

**CONSOLIDATED
DISCLOSURE
OF NON-
FINANCIAL
INFORMATION
2021**

Communication on Progress

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Letter to stakeholders

We are going through a period where the spread of Covid-19, as well as changing the way we live, has further increased the already growing stakeholder focus on environmental, social and governance (ESG) issues. In this context, technological innovation is the key to socio-economic recovery that evolves in line with the principles of sustainability.

As a leader in digital transformation, Reply intends to drive change towards sustainable development, both by carrying out its industrial activities in a sustainable way, respecting future generations, and by offering its customers models and solutions that minimise impact on the environment and promote inclusion.

Reply has launched the **Reply Green Approach**, with targets such as:

- ▶ **Carbon Neutrality**, the target of zero Scope 1 and 2 GHG emissions by 2025;
- ▶ **Net Zero emissions**, the target of zero GHG emissions from all direct and indirect activities by 2030;
- ▶ signing up for the **United Nations Global Compact**, with which Reply commits to integrating the Ten Principles promoted by the initiative into its business strategies and operations. Reply has signed up to the Global Compact focusing its commitment on sustainability issues, maximising its contribution to the achievement of the Sustainable Development Goals.

Sustainability is also, and above all, an integral part of our work and creates value for our customers.

With this in mind, we have further developed our ESG services:

- ▶ **Green Business Consulting**, strategic and process consulting, including ESG management & reporting and smart emissions monitoring, specialising in key sectors such as pharmacy, energy and finance;
- ▶ **Green Project Management**, Reply's methodology of sustainable digital project management;
- ▶ **Green Coding**, Reply's methodology of sustainable software development and optimisation of IT solutions using Artificial Intelligence algorithms.

Reply remains committed to **Diversity** and **Inclusion** at all levels, to ensure a diverse, inclusive and rewarding working environment, with more than 10,000 employees from 89 countries working together to better address market challenges.

The mental and physical well-being of all of us and the environment in which we live has always been a core value at Reply.

The **Reply Social Network's** mission is the well-being of all Replyers and it also manages the **Reply to the Earth** initiative, a programme for the entire Reply community, aimed at encouraging a greener and more sustainable approach.

To monitor the results of these initiatives and define strategies for the future, we have set up a **Sustainability Committee**. In addition, to assess our progress, Reply collects feedback from both inside and outside the organisation.

The commitment of all us Replyers towards a more sustainable world is ongoing and growing every day, and we would like to share our progress with you through this report.

Tatiana Rizzante

CEO

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.

For details of Reply's business activities reference should be made to the 2021 Financial Report.

The organisational model

With over 10,000 employees (as of 31 December 2021), Reply operates via a network of companies that specialise in processes, applications and technologies, each centres of excellence in their respective fields of expertise.

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

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

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

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

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

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

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. In partnership with leading universities, Reply organises events and initiatives for students to learn more about innovation. These include the **Student Tech Clash** at universities and the online **Reply Challenges** involving thousands of students each year.

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 as a leader
in digital transformation
drives the change
towards a more
sustainable world.**

**Reply is committed
to managing its business
activities paying
close attention
to environmental issues
to respect the legacy
for future generations.**

Environment

Reply 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. To this end, the Group 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 policy enables evaluation of the external and internal context in which the Group operates, with specific 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:

- ▶ the **Greenhouse Gas Emissions Monitoring Programme** inspired by the Carbon Disclosure Project (CDP), to monitor its contribution in terms of greenhouse gas emissions and the Group's environmental impact;
- ▶ the **Environmental Monitoring System**, in which the Reply Public Sector Consortium and its Italian affiliates renewed their ISO 14001 certification in January 2021, is aimed at minimising negative environmental impact, to guarantee regulatory compliance and promote continuous environmental performance improvement.
- ▶ the **ESG Impact Reduction Programme**, according to which Reply commits and implements targeted and specific actions to reduce the environmental and social impact of the Group and respond to the requests of its stakeholders.

As an *office-based* organisation, Reply carries out the majority of its services directly at its customer's premises, so its environmental impact is mainly limited to the consumption of energy resources (for heating and lighting of offices) and business travel. Therefore, although in most cases Reply is not able to directly put in place energy efficiency measures, because it does not own the premises in which it operates, through the Environmental Policy Reply intends to do everything in its power to spread sustainable behaviour.

The main guidelines defined in the policy and intended for all employees relate to printing documents, recycling materials, energy savings, energy efficiency, optimising transport means and consumption reporting. For each of these issues, 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. The 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. For example, during 2021, Reply purchased more than 1,000 trees on the Treedom platform in nine countries to celebrate Earth Day and support reforestation. The **Reply Forest** currently absorbs 322,510 kg of CO₂ per year.

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, etc.);
- ▶ **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 petrol** 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, Germany, UK, Poland, Belarus and Luxembourg.

The table below shows energy consumption by type for the three-year period of 2019-2021. The reported figures are partly influenced by the Covid-19 pandemic, which led to a reduction in some types of consumption during 2021 and 2020. The use of cars in 2021 decreased by 45% compared to 2019, but increased by 4% compared to 2020. Electricity consumption also decreased (-4.3% compared to 2020, and -27% compared to 2019), bringing consumption almost back to the 2018 level, despite the Group's organic growth.



TABLE 1. ENERGY CONSUMPTION BY TYPE

TYPE OF CONSUMPTION	UNIT OF MEASURE	2019	2020	2021
Electricity	kWh/year	12,807,884	10,504,907	10,067,118
District heating	m3/year	2,976,796	3,291,277	4,269,938
Natural gas	l/year	1,022,743	426,746	1,291,914
Diesel (heating)	l/year	17,000	14,500	10,000
Diesel (vehicles)	l/year	2,005,255	1,318,530	1,380,179
Gasoline	kWh/year	112,613	60,138	86,631

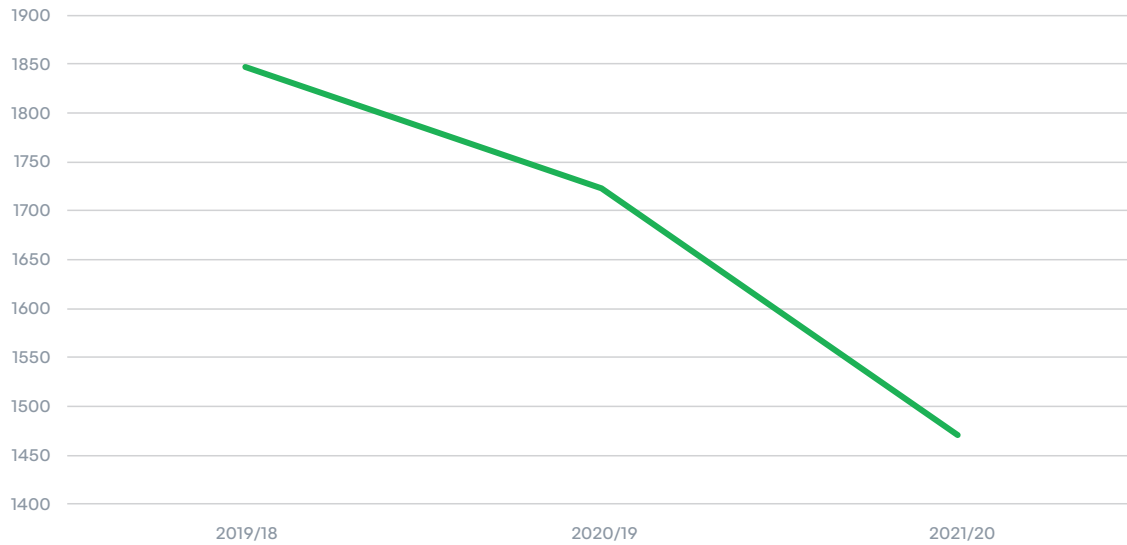
TABLE 2. ENERGY CONSUMPTION BY TYPE

TYPE OF CONSUMPTION	UNIT OF MEASURE	2019	2020	2021
Electricity	GJ/year	46,108	37,818	36,241
District heating	GJ/year	10,717	11,849	15,372
Gas	GJ/year	39,053	16,295	49,332
Diesel (Heating)	GJ/year	649	554	382
Diesel	GJ/year	76,571	50,348	52,702
Gasoline	GJ/year	3,870	2,066	2,977
TOTAL	GJ/year	176,968	118,930	157,006

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 14.6%, with an average consumption of 1,470 kWh against last year's figure of 1,722 kWh.

FIGURE 1. KWH CONSUMPTION PER EMPLOYEE ⁽¹⁾



(1) Figures per employee are calculated as an average over two consecutive years to mitigate the effects of abnormal seasonal events that may distort trends and to include the effect of improvement actions undertaken.

New green supply contracts were signed in 2020, allowing Reply to reach the target of 100% renewable electricity across all major Italian locations. In addition, the Group is working to supply all major locations worldwide with renewable electricity by 2025. With this in mind, the first green electricity supply contracts were already signed in Germany in 2021. In 2021, overall, Reply drew 81% of its electricity from renewable sources.

TABLE 3. SOURCE OF ELECTRICITY PURCHASED IN 2021

COUNTRY	TOTAL ELECTRICITY 2021 (kWh)	% RENEWABLE ⁽²⁾	ELECTRICITY FROM RENEWABLES 2021 (kWh)	ELECTRICITY FROM NON-RENEWABLES 2021 (kWh)
BRAZIL	93,408	84%	78,622	14,786
CHINA	25,918	28%	7,283	18,635
INDIA	41,931	20%	8,478	33,453
ITALY	7,386,519	97%	7,164,924	221,596
POLAND	17,296	13%	2,243	15,054
ROMANIA	81,600	42%	34,362	47,238
USA	581,124	20%	115,062	466,061
CROATIA	3,912	66%	2,598	1,314
GERMANY	1,286,989	43%	559,512	727,478
AUSTRIA	6,142	81%	4,944	1,198
BELARUS	54,111	3%	1,688	52,423
BELGIUM	16,563	22%	3,621	12,942
FRANCE	8,540	16%	1,366	7,174
LUXEMBOURG	9,208	84%	7,754	1,454
UNITED KINGDOM	409,621	42%	172,082	237,539
TOTAL	10,022,882	81%	8,164,537	1,858,344

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

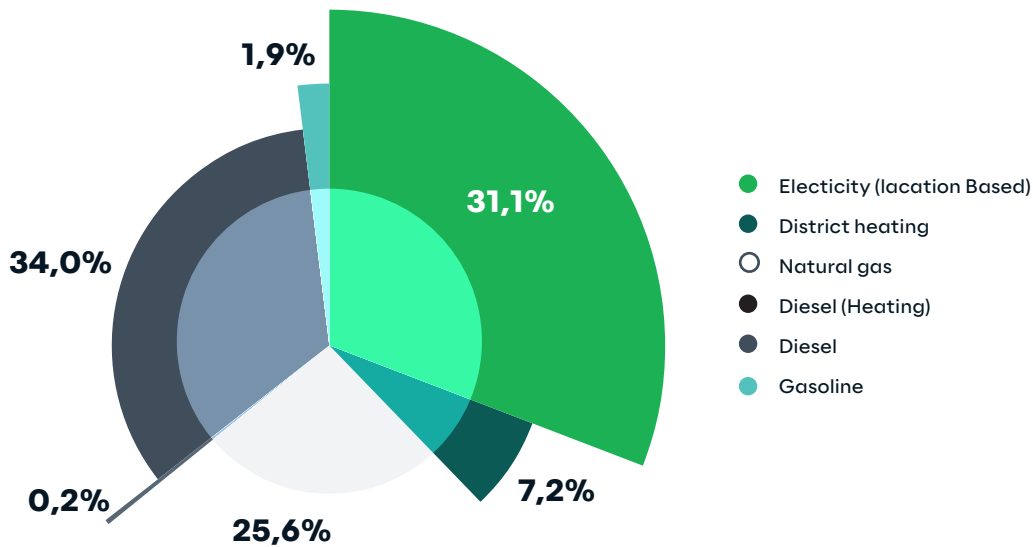
GHG emissions



The Group's greenhouse gas emissions are derived from their *office-based* organisation and this is 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 2. CO_{2EQ} EMISSIONS (SCOPE I + SCOPE II⁽³⁾), BY SOURCE IN 2021



(3) Calculated with the Location-based methodology.

