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Sustainability Report  
**2017**

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*ivsgroup*



# The value of the socially responsible company

When defining its strategy, rolling out its policies and in its daily management conduct, **the socially responsible company** considers the interests of all stakeholders and the economic, social and environmental impacts of its operations. These types of impacts allow us to break down the concept of sustainability into three main areas:

- **Economic sustainability:** is achieved through the maintenance of capital and its increase;
- **Social sustainability:** identified by the principle of inter-generational and infra-generational fairness;
- **Environmental sustainability:** consists of minimising the direct and indirect environmental impacts of the company's activities.

The adoption of an ethos based on corporate social responsibility allows the company to attain a number of **benefits**,

including the following:

- the development of more informed decision-making processes;
- the mitigation of the **reputational** risk of the organisation through the promotion of greater confidence in public opinion and the reduction of **potential conflicts** with **consumers** relating to its products or services;
- an increase in the **organisation's competitiveness**, plus an improvement in the **relationship between the organisation and its stakeholders**;
- generation of **savings** associated with increased productivity and the efficient use of resources;
- the increase in **loyalty, commitment, participation** and **employee motivation** vis-à-vis the organisation.

These benefits will guarantee the company, in the different contexts and more or less favourable economic periods it operates in,

with a **value added** not necessarily tied to the economic-financial performances and, therefore, less susceptible to their volatility.

The transparency of the company's management of environmental, economic and social themes in carrying out its activities forms the basis of the drafting of a non-financial report, the **Sustainability Report** in particular. In fact, the Sustainability Report represents a model of reporting on the **quantities and qualities of the relationship between the company and the reference groups representing the entire community**, targeted at mapping out a homogeneous, accurate, complete and transparent overview of the complex interdependence between the typical economic, social and environmental characteristics of the context in which the company operates.

Its objective is to describe not only the organisation's **performances**, but also the

way in which the organisation manages the most important aspects, in terms of **principles, values, risks, policies and management systems**.

The Sustainability Report therefore represents an important information tool, which encourages the **participation in dialogue between the company and its stakeholders**, offering them a prospective view of the organisation's commitment to **sustainable development**.

# Index



LETTER TO STAKEHOLDERS	4
METHODOLOGICAL NOTE	6
THE IVS GROUP	11
Highlights 2017	13
The Group profile	14
Governance and Risk Management	28
SUSTAINABILITY FOR THE IVS GROUP	37
The IVS Group's approach to sustainability	38
Mapping of the IVS Group stakeholders and Materiality analysis	39
ECONOMIC RESPONSIBILITY	45
Economic performance	46
The economic value generated and distributed	47
ENVIRONMENTAL RESPONSIBILITY	49
The environmental responsibility for the IVS Group	50
Energy consumption	52
Emissions of greenhouse gases	57
Group efficiency drives	60
Waste management	62
Water consumption	68
RESPONSIBILITY TO PEOPLE	71
The responsibility to people for the IVS Group	72
Industrial relations	73
Our people	74
Turnover	76
Diversity and equal opportunities	78
Staff training and assessment	81
The quality of company life	86
Employee health and safety	93
FOCUS ON CUSTOMERS	101
Constant contact with customers	103
Customised services and products	107
Product quality and safety	109
Supplier relations	112
FOCUS ON LOCAL AREAS	117
Local initiatives	118
Responsible marketing	121
PERIMETER ANALYSIS AND GRI CONTENT INDEX	125
Perimeter analysis of the IVS Group's material topics	126
GRI Content Index	127
REPORT OF THE EXTERNAL AUDITORS	133

# Letter to stakeholders

## Dear stakeholders,

The IVS Group provides its services to over 3 million people every day: services perhaps with a small unit price, but of great value to the recipients, as they make a contribution to the quality of each person's daily life. The pleasant ritual of a nice coffee during the day also for those who can't leave the workplace, a cold drink for those in transit, a snack when you suddenly need a bit of energy.

The responsibility and sustainability of our "modus operandi" are behind these small gestures, however multiplied by large numbers, which for IVS, **translate to over 800 million vends per year. Through more than 180,000 automatic and semi-automatic vending machines throughout the territory, with more than 2,700 employees in the Group**, with an extensive logistics set-up to provide a high quality service 24/7.

Our restocking employees and our technicians must ensure that all functions, however, remain almost invisible; they have often finished their work before the offices, factories, public transit hubs are in full swing, so as not to disrupt their activities.



To do this we invest heavily, **more than 40 million per year** in technology, vehicles, communication and payment systems; in the belief that the all-round quality offered, day after day, creates value and is good for our company and all our stakeholders.

Through a structured and long-term collaboration with IVS, a significant portion of our value added may benefit our customers, communities and the environments in which they operate; companies, hospitals, universities can obtain resources to be reinvested in their ordinary activities or for the benefit of the employees themselves.

In fulfilling our mission, namely providing a top-quality service for the automatic supply of drinks and snacks for immediate consumption, we don't claim to change end consumers' habits, nor will we have the objective strength to do so, in a sector dominated by the production giants and large advertising media; however, we are sensitive to the theme of food quality and we strive to promote it, by investing in training, product innovation and the breadth of our product range, in order to present an increasingly better and more advanced offer.

The IVS Group has been, for more than 40 years, since its foundation by Cesare Cerea, our President who recently passed away, focused on growth; not just growth in terms of our size, but an improvement in all its functions and opportunities for inter-relationships with multiple environments: companies, public places, public administration, financial market. We are committed to ensuring that this type of sustainable development continues in the long-term, encapsulated by the publication of our first sustainability report.

The very fact of being or feeling like a leader in a market sector inevitably leads to the need to address questions regarding the huge responsibility each one of us has towards third parties. Sustainability is a value that calls for in-depth commitment owing to the sole fact we are a leader, a company that is duty-bound to believe it can influence the growth, development and welfare of modern societies. Inherent in our objectives and by sticking to the principles of sustainability, we establish a strong link between our business and our commitment to a healthy society, which adapts to changes, where people can progress and prosper.

We want to continue to create shared value and to generate increasingly better awareness in order to translate all our significant efforts into benefits for our employees and our customers to whom we extend our vision of improving people's lives.

And shared value for our investors, to whom we want to guarantee sustainable profits over time. The themes of food safety, environmental impact and prevention remain key aspects of our business, as are innovation, progress and company profitability.

Our commitment is simple: the IVS Group S.A. and its companies wish to be a key part of this change. Since its foundation, this has been the goal, and there will be an even stronger focus on it in the future.

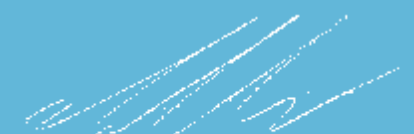
Paolo Covre - Presidente



Massimo Paravisi - Co-Ceo



Antonio Tartaro - Co-Ceo



# Methodological note

This document represents the first consolidated non-financial statement (hereinafter also the "Sustainability Report") of the companies belonging to the group established by IVS Group S.A. and its subsidiaries (hereinafter also "IVS Group" or "the Group"), drafted with the objective of fulfilling the obligations set out in Law of July 23<sup>rd</sup>, 2016, published in *Mémorial A*, with which Luxembourg acknowledged European Directive 2014/95/EU. The contents and indicators in the Report were selected on the basis of a materiality analysis on ESG topics, which allowed us to identify the significant areas for the Group and its stakeholders, taking into consideration the "Guidelines on non-financial reporting" of the European Commission, as suggested by the *Commission de Surveillance du Secteur Financier* (CSSF).

In that sense, the Report was drafted in such a way as to allow an understanding of the Group's activities, its performance, its results and its impact in relation to environmental and social aspects, personnel, respect for human rights, the fight against active and passive corruption, which are relevant themes taking account of the Group's activities and characteristics. In particular, the perimeter of economic data is the same as the Group's 2017 Consolidated financial statements, while the perimeter of corporate and environmental data and information is composed solely of fully consolidated subsidiaries.<sup>1</sup> Any methods of presentation of quantitative data that should differ from the above are expressly indicated in the appropriate notes. In addition, for the purposes of a correct representation of the performances and to guarantee the reliability of the data, the use of estimates that, if present, are based on the best methods available, has been limited as much as possible and reported accordingly.

It should be noted that, in December 2016, the Parent Company IVS Group S.A. signed an agreement to acquire a majority stake (80%) in the Swiss company Demomatic S.A.. In addition, the activities of the Swiss company IVS Group Swiss S.A. were transferred to said Demomatic S.A. in January 2017. As a result of these considerations and taking into account the low relevance of the 2016 volumes of IVS Group Swiss S.A., the provision of the environmental and social data relating to the aforementioned companies was limited to the 2017 reporting year. Furthermore, on 31 January 2017, through the subsidiary DAV S.L., IVS Group S.A. acquired the entire equity investment in Grup Ibervending S.A.; the Ibervending Group, active in the vending machines' market in Spain, includes the following five subsidiaries: Quick Food Vending S.L.; BSL Vending S.L.; Exmatic S.L.; Contradas Rehabilitation Sevicion S.L.; Cafès Victoria S.L.. The natural growth in the size of the Group resulting from the acquisitions and perimeter changes listed above<sup>2</sup>, in addition to the Group's normal growth over the last few years has, in certain cases, led to significant variations in some environmental and social data with respect to the previous year.

The Sustainability Report have been prepared in accordance with the "GRI Sustainability Reporting Standards", published in 2016 by the Global Reporting Initiative (GRI), according to a "Core" option. A table of the GRI indicators reported is provided at the bottom of the document, which provides a summary of the indicators and page references.

On a voluntary basis, the Sustainability Report was subject of a limited assurance engagement by Deloitte & Touche S.p.A., which, at the end of the work performed, released a specific Independent

Auditor's Report, hereby enclosed, according to the criteria set out by the "International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 Revised").

As established by the law requirements, the Sustainability Report contains descriptions of Group's business model, adopted policies (including their outcomes), principal risks (including how they are managed by the Group) and non-financial Key Performance Indicators (KPIs) related to the following thematic aspects: environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters.

The Group is strongly committed in these matters and is constantly involved to develop internal management models, structured policies and internal procedures to reduce the risks related to the business activities and to set challenging targets. Therefore, several adopted policies are described in the Sustainability Report, such as the statements of The Code of Ethics or The Declaration of the Integrated Group Policy, which incorporates quality, environmental and health and safety policies. The Declaration also establishes objectives to be pursued by the Group, so that its outcomes have been monitoring during these early years of application, and some risks to be monitored. With regard to the Group's risks management, the main ESG risks are related to the product quality and safety, food traceability and health and safety of employees. Besides the Declaration of the Integrated Group Policy, the Sustainability Report also contains references to the Company Hygiene Self-Regulation manual, the Food Safety Management System certifications owned by Group companies and the

description of the Group's approach to the health and safety employee risks matter.

Moreover, specific data and information regarding environmental issues, social issues related to employees, respect of human rights, anti-corruption, diversity of the board members can be find in the Report. The table on the next page provides a correlation map between the topics mentioned by the Law, the main information contained in the Sustainability Report and the chapter or the paragraph where information can be found.

The data and information in the Report relate to the year 2017 (from 1 January to 31 December) and for comparative purposes, and where available, to the previous year. The Sustainability Report is published annually. For the purposes of an accurate representation, information relating to the initiatives undertaken in previous years, but which are still ongoing, is also included.

Lastly, to make it easier to understand the information in the document, the following terms are used:

- "the Group" and "IVS Group" with reference to the Parent Company IVS Group S.A. and the fully consolidated subsidiaries;
- "IVS Group S.A." with reference to the Parent Company.

For any information relating to the Sustainability Report, you can write to the e-mail address [investor.relation@ivsitalia.com](mailto:investor.relation@ivsitalia.com). The Sustainability Report is available in the section of the Group's website dedicated to sustainability ([www.ivsgroup.it](http://www.ivsgroup.it)).

The document was approved by IVS Group S.A.'s Board of Directors on 27/03/2018.

1. For the list of fully consolidated Group companies, please refer to Section 6 – Group Information – of the Explanatory Notes Annual Report 2017 IVS Group S.A.  
2. Any additional exceptions are indicated in the document accordingly.

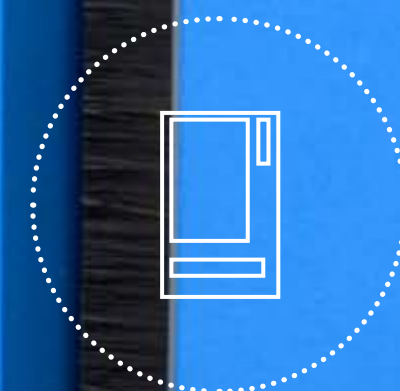


Thematic aspects	Main related information reported in the Sustainability Report	Sustainability Report chapters or paragraphs
Environmental matters	<ul style="list-style-type: none"> <li>• Energy consumption</li> <li>• GHG emissions</li> <li>• Water consumption</li> <li>• Waste management</li> <li>• Initiatives to reduce consumption and emissions</li> <li>• Certifications obtained by the companies of the Group (UNI EN ISO 14001:2015; UNI CEI EN ISO 50001:2011)</li> </ul>	Environmental responsibility
Social matters & Respect for Human Rights	<ul style="list-style-type: none"> <li>• Sponsorship &amp; donations</li> <li>• Social initiatives and activities</li> <li>• Consumer health and safety</li> <li>• Supply chain management</li> <li>• Signing of the Group Code of Ethics by suppliers</li> <li>• Management of relations with the supply chain in accordance with the principles and values cited in the Group's Code of Ethics</li> <li>• Provisions of the Group Code of Ethics on anti-discriminations regarding employees and suppliers (human rights)</li> <li>• Certifications obtained by the companies of the Group (UNI EN ISO 9001:2015; UNI EN ISO 22000:2005; UNI 10854:1999)</li> </ul>	Focus on customers Focus on local areas
Employee-related matters	<ul style="list-style-type: none"> <li>• Diversity and equal opportunities</li> <li>• Employee wellbeing</li> <li>• Industrial relations</li> <li>• Training and development</li> <li>• Health and safety at work</li> <li>• Certification obtained by the companies of the Group (BS OHSAS 18001:2007)</li> <li>• ENWHP Project</li> </ul>	Responsibility to people
Anti-corruption and bribery matters	<ul style="list-style-type: none"> <li>• Risk assessment in relation to the risks of corruption</li> <li>• Principles, values and Code of Ethics</li> <li>• Related party procedure</li> <li>• Model 231/01</li> <li>• Training courses on Model 231/01 (anti-corruption)</li> <li>• Gap Analysis tool</li> <li>• Compliance with laws and regulations</li> </ul>	Governance and Risk Management





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The IVS Group



# Highlights 2017



**221,994**  
GJ

ENERGY  
CONSUMPTION  
(+12.0% VS. 2016)



**13,380** TONS CO<sub>2e</sub>  
SCOPE 1 EMISSIONS

**3,580** TONS CO<sub>2e</sub>  
SCOPE 2 EMISSIONS



**2,706**  
EMPLOYEES  
(+12.4% VS. 2016)



**70.1%**  
EMPLOYEES  
BETWEEN AGES  
OF 30 AND 50



**91.9%**  
EMPLOYEES WITH  
A PERMANENT  
CONTRACT



**16** ACQUISITIONS IN 2017  
(>160 FROM 2007)

**79** BRANCHES OF WHICH:  
**58** IN ITALY  
**15** IN SPAIN  
**4** IN FRANCE  
**2** IN SWITZERLAND



**409.1** MILLION IN  
REVENUES

**91.2** MILLION EBITDA  
ADJUSTED<sup>3</sup>

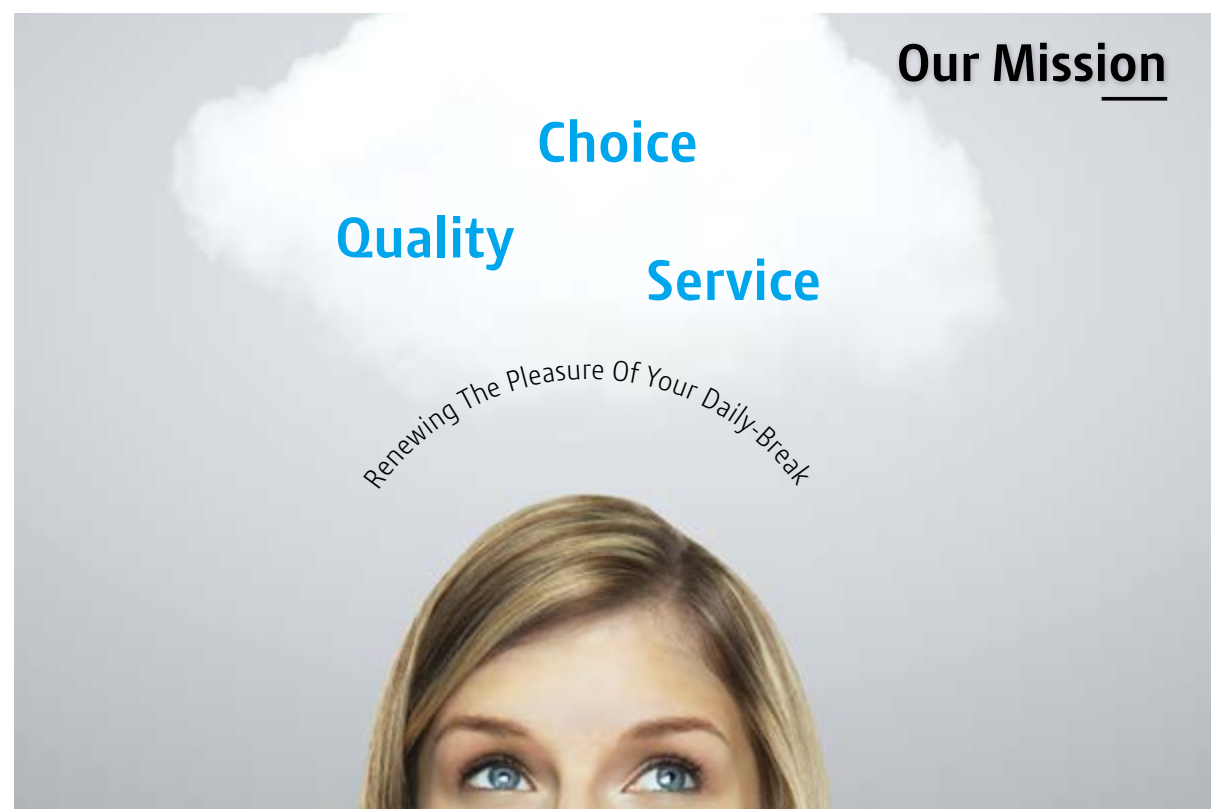
**>180** THOUSAND VENDING  
MACHINES

**804.8** MILLION VENDS

<sup>3</sup>. Adjusted to remove non-recurring and exceptional income and expense owing to their nature.



# The Group profile



The IVS Group is one the leading Italian operators in the food service sector, particularly in the sale of hot and cold drinks and snacks through automatic and semi-automatic vending machines ("D.A."). The IVS Group serves private customers, public organisations and passenger transit and travel locations, based on multi-year contracts which make provision for the installation, maintenance and management of:

- **Medium and large automatic vending machines**, divided by product category (hot or mixed);
- **Small semi-automatic vending machines** (OCS - Office Coffee Service). Semi-automatic vending machines, generally distributed to Small and Medium Enterprises (SMEs) and to other business customers, are composed of small machines for dispensing coffee and hot drinks (cappuccino, mocaccino, hot chocolate, tea etc.) and cold drinks.

With a history stretching back more than 40 years, the IVS Group is now an international leader in the Italian automatic food service market (Vending) - with an estimated market share in Italy of 12% (its main market) and just under 15% excluding the revenues deriving from semi-automatic machines, and it is, in terms of turnover, the second ranked Group in the European Vending market.

In 2017, the IVS Group served more than 800 million drinks and snacks in Italy, France, Spain and Switzerland: it is the leading Italian Group not just in terms of turnover but also territorial coverage. Italy is actually the Group's operating hub, with more than 2,000 associates, a fleet of over 1,800 vehicles, with over 180,000 vending machines, of which about 30% are semi-automatic and Office Coffee System-OCS.

## THE SERVICES OFFERED AND THE BUSINESS MODEL

The IVS Group, with registered office in Luxembourg, operates through two business segments: the Vending division, with 70 branches in Italy, Spain, France and Switzerland, and the Coin Service division, the Italian leader in coin

management, transport and counting activities, with 9 branches in Italy. The IVS Group's operating headquarters are located in Seriate, in the province of Bergamo.

### Vending Division

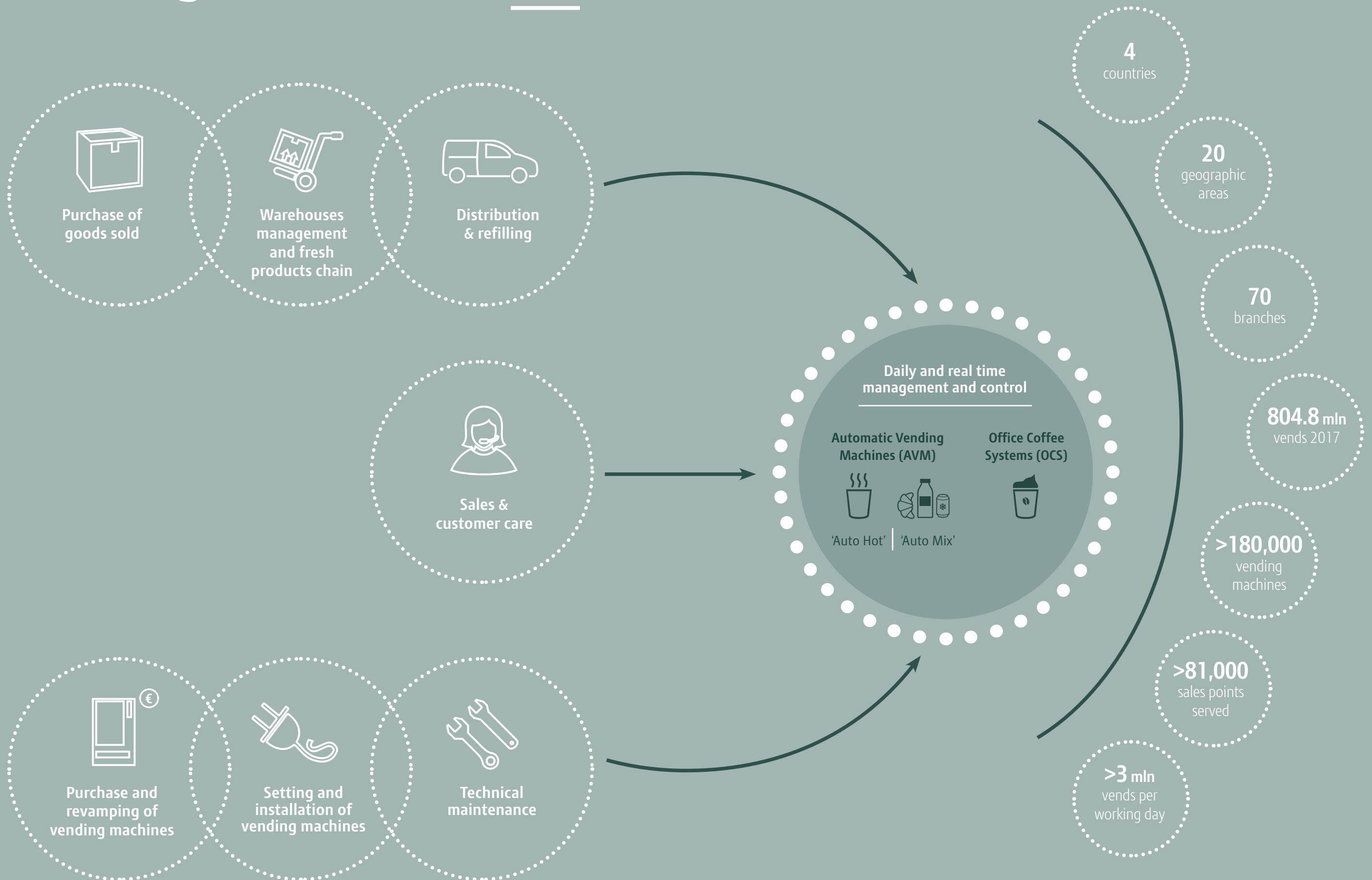
**your best break .com** The Vending Division is structured so as to vertically integrate the preparation and testing of new automatic vending machines as well as the upgrade and overhaul of uninstalled used vending machines. As at 31 December 2017, the Group manages a network of over 180 thousand automatic and semi-automatic vending machines, through which it provides a wide range of products including hot and cold drinks, snacks and confectionery. The business model covers the entire spectrum of the value chain in the automatic vending machine operators market. Based on the needs of customers and consumers,

the Group acquires and customises automatic vending machines, also with options and features designed on an ad-hoc basis, and installs them in dedicated areas, in order to provide the customer-consumer with a daily, direct and punctual refreshments service. To this end, every day the Group manages, maintains and refills the proprietary automatic hot and cold drink vending machines, collecting their takings on a daily basis, primarily in the form of coins. The central purchasing office is also responsible for choosing and managing the vast range of food and drink products to be stocked in the automatic vending machines, adapting it to the specific needs of customers and the type of consumer.





# Vending business model





Coin Service Division<sup>4</sup>

The IVS Group has a business division dedicated entirely to coin and e-money management services, the Coin Service Division, which operates throughout all of Italy through the three companies that came under the control of the IVS Group in March 2011:

- **Coin Service S.p.A.** (with registered office in Empoli - FI), which manages coin collection, delivery and counting on its own behalf, by means of the Authorisation pursuant to art. 115 of TULPS (Consolidated Law on Public Security);
- **Coin Service Nord S.p.A.** (with registered office in Castel Maggiore - BO) by means of the Authorisation pursuant to art. 134 of TULPS (Consolidated Law on Public Security) and deals with activities on behalf of third parties and the transportation of cash and valuables in general;
- **Venpay S.p.A.** (with registered office in Seriate - BG) which carries out telematic reporting of the electronic collection data and data transmission relating to transactions performed via credit card and Apps at automatic vending machines owned by its commercial partners.

More specifically, the core business of this division includes an extensive and comprehensive range of activities, including: collection, delivery, counting, packaging, disposal and tracing of coins and transportation of cash and valuables on its own behalf and for third parties. In addition, although this activity is still at the development and dissemination phase, POS terminals are supplied, equipped with GSM data cards to be installed in automatic vending machines, to register commercial transactions and the transmission of data to authorised financial intermediaries.

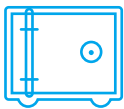
Today, the Coin Service Division is the leader in Italy in coin management and possesses an extensive portfolio of customers in the banking, industrial, retail, transport and institutional sectors. These include all the main Italian vending operators (operators based in public and private car parks), local and national large-scale retailers, specialised retail chains and local public transport companies (railways, motorway managers, public authorities/ Local Healthcare Authorities, Postal service). This coverage is ensured by an extensive network of branches located throughout Italy, which make it possible to cover a radius of 100 km.

COIN SERVICE SPA

REGISTERED OFFICE: Empoli (FI)  
ACTIVITY: Collection, Delivery and Counting of coins on own behalf  
AUTHORISATION: pursuant to Art. 115 TULPS (Consolidated Law on Public Security)  
BRANCHES: Alessandria, Empoli (FI), Rome, Marcanise (CE), Messina, Ortona (CH)

COIN SERVICE NORD SPA

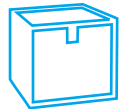
REGISTERED OFFICE: Castel Maggiore (BO)  
ACTIVITY: Collection, Delivery and Counting of coins for third parties  
AUTHORISATION: pursuant to Art. 134 TULPS (Consolidated Law on Public Security of Third Parties)  
BRANCHES: Rovello Porro (CO), Castel Maggiore, Padua



All offices are equipped with **maximum security vaults** for the depositing of coins and **hi-tech counting centres, equipped with innovative and specialised machines.**



**Counting operations are always performed in the centres**, also where coins are collected by other cash-in-transit companies, hence allowing **constant and continuous coin control**, in line with the **high operating standards** applied by the company. Coin Service also **records all counting activities**, to ensure maximum security and compliance with privacy protection laws.



