

**CONSO  
IDATED  
DISCLOSURE  
OF NON-  
FINANCIAL  
INFOR  
MATION  
2022**

Legislative Decree 30 December 2016 No. 254



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# LETTER TO STAKE HOLDERS

Dear Stakeholders,

Our world is changing rapidly, and megatrends such as digitalisation, the climate crisis, demographic change and urbanisation are constantly challenging us to rethink the way we live, work and produce in order to ensure long-term sustainable development. At the same time, tensions such as the war between Russia and Ukraine and the aftermath of the Covid-19 pandemic are hampering progress on climate change, as is the global energy crisis and rapidly rising inflation. At Reply, we believe in technology as part of the solution to create a sustainable future: by connecting the real and digital worlds, we can better face the challenges of our time. We continue to promote sustainability in what we offer our customers, investing and using new technologies in our projects with the aim of always making a positive contribution. We firmly believe that a widespread cooperative approach contributes to bringing about fair and sustainable change by “making a difference” for all of us.

In this context, we aim to contribute to the creation of value for all our stakeholders, from our business partners to the communities to which we belong, in line with our strategy and values. Internally, the Sustainability Committee set up in 2021 is now active and fully supports the implementation of our strategy, monitoring the effectiveness of the defined actions. On the market, sustainability is increasingly an integral part of our work through two main strands: the development of IT solutions that are inherently sustainable (green tech) and the development of sustainable projects through the use of IT solutions (e.g.

artificial intelligence-based solutions for achieving sustainability goals). We also set up a User Group on IT sustainability to share knowledge and experience in order to benefit from the expertise developed by participants and best-in-class approaches and to define, test, implement and propose new methodologies.

Reply continues to develop the Green Approach, defined in 2021, with its challenging targets of Carbon Neutrality in 2025 and net zero emissions by 2030. At the operational level, we are working to reduce emissions from our facilities through significant investments in new offices and renovations, which also improve employees' well-being, and emissions caused by business travel and commuting; we started to involve our supply chain and our improvements were reflected in our ratings (e.g. CDP, Vigeo Eiris, Ecovadis).

Reply maintains its commitment to human rights, diversity and inclusion internally and in its relations with the supply chain. We are a network of highly specialised companies, implementing innovative solutions and drawing on a wide range of experience and expertise. Reply strives for excellence in everything it offers and the diversity of backgrounds and capabilities drives us even further in creating value. By our very nature, we like to work in diverse teams and we value each other's points of view: when we combine these factors in the right way, we win together.

We have reaffirmed our support for the Sustainable Development Goals in the way we conduct our business and manage our operations, and we report in line with the United Nations Global Compact (UNGC) through the Communication on Progress (COP), the Global Reporting Initiative (GRI) standards for more comprehensive and transparent reporting, and the CDP (formerly the Carbon Disclosure Project). With this document, we share the progress made during 2022 on key environmental, social and governance aspects.

Finally, I would like to thank all the colleagues and independent contractors who share their commitment to sustainability every day, from participation in internal and charitable initiatives to continuous innovation to improve as a company and to face the challenges of transition together with our stakeholders.

**Tatiana Rizzante**

CEO

Reply S.p.A.

# REPLY'S PROFILE

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 2022 *Financial Report*<sup>(1)</sup>.

## The organisational model

With over 12,973 employees<sup>(2)</sup> (as of 31 December 2022), 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, in various industrial sectors.

(1) The Financial Report is available online in the Financial Reports area of the Reply website (<https://www.reply.com/it/investors/financial-reports>).

(2) Employees of the Wemanity Group are not included

- ▶ **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

Since its inception, Reply has stood out on the market as a network of professionals who have grown together on the basis of strong shared values: today this approach has been taken to a global scale. In each country where it operates, Reply establishes and builds strong links with the academic world, gaining access to talent with the greatest potential. They, as well as the selected professionals recruited in particular in emerging markets, are asked to fully adhere to the Reply value system.

- ▶ **Excellence** is the guiding principle of this system: the quest for quality must be a daily and constant one, focused on the continuous improvement of one's own work and the benefits it brings to the customer. A strong merit-based appraisal system enables excellent performance to be recognised and rewarded each year.
- ▶ **The customer** is the central figure in Reply's value system. Employees embrace the customer's objectives and pursue them with a sense of responsibility and high moral integrity, while maintaining a collaborative spirit. An annual survey is conducted with all the Group's customers to measure their satisfaction with the activities carried out.
- ▶ **Innovation** must be the essential and daily element of all projects, carried out with a pragmatic approach that combines the courage to make choices and the ability to identify the most appropriate solutions for the context, not only from an IT point of view. With internal reward systems we recognise the most innovative ideas and projects.
- ▶ Over time, **speed** has become a hallmark of Reply's teams on the market. By capitalising on our experience and working with the main suppliers, we are able to respond quickly and appropriately to our customers' needs. A strong common methodology speeds up design and implementation.
- ▶ **Teamwork** is the glue of the Reply approach. Younger professionals bring with them the skills acquired in their academic careers by joining teams led by people who have followed the same path and who have been progressively recognised for their seniority, leadership and knowledge transfer skills.

The result of integrating a strong system of values with constant attention to the development of skills and knowledge has always allowed Reply to grow organically, placing its people at the centre of its offer in the technological, consulting and creative fields.

# Certifications

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

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.

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 14064 certification is held by the Reply Public Sector Consortium.

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

# ESG rating

The validity of Reply's Corporate Social Responsibility management model is recognised by rating agencies and by ESG indices, which guarantee transparency in communication to investors and comparability with peers, as well as increasing the Group's visibility on the financial market.

- ▶ Since 2012 Reply has been participating in the **CDP** (formerly the Carbon Disclosure Project), one of the most important international non-profit organisations for reporting on climate change, and in 2022 it obtained level B, an improvement compared to level B- in 2021, testifying to its commitment to climate change.
- ▶ Reply has been confirmed as "low risk" in the **Sustainalytics** index, the leading rating agency in the assessment of companies in the ESG area.
- ▶ Reply has been included in the **ESG Mib Index**, which identifies the major Italian listed issuers with the best ESG practices. The index combines the measurement of economic performance with ESG ratings in line with the principles of the United Nations Global Compact.
- ▶ The composition of the ESG Mib Index is also based on the analysis of ESG criteria by **Vigeo Eiris**, which assesses the ESG performance of issuers. In 2022, Reply obtained a score of 54/100, improving its performance compared to 2021 and obtaining a "robust" rating.
- ▶ In May 2022, Reply was rated A by **MSCI**, a leading international company in the provision of information tools to support the investment decisions of global investors.
- ▶ In 2022, Reply won the silver medal in the **Ecovadis** assessment, confirming its performance with a score of 62/100, an improvement on the previous year.



# Lobbying activities and association membership

As in previous years, the Group has not allocated any funds to lobbying or influencing public policy and has not played any relevant role in industry associations, trade associations or national and international advocacy organisations.

## Communication on progress

From 2021, Reply has adhered to 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 requirements of the Global Compact, Reply reports on the specific digital platform (UN Global Compact CoP Digital Platform) on the actions undertaken and the results achieved thanks to the integration of the Ten Principles of the United Nations Global Compact in its business strategies and operations, qualifying its commitment to support the achievement of the Sustainable Development Goals.

### UN SUSTAINABLE DEVELOPMENT GOALS



# WE CARE: ENVIRONMENTAL MATTERS

Reply manages 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. 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 example, 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 conscious use of resources and recycling materials, energy savings, energy efficiency, optimising transport means and consumption reporting. For each of these issues, rules of conduct are set out that must inspire daily choices at both individual and company level (e.g. use of public transport, purchase of energy efficient appliances). 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 given rise to numerous internal initiatives that contribute to the Carbon Neutrality by 2025 and Net Zero goals that Reply has set itself for 2030. To minimise the environmental impact of car use, a mobility management project was launched in 2022 for the main Italian offices, which will make it possible to optimise the systematic travel of employees in 2023 by promoting sustainable mobility.



## 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 for this reason it is committed to achieving:

- ▶ **Carbon Neutrality** for its activities (Scope 1 and 2) by **2025**;
- ▶ **Net Zero** with respect to its value chain (overall direct and indirect activities) by **2030**.

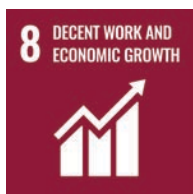
To achieve the Net Zero target, Reply is working on its emission reduction programme and has a series of actions to optimise the company's energy consumption.

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

- ▶ **Transition to 50% electricity from renewable sources** in all countries by 2025
  - ▶ In 2022, half of the countries where Reply is present were supplied with energy from renewable sources for more than 50% of their total consumption. When compared to the total electricity consumption of the entire Group, 82% of it comes from renewable energy sources.
- ▶ evolution towards a **green fleet**, with a target of 30% hybrid/electric vehicles in 2025;
  - ▶ In 2022, the Reply fleet reached 17% of hybrid/electric vehicles, the use of which is supported by the presence of special charging stations, both publicly available near

- the offices and, for some of the main offices, installed for the use of Reply employees.
- ▶ Adoption of **Environmental Policy** guidelines to reduce and monitor the environmental impact of the company's activities in offices not owned by the company, and **implement energy efficiency improvements** in all offices by 2030 (in Italy);
    - ▶ In 2022, various measures were taken to improve the energy efficiency of offices, including **reducing office opening hours** in line with working needs and local instructions issued by some countries to manage the energy crisis caused by the conflict between Russia and Ukraine. In addition, **re-lamping measures** were taken to replace traditional lighting with low-consumption equipment and **replace boilers** with more efficient models.
    - ▶ At the same time, office refurbishment projects are analysing the opportunity to move forward with voluntary **certifications of energy efficiency and environmental footprint** of buildings (e.g. LEED, BREEAM), which are already available for some of the offices used by the Group.
  - ▶ Establishment of the **Reply Forest** to absorb tonnes of CO<sub>2</sub> and support reforestation;
    - ▶ The Reply Forest grew by 60% in 2022. At the end of 2022 Reply and its companies own more than 1,600 trees: the Reply Forest, together with the forests of the Reply companies, is currently capable of absorbing 510.51 tonnes of CO<sub>2</sub> per year.
  - ▶ implementation of the offsetting programme to achieve **Carbon Neutrality in 2025** and **Net Zero in 2030** for CO<sub>2</sub> equivalent emissions.
    - ▶ The relative analysis was started and a compensation measure plan was defined through certified offsetting projects.

# Consumption



The Reply Group energy consumption refers to:

- ▶ **Electricity**, sourced from the national grid to supply offices and premises lighting systems and, in some cases, for heating, as well as technological and IT equipment (e.g. computers, printers, servers, data centres);
- ▶ **Natural gas** for the operation of the heating systems installed in the Reply offices and whose consumption is strictly linked to the volume of corporate activities and number of offices;
- ▶ **Diesel and petrol fuel** for corporate vehicles;
- ▶ **Diesel** used for heating;
- ▶ **District heating** for offices and/or producing hot water, with a reduction in environmental impact.
- ▶ **Electric cooling and heating** (using fan coils or air conditioning) is often not directly quantifiable as it is included in the electricity consumption of the offices.

In relation to the activities carried out, Reply does not use fuels derived from renewable sources and does not produce energy for resale.

The table below shows energy consumption by type for the three-year 2020-2022 period.

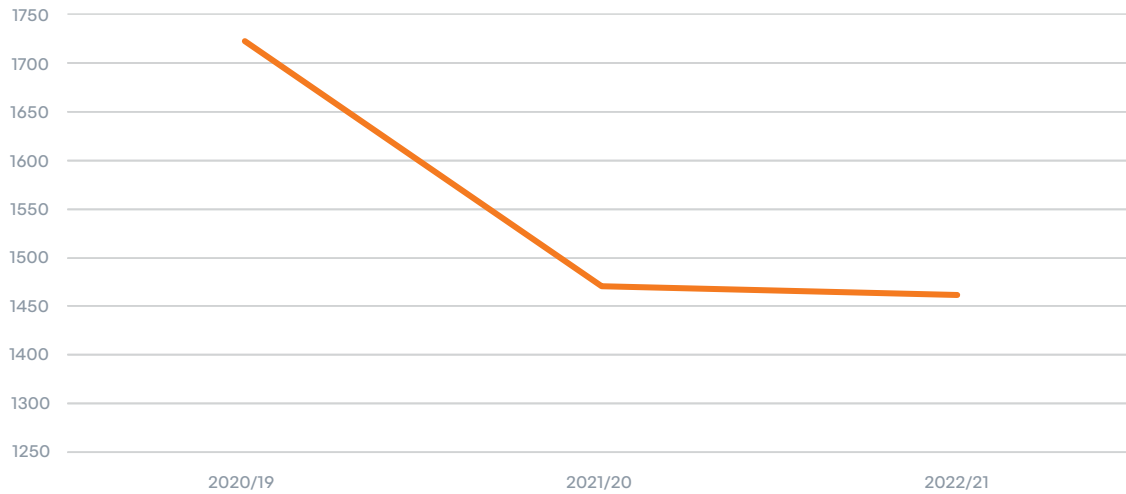
TYPE OF CONSUMPTION	UNIT OF MEASURE	2022	2021	2020
Electricity	kWh/year	13,345,458	10,067,118	10,504,907
District heating	kWh/year	6,051,748	4,269,938	3,291,278
Natural gas	m <sup>3</sup> /year	334,689	1,291,914	426,746
Diesel (heating)	l/year	9,000	10,000	14,500
Diesel (vehicles)	l/year	1,675,487	1,380,179	1,318,530
Gasoline	l/year	192,881	86,631	60,138

TYPE OF CONSUMPTION	UNIT OF MEASURE	2022	2021	2020
Electricity	GJ/year	48,044	36,242	37,818
District heating	GJ/year	21,786	15,372	11,849
Natural gas	GJ/year	13,308	49,332	16,295
Diesel (heating)	GJ/year	344	382	554
Diesel (vehicles)	GJ/year	63,977	52,702	50,348
Gasoline	GJ/year	6,389	2,977	2,067
<b>TOTAL</b>	<b>GJ/year</b>	<b>153,848</b>	<b>157,006</b>	<b>118,930</b>

During 2022, a slight increase was recorded in the consumption of **electricity** (including district heating) and **fuel** for cars compared to the previous year. This increase is mainly due to the growth in the Group's size and the gradual return to the offices after the Covid-19 pandemic, as well as the extension of the reporting perimeter for company cars (with all countries present in Region 1, especially the USA and Brazil). However, if we compare these consumption figures with those for 2019, which were not affected by the pandemic, we can see that electricity consumption is comparable (+4%), despite the increase in the number of open offices (with the addition of the new office in via Nizza 250 in Turin of over 20,000 m<sup>2</sup>) and the return to full operation, while the use of company cars (such as diesel and petrol consumption) has been reduced by 12%, in addition to the reduction in non-electric cars of around 7%.

The improvement in the efficiency of **district heating and electricity consumption** is significant: despite the increase in absolute terms, the consumption in kWh per employee fell by 0.7%, with an average consumption of 1,461 kWh compared to 1,470 kWh in the previous year. Overall, compared to 2020/2019, where consumption was equivalent to 1,722 kWh per employee, there was a decrease of 15.2%.

### KWH CONSUMPTION BY EMPLOYEE <sup>(3)</sup>



Regarding gas consumption for office heating, an error had led to an overestimation<sup>(4)</sup> of consumption for 2021, but the data for 2022 show a decrease in consumption compared to 2020 (-21.6%), despite the Group's organic growth.

(3) Figures "per employee" are calculated as an average over two consecutive years to mitigate the effects of abnormal events that may distort trends and to include the effect of improvement actions undertaken.  
(4) The value of gas consumption for heating was almost quadrupled



## Energy from renewable sources

In addition, Reply is working to supply all major locations worldwide with electricity from renewable sources by 2025. In this respect, the commitment made in Germany in 2021 was continued with the signing of contracts for the supply of electricity from renewable sources, which will exceed 60% of consumption; in Italy, on the other hand, the slight decrease is due to the opening of a new office, which has not yet been supplied with green contracts. In 2022, overall, Reply drew 82% of its electricity from renewable sources.

### SOURCE OF ELECTRICITY PURCHASED IN 2022

REGION	COUNTRY	TOTAL ELECTRICITY <sup>(5)</sup> 2022 (kWh)	% RENEWABLE 2022	ELECTRICITY FROM RENEWABLES 2022 (kWh)
Region 1	ITALY	9,897,162	94%	9,281,774
	BRAZIL	108,190	85%	91,460
	ROMANIA	72,360	51%	36,600
	CHINA	14,108	29%	4,043
	INDIA	39,745	21%	8,418
	USA	990,584	21%	205,076
	POLAND	24,906	18%	4,409
	NEW ZEALAND	13,072	85%	11,123
Region 2	AUSTRIA	32,311	81%	26,150
	CROATIA	55,313	65%	35,948
	GERMANY	1,254,272	61%	766,677
	CHINA	11,737	29%	3,363
Region 3	LUXEMBOURG	8,035	92%	7,390
	UNITED KINGDOM	593,279	42%	250,423
	BELGIUM	36,777	25%	9,177
	FRANCE	11,091	23%	2,546
	BELARUS	9,914	4%	353
<b>TOTAL</b>		<b>13,172,856</b>	<b>82%</b>	<b>10,744,930</b>

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

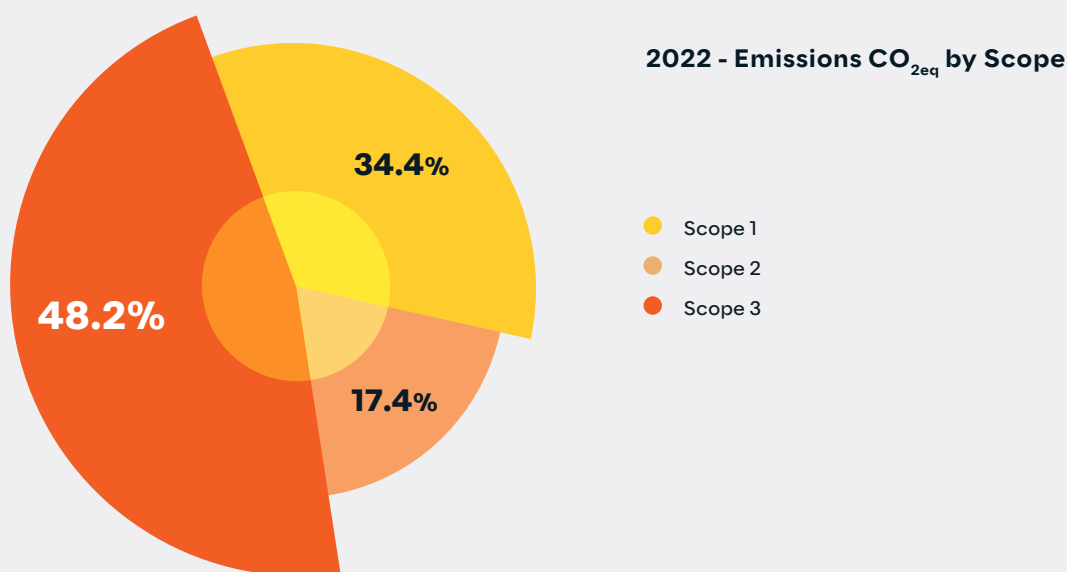


# GHG gas emissions



The Group’s greenhouse gas emissions derive from its office-based organisation and are thus due to the use of fossil fuels for heating, business travels, 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. To report its emissions, 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 total emissions broken down by Scope (with Scope 2 Market-Based) are shown below.



The recovery of business travel, which is increasingly returning to pre-pandemic levels throughout Reply’s territory, and the extension of Scope 3 reporting to include the upstream electricity component have changed the weighting of the contributions of the different scopes in terms of total CO<sub>2eq</sub> emissions. In particular, Scope 1 has decreased in favour of Scope 3 compared to 2021 figures.

