



**REPLY
CONSOLIDATED
DISCLOSURE
OF NON-FINANCIAL
INFORMATION
2019**

Reply S.p.A.

**CONSOLIDATED DISCLOSURE
OF NON-FINANCIAL
INFORMATION**

in accordance with Decree
254/2016

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FOREWORD

Directive 2014/95/EU (hereinafter also “Directive”) of the European Parliament and the Council, regarding the disclosure of non-financial and diversity information by certain large undertakings and groups, entered into force on 6 December 2014. The Directive demonstrates the commitment of the EU legislator to contribute to a transition towards a global sustainable economy, which combines long-term profitability, social justice and environmental protection, promoting the valuing of companies that implement transparent management policies aimed at obtaining better performances also in the non-financial area.

In the Italian legislation, the Directive was enacted as **Legislative Decree No. 254** of 30 December 2016 (hereinafter the “Decree”), which requires large-scale public interest entities to publish a *Consolidated Disclosure of Non-Financial Information* (NFI), covering (to the extent necessary for comprehension of corporate activities, performance, results, and impact it produces) information relating to five fundamental areas, namely: environment, personnel, human rights, social, anti-corruption and bribery. The Decree, with reference to these areas, requires the description of the main risks, generated and suffered, of the policies practised by the company, the related performance indicators and the management and organisation model (Leg. Decree 254/16 and subsequent amendments, Art. 3 c. 1). The Reply Group (hereinafter also the “Group” or “Reply”), as a public interest large undertaking, is subject to the aforementioned Decree for the 2019 reporting year. This NFI was prepared to fulfil the requirements of the aforementioned Decree regarding the non-financial information disclosure.

NFI 2019 Reading Guide

Compliant with the requirements of the Decree, this NFI includes a qualitative and quantitative description of non-financial corporate performance with regard to the five areas specified by the Decree, analysed in three sections in the document, and namely: “**Corporate values and ethical principles**” referred to social aspects, respect for human rights and the fight against corruption; “**Research and development of talent**” referred to working practices and staff management; “**Focus on environmental themes**” in relation to environmental impact.

Each chapter includes the following information:

- a description of the reasons underlying the importance attributed to each non-financial aspect, whose analysis process is described in more detail in *Methodology*;
- a description of the **policies** adopted by the company in relation to the topic of reference;
- a description of the **management and organisation model** adopted by the Group for management of important issues;
- a description of important **performance indicators** to understand the results achieved by application of the aforementioned policies.

Furthermore, with reference to the five areas covered by the Decree the **main risks** generated and/or experienced are reported when deriving from corporate activities, products and services, and business relationships, including supply chain (**Main non-financial risks and uncertainties to which Reply S.p.A. and the Group are exposed**).

LETTER TO STAKEHOLDERS

At a time in history of profound and rapid change, conditioned by the ongoing digital revolution and global challenges that require our full attention and commitment, companies are playing an increasingly important role in the different and diversified changes. To guarantee long-term business continuity, it is now necessary to question the ways in which we may interact positively with the system, not only from an economic, but also from a social and environmental perspective, creating value for all the company's stakeholders.

In this context, Reply is typically geared towards technological innovation and a flexible structure that can anticipate market developments and pursue new technological drivers.

The company's activities have always been based on the ethical principles of **legality, honesty, transparency, impartiality and respect**, which are the underpinning of its corporate culture and part of the **Group's Code of Ethics**, for the benefit of shareholders, employees, contractors, suppliers, customers, and business partners. The Group undertakes to promote and apply these values when providing its services to customers, acting as a reliable partner and establishing relationships based on trust. System security and data protection are fundamental requirements for the Group and in recent years it has focused its efforts on defining in-house tools to ensure compliance with the relevant regulations in force (e.g. EU European Regulation 2016/679) and the highest standards of service. Reply considers the advancement and growth of workers ("Replyers") to be of priority importance, as it does the promotion of a collaborative and stimulating workplace in which equal opportunities

are guaranteed for all. To achieve this goal, over the years it has activated a series of initiatives and projects aimed at maximising the potential and talent of Replyers, and creating a network of professionals eager to imagine, experiment and study new solutions.

Finally, although it is a service company with reduced environmental impact, Reply is committed to managing its business ensuring respect for the environment, considering the importance that this issue has on a global level. In particular, the Group has implemented a **Greenhouse Gas Emission Control Programme** in accordance with the provisions of the Carbon Disclosure Project (CDP), an independent global organisation that monitors the commitment of companies to mitigate climate change.

Daniele Angelucci
CFO Reply S.p.A.

REPLY

Reply is a group that specialises in technology consulting, system integration and digital services with a focus on the conception, design and development of solutions based on the new communication channels and digital media. Composed of a network of companies, Reply partners with key sectors to define business models. This is made possible by the new technological and communication fields such as artificial intelligence, big data, cloud computing, digital communication and the Internet of Things.

Reply is characterised by:

- a culture focused on technological innovation;
- a flexible structure that is able to anticipate market developments and interpret new technological drivers;
- a delivery method of proven success and scalability;
- a network of companies that specialise in specific areas of expertise;
- teams composed of specialists, recruited from the best universities;
- a highly experienced management team;
- continuous investment in research and development;
- long-term relationships with its clients.

THE ORGANISATIONAL MODEL

With over 8,100 employees (as of 31 December 2019), Reply operates via a network of companies that specialise in processes, applications and technologies, each centres of excellence in their

respective fields of expertise.

Processes - for Reply, the understanding and use of technology involves the introduction of a new enabling factor for business processes, based on an in-depth knowledge of both the market and the specific industrial contexts of implementation.

Applications - Reply designs and implements software solutions to satisfy organisations' core business requirements.

Technologies - Reply optimises the use of innovative technologies, implementing solutions capable of ensuring maximum efficiency and operational flexibility for its customers. Reply's services include:

Consulting - with a focus on strategy, communication, design, processes and technology.

System Integration - exploiting the potential of technology by combining business consulting with innovative technological solutions and high added value.

Digital Services - innovative services based on new communication channels and digital trends.

MARKET FOCUS

In every market segment where it operates, Reply combines specific sector expertise with broad experience in the provision of services and a wealth of technological capabilities.

TELCO & MEDIA

Convergence between the physical and the virtual means that the types of relationships telco and media companies have with their customers are changing drastically. In this increasingly competitive, hybrid context, operators are meeting with new challenges that require innovative, made-to-measure offerings, new business models and new operating processes in response. Telco companies can play a leading role in the digital ecosystem, becoming multimedia platforms that can also dialogue with third parties, thereby addressing consumers more directly and offering services more closely connected to their needs.

In this context of profound change, Reply works with the major players in the sector to define and implement digital transformation strategies that draw on big data and employ artificial intelligence and machine learning systems to enable the design of services ever more suited and targeted towards customer requirements. Thanks to in-depth knowledge of the sector and its operational dynamics, Reply can not only act to optimise its processes but also to automate them, exploiting specific Robotic Process Automation solutions.

But customer relationships and a focus on the service delivered aren't the only aspects of telco to be affected by digital change. The growing presence of connected objects also demands reconfiguration of the networks to enable huge volumes of data to be transported in real time. This data is no longer solely generated by smartphones and other mobile devices, but by a multitude of connected objects. Reply is playing an active part in this new era of "smart connection", in which the network itself needs to adapt and reconfigure to meet users' constantly changing needs. That's why it has defined an integrated strategic and technological consulting offering to support development in connection with 5G and the design, definition and management of the new-generation networks based on SDN technologies, capable of integrating and managing virtual networks through network engineering and network operations services.

FINANCIAL SERVICES

Digital transformation is having a radical effect on financial institutions. Leading market analysts expect the financial digital platform market to explode in the years to come, both because of the greater number of digital natives among retail customers and because of a technological evolution in the direction of highly scalable cloud platforms.

The increasing penetration of solutions based on artificial intelligence and robotics is another powerful factor in transformation, made possible by the explosion in the amount of data available (big data), by increasing digitalisation of services

and processes, internal and for dialoguing with the market and with new models for decision-making.

Reply works alongside European banks and insurance companies as they engage in digital transformation. Not only does it help them to define multi-channel strategies and implement open banking and open insurance models, it helps them integrate new architecture and technologies with pre-existing systems and architecture. It brings its know-how in key areas like big data, robotics and artificial intelligence to achieve this, with the aim of enhancing interaction with customers and developing new models for decision-making, to analyse risks and optimise internal operating processes with RPA techniques.

Reply also operates in mobile payments and in m-commerce services and the related platforms. It offers solutions, services and consulting for both the banking and insurance market and for emerging players in payments.

Reply also has a strong market presence in the wealth management arena and has developed specific solutions for emerging consulting models, including robo-adviser platforms. In the area of Risk Control, Reply has major European operations, with a dedicated Governance, Risk and Control (GRC) consulting division. Reply also develops solutions to assist financial institutions in implementing European Banking Union regulations. Finally, it is working at the forefront of innovation on projects around biometric recognition, digital identity, quantum computing and blockchain, for example.

MANUFACTURING

In 2019, Reply made significant investments to develop its solution portfolio in the Industry 4.0 and Logistic 4.0 areas, completely reengineering its proprietary solutions for Supply Chain Execution and the Manufacturing Execution System. The ability to interact with the latest generation of sensors (via IoT, cloud computing and big data technologies) installed on production lines and products was further boosted, with the aim of creating the backbone of the next generation of applications in the logistics and manufacturing sector.

Reply also works with some of the leading manufacturing groups in production and distribution system transformation and development, with a specific offering that incorporates technological consulting and industrial leadership. Specifically, Reply has been working to support supplier and purchasing management processes, design and implementation of control systems and planning based on the new generation of cloud ERP solutions, planning and control of production units and planning and definition of logistics networks for provisioning.

The automotive sector has undergone a great change in 2019, above all with respect to connected vehicles and mobility platforms. Reply has made a particular effort in these areas, following the ACES (Autonomous, Connected, Electrical and Shared) paradigm to develop expertise and projects connected with autonomous driving assistance, now embarking in the direction of level 5, driving without any human interaction. In connectivity too,

Reply is collaborating with leading OEMs to produce commercial versions of V2I platforms (Vehicle to Infrastructure). There have been developments in on-board (infotainment and telematics box) as well as mobile and back-end software applications to process data received and deliver B2C and B2B services.

There was another leap forward in electric and hybrid vehicle development. The charging process for this transport category needs to be optimised in terms of both speed and logistics. To this end, Reply drew on the firm foundation of its mobile and cloud platform development experience to design connected vehicle service platforms together with business customers. These can supplement data from on-board systems with data on the internet in order to calculate the best routes between the various charging stations. Reply has also worked with the leading European shared mobility operator to create a vehicle–infrastructure communication control unit, developing both hardware and software.

