

REPLY S.p.A.

**CONSOLIDATED DISCLOSURE
OF NON-FINANCIAL
INFORMATION
2020**

ESG REPORT

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FOREWORD

The Consolidated disclosure of non-financial information (NFI) 2020 of the Reply Group (hereinafter also the “Group” or “Reply”) is prepared in accordance with Legislative Decree 254/2016 (hereinafter the “Decree”, in turn acknowledging Directive 2014/95/EU), to which Reply is subject as a large public interest entity, and the Sustainability Reporting Standards published **by the Global Reporting Initiative (GRI)** according to the “In accordance – Core” approach.

NFI 2020 Reading Guide

The Disclosure of Non-Financial Information fulfils the requirements of the Decree with a qualitative and quantitative description of the non-financial information in relation to the five areas specified by the Decree, detailed in the chapters **Corporate values and ethics** (with reference to social aspects, respect for human rights and the fight against corruption), **Research and development of talent** (with reference to work practices and personnel management), **Focus on environmental themes** (with reference to the impact on the environment), and communicates the Environmental Social & Governance commitment of the Reply Group (**ESG reporting**).

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**).

The reporting of indicators is subdivided by the Regions used in the Report on Operations for the countries where the Group operates:

- **Region 1:** Italy, Brazil, India, Poland, Romania, USA, New Zealand.
- **Region 2:** Germany, China, Croatia.
- **Region 3:** United Kingdom, Belgium, Belarus, France, Luxembourg, the Netherlands.

This Disclosure of Non-Financial Information was approved by Reply’s Board of Directors on 15 March 2021 and is subject to limited assurance by the independent auditor PricewaterhouseCoopers S.p.A.

The NFI includes information relating to the topical areas indicated as of particular importance for the purposes of 2020 non-financial reporting in the document “European common 2020 enforcement priorities for annual financial statements” published by the European Securities and Markets Authority (ESMA) on 28 October 2020 and noted by Consob in Warning Notice No. 1/21 of 16 February 2021. In relation to the points listed below, please see the contents of the 2020 Financial Report:

- Business models and value creation, highlighting

the main trends and factors that can affect the issuer's business model, the degree of resilience of this model to the consequences of exceptional events such as Covid-19 and the consequences on the company's capacity to continue to create value over time.

- Existing connections between financial and non-financial information, highlighting how the company's financial situation and performance have been impacted by the events caused by Covid-19.

LETTER TO STAKEHOLDER

At a time in history of profound and rapid change, conditioned by the ongoing digital revolution and the Covid-19 pandemic, we are facing global challenges that require the full attention and commitment of all to guarantee long-term business continuity. This involves interacting positively with the system, not only from an economic point of view, 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. During the Covid-19 pandemic emergency, Reply has paid the utmost attention to safeguarding the health of its workers, setting up a Committee to put into place of the procedures aimed at minimising risks for employees.

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.

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.

THE ORGANISATIONAL MODEL

With over 9,000 employees (as of 31 December 2020), Reply operates via a network of companies that specialise in processes, applications and technologies, each centres of excellence in their respective fields of expertise.

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 disaggregation of networks, the separation of hardware and software and cloud and edge computing are becoming distinctive factors for operators, who are being called upon to make their architecture more flexible and to promote increased fixed-mobile integration. The growing presence of connected objects also demands the networks to be reconfigured 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, in a pervasive connectivity that goes under the name of "Internet-of-Everything".

Reply is playing an active role in this new era of "smart connection", and 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.

FINANCIAL SERVICES

Digital transformation, and new technology in general, is having a radical effect on the financial sector. 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.

Reply's core expertise allows its customers to develop new decision-making models to analyse risks and optimise internal operational processes with Robotic Process Automation (RPA) techniques.

The increasing penetration of solutions based on artificial intelligence is another powerful factor in transformation, made possible by the explosion of big data and the increasing digitalisation of both internal and external services and processes.

Reply works alongside European banks as they engage in this digital transformation. Not only does it help financial institutions 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.

Reply has a dedicated Governance, Risk and Control (GRC) consulting division, which designs solutions to assist financial institutions in implementing European Banking Union regulations. It also has a strong market presence in the wealth management arena and has developed specific solutions for emerging consulting models, including robo-adviser platforms.

Reply also operates in mobile payments, mobile-commerce and e-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. In addition, it is working at the forefront of innovation on projects around quantum computing and blockchain, for example.

Reply also supports the main players in the Insurance sector by assisting them in the design, implementation and governance of significant transformation programmes, from turnarounds to optimisation of operating models, including through the adoption of Intelligent Process Automation and

Machine Learning models and techniques. Finally, the needs imposed by the global pandemic have provided a strong impetus to the development of distribution solutions for hybrid products both through the “remotisation” of relationships between companies, intermediaries and customers and through the design and activation of new models based on data analysis and interpretation.

MANUFACTURING

Digital innovation has now rightly found its way into factories and is not only revolutionising production, but also the entire supply chain, from procurement to logistics and sales to maintenance. As part of industry 4.0, production plants are being transformed into open and flexible ecosystems, also able to better manage communication flows and the distribution chain, creating a virtuous mechanism capable of minimising costs and maximising results.

Reply works with some of the leading manufacturing groups, supporting them in this complex transformation process in various areas: supply and purchase management; 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. Furthermore, in 2020, Reply strengthened its solution portfolio in the Industry 4.0 and Logistic 4.0 areas, continuing with the “replatforming” of its proprietary Lea Reply and Brick Reply solutions, dedicated to Supply Chain Execution and Manufacturing Execution Systems, as well as introducing Axulus Reply to the market, a new solution aimed at the Industrial Internet of Things.

AUTOMOTIVE

Electrical networks, increasingly connected vehicles and autonomous driving are the new paradigms of the automotive sector, which is on the path of deep transformation supported by continuous and significant investment.

Reply has developed skills and projects in this area related to the introduction of new technologies such as Artificial Intelligence in the development of autonomous driving and quality assurance (i.e. remote diagnostics, vehicle diagnostic repairs) and to new types of smart city integrated services, such as smart searches for free parking spaces.

In connectivity in particular, Reply is collaborating with leading OEMs to produce commercial versions of V2I connectivity platforms (Vehicle to Infrastructure). It is also involved in research into solutions and new service platforms capable of integrating data from on-board systems with internet data, in order to calculate the best routes between the various charging stations.

2020 saw Reply confirm its leadership in the sector of logistics IT solutions to support the automotive industry. Integrated Projects have been implemented which involve the whole supply chain, from production, with a focus on Industrial IoT and the support of edge computing technology, to the ability to “sensorise” the production and logistics lines, and of course also after-sales distribution and transport. This “holistic” view allows vehicle manufacturers to exploit the full range of data coming from the various business areas to monitor and streamline business processes and develop new applications for both internal use and customers.