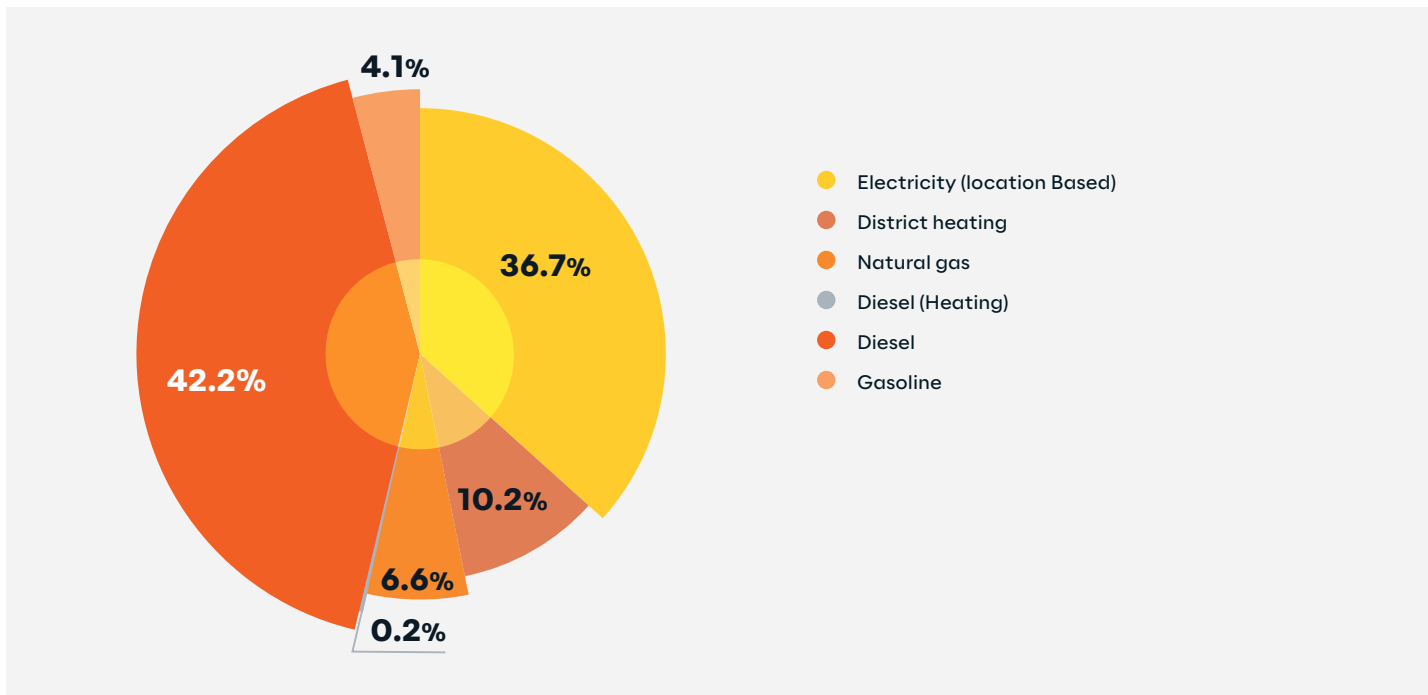
SCOPE	UNIT OF MEASURE	2022	2021	2020
Direct emissions (Scope 1)	ton CO <sub>2eq</sub>	5,400 (-14%)	6,294	4,518
Indirect emissions (Scope 2) LOCATION-BASED	ton CO <sub>2eq</sub>	4,757 (+22%)	3,898	3,831
Indirect energy emissions (Scope 2) MARKET-BASED	ton CO <sub>2eq</sub>	2,738 (+13%)	2,416	2,367
Indirect energy emissions (Scope 3)	ton CO <sub>2eq</sub>	7,578 (+152%)	3,011	n/d

## SCOPE 1 AND 2

From the graph below, which shows the breakdown of total Scope 1 and 2 greenhouse gas emissions by source, it can be seen that:

- ▶ the main contribution comes from **fuel consumption** for company cars (46.3%)
- ▶ followed by **electricity** consumption for offices and technological and IT equipment (36.7%)
- ▶ the lowest contribution is from the **heating of the offices** using diesel and district heating (16.8%)

### CO<sub>2EQ</sub> EMISSIONS (Scope 1 + Scope 2 Location-Based) BY SOURCE AT 2022



The changes compared to the 2021 values are mainly due to the correction of natural gas consumption and secondly to the increase in the number of company cars.

The tables below show the greenhouse gas emissions of:

- ▶ Scope 1, i.e. those directly deriving from the consumption of natural gas, diesel and petrol;
- ▶ Scope 2, i.e. those indirectly deriving from the consumption of electricity and district heating.

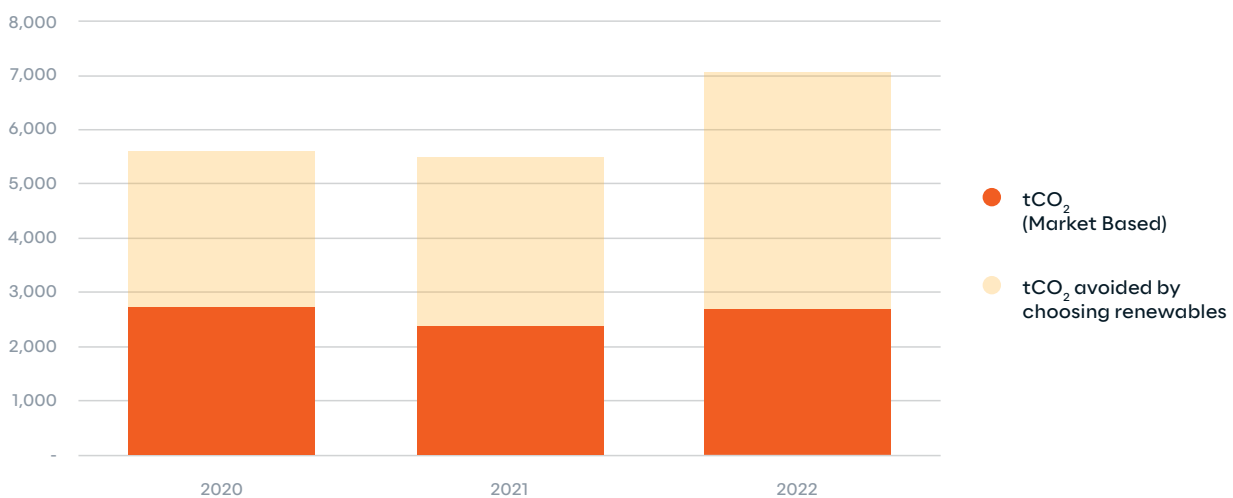
Indirect emissions were calculated according to two different methods:

- ▶ *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;
- ▶ *Location-based*: reflects the average intensity of emissions relative to the grids providing the energy.

When analysing the evolution of greenhouse gas emissions over the three-year period 2020-2022, there was:

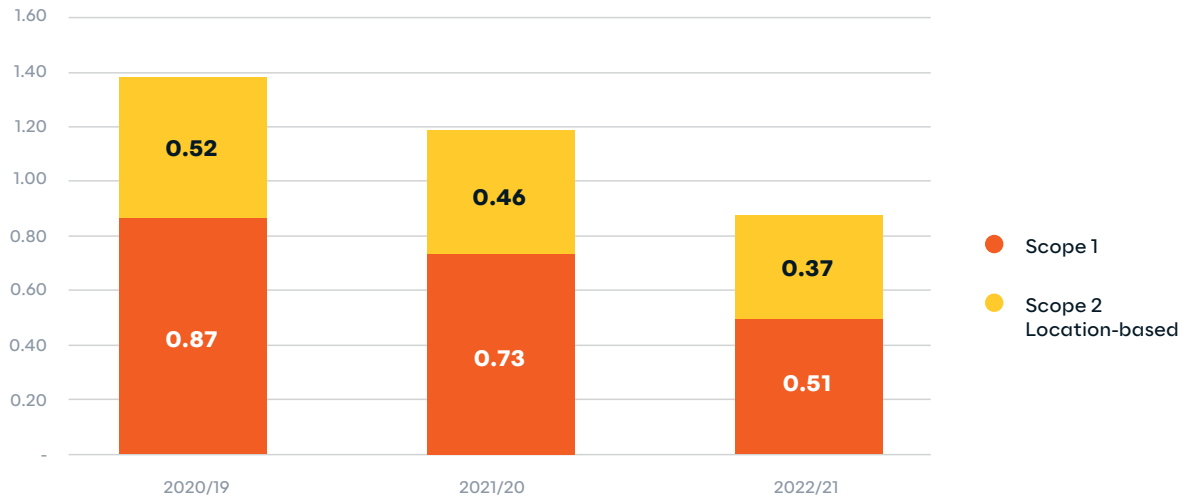
- ▶ a decrease in emissions for the Scope 1 part due to the error related to natural gas consumption for office heating in 2021 (as explained in the section CONSUMPTION);
- ▶ an increase in emissions for the Scope 2 part when taking into account the location-based approach. The overall increases for Scope 2 are explained by the gradual post-Covid-19 emergency return to offices in 2022.

#### TOTAL SCOPE 2 CO<sub>2</sub><sub>2EQ</sub> EMISSIONS - ENERGY MIX COMPARISON



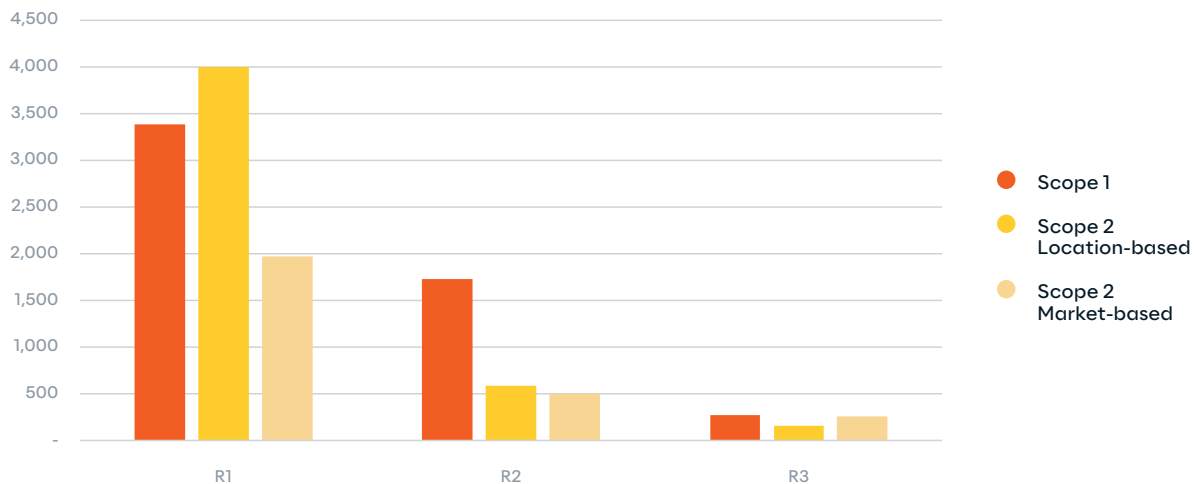
The positive impact of using energy from renewable sources is evident from the Scope 2 Market-Based analysis: the translucent area in the graph represents the share of emissions that would occur in the absence of “green” contracts, while the translucent area highlights the actual emissions component for Reply.

**CO<sub>2</sub>EQ EMISSIONS PER EMPLOYEE (tCO<sub>2</sub>eq)**



The analysis of the intensity of emissions in relation to the number of employees of the Group shows an overall reduction, greater for Scope 1 (also due to the correction of natural gas consumption) and less for Scope 2, which can be explained by the increase in the number of Reply employees.

**CO<sub>2</sub>EQ EMISSIONS BY REGION IN 2022 (tCO<sub>2</sub>eq)**



The extensive use of district heating in Region 1 led to an increase in indirect Scope 2 emissions compared to the other Regions.

**DIRECT (SCOPE 1) AND INDIRECT ENERGY (SCOPE 2) CO<sub>2EQ</sub> EMISSIONS BY REGION IN 2022**

SCOPE	UNIT OF MEASURE	R1	R2	R3	TOTAL
Direct emissions (Scope 1)	ton CO <sub>2eq</sub>	3,392	1,727	281	5,400
Indirect energy emissions (Scope 2) LOCATION-BASED	ton CO <sub>2eq</sub>	4,007	585	166	4,757
Indirect energy emissions (Scope 2) MARKET-BASED	ton CO <sub>2eq</sub>	1,977	501	261	2,738

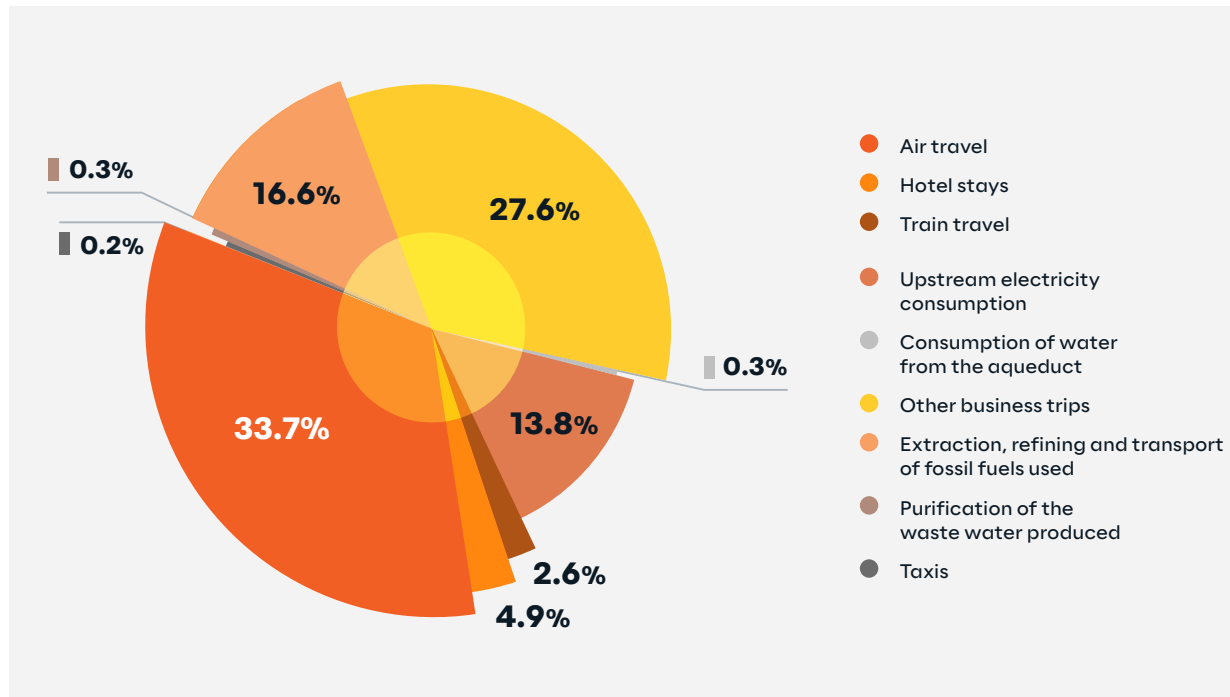
## SCOPE 3

The calculation of Scope 3 emissions takes into account greenhouse gas emissions that are not under the direct control of the company, but that are indirectly linked to Reply's value chain, in particular the upstream activities of the Group's business. 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.

The emission categories identified with respect to the indications of the GHG Protocol 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;
- ▶ Emissions related to the production of fuel and energy (fuel and energy related activities) not included in Scope 1 or Scope 2: upstream emissions from electricity consumption for offices and district heating (introduced in 2022), gas and diesel for heating, diesel and petrol for company cars, emissions associated with the extraction, refining and transport of fuels before combustion (well-to-tank);
- ▶ Purchased goods and services: with consumption of water from the aqueduct;
- ▶ Waste generated in operations: purification of the waste water produced.

## INDIRECT (SCOPE 3) CO<sub>2eq</sub> BY TYPE IN 2022

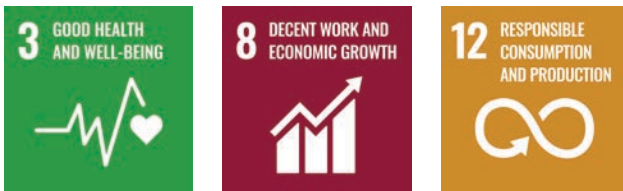


## INDIRECT (SCOPE 3) CO<sub>2eq</sub> BY REGION IN 2022

Categories	EMISSIONS for scope 3 (t CO <sub>2eq</sub> )				
	R1	R2	R3	Total	
Business Travel	Air travel	2,101.8	429.1	25.3	2,556.2
	Train travel	117.5	34.0	47.2	198.7
	Hotel stays	273.2	79.7	17.1	370.0
	Taxis	6.1	15.5	0.0	21.6
	Other business trips	1,950.5	139.0	0.0	2,089.5
	<b>Total Business Travel</b>	<b>4,449.2</b>	<b>697.2</b>	<b>89.6</b>	<b>5,236.0</b>
Purchased goods and services	Consumption of water from the aqueduct	10.9	1.8	0.7	13.4
	<b>Total Purchased goods and services</b>	<b>10.9</b>	<b>1.8</b>	<b>0.7</b>	<b>13.4</b>
Waste generated in operations	Purification of the waste water produced	19.9	3.2	1.3	24.4
	<b>Total Waste generated in operations</b>	<b>19.9</b>	<b>3.2</b>	<b>1.3</b>	<b>24.4</b>
Fuel and energy related activities	Extraction, refining and transport of fossil fuels used	802.8	388.6	69.3	1,260.7
	Upstream electricity consumption	904.0	89.5	49.6	1,043.1
	<b>Total Fuel and energy related activities</b>	<b>1,706.8</b>	<b>478.1</b>	<b>118.9</b>	<b>2,303.9</b>
<b>Total</b>	<b>6,186.9</b>	<b>1,180.3</b>	<b>210.5</b>	<b>7,577.7</b>	



## Waste management



Reply is an organisation based on activities of a purely intellectual nature, therefore there are no significant environmental impacts either upstream or downstream of its value chain. Indeed, Reply does not carry out activities that require incoming raw materials, nor does it produce specific waste related to the production of its business services, therefore there are no critical aspects related to possible environmental impacts on the management of special waste. In terms of waste generated within the organisation that is strictly related to office activities, we note electronic equipment (e.g. laptops, printers, etc.), better known as **WEEE** (Waste from Electrical and Electronic Equipment). In the Italian perimeter, Reply manages this type of waste with a set schedule based on precise contingent needs. Suppliers are qualified by following internal asset reuse and disposal procedures, which include verification of the legal requirements for carrying out this type of activity. In addition, to manage the disposal of electronic equipment, there are KPIs within the Environmental Management System and managed by the ICT function that track both purchased laptops and those that are disposed of and donated. One of Reply's future objectives is to make the waste management process more structured and widespread in order to reduce the generation of hazardous waste to a minimum.



As mentioned above, to integrate and improve the circularity of goods, Reply has decided to continue donating laptops that are still functional but inadequate for internal technical/operational needs. In 2022 in Italy there were several initiatives where Reply was involved in donating electronic equipment, both internally to employees who requested it and externally to various charities, for a total of 846 laptops that were put to new uses.

As far as **municipal waste** is concerned, all offices have special recycling bins, and by 2023 Reply is committed to introducing recycling bins for all types managed locally (e.g. plastic, paper, organic, metal) in a comprehensive way in all its locations.

Reply encourages employees not to use disposable cups and, where possible, to use their own reusable cups, to considerably reduce the impact of waste. Furthermore, in 2022 Reply has set itself the goal of eliminating single-use plastic in all offices in line with the European SUP (Single Use Plastic) directive which regulates its use. In addition, compostable cups for coffee and tea are expected to be introduced by 2023, and plastic stirrers will be replaced with other compostable materials so that they can be used by staff. Similarly, there are plans to replace still water bottles with organic ones, which are disposed of in organic waste, and to replace sparkling water bottles with aluminium cans, which are disposed of in metal waste. Over time, these initiatives will make it possible to increase the amount of waste destined to have a second life, as reusable by-products.

Reply also demonstrates its focus on the environment by reusing promotional materials, such as roll-ups, which are 80% recycled to create limited edition gifts distributed to employees who have actively contributed to the initiatives.

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 donate, reuse or recycle 100% of electronic waste such as computers and servers.





Reply is strongly focused on the issue of sustainability also through **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. As part of the Reply to the Earth programme, the Social Network function proposes activities aimed at involving local internal communities on specific issues such as sustainable mobility or the use of recycled materials. The focus on environmental issues has also generated numerous internal initiatives; in Turin, for example, a plogging challenge was organised with the aim of collecting and properly disposing of litter left along the road and in the green areas around one of Reply's offices, thus providing the city's community with a cleaner environment.

On Earth Day 2022, an **upcycling competition** was launched open to all employees, who were asked to create and display their own recycled object to win a gift made from recycled promotional material. The aim was to show support for environmental protection and to encourage reuse and upcycling behaviour in everyday life.

# Water management

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.

The increase in consumption is mainly due to the transition to the use of actual consumption data as opposed to estimated data in previous years.

## WATER CONSUMPTION BY REGION

REGION	UNIT OF MEASURE	2022 WATER CONSUMPTION	2021 WATER CONSUMPTION
R1	m <sup>3</sup> /year	73,233	47,900
R2	m <sup>3</sup> /year	11,875	10,744
R3	m <sup>3</sup> /year	4,674	5,063
<b>TOTAL</b>	<b>m<sup>3</sup>/year</b>	<b>89,783</b>	<b>63,707</b>

# WE CARE! PEOPLE

## Reply's values



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. In conducting its business, Reply focuses mainly on principles based on transparency and integrity, respecting the expectations of the various stakeholders and regulatory provisions. In particular, Reply and its subsidiaries adopted a **Code of Ethics** approved on 28 March 2008 and last updated in 2019, which was distributed and published in the countries where 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 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. 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.

In addition, Reply defined the **Human Rights & Labour Policy** which rejects child labour and forced labour and protects freedom of association and collective bargaining throughout the Group, and issued the **Modern Slavery Policy** against modern forms of slavery.