Finally, 2019 saw Reply confirm its leadership in the sector of logistics IT solutions to support the automotive industry. Projects involved leading OEMs and the whole supply chain, from production to factory logistics, aftersales distribution and transport.

RETAIL

The retail sector has already been profoundly altered by developments in customers' purchasing behaviour, new players in the market, e-commerce, and radical digitalisation of products and services.

The customer experience too has changed form in this new situation and has become a factor in differentiating retailers: today's customers want an ever-closer relationship with brands and expect to be able to interact with them wherever they are, breaking down the barrier between physical stores and e-commerce. A completely personalised purchasing experience is essential to generating a positive perception of interaction with companies and brands. This makes it essential to base strategies on data, including real-time analysis of customer behaviour and seamless integration of the digital and physical world.

Reply also supports traditional retailers in adding digital functionality to their business, incorporating the very latest technology in their work and daily interaction with customers. In 2019, it collaborated with a large number of European retailers to introduce voice assistants and solutions based on augmented and virtual reality to revolutionise the shopping experience, eliminating the divide between digital and in-store.

ENERGY & UTILITY

Increasingly advanced digital technologies are having a major impact in energy and utility services throughout the chain. Digitalisation is now affecting all phases, from generation to sales and consumption monitoring. 2019 confirmed a trend of growth in innovative technologies on an industrial scale, across the entire value chain. These technologies can also support sustainability policies, a key theme for 2020.

Cloud computing has become the leading provisioning tool, while the approach based on IoT models is increasingly widespread in the areas of generation and energy management and is used to support efficiency and smart city initiatives. Moreover, there's a growing trend among the biggest businesses in the sector to develop open innovation approaches, which includes research in collaboration with innovative start-ups.

Against this backdrop of extensive transformation, Reply is one of the reference partners in the sector, combining knowledge of the market and of its unique processes, with a distinctive capability to design, implement and manage innovative digital solutions and technological platforms that support the “core business”.

The company's consolidated expertise in the introduction of new digital technologies has been further verticalized. Reply works with both energy sales companies and end customers to define and develop new models for energy management and downstream services, and experimentation and collaboration continued in connection with blockchain, advanced analytics and artificial intelligence applications for the sector.

HEALTHCARE & GOVERNMENT

Health and technology are increasingly connected, with health developing in the direction of a new “ecosystem” able to incorporate all phases involving patients, from prevention, to care, to follow-up. The model goes by the name of “connected care” and

offers a twofold advantage, for both patients and healthcare professionals.

On one hand, it allows the public and patients to access their health information through unified, interoperable digital platforms and share it securely and voluntarily with doctors, nurses and other people involved. On the other, it permits a connection between all people who come into contact with the patient, integration of the various IT systems, data and information exchange and availability of patients' clinical history so that they can benefit from the support of effective diagnosis and care processes.

Reply occupies a leading position in innovation within the field of healthcare and data. It brings together all of its expertise in innovative technologies like big data, cloud computing, digital media and the Internet of Things plus clinical and healthcare know-how to offer platforms for interoperability and tailor-made suites, beginning with those for Reception and Patient Relationship Management processes and extending to taking care of patients as well as continuity of care.

THE VALUE OF PEOPLE

Reply is based on the excellence of the people who make up the company, professionals from the top universities in the sector. These men and women within the group bring the Reply brand to life for customers and partners, embodying the company's image.

Reply invests continuously in human resources by establishing special relationships and partnerships with a number of universities with the aim of attracting highly skilled individuals to join its team. Recruitment is focused primarily on young graduates. The particular disciplines of interest include computer science, computer engineering, electronic engineering, telecommunications engineering, management engineering, and economics and business. The relationship between Reply and universities is also developed through regular collaboration, such as industrial placements, dissertations, and participation in lectures and seminars.

The values that characterise Reply's employees are enthusiasm, excellence, a methodical approach, team spirit, initiative and an ability to understand the business context and to communicate clearly the solutions proposed. The continuous desire to imagine, experiment with and research new solutions allows innovation to come about more rapidly and efficiently.

Those who decide to become a part of the "Reply world" will have the opportunity to fully express their potential within an organisational model based on culture, ethics, trust, honesty and transparency. These values are vital for the process of continual

improvement and for enabling employees to focus ever more sharply on the quality of their work.

All of the group's managers endeavour in their daily work to uphold the principles on which Reply has always depended and that have sustained it during its growth.

THE REPLY TEAM

- Sharing of the customer's objectives;
- Professionalism and speed of implementation;
- Culture and flexibility.

Excellence: the underlying culture, research, attention to quality, reliability and the creation of value from results.

Teamwork: collaboration, the transfer of ideas and knowledge, the sharing of objectives and results, respect for personal strengths and differences.

Customer: the sharing of objectives, customer satisfaction, conscientiousness, professionalism, a sense of responsibility, integrity.

Innovation: imagination, experimentation, courage, research, the quest for improvement.

Speed: methodology, experience in project management, collaboration, commitment to achieving results and meeting customer objectives.

CORPORATE GOVERNANCE

Reply S.p.A. is listed on the Italian Stock Exchange and present in FTSE Italia Mid Cap and FTSE Italia STAR indexes.

The Corporate Governance system adopted by Reply adheres to the Corporate Governance Code for Italian Listed Companies issued by Borsa Italiana S.p.A. in March 2006, which was updated in July 2018, with the additions and amendments related to the specific characteristics of the Group.

In compliance with regulatory obligations the annually drafted "Report on Corporate Governance and Ownership Structures" contains a general description of the corporate governance system adopted by the Group, reporting information on ownership structures and compliance with the Corporate Governance Code, including the main governance practices applied and the characteristics of the risk management and internal control system also with respect to the financial reporting process.

(The aforementioned Report is available on the Corporate Governance section of the Reply website. The Corporate Governance Code is available on the website of Borsa Italiana S.p.A.)

The Board of Directors, on an annual basis and at the proposal of the Remuneration Committee, establishes a Remuneration Policy which incorporates the recommendations of the Corporate Governance Code and regulations issued by Consob. In accordance with legislation, the Remuneration Policy forms the first part of the Report on Remuneration and will be submitted for review by Shareholders' Meeting called to approve the 2019 financial statements.

MAIN NON-FINANCIAL RISKS AND UNCERTAINTIES TO WHICH REPLY S.P.A. AND THE GROUP ARE EXPOSED

In addition to risk factors reported in Main Risks and Uncertainties to which Reply S.p.A. and the Group are exposed, shown in the Report on Operations,

there follows an overview of the main risks generated or suffered in relation to the five areas referred to in Legislative Decree 254/16, deriving from corporate activities, products, services or business relationships, including supply chains and subcontracting where relevant.

Leg. Decree 254 area	Risk description	Management method and mitigation actions
EMPLOYEE MATTERS	<p>Group success depends largely on several key figures that have made a decisive contribution to its development, for instance the Chairman and Executive Directors of the Reply S.p.A. parent company. Moreover, Reply has a leadership team with many years of experience in the sector and playing a crucial role in the management of Group business. The loss of any of these key figures and failure to find an adequate substitute or to attract and retain new, qualified personnel could therefore have adverse effects on the Group's business prospects, earnings and financial position.</p>	<p>Reply's operational and managerial structure is able to ensure continuity in corporate governance.</p>
	<p>The Group operates in the ICT service segment, which is characterised by fast, important technological developments and constant evolution of professional skills and expertise. Thus, Reply business relies on its ability to attract and retain new, well-qualified human resources, as well as being able to foresee adequate training programs to provide workers with the tools they need to develop innovative solutions. The inability to attract resources and prepare such training programs could have a negative impact on the Group's future prospects.</p>	<p>Reply works on a regular basis with many universities and research centres, both in Italy and abroad, with projects such as ReplyU social media profiles, Reply Challenges online initiatives and university events such as Student Tech Clashes. Furthermore, Reply has implemented a platform for document archiving and for sharing insights, links, opinions, and documentation, to encourage employees to keep abreast of the most recent developments in the ICT sector.</p>

Leg. Decree 254 area	Risk description	Management method and mitigation actions
EMPLOYEE MATTERS	The Group is committed to ensuring respect for diversity and equal opportunities among employees at all times. Nonetheless, the absence of a specific policy to manage these aspects might leave Reply unprepared for responding to relevant current legislation or regulations or arising in future.	Reply shares its Code of Ethics with all Group employees and independent contractors and requires them to accept its contents.
	Although Group activities do not pose high risks for the safety of employees and independent contractors, it is important to guarantee a safe and healthy workplace. Failure to comply with applicable legislation on workplace health and safety at work could lead to legislative non-conformity and ultimately have negative effects on the Group.	Reply workers health and safety is managed through practices and procedures based on OHSAS Standard 18001. Several Group companies have approved specific health and safety policies, if required by legislation or market practices.
ENVIRONMENTAL MATTERS	In most cases, the Reply Group does not own the premises that house its offices. This situation means the company is unable to put in place direct energy efficiency measures that might bring financial benefits or improve environmental performance. Moreover, the absence of an emissions management program might bring a risk of damage to the Group's reputation, especially if it is required to report environmental performance.	The Reply Group has defined and communicated its Environmental Policy. Reply is engaged in the Carbon Disclosure Project (CDP) for its Supply Chain.
	In conducting its business, the Reply Group produces waste, including special waste (e.g. WEEE), whose disposal is covered by specific legal requirements. Failure to implement a program for monitoring waste disposal methods, may mean the Group is non-compliant with current legislation.	Reply's electrical and electronic waste is entrusted to external authorised companies for correct disposal. Reply recycles any unused functioning computers and donates them to schools located near its main Italian offices.

Leg. Decree 254 area	Risk description	Management method and mitigation actions
HUMAN RIGHTS	To deliver its services, the Reply Group may engage independent contractors for its in-house teams. Failure to implement a process during selection for assessing the ethical practices of such contractors, including legal compliance, human rights, corruption, and social responsibility might expose the Group to long-term negative effects.	Reply requires independent contractors to accept its Code of Ethics explicitly. The Group has in place administrative processes to guarantee stringent checks on independent contractors.
	In conducting its business, the Reply Group is committed to supporting human rights protection and avoiding any form of discrimination. Nonetheless, absence of corporate policy to prevent or manage any discrimination might increase the likelihood of such incidents arising.	Reply has in place a whistleblowing system that employees can use to flag any irregular conduct or violations of applicable regulations and internal procedures.

