilitation). In Italy, KOS has integrated numerous facilities in recent years, always bringing added value and reaching a dimension that allows not only the **achievement of economies of scale**, but also the transfer of local best practices, which accelerates the creation of value within the Group.

Already a leader in Italy in long-term care, KOS will continue to grow in nursing homes for elderly people who are not self-sufficient and in functional and psychiatric rehabilitation, expanding both in Central-North Italy, where it already has a consolidated presence, and in Central-Southern Italy, where it has begun to invest.

Thanks to the acquisition of nursing homes for the elderly in Germany, the Group will also be able to develop in a further market, considered of high interest for its **size, demographic trends, low concentration of facilities and regulatory stability**.

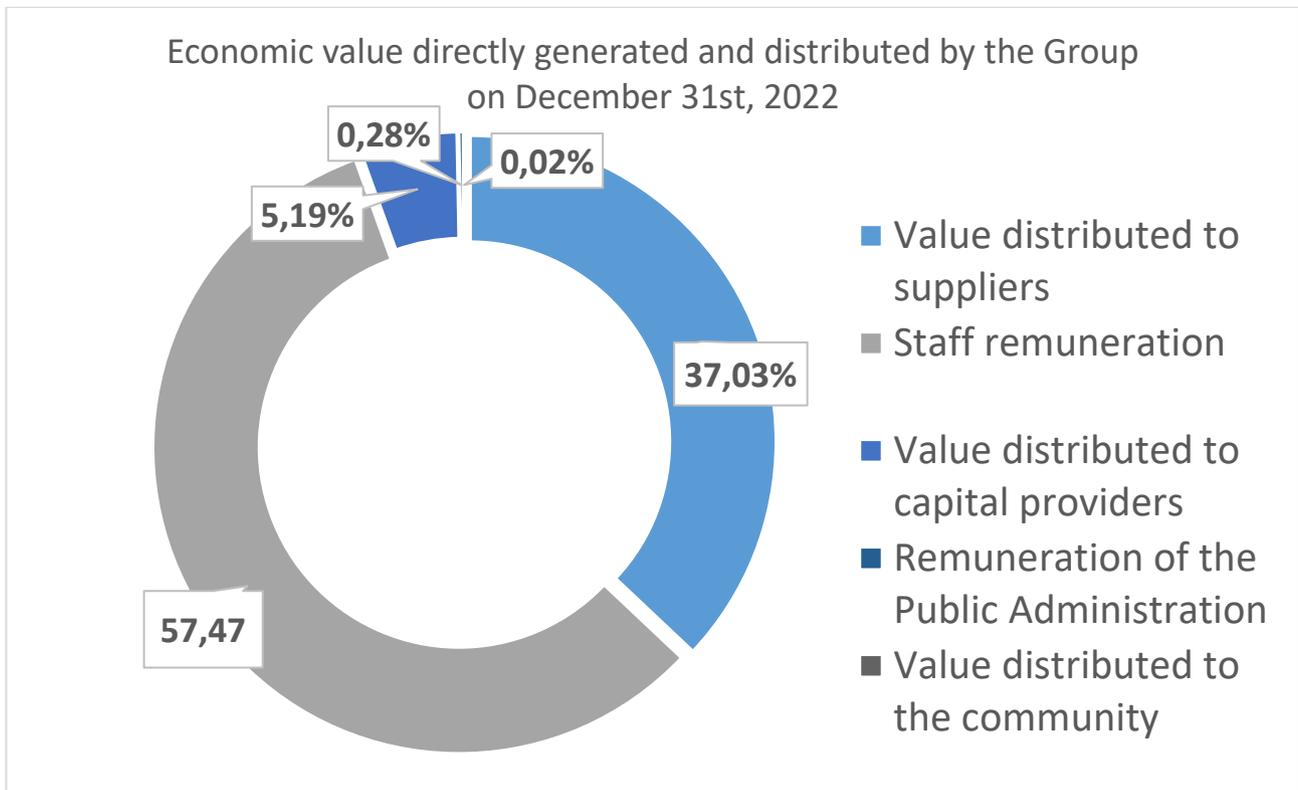
In Italy and internationally, the Group expects to develop through **organic growth, acquisitions**, and the **opening of new greenfield facilities** in its main business sectors, i.e., in the field of complex rehabilitation, where the expertise and excellence of the Santo Stefano brand can be capitalized, as well as in homes for elderly people who are not self-sufficient.

The KOS Group therefore aims at creating value for its shareholders with a medium-term strategy based on **three main points**:

1. **to consolidate** the role of aggregator in the Italian social health sector with an orientation to customers, to the quality of service and to efficiency;
2. **to grow** in nursing homes and rehabilitation in Central and Northern Italy both organically and through acquisitions and the opening of new facilities;
3. **to develop** internationally.

Through the reclassification of the statement of profit or loss for the year ended December 31st, 2022, it was possible to estimate the economic value generated directly by the Group in 2022 and its distribution to the main stakeholders who, directly or indirectly, contributed to the creation of this value.

The directly generated economic value on December 31st, 2022, amounted to more than €717 million. The most important share is attributed to staff remuneration (57.5%, corresponding to more than €364 million). The value distributed to suppliers is more than €234 million (37.03%). The value distributed to the capital providers amounts to more than €32 million (5.2% of the directly generated value) and the value retained by the Group corresponds to approximately €84 million. In addition, KOS provided contributions and donations of €146 thousand. The portion used to pay taxes, i.e., the contribution of the Group to the Public Administration, is 0.3%, or almost €2 million.





Sustainable procurement practices

Transparency, reliability and verified results. These are the keywords that guide KOS's relationships with suppliers. A relationship in which KOS is a reliable partner and that distinguishes itself for **financial solidity**, therefore respect of payments; **correctness**, consequently, respect of conditions; **transparency**, as tenders are based on an objective evaluation of the quality, price, and the ability to provide and guarantee services of adequate level.

The Group aims to establish **long-lasting and reliable relationships**, with as **personalized services** as possible. This always respects a fundamental principle: the quality offered. For this reason, different activities are planned, such as coordination meetings with those who work in the front line and with a constant eye on what the market offers to aim at the best choice, Group audits to control the management of tenders and to verify that the procedures have been complied with, in full **transparency of activities**.

The buying processes are based on the search for maximum competitive advantage, the granting of equal opportunities for each supplier, **loyalty, and impartiality**. The selection of suppliers and the determination of the terms of contracts shall be based on an **objective assessment** of the quality, price, and ability to provide and guarantee services of an appropriate level.

To facilitate and simplify the relationship with the suppliers, in Italy an online platform that allows to manage the bids for group tenders is used. A very useful management software, it makes it possible to create **a list of suppliers** and to have a clear picture of the bids and the documentation provided.

In view of the large number of facilities and their distribution in different regions, it was decided to organize **a centralized purchasing function** to obtain economic benefits, homogeneity of the products and services purchased and supplied, improvement of efficiency, reduce the use of allergen substances and materials and continuously monitor service levels. The selection of the suppliers happens mainly at central level, favoring national producers but also, where possible and convenient, local suppliers.

Starting in 2019, any potential supplier can register and be validated on the electronic supplier register; in the case of tender procedures, based on geographical area and the product sector or registration, the supplier register is used to send out invitations.

Charleston also places the principles of **transparency and reliability** at the basis of the relations with its suppliers. Given the variety of facilities and distribution in the different German regions, in 2019 Charleston decided to establish **a central procurement platform** for better managing and monitoring of purchases. This platform was **further developed** and expanded during **2020 and 2021**. Suppliers are selected mainly centrally, with preference given to **national producers** and, **where possible and appropriate, to local suppliers**.

In 2021, KOS Italy began to develop a **supplier selection system based on social and environmental sustainability criteria** which allows, under the same economic conditions, to select suppliers with more sustainable businesses. This system takes the form of a request to complete a questionnaire with questions related to ESG topics, which all suppliers registered in the register will have to answer.

During 2022, KOS Italy, as set out by the plan, implemented a screening of suppliers which is divided into two main actions:

- For new contracts and renewals, require for certifications such as the ISO 45001 and ISO 14001 (the latter for some product categories);



- o Plan that for future tenders with the same economic conditions, contracts will be given to those that have the aforementioned certifications.

At present, approximately 2,600 suppliers have been asked to register/qualify on the supply register. The total number of suppliers, or potential suppliers, present in the register is approximately 1,100.

At the end of 2022, there were 1,081 suppliers in the register, with 228 registered, 127 in registration and 726 qualified.

Central Clinical Engineering & Purchasing, and **Central Pharmacy** qualified suppliers account for 47% and 16% of payments made to suppliers, respectively. On the other hand, unqualified suppliers, who represent 89% of the suppliers present, correspond to 36% of the supply costs.

In 2022, **99.9% of KOS Italy's total expenditure** for the most significant suppliers of products and services (in the main purchasing centers – clinical engineering and pharmacy) **were from local suppliers**¹².

For the German subsidiary Charleston, the share purchased from local suppliers was **82.2%** of its total expenditure on products and services (i.e., mainly food and drinks, medical care items, some type of supplies for facilities and outdoor laundry, where applicable).

The value paid to food suppliers corresponds to 37% of the total spent on supplies, followed by medical assistance items at 27% of the total, then energy supply at 21% and finally external services at 15%.

Type of supply

The types of supply that KOS Italy uses are various and related to real estate services, computer services, pharmacy and clinical engineering and purchasing.

Real estate services regard the purchase of equipment present in the facilities (e.g., air-conditioning, electrical, distribution of medical gases) and the construction of new facilities.

The IT office manages the purchase of equipment useful for the management of the facilities and for the reception of the guests, therefore **hardware and software equipment**, systems for calls from the rooms and telephone and data.

Pharmacy is directly involved in the procurement of goods (medical devices and drugs) for the management of the facilities, while **Clinical Engineering and Purchasing** is directly involved in the procurement of goods and services for the management of the facilities and for the correct treatment of patients (medical electrical equipment, kitchen furniture and equipment, catering and cleaning services, food, products for incontinence and products for laboratory analyses).

The longer and more significant competitive processes are carried out on a **dedicated web portal**, with participation by invitation and with guarantee of traceability and maximum transparency. In addition, only companies with the following **requirements** are admitted to the proceedings: regularity of contributions, self-declaration for anti-mafia, self-declaration of compliance to the 231 organizational model, presentation of Chamber of Commerce, adherence to the Code of Ethics of KOS, compliance with Legislative Decree no. 81/08 and compliance with Legislative Decree no. 196/03. **Additional quality and environmental certifications** are considered qualifying elements.

As of March 2020, due to the health emergency, a **working group** has been set up consisting of Director of Operations, Pharmacy Manager, Purchasing Manager and General Services Manager, with the aim of finding and distributing personal protective equipment (PPE) and rapid tests for all the applying facilities. Two logistic centers (North and Center) have been set up and purchases made under the best market conditions and

¹² Local suppliers are those suppliers that supply facilities within a maximum radius of 200 kilometers.



checking the compliance with the regulations in force. Particular attention has been paid to the evaluation of the technical sheets and certifications of the products to be purchased.

For 2022 there has been a return to standard procedures, with direct purchases by facilities, through item and price lists managed by the plants.

The current context, with high price instability (inflation, speculation, etc.) has made it necessary to manage many contracts by agreeing to periodic adjustments based on the performance of certain main drivers. The instability of the market has also made it necessary to postpone several tenders.

The German subsidiary mainly buys furniture and equipment for kitchens, cleaning, food, and medical equipment. Other types of supplies mainly concern real estate and IT services.

Due to the shrinking of supply caused by the pandemic in 2020 and 2021, and the constant price variations on the market for a wide variety of products, the centralized procurement strategy has been revised and partly adapted in a **dual or multiple procurement strategy**.

The most important purchases are made by evaluating at least three offers and reporting the outcome of the evaluation to general management. Charleston uses **certified suppliers** for medical supplies, while for food products it uses a general supplier (even if fruits and vegetables are purchased from local facilities). In the selection of suppliers of marketing materials, the company prefers suppliers that employ **DHL Go Green** as a shipping solution with a range of services to reduce or eliminate logistics emissions, waste, and other environmental impacts. For other types of supply, Charleston always tries to reduce the environmental impact through the management of logistics, ordering in greater quantities and avoiding small orders.



Service excellence and patient care

The increasingly widespread experience of those facing a period of difficulty due to illness or to the increase in fragility is the feeling of abandonment, the difficulty of understanding what to do and what the best answers can be, even in terms of the **quality of the treatment**.

The completeness of what the KOS Group offers lies in the fact that those who need care can be accompanied in a journey that ranges from diagnosis, care, and assistance, with particular attention to those who need rehabilitation paths and solutions to deal with chronic fragility.

In all the Group facilities, constant listening to requests is active through different channels:

- reception and assistance staff;
- structured interviews with families and patients by professionals.

At the basis of the offer there is a constant and constructive dialogue with family members and patients, which enables a complete and attentive service to be developed.

All this, together with the experience deriving from the management of the numerous centers, the targeted training in the sector, the precious sharing of **know-how** among the professionals of the facilities, allows high quality standards in care and hospitality and, above all, **a centrality of the patient and a personalization of the care journey**.

Quality and effectiveness of social health care services

Quality, intended as efficiency and ability to provide adequate responses to the needs of the patient, continuous training, technological adaptation and development, personnel selection according to criteria that take into account a high level of **know-how and expertise**, activation of stable working relationships over time, standardized procedures for the safety of patients and guests, scientific research oriented towards the development and improvement of clinical practices: these are the qualitative elements that distinguish KOS today as a leading group in the health and social health sector.

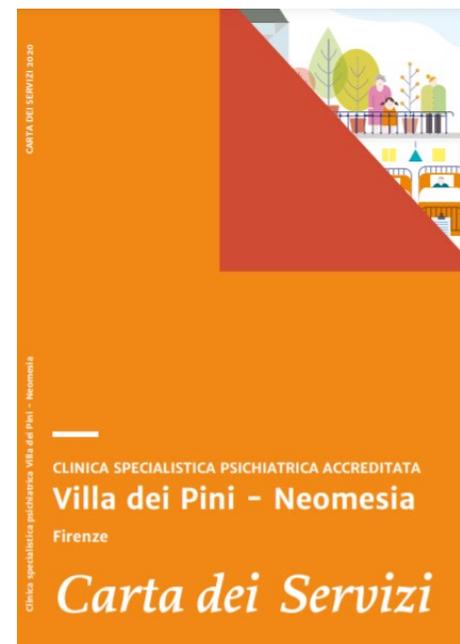
The size of the Group in fact allows **to achieve economy of scale**, through the common provision of many support services, able to constantly improve the quality of the services offered by the Group. A strategy pursued over the years through the activation of **benchmarking paths** to guarantee the widespread high-quality levels, which has allowed to aggregate the great experience gained in the various operational realities, raising the quality of the services offered in all the facilities.

KOS adopts operating procedures and **protocols in line with the most stringent** regional and national regulations, both in Italy and in Germany, regarding authorization and accreditation, as well as rigorous procedures aimed at guaranteeing the expected quality standards and the safety of care.

In Italy, all facilities have specific **procedures** for defining how patients should be taken into care, for the correct management of clinical documentation and drugs, for monitoring and managing pain, for the guarantee of the patient's and guest's hygiene and for the informed consent to the treatment. In Germany, too, a quality management system has been developed which guarantees **a centralized definition** of product standards and procedures.

In Italy, each structure has its own **service charter**, which provides information about the type of service offered, the methods of access to it, the commitment of the facility with regards to the quality standards to be maintained and the ways in which the user can actively participate in the continuous improvement of the facility and the protection of their rights. The reference model of the KOS Services Charter has been revised. The communication and the graphic aspects necessary for the realization of a document that is readable by the user have been identified. The first prototype was made for the *Villa dei Pini* nursing home and during 2021 the service charters of more than 90% of the nursing homes were revised, as they are considered an integral part of the hospitalization contract signed by the users.

The provision of a high-quality service in the care facilities is one of the most important prerequisites for the Group in order to be able to offer **the highest quality standards, the best care, to compete successfully**, as well as being **an attractive employer**. The quality system designed by the KOS Group is based on the characteristics of the mandate of the various facilities and, taking into account the appropriateness of the interventions and their economic sustainability, the territorial specificities, follows a path of continuous and constant improvement.





In particular, structures and processes are presented in a transparent and comprehensible way for employees within guidelines, operating instructions, and procedures, which offer important **guidance**. In KOS Italy there is a unified policy for nursing homes with specifications that vary from structure to structure according to regional regulations.