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 person to company results. The individual companies of the Group have autonomy and responsibility, but Reply's values act as a glue and guarantee the correct management of internal and external dynamics, defining a common culture.

In addition, once a year Reply organises the **Employee Survey**, a questionnaire aimed at assessing the satisfaction, involvement and mood of employees on issues related to Reply's values, collaboration with colleagues and personal expectations. The initiative is launched simultaneously in all countries where the Group is present and applies to all employees<sup>(6)</sup> who have been with Reply for at least two months.

Participation is voluntary and anonymous, and participants have the opportunity to share their views and help improve their working environment by indicating their level of agreement with the proposed statements and adding general or specific comments on the issues being assessed.



(6) Excluding "executive" levels

The results of each company are sent to its partners, who are asked to analyse them, share them with employees and propose an action plan to work on the points identified as needing improvement. Comparison with previous years' results allows the trend of the indicators to be assessed over time and ensures that attention is paid to continuous improvement. In 2022, 9,492 employees were invited to participate.

All the Group's **independent contractors** 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. Reply 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.

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.

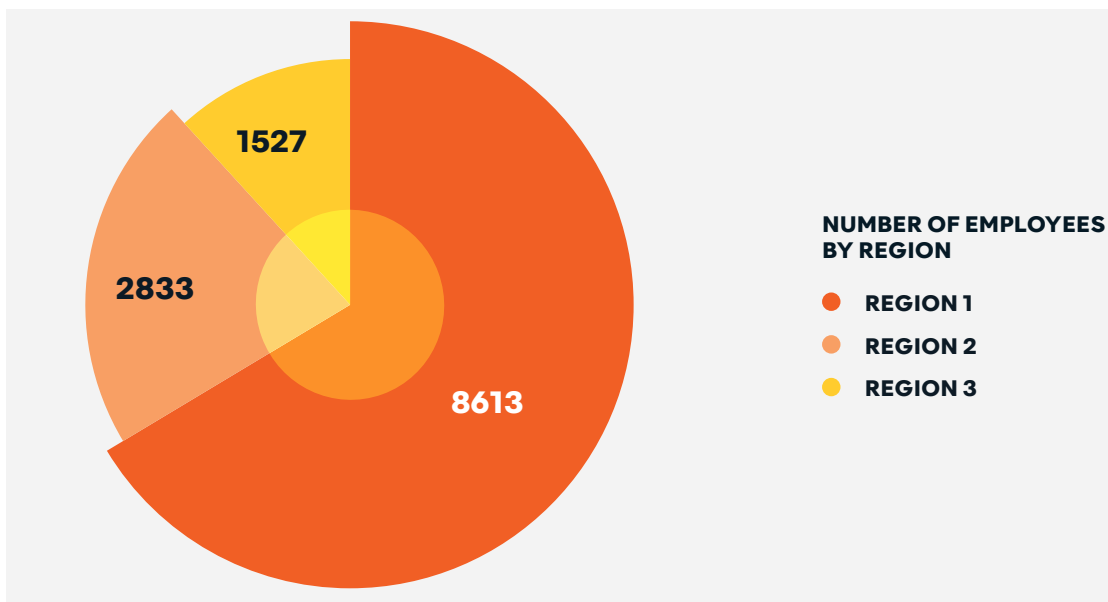
In order to ensure the effectiveness of these provisions and avoid any episode of discrimination, a whistleblowing system is in place for reporting irregularities or violations of applicable regulations or internal procedures, guaranteeing the anonymity of reports.

## People - Indicators



### New employees, turnover and benefits

As at 31 December 2022, the Reply Group had 12,973 employees<sup>(7)</sup>, an increase of 28.2% compared to the previous year. Reply has a compensation rate of 1.8 entries for each exit, an increase compared to 2021 and 2020, where for both years it was equal to 1.5 entries for each exit. Reply is attentive to the issue of gender equality: the presence of women increased to 29% of the total workforce in 2022, with 3,763 employees (2,891 in 2021 and 2,549 in 2020). This percentage is in line with that of university faculties (STEM), which are the Group's main area of recruitment.



In 2022 Reply hired:

- ▶ in Region 1:
  - 752 women (579 under 30, 162 between 30 and 50, 11 over 50)
  - 1,943 men (1,530 under 30, 378 between 30 and 50, 35 over 50)
- ▶ in Region 2:
  - 283 women (165 under 30, 115 between 30 and 50, 3 over 50)
  - 547 men (302 under 30, 237 between 30 and 50, 8 over 50)
- ▶ in Region 3:
  - 207 women (124 under 30, 77 between 30 and 50, 6 over 50)
  - 449 men (210 under 30, 216 between 30 and 50, 23 over 50).

(7) Employees of the Wemanity Group are not included



To improve employee retention and general well-being, Reply provides its employees with benefits that vary from country to country, also in relation to local legislation. In Italy, for example, there are a number of concessionary agreements for employees in the areas of health, well-being, personal care and mobility.

However, there is no Region in which Reply operates with a significant difference in allocation of benefits for different types of contract (permanent, temporary, part-time).

### Employment relations

Reply considers the offer of stable, long-lasting employment relationships essential in supporting employee growth<sup>(8)</sup>. 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. However, for employees not covered by collective bargaining agreements, Reply determines their working conditions and terms of employment in analogy with the collective bargaining agreements under which other employees are classified.

Employees	Female	Male	Total
Number of permanent employees	3,725	9,135	12,860
Number of temporary employees	38	75	113
Number of employees	3,763	9,210	12,973

In 2022, confirming the emphasis that the company places on safeguarding employment stability, 99% of women and 99% of men are employed on permanent contracts. The same percentages were also recorded for 2021.

Employees	Region 1	Region 2	Region 3	Total
Number of permanent employees	8,598	2,776	1,486	12,860
Number of temporary employees	15	57	41	113
Number of employees	8,613	2,833	1,527	12,973

The following are hired on permanent contracts:

- ▶ 99.8% of employees in Region 1 (in 2021, 99,8% of employees were recruited on permanent contracts)
- ▶ 98.0% of employees in Region 2 (in 2021, 98,1% of employees were recruited on permanent contracts)
- ▶ 97.3% of employees in Region 3 (in 2021, 96,8% of employees were recruited on permanent contracts)

(8) Employees with non-guaranteed hours are not counted because they are not material

Employees	Female	Male	Total
Number of full-time employees	3,477	8,900	12,377
Number of part-time employees	286	310	596
Number of employees	3,763	9,210	12,973

95.4% of employees have a full-time contract (in 2021, the percentage was 95.9%), specifically:

- ▶ as regards men, the percentage employed full-time is 96.6%;
- ▶ as far as women are concerned, the percentage of full-time employees is equal to 92.4%.

The use of part-time contracts responds to the needs expressed by employees (e.g. the need to combine work and study, maternity leave, etc.) and is usually temporary.

Employees	Region 1	Region 2	Region 3	Total
Number of full-time employees	8,343	2,541	1,493	12,377
Number of part-time employees	270	292	34	596
Number of employees	8,613	2,833	1,527	12,973

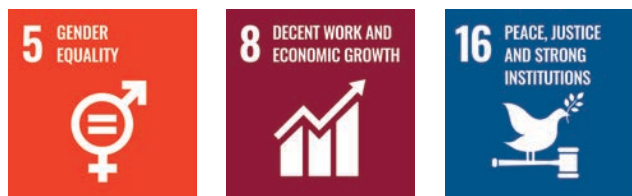
## The Wemanity Group

Reply acquired Wemanity Group in October 2022.

As of December 31, 2022, the Wemanity Group has 494 employees and has operational offices in five countries: France, Belgium, Luxembourg, Netherlands and Morocco.

In the period following the acquisition by Reply, there were no incidents on site or incidents related to home-work commuting, for both men and women.

## The supply chain



The selection process and the focus on building virtuous, long-lasting relationships with independent contractors is essential to Reply. Independent contractors work both at the Group 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 Sourcing division currently manages the above activities in the following geographical areas:



- ▶ Region 1: Italy, Romania;
- ▶ Region 2: Germany, Poland;
- ▶ Region 3: UK, Belgium, France, Luxembourg.

The average value of independent contractors with at least one contract activated in 2022 is up by 20.3%, moving from 4,618 to 5,556 as the average number of people in the reference year.

In relation to the type of contractual relationship in place with external independent contractors, in compliance with the specificities of each country, the following are mapped:

- ▶ **Direct contractor relationships:** this includes relationships with VAT No. holders, occasional collaborations and other forms of collaboration contracts (e.g. Zero Hour Contracts for the UK)
- ▶ **Indirect/mediated by third parties collaboration relationships:** all other forms of collaboration mediated by third parties are included in this category, which can be:
  - ▶ Administration, recruiting or staffing agencies
  - ▶ One person companies/organisations

Workers carry out tasks similar to Reply employees, employed in consultancy activities in the IT sector.

It should be noted that in all contracts entered into by Group companies, independent contractors and suppliers are required to accept and apply the Group's Code of Ethics and from 2022, the Supplier Code of Conduct.

The social nature criteria used to assess suppliers are specific to the various countries. In particular:

- ▶ For Italy, the **regularity of contributions** and compliance with the employment status of the employees are verified.
- ▶ For the United Kingdom, the **Modern Slavery Policy** has also been issued for suppliers. From 2021, other types of contracts are also managed (so-called **Zero Hour Contracts**): this type of collaboration involves the direct payment of contributions by the customer
- ▶ For Romania (Region 1), Region 2 and Region 3 (Belgium, France and Luxembourg), given the nature of the suppliers who are largely individual freelancers with direct contracts, no specific assessments are carried out.

The percentage of new suppliers that were screened using social criteria in 2022 was 58.8% compared to 65.8% in 2021 and 63.2% in 2020. In particular:

- ▶ In Region 1<sup>(9)</sup>, the screened percentage is 82.5%, the figure for Italy alone rises to 88%
- ▶ In Region 3, the screened percentage is 77.6%, the figure for the United Kingdom alone is 100%

(9) Please refer to the scope of activities of the Sourcing function

The ESG **self-assessment** activity can be seen as a social monitoring element. For Italy it is added to the checks already in place, while it is a new check for Region 2.

### **Supplier code of conduct**

From the second quarter of 2022, all suppliers read and accepted, by signing the contract, the Supplier Code of Conduct developed by Reply, which integrates the existing Code of Ethics, also included in the contracts.

The purpose of the Code of Conduct is to define the standards that must be respected by suppliers and to gather all the issues that Reply considers essential in the relationship with its suppliers: integrity and transparency, focus on the environment, health and safety, protection of people and working conditions.

Reply implements all measures aimed at requiring and monitoring compliance with the rules and practices of the Code of Conduct and, in the event of non-compliance with these minimum criteria, assesses the appropriate countermeasures to be implemented.

To assess the compliance of the supply chain with the Code of Conduct, the first **self-assessment** campaign was launched in the last quarter of 2022, managed by suppliers filling in a self-assessment questionnaire focused on the following topics:

- ▶ **Labour:** protection of working conditions;
- ▶ **Protecting People:** respect for the dignity of the worker and their physical and moral well-being, avoiding any form of discrimination;
- ▶ **Environment, Safety and Health:** focus on environmental and safety issues, and related employee awareness;
- ▶ **Integrity and Transparency:** commitment to ethical integrity and transparency in corporate conduct, in compliance with current legislation and the interests of stakeholders.

The activity involved a sample of suppliers in Italy and Germany with more than 15 employees. The 209 suppliers found to meet these criteria were then invited to participate in the initiative, which had an 89% participation rate, with 185 suppliers completing the online questionnaire.

This first self-assessment campaign, which will be carried out on an annual basis, has shown a high level of compliance by suppliers with the standards required by Reply, particularly with regard to labour and human resources issues, and has made it possible to increase supplier involvement and dialogue with the aim of taking targeted action to improve the overall level of compliance.

### **Security measures and undertaking of confidentiality commitment**

As part of the security measures put in place by the ICT Security function, Multi-Factor Authentication (MFA) was also extended to external independent contractors to access Reply's systems and network. The contracts and guidelines for the safe management of resources and information have been updated in this regard. In addition, from Q3 2022, the signing of a commitment to confidentiality and the secure use of confidential information

has been extended to all external independent contractors across the perimeter, under the leadership of the Sourcing division. This document was already required in the Italian perimeter.

A process is being adopted whereby in the absence of this signed document, any internal file sharing tools required are not enabled.

## Diversity and inclusion



Within Reply, the Social Network function, whose objectives include facilitating growth and knowledge sharing and creating opportunities for networking, supports access to services and opportunities for all Replyers in a fair and equitable manner, regardless of gender, status, origin or position.

The **Reply All - Uniquely Diverse** programme aims to create a community that gives space and visibility to diversity, inclusion and accessibility, leveraging on the intrinsic nature of Reply: a network of companies that celebrate differences. Reply has employees from 154 different nationalities in its Group; with 13 nationality groups having more than 40 employees.

The aim of the programme is to discuss and debate issues relating to inclusion and diversity to stimulate continuous improvement. Having diverse teams, with people of different genders, ages, ethnicities, cultures, backgrounds, educations, experiences and preferences, is a valuable asset to the company. Guided by the principles of transparency, fairness and openness to dialogue, it proposes new ways of working together and learning from each other, recognising that the best solutions and most innovative ideas come from diversity. In particular, **Women in Tech**, which has been active since 8 March 2019, is one of the strongest strands of the Reply All: Uniquely Diverse programme and continues to provide an opportunity to discuss the role of women in the IT & Business world and to identify activities to further increase the presence of women in Reply's reference sector.

These initiatives are organised both in person and live-streamed globally on the Group's knowledge sharing platform, allowing all offices to participate and contribute.

In 2022, the panels on **women** and the **LGBTQIA+ community** involved more than 300 unique Replyers from 10 different countries. The panels also allowed Replyers at different levels to share their personal experiences, as well as the perspectives of external customers and partners.



To facilitate and strengthen this connection, the international **Booster Club** programme has also been launched, which involves the creation of teams to engage the employee community in each of the Group's offices, with the aim of encouraging knowledge sharing and participation in #LifeAtReply events. The aim of the Booster Clubs is to offer similar opportunities throughout the Reply network and to listen to the voices of all Repliers, regardless of the size of their offices. Booster Clubs form a network of highly motivated local ambassadors and manage a budget to host or lead knowledge-sharing events in their office or city, such as training courses to keep skills up to date, community appetizers, wellness activities and more. The Booster Club's activities are constantly monitored and supported by the internal communications team, which provides practical assistance in the organisation of the events. The initiatives carried out by the Booster Clubs vary according to the specifics of each local community, but the essential nature of these activities is to promote aggregation, a sense of belonging and knowledge among Repliers. In relation to Booster Club activities, in 2022, 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. The very nature of the Booster programme, in 2022 made up of 40 different teams present in 14 countries (in 2021 there were 38 teams 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 2022, Booster events saw more than 6,200 attendees globally.

Reply 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 1.8% of the **Region 1** workforce.



## Gender equality



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

### NUMBER OF EMPLOYEES BY CATEGORY, GENDER AND AGE GROUP

CATEGORY	AGE GROUP	2022		2021		2020	
		MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Executive	< 30 years old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	30 < x < 50	2.7%	0.8%	3.0%	0.9%	3.1%	0.9%
	> 50 years old	1.3%	0.5%	1.3%	0.5%	1.2%	0.5%
Manager	< 30 years old	0.3%	0.3%	0.3%	0.3%	0.2%	0.2%
	30 < x < 50	11.8%	9.4%	12.6%	9.1%	12.5%	8.0%
	> 50 years old	2.2%	1.3%	2.3%	1.3%	2.4%	1.1%
Staff	< 30 years old	40.4%	42.4%	37.4%	40.7%	33.9%	38.4%
	30 < x < 50	36.5%	41.5%	39.3%	43.8%	43.2%	47.0%
	> 50 years old	4.7%	3.9%	3.8%	3.4%	3.5%	3.8%
<b>Total</b>		<b>9,210</b>	<b>3,763</b>	<b>7,225</b>	<b>2,891</b>	<b>6,468</b>	<b>2,549</b>

Reply guarantees all its employees a wage that corresponds to the cost of living in all the countries in which it operates and is committed to ensuring gender pay equity, so that employees are fairly and consistently remunerated according to the type of work, position and career level.

In 2022, there was 100% pay equity for women compared to men on the minimum wage and 94% on the average wage in all countries.

### SALARY ALIGNMENT FOR WOMEN COMPARED TO MEN

CATEGORY	REGION 1		REGION 2		REGION 3		TOTALE	
	Minimum	Average	Minimum	Average	Minimum	Average	Minimum	Average
STAFF	100%	99%	91%	82%	100%	87%	100%	94%
MANAGER	100%	99%	100%	85%	94%	84%	100%	94%

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. 100% of employees have the right to request parental leave, in 2022 the following took advantage of the leave:

- ▶ in **Region 1**: 45 men and 171 women (in 2021, 19 men and 106 women took advantage of the leave)
- ▶ in **Region 2**: 73 men and 69 women (in 2021, 56 men and 47 women took advantage of the leave)
- ▶ in **Region 3**: 24 men and 33 women (in 2021, 11 men and 6 women took advantage of the leave)

▶

Those that returned at the end of the leave:

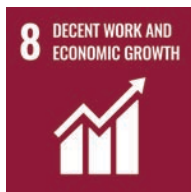
- ▶ in **Region 1**: 33 men and 165 women (9 men and 142 women were still employed one year after their return)
- ▶ in **Region 2**: 68 men and 37 women (62 men and 33 women were still employed one year after their return)
- ▶ in **Region 3**: 24 men and 33 women (17 men and 27 women were still employed one year after their return)

# Health, safety and well-being



Reply pays close attention to safeguarding employee health and safety and their well-being. This is done 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 and with specific programmes dedicated to well-being.

## Health & safety



Health and safety management in all companies operating in Italy is guaranteed through the application of the health and safety model managed by the parent company Reply Spa, certified ISO 45001. In particular, employees in Italy represent the largest part of Reply's workforce, with 60% of the total, and the application of the model is managed by the parent company Reply Spa, which provides services to all Group companies: this allows a broad view on the implementation of this system. This safety management model makes it possible to identify the legislation applicable to the corporate structure and the obligations deriving from it, to guarantee the subjects involved in the compliance process access to the archive of regulatory documents and their updating, to identify the deadlines and their periodicity in order to proceed with the planning of activities, to disseminate the necessary information and to document decisions on applicability assessments. As an integral part of the model, a specific policy has been drawn up for health and safety issues available on the intranet for all employees.

In Italy, the assessment of personnel safety risks is included in the Risk Assessment Document (DVR) and is carried out by the employer, the Workers' Health and Safety Representative, the Health and Safety Officer and the occupational physician. The activity to be assessed and the identifiable hazards are related to the specific job task for which the personnel is subject to health surveillance. Specifically, Reply workers are classified as video terminal workers and are subject to health surveillance if they work more than 20 hours per week at a video terminal. None of the hazards identified related to the job caused serious injuries.



An active health surveillance protocol is in place for employees and independent contractors, with ongoing collaboration, which includes preventive visits at the beginning of the employment relationship and periodic appointments.

In the case of accidents, the problems associated with the work and the correct handling of the accidents themselves are documented: the activity carried out focuses on near misses, i.e. accidents that do not result in injury or illness but could have done so. In the case of such near misses, action has also been taken to eliminate the hazards and minimise the associated risks.

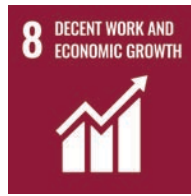
Finally, and also with the aim of minimising the risk of accidents, the following are planned for all existing and new employees:

- ▶ low-risk safety training activities as required by law;
- ▶ timely information and dissemination actions on issues related to workers' health, through content published on the internal enterprise social networking platform, with reference to affiliated institutions (e.g. for swab tests and the possibility of vaccination with the Reply agreement carried out in the pandemic period).

In addition, with regard to the prevention and mitigation of health and safety impacts directly related to business relationships, a series of clauses are provided for at the contractual level between Reply and its customers and suppliers, which regulate the exchange of information and documentation between the Health and Safety departments, which are linked according to the legal requirements.

Throughout the Group, the management of health and safety issues depends on local regulations; for example, in Germany job-related risk assessments, employee safety training and health surveillance are carried out, and in Brazil a commission for the prevention of injuries and harassment has been established.

## Health and safety – Indicators



With reference to personnel health and safety, there were no occupational diseases or deaths following workplace accidents during 2022 in any Region. The main type of accident is those that take place while commuting.

### Accidents

#### Region 1

- ▶ The number of accidents at sites in 2022 was 2 for men and 2 for women, none of which was a high-risk occupational accident (accidents with more than 6 months of lost days). There were also 12 incidents related to home-work commuting, not organised by Reply. In 2021, the number of accidents at sites was 4 for men and 2 for women.
- ▶ The injury rate<sup>(10)</sup> for men is 0.19, while for women it is 0.51 (in 2021, the injury rate for men was 0.45 and for women 0.62).
- ▶ The lost day rate<sup>(11)</sup> is 0.03 for men and 0.02 for women (in 2021, the lost day rate for men was 0.04 and for women 0.01).
- ▶ In 2022 the number of hours worked were equal to:
  - 10,268,498 for men, an increase of 15% over the previous year
  - 3,935,770 for women, an increase of 22% over the previous year.