	<p>In providing services to third parties (B2B), the Reply Group deals with confidential information. Inadequacy of systems and procedures guaranteeing protection of such data might lead to their loss and trigger negative effects for the Group.</p>	<p>Reply has adopted policies and procedures to ensure the appropriate use of customer data by employees and independent contractors.</p> <p>Moreover, the corporate data protection model has been updated to comply with GDPR requirements.</p> <p>The Reply Group Compliance Department conducts regular audits to verify that existing procedures are applied correctly.</p>
<p>SOCIAL MATTERS</p>	<p>The Reply Group operates in a highly competitive market and might be damaged by competitors who adopt unfair competition practices. Conversely, if one or more Group companies adopt/s trade and competition practices that are not in line with the Corporate Code of Ethics or applicable legislation, they might cause damage to the entire Group.</p>	<p>Reply shares its Code of Ethics with all Group employees and independent contractors, and performs regular checks to ensure it is being applied.</p> <p>Reply promotes business culture inspired by ethical principles established by top management: “Tone at the top”.</p>
	<p>The Reply Group has a large number of workers scattered around different geographical areas. Failure of Reply Group workers to comply with its ethical values could lead to conduct that does not conform to current regulations, generating negative effects for the Group.</p>	

Leg. Decree 254 area	Risk description	Management method and mitigation actions
ANTI-CORRUPTION MATTERS	As part of its business, the Reply Group establishes trade relationships with other companies, so employees may be at risk of corruption and bribery.	<p>The Reply Group has in place an Organisational, Management and Control Model that complies with Legislative Decree 231/2001 (hereinafter also referred to as MOGC 231). All employees are given MOGC 231 and Code of Ethics training.</p> <p>Reply performs regular risk assessments for those areas at risk of corruption.</p> <p>Reply adopts a formal “Policy of Gifts, Entertainment Expenses, Sponsorships” to control these events applying principles of ethics and proper conduct.</p> <p>Reply performs specific cost-benefit analysis of all contracts involving consulting staff who might foster episodes of corruption.</p>

CORPORATE VALUES AND ETHICAL PRINCIPLES

REPLY'S CODE OF ETHICS

In ensuring that all their corporate activities are based on principles of proper conduct and transparency, Reply and its subsidiaries adopt a Code of Ethics approved on 28 March 2008, distributed and circulated in all the countries where the Group operates. This code was developed to ensure that the Reply Group's key ethical values are clearly defined and constitute the basic element of corporate culture, as well as set a standard of conduct for all those working for the Group with regard to business and non-business affairs. The document is intended for all Group stakeholders, namely: shareholders, employees, independent contractors, suppliers, customers, and business partners. The fundamental ethical principles of the Group are: **worker professionalism and reliability; legality and honesty** of Group activities in compliance with current legislation; **impartiality**, which carries with it respect for **diversity** and **no discrimination** among workers; and integrity, **prevention of potential conflicts of interest**, as well as **transparency** regarding all business practices involving the recipients of the Code. Furthermore, the Code of Ethics defines the rules of conduct that define Reply's relationship with its stakeholders.

The relationship with its **employees** is developed through specialisation of skills, attention to quality and cooperation for achieving objectives, and constant assessment of the contribution made by each resource to company results. All the Group's independent **contractors and consultants** are

required to comply with the law and with the obligations defined in their respective contracts and in the Code of Ethics, working diligently to safeguard corporate assets. The Reply Group is committed to achieving maximum results to protect workplace health and safety for employees, and operates respecting local and national communities, contributing to the circulation and awareness of sustainable development.

Furthermore, the Group's Code of Ethics describes the relationship with **public authorities and institutions**, delegated to those who are formally appointed within the individual companies and have explicit mandate. Relationships with institutions are based on legality, transparency, clarity, and integrity, in full compliance with current applicable legislation. Relationships with **customers** are founded on shared objectives, in the spirit of professionalism, responsibility, and integrity. Group workers shall therefore aim to maintain and develop existing relationships to the highest quality standards, to satisfy the customer's reasonable expectations, which will be monitored on a regular basis. The selection of **suppliers** and stipulation of terms and conditions applicable to purchase of goods and services for Group companies shall be dictated by the values and criteria of legality, competition, objectivity, integrity, impartiality, fair price, quality of goods and/or services, with a careful evaluation of product warranty and range of offers. **Security of information systems** is one of the requirements specified as fundamental in Reply's Code of Ethics. IT security is guaranteed by implementing the necessary procedures and technical mechanisms

to ensure the reliability of processed information, as well as the effectiveness and efficiency of the services rendered by the Group.

In conducting its business, the Reply Group focuses mainly on principles based on transparency and integrity, respecting the expectations of the various stakeholders and regulatory provisions. In this regard, the most important aspects for the Group, considering its business, relate to regulatory compliance, protection of customer data, and responsible management of workers.

COMPLIANCE AND THE FIGHT AGAINST CORRUPTION

To maintain its business relationships with private and public entities, the Reply Group considers compliance with current legislation to be essential, also with reference to unfair competitive practices, anti-corruption and bribery.

In **Italy**, Reply has adopted an Organisation, Management and Control Model in accordance with Legislative Decree 231/2001. This is a structured overall system of control procedures and processes aimed at preventing any non-compliant behaviour, including corruption, whenever possible. Group employees are required to comply with the MOGC 231 and related procedures, which specify operative models for conducting various business processes. These procedures have been adopted to reinforce the internal control system, specifically those related to corporate corruption and crimes. To verify the effective application of these procedures, internal audits are performed on a regular basis. Moreover, in each country where the Group operates, specific

channels are currently in place to report episodes of corruption.

MOGC 231 specifies processes at risk of corruption and they include management of entertainment expenses, gifts, sponsorships, and generic donations.

For this reason, the Group has formalised a **“Policy of Gifts, Entertainment Expenses, Sponsorships”**, valid for each of the Group companies and containing guidelines to be applied so as to avoid conduct that will fail to comply with legislative provisions and internal rules of conduct.

There is a formal **Whistleblowing Policy**, again at Group level, encouraging employees to report any suspected wrongdoing as soon as possible and reassuring that any such report will not affect their working conditions.

The term “wrongdoing” refers to non-compliance with applicable legislation, violations of the Code of Ethics and/or Group Policy, and, more generally, to actions that may damage (for example in economic, environmental, workplace safety terms) the Reply Group companies and stakeholders.

The policy describes the ways in which employees are required to report such events, namely by reporting to the Supervisory Body, which guarantees the confidentiality of reports, as well as the informant’s anonymity (in accordance with Legislative Decree 196/03 – EU Regulation 679/2016, of the General Data Protection Regulation).

The Supervisory Body is tasked with verifying the reports and relaying them to the Reply S.p.A. Board, which then will decide whether to implement an intervention plan.

An **Anti-Bribery Policy** was issued in the **United Kingdom** and other **Region 3**¹ countries in 2019 in keeping with the provisions of the 2010 Bribery Act, which lays down penalties for the crime of corruption in both the public and private sectors.

Indicators

In 2019, as in the previous years, no episodes of corruption were registered in any of the Group's companies, nor were legal proceedings initiated for reasons linked to corruption, unfair competition or monopoly practices. Moreover, no monetary or non-monetary sanctions were received for violation of any socio-economic laws or regulations.

In Italy, employees are notified of the 231 Model upon entry; it must be accepted explicitly, and a test must be passed. In 2019 the acceptance figure was 95% of employees: in detail, 92% of executives and 95% of managers and staff employees.

In **Region 3**, notification of the anti-bribery policy began in 2019, with explicit acceptance by 68% of employees: in detail, 90% of executives, 92% of managers and 63% of staff employees. It should be noted that this acceptance procedure has not yet been applied to all companies in the Region. As of 31 December 2019, 100% of **Region 2** employees signed the Code of Ethics. In **Region 1**, the percentage was 95%, while in **Region 3** it was 76% (acceptance monitoring is currently being implemented in recently acquired companies).

¹ Region 1: Italy, USA, Brazil, Poland, Romania, India.

Region 2: Germany, China, Croatia.

Region 3: United Kingdom, Luxembourg, Belgium, Netherlands, France, Belarus.

At corporate level, the Code of Ethics was accepted by 99% of executives, 98% of managers, and 94% of staff employees.

With regard to suppliers, it should be noted that at the time of formalising contracts, they are required to sign a Master Agreement valid at Group level, which includes specific clauses for accepting the principles outlined in the Code of Ethics.

DATA PROTECTION

The security of our information systems is a fundamental requirement for ensuring the reliability of the data processed, as well as the effectiveness and efficiency of the services provided by the company. Reply's commitment to data protection and associated aspects is aimed specifically at safeguarding:

- confidentiality of data, ensuring it is accessible only to authorised people;
- integrity, safeguarding completeness of data and transfer methods;
- availability of data, granting authorised users access to the data and handling methods for such data whenever necessary.

As part of IT security management, the Reply Group has adopted an **ICT Security Policy** to provide a set of criteria for the correct and secure management of information related to project activities performed in house or at customer premises, in compliance with the requirements of relevant key standards. The policy uses international best practices like ISO Standard 27001 as a reference, which defines the requirements for setting up and managing an information security management system.

The ICT policy defines the following:

- **information security responsibilities** of Reply's ICT and more generally of the personnel involved in central information system management, the individual operating companies, and Reply personnel;
- **asset management** methods (for example, servers, laptops, etc.) to ensure that assets are identified and classified so that the company is fully aware of their existence and can implement appropriate measures to protect them;
- **logical access control** methods to prevent unauthorised processing of information by defining correct access and methods for users;
- **physical protection of IT assets** to ensure physical security of information, preventing unauthorised access to company premises, and guaranteeing an adequate security level of information processing resources;
- **operative management methods of systems, networks, and telecommunications** to ensure the attainment of a high level of logical security for the data processed through information infrastructures;
- **information system development, maintenance, and acquisition** to ensure that IT systems (applications, operating systems, middleware, etc.) are developed or acquired and maintained over time ensuring integrity, confidentiality, and availability of information;
- **relationships with third parties and outsourcers** to ensure the security of business assets also when third parties/outsourcers are involved, monitoring their access to information and work areas;
- **security incidents management** to ensure the design and implementation of solutions to identify and manage unexpected events or incidents, also considering the need to maintain adequate levels of continuity despite unforeseen events that may have a serious impact on business;
- **business continuity management** guidelines to ensure the continuity of ICT services that must also be available in emergency situations;
- **compliance** criteria to ensure that the Group's operations and information security management methods are implemented in compliance with standards, regulations, and contracts stipulated with third parties.

Reply has adopted a **policy for supplying services on behalf of the customer**, with the scope of providing guidelines to all Group employees regarding conduct to be observed to ensure that services provided are in line with current legislation and to prevent computer crimes (Legislative Decree 231/01; Legislative Decree 196/03).

The Group has formalised a **policy regarding conduct rules and regulations for the secure management of assets and information** to define the rules that all personnel must respect to guarantee the correct and secure use of assets made available by the company (premises and physical resources, paper documentation, ICT tools and company services).

The policy was adapted to local legal requirements in the European countries where Group subsidiaries are based.