RETAIL

The global spread of Covid-19 has called into question traditional retail sector models and led to a significant acceleration of digitisation processes along the entire distribution chain. Commercial and logistical processes have been heavily impacted by the regulations and limitations imposed by various countries to limit the spread of infection. In particular, the closure of physical stores led to goods being held in warehouses, risking business continuity in various sectors. Many companies, including those that had yet to experiment with e-commerce, found themselves forced to review their strategy and accelerate the development and consolidation of new hybrid sales methods, such as click and collect, i.e. online purchasing with in-store pick-up.

Reply supported numerous retailers in a range of product sectors during this delicate transition phase of, assisting them to increase touchpoint numbers and introduce new payment systems. By using a data-driven approach, it has not only been possible to make sales methods more flexible by adapting them to the ever-changing health and regulatory context, but also to leverage the contingent need to launch a series of strategic innovations to accompany the complete digitisation of sales processes.

ENERGY & UTILITY

The future of energy will be increasingly green and the progressive abandonment of fossil energy sources requires an evolution of processes and operating models that only digital technologies are able to support. The entire value chain will be involved in this revolution, from production to sales,

from controlling consumption to enabling new interaction models such as vehicle-to-grid or private micro-grids.

In 2020, almost all major operators launched technological innovation projects on an industrial scale with the aim of becoming increasingly flexible and resilient. Cloud computing is the most widespread of the technologies and platforms available and taken up by operators in the energy field, albeit at different levels. However, the IoT is now becoming the focus of investments, because it is increasingly a key factor in enabling the evolution of monitoring processes, the optimisation of operations and the activation of new services and models for working with customers.

In this scenario Reply is one of the reference partners in the sector, combining knowledge of the market with capability to design, implement and manage innovative digital solutions and technological platforms that support the reference market, above all leveraging cloud and IoT solutions. Reply has consolidated its experience in projects of international importance for some of the main sector operators, carrying out IoT based projects ranging from energy & demand management, to electric car charging management, up to smart metering solutions, smart grids, asset management and renewables generation.

HEALTHCARE & GOVERNMENT

The public and healthcare sectors have been among the market segments most under pressure over recent months. Globally, many governments have made major investments in various parts of the healthcare sector. This includes not only hospital operations and the management of Covid-19 patients, but also a greater focus on cost optimisation, the management of healthcare supplies and logistics, as well as the digitisation of a series of solutions, such as contact tracking applications. Among the various significant projects, Reply provided Bavarian healthcare institutions with a solution to manage Covid-19 infection contact and chain information.

In terms of healthcare sector digitisation, telemedicine is another area that has taken on greater importance during the pandemic, more useful than ever at a time when access to healthcare has been heavily impacted by restrictive measures to curb transmission of the virus. It is a pillar of “connected care”, an integrated real and virtual approach allowing doctors and healthcare professionals to remotely see patients, keep track of their progress and monitor their vital signs. Diagnostics, reporting, service payments and monitoring treatment can be carried out through videoconferencing systems connected to secure and transparent digital healthcare records, including through the use of artificial intelligence systems.

Reply has supported healthcare companies and public institutions in this area in their response to Covid-19 and in the process of digitising healthcare, helping them to develop their proprietary platforms to create solutions based on the Internet of Things,

cloud computing and machine learning systems. Furthermore, through partnerships with vendors such as InterSystems, Oracle and Microsoft, Reply has been able to design and implement interoperable and optimised applications in terms of compliance and security.

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.

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.

GOVERNANCE

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.).

BOARD

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, and a woman holds the position of CEO.

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. 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 2020 financial statements.

TAX MANAGEMENT

Reply recognises the redistributive value of taxes as a fair and responsible way giving back a part of the value created, with the aim of contributing to the economic and social development of the countries where it operates.

In view of Reply's activity and business model, its contribution is divided into the following main tax areas:

- corporate income taxes;
- personal income taxes, with particular reference to those paid as an employer and as a withholding agent;
- indirect taxes on the consumption of goods and services.

In tax management, Reply also applies the key values of its Code of Ethics, based on the principles of legality, honesty, transparency and integrity. Reply also adheres to the same principles in managing its relationships with the tax authorities.

The aforementioned values translate into a constant commitment to the correct and timely determination and payment of taxes, and fulfilment of the related obligations, in all the countries where the Group is present.

In its approach to taxation and related obligations, Reply is committed to combining the fundamental compliance with both the letter and spirit of tax law with its own operational and business development needs. Reply believes that monitoring tax matters is one of the factors capable of contributing to the sustainability of its development trajectory over a broad horizon.

TAX GOVERNANCE, RISK CONTROL AND MANAGEMENT

Tax risks associated with the business can essentially be divided into compliance risks, that is, relating to the correct and timely execution of tax obligations, and interpretative risks, related to uncertainty about the scope of application of the rules.

These risks are mitigated: (i) for routine operations, through the adoption and dissemination of adequate procedures to manage administrative and tax matters related to the business, as well as with training and updating activities for the corporate functions involved; (ii) for non-recurring operations, or for new initiatives, through the preliminary analysis of tax-related issues, by dedicated working teams, supported by the specific skills of external consultants.

Tax management is entrusted to the individual Group entities, with the ongoing support of the Group's administrative and tax services across the various Regions, under the supervision and coordination of the Regional Financial Department and, where necessary, of the Group.

The annual financial report contains information relating to tax receivables/payables and corporate taxes pertaining to the year, with an accompanying commentary and reconciliation of the actual tax rate. At the consolidated financial statements level, the information is segmented into the main regions where the Group operates.

STAKEHOLDER RELATIONSHIPS

To ensure management is based on the values of Reply's Code of Ethics, any irregularities or breaches of applicable regulations or procedures can be reported through the internal whistleblowing system. In relation to the tax authorities of the countries where it operates, Reply adopts a collaborative and proactive approach, based on transparency and fairness, both during checks on Group companies or third parties, and in all other dialogue (reimbursement procedures, requests for rulings, etc.).

LOBBYING ACTIVITY

As in previous years, the Group has not allocated any funds for lobbying or to influence public policy.

RELATIONSHIPS WITH AUDITORS

As in previous years, there was no payment of fees other than those due for auditing activities.

MAIN NON-FINANCIAL RISKS AND UNCERTAINTIES TO WHICH THE REPLY GROUP IS EXPOSED AND MITIGATION ACTIONS

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 areas referred to in Legislative Decree 254/16, deriving from corporate activities, products, services or business relationships, including supply chains and subcontracting where relevant, and the actions taken by the Group aimed at mitigating these risks.

Area	Risk description	Management method and risk mitigation actions
EMPLOYEE MATTERS	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.	Reply's operational and managerial structure is able to ensure continuity in corporate governance.
	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.	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.
	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.