Thanks to functional packaging lines, the coins processed at the company's centres are packaged in blisters in observance of European Central Bank regulations. The preparation of packages is subject to scrupulous checks, thanks to which the origin of the coin can be traced at any moment.



The company collects coins from customers (bank branches, vending companies, car park management companies, etc.), returning their equivalent value via bank transfer within the agreed times. The company can perform disposal services for significant amounts accumulated in the Bank's vaults throughout the country and supply them with any denominations of coins.

Details: from 2010 to 2017

numbers > COIN SERVICE



EMPLOYEES  
55 > 170



TURNOVER  
7 > 18 mln euro



BRANCHES  
4 > 9

COIN SERVICE: A CONSTANTLY GROWING BUSINESS

Details: 2017



Coins handled on our behalf  
More than **1.5 billion**



Coins handled on third parties's behalf  
More than **1.5 billion**



Blisters packed  
Over **35 million**



Coins managed  
Over **40,000 Tons**



Services implemented  
Over **250,000**



Active customers  
Over **1,000**

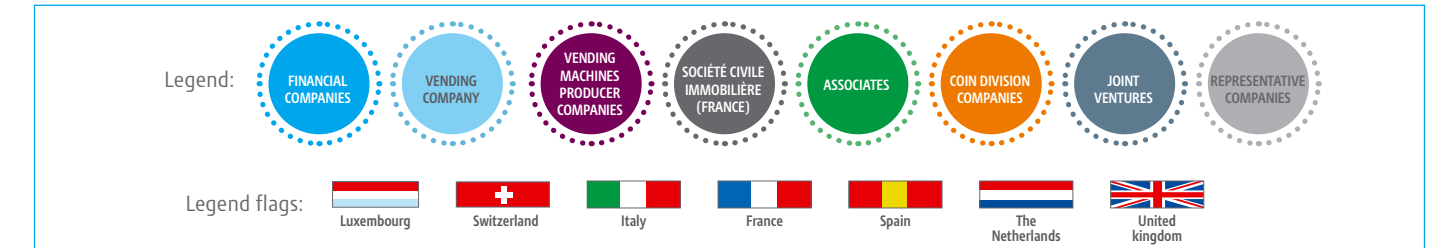
4. The quali-quantitative environmental and social data attributed to the Coin Service Division below relate exclusively to the companies Coin Service S.p.A. and Coin Service Nord S.p.A.. The quali-quantitative data of the company Venpay S.p.A. are, nonetheless, included in the Group figures.



IVS Group S.A. is a Luxembourg company listed on the Milan Stock Exchange (ISIN: LU0556041001) and is resident in Italy for tax purposes. The share capital is composed of 38,952,491 Category A shares (Market Shares), issued in registered form, with no par value, fully subscribed and paid-in.

A large, modern, two-story building with a flat roof and a prominent corner entrance, illuminated at night. The building features large windows and a central entrance area with a blue pillar. The surrounding area includes a green lawn, a paved walkway, and a fence in the foreground.

- IVS Partecipazioni S.p.A. is the majority shareholder, with 23,068,739 shares (company in which the majority of the shareholders is composed of the founding partners of the Group and the operations managers);
- Amber Capital Italia SGR S.p.A. with 2,318,466 shares;
- Amber Capital UK LLP with 2,087,753 Category A shares.





# History and Key Events



IVS Group is a pioneer of the vending industry in Italy with over 40 years of experience.

The history of IVS Group can be traced back to Bergamo Distributori which was founded by Cesare Cerea and Pietro Gualdi in 1972.

IVS Italia S.p.A. was incorporated at the end of 2006 through the merger of the companies previously operating under the IVS Group brand on a stand alone basis.

Following the 2006 merger, IVS Group

completed a large number of acquisitions of players operating in Italy, France Spain and Switzerland, implementing a buy-build strategy with the aim of making the Company a main consolidator, in a fragmented sector

where economies of scale are a key factor to boost performance. Mr. Cerea drove the innovation of the sector from "old-style coin-only drop" machines to innovative point-of-sales with a multiple selection of clearly visible products.



TRENDS IN THE VENDING SECTOR

The Vending sector is heavily and differently regulated based on each individual national legislation, and is impacted significantly by weather conditions and social trends.

At regulatory level, the Vending sector in Italy was subject, in the first few months of 2017, to the implementation of new regulations that require the telematic transmission to the Tax Authorities of the data on the amounts collected by the automatic vending machines.

The intense national regulation of the Vending business has also led to some restrictions on the installation of automatic vending machines in some public locations or specific areas, and on the authorisation to sell given foods with specific nutritional values.

The typical changeable nature of the regulatory framework has made the Group aware of the constant need to develop new technologies and tools that may also be realised through significant investments at consolidated level. At the same time,

provision has been made for major changes to the technical characteristics of the automatic vending machines and payment systems, with the subsequent need for a continuous change of perspective from the manufacturers of the equipment that populate the supply chain of IVS Group.

The sector is also subject to external factors and trends such as weather and global economic conditions, with both positive and negative impacts. In particular, the sector must also deal with the perception end consumers have of the current economic situation and their propensity to consume and to spend. The IVS Group constantly monitors these possible impacts on its business and the effect on its stakeholders.

On the other hand, the changeable regulatory framework in the sector and highly fragmented market provide huge opportunities for the Group to increase its territorial presence and to exploit its know-how to guarantee stakeholders with greater business value in terms of profitability and sustainable development.



THE FUTURE OF THE IVS GROUP

The Group is committed to not only conceiving radically new solutions in terms of products/ services/processes that can be effectively implemented, but to constantly seeking out the best opportunities to improve the efficiency of its existing processes and systems.

The IVS Group's research and development efforts are focused on three key areas:

- 1. new technologies for automatic vending machines;
- 2. product innovation;
- 3. customers and consumers.

In the automatic vending machines sector, the Group focuses its efforts on new methods for monitoring product availability, the status of automatic vending machines and service upgrade and usage techniques, with the goal of boosting the efficiency of the refilling of automatic vending machines, the choices of customers-consumers and their interaction with the Group.

In the product innovation area, the IVS Group works with different key partners to enhance the performances of walky-cups machines and to improve the characteristics and performances of the *CoffeecApp* App, which allows products to be purchased and paid for using smartphones.

In 2017, with the help of its automatic vending machine suppliers, the Group continued with the process, launched in 2016, to develop a new automatic vending machine equipped with a touch-screen display and an innovative system able to maintain the characteristics, aroma and freshness of coffee over time.

In the customers and consumers area, the IVS Group is developing fixed configuration models for the refilling of automatic vending machines with high consumption rates to obtain higher revenues, recovering inefficiencies. The constant focus on consumers has also led the Group to establishing an internet community in which customer feedback is used to improve products and services.



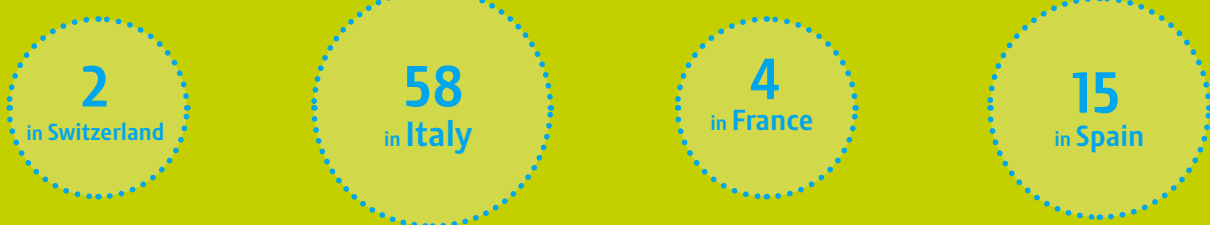


THE IVS GROUP: AN INTERNATIONAL VOCATION

Since its foundation, the company has kept an eye on always new scenarios, focusing on objectives to be reached and surpassed.



Number of branches



This Mission has always been the key to the Group's evolution. The IVS Group is an Italian leader in today's market, with a major presence in Spain, France and Switzerland and continues to look

beyond its national borders with projects and initiatives dedicated to both European and non-European markets.

THE MAIN CUSTOMERS

Thanks to the long-established ability to manage complex projects for airports, stations, subways and much more, the IVS Group is the perfect partner for large-scale national projects and initiatives. The Group's high level of expertise allows to serve all transit locations and meeting places, offering pleasant, solidly-built and safe refreshment areas, as proven by the numerous national and international customers that have chosen the Group. IVS Group has also confirmed itself as an ideal partner for managers of large infrastructures with high levels

of footfall, thanks to the supply of ad-hoc products and vending machines also perfectly designed for external environments.

The IVS Group serves private customers (large and small companies), public authorities (schools, universities, hospitals) and passenger transit and travel locations, based on multi-year contracts with an average duration of 4 years (excluding contracts with Cento Stazioni, Grandi Stazioni and RFI which have a longer term).





# Governance and Risk Management

## CORPORATE GOVERNANCE

The IVS Group S.A. Corporate Governance model takes account of the complex international context in which the Group operates. The endless changes in the economic, social and political context in the last few years have called for solid corporate governance, which takes account of the value for all stakeholders and in which the different corporate bodies are able to dialogue and interact. Consistent with the applicable legislation in Luxembourg, the Corporate Governance model is composed of the Board of Directors and two committees set up by the latter: the Internal Control Committee and the Appointments and Remuneration Committee. The **Internal Control Committee's** goal is to ensure the adequacy of the company procedures in terms of the efficiency, effectiveness, reliability and accuracy of the financial information, in compliance with the applicable laws and is also responsible for monitoring significant transactions with Related parties. The **Appointment and Remuneration Committee** has been established to provide advisory support to the Board of Directors regarding the attribution

of management powers, the transparency of the election procedure and the definition of a remuneration policy for the management category. These are supported by the **Supervisory Board (SB)**, operating under the legislation of the Grand Duchy of Luxembourg, in accordance with which the company was incorporated, but also operates within the framework of the provisions of Legislative Decree no. 231 of 8 June 2001, disseminated by the Italian Republic. The Board of Directors is equipped with the widest powers to undertake all necessary or useful actions to meet the Group's objectives, with the exception of those reserved by laws, regulations or the articles of association, to the general shareholders' meeting. The Board of Directors of the IVS Group S.A. is composed of 11 members, of which 3 women. In addition, 9 members are over 50 and the remaining 2 between the ages of 30 and 50. The Board of Directors will remain in office until the ordinary shareholders' meeting called to approve the financial statements as at 31 December 2017.

### Composition of the Board of Directors of IVS Group S.A. as at 31.12.2017

Members	Position	Executive	Independent	Internal control committee	Appointment and remuneration committee
Paolo Covre <sup>5</sup>	Chairman	X			
Massimo Paravisi	Co-CEO	X			
Antonio Tartaro	Co-CEO	X			
Vito Alfonso Gamberale	Vice Chairman	X			
Adriana Cerea	Director				
Monica Cerea	Director				
Luigi De Puppi	Director		X	X	X
Carlo Salvatori	Director		X	X	X
Maurizio Traglio	Director				
Mariella Trapletti	Director				
Raffaele Agrusti	Director		X	X	X

5. As a result of the passing away of President Cesare Cerea in August 2017, this position is currently held by Paolo Covre, former Deputy Chairman.

## INTERNAL CONTROL AND BUSINESS RISK MANAGEMENT SYSTEM

The adequacy and functioning of the internal control system is guaranteed by periodic checks by the Internal Control Committee, which also defines their guidelines in accordance with the Board of Directors. The Committee's role is not limited solely to guaranteeing the adequacy of the company procedures: it is responsible for risk management, ensuring that said risks are correctly identified, as well as adequately measured, managed and monitored, helping to ensure company management consistent with the company objectives defined by the Board of Directors. The management of risks, which include, internal, external, environmental, social, industrial, political and financial, represents an integral part of the Group's growth strategy and is essential for the development of its corporate

governance system. The correct management of these risks in fact makes it possible to protect both stakeholders (employees, customers, suppliers and shareholders etc.) and Group activities, by improving the codes of conduct. With a view to mitigating the different types of risk, the Group adopts a prudential approach which incorporates constant monitoring of said risks, to be able to evaluate their potential effects in advance and take the necessary actions to mitigate or offset them. This approach extends to all types of risk that are potentially significant for the Group. As regards the categories that most strongly characterise the Group's business model, business and financial risks assume an important position, which are summarised into six main families:

**General and business risks**

- Risks related to the economic conditions of the primary markets in Italy, France, Spain and Switzerland;
- Risks connected with sanctions/limitations due to non-compliance with the regulations of the Food & Beverage sector;
- Risks associated with a fragmented market;
- Risks of theft for cash and valuables deposited at Coin.

**Financial risks**

- Risks associated with the degree of availability of sources of financing;
- Risks connected with the ability to efficiently manage currency and interest rate volatility.

**Credit risk**

- Risks connected with non-fulfilment of the counterparty's obligations relating to a financial instrument or commercial contract.

**Liquidity risk**

- Risks associated with the possibility that the financial resources available may not be sufficient to cover the company's investments and third party debt.

**Interest rate risk**

- Risks linked to changes in interest rates that impact the fair value of the company's floating rate financial assets and financial liabilities.

**Legal and tax risks**

- Risks connected with non-compliance with new laws and regulations in the sectors in which the company operates.



In relation to **general and business risks**, the IVS Group's activities, like its operating results, may be impacted both positively and negatively by the national economic conditions, that can change the consumer's habits and propensity to spend. While the financial and global credit market, in line with the last few years, continues to be characterised by elevated volatility, people's levels of propensity to consume have risen, on the back of the stimulus created by the global financial policy. The Group monitors these trends and acts accordingly, adapting its equity structure and redefining its sales policies.

The management of Group's **financial risks** is subject to control of the local management and is supervised by the Group CFO, who evaluates the main financial transactions to be undertaken and the related risk management policies.

The evaluation of financial transactions also takes account of the **liquidity risk** and the **interest rate risk**. As regards liquidity risk, the Group's objective is to have flexible and diversified type of debt, which allows it to maintain an adequate cash flow to cover investments and the payables contracted with third parties. Interest rate risk is connected with floating rate financing transactions. These transactions are constantly subject to sensitivity analysis in order to assess the impact of any fluctuations in the indexes used in the contracts stipulated on Group disbursements.

The IVS Group's successful strategic decisions regarding financial risk management received positive feedback at the event for the presentation of the research

*"Benchmarking the UK Market: A way to create an efficient and effective Capital Market in Italy?"* held on 27 January 2016 at the Bocconi University in Milan. Equita SIM, a renowned investment bank and financial brokerage company, awarded IVS Group S.A. with third place in the category "Collection of funds on the debt market", thanks to the originality and effectiveness of the bond issue finalised in the previous year.

**Credit risk** stemming from the Group's sales activities is influenced by the type of customer served. The monitoring and management operations implemented by the management in relation to this type of risk are adequate, within the context of a vast and diversified range of customers with whom the Group interacts. Furthermore, the amount of the provision for bad debts is based not only on the assessment of historical trends, but also on other collection indicators.

The IVS Group is also exposed to **legal and tax risks**, for which it is constantly committed to verifying its compliance with both European and national regulations, within a sector like the food and beverage industry, which is often subject to significant restrictions. On this front, the Group remains in step with the reference legislation, also thanks to the assistance of external consultants. Furthermore, management periodically monitors the trend in any ongoing and potential disputes, determining the most suitable measures to manage them and ensuring the necessary assessments.

## MODEL 231/01

Legislative Decree 231/01, disseminated by the Italian Republic, a country in which the Group carries out the bulk of its activities, establishes the administrative responsibility of entities for offences committed by persons who hold positions of representation, administration or management of the entity, or one of its autonomous organisational units, as well as by employees or parties subject to their management or supervision, in the interest of or for the advantage of said entity.

In order to meet the requirements set forth by the Decree, IVS Group S.A., IVS Italia S.p.A., Coin Service S.p.A. and Coin Service Nord S.p.A. adopted the **"Organisation, Management and Control Model pursuant to Legislative Decree 231/01" (Model 231/01)** and the associated "Code of Ethics" (the "Code"), also defining a regulatory system suited to sanctioning non-observance of the measures and principles contained in these documents. In outlining the regulatory system, the Group aligned itself with the principles stated in the "Confindustria Guidelines", considered compatible by the respective administrative bodies.

The adoption of the Model 231/01 is targeted at creating a system of organisational provisions and tools which aims to guarantee that the organisation's activities are carried out in full compliance with the Decree and to prevent and sanction any conduct that falls under one of the categories of offence set forth in the Decree. The Decree lists the types of offence whose commission results in entities' administrative responsibility, in relation to which, with reference to the areas referenced in Directive 2014/95/EU issued by the European Union regarding the communication of non-financial information,

crimes against the public administration and private corruption, crimes against individuals and crimes connected with the violation of the regulations governing workplace health and safety and environmental crimes are prominent.

At the same time as the implementation of Model 231, all the above-mentioned companies appointed a Supervisory Board, assigned with the task of monitoring the functioning, effectiveness and observance of the model. Each Supervisory Board is composed of the following individuals: a member of the Board of Statutory Auditors; the food quality and safety manager and an external consultant with specific and in-depth legal expertise.

On 9 February 2016, the Board of Directors applied a new update to the "Organisation, management and control model", after an initial one dating back to 2013, targeted at integration with the Antitrust Code of Conduct. In addition, at the meeting on 1 August 2016, said Board made another update to the Model, pursuant to Legislative Decree no. 231 of 8 June 2001, to acknowledge the new offences introduced with: i) Law 186/2014 (self-laundering); ii) Law 69/2015 (new provisions regarding crimes against the Public Administration, Mafia-type associations and false accounting), iii) Law 68/2015 (provisions governing crimes against the environment); and iv) crimes against industry and commerce. The update to the Model 231/01 has imposed a disclosure requirement for the organisation; the Group, aware of the need to disseminate the updates relating to these subjects, will take steps to organise training courses for its employees. As proof of this commitment, 11 training sessions were held in 2017 regarding Model 231/01 and the various updates.

## BUSINESS RISKS FOR THE COIN DIVISION

Owing to the specific characteristics of the sector in which it operates, the Coin Division is aware that the safe, accurate and efficient management of its transactions are key factors in mitigating business risk. The transportation of huge sums of cash actually exposes the Group to the risk of loss or theft, with clear consequences for the company's image. Therefore, the Group takes the necessary steps to ensure that its employees, operating systems and its network possess the necessary skills and tools to carry out its tasks correctly, securely and effectively, in accordance with the key factors cited above.

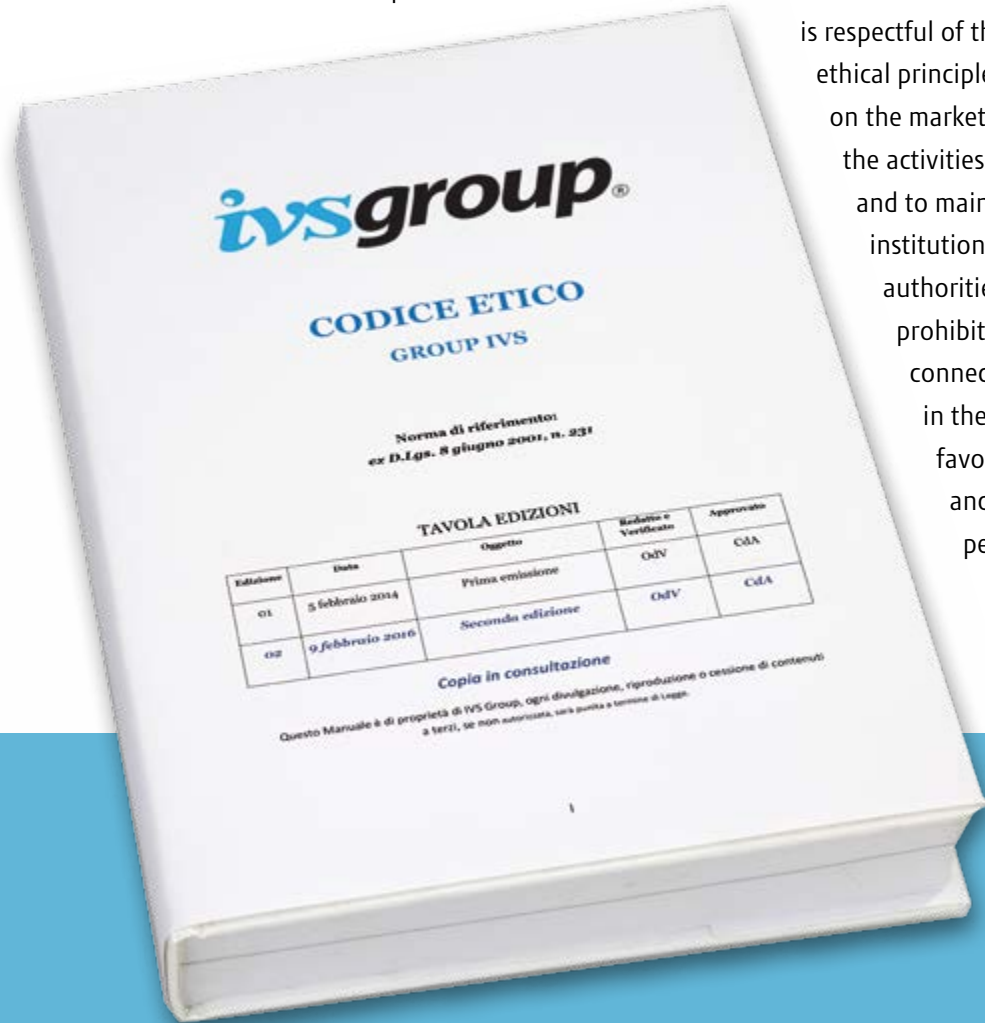


Ethical management of the Business:  
The Code of Ethics

The IVS Group S.A. defined and adopted the Code of Ethics, applied by all Group companies, drafted by the Supervisory Board and approved by the Board of Directors, fully aware that the ethical approach of its business activities is a duty for all economic system operators and the organisation of the different Group companies. The Code of Ethics defines the ethical and moral principles which provide the basis for the rules of conduct that Group entities must draw

inspiration from: therefore, all its contents must be respected and applied by Directors, internal and external control bodies, employees of Group companies, including executives, as well as all those who operate, directly or indirectly, for the Group companies (associates in any form, consultants, suppliers, commercial partners).

The rules of conduct are based on the principles of correctness, honesty, impartiality, transparency, loyalty and good faith, in order to protect the interests of shareholders and ensure the adoption of an efficient and reliable method of working that is respectful of the relevant legislation. Adequate ethical principles are essential for operating on the market, both in Italy, and in relation to the activities performed in other countries and to maintain relations with companies, institutions and national and international authorities. The document expressly prohibits any conduct which may be connected with the crime of corruption, in the same way it prohibits unlawful favours, collusion, direct solicitations and/or through third parties and for personal advantages.



The Code of Ethics is divided into the following five sections:

- 1. **General principles:** describes the most important principles that provide the basis for the conduct of the IVS Group's business, such as responsibilities and respect for the laws, loyalty and correctness, transparency, innovation, protection of workplace health and safety and the environment. It also includes the management of relations with local entities, public institutions and political movements or parties. The Group is also committed to the ethical management of grants and sponsorships.
- 2. **Ethical principles in corporate governance:** describes the application of the principles in the Code of Ethics to the relations with shareholders, to external communication and the management of privileged information. This section promotes the imperative nature of transparency in company accounting and in the appointments of the members of Corporate Bodies.
- 3. **Principles and rules of conduct for personnel:** outlines the methods of hiring and managing personnel and the use of IT systems. The Group also endeavours to ensure the confidentiality and the integrity and protection of the person,
- 4. **Principles and rules of conduct for third party recipients:** describes the Group's commitment to third parties such as suppliers, commercial partners, customers and competitors. In particular, the Group companies manage relations with suppliers in observance of the principles of correctness and transparency, and ensure respect for the applicable regulations and principles of the Code. In relations with competitors, the Group operates in observance of the regulations, while as regards customers, its activities are targeted at meeting their best and legitimate expectations.
- 5. **Implementation and control of respect for the Code of Ethics:** the document outlines the Group's commitment to ensuring timely internal and external dissemination of the Code of Ethics through diversified channels. In addition, the role of the Supervisory Board is outlined, responsible for the control of implementation and respect of the Code of Ethics as well as the recipient of any recorded violation of the principles and provisions outlined in the Code by directors, employees, associates, suppliers or other entities.

LEGALITY RATING

The legality rating is a type of **ethical rating** created in 2012 thanks to collaboration between **Autorità Garante della Concorrenza e del Mercato** (AGCM - Italian Antitrust Authority) and the Ministries of Justice and the Interior which aims to promote ethical principles in company conduct in Italy. Corporate Social Responsibility (CSR), or companies' commitment to reduce their social and environmental impact, also takes shape through the legality rating, as this encourages the adoption of legal, ethical and transparent conduct by organisations. In fact, actions targeted at implementing forms of CSR within companies are tools which make it possible to increase the score obtained. The regulation envisages requirements that, if respected, ensure companies a maximum score of 3 stars. On 9 November 2016, the Authority provided to confirm IVS Italia S.p.A.'s legality rating of "++", attributed on 31 March 2016. This rating is valid until 31 March 2018.



## ANTI-CORRUPTION AND CONFLICTS OF INTEREST

The Group carries out its activities in full compliance with current national and international regulations, and is committed to implementing all the necessary measures to prevent and avoid cases of corruption and conflicts of interest. At least on an annual basis, the responsible bodies conduct a risk assessment in relation to the risks of corruption. The Group also avails itself of a tool called "Gap Analysis", through which it constantly monitors and summarises the controls in place, the operating procedures which must be respected by all employees and any improvements to be made to the internal control system. As regards the risks connected with anti-corruption, special attention is paid by the IVS Group to relations with the Public Administrations and public institutions. In fact, as outlined previously, public authorities are included in the Group's customers. For this reason, the maximum transparency and correctness are guaranteed in the management of relations with these types of entities, as reported in the Code of Ethics. The transparency of the relationship must be as such not to lead to partial, false, ambiguous or misleading interpretations on the part of the institutional parties with whom said relationship is maintained. At the same time, Group companies do not provide direct or indirect contributions, for the financing of political parties, movements, political committees and organisations, or their representatives or candidates.

The Group has also prepared the "*Related party procedure*" document, targeted at defining and identifying the related parties and pinpointing the procedures to be adopted in the event of the transfers of resources, services or obligations, with

or without the agreement of a consideration, from the IVS Group S.A. or its subsidiaries to entities belonging to the related parties category. The document in force establishes the following in detail:

- 1) Procedures for identifying related parties;
- 2) Identification and distinction of transactions with related parties;
- 3) Formulation of judgments required by the procedure in relation to transactions with related parties in the Company's interest;
- 4) Methods, times and contents of the judgment formulated by the Committee responsible for carrying out said task, to be communicated to the Board of Directors.

In addition, the Group's Code of Ethics establishes that the members of the Corporate bodies are independent as regards their judgment, with respect to the decisions taken by them, ensuring the maximum transparency in the management of the transactions in which they have particular interests. The procedure also establishes the obligation of public disclosure through the half-yearly and annual report drafted by the IVS Group S.A. on all transactions that had a significant impact on the company's balance sheet and/or income statement position. The Internal Control Committee of IVS Group S.A. is promptly informed of each transaction and provides advisory services to support interested parties. The SB is responsible for verifying any irregularities on the part of company management and to check alleged violations of laws and regulations, including regarding conflicts of interest.