Reply has adopted the Global GDPR Compliance Program, allowing the Group to update its organisational model with respect to privacy and fulfilling the regulatory requirements of the new EU Regulation 2016/679 GDPR (General Data Protection Regulation), which came into effect on 25 May 2018. This program also put in place to standardise data and privacy protection practices for all Group companies and holdings, was applied through the definition of a Privacy Management system which envisaged the following actions:

- Preparation and regular updating of **GDPR Registers** (inventory of actions by the company and its holdings involving personal data);
- **Privacy by Design Process**, which involves, the implementation of privacy risk assessment practices that identify technical and organisational measures to ensure that each new project or significant change meets GDPR privacy and security requirements;
- **Data Breach notification process**, which provides for the management and any notification of a data breach to the personal data protection authority, and, if necessary, to individuals impacted by the data breach;
- **Data Protection Impact Assessment (DPIA) process**, which allows the identification and mitigation of privacy risks for the treatment of data that are most at risk, for example, conducted on special data, and large-scale profiling and monitoring activities;
- **Privacy Request handling process**, namely management of the requests of interested parties regarding application of their personal data

rights (for example, portability, data access and cancellation, etc.).

In addition, the Group has defined a policy to be followed to verify that privacy legislation (**Data Processing Agreement**) is respected during the negotiation phase with the customer, and during the service delivery phase, providing operational instructions for Group employees, who must accept and apply the policy to guarantee Reply compliance.

As part of the reporting of incidents related to data loss, an “**ICT security incident management**” policy is in place, regarding the definition of incident management methods that can compromise one or more information security requirements (confidentiality, integrity, and availability of data) with the potential violation of applicable legislation (for example, the GDPR). The procedure describes the three phases defined by the incident management process (identification/classification, response, and “lessons learned”) and the roles and responsibilities for the different phases identified.

In addition, the Group has put in place a data protection and privacy e-learning **training programme** for all its employees, as well as a classroom course for partners. These courses are in addition to established awareness raising activities for employees such as the “Awareness” course (for executives), IT security, and the “Simulated Phishing” initiative, aimed at increasing worker awareness of data protection risks.

The Reply Group has formalised the process to be followed in the event of **re-use or disposal of hardware** containing data processed by the Group. In particular, the purpose of this procedure is to prevent any possible unauthorised access, use and disclosure of data contained in hardware reused, resold, returned in the case of leasing, discarded, or more generally used for different purposes or by different owners.

The process describes:

- methods for reuse or disposal of hardware;
- secure removal methods for each type of hardware;
- methods for demagnetisation and physical destruction of hardware;
- supplier selection criteria with respect to hardware destruction and disposal.

Indicators

During 2019, as in previous years, there were no registered complaints regarding privacy violations or customer data loss.

MANAGEMENT OF INDEPENDENT CONTRACTORS

The selection process and the focus on building virtuous, long-lasting relationships with independent contractors is essential to the Group. Independent contractors work both at Reply and customer premises, so they are assessed and managed carefully. To this end, a structured selection, assessment and qualification process of independent contractors is in place, centrally managed by the Sourcing division, which monitors level of performance and encourages ongoing development. The social criteria used to evaluate independent

contractors are country specific. In Italy, fulfilment of social security obligations and compliance with employment status of independent contractors is checked.

In the United Kingdom, the **Modern Slavery Policy** was enacted, as required by local legislation.

In Germany, given the nature of independent contractors, who are largely individual freelancers, no such assessment process was followed.

All contracts signed by the Group require that independent contractors and suppliers accept and apply the Group's Code of Ethics.

Indicators

The percentage of new suppliers that were screened using social criteria in 2019 was 65.2% compared to 79.5% in 2018, and 42.0% in 2017.

As already indicated, this type of checking is not carried out in Germany, since the work is performed by individual freelancers. Without taking Germany into consideration, there is an 89% evaluation figure for Region 1 and 83% for Region 3.

RESEARCH AND DEVELOPMENT OF TALENT

The Reply Group's success and growth are supported thanks to the commitment and excellence of the people who work in its Italian and international offices. Reply's women and men represent the brand and the image of the Group with customers, partners and external stakeholders. For this reason, the Group invests constantly in their growth and development, guaranteeing career paths and creating the conditions for a supportive, inspirational work environment. In a competitive and evolving scenario, Reply's employees are committed to imagining, experimenting and studying new solutions, to support business development and grow the Group's ability to improve and meet new challenges at all times. The values of professional skills, timeliness, flexibility, innovation, attention to quality, and sharing of customer objectives are the underpinning of Group policies in human resources management. Currently, the Group expresses its goals of developing and leveraging the skills of its personnel through tangible actions but not currently formalised in corporate policy as it is not deemed necessary given the shared goals at all corporate and company levels.

Reply is committed to promoting protection of human rights, avoiding any form of discrimination of race, gender, sexual orientation, physical and health conditions, disability, age, nationality, religion, or personal opinion.

To avoid and prevent any episodes of discrimination, an internal whistleblowing system has been put in place, for reporting any irregular behaviour or violations of the applicable regulations and internal procedures. The Supervisory Body is responsible for the system and ensures anonymity of reports.

To promote knowledge-sharing activities and corporate welfare, the **Reply Social Network** unit has been established, engaging employees ("Replyers") through both informal and formal learning paths and activities, using digital channels and events. Attracting and retaining staff are extremely important processes for Reply, and the process is applied in full compliance with all applicable legislation, respecting the principles of transparency and assessment of skills, ability and professionalism. Reply acquires the best talents through privileged relationships with several Italian and European universities and research centres, so as to enrich its workforce with high-profile personnel.

A range of activities has been developed to engage students, including **ReplyU**, an employer branding initiative to introduce Reply to university students from all over Europe, and **Student Tech Clash**, a contest for universities to stimulate competition through creativity and the production of innovative projects. **Reply Social Network** also includes a knowledge-sharing platform built for sharing insights and organising information and trainings events. The events are open to all employees and include seminars and workshops for sharing the best projects delivered to clients and presenting research and innovation experiences.

Training actions include **Reply Social Network**, a vehicle for proposing and managing all courses for improvement of **communication** abilities and **soft skills**. Technical training is not managed at corporate level but locally by each Group company, in order to find the best fit for specific training needs.

Reply pays close attention to safeguarding employee health and safety, both by implementing

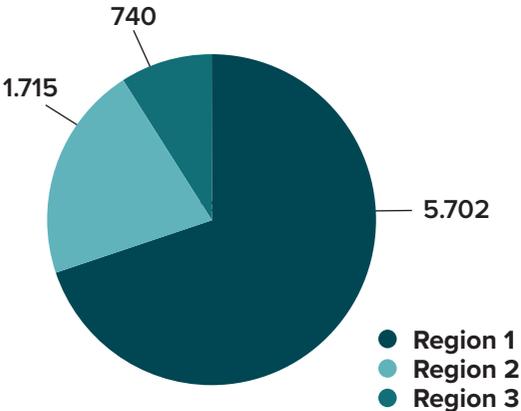
the necessary measures to guarantee a safe workplace and by arranging training and circulation of information for effective prevention, and managing professional risks associated with corporate business.

The Group companies, in their respective corporate structures, are committed to complying with in-house safety regulations for workers, and training and extending existing procedures across the Group. Health and safety management in all Group companies operating in Italy is guaranteed through a model based on the international OHSAS 18001 Standard.

Indicators

With regard to workforce composition, on 31 December 2019 the Reply Group had 8,157 employees, with an increase of 8.2% compared to the previous year. The number of female workers rose from 1,643 in 2017 to 2,031 in 2018 and to 2,279 in 2019 - growing to be equal to 27.9% of the total workforce.

FIGURE 1. NUMBER OF EMPLOYEES BY REGION



Reply considers the offer of stable, long-lasting employment relationships essential in supporting employee growth: in 2019, 99.7% of employees in Region 1, 96.5 % in Region 2 and 98.8% in Region 3 were hired with permanent contracts, confirming the company’s attention to safeguarding employee stability. Of the total number of women employed, 98,2% have permanent contracts.

96% have a full-time contract and of these, 26.5% are women.

In addition to the in-house workforce, there are independent contractors and interns engaged in training courses and/or professional placement paths in Group companies. In 2019, contractors increased by 14% compared to 2018, already increased by 13% compared to 2017. Independent contractors deal mainly with software development and ICT systems support. All of the staff employed in Italy and Brazil have signed collective bargain agreements, although this is not the case in other countries where Reply operates, since it is not envisaged by local legislation.

The management and optimisation of Reply’s human capital is achieved through integration and respect of equal opportunities and diversities, representing essential assets for idea and process innovation, and for addressing and managing market challenges in the best way.

² Please see note No. 1.

TABLE 1. NUMBER OF EMPLOYEES BY CATEGORY, GENDER AND AGE GROUP

CATEGORY	AGE GROUP	2017		2018		2019	
		MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Executives	< 30 years old	0%	0%	0%	0%	0%	0%
	30 < x < 50	3%	1%	3%	1%	3%	1%
	> 50 years old	1%	0%	1%	0%	1%	1%
Managers	< 30 years old	0%	0%	0%	0%	0%	0%
	30 < x < 50	11%	6%	11%	7%	11%	7%
	> 50 years old	2%	1%	2%	1%	2%	1%
Staff	< 30 years old	30%	37%	30%	37%	31%	38%
	30 < x < 50	50%	51%	49%	50%	48%	48%
	> 50 years old	3%	4%	3%	4%	3%	5%
Total		4,764	1,643	5,508	2,031	5,878	2,279

The Board of Directors of Reply S.p.A. comprises five men and one woman aged over 50; one man and two women aged between 30 and 50. Reply is committed to promoting protection of human rights, avoiding any form of discrimination of race, gender, sexual orientation, physical and health condition, disability, age, nationality, religion, or personal opinion.

The Reply Group assesses the individual contribution of all employees to corporate performance on an ongoing basis, monitoring pre-set targets and goals achieved, the actions put in place, and tasks performed for a specific timespan, as well as leveraging employee competence and quality. During 2017, 2018 and 2019 a centralised personnel assessment system was used to monitor performance of the majority of employees.

When considering assessment percentages, the significant increase in new employees joining the company must be taken into account, who are reviewed after their first six months at work.