The principles of quality form the basis of the processes and working method. For KOS, defined processes, standards, regulations, and instructions are mandatory for all employees, and take into account the following aspects, for example:

- Admission process;
- Medication management;
- Appropriate management of assistance actions;
- Management risks related to care such as: risk of bedsores, risk of falling, nutritional risk, risk of dehydration, risk of deprivation, care basics and the meaning of supporting documentation.

Transparency, as well as **correctness** and **professionalism** in guaranteeing the fairness and impartiality of patients' treatment, avoiding any form of favoritism or discrimination, are also fundamental principles, formalized also in **the Code of Ethics**. In this regard, procedures for the transparent creation and management of waiting lists are applied in all the facilities of KOS Italy, in accordance with the provisions of the accreditation and authorization rules.

In Charleston, the quality of personal and medical care and social integration services is monitored by the quality management department. Various review processes have been developed to review and evaluate the quality of on-site facilities, processes and outcomes in nursing homes, day facilities and outpatient services. The team of quality managers carried out annual audits in each facility. Furthermore, the facilities are regularly visited and supported in their qualitative development. These internal audits are conducted annually at each facility in order to review key procedures.

The necessary corrective measures are planned and implemented by the facility managers. Further monitoring of these corrective actions is carried out by the quality team.

In addition to internal audits, the company is subject to continuous external audits by the National Healthcare Agency (MDK). During these external audits, approximately 23 quality criteria (KPIs) are analyzed and evaluated, including: patient weight loss, number of falls recorded, etc. MDK publishes an assessment of the current quality of individual nursing homes, day facilities, and outpatient services, as well as their improvements.

In terms of regulations and guidelines, each Charleston facility adheres to the German National Standards (SGB XI) for Nursing Homes, Day Care, and Outpatient Services, and is regularly reviewed by the MDK in the audits described above.

In addition, Charleston maintains a quality manual that is reviewed every two years and whenever there is a change in internal structures of legislation. This quality management manual refers, inter alia, to areas such as the hospitalization process, medication management, risk management in relation to nursing care-related risks and forms the basis of the quality standards to be achieved in the different areas.

A similar system is present in Italy, in terms of regulation and policies. Each facility meets national standards of **quality, appropriateness, and safety of care**, further broken down by the individual regions. The operational guidelines that encode these processes are reviewed at least every 3 years and whenever a regulatory change occurs or in connection with new scientific evidence and best practices. Health authorities carry out regular and ongoing checks to verify compliance with standards of quality, appropriateness, and safety of care. In



addition to health authority audits, clinical audits are carried out in the individual facilities. The findings are then analyzed to identify any further improvement processes. Claim analysis is centrally carried out to identify possible risk reduction processes.

Again in 2022, an integrated and shared action continued for the safe management of the SARS-CoV-2 pandemic. In particular, work continued in close collaboration between the top managers of the areas in which Group management is broken down and the individual facilities. In this management mode, the best operativity in terms of results has been observed with respect to:

- **guest security;**
- **the quality of the overall care**, broken down by specific health care and in the care of the quality of community life;
- **professional growth of operators** in the various fields through a process of continuous training in the field, as well as theoretical training;
- careful and documented action of **continuous updating of operating procedures** in accordance with regulatory developments and the choices of good practice of the individual facilities;
- **operators' empowerment** to feel part of the objectives of the guests' and facilities' safety; responsibilities identified as the best mode of virtuous and effective development.

It should be noted that, in response to this approach, the facilities responded with **active participation and commitment**, making a mutually integrated contribution with central coordination.

Particular efforts have been made to help guests to live in a non-traumatic, albeit difficult, way, the lack of relations with family members that the pandemic has imposed. **Activities of relational support, assisted use of means of communication with the family, frequent and punctual medical information, management of the resumption of in-person visits** were managed with participatory sensitivity and effective organization.



Quality Monitoring

KOS considers quality a fundamental element of the corporate strategy and promotes compliance with quality standards at all levels of the organization. In 2022, the **Kaleido** project was launched, a **Quality Management** model whose objective is to support and enhance the welfare and social-health care activities in its facilities through a path that is characterized by:

1. The definition and development of **governance** for the optimal functioning of the facilities;
2. Adherence to **regulatory standards and requirements** with the constant updating of clinical-assistance procedures;
3. **Training** dedicated to all professional figures to guarantee the adequacy of projects, paths, and processes, to determine a precise operating model and ensure the **continuity** and **uniformity** of activities and services in all Group facilities;
4. An articulated **monitoring system created with audits, reports, and customer surveys**, to verify and guarantee adherence to care standards and to measure the satisfaction of patients, guests, caregivers, and operators.

It is a continuous path in which listening to the end user and the stakeholders of reference are essential for constantly improving the quality of services. Like a kaleidoscope, procedures, training, controls and customer surveys weave together to create quality made up of thousands of facets, always aimed at responding, at the highest possible level, to the health needs of our users/guests.



Patient satisfaction and complaint management

The Group is constantly committed to pursuing **the maximum satisfaction of the assisted** (both patients and guests), in compliance with internal procedures, ensuring the constant support of reliable and exhaustive information on the clinical protocols of care adopted and, on the services provided, thus allowing informed decisions.

To assess the perceived quality of the services provided and to orient the activities towards the needs of the patients, KOS has developed **systems for listening and measuring the satisfaction of customers** both in Italy and in Germany. In Italy, these systems are based on regular interviews with guests and their families and interviews with the care and assistance staff. The standards of conduct have been identified in the context of the humanization of care and with the intention of continuing the definition of service standards. The principles identified are the *uniqueness, transparency, active listening, respect of rules, and kindness*. These standards of behavior, which are distinctive of the relationship established within the facilities and fundamental to the humanization of care, have been measured, together with the perception of the operators' skills, the characteristics of the living conditions and other organizational aspects.

As regards its **complaint management**, KOS has implemented systems and procedures for their **timely and efficient** handling and resolution. In all the Italian facilities a service of constant listening of requests and complaints by the management of the facility is active, whose standards are expressed in the service charters, in the section dedicated to the mechanisms of protecting the individual.



Customer Satisfaction in nursing homes

In 2022, the customer satisfaction survey of **nursing homes** saw big innovations: a **new questionnaire was developed for family members/ caregivers**, making it possible to investigate the level of satisfaction perceived on hospitality, services, and relational aspects with a higher degree of detail.

The macro-categories looked into were:

- Listening and reception (housing types)
- Physical and general wellbeing of the guest
- Perceived professionalism for all main figures involved in the recovery process
- Accessibility to the facilities, visits, and video calls
- Perception of COVID management and safety
- Hospitality aspects (cleaning, meals, comfort and room care, laundry, etc.)
- Aggregate indicators (NPS, CSAT)

Sending the new questionnaire to family members/caregivers was scheduled three times throughout the year. In the first round, in April, 1,199 questionnaires were collected. The 2nd round, carried out in September 2022 sent out around 3,600 emails, with 1,613 replies received. The third round, done at the end of November, received 919 responses, with the year-end total at 3,731.

2022 saw the introduction of a new tool: the **satisfaction questionnaire for nursing home guests** (administered to only 20% of guests, i.e., those able to accept and answer the questions), **offered digitally** on a tablet and able to be filled out with the support of workers and/ or family members, up to three times a year. **As of December 31st, the number of answered questionnaires collected was 854.**

The advantages of digital compilation are:

- The possibility of administering the questionnaire at any time, based on the availability or request of the guests, or the availability of the operators;
- Saving data in the cloud, reducing the collection time, and immediate results and reporting on the dashboard;
- Possibility for the managers to constantly monitor the progress of the perception of the services by the guests.

RosaArgento Stamps

This year, 28 KOS Group facilities took part in the activities for the RosaArgento stamps, promoted by the Onda Foundation – National Observatory on Women’s Health and Gender, for the 2023-2024 period. The call is aimed at nursing homes with specific criteria aimed at guaranteeing the **well-being and high quality of life for guests**, and at offering **concrete support to their families**, evaluating the quality of services, clinical-health assistance, taking charge of guests with dementia, the ability to promote the residual and relational capacities of the elderly, with particular attention to the issue of **humanizing care**.

For the 2023-2024 period, 19 facilities (68% of the facilities= obtained 3 stamps, the maximum amount; the remaining 9 (making up 32%) obtained 2 stamps.

Customer Satisfaction in the Psychiatry Area



For the Psychiatry Area, the method of administering the Customer Satisfaction questionnaire is progressive with the discharge of the guests. **As of December 31st, 2022, 1,355 questionnaires had been collected (more than the total collected in 2021).**

Customer Satisfaction in the Rehabilitation Area

For the Rehabilitation Area, 11,908 questionnaires were collected, an improvement compared to 2021.

Throughout 2022, the questionnaire administered to customers of CARs, the outpatient rehabilitation centres, was also renewed, with a focus on the 3 main aspects of the service provided: perceived professionalism, hostel aspects (cleanliness, comfort and care of the environment, and ease of orientation), and the style of the house.

As of December 31st, 2022, 1,958 questionnaires had been collected, a number that has grown significantly not only compared to 2021, but also compared to pre-Covid collection levels.

Net Promoter Score

In 2019, **the net promoter score (NPS)**, an indicator of customer experience, was introduced by KOS Italy in the evaluation of the performance of the facility managers. The indicator is based on a single question to ask to those who have used the services offered: *“How much would you recommend our services to friends and family?”* Customer responses are distributed based on a score from 0 to 10 and weighted to determine a “net recommendation rate” between -100 (all users do not recommend the facility) and +100 (all users recommend the facility).

The NPS is calculated based on internal structured processes or, for nursing homes, performed by third-party processes that guarantee the reliability of the result. The indicator allows to compare year-to-year NPS results for each facility and develop corrective actions.

A new indicator

In 2022, the KOS Group introduced a new indicator for all the clinical areas considered: the **CSAT**, an index that elaborates on the percentage of satisfied customers. It is calculated on the basis of a single question *“How would you rate your satisfaction with the product/service received?”*. The greater the number of respondents, the more accurate the CSAT indicator.

Special initiatives

On a practical level, KOS Italy is constantly committed to improving satisfaction, attributing great value to the psycho-physical well-being of patients. In this respect, several initiatives are developed each year, including:

- Initiatives to promote **attention to nutrition** with the help of specialized nutritionists: Particular attention is paid to the local area, offering for example local cuisine menus.
- **Activation of tele-rehabilitation services**: to protect patients in charge of outpatient rehabilitation centers, with particular attention to users in developmental age. Tele-rehabilitation services have been activated to avoid setbacks for those patients whose in-person outpatient treatment had been interrupted to avoid the risk of exposure to Covid-19.
- **Activation of new modes for the delivery of educational activities**: through the adoption of tablets and specific cognitive stimulation apps dedicated to the elderly.
- **“Progetto girasole”**: carried out by KOS Academy. Its objective is to favor and stimulate the transition from a role of ‘passive surveillance’ to that of ‘active surveillance’, helping the operator to use the time of care and assistance to the guest in a functional way. The course aims to work on motivational levers, facilitating constant interaction with educators, physiotherapists, and other professional



figures, as well as to create an ever-wider network of skills and, therefore, to raise awareness of a team-based care service for oriented and non-oriented patients.

Customer Satisfaction - Germany

In Germany, too, there is a very structured customer satisfaction survey system based on **a multi-channel collection of positive and negative user feedback**. The management of problems and the communication to the customer of the adopted solution are regulated by precise and rigorous standards. The operators in charge of handling complaints are required to respond to them within 14 days at the latest, as well as to follow specific rules on the complaint listening and handling, based on **timely and transparent communication** with the customer.

A company-wide customer survey is planned for 2023.

Employees, customers, or relatives may make complaints at any time, anonymously or not, through the following channels:

- **Paper sheets:** they are freely available in the foyer of the facilities and can be compiled anonymously or non-anonymously, they can contain recommendations, complaints, or suggestions for improvement;
- **E-mail Address:** this has been created as an additional channel. Customers can use it to submit complaints or suggestions for improvement directly to central quality management via email;
- **Dedicated telephone line active 24 hours:** Connected through a call center, it offers the possibility to send complaints, suggestions for improvement directly to the central quality management system, anonymously or providing personal details, 24/7;
- **Individually:** any complaint can be accepted by any employee (regardless of the department or qualification). The content of the complaint is then presented in writing and forwarded to the management.

In Germany, complaints and praise are handled at facility level and the resolution is always entrusted to the facility manager who will communicate in person the outcome of the complaint within 14 days. Then, all the data will be collected in a consolidation file; based on that, areas of improvement will be evaluated.

Patients' health and safety

In the health sector, KOS aims at the provision of care, rehabilitation, and assistance services in **respect of the total safety of patients and workers**.

Procedures have been implemented for ensuring patient safety in hospitals and care facilities, for the prevention of hospital infections and bedsores, for the correct management of medicines, for the proper emergency handling and for the correct clinical documentation management.

It is important to underline that this issue is closely connected with the operators' health and safety and is therefore dealt with an all-encompassing approach by the Group, aware that the safety of the operators' activities is crucial for the safety of the patients themselves, especially in the pandemic context that has characterized the last few years. For this reason, please also refer to the paragraph "Health and safety of workers".

The Covid-19 health emergency and the role of KOS patients

During the pandemic crisis, several actions have been developed in Italy and Germany with the aim of **protecting the health of guests and patients**, as well as protecting the health and safety of staff. In addition to the committees for the prevention of hospital infections, in Italian facilities a series of initiatives were put in place for **the safety, care and support of the quality of life of patients and guests**, as regards the management of the Covid-19 pandemic:

- **Measures related to activity within the facilities:** the Medical Area management has arranged the reorganization of assistance, providing indications on how to create division between activities and define the shifts of the individual operating units reducing the rotation of staff. Recreational activities were reduced, meals were distributed in two stages, or in patients' rooms. In accordance with the indications received by the competent authorities, every operator who begins their shift has their temperature measured and is asked whether they have any flu-like or flu-like symptoms.
- **Admission assessment:** indications have been given for the limitation and control of arrivals, guaranteeing precautionary isolation according to the provisions of the competent authorities, until the absence of disease from Covid-19 is established.
- **Measures for the management of deaths:** specific procedures have been introduced to contain possible risks and to comply with ruling legislation over handling dead bodies during the emergency.
- **Health education to patients and guests:** adequate tools have been provided to implement health education interventions to patients and guests, which were based on risk communication, the correct use of protective equipment, hand and respiratory hygiene, social distance. The information addressed to newly hospitalized patients is systematically carried out by the ward operators who provide the patient with information on the conduct to be followed while under observation.
- **Access limitation:** if necessary, measures have been defined to limit visitor access to the facilities, in order to limit the risk of external exposure. In compliance with the requirements of the competent authorities, restrictive measures have been taken for visits, which vary from zone to zone and according to the type of patient. Where epidemiological conditions and competent authorities have allowed this, visits have been organized respecting safety measures.
- **Adoption of information systems:** in all facilities, graphic information has been made available with the indication of the recommended behaviors in the different care environments and situations.
- **Instructions for the identification and management of patients with suspected Covid-19 infection:** operational guidance has been provided to identify Covid-19 patients early, to ensure compliance with epidemiological reporting requirements, activate correct care and assistance paths, disseminate specifics regarding cleaning and sanitizing activities.
- **Instructions for the treatment of people with Covid-19 infection:** the *vademecum* developed by SIMIT, the Italian Society of Infectious and Tropical Diseases, as well as all the publications of the competent authorities containing indications for the treatment of patients infected with Covid-19 has been distributed to all nursing homes.



Initiatives have also been developed within the facilities of KOS Italy to **support the safe relationship with families** in the context of the pandemic:

- **Activation of a system of video calls and promotion of broadcasting activities:** dedicated tablets, entered into the company network and accompanied by appropriate procedures, written in compliance with privacy requirements, have been distributed in all nursing homes and in various rehabilitation facilities.
- **Activation of a safe mode of meeting between patients/guests and family members:** according to the evolution of pandemic in the different territories and taking into account the presence of positive cases within the facilities, and therefore the degree of risk, given the importance of maintaining a relationship with family in the course of care, protected ways of meeting patients/accessing the facility have been activated, preceded by triage and informing family members of the strict regulations.

Charleston has also implemented a number of safeguards, for example with regard to infection management, in relation to Covid-19 regulations, Norovirus or MRSA infections, and established in the quality management manual in the area of hygiene management. The implementation of these specifications is verified both by an external service provider and in the context of internal audits, by the MDK. The necessary corrective measures are planned and implemented by the facility managers. Further monitoring of these corrective measures is carried out by the quality management team.