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

- ▶ **Location-based:** reflects the average intensity of emissions relative to the grids providing the energy;
- ▶ **Market-based:** reports emissions related to electricity and district heating with Guarantees of Origin that prove the energy origin. In the absence of these guarantees, the calculation was made with reference to the residual mix, which entails higher emissions than the emissions calculated with the Location-based method.

TABLE 4. DIRECT (SCOPE I) AND INDIRECT GREENHOUSE GAS (SCOPE II) EMISSIONS

SCOPE	UNIT OF MEASURE	2019	2020	2021
Direct (Scope I) greenhouse gas emissions	tonnes CO _{2eq}	7,628	4,518	6,294
Indirect (Scope II) greenhouse gas emissions LOCATION-BASED	tonnes CO _{2eq}	4,935	3,831	3,898
Indirect (Scope II) greenhouse gas emissions MARKET-BASED	tonnes CO _{2eq}	7,121	2,367	2,416

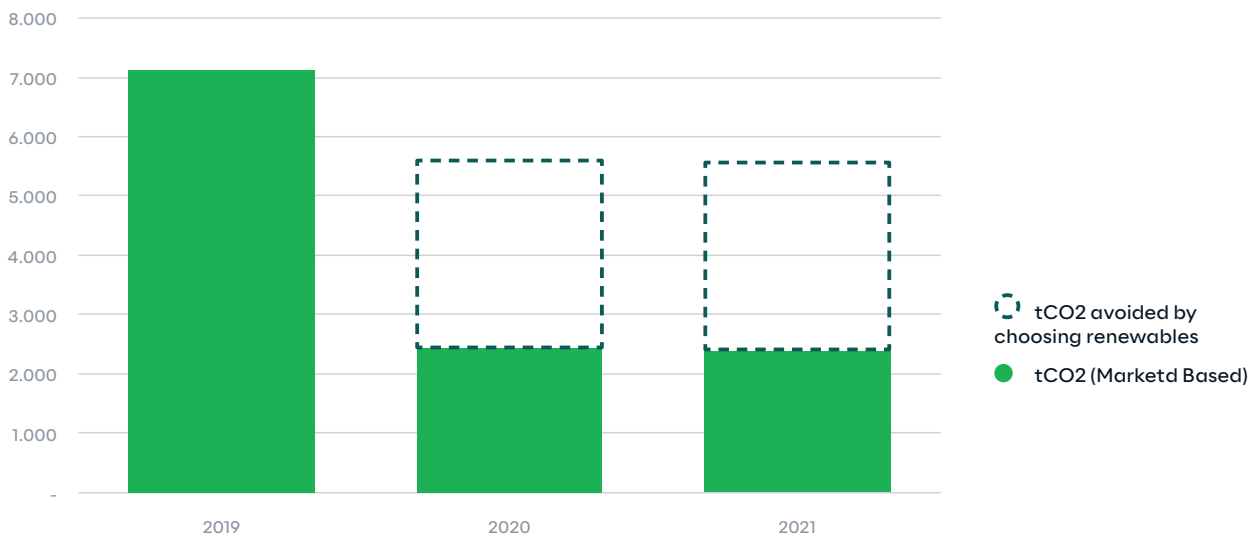
An analysis of greenhouse gas emission trends over the three-year period 2019-2021 shows a decrease in emissions compared to 2019 mainly caused by two factors:

- ▶ the reduction of electricity emissions thanks to the choice of 100% renewable suppliers in Italy and Germany (on the other hand, there is an increase compared to 2020, due to the office closures in that year because of the Covid-19 pandemic);
- ▶ the lower use of company cars.

The positive effect of choosing 100% renewable electricity supplies is structural, and drastically reduces Scope II Market Based emissions.

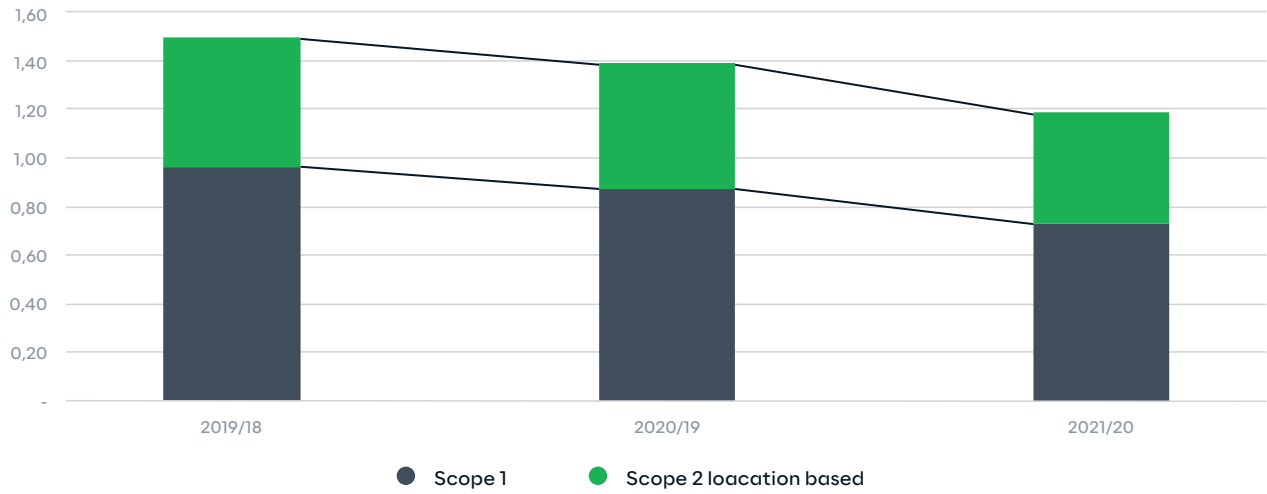
FIGURE 3. TOTAL CO₂ EMISSIONS ENERGY MIX COMPARISON

Scope II Market Based Emissions



The figure 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 4. CO₂ EMISSIONS [tCO₂] PER EMPLOYEE⁽⁴⁾



(4) Please see note 3.

FIGURE 5. CO₂ EMISSIONS [tCO₂] BY REGION IN 2021

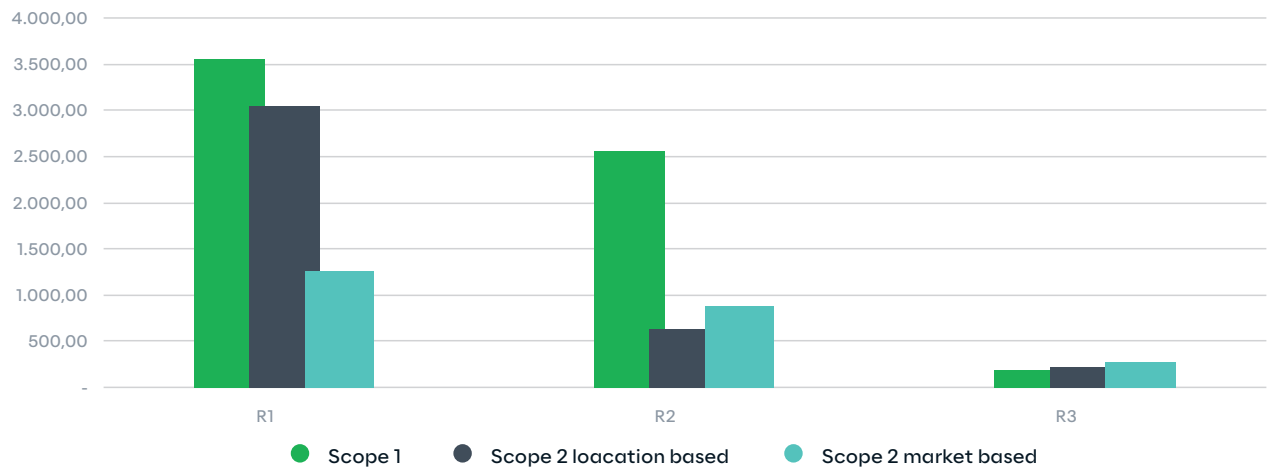


TABLE 5. DIRECT (SCOPE I) AND INDIRECT ENERGY (SCOPE II) CO2 EMISSIONS BY REGION IN 2021

SCOPE	UNIT OF MEASURE	R1	R2	R3	TOTAL
Direct (Scope I) greenhouse gas emissions	tonnes CO _{2eq}	3,547	2,557	190	6,294
Indirect (Scope II) greenhouse gas emissions LOCATION-BASED	tonnes CO _{2eq}	3,044	637	217	3,898
Indirect (Scope II) greenhouse gas emissions MARKET-BASED	tonnes CO _{2eq}	1,253	881	282	2,416

For 2021, the Reply Group has calculated Scope 3 emissions, i.e. greenhouse gas emissions that are not under the direct control of the company but are indirectly linked to the value chain, upstream and downstream of its activities.

The identification of emission sources was guided in particular by the company's defined strategy of identifying and understanding the risks and opportunities associated with emissions in its value chain, in order to set reduction targets, monitor performance and improve information to its stakeholders, thereby increasing the level of reporting transparency.

To achieve the above, the Reply Group has followed the five principles - relevance, completeness, consistency, transparency and accuracy - indicated in the *GHG Protocol Corporate Accounting and Reporting Standard*, balancing them according to its objectives.

The emission categories identified are as follows:

- ▶ *business travel*: emissions from air travel, train travel, hotel stays, taxis and other business trips, which mainly include reimbursement of expenses for travel by personal car and fuel used for rental cars;
- ▶ *fuel-and energy- related activities* (not included in scope 1 or scope 2): emissions from the consumption of natural gas, diesel for heating, diesel and petrol for cars, associated with the extraction, refining and transport of these fuels before combustion (*Well-To-Tank*);
- ▶ *waste generated in operations*: purification of the waste water produced;
- ▶ *purchased goods and services*: consumption of water from the aqueduct.

