

**CONSOLIDATED  
DISCLOSURE  
OF NON-  
FINANCIAL  
INFORMATION  
2023**

Legislative Decree 30 December 2016 No. 254



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# LETTER TO STAKE HOLDERS

Dear Stakeholders,

The year 2023 has been characterised by strong structural processes of technological evolution that have affected our daily lives and are linked to the development of Artificial Intelligence and related disciplines, such as the availability of generative AI tools, which are now within everyone's reach.

These technologies, although still in a phase of adoption, seem set to revolutionise every sector quickly, making possible new approaches to business processes that we had never imagined before. Our commitment to innovation leads us to work on digital solutions that, thanks to AI, can automate and improve the efficiency of routine processes and support high value-added activities with new functionalities. We therefore look forward optimistically to this opportunity with the aim of providing services that help our customers shape the future.

At the same time, we are aware of the environmental impacts of AI systems, which are part of a wide debate; the focus on the choice of efficient architectural models and systems optimised for these purposes has effects that can be significant in reducing emissions from the development and use of models.

In addition, we cannot forget that these 'frontier' technologies carry risks for society, since intentional misuse is not strictly necessary to have negative impacts, e.g. in terms of misinformation and errors. We are thinking of biases (understood as unconscious biases), which can influence decision-making processes, generating, for example, social

discrimination with profound effects in socio-economic structures. For this reason, Reply has structured itself with a committee dedicated to the ethical aspects inherent to AI, in order to provide support in understanding and best managing the relationships between social and technological aspects, while maintaining a commitment to implementing AI systems according to international best practices of safe development.

Parallel to the rapid acceleration of technological change, geopolitical tensions have unfortunately increased and there are numerous ongoing conflicts. Moreover, extreme weather phenomena such as fires, floods and rising temperatures have reached new record impacts, which seem to outstrip efforts and resources for climate change adaptation and contribute to widespread instability.

However, as a consultancy firm, we know that the greatest contribution we can make to the right transition is to use our expertise to help our clients manage the innovation aspects of the transition, transforming the way products and services are designed to be more efficient and sustainable.

Reply remains committed to its challenging environmental goals of Carbon Neutrality in 2025 and Net Zero emissions by 2030. At the same time, we keep a strong focus on the social aspects of diversity, equity and inclusion, to consolidate a fair working environment that rewards merit and is conducive to gender equality.

In the light of recent regulatory developments, we are working to further strengthen the link with our supply chain with regard to sustainability aspects.

This statement gives us an opportunity to report on our progress during 2023 and to reaffirm our support for the Sustainable Development Goals in conducting our business and managing our operations.

I renew my thanks to all our Colleagues and Collaborators for their constant commitment to innovation and sharing these sustainability commitments also beyond the work context, in the many occasions of interaction and involvement of the communities we are part of, to contribute to a better future for all.

**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 2023 *Financial Report*<sup>1</sup>.

## The organisational model

With 14,798 employees (as of 31 December 2023), 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/en/investors/financial-reports>)

- ▶ **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** - to exploit 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. A periodic 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 (**Organizational Carbon Footprint**) is held by Reply S.p.A and the Reply Public Sector Consortium.
- ▶ In the area of **information security**, ISO/IEC 27001, TISAX and CyberEssentials certifications are held by the Group companies for which it is relevant to the services provided.
- ▶ Whitehall Reply has achieved **Gender Equality Certification** according to UNI/Pdr 125.
- ▶ As a significant event subsequent to the reporting period, in April, ISO 37001 certification for the **Anti-bribery management system** was obtained by Reply S.p.A., the Reply Public Sector Consortium and the consortium companies.

# 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 participated in the **CDP** (formerly the Carbon Disclosure Project), one of the most important international non-profit organisations for reporting on Climate Change, and in 2023 it confirmed the B level, in continuity with the 2022 result, as proof of 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.
- ▶ In 2023, Reply was awarded a score of 62/100 by the Scoring Agency **EthiFinance** and was awarded the Silver Medal (a marked improvement on 2022, when the score was 54/100).
- ▶ 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 2023, Reply achieved a score of 53/100, higher than the industry average, and with a specific score in the energy transition of 64/100, which corresponds to the highest advanced level.
- ▶ In 2023, 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 2023, Reply achieved the Silver Medal in the **EcoVadis** evaluation, confirming its performance with a score of 64/100, an improvement on the previous one.

## 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 annually on the specific digital platform (CoP Digital Platform) on the actions undertaken and the results achieved thanks to the integration of the Ten Principles in its business strategies and operations, qualifying its commitment to support the achievement of the Sustainable Development Goals.

### SUSTAINABLE DEVELOPMENT GOALS



## 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.

# 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. For this reason, the Group has adopted an Environmental Policy that outlines the guidelines for monitoring and reducing the impacts that the company's activities generate on the environment, including aspects related to consumption and emissions. As an office-based organisation, Reply carries out its services from its own offices, remotely or at clients' premises, so the environmental impacts are mainly limited to the consumption of energy resources (e.g. for heating and lighting 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, approved by the CEO 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 impact monitoring, environmental awareness, communication and reporting, confirming compliance with all applicable environmental laws and regulations towards local and national communities, and contributing to the dissemination and awareness of sustainable development issues. 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.

In order to minimise the environmental impact of car use, a mobility management project was launched in 2022 for the main Italian sites to analyse the systematic travel of employees 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**.

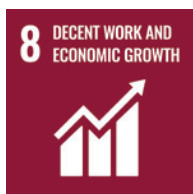
To achieve the Net Zero target, Reply is working on its emission reduction programme and has a series of actions to optimise the company's energy consumption.

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 2023, more than 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, 78% of it comes from renewable energy sources.
- ▶ Evolution towards a **green fleet**, with a target of 30% hybrid/electric vehicles in 2025;
  - In 2023, the Reply fleet reached 29% 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. There has been a marked increase in the presence of hybrid/electric vehicles compared to 2022, when the percentage was 17%, thus bringing the target considerably closer.
- ▶ 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 implementation of **energy efficiency improvements** in all offices by 2030 (in Italy);
  - For 2024, in continuation of 2023, a series of measures are planned with the aim of **improving the energy efficiency of offices, especially lighting systems**. At several locations, **relamping with LED lighting will continue** for both the exteriors and interiors of the buildings. In 2023, the energy diagnosis of buildings subject to legal requirements was carried out and the **installation of photovoltaic panels and the introduction of PIR presence** detectors to make electricity consumption more efficient were envisaged.
  - In the context of office renovation projects, voluntary **certifications of energy efficiency** and ecological footprint of buildings (e.g. LEED, BREEAM) are being considered, which are already available for some of the sites used by the Group in the different regions. In particular, there are 10 certified sites (5 BREEAM, 5 LEED) and one in the process of LEED certification by the first half of 2024.
- ▶ Establishment of the **Reply Forest** to absorb tonnes of CO<sub>2</sub> and support reforestation;
  - By the end of 2023, all Reply Companies have a total of more than 1,800 trees through Treadom: the Reply Forest, together with the forests of the Reply companies, is currently capable of absorbing more than 500 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 purchase of carbon credits for voluntary offsetting of Scope 1 and 2 through certified offsetting projects, as per the Carbon Neutrality target set for 2025, was initiated.

In addition, Reply is also committed to achieving **zero-waste status by 2030**. With the aim of reusing and recycling where opportunities exist in e-waste, Reply will donate, reuse or recycle 100% of electronic waste such as computers and servers.

# Consumption



The Reply Group energy consumption refers to:

- ▶ **Electricity**, sourced from the national grid to supply offices and premises lighting systems, 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, gasoline and LPG** 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 overall 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 2021- 2023 period.

TYPE OF CONSUMPTION	UNIT OF MEASURE	2023	2022	2021
Electricity	kWh/year	11,310,110	13,345,458	10,067,118
District heating	kWh/year	5,042,617	6,051,748	4,269,938
Natural gas	m3/year	268,825	334,689	1,291,914
Diesel (heating)	l/year	23,084	9,000	10,000
Diesel (vehicles)	l/year	1,579,398	1,675,487	1,380,179
Gasoline	l/year	365,068	192,881	86,631
LPG	kg/year	12	-	-
Electric vehicle charging	kWh/year	337,726	-	-

TYPE OF CONSUMPTION	UNIT OF MEASURE	2023	2022	2021
Electricity	GJ/year	40,716	48,044	36,242
District heating	GJ/year	18,153	21,786	15,372
Natural gas	GJ/year	9,729	13,308	49,332
Diesel (heating)	GJ/year	824	344	382
Diesel (vehicles)	GJ/year	56,209	63,977	52,702
Gasoline	GJ/year	11,782	6,389	2,977
LPG	GJ/year	1	-	-
Electric vehicle charging	GJ/year	1,216	-	-
<b>TOTAL</b>	<b>GJ/year</b>	<b>138,630</b>	<b>153,848</b>	<b>157,006</b>

With regard to **fuel** consumption for cars, the figures for 2023 remained comparable to the previous year despite the growth in the Group's workforce.

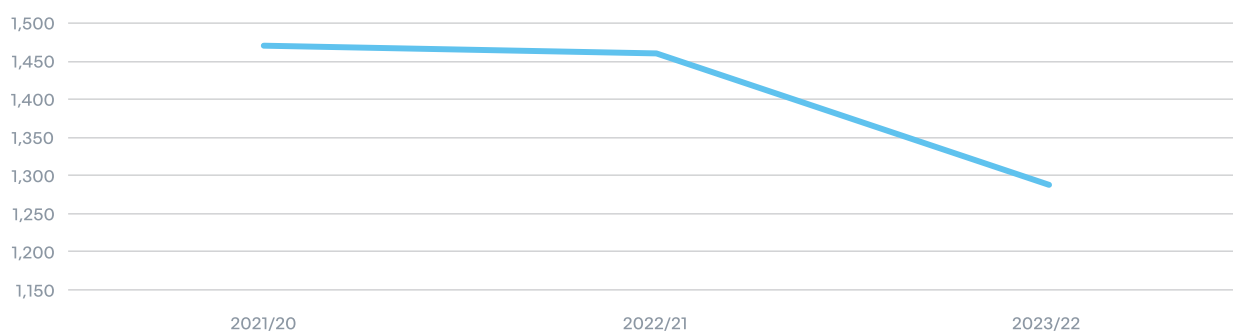
During 2023, there was a decrease in the consumption of **electricity, district heating and gas consumption for heating**. Finally, the consumption related to electric vehicle recharging carried out by employees outside Reply's offices has been accounted for in contrast to previous years, when it was reported together with the consumption of electricity for the offices.

The improvement in efficiency in terms of **district heating** and **electricity** consumption is appreciable, in fact, consumption in kWh per employee fell by 11.9%, with an average consumption of 1,287 kWh compared to the previous year's value of 1,461 kWh.

Overall, compared to 2021/2020, where consumption was equivalent to 1,470 kWh per employee<sup>2</sup>, there was a decrease of 12.5%.

(2) The figures 'per employee' are calculated as an average over two consecutive years.

## KWH CONSUMPTION PER EMPLOYEE



## Energy from renewable sources

In addition, Reply is working to supply all major locations worldwide with electricity from renewable sources by 2025. With this in mind, the commitment made in 2021 to sign contracts for the supply of renewable electricity, which in Germany exceeded 80% of total consumption at the end of 2023, was continued. In 2023, overall, Reply drew 78% of its electricity from renewable sources.