# Sustainability for the IVS Group

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# The IVS Group's approach to sustainability



Italian companies in the automatic vending machine sector focus on vending with increasingly greater sensitivity to sustainable company management, as shown by a survey by CONFIDA (Italian Association

of Vending Machines) in November 2016. The IVS Group has embarked on a process of ethical and social responsibility, both in vending and company management, committed to always operating in full respect of people's rights and the environment. "Vending Made Responsible" is a message that incorporates and communicates all projects implemented with a focus on environmental sustainability, healthy and natural food, constant improvement in the work environment and the increase in the value of fair trade.



# Mapping of the IVS Group stakeholders and Materiality analysis

The Sustainability Report is a tool that allows the Group to provide stakeholders with a comprehensive and transparent disclosure of its economic, social and environmental performances throughout the entire company process, as well as its commitment to sustainability. The materiality analysis constitutes the starting point for the drafting of the following Report, a process targeted at identifying and prioritising the material aspects, i.e. that reflect the significant economic, environmental and social impacts of the Group and that can have a

substantial influence on stakeholders' judgments and decisions. To this end, the Group has created a detailed mapping of the main stakeholders with whom it interacts and who fall within the scope of its activities, subsequently identifying their degree of influence/dependence and analysing the relevance that the specific sustainability themes of the sector and reference context have for them. The map with the 10 clusters of stakeholders identified is shown below.

Map of the IVS Group Stakeholders





Owing to the specific nature of the business, the distinction between “customer” and “consumer” is of crucial importance. For the IVS Group, the customer represents the contractual party who grants the space to install the vending machine and with whom a service contract is stipulated for said machine.

The consumer is instead the person who buys the product from the vending machine. In some cases, especially in the OCS segment, the contractual customer is the same subject who pays the IVS Group for the product, declaring that said product will not be resold but instead used freely by its employees or by personnel/consultants who are guests of the customer. In order to achieve the company goals, it is of fundamental importance to develop constant forms of dialogue and interaction with internal and external stakeholders, in order to understand their needs, interests and various expectations. In particular, in a dynamic, competitive and ever-changing scenario like that of the vending industry, being able to anticipate changes and identify emerging trends through dialogue with stakeholders allows the Group to generate shared and constant value added in the long-term.

For this purpose, the IVS Group is committed on a daily basis to establishing relationships of trust with its stakeholders, based on the principles of transparency, openness and listening. The “Investor Relations” department manages the flow of information addressed to shareholders, financial analysts and institutional investors, in respect of the rules established for the communication of Group information and documents. The next step saw the identification of the relevant themes of sustainability for the Group and its stakeholders. To this end, representatives from a number of business areas were involved in order to pinpoint

the expectations of stakeholders with respect to the business of the IVS Group, with the objective of encouraging reflections on the Group’s approach to sustainability. The participants made a significant contribution to defining the main impacts that the Group’s activities have on the various phases of the value chain.

The processes of engagement led to the identification of 22 areas considered material, summarised in the materiality matrix, where the X axis shows the relevance of the subjects for the IVS Group, and the Y axis their relevance for stakeholders. The themes identified fall into 5 macro areas: business governance and ethics, and the economic, product, environmental and social performance.

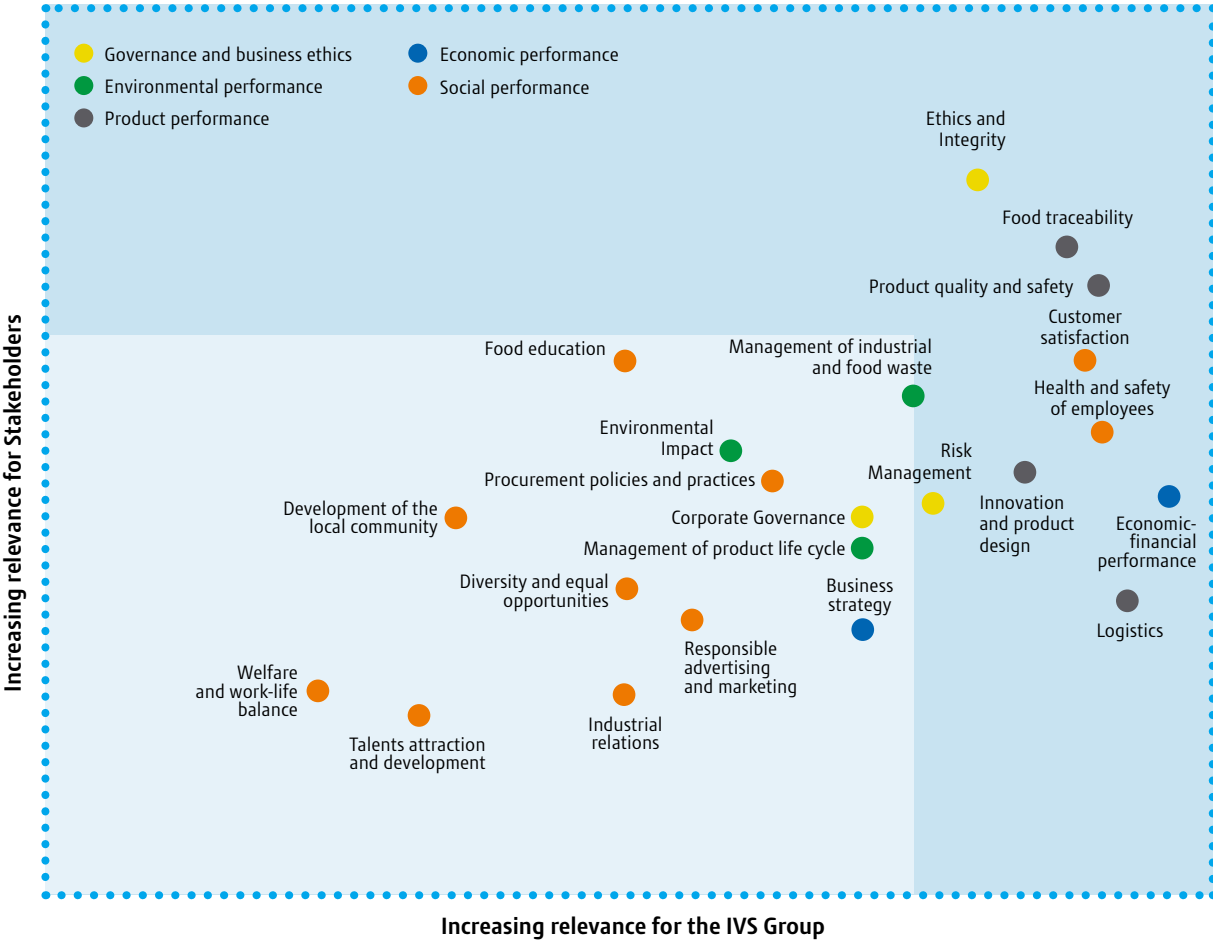
The materiality analysis was conducted in compliance with the criteria defined by the Global Reporting Initiative. The most important aspects for the IVS Group and its stakeholders are found in the quadrant in the top right and represent a strategic priority for the Group. Consistent with the relevant sector of the Group, this analysis confirms the importance of the aspects of food safety and product safety in general, ethical business management, customer satisfaction, the health and safety of its employees, product innovation, economic-financial performance, risk management activities, minimisation of rubbish and food waste and the logistics function.

The human rights topic, declined by the Group in managing relations with the supply chain in accordance with the principles and values cited in the Group’s Code of Ethics, is considered within the “procurement policies and practices” topic, which has turned out to be a relevant topic emerged from the materiality analysis. As reported in the Code

of Ethics, the Group repudiates any principle of discrimination based on gender, religion, nationality, personal and political opinions, age, health and economic conditions of its interlocutors, including its own suppliers. For further details on the policies applied to this topic, see the paragraph “Supplier relations”.

The synthesis between the strategic business approach and stakeholders’ prospects is the key for the Group to be able to continue to generate shared value in the short, medium and long-term.

Materiality matrix of the IVS Group





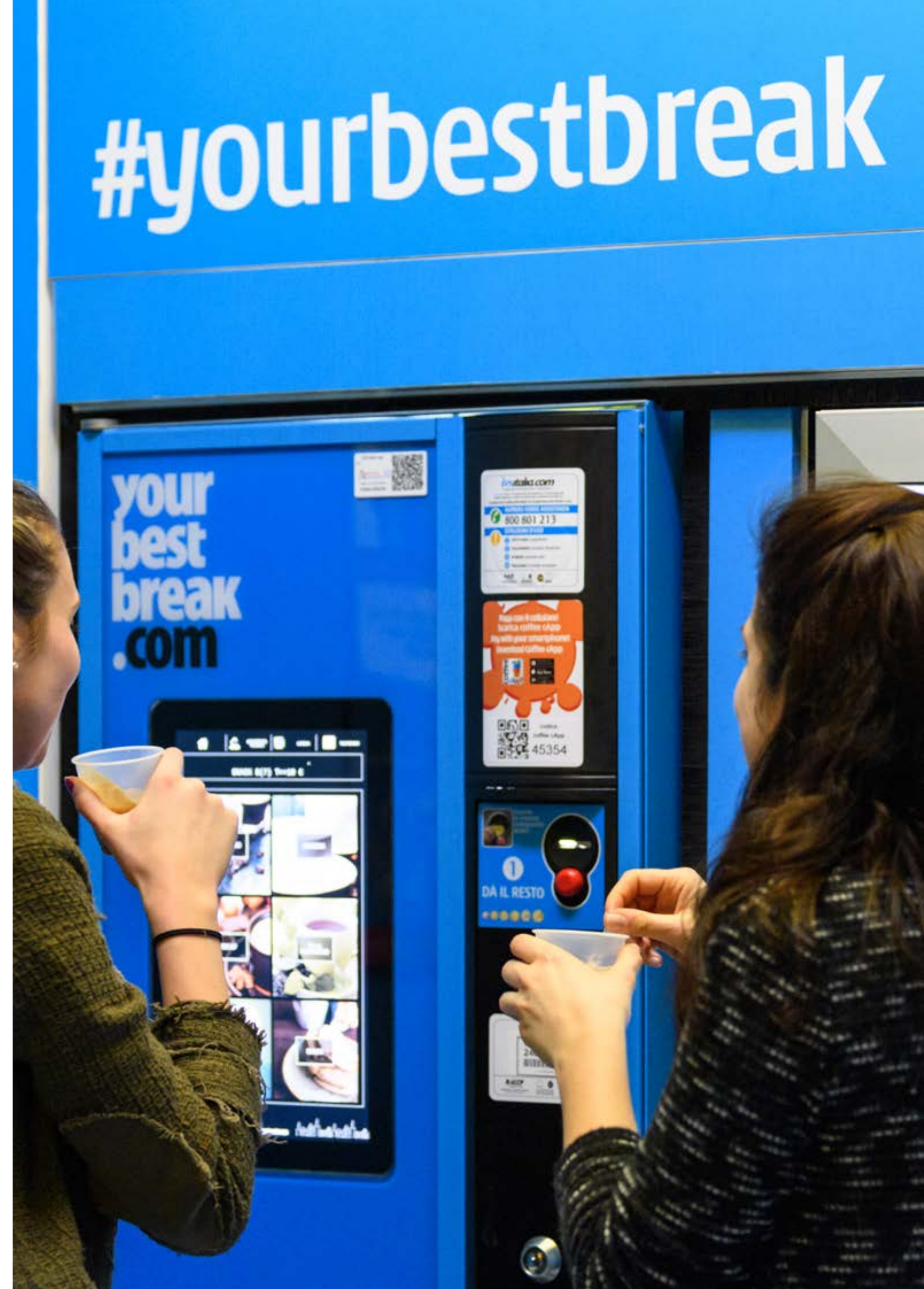
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## Mapping of Stakeholders and Materiality Analysis for the Coin Division

As regards the Coin Division, an ad-hoc materiality analysis has been developed, which takes into consideration the unique aspects of the coin management business. The stakeholders area for the Coin division has been reduced to include 5 clusters:



Also in this case, through a process of involvement of the main representatives of the companies Coin Service Nord S.p.A. and Coin Service S.p.A., 19 themes have been identified relating to the same macro areas identified for the IVS Group, with the exception of the one concerning “product performance”, replaced by “service performance”. The results of the analysis reflect the central importance of issues tied to service quality through the entire coin management process, with particular relevance attached to the theme of coin traceability. Special attention is also dedicated to the subject of workers' health and safety, with particular reference to vehicle drivers for coin transport services.







Economic  
responsibility

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## Economic performance

Despite the fragile economic context that has affected many industries in the last decade, the IVS Group has managed to increase its business. The Group has retained its focus on profitability through the operating synergies of the extended distribution and services network, particularly by striving to maximise the density of the presence of vending machines. In the last ten years, the IVS Group has completed more than 160 acquisitions, rapidly giving rise to important synergies: increase in turnover, thanks to the ability to offer machines with an increasingly broader range of products; reduction in the costs incidence of the management and technical assistance network, general costs and warehousing costs.

Only during the two-year period 2016-2017, total acquisitions of business units and / or companies in Italy, France, Spain and Switzerland amounted to 36. In 2016 the IVS Group extended and renewed until December 31st 2019, the exclusive distribution agreement with Nespresso Italiana S.p.A., relating to the Professional Line of Nespresso™ coffee capsules and in 2017 the Group finalized some important acquisitions useful for the increase in volumes relating to this segment.

In the automatic food service sector, the seasons have a huge impact on the sales composition: the consumption of cold drinks rises in the summer months, while the winter months see greater consumption of coffee and other hot drinks. This difference does not have a significant bearing on the economic results of the Group since the two periodic variations offset one another.

At Group level, the economic performance is assessed on the basis of specific financial statements parameters. The Group prepares an annual budget

every year and a business plan on a three-yearly basis, which is subsequently approved by the Board of Directors of the IVS Group S.A. and which reflects the Group's targets in terms of the economic-financial performance. The budget drafted represents an internal document which is not disseminated, that is used both for comparative purposes and to monitor any changes considered inconsistent.

**Revenues amounted to Euro 409.1 million, up by 13% compared to 2016.** This increase is undoubtedly due to the effect of the business combinations completed in the last two years, but also due to the effect of organic growth and the increase in the average selling price. The Coin Service Division keeps its levels of turnover and margins substantially stable, thus confirming the trend consolidation undertaken in recent years.

Business developed primarily in the large customer segments, such as banks, vending sector, store chains and local transport services.



## The economic value generated and distributed

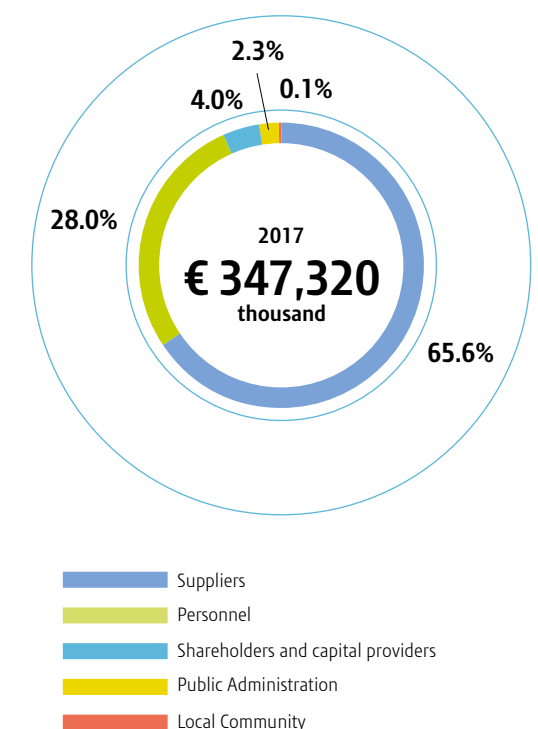
The IVS Group is committed to creating value for stakeholders, guaranteeing an economic result that can be reproduced in the short, medium and long-term. The effective use of resources is a key aspect of IVS' development, in a context in which the Group's activities aim to generate value added for stakeholders.

The value added and distributed by the Group to its stakeholders is calculated on the basis of the consolidated income statement, and makes it possible to re-appraise the wealth generated by the Group in terms of consumption and investments which flow into other economic areas, contributing to growth and creating a spillover effect. **In 2017, the economic value added generated by the Group came to Euro 411,617 thousand, while the value distributed stood at Euro 347,320 thousand. The economic value retained came to Euro 64,297 thousand.**

The economic value was distributed in the following way:

- **Personnel remuneration:** this item includes all personnel costs (e.g. salaries, employee severance indemnity, social security charges, etc.);
- **Remuneration of shareholders and capital providers:** this item includes the dividends resolved by the shareholders' meeting<sup>6</sup> paid to shareholders and the amounts paid to lenders;
- **Remuneration of suppliers:** this item includes all costs for services (including the personnel costs of third party entities) and raw materials;
- **Remuneration of the public administration:** this item mainly includes income taxes;
- **Remuneration of the local community:** this item includes all donations and sponsorships for the local community.

**Economic value distributed to stakeholders**



6. For the proposals to the Shareholders' Meeting on the distribution to shareholders please refer to the specific Board of Directors' reports in relation.





**Environmental  
responsibility**



# The environmental responsibility for the IVS Group<sup>7</sup>

Protection of the environment is a responsibility of fundamental importance that all companies are required to fulfil. The IVS Group does not look on respect for the environment as a mere duty but incorporates it pro-actively in its reference context, undertaking to align its strategic choices with the values of environmental sustainability at every phase of its activities: the Group's efforts in this area are embodied in the **"Declaration of the Integrated Group Policy"**<sup>8</sup>, issued in January 2016, which is a statement of the Group's responsible approach to quality, the environment, workplace health and safety and the reference model of employees in the performance for all activities.

The Group's commitment to properly managing environmental issues has led to the identification of a series of objectives. The main environmental objectives include:

- Development of an integrated model in line with the requirements of international regulation UNI EN ISO 14001:2015 through the certification from third party accreditation body ACCREDIA;
- Introduction and maintenance of all initiatives needed to ensure that the activities carried out at the Organisation's branches (offices and warehouses) meet the legal requirements in the environmental domain;
- Continuous improvement in its organisational and technical skills in order to reduce the environmental impact and the risks connected with its activities;
- Monitoring of its activities with a view to continuous improvement and to the reduction and prevention of pollution;
- Use of the best plant technologies available in order to minimise the environmental impact and obtain a high-quality product;

- Adoption of the necessary tools to prevent the wastage of energy and natural resources;
- Minimisation and appropriate disposal of the waste produced during the performance of production activities;
- Minimisation of emissions of CO<sub>2</sub> equivalents into the atmosphere;
- Preparation of systematic measures for ensuring that contractors/suppliers apply the environmental regulations in line with those of the organisation (e.g., the Group works exclusively with suppliers that have obtained the environmental certification UNI EN ISO 14001:2015), in order to guarantee mutual development in relation to environmental and service quality aspects.

Although it cannot be considered an entity operating in the industrial sector, but rather a services company, the Group, at environmental level, undertakes to identify its main impacts, within the life cycle of the service offered, employing a risk assessment analysis able to associate the Probability Indexes to the Consequence Indexes. The analysis process is established by the Group Quality Management System, validated in 2017, whose objective is to evaluate which and how many areas there are in which critical aspects are identified, for which the necessary actions must be taken to eliminate or mitigate them. In addition to providing the criteria for evaluating risk, the Quality Management System identifies the macro-activities which form part of the service provided to the customer.

In fact, starting from the first phase of receipt of products and accessories, the vending machine management system also makes provision for the

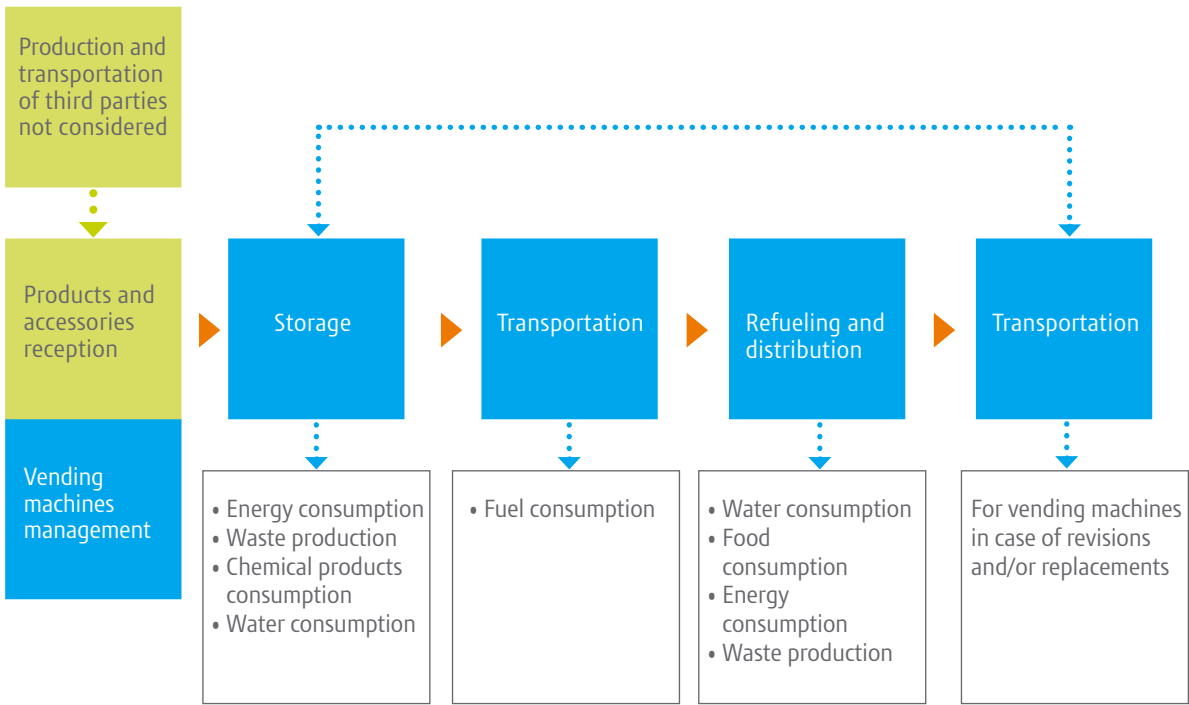
performance of the following macro-activities in succession:

- storage, which involves energy consumption, waste production and, in the case of the servicing and/or replacement of vending machines, the use of chemicals and water;
- transportation, which entails the consumption of fuel;
- restocking and distribution, which involve the consumption of water, foods, energy and the production of waste;

- transportation, which leads to a storage phase again, with the start of a new cycle, which involves the use of fuel.

The Group's responsible environmental approach is also shared with the other operators in the supply chain, as shown by the objectives of the "Declaration of the Integrated Group Policy". In this way, the attention on environmental aspects extends to the entire product life cycle, also outside the confines of the company.

## Carry out an evaluation of the life cycle of the service provided, starting from the phase of receipt of products at the Local Units<sup>9</sup>



The IVS Group is simultaneously dedicated to promoting a widespread ethos based on ethical-food compliance. This commitment incorporates, for example, the production and distribution of fair trade products and DOP (Protected Designation of

Origin) branded products by the Group: a choice which highlights the focus on all those products closely related to the local area, respectful of specific food traditions and which offer a natural and authentic flavour.

7. It should be noted that, unless indicated otherwise, the data and information relating to Italy in this chapter refer to both the Vending and Coin divisions. The data relating to the company Demomatic S.A. were only included for 2017.  
8. The Integrated Group Policy Statement does not apply to Demomatic S.A., acquired by the Group in December 2016.

9. Validated on 15 November 2017.



# Energy consumption

The IVS Group's activities mainly include automatic and semi-automatic vending machine installation, maintenance and management services carried out on a large scale. Energy consumption relates primarily to logistics and the operation of Group structures. As a result, in 2017, energy consumption was attributable to the use of diesel, accounting for 75.9% of the total. Followed by the use of electricity (17.1%), in part purchased and in part self-produced, used for heating, office lighting and power supply for electrical vehicles, which are recharged at the company. Italy also uses renewable sources to produce electricity, namely the use of photovoltaic panels on the roofs of the warehouses of the Italian facilities:

production in 2017 stood at 56 MWh, an increase of 4.1% compared to 2016. By contrast, in Switzerland, in 2017, the company Demomatic S.A. purchased around 8 MWh of electricity generated from certified renewable sources. The Group's residual energy consumption relates to natural gas (4.6%), Liquefied petroleum gas (LPG) (1.2%), gasoline (0.9%) and district heating (0.3%). The Group's total energy consumption stood at 221,994 GJ, an increase of 12.0% compared to the previous year. Consistently with the distribution of Group activities, 81.5% of consumption is attributable to Italian sites, followed by Spain (10.8%), France (7.0%) and, finally, Switzerland (0.7%).

## Group energy consumption by fuel type

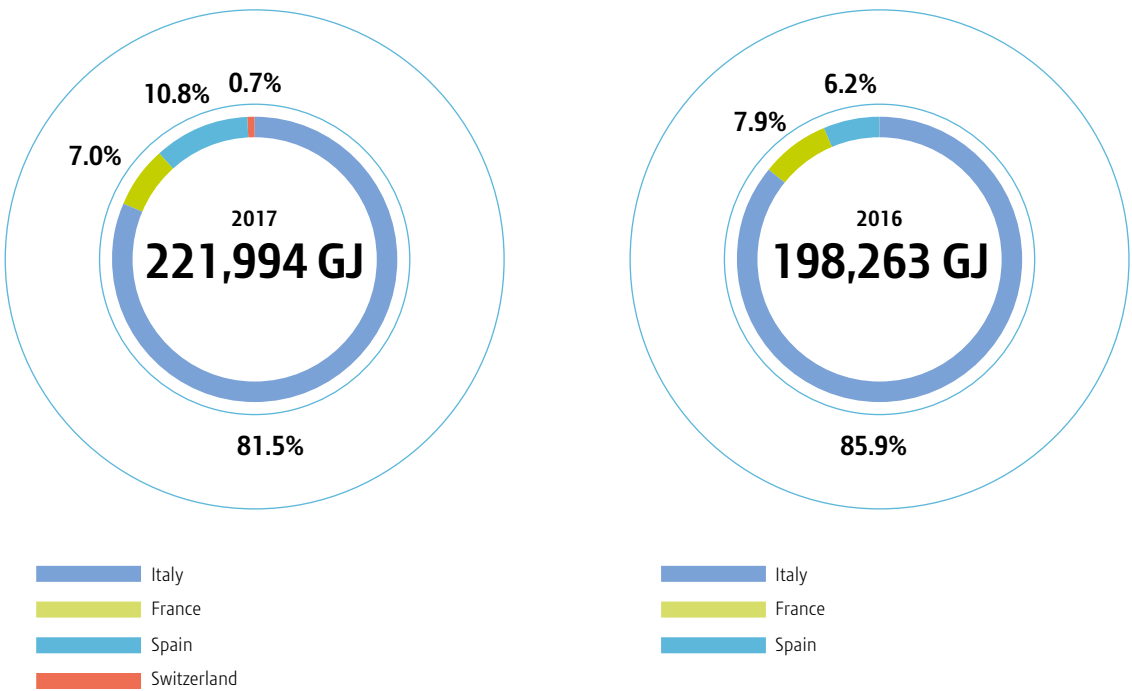
[GJ]	From 1 January to 31 December 2017	From 1 January to 31 December 2016
Diesel	168,568	149,223
Natural gas	10,126	9,338
LPG	2,769	3,332
Gasoline	2,041	1,571

## Group electricity and heating consumption<sup>10</sup>

[GJ]	From 1 January to 31 December 2017	From 1 January to 31 December 2016
<b>Electricity</b>		
Purchased	37,691	34,115
Self-produced	202	194
Of which sold/injected into the network	28	28
<b>Heating</b>		
Purchased	625	519

10. Of the consumption of the electricity purchased, 43.4% of the consumption relating to Italy is attributable to the company Fast Service Italia S.p.A..