TABLE 6. INDIRECT (SCOPE 3) CO_{2eq} BY REGION IN 2021

EMISSION TYPE	UNIT OF MEASURE	R1	R2	R3	TOTAL
Air travel	tonnes CO _{2eq}	278	181	115	574
Train travel	tonnes CO _{2eq}	37	20	13	70
Hotel stays	tonnes CO _{2eq}	125	35	17	177
Taxis	tonnes CO _{2eq}	2	7	1	10
Other business trips	tonnes CO _{2eq}	714	36	55	805
Extraction, refining and transport of fossil fuels used	tonnes CO _{2eq}	785	520	43	1,348
Purification of the waste water produced	tonnes CO _{2eq}	13	3	1	17
Consumption of water from the aqueduct	tonnes CO _{2eq}	7	2	1	10
TOTAL	tonnes CO_{2eq}	1,962	804	245	3,011

FIGURE 6. INDIRECT (SCOPE III) CO_{2eq} EMISSIONS BY TYPE IN 2021

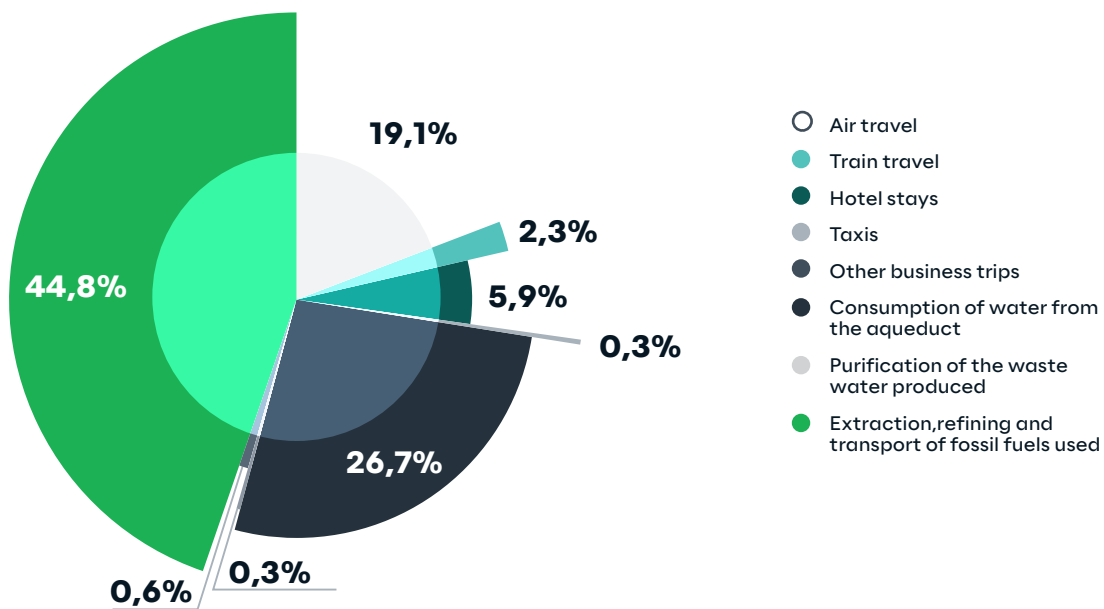
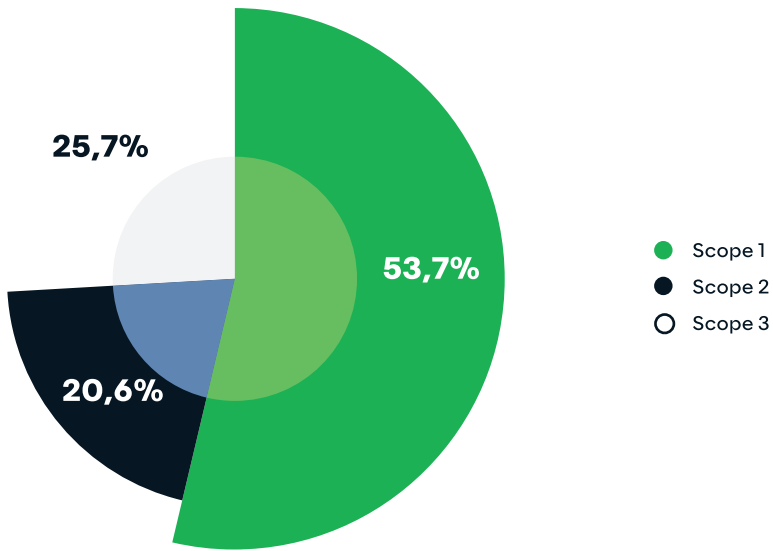


FIGURE 7. INDIRECT CO₂eq EMISSIONS BY SCOPE IN 2021



The path to net zero



Following the 2015 Paris Climate Agreement, many companies have stepped up their efforts to tackle climate change. Reply has made a full commitment to environmental sustainability, and is therefore committed to achieving **Carbon Neutrality by 2025** and **Net Zero emissions by 2030**.

Reply's action
plan defines
environmental
targets to help
protect the planet.

2025

Carbon Neutrality

2030

Net Zero Emissions

To achieve the Net Zero target, Reply is working on its carbon reduction programme and has a series of actions to optimise energy consumption and reduce the company's CO2 emissions.

The main measures implemented by Reply to reduce emissions are as follows:

- ▶ switching to **50% renewable electricity** in all countries by 2025, as well as introducing energy efficiency improvements in all offices within a decade (in Italy Reply is already at 100% renewable electricity in its main offices);
- ▶ adoption of **Environmental Policy guidelines** to reduce and monitor the impact of company activities on the environment in offices it does not own;
- ▶ establishment of **Reply Forest** to absorb tonnes of CO2 and support reforestation;
- ▶ evolution towards a **green fleet**, with a target of 30% hybrid/electric vehicles in 2025;
- ▶ implementation of the offsetting programme to achieve **Carbon Neutrality in 2025** and **Net Zero in 2030** for CO2 equivalent emissions.

Reply is strongly focused on the issue of sustainability also through the adoption of **Reply to the Earth**, a programme designed both to involve Replyers through activities and initiatives and to raise employee awareness to ensure they have a solid and tangible focus in their daily work. Through the Reply to the Earth programme, Reply Social Network organises local activities with the aim of involving the internal community in certain areas such as sustainable mobility or the use of recycled materials.

Reply's focus on the environment is also reflected in its reuse of promotional materials, such as posters, cards and plexiglass logos, which are 80% recycled to create limited edition gifts to be distributed to employees who have actively contributed to the initiatives.

In 2021, Reply also organised a **Sustainable Investment Challenge** focused on Sustainable Investment and ESG ratings. To raise participants' awareness of ESG issues, 6 live webinars and a learning section with materials and content from Reply, Banca Generali, CFA Society and MIP Politecnico di Milano were held, helping participants become familiar with the topic of investments and with a specific focus on how to choose *green* products. Almost 500 Replyers and 14,600 students and young professionals were able to put sustainable financial choices into practice, having fun and contributing to the growth of the Reply Forest (a tree was planted for every post published).

Sustainable supply chain



Reply places a strong emphasis on environmental factors in its supply chain:

- ▶ all Reply core systems are currently operated in *green cloud* environments managed by certified providers;
- ▶ the Environmental Policy adopted by Reply has been extended to suppliers, with annual audits on compliance with the relative requirements;
- ▶ Environmental Policy guidelines have been adopted for scouting and selection of new sites, with mandatory environmental and sustainability parameters (energy efficiency class B or higher).

Reply selects suppliers who have a proven track record in their operations, requiring compliance with certain ethical and environmental conduct requirements to ensure the sustainability of its supply chain.

Waste & Water Management

Reply is committed to achieving zero-waste status by 2030 with the aim of reusing and recycling where opportunities exist in e-waste. To achieve this goal, Reply will reuse or recycle 100% of electronic waste such as computers and servers. In addition, by 2022 Reply has set a target of eliminating single-use plastic in all locations.

Although Reply is not a water-intensive company, it has set a target of minimising consumption through responsible use in all locations.

By 2025, Reply will develop plans to reduce the impact of floods, droughts and water scarcity.

Although the management of water resources did not emerge as a material topic in the materiality analysis due to the nature of the Group and its business, Reply believes that water resources are an important aspect to be monitored, keeping track of data related to its consumption, as reported below.

It is noted that 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 are deemed negligible.

TABLE 7. WATER CONSUMPTION BY REGION IN 2021

REGION	UNIT OF MEASURE	2021 CONSUMPTION
R1	mc/year	47,900
R2	mc/year	10,744
R3	mc/year	5,063
TOTAL	mc/year	63,707

Social

Reply's values

In ensuring that all their corporate activities are based on principles of proper conduct and transparency, Reply and its subsidiaries adopted a Code of Ethics approved on 28 March 2008 and last updated in 2019, which has been distributed and disseminated in the countries in which the Group operates. The 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 to set a standard of conduct for all those working for the Group with regard to business and non-business affairs.

The Code of Ethics is intended for all the Group's stakeholders: 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 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.

Research and development of talent

The Reply Group's success and growth are supported thanks to the commitment and excellence of its people. 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.

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.

The **Skydive** internal mobility programme is also in place, allowing all employees to apply for new positions within the Group.

Lifelong learning

Reply Social Network also includes a *knowledge-sharing* platform to share insights and organise training events. The events are open to all employees and vary in format and level of interactivity, with seminars and workshops sharing the best customer projects and research and innovation experiences.

Through a *bottom-up* mechanism, Replyers are encouraged to suggest topics and share knowledge on the most innovative technologies. The more you share, the more you can access extra training activities, such as online courses and events outside the company. As part of these activities, **Reply Social Network** acts as an enabler for the use of courses

to improve **communication** 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.

The **Learn.Share.Remix** programme enables Reply employees to take part in hundreds of learning opportunities and appear as speakers on innovative topics. This mechanism allows a constant focus to be maintained on the topics of most interest to the business, to give visibility to speakers and improve their public speaking skills in a safe environment. The programme makes it possible to reinvest in those who make their knowledge and skills available, giving them access to extra and exclusive training activities. Within this programme 152 events were organised in 2021 with a global touch-rate of 58% of the Replyers community.

With the launch of the in-house video platform in April 2021, there is an even stronger focus on live and on-demand video content. Replyers have access to thousands of pieces of content produced by colleagues and industry experts. The videos are linked to the learning events of the Learn.Share.Remix programme and to video bites recorded and created ad-hoc for the platform.

Throughout the year, the knowledge-sharing process culminates in the **Reply Xchange** event, where the best content and projects are presented during a multi-day programme. At Xchange 2021, 5,100 Replyers and 500 customers were involved in one of the largest knowledge-sharing opportunities on key IT innovation topics, strategies and Reply's business objectives.

Since 2011, Reply has added to its in-office seminars with the highly operational focused **Hackathon** international event. Over 48 hours, teams of participants, from different Reply companies with different backgrounds and skills, have to build a working prototype of a project idea they have suggested. The hackathon format is now deeply rooted in Reply's culture, establishing itself as a space to experiment in highly innovative topics, with more than 50 editions, 2500 participants and 400 projects developed.

Giveback: Reply for students



Reply acquires the best talents through established relationships with several Italian and European universities and research centres, so as to enrich its workforce with high-profile personnel. Reply invests in the development of talent and skills, promoting the importance of *lifelong learning* as an integral part of career paths. This attitude is encouraged and promoted not only within the company with the employee community, but also externally, with students and professionals in various activities aimed at involving students. The various programmes include **ReplyU**, a set of *employer branding* social accounts to introduce university students to Reply and the **#LifeAtReply** corporate life, **Student Tech Clash**, a contest between universities to encourage competition through creativity and the production of innovative projects, the **Reply Challenges**, online team competitions on the main themes of innovation, and the **Reply Ambassadors**, teams of university students who collaborate with Reply in digital activities during their studies.

Since 2018, more than 130,000 students and professionals have registered on the **Reply Challenges** portal, helping to build awareness of this unique feature and Reply brand presence around the world. The Reply Challenges are created by Replyers and open to anyone who loves technology and digital competitions. In 15 different editions, the Reply Challenges have a community whose average age is 77% under 34. 60% are students, from 155 countries and the most renowned European universities. Challenges are organised in 4 topics: coding, cyber-security, investment - with a focus on sustainability - and digital creativity. From 2019, the Teen Edition was organised as part of the Code Challenge, a category open to very young people, to make them more aware of the topic of coding. There are *learning* and *sandbox* sections for all Challenges, where participants can find out more about the topics and train for the competition.

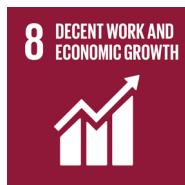
Student Tech Clash is an idea generation challenge aimed at university students from the main European universities in a challenge on an innovation theme promoted by Reply. Since 2015, around 5,000 European students have competed in multiple competitions producing more than 1,000 project proposals on topics such as Green IoT, Biotech Traceability, Future of payments, Virtual Reality, Risk Regulation, Investments, Retail, Blockchain, Banking, Internet of Things and Gamification.

The **Reply Ambassadors** programme, a team of university students supporting Reply's activities in universities, was set up through relationships with major universities and student associations. More than 100 students from 35 different European universities voluntarily share their time to support Reply in promoting its activities at their universities, establishing a link with the world of work during their studies. The programme connects universities to Reply and offers a range of opportunities to students, such as the possibility of applying to Reply on completion of their studies. *Ambassadors* have exclusive access to the Learn.Share.Remix training and can therefore take part in webinars and workshops held by experienced Replyers.