#### Region 2

- ▶ The number of accidents at sites in 2022 was 0 for men and 2 for women, none which was a high-risk occupational accident (accidents with more than 6 months of lost days). There was also 1 incident related to home-work commuting, not organised by Reply. In 2021, no on-site accidents occurred for either men or women.
- ▶ The injury rate for men is 0, while for women it is 1.99.
- ▶ The lost day rate is 0.02 for men and 0.13 for women.
- ▶ In 2022 the number of hours worked were equal to:
  - 2,625,953 for men with a 17% increase over the previous year
  - 1,003,244 for women, an increase of 19% over the previous year.

(10) The injury rate was calculated on the basis of 1 million working hours

(11) The lost day rate is defined as the ratio between the working days lost due to accidents, multiplied by one thousand, and the hours worked.

### Region 3

- ▶ No on-site accidents occurred for either men or women during 2022, and there were no high-risk occupational accidents.

There were also 3 accidents related to commuting, not organised by Reply. In 2021, no on-site accidents occurred for either men or women.

- ▶ The lost day rate is 0.01 for men and 0 for women.
- ▶ In 2022 the number of hours worked were equal to:
  - ▶ 1,574,443 for men, an increase of 39% over the previous year
  - ▶ 810,042 for women, an increase of 66% over the previous year.

For all Regions, the absenteeism rate stands at 0% for both women and men.

### ACCIDENTS

2022	ON-SITE ACCIDENTS			LOST DAY RATE			HOURS WORKED		
	MALE	FEMALE	TOTAL	MALE	FEMALE	AVERAGE	MALE	FEMALE	TOTAL
REGION 1	2	2	4	0.03	0.02	0.026	10,268,498	3,935,770	14,204,268
REGION 2	0	2	2	0.02	0.13	0.049	2,625,148	1,003,244	3,628,392
REGION 3	-	-	-	0.01	0.00	0.004	1,574,443	810,042	2,384,485
TOTAL	2	4	6	0.02	0.03	0.03	14,468,089	5,749,055	20,217,144

### COVID-19

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; the assessment of risks associated with pandemics are monitored within the Risk Management system.

## Well-being



At the same time, the **Reply Wellness** programme was launched in 2018, with various activities divided into three main areas:

- ▶ diet
- ▶ fitness
- ▶ prevention

For each of these categories, there are both annual programmes and specific activities linked to global campaigns or particular events. The wellness activities are organised in

different ways, times and forms according to the different countries, while maintaining a common line and the spirit of active participation of the Replyer community. In the event of particularly significant global events, specific communication campaigns are launched to raise awareness among employees and involve them personally through specific activities such as internal challenges or training sessions.

The **Mention for Prevention** programme brings together wellness and prevention initiatives to reinforce the importance of a healthy and active lifestyle. The programme is developed with a Learn-Care-Prevent approach, i.e.

- ▶ **Learn:** good prevention begins with good awareness, and to this end, training sessions are organised in collaboration with specialists in the world of nutrition, prevention and mental-physical well-being. **Care:** in this phase, all activities are organised to enable employees to take care of themselves and others, such as:
  - ▶ Charity markets hosted in 13 cities in 4 countries to support cancer prevention
  - ▶ Blood donation centres hosted in 4 cities in 2 countries
  - ▶ Bone marrow information and donation centres in 3 Italian cities
  - ▶ Marathons in Berlin, Brussels, Detroit, Chicago, Frankfurt, London, Milan, Paris, Turin and Verona.
- ▶ **Prevent:** as a last step, specific information is provided to employees via the enterprise social networking platform for prevention activities in the various countries.

In this context, Reply has joined initiatives such as Pink October and Movember - two awareness campaigns on breast cancer and prostate cancer respectively - offering employees both training and the opportunity to participate in the campaigns through donations.

In October 2022, in support of breast cancer prevention, and in December 2022, in support of local children's and education associations, numerous Charity Markets were organised at Reply offices with the aim of collecting donations and raising awareness of these important issues. Replyers in 13 cities and 4 countries took part in this initiative.

Finally, synergies have been created with local marathons in various countries, in which Reply is an active partner, both with health institutes and associations, such as Komen or the Umberto Veronesi Foundation, and with universities, such as the Politecnico di Milano, or with the cities where the offices are located, such as the Turin City Run.

In 2022, the programme saw more than 200 wellness-related events and conferences, with a total of 2,700 participants worldwide.

The well-being of the employees and independent contractors who use Reply offices is also taken into account in the implementation of specific renovations, such as: creating terraces with plants and flowers; installing kitchens equipped with microwave ovens and refrigerators to allow and facilitate the consumption of meals and the use of reusable crockery, and the installation of water fountains to encourage the use of reusable water bottles and glasses, reducing the use of disposable water bottles.

Among the relevant projects in this field, Reply was contracted by UNICEF to design and supply the Traceability and Verification System (TRVST)<sup>(12)</sup> to detect counterfeit vaccines and medicines in the supply chain. The TRVST project is the first global medicines verification system specifically designed to support low- and middle-income countries (LMICs).

### **Fundraisers**

Reply believes that the strength of the community can make a huge difference and for this reason it proposes fundraising initiatives to support people in difficulty, for example in favour of the UNHCR to provide humanitarian assistance in crisis situations.

(12) First serialized vaccine scan in Africa marks milestone in tackling falsified medical products - <https://www.unicef.org/supply/stories/first-serialized-vaccine-scan-africa-marks-milestone-tackling-falsified-medical-products>

# Ongoing training



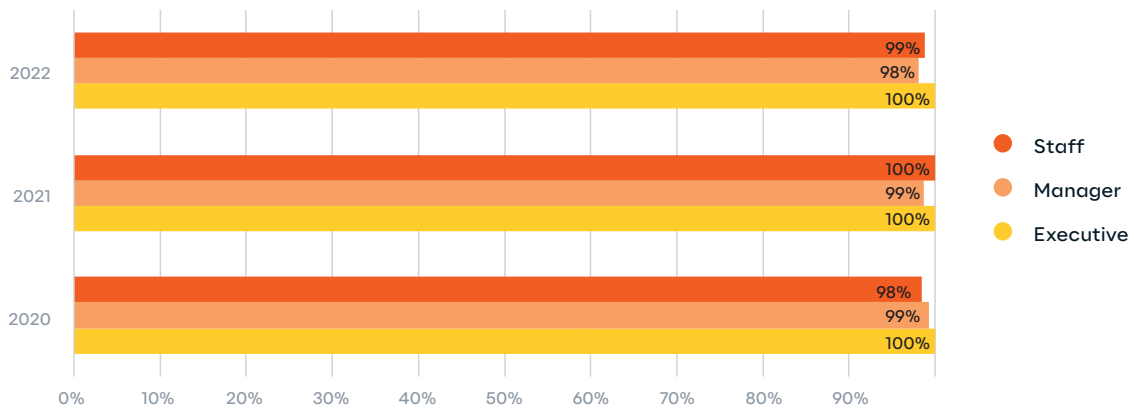
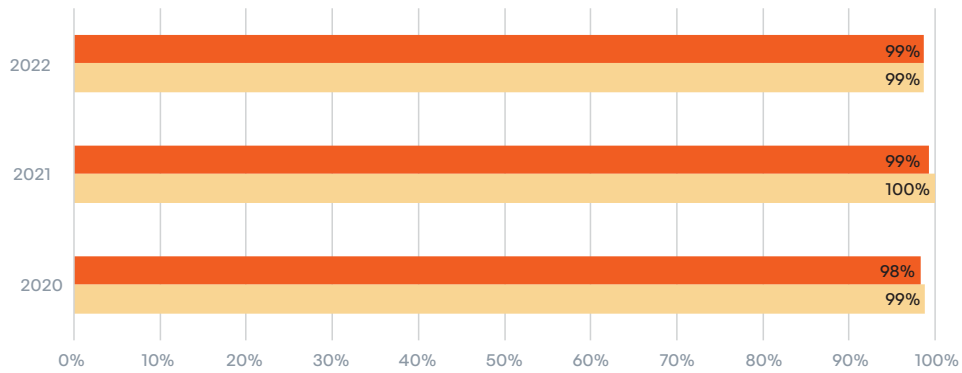
## Research and development of talent

In the competitive context in which the Group operates, characterised by constant evolution, employees, who are Reply's main asset, 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 responsiveness, innovation, excellence and customer focus, together with ethical aspects, are the cornerstones of human resources development.

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. Attracting and retaining staff are extremely important processes for the Group, and the process is applied in full compliance with all applicable legislation, respecting the principles of transparency and assessment of skills, ability and professionalism. Once hired, employees are placed on a career path defined by Human Resources and common to the entire Group, which is periodically reviewed through a **Performance Management** process designed to give everyone the opportunity to reflect and receive feedback on their performance and contribution to the business, and to discuss their personal development, including aspects of compensation and rewards linked to agreed business objectives.

The Group invests in people development and transparency by introducing specific tools to support the performance management process, making interaction with users easier and more efficient and communication more fluid and effective.

**PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE REVIEWS<sup>(13)</sup>**



(13) The Wemanity Group and Fincon are excluded

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.

The **horizontal internal mobility programme** (Skydive) is also active, with the aim of creating loyalty by offering new job opportunities within the Group and at the same time allowing the companies to recruit people already integrated in the Reply context. The programme is permanent and under the direction of the Human Resources department, with the possibility of transferring to any other company in the Group under the same contractual conditions. Three times a year, the companies publish job offers on the dedicated page of the company's social networking platform (TamTamy) and the respondents can apply without any restrictions. In 2022, 215 employees successfully participated in the programme.

## Internal training



Training and professional development are promoted regularly with ongoing education activities. Consequently, in 2022, Reply invested in programmes for professional skill and career development, including induction and onboarding courses, specialisation and technical refresher courses, and soft skill workshops.

In particular, the Group provides **optional training activities that are open to all employees:**

- ▶ **Language** courses and related certifications
- ▶ **Soft skills** courses, which include topics such as communication, sales, negotiation, people management and other topics useful for improving personal skills.
- ▶ **Project management** courses (PM Academy), which provide the opportunity to train project managers and lead them to achieve specific certifications so that they can become part of a large community of colleagues and use the internally developed frameworks for developing and managing activities and projects.

In terms of ongoing training, the Human Resources department manages specific internal training programmes for new managers and executives (Reply Management Programme), covering team and people management, business development, internal company processes, management skills and continuing education activities in collaboration with internationally recognised business schools.

Furthermore, the Social Network function acts as an enabler for internal training through skills improvement courses. In particular, the **training programme with user-generated**



**content** (Learn.Share.Remix) allows Reply employees to act as lecturers and speakers on current topics of interest to the company, through interactive sessions and workshops. Completion of these courses is rewarded with credits that can be spent on further learning activities, such as purchasing textbooks and attending industry events and conferences. In this way, Replyers are encouraged to propose topics and share knowledge on the most innovative technologies. The more they share, the more they can access additional training activities such as online courses, events and conferences outside the company.

Throughout the year, the Learn.Share.Remix programme generated training content available to all employees (+130 peer-to-peer training events in 2022) and allowed a constant focus to be maintained on the topics of greatest interest to the company, giving speakers visibility and improving their public speaking skills. The events are varied in format and level of interactivity, with seminars and workshops sharing the best customer projects and research and innovation experiences.

From 2022, the Social Network feature began to build thematic paths around the main trending topics, using a rewarding experience to further build the skills of the Replyers. These paths are created in collaboration with experts from across the network and attempt to summarise the latest knowledge on topics of interest. As part of the Learn.Share.Remix programme, 137 events were organised in 2022 with over 4300 global participants from 15 different countries.

In 2022, Reply organised four **Reply Challenges** throughout the year, each of which bringing together groups of experienced Replyers in a single location to hone their skills, innovate and develop a problem for participants to solve. In 2022, more than 1,400 Replyers participated in challenges on areas such as: coding, cybersecurity, investments and creativity. Replyers can use their skills and innovation skills to reach the top of the rankings and win the prizes up for grabs.

The Social Network function works to engage Replyers in formal and informal activities, providing digital channels and events, as well as acting as a structure for communication courses and soft skills development.

The Social Network function has a **knowledge sharing platform** (Chick Norris TV) designed to share video content and live-stream events, giving Replyers access to thousands of pieces of content produced by expert colleagues in the industry. The platform hosts all types of videos on the trending topics of Reply initiatives, including: the Learn.Share.Remix programme, the activities of Life at Reply and the contributions of the Communities of Practice and of the central functions of Reply (such as HR, ICT, Marketing etc.). Chick Norris TV also hosts all Reply livestream events, thus also developing a sense of community and belonging: the videos encourage and celebrate Reply's community, teamwork and group activities that achieve results, and Reply's culture.



Finally, with regard to the technical training of personnel in specific business areas (e.g. sector or product certifications, etc.), management is not centralised but delegated to the individual companies in order to better respond to specific training needs as a guarantee of quality, excellence and real responsiveness to needs.

## Reply for students



Reply believes and invests in the development of talent and skills. This attitude is encouraged and applied not only within the employee community, but also externally to students and professionals who participate in a variety of employee-focused activities. 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.

The various programmes include: **Student Tech Clash**, a competition between universities to stimulate competition through creativity and the production of innovative projects; the **Reply Challenges**, online competitions for teams on the main themes of innovation; and the **Reply Ambassador Programme**, a team of university students who collaborate with Reply during their academic career.

**Student Tech Clash** is the idea generation challenge aimed at students of the main European universities. It involves a challenge on an innovation theme promoted by Reply. Since 2015, more than 5,000 European students have participated in several competitions and submitted more than 1,000 project proposals on innovative topics such as Green IoT, 5G and edge computing, biotech traceability, virtual reality and the metaverse.

In 2022, the Student Tech Clash involved several universities: Polytechnic of Milan, University of Milan Bicocca, University of Rome Sapienza, INP Grenoble, as well as students from Cambridge University.

The **Reply Challenges** are part of Reply's extensive programme of initiatives aimed at promoting the culture of the latest technologies, with a particular focus on younger generations. These challenges are part of Reply's ongoing commitment to promote new fully digital ways of learning among young people. The challenges are created by Replyers and open to all those who love technology and digital competitions. The challenges are organised around 4 themes: coding, cyber-security, investments - with a focus on sustainability - and digital creativity. For each challenge, there are learning sections and sandboxes where participants can approach the topics and train for the competition. Since 2018, more than 170,000 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. 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.

In 2022, the winners of the Teen Edition Code Challenge, aimed at high school students, were offered, in addition to the prize, a coding course designed by Reply experts to further develop their coding skills.

Additionally, in 2022, Reply also organised a **Sustainable Investment Challenge** focusing on sustainable investing and ESG assessments. To raise awareness of ESG issues, two live webinars and a learning section were organised with exclusive material and content from Reply, Banca Generali, CFA Society and MIP Politecnico di Milano to help participants familiarise themselves with the topic of investing, with a particular focus on how to choose green products. In addition, a series of four learning pills on Trading Fundamentals, using the trading platform and playing the game was created to prepare for the challenge weeks. In this way, more than 580 Replyers (500 in 2021) and around 14,000 students and young professionals (14,600 in 2021) were able to put sustainable financial decisions into practice and enjoy sustainable investing in a real market context.

Across its 15 different editions, the Reply Challenges has a community with an average age of 77% under 34. 60% of participants are students, coming from 155 countries and from the most renowned European universities.



The **Reply Ambassador Programme**, launched in 2015, is dedicated to university students who want to start working with Reply during their studies. The Programme offers them a series of opportunities that help create a link between the universities and Reply, involving them in digital and face-to-face activities. In exchange for their help, students can gain their first experience in real projects. They also have exclusive access to the Learn.Share.Remix training programme, which allows them to participate in webinars and seminars held by Reply experts, as well as workshops and events organised just for them. At the end of 2022, the Programme had more than 110 students from 33 universities from 7 different European countries.

**ReplyU** - where U stands for University - is the set of employer branding social accounts to promote Reply and #LifeAtReply to university students. The programme aims to publicise events and initiatives open to university students from all over the world. The activity covers all major social network platforms, including Instagram (15,000 followers) and Facebook (122,000 followers), and is driven by organic content shared by the Replier community using the dedicated hashtag #LifeAtReply, which has over 7,000 posts with an informal tone of voice dedicated to GenZ and Millennials. In 2022, more than 25 million people were reached by ReplyU advertising campaigns; the programme also includes brand reputation platforms, where Reply company profiles collect reviews and comments from current and former Repliers. In 2022, the average rating of Reply profiles has increased significantly, including on Glassdoor (4.2/5), Indeed (4.1/5) and Kununu (3.8/5).

Another activity aimed at recent graduates of the main technical faculties in 2022 was the **second level Master in Artificial Intelligence and Cloud**, which Reply has organised in collaboration with the Politecnico di Torino, selecting the best candidates, who have been offered a permanent contract, to follow an exclusive training course on the most innovative technological topics (including AI, Cloud and IoT) and covering the costs of participating in the programme. Along with core and additional courses, students work on practical projects within Reply teams made up of industry experts. An integral part of the activity is the assignment of a project on which the student will write their dissertation. In 2022, in line with its commitment to promote gender equality, Reply joined the **Girls@PoliMI** initiative, conceived by the Politecnico di Milano to sponsor scholarships for female high school students to attend engineering courses starting in the 2023/2024 academic year. Support for women in STEM training promotes inclusive education, which breaks down stereotypes and helps reduce the gender gap.

Another initiative is a partnership with the UK charity **upReach**, which works to help students from disadvantaged backgrounds get into and stay in top jobs. Reply is collaborating with upReach in several ways during the 2022-2023 academic year. Reply has 12 mentors paired with upReach associates to support them on curriculum-related issues and 8 senior employees who have joined the upReach Social Mobility Network to provide



contacts, career advice and guidance, as well as CV guidance and mock interviews. In addition to the Insight Day in November 2022, Reply plans to continue to host a face-to-face Insight Day and participate in the Tech500 Bootcamp in 2023, which aims to create a new bespoke support programme for 500 students from disadvantaged backgrounds.

In addition to these initiatives, which are mainly aimed at university students, there is the **Code for Kids** programme, a European initiative aimed at schools and companies, in which children and young people learn to code and play with the technologies that shape our world during their school years in activities that introduce them to programming and the conscious use of technology. Since 2015, more than 15,000 young elementary, middle and high school students have participated in coding days held at Reply offices or schools.

# Research and innovation: make forward



Reply offers high technology services and solutions in a market where the innovation element is of paramount importance; in fact, research and continuous innovation are a fundamental asset, both to support customers and partners in the process of adopting new technologies and to continue to offer cutting-edge services, thus responding to new market needs.

“**Make forward**” means being aware of technologies and trends as they emerge, exploring their potential and learning how to exploit them rather than chase them. That is why at Reply several **cross-functional teams** (Communities of Practice), globally, specialise in the study of technology trends and identify the optimal way to apply them to existing products and services to ensure that they are always highly innovative and design new applications. In order to achieve these objectives, Reply dedicates resources to research and development activities, which are expensed during the year, including the development of proprietary platforms.

In 2022, 16 cross-functional teams were actively involved in innovation activities (3 of which were new for further topics to be analysed, such as “Electrified Mobility”), involving a total of more than 380 responders from more than 100 Group companies in 7 villages.

The **research and insights** that Reply regularly produces and publishes cover all sectors and include the latest innovation trends, highlighting the Group’s commitment to innovation and research. These analyses are complemented by a series of **webinars** in which Reply specialists present the latest news from the main industrial sectors, the new technological solutions available on the market and the main technological challenges facing companies. In 2022, more than 20 whitepapers and 40 articles were published and innovation topics were discussed in 78 webinars and more than 110 events and conferences external to Reply.





In addition, numerous **laboratories** have been set up:

- ▶ Area360
- ▶ Area42
- ▶ Cyber Security Lab
- ▶ Immersive Experience Area
- ▶ IoT Validation Lab
- ▶ Test Automation Centre

Among them, **Area42** is a laboratory for experimenting and turning creative ideas into reality, exploiting the potential of cutting-edge technologies in the fields of robotics, advanced mobility and virtual reality. In Area42's Co-Design Workshops, Reply's clients and experts have the opportunity to let their imaginations run free, guided by the laboratory's technology, to create innovative prototypes and apply them to real use cases: a holistic approach that perfectly combines design thinking methodologies with innovative technologies to create new business. In this laboratory, it is also possible to find the Digital Factory and Additive Manufacturing projects created in partnership with the **Competence Industry Manufacturing 4.0**. CIM4.0 is one of the highly specialised National Centres of Competence, made up of the Politecnico and the University of Turin, promoted by the Ministry of the Economy and Made in Italy and recognised as a pole of excellence in the field of technological transformation of companies for the diffusion of technologies and skills with the aim of increasing digital and sustainable competitiveness.