Area	Risk description	Management method and risk mitigation actions
EMPLOYEE MATTERS	<p>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.</p>	<p>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. At the beginning of the Covid-19 pandemic, Reply set up a Committee to launch all the procedures to minimise risks for employees, including information on personal hygiene precautions, sanitation of offices, supply of PPE, management of common areas and travel, healthcare monitoring and home-based working.</p>
ENVIRONMENTAL MATTERS	<p>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.</p>	<p>Reply has defined its own Environmental Policy with the aim of pursuing continuous energy efficiency.</p> <p>Carbon Disclosure Project Reply takes part in the Carbon Disclosure Project (CDP) on Climate Change, where it has achieved score B.</p> <p>The Reply Group is ISO 14001 certified.</p>
	<p>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.</p>	<p>Reply's electrical and electronic waste is entrusted to external authorised companies for correct disposal.</p> <p>Reply recycles any unused functioning computers and donates them to schools located near its main Italian offices.</p>

Area	Risk description	Management method and risk 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. Protection is guaranteed for whistleblowers, as stated in the policy published on the company website.

Area	Risk description	Management method and risk mitigation actions
SOCIAL MATTERS	<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. Furthermore, there is a possible risk that computer connections will be used to damage the Reply Group or to obtain sensitive information for which the company is responsible (cyber risk).</p>	<p>Reply has adopted policies and procedures to ensure the appropriate use of customer data by employees and independent contractors. Moreover, the corporate data protection model has been updated to comply with GDPR requirements. The Reply Group Compliance Department conducts regular audits to verify that existing procedures are applied correctly.</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. 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>	

Area	Risk description	Management method and risk mitigation actions
ANTI-CORRUPTION MATTERS	<p>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>	<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>

CERTIFICATIONS

The validity of Reply's management model is recognised with Corporate Social Responsibility certifications, such as the **Ecovadis Certification**, in which the Reply Group was awarded the bronze medal.

Reply has taken part in the **Carbon Disclosure Project** on **Climate Change** since 2012, improving its score to reach level B in 2020.

Reply is ISO 9001:2008 certified at Group level. ISO 14001:2005 certification is held by the Reply Public Sector Consortium and all the consortium members, including the Parent Company Reply Spa. ISO 27001:2013 certification is held by the Group companies for which it is relevant in relation to the services provided.

SOCIAL CORPORATE VALUES AND ETHICS

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 and last updated in 2019, 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, guaranteeing 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.

Anti-bribery policies are in place in all the **Regions** where the group operates, to prevent and sanction corruption offences in both the public and private sectors.

Indicators

Anti-corruption

In 2020, 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 2020, the acceptance figure was 95% of employees. In detail, 92% of executives, 97% of managers and 95% of staff employees.

The updated version of the **Region 2** country anti-bribery policy was submitted for employee acceptance from 18 December 2020, and immediately recorded acceptance figures of 57.5% of employees (76% of executives, 61% of managers, 56% of staff employees). By the following month of January 2021, acceptance had already reached 89%.

In **Region 3**, the anti-bribery policy communication, launched in 2019, was explicitly accepted by 77% of employees, with an increase of 9% compared to the previous year, in detail by 100% of executives, 91% of managers and by 73% of staff employees.

Whistleblowing

In 2020, as in previous years, there were no reports received through the active whistleblowing channels.

Code of Ethics

As of 31 December 2020, the Code of Ethics was accepted by 96% of employees in **Region 1**, 100% in **Region 2** and 83% in **Region 3** (the acceptance survey is currently being implemented in the recently acquired companies). At corporate level, the Code of Ethics was accepted by 99% of executives, 97% of managers, and 95% 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 the correctness, completeness and accuracy 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 countries where Group subsidiaries are based. In 2020, the policy was updated in relation to conduct rules for home-based working activities, following its increased use due to the Covid-19 pandemic emergency.

Again in 2020, the **Employee's Privacy Policy** was introduced, which details the principles to ensure the protection of personal data while carrying out work for customers and/or for Reply.

Reply has implemented a GDPR Compliance Programme 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.).

During 2020, the periodic updating of the following took place:

- **internal document templates** relating to privacy sections and clauses;
- *documents published on the Group's websites*, such as, for example, the **Privacy and Cookie**

Policy, Customer-Supplier Information:

- the *Procedure for the administration of the Data Processing Agreement for Suppliers*;
- the **Support** procedure for internal applicants (Holding and Company) **for on demand requests relating to privacy and data security** through company ticketing systems;
- **Support procedure for audits requested by customers and for incident/breach** through a company ticketing system;
- *structuring of the Privacy Team* with the appointment of **DPOs** in Italy, Germany and the United Kingdom, *designation of Privacy Focal Points* in the Companies to support the Partners in fulfilling Companies' GDPR duties (e.g. GDPR Registers).

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's compliance and adequate protection of the processed data.

As part of the reporting and management of incidents related to data loss, an "**ICT security incident management**" policy is in place, integrated with the data breach notification process, which provides for the methods of containment, classification and management of incidents that could 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 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 an **obligatory** data protection and privacy e-learning **training programme** for all its employees, as well as a classroom course for partners and managers (induction sessions). The courses have been updated in line with new company processes and policies, including recommendations on incident prevention (publication expected in 2021); these courses are added to the already extensive employee awareness activities, such as the specific “*GDPR Framework*” course for Partners and Managers on the protection of personal data and IT security, and the “*Simulated Phishing*” initiative aimed at increasing staff awareness on 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.

Auditing

The following internal audit, monitoring and verification activities are carried out:

- support for the preparation, execution and follow-up of Privacy and Security Audits required by external bodies;
- scheduled checks on Group companies for the acceptance and application of the policy relating to the Customer Data Processing Agreement (DPA);
- monitoring the acceptance of internal policies by employees and the completion of mandatory courses on Privacy and Security.

The Chief Information Officer reports quarterly to the Board of Directors, mostly made up of experts in the Information Technology sector.

Indicators

Cybersecurity

Data breaches

During 2020, as in previous years, there were no registered complaints regarding privacy violations or customer data loss; there were 2 minor data breaches in **Region 1** on activities carried out for customers. They were promptly detected and resolved with the support of Reply.

In 2020, as in previous years, there were no complaints from regulatory bodies, nor incidents of data theft.

1 incident was managed by the SOC (Security Operations Center) in **Region 2**, while there were none in previous years.

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, also addressed to suppliers.

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 2020 was 63.2% compared to 65.2% in 2019 and 79.5% in 2018.

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 (and therefore excluding Region 2), there is an 88% 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 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. Various activities have been developed to involve students, such as **ReplyU**, an employer branding initiative to introduce Reply to university students, the **Reply Challenges**, online team competitions on programming, IT security, digital creativity and investments, and **Student Tech Clash**, an idea-generation contest between 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.

As part of training activities, the HR team is responsible for proposing and managing all courses for the 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.

The Group aims to promote well-being during the working day through the **Reply Wellness** programme, launched in the main Reply offices with sports activities such as yoga, cross fit and pilates, armchair massage sessions and appointments with a nutritionist.