Another activity aimed at new graduates from the main technical faculties is the **Second Level Master's Degree in Artificial Intelligence and the Cloud**, which Reply has been organising since 2020 in partnership with the Polytechnic University of Turin, selecting the best 40 candidates to be offered a permanent work contract to follow an exclusive training course on the most innovative technological issues.

In addition to these initiatives aimed mainly at university students, there is also the **Code for Kids** programme, an initiative aimed at involving children and young people during their school years in activities to introduce them to programming and the conscious use of technology. Since 2015, more than 15,000 young elementary, middle and high school students have taken part in coding days held at schools or Reply offices.

Commitment to the physical and mental well-being of workers



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 the application of the model managed by the parent company Reply, certified ISO 45001.

Reply has issued its **Human Rights & Labour Policy** to confirm, together with the **Code of Ethics**, its commitment to the protection of human rights, favouring diversity, inclusion, avoiding any form of discrimination based on ethnicity, gender, sexual orientation, physical and health conditions, disability, age, nationality, religion or personal opinions, guaranteeing the physical and mental well-being of employees and their professional growth.

The Human Rights & Labour Policy affirms respect for the Universal Declaration of Human Rights and the Guiding Principles on Business and Human Rights promulgated by the United Nations, and the conventions issued by the International Labour Organization.

In order to ensure the effectiveness of these provisions and avoid any episode of discrimination, a whistleblowing system is in place for reporting irregularities or violations of applicable regulations or internal procedures, guaranteeing the anonymity of reports.

Covid-19

The Covid-19 pandemic emergency was managed by reducing office presence from 20% to 50% and the use of home-based working to ensure safe access to work as the pandemic evolved in the various countries.

As home-based working already existed in the Group, its adoption did not lead to significant changes in normal operations, nor did it have any impact on the execution of activities and revenues. Pandemic risks are adequately monitored within the risk management system. Support teams were set up in the various countries to provide information on personal hygiene precautions, oversee the disinfection of premises, provide PPE, manage common areas and travel, and to carry out health surveillance and report on any isolation measures.

Well-being

The **Reply Wellness** programme has been in place since 2018, it involves several activities divided into three main areas: nutrition, fitness and prevention. For each of these categories there are both annual programmes and specific activities linked to global campaigns or particular events. The wellness activities can be structured in different ways, times and formats according to the individual countries, maintaining however a common line and the spirit of active involvement of the Replyers' community. For particularly important events at a global level, special communication campaigns are carried out to raise awareness among employees and help them to be active leaders, through specific activities such as internal challenges or training events. This has led to numerous prevention campaigns being held through the special **Mention for Prevention** programme, thanks to which Reply has joined initiatives such as **Movember** and **Pink October** - respectively, two campaigns to raise awareness about prostate cancer and breast cancer - offering employees both training and the chance to take part in the campaigns through donations. Training events unrelated to external campaigns were also held, with specialists invited from the worlds of nutrition, dermatology and mental and physical well-being. Finally, links have been established with local initiatives in which Reply is an active partner, such as the Polimi-run, a marathon organised and promoted by the Polytechnic University of Milan, and other local marathons in various cities and countries. In 2021, the programme saw more than 310 events and lectures, with a total of 5,644 participants.

Reply guarantees a **stimulating and inclusive** working environment that **protects** the **physical and mental well-being** of all Replyers.

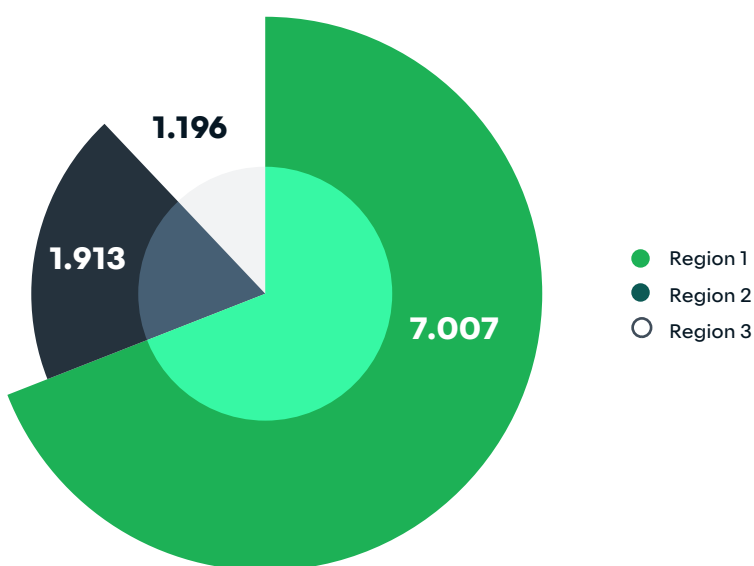
Reply has a **zero tolerance** policy towards human rights violations, sexual harassment and any form of discrimination.

Indicators

As at 31 December 2021, the Reply Group had 10,116 employees⁽⁵⁾, an increase of 12.2% compared to the previous year. The number of female workers rose from 2,279 in 2019 to 2,549 in 2020 and to 2,891 in 2021 – growing to be equal to 28.6% of the total workforce. Reply is committed to achieving gender equality within its workforce. The presence of women is in line with that of the university faculties that are the standard for recruitment in the Group.

(5) This does not take into account the 463 employees of companies acquired after 30 September 2021.

FIGURE 8. NUMBER OF EMPLOYEES BY REGION



Reply considers the offer of stable, long-lasting employment relationships essential in supporting employee growth: in 2021, 99.8% of employees in Region 1, 98.1% in Region 2 and 96.8% in Region 3 were hired with permanent contracts, confirming the company's attention to safeguarding employee stability. Of the total number of women employed, 99.2% have permanent contracts.

95.9% have a full-time contract and of these, 26.4% 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 the Group. In the year 2021, the use of contractors increased by 17.1%, while there was a decrease of 7.3% in 2020 and an increase of 14% in 2019 compared to 2018.



TABLE 8. NUMBER OF EMPLOYEES BY CATEGORY, GENDER AND AGE GROUP

CATEGORY	AGE GROUP	2019		2020		2021	
		MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Partner	30 < x < 50	3%	1%	3%	1%	3%	1%
	> 50 years old	1%	1%	1%	1%	1%	1%
Manager	30 < x < 50	11%	7%	12%	8%	13%	9%
	> 50 years old	2%	1%	2%	1%	2%	1%
Consultant	< 30 years old	31%	38%	34%	38%	38%	41%
	30 < x < 50	48%	48%	43%	47%	39%	44%
	> 50 years old	3%	5%	4%	4%	4%	3%
Total		5,878	2,279	6,468	2,549	7,225	2,891



The **Human Rights & Labour Policy** protects the freedom of association and collective bargaining. All of the staff employed in Italy and Brazil have signed collective bargain agreements, this practice is not followed in other countries where it is not provided for 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 89 different countries, with 11 nationality groups having more than 40 employees.

The objective of Reply's internal communication structure is to make sure all Replyers can access the same services and possibilities, without any difference based on gender, status, origin or office location. Therefore, to

foster and broaden connections, the **Booster Club** programme was created, which involves the setting up teams to engage the employee community at all Group locations. Booster Club activities are constantly monitored and supported by the internal communication team, which provides solid support in organising events.

The initiatives carried out by Booster Clubs vary according to the specificities of each local community, but the essential nature of such activities is that they promote contact and knowledge sharing among Replyers. The very nature of the Booster programme, in 2021 made up of 38 different teams present in 12 countries, allows for a wide variety of initiatives, both at particular local events and in the organisation of events and broader initiatives involving several Reply offices.

In relation to Booster Club activities, in 2021, numerous activities were carried out, ranging from straightforward entertainment to the organisation of information and training events on **gender diversity, mental and physical well-being**, and **team building** activities.

On 8 March 2019, the **Women in Tech in Reply** community was launched, organising discussion panels that connect Reply Partners, external customers and Replyers.

Women in Tech is an opportunity to discuss the role of women in the IT world and to identify activities that will further increase the presence of women in Reply's industry.

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 5.5% of the **Region 1** workforce.

A project approach to inclusion

Reply's objective is to take a project-based approach to inclusion, so it has launched a series of pilot projects, including the **Isola Formativa** (the training "island") project in which Reply collaborates with a partner specialised in the employment of neurodivergent people.

The project involves the organisation of a training course with a view to employing candidates in the field of testing, an activity that requires great precision and attention to detail.

The unique feature of the project is that Reply managers work with the Partner to deliver specific training sessions in the form of weekly workshops, allowing participants access to internal testing laboratories and inclusion, for training purposes only, in project activities.

The Reply Workshop is part of a wider training path, lasting around 16 weeks, which includes various modules, focused on providing soft skills and skills in basic tools.

At the end of the training, participants have the opportunity to obtain ISTQB® Tester certification. Reply then provides for the placement of those deemed suitable.

At the end of the trial, the intention is to make use of partnerships for specific training, involving Reply from the very beginning, in training paths for those with specific disabilities.

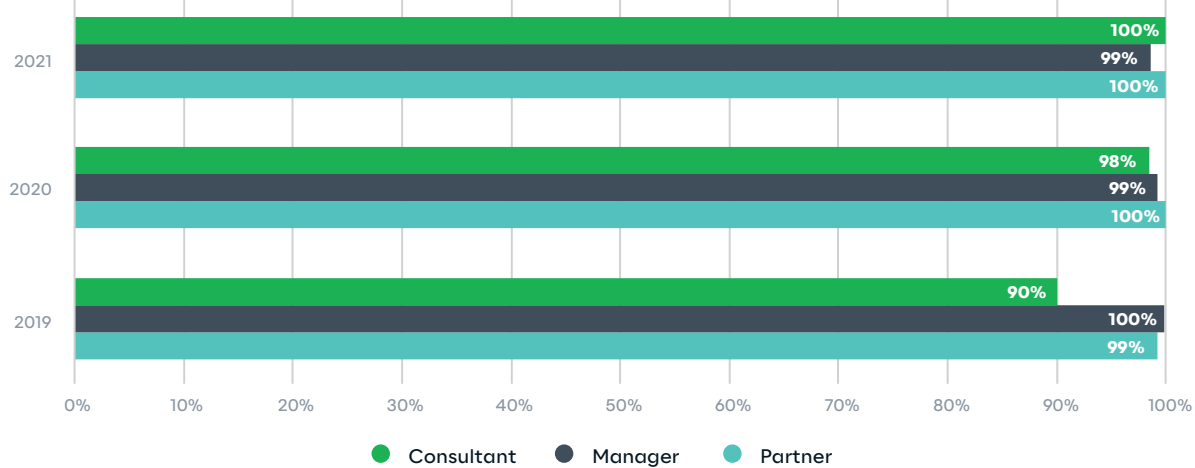
Evaluation

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.

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.

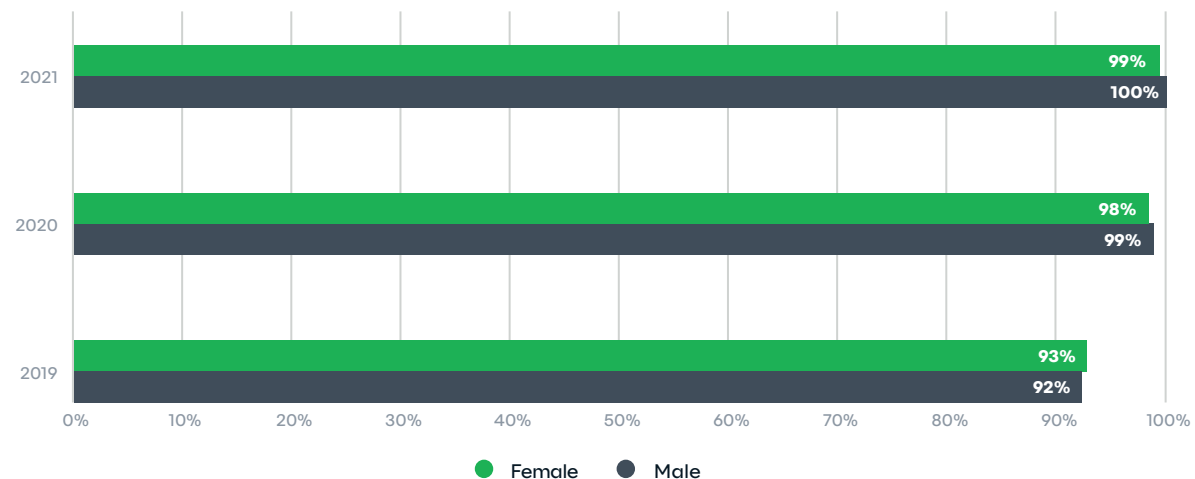
Indicators

FIGURE 9. PERCENTAGE BY CATEGORY OF EMPLOYEES GIVEN REGULAR PERFORMANCE REVIEWS BY CATEGORY⁽⁶⁾



(6) 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 2021 and those without access to the information system were excluded from the scope of this specific indicator.