In Germany, there are a number of legal requirements, for example for the periodic inspection of electrical devices in nursing homes. These requirements are implemented by an external service provider.



Our people: Talent, participation, and experience

Health and safety of workers

Ensuring the proper management of the health and safety of workers is equally fundamental for the Group. In Italy, KOS has implemented, in compliance with article 30.5 of Legislative Decree no. 81/08, an organizational model **in accordance with the UNI INAIL guidelines** (Health and Safety Management Systems, SGSL) by preparing **the Security Policy** and communicating it to employees. The system has been implemented voluntarily by the organization since 2007 and currently involves all the Anni Azzurri facilities and is being implemented in the Santo Stefano and newly acquired ones.

In addition, the facilities are authorized to operate and have regular **fire prevention certificates** issued by the Fire Department. They are also subject to site visits to monitor and verify safety standards.

The management system includes a **Regulatory Compliance Assessment and Risk Assessment Process** that describes the processes used to identify occupational hazards and responsibilities to eliminate and reduce risks. The organization of safety measures, described in **the Risk Assessment Document (DVR)**, states that persons in charge of the Prevention and Protection Service (RSPP) identify and make proposals for the elimination of hazards, request environmental assessments to analyze the exposure of workers and give advice to workers. In addition, during site visits, they are responsible for verifying emergency procedures and workers' knowledge of the behavior to be adopted. Identified risks are assessed by considering the severity of the expected event, the frequency of exposure to the hazard, and the likelihood of the event occurring. Workers also have the possibility to **report the risks and dangers associated with their activities**, also anonymously, in accordance with internal procedures to protect **Whistleblowing**.

For each task, a special **Risk Assessment form** has been prepared, which workers receive as they are hired, which allows to identify the dangers of each stage of the process, the measures to prevent them and a specific risk assessment for planning. The learning effectiveness is then verified by completing test questionnaires. In addition, a training program is prepared annually, carried out in the classroom and/or in e-learning mode, relating to health and safety where the mandatory requirements, the duration of the training and the delivery figures are specified.

The management of work-related injuries is monitored through the compilation of a special form that is analyzed by the RSPP, the facility manager, the person responsible for safety of workers, and by all those persons that could be involved, with the aim of resolving any problems that might arise. To handle the health and safety management system more effectively, delegation of functions and job descriptions (regional manager, facility manager, managers, staff function) have been set up for all persons involved in health and safety management, also to ensure the achievement of the objectives set out in the health and safety policy approved by the top management.

Finally, the company has **concluded agreements with medical centers** to facilitate the management of personal health problems. In the management of occupational medicine, the Group relies on external suppliers. The confidentiality of information relating to the health of workers is ensured through the implementation of the privacy legislation in the way identified by the Data Protection Officer.



As regards Charleston facilities, they are also subject, during the renewal of the operational license, **to a periodical check of all safety standards related to fire protection and injuries**. In fact, the Charleston facilities all have an operating license which is subject to periodic inspection by the relevant state authority. All safety standards such as proper fire testing are checked during this inspection. To prevent work-related injuries or ill health, Charleston adopts mandatory accident insurance rules. In addition, the facility manager, along with the Quality Manager, ensures that employees take part in prescribed standard training courses and any training. Finally, through an external supplier, Charleston ensures that occupational safety and medical requirements are met.

Due to the type of activity carried out within the facilities, which was dramatically hit by the first wave of cases of Covid-19, an increase in incidents was recorded in 2022 due to employee infections. For the sector in which KOS operates, the Italian legislation judges such incidents as a work-related injury. 2022 saw an increase in work-place injuries due to Covid-19, going from 428 cases in 2021 to 2,008 in 2022 for KOS Italy.¹³

Below are the data on work-related injuries and the relative rates¹⁴ for both KOS Italy and the German subsidiary.

Injuries - KOS Italy						
no. of cases	2021			2022		
	Men	Women	Total	Men	Women	Total
Work-related injuries	74	354	428	383	1,625	2,008
<i>of which fatal</i>	0	0	0	0	0	0
<i>Of which Covid-19 cases</i>	42	178	220	343	1,396	1,739
<i>of which with serious consequences (excluding death)</i>	0	0	0	0	0	0

Injury rate - KOS Italy						
	2021			2022		
	Men	Women	Total	Men	Women	Total
Rate of work-related injuries	33.2	47.1	43.9	165.8	204.1	195.5
Rate of deaths due to work-related injuries	0.0	0.0	0.0	0.0	0.0	0.0

¹³ Injury data for external workers in KOS Italy are not available.

¹⁴ Work-related injuries with serious consequences: injuries from which the worker (employee) cannot recover, does not recover, or cannot realistically be expected to recover fully by returning to the pre-injury state of health within 6 months (excluding deaths).

Injury rates are calculated as follows:

Work related-injury rate: (number of work-related injuries /number of hours worked) *1,000,000

Death rate due to work-related injuries: (number of deaths due to work-related injuries/number of hours worked) *1,000,000

Rate of serious work-related injuries (excluding deaths): ((number of work-related injuries with serious consequences (excluding deaths)) / number of hours worked *1,000,000

Rate of serious work-related injuries (excluding deaths)	0.0	0.0	0.0	0.0	0.0	0.0
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As for the German subsidiary, 61 accidents at work were recorded, for a rate of 11.6. For external workers, no accidents occurred in either 2021 or 2022.

Injuries - Germany						
no. of cases	2021 ¹⁵			2022		
	Men	Women	Total	Men	Women	Total
Work-related injuries	12	49	61	14	74	88
<i>of which fatal</i>	0	0	0	0	1 ¹⁶	1
<i>Of which Covid-19 cases</i>	0	3	3	3	31	34
<i>of which with serious consequences (excluding death)</i>	0	0	0	0	0	0

Injury rate - Germany						
	2021 ¹⁷			2022		
	Men	Women	Total	Men	Women	Total
Rate of work-related injuries adjusted	10.8	11.9	11.6	10.3	15.2	14.2
Rate of deaths due to work-related injuries	0.0	0.0	0.0	0.7	0.2	0.3
Rate of serious work-related injuries (excluding deaths)	0.0	0.0	0.0	0.0	0.0	0.0

Finally, in 2022, there were no cases of work-related ill health in Italy or Germany.

The Covid-19 health emergency and the role of KOS: Our people

The year 2022, although still profoundly influenced by the need to take initiatives aimed at managing the effects of the Sars-Cov-2 pandemic with particular regard to the people working in the group, the activities

¹⁵ Following a process of improvement of the reporting system, the 2021 data relating to accidents at work has been restated with respect to those published in the previous Sustainability Report.

¹⁶ Occurred as a result of COVID contracted in the workplace.

¹⁷ Following a process of improvement of the reporting system, the 2021 data relating to the rate of injuries at work has been restated with respect to those published in the previous Sustainability Report

carried out have also begun to take on a profile aimed at recovering an “ordinary” dimension of operations in the company. The procedures for reporting Covid-19 accidents were subject to in-depth examination by INAIL with the request for the completion of specific questionnaires to ascertain whether the contagion could be attributable to the working environment. All staff, relatives and suppliers are required to wear airway protective devices; in the case of patients in isolation, the other PPE required by company regulations. The activities carried out during the year concerned verifying the implementation of the improvement measures that had not been verified due to covid in previous years, the safety meetings were held in person. As for the measures put in place for the protection of patients, please refer to the section "Quality and effectiveness of social health care services". The main initiatives adopted by KOS Italy to protect employees are reported below, also with the aim of protecting patients in the facilities:

- A new consultancy firm was identified with the aim of updating the risk assessment documents of all group structures; this activity includes inspections of the structures to view all the premises, interviews with personnel to gather information on the actual activities carried out with the aim of identifying and measuring the risks to which they are exposed; this activity will also continue in 2023.
- The controls of the inspection personnel of the Ats, Asl, Ussl have also resumed, also in the context of controls on the management of the legionella bacterium.
- With a reduced frequency compared to previous years, the meetings of the **Covid committees** continued: Company Covid Board, Multidisciplinary Covid Committees for each area of activity, and Facility Covid Committees
- The **training** of all new personnel continued, in person and remotely, aimed at transferring information that would allow for the adoption of specific prevention and protection behaviors (to be adopted both inside and outside the working environment), the correct use of PPE, and dressing and undressing methods. The training was transversal and involved all company functions
- The administrative staff, especially belonging to the administrative offices of Milan and Porto Potenza Picena, continued to use **smart working**. Face-to-face meetings resumed, mainly in the second half of the year.

Given the risk of the spread of infection in the facilities, Charleston has also placed numerous staff protection tools, first and foremost adopting the guidelines issued by the Robert Koch Institute (the organization responsible for the control and prevention of infectious diseases in Germany, part of the German Federal Ministry of Health):

- Health-care professionals receive **ongoing training** on hygiene standards, sanitation, the use of protective devices and any emergency measures to be taken. Training on these issues is organized and shared by Quality Management, Chief Nurses or through videos and manuals.
- All employees are provided with the **necessary protective equipment**, including FFP2 masks, protective coats, gloves, safety glasses and face shields.
- All employees are subject to **temperature checks** at the beginning of their shift and are offered a government-funded test a day.
- Moreover, Charleston calls on all employees to **get vaccinated**, even considering a possible vaccination obligation for staff working in retirement homes, which is why it seeks **to raise the rate of vaccinated employees** on a weekly basis.



Diversity and equal opportunities

The issue of managing and enhancing diversity, with particular reference to equal opportunities, is crucial to the management of human resources in KOS, which is constantly committed to ensure **the freedom and equality of its employees**, repudiating all discrimination on the basis of age, gender, sexual orientation, state of health, ethnicity, nationality, political opinions, religious beliefs, and all other forms of discrimination, in all decisions that affect relations with its stakeholders.

KOS is committed to ensuring that its people are all in possession of the necessary requirements to carry out their work in the best possible way, with a view to constant **reliability and improvement** of the service offered to patients and their families. KOS' staff are extremely varied and include social health personnel, health technicians, doctors, and nurses, to ensure the presence of adequate personnel able to stay with customers who benefit from the services offered by the company.

The Group is committed to supporting **multiculturalism**, which is becoming increasingly important for the sector in which it operates, creating a community that does not exclude people who come from different backgrounds. In this regard, KOS Italy has developed for its foreign social health personnel some training projects, including **language courses, partnerships with foreign institutes for internships and traineeships and alignment of internal staff on care processes**. Moreover, to improve services, such inclusion projects have been found to have a major impact on the caregiver's relationship with the patient and family members.

The **KOSmonauta training activities offered by KOS Italy** and addressed to new employees, are aimed at the **onboarding of new resources** and their welcoming. In particular, the first module of the course, which is applicable to all professional profiles, also deals with topics such as multiculturalism and teamwork. In particular, the company has set itself as the objective of monitoring **the diffusion of the corporate culture**, the achievement of a 95% coverage of those to which the KOSmonauta course is offered.

2022 saw the launch of the second module of the KOSmonauta training project: the course is dedicated to all the health and social-health profiles of the group and addresses issues such as team working, clinical risk and communication in order to enhance and implement the work as a team and promote collaboration with users, family members and caregivers.

As of December 31st, 2022, KOS Italy's workforce consisted of 7,210 employees, of whom 88% were employed on permanent contracts and mainly full-time (about 76%). There are no workers in the Group without guaranteed hours under contract. In addition to employees, KOS Italy collaborated with 1,789 external workers in 2022. The main types of collaborators are self-employed doctors and nurses.

Breakdown of employees by type of contract - KOS Italy

<i>no. of persons</i>	December 31 st , 2021			December 31 st , 2022		
	Men	Women	Total	Men	Women	Total
Fixed-term contract	174	731	905	197	682	879
Permanent contract	1,294	4,901	6,195	1,319	5,012	6,331
Total	1,468	5,632	7,100	1,516	5,694	7,210

Breakdown of employees by type of employment - KOS Italy

<i>no. of persons</i>	December 31 st , 2021			December 31 st , 2022		
	Men	Women	Total	Men	Women	Total
Full time	1,263	4,113	5,376	1,319	4,168	5,487
Part time	205	1,519	1,724	197	1,526	1,723
Total	1,468	5,632	7,100	1,516	5,694	7,210

Composition of the workforce - KOS Italy

<i>no. of persons</i>	December 31 st , 2021			December 31 st , 2022		
	Men	Women	Total	Men	Women	Total
Employees	1,468	5,632	7,100	1,516	5,694	7,210
Other collaborators	864	833	1,697	913	876	1,789
Total	2,332	6,465	8,797	2,429	6,570	8,999

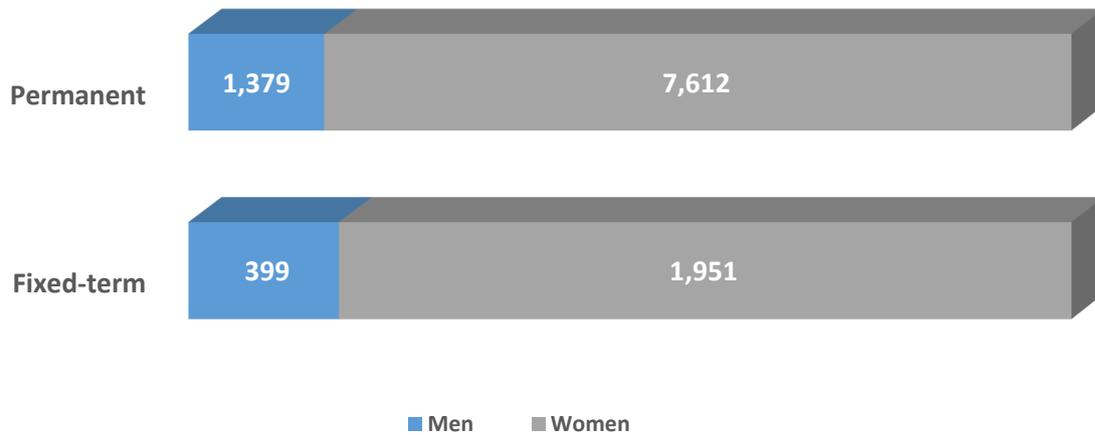
Charleston, on the other hand, has 4,131 employees as of December 31st, 2022, of which approximately 78% are on permanent contracts and almost 41% are full-time.

Breakdown of employees by type of contract - Germany						
<i>no. of persons</i>	December 31 st , 2021			December 31 st , 2022		
	Men	Women	Total	Men	Women	Total
Fixed-term contract	247	745	992	202	697	899
Permanent contract	554	2,395	2,949	632	2,600	3,232
Total	801	3,140	3,941	834	3,297	4,131

Breakdown of employees by type of employment - Germany						
<i>no. of persons</i>	December 31 st , 2021			December 31 st , 2022		
	Men	Women	Total	Men	Women	Total
Full time	486	1,077	1,563	501	1,178	1,679
Part time	315	2,063	2,378	333	2,119	2,452
Total	801	3,140	3,941	834	3,297	4,131

Composition of the workforce - Germany						
<i>no. of persons</i>	December 31 st , 2021			December 31 st , 2022		
	Men	Women	Total	Men	Women	Total
Employees	801	3,140	3,941	834	3,297	4,131
Other collaborators	32	127	159	27	107	134
Total	833	3,267	4,100	861	3,404	4,265

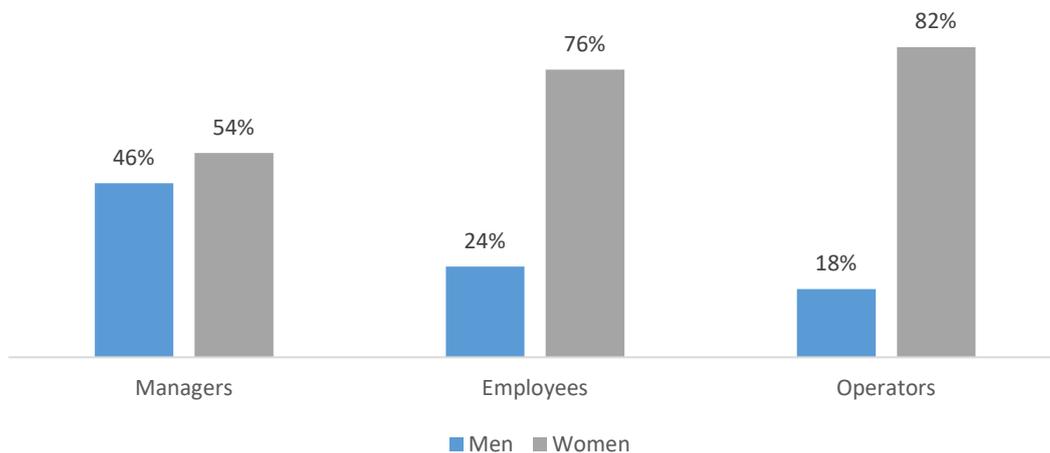
Employees by type of contract 2022 - Group



In 2022, the business population of KOS Italy was composed of a significant proportion of women, representing 79% of the total. Similarly, the female employees of the German subsidiary stood at 80% in 2022.