FIGURE 2. PERCENTAGE BY CATEGORY OF EMPLOYEES GIVEN REGULAR PERFORMANCE REVIEWS BY CATEGORY²

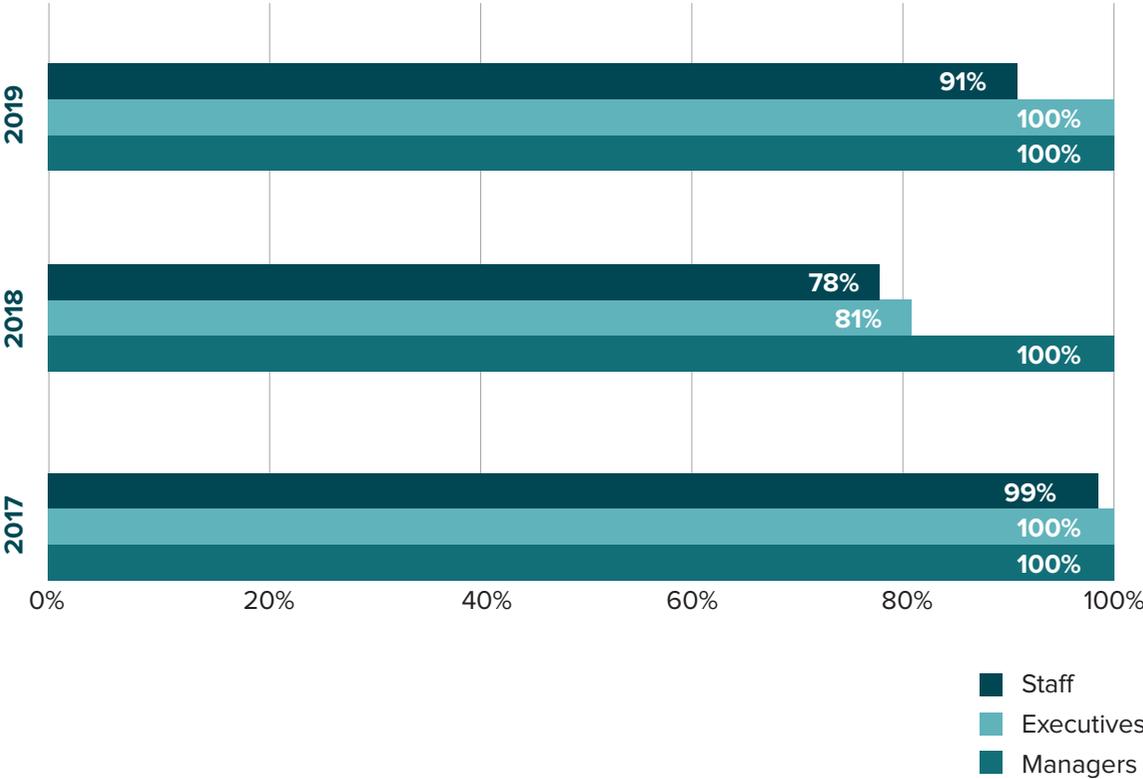
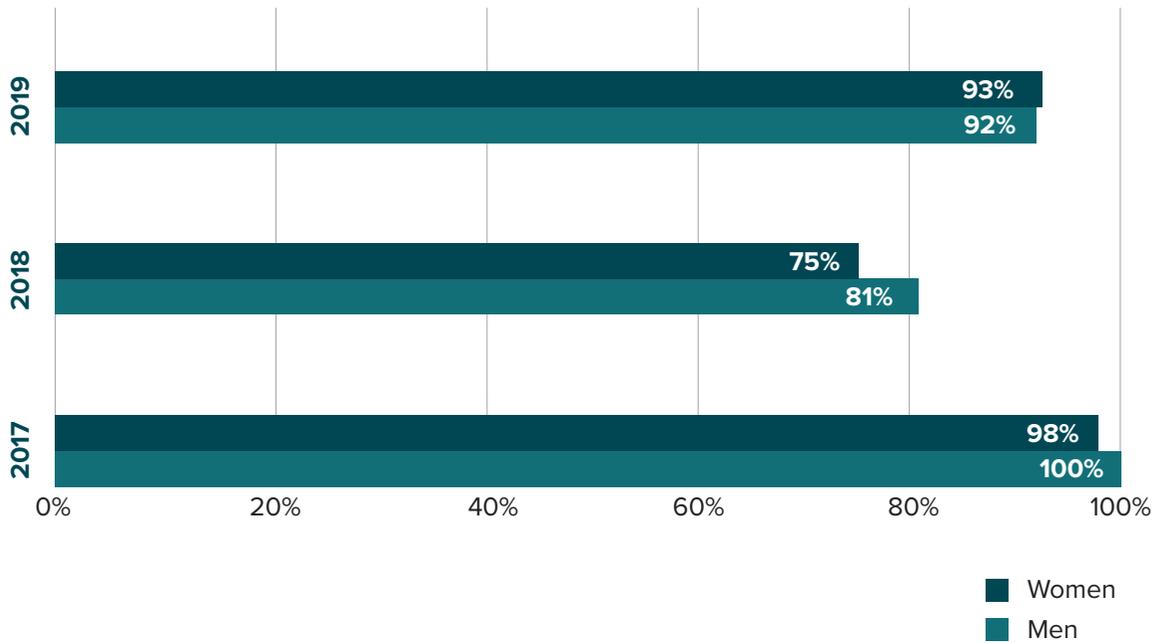


FIGURE 3. PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE REVIEWS BY GENDER³



Training and professional development are promoted regularly with ongoing education activities. Consequently, in 2019, Reply invested in programs for professional skill and career development, including induction and onboarding courses, specialisation and technical refresher courses, and soft skill workshops.

Furthermore, to increase employee retention and general wellbeing, Reply offers a range of benefits that vary from country to country, compliant with local legislation.

There is no significant difference in allocation of benefits for different types of contract (permanent, temporary, part-time) in any of the countries where the Group companies operate.

³ The performance review period corresponds to the previous year of the year in which the review is carried out; therefore, companies acquired in 2019, were excluded from the scope of this specific indicator.

⁴ Please see note No. 3.

With respect to employee health and safety, accident rates are shown below, with breakdown by Region.

- **Region 1:** in 2019 there were 3 on-site accidents involving men and 0 involving women. The frequency rate for men is 0.41. Absenteeism is around 1% for men, a decrease of 49% compared to 2018 and 36% compared to 2017 and 2% for women, with a decrease of 46% compared to 2018 and 38% compared to 2017.
- **Region 2:** The number of on-site accidents that occurred in 2019 was 3 for men and 1 for women, with a frequency rate of 1.72 for men and 1.71 for women. The lost day rate is 0.03 for men and 0.01 for women. Absenteeism is around 3% for men, constant compared to the previous two years and 5% for women, up 22% compared to 2018 and 39% compared to 2017.
- **Region 3:** 1 man was involved in an accident in 2019. The frequency rate for men is 1.69. The lost day rate for men is 0.001. Absenteeism is around 1.3% for men, an increase of 65% compared to the previous year but with a reduction of 47% compared to 2017 and 2.1% for women, with a increase of 14% compared to 2018 and a 12% decrease compared to 2017.

There were no occupational illnesses in any Region during 2019.

FOCUS ON ENVIRONMENTAL THEMES

As specified in the Code of Ethics, the Reply Group is committed to managing its business activities paying close attention to environmental issues, contributing to diffusion of sustainability culture to respect the legacy for future generations. Reply works mainly in offices and most of the services are delivered by employees directly at client premises. Consequently, environmental impact is limited to consumption of energy resources (for office heating and lighting) and the ensuing impact on climate change.

In most cases the Group does not own the premises out of which it operates and cannot implement energy efficiency measures itself, but it has put in place **environmental policy** guidelines to reduce and monitor the impact of corporate activities on the environment, including aspects related to energy consumption and green-house gas emissions. The guidelines enable evaluation of the external and internal context in which the Group operates, with particular reference to policies implemented by the European Union and other international organisations (i.e. GHG Protocol, Carbon Disclosure Project), identifying the main environmental impact areas and relative tools for addressing the issues.

These include:

- the **GHG Emissions Control Program**, inspired by the Carbon Disclosure Project (CDP), and applied to monitor impact in terms of GHG emissions, implement measures to decrease GHG emissions, and to meet stakeholder expectations;
- the **Environmental Monitoring System**, with which the Reply Public Sector Consortium and its Italian consortiums gained and maintained ISO

14001:2015 certification, is aimed at minimising negative environmental impact, to guarantee regulatory compliance and promote continuous environmental performance improvement.

The main guidelines defined by the policy are intended for all employees and cover the following: document printing, materials recycling, energy saving, energy efficiency, transport, and consumption reporting. For each aspect, a number of rules of conduct are outlined as the underpinning to daily choices, both for the individual and at corporate level: use of public transport, preferring devices with high energy efficiency, decreasing document printing, complying with separate waste collection requirements in offices. Environmental policy also identifies the roles, responsibilities, tools and activities to be implemented for monitoring impact, raising environmental awareness, communication, and reporting.

The Group's activity to raise awareness of environmental issues affects the fabric of society outside of Reply, including "Student Clash" initiatives, which are events that aim to develop new ideas in collaboration with universities.

In 2019, the theme of Student Clash events was the Green Internet of Things (IoT), with Precision Farming and Energy & Utilities as specific contexts. This involved around 500 students from the Turin and Milan Polytechnics who set about generating 125 business ideas.

Energy consumption

The Reply Group energy consumption refers to:

- **Electricity**, sourced from the national grid to supply offices and premises lighting systems, and technological and IT equipment (computers, printers, servers, data centres).
- **Natural gas** for the operation of the heating systems installed in the Reply offices and whose consumption is strictly linked to the volume of corporate activities and number of offices.
- **Diesel and gasoline** fuel for corporate vehicles.
- **Diesel** used for heating.
- **District heating** for offices and/or producing hot water, with a reduction in environmental impact. District heating is used mainly in Italy, Poland, Belarus, England, Luxembourg and Germany.

The table below shows energy consumption by type for 2017, 2018 and 2019.

The data reported show an increase in electricity (+ 33,8%) and diesel for running vehicles (+ 22,9%) consumption over the three-year period, mainly due to the growth of the organisation in terms of activities managed, the increase in the workforce, expansion of premises and offices, as well as the acquisition of new companies during 2019. Conversely, there was a decrease in the consumption of natural gas (-27,8%) and district heating energy (-19.1%) thanks to enhanced efficiency in building heating systems management with a reduction in the number of hours boilers were in use and in office opening hours, as well as continuous improvement in data collection methods. Heating figures are also affected by climate change, the effects of which overlap with initiatives to boost efficiency.