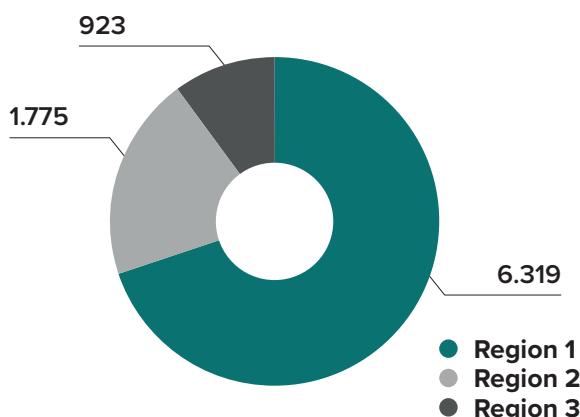
Awareness campaigns have also been launched on specific issues such as **Mention for Prevention**, a campaign created in collaboration with Social Networks and HR, to increase **cancer prevention** awareness through educational and information initiatives, events and challenges.

During the Covid-19 emergency, Reply has used home-based working to ensure access to work under the safest conditions possible, in line with the pandemic's evolution across the various countries. Since this way of working was already in place in the Group, its wider adoption did not have any particular impact on normal operations.

Indicators

With regard to workforce composition, on 31 December 2020 the Reply Group had 9,017¹ employees, with an increase of 10.5% compared to the previous year. The number of female workers rose from 2,031 in 2018 to 2,279 in 2019 and to 2,549 in 2020 – growing to be equal to 28.3% 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 2020, 99.7% of employees in Region 1, 98.1% in Region 2 and 98.5% in Region 3

¹ Employees linked to acquisitions carried out after 30 November 2020 are not taken into account.

were hired with permanent contracts, confirming the company's attention to safeguarding employee stability. Of the total number of women employed, 99.0% have permanent contracts.

96% have a full-time contract and of these, 26.9% 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 2020, the use of contractors decreased by 7.3%, while there was an increase of 14% in 2019 compared to 2018, and 13% in 2018 compared to 2017. Independent contractors deal mainly with software development and ICT systems support.

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

CATEGOGY	AGE GROUP	2018		2019		2020	
		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%	1%	1%	1%
Managers	< 30 years old	0%	0%	0%	0%	0%	0%
	30 < x < 50	11%	7%	11%	7%	12%	8%
	> 50 years old	2%	1%	2%	1%	2%	1%
Staff	< 30 years old	30%	37%	31%	38%	34%	38%
	30 < x < 50	49%	50%	48%	48%	43%	47%
	> 50 years old	3%	4%	3%	5%	4%	4%
Total		5,508	2,031	5,878	2,279	6,468	2,549

As laid down in its Code of Ethics, Reply is committed to promoting protection of human rights for its employees and throughout its supply chain, avoiding any form of discrimination of race, gender, sexual orientation, physical and health condition, disability, age, nationality, religion, or personal opinion.

The Code of Ethics and policies issued by Reply are inspired by the principles of ILO conventions and protect the freedom of association and collective bargaining.

All of the staff employed in Italy and Brazil have signed collective bargain agreements; however this has not been applied in other countries where Reply operates, since it is not envisaged by local legislation.

The Reply Group repudiates child and forced labour and has issued the **Modern Slavery Policy** for this purpose.

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.

Diversity

Reply has Group employees from 110 different countries, with 12 nationality groups having more than 40 employees.

Inclusion

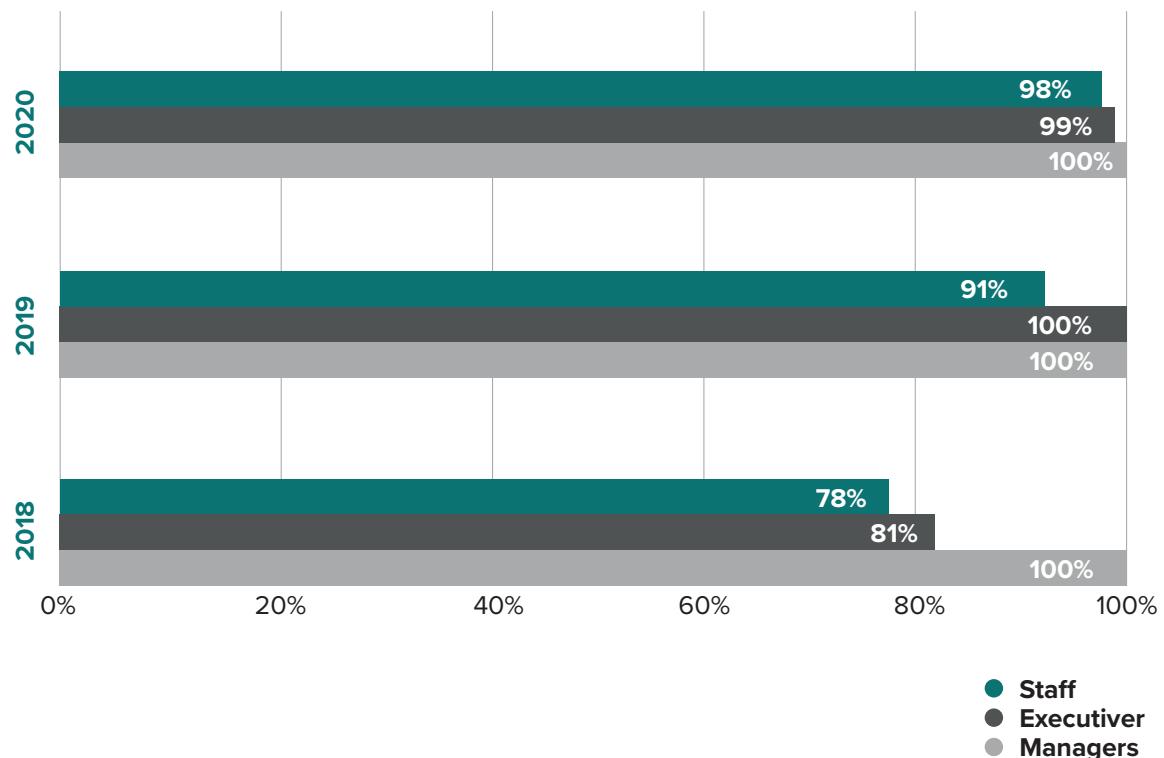
The Reply Group adopts policies consistent with the regulatory provisions for protected categories in all the countries where it operates, seeking to promote their social and work inclusion. Given the regulatory constraints relating to privacy in the various countries, the percentage of employees belonging to protected categories can be calculated as 5.2% of the **Region 1** workforce.

Evaluation

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 2018, 2019 and 2020 a centralised personnel assessment system was used to monitor performance of the majority of employees.