In particular, both in KOS Italy and in Germany the male-female proportion is unbalanced towards the latter in the categories of health workers and employees, in which women represent the clear majority, as shown by the graph below representing the Group.

Employees by gender and employee category 2022 - Group



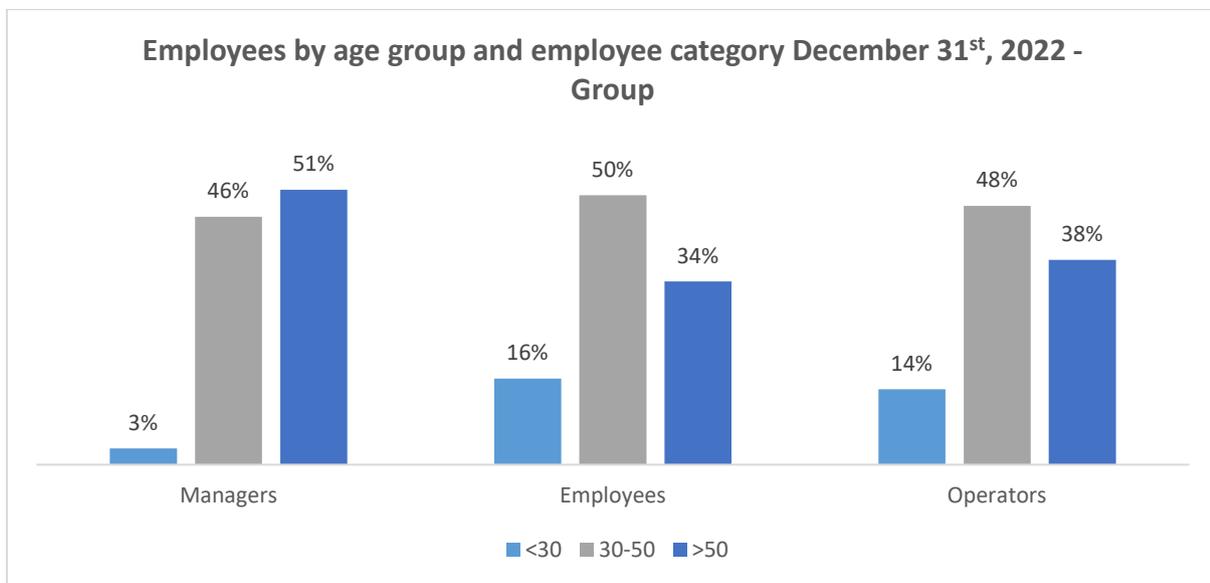
Distribution of employees by gender and employee category - KOS Italy

no. of persons	December 31 st , 2021			December 31 st , 2022		
	Men	Women	Total	Men	Women	Total
Managers	60	71	131	61	79	140
Employees	969	3,018	3,987	1,006	3,064	4,070
Operators	439	2,543	2,982	449	2,551	3,000
Total	1,468	5,632	7,100	1,516	5,694	7,210

Distribution of employees by age and employee category - KOS Italy								
no. of persons	December 31 st , 2021				December 31 st , 2022			
	<30	30-50	50>	Total	<30	30-50	50>	Total
Managers	4	60	67	131	5	61	74	140
Employees	612	2,087	1,288	3,987	663	2,016	1,391	4,070
Operators	241	1,590	1,151	2,982	241	1,570	1,189	3,000
Total	857	3,737	2,506	7,100	909	3,647	2,654	7,210

The majority of KOS Italy’s staff, moreover, fall within the age range of 30-50, to which about 51% of the total staff belongs.

As far as the German company is concerned, the most represented age group is also between 30 and 50, which represents 45% of the labor force.



Finally, in 2021, there were no incidents of discrimination either for KOS Italy or for the German subsidiary.

Remuneration policies

KOS Italy's remuneration policies and the management of equal pay for men and women are based on a specific methodological support for the correct management of the skills assessment processes. In fact, the implementation of a system for **the evaluation of employees’ skills**, which is a prerequisite for the correct management of such policies, is of strategic importance in the company’s management of human resources. The evaluation of skills is conceived as a system for developing internal professionalism for both men and women whose peculiarities are to **develop a common organizational culture as well as professionalism consistent with the emerging needs in the development of activities, to simplify and standardize the existing evaluation systems.**

The ordinary shareholders’ meeting determines the remuneration of the Board of Directors and the Board of Statutory Auditors. The fees of the Directors vested with particular offices are attributed, pursuant to art. 2389, paragraph 3, by the Board of Directors.

The remuneration of the Committees established on a voluntary basis by the BoD is determined by the Board of Directors. The remuneration of Group executives is defined on the basis of internal algorithms and ratified by the Remuneration Committee.



KOS Italy applies an evaluation defined as “mixed” consisting of **the evaluation of competences** and evaluation by **objectives** according to a **reward system of Management by Objective (MBO)**. The skills evaluation is conceived as a system for developing internal professionalism whose objectives are the development of a common organizational culture, the development of professionalism consistent with the emerging needs in the carrying out of the activities and the simplification and uniformity of the existing evaluation systems. Finally, the **MBO reward system** is a useful tool for the decentralization of responsibility and authority, with the aim of obtaining the maximum **participation** of human resources in the achievement of company results.

With particular regard to:

- Fixed remuneration and variable remuneration: the ratio between variable remuneration (“Target Bonus”) and fixed remuneration is indicatively variable, for Group executives, (between 30% and 50%); the bonus actually disbursed can vary between 0% and 125% of the Target Bonus depending on the level of achievement of the objectives, which are of an economic-financial and qualitative nature;
- Access bonuses or hiring incentive payments: these are generally not envisaged, except in specific cases to bring forward the person's entry (in reimbursement of the cost incurred by the employee for lack of notice or loss of some components of remuneration);
- Severance payments: no additional payments are envisaged with respect to the provisions of the reference employment contract;
- Claw-back: envisaged for directors with delegated powers, up to 100% of the variable remuneration in the event of errors in the financial documentation used as a reference for calculating the bonus paid;
- Pension benefits: no additional benefits are envisaged with respect to the provisions of the relevant employment contract.

For the subsidiary Charleston, wages are negotiated at an individual level in full compliance with general guidelines that apply equally to men and women.

For KOS Italy, in 2022, by comparing the ratio between the basic salary and the salary between man and woman, it is almost aligned for the categories of operators and employees. For Charleston, on the other hand, these ratios, especially with regard to employees, are around 70%.

Ratio between the basic salary of women and men - KOS Italy		
Average basic salary	2021	2022
Managers	73%	73%
Employees	90%	90%
Operators	94%	92%

Ratio between the remuneration of women and men - KOS Italy		
Average remuneration	2021	2022
Managers	71%	71%
Employees	89%	89%
Operators	94%	92%

Ratio between the basic salary of women and men - Germany		
Average basic salary	2021	2022
Managers	68%	66%
Employees	61%	69%
Operators	89%	92%

Ratio between the remuneration of women and men - Germany		
Average remuneration	2021	2022
Managers	69%	44%
Employees	57%	70%
Operators	84%	87%

In 2022, there was no change in fixed and variable remuneration (Target Bonus), nor were there any changes for the person with the highest salary or for Group executives. In 2022, the highest-paid individual had an annual salary approximately 16.7 times higher than the median salary of Group employees.

For executives, there were no significant increases in average salary growth. The increase was 1.4% for white collar workers, 0.7% for employed doctors, 7.5% for employed nurses and 5.1% for social and health workers.



Recruitment policies

The recruitment and selection process of KOS considers **the specific characteristics of each individual professional profile**, to evaluate:

- **the area of knowledge:** to identify specialized type of knowledge;
- **the area of know-how:** to identify the ability to apply the basic technical knowledge acquired;
- **the area of knowing how to be:** to identify the relational capacities, of collaboration and cooperation.

In Italy, these areas are evaluated through specific “ad hoc technical tests” and through the compilation of the “candidate form”. The tests are carried out for every professional profile, using a “common business case”, which proposes in a concrete way, work, and relational situations, thus showing the capacity of interaction and cooperation of each individual resource.

Within KOS, teamwork is meant as a tool to break down prejudices and stereotypes. Staff are facilitated in their professional paths through the adoption of **flexible work forms**, such as remote working, which can help them balance their private and professional lives better.

In 2022, the remote working tool was confirmed and used by the Group for all administrative and corporate profiles both for work-life balance and personnel safety issues (i.e., the right distance for those who need to go to the office anyway and to meet the family and private needs that have arisen). Furthermore, the Group is committed to a continuous **expansion of direct and indirect recruitment channels**, with particular attention to increasing its presence in web and social channels and in those more directed towards foreign countries. In 2022, an **update of the "Work with us" website** was implemented aimed at making the application process faster and more efficient as well as being linked to the internal staffing request and hiring authorization processes - restoring a more oriented corporate image to personnel management attentive to talent and contextually integrated and effective.

Charleston relies on an external provider to recruit its staff and is developing a program for the **development and retention of its employees**.



Training and skills development

The KOS Group aims at guaranteeing **its people an adequate career development plan** and, to manage in a structured way the achievement of objectives, has equipped **itself with a centralized human resources plan**, while respecting the peculiar characteristics of the individual areas of activity.

Coordinated by the person in charge of each facility and/or area manager, the KOS Italy Human Resources Plan proposes the following objectives:

- organization of resources;
- skills development;
- performance evaluation;
- analysis of training needs;
- communication and sharing with other facilities of the points arising from the activities presented above.

In addition, in 2021, KOS Italy started a multi-year project to **digitalize human resources management processes** through the adoption of Talentia, an **online platform of Human Capital Management**. This project aims to offer a digital instrument that supports the management of the human capital widespread in the local area, making the processes faster and more efficient, ensuring constant monitoring of them and providing easy access to the demographic, organizational and performance data.

During 2022, the first Talentia modules were released, i.e., those relating to database management, organization and the recruitment and selection process. In 2023, the digitization process will be enriched with modules to support the skills assessment, MBO management and onboarding processes.

As far as concerns general training, KOS Italy has also provided itself with a **training plan** that guarantees equal access opportunities and equal rotation for professionals in the areas of activity concerned. The training process in fact activates different roles, all equally fundamental and strongly integrated. Firstly, operators participate in **the recognition of training needs and in the evaluation of performance**. Trainers and teachers are the element of continuity and coordination in the various phases and provide the appropriate technical and scientific skills. Finally, the managers of the facilities and/or area take responsibility for the professional development of their staff. The Training Service in KOS Italy has been assigned **three objectives** with a multi-year perspective:

- managing internal training processes in **an integrated and systematic logic**;
- to support the **achievement and maintenance of the requirements for the accreditation of continuous education**;
- support **the capitalization and use** of KOS know-how in the management of the facilities.

KOS Italy has also decided to involve its health personnel in the provision of training with the dual objective of strengthening the model and approach to specific care and at the same time enhancing its staff. Concurrently, a process of accreditation to a training institution in the regions is underway, which will allow for example to be able to provide **qualification courses** to social health operators. In this way the Group participates as a collaborator **by returning its know-how to the local area**. Accreditation to a training body has already taken



place in the Marche region, where the first courses aimed at obtaining the qualification of Social-Healthcare Operator (OSS) were activated, with the aim of extending it to other regions, in the first place Lombardy, Veneto and Piedmont.

However, as with other operators in the sector, the provision of services depends to a greater extent on **the correctness and appropriateness** of the behavior of **the individual operator**, who must respond to the very personal needs of the individual patient. The ability to control and improve behavior is often limited, or made less direct, by the way the service is provided and, sometimes, by the limited interaction ability of the person receiving the service and the turnover of the assistance staff can be a critical element.

These are some of the aspects that make it necessary to go beyond the traditional training methods, to give life to a new system elaborated by KOS Italy, **KOS Academy**. **Its aim is to increase the effectiveness through which the Group guides the behavior of its employees and improves the quality of the service of its facilities.** KOS Academy therefore aims to **overcome the traditional concept of training**, adding to the know-how that the Group wants to transfer to its collaborators, the particularity and uniqueness of **the “way of doing” of KOS Italy**. **Through the support and collaboration of the Scientific Committee**, KOS Academy has the objective of transmitting the particularity of the way of providing the services to the person to the largest possible number of collaborators, so that the relevance and capacity of KOS do not remain limited to the financial dimension but is perceived by each patient through the services they use.

One of the factors that influences the effectiveness of training in a company context is certainly **the training delivery method**. KOS Academy has the objective of identifying and implementing the best methods of service delivery compatible with the territorial dispersion of the facilities and its organizational model. Both aspects frequently make traditional training delivery models ineffective and excessively onerous (both from a financial and organizational point of view).

Thanks to the work done in the previous years, KOS Academy starts its activities with an effective and modern remote learning system. It allows to overcome many of the obstacles generated by the territorial dispersion of facilities and makes a significant increase in training activity compatible with its own organizational model. KOS Academy aims, finally, to become an element of strong **attraction and distinction for the people** who decide to work for the company. A growing number of professional figures will find in KOS Academy a medium-term formative path, defined together with the Scientific Committee, that will bring them to assimilate the “way of doing” and the style of KOS, **to strengthen in a significant and unique way (and well beyond compulsory training by law) training and professional background**, developed in ways compatible with the daily work commitment.

It is important to emphasize that the activities related to KOS Academy were implemented towards the end of 2021, therefore the effects on the training data can be observed on the data that will be reported in the next few years.

With this same objective, in 2021, the human resources function with the top management started the **Assessment Center**, a process of mapping the competences of the facility managers with the aim of monitoring them and then defining a training and coaching plan dedicated to these professionals.

Due to the Covid-19 emergency, in-person training in Charleston was not possible, which was gradually replaced by **online training**. All training topics are managed by the quality function. In the future, the creation of a training system like KOS Academy is going to be planned and implemented, but for now the German company delivers standard courses.

Due to the pandemic, mostly online training has been conducted. The increase in training hours will be continuously increased from 2022 to 2025 according to sustainability planning.

After the slowdown in the delivery of training courses due to the pandemic emergency between 2019 and 2021, the average training hours for KOS Italy increased significantly during 2022 from 6.5 to 17.2 hours, mainly in remote mode. The objective, also stated in the Sustainability Plan, is to gradually increase the training hours offered to each employee year by year.

Average training hours by professional category and gender – Italy						
<i>hours</i>	December 31 st , 2021			December 31 st , 2022		
	Men	Women	Total	Men	Women	Total
Managers	7.2	8.7	8.0	16.7	16.4	16.5
Employees	6.6	7.3	7.1	20.2	18.6	19.0
Operators	6.6	5.5	5.7	16.6	14.5	14.9
Total	6.6	6.5	6.5	19.0	16.8	17.2

Similarly, after the initial slowdown caused by the pandemic, Charleston recorded 3.8 hours of training per employee in 2022, mainly offered to operators.

Average hours of training by professional category and gender – Germany						
<i>hours</i>	December 31 st , 2021			December 31 st , 2022		
	Men	Women	Total	Men	Women	Total
Managers	0.0	0.0	0.0	0.0	0.0	0.0
Employees	0.0	0.0	0.0	1.5	1.5	1.5
Operators	3.0	2.7	2.8	3.0	4.3	4.0
Total	2.8	2.5	2.6	3.0	4.1	3.8

With the end of the pandemic, KOS Italy’s performance evaluation system has seen increased coverage, going from 9% of employees in 2021 to 42% in 2022, a marked increase compared to previous years. However, the objective of the plan was to resume and strengthen the internal evaluation system, envisaging a percentage growth in the personnel involved and evaluated, with particular attention to female personnel.