### SOURCE OF ELECTRICITY PURCHASED IN 2023

REGION	COUNTRY	TOTAL ELECTRICITY 2023 (kWh)	ELECTRICITY FROM RENEWABLES 2023 (kWh)	% RENEWABLE <sup>3</sup> 2023	% RENEWABLE <sup>3</sup> 2022
Region 1	BRAZIL	108,501.00	108,501.00	100%	85%
	ITALY	7,779,740.90	6,715,796.40	86%	94%
	NEW ZEALAND	13,500.00	11,685.80	87%	85%
	ROMANIA	53,850.00	32,180.80	60%	51%
	CHINA	5,052.30	1,465.70	29%	29%
	INDIA	50,268.00	10,824.80	22%	21%
	USA	1,049,427.90	233,385.90	22%	21%
Region 2	GERMANY	1,434,783.20	1,164,085.40	81%	61%
	AUSTRIA	16,026.70	12,896.50	80%	81%
	CROATIA	43,127.00	30,136.70	70%	65%
	CHINA	6,009.10	1,743.20	29%	29%
	POLAND	38,417.30	8,269.10	22%	18%
Region 3	LUXEMBOURG	14,626.50	14,610.70	100%	92%
	UNITED KINGDOM	491,177.40	418,229.90	85%	42%
	NETHERLANDS	24,479.40	10,094.20	41%	-
	BELGIUM	120,159.50	33,104.70	28%	25%
	FRANCE	57,223.60	14,791.30	26%	23%
	MOROCCO	3,739.60	715.20	19%	-
<b>TOTAL</b>		<b>11,310,110.20</b>	<b>8,822,518.20</b>	<b>78%</b>	<b>82%</b>

(3) 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 mainly 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 following paragraphs show the greenhouse gas emissions of:

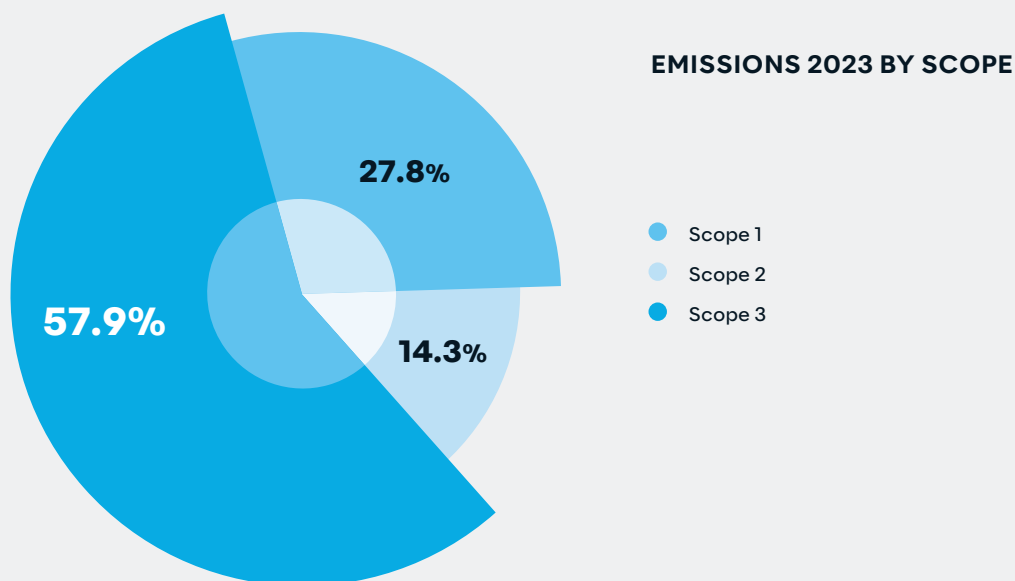
- ▶ **Scope 1**, i.e. direct emissions from the consumption of natural gas, diesel, gasoline and LPG;
- ▶ **Scope 2**, i.e. indirect emissions deriving from the consumption of electricity and district heating.

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.
- ▶ **Scope 3**, i.e. the indirect ones related to employee business travel, upstream fuel and electricity consumption, water consumption and waste disposal.



The total emissions broken down by Scope (with Scope 2 Market-Based) are shown below.



SCOPE	UNIT OF MEASURE	2023	2022	2021
Direct emissions (Scope 1)	ton CO <sub>2eq</sub>	5,335 (-1%)	5,400	6,294
Indirect emissions (Scope 2) LOCATION-BASED	ton CO <sub>2eq</sub>	4,515 (-5%)	4,757	3,898
Indirect emissions (Scope 2) MARKET-BASED	ton CO <sub>2eq</sub>	2,737 (-0%)	2,738	2,416
Indirect emissions (Scope 3)	ton CO <sub>2eq</sub>	11,094 (+46%)	7,578	3,011

Analysing the trend in greenhouse gas emissions over the three-year period 2021-2023, one finds:

- ▶ an emission value in continuity with the previous year for the Scope 1 quota;
- ▶ a slight decrease in emissions for the Scope 2 quota;
- ▶ an increase in emissions for the Scope 3 quota due to an increase in business travel.

The resumption of business trips throughout the Reply perimeter generates the most significant contribution, which changed the ratio of the contributions of the different scopes to the total CO<sub>2eq</sub> emissions. In particular, Scope 1 and 2 decreased in percentage weight in favour of Scope 3 compared to the 2022 total figures.

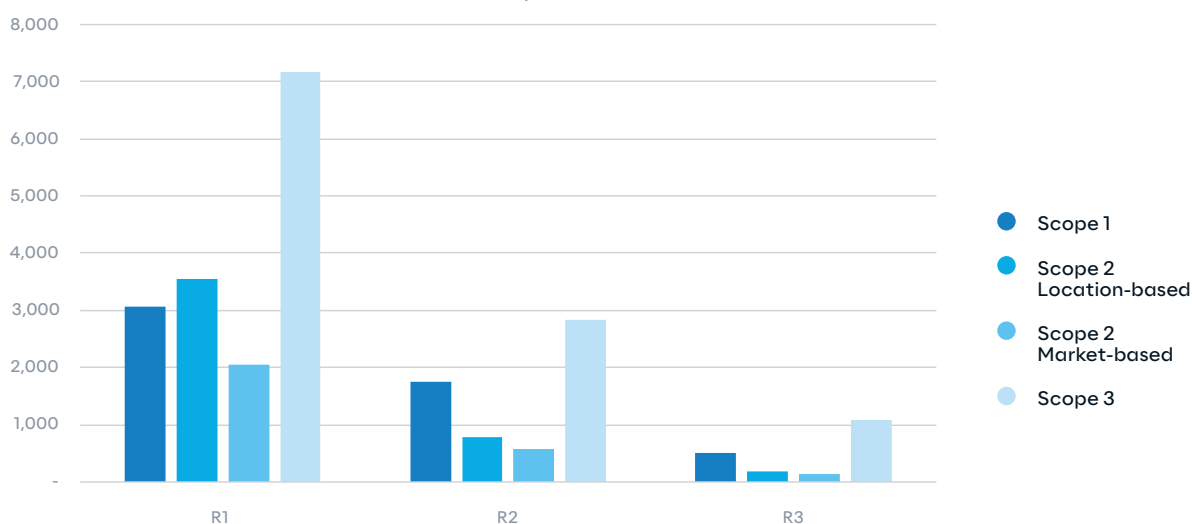
The table below shows the emissions for 2023, broken down by region.

### CO<sub>2EQ</sub> EMISSIONS BY REGION IN 2023

SCOPE	UNIT OF MEASURE	R1	R2	R3	TOTAL
Direct emissions (Scope 1)	ton CO <sub>2eq</sub>	3,064	1,761	511	5,335
Indirect emissions (Scope 2) LOCATION-BASED	ton CO <sub>2eq</sub>	3,555	775	186	4,515
Indirect emissions (Scope 2) MARKET-BASED	ton CO <sub>2eq</sub>	2,038	567	132	2,737
Indirect emissions (Scope 3)	ton CO <sub>2eq</sub>	7,169	2,841	1,084	11,094

The extensive use of district heating in Region 1 causes the largest contribution of indirect Scope 2 emissions in counter-trend to the other Regions, as can also be seen in the graph below.

### CO<sub>2EQ</sub> EMISSIONS BY REGION IN 2023 (t CO<sub>2eq</sub>)

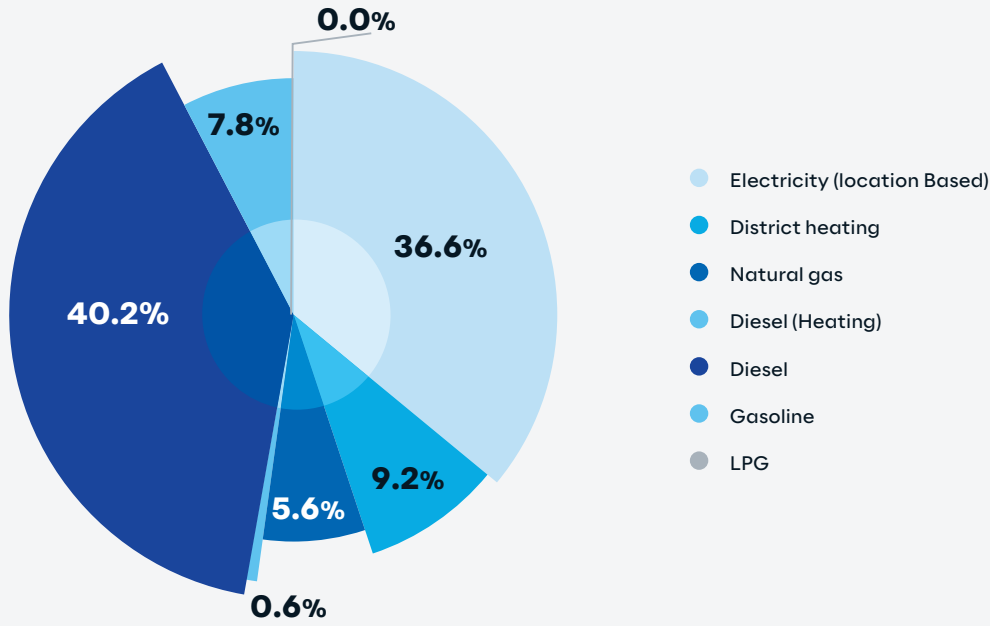


## SCOPE 1 AND 2

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

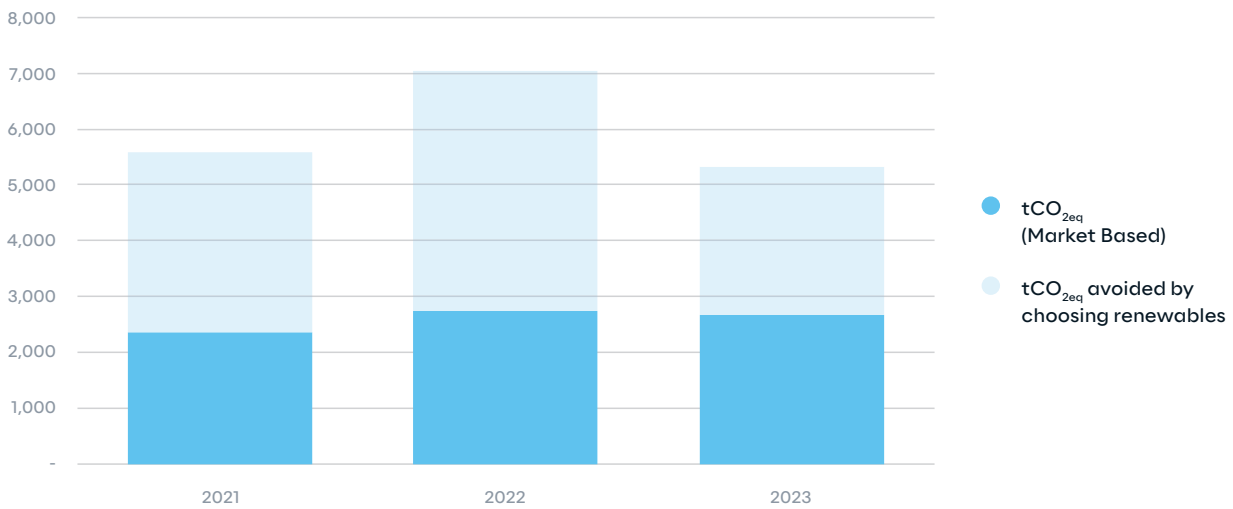
- ▶ the main contribution comes from **fuel consumption** (mainly diesel and gasoline) for company cars (48.0%)
- ▶ followed by **electricity** consumption for offices and technological and IT equipment (36.6%)
- ▶ the lowest contribution is from the **heating of the offices** using gas, diesel and district heating (15.4%)