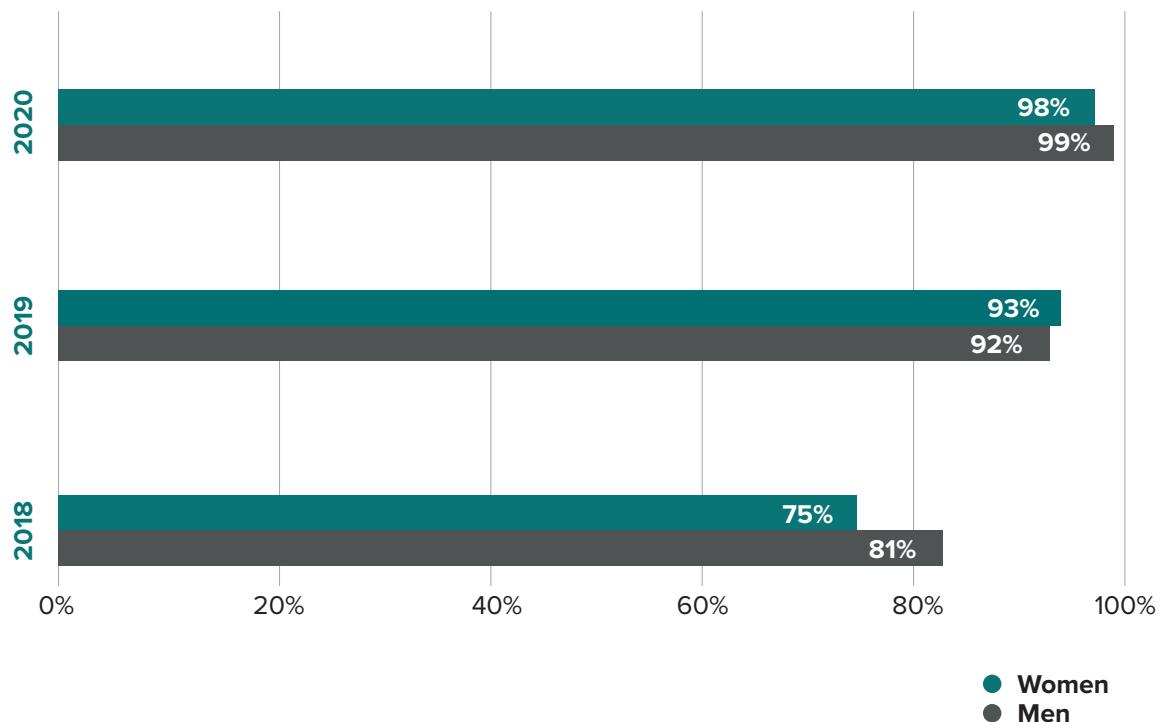
When considering assessment percentages, the significant and constant increase in new employees joining the company must be taken into account, who are reviewed after their first six months at work.

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



² The performance review period corresponds to the previous year of the year in which the review is carried out; therefore companies acquired in the second half of 2020 and those without access to the Personal information system were excluded from the scope of this specific indicator.

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



Training and professional development are promoted regularly with ongoing education activities. Consequently, in 2020, 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 well-being, 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 Please see note 2.

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

- **Region 1:** in 2020 there were 4 on-site accidents involving men and 4 involving women. The frequency rate for men is 0.50, while for women it is 1.39. The lost day rate is 0.004 for men and 0.002 for women.
Absenteeism is 0.88% for men, a decrease of 16% compared to 2019 and 57% compared to 2018 and 1% for women, with a decrease of 23% compared to 2019 and 59% compared to 2018.
- **Region 2:** The number of on-site accidents that occurred in 2020 was 1 for men and 0 for women, with a frequency rate of 0.52 for men. The lost day rate is 0.13 for men and 0.04 for women.
Absenteeism is around 2% for men, a decrease of 13% compared to 2019 and 26% compared to 2018 and 3% for women, with a decrease of 50% compared to 2019.
- **Region 3:** 1 woman was involved in an on-site accident in 2020. The frequency rate for women is 2.46. The lost day rate is 0.09 for women and 0.004 for men.
Absenteeism is 0.87% for men, with a decrease of 34% compared to the previous year and 1% for women, with a decrease of 52% compared to 2019.

There were no occupational illnesses in any Region during 2020.

ENVIRONMENTAL 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 consortia renewed their ISO 14001:2015 certification in January 2020, 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 focus on environmental issues has also led to numerous internal initiatives. During 2020 for example, Reply purchased 350 trees on the Treedom platform, to celebrate Earth Day. This new "Reply forest" is currently able to absorb 48,250 kg of CO₂ per year. As a result of the pandemic, the main 2020 events were held in virtual form, reducing the impact on the environment. During Xchange in July, for example, the lack of travel by bus, train and plane made it possible to avoid the emission of 58 tonnes of CO₂ into the atmosphere. Finally, as a practical example of a circular economy, recyclable material used during the events themselves is normally used to produce the gadgets distributed at subsequent events.

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 the three-year 2018-2020 period.

The reported data show how the measures imposed by the relevant bodies to curb the spread of the Covid-19 pandemic led to a drastic reduction in some types of consumption during the year. The use of cars decreased by 52% compared to the previous year and by 45% in the three-year period. Electricity consumption also fell significantly (-22% compared to the previous year) almost taking consumption back to 2018 levels, despite the growth of the Group's workforce. The impact of restricted movement on heating consumption is less sensitive, both because it was in place mainly during hotter months, and because the influence of weather trends makes the values less interpretable.

TABLE 2. ENERGY CONSUMPTION BY TYPE

TYPE OF CONSUMPTION	UNIT OF MEASURE	2018	2019	2020
Electricity	kWh/year	10,259,103	12,807,884	10,504,907
Natural gas	m ³ /year	982,642	1,022,743	426,746
Diesel (vehicles)	l/year	1,913,664	2,005,255	1,318,530
Diesel (heating)	l/year		17,000	14,500
Gasoline	l/year	150,335	112,613	60,138
District heating	kWh/year	2,937,108	2,976,796	3,291,278

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 6.71%, with an average consumption of 1,722 kWh against last year's figure of 1,846 kWh.

FIGURE 4. KWH CONSUMPTION PER EMPLOYEE⁴



In 2020, new "green" supply contracts were signed, making it possible to achieve the goal of 100% renewable electricity in all main Reply offices. Therefore, given the predominance of Italian consumption over the total, it is noted that 77.9% of the electricity consumed by Reply is from renewable sources.