In the **Cyber Security Lab**, companies have access to the most innovative security solutions and tools that help safeguard people's privacy and business process data protection. The lab includes workstations for testing and simulating attack vectors, threat modelling, and device hacking on hardware and software components. Indeed, the rapid adoption of

digital technologies is contributing to the implementation of new and disruptive business models and processes, however, every change carries risks, and cyber attacks represent a risk factor in today's environment. The Cyber Security Lab allows you to experience adaptive cloud security, secure software development, security-oriented network infrastructures, application and data security, as well as various use cases. This allows us to support companies in maintaining high cyber security standards as they adopt agile development, cloud computing and remote working.

In the course of the year, this knowledge-sharing process culminates in the **Reply Xchange** event. Reply Xchange is the annual multi-day event open to employees and customers, where colleagues and creative thinkers meet to discuss how innovation and technology are changing the world and during which the best innovative content and projects are presented of the year. Reply Xchange is designed to provide new insights into technology trends, innovation, digital experience and business applications. At Xchange 2022, 5,500 Replyers and 1,300 customers were involved in one of the largest opportunities for sharing knowledge on the main innovation topics in the IT world, Reply's strategies and business objectives.

# WE ARE GOVERNANCE

## Reply's organisational model



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 requirements, the *Report on corporate governance and ownership structures* is prepared annually, which contains a general description of the corporate governance system adopted by Reply and provides information on the ownership structure, the governance practices applied and the characteristics of the internal control and risk management, also in relation to the financial reporting process.

The practical application of the criteria and principles envisaged by the Corporate Governance Code is illustrated in the specific paragraphs of the *Report on corporate governance and ownership structures*<sup>(14)</sup>. The following are described and reported in the Report:

- ▶ The role and function of the Chairman of the Board, who acts as a liaison between the executive and non-executive directors and ensures the effective functioning of the Board

(14) The Report on corporate governance and ownership structures is available online in the Governance System area of the Reply website (<https://www.reply.com/it/investors/governance-system>).

- ▶ The role and functioning of the Board of Directors, in particular in relation to the internal control and risk management system. Responsibility for the internal control and risk management system rests with the Board of Directors, which, with the prior opinion of the Control and Risk Committee, establishes its policies and work plan and assesses their adequacy. The Board of Directors has established internal committees (Control and Risks, Remuneration, Related Parties as defined in Control and Risks and Sustainability) with investigative, proposal and advisory functions.
- ▶ The internal control and risk management system is the set of rules, procedures and organisational structures designed to monitor the efficiency and effectiveness of business processes, the reliability of information provided to the governing bodies and the market, the identification and monitoring of key risks, compliance with laws, regulations and the Articles of Association, and the safeguarding of the company. The Board of Directors has established an internal Control and Risk Committee with investigative, advisory and proposal functions.
- ▶ The Sustainability Committee (ESG) was set up to define the overall strategic approach to sustainability, as well as the objectives to be pursued and the monitoring methods, in order to reaffirm Reply's commitment to sustainability issues to all stakeholders.

## The board of Directors



Reply's Board of Directors is composed of five men, including the Chairman, over 50 years of age and four women, including the CEO, over 50 years of age, as described in the *Report on corporate governance and ownership structures*.

The appointment of directors is governed by the company's *Articles of Association*<sup>(15)</sup>, Art. 16 "Appointment of Directors", which takes into account the legislation on **gender balance**.

The functioning of the Board of Directors and its Committees, as well as their size and composition, are assessed with the periodicity required by the Corporate Governance Code. The last assessment was carried out in 2021: on that occasion, the Board of Directors deemed the current structure of the Board and its Committees to be compliant with the provisions of the Code.

(15) The Articles of Association of the company are available online on the Reply website (<https://www.reply.com/it/investors/governance-system>).

## Sustainability Committee

The Board of Directors established the Sustainability Committee in 2021 to promote the integration of environmental, social and governance factors into corporate strategies in order to achieve sustainable growth and create long-term value for shareholders, taking into account the interests of relevant stakeholders. The Committee performs an investigative, advisory and support role to the Board in relation to sustainable development issues and assists the Board in the preparation of the Sustainability Report.

The Committee is composed of the CEO Tatiana Rizzante, the Lead Independent Director Patrizia Polliotto and the Independent Director Secondina Giulia Ravera.

## Remuneration Committee

The Board of Directors, assisted by the Remuneration Committee, defines the remuneration policy, as set out in the Remuneration Policy and Remuneration Report<sup>(16)</sup>, in compliance with the regulatory requirements and the recommendations of the Corporate Governance Code. The first part of the report illustrates Reply's remuneration policy and is submitted to a binding vote of the Shareholders' Meeting at least every three years.

The second section of the report shows the remuneration of the members of the Board of Directors, the Board of Statutory Auditors and the senior executives with strategic responsibilities and is submitted each year to a non-binding vote at the Shareholders' Meeting.

(16) The Annual Remuneration Report is available online on the Reply website (<https://www.reply.com/it/investors/governance-system>).

# Ethics In Reply



Reply considers compliance as an indispensable basis for maintaining business relations with public and private entities. In addition to complying with the national laws of the countries in which it operates, the Group pursues sustainable and inclusive growth and operates in accordance with the **Universal Declaration of Human Rights**, the conventions of the **International Labour Organization (ILO)** and the principles promoted by the **United Nations Global Compact**, to which it is a signatory.

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 and conflicts of interest. Group employees are required to comply with the Model and related procedures, which specify operative models for conducting various business processes. These procedures have been adopted for the proper management of internal controls, with particular reference to corruption and economic crime, and internal audits are conducted periodically to verify their effective application. The adoption of the Organisational, Management and Control Model and its effectiveness are reviewed by a specific supervisory body appointed by the Board of Directors.

In addition, the Reply Group has defined and adopted a **Code of Ethics** aimed at promoting best practices and encouraging responsible behaviour in order to ensure that the Group's fundamental ethical values constitute the basic element of the corporate culture and the standard of behaviour of all the Group's employees, sanctioning practices of unfair competition and active and passive corruption.

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

Reply has adopted a policy to regulate the acceptance of gifts, entertainment and any kind of sponsorship, applicable to all Group companies, which defines some guidelines to be followed in order to avoid any behaviour that is not in compliance with the law and the internal code of conduct. Anti-corruption policies are in place in all the Regions in which the group operates, aimed at preventing and sanctioning inappropriate behavior both in the public and private sectors. In addition, the Executive Directors report quarterly to the Board of Directors and to the Board of Statutory Auditors on the activity carried out in the exercise of their powers, including transactions involving potential conflicts of interest.

Finally, specific whistleblowing channels have been set up in all the countries in which the

Group operates. In particular, there is a **Whistleblowing Policy**<sup>(17)</sup>, again at Group level, encouraging stakeholders and 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.

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

Reply believes that all employees should be treated with fair respect and regulates with a **Grievance Policy** those instances where an employee is dissatisfied with the treatment received in any aspect of his or her work. The policy states that an attempt should be made to resolve the situation informally, but in the event that this is not possible, the employee is expected to lodge a formal grievance which is handled according to a specific process.

## Ethics - Indicators



In the reporting period there were no significant cases of non-compliance with laws and regulations and no fines were paid during the reporting period.

There are no pending or closed legal proceedings regarding anti-competitive behaviour and violations of antitrust and antimonopoly laws in which the organisation has been identified as a party.

(17) The Whistleblowing Policy is available online on the Reply website (<https://www.reply.com/en/investors>)



## Code of Ethics

At Group level, the Code of Ethics was accepted by 99% of executives, 98% of managers and 97% of staff.

As at 31 December 2022, the Code of Ethics was accepted<sup>(18)</sup> by:

- ▶ 97% of employees in Region 1
- ▶ 100% of employees in Region 2
- ▶ 94% of employees in Region 3

With regard to suppliers, 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.

## Anti-corruption

In Italy, the Management and Control Organisational Model is communicated to employees when recruited, who must explicitly accept the model and pass a control test.

the 231 Model has been communicated to all 9 members of the Board of Directors, which is made up of 100% Italian hires, while anti-corruption training has been provided to all 6 operational members of the Board of Directors.

The training was completed by 6,302 employees, equal to 75% of the employees of Region 1<sup>(18)</sup>. In comparison with Italy, the percentage of employees who have completed the training phase is 86.4% (188 executives representing 87.9% of the category, 94.9% of managers and 84.9% of employees).

The anti-corruption policy has been accepted<sup>(18)</sup>:

- ▶ In Region 2, by 2,527 employees, equal to 90.5% of employees (102 executives equal to 100% of executives, 83.8% of managers, 91.8% of staff).
- ▶ In Region 3, by 1,238 employees, equal to 86.9% of employees (67 executives equal to 100% of executives, 95.7% of managers, 84.4% of staff).

Furthermore, in 2022 there were no incidents related to corruption cases and there were no lawsuits regarding anti-competitive behaviour or violations of antitrust laws.

(18) Acceptance tracking is being implemented in recently acquired companies. The following countries are not currently included: India and New Zealand (R1), Croatia (R2) and Belarus (R3).

## Whistleblowing

In 2022, as in previous years, there were no reports received through the active whistleblowing channels.

## Legality rating

On the basis of the information provided and the results of the investigations carried out, the Italian Competition Authority has decided to give REPLY SPA the following Legality Rating:

★ ★ + (out of ★ ★ ★).

## Relevant policies in the internal regulatory Framework



The oversight of ethics and compliance matters is ensured through the existence of prescriptive tools (such as Group policies and guidelines) and organisational and operational tools (such as appropriate structures, procedures, management and control systems).

The most significant policies are summarised below:

- ▶ **Organisation, Management and Control Model** (231 Model): describes the management system (pursuant to Legislative Decree 231/2001) and identifies the procedures developed to mitigate the risk of criminal offences committed by directors, officers or employees in the interest or for the benefit of the Group itself.
- ▶ **Code of Ethics**: includes the principles and rules of conduct; addressed to all Group stakeholders – shareholders, employees, independent contractors, suppliers, customers and business partners – and also describes relations with public authorities and institutions. The fundamental ethical principles for 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. The values of the code also apply to tax management.
- ▶ **Whistleblowing Policy**: provides a confidential channel for employees and external parties to report to management potential behaviour that may violate the Code of Ethics and other Group policies.
- ▶ **Human Rights & Labour Policy**: confirms, together with the Code of Ethics, the commitment to protect human rights, to promote diversity and inclusion, to avoid any form of discrimination based on ethnicity, gender, sexual orientation, physical or health condition, disability, age, nationality, religion or personal opinion, to ensure the physical

and mental well-being of employees and their professional development. The policy affirms compliance with the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights, as well as the conventions of the International Labour Organization.

- ▶ **Modern Slavery Policy:** describes the commitment to ensure that modern slavery practices do not occur anywhere in Reply's business operations or supply chain.
- ▶ **Supplier Code of Conduct:** covers all the provisions that define the standards to be met by suppliers in the areas of labour law and human rights, worker safety and environmental sustainability, for which specific monitoring activities are foreseen.
- ▶ **Anti-bribery Policy:** defines the system of rules aimed at preventing and punishing the crime of corruption both in the public and private sectors.
- ▶ **Gifts, Entertainment Expenses, Sponsorships Policy:** describes the guidelines aimed at avoiding behavior that does not comply with the provisions of the law and with internal rules of conduct
- ▶ **Policy for carrying out services on behalf of the customer:** describes the behavioural guidelines that must be followed to ensure that the service provided complies with current legislation to prevent the commission of computer crime.
- ▶ **Quality Management Systems and Occupational Health and Safety Management System:** have the objective of regulating the aspects of quality and compliance with occupational health and safety.
- ▶ **Environmental Policy:** defines the guidelines for reducing and monitoring the impact of the company's activities on the environment.
- ▶ **ICT Security Policy:** details the information security requirements to be met in activities carried out internally or at customers' premises, based on international best practice.
- ▶ **GDPR Compliance Programme:** describes the data protection and privacy practices of all Group companies.
- ▶ **Employees' Privacy Policy:** establishes the principles for the protection of personal data during the performance of daily operations for customers and/or for Reply.
- ▶ **Rules of conduct for the safe management of company assets and information:** sets out the rules that must be followed by all personnel to ensure the correct and safe use of the resources provided by the companies of the Reply Group for the performance of their work, in internal activities and at the customer's premises.

Depending on the topic and the function responsible for the content to be formalised, policies may have different levels of approval, ranging from the CEO to function heads. The policies are exclusively for internal use by Reply Group employees and independent contractors and are available on the enterprise social networking platform in a dedicated area.

Some relevant and public interest policies are made available online in the Sustainability & Governance area of the Reply website<sup>(19)</sup>.

(19) Investors Area, Sustainability & Governance section of the Reply website (<https://www.reply.com/en/investors#H6tmz>)

## 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, as set out in Reply's Code of Ethics.

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 information security and privacy aspects in the services provided, the Reply Group has adopted a complex framework.

In particular, the **ICT Security Policy** sets out the security requirements to be respected in the activities carried out internally or at the customer's 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.

Considering the protection of data throughout the information life cycle within the company, Reply has formalised the process to be followed in case of **reuse 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.

As part of the reporting and management of incidents on Reply's central systems, the **ICT security incident management** policy 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 order to ensure business continuity, a **Business Continuity Plan** is defined, which outlines the strategies, procedures and activities to be implemented to manage critical events (e.g. caused by extreme climatic conditions such as flooding) that could affect the normal functioning of the processes of critical business activities carried out in support of the delivery activities of Group companies.

To further improve the confidentiality of information, in 2022 Reply implemented a Multi-Factor Authentication (MFA) mechanism to protect access to the Group's central systems (e.g. remote connections, email). This system is necessary for the authorisation of personal access via a second authentication factor (e.g. push notification to be approved, SMS).

The **GDPR Compliance Programme** instead provides for the standardisation of data and privacy protection practices for all Group companies and holdings, and is applied through the definition of a Privacy Management system which envisages the following actions:

- ▶ Preparation and regular updating of **GDPR Registers** (inventory of actions 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 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.

In addition, the Group has put in place an **obligatory data protection and privacy e-learning training programme** or 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; 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.

Audit, monitoring and internal checks are periodically carried out, including:

- ▶ 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 training courses on Privacy and Security.

Finally, the Chief Operation Officer, who is also responsible for the Group’s IT systems, reports regularly to Top Management, which is made up of experts in the field of information technology.

## Data protection – Indicators

### Data breaches

During 2022:

- ▶ In both **Region 1** and **Region 3** there was 1 complaint received from a third party and substantiated by the organisation (a total of 2 complaints);
- ▶ In **Region 2**, as previous years, there were no complaints relating to breach of privacy or loss of customer data, data theft, data loss, leakage, personal data breach.

There have been no complaints from regulatory bodies, nor data thefts.



# Main risks concerning social, environmental responsibility and business ethics

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*<sup>(20)</sup>, there follows an overview of the main risks generated or suffered in relation to the areas referred to in Legislative Decree 254/16, deriving from corporate activities, products, services or business relationships, including supply chains and subcontracting where relevant, and the actions taken by the Group aimed at mitigating these risks.

AREA	RISK DESCRIPTION	MANAGEMENT METHOD AND RISK MITIGATION ACTIONS
EMPLOYEE MATTERS	Group success depends largely on several key figures that have made a decisive contribution to its development, for instance the Chairman and Executive Directors of the Reply S.p.A. parent company. Moreover, Reply has a leadership team with many years of experience in the sector and playing a crucial role in the management of Group business. The loss of any of these key figures and failure to find an adequate substitute or to attract and retain new, qualified personnel could therefore have adverse effects on the Group's business prospects, earnings and financial position.	Reply's operational and managerial structure is able to ensure continuity in corporate governance.
	The Group operates in the ICT service segment, which is characterised by fast, important technological developments and constant evolution of professional skills and expertise. Thus, Reply business relies on its ability to attract and retain new, well-qualified people, 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 people and prepare such training programmes could have a negative impact on the Group's future prospects.	Reply regularly collaborates with numerous universities and research centres, both in Italy and abroad, on initiatives to raise awareness of the Group. Reply promotes its initiatives (e.g. Reply Challenges, Student Tech Clash) aimed at students and young professionals online and through social media profiles (e.g. ReplyU). Internally, Reply uses a knowledge sharing and networking platform designed to encourage and support the exchange of information, which stimulates the continuous updating of its employees on the latest developments in the sector, and organises Communities of Practice, open to all employees, to bring together experts in the design of innovative and appropriate commercial offers.
	The Group is committed to ensuring respect for diversity and equal opportunities among employees at all times. Nonetheless, the absence of a specific policy to manage these aspects might leave Reply unprepared for responding to relevant current legislation or regulations or arising in future.	Reply shares its Code of Ethics with all Group employees and independent contractors and requires them to accept its contents.
	Although Group activities do not pose high risks for the safety of employees and independent contractors, it is important to guarantee a safe and healthy workplace. Failure to comply with applicable legislation on workplace health and safety at work could lead to legislative non-conformity and ultimately have negative effects on the Group.	Reply 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.

(20) The Report on Operations is part of the Annual Report available online in the Financial Reports area of the Reply website (<https://www.reply.com/it/investors/financial-reports>).

AREA	RISK DESCRIPTION	MANAGEMENT METHOD AND RISK MITIGATION ACTIONS
ENVIRONMENTAL MATTERS	In most cases, the Reply Group does not own the premises that house its offices. This situation means the company is unable to put in place direct energy efficiency measures that might bring financial benefits or improve environmental performance.	The Reply Group is ISO 14001 certified and has implemented an emissions management and monitoring programme to report and improve its environmental performance.  Reply has defined its own Environmental Policy with the aim of pursuing continuous energy efficiency.  Reply participates in the CDP (formerly Carbon Disclosure Project) on Climate Change.
	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.	The Reply Group is ISO 14001 certified and has implemented a management and monitoring programme that includes aspects of correct waste management.  Reply uses external companies specialised and authorised for the correct disposal of waste and works with associations in the reference areas of the main Italian offices for the donation of equipment that is no longer used but still functional.
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 explicitly accept its Code of Ethics and has a Supplier Code of Conduct that provides for regular monitoring of compliance with environmental, social and governance principles. 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	The Reply Group, which provides services to third parties (B2B), processes information for which it has an obligation of confidentiality. Inadequacy of systems and procedures guaranteeing protection of such data might lead to their loss/alteration/dissemination and trigger negative effects for the Group and its stakeholders. In addition, the risk relates to the possibility of the Group being subject to cyber attacks (cyber risk) by malicious actors, for example to obtain confidential information for which the company is responsible for security.	Reply has adopted policies and procedures to define secure practices for the processing 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 adopted an Organisation, Management and Control Model (231 Model) in accordance with Legislative Decree 231/2001, has adopted a Code of Ethics and has drawn up a policy on gifts, representation and sponsorship. All employees are given 231 Model and Code of Ethics training. Reply periodically carries out risk assessments for areas that are sensitive to the risk of corruption and carries out specific cost/revenue analyses for all orders involving employees who could be a vehicle for acts of corruption.

# 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: that monitoring variable taxes is one of the factors capable of contributing to the sustainability of the Group's development trajectory.

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* <sup>(21)</sup>, 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 statements level, the information is segmented into the main regions where the Group operates.

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.).

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.

## **Relationship with Auditors**

There is a fee of EUR 8,000.00 outside of those due for auditing activities, which have been adjusted as per contract on the basis of current inflation.

(21) The Annual Report is available online in the Financial Reports area of the Reply website (<https://www.reply.com/it/investors/financial-reports>).