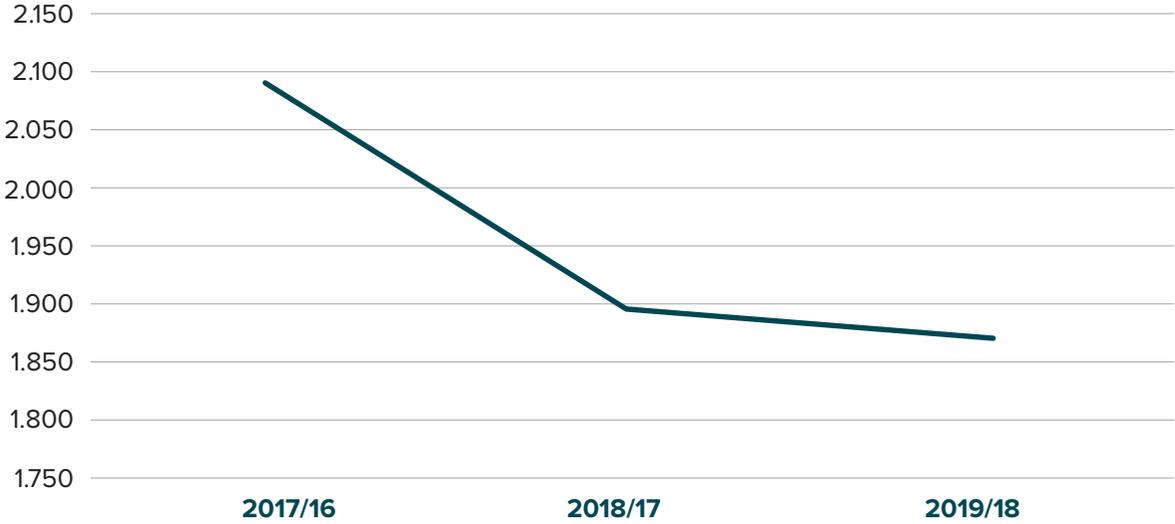
TABLE 2. ENERGY CONSUMPTION BY TYPE

TYPE OF CONSUMPTION	UNIT OF MEASURE	2017	2018	2019
Electricity	kWh/ year	9,571,010	10,259,103	12,820,844
Natural gas	m ³ / year	1,417,462	982,642	1,022,743
Diesel (vehicles)	ltrs/ year	1,630,992	1,913,664	2,005,255
Diesel (heating)	ltrs/ year	-	-	17,000
Gasoline	ltrs/ year	210,934	150,335	112,613
District heating	kWh/ year	3,678,126	2,937,108	2,976,796

The energy consumption figures demonstrate Reply's commitment to protecting the environment and limiting greenhouse gas emissions, with a reduction in both consumption and emissions for both Scopes.

With respect to Scope 2 consumption (district heating and electricity) the kWh consumption per employee dropped by 2.6%, with an average consumption of 1,846 kWh against last year's figure of 1,896 kWh.

FIGURE 4. KWH CONSUMPTION PER EMPLOYEE⁵



A further, green review of the electricity supply contracts is planned for 2020. Bearing in mind the percentages of the national fuel mixes, note that renewable sources account for 35% of Reply's electricity consumption.

⁵ the figures per employee are calculated as an average for two consecutive years. This makes it possible to compensate for the effects of unusual seasonal circumstances that may misrepresent trends and conceal the effect of actions taken towards improvement.

TABLE 3. SOURCE OF ELECTRICITY PURCHASED

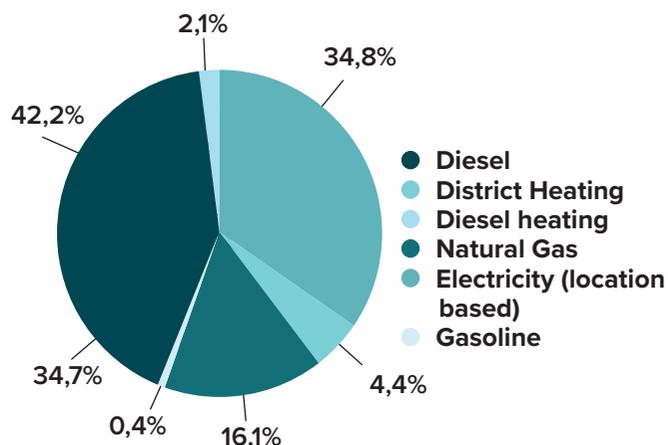
COUNTRY	TOTAL ELECTRICITY 2019 (kWh)	% RENEWABLE	ELECTRICITY FROM RENEWABLES 2019 (kWh)
BRAZIL	125,737	83.3%	104,739
CHINA	19,686	38.3%	7,540
INDIA	68,772	17.1%	11,788
ITALY	10,020,513	35.8%	3,589,146
POLAND	23,524	14.4%	3,396
ROMANIA	5,800	38.3%	2,223
USA	310,441	16.9%	52,465
CROATIA	3,674	61.1%	2,243
GERMANY	1,699,364	34.1%	579,475
BELARUS	83,077	2.2%	1,811
BELGIUM	7,040	19.7%	1,387
FRANCE	16,692	17.4%	2,906
LUXEMBOURG	1,835	86.6%	1,590
UNITED KINGDOM	421,729	30.2%	127,394
TOTALE	12,807,884	35.0%	4,488,100

GHG emissions

As mentioned, the Group’s greenhouse gas emissions derive from its office-based organisation and are thus due to the use of fossil fuels for heating, running vehicles, and purchase of electricity produced by third parties. The emissions deriving from Reply activities are thus very limited and linked to traditional assets such as electrical and heating plant.

The figure below breaks down total greenhouse gas emissions by individual source and shows that the largest impact comes from the consumption of electricity for offices, technological and IT equipment, building heating systems, and diesel consumption for the corporate fleet.

FIGURE 5. CO_{2eQ} EMISSIONS (SCOPE I + SCOPE II⁶), BY SOURCE IN 2019



⁶ Calculated with the Location-based methodology

The table below compares GHG emissions in the last two years for Scope I (direct greenhouse gas emissions, from the consumption of natural gas, diesel and gasoline), and Scope II (indirect energy emissions calculated from electricity consumption and district heating). Scope II indirect greenhouse gas emissions are calculated using two different methods:

- **Location-based:** reflects the average intensity of emissions relative to the grids providing the energy;
- **Market-based:** reports emissions related to electricity and district heating with Guarantees of Origin that prove the energy origin.

In the absence of these guarantees, the calculation was made with reference to the residual mix, which entails higher emissions than the emissions calculated with the Location-based method.

TABLE 3. DIRECT (SCOPE I) AND INDIRECT GREENHOUSE GAS (SCOPE II) EMISSIONS

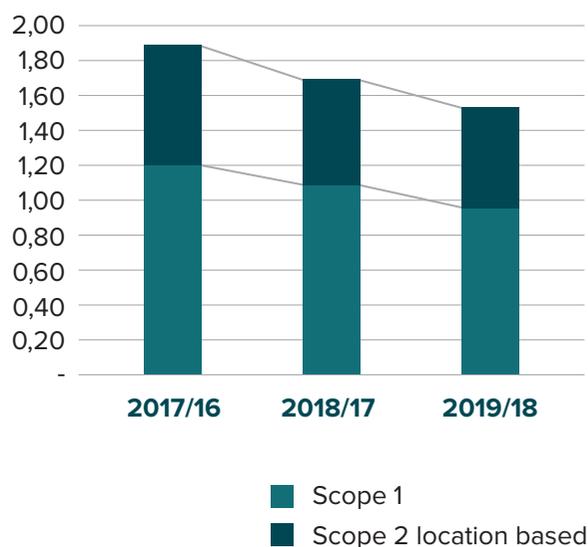
SCOPE	UNIT OF MEASURE	2017	2018	2019
Direct (Scope I) greenhouse gas emissions	tonnes CO ₂	7,751	7,339	7,628
Indirect (Scope II) greenhouse gas emissions LOCATION-BASED	tonnes CO _{2eq}	4,418	4,001	4,935
Indirect (Scope II) greenhouse gas emissions MARKET-BASED	tonnes CO _{2eq}	5,400	5,592	7,121

An analysis of greenhouse gas emissions trends in

the three-year period 2017-2019 shows:

- The slight decrease in Scope I emissions (-1.6%), due to near total offsetting of increases in automotive fuel with decreased consumption of gas for heating.
- The increase in Scope II emissions, calculated using both the location-based (+10.5%) and market-based (+24.2%) methods, are in keeping with the growth of the group.
- The emissions per employees figure is down, however.

FIGURE 6. H CONSUMPTION PER EMPLOYEE⁷



⁷ Please see note no. 5.

METHODOLOGY

The Reply Group's consolidated disclosure of non-financial information complies with the requirements of Legislative Decree 254/16 and subsequent amendments referred to the obligation to report non-financial information by large public interest entities, with the aim of ensuring an understanding of the Group's organisational model, policies, main risks and performance indicators in relation to environmental, personnel, human rights, social, anti-corruption and bribery aspects that are important when taking into account corporate activities and characteristics.

This document (NFI) was approved by the Reply S.p.A. Board on 13/03/2020.

This document has been subject to limited assurance by PricewaterhouseCoopers S.p.A. in accordance with the International Standard on Assurance Engagement (ISAE 3000 Revised).

THE REPORTING PROCESS

The contents of this Consolidated Disclosure of Non-Financial Information result from a drafting, validation and approval process in compliance with the "Disclosure of Non-Financial Information Drafting Procedure" that the Group adopted in January 2018. Specifically, the procedure regulated the responsibility of the various parties in the process: the CFO, Internal Audit, Data Owners and Operational Representatives.

The CFO, with the support of Internal Audit and according to the methods outlined in the "Materiality Analysis" paragraph, identifies the relevant financial aspects which are therefore subject to reporting according to the business, its progress and the impact that it has.

The CFO selects the non-financial information and indicators subject to reporting from those proposed by the GRI Standards on the basis of the results from the materiality analysis.

The non-financial data collection process is as follows: the Internal Audit department prepares and sends the Data Owners the data collection forms for the topics in each of their areas of competence; the Data Owners in turn request that the operational representatives complete the forms in accordance with the deadlines contained in the business plan; once the contents are approved, they are sent to the Internal Audit department, which collects, analyses and consolidates them.

The Internal Audit department then prepares the draft of the Disclosure of Non-Financial Information and sends it to the Data Owners for their final validation, each for their own area of competence. The validated draft is then submitted first of all to the CFO for their approval and then the Board of Directors of Reply S.p.A., which approves its definitive version.

This Disclosure is published together with the Annual Report for the Reply Group, in the "Corporate Governance – Consolidated Disclosure of Non-Financial Information" on the www.reply.com website.

REPLY'S KEY STAKEHOLDERS

In pursuing its corporate objectives, the Reply Group believes it is essential to consider the expectations of its stakeholders, defined as the subjects that directly and/or indirectly interact with the organisation along the entire value chain. Group stakeholders have been identified taking into consideration the influence they can have on the

organisation and dependence upon it.
The mapping of the Reply Group key stakeholder categories is shown in the chart below.

FIGURE 7. STAKEHOLDERS MAPPING



Consolidated disclosure of non-financial information

The Reply Group believes it is essential to build a lasting relationship of trust with its stakeholders. Indeed, it has established an approach of continuous dialogue and involvement with them, through specific initiatives, organisation of meetings for discussion, and regular sharing of information.