⁴ 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

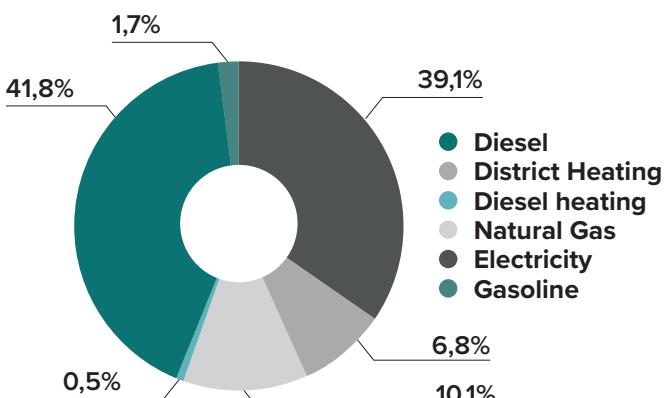
COUNTRY	TOTAL ELECTRICITY 2020 (kWh)	% RENEWABLE ⁵	ELECTRICITY FROM RENEWABLES 2020 (kWh)	ELECTRICITY FROM NON-RENEWABLES 2020 (kWh)
BRAZIL	87,164.45	82.5%	71,910.67	15,253.78
CHINA	25,148.69	38.3%	9,631.95	15,516.74
INDIA	41,931.00	22.62%	9,484.37	32,446.63
ITALY	7,263,062.19	98.5%	7,154,116.25	108,945.93
POLAND	17,691.7	12.97%	2,293.85	15,397.85
ROMANIA	7,320.00	41.04%	3,004.49	4,315.51
USA	707,686.23	17.6%	124,552.78	583,133.45
CROATIA	3,912.00	72.4%	2,832.82	1,079.18
GERMANY	1,529,609.58	35.96%	550,582.97	979,026.61
BELARUS	105,627.8	5.9%	6,232.04	99,395.76
BELGIUM	25,845.10	24.35%	6,294.13	19,550.97
FRANCE	11,237.00	20.42%	2,294.60	8,942.40
LUXEMBOURG	22,921.09	87.73%	20,107.99	2,813.11
UNITED KINGDOM	655,750.40	33.45%	219,341.95	436,408.45
TOTAL	10,504,907	77.9%	8,182,681	2,322,226

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. CO₂EQ EMISSIONS (SCOPE I + SCOPE II⁶), BY SOURCE IN 2020



5 The percentage of renewable energy is calculated on the basis of specific contracts, where existing, or assumed from national fuel mixes.

6 Calculated with the Location-based methodology

The table below compares GHG emissions 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 4. DIRECT (SCOPE I) AND INDIRECT GREENHOUSE GAS (SCOPE II) EMISSIONS

SCOPE	UNIT OF MEASURE	2018	2019	2020
Direct (Scope I) greenhouse gas emissions	tonnes CO ₂	7,339	7,628	4,518
Indirect (Scope II) greenhouse gas emissions	tonnes CO _{2eq}	4,001	4,935	3,831
LOCATION-BASED				
Indirect (Scope II) greenhouse gas emissions	tonnes CO _{2eq}	5,592	7,121	2,367
MARKET-BASED				

An analysis of greenhouse gas emissions trends in the three-year period 2018-2020, shows a decrease on all fronts mainly as a result of two factors: the lower use of company cars and consumption of electricity due to the movement restrictions in force in Italy and Germany, and the choice of 100% renewable suppliers of electricity in Italy. The positive effect of the second factor is structural, and drastically reduces Scope II Market Based emissions, while the impact of the Covid-19 pandemic will come to an end and has offset, during 2020, any other effects related to normal business growth.

FIGURE 6. TOTAL CO_{2EQ} EMISSIONS ENERGY MIX COMPARISON

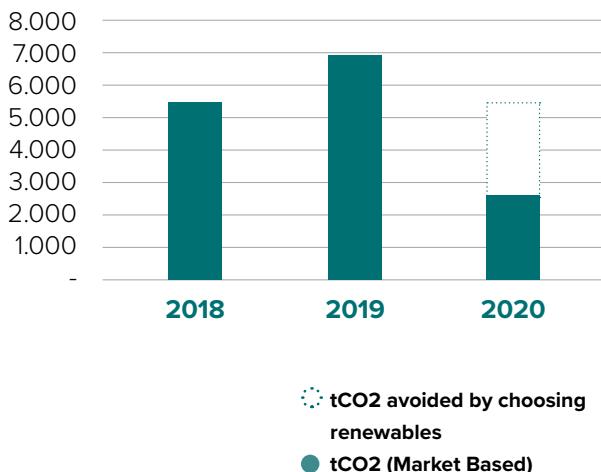


Figure 6 highlights how, net of the pandemic effect, the choice to use 100% renewable sources in Italy has more than halved potential emissions, calculated with the parameters of the previous year.

FIGURE 7. CO₂ EMISSIONS PER EMPLOYEE⁷

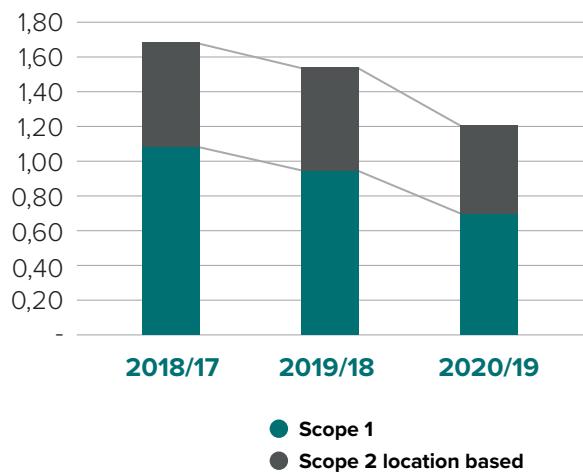
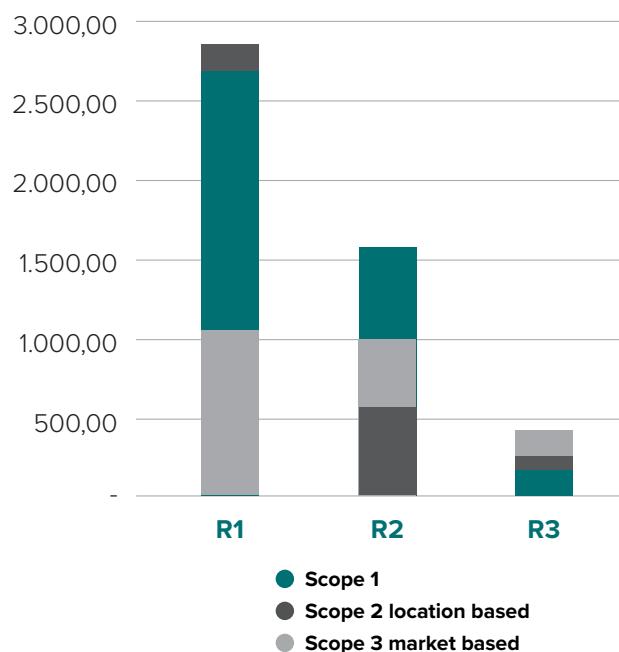


TABLE 5. DIRECT (SCOPE I) AND INDIRECT ENERGY (SCOPE II) CO₂ EMISSIONS BY REGION

SCOPE	UNIT OF MEASURE	R1	R2	R3
Direct (Scope I) greenhouse gas emissions	tonnes CO ₂	2,708.46	1,629.05	180.52
Indirect (Scope II) greenhouse gas emissions	tonnes CO _{2eq}	2,828.73	743.95	258.13
LOCATION-BASED				
Indirect (Scope II) greenhouse gas emissions	tonnes CO _{2eq}	1,035.16	990.53	341.26
MARKET-BASED				

FIGURE 8. CO₂ EMISSIONS BY REGION



⁷ Please see note No. 6.