**CO<sub>2eQ</sub> EMISSIONS (Scope 1 + Scope 2 Location-Based) BY SOURCE AT 2023**



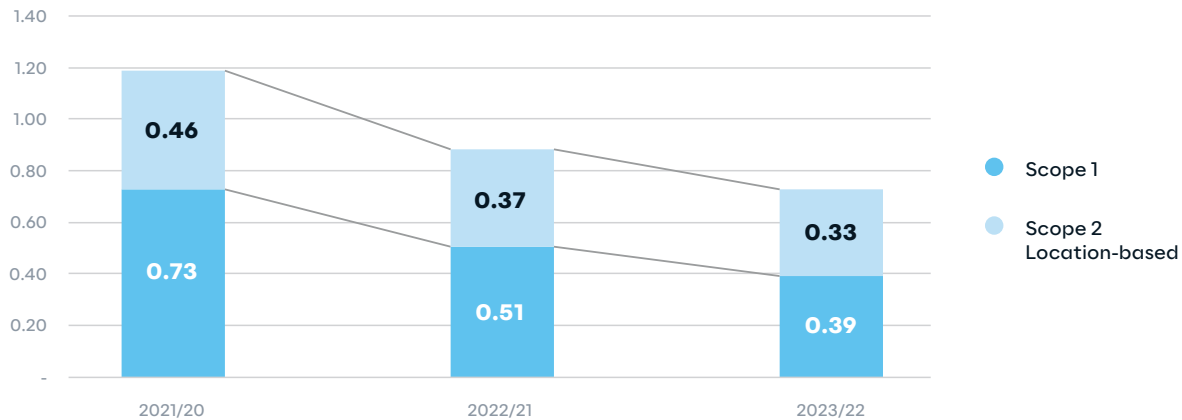
The positive impact of using energy from renewable sources is evident from the Scope 2 Market-Based analysis: the transparent area in the graph represents the share of emissions that would occur in the absence of “green” contracts, while the coloured area highlights the actual emissions component for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

**Emissions Scope 2 Market Based**



The analysis of emission intensity based on the number of Group employees shows an overall reduction, both for Scope 1, which can be justified by the minimal increase in consumption compared to the growth in Reply employees, and for Scope 2, which is also due to the decrease in Location-based emissions.

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



## 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 strategy to identify and understand the risks and opportunities associated with emissions in its value chain, to set reduction targets, monitor performance and improve information to its stakeholders. In this way, the transparency of reporting can be increased.

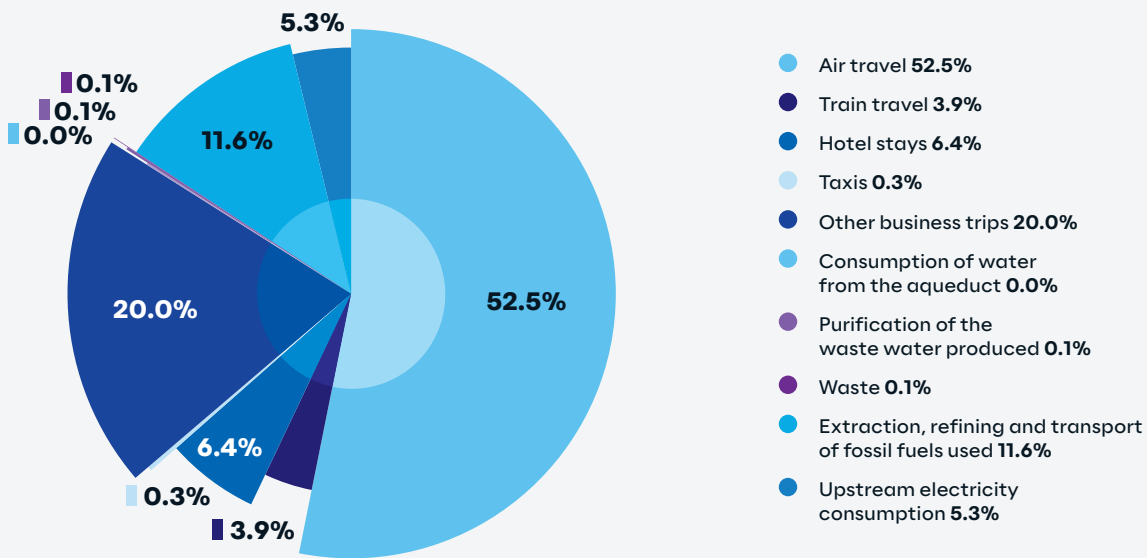
The emission categories identified with respect to the indications of the GHG Protocol are as follows:

- ▶ **Category 1** - Purchased goods and services: Consumption of water from the aqueduct;
- ▶ **Category 3** - Emissions from fuel and energy related activities not included in Scope 1 or Scope 2: emissions associated with the extraction, refining and transport of fuels (gas and diesel for heating, diesel and petrol for company cars) prior to combustion (well-to-tank); upstream emissions from electricity consumption for offices and district heating (introduced in 2022);
- ▶ **Category 5** -Waste generated in operations: emissions from the purification of produced wastewater and, from 2023, also from waste disposal.
- ▶ **Category 6** - Business Travel: emissions due to travel by air, train, hotel stays, taxis and other business trips, which also include reimbursement of expenses for travel by personal car and fuel used for rental cars.

From the graph below, which shows the breakdown of total Scope 3 greenhouse gas emissions by source, it can be seen that:

- ▶ **Air travel** alone accounts for more than half of the emission contribution of Scope 3;
- ▶ Almost a third of the total is attributable to the remaining **business travel-related contributions**;
- ▶ The remaining component groups categories 1, 3 and 5.

**INDIRECT CO<sub>2eq</sub> EMISSIONS (SCOPE 3) BY TYPE 2023**

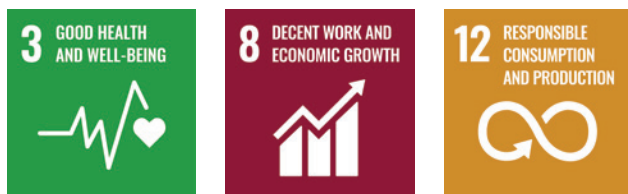


Indirect emissions by Region are detailed below.

### INDIRECT CO<sub>2eq</sub> EMISSIONS (SCOPE 3) BY REGION IN 2023

Categories	EMISSIONS for Scope 3 (t CO <sub>2eq</sub> )				
	R1	R2	R3	Total	
<b>Business Travel</b>	Air travel	3,553.9	1,568.6	701.1	<b>5,823.6</b>
	Train travel	160.0	151.7	115.5	<b>427.2</b>
	Hotel stays	356.5	257.9	91.6	<b>706.0</b>
	Taxis	18.6	9.4	0.5	<b>28.5</b>
	Other business trips	1,858.8	349.3	6.6	<b>2,214.8</b>
	<b>Total Business Travel</b>	<b>5,947.9</b>	<b>2,336.9</b>	<b>915.3</b>	<b>9,200.1</b>
<b>Purchased goods and services</b>	Consumption of water from the aqueduct	8.6	1.8	0.9	<b>11.3</b>
	<b>Total Purchased goods and services</b>	<b>8.6</b>	<b>1.8</b>	<b>0.9</b>	<b>11.3</b>
<b>Waste generated in operations</b>	Purification of the waste water produced	9.8	2.0	1.0	<b>12.8</b>
	Waste	3.6	0.0	0.0	<b>3.7</b>
	<b>Total Waste generated in operations</b>	<b>13.4</b>	<b>2.1</b>	<b>1.0</b>	<b>16.5</b>
<b>Fuel and energy related activities</b>	Extraction, refining and transport of fossil fuels used	736.6	418.1	126.8	<b>1,281.5</b>
	Upstream electricity consumption	462.6	81.9	39.6	<b>584.2</b>
	<b>Total Fuel and energy related activities</b>	<b>1,199.2</b>	<b>500.1</b>	<b>166.4</b>	<b>1,865.7</b>
<b>Total</b>	<b>7,169.2</b>	<b>2,840.8</b>	<b>1,083.5</b>	<b>11,093.6</b>	

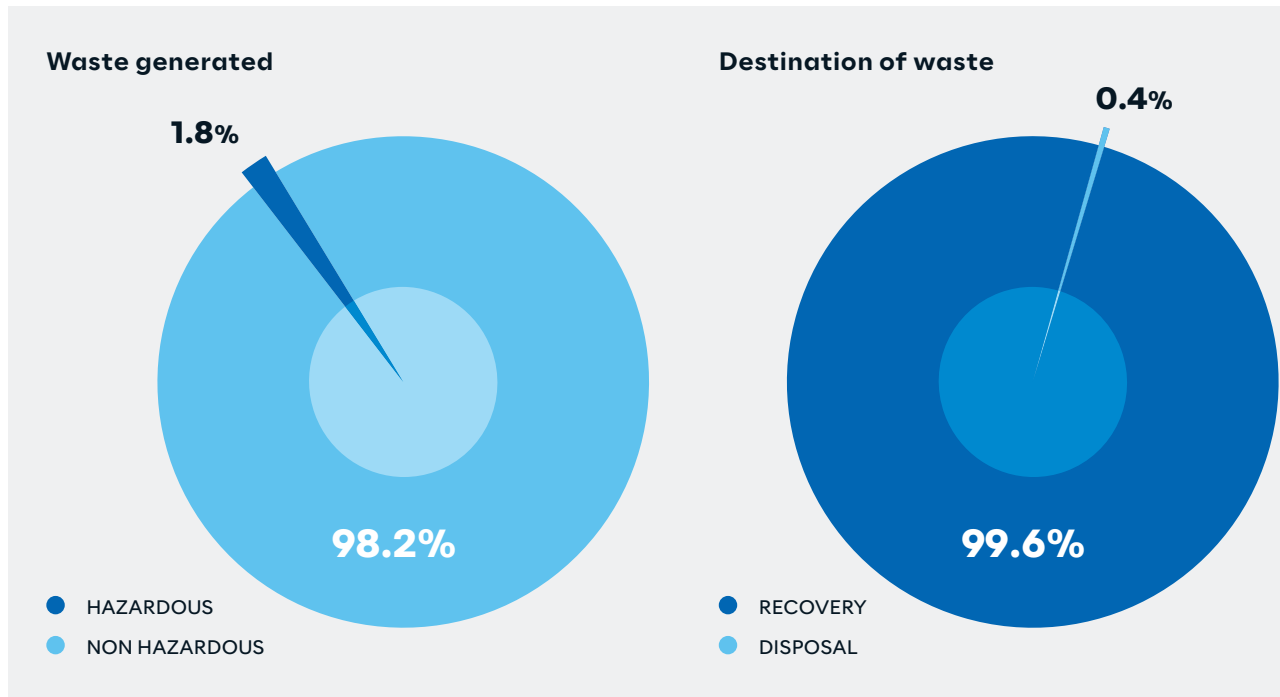
# Waste management



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 impacts from 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). Within the Italian perimeter Reply deals with the management of this type of waste on an as-needed basis. External suppliers for waste management are qualified following internal procedures for reuse and disposal of assets, which include verification of legal requirements for carrying out this type of activity. In addition, with regard to keeping track of electronic equipment disposal, there are KPIs within the environmental management system that keep track of both laptops purchased and disposed of, donated and sold to employees. Below are the figures for special waste produced by Reply in 2023, broken down by type.