FIGURE 10. PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE REVIEWS BY GENDER⁽⁷⁾



(7) Please see note 6.

Training and professional development are promoted regularly with ongoing education activities. Consequently, in 2021, Reply invested in programmes 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.

Health & Safety Indicators

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

- ▶ **Region 1:** The number of accidents at sites in 2021 is 4 for men and 2 for women, of which only 1 was a high-risk occupational accident (accidents with more than 6 months of lost days).

The frequency rate for men is 0.45, while for women it is 0.62. The lost day rate is 0.04 for men and 0.01 for women. There were also 5 accidents related to commuting, not organised by Reply.

Absenteeism is 0.77% for men, a decrease of 13% compared to 2020 and 26% compared to 2019 and 1% for women, with a decrease of 33% compared to 2020 and 49% compared to 2019. In 2021, the number of hours worked is 8,928,321 for men and 3,231,200 for women, an increase of 13% over the previous year for both.

- ▶ **Region 2:** No accidents occurred for either men or women during 2021, and there were no high-risk occupational accidents.

There were also 6 accidents related to commuting, not organised by Reply.

Absenteeism is 1.8% for men, a decrease of 17% compared to 2020 and 28% compared to 2019 and 4% for women, with a decrease of 46% compared to 2020. In 2021, the number of hours worked is 2,240,140 for men, an increase of 17% compared to the previous year, and 845,868 for women, an increase of 21% compared to the previous year.

- ▶ **Region 3:** There were no on-site or commuting-related accidents for either men or women during 2021, and no high-risk occupational accidents.

Absenteeism is 0.95% for men, with a decrease of 10% compared to the previous year and 1% for women, with a decrease of 27% compared to 2019. In 2021, the number of hours worked is 1,133,297 for men, an increase of 30% compared to the previous year, and 488,029 for women, an increase of 20% compared to the previous year.

There were no occupational diseases or deaths as a result of accidents at work in any of the Regions during 2021.

Parental leave

The Reply Group adopts policies to protect *parental leave*, to foster *work life balance* and to guarantee equal career opportunities.

Reply supports this process through positive and effective communication, ensuring it is possible return to the workplace at the end of the leave period, providing all the information necessary to manage the experience and the return to work, and collecting feedback from those who have been through the experience.

In 2021, 100% of those entitled to leave took it (19 men and 106 women in Region 1, 56 men and 47 women in Region 2, 11 men and 6 women in Region 3).

At the end of their leave, 19 men and 101 women returned to Region 1 (7 men and 86 women were still employed one year after returning), 49 men and 27 women returned to Region 2 (48 men and 13 women were still employed one year after returning), and 11 men and 6 women returned to Region 3 (11 men and 6 women were still employed one year after returning).

Turnover

In 2021, Reply hired 394 women (342 under 30, 52 between 30 and 50) and 1,129 men (995 under 30, 133 between 30 and 50, 1 over 50) in Region 1, 156 women (103 under 30, 51 between 30 and 50, 2 over 50) and 340 men (188 under 30, 144 between 30 and 50, 8 over 50) in Region 2, 144 between 30 and 50 years, 8 over 50 years) in Region 2, 161 women (101 under 30 years, 57 between 30 and 50 years, 3 over 50 years) and 341 men (166 under 30 years, 151 between 30 and 50 years, 24 over 50 years) in Region 3.

Reply has a compensation rate of 1.5 entries per exit, a figure that remained unchanged compared to 2020 and increased compared to 2019 (1.3 entries per exit).

Gender gap



Reply is committed to ensuring gender pay equity and has procedures in place so that employees are paid fairly and consistently in line with their job type, position and career level. Reply also guarantees all its employees a salary in line with the cost of living in all the countries in which it operates.

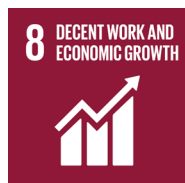
Reply runs coaching and sponsorship programmes to foster and strengthen women’s leadership characteristics and build alliances between genders and different generations, with an emphasis on developing inclusive leadership.

In 2021, there was 100% pay equity for women compared to men on the minimum wage and 96% on the average wage in all countries.

TABLE 9. SALARY ALIGNMENT

	REGION 1		REGION 2		REGION 3		TOTAL	
	Minimum	Average	Minimum	Average	Minimum	Average	Minimum	Average
CONSULTANT	98%	99%	100%	88%	98%	87%	100%	96%
MANAGER	100%	99%	100%	95%	100%	88%	100%	97%

Research projects



Reply offers high-tech services and solutions in a market where innovation is paramount.

Reply considers research and continuous innovation a fundamental asset both to support clients and partners in the adoption of new technologies and to continue offering increasingly innovative services, thus responding to new market needs. To achieve these objectives Reply dedicates personnel to Research and Development activities to design and define highly innovative products and services as well as possible applications of technological evolutions. This also includes the development and evolution of proprietary platforms.

Indicators



Most of Reply's Research & Development activities are expensed during the year. In 2021 Reply carried out Research Projects that involved in 269 people on 106 projects **Region 1**, 88 people on 40 projects in **Region 2** and 60 people on 40 projects in **Region 3**.

Compliance and the fight against corruption

Reply considers the respect of regulations as an essential foundation when conducting business with public and private subjects, penalising practices of unfair competition and active and passive corruption in its Code of Ethics.

In Italy, Reply has adopted an Organisational, Management and Control Model which represents a structured and organic system of procedures and activities aimed at preventing, as far as possible, the commission of inappropriate conduct, including corruption. 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.

Reply 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 2021, 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.

The Management and Control Organisational Model is communicated to employees when recruited in Italy, who must explicitly accept the model and pass a control test. In 2021, the acceptance figure was 93.5% of employees. In detail, 90% of partners, 96% of managers and 93% of consultants.

Similarly, in **Region 2**, the **Anti-bribery Policy** was issued and accepted by 97% of employees (100% of partners, 96% of managers, 97% of consultants).

In **Region 3**, the Anti-bribery Policy was accepted by 81% of the employees (100% of partners, 91% of managers, 78% of consultants).

Whistleblowing

In 2021, as in previous years, there were no reports received through the active whistleblowing channels.

Code of Ethics

As of 31 December 2021, the Code of Ethics was accepted by 99.1% of employees in **Region 1**, 99.8% in **Region 2** and 91.1% 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 100% of partners, 99.1% of managers, and 98.2% of consultants.

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 the assets that support it is aimed specifically at safeguarding:

- ▶ confidentiality, ensuring that data is only accessible to authorised users and systems;
- ▶ integrity, safeguarding the integrity, completeness and accuracy of the data;
- ▶ availability, ensuring that authorised users and systems have access to data when needed.

To govern the security of information in managed services, the Reply Group has adopted an **ICT Security Policy** that provides the security requirements to be respected in activities carried out internally or at Customers' premises (where applicable). The policy uses as a reference international best practices such as the ISO 27001 Standard, which defines the requirements for setting up and managing an information security management system. The Policy defines requirements in the following areas:

- ▶ the **safety responsibilities** of personnel involved in the management of services;
- ▶ **asset management** methods for supporting data (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 physical 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 infrastructure systems;
- ▶ **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 support and management;
- ▶ **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 identification and management of 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 applicable 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. 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), in internal and customer activities (where applicable).

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 provides for assessment of the privacy risk of a design activity and management of the risk through appropriate technical and organisational measures;
- ▶ **Personal Data Breach notification process**, which provides for the proper identification and possible external notification of a personal data breach to the personal data protection authority and, if necessary, to the individuals impacted by the personal data breach;
- ▶ **Data Protection Impact Assessment (DPIA) process**, which provides for 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, in accordance with the criteria set out in the GDPR;
- ▶ **Handling of privacy requests process**, which provides for the handling of privacy requests from data subjects relating to the exercise of their rights under the GDPR (e.g. right of portability, right of access to data, right of erasure of data, etc.).

In addition to the above, Reply's GDPR Framework includes:

- ▶ **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-Candidates-Employees Information;**
- ▶ the Procedure for the administration of the **Data Processing Agreement for Suppliers;**
- ▶ **On-demand support** procedure for internal requesters (Holding and Companies) for

- requests concerning Privacy and Data Security through the company ticketing system;
- ▶ **Support** procedure for audits requested by customers and for incident/personal data breach through a company ticketing system;
- ▶ the appointment of **DPOs** in Italy, Germany and the United Kingdom;
- ▶ structuring of a **Privacy&Security Team**;
- ▶ appointment of **Company Privacy Focal Points** in the Group Companies to support the Partners in fulfilling the GDPR duties of the Companies (e.g. GDPR Registers).

In addition, the Group has defined a policy to be applied 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 on Reply's central systems, **ICT security incident management** is in place, integrated with the aforementioned Personal data breach notification process, which provides for the containment, classification and management of incidents that may compromise one or more information security requirements (confidentiality, integrity and availability) with a potential breach of applicable legislation (e.g. 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 (updated 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.

Reply 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 procedure 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 Top Management, which is made up of experts in the field of information technology.

Indicators

Cybersecurity

Data breaches

In 2021, as in previous years, in **Regions 1, 2 and 3** there were no complaints relating to breach of privacy or loss of customer data, data theft, data leakage, personal data breach (there were 2 minor data breaches on activities carried out for customers in 2020 in Region 1, which were promptly detected and closed with Reply's support).

In 2021, as in previous years, there were no complaints from regulatory bodies, nor incidents of data theft.

It is also noted that the security events detected and managed by Reply's SOC (Security Operations Centre) were events without impact, false positives or events that allowed Reply to take preventive actions such as blocking phishing actions (in 2020 there was an incident managed by the SOC in Region 2).

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 assess suppliers are country specific:

- ▶ in Italy (Region 1) the regularity of contributions and compliance with the employment status of employees is verified;
- ▶ in the UK (Region 3), specific types of contracts (Employee Lite and Worker) are managed, which involve the direct payment of social security contributions by the customer;
- ▶ in Germany, Poland and Romania, as the suppliers are largely individual freelancers, no specific checks are carried out.

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

Supplier Code of Conduct

In 2021, the Supplier Code of Conduct was introduced, which complements the existing provisions of the Code of Ethics and defines the standards that suppliers must comply with in the areas of labour law and human rights, worker safety and environmental sustainability. Specific audits of compliance with these standards are planned.

Indicators

The percentage of new suppliers that were screened using social criteria in 2021 was 65.8% compared to 63.2% in 2020 and 65.2% in 2019.

As already indicated, this type of checking is not carried out in Germany, Poland and Romania since the work is performed by individual freelancers. In **Region 1** the evaluation rate is 74.4%, in **Region 3** the rate is 88.7%.

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 indications contained in the Corporate Governance Code of Italian listed companies published by Borsa Italiana S.p.A., in the January 2020 version, with the integrations and adjustments consequent to the characteristics of the Group.