TABLE 4. STAKEHOLDER ENGAGEMENT

STAKEHOLDER	COMMUNICATION AND ENGAGEMENT CHANNELS
Employees and Independent Contractors	<ul style="list-style-type: none"> • Social network: division within the Group that deals with knowledge sharing, recruitment, attraction of talents, corporate welfare, and event organisation • Survey • Annual performance assessment interviews
Universities	<ul style="list-style-type: none"> • Initiatives with university students (e.g. Reply U, Reply Challenges and Student Tech Clash)
Customers	<ul style="list-style-type: none"> • Web sites, social media, newsletters • Seminars, events, workshops • Customer Surveys
Human Rights and Environmental Associations	<ul style="list-style-type: none"> • Carbon Disclosure Project (CDP)
Shareholders/Investors and Financial Community	<ul style="list-style-type: none"> • General meetings • Roadshows
Media and public opinion	<ul style="list-style-type: none"> • Press releases • Social media
Suppliers	<ul style="list-style-type: none"> • Regular meetings • Qualification and evaluation process
Local Community	<ul style="list-style-type: none"> • Donations of technological equipment to schools • Basic programming notions for schools (Reply Code for Kids)
Trade Unions	<ul style="list-style-type: none"> • Regular meetings
Public Administrations	<ul style="list-style-type: none"> • Institutional documentation
Competitors	<ul style="list-style-type: none"> • Industry conferences • Participation in work groups

MATERIALITY ANALYSIS

With the aim of identifying topics that are significant from a sustainability perspective in the medium-long term, in 2018 the Group carried out its first materiality analysis as required by GRI Standards.

This analysis comprised two distinct phases:

- 1) **identification of the set of topics**, aimed at identifying potentially relevant non-financial aspects with reference to the five areas of Decree Law 254/2016 (environment, personnel, human rights, social, anti-corruption and bribery);
- 2) **identification of material topics** for Reply following the analysis of relevance for stakeholders (external relevance) and for the company (internal relevance).
 - In particular, the set of potentially significant non-financial aspects has been defined through:
 - an **analysis of sustainability trends at global level**: mapping of the main non-financial aspects taken into consideration by the main stock exchanges that have published sustainability reporting guidelines, sustainability ratings (DJSI, MSCI, etc.), international organisations (GRI, World Economic Forum, etc.), and governments (EU policies, UN reports, etc.);
 - an **analysis of industry pressures**: mapping of non-financial aspects highlighted as relevant for the Information Technology industry, taking into consideration publications by international organisations (Robecosam, SASB, etc.);
 - an **industry benchmark**: analysis of sustainability reports published by the Group's main competitors.

The next phase focused on prioritising the universe of non-financial aspects in order to identify the **material topics** for the company and its stakeholders on which reporting was to focus.

The significance of each non-financial aspect for Reply was assessed through **workshops for top corporate management**, sorting topics based on their relevance to the Group. The importance of each topic for the company, as well as the perception of the individuals involved, was also based on the evaluation of:

- commitment and policies adopted by Reply with respect to each topic;
- impact of each topic on the company's ability to pursue its objectives and create value over the long term;
- potential risks and/or opportunities that each topic potentially represents for the Group.

To define external relevance for Group stakeholders, the results of the analyses conducted to identify the universe of topics were considered, being representative of the opinions of the Group's main stakeholders.

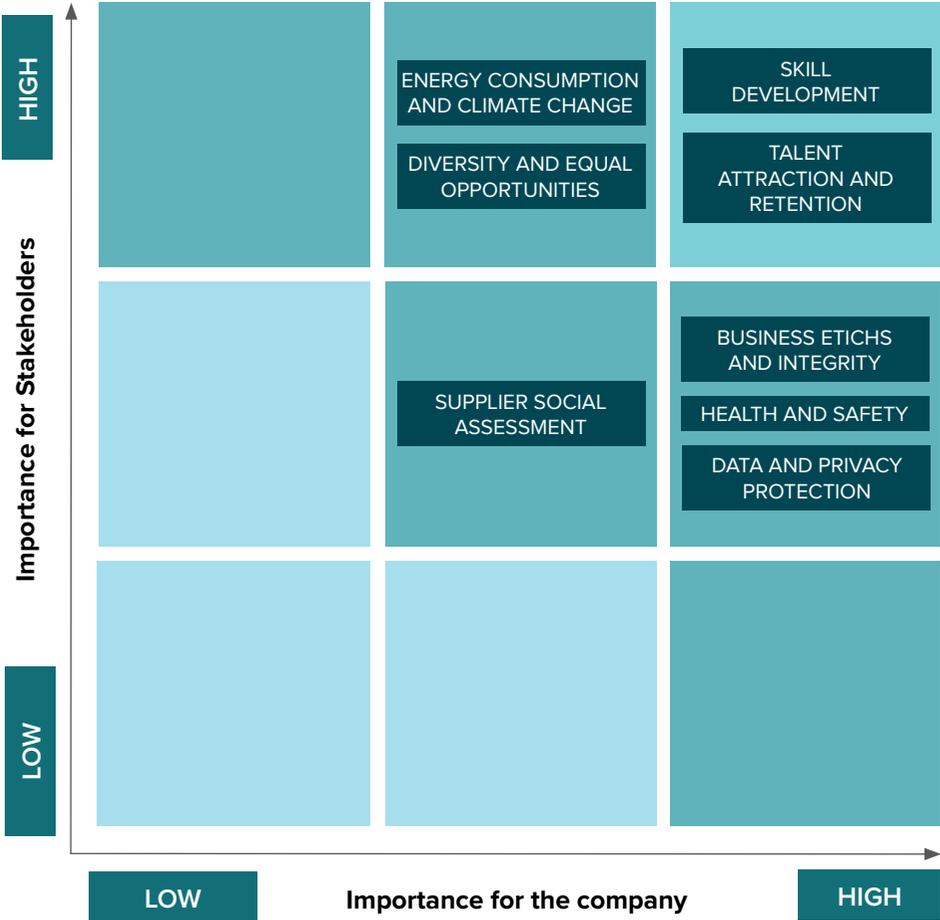
In agreement with GRI Standards in prioritising non-financial aspects, the relevance of the impact of each was considered, both within the reporting boundaries and externally, namely along the Reply value creation chain.

Finally, Reply's non-financial material topics were identified by intersecting the relevance of the topics for the Group with those for stakeholders.

In 2019 a specific questionnaire was sent to the Reply S.p.A. Departments involved in the process in order to validate the materiality analysis of the previous year in terms of internal relevance, to complement the activity described above. The Departments involved were asked to assign a priority to non-financial issues as identified in 2018 and also validated for 2019.

Finally, Reply’s non-financial material topics were identified by intersecting the relevance of the topics for the Group with those for stakeholders.

FIGURE 8. MATERIALITY ASSESSMENT



In particular, the following results can be noted:

- the most relevant topics both for stakeholders and the company are **“Skills development”** and **“Attraction and retention of talent”**, in line with the industry in which Reply operates and with the importance that know-how and human capital have for business;
- **“Business ethics and integrity”** and **“Data and Privacy Protection”** are two of the most relevant for Reply, above all by virtue of its business and the importance these issues have for its long-term success;
- topics related to **“Energy consumption and climate change”** and **“Diversity and equal opportunities”**, on the other hand, assume importance for stakeholders and reflect the growing impact that these issues assume globally.

With respect to the materiality matrix indicated in the previous edition of the document, note that the relevance of the “Health and Safety” topic has changed from medium to high.

Note also that the topic of water management is not in that section, despite being envisaged by Leg. Decree 254/2016, since the Group has deemed it to be of low relevance given its specific characteristics and those of its business. Group water consumption refers solely to the use of water for hygiene and sanitation at the various offices of Group companies as well as their use in terms of technology, such as air-conditioning and fire protection systems. Given the volumes of water used, type of use and geographical location of our offices, the impact on water resources was deemed negligible.

Regarding Human Rights, envisaged by Art. 3 of

Leg. Decree 254/2016, it should be noted that they are already included in other topics and there are no relevant related risks; it should also be noted that Reply operates in accordance with a Group Code of Ethics, as described in the “Corporate values and ethical principles” chapter, directed towards the recognition of and respect for the physical and moral integrity, personal dignity, private sphere and personal rights of every individual.

Reply guarantees and promotes diversity and gender equality, not tolerating discrimination of any kind based on people’s age, racial and ethnic origin, nationality, political opinions, religious beliefs, sex, sexuality or state of health or that can be attributed to bullying or conduct that may offend personal sensibilities. Reply distributes and requests acceptance of its Code of Ethics from all Group employees and collaborators (also pursuant to specific contractual clauses). In light of these safeguards, no significant risks have been detected in the area of Human Rights.

Please refer to the Code of Ethics published on the company website, www.reply.com, for further information.

The following table shows significant non-financial topics in relation to the areas of the Decree.

LEG. DECREE 254/2016 AREAS	RELEVANT TOPIC
Environmental Matters	Energy consumption and climate change
Employee matters	Attraction and retention of talent
	Employee health and safety
	Skills development
	Diversity and equal opportunities
Fight against corruption	Business ethics and integrity
Social impact	Data and privacy protection
Human rights	Supplier social assessment

REPORTING PERIMETERS AND STANDARDS

The qualitative and quantitative data and information contained in this NFI refer to Reply Group performance for the year ended 31 December 2019. The reporting perimeter, consistent with Decree requirements, coincides with that of the Consolidated Financial Statements, namely the companies fully consolidated for the Reply Group financial reporting.

For the drafting of its own NFI, Reply adopts GRI Sustainability Reporting Standards (hereinafter also GRI Standards), published in 2016 by the GRI – Global Reporting Initiative. In particular, according to the provisions of GRI Standard 101: Foundation, paragraph 3, this document was prepared in accordance with “GRI Standards: Core”.

The performance indicators and the information included in the NFI were collected on an annual basis (January–December) for the years 2017, 2018, and 2019; reporting frequency is on a yearly basis.