	WASTE (ton)								TOTAL	% OF TOTAL
	RECYCLING			DISPOSAL						
	REUSE	RECYCLING	OTHER RECOVERY OPERATION	INCINERATION (WITHOUT EN. REC.)	INCINERATION (WITH EN. REC.)	LANDFILL	OTHER DISPOSAL OPERATION			
HAZARDOUS	-	0.36	2.42	-	-	-	0.36	3.14	1.76%	
NON-HAZARDOUS	0.13	0.47	174.27	-	-	-	0.30	175.17	98.24%	
<b>TOTAL</b>	<b>0.13</b>	<b>0.83</b>	<b>176.69</b>	-	-	-	<b>0.66</b>	<b>178.31</b>	<b>100.00%</b>	
% OF TOTAL	0.07%	0.47%	99.09%	-	-	-	0.37%	100.00%		
			<b>99.63%</b>				<b>0.37%</b>			

It is evident that most of the waste produced (98.24%) is classified as 'non-hazardous' and almost all of it is recovered (99.63%).



One of Reply’s objectives is to make the waste management process more structured and widespread in order to reduce the generation of hazardous waste to a minimum. In order to further improve internal waste management in 2023, specific training on administrative waste management was organised for the staff of the locations involved. The procedure for internal asset management has been updated to better evaluate assets by classifying them to identify which are destined to become waste and which can be reused.

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 2023 in Italy, there will be more initiatives, both internal and towards employees who request them, and outside with the involvement of various charities, with a total of 71 laptops being put to new uses.

As far as **municipal waste** is concerned, all offices contain separate waste collection containers for all types managed locally (e.g. plastic, paper, organic, metal) in a widespread manner.

Reply encourages employees not to use disposable cups and, when possible, to use their own cup for reuse, in order to considerably reduce the impact of waste. In 2023, Reply achieved its goal of eliminating single-use plastics at all locations, consistent with the European Single Use Plastic (SUP) Directive. Furthermore, compostable coffee and tea cups have been introduced in Italy in 2023 and plastic pallets have been replaced by other compostable materials to be channelled into the organic waste stream. Similarly, bottles of still water have been replaced with compostable material to be thrown in the organic waste bin, while sparkling water is currently distributed in aluminium cans to be disposed of in the metal collection. Achieving this goal ensures that more waste is given a second life as under reusable products.



Moreover, in Italy in 2023, Reply has promoted an initiative proposed in collaboration with the coffee provider and municipal waste collection companies for the separate collection of coffee pods, no longer thrown in the undifferentiated bin, but collected separately in order to recover the aluminium and coffee residue that can be sent to recycling plants (foundries) and recovery plants (composting) respectively. This initiative was activated for the Turin site and is planned to be activated in the other two main sites of Milan and Rome by the end of 2024.

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.

## Water management



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.

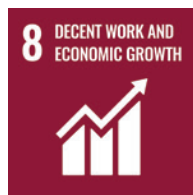
In 2023, consumption analyses were performed on a larger share of real data in contrast to the predominantly estimated data in previous years. Consumption is decreasing, compared to 2022, considering the efficiency of the locations.

### WATER CONSUMPTION BY REGION (m<sup>3</sup>)

REGION	UNIT OF MEASURE	2023	2022	2021
R1	m <sup>3</sup> /year	48,790	73,233	47,900
R2	m <sup>3</sup> /year	10,169	11,875	10,744
R3	m <sup>3</sup> /year	4,907	4,674	5,063
<b>TOTAL</b>	<b>m<sup>3</sup>/year</b>	<b>63,866</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: **professionalism and reliability, legality and honesty** of the activities carried out by the Group in full compliance with current legislation, **impartiality**, respect for **diversity** and **non-discrimination**, **prevention of potential conflicts of interest** and fairness and **transparency** of all actions carried out by the addressees 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. 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.

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. Individual Group companies have autonomy and responsibility, but Reply values, including attention to diversity issues, 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>4</sup> who have been with Reply for at least two months.

(4) Excluding "executive" levels

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. Since 2023, a number of questions have been introduced for the assessment of diversity and inclusion aspects, which were among the dimensions of analysis with the highest average in all regions. 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 2023, more than 12,700 employees were invited to participate, an increase over 2022, consistent with the growth of the Group.

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.

Relationships with **customers** are founded on shared objectives, in the spirit of professionalism, responsibility, and integrity. The Group's employees and collaborators 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.

### **Fundraisers**

Reply believes that the power of community can make a big difference and therefore proposes fundraising initiatives to support research and charity.

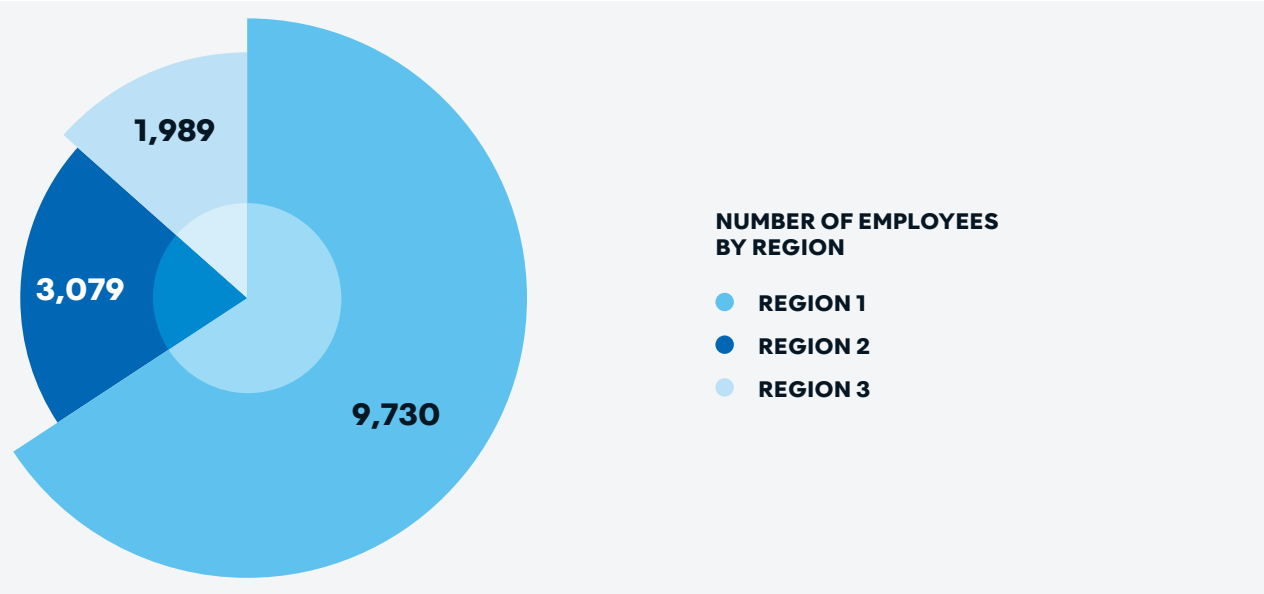
In 2023, numerous Charity Markets were organised at Reply locations with the aim of collecting donations and raising awareness of important issues. Employees from 13 different offices participated in this initiative.

## Employees



### New hires

As at 31 December 2023, the Reply Group had 14,798 employees, an increase of 14.1% compared to the previous year.



AGE GROUP	2023				2022		2021	
	MALE	FEMALE	OTHER	NOT DISCLOSED	MALE	FEMALE	MALE	FEMALE
< 30 years old	4,564	1,866	0	0	3,747	1,605	2,723	1,185
30 < x < 50	5,175	2,142	0	0	4,707	1,944	3,966	1,554
> 50 years old	816	235	0	0	756	214	536	152
<b>TOTAL</b>	<b>10,555</b>	<b>4,243</b>	<b>0</b>	<b>0</b>	<b>9,210</b>	<b>3,763</b>	<b>7,225</b>	<b>2,891</b>

In this Statement, where available, data in the social sphere also consider the two new categories “Other” and “Not Disclosed” in addition to “Male” and “Female” to improve gender representativeness as per best practice. The data collected for 2023 does not yet include people who identify themselves in these new categories.

The following tables provide details of the new hires for 2023.

MEN				
	New Employee hires <30 years old	New Employee hires 30 ≤ x ≤ 50 years old	New Employee hires >50 years old	TOTAL
Region 1	1,471	241	9	1,721
Region 2	281	252	17	550
Region 3	206	156	11	373

In 2022 the total number of new male employees was:

- ▶ 2,042 under 30 years of age
- ▶ 831 between 30 and 50 years old
- ▶ 66 over 50 years

WOMEN				
	New Employee hires <30 years old	New Employee hires 30 ≤ x ≤ 50 years old	New Employee hires >50 years old	TOTAL
Region 1	500	104	5	609
Region 2	116	79	6	201
Region 3	124	71	6	201

In 2022 the total number of new female employees was:

- ▶ 868 under 30 years of age
- ▶ 354 between 30 and 50 years old
- ▶ 20 over 50 years

## Turnover

Reply has a compensation rate of 1.9 entries per exit, which is consistent with 2022, when it was 1.8, and slightly higher than in 2021, when it was 1.5.

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 offers the possibility for staff and managers to transfer to any other Group Company in the same country or abroad, maintaining - where possible - similar contractual conditions. Three times a year, the companies publish job opportunities on the dedicated page in the company's enterprise social networking platform and employees can apply, without any restrictions.

In 2023, more than 190 employees found new opportunities within the Reply network, in line with the previous year, including an increase in the number of employees who chose not to transfer after applying.

It is important to emphasise that if the application is unsuccessful or support is required, the Skydive team operates throughout the year directing all participants to find other opportunities.

## Benefits

In order to increase people's general well-being, Reply provides its employees with benefits that vary depending on the country, also in relation to local legislation. For example, a range of services in the areas of health, wellness, personal care and mobility are available to Italian employees through the welfare platform and through corporate benefits, such as the possibility of booking specialist examinations and purchasing subscriptions for sports centres, mobility subscriptions, receiving reimbursements for expenses incurred in education and welfare for family members. 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>5</sup>. All employees hired in Italy, France, Belgium and Brazil are covered by industry collective 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 to the collective bargaining agreements under which other employees are classified.