In compliance with regulatory obligations, a Report on Corporate Governance and Ownership Structures is prepared annually (available on Reply's website in the Corporate Governance section) which contains a general description of the corporate governance system adopted by the Group and provides information on the ownership structure, the governance practices applied and the characteristics of the internal control and risk management system also in relation to the financial reporting process, and the adjustments made in compliance with the new Corporate Governance Code:

- ▶ drafting the "ESG Green Approach" plan, which summarises the actions implemented on ESG issues, as well as the objectives set in the medium to long term;
- ▶ setting up of the Sustainability Committee;
- ▶ drafting of the "Policy for managing dialogue with Shareholders as a group" prepared by the Company and available on the company's institutional website;
- ▶ defining qualitative and quantitative criteria for assessing the independence of Directors pursuant to the Code;
- ▶ approving the Regulations for the functioning of the Board of Directors;
- ▶ appointing the Secretary of the Board of Directors;
- ▶ approving the policy on "Succession plans for Managing Directors, the CFO and executive directors and Top Management".

The concrete application of the criteria and principles laid down in the Code is illustrated in the specific paragraphs of the Corporate Governance Report.

Board



Reply has set itself the objective of respecting gender parity in the composition of Top Management and the Board.

Reply's board consists of five men (four over 50 years old, one between 30 and 50 years old), including the Chairman, and four women (over 50 years old), including the CEO.

Respect for gender equality at Top Management and Board level is also certified by the Gender Diversity Index 2021, which ranked Reply among the top three Technology & Media companies in Europe.

**Reply ensures
gender equality
at every level
of its organisation.**

**Reply is committed
to transparency
and anti-corruption
in all its business
activities.**

Sustainability Committee

Reply has set up the Sustainability Committee to outline the overall strategic approach to sustainability, define the objectives to be pursued and the monitoring methods.

To affirm to all stakeholders the Group and top management's commitment to sustainability issues, the Committee is composed of CEO Tatiana Rizzante, Lead Independent Director Patrizia Polliotto and Independent Director Secondina Giulia Ravera.

Remuneration Committee

The Board of Directors, at least every three years, assisted by the Remuneration Committee, defines the Remuneration Policy, in compliance with the regulatory provisions and the recommendations of the Corporate Governance Code. The Remuneration Policy in force, which constitutes the first section of the Remuneration Report, was adopted by the Board of Directors on March 13, 2020, for the three-year period 2020-2022. It should be noted that it has not changed during fiscal year 2021.

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. The same principles are also applied by Reply in the management of relations with tax authorities, and 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.

With regard to reporting, reference should be made to the Annual Financial Report, which 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 information report 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.).

The European Taxonomy

The European Taxonomy introduced by EU Regulation 2020/852 and in force since 1 January 2022 (hereinafter the Taxonomy/Regulation) is a key component of the European Commission's action plan to redirect capital towards a more sustainable economy and is a fundamental step towards achieving carbon neutrality by 2050. In this respect Reply has set itself the goal of achieving carbon neutrality as early as 2025.

The aim of the Taxonomy is to ensure the reliability, consistency and comparability of sustainable economic activities and to assist companies in the sustainable transition.

Regulation 2020/852 established six environmental and climate targets for the identification of sustainable economic activities:

- ▶ climate change mitigation;
- ▶ climate change adaptation;
- ▶ the sustainable use and protection of water and marine resources;
- ▶ the transition to a circular economy;
- ▶ pollution prevention and control;
- ▶ the protection and restoration of biodiversity and ecosystems.

In addition, four criteria have been established that must be met in order to define an economic activity as sustainable according to the Taxonomy:

- ▶ it must contribute substantially to the achievement of one or more of the environmental objectives;
- ▶ it must do no significant harm (DNSH) to any of the environmental objectives;
- ▶ it must be carried out in accordance with minimum safeguarding standards;
- ▶ it must meet the technical screening criteria established by the European Commission.

Due to the new nature and complexity of the Taxonomy, the European Commission opted for simplified reporting in the first year of application, requiring non-financial enterprises to publish the share of eligible and non-eligible economic activities in terms of turnover, capital expenditure (Capex) and operating expenditure (Opex).

An economic activity is considered eligible if it is included in the delegated acts supplementing the Regulation, irrespective of whether that economic activity meets all the technical screening criteria laid down in those delegated acts.

The European Parliament and the Council have prioritised economic activities that can make the most significant contribution to the first two environmental objectives (climate change mitigation and adaptation).

Reply, as a non-financial company required to submit a Non-Financial Information, presents the share of turnover, capital expenditure (Capex) and operating expenditure (Opex) for the 2021 reporting period, which are associated with the eligible and non-eligible economic activities according to the first two environmental objectives of the Taxonomy (climate change mitigation and climate change adaptation) in accordance with Art. 8 of the Regulation and Art. 10, paragraph 1, of the Delegated Act of 06/07/2021 (hereinafter "Delegated Act Art. 8").

Eligibility assessment: process of identifying eligible activities from the Taxonomy

In order to report the required information for the 2021 financial year, it has been verified which consolidated companies actually carry out the activities in Annexes I and II of the Delegated Act of 04/06/2021 (hereinafter the "Climate Change Delegated Act"). The economic activities carried out by the Group's companies were examined with regard to the descriptions in Annexes I and II of the Climate Change Delegated Act, regardless of whether they met some or all of the technical screening criteria set out in those Annexes.

Accordingly, data processing, hosting and related activities, i.e. the storage, management,

movement, control, display, switching, interchange, transmission or processing of data through data centres, including edge computing, have been classified as eligible as meeting the objectives of climate change mitigation or adaptation.

For the 2021 reporting period, Art. 10(1) of Delegated Act Art. 8 requires non-financial corporations to indicate the share of economic activities that are eligible and ineligible under the Taxonomy in terms of turnover, capital expenditure (Capex) and operating expenditure (Opex).

The financial statement data used to calculate the shares are those reported in the Reply S.p.A. Consolidated Financial Statements at 31 December 2021, prepared in accordance with *International Financial Reporting Standards* (IFRS), *International Accounting Standards* (IAS) and interpretations of the *International Financial Reporting Interpretations Committee* (IFRIC) and the *Standing Interpretations Committee* (SIC), endorsed by the European Commission (hereinafter "IFRS").

TABLE 10. PERCENTAGE OF ELIGIBLE AND NON-ELIGIBLE ECONOMIC ACTIVITIES ACCORDING TO TAXONOMY IN TERMS OF TURNOVER, CAPEX AND OPEX

	TOTAL EUR/000	PERCENTAGE OF ELIGIBLE ECONOMIC ACTIVITIES (%)	PERCENTAGE OF NON-ELIGIBLE ECONOMIC ACTIVITIES (%)
Turnover	1,483,803	12.3%	87.7%
Capital Expenditure (CapEx)	66,885	53.8%	46.2%
Operating Expenditure (OpEx)	21,642	26.9%	73.1%

Turnover

The proportion of Taxonomy-eligible economic activities in terms of total turnover was calculated as the portion of net turnover derived from products and services associated with Taxonomy-eligible economic activities divided by net turnover for the year 2021. For further details on accounting policies related to consolidated net turnover, reference should be made to the notes in the financial statements in Reply S.p.A.'s 2021 Annual Report. The numerator includes the net turnover from products and services related to data processing, hosting and related activities amounting to € 181,779,000 representing 12.3% of the total turnover, while the turnover associated with non-eligible activities amounts to € 1,302,024,000; the total consolidated turnover is €1,483,803,000.

Although eligible, activities related to the development or use of ICT solutions for the collection, transmission and storage of data, as well as their modelling and use, where these activities are primarily aimed at providing data and analysis to reduce greenhouse gas emissions, were not considered as enabling activities for the climate change adaptation objective.

The accounting entries for these indicators have been taken from Reply S.p.A.'s 2021 consolidated income statement.

Capital Expenditure (Capex)

The proportion of economic activities eligible by the Taxonomy in terms of capital expenditure is defined as eligible capital expenditure by the Taxonomy (numerator) divided by total capital expenditure (denominator).

Total capital expenditure consists of increases in tangible and intangible assets during the year, before depreciation and any revaluations, including those resulting from revaluations and write-downs, and excluding changes in fair value. It includes acquisitions of tangible fixed assets (IAS 16), intangible fixed assets (IAS 38), right-of-use assets (IFRS 16) and investment properties (IAS 40). Additions resulting from business combinations are also included. Goodwill is not included because it is not defined as an intangible asset under IAS 38. For further details on accounting principles related to capital expenditure, reference should be made to the notes to the financial statements in Reply S.p.A.'s 2021 Annual Report. The numerator consists of tangible and intangible investments related to activities or processes associated with economic activities eligible under the Taxonomy. Capex aimed at reducing CO2 emissions through efficiency measures and the purchase of products and services from third-party activities classified as eligible by the Taxonomy were also considered.

Tangible and intangible capex related to activities or processes associated with eligible economic activities according to the Taxonomy amount to €35,961,722 representing 53.8% of total capex amounting to €66,885,000.

Operating expenditure (Opex)

The proportion of eligible economic activities according to the Taxonomy in terms of operating expenditure is defined as eligible costs (numerator) divided by total costs (denominator). The denominator refers to non-capitalised costs related to research and development, maintenance and repair of property, plant and equipment and short-term leases. Operating expenditure is taken from the 2021 consolidated income statement and the Group's management accounting. The numerator includes the share of the above accounting items linked to eligible economic activities.

Operating expenditure related to activities or processes associated with eligible economic activities according to the Taxonomy amounts to €5,821,741, representing 26.9% of the total operating expenditure of €21,641,725.

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	<p>Group success depends largely on several key figures that have made a decisive contribution to its development, for instance the Chairman and Executive Directors of the Reply S.p.A. parent company. Moreover, Reply has a leadership team with many years of experience in the sector and playing a crucial role in the management of Group business. The loss of any of these key figures and failure to find an adequate substitute or to attract and retain new, qualified personnel could therefore have adverse effects on the Group's business prospects, earnings and financial position.</p>	<p>Reply's operational and managerial structure is able to ensure continuity in corporate governance.</p>
	<p>The Group operates in the ICT service segment, which is characterised by fast, important technological developments and constant evolution of professional skills and expertise. Thus, Reply business relies on its ability to attract and retain new, well-qualified human resources, as well as being able to foresee adequate training programmes to provide workers with the tools they need to develop innovative solutions. The inability to attract resources and prepare such training programmes could have a negative impact on the Group's future prospects.</p>	<p>Reply works on a regular basis with many universities and research centres, both in Italy and abroad, with projects such as ReplyU social media profiles, Reply Challenges online initiatives and university events such as Student Tech Clashes. Furthermore, Reply has implemented a platform for document archiving and for sharing insights, links, opinions, and documentation, to encourage employees to keep abreast of the most recent developments in the ICT sector.</p>
	<p>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.</p>	<p>Reply shares its Code of Ethics with all Group employees and independent contractors and requires them to accept its contents.</p>
	<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 manages the health and safety of workers through ISO 45001 certified practices and procedures. Several Group companies have approved further 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.</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 level B.</p> <p>The Reply Group is ISO 14001 certified and has implemented an emissions management and monitoring programme to report and improve its environmental performance.</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 programme 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. 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.
SOCIAL MATTERS	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).	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.
	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.	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".
	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.	
ANTI-CORRUPTION MATTERS	As part of its business, the Reply Group establishes trade relationships with other companies, so employees may be at risk of corruption and bribery.	The Reply Group has in place an Organisational, Management and Control Model (MOGC) that complies with Legislative Decree 231/2001. All employees are given MOGC 231 and Code of Ethics training. Reply performs regular risk assessments for those areas at risk of corruption. Reply adopts a formal "Policy of Gifts, Entertainment Expenses, Sponsorships" to control these events applying principles of ethics and proper conduct. Reply performs specific cost-benefit analysis of all contracts involving consulting staff who might foster episodes of corruption.

In relation to the geo-political unrest concerning the Russia-Ukraine conflict, reference should be made to the Reply Group's Financial Report.

ESG scoring

The validity of Reply's management model is recognised by Corporate Social Responsibility certifications and ESG scoring agencies. Reply has been included in the ESG Mib Index which groups together the forty best companies listed on the Italian Stock Exchange in terms of sustainability.