CALCULATION METHODS

The chief methods used to calculate performance indicators included in the document are as follows:

- for energy consumption, in particular electricity and natural gas, if site data were not available, a conservative estimate was made, which meant an option tending to less positive environmental performance for the company. In particular, the energy consumption figures available were used to calculate the intensity of consumption compared to the workstations in use in offices and the number of employees, so as to estimate consumption for remaining locations;
- the “EU Energy in figures” Statistical Pocketbook published by the European Commission in 2019 was in most cases taken as a reference for the renewable energy percentages in each country;
- for emissions deriving from the consumption of fuels for leased cars, Reply chose to report them within Scope I since it adopts the principle of “operational control”, whereby direct emissions are considered to be those deriving from assets upon which Reply can exercise control;
- the following emission factors were used for the calculation of greenhouse gas emissions:
 - › **Direct emissions (Scope I)**: for the heating of offices and factories with natural gas and for fuel used by the company fleet, the emission factor taken from the national standard parameters table published by the Ministry of the Environment and Protection of the Territory and the Sea (February 2019 version) was applied;
 - › **indirect emissions (Scope II – Location-based)**: for electricity purchased from the national

electricity grid in 2019, the emission factors used came from the following sources: ISPRA (2017) for Italy; the German UBA (2017) for Germany; DEFRA (2019) for the United Kingdom; Terna International Comparisons (2016) for all other countries. Emissions from district heating were considered with the emission factor supplied by DEFRA (2018);

› **indirect emissions (Scope II – Market-based):**

the source used for the residual national mix of European countries is AIB (Association of Issuing Bodies); for the USA the factors published by the Centre for Resource Solutions (“2016 Green-e Energy Residual Mix Emissions Rates” and the relative 2019 update); for the countries for which residual mix factors are not available, the same emission factors applied for the location-based approach were used;

- the absenteeism rate was calculated considering absence due to accident, illness, unpaid leave, strikes;
 - working hours, where not available, were estimated starting from an average of working hours per employee;
 - the injury rate is the ratio between the total number of accidents with absence exceeding one working day and the total number of hours worked, multiplied by 1,000,000.
 - the lost day rate is the ratio between the total number of workdays lost and the total number of working hours, multiplied by 1,000;
 - workdays lost represent calendar days lost due to accidents starting from the day following the accident;
- as regards hours worked, in the case of employees for whom this value is not available, an estimate was made based on the hours actually worked by the remaining Reply workforce.

GRI CONTENT INDEX IN ACCORDANCE CORE

GRI STANDARD	DISCLOSURE	PAGE	OMISSION
General Disclosures			
GRI 102: General Disclosure 2016	102-1 Name of the organisation (“a”)	48	
	1102-2 Activities, brands, products, and services (“a”; “b”)	8 - 11	
	102-3 Location of headquarters (“a”)	48	
	102-4 Location of operations (“a”)	21	
	102-5 Ownership and legal form (“a”)	13	
	102-6 Markets served (“a”)	8	
	102-7 Scale of the organisation (“a”)	7; 48	
	102-8 Information on employees and other workers (“a”; “b”; “c”; “d”; “e”; “f”)	26	
	102-9 Supply chain (“a”)	24	
	102-10 Significant changes to the organisation and its supply chain (“a”)	24; 27	
	1102-11 Precautionary Principle or approach (“a”)	14-18; 42-43	
	102-12 External initiatives (“a”)	None	
	102-13 Membership of associations (“a”)	Anitec-Assinform	
	102-14 Statement from senior decision-maker (“a”)	6	
	102-16 Values, principles, standards, and norms of behaviour (“a”)	19-20	
	102-18 Governance structure (“a”; “b”)	13	
	102-40 List of stakeholder groups (“a”)	36	
	102-41 Collective bargaining agreements (“a”)	26	
	102-42 Identifying and selecting stakeholders (“a”)	36	
	102-43 Approach to stakeholder engagement (“a”)	38	
	102-44 Key topics and concerns raised (“a”)	38	
	102-45 Entities included in the consolidated financial statements (“a”; “b”)	42	
	102-46 Defining report content and topic Boundaries (“a”; “b”)	36-42	
102-47 List of material topics (“a”)	40		

GRI STANDARD	DISCLOSURE	PAGE	OMISSION
	102-48 Restatements of information ("a")	42	
	102-49 Changes in reporting ("a")	41 - 42	
	102-50 Reporting period ("a")	42	
	102-51 Date of most recent report ("a")	The previous Consolidated disclosure of non-financial information was published in March 2019	
	102-52 Reporting cycle ("a")	42	
	102-53 Contact point for questions regarding the report ("a")	48	
	102-54 Claims of reporting in accordance with the GRI Standards ("a")	42	
	102-55 GRI Content Index ("a"; "b")	44 - 48	
	102-56 External assurance ("a"; "b")	36; 49	
Material topics			
GRI 200 Economic topics			
Fight against corruption			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary ("a"; "b"; "c")	39 - 42	
	103-2 The management approach and its components ("a"; "b"; "c")	20 - 21	
	103-3 Evaluation of the management approach ("a")	20 - 21	
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures ("b")	21	Points "a"; "c"; "d"; "e" were not reported.
	205-3 Confirmed incidents of corruption and actions taken ("a")	21	Points "b"; "c"; "d" were not reported as there were no instances of corruption.
Anti-competitive behaviour			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary ("a"; "b"; "c")	39 - 42	
	103-2 The management approach and its components ("a"; "b"; "c")	20 - 21	
	103-3 Evaluation of the management approach ("a")	20 - 21	
GRI 206: Anti-competitive behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices ("a")	21	Point "b" was not reported as there were no legal actions relating to anti-competitive behaviour and monopolistic practices.

GRI STANDARD	DISCLOSURE	PAGE	OMISSION
GRI 300 Environmental indicators			
Energy			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary ("a", "b", "c")	39 - 42	
	103-2 The management approach and its components ("a", "b", "c")	31 - 32	
	103-3 Evaluation of the management approach ("a")	31 - 32	
GRI 302: Energy 2016	302-1 Energy consumption within the organization ("a", "b", "c", "f")	32	Points "d" (n/a); "e"; "g" were not reported.
GRI 300 Environmental indicators			
Emissions			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary ("a", "b", "c")	39 - 42	
	103-2 The management approach and its components ("a", "b", "c")	34 - 35	
	103-3 Evaluation of the management approach ("a")	34 - 35	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions ("a", "b", "c", "d", "e", "f", "g")	34 - 35; 42	
	305-2 Energy indirect (Scope 2) GHG emissions ("a", "b", "d", "e", "f", "g")	34 - 35; 42	Point "c" was not reported.
GRI 400 Social Topics			
Employment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary ("a", "b", "c")	39 - 42	
	103-2 The management approach and its components ("a", "b", "c")	25	
	103-3 Evaluation of the management approach ("a")	25	
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees ("a", "b")	28 - 29	
Occupational health and safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary ("a", "b", "c")	39 - 42	
	103-2 The management approach and its components ("a", "b", "c")	27	
	103-3 Evaluation of the management approach ("a")	27	
GRI 403: Occupational health and safety 2016	403-2 Types and rates of work-related injury ("a", "c")	29 - 30; 42	Point "b" was not reported.

GRI STANDARD	DISCLOSURE	PAGE	OMISSION
Training and education			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary ("a"; "b"; "c")	39 - 42	
	103-2 The management approach and its components ("a"; "b"; "c")	27	
	103-3 Evaluation of the management approach ("a")	27	
GRI 404: Training and education 2016	404-3 Percentage of employees receiving regular performance and career development reviews ("a")	28 - 29	
Diversity and equal opportunities			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary ("a"; "b"; "c")	39 - 42	
	103-2 The management approach and its components ("a"; "b"; "c")	26 - 27	
	103-3 Evaluation of the management approach ("a")	26 - 27	
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees ("a"; "b")	28 - 29	
GRI 400 Social Topics			
Supplier social assessment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary ("a"; "b"; "c")	39 - 43	
	103-2 The management approach and its components ("a"; "b"; "c")	24	
	103-3 Evaluation of the management approach ("a")	24	
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria ("a")	24	
Customer Privacy			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary ("a"; "b"; "c")	39 - 42	
	103-2 The management approach and its components ("a"; "b"; "c")	21 - 24	
	103-3 Evaluation of the management approach ("a")	21 - 24	
GRI 418 Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data ("c")	24	Points "a" and "b" were not reported as there were no complaints relating to breaches of customer privacy.

GRI STANDARD	DISCLOSURE	PAGE	OMISSION
Socio-economic compliance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary ("a"; "b"; "c")	39 - 42	
	103-2 The management approach and its components ("a"; "b"; "c")	20 - 21	
	103-3 Evaluation of the management approach ("a")	20 - 21	
GRI 419 Socio-economic compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area ("b")	21	Points "a" and "c" were not reported as there were no financial fines and non-monetary sanctions.

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INTERNAL AUDIT DEPARTMENT

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Independent auditor's report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of Legislative Decree No. 254/2016 and article 5 of CONSOB Regulation No. 20267 of January 2018

To the Board of Directors of Reply SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have performed a limited assurance engagement on the consolidated non-financial statement of Reply SpA and its subsidiaries (hereafter the "Group") for the year ended 31 December 2019 prepared in accordance with article 4 of the Decree, presented in a specific section of the Report on Management, and approved by the Board of Directors on 13 March 2020 (hereafter the "NFS").

Responsibility of the Directors and of the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with article 3 and 4 of the Decree, with the "GRI-Sustainability Reporting Standards" defined in 2016 (hereafter the "GRI Standards"), identified by them as the reporting standards.

The Directors are responsible, in accordance with the law, for the implementation of internal controls necessary to ensure that the NFS is free from material misstatement, whether due to fraud or unintentional errors.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated and/or faced by the Group.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

PricewaterhouseCoopers SpA

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Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the *Code of Ethics for Professional Accountants* published by the *International Ethics Standards Board for Accountants*, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts *International Standard on Quality Control 1 (ISQC Italy 1)* and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree, with the GRI Standards and, limited to some indicators, with the G4 Sector Disclosure. We conducted our engagement in accordance with "*International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereafter "*ISAE 3000 Revised*"), issued by the *International Auditing and Assurance Standards Board (IAASB)* for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with *ISAE 3000 Revised* ("*reasonable assurance engagement*") and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily with company personnel responsible for the preparation of the information presented in the NFS, analysis of documents, recalculations and other procedures designed to obtain evidence considered useful.

In particular, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standards adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. comparison of the financial information reported in the NFS with that reported in Reply Group's Consolidated Financial Statements;
4. understanding of the following matters:
 - business and organisational model of the Group, with reference to the management of the matters specified by article 3 of the Decree;
 - policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
 - main risks, generated and/or faced by the Group, with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 5 a) below;

5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS. In particular, we held meetings and interviews with the management of Reply SpA and we performed limited analysis of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at Group level,
 - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify their consistency with available evidence;
 - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;
- for Reply SpA and the Italian subsidiaries of the Group, which were selected on the basis of its activities, its contribution to the performance indicators at a consolidated level and its location, we carried out site visits during which we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Reply Group as of 31 December 2019 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the GRI Standards, as disclosed in the paragraph “Methodology” of the NFD.

Other aspects

The NFS for the year ended 31 December 2018, which data are presented for comparative purposes, have been subject to limited assurance procedures by another auditor who, on 26 March 2019, expressed a conclusion without any remarks on that NFS.

Torino, 30 March 2020

PricewaterhouseCoopers SpA

Signed by

Mattia Molari
(Partner)

Signed by

Paolo Bersani
(Authorised signatory)

This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the NFS 2019 translation.