Employees	2023			2022		
	Female	Male	Total	Female	Male	Total
Number of permanent employees	4,208	10,478	14,686	3,725	9,135	12,860
Number of temporary employees	35	77	112	38	75	113
Number of employees	4,243	10,555	14,798	3,763	9,210	12,973

In 2023, confirming the company's focus on protecting employment stability, 99% of women and 99% of men are employed on a permanent basis. The same percentages were also reported for 2022 and 2021.

Employees	Region 1	Region 2	Region 3	Total
Number of permanent employees	9,712	3,022	1,952	14,686
Number of temporary employees	18	57	37	112
Number of employees	9,730	3,079	1,989	14,798

A total of 99.2% of employees are employed on a permanent basis, broken down as follows:

- ▶ 99.8% of employees in Region 1 (in 2022 and 2021, 99.8% of employees were employed on a permanent basis)
- ▶ 98.1% of employees in Region 2 (in 2022, 98.0% of employees were employed on a permanent basis, in 2021 98.1%)
- ▶ 98.1% of employees in Region 3 (in 2022, 97.3% were employed on a permanent basis and in 2021, 96.8%)

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



Employees	2023			2022		
	Female	Male	Total	Female	Male	Total
Number of full-time employees	3,912	10,220	14,132	3,477	8,900	12,377
Number of part-time employees	331	335	666	286	310	596
Number of employees	4,243	10,555	14,798	3,763	9,210	12,973

95.5% of the employees have a full-time contract (in 2022, the percentage was 95.4% and in 2021 95.9%). Specifically:

- ▶ for men, the percentage of full-time employees is 96.8% (in 2022, the percentage was 96.6% and in 2021 97.3%);
- ▶ for women, the percentage of full-time employees is 92.2% (in 2022, the percentage was 92.4% and in 2021 92.4%).

Employees	Region 1	Region 2	Region 3	Total
Number of full-time employees	9,435	2,761	1,936	14,132
Number of part-time employees	295	318	53	666
Number of employees	9,730	3,079	1,989	14,798

The use of part-time contracts responds to the needs expressed by employees (e.g. the need to combine work and study, parenthood, etc.) and is usually temporary. Reply complies with all applicable working time laws: all overtime is handled fairly, paid correctly and in accordance with applicable labour legislation.

## The supply chain



The selection process and the focus on building virtuous, long-lasting relationships with independent contractors is essential to the Group. Independent contractors work both at Reply and customer premises and for this reason their expertise is carefully evaluated. To this end, a structured selection, assessment and qualification process of independent contractors is in place, centrally managed, which monitors level of performance and encourages ongoing development.

Reply currently manages the above activities in the following geographical areas:

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



The integration process of the Wemanity group is ongoing. Reply's own principles and processes that are being adopted were shared.

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.

Employees are employed in consultancy activities in the IT sector, in line with the agreements.

It should be noted that in all contracts entered into by Group companies, Collaborators and Suppliers are required to accept and apply the Group's Code of Ethics (in Italy also Model 231) 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 France, starting in the second half of 2023, the **regularity of contributions** is checked for all contracted suppliers in addition to the checks already in place in Region 3.
- ▶ For Romania, Germany, Poland, Belgium and Luxembourg, given the nature of the suppliers, who are largely individual freelancers with direct contracts, no specific evaluations are carried out.
- ▶ **Self-assessment** in the field of the Code of Conduct can be regarded as social control.

The average value of collaborators with at least one contract activated in 2023 is substantially stable (-0.3%) compared to 2022 (in 2021 it stood at 20.3%). As in previous years, the number of external collaborators is expressed as a headcount and as an average value over the reporting period.

COLLABORATORS	2023	2022	2021
Total	5,541	5,556	4,618
Annual increase over the previous period	-0.3%	+20.3%	+17.1%

The number of new suppliers is decreasing slightly (from 721 in 2022 to 651 in 2023). The percentage of new suppliers assessed by social criteria in 2023 is 54.8% compared to 58.8% in 2022.

- ▶ In Region 1<sup>6</sup> the screened percentage is 92.2% compared to 82.5% in 2022: the figure for Italy alone rises to 96.9%
- ▶ In Region 3<sup>6</sup> the screened percentage is 81.5% compared to 77.6% in 2022: the figure for the UK is 100%

### **Supplier code of conduct**

Starting from the second quarter of 2022, all Suppliers shall read and accept, at the time of signing the contract, the Supplier Code of Conduct that Reply has drawn up and which complements the Code of Ethics already in place and also included in the contracts.

The Code of Conduct defines the standards to be respected by Suppliers and gathers all the issues that Reply considers essential in the relationship with 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. The goal is to build a sustainable and inclusive supply chain that operates with the highest ethical standards along the entire value chain.

In order to assess the supply chain's adherence to the Code of Conduct, annual **self-assessment**<sup>7</sup> campaigns are launched, managed through the completion by Suppliers of a self-assessment questionnaire focusing 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.

Compared to the previous year, the sample of suppliers involved increased by 69% from 209 to 354 in 2023, demonstrating Reply's commitment to engaging and monitoring its supply chain. The participation rate for 2023 was 84%, with 296 suppliers completing the online questionnaire. Compared to the previous year, there was a clear improvement in the quality of the responses received, thanks to the collaborative and active involvement approach that Reply adopts with its suppliers.

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

(7) As per the code of conduct, all suppliers with more than 15 employees are included.

This self-assessment campaign has shown widespread adherence by Suppliers to the standards required by Reply, especially in the areas of Labour, Protecting People and Integrity and Transparency, and has enabled engagement and dialogue with Suppliers to be strengthened, with the aim of targeting actions to improve the overall level of compliance.

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

As part of the security measures put in place in the manned countries, a commitment to confidentiality and the secure use of confidential information is given to all external collaborators. In the course of 2023, the process was finalised whereby in the absence of such a signed document, no internal file sharing tools are enabled if required.

## Diversity and inclusion



One of Reply's objectives is to facilitate growth and knowledge sharing and to support networking, providing access to services and opportunities for all employees in a fair and equitable manner, regardless of gender, status, origin or office.

Reply has employees from 117 different nationalities in its Group, with 17 nationality groups having more than 40 employees.

Reply adopts policies consistent with the regulatory provisions for vulnerable categories in all the countries where it operates, seeking to promote their social and work inclusion. Given the regulatory constraints on privacy in different countries, it is possible to quantify the percentage of employees belonging to **vulnerable categories** (which also include protected categories) which represents, for those countries where the data is available, 5% of the labour force. For the same countries, considering only the categories of people with disabilities, the percentage is 1%. In particular for the US, there is more extensive tracking of vulnerable categories including gender, ethnicity, age, disability, citizenship and veteran status.

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 are committed to embracing differences.

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 2023, panels on **women** and the **LGBTQIA+ community** involved more than 822 employees (+150% from the previous year) from 10 countries and 41 different cities. The panels also allowed employees at different levels to share their personal experiences, as well as the perspectives of external customers and partners.

Even outside the Reply All - Uniquely Diverse programme, various initiatives have been undertaken in the area of inclusion and equity. One of the success stories of 2023, which was also presented at the Autism at Work conference, concerns the ability to give inclusion a project scope: Open Reply, in collaboration with Specialisterne, has initiated several software testing and quality assurance projects through the employment of neurodivergent people. The initiative also included training for the Reply employees involved to ensure the best possible integration and interaction between all the people involved in the project.

In addition to this, there are also training activities that are both optional, such as in Italy in 2023 courses for employees to learn sign language, and compulsory, e.g. in the United States courses on the prevention of harassment required by law.

Finally, in line with the welcoming spirit that characterises Reply, for Ukrainian refugees who would like to become part of the Reply world, an ad hoc insertion path is available.

To facilitate and amplify the connection between employees, the international **Booster Club** programme was created, which provides for the formation of employee resource groups (ERGs) to engage the employee community in all Group locations with the aim of fostering 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 employees, 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 employees.

In relation to Booster Club activities, in 2023, numerous activities were carried out, ranging from straightforward entertainment to the organisation of information and training events

on gender diversity such as inclusive language, mental-physical well-being, and team-building activities.

The very nature of the Booster programme, in 2023 made up of 46 different teams present in 15 countries and 37 cities (in 2022 there were 40 teams in 14 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 2023, Booster events saw more than 12,000 participants globally, up from 6,200 the previous year.



## 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	2023		2022		2021	
		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	2.4%	0.8%	2.7%	0.8%	3.0%	0.9%
	> 50 years old	1.3%	0.4%	1.3%	0.5%	1.3%	0.5%
Manager	< 30 years old	0.3%	0.2%	0.3%	0.3%	0.3%	0.3%
	30 < x < 50	12.2%	10.0%	11.8%	9.4%	12.6%	9.1%
	> 50 years old	2.9%	1.5%	2.2%	1.3%	2.3%	1.3%
Staff	< 30 years old	42.9%	43.7%	40.4%	42.4%	37.4%	40.7%
	30 < x < 50	34.5%	39.6%	36.5%	41.5%	39.3%	43.8%
	> 50 years old	3.6%	3.7%	4.7%	3.9%	3.8%	3.4%
<b>Total</b>		<b>10,555</b>	<b>4,243</b>	<b>9,210</b>	<b>3,763</b>	<b>7,225</b>	<b>2,891</b>

Reply is attentive to the issue of gender equality: the presence of women in 2023 is constant compared to the previous year and stands at 28.7% of the total workforce with 4,243 employees (3,763 in 2022 and 2,891 in 2021). This percentage is in line with that of university faculties (STEM), which are the Group's main area of recruitment. At Reply, the percentage of women in managerial positions is 21.5%, an improvement on 2022 when it stood at 21%.

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 2023, there is a pay equity for women compared to men of 95% on the average salary, both for Basic Salary, which considers the fixed amount paid to the employee, and Remuneration, which also includes the variable component.

## AVERAGE SALARY ALIGNMENT FOR WOMEN COMPARED TO MEN

CATEGORY	BASIC SALARY				REMUNERATION			
	ITALY	GERMANY	UK	TOTAL	ITALY	GERMANY	UK	TOTAL
MANAGER	99%	90%	79%	95%	99%	89%	78%	94%
STAFF	98%	90%	85%	95%	98%	88%	84%	95%

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. 2023 data are shown in the table below.

## PARENTAL LEAVE

	2023		2022		2021	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
REGION 1	210	189	45	171	19	106
REGION 2	87	82	73	69	56	47
REGION 3	26	38	24	33	11	6
TOTAL	323	309	142	273	86	159

The following employees returned at the end of their leave.

## RETURNED AT THE END OF PARENTAL LEAVE

	2023		2022		2021	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
REGION 1	209	183	33	165	19	101
REGION 2	78	35	68	37	49	27
REGION 3	26	34	24	33	11	6
TOTAL	313	252	125	235	79	134



The following employees were still employed one year after their return.

**EMPLOYED ONE YEAR AFTER RETURN**

	2023		2022		2021	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
REGION 1	191	161	9	142	7	86
REGION 2	67	28	62	33	48	13
REGION 3	22	29	17	27	11	6
TOTAL	280	218	88	202	66	105



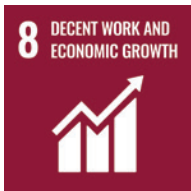


# Health, safety and well-being



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 formalised by the parent company Reply Spa, certified ISO 45001. In particular, employees in Italy represent the largest part of Reply's workforce, with around 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 company’s enterprise social networking platform, with reference to affiliated institutions.