# MATERIAL TOPICS FOR REPLY

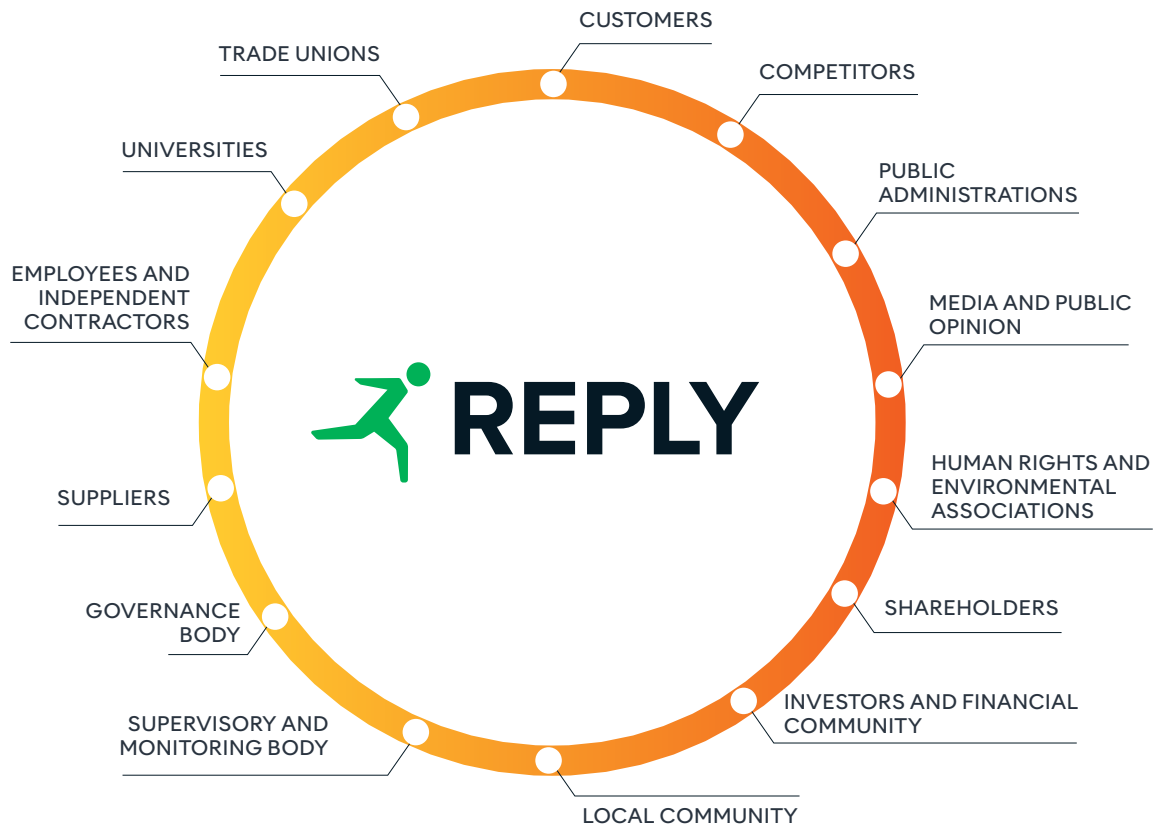
A materiality analysis, through regular stakeholder engagement, enables the identification of the most relevant sustainability matters (known as “material topics”) for the company, which are capable of materially affecting the organisation’s economic, environmental and social impact, or influencing stakeholders’ decisions.

## Reply’s key Stakeholders

In pursuing its corporate objectives, the Reply Group considers it essential to take into account the expectations of its stakeholders along the entire value chain in order to build a lasting relationship of trust over time.

To do this, Reply has established an approach of continuous dialogue and involvement with them, through specific initiatives, organisation of meetings for discussion, and regular sharing of information.

The key recognised stakeholders and commonly analysed engagement channels are listed by category below. In particular, the stakeholder engagement activities made it possible to update the materiality analysis.



**Figure 1: Stakeholder categories identified as relevant for the Reply Group.**

STAKEHOLDER	COMMUNICATION AND ENGAGEMENT CHANNELS
<b>Employees and Independent Contractors</b>	<ul style="list-style-type: none"> <li>▶ The Social Network function is responsible for involving employees in various activities, from the most institutional to the most informal, through digital channels and events. This team also acts as a reference point for all personal development courses that focus on soft and communication skills.</li> <li>▶ Annual Employee Survey</li> <li>▶ Annual performance assessment interviews</li> </ul>
<b>Universities</b>	<ul style="list-style-type: none"> <li>▶ Organisation of idea generation challenges (Student Tech Clash) dedicated to university students from the best European schools on innovative topics</li> <li>▶ Organisation of Masters courses developed in collaboration with the main Italian universities to offer a select group of students a professional specialisation in the most innovative areas of the IT sector (Master in Artificial Intelligence &amp; Cloud with Politecnico di Torino)</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>▶ Web sites, social media, newsletters</li> <li>▶ Seminars, events, workshops</li> <li>▶ Customer Surveys</li> </ul>
<b>Human Rights and Environmental Associations</b>	<ul style="list-style-type: none"> <li>▶ Carbon Disclosure Project (CDP)</li> </ul>
<b>Shareholders/Investors and Financial Community</b>	<ul style="list-style-type: none"> <li>▶ General meetings</li> <li>▶ Roadshows</li> </ul>
<b>Media and public opinion</b>	<ul style="list-style-type: none"> <li>▶ Press releases</li> <li>▶ Social media</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>▶ Regular meetings</li> <li>▶ Qualification and evaluation process</li> </ul>
<b>Local Community</b>	<ul style="list-style-type: none"> <li>▶ Donations of technological equipment</li> <li>▶ Basic programming notions for schools (Reply Code for Kids)</li> <li>▶ Organisation of Reply Challenges, open to all technology and digital enthusiasts, on topics such as coding, cybersecurity, investing and digital creativity.</li> </ul>
<b>Trade Unions</b>	<ul style="list-style-type: none"> <li>▶ Regular meetings</li> </ul>
<b>Public Administrations</b>	<ul style="list-style-type: none"> <li>▶ Institutional documentation</li> </ul>
<b>Competitors</b>	<ul style="list-style-type: none"> <li>▶ Industry conferences</li> <li>▶ Participation in working groups</li> </ul>

## Update of material topics

In 2022, the Group continued to refine the assessment of these aspects in line with the GRI standards, which require a new approach to materiality analysis from 2021.

The Group has introduced a new concept of material topics, defined as the most significant impacts of the business on the economy, the environment and people, including impacts on their human rights, as a result of its commercial activities and relationships.

Furthermore, the updated materiality analysis consists of four stages:

1. the analysis of external pressures acting on Reply's operating sector
2. the consequent identification of the main impacts generated or connected to the Group and its value chain
3. the assessment of the significance of the same impacts
4. the assessment of the priority of the impacts and, consequently, the definition of the list of material topics to be reported.

Specifically, the operational context was analysed to identify the impact of the Reply Group in the first phase of the process. To this end, the value chain of companies operating in the IT sector - and specifically that of Reply - and the categories of stakeholders relevant to the Group were taken into account.



A sector analysis was also carried out to identify the main pressures on the company, taking into account various categories of sources, both internal (e.g. internal documents reflecting the company's sustainability values) and external, including sustainability standards and ratings (SASB, MSCI, S&P), current legislation (EU Regulation 852/2020, Fit for 55 European Plan) and what emerged from benchmarking analyses of peers, competitors and the media.

In the second phase, the results of the previous phase were used to identify 22 **applicable impacts** on the economy, the environment and people for the Reply Group. The impacts were categorised as **positive** or **negative** and as **existing (E)** or **potential (P)**.

The third phase of the analysis assessed the **significance of the previously identified impacts**, looking at the severity of the actual impacts and the likelihood and severity of the potential impacts. As part of the severity assessment, and in line with the GRI standard methodology, two underlying parameters were also assessed: scope, a measure of how far the impact extends along the Group's value chain, and irreversibility, which is the ability of an impact to be reversed.

The assessment of the significance of the impacts was carried out with the **involvement of most of the relevant stakeholder categories for the Reply Group**, including representatives of shareholders, investors, supervisory, control and governance bodies, suppliers, the academic world and trade union associations, as well as some associations for the respect of human rights and the environment. Stakeholders were asked to comment on the severity and likelihood of the 22 impacts identified as applicable to the Group through surveys, and their responses were then analysed to identify the material impacts for the Group.

The materiality analysis concluded with the prioritisation of significant impacts, the fourth stage of the process: based on the assessment made by the stakeholders and validated by the Group's Sustainability Committee, it was possible to establish the materiality threshold and therefore the actual material impacts for Reply, as shown in the table below.

AREA	IMPACT	DESCRIPTION	SIGNIFICANCE
<b>Negative impacts</b>			
ENVIRONMENTAL	Energy consumption (E)	The use of energy, particularly electricity, is essential in the operation and use phase of the solutions developed for the Group's customers. In the upstream sector, the production of electronic components requires energy-intensive processes.	Material
	Greenhouse gas emissions (E)	The IT supply chain and operations generate greenhouse gas emissions (due to the production, transport and use of hardware and the use of software solutions sold).	Material
	Production of electronic waste (E)	E-waste management is of primary importance in the Reply value chain. The rapid obsolescence of some solutions can lead to an increase in the impact related to this topic.	Material
	Use of raw materials from the soil (E)	Upstream, the extraction of the raw materials (e.g. metals) needed to make hardware can have an impact on ecosystems and local communities.	Not material
	Water consumption (E)	Withdrawal of water for the extraction of raw materials (in the upstream sector, for example, for the production of electronic components) could increase water stress, with consequences for ecosystems and local communities.	Not material
SOCIAL MATTERS	Worker health and safety (P)	Due to the inherent risks associated with the work activity throughout the value chain, poor management of safety in the workplace (e.g. construction sites, offices, etc.) can cause harm to the health and safety of workers.	Material
	Violation of human rights (P)	The risk of human rights violations, including forced and child labour, depends primarily on the geographical location of the activities of the value chain as a whole.	Material
	Workplace Discrimination (P)	The activities of a company must be carried out with respect for diversity and with the guarantee of equal opportunities for all employees. If there are incidents of discrimination, the negative impact on the company's reputation and image can be significant	Material
GOVERNANCE	Lack of transparency and fairness in business practices (P)	Transparency and fairness in business practices is a fundamental issue that, if not properly addressed, can affect relationships with customers and suppliers.	Material
	Corruption (P)	Corruption along the IT value chain can lead to misallocation of resources and revenue, environmental damage and human rights abuses.	Material
	Anti-competitive behaviour (P)	Anti-competitive behaviour can result in collusion with other companies in the sector, abuse of a dominant position or exclusion of potential competitors from the market.	Material
	Failure to protect personal data and confidential business data (P)	The protection of personal and confidential business data is fundamental, and poor management can have a significant impact on image, business and regulatory compliance.	Material
	Data traceability	Data traceability is becoming a key issue for some business sectors (e.g. big data, blockchain, etc.). Industrial customers are constantly looking for solutions that guarantee continuous monitoring of their products throughout the value chain, in order to make production processes more efficient, respond to current legislation (e.g. in the agri-food sector) and respond quickly to any problems (e.g. recall of components).	Material
	Reliability and security of IT infrastructure (E)	When designing and implementing IT solutions, it is necessary to ensure that the infrastructures used are reliable and secure (i.e. they guarantee the confidentiality, integrity and availability of data).	Material
<b>Positive impacts</b>			
ENVIRONMENTAL	Air Pollution (P)	The technological and IoT solutions that Reply can offer its customers can contribute to the reduction of atmospheric pollutants in the industrial sector (as a result of the reduction in consumption), thanks to the optimisation of processes.	Material
	Innovation of products and services (E)	The continuous research and innovation of the IT and technological solutions that Reply is able to offer its customers is a fundamental guideline for the development of the company.	Material

AREA	IMPACT	DESCRIPTION	SIGNIFICANCE
<b>SOCIAL MATTERS</b>	Lack of inclusion and guarantee of equal opportunities (P)	In the context of operations and commercial relationships, diversity is a fundamental and differentiating aspect that can lead to the development of working methods and innovative solutions.	Material
	Employee welfare (E)	Companies that promote the well-being of their employees facilitate the creation of a positive and productive environment. Well-being can refer to physical and mental health, but also to more complex factors such as satisfaction and involvement in company activities.	Material
	Attraction of talent and skill retention (E)	Attracting the best talent in a context where specialist skills are often in short supply on the market and, at the same time, being able to retain specialist staff are fundamental issues in supporting the company's growth objectives and ensuring competitiveness in the market.	Material
	Internal skills development (E)	The development of personnel skills and abilities is essential to maintain differentiation and competitiveness on the market.	Material
	Impacts on the area and on local communities (E)	If it is ethically integrated into the social fabric of an area, the presence of a company can have a positive impact on employment and the development of the local community.	Material
<b>GOVERNANCE</b>	Intellectual property and patents (E)	The offer of proprietary solutions to customers can have a positive impact on the business.	Material

From these, the list of material topics on which the Reply Group bases the reporting of this Disclosure of Non-Financial Information has been subsequently drawn up. This list of topics was obtained by aggregating, where appropriate, several related impacts (e.g. intellectual property and patents and innovation of products and services) and defining a topic capable of summarising these impacts.

The corresponding GRI aspect and the most representative indicators given the circumstances of the Group were then associated with these topics: the following table summarises this correspondence.

Material Impacts	Material Topics	Indicators
<ul style="list-style-type: none"> <li>▶ Intellectual property and patents</li> <li>▶ Innovation of products and services</li> </ul>	Innovation at the service of customers	(22)
<ul style="list-style-type: none"> <li>▶ Impacts on the area and on local communities</li> </ul>	Anti-corruption	(23)
<ul style="list-style-type: none"> <li>▶ Anti-Corruption</li> </ul>	Business ethics and integrity	205
<ul style="list-style-type: none"> <li>▶ Anti-competitive behaviour</li> <li>▶ Lack of transparency and fairness in business practices</li> </ul>	Energy consumption and atmospheric emissions	2 206 207 414
<ul style="list-style-type: none"> <li>▶ Energy consumption</li> <li>▶ Greenhouse gas emissions</li> <li>▶ Air pollution</li> </ul>	Circular economy and waste production	302 305
<ul style="list-style-type: none"> <li>▶ Production of electronic waste</li> </ul>	Employee attraction, retention and well-being	306
<ul style="list-style-type: none"> <li>▶ Internal skills development</li> <li>▶ Attraction of talent and skill retention</li> <li>▶ Employee welfare</li> </ul>	Worker health and safety	401 404
<ul style="list-style-type: none"> <li>▶ Worker health and safety</li> </ul>	Diversity and equal opportunity	403
<ul style="list-style-type: none"> <li>▶ Lack of inclusion and guarantee of equal opportunities</li> <li>▶ Workplace discrimination</li> <li>▶ Violation of human rights</li> </ul>	Data protection, cybersecurity and asset reliability	405 406
<ul style="list-style-type: none"> <li>▶ Failure to protect personal data and confidential business data</li> <li>▶ Traceability of IT data</li> <li>▶ Reliability and security of the IT infrastructure</li> </ul>	Protezione dei dati, cybersecurity e asset reliability	418

The new materiality analysis has, on one hand, confirmed some of the issues identified as priorities in the 2021 matrix, highlighting the importance of issues such as employee well-being and safety, business ethics and the fight against climate change.

The specific areas in which Reply operates have also been confirmed (including cybersecurity and technological innovation), while other aspects are no longer included in the material topics:

- ▶ Elements of sustainability in Corporate Governance, Stakeholder Engagement
- ▶ Definition of the “Sustainability Governance” Model
- ▶ Internal Regulatory Body
- ▶ ESG aspects in risk analysis and management are still factors of primary importance but they have been re-evaluated as tools for managing sustainability topics, rather than topics in themselves.

In addition, given the new approach to materiality, which requires the assessment of impacts along the value chain, Sustainable Supply Chain Management was considered to be intrinsic to each of the identified topics and was therefore eliminated as a separate topic.

(22) The material topic of innovation is currently not covered by the GRI reporting standards, therefore the topic is reported qualitatively in order to highlight the Reply Group’s performance with respect to the impacts, risks and opportunities associated with it.

(23) The definition of “Impacts on the area and local communities” and the related topic cannot be traced back to a GRI reporting standard. Therefore the topic is reported qualitatively in order to highlight the Reply Group’s performance with respect to the impacts, risks and opportunities associated with it.

# EUROPEAN TAX ONOMY

2023 is the second year of application, in the context of the non-financial reporting for 2022, of the provisions introduced by the European Taxonomy, approved by **Regulation 2020/852**<sup>(24)</sup> (hereinafter also the “Regulation”), included in the Sustainable Finance Action Plan launched by the European Commission in 2018<sup>(25)</sup>. Indeed, the aim of the regulation is to determine the “degree of eco-sustainability” of an investment<sup>(26)</sup>, thereby increasing market transparency for the benefit of consumers and investors.

The Regulation introduces a **single classification system** at Community level **for the identification of eco-sustainable economic activities**. Indeed, the legislation states that in order to determine whether an activity is environmentally sustainable, it must contribute to the achievement of one or more of the following **six environmental objectives**:

- ▶ climate change mitigation
- ▶ adaptation to climate change
- ▶ sustainable use and protection of water and marine resources
- ▶ transition towards the circular economy, also with reference to waste reduction and recycling
- ▶ prevention and reduction of pollution
- ▶ protection and restoration of biodiversity and ecosystem health

(24) Official Journal of the European Union, EU Regulation 2020/852 of the European Parliament and of the Council concerning the establishment of a framework that favours sustainable investments and amending Regulation (EU) 2019/2088. The Regulation is implemented through the progressive adoption of Delegated Acts.

(25) See the Action Plan to finance sustainable growth, European Commission, COM (2018) 97 final and subsequently the Strategy to finance the transition to a sustainable economy, European Commission, COM (2021) 390 final.

(26) See Article 1 of EU Regulation 852/2020 and Assonime Circular No. 1 of 19 January 2022, The European Regulation on the taxonomy of eco-sustainable activities: publishing obligations for companies.

In 2021, the European Commission adopted the *Climate Delegated Act*<sup>(27)</sup> which regulates **the first two climate objectives** (mitigation and adaptation), establishing the technical screening criteria for the economic activities that can contribute substantially to their achievement without causing significant damage to the remaining environmental objectives. **Today the Taxonomy identifies 13 sectors** covering a total of over **100 economic activities**, of which 86 can make a significant contribution to both mitigation and adaptation, 8 to mitigation only and 15 to adaptation only.

In relation to the 2022 financial year, non-financial companies subject to the Regulation, such as Reply, are required to publish a disclosure<sup>(28)</sup> relating to **eligible economic activities aligned with the Taxonomy**, with reference to the first two climate objectives<sup>(29)</sup>, and **quantitative indicators of economic performance (KPI)** – i.e. the shares of sales, capital expenditures (CapEx) and operating expenses (OpEx) – **attributable to them**.

(27) Commission Delegated Regulation (EU) 2021/2139.

(28) Delegated Regulation (EU) 2021/2178 of the Commission, also known as the “Disclosure Delegated Act”, which defines the reporting methods that the subjects falling within the scope of application of the Regulation must adopt.

(29) The full application of the Regulation will provide, presumably starting from 2024 for the 2023 reporting year, the assessment of eligibility and alignment with the economic activities identified by the Taxonomy also for the remaining four environmental objectives, not yet regulated.

# Eligibility analysis and alignment

For the 2022 financial year, Reply has updated **the eligibility analysis** aimed at determining the activities carried out by the Group that match those listed and described in annexes I and II of the *Climate Delegated Act* – respectively dedicated to climate mitigation and adaptation objectives. In addition, the Company has also analysed the possible eligible assets in relation to CapEx (Annex 1 of the Delegated Regulation (EU) 2021/2178, par. 1.1.2.2 point (c)) and OpEx (Annex 1 of the Delegated Regulation (EU) 2021/2178, par. 1.1.3.2 point (c)) related to the purchase of products originating from eligible economic activities and aligned with the taxonomy and individual measures that allow the target activities to reduce their emission profile.

This analysis led to the identification of the following eligible activities:

▶ **Climate change mitigation target**

- ▶ **8.1 Data processing, hosting and related activities:** in relation to the activities carried out directly by certain companies of the Group, which is comparable to the storage, manipulation, management, movement, control, display, switching, exchange, transmission or processing of data through data centres, including edge computing.
- ▶ **6.5 Transport by motorbike, car and light commercial vehicle:** with reference to the CapEx relating to the rental of electric and hybrid vehicles.
- ▶ **7.2 Refurbishment of existing buildings:** with reference to the CapEx relating to works aimed at recovering and restoring owned or leased buildings.
- ▶ **7.4 Installation, maintenance and repair of electric vehicle charging stations in buildings:** with reference to the CapEx relating to the installation of electric charging stations for cars.

▶ **Adaptation to climate change target**

- ▶ **8.2 Programming, IT consultancy and related activities:** with reference to the activity carried out by some Group companies, which is comparable to the supply of skills in the field of information technologies, planning and design of IT systems integrating hardware, software and communication technologies, management of on-site computer systems or customer data processing facilities and other technical and professional activities related to computers.

In compliance with the provisions of the Regulation, for each eligible activity identified, **alignment** with the following criteria was also assessed:

- ▶ **substantial contribution criteria**<sup>(30)</sup>: for each eligible activity, verification of compliance with the technical thresholds envisaged was carried out to establish the substantial contribution to the achievement of the mitigation and/or adaptation objective;
- ▶ **criteria for Do No Significant Harm (DNSH)**<sup>(31)</sup> verifies the technical and regulatory requirements to ensure that the activity in question, in addition to contributing to at least one of the objectives of the Regulation, does not cause significant harm to the other environmental objectives;



- ▶ **minimum safeguards**<sup>(32)</sup>: verifies that the activity is carried out in compliance with the minimum social safeguard measures referred to in the Regulation on human and labour rights.

## Substantial contribution criteria

For the purposes of the alignment assessment, compliance with the substantial contribution criteria defined in Annexes I and II of the Delegated Act was verified for each of the eligible economic activities in order to determine the substantial contribution of each activity to the achievement of the climate change mitigation and adaptation objectives.