Employees who receive performance assessments by professional category and gender – KOS Italy						
no. of persons	December 31 st , 2021			December 31 st , 2022		
	Men	Women	Total	Men	Women	Total
Managers	73%	72%	73%	95%	82%	88%
Employees	17%	11%	13%	47%	41%	43%
Operators	0%	0%	0%	35%	38%	38%
Total	14%	7%	9%	45%	41%	42%

In Germany, on the other hand, with reference to employee appraisals, a project was started in 2022 to update the method of delivering and monitoring appraisals. This project will be implemented in 2023.



Well-being, remuneration and attention to employees¹⁸

In line with KOS' vision and values, the welfare plan aims to introduce policies and instruments **that can reconcile private and working life**, in support of **family income, study, health, family, leisure**, in addition to **commercial benefits**. The KOS Italy Welfare System offers some services at preferential prices for its employees, such as home care with qualified healthcare personnel for the elderly and disabled; care giver service with babysitting and childcare; legal advice; summer holidays for the employee's families; tax assistance for the compilation and presentation of tax returns; study guidance services for children of workers. For now, the welfare plan is made available only to specific professional families (second level managers, coordinators, and professionals) with permanent contracts. The services offered can be accessed on **the Easy Welfare company portal**.

The Group's long-term objective is to make the Welfare System a **consolidated and stable reward system**, extended to other professional families. A first step has been to adopt, starting from 2020 in Italy and Germany, a platform dedicated to all employees of the Group which offers them the possibility to take advantage of a series of discounts on the purchase of products and services of common use (such as clothes, household goods, insurance, etc.).

Regarding **employee satisfaction**, KOS Italy periodically carries out the **internal climate measurement**, an essential requirement for the provision of an excellent service. Considering the ever-greater capillarity of the facilities across the local area, the commitment required to fill-in paper questionnaires and the difficulties of movement due to the pandemic, KOS has implemented, starting from January 2021 and in some of the Italian facilities, **a project for the constant survey of the well-being and motivation** of its employees using **a dedicated app**. This allows to minimize the commitment required from the participants, to obtain results and feedback in real time and to offer service coordinators and facility management an additional support tool for managing staff. As part of the sustainability plan, it is planned to adopt this tool to detect the satisfaction of 50% of Group facilities by 2025.

As for employee attraction, Charleston has taken steps to reduce turnover and to present itself as an attractive employer. From January 2022, **regular meetings were held** with employees about once a year to discuss their career development, through the facility manager who followed the centrally defined procedures for each employee with the support of the HR manager. In addition, to improve employee attractiveness and retention, **a new job opportunities portal, social media for employee networking and a platform for employee assessments have been developed**.

In terms of benefits, Charleston has not yet developed a structured corporate welfare plan, but currently offers discounts to its employees accessible through an application that will be further developed in the coming years.

In the following tables it is possible to note that in 2022, for KOS Italy, the turnover of new hires and terminations was respectively about 35% and 33% for men and women, with a more substantial variation

¹⁸ Data on the number of workers hired and leaving during 2020 for KOS Italy also includes employees of Clearmedi Healthcare Private Limited.



across the various age groups. In fact, the under-30 has a much higher turnover rate with about 75% incoming and 56% outgoing.

For Charleston, on the other hand, there was a total incoming turnover of around 37% and an outgoing turnover of 33%.

Composition of new employees hired - KOS Italy										
no. of persons	2021					2022				
	<30	30-50	>50	Total	Rate	<30	30-50	>50	Total	Rate
Men	153	183	68	404	28%	182	287	86	555	37%
Women	443	873	289	1,605	28%	502	985	448	1,935	34%
Total	596	1,056	357	2,009	28%	684	1,272	534	2,490	35%
Rate	70%	28%	14%	28%		75%	35%	20%	35%	

Composition of employee turnover - KOS Italy										
no. of persons	2021					2022				
	<30	30-50	>50	Total	Rate	<30	30-50	>50	Total	Rate
Men	105	179	105	389	26%	147	270	96	513	34%
Women	322	728	376	1,426	25%	358	977	532	1,867	33%
Total	427	907	481	1,815	26%	505	1,247	628	2,380	33%
Rate	50%	24%	19%	26%		56%	34%	24%	33%	

Composition of new employees hired - Germany										
no. of persons	2021					2022				
	<30	30-50	>50	Total	Rate	<30	30-50	>50	Total	Rate
Men	102	103	45	250	31%	144	181	73	398	48%
Women	204	341	156	701	22%	314	547	285	1,146	35%
Total	306	444	201	951	24%	458	728	358	1,544	37%
Rate	42%	25%	14%	24%		64%	39%	23%	37%	

Composition of employee turnover — Germany										
no. of persons	2021					2022				
	<30	30-50	>50	Total	Rate	<30	30-50	>50	Total	Rate
Men	91	102	45	238	30%	134	147	67	348	42%
Women	210	366	205	781	25%	250	480	276	1,006	31%
Total	301	468	250	1,019	26%	384	627	343	1,354	33%
Rate	41%	26%	18%	26%		53%	34%	22%	33%	

Trade union relations

KOS Group employees are **fully covered by national collective labor agreements**. Moreover, thanks to industrial relations, KOS aims to share with the organizations representing the operators a correct system of relations, aimed at enhancing human resources, broadening the moments and opportunities for dialogue and reducing the occasions of conflict in order to deal with common problems in a constructive way. In this scenario, internal and/or external trade union structures and representations identify the objectives they intend to pursue and the strategies by guaranteeing **the right to freedom of association** in the workplace.

As far as KOS Italy is concerned, in the case of **significant operational changes** (such as mergers, transfers of business units, etc.), the minimum notice period is at least 25 days, according to the national legislation in force.

For Charleston, however, if work councils are present, they must be involved in the planned changes and properly informed if the company is planning significant changes. However, no specific notice times are specified.

The totality of employees of the KOS Group is covered by collective bargaining agreements.



Innovation and digitalization

Patient privacy protection and cyber security

The KOS Group protects the right to confidentiality and therefore ensures **confidentiality of the information** in its possession, with reference to sensitive data and compliance with the law on the protection of personal data. All the information available to the KOS Group is, in fact, treated with respect to the confidentiality and privacy of the interested parties. In this regard, every employee of KOS is obliged to:

- determine the confidential nature of the information in accordance with the requirements of applicable law and business procedures;
- acquire and process only the necessary data directly connected to their functions;
- keep such data in such a way as to prevent unrelated third parties from becoming aware of it;
- communicate and disclose data within established procedures.

KOS complies with the **GDPR**, in place since 2018. **The Data Protection Officer (DPO) and the Privacy Manager were appointed**, the register of treatment was prepared, risks were mapped, and the organization was adapted to new privacy obligations.

KOS Italy has also prepared **a training plan** for the different operators and set up tools to guarantee the safety of the systems.

In case of situations at risk of data breach, verification procedures involving **ICT**, the privacy manager and the functions concerned under the supervision of the DPO are activated. Corrective actions to contain future events are therefore defined. These activities are recorded in a log.

During 2022, in KOS Italy, the following activities were continued in the field of cybersecurity:

- **Specific training programs** on security and privacy fundamentals and phishing campaigns;
- A **detailed program** dedicated to specific roles;
- Figures having specific accesses have been established for **IT/electronic folder management**. Access to documentation (including paper) is established in accordance with the current legislation;
- As regards health records, coding covers **the aspects of data retention, storage and access**;
- **The dematerialized of consent notice (personal data processing)** was reformulated at the same time as the activation of the electronic medical records in 2020;
- The **privacy protection procedure** for guests, family members and employees was codified as regards the use of their images and statements etc.

For Charleston, an **external provider** is responsible for ensuring that data protection standards are met.



Digitalization and innovation of services

For the management of IT protocols, KOS Italy has in place a procedure that is signed at the time of recruitment by each employee and a **plan (ICT master plan 2019-2023)** approved by the Board of Directors. IT resources are dedicated to the development of new processes and skills and to guarantee a safe and innovative service delivery. During the pandemic, an extra investment plan has been developed in **several streams**, such as:

- Technology upgrade plan (PCs and tablets);
- Server farm review;
- Revision of the data network in 100 locations;
- Wi-fi connection;
- Activation of basic security systems;
- Data breaches;
- New platform for the Welcome Group and Electronic Medical Record;
- Centralized registry platform management to which consent management is linked;
- System of affinity domain (standards of interoperability of health data) and company repository of documents produced by health applications;
- Electronic signature of documents produced by health applications;
- Replacement storage;
- New Group ERP platform;
- Enterprise RISPACS Group Single platform;

In 2021, all of the streams listed are completed, except for wi-fi and technology upgrade (laptops and tablets), as they are structured in **a five-year plan** that follows the delivery plan of the new welcome platform and electronic medical record.

FOCUS: Electronic medical record

In 2020, KOS Italy initiated **a process of innovation and digitalization for the management of patient records.**

The electronic medical record designed and **customized** on the basis of KOS needs and specificities has been outlined on the basis of the analysis of clinical-care processes (KOS know-how), combining them with the potential of digitalization such as alert, care chart, patient and department dashboards, automated task planning based on customized and shared protocols and a multidimensional system of indicators to monitor health care quality in terms of safety, effectiveness and appropriateness. It is therefore **a fundamental instrument for clinical governance and continuous improvement of the quality of care.** Although the pandemic has partially slowed down the delivery phase in the facilities, today the Electronic Medical Record is operative in all 32 Anni Azzurri nursing homes of the Lombardy, Piedmont, Tuscany, and Emilia-Romagna regions where it has been received with enthusiasm and has become an effective work tool to be used through iPads at the patients' bed provided to healthcare professionals. This project brings **an innovation in the operation of the**



services, not only allowing **the elimination of paper**, but also allowing **an increase in the accuracy and efficiency of clinical processes**.

There are many potentialities linked to the introduction of the Electronic medical record, including: integration with the pharmacy service, with analysis and diagnostic laboratories; **direct acquisition** of images and photographs; activity planning and “alarm” systems for the timely execution of the same; **real-time sharing** of information with the whole multidisciplinary team and potentially with family members; **improved readability** of information compared to handwriting, resulting in reduced risk; **improved efficiency** of activity control systems and indicators; **security and transparency** of information; **digital data storage** (paper-free system); **on-time analysis** of case-mix and related performance.

The platform has **two separate modules**: the patient reception and the medical record, with a single database. The record is integrated with the new patient record, the consent management system, both for privacy and performance, the digital signature system, and a clinical repository. This allows to create **a dossier of the patient** who has been under treatment at the facilities of KOS Italy, with the possibility of **computerized sharing** of the data in case of multiple admissions or use of services at the centers of KOS also in different regions. This is not just a shift from paper to tablet, but a complex **data integration system**. The perspective is to extend the medical records also to other KOS areas, beyond that of the elderly care, to the area of rehabilitation and psychiatry, starting from the same database but adjusting it based on **the specific needs of each sector**.



Awareness-raising activities and relations with the local area

The facilities that are part of the KOS Group always operate starting from the principle of **considering the local area as a value**. Collaboration with associations, relations with institutional actors, involvement of the population: they are part of the DNA of those who have been working in the healthcare sector for several decades.

In particular, the KOS Group has been active in the field of **scientific research** for years with **innovative and experimental projects** which were then fully structured into treatment and therapeutic pathways. It is in the Group's philosophy to give space to a **constant conference activity**, to promote high-level conventions, such as the Consensus Conferences, to structure study groups, to activate agreements with Italian and foreign universities. An example, carried out in 2022, is the **cycle of webinars "Building the future together"** organized by Anni Azzurri and KOS Academy. A training program dedicated to taking charge of patients in nursing homes, with the release of CME training credits for general practitioners, social workers, physiotherapists, nurses, and educators. The aim of the course is to train professionals on the continuity of care, from patient intake to discharge or "accompaniment", with a focus on the humanization of care and the multidisciplinary team.

Through projects and events, the Group has always worked to raise awareness among the social fabric of rehabilitation, social and health care, and mental health issues. Therefore, an attitude of **openness towards the outside world** and rootedness in the territories of presence, which also includes the relationship with the associations and the world of **local volunteering**, is vital. KOS also supports the Onda Foundation - National Observatory on Women's and Gender Health - engaged in initiatives to promote **awareness of eating disorders and the importance of mental health**, in which KOS professionals actively participate.

A philosophy that is also reflected in the ways that accompany the presence of KOS in the places where it builds its business, with attention:

- to **organizational continuity**, in the case of taking over management of nursing homes or hospitals;
- the **enhancement of the buildings** that are acquired, often historical locations;
- the respect for the **community and the local economic and cultural system**.

The directors of the Group's facilities are the formal link between the company and the local reality. Their ability to build constructive relationships is an element of professional evaluation.

The normal KOS activity of organization in the local area, both in Italy and in Germany, in the areas where the facilities are located, has led to **the development of awareness-raising, guidance and training initiatives on the themes of rehabilitation, old age and care for the elderly**, also in collaboration with associations and with the world of local volunteering.



Starting in 2023, Charleston plans to provide facilities with a budget with which to plan and implement sustainability projects. Here, periods and projects are specified by the marketing, which are to be implemented accordingly and published in the local press.

Various examples of projects for residents/family members and employees are: Yoga for employees/sports activities, health prevention, training and updating courses on standards, health days, trade fair presentations, activities with support associations, collaboration and exchange of information with hospitals e.g., training programs, family evenings, information evenings (in cooperation with health insurance companies or pharmacies), etc.

Examples of external projects are: sponsorships of sports clubs, sustainable promotional items for kindergartens and schools (coloring books, writing pads, safety vests for children), donations for school projects, donations for music schools or other institutions, charity runs, conferences, etc.

During 2022, **48%** of the Group's structures, in all clinical areas, took steps to organize awareness-raising and territorial rooting initiatives, confirming the attitude consolidated over time in carrying out these activities. The initiatives in question (**about 100**), which have generated a positive impact on the community, are specifically aimed at developing ties with the community, promoting free training activities, and promoting health in the area. Furthermore, numerous collaborations and sponsorships were supported in favor of local or national charities.

Here are two significant projects:

- The **Anni Azzurri Cit Turin Residence** (Turin) supported a **project of promotion and intergenerational exchange**, opening the doors to moments of interaction and comparison with the school realities of the district. An initiative that focuses on **storytelling and the transmission of knowledge among the elderly and the new generations**, developed through storytelling, reading, drawing, and writing activities among children of kindergarten and primary/secondary schools and the guests of the residence for seniors. Among the objectives, to enhance the oral transmission of tales and stories relating to the "time" of the elderly, to make the RSA perceived as a place of meeting and culture and to experience old age as a normal phase of life.
- The **Cardinal Ferrari Center of Fontanellato** (PR) supported the "**Diversamente Uguali**" event, organized together with the Municipality of Fontanellato to celebrate the assignment of the Lilla Flag, a prestigious certification that certifies the sensitivity of a territory for the issues of inclusion and the active commitment to make it as accessible as possible for anyone. The event saw the active participation of the local area, with citizens, schools and sports clubs directly involved in testing electric wheelchairs and three-wheeled bikes, with the aim of raising awareness of the everyday life of people with disabilities when traveling, of driving simulator and adapted sports activities. They were also spectators of the pictorial exhibition and of the theater workshop, created by the patients of the Centre. A day dedicated to **inclusion** and the **culture of disability**, topics on which the Cardinal Ferrari Center has become a point of reference in the area over the years.



The social commitment of KOS

The Group plays an important role in the community as a **promoter of development and change** and, for this reason, also in 2022 it confirmed its support for **Santo Stefano Sport**, an association that promotes **sport as a recreational and rehabilitation tool**, as well as an element of stimulus to **accept fragility**, the desire for personal fulfillment and integration into social and working life. Today Santo Stefano Sport is an active team in the A1 series wheelchair basketball championship. The association also promotes sporting activities and trains athletes in various disciplines including, in addition to wheelchair basketball, mini-basketball, athletics, golf, five-a-side football, target shooting and sailing.



Environmental responsibility

KOS, aware of its **strategic role** in the **sustainable development of the local areas**, works with the objective of **minimizing the impact of its services on the environment**, with the aim of continuously improving its environmental performance.

There **are policies to reduce the environmental impacts** which include the introduction of **new technologies** at plants and accommodation facilities.

Energy consumption and emissions¹⁹

In order to monitor the **consumption of the main energy** sources, KOS Italy prepares an annual report with detailed data based on unique drivers (e.g., square meters, beds), divided by single facility and type of activity. For the most energy-consuming facilities, audits are carried out with the aim of identifying the possible solutions for reducing energy consumption to be proposed to the management. **The energy saving achieved is constantly monitored**, to identify possible actions of energy efficiency. Once a year, during staff meetings with the individual directors of the facilities, the consumption of the previous year is represented, divided by type of facility (e.g., nursing homes, care homes, etc.) and by region, thus trying to raise awareness among users.