With regard to the issue of work-related stress, the tasks performed by employees involve IT-type services carried out by qualified personnel, however, psychosocial risks may exist in any workplace, so preventive action is necessary. A check-list as proposed at European level and adopted at national level has been adopted for each Reply Group company to enable the monitoring of work-related stress risk. To date, the results for individual companies have not shown any values that can be included in the risk band. The evaluations were carried out by the Occupational Physician and attached to the annual report discussed at the periodic meeting. The methodology envisages, on the basis of the results obtained so far, repeating the check list every two years.

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



### Accidents

Below are the figures for hours worked for 2023.

2023	HOURS WORKED		
	MALE	FEMALE	TOTAL
REGION 1	11,684,367	4,390,968	16,075,335
REGION 2	3,692,751	1,335,140	5,027,891
REGION 3	2,403,833	1,043,360	3,447,193
TOTAL	17,780,950	6,769,468	24,550,418

In 2022, the total number of hours worked for men was 14,468,089 and for women 5,749,055; for a total of 20,217,144 hours.

With regard to staff health and safety, there were 5 cases of occupational diseases in Region 3, while there were no high-risk occupational accidents (accidents with more than 6 months of lost days).

The overall absenteeism rate stands at 0.11%.

2023	ON-SITE ACCIDENTS			LOST DAY RATE <sup>8</sup>			FREQUENCY RATE <sup>9</sup>		
	MALE	FEMALE	TOTAL	MALE	FEMALE	AVERAGE	MALE	FEMALE	AVERAGE
REGION 1	1	2	3	0.00	0.03	0.01	0.09	0.46	0.19
REGION 2	1	2	3	0.00	0.06	0.02	0.27	1.50	0.60
REGION 3	3	0	3	0.02	0.52	0.18	1.25	0	0.87
TOTAL	5	4	9	0.01	0.11	0.04	0.28	0.59	0.37

The 2023 accident figures remained comparable to those of the previous year despite the growth in the Group's workforce. In fact, in 2022, a total of 6 on-site accidents had occurred (2 for men and 4 for women), with an overall lost day rate of 0.03 (0.02 for men and 0.03 for women) and an overall frequency rate of 0.30 (0.14 for men and 0.70 for women).

There were no deaths due to occupational accidents in the Group during 2023 and the previous four years.

(8) The lost day rate is defined as the ratio between the working days lost due to accidents (both on site and in transit), multiplied by one thousand, and the hours worked

(9) The accident frequency rate was calculated on the basis of 1 million working hours

## Well-being



Reply offers numerous programmes to meet the needs of employees with regard to their well-being, through a range of physical and digital tools and initiatives.

### **Home based working**

Reply offers employees the opportunity to work remotely by offering a Hybrid work Programme, with the aim of promoting more efficient time management and greater freedom in the choice of working space and time. This practice, which has been established for several years, aims to reduce stress related to home-work travel and improve the balance between work and personal life.

### **Initiatives for physical and mental 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 topic of mental health is given a lot of attention by Reply, in fact training events on communication and stress management are available, and there is also a help line for psychological support to employees in the United States.

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 3 Italian cities;
  - ▶ Marathons in Dortmund, Chicago, Luxembourg, Milan, Paris, Turin and Verona.
- ▶ Prevent: as a final step, specific information is provided to employees via the company's enterprise social networking platform for prevention activities in different 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.

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 2023, the programme saw more than 150 wellness events and conferences, with a total of 1,000 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 the installation of: terraces with plants and flowers or furnished outdoor areas; gyms or multifunctional spaces that can accommodate courses such as yoga; kitchens equipped with microwave ovens and refrigerators to allow and facilitate the consumption of meals and the use of reusable crockery, and water fountains to encourage the use of reusable water bottles and glasses, reducing the use of disposable water bottles.

Reply is also strongly committed to the theme of sustainability through **Reply to the Earth**, a programme designed both to involve employees through activities and initiatives and to raise awareness so that they have a solid and concrete focus in their daily work. As part of the Reply to the Earth programme, activities are proposed to involve local internal communities on specific topics such as sustainable mobility or the use of recycled materials. The focus on environmental issues has also generated numerous internal initiatives globally, from a seminar on composting, to a webinar on long-term sustainable development, book clubs to discuss the environment, ethics and social responsibility, awareness sessions on sustainable food systems and more.



## **REPLY TO THE EARTH**

On Earth Day 2023, through a quiz open to all employees, awareness was generated about Reply and its sustainable goals and initiatives. As a result, the winners were able to plant a personal tree in the Reply Forest to celebrate this commitment.



# Ongoing training



## Research and development of talent

Employees represent Reply's main asset and with their desire to imagine, experiment and study new solutions they support business development and fuel the Group's ability to constantly improve and face new challenges. This statement is even more valid if one considers the competitive environment in which the Group is embedded, which is characterised by continuous evolution.

The values of responsiveness, innovation, excellence and customer focus, together with ethical aspects, are the cornerstones of human resources development.

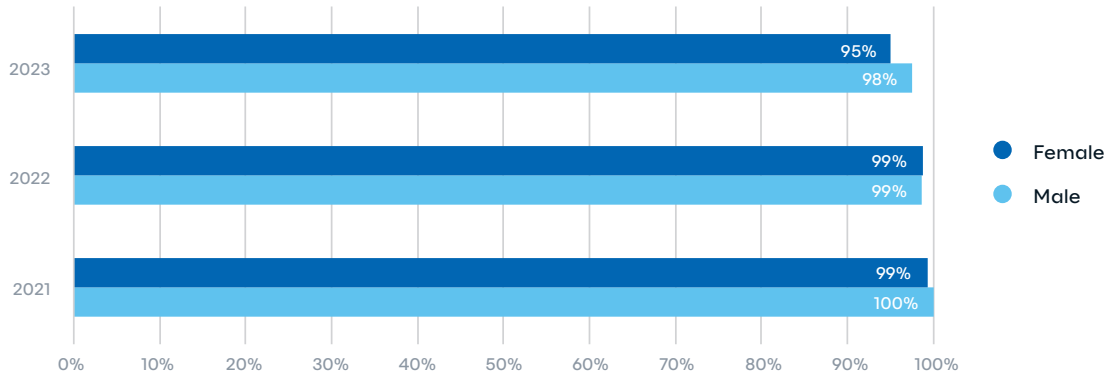
For this reason, the Group invests constantly in their growth and development, guaranteeing career paths and creating the conditions for a supportive, inspirational work environment.

The personnel search and selection process is of great importance to the Group and is carried out in compliance with the applicable regulations. The selection is carried out through a standardised process formalised and communicated to the candidate, respecting the criteria of transparency and non-discrimination and allowing for the most correct assessment of the requirements of competence, capacity and professionalism. Once inducted into the company, employees are started on a career path according to a career framework defined by Human Resources and common to the whole Group, which is shared with the employee. The employee is subject to a performance management process, which is carried out at least once a year with the aim of ensuring that everyone has the opportunity to reflect and receive feedback on their performance, their contribution and their alignment with the company's values, as well as to discuss their personal development, including aspects of remuneration and rewards linked to agreed corporate objectives.

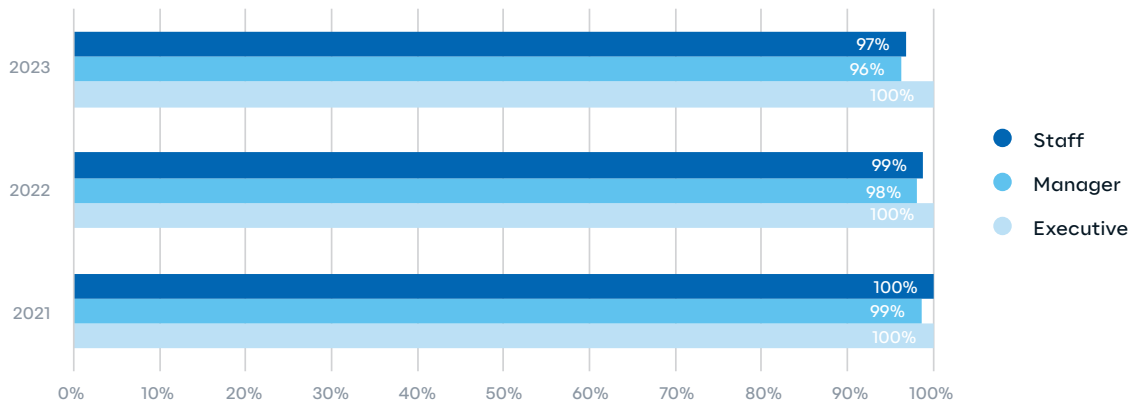
The Group invests in people development and transparency by introducing specific tools to support the performance management process, making interaction with users easier and more efficient and communication more fluid and effective.

**PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE REVIEWS<sup>10</sup>**

**PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE REVIEWS (by gender)**



**PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE REVIEWS (by qualification)**



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.

(10) Wemanity Group, Fincon, Lynks and Mansion House are excluded



## Internal training



Training and professional development are promoted regularly with ongoing education activities. Consequently, in 2023, 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, with regard to optional training activities with free access and available to all personnel, the Group offers:

- ▶ **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;
- ▶ Courses in **project management** (PM Academy), which offer the opportunity to train project managers, including leading them to specific certifications, thus giving them access to a large community of colleagues. In addition, these courses enable the use of in-house developed frameworks for the development and management of activities and projects. Particularly significant among these is the **Matcha Reply** methodology, which guides the design and development of software projects to make the life cycle and final product **green** by concretely measuring the sustainability targets achieved. One of the fundamental pillars of Matcha is the adherence to the principles of **Green coding** with the aim of reducing emissions from software execution and defining architectures and solutions that support sustainable processes.

In terms of ongoing training, specific internal training programmes are organised 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 **training programme with user-generated content** (Learn.Share.Remix) acts as an enabler for internal training through skills enhancement courses and allows Reply employees to be lecturers and speakers on trending topics of interest to the company with 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, employees 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.

Over the course of the year, the Learn.Share.Remix programme generated training content available to all employees and enabled a constant focus on the topics of greatest interest to the company, with a strong focus on Artificial Intelligence, giving speakers visibility and improving their public speaking skills. Events are varied in format and level of interactivity, with seminars and workshops sharing best customer projects and research and innovation experiences.

In 2023, Reply continued to build themed courses around key trending topics, using a rewarding experience to further build employees' skills. These courses are created in collaboration with experts from across the network and seek to summarise the latest knowledge on the topics of interest. As part of the Learn.Share.Remix programme, 176 events were organised in 2023 with over 4,300 global participants (+41% compared to 2022) from 11 different countries.

In 2023, Reply organised three Reply Challenges during the course of the year, each of which brought together groups of experienced employees in one location with the aim of honing their skills, innovating and finally proposing a problem for the participating Replyers to solve. In 2023, 1,900 employees participated in challenges on areas such as: coding, cybersecurity and investment. In addition, Reply proposed the first edition of the AI Film Festival, a competition to celebrate pioneers in the creation of AI-driven content and innovators in the Reply community, which received 30 entries. For all Reply Challenges, employees can use their innovation skills to reach the top of the leaderboard and win prizes or participate in internal events by showcasing their work at public presentations, such as the Xchange or the Reply Awards Gala.

Reply works to engage employees in formal and informal activities, offering digital channels and events and also serving as a framework for communication and soft skills improvement courses.