### Activities 8.1 Data processing, hosting and related activities

As described above, the Group carries out activities that correspond to the description of the activity contained in Annex I of the Climate Delegated Act (mitigation of climate change), 8.1 - Data processing, hosting and related activities - and are therefore considered eligible for the purposes of this analysis. However, the subsequent verification of the substantial contribution criteria proved difficult to apply, as they are exclusively focused on data centres, which in the case of Reply are in most cases under the full responsibility of the customer and therefore not directly managed by the company.

For this reason, according to a conservative and prudential approach, the Group has considered this activity **not aligned** with the substantial contribution criteria.

(30) Articles 10, 11, 12, 13, 14, 15, 16, 19 of EU Regulation 852/2020.

(31) Article 17 of EU Regulation 852/2020.

(32) Article 18, point 1 of EU Regulation 852/2020, in particular, OECD guidelines for multinational companies and with the United Nations Guiding Principles on Business and Human Rights, including the principles and rights established by the eight fundamental conventions identified in the declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

### **Activity 8.2 Programming, IT consultancy and related activities**

With respect to the Group's activities that fall under the description of activity 8.2 - Programming, IT consultancy and related activities - of Annex II of the Climate Delegated Act (Adaptation to Climate Change), the substantial contribution criteria require that an assessment of climate risk and vulnerability related to the business has been carried out and that physical and non-physical adaptation solutions have been developed to significantly reduce the most relevant identified physical risks.

In this context, Reply periodically carries out a Business Impact Assessment of its systems, with the main objective of assessing the possible causes of discontinuity (including those related to climate change) of its critical processes, the results of which are then included in the Business Continuity Plan. According to a recent interpretation<sup>(33)</sup> of the criteria of substantial contribution linked to this activity, the analyses currently carried out by the Group and the solutions adopted do not seem to correspond exactly to the requirements of the Regulation.

However, being aware of the fact that in the coming years the interpretations of the Regulation will be gradually stabilised and standardised, Reply considers it reasonable to consider the activity **aligned** with the criteria of substantial contribution, taking into account the activities carried out and those planned.

### **Activity 6.5 Transport by motorbike, car and light commercial vehicle**

With reference to capital expenditure relating to the hire of electric and hybrid vehicles, compliance with the substantial contribution criteria requires that the vehicles fall within a specific emission class according to the type. For this reporting year, in accordance with a conservative and prudent approach, and in the absence of sufficient elements to allow a full assessment of compliance with the criterion, the Group considers that the activity is **not aligned** with the substantial contribution criteria.

### **Activity 7.2 Refurbishment of existing buildings**

With regard to capital expenditure related to interventions for the recovery and renovation of owned or rented buildings, compliance with the substantial contribution criteria requires that the renovation of the buildings complies with the applicable requirements for major renovations<sup>(34)</sup> or alternatively that it leads to a reduction of primary energy demand of at least 30%. For this reporting year, in accordance with a conservative and prudent approach, and in the absence of sufficient elements to allow a full assessment of compliance with the criterion, the Group considers that the activity is **not aligned** with the substantial contribution criteria.

(33) Question 173, Commission Notice, December 2022.

(34) As established in the national and regional building regulations applicable to "major renovations" implementing the directive of 2010/31/EU.

### **Activity 7.4 Installation, maintenance and repair of electric vehicle charging stations in buildings**

With regard to capital expenditure related to works for the installation of electric charging stations for cars, the criteria for a substantial contribution have been met and the activity is **aligned**.

## **Do Not Significant Harm (DNSH) criteria**

The DNSH criteria define the conditions under which activities are carried out without causing harm to other environmental objectives. These criteria may consist of point requirements or general “recurring” criteria. In the first case, the requirements are specific to the activity being analysed and impose limited checks. The recurring criteria, on the other hand, are outlined in the five Appendices included as a supplement to Annexes I and II of the *Climate Delegated Act* and mostly refer to compliance with European or national standards or the execution of assessment activities.

### **Activities 8.1 Data processing, hosting and related activities**

With reference to activity 8.1, Annex II of the *Climate Delegated Act* provides DNSH criteria with respect to three other objectives: adaptation to climate change, sustainable use and protection of water and marine resources, transition to a circular economy. With regard to the data processing activity, as it is carried out through data centres owned by third parties, in the absence of sufficient elements to allow a full assessment of compliance with the criteria, the Group considers, in accordance with a conservative and prudent approach, that the activity is **not aligned** with these criteria.

### **Activity 8.2 Programming, IT consultancy and related activities**

In the case of activity 8.2 of Annex II of the *Climate Delegated Act* the assessment of DNSH criteria is not foreseen, therefore this analysis **does not apply**.

### **Activity 6.5 Transport by motorbike, car and light commercial vehicle**

With reference to capital expenditure related to activity 6.5 (climate change mitigation objective), the *Climate Delegated Act* provides for DNSH criteria with respect to three objectives: climate change adaptation, transition to a circular economy and pollution prevention and reduction. With reference to the investments made during the year for electric and hybrid vehicles, according to a conservative and prudential approach, in the absence of sufficient elements to allow a complete assessment of compliance with the criterion, the Group considers the activity **not aligned**.

### Activity 7.2 Refurbishment of existing buildings

For activity 7.2 for the climate change mitigation objective, the Regulation provides DNSH criteria with respect to the objectives of adaptation to climate change, use and protection of water and marine resources, transition towards a circular economy and prevention and reduction of pollution. With reference to the works carried out during 2022 on owned or leased buildings, in accordance with a conservative and prudent approach, and in the absence of sufficient elements to allow a full assessment of compliance with the criterion, the Group considers that the activity is **not aligned** with the substantial contribution criteria.

### Activity 7.4 Installation, maintenance and repair of electric vehicle charging stations in buildings

With reference to capital expenditure related to activity 7.4 (climate change mitigation objective), the Climate Delegated Act provides for DNSH criteria with respect to three objectives. With reference to the installation of electric vehicle charging stations, according to a conservative and prudential approach, in the absence of sufficient elements to allow a complete assessment of compliance with the criterion, the Group considers the activity to be **not aligned**.

## Minimum safeguards

Finally, the Group analysed the degree of compliance with the principles referred to in Article 18 of the Regulation, which defines the minimum safeguards to ensure that an economic activity is carried out in compliance with human and labour rights, in line with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including those set out in the eight core conventions of the International Labour Organization (ILO) and the International Bill of Human Rights. The Group then carried out an analysis of the elements set out in the documents referred to in Article 18, also on the basis of the guidance provided by the Platform on Sustainable Finance<sup>(35)</sup>, reviewing the level of monitoring in relation to human rights, consumer interests, corruption, competition and taxation.

Italian legislation in the field of human and labour rights regulates various aspects referred to in Article 18, such as the protection of privacy, health and safety, corruption, fair competition and taxation. The Reply Group, in addition to complying with the national regulations in force in the countries in which it operates, conducts its activities with a view to sustainable and inclusive growth, in accordance with the Universal Declaration of Human Rights, the ILO Conventions and the principles of the United Nations Global Compact, to which it is a signatory.

(35) Final Report on Minimum Safeguards, October 2022

The tools that the Group adopts to promote compliance with the minimum safeguard guarantees, both inside and outside the organisation, include the entire regulatory framework described in chapter RELEVANT POLICIES IN THE INTERNAL REGULATORY FRAMEWORK.

As evidence of the Group's commitment to promoting ethical and responsible behaviour, there were no incidents of non-compliance in the areas of human rights, consumer interests, corruption, competition and taxation for 2022.

On the basis of the tools and measures adopted by the Group with regard to the aspects related to the minimum social guarantees, Reply considers that the activities carried out directly (**8.1 Data processing, hosting and related activities and 8.2 Programming, IT consultancy and related activities**) are **aligned** with the minimum safeguards criteria.

On the contrary, following a conservative and prudent approach, Reply considers that the current practices in place in the supply chain are not sufficient to consider the activities related to the purchase of products derived from eligible economic activities in line with the taxonomy and the individual measures that allow the target activities to reduce their emission profile (6.5, 7.2 and 7.4) as being aligned with the minimum safeguards criteria.

## KPI calculation methodology

The Annexes of the Delegated Disclosure Act (EU) 2021/2178 (hereinafter the "Delegated Disclosure Act") require the calculation of the percentage of Turnover, CapEx and OpEx associated with eligible and aligned activities. To meet this regulatory obligation, as indicated in the previous paragraphs, the Group identified its eligible activities and, once it had assessed which of them were aligned with the alignment criteria, calculated the three KPIs envisaged by the Regulation.

The following paragraphs set out in detail the analyses carried out to meet the information requirements of the Disclosure Delegated Act, detailing the methodologies applied and the accounting items taken into account for the calculation of the three KPIs.

### Turnover

In line with the Delegated Disclosure Act, for the calculation of the turnover quota, the Group considered the following values:

- ▶ **denominator:** net turnover from the provision of services after deduction of sales discounts and value added taxes directly related to turnover. In order to avoid any possible double counting, intercompany items have been eliminated and do not contribute to the determination of the KPI. Consequently, the denominator (Euro 1,891,114 thousand) of the KPI corresponds to the item "Revenues" presented in note 5 - Revenues of the Group's consolidated financial statements - and is in line with the provisions of IAS 1, par. 82(a);)

- ▶ **numerator:** the share of net turnover (considered for the calculation of the denominator) associated with eligible and aligned activities. For this assessment, the approach adopted was to identify all legal entities included in the scope of consolidation and generating turnover related to eligible and aligned economic activities.

In this context, it should be noted that for the calculation of the KPI numerator, the Group has only taken into account the net turnover associated with the companies that carry out activity 8.1 - Data processing, hosting and related activities - and not also with the activities that are eligible for the climate change objective (8.2 - Programming, IT consultancy and related activities), as they are not considered as “enabling” by the Regulation. With regard to the latter activity, it should be noted that although it is not an “enabling” activity for the purpose of adapting to climate change, the Group has decided to calculate the share of turnover associated with it in any case.

#### KPI EVALUATION TURNOVER GENERATED BY NOT ENABLING GROUP ACTIVITIES

Activity	Turnover (€ thousand)	Share of Turnover (%)
8.2 Programming, IT consultancy and related activities	634,996	33.6%

Finally, it should be noted that, since it is not possible to derive the figures relating to the above activities in a timely manner, it has been decided to use estimates based on the characteristics of the business and the expertise of the management in order to calculate the numerator.

#### Capex

For the calculation of the denominator of the CapEx ratio, the Group has taken into account the additions to property, plant and equipment (development and restructuring of corporate assets), intangible assets (patents, software and capitalised research and development costs) and right of use assets (RoU) during the period under review. The approach used to extract the above figures required a detailed analysis of the management reports showing the investments made during the year by all the companies included in the consolidation.

In line with the Disclosure Delegated Act, the Group considered the following values for the calculation of the CapEx share:

- ▶ **denominator:** For the calculation of the denominator, the Group has taken into account property, plant and equipment accounted for in accordance with IAS 16 - note 17 to the financial statements -, intangible assets (excluding goodwill) accounted for in accordance with IAS 38 - note 19 to the financial statements - and leases accounted for in accordance with IFRS 16 - note 20 to the financial statements. This analysis returned a total value for the year 2022 of: Euro 83,173 thousand

- ▶ **numerator:** for the purpose of determining the numerator, the capital expenditure related to assets or processes associated with eligible and aligned activities and the purchase of products derived from eligible economic activities aligned with the taxonomy and individual measures that allow the target activities to reduce their emission profile. In this regard, the Group has included the following values in the KPI numerator:
  - ▶ for activities 8.1 - Data processing, hosting and related activities - and 8.2 - Programming, IT consultancy and related activities - investments related to R&D categories, development and restructuring of corporate assets, and development of intangible assets (e.g. patents, software);
  - ▶ for activities 6.5 - Transport by motorbike, car and light commercial vehicle -, 7.2 - Refurbishment of existing buildings - and 7.4 Installation, maintenance and repair of electric vehicle charging stations in buildings - investments related to the categories of Real estate, Improvements of third parties and right of use governed by the accounting standard IFRS16.

In addition, it is specified that the extraction of the data related to the above categories has been carried out, as far as possible, in a timely manner from the information available in the management systems currently in use within the legal entities included in the scope of consolidation. In the absence of precise data, the CapEx associated with activities 8.1 and 8.2 have been estimated on the basis of an allocation driver defined by the percentage weighting of the revenues attributable to the same activities in the total revenues of the single legal entity.

## Opex

In line with the Disclosure Delegated Act, the Group considered the following values for the calculation of the OpEx share:

- ▶ **denominator:** To calculate the denominator, we carried out a detailed analysis of the Group's chart of accounts and management accounting orders to identify the items that can be associated with the cost categories expressly mentioned in the Disclosure Delegated Act. Specifically:
  - ▶ non-capitalised R&D costs relating to internal and external projects, from which the cost component relating to the "management" activities of the R&D projects carried out has been eliminated, in accordance with the recommendations of the European Commission<sup>(36)</sup>. All the costs incurred during the year relating to the Project Managers have been identified as expenses connected to project management activities;
  - ▶ Short-term leases, for which all items in the chart of accounts relating to leases recognised in the income statement have been taken into account, as they relate to contracts with a duration of less than 12 months and are therefore representative of the exemption from accounting under IFRS 16;

(36) Clarification provided by the answer to question 12 of the FAQ published by the European Commission on 02/02/2022.



- Costs related to the maintenance and repair of buildings and IT equipment incurred during the year. This category includes the cost of employees involved in maintenance and repair activities as well as maintenance contracted out to third parties. Within the maintenance and repair accounts, building renovations similar to the concept of “building renovation” mentioned in the Disclosure Delegated Act have also been included;
- The cost category associated with the “day-to-day servicing of assets”<sup>(37)</sup>, was considered to refer to costs related to the cleaning of facilities.

The result of these analyses determined a value of Euro 20,218 thousand, which represents 1.3% of total operating expenses. The low value of the aforementioned ratio is an indication of the low relevance of taxonomic cost categories (mainly focused on the maintenance of assets and thus aimed at asset-intensive companies) compared to a business model that sees personnel costs as the greatest part of its operating costs. As required by the Delegated Disclosure Act, therefore, the KPI relating to OpEx is to be considered **immaterial**.

- **numerator:** although the KPI is immaterial, the Group has chosen to disclose the KPI in question only in relation to the eligible activities directly carried out, i.e. 8.1 - Data processing, hosting and related activities - and 8.2 - Programming, IT consultancy and related activities. For these activities, specific maintenance costs, short-term leases and non-capitalised R&D costs have been identified. Similarly to capitalised expenses, operating expenses for which it was not possible to extract data from the management systems on a timely basis were identified using an allocation driver based on the percentage weighting of revenues.

#### KPI EVALUATION OPEX GENERATED BY NOT ENABLING GROUP ACTIVITIES

Activity	OpEx (€ thousand)	OpEx share (%)
8.1 Data Processing, Hosting and Related Activities	1,888	9.3%
8.2 Programming, IT consultancy and related activities	5,129	25.4%

(37) Clarification provided by the answer to question 12 of the FAQ published by the European Commission on 02/02/2022.

# European taxonomy KPIs

TURNOVER			Substantial Contribution							DNSH Criteria										
Economic Activities	Codes	Absolute turnover (€ thousand)	Share of turnover (%)	Climate change mitigation	Adaptation to climate change	Marine waters and resources (%)	Circular Economy (%)	Pollution (%)	Biodiversity and ecosystems (%)	Climate Change Mitigation (Y/N)	Adaptation to climate change (Y/N)	Marine waters and resources (Y/N)	Circular Economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystems (Y/N)	Minimum Safeguards (Y/N)	Revenue share aligned to taxonomy, Year 2022 (%)	Revenue share aligned to taxonomy, Year 2021	Category (enabling activity) (A)	Category (transitional activity) (T)
	<b>A. ACTIVITIES ELIGIBLE FOR TAXONOMY</b>																			
<b>A.1 Eco-sustainable activities (aligned with the taxonomy)</b>																				
Turnover from eco-sustainable activities (A.1)		0	0%	0%	0%	0%	0%	0%	0%								0%			
<b>A.2 Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)</b>																				
Data Processing, Hosting and Related Activities <sup>(38)</sup>	8.1	201,034	10.6%																	
Turnover from activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)		201,034	10.6%																	
(A.2)		201,034	10.6%														0%			
<b>B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY</b>																				
Turnover from activities not eligible for the taxonomy (B)		1,690,080	89.4%																	
<b>Total (A + B)</b>		<b>1,891,114</b>	<b>100%</b>																	

(38) As reported, the Group has chosen to consider as eligible under Activity 8.1 of Schedule 1 of the Climate Delegated Act, the activities of storing, manipulating, managing, moving, controlling, displaying, switching, interchanging, transmitting or processing data through data centres, including edge computing carried out through data centres owned by third parties.

CAPEX			Substantial Contribution						DNSH Criteria											
Economic Activities	Codes	Absolute CapEx (€ thousand)	CapEx share (%)	Climate change mitigation (%)	Adaptation to climate change (%)	Marine waters and resources (%)	Circular Economy (%)	Pollution (%)	Biodiversity and ecosystems (%)	Climate Change Mitigation (Y/N)	Adaptation to climate change	Marine waters and resources (Y/N)	Circular Economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystems	Minimum Safeguards (Y/N)	Share of CapEx aligned to taxonomy, Year 2022 (%)	Share of CapEx aligned to taxonomy, Year 2021	Category (enabling activity) (A)	Category (transitional activity) (T)
	<b>A. ACTIVITIES ELIGIBLE FOR TAXONOMY</b>																			
<b>A.1 Eco-sustainable activities (aligned with the taxonomy)</b>																				
Programming, IT consultancy and related activities	8.2	35,651	42.9%		100%															
<b>CapEx Eco-sustainable activities (A.1)</b>		35,651	42.9%	0%	100%	0%	0%	0%	0%								42.9%			
<b>A.2 Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)</b>																				
Transport by motorbike, car and light commercial vehicle, with reference to electric and hybrid vehicles	6.5	655	0.8%																	
Refurbishment of existing buildings	7.2	9,333	11.2%																	
Installation, maintenance and repair of electric vehicle charging stations in buildings (and in the parking spaces belonging to the buildings)	7.4	48	0.1%																	
Data Processing, Hosting and Related Activities <sup>(39)</sup>	8.1	3,057	3.7%																	
<b>CapEx from activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)</b>		13,093	15.7%																	
<b>Total (A.1 + A.2)</b>		48,744	58.6%														42.9%			
<b>B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY</b>																				
<b>CapEx from activities not eligible for the taxonomy (B)</b>		34,429	41.4%																	
<b>Total (A + B)</b>		83,173	100%																	

Consolidated disclosure of non-financial information 2022

(39) As reported, the Group does not consider activities associated with Activity 8.1 of Schedule 1 of the Climate Delegated Act to be aligned, as they are carried out through data centres owned by third parties.

# READING GUIDE

The Consolidated Non-Financial Statement (hereinafter also “Disclosure of Non-Financial Information”, “Disclosure” or “NFI”) of the Reply Group for 2022 (from 1 January 2022 to 31 December 2022) is prepared on an annual basis in accordance with the provisions of Legislative Decree No. 254 of 30 December 2016 and subsequent amendments (hereinafter also the “Decree”). The NFI contains the relevant data and information on environmental, health and safety, social, human resources and anti-corruption issues, consistently selected on the basis of the materiality analysis that has enabled the identification of the most relevant sustainability topics for the Group and its stakeholders.

This Disclosure of Non-Financial Information was approved by the Reply S.p.A. Board of Directors on 14 March 2023. The Disclosure has been subject to a limited assurance engagement review by PricewaterhouseCoopers S.p.A in accordance with the provisions of articles 3 and 4 of Legislative Decree 254/16, as expressed in a specific “Independent Auditor’s Report”.

This Disclosure is published together with the Reply Group Annual Report and is available online on the Reply website ([www.reply.com](http://www.reply.com)) in the “We care” section and the content is supplemented, where necessary or appropriate, by other information reported in the related reports and documents available online, which can be identified and consulted by following the specific references.

The reference perimeter of the information contained in the NFI is the same as the scope of consolidation of the Consolidated Financial Statements, with the exception of the Wemanity Group and, for some reporting areas, of Fincon, a recently acquired company, whose reporting processes have yet to be standardised and integrated into the Reply Group. These exclusions are not relevant at Group level in terms of turnover, investments and people.

The reporting of the indicators is based on the groupings of the operating entities in the countries where the Group is present by region, as defined below:

- ▶ **Region 1:** Italy, Brazil, India, Romania, USA, New Zealand, China (Nanjing)
- ▶ **Region 2:** Germany, Poland, China (Beijing), Croatia, Austria
- ▶ **Region 3:** United Kingdom, Belgium, Belarus, France, Luxembourg

The NFI includes the following information:

- ▶ a description of the relevance attributed to each non-financial topic;
- ▶ a description of the management and organisation model adopted by the Group for management of important issues;
- ▶ a description of the policies adopted by the company in relation to each non-financial topic;
- ▶ a description of relevant indicators to understand the results achieved by application of the aforementioned policies.