In 2022, the **energy efficiency** initiatives at the Villa Rosa and San Luca facilities were completed, while the new initiative at Villa dei Pini was launched and, beyond the authorization aspect, completed. These interventions involved the redevelopment of the heating and cooling plants and the installation of a new cogeneration group. For this new initiative relating to Villa dei Pini, an overall saving of around 60 tons of CO₂/year has been estimated.

With a view to constant commitment to reducing consumption, new structures are being **identified for energy redevelopment** thanks to the replacement of the old boilers with others that reduce consumption or with the installation of heat pumps and cogeneration units.

Furthermore, the unification of supply contracts is continuously updated, through the identification of a single supplier for electricity and a single supplier for gas.

Other significant actions undertaken in 2022 concern the S. Alessandro - Rome structure with the **construction of a heat pump system** to replace **the diesel system which will be decommissioned**. The design activity has been carried out, the works, already contracted out, will be carried out during 2023.

Finally, **software with measurement devices** that detect the continuous trend, for the connected facility, of the consumptions related to the monitored vector (energy, gas, water) that were gradually implemented over time and allow the long-term monitoring of real consumptions detected, mainly of electricity. It enables the rational use of resources to be monitored and therefore promotes **energy efficiency** in relation to electricity consumption.

¹⁹ For the calculation of energy consumption in GJ, DEFRA is used as the source of the conversion and emission factors updated for the year. For the calculation of the Scope 2 Location Based emissions, the coefficients of Terna Confronti Internazionali 2019 were used, for 2021 and for 2022, the latest version available. These Scope 2 emissions are expressed in CO₂, as the source used does not report the emission factors of other gases other than CO₂. To calculate the Scope 2 Market Based emissions, the emission factors AIB - European Residual Mixes 2021 for 2021 and AIB - European Residual Mixes 2022 for 2022 were used.



To make all employees aware, when the heating systems are switched on, we have drawn up a list of useful indications for the facilities to limit consumption and reduce energy costs. These are suggestions of a general nature, the application of which may vary according to the single structure and the type of systems present, and which summarize a series of good energy saving practices. As well as for employees and collaborators, it is also designed for external users of the facilities (guests, patients, family members), testifying to our daily commitment to reducing waste and paying attention to consumption.

For Charleston, in the context of political and economic circumstances, it has been persistently difficult to conclude an energy supply contract. Unfortunately, due to the market situation, it was not possible to influence the energy mix during the contract negotiations. However, the energy mix in Germany continues to be a political focal point and is being pushed accordingly wherever possible.

The replacement of heating and ventilation systems and the introduction of modern ventilation and heating systems in facilities can only be carried out in consultation with individual owners. This process is ongoing and usually occurs when existing technology no longer works, and a corresponding replacement becomes necessary. Additionally, Charleston has sought to renegotiate appropriate enhancements with owners of new buildings not yet under construction.

In 2022, the following measures were taken to reduce the environmental impact:

- Further exchange/replacement of old lighting systems with LEDs
- Replacements of energy efficient machinery
- Optimization of existing cogeneration units by reducing downtime
- Evaluation of new heating supplies (e.g., air source and geothermal heat pumps)

It should also be noted that, following the Covid-19 health emergency, in order to ventilate the premises more, the air intake systems where present were made to operate 24 hours a day and this together with an increase in ventilation natural through the opening of the windows it is reasonably assumed that it may have led to an increase in energy costs (difficult to quantify).

The Group has carried out a series of works to obtain a **LEED certification** on one of the structures and intends to apply the same strategy for all the new structures built, as highlighted in the Sustainability Plan.

The data on consumption shown in the tables below show that the year 2022 saw an overall decrease in energy consumption in the Italian structures, going from 453,002 GJ in 2021 to 404,171 GJ in 2022, however increasing in Germany from 141,185 GJ in 2021 to 152,482 GJ in 2022.

Energy consumed- KOS Italy ²⁰		
Energy (GJ)	2021	2022
Natural gas ²¹	278,215	228,403
Diesel fuel ²²	14,469	11,609
LPG	4,661	2,418
Wood	4,413	2,747
Energy from electricity²³	148,840	157,265
<i>of which electricity purchased</i>	148,840	156,595
<i>of which from renewable sources</i>	0	24,721
Purchased heat	1,921	1,729
District heating	1,921	1,729
Total	452,519	404,171

Self-produced and sold energy - KOS Italy		
Energy (GJ)	2021	2022
Self-produced energy	4,644	4,369
<i>of which from renewable sources</i>	482	670

In particular, there has been an increase for self-produced energy from renewable sources, due to the acquisition and use of solar panels. As regards the energy purchased from renewable sources, the sharp increase is due to a greater use of energy certified with GO (Guarantee of Origin).

61% of energy consumption for KOS Italy is attributable to non-renewable sources, mainly natural gas (93%), as shown in the graph below.

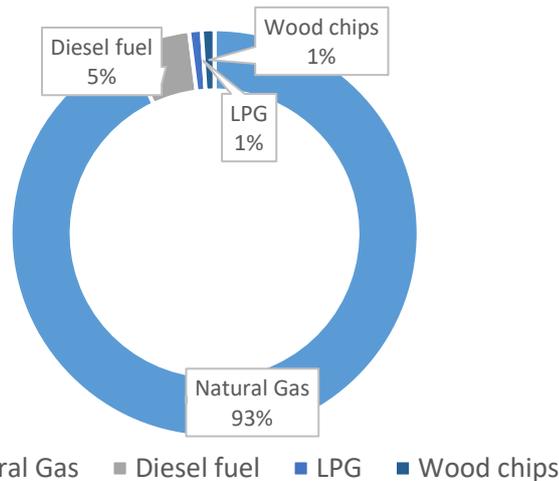
²⁰ KOS Italy has not sold the self-produced energy.

²¹ For 2021, consumption in October, November and December was estimated, since not available, on the basis of consumption in previous years or in some cases, where requalification was carried out, on the basis of estimates.

²² For 2021, data on vehicle fuels were estimated, since not available, on the basis of the total cost incurred divided by the average unit price of the year.

²³ For 2021, consumption in December was estimated, since not available, on the basis of consumption in previous years.

Energy consumption from non-renewable sources 2022 - KOS Italy



As mentioned above, the German subsidiary also saw an increase in energy consumption from 2021 to 2022, and in particular an increase in the consumption of diesel for heating, due to the severe winter occurred in the area where facilities are located during February (temperatures up to -20°C at night and -10°C during the day).

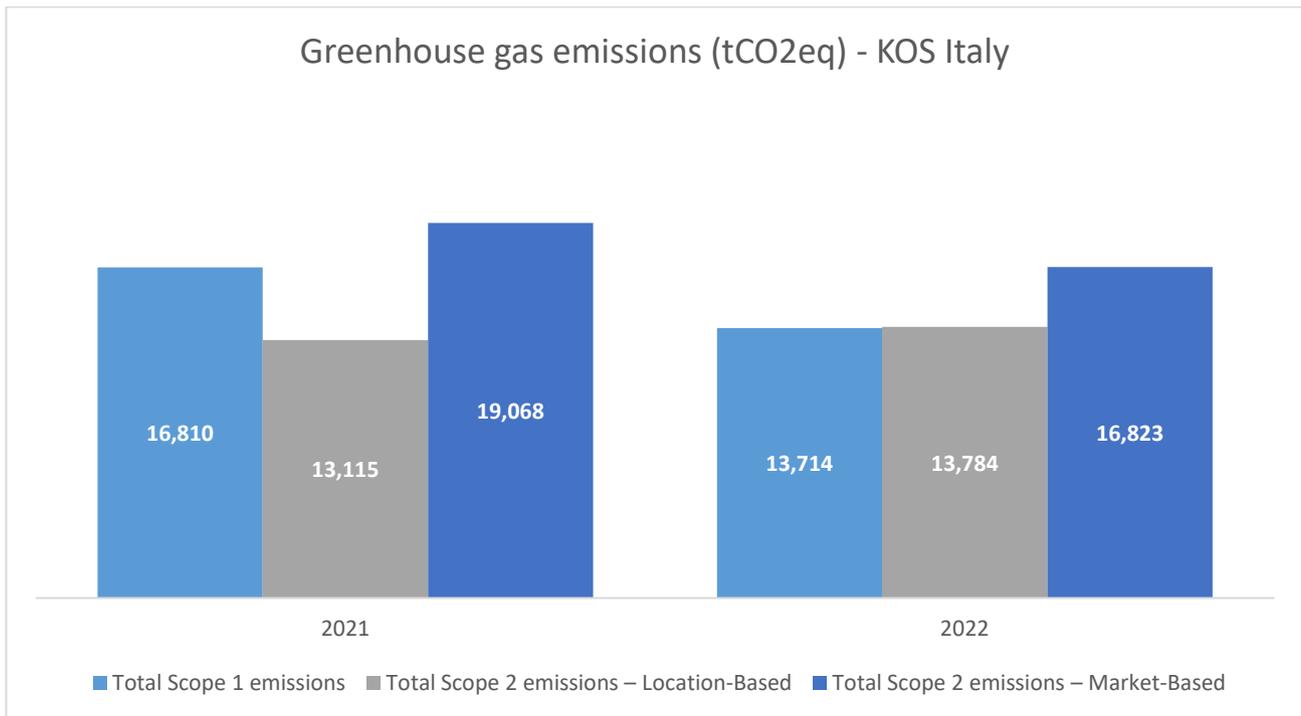
Energy consumed - Germany		
Energy (GJ)	2021	2022
Natural gas	53,836	60,247
Diesel fuel	26,941	20,506
LPG	0	0
Wood	1,768	1,768
Petrol	5,567	2,735
Energy from electricity	30,673	36,046
<i>of which electricity purchased</i>	30,673	36,046
<i>of which from renewable sources</i>	0	0
Purchased heat	22,399	31,181
District heating	22,399	31,181
Total	141,185	152,482

Self-produced and sold energy - Germany		
Energy (GJ)	2021	2022
Self-produced energy	4,155	3,730
<i>of which from renewable sources</i>	0	0
Energy sold	932	832
<i>of which from renewable sources</i>	0	0

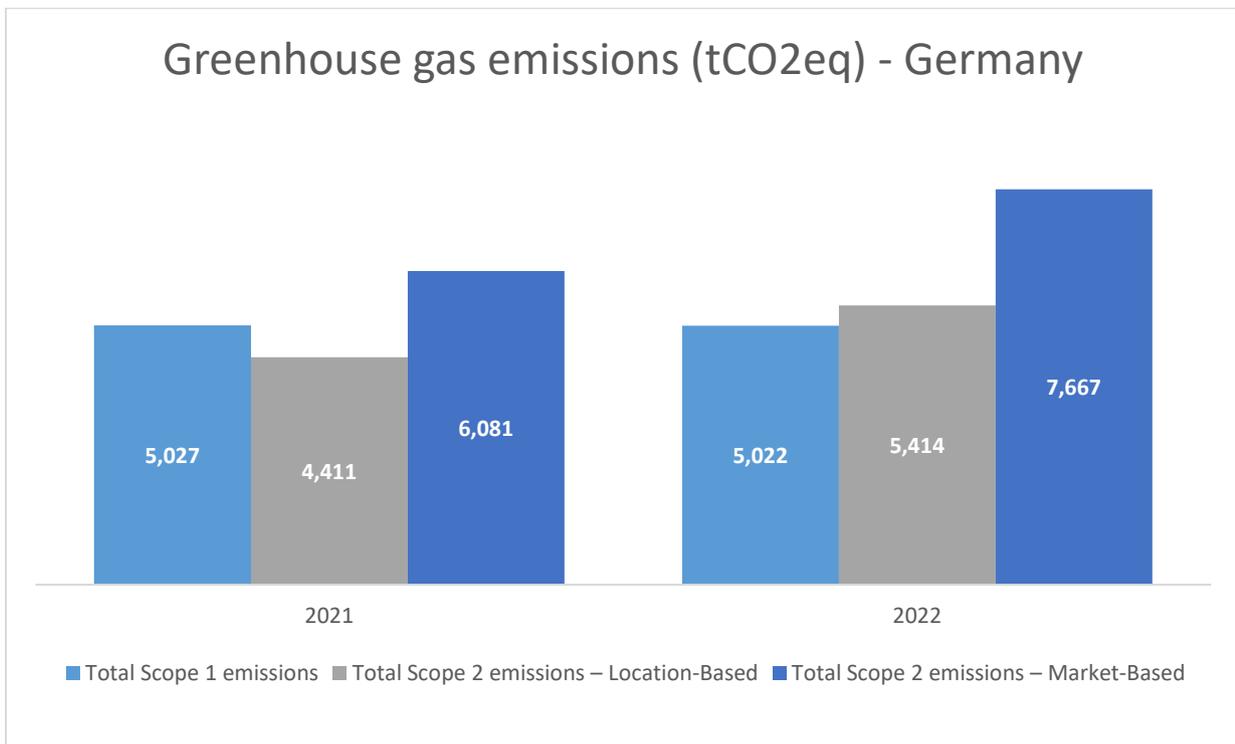


In 2022, KOS Italy's direct emissions decreased to 13,714 tCO₂eq for Scope 1 (18% decrease compared to 2021). For Scope 2, for Location-Based there was a slight increase (5%) compared to the previous year. For Charleston, Scope 1 emissions are nearly the same in 2022, while Scope 2 Location-Based emissions increased by 23%).

Greenhouse gas emissions - Italy		
tCO ₂ eq	2021	2022
Total Scope 1 emissions	16,810	13,714
Total Scope 2 emissions – Location-Based	13,115	13,784
Total Scope 2 emissions – Market-Based	19,068	16,823
Total Scope 1 and Scope 2 emissions (Location Based)	29,924	27,498
Total Scope 1 and Scope 2 emissions (Market Based)	35,878	30,537



Greenhouse gas emissions - Germany		
tCO ₂ eq	2021	2022
Total Scope 1 emissions	5,027	5,022
Total Scope 2 emissions – Location-Based	4,411	5,414
Total Scope 2 emissions – Market-Based	6,081	7,667
Total Scope 1 and Scope 2 emissions (Location Based)	9,438	10,436
Total Scope 1 and Scope 2 emissions (Market Based)	11,108	12,688



Nel grafico sopra, cambiare i punti in virgole (per esempio, 5,027)



Waste production and management

The correct management of waste represents an environmental aspect for the Group to be carefully managed and to be constantly monitored. The waste production, management, and disposal activities of KOS Italy are carried out in careful compliance with **the provisions of Legislative Decree n.152 of April 3rd, 2006**.

Hazardous and non-hazardous waste is stored in a temporary storage facility: solid waste in suitable containers according to the type of waste, and liquid waste from analytical laboratories in tanks. These deposits are **compliant with the current regulations** and waste is **stored in compliance** with the required quantitative and temporal limits.

The different types of waste produced for maintenance activities (scheduled and not) carried out by external companies are not managed directly by the company. All Italian structures carry out the registrations of all waste movements in the manner prescribed by law. Transport and disposal activities are entrusted to companies in the sector specialized in the type of service. Separate waste collection is also carried out in all the structures according to the rules of the various municipalities in which they operate.

Finally, the Group is committed to avoiding any form of waste, not only for reasons of environmental impact, but also as a matter of costs. Both KOS Italy and Charleston pay particular attention to food waste. In this regard, in Italy, a **software for the management of daily meal reservations** has been adopted and it is currently in the implementation phase in all the facilities equipped with a kitchen managed by the company (as indicated in the Sustainability Plan).

Waste management in Charleston nursing homes is affected by many factors and varies depending on the regions in which each facility operates. Therefore, it is difficult to develop a unified strategy, as waste management is heavily dependent on local regulations. However, a project is being designed to improve waste management. Since 2020, some measures have been adopted: instead of using small packages, packaging rollers have been used, and the use of **recyclable packaging** or **alternative materials to plastic** is given preference. In order to **reduce food waste**, Charleston monitors food demand and plans to adjust food production and purchase, taking into account the number of residents and comparing it with food returns: this strategy helps prevent and avoid food waste. In addition to this, the facilities mainly buy fresh and seasonal foods.