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 15 March 2021.

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 9. STAKEHOLDERS MAPPING



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 6. 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 policy, 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.

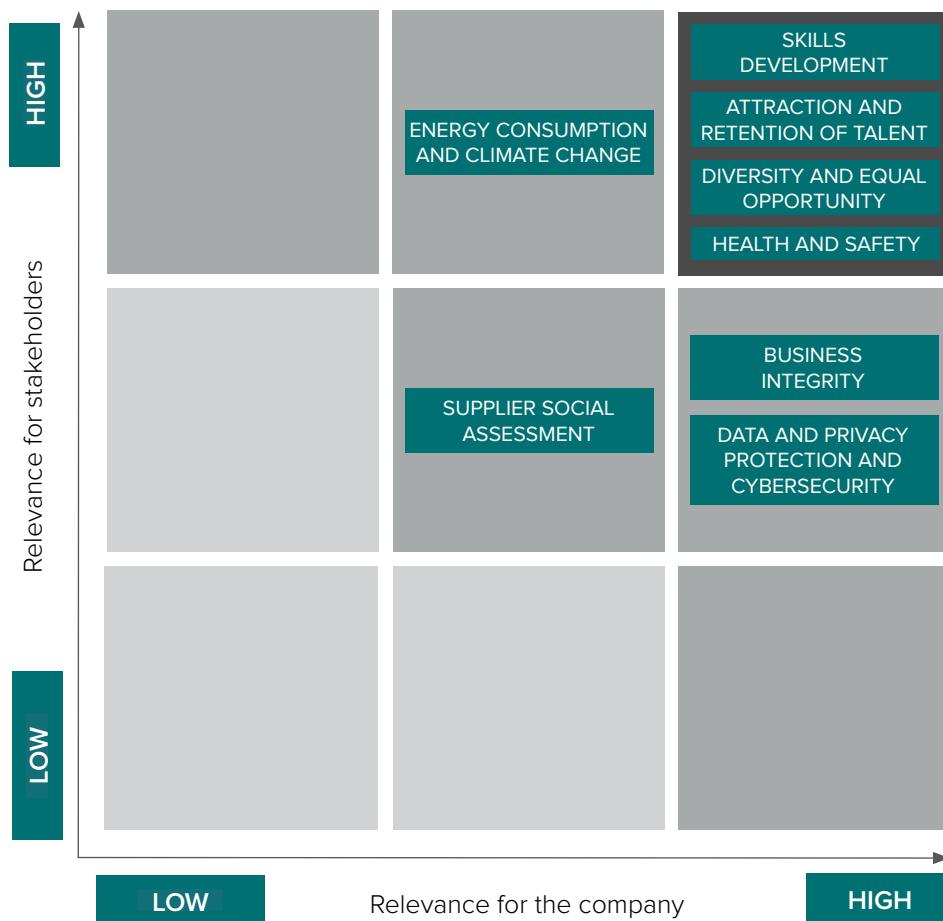
Finally, Reply's non-financial material topics were identified by intersecting the relevance of the topics for the Group with those for stakeholders.

In 2020, as 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

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 and also validated for the previous two years, integrating it with the topic of cybersecurity.

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

FIGURE 10. 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, "Diversity and equal opportunity"** and "**Health and safety**", in line with the industry in which Reply operates and with the importance that know-how and human capital have for business and with the importance of the health and safety of employees and external contractors, which may also be threatened by force majeure (e.g. Covid-19 pandemic);
- "**Business integrity**" and "**Data and Privacy Protection and Cybersecurity**" are two of the most relevant aspects for Reply, above all by virtue of its business and the importance these issues have for its long-term success;
- The "**Energy consumption and Climate Change**" topic, on the other hand, assumed relevance for stakeholders and reflects the growing awareness of this issue at a global level.

In relation to the materiality matrix reported in the previous edition of this document, it should be noted that the "Diversity and equal opportunity" topic moved from medium to high relevance for the company, the "Health and Safety" topic moved from medium to high relevance for stakeholders and the "Data and privacy protection" topic has been changed to "Data and privacy protection and cybersecurity".

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 offices, the impact on water resources was deemed negligible.

The topic of Human Rights, envisaged by Art. 3 of Leg. Decree 254/2016, is not material for the Group in relation to the context in which it operates. Nevertheless, Reply operates in accordance with a Group Code of Ethics, as described in the "Corporate values and ethical principles" chapter, directed towards 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.

TABLE 7. LEG. DECREE 254/2016 AREAS

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 opportunity
Fight against corruption	Business integrity
Social impact	Data and privacy protection and cybersecurity
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 2020.

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 by the GRI – Global Reporting Initiative. In particular, according to the provisions of GRI Standard 101: Foundation, paragraph 3, this document has been prepared according to the “In accordance – Core” approach. The performance indicators and the information included in the NFI were collected on an annual basis (January–December) for the years 2018, 2019, and 2020; 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 2020 was in most cases taken as a reference for the renewable energy percentages in each country; for most Italian offices, the specific 100% Green contract was taken as reference;
- 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 2021 version) was applied;
 - **indirect emissions (Scope II – Location-based):** for electricity purchased from the national

electricity grid in 2020, the emission factors used came from the following sources: ISPRA (2020) for Italy, DEFRA (2020) for the United Kingdom and Terna international comparisons (2018) for all other countries; Emissions from district heating were considered with the emission factor supplied by DEFRA (2020);

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

the source used for the residual national mix of European countries is AIB (Association of Issuing Bodies-2019); for the USA the factors published by the Centre for Resource Solutions (“2019 Green-e Energy Residual Mix Emissions Rates”); for the countries for which residual mix factors are not available, the same emission factors applied for the location-based approach were used, for most Italian offices, the emission factor associated with the specific 100% Green contract was 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 work days lost and the total number of working hours, multiplied by 1,000;
- work days 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")	55	
	102-2 Activities, brands, products, and services ("a"; "b")	8 - 13	
	102-3 Location of headquarters ("a")	55	
	102-4 Location of operations ("a")	5	
	102-5 Ownership and legal form ("a")	15	
	102-6 Markets served ("a")	9	
	102-7 Scale of the organisation ("a")	8; 55	
	102-8 Information on employees and other workers ("a"; "b"; "c"; "d"; "e"; "f")	31	
	102-9 Supply chain ("a")	29	
	102-10 Significant changes to the organisation and its supply chain ("a")	29	
	102-11 Precautionary Principle or approach ("a")	18- 22 ; 49 - 50	
	102-12 External initiatives ("a")	None	
	102-13 Membership of associations ("a")	Anitec-Assinform	
	102-14 Statement from senior decision-maker ("a")	7	
	102-16 Values, principles, standards, and norms of behaviour ("a")	23 - 24	
	102-18 Governance structure ("a"; "b")	15	
	102-40 List of stakeholder groups ("a")	43 - 44	
	102-41 Collective bargaining agreements ("a")	33	
	102-42 Identifying and selecting stakeholders ("a")	43	
	102-43 Approach to stakeholder engagement ("a")	45	
	102-44 Key topics and concerns raised ("a")	45	
	102-45 Entities included in the consolidated financial statements ("a"; "b")	49	
	102-46 Defining report content and topic Boundaries ("a"; "b")	43 - 49	
	102-47 List of material topics ("a")	47 - 48	