In 2021, the Reply Group was awarded a silver medal in **Ecovadis Certification**.

Reply has participated in the **Carbon Disclosure Project** on **Climate Change** since 2012, and in 2021 it obtained level B-.

Certifications

Reply is ISO 9001 certified for its Group-wide quality management system.

ISO 14001 environmental management system certification is held by Reply S.p.A., Reply Ltd., Reply Deutschland SE, the Reply Public Sector Consortium and all the consortium companies. All major European locations are included in the scope of certification.

ISO 27001 Information Security Management certification is held by Group companies and is therefore relevant to the services provided.

The Parent Company Reply S.p.A. is ISO 45001 certified for its occupational health and safety management system through which it provides such services to Group companies.

Notes

This Consolidated disclosure of Non-Financial Information 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.

This document supplements the Communication on Progress (COP) required of participants in the United Nations Global Compact to provide evidence of actions taken in support of the Ten Principles and the achievement of the Sustainable Development Goals.

By fulfilling, in addition to the minimum requirements, the “21 advanced criteria”, the document qualifies as “COP Advanced”.

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 **Reply’s values** (with reference to social aspects, respect for human resources and the fight against corruption), **Research and development of talent** (with reference to work practices and personnel management), **Environment** (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 *Notes*;
- ▶ 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.

The Non-Financial Information includes information relating to the subject areas identified as of particular importance for 2020 non-financial reporting in the document “European common enforcement priorities for 2020 annual financial reports” published by the European Securities and Markets Authority (ESMA, the European Union’s securities regulator) on 28 October 2020 and referred to by Consob in the Warning Reminder No. 1/21 of 16 February 2021. With regard to the following points, please refer to the information provided in the 2021 Financial Report:

- ▶ The Business model and value creation, highlighting the main trends and factors that may 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 for the company’s ability to continue creating value over time.
- ▶ Interconnections between financial and non-financial information, highlighting how the company’s financial position and performance were impacted by the events generated by Covid-19.

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.

The disclosure of Non-Financial Information (NFI) was approved by the Reply S.p.A. Board on 15 March 2022.

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 and revised in January 2022.

Specifically, the procedure regulated the responsibility of the various parties in the process: the CEO, the CFO, the ESG Team, Internal Audit, Data Owners and Operational Representatives.

The CEO and the CFO, with the support of the ESG Team and according to the methods outlined in the “Materiality Analysis” paragraph, identifies the relevant non-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 ESG Team 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 ESG Team, which collects, analyses and consolidates them.

The ESG Team 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, and to the Internal Audit for the overall validation of the reported data. The validated draft is then submitted to the CEO and the CFO for their approval and then the Board of Directors of Reply S.p.A., which approves its definitive version.

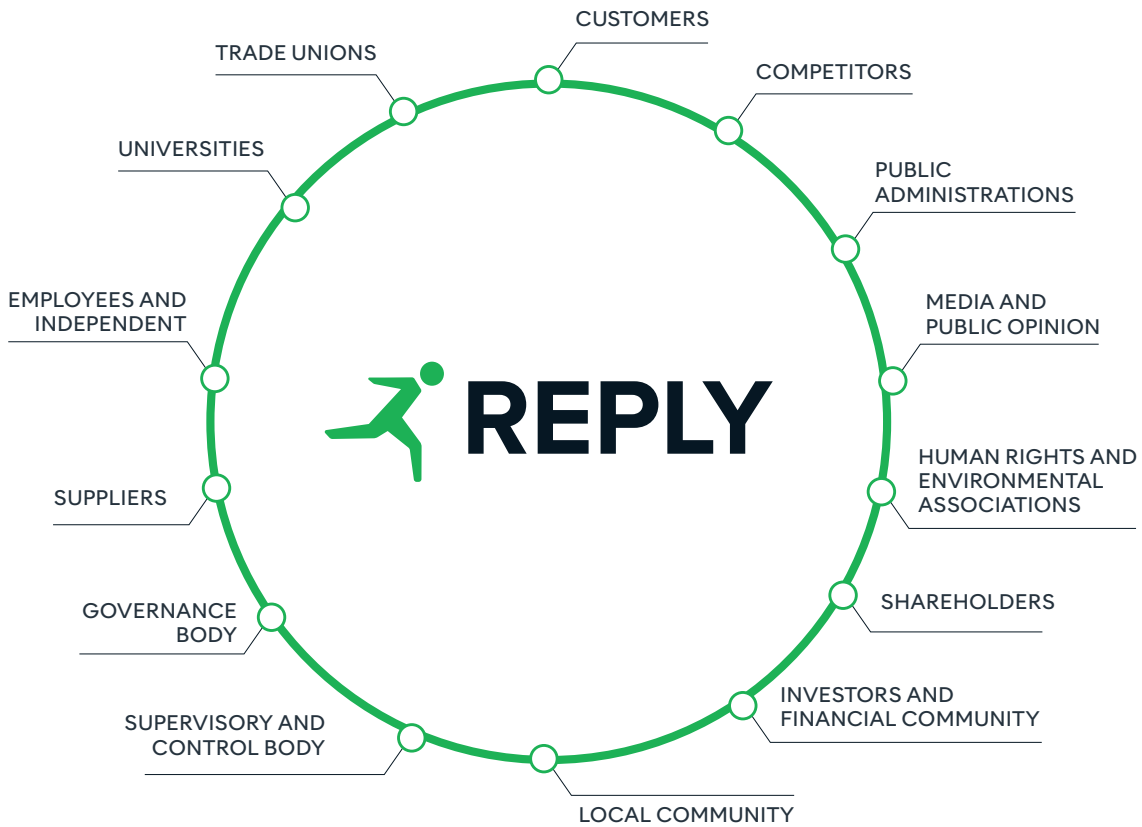
This Disclosure is published together with the Annual Report for the Reply Group, in the “ Corporate Governance – Consolidated Disclosure of Non-Financial Information” on the www.reply.com website.

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 11. 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 11. 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.

In the reporting year, the Group involved the main categories of stakeholders in the materiality analysis (Customers, Suppliers, Employees, Investors, Governance bodies and Assessment and control bodies).

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 relevant 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 (European, national and sectoral):** mapping of the main non-financial aspects taken into account by international frameworks (e.g. GRI Standards, SASB Materiality Map, ISO 26000:2020, UN Global Compact Principles, OECD Guidelines for Multinational Enterprises, ISO 20400:2017);
- ▶ **an analysis of industry pressures:** mapping of the non-financial aspects highlighted as relevant for the Information Technology sector, taking into account the publications of international organisations (World Economic Forum's Global Risks Report 2021; EY Megatrends Report 2020; Accenture Cyber Threatscape Report 2020 etc.);
- ▶ **an industry benchmark:** analysis of sustainability reports published by the Group's main competitors.
- ▶ **an analysis of internal Group** documents representative of the company's values and culture.

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 importance of each non-financial aspect for the company (internal relevance) and for the stakeholders (external relevance) was assessed by means of a questionnaire addressed to the company's top management and 25 stakeholders divided into three sections:

- ▶ **First Section:** recipients were asked to rate the importance of each of the previously identified topics;
- ▶ **Second Section:** recipients were asked to identify from their point of view the three most important topic among those proposed;
- ▶ **Third Section:** recipients were asked to identify any material topics not covered above.

The importance of each topic for the company (internal relevance), as well as the perception of the individuals involved, was also based on the assessment 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.

Finally, following a thorough analysis of the survey results, important issues on which to focus the reporting were identified.

FIGURE 12. MATERIALITY ASSESSMENT



■ MATERIAL TOPICS

With respect to the topics already identified as material in the previous reporting cycle, the main new developments are the identification of five new material topics, namely

- ▶ solid and sustainable economic and financial performance;
- ▶ direct contribution to the development of sustainable innovation and digitisation;
- ▶ responsible communication;
- ▶ creating system value;
- ▶ circular economy and waste management.

The new topics clearly represent a strong coherence between the company's commitment and the expectations of stakeholders with reference to Reply's role as an actor capable of having an important socio-economic impact on the system.

Compared to the previous edition of the analysis process, the issues of "Ethics and integrity in business management" and "Data protection, privacy and cybersecurity" are more relevant to stakeholders, while the issues related to the management and involvement of Reply's people remain among the most relevant for both stakeholders and the company. The importance attached by stakeholders to the topic of "Circular Economy and Waste Management" is growing.

It should also be noted that the topic relating to the management of water resources, although provided for by Legislative Decree 254/2016, is not placed within the materiality matrix as a relevant issue, due to the nature of the Group and its business. For details of the underlying rationale, see "Waste & Water Management" on page 21.

The non-financial aspects assessed as relevant to the areas of the Decree are set out below.

TABLE 12. RELEVANT NON-FINANCIAL ASPECTS

LEG. DECREE 254/2016 AREAS	AREAS OF REPORTING
Business model of management and organisation of company activities	▶ Solid and sustainable economic and financial performance
Environmental Matters	▶ Sustainable resource consumption ▶ Pollutant and climate-changing emissions ▶ Circular economy and waste management
Employee matters	▶ Attraction and retention of talent ▶ Employee health and safety ▶ Training and development of people ▶ Well-being of people
Fight against corruption	▶ Business ethics and integrity
Social impact	▶ Data protection, privacy and cybersecurity ▶ Direct contribution to the development of sustainable innovation and digitisation ▶ Responsible communication ▶ Creating system value
Human rights	▶ Sustainable supply chain management

Reporting perimeters and standards

The qualitative and quantitative data and information contained in this Non-Financial Information refer to Reply Group performance for the year ended 31 December 2021. 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 Non-Financial Information, Reply adopts GRI Sustainability Reporting Standards (hereinafter also GRI Standards), published in 2016 by the GRI and subsequently amended – 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 Non-Financial Information were collected on an annual basis (January–December) for the years 2019, 2020, and 2021; 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 in relation to office square metres, so as to estimate consumption for remaining locations;
- ▶ the calorific value in DEFRA (2021) was used to convert the various energy consumption figures into joules;
- ▶ for water consumption where data from the sites were not available, estimations were used. In particular, the water 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 2021 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 2020 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 (2021) for the United Kingdom and Terna international comparisons (2019) for all other countries; Emissions from district heating were considered with the emission factor supplied by DEFRA (2021);
 - ▶ **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 and two German offices, the emission factor associated with the specific 100% *green* contract was used;
 - ▶ **indirect emissions (Scope III):** the GHG Protocol Corporate Accounting and Reporting Standard was used for the identification and selection of emissions; the UK

Government GHG Conversion Factors for Company Reporting from the Department for Business, Energy & Industrial Strategy (BEIS) and the Department for Environment Food & Rural Affairs (DEFRA) for all countries were used to calculate the different categories of emissions considered;

- ▶ 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")	70	
	102-2 Activities, brands, products, and services ("a"; "b")	4-5	
	102-3 Location of headquarters ("a")	70	
	102-4 Location of operations ("a")	57	
	102-5 Ownership and legal form ("a")	44	
	102-6 Markets served ("a")	4-5	
	102-7 Scale of the organisation ("a")	4; 70	
	102-8 Information on employees and other workers ("a"; "b"; "c"; "d"; "e"; "f")	29	
	102-9 Supply chain ("a")	43	
	102-10 Significant changes to the organisation and its supply chain ("a")	43	
	102-11 Precautionary Principle or approach ("a")	52-54; 56	
	102-12 External initiatives ("a")	None	
	102-13 Membership of associations ("a")	Anitec-Assinform	
	102-14 Statement from senior decision-maker ("a")	2-3	
	102-16 Values, principles, standards, and norms of behaviour ("a")	38	
	102-18 Governance structure ("a"; "b")	44	
	102-40 List of stakeholder groups ("a")	59	
	102-41 Collective bargaining agreements ("a")	30	
	102-42 Identifying and selecting stakeholders ("a")	60	
	102-43 Approach to stakeholder engagement ("a")	61	
	102-44 Key topics and concerns raised ("a")	61	
	102-45 Entities included in the consolidated financial statements ("a"; "b")	64	
	102-46 Defining report content and topic Boundaries ("a"; "b")	58-64	
	102-47 List of material topics ("a")	62	
	102-48 Restatements of information ("a")	63-64	
	102-49 Changes in reporting ("a")	64	
	102-50 Reporting period ("a")	64	
	102-51 Date of most recent report ("a")	The previous Consolidated disclosure of Non-Financial Information was published in March 2021	
	102-52 Reporting cycle ("a")	64	
	102-53 Contact point for questions regarding the report ("a")	70	
102-54 Claims of reporting in accordance with the GRI Standards ("a")	64		
102-55 GRI Content Index ("a"; "b")	67-70		
102-56 External assurance ("a"; "b")	58; 74		