## Group energy consumption by country



## ENERGY CONSUMPTION OF VENDING MACHINES

The analysis of energy consumption also concerned the individual vending machines present in so-called Grandi Stazioni and Centostazioni. Average annual consumption per vending machine was 2,370 kWh, equivalent to 0.3 kWh per vend<sup>11</sup>. The data used to obtain the final estimate are different given that, inside the stations, there are different types of vending machines, both by products sold ("hot", "cold", "mixed" and "non-food"), and by model ("Ducale", "Fas", "Manea"). Consumption is also influenced by other factors, such as the installation site, internal or external positioning of the vending machines, the type of lighting and the presence of additional services.

11. The results obtained have been elaborated by considering the energy consumption and number of vends related to 2016.



The huge significance of fuel consumption outlined above attributable to logistics services, requires the Group to dedicate huge efforts and be acutely aware of operating in respect of the reference environment. Especially within the context of such a widespread territorial presence of the company brand, which requires the large-scale use of vehicles, the IVS Group carefully selects its vehicles. As at 31 December 2017, the IVS Group's fleet included 2,406 vehicles, new generation in almost

all cases, marking an increase of 9.9% compared to 2016. In order to limit harmful emissions, the Group uses mostly diesel in its vehicles, which accounts for 94.4% of the vehicles, followed by vehicles powered by methane gas (2.2%) and LPG (1.5%) and by gasoline vehicles (1.1%). Lastly, where the logistics conditions allow it, the Group uses electric vehicles to transport goods (0.8%), proof of its desire to use the cleanest innovative technologies.



Group vehicles by fuel type

	2017	2016
Total [No. vehicles]	2,406	2,189
Diesel	94.4%	94.4%
Methane	2.2%	2.4%
LPG	1.5%	1.4%
Gasoline	1.1%	0.9%
Electric	0.8%	0.9%

ENERGY CONSUMPTION FOR THE COIN DIVISION

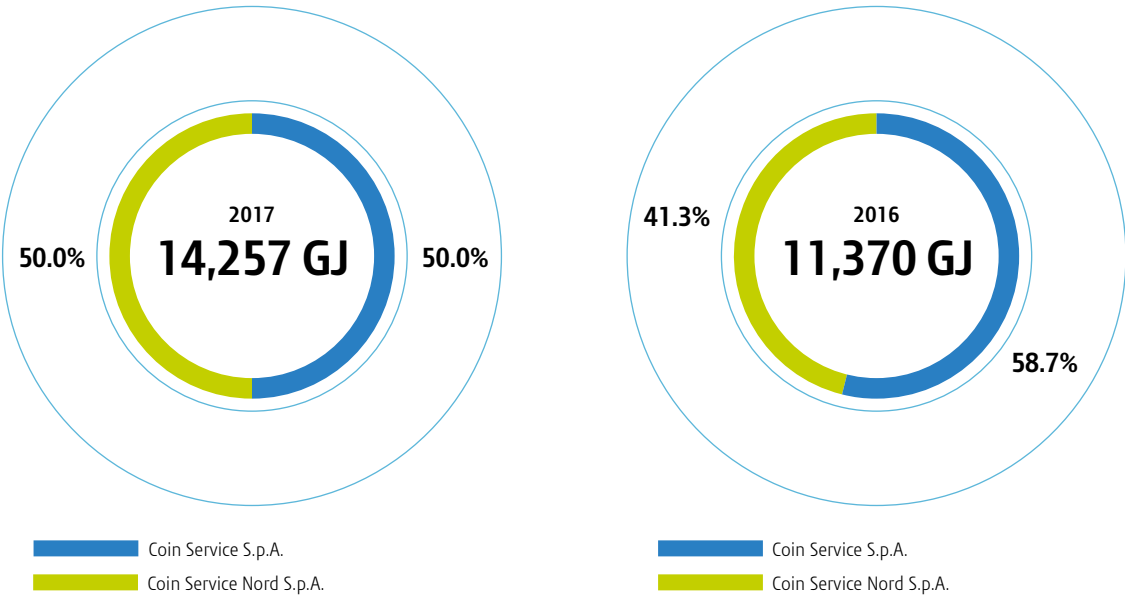
In line with the performance of the IVS Group, the energy consumption of the Coin Division exclusively relates to management of the company fleet, fuelled entirely by diesel (72.0%), followed by electricity consumption (23.6%) for office and vault operation and district heating (4.4%). Consumption rose by 25.4% compared to 2016, an increase attributable to the opening of the Padua branch during the year (April 2017) and renovation works at the Padua and Castel Maggiore (BO) branches, as well as the increase in the vehicles of the Coin Division.

Coin Division energy consumption by fuel type

[GJ]	From 1 January to 31 December 2017	From 1 January to 31 December 2016
Diesel	10,272	8,399

Coin Division electricity and heating consumption

[GJ]	From 1 January to 31 December 2017	From 1 January to 31 December 2016
Electricity		
Purchased	3,361	2,452
Heating		
Purchased	625	519



Coin Division vehicles by fuel type

	2017	2016
Total [No. vehicles]	41	38
Diesel	100.0%	100.0%



## COFFEE INJECTS ENERGY INTO OUR FUTURE

### COLLECTION AND RECYCLING OF COFFEE GROUNDS STARTS, WHICH ARE FIRST TRANSFORMED TO BIOGAS AND THEN CLEAN ENERGY

The growing interest in the field of renewable energies in the last few years has often translated to specific investments in various production methods. Significant attention was been focused, in particular, on biogas plants powered by zootechnical sewage, agro-industrial waste and energy crops.



Various scenarios have developed, including regulatory, characterised by the provision for a gradual reduction in energy crops for powering biogas plants in favour of the use of different matrixes, which give great consideration to the specific characteristics of the individual areas. It is indeed along these lines that various vegetable substrates have been identified and evaluated, in order to be able to use them for fuelling biogas plants. As regards these by-products, special mention must be made of coffee grounds, a matrix that has highlighted significant applicability, in line with the most recent studies that continue to confirm their excellent feasibility and application in this field.

The collection and recycling of **coffee grounds**, launched in 2016 thanks to the initiative of the company Organica S.r.l., has allowed IVS Italia S.p.A. to collect around 74 tonnes of coffee grounds in 2017 (double the quantity of the previous year). The grounds are then inserted in the fuel supply cycle to power various biogas plants of different dimensions, from small plants with capacities of around 100 kW to plants with capacities of 1,000 kW and with different construction types. The IVS Group has obtained satisfactory responses from all quarters, and in line with the forecasts of the laboratory references. The IVS Group used these 74 tonnes to produce around 45,880 kWh<sub>e</sub> (compared to 24,000 kWh<sub>e</sub> in 2016) of electricity from renewable sources, with a saving of roughly 18,444 kg of CO<sub>2</sub> not emitted into the atmosphere and 8,580 TOE (Tonnes of Oil Equivalent). In addition, the IVS Group has, alongside electricity, produced 59,200 kWh<sub>t</sub> of thermal energy thanks to a cogeneration motor, hence saving a further 15,096 kg of CO<sub>2</sub>.

**The amount of energy produced is the equivalent of the average annual consumption of 17 families (considering a 4-person family)<sup>12</sup>.**

The coffee bean from the plant, after its agro-industrial use to produce the classic drink, continues to be used in this way as a by-product to generate "clean" energy, with a considerable saving of CO<sub>2</sub> produced and emitted into the atmosphere. Lastly, at the final phase of its productive life, it returns to the ground as a rather efficient amender, to allow the production of new crops.

### Objectives reached

	Measurement	2017	2016
Coffee grounds used	Tons	74	40
Electricity produced	kWh <sub>e</sub>	45,880	24,000
Thermal energy produced	kWh <sub>t</sub>	59,200	32,000
CO <sub>2</sub> not emitted	kg	33,540	17,808
TOE saved	TOE	8,580	4,488

12. Source: Authority for Electricity, Gas and the Water System.

## Emissions of greenhouse gases

The IVS Group undertakes to quantify its carbon footprint connected to its unique internal business activities, with the goal of subsequently defining specific greenhouse gas emission reduction objectives. The emissions considered by the IVS Group are split into two categories:

- **Direct Emissions - Scope 1:** emissions deriving from the use of fuel for the operation of Group-owned offices, as well as the company's vehicles and for air conditioning systems.
- **Indirect Emissions - Scope 2:** emissions deriving from Group activities but which are generated by sources owned or controlled by other organisations. In this case, the consumption of electricity and heating purchased have been considered.

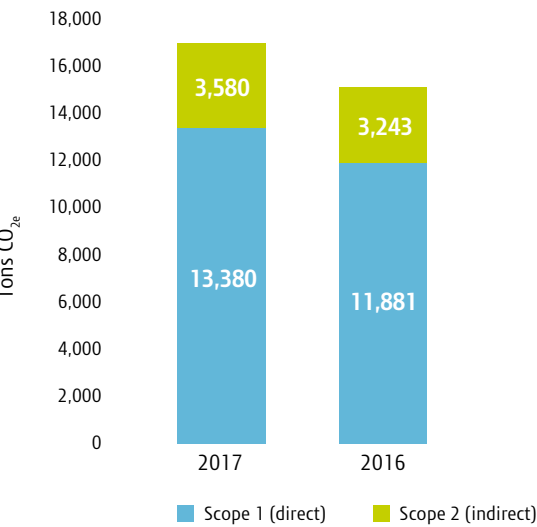
In 2017, the Group's total emissions of CO<sub>2</sub> equivalent came to 13,380 tonnes of Scope 1 emissions, an increase of 12.6% compared to 2016 and 3,580 tonnes of Scope 2 emissions, up by 10.4%, consistently with the trend in energy consumption.





Group greenhouse gases emissions by type (Scope 1 and 2) and country

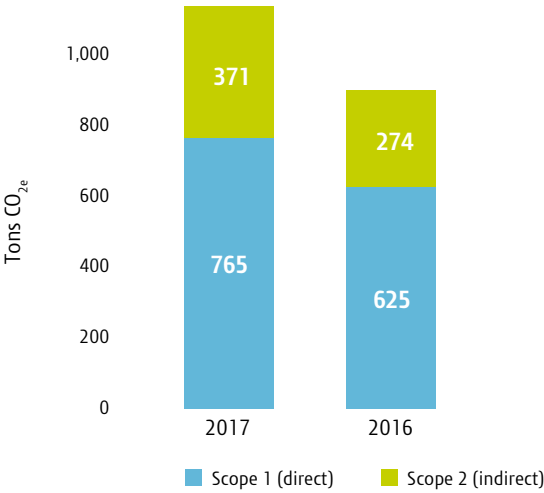
[Tons CO <sub>2e</sub> ]	From 1 January to 31 December 2017		From 1 January to 31 December 2016	
	Scope 1	Scope 2	Scope 1	Scope 2
ITALY	10,596	3,427	10,029	3,128
FRANCE	1,049	17	1,040	19
SPAIN	1,636	134	811	96
SWITZERLAND	98	2	-	-
<b>IVS GROUP</b>	<b>13,380</b>	<b>3,580</b>	<b>11,881</b>	<b>3,243</b>



Considering that a substantial part of the CO<sub>2e</sub> emissions relate to the use of fuels for logistics activities, the IVS Group undertakes to implement initiatives to reduce fuel consumption through, for example, the careful selection of new generation vehicles with extremely low polluting emissions.

COIN DIVISION EMISSIONS

Coin Division greenhouse gases emissions by type (Scope 1 and 2)



In 2017, the Coin Division registered a total of 765 tonnes of Scope 1 CO<sub>2e</sub>, an increase of 22.3% compared to 2016 and 371 tonnes of Scope 2 CO<sub>2e</sub>, an increase of 35.3%. Also for the Coin Division, emissions relate primarily to the use of fuel for logistics activities, with a lower percentage due to the purchase of electricity and heating to operate offices and vaults. This increase is the result of a rise in energy consumption attributable to the opening of the Padua branch during the year and renovation works at the Padua and Castel Maggiore (BO) branches, as well as the increase in the vehicles of the Coin Division.





# Group efficiency drives

Respecting the environment also means saving energy by cutting needless consumption, an objective that the IVS Group, thanks to a long-term environmental policy, is pursuing through the planning, implementation and monitoring of numerous projects targeted at savings in pollution-causing energy, the reduction of all emissions and, more generally speaking, the responsible management of the resources it uses. Some of the solutions adopted to protect consumption are:

- **Choice of vending machines with highly refined techniques and equipped with special "energy-saving" functions:** these include devices that, thanks to the insertion of a special timer, are able to activate the vending machine only when actually being used;
- **Monitoring and evaluation for the reduction of consumption of electricity, water, gas, vehicles and machines.** The project, created at the end of 2017, envisages the automatic switching off of a series of devices and the involvement of Group

personnel in switching off other devices and reducing some consumption. The first phase of testing is in progress at the Seriate and Pedrengo branches, where the activation of Energy Saving programmes for printers and monitors in break areas has been planned, in relation to which employees are asked to turn off their laptops and desktop pcs, monitors, lights in the various offices and rooms when they are away for prolonged periods and not to increase the thermostat temperatures above 20 °C. New control units were installed for the test phase in order to monitor consumption in real time, dividing the different times of the day to be able to make a realistic comparison between working hours and night-time hours. The Group's intention is to spread a culture of respect for the environment, through careful management of its available resources, throughout the entire organisation;

- **Increase in efficiency of the lighting system in the branches where the traditional system**

**needs to be replaced.** This initiative led to the installation of low-consumption white led lights to replace the traditional neon lights. In particular, as regards the company Coin Service Nord S.p.A., led lights were installed at the newly opened Padua branch, the Castel Maggiore (BO) branch and all offices, and within the vaults and counting rooms, in Rovello Porro (CO);

- **Installation of software for the recognition of low-consumption times to allow the vending machine to go into stand-by mode.** This makes it possible, during the closing of the lines, to not continuously restore the temperature of the water in the boilers and to turn off the lighted window decals while maintaining operation of the vending machine;
- **Drafting of plans for the installation of photovoltaic panels on the roofs of the logistics facilities,** with the objective of at least being able to meet the Group's electricity and hot water requirements independently;

- **Insertion of new servers equipped with technologies able to deliver considerable energy savings and a big performance boost;**
- **Satellite tracking of vehicles.** The monitoring system makes it possible to factor in the travel time, displayed instantly, as a variable in the management of assistance requests. In this way, movements can be minimised;
- **Replacement and purchase of low-environmental impact new-generation vehicles;**
- **Use of sheets of paper with a lower weight (from 80 grams to 70-75 grams);**
- **Drive towards a process of dematerialisation of some internal procedures,** such the distribution of meal vouchers, where e-tickets have replaced paper vouchers, and the electronic transmission of communications and documentation relating to salary payments.





# Waste management

In line with the IVS Group's vision of respect for the environment, its policy is geared towards the reduction and proper management of waste which aims to promote, where possible, the recovery of recyclable materials and to ensure sustainable management of hazardous substances. The Group undertakes to make its employees aware of these specific issues, promoting the re-use and

the recycling of materials and incentivising the separation of waste. In particular, at IVS Italia S.p.A., they contributed to the awareness-raising of employees, by both creating material collection points, with clear instructions on which products to put in each container, and through the posting of notices and distribution of information material.



At the Coin Service Division, each branch pays special attention to observing the separated collection of materials, both in the counting room divisions and the offices. As regards the new projects in progress, Coin Service S.p.A. is seeking to find a single supplier at national level that can make it easier to manage the collection of used toner from the six company branches. The Group produces waste mainly from office management activities, for total of 2,413 tonnes of

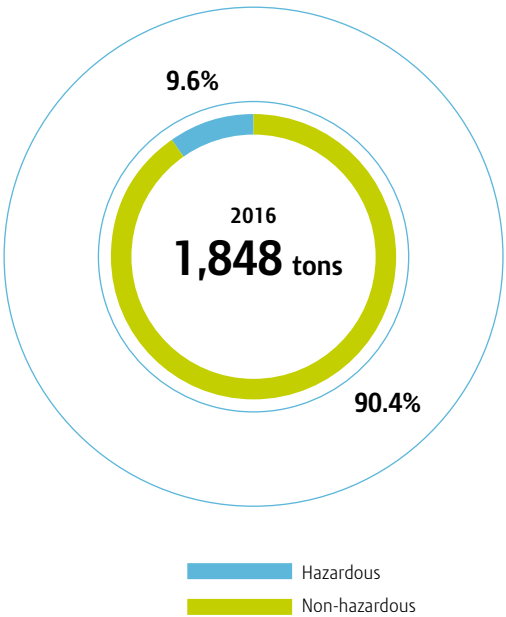
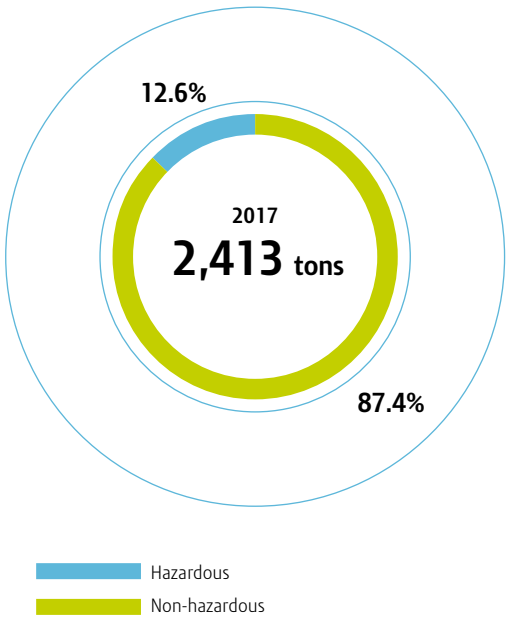
waste<sup>13</sup>, marking an increase of 30.6% compared to 2016. 12.6% of the waste produced is classified as hazardous, while the remainder is non-hazardous waste (87.4%). The significant increase in waste is mostly due to the closure of some sites, which involved the clearing out of administrative archives, at the same time as the opening of new branches, as well as the scrapping of automatic vending machines now obsolete.

13. With regard to the Italian companies of the Group, the data do not include the waste which are disposed according to the criteria set forth by the management of the relevant Municipal authority. In particular, no branch produces quantities of waste as such to require the presence of compactors or bins for the collection of large volumes of the main categories of waste. This information is, nonetheless, not significant with respect to the organisation's activities.

## Waste produced by the Group by type and disposal method<sup>14</sup>

[Tons]	From 1 January to 31 December 2017	From 1 January to 31 December 2016
Hazardous	304	178
Recycling	227	28
Other*	77	150
Non-hazardous	2,109	1,670
Recycling	1,866	1,565
Recovery	103	60
Incineration	49	45
Other*	91	-
TOTAL	2,413	1,848

\* Temporary deposit and chemical-physical treatment.



The reuse of company equipment is a powerful example of the focus on sustainability. The IVS Group has been committed to this for almost 10 years, undertaking the complete overhaul of its range of automatic vending machines through significant investments. Every year, a large amount of Group's investments are allocated to purchase

vending machines, their components and accessories and payment systems: more specifically, during 2017, around Euro 29 million were allocated to the purchase of vending machines and new components, and around 9 millions have been invested for their revision activities.

14. The waste disposal method has been indicated by the entity responsible for disposal by the majority of companies. In other cases, it has been disposed of directly by the Group companies. Lastly, in the case of Switzerland, the method has been deduced from the conditions defined beforehand by the entity responsible for disposal.



The servicing centres in Seriate, Pomezia and Modugno act as genuine production lines and, every year, service a large number of automatic vending machines, fridge units and payment systems. In

2017, as shown in the table below, **more than 14 thousand vending machines, around 7 thousand fridge units and around 12 thousand payment systems were serviced.**

Equipment serviced by type and branch in 2017

	Seriate	Pomezia	Modugno
Automatic vending machine	7,344	5,965	1,055
Fridge Unit	5,051	1,363	541
Payment systems	5,695	5,963	-

This strategic choice generates a clear saving for the Group, reducing the quantity of resources to be allocated to the purchase of new vending machines, but also a lower environmental impact thanks to the reuse and recycling of equipment acquired previously. In fact, where not possible to service the vending machine or its components, IVS Group S.A.

and IVS Italia S.p.A. employ suppliers able to recycle and/or recover extremely high percentages of the component materials of the machines. In 2017, the IVS Group S.A. and IVS Italia S.p.A. had 28.5 tonnes of waste classified as EWC 16.02.11\* and 23.2 tonnes classified as EWC 16.02.14 collected from the supplier (the latter type of

waste was produced exclusively by the IVS Group S.A.). The first initial corresponds to discarded equipment, containing chlorofluorocarbons, HCFC and HFC, while the second corresponds to the

discarded equipment not considered hazardous. The material collected by the supplier is therefore processed and produces a series of materials, as shown in the table below.

Materials obtained from the processing of the discarded equipment (EWC 16.02.11\*) of the IVS Group S.A. and IVS Italia S.p.A. in 2017

Output	%	Destination
Ferrous metals	71.0	Material recovery
Non-ferrous metals	3.4	Material recovery
Plastics	7.5	Material recovery
Electrical and electronic components	8.5	Material recovery
Oil	0.1	Material recovery
Fraction of waste	9.4	Disposal
Refrigerant gas	0.1	Disposal

Materials obtained from the processing of the discarded equipment (EWC 16.02.14) of the IVS Group S.A. 2017

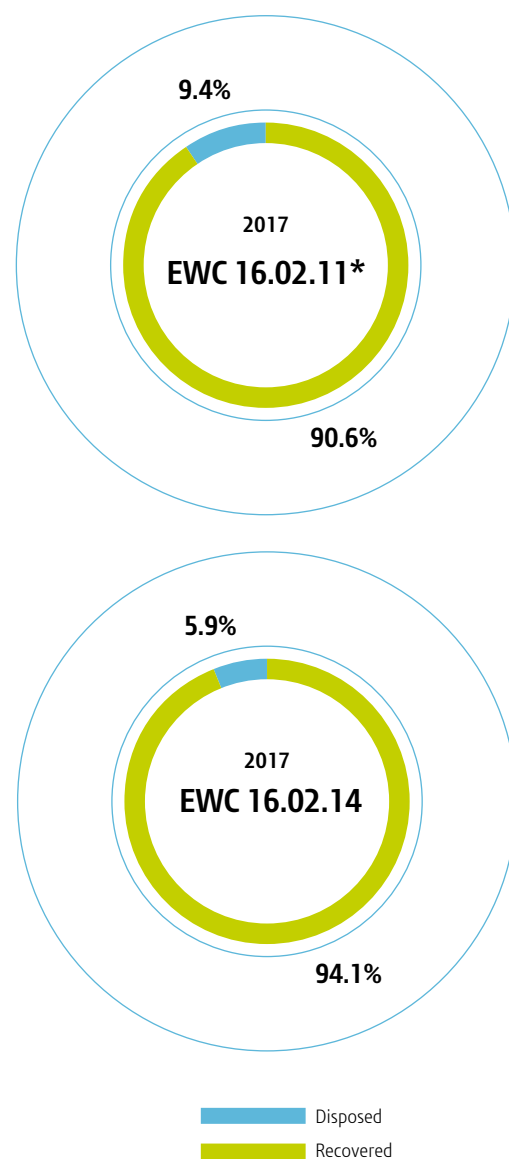
Output	%	Destination
Ferrous metals	72.1	Material recovery
Non-ferrous metals	3.4	Material recovery
Plastics	8.9	Material recovery
Electrical and electronic components	9.7	Material recovery
Fraction of waste	5.9	Disposal







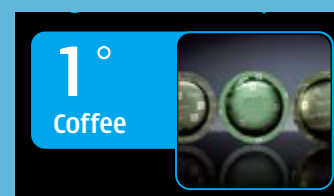
As shown by the data in the tables, the bulk of the material acquired by the supplier is intended for recovery, while only a minimal part of the total is disposed of. **More specifically, the percentage of material recovered stands at 90.6% for EWC 16.02.11\* type waste and even at 94.1% for EWC 16.02.14 type waste.**



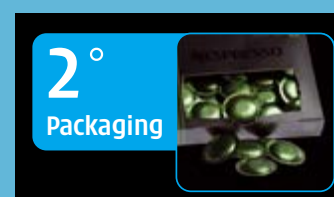
Lower waste of materials, lengthening of the useful life of the machines and the decrease in the quantity of materials to be sent for disposal are clear results of the reuse and recycling policy adopted by the Group.

## NESPRESSO'S COMMITMENT TO ENVIRONMENTAL SUSTAINABILITY

# your best recycle



Aluminium offers an impermeable barrier to oxygen, light, ultraviolet rays and water vapour, preserving the aroma and organoleptic qualities of the coffee contained in the capsules.



Thanks to aluminium, the packaging is very light and easy to transport.



As it 100% recyclable, aluminium is a genuine resource: once melted, it retains all its properties and so can be reused infinitely.

IVS Italia S.p.A. is an exclusive Nespresso Professional concessionaire and also shares its environmental commitment.

All Nespresso capsules are made from aluminium: a decision which aims to preserve the quality of its Grand Crus and guarantee benefits to all entities in the coffee chain, growers and consumers.

FOCUS

# your best recycle

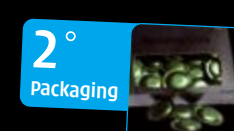
CAPSULE NESPRESSO PROFESSIONAL  
VENDING MADE RESPONSIBLE

Nespresso has always considered **environmental sustainability** to be one of the founding principles for its own choices, which is an essential element for creating shared values. Within a development strategy that aims to preserve the high quality of its own Grand Cru to ensure tangible benefits to all parts of the coffee chain - from growers to end consumers - the decision to make its own: **capsules in aluminium** represents a crucial item.

### Why aluminium capsules?



Aluminium is a metal that offers an impermeable barrier to oxygen, light, ultra-violet radiation and water vapour, preserving the aroma and organoleptic properties of the coffee inside the capsule.



Thanks to aluminium, the packaging is very light and easy to transport.



Being 100% recyclable, aluminium is a genuine resource of the moment that, once melted, retains all of its properties and can thus be recycled indefinitely.

### Where can you dispose of aluminium capsules?

- At appropriate recycling points
- At ecological islands distributed across the national territory.

### What can you do with used aluminium capsules?

Thanks to the support of local companies who manage environmental services, the capsules are later picked up and transported to the recycling plants, where the aluminium is separated from the waste coffee residues. We remind you that, in compliance with Italian Legislative Decree 152/2006, the used capsules are considered as waste similar to urban waste, and therefore the transport, handling and collection of used capsules is sole responsibility of municipal waste companies, and cannot be taken over as a duty by concession holders.

### Where are the collection points located?

For the updated list of collection points for used Nespresso capsules, you can consult the Website at the following address: <https://www.nespresso.com/it/it/pages/store-locator#RECYCLING>

**ivsitalia.com**  
LEADER NELLA RISTORAZIONE AUTOMATICA

800 162 303

[nespresso@ivsitalia.com](mailto:nespresso@ivsitalia.com)

NESPRESSO  
EXCLUSIVE DISTRIBUTOR



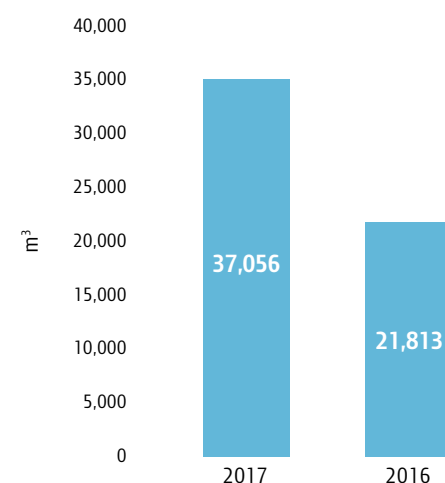
# Water consumption

The IVS Group uses water for both sanitary and or industrial purposes, particularly for the washing and sanitisation of automatic vending machines for the Vending division<sup>15</sup>. In 2017, water consumption<sup>16</sup> totalled 37,056 m<sup>3</sup>.