**A knowledge-sharing platform** (Chick Norris TV), designed for sharing video content and live-streaming events, ensures that employees have access to thousands of pieces of content produced by fellow industry experts. 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 the Reply community, teamwork, group activities and the Reply culture in general.

In the ESG area, Reply is also committed to engaging employees by offering content that enables them to learn more about sustainability issues such as learning shots related to the UN SDG 2030 agenda, the circular economy and IT Waste management in the Environment area, as well as courses on digital accessibility and inclusive language.

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 commitment is encouraged and applied not only within the employee community, but also externally to students and professionals in various activities aimed at engaging students. Reply acquires the best talents through established relationships with several Italian and European universities and research centres, so as to enrich its workforce with high-profile personnel. Reply invests in the development of talent and skills, promoting the importance of lifelong learning as an integral part of career paths.

The various programmes include:

- ▶ **Student Tech Clash**, a competition between universities to stimulate competition through creativity and the production of innovative projects;
- ▶ **Reply Challenges**, online team competitions on key innovation topics;
- ▶ **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 6,000 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, the metaverse and generative AI. In 2023, Student Tech Clash involved several universities: Polytechnic of Turin, Polytechnic of Milan, University of Milan Bicocca, University of Rome Sapienza, INP Grenoble, INSA Lyon 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 innovation, 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 employees and open to all those who love technology and digital competitions. The challenges are organised around 4 areas: 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 190,000 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 2023, 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 software development skills.

In its 15 different editions, the Reply Challenges has a community with an average age of 77% under 34. 60% of the participants are students, from 155 countries and 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 2023, the Programme had more than 160 students from more than 50 universities in 7 different European countries, up from 2022.



**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 media platforms, including Instagram (18,000 followers) and Facebook (121,000 followers), and is driven by organic content shared by the Reply community using the dedicated hashtag #LifeAt Reply, which has more than 8,000 posts with an informal tone of voice dedicated to GenZ and Millennials. In 2023, more than 5 million people were reached by ReplyU content; digital touchpoints also include brand reputation platforms, where Reply company profiles collect reviews and comments from current and former employees. In 2023, the average profile rating increased significantly, including on Glassdoor (4.3/5), Indeed (4.3/5) and Kununu (3.9/5).

Another activity aimed at recent graduates from the main technical faculties in 2023 was the second-level Master's degree in Digital Finance, which Reply organised in collaboration with the POLIMI Graduate School of Management, selecting the best candidates who were offered a permanent employment contract to follow an exclusive training course on emerging technologies, such as Artificial Intelligence and Machine Learning in the Financial Services context, and covering the costs of participation 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. In 2023, the funded scholarships were disbursed. Support for women in STEM training promotes inclusive education, which breaks down stereotypes and helps reduce the gender gap.

During 2023, Reply continued the partnership started in 2022 with **upReach**, a charity in the UK, which worked to create the conditions for undergraduates in the academic year 2022-2023 from less advantaged backgrounds to access and retain high-level jobs.

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 innovative technologies during their school years in activities that introduce them to programming and the conscious use of technology. Since 2015, more than 15,500 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 new projects are always highly innovative. In order to achieve these objectives, Reply annually dedicates resources and funding to Research and Development activities; This also includes the evolution of proprietary platforms. In 2023, 16 cross-functional teams (of which 2 new ones for further topics to be analysed ‘Synthetic Data’ and ‘AI-powered Digital Creativity’) with a total of more than 380 employees involved from more than 100 Group companies in 7 countries actively contributed to the innovation activities, continuing the previous year.

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 2023, more than 30 whitepapers and 25 articles were published and innovation topics were discussed in more than 35 podcast and video episodes and in more than 70 events and conferences outside Reply. In addition, some 50 feasibility demonstrations (Proof of Concept) were carried out to show customers the experience gained.

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 addition, in the technological context of electric vehicle (EV) charging, the **Test Automation Centre Lab** is of crucial importance as it is helping to optimise the EV charging test landscape through an end-to-end Test Automation Framework that aims to ensure the reliability and efficiency of charging stations. In this way, Reply offers a state-of-the-art approach to validating electric vehicle charging systems.





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 2023, more than 6,000 employees and 1,400 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.

Finally, it is important to mention an innovative project of particular relevance and with a specific focus on positive social impact, in which Reply is collaborating, which is **Health Big Data (HBD)**<sup>(11)</sup>: financed by the Italian Ministry of Economy and Finance and coordinated by the Italian Ministry of Health, the project involves 51 Hospitalisation and Treatment Institutes of Scientific Character organised in four pathology networks (Cancer Alliance, Neuroscience and Neurorehabilitation, Cardiology, Paediatrics) in collaboration with the Milan Polytechnic and the National Institute of Nuclear Physics. The project aims to develop a technology platform in which clinical, omics and imaging data will be federated to develop predictive and prescriptive analysis capabilities based on longitudinal analysis of patients. Specifically, Reply, in addition to designing and implementing the federated platform, implemented a solution for generating synthetic data: Using the GPT API, models were trained to produce synthetic clinical reports that maintain the integrity of the original data set.

### **Microsoft Partner Pledge**

In 2023, Cluster Reply, confirming the Group's values, signed the Partner Pledge to support Microsoft Italy's digital skills initiatives, the development of AI models in a responsible and ethical manner, commitment to environmental sustainability and the creation of a more diverse and inclusive workforce.

(11) <https://www.alleanzacontroilcancro.it/en/progetti/italia/health-big-data/>

# 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>12</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.

(12) The Report on corporate governance and ownership structures is available online in the Governance System area of the Reply website (<https://www.reply.com/en/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>13</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.

(13) The Articles of Association of the company are available online on the Reply website (<https://www.reply.com/en/investors>).

## 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, which meets periodically, 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 Ms Tatiana Rizzante, the Lead Independent Director Ms Patrizia Polliotto and the Independent Director Ms Secondina Giulia Ravera. The Committee is coordinated by the CFO at the technical secretariat level and is assisted by the Company's ESG team as operational support.

### ESG team

In this context, at the operational level there is an ESG team, which coordinates sustainability issues in cooperation with all the main internal functions and in particular manages the elaboration and periodic drafting of the NFI. Confirming that sustainability is a substantial component of Reply's strategy, the ESG team reports directly to the CEO.

## 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>14</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.

It is important to highlight that on the proposal of the Remuneration Committee, in 2023 Reply's Board of Directors approved a new medium-long term incentive plan for Executive Directors and Executives with Strategic Responsibilities. This plan includes, among others, ESG objectives.

(14) The Annual Remuneration Report is available online on the Reply website (<https://www.reply.com/en/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 Code of Ethics regulates with specific provisions the prevention and mitigation of conflicts of interest, the Board of Directors being the body entrusted with the assessment of the existence of conflicts, also in order to exclude and mitigate their consequent effects; there is also a procedure for related party transactions and related reporting.

The Organisation, Management and Control 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 behaviour 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>15</sup>, again at Group level, to encourage stakeholders and all 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 how and through which channels employees are required to report such events, including a multilingual platform introduced in 2023 in accordance with EU Directive 2019/1937, which guarantees the confidentiality of the information contained therein as well as the anonymity of the reporter. The policy, in accordance with the legislation, requires that an acknowledgement of receipt be sent to the reporter within 7 days from the date of receipt and that an acknowledgement of the report be communicated within 3 months.

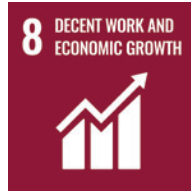
The Supervisory Body is tasked with verifying the reports and relaying them to the Board, which then will decide whether to implement an intervention plan.

Reply believes that all employees should be treated with fairness and 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.

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



## Ethics - Indicators



In the reporting period, as in previous years, there were no significant cases of non-compliance with laws and regulations in all applicable areas, nor was the company sanctioned. There had not been any past proceedings involving the company for anti-competitive behaviour and violations of anti-trust and anti-monopoly laws. As a significant event subsequent to the reporting period, on 28 February 2024, Reply S.p.A. was notified of a preventive seizure order issued in the context of criminal proceedings, which is disclosed in the Financial Report<sup>16</sup>. At the date of publication of this statement, the criminal proceedings are at the preliminary investigation stage, pending the notification of the closure of the same. According to the current wording, the offence in question is that of Article 640-ter, paragraphs 1 and 3 of the Italian Penal Code, without any involvement of the Company pursuant to Legislative Decree No. 231/2001.

### Code of Ethics

At Group level, the Code of Ethics was accepted by 96% of employees, in particular by 99% of executives, 99% of managers and 95% of staff.

As at 31 December 2023, the Code of Ethics was accepted<sup>17</sup> by:

- ▶ 97% of employees in Region 1
- ▶ 90% of employees in Region 2
- ▶ 95% 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% of persons located in Italy, while anti-corruption training has been provided to all 6 operational members of the Board of Directors. The training was completed by 8,477 employees, or 87% of Region 1 employees, up from 2022. With regard to Italy, the percentage of employees who completed the training phase stands at 99% (226 executives representing 100% of the category, 99% of managers and 99% of staff), also up from the previous year.

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

(17) Acceptance detection is being implemented for the company Wemanity, which affects R3. The following countries are not currently included: Croatia and China (R2)



The anti-corruption policy has been accepted:

- ▶ In Region 2, by 2,792 employees, representing 93% of the employees (111 executives equal to 100% of executives, 79% of managers, 96% of staff).
- ▶ In Region 3, by 1,353 employees, equal to 92% of employees (71 executives equal to 100% of executives, 97% of managers, 91% of staff).

In 2023, as in the previous four years, there were also no incidents of bribery and corruption and no prosecutions concerning anti-competitive behaviour or violations of antitrust laws.

### Whistleblowing

In 2023, 3 reports were received, of which: one did not highlight any relevant facts, but organisational suggestions were forwarded to management; one did not indicate either the whistleblower or reported party, but was nevertheless taken note of, and one where the investigation did not confirm the facts reported.

### Legality rating

In 2022, 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 ★ ★ ★), which is valid for two years after issue.

## 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:** in accordance with EU Directive 2019/1937, provides a platform and confidential channels for employees and external parties to report potential conduct that violates regulations, the Code of Ethics or other Group policies, or actions that may cause any kind of harm.
- ▶ **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 ensuring that modern slavery and child labour practices do not occur at any point in Reply's business operations or in its supply chain.
- ▶ **Grievance Policy:** valid in the event of disputes between employees and the company, ensures that measures are formally put in place to address a complaint by an employee.
- ▶ **Equal Opportunities and Dignity at Work Policy:** aims to create a working environment free of harassment and bullying, where everyone is treated with dignity and respect.
- ▶ **Immigration Policy:** in accordance with current immigration regulations in the United States, is intended to provide all useful information for foreign applicants and employees who intend to work in the country.
- ▶ **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 behaviour that does not comply with the provisions of the law and with internal rules of conduct.
- ▶ **Health & Safety at Work Policy:** in accordance with current legislation, the policy describes the implementing rules to ensure the highest levels of health and safety protection at work.
- ▶ **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 Program:** 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.

The Policies that regulate Environmental, Social and Governance aspects, as described in the list, bring together the Corporate Social Responsibility (CSR) requirements and the NFI reports the initiatives put in place to manage these issues, also incorporating them into Reply's business context.

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 for Reply Group employees and collaborators and are available on the company's 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>18</sup>.

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

## 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, Reply has a Multi-Factor Authentication (MFA) mechanism in place 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.