In addition, with reference to the five areas mentioned in the decree, the main risks generated and/or suffered as a result of the company's activities, its products and services and its commercial relationships, including the supply chain, are reported (see in particular section MAIN RISKS CONCERNING SOCIAL, ENVIRONMENTAL RESPONSIBILITY AND BUSINESS ETHICS).

To guarantee the reliability of the information reported, the use of estimates has been limited as much as possible. Any estimates are based on the best information available. Restatements of previously published comparative data are clearly indicated as such (see also section METHODOLOGICAL NOTES). No restatements have been made with respect to previous years.

The NFI was prepared in compliance with the "GRI Sustainability Reporting Standards" (GRI Standards) issued in 2021 by the Global Reporting Initiative, according to the option with reference to the GRI Standards ("in accordance with").

Finally, with reference to this NFI, we note the adoption of the new indicator:

- ▶ GRI 306: Waste

With reference to the previous NFI, it should be noted that:

- ▶ the new indicator 2-27 Regulatory Compliance replaces the indicators 419 Socio-economic compliance and 307 Environmental compliance
- ▶ indicator 406-1 Incidents of discrimination and corrective measures taken has been integrated

# The reporting process

The content of this Consolidated Disclosure of Non-Financial Information has been subject to a process of preparation, validation and approval in accordance with internal procedures established by the Group.

Please refer to section MATERIAL TOPICS FOR REPLY, which describes the process of identifying material topics and therefore subject to reporting according to the business activity, its performance and the impacts produced. Based on the materiality analysis, the indicators and information subject to reporting are identified within the GRI Standards. The non-financial data collection process is as follows: the ESG function prepares and sends the data collection forms for the topics by area of responsibility to the data owners, who complete the forms with the support of the relevant functions according to the deadlines set in the work plan and, once approved, send them to the ESG function, which collects, analyses and consolidates them.

The draft Disclosure of Non-Financial Information is then prepared and sent by the ESG function to the data owners for final verification of the reported data in accordance with their responsibilities. The validated draft of the document is submitted to the Sustainability Committee for approval and subsequently to the Risk Control Committee. Finally, the Board of Directors of Reply S.p.A. approves the Consolidated Disclosure of Non-Financial Information in its definitive version.

## Methodological notes

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

### Environmental matters

With reference to the analysis of the environmental matters:

- ▶ for energy consumption, i.e. electricity and natural gas, estimates were made if the data from the offices were not available. In particular, the energy consumption available for all other offices was used to calculate the average intensity of consumption per square metre, from which the consumption of the missing offices was estimated;
- ▶ for water consumption estimates were made if the data from the offices were not available. In particular, the available water consumption figures were used to calculate the intensity of consumption in relation to the number of workstations used in the offices and the number of employees in order to estimate the consumption for the remaining offices;
- ▶ in other cases, where not all bills with real data for the whole reference period were available, estimates were made only for the missing months:

- ▶ to estimate water and electricity consumption, the monthly average calculated on the basis of available data was considered;
- ▶ for the estimation of gas and district heating consumption, the monthly average was calculated for the months climatically similar to the missing ones.
- ▶ for the petrol consumption of company cars, estimates were defined where the data were not available. In particular, the available petrol consumption was used to calculate the intensity of consumption per company car and, based on this intensity, the missing consumption was estimated;
- ▶ for the electricity consumption of company cars, estimates were made based on the average cost per kWh of charging where data was not available;
- ▶ the calorific value defined in the UK Government GHG Conversion Factors for Company Reporting, published by the Department for Business, Energy & Industrial Strategy (BEIS) and the Department for Environment, Food & Rural Affairs (DEFRA), has been used to convert the various energy uses into joules;
- ▶ for the percentages of renewable energy of each nation, the data provided by the International Energy Agency (IEA) were taken as a reference; where present, contracts for the supply of renewable sources entered into were instead considered.

The following emission factors have been used to calculate greenhouse gas emissions (CO<sub>2</sub>, N<sub>2</sub>O, CH<sub>4</sub>), which do not include biogenic CO<sub>2</sub> emissions as they are not applicable in the context of Reply:

- ▶ **direct emissions (Scope 1):**
  - ▶ emission factors provided by the Department for Business, Energy & Industrial Strategy (BEIS) and the Department for Environment Food & Rural Affairs (DEFRA) for 2022 were used for emissions from heating the premises with natural gas and the fuel used by owned and leased company cars;
  - ▶ The operational control approach was used for the consolidation of emissions. In particular, emissions resulting from the consumption of fuel for leased cars are reported within Scope 1 according to the principle of "operational control", for which those resulting from assets over which Reply can exercise control are calculated as direct emissions.
  - ▶ Possible emissions resulting from F-gas leaks due to the use of air conditioning and cooling systems are excluded from the calculation of direct emissions.
- ▶ **indirect emissions (Scope 2 – Location-based):**
  - ▶ for emissions from electricity purchased from the national grid and consumption related to electric cars, the emission factors provided by ISPRA (2021) for Italy, BEIS and DEFRA (2022) for the UK and Terna (2019) for all other countries were used;
  - ▶ for emissions deriving from district heating, the emission factor provided by BEIS and DEFRA was used;
  - ▶ The gas considered for calculating emissions is CO<sub>2</sub>, with the exception of DEFRA which also expresses N<sub>2</sub>O and CH<sub>4</sub>, which are then converted to equivalent CO<sub>2</sub>;



- The operational control approach was used for the consolidation of emissions.
- ▶ **indirect emissions (Scope 2 – Market-based):**
  - for the emission factors relating to the national residual mixes, the sources used are:
    - » for European countries “AIB” (Association of Issuing Bodies-2021)
    - » for the USA “US Environmental Protection Agency”;
  - for the countries for which the emission factors relating to the residual mixes are not available, the emission factors applied for the location-based approach were used;
  - where there are supply contracts from renewable sources, the associated emission factors have instead been considered;
  - The gas considered for calculating emissions is CO<sub>2</sub>.
- ▶ **indirect emissions (Scope 3):**
  - to calculate the emissions of the various categories, the emission factors of BEIS and DEFRA were used for all countries;
  - for emissions from business trips by car or taxi, where data on kilometres travelled were not available, estimates were made based on the total cost of the trip and the average cost per kilometre;
  - For business trips, where data was only available on the amount spent, estimates were made based on emissions from similar trips by category to calculate the resulting emissions.

## People

With reference to the analysis of the social matters:

- ▶ With regards to employee data, a headcount of the number of employees at the end of the reporting period was reported;
- ▶ With regard to working days lost, the calendar days lost due to injury starting from the day following the injury are reported;
- ▶ With regard to diversity matters linked to nationality, data on the citizenship of employees belonging to companies operating in the USA is not available.

# GRI content index

<b>Statement of use</b>	Reply has reported in accordance with the GRI Standards for the period 01/01/2022-31/12/2022
<b>GRI 1 used</b>	GRI 1: Foundation 2021
<b>Applicable GRI Sector Standard(s)</b>	n/d

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON EXPLANATION	
<b>GENERAL DISCLOSURES</b>					
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details	<ul style="list-style-type: none"> <li>▶ CONTACTS (a, b, c)</li> <li>▶ REPLY'S PROFILE (b)</li> <li>▶ READING GUIDE (d)</li> </ul>	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	2-2 Entities included in the organization's sustainability reporting	<ul style="list-style-type: none"> <li>▶ READING GUIDE (a, b, c)</li> </ul>			
	2-3 Reporting period, frequency and contact point	<ul style="list-style-type: none"> <li>▶ READING GUIDE (a, b, c)</li> <li>▶ CONTACTS (d)</li> </ul>			
	2-4 Restatements of information	<ul style="list-style-type: none"> <li>▶ READING GUIDE (a)</li> </ul>			
	2-5 External assurance	<ul style="list-style-type: none"> <li>▶ READING GUIDE (a)</li> <li>▶ AUDITORS' REPORT (b)</li> <li>▶ RELATIONSHIP WITH AUDITORS (b)</li> </ul>			
	2-6 Activities, value chain and other business relationships	<ul style="list-style-type: none"> <li>▶ REPLY'S PROFILE (a, b, c, d)</li> <li>▶ THE SUPPLY CHAIN (b)</li> <li>▶ LOBBYING ACTIVITIES AND ASSOCIATION MEMBERSHIP (c)</li> </ul>			
	2-7 Employees	<ul style="list-style-type: none"> <li>▶ PEOPLE - INDICATORS (a, b, d, e)</li> <li>▶ METHODOLOGICAL NOTES (c)</li> <li>▶ WE CARE: PEOPLE (d, e)</li> </ul>			
	2-8 Workers who are not employees	<ul style="list-style-type: none"> <li>▶ THE SUPPLY CHAIN (a, b, c)</li> </ul>			
	2-9 Governance structure and composition	<ul style="list-style-type: none"> <li>▶ REPLY'S ORGANISATIONAL MODEL (a, b)</li> <li>▶ THE BOARD OF DIRECTORS (c)</li> <li>▶ SUSTAINABILITY COMMITTEE (b)</li> <li>▶ REMUNERATION COMMITTEE (b)</li> </ul> Ref. External: Report on corporate governance and ownership structures; Articles of Association.			
	2-10 Nomination and selection of the highest governance body	<ul style="list-style-type: none"> <li>▶ THE BOARD OF DIRECTORS (a, b)</li> </ul> Ref. External: Report on corporate governance and ownership structures; Articles of Association.			
	2-11 Chair of the highest governance body	REPLY'S ORGANISATIONAL MODEL (a, b) Ref. External: Report on corporate governance and ownership structures.			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		GRI SECTOR STANDARD REF. NO.	
			REQUIREMENT(S) OMITTED	REASON EXPLANATION		
GRI 2: General Disclosures 2021	2-12 Role of the highest governance body in overseeing the management of impacts	<ul style="list-style-type: none"> <li>▶ REPLY'S ORGANISATIONAL MODEL (a, b, c)</li> </ul> Ref. External: Report on corporate governance and ownership structures.				
	2-13 Delegation of responsibility for managing impacts	<ul style="list-style-type: none"> <li>▶ REPLY'S ORGANISATIONAL MODEL (a, b)</li> <li>▶ SUSTAINABILITY COMMITTEE (b)</li> </ul> Ref. External: Report on corporate governance and ownership structures.				
	2-14 Role of the highest governance body in sustainability reporting	<ul style="list-style-type: none"> <li>▶ REPLY'S ORGANISATIONAL MODEL (a, b)</li> <li>▶ SUSTAINABILITY COMMITTEE (a)</li> <li>▶ READING GUIDE (a)</li> </ul> Ref. External: Report on corporate governance and ownership structures.				
	2-15 Conflicts of interest	<ul style="list-style-type: none"> <li>▶ ETHICS IN REPLY (a)</li> <li>▶ ETHICS - INDICATORS (a)</li> </ul> Ref. External: 231 Model; Report on corporate governance and ownership structures.				
	2-16 Communication of critical concerns	<ul style="list-style-type: none"> <li>▶ ETHICS IN REPLY (a, b)</li> <li>▶ ETHICS - INDICATORS (b)</li> </ul>				
	2-17 Collective knowledge of the highest governance body	<ul style="list-style-type: none"> <li>▶ SUSTAINABILITY COMMITTEE (a)</li> </ul>				
	2-18 Evaluation of the performance of the highest governance body	<ul style="list-style-type: none"> <li>▶ THE BOARD OF DIRECTORS (a, b, c)</li> </ul> Ref. External: Report on corporate governance and ownership structures.				
	2-19 Remuneration policies	<ul style="list-style-type: none"> <li>▶ REMUNERATION COMMITTEE (a, b)</li> </ul> Ref. External: Report on the Remuneration Policy.				
	2-20 Process to determine remuneration	<ul style="list-style-type: none"> <li>▶ REMUNERATION COMMITTEE (a, b)</li> </ul> Ref. External: Report on the Remuneration Policy.				
	2-21 Annual total compensation ratio	n/d	a, b, c	Confidentiality constraints	Compensation data are confidential	
	2-22 Statement on sustainable development strategy	<ul style="list-style-type: none"> <li>▶ LETTER TO STAKEHOLDERS (a)</li> </ul>				
	2-23 Policy commitments	<ul style="list-style-type: none"> <li>▶ ETHICS IN REPLY (a)</li> <li>▶ ETHICS - INDICATORS (f)</li> <li>▶ RELEVANT POLICIES IN THE INTERNAL REGULATORY FRAMEWORK (a, b, c, d, e, f)</li> </ul>				
	2-24 Embedding policy commitments	<ul style="list-style-type: none"> <li>▶ ETHICS IN REPLY (a)</li> <li>▶ ETHICS - INDICATORS (a)</li> <li>▶ RELEVANT POLICIES IN THE INTERNAL REGULATORY FRAMEWORK (a)</li> <li>▶ MAIN RISKS CONCERNING SOCIAL, ENVIRONMENTAL RESPONSIBILITY AND BUSINESS ETHICS (a)</li> <li>▶ DATA PROTECTION (a)</li> <li>▶ INTERNAL TRAINING (a)</li> </ul> Ref. External: 231 Model, Report on corporate governance and ownership structures.				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON EXPLANATION	
<b>GRI 2: General Disclosures 2021</b>	2-25 Processes to remediate negative impacts	▶ ETHICS IN REPLY (b)	a, c, d, e	Information not available / incomplete	Some information is not available
	2-26 Mechanisms for seeking advice and raising concerns	▶ ETHICS IN REPLY (a) ▶ ETHICS - INDICATORS (a)			
	2-27 Compliance with laws and regulations	▶ ETHICS - INDICATORS (a)			
	2-28 Membership associations	▶ LOBBYING ACTIVITIES AND ASSOCIATION MEMBERSHIP (a)			
	2-29 Approach to stakeholder engagement	▶ REPLY'S KEY STAKEHOLDERS (a)			
	2-30 Collective bargaining agreements	▶ PEOPLE - INDICATORS (a, b)			
<b>MATERIAL TOPICS</b>					
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	▶ MATERIAL TOPICS FOR REPLY (a, b)		A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.	
	3-2 List of material topics	▶ UPDATE OF MATERIAL TOPICS (a, b)			
<b>ANTI-CORRUPTION</b>					
<b>GRI 205: Anti-corruption 2016</b>	3-3 Management of material topics	▶ ETHICS IN REPLY			
	205-2 Communication and training about anti-corruption policies and procedures	▶ ETHICS IN REPLY (a, b, c, d, e)			
	205-3 Confirmed incidents of corruption and actions taken	▶ ETHICS IN REPLY (a, b, c, d, e)			
<b>BUSINESS ETHICS AND INTEGRITY</b>					
<b>GRI 206: Anti-competitive Behavior 2016</b>	3-3 Management of material topics	▶ ETHICS IN REPLY			
	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	▶ ETHICS - INDICATORS (a, b)			
<b>GRI 207: Tax 2019</b>	3-3 Management of material topics	▶ TAX MANAGEMENT			
	207-1 Approach to tax	▶ TAX MANAGEMENT (a) Ref. External: Annual report			
<b>GRI 414: Supplier Social Assessment 2016</b>	3-3 Management of material topics	▶ THE SUPPLY CHAIN			
	414-1 New suppliers that were screened using social criteria	▶ THE SUPPLY CHAIN (a)			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>ENERGY CONSUMPTION AND ATMOSPHERIC EMISSIONS</b>						
GRI 302: Energy 2016	3-3 Management of material topics	▶ CONSUMPTION				
	302-1 Energy consumption within the organization	▶ CONSUMPTION (a, b, c, d, e) ▶ METHODOLOGICAL NOTES (f, g)				
GRI 305: Emissions 2016	3-3 Management of material topics	▶ GHG GAS EMISSIONS				
	305-1 Direct (Scope 1) GHG emissions	▶ GHG GAS EMISSIONS (a, d) ▶ METHODOLOGICAL NOTES (b, c, e, f, g)				
	305-2 Energy indirect (Scope 2) GHG emissions	▶ GHG GAS EMISSIONS (a, b, d) ▶ METHODOLOGICAL NOTES (c, e, f, g)				
	305-3 Other indirect (Scope 3) GHG emissions	▶ GHG GAS EMISSIONS (a, d, e) ▶ METHODOLOGICAL NOTES (b, c, f, g)				
<b>CIRCULAR ECONOMY AND WASTE PRODUCTION</b>						
GRI 306: Waste 2020	3-3 Management of material topics	▶ WASTE MANAGEMENT				
	306-1 Waste generation and significant waste-related impacts	▶ WASTE MANAGEMENT (a)				
	306-2 Management of significant waste-related impacts	▶ WASTE MANAGEMENT (a, b, c)				
	306-3 Waste generated	n/d	a, b	Information not available/incomplete	Data is not available	
<b>EMPLOYEE ATTRACTION, RETENTION AND WELL-BEING</b>						
GRI 401: Employment 2016	3-3 Management of material topics	▶ WE CARE: PEOPLE				
	401-1 New employee hires and employee turnover	▶ PEOPLE - INDICATORS (a)	b	Confidentiality constraints	Turnover data is confidential	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	▶ PEOPLE - INDICATORS (a, b)				
	401-3 Parental leave	▶ GENDER EQUALITY (a, b, c, d)	e	Not relevant	The retention rate is irrelevant	
GRI 404: Training and Education 2016	3-3 Management of material topics	▶ ONGOING TRAINING				
	404-3 Percentage of employees receiving regular performance and career development reviews	▶ RESEARCH AND DEVELOPMENT OF TALENT (a)				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>WORKER HEALTH AND SAFETY</b>						
<b>GRI 403: Occupational Health and Safety 2018</b>	3-3 Management of material topics	▶ HEALTH, SAFETY AND WELL-BEING				
	403-1 Occupational health and safety management system	▶ HEALTH & SAFETY (a, b)				
	403-2 Hazard identification, risk assessment, and incident investigation	▶ HEALTH & SAFETY (a, b, c, d)				
	403-3 Occupational health services	▶ HEALTH & SAFETY (a) ▶ WELL-BEING (a)				
	403-4 Worker participation, consultation, and communication on occupational health and safety	▶ HEALTH & SAFETY (a, b)				
	403-5 Worker training on occupational health and safety	▶ HEALTH & SAFETY (a)				
	403-6 Promotion of worker health	▶ WELL-BEING (a, b)				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	▶ HEALTH & SAFETY (a)				
	403-9 Work-related injuries	▶ HEALTH AND SAFETY - INDICATORS (a, c, d, e, f, g)	b	Information not available/incomplete	Information for self-employed workers is not available	
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>						
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	3-3 Management of material topics	▶ REPLY'S VALUES ▶ DIVERSITY AND INCLUSION				
	405-1 Diversity of governance bodies and employees	▶ THE BOARD OF DIRECTORS (a) ▶ PEOPLE - INDICATORS (b) ▶ GENDER EQUALITY (b)				
	405-2 Ratio of basic salary and remuneration of women to men	▶ GENDER EQUALITY (a, b)				
<b>GRI 406: Non-discrimination 2016</b>	3-3 Management of material topics	▶ REPLY'S VALUES ▶ DIVERSITY AND INCLUSION				
	406-1 Incidents of discrimination and corrective actions taken	▶ ETHICS - INDICATORS (a, b)				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>DATA PROTECTION, CYBERSECURITY AND ASSET RELIABILITY</b>						
GRI 418: Customer Privacy 2016	3-3 Management of material topics	▶ DATA PROTECTION				
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	▶ DATA PROTECTION ▶ DATA PROTECTION – INDICATORS (a, b, c)				

### Index of Non-GRI indicators:

- ▶ **Innovation at the service of customers:** (3-3 Management of material topics) RESEARCH AND INNOVATION: MAKE FORWARD
  - ▶ Indicators: number of cross-functional teams; number of employees involved; number of group companies involved; number of countries where cross-functional teams are present; number of whitepapers published; number of articles published; number of webinars published; number of events and conferences.
- ▶ **Relations with local communities:** (3-3 Management of material topics) WASTE MANAGEMENT, WELL-BEING, REPLY FOR STUDENTS
  - ▶ Indicators: number of initiatives organised in the field of wellbeing; number of events and conferences in the field of wellbeing; number of students adhering to the Reply Ambassador programme; number of universities with students adhering to the Reply Ambassador programme; number of countries where the Reply Ambassador programme is active; number of people reached by ReplyU advertising campaigns; number of employees involved in collaboration with charities.



**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 2022**





## ***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 2022 prepared in accordance with article 4 of the Decree and approved by the Board of Directors on 14 March 2023 (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 2021 by the GRI - *Global Reporting Initiative* (the "GRI Standards"), identified by them as the reporting standards.

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.

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#### ***PricewaterhouseCoopers SpA***

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

### ***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 2022 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, 30 March 2023

PricewaterhouseCoopers SpA

*Signed by*

Monica Maggio  
(Partner)

*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 2022 translation.*

## CONTACTS

### HEADQUARTERS

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### CORPORATE DATA

Share capital: Euro 4,863,485.64 i.v.

Revenues: Euro 1,891,114,000

Fiscal Code and R.I. of Turin No. 97579210010

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