GRI Standard	Disclosure	Page	Omission
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")	60-63	
	103-2 The management approach and its components ("a"; "b"; "c")	37-38	
	103-3 Evaluation of the management approach ("a")	37-38	
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures ("b")	38	points "a"; "c"; "d"; "e" were not reported.
	205-3 Confirmed incidents of corruption and actions taken ("a")	38	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")	60-63	
	103-2 The management approach and its components ("a"; "b"; "c")	37-38	
	103-3 Evaluation of the management approach ("a")	37-38	
GRI 206: Anti-competitive behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices ("a")	38	Point "b" was not reported as there were no legal actions relating to anti-competitive behaviour and monopolistic practices.
TAXES			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary ("a"; "b"; "c")	60-63	
	103-2 The management approach and its components ("a"; "b"; "c")	47-48	
	103-3 Evaluation of the management approach ("a")	47-48	
GRI 207: Tax 2019	207-1 Approach to taxation	47-48	
	207-2 Tax governance, risk control and management	47-48	
	207-3 Stakeholder engagement and management of tax concerns	48	
	207-4 Country-by-country reporting	48	
GRI 300 Environmental indicators			
ENERGY			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary ("a"; "b"; "c")	60	
	103-2 The management approach and its components ("a"; "b"; "c")	7-8	
	103-3 Evaluation of the management approach ("a")	7-8	
GRI 302: Energy 2016	302-1 Energy consumption within the organisation ("a"; "b"; "c"; "d"; "e"; "g"; "f")	8	

GRI Standard	Disclosure	Page	Omission
EMISSIONS			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary ("a"; "b"; "c")	60-63	
	103-2 The management approach and its components ("a"; "b"; "c")	11	
	103-3 Evaluation of the management approach ("a")	11	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions ("a"; "b"; "c"; "d"; "e"; "f"; "g")	11; 65-66	
	305-2 Energy indirect (Scope 2) GHG emissions ("a"; "b"; "c"; "d"; "e"; "f"; "g")	11; 65-66	Point "c" was not reported.
	305-3 Indirect (Scope 3) GHG emissions ("a"; "b"; "c"; "d"; "e"; "f"; "g")	11; 65-66	
GRI 400 Social Topics			
EMPLOYMENT			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary ("a"; "b"; "c")	60-63	
	103-2 The management approach and its components ("a"; "b"; "c")	23	
	103-3 Evaluation of the management approach ("a")	23	
GRI 401: Employment 2016	401-1 New hires and turnover ("a")	35	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees ("a"; "b")	33	
	401-3 Parental Leave ("a"; "b"; "c"; "d"; "e")	35	
OCCUPATIONAL HEALTH AND SAFETY			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary ("a"; "b"; "c")	60-63	
	103-2 The management approach and its components ("a"; "b"; "c")	26	
	103-3 Evaluation of the management approach ("a")	26	
GRI 403: Occupational health and safety 2018	403-9 Accidents at work ("a"; "e")	34; 65-66	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")	60-63	
	103-2 The management approach and its components ("a"; "b"; "c")	32-33	
	103-3 Evaluation of the management approach ("a")	32-33	
GRI 404: Training and education 2016	404-3 Percentage of employees receiving regular performance and career development reviews ("a")	33	
DIVERSITY AND EQUAL OPPORTUNITY			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary ("a"; "b"; "c")	60-63	
	103-2 The management approach and its components ("a"; "b"; "c")	29	
	103-3 Evaluation of the management approach ("a")	29	
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees ("a"; "b")	29; 45	
	405-2 Ratio of basic salary and remuneration of women to men ("a"; "b")	36	
SUPPLIER SOCIAL ASSESSMENT			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary ("a"; "b"; "c")	60-63	
	103-2 The management approach and its components ("a"; "b"; "c")	43	
	103-3 Evaluation of the management approach ("a")	43	
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria ("a")	43	

GRI Standard	Disclosure	Page	Omission
CUSTOMER PRIVACY			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary ("a"; "b"; "c")	60-63	
	103-2 The management approach and its components ("a"; "b"; "c")	39-42	
	103-3 Evaluation of the management approach ("a")	39-42	
GRI 418 Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data ("c")	42	
SOCIO-ECONOMIC COMPLIANCE			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary ("a"; "b"; "c")	60-63	
	103-2 The management approach and its components ("a"; "b"; "c")	37-38	
	103-3 Evaluation of the management approach ("a")	37-38	
GRI 419 Socio-economic compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area ("b")	38	Points "a" and "c" were not reported as there were no financial fines and non-monetary sanctions.

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Communication on Progress Global Compact








Our commitment to support the ten principles and the achievement of the sustainable development goals

In 2021, Reply joined the United Nations Global Compact committing to support the Ten Principles on Human Rights, Labour, Environment and Anti-Corruption promoted by the initiative, and to contribute to the achievement of the Sustainable Development Goals.



In line with the commitments undertaken when joining the initiative, in this document, Reply reports the actions taken and the results achieved thanks to the integration of the Ten Principles of the United Nations Global Compact in its strategies and business operations, confirming its commitment to support the achievement of the Sustainable Development Goals.

Sustainable Development Goals	Principles UN Global Compact	Targets and actions	Results achieved	Reference Page
 	PRINCIPLE 1: Promote and respect universally recognised human rights within their respective spheres of influence.	Human Rights & Labour Policy.	No reports received in 2021.	26
		Whistleblowing system for reporting violations.	No reports received in 2021.	38
		Reply Wellness programme with nutrition, fitness and prevention activities.		27
		Promotion of and participation in awareness-raising campaigns.	310 events, 5,644 participants in 2021.	27
		GDPR Compliance Programme implementation.	There were no complaints about breaches of privacy or loss of customer data in 2021.	40-42
	PRINCIPLE 2: Businesses should make sure that they are not, even indirectly, complicit in human rights abuses.	Human Rights & Labour Policy and Modern Slavery Policy.	No reports received in 2021.	26
		Supplier Code of Conduct	65.8% of suppliers assessed through social criteria.	43
	PRINCIPLE 3: Uphold the freedom of association and the effective recognition of the right to collective bargaining.	Human Rights & Labour Policy and Modern Slavery Policy.	No reports received in 2021.	30
		Protection of employment stability.	Permanent recruitment 99.8% in Region 1, 98.1% in Region 2, 96.8% in Region 3.	29
	PRINCIPLE 4: Support the elimination of all forms of forced and compulsory labour.	Human Rights & Labour Policy and Modern Slavery Policy.	No reports received in 2021.	26
		Remuneration in line with the cost of living.	100% of remuneration adjusted to the cost of living in the reference countries.	36
	PRINCIPLE 5: Support the effective abolition of child labour.	Human Rights & Labour Policy and Modern Slavery Policy.	No reports received in 2021.	30
  	PRINCIPLE 6: Support the elimination of discrimination in respect of employment and occupation.	Human Rights & Labour Policy and Modern Slavery Policy.	No reports received in 2021.	30
		Respect for gender equality at Top Management and Board level.	Ranked among the top three Technology & Media companies in Europe in the Gender Diversity Index 2021.	45
		Commitment to achieving gender equality.	Incidence of female recruitment in line with reference university faculties.	29
		Guarantee of wage equity.	No Gender Gap at salary level.	36
		Booster Club on gender diversity.	Events organised in 12 countries.	31
		Women in Tech in Reply.	Panel organised on the role of women in the IT world.	31
		Dedicated courses aimed at promoting inclusion.	Isola Formativa project.	32

Sustainable Development Goals	Principles UN Global Compact	Targets and actions	Results achieved	Reference Page
 	PRINCIPLE 7: Support a precautionary approach to environmental challenges.	Environmental Policy extended to Suppliers with annual audits of compliance.		20
		Environmental Policy guidelines for scouting and selection of new sites, with mandatory environmental and sustainability parameters.		20
   	PRINCIPLE 8: Undertake initiatives to promote greater environmental responsibility.	Definition of emission reduction targets: Carbon Neutrality scope 1 and 2 by 2025; Net Zero emissions by 2030.	Reduction of scope 1 and 2 emissions.	17-19
		Introduction calculation of emissions Scope 3.	Scope 3 reporting from 2021.	15-17
		<i>Green</i> energy contract adoption.	81.5% of the energy consumed worldwide comes from renewable sources.	10
		Evolution towards <i>green</i> fleet - target 30% hybrid/electric vehicles in 2025.		19
		Core system in <i>green cloud</i> environments managed by certified providers.		20
		Zero-waste target by 2030; elimination of single-use plastics in all locations by 2022.		21
		Commitment to reforestation.	Reply Forest (absorption of 322,510 kg of CO2 per year).	8
		Reply to the Earth Communication Programme.		19
		Organisation of events and initiatives in cooperation with universities and other organisations on innovative topics (Student Tech Clash, Reply Challenges).		25
		Sustainable Investment Challenge.	500 employees and 14,600 students involved.	19
Student programmes on innovation and sustainability.		25		
  	PRINCIPLE 9: Encourage the development and diffusion of environmentally friendly technologies.	Research and Development projects.	Research and Development projects across all regions.	36-37
	PRINCIPLE 10: Work against corruption in all its forms, including extortion and bribery.	Code of Ethics and Anti-bribery Policy.	Widespread acceptance of the Code of Ethics and Anti-bribery Policy.	38
		Implementation of the Organisation, Management and Control Model.	No cases of corruption.	37-38
		Policy of Gifts, Entertainment Expenses, Sponsorships.	No cases of corruption.	37-38
		Whistleblowing Policy.	No reports received in 2021.	38



REPLY SPA

**INDEPENDENT AUDITOR'S REPORT
ON THE CONSOLIDATED NON-FINANCIAL STATEMENT
PURSUANT TO ARTICLE 3, PARAGRAPH 10, OF
LEGISLATIVE DECREE NO. 254/2016 AND ARTICLE 5 OF
CONSOB REGULATION NO. 20267 OF JANUARY 2018**

YEAR ENDED AT 31 DECEMBER 2021

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

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 (the "Group") for the year ended 31 December 2021 prepared in accordance with article 4 of the Decree and approved by the Board of Directors on 15 March 2022 (the "NFS").

Our review does not extend to the information set out in the "European Taxonomy" paragraph of the NFS, required by article 8 of European Regulation 2020/852.

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 "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016 and updated to 2020 by the GRI - Global Reporting Initiative ("GRI Standards"), identified by them as the reporting standards as indicated in paragraph "Notes" 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 a 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 and/or faced by the Group.

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

PricewaterhouseCoopers SpA

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Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts International Standard on Quality Control 1 (ISQC 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 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 meetings and interviews 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 a 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 and their contribution to the performance indicators at a consolidated level, 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 for the year ended 31 December 2021 is not prepared, in all material respects, in accordance with articles 3 and 4 of the Decree and with the GRI Standards.



Our conclusions on the NFS of Reply Group do not extend to the information set out in the “European Taxonomy” paragraph of the NSF, required by article 8 of European Regulation 2020/852.

Turin, 31 March 2022

PricewaterhouseCoopers SpA

Signed by

Monica Maggio
(Partner)

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 2021 translation.