GRI STANDARD	DISCLOSURE	PAGE	OMISSION			
GRI 102: General Disclosure 2016	102-48 Restatements of information ("a")	48				
	102-49 Changes in reporting ("a")	48 - 49				
	102-50 Reporting period ("a")	49				
	102-51 Date of most recent report ("a")	The previous Consolidated disclosure of non-financial information was published in March 2020				
	102-52 Reporting cycle ("a")	49				
	102-53 Contact point for questions regarding the report ("a")	55				
	102-54 Claims of reporting in accordance with the GRI Standards ("a")	49				
	102-55 GRI Content Index ("a"; "b")	51 - 55				
	102-56 External assurance ("a"; "b")	43; 56				
	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")	46 - 49				
	103-2 The management approach and its components ("a"; "b"; "c")	24 - 25				
	103-3 Evaluation of the management approach ("a")	24 - 25				
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures ("b")	25	points "a"; "c"; "d"; "e" were not reported.			
	205-3 Confirmed incidents of corruption and actions taken ("a")	25	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")	46 - 49				
	103-2 The management approach and its components ("a"; "b"; "c")	24 - 25				
	103-3 Evaluation of the management approach ("a")	24 - 25				
GRI 206: Anti-competitive behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices ("a")	25	Point "b" was not reported as there were no legal actions relating to anti-competitive behaviour and monopolistic practices.			

GRI STANDARD	DISCLOSURE	PAGE	OMISSION
Taxes			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary ("a"; "b"; "c") 103-2 The management approach and its components ("a"; "b"; "c") 103-3 Evaluation of the management approach ("a")	46 - 49 16 - 17 16 - 17	
GRI 207: Tax 2019	207-1 Approach to taxation	16	
	207-2 Tax governance, risk control and management	16	
	207-3 Stakeholder engagement and management of tax concerns	17	
GRI 300 Environmental indicators			
Energy			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary ("a"; "b"; "c") 103-2 The management approach and its components ("a"; "b"; "c") 103-3 Evaluation of the management approach ("a")	46 - 49 37 - 38 37 - 38	
GRI 302: Energy 2016	302-1 Energy consumption within the organisation ("a"; "b"; "c"; "e"; "f")	38	Points "d" (n.a); "g" were not reported.
Emissions			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary ("a"; "b"; "c") 103-2 The management approach and its components ("a"; "b"; "c") 103-3 Evaluation of the management approach ("a")	46 - 49 40 40	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions ("a"; "b"; "c"; "d"; "e"; "f"; "g") 305-2 Energy indirect (Scope 2) GHG emissions ("a"; "b"; "d"; "e"; "f"; "g")	41; 49 - 50 41; 49 - 50	Point "c" was not reported.

GRI STANDARD	DISCLOSURE	PAGE	OMISSION
GRI 400 Social Topics			
Employment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary ("a"; "b"; "c")	46 - 49	
	103-2 The management approach and its components ("a"; "b"; "c")	30 - 31	
	103-3 Evaluation of the management approach ("a")	30 - 31	
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees ("a"; "b")	35	
Occupational health and safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary ("a"; "b"; "c")	46 - 49	
	103-2 The management approach and its components ("a"; "b"; "c")	31	
	103-3 Evaluation of the management approach ("a")	31	
GRI 403: Occupational health and safety 2018	403-9 Accidents at work ("a"; "e")	36; 50	Points "b"; "c"; "d" have not been reported.
Training and education			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary ("a"; "b"; "c")	46 - 49	
	103-2 The management approach and its components ("a"; "b"; "c")	30 - 31	
	103-3 Evaluation of the management approach ("a")	30 - 31	
GRI 404: Training and education 2016	404-3 Percentage of employees receiving regular performance and career development reviews ("a")	33 - 35	
Diversity and equal opportunity			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary ("a"; "b"; "c")	46- 49	
	103-2 The management approach and its components ("a"; "b"; "c")	31 - 33	
	103-3 Evaluation of the management approach ("a")	31 - 33	
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees ("a"; "b")	15; 31 - 33	
Supplier social assessment			
GRI 103: Manage- ment Approach 2016	103-1 Explanation of the material topic and its Boundary ("a"; "b"; "c")	46 - 49	
	103-2 The management approach and its components ("a"; "b"; "c")	29	
	103-3 Evaluation of the management approach ("a")	29	
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria ("a")	29	

GRI STANDARD	DISCLOSURE	PAGE	OMISSION
GRI 400 Social Topics			
Customer Privacy			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary ("a"; "b"; "c")	46 - 49	
	103-2 The management approach and its components ("a"; "b"; "c")	25 - 28	
	103-3 Evaluation of the management approach ("a")	25 - 28	
GRI 418 Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data ("c")	28	
Socio-economic compliance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary ("a"; "b"; "c")	46 - 49	
	103-2 The management approach and its components ("a"; "b"; "c")	24 - 25	
	103-3 Evaluation of the management approach ("a")	24 - 25	
GRI 419 Socio- economic com- pliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area ("b")	24 - 25	Points "a" and "c" were not reported as there were no financial fines and non-monetary sanctions.

HEADQUARTERS

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CORPORATE DATA

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INTERNAL AUDIT DEPARTMENT

E-mail: internal.audit@reply.com



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 adopted by Resolution of 18 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 undertaken a limited assurance engagement on the consolidated non-financial statement of Reply SpA and its subsidiaries (hereafter "Reply Group" or the "Group") for the year ended 31 December 2020 prepared in accordance with article 4 of the Decree and approved by the Board of Directors on 15 March 2021 (the "NFS").

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

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with the "GRI-Sustainability Reporting Standards" defined in 2016 and updated to 2020 (hereafter the "GRI Standards"), identified by them as the reporting standards as laid down in paragraph "Methodological note" of the NFS.

The Directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

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 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

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 051 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felisenti 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

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 Italia 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 and with the GRI Standards. We conducted our work in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information (“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, 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 of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, 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 standard 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 the information reported in the Group's consolidated financial statements;
4. understanding of the following matters:
 - a. business and organisational model of the Group with reference to the management of the matters specified by article 3 of the Decree;
 - b. policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
 - c. key 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 detail, we held interviews and discussions with the management of Reply SpA and we performed limited analyses 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 its 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 and German subsidiaries of the Group, which were selected on the basis of their activities, their contribution to the performance indicators at a consolidated level and their location, we gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusion

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 2020 is not prepared, in all material respects, in accordance with articles 3 and 4 of the Decree and with the GRI Standards.

Turin, 30 March 2021

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 2020 translation.