The Group's commitment to raising personnel awareness of the rational use of natural resources also extends to the issue of water consumption, through the posting of notices and distribution of information material in the branches. As regards the method of data collection, in Italy, every two months each branch fills in the form called "Controllo Operativo Visivo" (Visual Operating Control) which collects various items of information including meter readings. The data from the meter readings of water consumption and the invoices are collected so that water management can be kept under

control and so that prompt action can be taken when problems arise (e.g. water leaks, excessive consumption, etc.). The bulk of water is withdrawn from the waterworks. The remainder is instead withdrawn from the subsoil. Data collection and monitoring activities, which are performed manually at present, based on the consumption efficiency, monitoring and reduction project cited above<sup>17</sup>, can be managed automatically through a telemetry system, able to offer a direct reading service virtually in real time. The huge advantage offered by this monitoring system is its guarantee speed: any leaks and/or excessive consumption can be corrected almost instantly, without incurring delays, hence avoiding considerable damages. The system is already in place in the Seriate and Pedrengo offices, subject to project testing.

## Group water consumption<sup>18</sup>



15. The total water withdrawal for the Coin Division is not particularly significant, given that the consumption of water from the water network does not fall under the necessary factors for the process of provision of the service by the division itself, but is closely related to sanitary services, cleaning of premises and the personal requirements of employees.

16. As regards the company Coin Service S.p.A., the water consumption data only include the Empoli branch.

17. Refer to the "Group efficiency drives" paragraph for more information.

18. The main source of supply in terms of Group water consumption is the waterworks, from which 31,266 m<sup>3</sup> of water is withdrawn. The remainder is withdrawn from the subsoil, amounting to 5,790 m<sup>3</sup>.







**Responsibility  
to people**



## The responsibility to people for the IVS Group

The importance of the Group's personnel is outlined explicitly in its Code of Ethics. In fact, the Code affirms that human resources are recognised as a fundamental and essential factor in the Group's development. The central importance of employees, who are expressly required by the Group to exhibit professionalism, dedication, loyalty, integrity and a spirit of cooperation, is also guaranteed through the protection of professional development in order to enhance the wealth of skills. The recognition of salary increases or other incentive instruments, as well as the access to higher roles and positions is connected not only to the regulations established by law and the national collective labour agreement, but the merits of the employees, which become concrete not only through the attainment of performance targets, but also through the capacity to engage in organisational conduct based on the Group's ethical principles. In addition, the Code of Ethics states that the Group undertakes not to favour any forms of clientelism and nepotism and hires personnel exclusively on the basis of regular

employment contracts, and does not tolerate any form of irregular work.

The IVS Group is well aware of the need to retain its key personnel. Business activities also depend unequivocally on employees, key figures with whom the Group maintains relations and exchanges resources with a view to mutual growth. The Group's performance may be negatively impacted if, for any reason, a certain number of its employees choose to leave the organisation.

In addition, an unhealthy company environment or misleading bonus system could be general sources of disquiet within the organisation and also cause strikes or similar measures, capable of interrupting the business activities. To stop this from happening and promote a stimulating work environment, which improves employee well-being and productivity, the IVS Group undertakes to constantly adapt to the legislation and best practice in force in the different countries.



## Industrial Relations

The IVS Group is firmly committed to the importance of social dialogue within the working practices of its organization. The development of a constructive dialogue with the trade union reality, based on values such as fairness and transparency in the management of relations with the various trade unions, contributes positively to the creation of a serene and collaborative business climate, also allowing the Group to understand the national and international labor needs.

The Human Resources Department is in charge, on behalf of the IVS Group, of the industrial relations management and development with the trade union organizations that are signatories of the national collective agreements applied by the companies of the Group and of the Corporate Trade Union Representatives (RSA) within the Group itself. These industrial relations are maintained at different levels: national, regional, provincial and local.

Specifically, the IVS Group provides to:

- the management of all out-of-court activities with the national, regional, provincial and local trade unions, also directly through the disputes offices;
- the application of a level II contract (the so-called "productivity bonus");
- the achievement of national framework agreements, subsequently implemented at a local level for the video surveillance systems and for geolocation devices (GPS);
- participation at specific projects.

Among the various projects in which the Group participates in this field stands out the "Cisl Impresa 4.0 Laboratory", designed to encourage reflection on the impact that the new production models have on working conditions, production and employment. The participation allowed the Group to provide the

necessary support to the Federations of Category for the construction of proposals and initiatives valid within the aforementioned themes.

Moreover, the RSAs have been involved in signing agreements with trade unions, in particular in relation to agreements about the installation of video-surveillance systems and financed training. Upon request of the RSAs, there have been meetings between workers and the top management, to discuss further problems arisen due to the work organization.





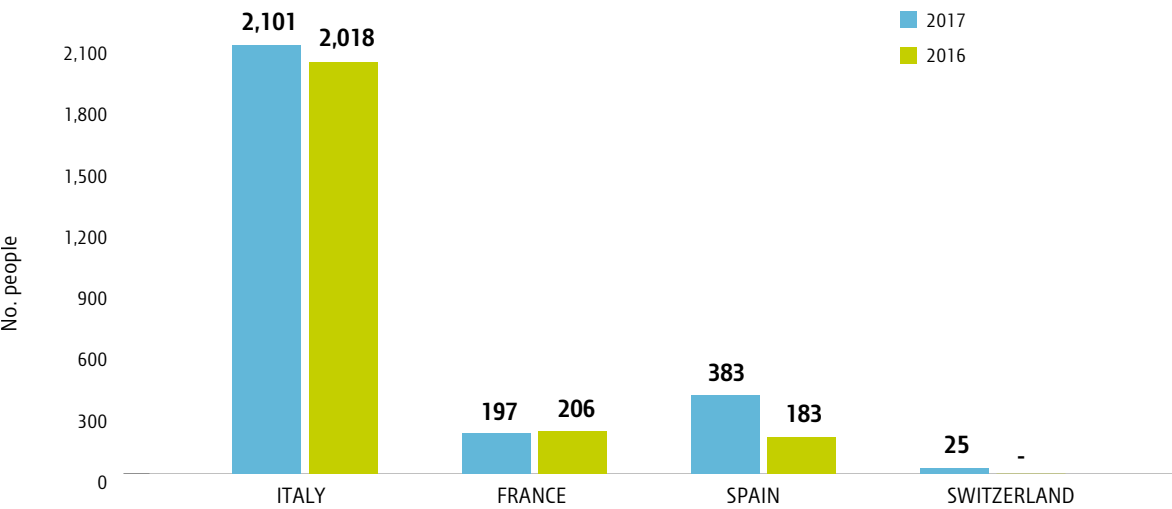
# Our people

As at 31 December 2017, the IVS Group's workforce was composed of 2,706 employees, marking growth of 12.4% compared to 2016.

This increase, in line with the growth in the size of the Group, was due primarily to the acquisitions completed in 2017.

A total of 77.6% of the IVS Group's personnel is employed in Italy, the Group's operating hub. Followed by Spain, where 14.2% of the workforce is employed, 7.3% in France and the remaining 0.9% in Switzerland.

Distribution of Group employees by country as at 31 December



As regards the breakdown of the Group workforce by professional category, executives account for 0.1% of the total, middle managers 1.4%, white collar employees 24.3% and blue collar employees the remaining 74.2%. Restocking and the associated logistics activities represent the areas with the greatest use of resources, followed by technicians, hardware revamping factories, hardware logistics and management, sales and finance.

The Group considers collaboration with Universities an essential element which guarantees the hiring of highly skilled personnel in its organisation; therefore, special agreements have already been in place for many years with various universities, including the University of Bergamo, the University of Pisa, the University of Como, the University La Sapienza (in Rome), the University of Bologna, the

University Luigi Bocconi and Cattolica (in Milan). These collaborations have led to the launch, starting from 2013, of 11 training periods, both curricular and extra-curricular in the strategic areas of the companies IVS Group S.A. and IVS Italia S.p.A.. Seven of these, equal to 63.6% of the total, resulted in direct employment in the company workforce. These figures demonstrate how the Group firmly believes in the training of young students/workers and is interested in striking up long-term partnerships with the Universities. As proof of the confidence the company has in its personnel and in the hope of ensuring long-term employment for them, the IVS Group privileges the offer of a stable and long-lasting employment relationship: therefore, 91.9% of employees are hired on permanent contracts and 8.1% on temporary contracts.

Distribution of Group employees by contract type and gender

No. persons	At 31 December 2017			At 31 December 2016		
	Men	Women	Total	Men	Women	Total
Permanent	2,181	306	2,487	2,011	283	2,294
Temporary	192	27	219	102	11	113
TOTAL	2,373	333	2,706	2,113	294	2,407

Distribution of Group employees by contract type and country

No. persons	At 31 December 2017			At 31 December 2016		
	Temporary	Permanent	Total	Temporary	Permanent	Total
Italy	210	1,891	2,101	109	1,909	2,018
France	1	196	197	4	202	206
Spain	8	375	383	-	183	183
Switzerland	-	25	25	-	-	-
IVS GROUP	219	2,487	2,706	113	2,294	2,407

Distribution of Group employees by professional category and gender

No. persons	At 31 December 2017			At 31 December 2016		
	Total number	% Men	% Women	Total number	% Men	% Women
Executives	3	100.0	0.0	3	100.0	0.0
Middle managers	38	92.1	7.9	32	93.75	6.25
White-collar employees	657	58.9	41.1	575	55.8	44.2
Blue-collar employees	2,008	97.0	3.0	1,797	97.9	2.1
TOTAL	2,706	87.7	12.3	2,407	87.8	12.2



# Turnover

The IVS Group has demonstrated its commitment to generating high-value employment, employing a personnel selection process implemented in full respect of the personality and dignity of the individual, as cited in the Code of Ethics. **A total of 441 new staff were hired in 2017**, while 365 left the company. The turnover rate (incoming)<sup>19</sup> of the IVS Group was 16.3%, **an increase of 0.4 percentage points compared to 2016**. Most hires were men between the ages of 30 and 50,

accounting for 48.5% of the total. Switzerland represents the country with the highest turnover rate (incoming), with 64.0%, followed by France (31.0%), Italy (15.8%) and, lastly, Spain (8.6%). The turnover rate (outgoing)<sup>20</sup> of the IVS Group was 13.5%, an increase of 2.5 percentage points compared to 2016 but, nonetheless, clearly lower than the incoming percentage. In particular, the turnover rate in Italy was 11.8%, 35.5% in France, 10.2% in Spain and 32.0% in Switzerland.

## Number and turnover rate (incoming and outgoing) by gender, age and country

2017	Incoming turnover				Outgoing turnover			
	Men	Women	Total	Rate	Men	Women	Total	Rate
<b>IVS GROUP</b>								
< 30 years	154	9	163	46.7%	115	6	121	34.7%
30 - 50 years	214	41	255	13.4%	184	22	206	10.9%
> 50 years	20	3	23	5.0%	33	5	38	8.2%
<b>TOTAL</b>	<b>388</b>	<b>53</b>	<b>441</b>	<b>16.3%</b>	<b>332</b>	<b>33</b>	<b>365</b>	<b>13.5%</b>
<b>RATE</b>	<b>16.4%</b>	<b>15.9%</b>	<b>16.3%</b>		<b>14.0%</b>	<b>9.9%</b>	<b>13.5%</b>	
<b>ITALY</b>								
< 30 years	110	7	117	41.9%	67	4	71	25.4%
30 - 50 years	162	33	195	13.1%	132	16	148	9.9%
> 50 years	16	3	19	5.7%	24	5	29	8.8%
<b>TOTAL</b>	<b>288</b>	<b>43</b>	<b>331</b>	<b>15.8%</b>	<b>223</b>	<b>25</b>	<b>248</b>	<b>11.8%</b>
<b>RATE</b>	<b>15.7%</b>	<b>16.4%</b>	<b>15.8%</b>		<b>12.1%</b>	<b>9.5%</b>	<b>11.8%</b>	
<b>FRANCE</b>								
< 30 years	28	2	30	96.8%	32	1	33	106.5%
30 - 50 years	28	3	31	26.3%	31	4	35	29.7%
> 50 years	-	-	-	0.0%	2	-	2	4.2%
<b>TOTAL</b>	<b>56</b>	<b>5</b>	<b>61</b>	<b>31.0%</b>	<b>65</b>	<b>5</b>	<b>70</b>	<b>35.5%</b>
<b>RATE</b>	<b>33.9%</b>	<b>15.6%</b>	<b>31.0%</b>		<b>39.4%</b>	<b>15.6%</b>	<b>35.5%</b>	
<b>SPAIN</b>								
< 30 years	13	-	13	37.1%	13	1	14	40.0%
30 - 50 years	16	3	19	6.9%	19	1	20	7.3%
> 50 years	1	-	1	1.4%	5	-	5	6.8%
<b>TOTAL</b>	<b>30</b>	<b>3</b>	<b>33</b>	<b>8.6%</b>	<b>37</b>	<b>2</b>	<b>39</b>	<b>10.2%</b>
<b>RATE</b>	<b>8.6%</b>	<b>8.3%</b>	<b>8.6%</b>		<b>10.7%</b>	<b>5.6%</b>	<b>10.2%</b>	
<b>SWITZERLAND</b>								
< 30 years	3	-	3	75.0%	3	-	3	75.0%
30 - 50 years	8	2	10	76.9%	2	1	3	23.1%
> 50 years	3	-	3	37.5%	2	-	2	25.0%
<b>TOTAL</b>	<b>14</b>	<b>2</b>	<b>16</b>	<b>64.0%</b>	<b>7</b>	<b>1</b>	<b>8</b>	<b>32.0%</b>
<b>RATE</b>	<b>63.6%</b>	<b>66.7%</b>	<b>64.0%</b>		<b>31.8%</b>	<b>33.3%</b>	<b>32.0%</b>	

19. The turnover rate (incoming) is calculated by dividing the number of hires registered in 2017 by the total number of workers by gender and age as at 31.12.2017.  
20. The turnover rate (outgoing) is calculated by dividing the number of workers who left the Group during 2017 by the total number of workers by gender and age as at 31.12.2017.

## Number and turnover rate (incoming and outgoing) by gender, age and country

2016	Incoming turnover				Outgoing turnover			
	Men	Women	Total	Rate	Men	Women	Total	Rate
<b>IVS GROUP</b>								
< 30 years	122	9	131	40.6%	75	1	76	23.5%
30 - 50 years	210	18	228	13.4%	132	17	149	8.8%
> 50 years	18	5	23	6.0%	34	6	40	10.4%
<b>TOTAL</b>	<b>350</b>	<b>32</b>	<b>382</b>	<b>15.9%</b>	<b>241</b>	<b>24</b>	<b>265</b>	<b>11.0%</b>
<b>RATE</b>	<b>16.6%</b>	<b>10.9%</b>	<b>15.9%</b>		<b>11.4%</b>	<b>8.2%</b>	<b>11.0%</b>	
<b>ITALY</b>								
< 30 years	95	9	104	39.1%	46	1	47	17.7%
30 - 50 years	171	14	185	12.9%	98	12	110	7.6%
> 50 years	13	4	17	5.4%	26	5	31	9.9%
<b>TOTAL</b>	<b>279</b>	<b>27</b>	<b>306</b>	<b>15.2%</b>	<b>170</b>	<b>18</b>	<b>188</b>	<b>9.3%</b>
<b>RATE</b>	<b>15.7%</b>	<b>11.0%</b>	<b>15.2%</b>		<b>9.6%</b>	<b>7.3%</b>	<b>9.3%</b>	
<b>FRANCE</b>								
< 30 years	26	-	26	63.4%	23	-	23	56.1%
30 - 50 years	29	4	33	26.8%	23	1	24	19.5%
> 50 years	5	-	5	11.9%	5	1	6	14.3%
<b>TOTAL</b>	<b>60</b>	<b>4</b>	<b>64</b>	<b>31.1%</b>	<b>51</b>	<b>2</b>	<b>53</b>	<b>25.7%</b>
<b>RATE</b>	<b>34.5%</b>	<b>12.5%</b>	<b>31.1%</b>		<b>29.3%</b>	<b>6.3%</b>	<b>25.7%</b>	
<b>SPAIN</b>								
< 30 years	1	-	1	6.3%	6	-	6	37.5%
30 - 50 years	10	-	10	7.2%	11	4	15	10.9%
> 50 years	-	1	1	3.4%	3	-	3	10.3%
<b>TOTAL</b>	<b>11</b>	<b>1</b>	<b>12</b>	<b>6.6%</b>	<b>20</b>	<b>4</b>	<b>24</b>	<b>13.1%</b>
<b>RATE</b>	<b>6.6%</b>	<b>6.3%</b>	<b>6.6%</b>		<b>12.0%</b>	<b>25.0%</b>	<b>13.1%</b>	





# Diversity and equal opportunities

As part of the management of its human resources, the IVS Group recognises the importance of the role of diversity as a key element in guaranteeing a balanced, competitive and socially cohesive environment. Therefore, the Group has undertaken an ethical process of guaranteeing a work environment that eliminates all forms of discrimination on the basis of gender, relation, nationality, personal and political opinions, age, health and the economic conditions of its stakeholders, ensuring equal opportunities for all its employees, enhancing their individual potential and skills, as outlined in the Code of Ethics. In particular, the Group is a firm believer in the decisive contribution of female professionals. At the

IVS Group, the presence of women is not considered a mere fulfilment of a regulatory requirement, but an essential resource, without which the development in terms of the structure and quality of life at the company would not have been possible. As at 31 December 2017, women accounted for 12.3% of Group employees. Bucking the trend in the sector, at the IVS Group, women account for a high percentage of the total - without taking into consideration tasks that women are historically and culturally more predisposed to carrying out - of the roles normally reserved to men: in fact, there are large numbers of Branch Operations Managers, Department Heads, Automatic vending machine replenishment personnel, Sales Development personnel, Bar staff.



Distribution of Group employees by gender and country

	At 31 December 2017		At 31 December 2016	
	% Men	% Women	% Men	% Women
ITALY	87.5	12.5	87.8	12.2
FRANCE	83.8	16.2	84.5	15.5
SPAIN	90.6	9.4	91.3	8.7
SWITZERLAND	88.0	12.0	/	/
<b>IVS GROUP</b>	<b>87.7</b>	<b>12.3</b>	<b>87.8</b>	<b>12.2</b>

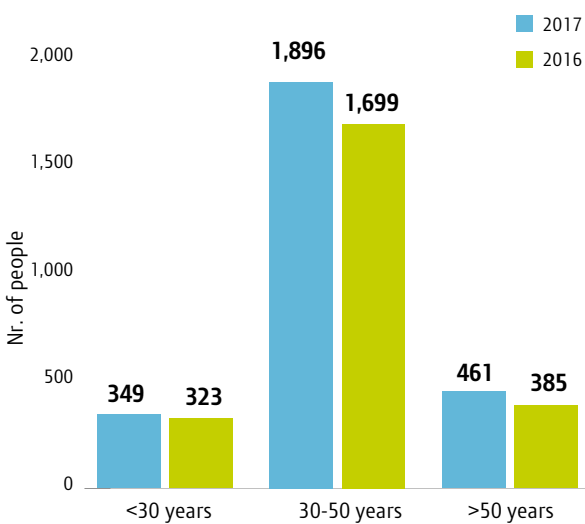
The IVS Group's staff is mostly made up of workers between the ages of 30 and 50 (70.1%), followed by employees over 50 (17.0%) and, lastly, by people under 30 (12.9%).



Distribution of Group employees by professional category and age

	At 31 December 2017				At 31 December 2016			
	Total number	< 30 years	30-50 years	> 50 years	Total number	< 30 years	30-50 years	> 50 years
Executives	3	0.0	66.7	33.3	3	0.0	66.7	33.3
Middle managers	38	2.6	68.5	28.9	32	0.0	68.75	31.25
White-collar employees	657	6.7	70.6	22.7	575	6.9	72.2	20.9
Blue-collar employees	2,008	15.1	69.9	15.0	1,797	15.8	70.1	14.1
<b>TOTAL</b>	<b>2,706</b>	<b>12.9</b>	<b>70.1</b>	<b>17.0</b>	<b>2,407</b>	<b>13.4</b>	<b>70.6</b>	<b>16.0</b>

Distribution of Group employees by age



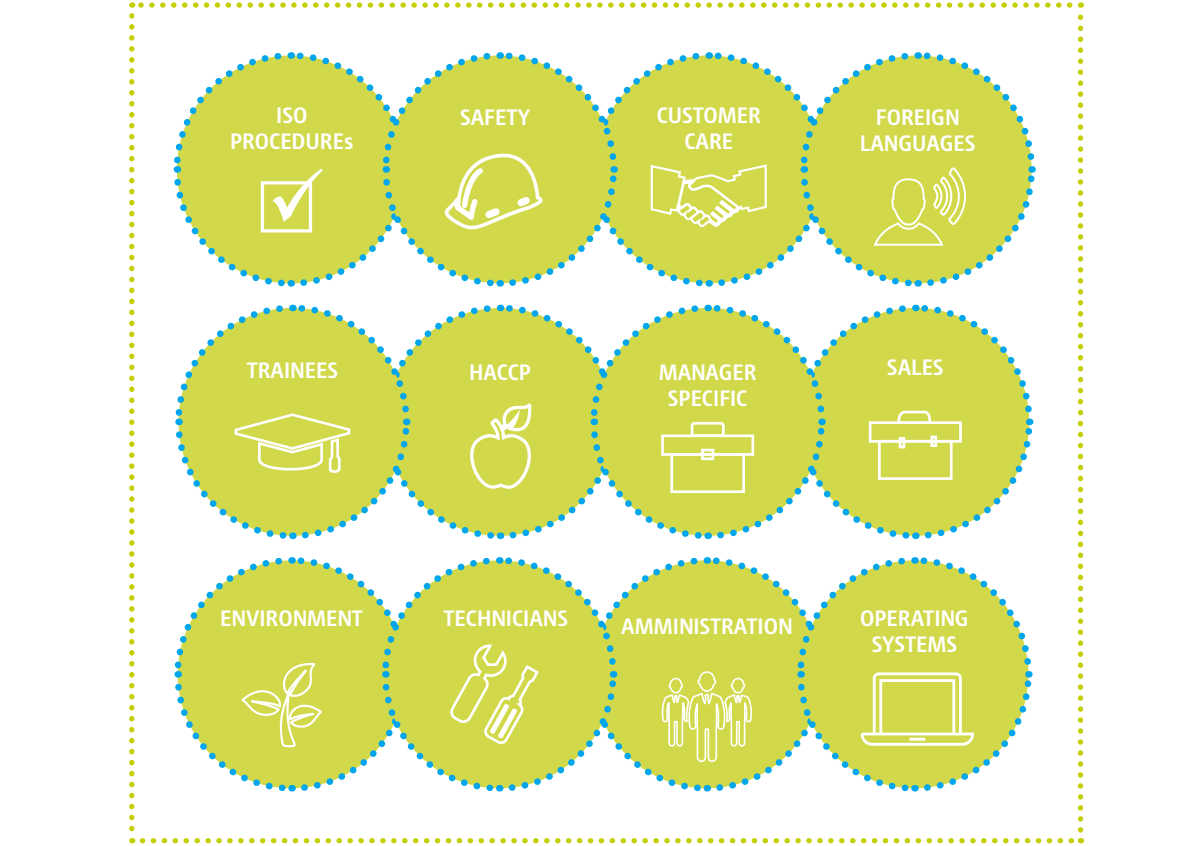
The IVS Group places huge emphasis on the theme of the protected categories, recognising its importance in developing personnel with "special" needs. In fact, in many cases, for a disabled person work represents a cornerstone of social integration. For this reason, the Group continues to dedicate efforts to employing people in the protected categories. As proof of this commitment, which has always distinguished the organisation, in 2015 IVS Italia S.p.A. obtained the "Azienda Solidale 2015" logo for its companies in Emilia Romagna, issued by A.I.L.E.S., the association for the work and social inclusion of disadvantaged people. The logo is a prestigious mark of a company's ethical approach, which is given to non-profit companies



# Staff training and assessment

In the Automatic Vending Machine market, staff training is of strategic importance in keeping pace with the frequent regulatory, technological and cultural changes. The numerous update meetings organised by the IVS Group are important in encouraging the growth in know-how and an opportunity for consolidating the work group, promoting the swapping of experiences and knowledge and developing valuable professional exchanges. A trained and constantly updated work team optimises the service, guarantees a broad and carefully selected offering, ensures consistently excellent assistance and consultancy; in addition, an untrained team of employees risks becoming outdated, like any market product;

for these reasons, the IVS Group invests heavily in training its human resources, with constant training that involves all the Group's professionals. As proof of this commitment, at the end of 2016, the Quality, Hygiene and Safety Department of IVS Italia S.p.A. drafted an **Annual Training Plan, which was implemented in 2017**. This plan was defined by identifying, for each employee, based on the professional category and the relevant company, both the company training requirements in terms of mandatory training (e.g. health and safety training, training for new hires, etc.) and in terms of specific technical needs. The table below summarises the main training themes identified:



that stand out for their good social responsibility practices applied to the work inclusion of disabled people or those in situations of hardship. IVS Italia S.p.A. has met all 10 requirements established by the Technical, Scientific and Political-Institutional Committees of the A.I.L.E.S.: from the employment of documentable disabled/disadvantaged persons, to the availability of company tutors to support the persons in need hired by the company; from the possibility of working as a pair and group support, to the provision of learning support by professional trainers; from the removal of structural barriers, lastly, to the definition of stable and fair employment conditions from a salary perspective. **As at 31 December 2017, the total workforce included 133 employees from the vulnerable groups, an increase of 17 compared to 2016.**

Percentage of Group employees belonging to the vulnerable groups by professional category

	At 31 December 2017		At 31 December 2016	
	Total number	% vulnerable groups	Total number	% vulnerable groups
Executives	3	0.0	3	0.0
Middle managers	38	2.6	32	3.1
White-collar employees	657	5.8	575	6.8
Blue-collar employees	2,008	5.0	1,797	4.2
<b>TOTAL</b>	<b>2,706</b>	<b>5.1</b>	<b>2,407</b>	<b>4.8</b>

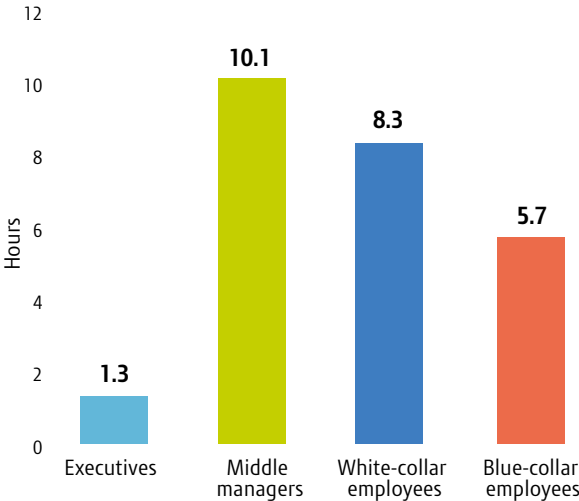


Furthermore, in 2017, ad-hoc training courses were targeted at the area managers of IVS Italia S.p.A. companies, with a focus on the updates to the Organisational Model 231/01 and the Code of Ethics. The training courses were essential in view of the broadening of the scope of the crimes that may apply to the company, the adoption of a new Antitrust Code and the new procedure for the management of tenders in which some Group companies participate, strictly related to the risks of corruption.