The waste produced by KOS Italy in 2022 amounted to 695 tons. The main type of waste is represented by the CER 180103 code, i.e., waste that must be collected and disposed of by applying special precautions to avoid infections (20% of total KOS Italy waste). Following, the CER code 180106, i.e., dangerous chemicals or substances containing dangerous substances. Finally, the CER codes 160214 and 180108, i.e., out of use equipment, different from those of the codes 160214 and 160213. Finally, 180108, represented by cytotoxic and cytostatic medicines. It should be noted that following the Covid-19 health emergency, there has been an increase in the production of potentially infected waste.

Total waste produced (ton) - KOS Italy		
Type of waste	2021	2022
Waste that must be collected and disposed of with special precautions to prevent infection	874	611
Chemicals that contain hazardous substances or that are hazardous	47	46
Equipment not in use	1	0
Cytotoxic and cytostatic medicinal products	1	8



Other waste	10	30
Total	933	695

For Charleston, total waste production amounts to 2,396 tons. The majority can be attributed to municipal waste. Since no weighing of the waste quantities is required in Germany, the quantities produced are estimated on the basis of the collection intervals and the capacities of the containers in which they are collected (in liters).

Total waste generated (ton) - Germany		
Type of waste	2021 ²⁴	2022
Paper	434	322
Compost	775	901
Urban waste	971	1,081
Packaging and plastic	50	58
Glass	35	34
Total	2,174	2,396

For KOS Italy, the waste produced is mainly considered hazardous and is sent entirely for disposal. In particular, the majority (72%) is incinerated by thermal destruction, with energy recovery.

Waste directed to disposal by method (ton) - KOS Italy			
Method	2022		
	On-site	Off-site	Total
Hazardous waste			
Incineration (with energy recovery)	0	0	0
Incineration (without energy recovery)	0	499	499
Landfill	0	0	0
Energy recovery	0	170	170
Non-hazardous waste			
Incineration (with energy recovery)	0	0	0
Incineration (without energy recovery)	0	7	7
Landfill	0	0	0
Energy recovery	0	19	19
Total	0	695	695

Waste directed to disposal by method (ton) - KOS Italy			
Method	2021		
	On-site	Off-site	Total

²⁴ Following a process of improvement of the reporting system, the 2021 data relating to the waste produced have been restated with respect to those published in the previous Sustainability Report.

Hazardous waste			
Incineration (with energy recovery)	0	0	0
Incineration (without energy recovery)	0	648	648
Landfill	0	0	0
Energy recovery	0	278	278
Non-hazardous waste			
Incineration (with energy recovery)	0	0	0
Incineration (without energy recovery)	0	3	3
Landfill	0	0	0
Energy recovery	0	4	4
Total	0	933	933

As far as Charleston is concerned, the method of disposal has been incineration with energy recovery for food waste and incineration without energy recovery for municipal waste. Finally, in terms of recycling, a 100% recycling rate of waste related to paper, light packaging, plastic, and glass has been estimated.

Waste directed to disposal by method (ton) - Germany			
Method	2022		
	On-site	Off-site	Total
Hazardous waste			
Incineration (with energy recovery)	0	0	0
Incineration (without energy recovery)	0	68	68
Landfill	0	0	0
Non-hazardous waste			
Incineration (with energy recovery)	0	901	901
Incineration (without energy recovery)	0	1,013	1,013
Landfill	0	0	0
Total	0	1,982	1,982

Waste directed to disposal by method (ton) - Germany			
Method	2021		
	On-site	Off-site	Total
Hazardous waste			
Incineration (with energy recovery)	0	0	0
Incineration (without energy recovery)	0	58	58
Landfill	0	0	0
Non-hazardous waste			

Incineration (with energy recovery)	0	775	775 ²⁵
Incineration (without energy recovery)	0	913	913
Landfill	0	0	0
Total	0	1,746	1,746

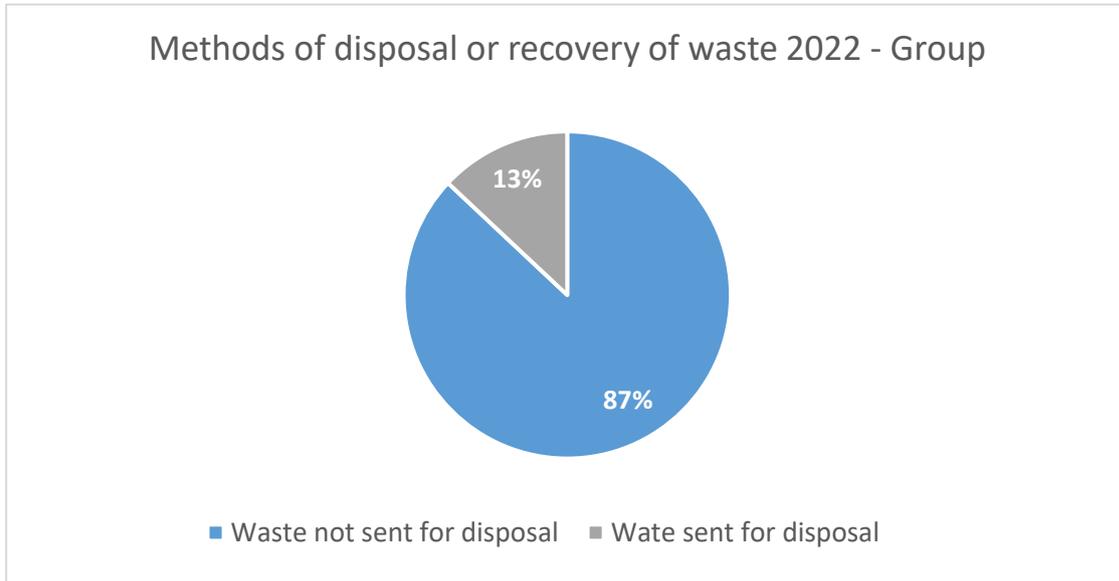
Waste diverted from disposal by method (ton) - Germany			
Method	2022		
	On-site	Off-site	Total
Hazardous waste			
Reuse	0	0	0
Recycling	0	0	0
Non-hazardous waste			
Reuse	0	0	0
Recycling	0	414	414
Total	0	414	414

Waste diverted from disposal by method (ton) - Germany			
Method	2021		
	On-site	Off-site	Total
Hazardous waste			
Reuse	0	0	0
Recycling	0	0	0
Non-hazardous waste			
Reuse	0	0	0
Recycling	0	428	428 ²⁶
Total	0	428	428

²⁵ Following a process of improvement of the reporting system, the 2021 data relating to waste sent for disposal have been restated with respect to those published in the previous Sustainability Report

²⁶ Following a process of improvement of the reporting system, the 2021 data relating to waste not sent for disposal have been restated with respect to those published in the previous Sustainability Report

Overall, considering all the waste produced by the Group, 87% of the waste is not sent for disposal, as shown in the graph below.



Finally, it should be noted that, at Group level, the total waste produced in 2022 amounted to 3,091 tons, of which 28% was hazardous. The amount of waste produced in 2022 is therefore down by around 40% compared to 2021. The disposal methods mainly used in 2022 were primarily incineration (93%), and energy recovery (7%).



Use of materials

Both KOS Italy and Charleston, adopt **responsible practices for the purchase of materials and products** to reduce the use of plastic, in particular:

- the purchase of cleaning products that do not use plastic (reusable products), which also implies a **lower environmental impact on transport, as well as a need for storage;**
- the purchase of **machinery that uses less detergents** (A++ washing machines, machines that use only ionization).

Use of water resources²⁷

For KOS Italy, water is used for normal **food and hygienic uses** of the employees and guests of the facilities. The only exceptions are:

- **the functioning of the refrigeration unit** used for the conditioning of the Parco Sempione nursing home in Milan. For reasons linked to the landscape constraints, during the construction of the facility, it was necessary to opt for a solution which would allow the water-loss cooling, which is disposed of directly through the sewer system;
- **humidification treatment** in air treatment units. In this case, too, water is discharged directly through the sewer system.

The withdrawal takes place through the municipal aqueduct or, rarely, through a well placed inside the property, used for irrigation in the summer period.

Like waste management, water management for Charleston is based on local government acts and generally depends on individual federal state law. In general, the design of new buildings includes green spaces, which are equipped with different water management systems. In addition, Charleston is gradually introducing flow restrictors to faucets, showers, and toilets in all renovated facilities and 3 new buildings planned and included in 4 renovations.

In 2022, KOS Italy's water requirements amounted to 882 mega-liters, essentially the same level as in 2021. The source of supply is represented by third-party water, equal to all withdrawals in 2022. For the German subsidiary, water consumption has tended to be in line with that of 2021.

Water withdrawals by source - KOS Italy ²⁸				
Megaliters	2021		2022	
	All areas	Water stress areas	All areas	Water stress areas
Third-party water	883	253	882	228
Total	883	253	882	228

Water withdrawals by source - Germany

²⁷ Data in the tables refer to fresh water ($\leq 1,000$ mg/L Total Dissolved Solids).

²⁸ The data reported for KOS Italy are based on estimates. In particular, consumption on bills received was reported to 12 months.

Megaliters	2020		2021	
	All areas	Water stress areas	All areas	Water stress areas
Third-party water	217	69	235	100
Total	217	69	235	100

FOCUS: Biodiversity and environmental protection

The activities and services offered by the Group have no negative impact on biodiversity.

In the context of the construction of new facilities, the Group is committed to enhancing and **protecting the local area as a heritage of the community** as well as to respecting the surrounding environment by acting with ethics and integrity in compliance with the regulations in force.

With the construction in some of the new facilities, through extensive and intensive green roofs, we obtain:

- a remarkable **reduction and containment of rainwater** which is no longer intended for disposal by public pipelines;
- an important and **natural thermal insulation** of buildings in winter and cooling in summer;
- a significant **mitigation of the urban fabric** that offers itself as a habitat suitable for birds and other small animal species.

Regarding the acoustic impact, **the new facilities are realized in compliance with the existing limits of environmental noise.**

In the **redevelopment of green areas** at the service of the facilities, we consider the use of ground surfacing with high drainage capacity that together with grassy areas and arboreal and shrubby vegetation, respond to an approach "*that copies*" criteria and rules of nature (Nature-Based Solution), in accordance with environmental, landscape, cultural and social objectives and in particular coherence with the site both from a floristic and vegetation point of view.



ATTACHMENTS

Material topics

For each of the topics represented in the Materiality matrix the relative description is given below:

MATERIAL TOPICS	DESCRIPTION
Economic performance and financial soundness	<p>Effective and efficient evaluation and allocation of company resources, in order to pursue positive financial results in the short term and to achieve financial stability in the medium to long term, i.e., conditions of functionality and sustainable development.</p> <p>The organization's ability to create and distribute economic value among the different stakeholder groups, to increase financial sustainability.</p> <p>Positive impact: Direct generation of economic value and related distribution to stakeholders (e.g., employees, suppliers)</p>
Territorial proximity and integration with the local community	<p>Impact of business activities on the local area and on the local community, including analysis and management of the indirect economic impacts generated on business, employment, public utility services and contributions to the development of local communities.</p> <p>Positive effects of the business activities for local economic development, with particular reference to the valorization of the local area as a procurement source, with reference also to the use of local resources such as, for example, employees and suppliers.</p> <p>Positive impact: Recruitment of workers from the local community</p>
Governance and compliance	<p>Systems of management, adherence to codes of conduct and regulations aimed at ensuring governance in compliance with the regulations in place, in all areas of business operation. Compliance with current legislation, with reference to environmental, social, and economic areas.</p> <p>Positive impact: Investments and financial support to projects and companies that drive forward environmental, social or governance (including human rights) improvements.</p>
Internal controls and risk management	<p>Implementation of a structured system, extended to the entire organization, aimed at identifying, evaluating, and managing the main risks and uncertainties that could have a negative impact on economic, social, and environmental business strategy and objectives.</p> <p>Positive Impact: Reducing the risk of negative governance impacts generated by business operations.</p>
Patient satisfaction	<p>Quality of service offered in terms of reliability, safety, patient care, quality of food, comfort of the facility, availability of staff, monitoring patient satisfaction through their involvement and that of family members through specific tools (e.g., surveys).</p> <p>Positive impact: Contribute to patient well-being during the stay and encourage recommendations.</p>

<p>Complaint handling</p>	<p>Systems and procedures for the timely and efficient handling and resolution of complaints. Negative impact: reduction in the quality of the service offered to customers resulting from poor management of complaints by the organization</p>
<p>Access to health care</p>	<p>Adopt behaviors that guarantee the fairness and impartiality of patient treatment, avoiding any form of favoritism/discrimination in the delivery of health and care services. Negative impact: Potential occurrence of episodes of discrimination/abuse within company operations due to the failure to disseminate the rules and behaviors to be adopted.</p>
<p>Protecting patient privacy</p>	<p>Adherence to codes and regulations to ensure accurate management of patient information, requiring written and specific consent to the use of data in the medical record, limited and rigorous use of data and compliance with safety measures to prevent destruction, loss, access, and misuse of the information collected. Negative Impact: Security breaches involving customer privacy and loss of customer data</p>
<p>Patient health and safety</p>	<p>Adoption of all available resources and measures necessary to meet the patient needs, to improve or preserve their physical and mental health. Positive Impact: Effective use of resources leads to improved patient health and safety.</p>
<p>Quality and effectiveness of social health care services</p>	<p>Development and analysis of evaluation systems of the social health services provided and the provision of standard costs and of forecast models of health expenditure trends. Provision of quality social health care by highly qualified and suitably trained personnel. Negative impact: Risk to patients' health given by poor controls on the quality of the service offered.</p>
<p>Development and innovation of the clinical process and the services offered</p>	<p>Development of innovative technological solutions in the field of health and care services, through R&D activities and collaboration with external partners such as patients and families, suppliers, research centers and universities. This includes projects and initiatives to implement innovative care models that address the challenge of equitable access, efficiency, and quality of health care. Positive impact: increase in the quality of treatments and patient care through investments by KOS in innovation.</p>
<p>Health and safety of workers</p>	<p>Compliance with the regulatory requirements and agreements signed on safety, prevention, hygiene and health at work, and development of a system for the identification and verification of risks including prevention and protection measures. Negative impact: impacts on the health and safety of workers due to the risk of accidents during work activities.</p>
<p>Diversity and equal opportunities</p>	<p>Development of appropriate working practices and conditions to ensure equal opportunities by removing all forms of discrimination and moral or psychological violence of gender, age, sex, religion, and sexual orientation. Positive impact: Diversity in governance bodies and among employees with direct and indirect impacts on the affirmation of equality.</p>

Training and skills development	<p>Offer of development and training programs aimed at enhancing the managerial and organizational skills of the employees and strengthening the professionalism required by the role.</p> <p>Positive impact: Increase of workers' skills through training</p>
Remuneration and welfare of employees	<p>Structuring of a profitable policy aimed at guaranteeing conditions of fairness within the organization, of competitiveness with respect to other companies in the sector and which is at the same time consistent with the business objectives and the areas of responsibility of the role held.</p> <p>Definition and development of initiatives aimed at promoting a reconciliation between private and professional life, in support of the well-being of people, which may include flexible working and remote working tools.</p> <p>Positive impact: Competitive employee compensation promotes a better HR reputation.</p>
Sustainable procurement practices	<p>Selection of suppliers, employees and partners using fair and transparent processes and supporting, where possible, competitiveness in the social health care sector.</p> <p>Promote fair relationships and sustainable behavior in the supply chain by evaluating the performance of the suppliers involved based on ESG criteria and, where weaknesses are identified by management, planning appropriate corrective actions.</p> <p>Positive impact: Reduction of the risk of negative environmental and social impacts generated along the supply chain, with indirect benefits for workers and related communities.</p>
Energy consumption	<p>Energy efficiency policies, which can be implemented, for example, using renewable energy sources and, where possible, through the adoption of policies to reduce energy consumption.</p> <p>Negative impact: Contribution to climate change following GHG emissions and other emissions deriving from energy consumption during the provision of services.</p>
Waste production and management	<p>Promotion of an efficient waste management and disposal policy, aimed at optimizing waste collection, transport and disposal, in particular regarding medicinal products and any infectious materials. Facilitating, in the same way, their reuse and recovery, and where applicable, the implementation of control mechanisms on activities entrusted to third parties.</p> <p>Negative impact: Increased costs associated with the absence of a defined waste management system.</p>
Water consumption	<p>Promotion of the sustainable use of water resources in order to reduce water consumption.</p> <p>Negative impact: Availability of water for the local community, due to consumption by the company.</p>