A total of 17,253 hours of training were provided in 2017, mainly classroom-based training sessions provided directly by highly skilled personnel or external companies, with an average of around 6.4 hours per head for men and 6.5 hours per head for women, giving an overall average of roughly 6.4 hours per head. The training sessions focused on various themes, defined on the basis of the requirements of the individual professional categories. Technical personnel, for example, undergo training on an ongoing basis, at the various local offices, on health and safety (HACCP), computer programs and electronics installed in

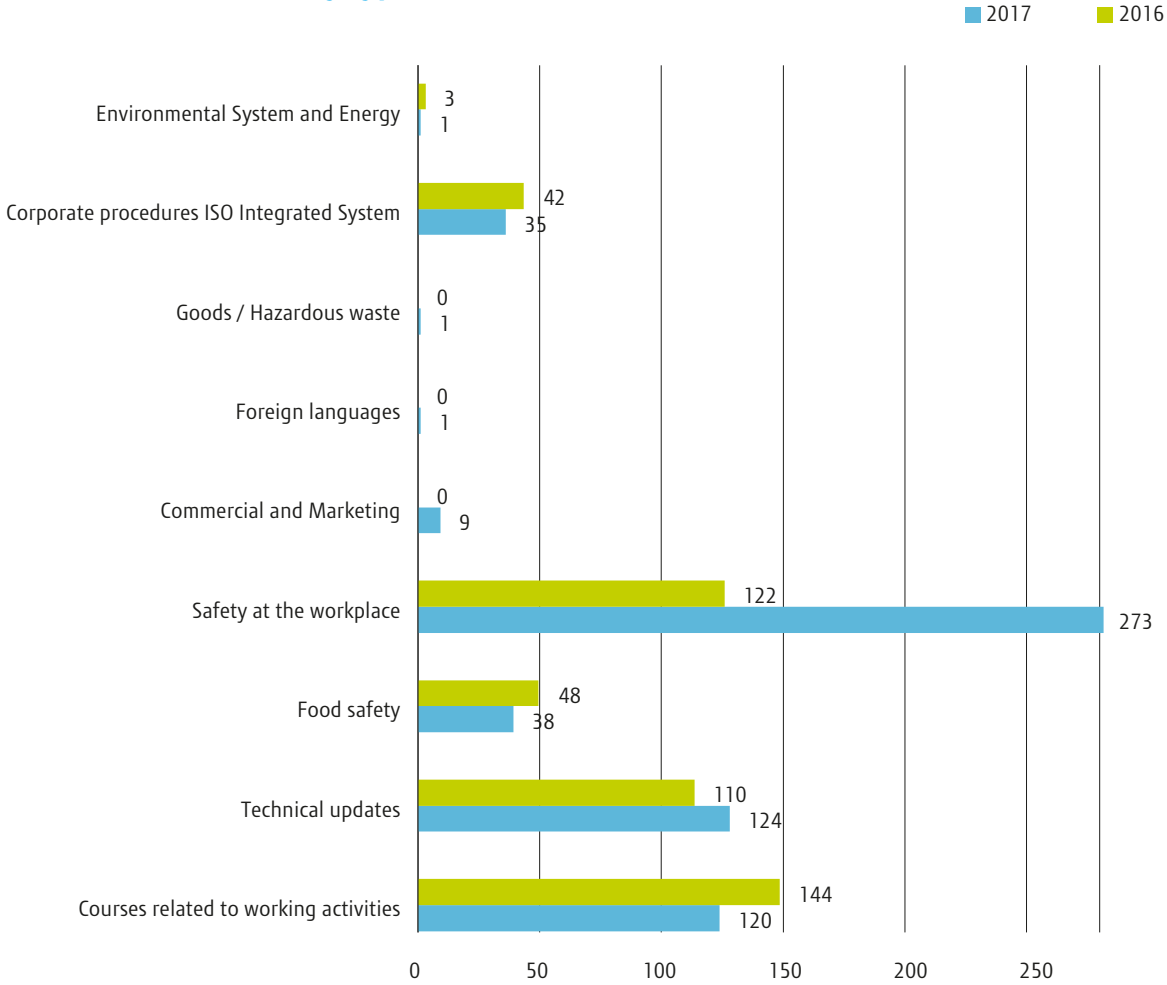
vending machines, updating of manufacturers and token dispensers, water purification and treatment, sanitisation and preventive maintenance. The Sales Force undergoes frequent refresher training on relationship-building and sales techniques, and the analysis of statistical reports on customers.

Average hours of Group training by professional category and gender in 2017



Average hours	2017			2016		
	Men	Women	Total	Men	Women	Total
Executives	1.3	0	1.3	5.3	-	5.3
Middle managers	8.2	32.5	10.1	10.8	12.0	10.9
White-collar employees	9.0	7.1	8.3	8.2	4.5	6.5
Blue-collar employees	5.8	2.4	5.7	4.4	1.2	4.3
TOTAL	6.4	6.5	6.4	5.0	4.1	4.9

Number of courses held by type<sup>21</sup>



In order to enhance the professional motivation and personal development its managerial categories, IVS Italia S.p.A. has a staff evaluation process, based on the measurement of performances on the back of the results achieved during the year. This system of performance evaluation (Management By Objectives) has as its intent the realization of a better alignment between the objectives and the business strategies and the performance of managers and managers through an incentive system. The evaluation process is structured through direct meetings between the individual and the superior manager, in order to:

- a) promote the practice of clear and realistic feedback on professional results between the manager and the employee;
- b) make employees aware of their professional evaluation so as to align their conduct with the company's expectations and requirements;
- c) lay the foundations for constant improvement.

The performance evaluation is purely objective and, therefore, the IVS Group believes it is crucial to standardise, as far as possible, the evaluation criteria at the level of the entire system and of the Group.

21. The category "Courses related to working activities" also includes courses regarding Anti-trust and Model 231/01.



The evaluation factors must be established at company level, well-known and common to the assessor and the person being evaluated. The evaluation is based on objective elements (observable conduct) deriving from the activities carried out by the person being evaluated in relation to the requirements of the role covered. It must also regard all fundamental aspects of the professional activity of the person being evaluated (taking account of the relevant Organisational Area).

Among the main company criteria considered for the performance evaluation there are: competence, professionalism, initiative, strategic thinking, order and efficiency, communication and managerial skills.

In 2015, the IVS Group also signed an agreement with the trade unions to establish a "productivity bonus", with the objective of spreading an ethos of service and quality in all the Group's Italian branches, as well as providing all staff responsible for stocking automatic vending machines in the traditional channel (ARD) with an incentive linked to their performances, in order to promote customer loyalty and satisfy their needs. The agreement with the trade unions also made it possible to reduce the tax pressure on the bonus, hence guaranteeing the employees with higher net bonuses. In consideration of the positive results in the first few years it was trialled, the Group intends to promote this bonus system also in the years to come.

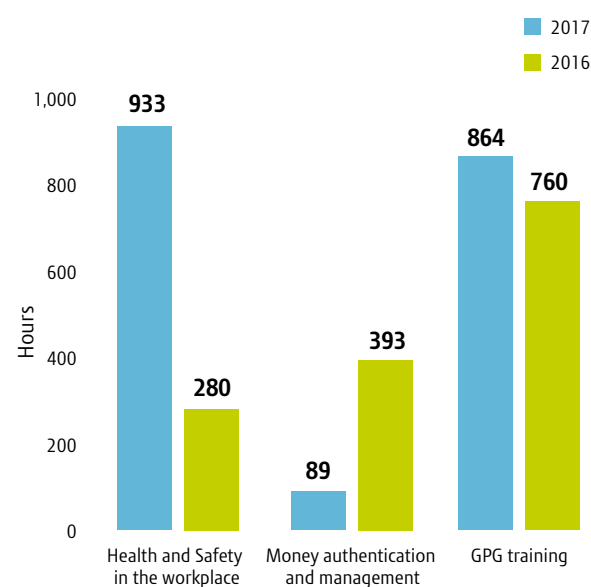
#### TRAINING FOR THE COIN SERVICE DIVISION

Owing to the specific characteristics of the business, in addition to the usual training for the Vending Division, the Coin Service pays special attention to the following training areas:

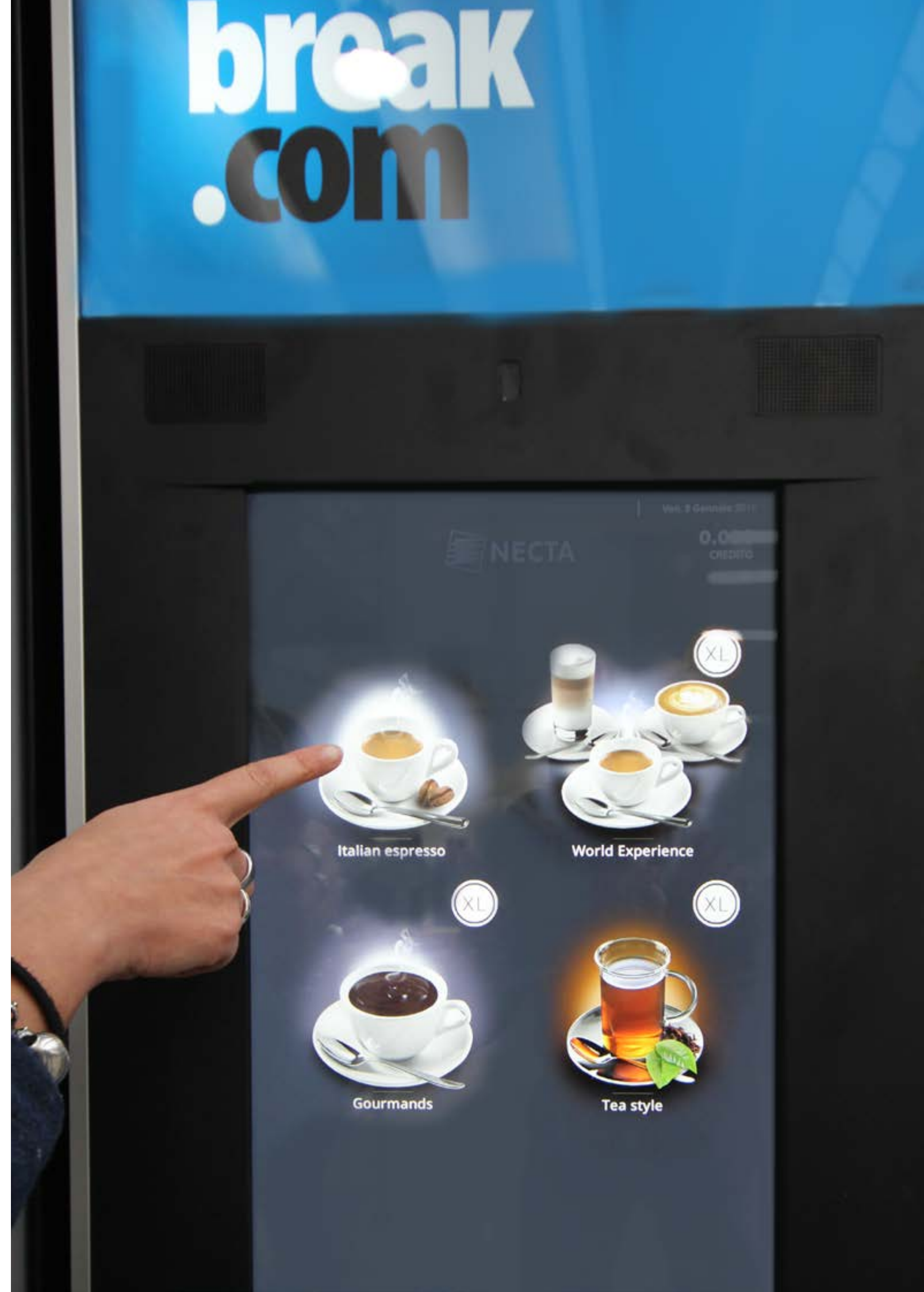
- **Workplace health and safety:** includes training on safety, first aid and fire prevention.
- **Money authentication and management:** concerns training for the correct authentication of coins in Euros dedicated to counting room managers and operators.
- **GPG training:** with reference to Ministerial Decree no. 269 of 1 December 2010, which requires Security Guards to receive theory training and education before starting operating services, the company Coin Service provides annual training courses for Security personnel (store anti-theft, doorman, etc.), Special Security Guards, and surveillance personnel.

A total of 1,886 hours of training were provided in 2017 (marking a notable increase of 31.7% compared to 2016), which saw the involvement of 248 staff.

Coin Service Division Training



break.com





# The quality of company life

The attention the IVS Group focuses on the supply of quality services to its customers, in an attempt to improve their welfare, is mirrored in the relations the Group establishes with its employees and its associates, in line with the modern trend.

In 2017, the IVS Group promoted a series of company welfare measures and initiatives to

ensure employees have a good work-life balance and improve the Group's internal environment. First and foremost, the IVS Group encourages the introduction of contract types other than full-time. As at 31 December 2017, a significant number of IVS Group employees were on part-time contracts, especially women (a total of 105).

Distribution of Group employees by contract type and gender

No. persons	At 31 December 2017			At 31 December 2016		
	Men	Women	Total	Men	Women	Total
Full-time	2,345	228	2,573	2,093	211	2,304
Part-time	28	105	133	20	83	103
<b>TOTAL</b>	<b>2,373</b>	<b>333</b>	<b>2,706</b>	<b>2,113</b>	<b>294</b>	<b>2,407</b>

Various benefits are offered to personnel, which comply with the applicable legislation and practices in the different countries. In Italy, the participation of IVS Group S.A., IVS Italia S.p.A. and S. Italia in **project WHP (Work, Health, Promotion) “Aziende che Promuovono Salute - Rete WHP Lombardia”** (Companies that Promote Health - Lombardy WHP Network) is worthy of mention, which is based on the principles of the “Promotion of health in work environments” and whose priority objective is to promote organisational changes in the workplaces to ensure they can facilitate the conscious adoption of healthy life styles for the prevention of chronic illnesses.

The Rete WHP Lombardia is a member of the European Network for Workplace Health Promotion (ENWHP); participation in the Lombardy programme makes it possible to acquire annual recognition as a “Workplace that Promotes Health - ENWHP Network” for companies that undertake to implement effective and sustainable actions in some priority areas in relation to initiatives recommended for company well-being and sustainable development. The WHP project envisages the development of activities identified as “good practices”, divided into six thematic areas:

1. Promotion of a proper diet
2. Fight against tobacco smoke
3. Encouragement of physical activity
4. Road safety and sustainable mobility
5. Tackling addiction
6. Well-being and work-life balance

IVS Italia S.p.A. has been participating in the ENWHP project since 2013, and this year too, for the fourth consecutive year, was recognised and awarded with the WHP (Workplace Health Promotion) network accreditation. This accreditation therefore

reconfirms the company's huge commitment to promoting workplace health. The award ceremony was held on 15 December 2017, which saw some 90 companies from the region recognised for their commitment on this front.



In 2017, the company recorded important results in all the six thematic areas of the project, through a series of activities summarised below:

**1. Promotion of a protective diet** - the company continued with the initiative launched in 2015 for the stocking, in automatic vending machines, of products that meet the requirement of a healthy diet, like fresh fruit in the break areas, with the posting of the various information fliers, including those depicting the food pyramid.







**2. Fight against tobacco smoke** - the 'smoking areas' at the company have been converted or integrated in the existing break areas in line with the objective of their definitive removal. In addition, information campaigns have been launched to make people more aware of the damage caused to health by smoke, through brochures attached to payslips and displayed on company monitors.

**3. Encouragement of physical activity** - the collaboration with Sportpiù continued, a company tied to the WHP project and certified by ASL and Confindustria of Bergamo. Step-counters were delivered to employees, in accordance with the information campaign "Mantieniti in forma" (keep in shape) promoted through brochures and fliers. In addition, sporting events were organised, such as the company outing and inter-company volleyball tournament, which other major companies in the area also took part in.

**4. Road safety and sustainable mobility** - the company continued to provide safe driving training sources for operators on a racing circuit with information on the vehicles and their operation.



### "YOUR BEST TREKKING", THE COMPANY OUTING

Bolstered by the "Azienda Family Friend" accreditation, which the company has enjoyed for many years, IVS Italia S.p.A. promoted "Your Best Trekking", another initiative which falls fully within the company's work-life balance policy, able to contribute to the development of a comfortable working environment between employees and their families.

The initiative consisted of a company trip out along the "Flaminia Militare" trail, organised for employees and their families on 23 September 2017. The four-hour walk through the Apennines between Emilia and Tuscany, lunch in a bag in the open air and, lastly, some typical Tuscan cuisine for dinner provided employees with a perfect opportunity to share some time away from the workplace and become an increasingly more close-knit team.

**5. Tackling addiction** - the company continued to provide training courses on drugs, alcohol and gambling; evaluation questionnaires were also handed out by the company doctor with a score placed in the employee folder and an associated health report. An information campaign was promoted similar to the one to tackle tobacco smoke.

**6. Well-being and work-life balance** - the company continues to take steps to stipulate agreements with entities, facilities, centres and public enterprises that make it possible to obtain a series of promotional offers for its employees and their relatives. In particular, discounts are provided at national level on vehicle purchases, for various insurance policies, for some low-cost airport car parks in Northern Italy and for rail tickets. By contrast, at local level, the initiatives involved public enterprises like agreements with gyms, swimming pools and clothing and shoe shops. As outlined previously, the other initiatives that helped to create a climate of well-being among employees included the company outing and company dinners. The focus on employees also received positive feedback thanks to the collection of their suggestions in "Your best opinion" boxes, while the traditional welfare tools incorporated company benefits, like discounts on crèche fees.

Lastly, some IVS Group employees are guaranteed use of a company car, membership of the EST Fund and use of daily restaurant vouchers. In France, the Group rewards its suppliers with a bonus on the basis of the performance of their services. In addition, IVS Francia contributes to the welfare of its employees through various initiatives, for example the distribution of gift certificates to employees at Christmas. Similarly, full-time employees enjoy the







benefit of social security in the event of disability or invalidity and obligatory health insurance. IVS Italia S.p.A. continues to reconfirm its commitment, with an eye already on the future: in fact, additional

initiatives are currently being evaluated for the continuous improvement of company welfare which will make it possible to make the offering more personalised.

## FOCUS

### I VISPI SORRISI, THE COMPANY CRÈCHE

"A company that thinks of its future must also think of the future of its employees, and what better way is there than helping families to raise their children?" Based on this strong belief, in October 2011 IVS Italia S.p.A. set up a company crèche at its Seriate office: I Vispi Sorrisi. The Company Management showed a strong desire to get this up and running in order to improve the quality of life of its employees, offering them huge support with the day-to-day management of their children. In the 2011-2012 two-year period, the company invested around Euro 187 thousand in opening the crèche.

In 2017, for the first time, the intercompany crèche filled all its spaces: 20 children, of which 7 children of IVS Italia S.p.A. employees. The company helps employees who register their children at the I Vispi Sorrisi crèche by paying about half the fees.



The IVS Group also promotes various initiatives targeted at greater personnel involvement, through opportunities for communication between the company and employees. These include "Your

best opinion", a way for IVS Italia S.p.A. to listen to the voices and suggestions of its employees anonymously, subsequently providing feedback and optimal solutions.



## SAFE DRIVING COURSES

As part of the training programme provided by the IVS Group, special attention is focused on the "Safe driving" training project, which falls under the training plans financed with its own resources and listed on the company's training account at Fondimpresa. The project's objective is to educate the personnel most heavily involved in driving vehicles for refilling services or the maintenance of a 'defensive' driving style.



The typical exercises of this particular type of training activity go beyond mere mastery of the rules of the road and aim to develop the perception of risk and the culture of prevention, improvement in the handling of road-side emergencies and the correct use of the safety systems vehicles are equipped with. The risks deriving from driving a company vehicle form part of those related to work: Legislative Decree 81/2008 requires these risks to be minimised as much as possible and brought to the attention of workers through adequate training and information. Obviously the risk while driving a vehicle cannot be totally eliminated when the performance of a company function requires significant use of this work instrument, but the training/practical activity of a safe driving course constitutes a service targeted at improving the training and information on this particular work risk, falling under the "degree of evolution of the technique of prevention".

The training course was also provided by IVS Italia S.p.A. in 2017, for the third consecutive year, through training sessions at the Vallelunga and Lainate di Aci racing circuits, intended for personnel who drive a company vehicle. To date there have been 9 training sessions, in which around 620 employees took part.



## Employee health and safety

The IVS Group considers health and safety in the workplace to be an issue of vital importance. It represents an ongoing commitment and a constant pillar of the company mission. On this basis, the IVS Group has used the "Declaration of the Integrated Company Policy" to set out specific objectives in the areas of health and safety and injury prevention. To this end, the IVS Group has developed an internal protocol to aid in the definition of procedures designed to help the company achieve its health and safety objectives, in order to:

- Develop integrated models in accordance with requirements set out in international BS OHSAS 18001:2007 standards;
- Respect the content and principles of health and safety laws and voluntarily implement necessary preventative and protective measures, even where there are no legislative obligations to do so;
- Promote initiatives designed to prevent injuries that could compromise the safety of the Group's workers and any third parties that could be involved;
- Make available necessary resources designed to ensure health and safety objectives are achieved;
- Pursue ongoing improvement in safety management through the identification of risks associated with activities and the definition of objectives designed to reduce these;
- Guarantee consultation with employees on company decisions as regards the implications that these could have on health and safety issues and on adherence to prevention and protection measures;
- Raise awareness among and provide information to employees and personnel around safety and hygiene rules;
- Train employees and collaborators to use the most relevant pieces of equipment and address incorrect use and emergency situations;

- Use products and formulas within the production cycles that have as little impact on health and safety as possible.

Of the many objectives that emerge from the IVS Group's internal protocol, special mention must go to the aim of ensuring ongoing improvement in the way the company deals with health and safety, through the identification of the risks associated with the various activities. The constant monitoring and management of the risks associated with employee health and safety are fundamental tasks when it comes both to building and sustaining a healthy, safe working environment and to upholding the image of the IVS Group in the eyes of the workforce and the outside world with which the Group interacts. In order to hit these targets, the Group undertakes an analysis and a qualitative and quantitative evaluation of exposure to risk for each production unit. The first step in this process is to identify potential sources of danger.

For each source of danger identified, the Group then analyses working conditions, prevention and protection measures in place, procedure and aspects relating to employee training.

In the event that shortcomings are identified, those responsible for procedure brainstorm necessary prevention and protection measures and propose three operational directions depending on the level of employee exposure to risk:

- In the event that the risk assessment reveals non-compliance with regulations, these issues must immediately be communicated to Company Management who will take steps to resolve them, providing guarantees that work can continue safely as soon as possible;
- In the event that a risk has been assessed and deemed irrelevant, the only action will be to



note the situation without taking any further preventative measures. This establishes that safety conditions are being maintained;

- In the event that the type of risk in question requires more in-depth analysis, the Group will plan the investigations necessary to facilitate the qualitative and quantitative assessment of the risk. In time, the Group will identify action to be taken in order to reduce the risk, establish timescales and set out which company departments need to take action.

Quantitative risk assessments are carried out in a number of ways, depending on the case in question. Where a risk assessment is expressly required by regulations or there are specific

technical standards available, specific assessment criteria shall be adopted. For all risk factors that cannot be compared with regulatory or technical standards, procedure states that a semi-quantitative assessment shall be carried out in order to obtain a general verdict on the relevance of the risk. Inevitably, this will include a subjective contribution from the assessor<sup>22</sup>. Quantitative risk assessments are carried out by multiplying Probability (that a risk will cause harm to the health and safety of a person) by Damage (the consequences of exposure to risk factors associated with a person's work). The value obtained is classified and, according to the level of risk in question, specific action shall be prescribed in order to address risks and maintain health and safety standards.

All companies in the Group share a commitment to and focus on the delicate issues associated with health and safety at work. For example, Coin Service Nord S.p.A. has adopted the BS OHSAS 18001:2007 protocol, relating to the management of health and safety in the workplace. The company initiated the process of obtaining the certification in June 2016 and successfully achieved this in May 2017.

In the case of IVS France, the policy is overseen by a Committee of Hygiene, Safety and Working Conditions (Comité d'Hygiène, de Sécurité et des Conditions de Travail) (CHSCT). Composed of six members, the committee aims to contribute to the health and safety of workers and help to improve their working conditions. It does this by:

- Analysing working conditions and professional risks to which employees can be exposed, particularly as regards pregnant women;
- Using inspections and investigations to ensure compliance with legislative and regulatory requirements and check that recommended preventative measures are being implemented;
- Promoting prevention through activities designed to raise awareness and spread information;

- Carrying out investigations into the circumstances and causes of accidents at work and occupational diseases.

Given the specific nature of the Group business, the main risks within the company in terms of frequency and gravity are those connected with driving vehicles (e.g. road accidents, injuries sustained while travelling to and from work) and manually moving loads. The IVS Group is well aware of the importance and delicate nature of these issues and therefore keeps a close eye on instances of workplace injuries, considering as it does this area to be one of vital importance. During 2017, a total of 149 injuries were recorded<sup>23</sup> (none of which were fatal). 130 of these occurred at the workplace, while 19 occurred on the way to work. The number of injuries represents a 35.5% increase on the 2016 figure, but it is nonetheless in line with the growth of the IVS Group. During 2017, there were no registered cases of occupational diseases. This injury record (which includes injuries sustained on the way to work) is summarised on the following tables. The absentee rate has decreased slightly, from 2.7% to 2.6%.



22. As regards the semi-quantitative risk assessment, IVS Italia S.p.A. uses the Superior Institute for Prevention and Safety at Work (ISPESL)'s Integrated Environment and Safety Management Manual for SMEs (2005).

23. For the calculation of the injury indexes for 2017 for Spain, only the company DAV S. L. was considered.



## Injury data by gender and country

	2017		2016	
	Men	Women	Men	Women
<b>IVS GROUP</b>				
<b>Total occupational diseases</b>	-	-	2	-
<b>Total injuries</b>	141	8	101	9
of which sustained on the way to work	16	3	9	2
of which sustained at the workplace	125	5	92	7
of which fatal	-	-	-	-
<b>ITALY</b>				
<b>Total occupational diseases</b>	-	-	2	-
<b>Total injuries</b>	86	5	70	3
of which sustained on the way to work	12	3	7	2
of which sustained at the workplace	74	2	63	1
of which fatal	-	-	-	-
<b>FRANCE</b>				
<b>Total occupational diseases</b>	-	-	-	-
<b>Total injuries</b>	34	3	22	4
of which sustained on the way to work	-	-	-	-
of which sustained at the workplace	34	3	22	4
of which fatal	-	-	-	-
<b>SPAIN</b>				
<b>Total occupational diseases</b>	-	-	-	-
<b>Total injuries</b>	18	-	9	2
of which sustained on the way to work	4	-	2	-
of which sustained at the workplace	14	-	7	2
of which fatal	-	-	-	-
<b>SWITZERLAND</b>				
<b>Total occupational diseases</b>	-	-	-	-
<b>Total injuries</b>	3	-	-	-
of which sustained on the way to work	-	-	-	-
of which sustained at the workplace	3	-	-	-
of which fatal	-	-	-	-

## Injury indexes by gender and country<sup>24</sup>

	2017			2016		
	Men	Women	Total	Men	Women	Total
<b>INJURY RATE</b>						
<b>IVS GROUP</b>	35.2	16.6	33.2	28.3	21.7	27.6
Italy	28.0	13.4	26.4	23.7	9.0	22.2
France	115.6	52.3	105.3	70.9	74.8	71.4
Spain	30.2	0.0	28.0	29.8	71.6	33.3
Switzerland	64.1	0.0	60.4	-	-	-
<b>OCCUPATIONAL DISEASE RATE</b>						
<b>IVS GROUP</b>	0.0	0.0	0.0	0.6	0.0	0.5
Italy	0.0	0.0	0.0	0.7	0.0	0.6
France	0.0	0.0	0.0	0.0	0.0	0.0
Spain	0.0	0.0	0.0	0.0	0.0	0.0
Switzerland	0.0	0.0	0.0	-	-	-
<b>LOST DAY RATE</b>						
<b>IVS GROUP</b>	1.0	0.5	0.9	1.0	1.2	1.0
Italy	0.7	0.7	0.7	0.6	0.2	0.5
France	3.5	0.0	2.9	3.1	8.1	3.8
Spain	1.1	0.0	1.0	2.4	0.0	2.2
Switzerland	0.0	0.0	0.0	-	-	-
<b>ABSENTEE RATE</b>						
<b>IVS GROUP</b>	2.7%	2.5%	2.6%	2.7%	2.4%	2.7%
Italy	2.2%	2.1%	2.2%	2.2%	1.6%	2.1%
France	6.4%	1.9%	5.7%	7.0%	8.4%	7.2%
Spain	3.7%	4.7%	3.8%	5.1%	3.0%	4.9%
Switzerland	2.4%	23.0%	4.6%	-	-	-

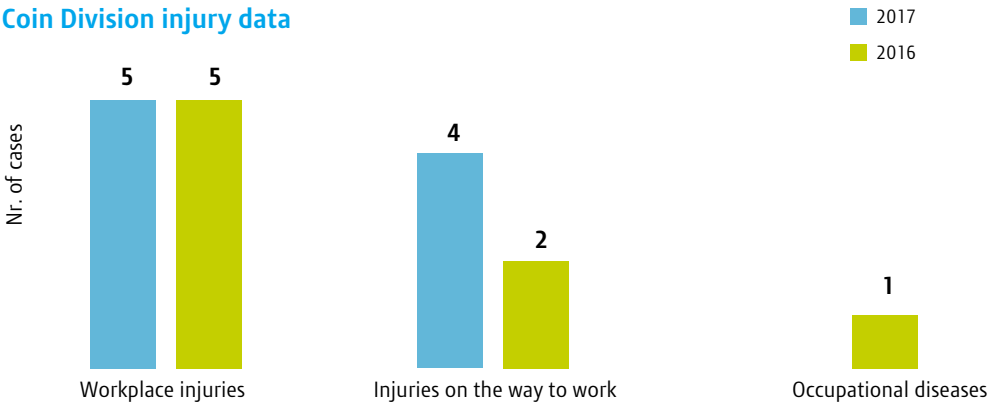
24. Injury rate: ratio between total number of injuries (including those sustained on the way to work) and the total number of hours worked in the same period, multiplied by 1,000,000.  
Occupational disease rate: ratio between total number of occupational diseases and the total number of hours worked in the same period, multiplied by 1,000,000.  
Lost day rate: ratio between the number of days lost through injury or occupational disease and the total number of hours worked, multiplied by 1,000.  
Absentee rate: percentage ratio between total work days missed and total days scheduled to be worked by workers for the same period. The following have been excluded from the calculation: holidays, study leave, maternity and paternity leave.