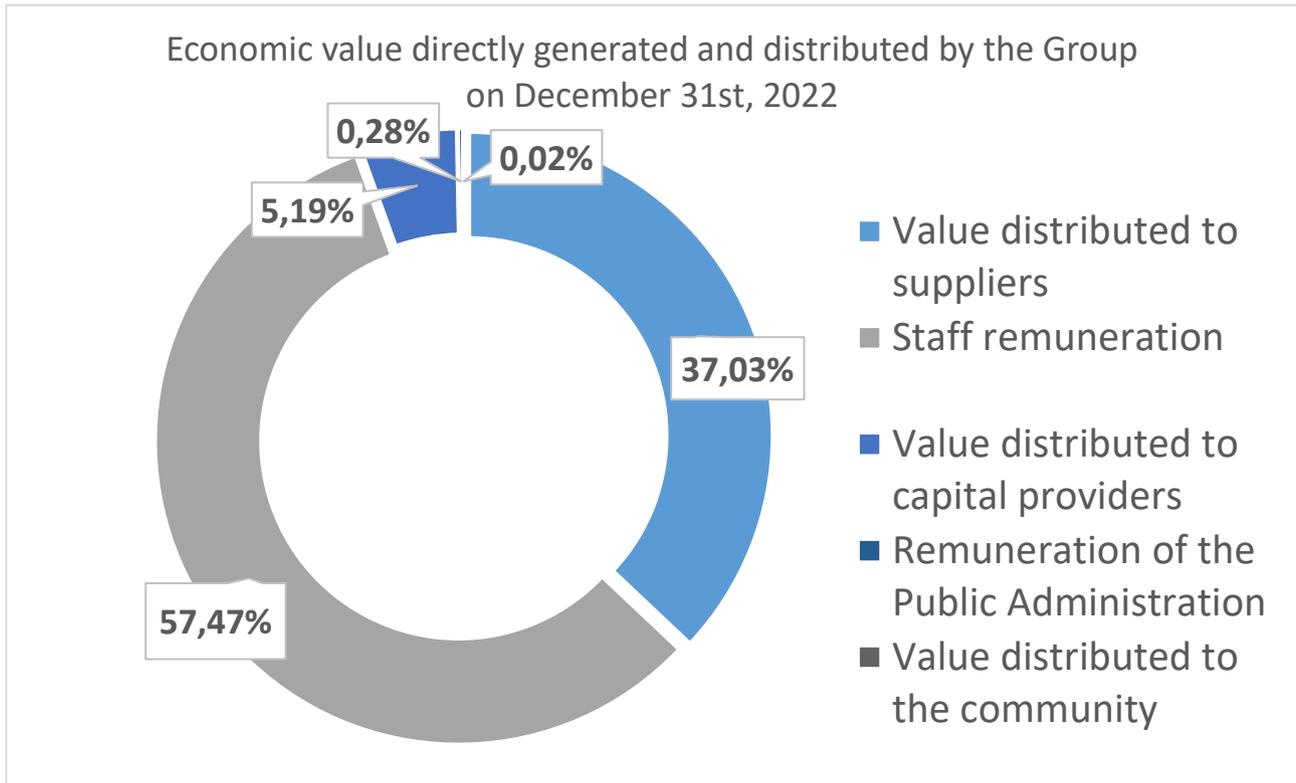
For each of the themes represented in the Materiality matrix, the **link with the specific GRI Standards** and the **perimeter of impact** was also identified:

MATERIAL TOPICS	TOPIC-SPECIFIC GRI STANDARD	PERIMETER OF IMPACT	
		BOUNDARIES	GROUP INVOLVEMENT
Economic performance and financial soundness	Economic performance	KOS Group	Generated by the Group
Territorial proximity and integration with the local community	Local communities	KOS Group	Generated by the Group
Governance and compliance	Anti-corruption Socioeconomic compliance	KOS Group	Generated by the Group
Internal controls and risk management	N/A	KOS Group	Generated by the Group
Patient satisfaction	N/A	KOS Group Patients and families	Generated by the Group
Complaint handling	N/A	KOS Group Patients and families	Generated by the Group
Access to health care	N/A	KOS Group Patients and families	Generated by the Group
Protecting patient privacy	Customer privacy	KOS Group Patients and families	Generated by the Group
Patient health and safety	Customer health and safety	KOS Group Patients and families	Generated by the Group
Quality and effectiveness of social health care services	N/A	KOS Group Patients and families	Generated by the Group
Development and innovation of the clinical process and the services offered	N/A	KOS Group Patients and families	Generated by the Group
Health and safety of workers	Occupational health and safety	KOS Group	Generated by the Group

Diversity and equal opportunities	Employment Diversity and equal opportunity Non-discrimination	KOS Group KOS employees	Generated by the Group
Training and skills development	Training and education	KOS Group KOS employees	Generated by the Group
Remuneration and welfare of employees	Labor / Management relations Diversity and equal opportunity	KOS Group KOS employees	Generated by the Group
Sustainable procurement practices	Supplier environmental assessment Supplier social assessment	KOS Group	Generated by the Group and directly connected through a business relationship
Energy consumption	Energy Emissions	KOS Group	Generated by the Group and directly connected through a business relationship
Waste production and management	Waste	KOS Group	Generated by the Group and directly connected through a business relationship
Water consumption	Water and effluents	KOS Group	Generated by the Group and directly connected through a business relationship

Economic

GRI 201-1: Direct economic value generated and distributed



GRI 102-8: Information on employees and other workers

Breakdown of employees by type of contract - Group						
no. of persons	December 31 st , 2021			December 31 st , 2022		
	Men	Women	Total	Men	Women	Total
Fixed-term contract	421	1,476	1,897	399	1,379	1,778
Permanent contract	1,848	7,296	9,144	1,951	7,612	9,563
Total	2,269	8,772	11,041	2,350	8,991	11,341

Breakdown of employees by type of employment - Group						
no. of persons	December 31 st , 2021			December 31 st , 2022		
	Men	Women	Total	Men	Women	Total
Full-time	1,749	5,190	6,939	1,820	5,346	7,166
Part-time	520	3,582	4,102	530	3,645	4,175
Total	2,269	8,772	11,041	2,350	8,991	11,341

Composition of the workforce - Group						
no. of persons	December 31 st , 2021			December 31 st , 2022		
	Men	Women	Total	Men	Women	Total
Employees	2,269	8,772	11,041	2,350	8,991	11,341
Other collaborators	896	960	1,856	940	983	1,923
Total	3,165	9,732	12,897	3,290	9,974	13,264

²⁹ Data on external workers for indicators 403-9, 403-10 for KOS Italy and Charleston are not available.

GRI 401-1: New employee hires and employee turnover

Composition of new employees hired - Group										
no. of persons	2021					2022				
	<30	30-50	>50	Total	Rate	<30	30-50	>50	Total	Rate
Men	255	286	113	654	29%	326	468	159	953	41%
Women	647	1,214	445	2,306	26%	816	1532	733	3,081	34%
Total	902	1,500	558	2,960	27%	1,142	2,000	892	4,034	36%
Rate	57%	27%	14%	27%		70%	36%	21%	36%	

Composition of employee turnover - Group										
no. of persons	2021					2022				
	<30	30-50	>50	Total	Rate	<30	30-50	>50	Total	Rate
Men	196	281	150	627	28%	281	417	163	861	37%
Women	532	1,094	581	2,207	25%	608	1457	808	2,873	32%
Total	728	1,375	731	2,834	26%	889	1,874	971	3,734	33%
Rate	46%	25%	19%	26%		55%	34%	23%	33%	

GRI 403-9: Work-related injuries ³⁰

Injuries - Group						
no. of cases	2021 ³¹			2022		
	Men	Women	Total	Men	Women	Total
Work-related injuries	86	403	489	397	1,699	2,096
<i>of which fatal</i>	0	0	0	0	1	1
<i>Of which Covid-19 cases</i>	42	181	223	346	1,427	1,773

³⁰ Work-related injuries with serious consequences: injuries from which the worker (employee) cannot recover, does not recover, or cannot realistically be expected to recover fully by returning to the pre-injury state of health within 6 months (excluding deaths).

Injury rates are calculated as follows:

Work related-injury rate: (number of work-related injuries / number of hours worked) *1,000,000

Death rate due to work-related injuries: (number of deaths due to work-related injuries/number of hours worked) *1,000,000

Rate of serious work-related injuries (excluding deaths): ((number of work-related injuries with serious consequences (excluding deaths)) / number of hours worked *1,000,000

³¹ Following a process of improvement of the reporting system, the 2021 data relating to injuries at work have been restated with respect to those published in the previous Sustainability Report.

<i>of which with serious consequences (excluding death)</i>	0	0	0	0	0	0
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Injury Rates - Group						
	2021 ³²			2022		
	Man	Woman	Total	Man	Woman	Total
Rate of work-related injuries	25.7	34.6	32.6	108.3	132.5	127.2
Rate of death due work-related injuries	0.0	0.0	0.0	0.0	0.1	0.3
Rate of serious work-related injuries (excluding deaths)	0.0	0.0	0.0	0.0	0.0	0.0

Work-related ill health - Group		
<i>no. of cases</i>	2021 ³³	2022
of recordable work-related ill health	0	16
of fatalities as a result of work-related ill health	0	0

GRI 404-3: Percentage of employees receiving regular performance and career development reviews

Employees who receive performance assessments by professional category and gender - Group						
<i>no. of persons</i>	2021 ³⁴			2022		
	Men	Women	Total	Men	Women	Total
Managers	59%	62%	61%	78%	75%	76%
Employees	16%	11%	12%	46%	39%	40%
Operators	0%	0%	0%	12%	17%	17%
Total	9%	5%	5%	29%	26%	26%

³² Following a process of improvement of the reporting system, the 2021 figure relating to the rate of injuries at work has been restated with respect to those published in the previous Sustainability Report.

³³ Following a process of improvement of the reporting system, the 2021 data relating to work-related ill-health have been restated with respect to those published in the previous Sustainability Report.

³⁴ Following a process of improvement of the reporting system, the 2021 data relating to performance assessments was restated with respect to those published in the previous Sustainability Report.

GRI 404-1: Average hours of training per year per employee

Average hours of training by gender and employee category - Group						
hours	2021			2022		
	Men	Women	Total	Men	Women	Total
Managers	5.8	7.5	6.7	13.8	14.9	14.4
Employees	6.4	6.7	6.6	19.7	17.5	18.1
Operators	4.3	4.0	4.1	8.0	8.9	8.7
Total	5.3	5.1	5.1	13.3	12.1	12.4

GRI 405-1: Diversity of governance bodies and employees

Distribution of employees by gender and employee category - Group						
no. of persons	December 31 st , 2021			December 31 st , 2022		
	Men	Women	Total	Men	Women	Total
Managers	75	82	157	74	87	161
Employees	1,008	3,251	4,259	1,034	3,266	4,300
Operators	1,186	5,439	6,625	1,242	5,638	6,880
Total	2,269	8,772	11,041	2,350	8,991	11,341

Distribution of employees by age and employee category - Group								
no. of persons	December 31 st , 2021				December 31 st , 2022			
	<30	30-50	50>	Total	<30	30-50	50>	Total
Managers	4	76	77	157	5	74	82	161
Employees	644	2,228	1,387	4,259	692	2,133	1,475	4,300
Operators	943	3,239	2,443	6,625	932	3,311	2,637	6,880
Total	1,591	5,543	3,907	11,041	1,629	5,518	4,194	11,341

GRI 302-1 Energy consumption within the organization

Energy consumed - Group		
Energy (GJ)	2021	2022
Natural gas	332,051	288,650
Diesel fuel	41,410	32,115
LPG	4,661	2,418
Wood chips	6,181	4,515
Petrol	5,567	2,735
Electricity	179,513	193,310
<i>of which electricity purchased</i>	179,513	192,641
<i>of which from renewable sources</i>	0	24,721
Heating purchased	24,321	32,910
District heating	24,321	32,910
Total	593,704	556,653

Self-produced and sold energy - Group		
Energy (GJ)	2021	2022
Self-produced energy	8,799	8,099
<i>of which from renewable sources</i>	482	670
Energy sold	932	832
<i>of which from renewable sources</i>	0	0

GRI 305-1 Direct (Scope 1) GHG emissions, 305-2 Energy indirect (Scope 2) GHG emissions

Emissions - Group		
Ton CO2eq	2021	2022
Total Emissions Scope 1	21,837	18,563
Total Emissions Scope 2 - Location-based	17,525	19,198
Total Emissions Scope 2 - Market-based	25,149	24,489
Total Emissions Scope 1 and 2 (Location-based)	39,362	37,761

³⁵ For KOS Italy, with regard to the estimates made in relation to the consumption of electricity, natural gas, fuel for vehicles and water consumption, please refer to the notes in the paragraph "Energy consumption and emissions".

Total Emissions Scope 1 and 2 (Market based)	46,369	43,052
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GRI 306-3 Waste generated

Total waste generated (ton) - Group ³⁶		
Composition of the waste	2021	2022
Paper	343	322
Wet	775	901
Urban waste	971	1,081
Packaging and plastic	50	58
Glass	35	34
Waste that must be collected and disposed of with special precautions to prevent infection	874	611
Hazardous or hazardous chemicals	47	46
Equipment not in use	1	0
Cytotoxic and cytostatic medicinal products	1	8
Other	10	30
Total	3,107	3,091

³⁶ Following a process of improvement of the reporting system, the 2021 data relating to the waste produced have been restated with respect to those published in the previous Sustainability Report.

GRI 306-4 Waste diverted from disposal

Waste diverted from disposal by method (ton) - Group			
Method	2022		
	On-site	Off-site	Total
Hazardous waste			
Reuse	0	0	0
Recycling	0	0	414
Non-hazardous waste			
Reuse	0	0	0
Recycling	0	414	414
Total	0	414	414

Waste diverted from disposal by method (ton) - Group			
Method	2021 ³⁷		
	On-site	Off-site	Total
Hazardous waste			
Reuse	0	0	0
Recycling	0	0	0
Non-hazardous waste			
Reuse	0	0	0
Recycling	0	428	428
Total	0	428	428

³⁷ Following a process of improvement of the reporting system, the 2021 data relating to the waste produced have been restated with respect to those published in the previous Sustainability Report.

GRI 306-5 Waste directed to disposal

Waste directed to disposal by method (ton) - Group			
Method	2022		
	On-site	Off-site	Total
Hazardous waste	0	0	0
Incineration (with energy recovery)	0	0	0
Incineration (without energy recovery)	0	568	568
Landfill	0	0	0
Energy recovery	0	170	170
Non-hazardous waste			
Incineration (with energy recovery)	0	901	901
Incineration (without energy recovery)	0	1019	1019
Landfill	0	0	0
Energy recovery	0	19	19
Total	0	2,677	2,677

Waste directed to disposal by method (ton) - Group			
Method	2021 ³⁸		
	On-site	Off-site	Total
Hazardous waste	0	0	0
Incineration (with energy recovery)	0	0	0
Incineration (without energy recovery)	0	706	706
Landfill	0	0	0
Energy recovery	0	278	278
Non-hazardous waste			
Incineration (with energy recovery)	0	775	775
Incineration (without energy recovery)	0	916	916
Landfill	0	0	0
Energy recovery	0	4	4

³⁸ Following a process of improvement of the reporting system, the 2021 data relating to the waste produced have been restated with respect to those published in the previous Sustainability Report.

Total	0	2,679	2,679
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GRI 303-3 Water withdrawal

Water withdrawal by source - Group ³⁹				
Megaliters	2021		2022	
	All areas	Water stress area	All areas	Water stress area
Surface water	0	0	0	0
Groundwater	0	0	0	0
Sea water	0	0	0	0
Water produced	0	0	0	0
Third-party water	1,100	322	1,117	327
Total	1,100	322	1,117	327

³⁹ Data in the table refer to fresh water (≤ 1.000 mg/l total dissolved solids).





GRI Content Index

GRI CONTENT INDEX			
Declaration of use	The KOS Group has prepared a report in compliance with the GRI Standards for the period 1 January 2022 - 31 December 2022 with reference to the GRI Standards.		
GRI 1 Used	GRI 1 – Fundamental Principles – 2021 Version		
GRI Sector Standards	N/A		
GRI Standard	Information	Page	Omissions
GRI 2: GENERAL DISCLOSURES (2021)			
The Organization and its reporting practices			
2-1	Organizational details	6	
2-2	Entities included in the organization’s sustainability reporting	6	
2-3	Reporting period, frequency, and contact point	4	
2-4	Restatements of information	4	
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