COIN SERVICE DIVISION INJURIES

Coin Service employees undergo health checks administered by the branch doctor. Data on injury rates is constantly monitored and analysed with the objective of identifying critical issues requiring action. During 2017, Coin Service Division registered 9 injuries - 5 at the workplace and 4 on the way to work. As regards occupational diseases, as was already alluded to in the general Group data, there were no instances of occupational diseases in 2017, down from one case in 2016.

Generally speaking, the injury rates for 2017 show a contrasting trend with the previous year. The injury rate has increased from 26.6 injuries per million hours worked in 2016 to 32.6 in 2017. Meanwhile, the lost day rate, which measures the number of days lost for every 1,000 hours worked, has decreased from 0.8 to 0.6. Finally, the absentee rate has also decreased from 3.0% to 2.3%.

Coin Division injury data



Coin Division injury indexes by gender

	2017			2016		
	Men	Women	Total	Men	Women	Total
Injury rate	37.8	0.0	32.6	30.8	0.0	26.6
Occupational disease rate	0.0	0.0	0.0	4.4	0.0	3.8
Lost day rate	0.7	0.0	0.6	0.9	0.0	0.8
Absentee rate	2.4%	1.3%	2.3%	3.4%	1.0%	3.0%







**Focus on  
customers**

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# Focus on customers

The IVS Group places the personal wellbeing of the end users of its services at the centre of its strategy, in line with welfare issues, which are becoming more and more important in national and multi-national companies. Ensuring attention to detail throughout the entire Group workforce is a way of guaranteeing

the quality of the customer's working day by promoting the idea of daily breaks. The IVS Group also ensures that customer satisfaction maintains a role of central importance by carefully selecting the partners - be they industrial companies, coffee producers or food suppliers.



## MEDIUM-SIZED COMPANY from one to 10 people

Serving small entities such as small offices, commercial and professional companies, companies with front offices and artisanal workshops requires great attention. Group's staff consult with customers on how to integrate the vending machine into their space, particularly as regards public spaces, while ensuring speedy deliveries when replenishing stock.

## LARGE COMPANY from 11 to 50 people

Given that this user band throws up a variety of different requirements, the Group has devised a comprehensive range of services and solutions. Among the many advantages IVS Group guarantees its customers, it offer scheduled reviews and automated stock checks as well as using GPRS technology to manage calls.

## EXTRA-LARGE COMPANY over 50 people

Experience is a must when it comes to overseeing vending services for very large companies, with logistics and architectural considerations playing a key role. The IVS Group is able to seamlessly integrate large numbers of vending machines into companies. The services are fully bespoke, with personalised outer casings and furnishings for break areas on offer.

# Constant contact with customers

In order to achieve excellence when it comes to large-scale services, the size and efficiency of an up-to-date fleet of vehicles plays a crucial role. This ensures quick installation, assistance and stock replenishment.

The IVS Group fully absolves its customers from any responsibility for damage to people or things (belonging to them or to third parties) caused by staff or equipment. To ensure total customer security, the Group has signed a civil-liability insurance policy whose excess is sufficient to cover any damages linked to company activities, thus absolving the customer of possible risks.

## TECHNICAL ASSISTANCE

The IVS Group has a team of dedicated professionals whose job is to provide quick and efficient assistance to customers. The Group is convinced that a good preventative technical assistance service is an essential starting point when it comes

to minimising breakages, which is essentially how customers rate the efficiency of Group service. The IVS Group carries out checks at predetermined intervals in order to prevent its vending machines from malfunctioning, even as regards naturally occurring problems. In order to plan preventative action, the Group uses scheduled maintenance charts referring to the various types of machines installed. Action is planned according to time and usage considerations, in order to minimise disturbance to the customer.

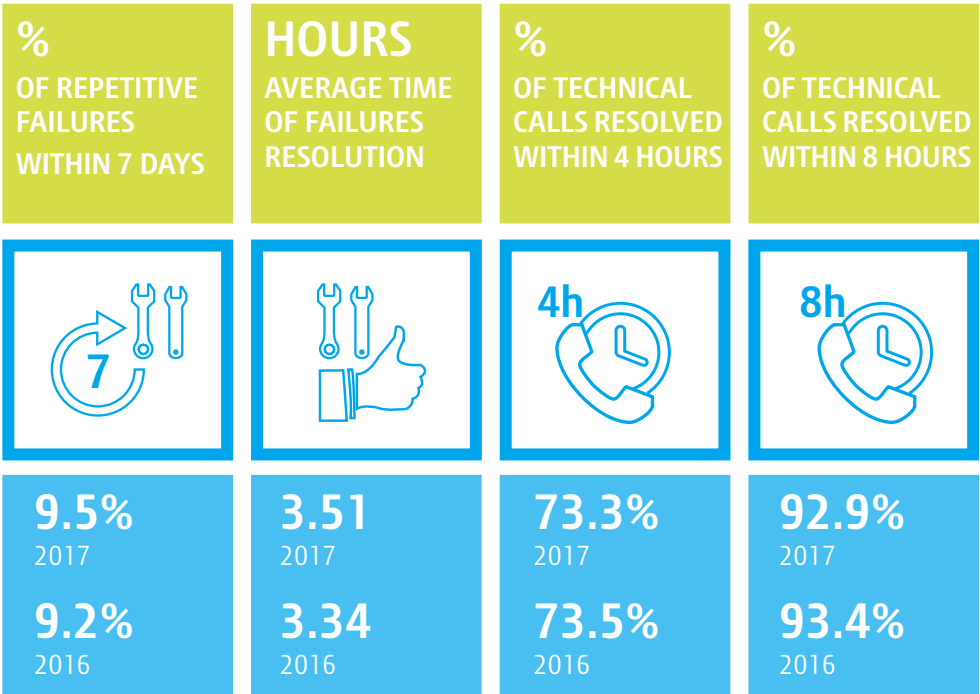
**Extraordinary technical assistance** is overseen by a team of operators equipped with handheld computers which register action taken and - thanks to the use of the latest technology - ensure that assistance is provided quickly. The average response time is 60 minutes from notification by the user and/or machine. For more complex repair work, the IVS Group guarantees the immediate replacement of vending machines that cannot be repaired within 24 hours. In addition to fixing broken vending machines, the Group's dedicated technicians also





check that the machines are working correctly, including verifying payment systems (coin box, change dispenser, electronic readers) and completing a quality control check on the products supplied.

Currently, IVS Italia S.p.A.'s standard response time sees 90% of assistance requests settled within 8 hours of notification.



### CUSTOMER CARE

The IVS Group has always been focused on the pursuit of excellence. The company includes many professionals whose job is to measure and improve customer satisfaction by listening to problems, proposing solutions and often addressing issues even when these are not brought up by the customer. By analysing data used by the Group to evaluate its performance, it is possible to obtain precise information that can be used to improve and differentiate the service according to the type of customer in question. This allows to obtain an up-to-date picture of customer satisfaction. All actions relating to improving standards, training staff or boosting the quality of the vending machines start from these simple yet vital analysis.

The Group's customer care function includes several activities and services. In addition to technical assistance staff, the IVS Group team uses every inspection to verify the general status of its machines, including product expiry dates, and listen to specific customer requests or general observations on the service provided. The staff always carry a special emergency kit. In fact, the Group is well aware of just how important it is that any action is taken quickly and the staff are ready to satisfy any customer request. It is vital that the Group takes even greater care when working with new customers. The customer care staff will introduce themselves and make sure the customer knows they are there to help, while customers will also receive an email containing comprehensive information designed to meet any requirement.

Promoting customer loyalty has always been at the heart of the Group's ethos. Therefore, IVS Group endeavours to assign specific team members for each customer, so as to improve efficiency and competence.

IVS Group's call center staff are an active component of the customer care activities. By way of illustration of the importance the IVS Group places on listening to its customers, the Group has this year introduced clearly defined listening/response procedures, with courses focusing on leadership and customer care. This is all part of Group's ongoing push to improve the services. **This year, around 690,000 telephone calls have been received, a 0.7% decrease on the previous year. The number of telephone calls resolved satisfactorily has increased by 1.7%.**



### CUSTOMER SATISFACTION

The IVS Group is aware of the importance of constantly analysing customer satisfaction in order to monitor the development and effectiveness of its strategic and operational decisions, as a way of identifying areas in need of attention and improving the service offered. In order to achieve these objectives, the Group carries out numerous customer satisfaction interviews throughout the course of the year. In the last quarter of 2017, for example, IVS Group completed a survey of around 1,730 customers in Italy. The participants were asked to answer eight questions on issues such as the quality of the product/service offered, the fairness of the price and the way the Group's staff come across. Working on a scale of 2 to 10, with six representing "sufficient", the survey revealed a high degree of customer satisfaction across all questions. Indeed, the average response to the eight questions was between a minimum of 7.4 (quality of coffee) and a maximum of 8.7 (staff appearance). The survey was carried out by 38 customer care employees across Italy. Based on the average response to the eight questions, Sicily and Lazio have the highest rates of customer satisfaction, with both regions scoring above 7. Sicily and Lazio are also the regions in which the most interviews were carried out. This illustrates how reliable and relevant these findings are. The lowest average score was 6.3, registered in Campania. However, this was still above the "sufficient" score. Based on the results, the IVS Group aims to investigate the most pressing areas in need of improvement in the field of customer satisfaction. Keeping in mind the customer responses and their region, the IVS Group will attempt to explore the reasons behind the responses and - based on the results of this analysis - invest in order to bring about the necessary qualitative improvements.

# Customised services and products

## DEDICATED AREAS

The IVS Group has always worked tirelessly to build partnership-style relationships with its customers. The Group ensures its service lives up to customer expectations even when a company wants more than just a well-functioning vending machine stocked with quality products. The Group is also happy to create large spaces designed for break times, taking care of the design of the furnishings and architecture around the vending machine.

The choice of colour, layout of the furniture and use of material and light are all essential factors in ensuring that those brief moments spent away from work are as relaxing as possible. These considerations play a vital role in boosting the regenerative potential of a quick break - something that undoubtedly has a positive impact when employees then return to their work. By working with partners boasting proven experience in designing and installing furniture, the IVS Group is able to further broaden its service offering by designing and building 3D models to quickly give customers a preview of the architectural and colour impact of its products in their spaces.



or other trademarks to the machines. The Group provides a fully customisable consultancy service, ensuring the interaction with one, expert point of contact and thus achieve an advantage in terms of timescales, management and brand identity. According to the standard company practice, once a customer requests a bespoke service, the IVS Group implements a centralised screening process to identify the most suitable supplier to fit their specific needs, considering factors such as value for money and timescales. Once this decision is taken centrally, it is then shared with the relevant departments.

Customers are free to choose between the IVS Group's extensive range of certified, efficient vending machines. All of Group's machines are practical, intuitive, solid and modern in their shape and design. Various different payment systems are available, including coin payment with change dispenser and contactless rechargeable electronic keycards etc. The wide range of models offered includes personalised vending machines for coffee and hot drinks, food, cold drinks and fresh products. The Group's range of machines includes small, medium-sized and large models (designed for rare or high use), while the Group also offers machines with coffee brewing units in plastic or steel and

## CUSTOMISED VENDING MACHINES

Corporate branding and image are important tools, not least within the company premises itself. The care taken by companies to customise the service they offer to their "internal customers" - employees of all ranks - is a useful way of measuring quality of life in the workplace. A more positive perception of the workplace can only have beneficial effects on the quality of work produced.

The IVS Group has been working on this premise for some time now, offering its customers a vending machine customisation service whereby customers have the option to add their company colours, brand

## ARD CONTROL ROOM

The IVS Group has an **ARD (Vending Machine Restocking Staff) Control Room** which allows to check the stock situation and history of each individual machine, verify the restocking schedule and see the priority level of any non-scheduled restocking requests. The speed of response to such requests is always tailored to the specific case in question. The precise response time depends on a range of factors, including location, the customer's past orders and the way consumption levels are adjusted to reflect peak demand.

These checks are the responsibility of the coordinator, who works in real time to ensure that restocking staff are covering the needs of all customers assigned to them. Where necessary, the staff can also call on additional team members. The service is organised so as not to interfere with standard company activities, keeping in mind the peak usage times for the vending machines. By analysing the needs of each individual customer, the IVS Group is able to produce a personalised restocking schedule.



## TEC CONTROL ROOM

The **TEC (Vending Machine Technical Assistance) Control Room** is an innovative space equipped with the latest technology. It is dedicated to the management, control and monitoring of all principal assistance and vending machine maintenance activities.

This modern system is designed to enable to monitor all operational factors and anticipate customer requests. It is a unique service - one that raises the bar in the sector and allows to take quick, efficient action if breakages do occur. All technicians are constantly linked up to Group's headquarters via satellite technology. The control rooms can then use GPRS to send instructions to the technicians using the

handheld computers the Group provides them with. Yet what really makes this control room unique is the technological platform it uses. It's connected up to all the technical assistance vehicles through GPS (Ground Positioning System) satellite navigation systems and GSM software, which allow to send data back to headquarters via SMS messages and monitor all assistance requests in real time. In this way, all information regarding products, vending machines, supply and assistance requests are constantly monitored, enabling to intervene where necessary and ensure that the vending machines are working correctly and the quality of the products dispensed remains constant.



# Product quality and safety

bronze. The IVS Group can even offer two different coffee blends at once! Furthermore, as part of the Group efforts to make customer contact more direct and offer rapid, personalised service to all users, the IVS Group has also equipped its machines with new technology to

ensure they are all linked up to the network. This means that they can issue and receive information in real time, learn about purchasing habits and hone in on specific attitudes towards food, thus boosting customer loyalty.



## DIVERSIFICATION

The central focus of the IVS Group's activity is to offer solutions designed to fit the customer profile as closely as possible, with products that can be diversified in quantity and quality upon request. Customers have a wide range of foodstuffs to choose from, covering many different dietary requirements. The products are supplied by companies boasting proven reliability and certified production chains. Furthermore, as part of the Group's commitment to ethics, the environment and a healthy food culture, the IVS Group has decided to include organic and Fair Trade products in its range. The Group also offers gluten-free products for people affected by coeliac disease.

## PAYMENT SYSTEMS

When required, the IVS Group is able to offer its customers the most advanced payment systems on the market to meet the needs of companies and public bodies of all shapes and sizes. The Group's payment systems include:

- 1. Coin payment systems with change dispenser;
- 2. Banknote readers;
- 3. Cashless payment systems;
- 4. Debit/credit card readers;
- 5. MIFARE card readers.



By choosing IVS Group, the customers receive the security, protection and guarantees that only a large-scale group with detailed organisation can offer as evidenced by the recognition of important

certifications, all of which serve as guarantees as to the quality of the service the Group provides. The table below shows some of the numerous certifications obtained by the companies of the Group.

### Certifications obtained by type and company

	UNI EN ISO 9001:2015	UNI EN ISO 14001:2015	UNI EN ISO 22000:2005	BS OHSAS 18001:2007	UNI CEI EN ISO 50001:2011	UNI 10854:1999	Top Quality Standard - TQS Vending
IVS Group S.A.	X	X	X	X		X	
IVS Italia S.p.A.	X	X	X	X	X	X	X
S.Italia S.p.A.	X	X	X	X		X	
IVS Sicilia S.p.A.	X	X	X	X		X	X
DDS S.p.A.	X	X	X	X		X	X
Eurovending S.r.l	X	X	X	X		X	X
IVS France SAS	X		X			X	
DAV S.L.	X	X	X	X		X	

At Group level, the aforementioned Integrated Company Policy on environmental responsibility and employee health and safety includes a range of objectives inherent to food safety:

- To set measurable objectives and monitor activities in order to ensure that products do not damage consumers either directly or indirectly;
- To periodically evaluate the Food Safety system and ensure this is kept up to date using the latest information on Food Safety issues;

- To inform the supply chain and notify the entire organisation of any information regarding the development, implementation or update of the Food Safety management system as regards safety issues relating to products used;
- To establish, implement and maintain procedures designed to help manage potential emergency situations or accidents which could have an impact on food safety.





## FOOD TRACEABILITY

The IVS Group has produced a Company Hygiene Self-Regulation manual - a policy unique to the sector. This governs preventative, planned maintenance work and the cleaning and sanitisation of the machines. The Group only uses specific products that have been tested for the food sector. All action is planned using IT systems. In addition, some Group companies have in place the Food Safety Management System UNI EN ISO 22000:2005 and UNI 10854:1999.

The IVS Group ensures European regulations on traceability (RE 178/2002) are properly applied in order to guarantee complete transparency across all batches. In order to add another layer of security to the delivery procedure, the Group ensures that the operator who collects goods from the storeroom is the same person who inserts them into the vending machines. Weekly inventories of all stock (including the vans of operators responsible for restocking) allow to verify shelf life and expiry dates.

Once products have been selected, the Group's staff take great care over the goods right through from collection in the storeroom to delivery to customer. Products coming in and out are monitored by a video surveillance system which - in accordance with EU regulations on food traceability - guarantees complete transparency throughout the supply chain for each and every batch. The IVS Group's vending machines are essential to maintain the freshness and integrity of the products. The Group selects only top-quality machines in order to ensure perfect food preservation and allow to calibrate the offering to fit personal taste and requests.



## CLEANING AND HYGIENE

For the IVS Group, ensuring compliance with industry legislation and maintaining the hygiene of its vending machines are of paramount importance. In addition to being promptly restocked and subject to scheduled maintenance, it is vital that the hygiene of the vending machines adheres to the highest standard. For example, all plastic components that come into contact with powder and any coffee units which are exposed to granules are checked, dismantled, washed and sanitised on a weekly basis. They are then put back together and tested to ensure the product supplied is of the highest quality.

In almost all cases, the same maintenance and hygiene checks are applied to the mechanics of vending machines of packaged or fresh products. Where no coffee units are present or no components come into direct contact with the raw ingredients, the IVS Group undertakes ongoing cleaning activities to ensure that all filters, coils and fans are working correctly and comply with hygiene standards.

## MANAGING THE COLD CHAIN

The IVS Group works tirelessly to ensure that fresh products are handled in conditions of controlled atmosphere, with temperatures required to be between +0 and +4°C. Offering fresh products enables to increase Group's range of offer and take a step away from traditional vending machines. The vehicles used to distribute fresh products have been specially designed on the basis of a concept devised by US company Hackney Inc. The vehicles are equipped with fridges complete with additional, independent generators, thus ensuring

that the cold chain is maintained until the goods arrive at the vending machines. The Group has also introduced a system designed to constantly monitor the temperature of the fridges in the vehicles using a device that immediately sends notification of any issues to staff responsible for overseeing this. Vending machines stocked with snacks, drinks and products require controlled temperatures must comply with higher safety standards. Machines must have CE certification and comply with the first-in, first-out (FIFO) food rotation system. In the event that the internal temperature exceeds the minimum safe food storage temperature (+0/+4°C), the machines will automatically stop dispensing any more products.





# Supplier relations

## CHOOSING OUR SUPPLIERS

The IVS Group places great importance on developing and managing its relations with suppliers and looks to build medium to long-term partnerships based on strategic and operational common ground. The Group's Code of Ethics "requires all employees, external collaborators and suppliers to sign a declaration confirming that they have read the Code of Ethics and commit to respect its contents". Such is the importance of the Code of Ethics to the Group that the ability of suppliers to guarantee compliance with the Code is taken into consideration when the Group selects its partners. Furthermore, the Group complies with the principles of honesty and transparency when approaching the process of acquiring goods and services, as required by the Code of Ethics. These values are also central to the process by which the Group selects its suppliers. Transparency in supplier relations is ensured through the adoption of rules and mechanisms that allow the Group to analyse their professional and technical reliability, economic and asset situation and commitment to social responsibility. All fees and/or sums paid out under whatever circumstances must be properly documented and proportional with the activities carried out and current market conditions. The Code of Ethics also states that the Group repudiates any principle of discrimination based on gender, religion, nationality, personal and political opinions, age, health and economic conditions of its interlocutors, including in this category also its suppliers.

Several factors may influence how the Group goes about acquiring a product. The IVS Group keeps itself up to date on market trends by regularly participating in trade fairs, monitoring its competitors and periodically meeting its suppliers.

The Group identifies potential product suppliers by analysing the market and studying consumer trends. The suppliers are then compared against a benchmark taking into account a range of factors. The objective is always to identify and select the supplier with the best performance levels and who can guarantee the best service possible. The elements required in the supplier's selection phase vary according to the product that the Group looks for and can relate to:

- **Company characteristics:** cost effectiveness, ability to develop partnerships with the customer, range of coverage of geographical markets, production capacity, ability to hit deadlines and volume of deliveries, flexibility, etc.;
- **Health characteristics of the products:** glycaemic index, use of gluten-free products, products without palm oil, fruit percentage, salt content, NFC, sodium content, mineral residue, etc.;
- **Environmental impact:** possession of UNI ISO 14001:2015 environmental certification, refusal to use GMOs, efforts to reduce CO<sub>2</sub> emissions, recycling, waste disposal;
- **Certifications:** possession of organic and Fair Trade certifications.

Among the procedures contained in the pre-assessment is a requirement to obtain/issue a series of certifications/declarations of conformity. For each negotiation, the Group makes it expressly clear that these are an essential requirement for all collaboration agreements. Notable requirements include:

- declaration of conformity with EU Regulation 852/04 (H.A.C.C.P.);
- declaration of conformity with EU Regulation 178/2002, Article 18 "Traceability";

- complete descriptions for every product supplied, containing information on ingredients, chemical properties, microbiological analyses, nutritional values, organoleptic properties, shelf life, optimum product preservation temperature and methods, correct storage methods;
- certified company registration and anti-mafia certification.

The IVS Group's assessment of its suppliers does not stop when a contract is signed. Rather, it is an ongoing task designed to avoid sudden and unexpected declines in operational efficiency as well as ensure constant improvement - which is one of the cornerstones of the IVS Group culture. The IVS Group's procurement policy includes management of supplier relations and comprises strategic activities such as creating partnerships, producing products specifically tailored for the sector and, in some cases, obtaining exclusivity rights over products. One example of the importance for the Group of this kind of collaborative relationship is the agreement with Cedrat Tassoni, which was secured during 2017.

The agreement will give IVS Italia S.p.A. exclusivity rights to Cedrata Tassoni Soda, which is for the first time being bottled using PET plastic. IVS Italia S.p.A. will be offering the product in its vending machines from 2018.

Procurement is a factor of extreme strategic importance to the IVS Group and plays a key role in the relationships established throughout the Group's supply chain. For this reason, operational risks (i.e. the inability of the regular supplier to satisfy a request, delayed or missed deliveries or products that fail to adhere to qualitative requirements) are continually monitored. In order to reduce their potential impact, The Group prioritises the following aspects: agility/flexibility of the supply chain; increasing influence over, control of and collaboration with suppliers; boosting product quality and reliability; increasing efficiency and reducing operational costs; increasing brand credibility and reputation. Finally, the IVS Group works hard to encourage its suppliers to offer products with low environmental impacts, such as paper cups, wooden pallets, organic products and products not containing palm oil.

## PRODUCT RANGE

The products the Group's customers consume on a daily basis must be reliable and constant. The IVS Group strives to ensure that its service is of a high quality and works hard to offer its customers a range of products they recognise, both locally and all over the world. As a consequence, the selection of products offered by the IVS Group is tailored to ensure maximum brand recognition and quality across all sectors. For example, rather than falling back on the convenience of prioritising a small bank of suppliers who can cover all food products, the IVS Group prefers to work with a large number





of brands who achieve levels of excellence in individual products or product groups. This means that partner management activities take longer and are more expensive, but - crucially - it guarantees that products are of the highest quality. The IVS Group strongly believes that local areas are an asset that must be celebrated and made full use of. Therefore, in addition to some of the most well-known brands in Italy and around the world, the IVS Group also offers its customers a range of the best local products, selecting top-quality local delicacies to complete the commercial offering. IVS Italia S.p.A. selects the best food brands on the market, including nationally and internationally renowned producers and many quality local producers. The IVS Group stocks brands including Ferrero, Galbusera, San Carlo, San Pellegrino, San Benedetto, Coca Cola and Nestlé, while the Group is the exclusive reseller of Nespresso in Milan, the province of Bergamo and the regions of Sardinia and Campania. In 2016, the IVS Group's distribution agreement concerning Nespresso's Professional coffee capsule line was expanded and extended to 31 December 2019. The agreement includes the entire regions of Lombardy, Piedmont, Friuli Venezia Giulia, Puglia and several provinces in Emilia Romagna and the Veneto. The regions of Liguria, Sardinia, Campania, Trentino Alto Adige and

some provinces of Lombardy were already supplied by the IVS Group.

The agreement is testament to the strength of the relation between the IVS Group and Nestlé, both leaders in their respective sectors on account of their excellence in management and capacity for innovation.

## ORDER MANAGEMENT

The IVS Group's management system calculates product consumption daily across a period of eight weeks, cross-referencing this with stock levels and orders. Next, a purchasing or transfer proposal is presented to the relevant warehouse. Each warehouse can then decide whether to confirm, modify or cancel the proposals it receives.

Monitoring warehouses plays a role of fundamental importance in ensuring the logistical efficiency of the IVS Group. Both warehouses and suppliers are monitored and assessed centrally, after which their output is verified and checks are carried out to ensure they are adhering to policies, strategies and requests. In the event of a missed delivery, the system automatically sends a reminder and - where delivery still does not occur - then cancels the order and repeats the entire process.

**In 2017 the IVS Group works with 380 suppliers, of which 283 for the Food sector, 53 for the Beverage sector and 44 for the No Food sector.**

Suppliers can also be split into national and local suppliers. National suppliers are responsible for delivering products from Italy, Europe or outside Europe, while local suppliers may only work with customers based nearby to them. For a certain number of suppliers, the logistics office centrally oversees orders and uses its own or third-party vehicles to collect goods.







Focus on  
local areas

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## Local initiatives

As set out in the Code of Ethics, “the IVS Group is committed to making a tangible contribution to improving quality of life, boosting the socio-economic development of the communities in which it operates and promoting the development of human resources and local skills, while at the same time carrying out its corporate activities according to methods compatible with proper commercial practice”. The IVS Group shows its commitment to social issues by supporting local projects and social causes which involve the active participation of the company and its workers.

**Thanks to an agreement signed with the Municipality of Seriate (BG)**, IVS Italia S.p.A. was able to increase the gross floor area of its building in that Municipality of Seriate. As part of the agreement and the company’s commitment to setting down roots in the local area, IVS Italia S.p.A. agreed to recruit three apprentices per year from students of secondary schools in the municipality (Itis Majorana, Scuola Edile Bergamasca and Ente di Formazione Professionale Sacra Famiglia in Comonte), in accordance with the Municipality of Seriate’s education department.

**The IVS Group encourages and organises visits to its facilities for students of local secondary schools (High schools, technical schools) in order to give them a first-hand taste of the vending machine business and help new generations build up a more mature, informed picture of the world of work.**

The IVS Group has always been a big supporter of the non-profit sector, developing partnerships and raising awareness of charitable initiatives within the company and among its customers. In 2016, the IVS Group began to support **The Bridge For Hope**, a



voluntary association working with cancer patients and set up by Serena Panzeri and Caterina Pettinato. The aim of the project is to support the **Patrick Dempsey Center for Cancer Hope & Healing**, a health facility in Lewiston, Maine, which was set up to help cancer patients and family members caring for them through activities including assistance, support, education and recreational activities. **The IVS Group’s support for the association continued in 2017, during which the idea for the “CorriAmo la Vita” charity marathon took shape.** The marathon will take place in Milan in April 2018, with the IVS Group providing financial support to the event.

**IVS Italia S.p.A. also sponsored “Bergamo Festival – Fare la Pace” in Bergamo in 2017.** Now in its eighth edition, the festival attempts to offer useful

advice gleaned from the intricate dynamics of day-to-day life. As part of the festival’s many events, IVS Italia S.p.A. served - for the second year running - **as an exclusive partner in a project to install a special Your Best Break vending machine, dedicated to “dispensing culture”, in Bergamo.** Books and the texts of lectures given by speakers at the conferences involved in the festival were among the special products distributed. Users were able to choose whether to download IVS Italia S.p.A.’s app, Coffee cApp, to order and pick up a copy for free - or buy the book for a symbolic price of five cents. The IVS Group was also a sponsor of the “BergamoTOONS” event, an international festival held in Bergamo between 22 and 24 June 2017 with the aim of promoting animated films in the local area. The three-day festival included free events, conferences, screenings and exhibitions on animated films.



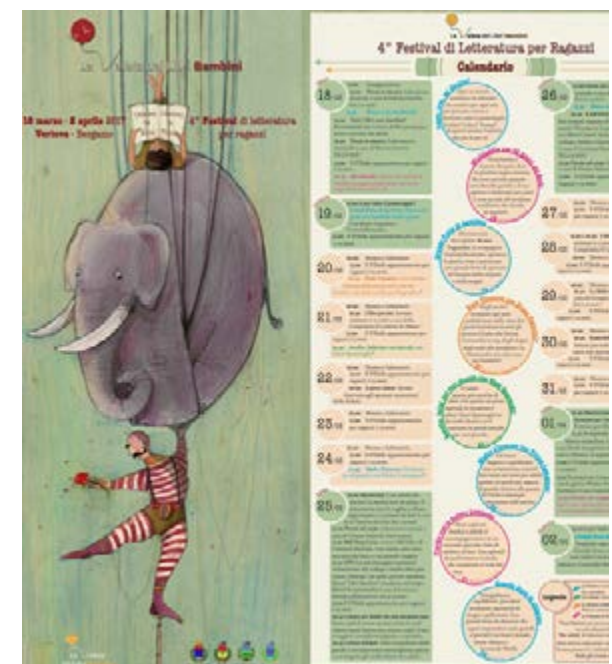
**As part of commitment to promoting culture, IVS Italia S.p.A. has teamed up with the G. Carrara Academy of Fine Art in Bergamo to create Art Dispenser, a project designed to make art more accessible.**

Art Dispenser is an art vending machine which - instead of dispensing snacks and drinks - offers artwork created by students on the academy’s art and photography courses. Sales of the artwork -



which costs Euro 2 each - will help to fund future projects at the academy. Art Dispenser was installed at the G. Carrara Academy from 30 June 2017 and then in the academy’s exhibition space in Via Quarenghi from 30 September 2017.

IVS Italia S.p.A.’s commitment to the education and development of children has also continued in recent times. Already a sponsor of sports teams and events in football, skiing, cycling and golf, **Italy’s leading vending machine provider was also the premium sponsor of the fourth edition of the “La Vallata dei Libri Bambini” literary festival for children**





# Responsible marketing

**and young people.** Organised by the charitable association of the same name, this extensive cultural project aims to boost the local area and encourage the development of local young people. This year, the event took place in the Municipality of Vertova, in the province of Bergamo. The stars of the show - apart from the books, of course - were children from local schools, who were able to enjoy exhibitions, workshops, special guest appearances and a range of events big and small. The festival then came to an end with the closing ceremony on 2 April 2017.

## DONATIONS AND SPONSORSHIP

As alluded to with the aforementioned initiatives, the IVS Group has always been committed to promoting and enhancing the local community through sponsorship and donations. The Group is determined to stimulate social and cultural development, improve

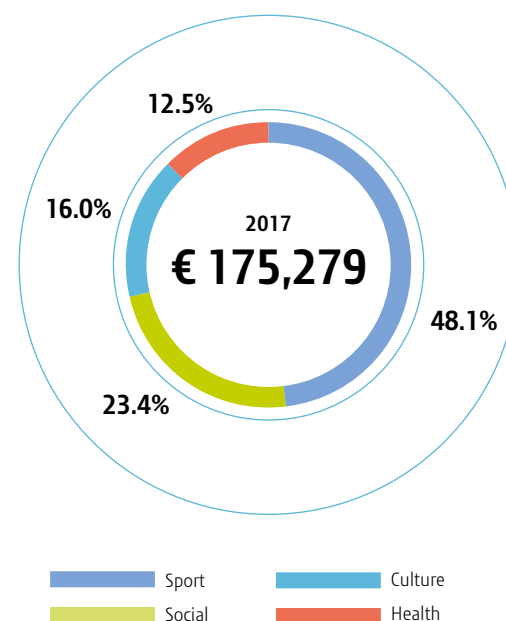
the quality of life of people and better relations between the Group and the local area.

As set out in the Code of Ethics, the Group may only respond to funding requests deriving from non-profit bodies and associations or linked to initiatives of particular cultural or charitable value. Maximum transparency must be maintained at all times. Sponsorship may be awarded for initiatives in the social, environmental, sporting, showbusiness, art and cultural spheres.

**During 2017, a total of Euro 175,279 was paid out in charitable donations and sponsorship.**

The majority of sponsorship was awarded in the field of sport (48.1%), followed by social (23.4%), cultural (16.0%) and health issues (12.5%).

### Donations and sponsorship by type



The consumer choices are influenced by a range of factors, including current social trends. Over the past few years, numerous market research surveys have been carried out to investigate the life style of consumers. These surveys have revealed the rise of the responsible consumption trend. Responsible consumption equates to a growing tendency to choose safer, better-controlled products which are environmentally friendly and provide top quality. Given that part of a company's job is to be aware of the needs of its consumers, the IVS Group only offers products delivering guaranteed quality and works to promote a food culture based on the principles of sustainability, health and respect for small local producers.

These values are encapsulated by the Vending Made Responsible brand, which summarises all the Group's projects in the realms of boosting environmental sustainability, promoting healthy, natural eating, ensuring constant improvement in the working environment and supporting Fair Trade. The IVS

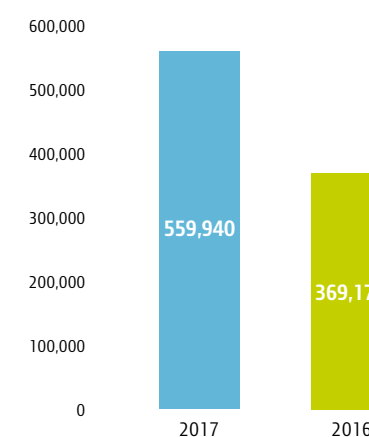
Group has been pushing in this direction for many years and has achieved notable success in the field, **with a 51.7% increase in the number of organic products sold - equivalent to 190,000 items - in 2017.** The increase in purchases of organic products also shows that the IVS Group's investments in this area have generated a significant economic return and will certainly lead to further investment of a similar nature.

## BIOBREAK: ORGANIC, SUSTAINABLE EATING

BioBreak is a project run by IVS Italia S.p.A. and focusing on the promotion of organic, Fair Trade food products. The presence of this brand on the Group's vending machines indicates that the coffee sold is produced according to the strictest organic agriculture criteria in a way that respects local producers. BioBreak vending machines also only use paper cups and wood pallets obtained through recycling.



### Number of organic products sold per year<sup>25</sup>



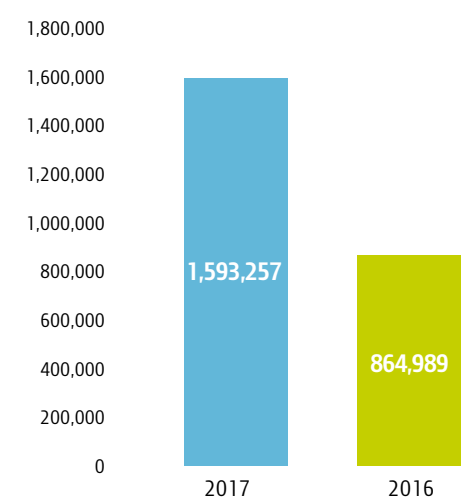
<sup>25</sup> Data and information presented below refer to the following companies: IVS Italia S.p.A., DDS S.p.A., Eurovending S.r.l., IVS Sicilia S.p.A., AUTO-BAR S.r.l..



AN ALL-NATURAL BREAK

The IVS Group's commitment to diet and nutrition has been put into effect through the *Enjoy Your Natural Break*, a category of healthy food products. Vending machines featuring this brand of products contain fresh foods with low levels of fat, sugar and preservatives. The IVS Group is passionate about the wellbeing of its customers and protecting the environment around them. **In 2017, the average calorific value<sup>26</sup> of products purchased by customers was 109 kcal, a 3.5% decrease on 2016.** This is an extremely significant piece of data in that it refers to the entire range of products purchased by customers and is not affected by differences in the total products sold from one year to another. The decrease in the calorific value of the individual items is even more interesting when you consider the amount of snacks and drinks purchased per

Number of reduced-sugar/sugar-free drinks sold per year<sup>27</sup>



26. Data and information presented below refer to the following companies: IVS Italia S.p.A., DDS S.p.A., Eurovending S.r.l., IVS Sicilia S.p.A., AUTO-BAR S.r.l.. The average calorific value was obtained by multiplying the calorific value of each product sold for the quantity sold and dividing what you get for the total purchased items. The average is therefore to be considered weighted by the number of individual products sold.  
27. Data and information presented below refer to the following companies: IVS Italia S.p.A., DDS S.p.A., Eurovending S.r.l., IVS Sicilia S.p.A., AUTO-BAR S.r.l..



customer, illustrating the tangible benefit for individual people. **As regards reduced-sugar/sugar-free drinks, the percentage of items sold has increased by 84.2% in comparison with the previous year** - equal to 728,268 additional items sold. This is a clear illustration of the growing interest individuals have in healthier products.

RESPECT FOR FOOD INTOLERANCES

All of the customers with which the IVS Group interacts are important - but they are not all the same. Attentive service means listening to those

people that all too often are shown insufficient care and consideration by the commercial world. People who suffer from food intolerances know just how tough it can be to get healthy food on the go. That's why IVS Italia S.p.A. has developed a wide range of products suitable for a number of intolerances, including coeliac disease and favism.

EAT PROJECT

The number of obese or overweight people is becoming an increasingly pressing problem affecting approximately 43% of the adult Italian population (according to the World Health Organisation, in 2010, 9.8% of adults were obese and 34% overweight). There are a number of significant pathologies associated with being overweight, in addition to the increased general risk of cardiovascular and metabolic issues, inevitably leading to increased demand for healthcare. Proper treatment plans should include educational/informative activities designed to discourage "bad" lifestyle choices such as poor diet and insufficient exercises, from an early age.

The EAT Project was set up in response to these issues by the San Donato Foundation Hospital Group and the I.R.C.C.S. San Donato Polyclinic in collaboration with ENI, SANOFI, SIGI, EVS, CDA, Oregon Scientific and R.M. Service. The project is monitored by the Ministry of Education, University and Research's "Scuola per EXPO 2015" Technical and Scientific Committee and the Milano 2 local healthcare authority.

The project is targeted at all middle school children in San Donato Milanese and the Milan suburbs. It includes a range of cross-discipline activities comprising a series of steps, such as:

- Recording anthropometric data (weight, height, waist size)
- Analysing food habits (via questionnaires)
- Lectures from nutritionists
- School tests on food education
- Use of pedometers
- Educational posters (food pyramid and healthy plates)
- SMS with positive reinforcement messages
- Sharing via social media
- Range of healthy food in "Alimenta la Tua Salute, con buon senso" [Nourish your health with common sense] vending machines located inside schools.

IVS Italia S.p.A. has an active role in the final point, stocking only foods approved by the scientific community in vending machines located in the biggest hospitals and other sites in Italy.





Perimeter analysis and  
GRI Content Index



# Perimeter analysis of the IVS Group's material topics

MACRO AREAS	ISSUES	RELEVANCE	
		Where impact occurs	Involvement of the IVS Group
Governance and business ethics	Corporate Governance	IVS Group	Direct
	Risk Management	IVS Group	Direct
	Ethics and integrity	IVS Group suppliers and partners Producer community	Direct Business partnership
Economic performance	Business strategy	IVS Group	Direct
	Economic/financial performance	IVS Group	Direct
Environmental performance	Environmental impact	IVS Group suppliers and partners	Direct Business partnership
	Management of product life cycle	IVS Group	Direct
	Management of industrial and food waste	IVS Group suppliers and partners	Direct Business partnership
Social performance	Procurement policies and practices	IVS Group	Direct
	Development of the local community	IVS Group	Direct Contribute
	Food education	IVS Group Producer community	Contribute Business partnership
	Talents attraction and development	IVS Group	Direct
	Welfare and work-life balance	IVS Group	Direct
	Diversity and equal opportunities	IVS Group	Direct
	Industrial relations	IVS Group Producer community	Direct Business partnership
	Health and safety of employees	IVS Group	Direct
	Customer satisfaction	IVS Group	Direct
	Responsible advertising and marketing	IVS Group	Direct
Product performance	Innovation and product design	IVS Group	Direct
	Product quality and safety	IVS Group	Direct
	Logistics	IVS Group	Direct
	Food traceability	IVS Group	Direct

# GRI Content Index

## GENERAL STANDARD DISCLOSURE

GRI	DESCRIPTION	PAGES/NOTES
Organizational profile		
102-1	Name of the organization	6; 20-21
102-2	Activities, brands, products and services	15-19; 102
102-3	Location of headquarters	15
102-4	Location of operations	12; 18; 26
102-5	Ownership and legal form	20-21
102-6	Market served	14-19; 26-27
102-7	Scale of the organization	12-13; 16-19; 74
102-8	Information on employees and other workers	6; 74-75; 86
102-9	Supply Chain	112-114
102-10	Significant changes to the organization and its supply chain	6-7
102-11	Precautionary Principle or approach	28-34
102-12	External initiatives	IVS France cooperates with ESAT ANAIS association, to sustain the social and professional integration of people with disability.
102-13	Membership of associations	IVS Group companies operating in the vending sector participate in the following foundations, trade or not trade and national or international associations: CONFIDA (Associazione Italiana Distribuzione Automatica), ANIVP (Associazione Nazionale Istituti di Vigilanza privata e servizi fiduciari di Sicurezza), NAVSA (French association in the vending sector), ANEDA (Asociación Nacional Española de Distribuidores Automáticos), ACV (Associació Catalana de Vending).
Strategy		
102-14	Statement from senior decision-maker	4-5
102-15	Key impacts, risks and opportunities	7; 29-34; 50-51; 72; 81; 92-95; 103; 112-113
Ethics and integrity		
102-16	Values, principles, standards and norms of behavior	14; 32-33
102-17	Mechanisms for advice and concerns about ethics	28-34
Governance		
102-18	Governance structure	20-21;28
102-25	Conflicts of interest	34
Stakeholder engagement		
102-40	List of stakeholder groups	39;42
102-41	Collective bargaining agreements	ITALY: 100% of employees are insured by CCNL Terziario Distribuzione e Servizi, except for Coin Service Nord S.p.A., whose employees are insured by CCNL Istituti di Vigilanza Privata. SPAIN: 100% of employees are insured by CCNL mayorista de alimentación. FRANCE: 100% of employees are insured by CCNL 3044 - Commerce de gros - IDCC 0573. SWITZERLAND: no collective bargaining agreements applied.
102-42	Identifying and selecting stakeholders	39-42
102-43	Approach to stakeholder engagement	39-42
102-44	Key topics and concerns raised	39-42



GRI	DESCRIPTION	PAGES/NOTES
Reporting practice		
102-45	Entities included in the consolidated financial statements	6
102-46	Defining report content and topic Boundaries	6; 39-42; 126; The reporting principles applied for the content of this Report refer to GRI's guidelines: materiality, stakeholder inclusiveness, sustainability context, completeness, accuracy, balance, clarity, comparability, reliability and timeliness.
102-47	List of material topics	41
102-48	Restatements of information	Not applicable, first Sustainability Report of IVS Group.
102-49	Changes in reporting	Not applicable, first Sustainability Report of IVS Group.
102-50	Reporting period	6-7
102-51	Date of most recent report	Not applicable, first Sustainability Report of IVS Group.
102-52	Reporting cycle	7
102-53	Contact point for questions regarding the report	7
102-54	Claims of reporting in accordance with the GRI Standards	6
102-55	GRI content index	127-130
102-56	External assurance	134-135

## SPECIFIC STANDARD DISCLOSURE

GRI	DESCRIPTION	PAGES/NOTES
Economic performance		
103-1	Explanation of the material topic and its Boundary	39-42; 126
103-2 103-3	The management approach and its components Evaluation of the management approach	29-30; 46
201-1	Direct economic value generated and distributed	47
Anti-corruption		
103-1	Explanation of the material topic and its Boundary	39-42; 126
103-2 103-3	The management approach and its components Evaluation of the management approach	34
205-3	Confirmed incidents of corruption and actions taken	During 2017, any confirmed corruption incidents have been recorded.
Anti-competitive behavior		
103-1	Explanation of the material topic and its Boundary	39-42; 126
103-2 103-3	The management approach and its components Evaluation of the management approach	34; Code of Ethics
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	During 2017, any legal actions of significant value in response to anti-competitive, anti-trust and monopoly practices have been recorded. The payment of the penalty inflicted by the Antitrust to IVS Italia S.p.A. in 2016 will end in March 2019. For further information, see section 'Significant Events' of the Annual Report 2016 IVS Group S.A..
Energy		
103-1	Explanation of the material topic and its Boundary	39-42; 126
103-2 103-3	The management approach and its components Evaluation of the management approach	50-56; 60-61
302-1	Energy consumption within the organization	52-55
Water		
103-1	Explanation of the material topic and its Boundary	39-42; 126
103-2 103-3	The management approach and its components Evaluation of the management approach	50-51; 68
303-1	Water withdrawal by source	68

GRI	DESCRIPTION	PAGES/NOTES
Emissions		
103-1	Explanation of the material topic and its Boundary	39-42; 126
103-2 103-3	The management approach and its components Evaluation of the management approach	50-51; 57-59
305-1	Direct (Scope 1) GHG Emissions	57-59; Gases included in the calculations of Scope 1 emissions: CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O; Sources of the emission factors: - ISPRA, Italian Greenhouse Gas Inventory 1990 - 2014 - National Inventory Report (2016) for consumption of natural gas, fuel, diesel and LPG; - IPCC Fifth Assessment Report: Climate Change 2007 for factors of GWP (100 years), CH <sub>4</sub> and N <sub>2</sub> O.
305-2	Energy Indirect (Scope 2) GHG Emissions	57-59; The values reported in the Report for Scope 2 emissions were obtained applying the location-based calculation method. Under the market-based calculation, the Scope 2 emissions in 2017 are 4,675 tonnes of CO <sub>2e</sub> . Gases included in calculations of Scope 2 emissions: CO <sub>2</sub> ; Sources of the factors of emission: - TERNA, Statistical data concerning electrical energy in Italy, year 2014 (2015) for electricity consumption - Location Based method; - Association of Issuing Bodies (AIB), 2016 European Residual Mixes, V.1.2 (2017), for electricity consumption-Market Based method.
Effluents and Waste		
103-1	Explanation of the material topic and its Boundary	39-42; 126
103-2 103-3	The management approach and its components Evaluation of the management approach	50-51; 62-66
306-2	Waste by type and disposal method	62-63
Environmental Compliance		
103-1	Explanation of the material topic and its Boundary	39-42; 126
103-2 103-3	The management approach and its components Evaluation of the management approach	50-51
307-1	Non compliance with environmental laws and regulations	During 2017, any significant penalties or sanctions related to violations of environmental laws or regulations have been recorded.
Employment		
103-1	Explanation of the material topic and its Boundary	39-42; 126
103-2 103-3	The management approach and its components Evaluation of the management approach	72; 76; 86-92
401-1	New employee hires and employee turnover	76-77
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	86-90
Occupational health and safety		
103-1	Explanation of the material topic and its Boundary	39-42; 126
103-2 103-3	The management approach and its components Evaluation of the management approach	93-95
403-1	Workers representation in formal joint management-worker health and safety committees	95
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	95-98
403-3	Workers with high incidence or high risk of diseases related to their occupation	95

GRI	DESCRIPTION	PAGES/NOTES
<b>Training and education</b>		
103-1	Explanation of the material topic and its Boundary	39-42; 126
103-2	The management approach and its components	81-84;92
103-3	Evaluation of the management approach	
404-1	Average hours of training per year per employee	82
<b>Diversity and equal opportunity</b>		
103-1	Explanation of the material topic and its Boundary	39-42; 126
103-2	The management approach and its components	78-80
103-3	Evaluation of the management approach	
405-1	Average hours of training per year per employee	28; 78-80
<b>Non discrimination</b>		
103-1	Explanation of the material topic and its Boundary	39-42; 126
103-2	The management approach and its components	33; 78-80
103-3	Evaluation of the management approach	
406-1	Incidents of discrimination and corrective actions taken	During 2017, any discrimination incidents have been recorded.
<b>Freedom of association and collective bargaining</b>		
103-1	Explanation of the material topic and its Boundary	39-42; 126
103-2	The management approach and its components	73
103-3	Evaluation of the management approach	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	73
<b>Local Community</b>		
103-1	Explanation of the material topic and its Boundary	39-42; 126
103-2	The management approach and its components	118-121
103-3	Evaluation of the management approach	
413-1	Operations with local community engagement, impact assessments, and development programs	91; 104-105; 118-120; 123
<b>Supplier social assessment</b>		
103-1	Explanation of the material topic and its Boundary	39-42; 126
103-2	The management approach and its components	112-113
103-3	Evaluation of the management approach	
414-1	New suppliers that were screened using social criteria	According to the IVS Group procurement practices, the screening of the suppliers is also based on their acceptance of the Code of Ethics. In particular, it requires to each supplier to sign a declaration of acknowledgment of the Code of Ethics and to give a written undertaking to respect its content.
<b>Socio-economic compliance</b>		
419-1	Non-compliance with laws and regulations in the social and economic area	During 2017, any significant monetary and non-monetary sanctions have been detected.



# Report of the External Auditors

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## INDEPENDENT AUDITOR'S REPORT ON THE SUSTAINABILITY REPORT

To the Board of Directors of  
IVS Group S.A.

We have carried out a limited assurance engagement on the Sustainability Report of the IVS Group (hereinafter the "Group") as of December 31, 2017.

### Directors' responsibility on the Sustainability Report

The Directors are responsible for the preparation of the Sustainability Report in accordance with "Global Reporting Initiative Sustainability Reporting Standards" established in 2016 by GRI – Global Reporting Initiative, as stated in the paragraph "Methodological note" of the Sustainability Report, and for such internal control as they determine is necessary to enable the preparation of a Sustainability Report that is free from material misstatement, whether due to frauds or unintentional behaviours or events. The Directors are also responsible for defining the Group's objectives regarding the sustainability performance and the reporting of the achieved results, for the identification of the stakeholders and the significant aspects to report.

### Auditors' independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our auditing firm applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Auditors' responsibility

Our responsibility is to issue this report based on the procedures performed. We conducted our work in accordance with the criteria established in the "International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the Sustainability Report is free from material misstatement.

The procedures performed on the Sustainability Report included inquiries, primarily with company personnel responsible for the preparation of the Sustainability Report, analysis of documents, recalculations and other evidence gathering procedures as appropriate.

These procedures consisted in verifying its compliance with the standard "GRI 101: Foundation" for defining report content and quality, and are summarised as follows:

- comparing the economic and financial information and data reported in the chapter "Economic responsibility" of the Sustainability Report with those included in the Group Consolidated Financial Statements as of December 31, 2017, on which another auditor issued the independent auditor's report, dated March 27, 2018;
- analysing, through interviews, the governance system and the management process of the matters related to sustainable development regarding the strategy and operations of the Group;
- analysing the process relating to the definition of material aspects disclosed in the Sustainability Report, with reference to the methods used for the identification and prioritization of material aspects for stakeholders and to the internal validation of the process results;
- analysing how the processes underlying the generation, collection and management of quantitative data of the Sustainability Report operate. In particular, we have performed:
  - interviews and discussions with the management of IVS Group to gather information about the accounting and reporting systems used in preparing the Sustainability Report, as well as on the processes and procedures supporting the gathering, aggregation, processing and transmittal of data and information to the department responsible for the preparation of the Sustainability Report;
  - analysis, on a sample basis, of the documentation supporting the preparation of the Sustainability Report, in order to gather the evidence of processes in place, their adequacy, and that they correctly manage data and information in connection with the objectives described in the Sustainability Report;
- analysing the compliance and the internal consistency of the qualitative information disclosed in the Sustainability Report in relation to the standards identified in the paragraph "Directors' responsibility on the Sustainability Report" of this report;
- analysing the stakeholders engagement process, in terms of methods applied, through the analysis of the minutes of the meetings or any other available documentation about the main topics arisen in the discussion with them;
- obtaining the representation letter signed by the legal representative of IVS Group S.A., on the compliance of the Sustainability Report with the standards identified in the paragraph "Directors' responsibility on the Sustainability Report" of this report, as well as the reliability and completeness of the data and information disclosed.

The procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

### Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of the IVS Group as of December 31, 2017 is not prepared, in all material aspects, in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" established in 2016 by GRI – Global Reporting Initiative, as stated in the paragraph "Methodological note" of the Sustainability Report.

DELOITTE & TOUCHE S.p.A.



**Franco Amelio**  
Partner

Milan, Italy  
March 27, 2018



**IVS GROUP S.A.**  
Sede legale: 2A Rue Jean-Baptiste Esch L-1473 Luxembourg  
R.C.S. Luxembourg B155 294  
Capitale sociale: Euro 386.892,00 interamente versato  
  
Sede operativa: 24068 Seriate (BG), Via dell'Artigianato 25  
Partita IVA IT03840650166 – Codice Fiscale 97602500155  
[www.ivsgroup.lu](http://www.ivsgroup.lu)

Concept, Graphic design e realizzazione:



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IVS ha stampato questo bilancio su carta proveniente da foreste gestite in maniera responsabile secondo i criteri FSC® (Forest Stewardship Council®).







*ivs group*