During 2023, a new information security awareness course was also developed and pilot sessions were conducted in Italy and the USA.

In addition, Reply started new internal phishing campaigns targeting all Group companies. The purpose of these initiatives was to provide awareness and sensitisation on cyber issues, which are always considered topical. These campaigns aimed to raise the Group's awareness of potential attack vectors through email.

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;
- ▶ cyber audits, the results of which are brought to the attention of top management, and contribute to the definition of possible remediation actions, in line with the strategy of continuous improvement in the company's security posture.

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 2023:

- ▶ In **Region 1** there were 0 complaints received from third parties and substantiated by the organisation; 2 notifications were issued to the Data Protection Authority as a precautionary measure and related to events for which the analyses carried out verified the absence of impacts for potentially affected stakeholders;
- ▶ In **Region 2**, as in previous years, and in **Region 3** 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.

Compared to 2022, an increase in phishing and spear phishing attempts received via email, which were correctly handled and blocked, is reported, while complaints received from third parties and substantiated by the organization, which in the previous year totalled 2 complaints, 1 in Region 1 and 1 in Region 3, were zeroed out.



# 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>19</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.	The Reply network makes it possible to perceive the changing needs of the market with respect to technological evolution; this aspect is particularly focused on within the Group and allows Reply to intervene in the growth of its people and seek out the most appropriate professionalism. 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.

(19) 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/en/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.	Some Reply companies are 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.	As required by ISO 14001 certification, Reply has implemented a management and monitoring programme that includes aspects of proper management of the waste produced. 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.	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.
	The Reply Group, in the development of Artificial Intelligence systems, is committed to promoting the protection of human rights by avoiding any form of discrimination. However, frontier technologies that are still poorly regulated inevitably entail human rights risks, since intentional misuse is not strictly necessary to have negative impacts, e.g. in terms of misinformation and errors.	The establishment of a committee dedicated to ethical aspects for AI systems provides support in understanding and better managing the relationships between social and technological aspects, while maintaining a commitment to implementing AI systems according to international best practices of safe development.
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: 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>20</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.

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

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.

# 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.

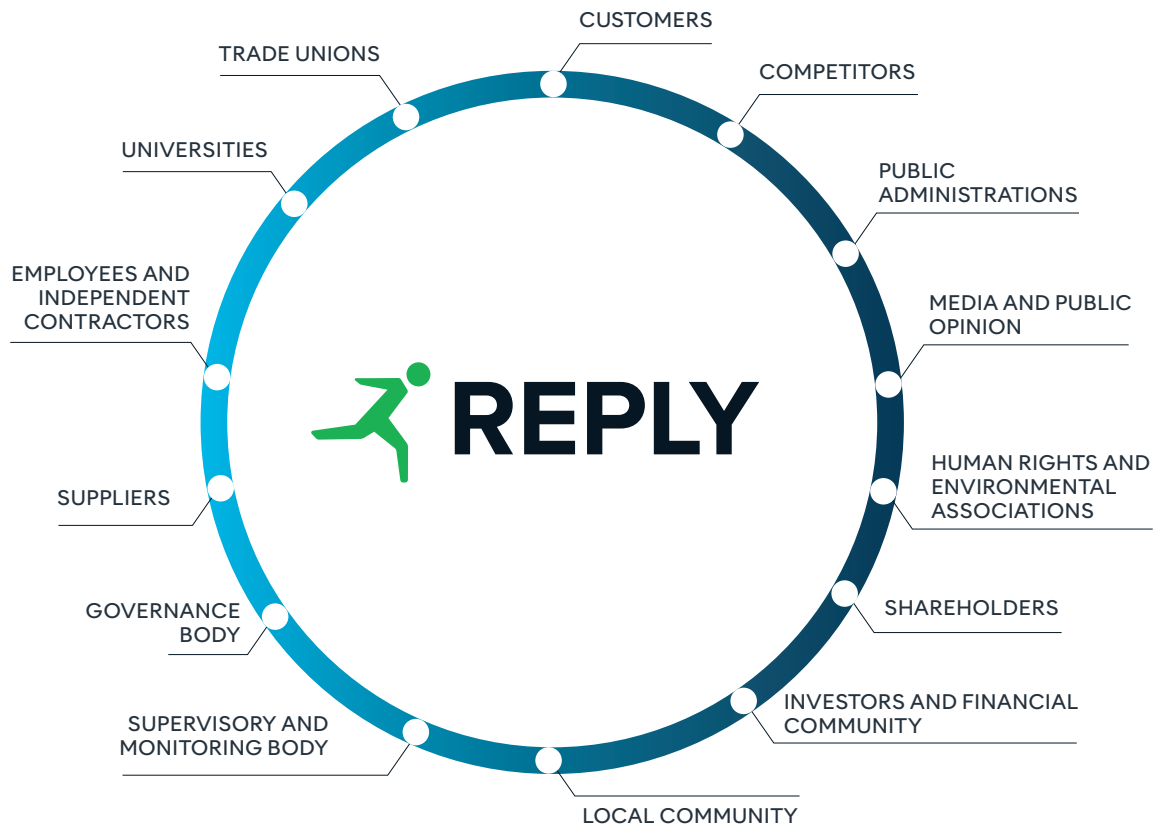
The analysis updated in 2022 is also considered valid for 2023, remaining unchanged.

## 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.



**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>▶ Employees are involved in various activities, from the most institutional to the most informal, through digital channels and events. Including all personal improvement courses dedicated to soft skills 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 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</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>

## Material topics

Material topics are 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 (e.g. EU Regulation 852/2020, ...) 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 IT (P)	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)	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
	Employee welfare (E)	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
	Attraction of talent and skill retention (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
	Internal skills development (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
	Impacts on the area and on local communities (E)	The development of personnel skills and abilities is essential to maintain differentiation and competitiveness on the market.	Material
<b>GOVERNANCE</b>	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

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	(21)
<ul style="list-style-type: none"> <li>▶ Impacts on the area and on local communities</li> </ul>	Relations with local communities	(22)
<ul style="list-style-type: none"> <li>▶ Anti-Corruption</li> </ul>	Anti-corruption	205
<ul style="list-style-type: none"> <li>▶ Anti-competitive behaviour</li> <li>▶ Lack of transparency and fairness in business practices</li> </ul>	Business ethics and integrity	2 206 207 414
<ul style="list-style-type: none"> <li>▶ Energy consumption</li> <li>▶ Greenhouse gas emissions</li> <li>▶ Air pollution</li> </ul>	Energy consumption and atmospheric emissions	302 305
<ul style="list-style-type: none"> <li>▶ Production of electronic waste</li> </ul>	Circular economy and waste production	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>	Employee attraction, retention and well-being	401 404
<ul style="list-style-type: none"> <li>▶ Worker health and safety</li> </ul>	Worker health and safety	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>	Diversity and equal opportunity	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>	Data protection, cybersecurity and asset reliability	418

The materiality analysis confirmed the importance of aspects such as employee welfare and safety, business ethics and the fight against climate change.

(21) 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.

(22) 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

2024 is the third year of application, in the context of the non-financial reporting for 2023, of the provisions introduced by the European Taxonomy, approved by **Regulation 2020/852**<sup>23</sup> (hereinafter also the “Regulation”), included in the Sustainable Finance Action Plan launched by the European Commission in 2018<sup>24</sup>. Indeed, the aim of the regulation is to determine the “degree of eco-sustainability” of an investment<sup>25</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
- ▶ climate change adaptation
- ▶ sustainable use and protection of water and marine resources
- ▶ transition to a circular economy, also with reference to waste reduction and recycling
- ▶ pollution prevention and control
- ▶ protection and restoration of biodiversity and ecosystems

(23) 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.

(24) 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.

(25) 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>26</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. During 2023, the Commission published two important updates to the taxonomy, namely:

- ▶ publication of Delegated Regulation 2023/2485 (June 2023) amending the Climate Delegated Act, which introduced new activities and set some additional technical screening criteria on the first two existing objectives 'climate change mitigation' and 'climate change adaptation'.
- ▶ adoption of the Environmental Delegated Act<sup>27</sup> (November 2023), which defines in Annexes I, II, III and IV, the eligible activities with respect to the four non-climate objectives of the Taxonomy, namely: (i) sustainable use and protection of water and marine resources (ii) transition to a circular economy (iii) pollution prevention and control, (iv) protection and restoration of biodiversity and ecosystems, and related technical screening criteria. In addition, Annex V contains some changes to the Commission's Delegated Regulation (EU) 2021/2178, also known as the 'Disclosure Delegated Act', including changes to the templates to be used.

It is specified that with regard to the four new non-climate targets, introduced by the Environmental Delegated Act, non-financial companies will only have to report the share of Turnover, CapEx and OpEx deemed eligible for taxonomy purposes. As of 1 January 2025, taxonomic KPIs related to aligned economic activities will have to be reported instead. Today, the **Taxonomy** identifies **16 sectors** that include a total of **more than 100 economic activities**. Of these activities 87 can make a substantial contribution to both climate change mitigation and climate change adaptation, 14 to mitigation only and 19 to adaptation only. With regard to the new non-climate objectives, a total of 34 activities were identified, two of which are also common to the climate objectives and one that can make a substantial contribution to both the pollution prevention and reduction objective and the transition to the circular economy objective.

In relation to the 2023 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**, with reference to the six environmental objectives, and **aligned**, with reference to the first two climate objectives, and **quantitative indicators of economic performance (KPI)** – i.e. the shares of sales, capital expenditures (CapEx) and operating expenses (OpEx) – **attributable to them**.

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

(27) Commission Delegated Regulation EU 2023/2486 divided into Annexes I, II, III, IV, V

(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..

# Eligibility analysis and alignment

For the financial year 2023, 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, Annexes I, II, III, IV of the Environmental Delegated Act and within Delegated Act 2023/2485, which introduced new activities to the first two existing objectives. In addition, the Company has also analysed the possible eligible activities 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 (CCM) objective**

With reference to the activities attributable to the Group's revenue items:

- ▶ **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.

With reference to CapEx associated with the outputs of eligible activities or individual measures:

- ▶ **6.5 Transport by motorbikes, passenger cars and light commercial vehicles:** with reference to CapEx relating to the rental of vehicles belonging to category M1, i.e. cars.
- ▶ **7.2 Renovation of existing buildings:** with reference to CapEx relating to interventions aimed at recovering and restoring property buildings.
- ▶ **7.3 Installation, maintenance and repair of energy efficiency equipment:** with reference to CapEx relating to the installation of a new air conditioner.
- ▶ **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.
- ▶ **7.7 Acquisition and ownership of buildings:** with reference to CapEx relating to long-term office leases of Group companies governed by IFRS 16.

It should be noted that with reference to Delegated Regulation 2022/1214, which introduced economic activities in the energy sector, including nuclear and gas, the Group has not identified any eligible activities.

ROW	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
<b>Fossil gas related activities</b>		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

### Climate Change Adaptation (CCA) objective

With reference to the climate change adaptation objective, the Commission Communication C/2023/305 of 20 October 2023 clarified<sup>29</sup> that, with regard to adapted activities, i.e. non-enabling activities, in order to determine eligibility, the communicating enterprise must have carried out a climate risk assessment and should implement adaptation solutions that could make the adapted economic activity more resilient to climate change. On the basis of this clarification, the Group, which carries out economic activities that can be associated with **Activity 8.2 Computer programming, consultancy and related activities (CCA)**, which is not considered a qualifying activity, has revised the eligibility analysis carried out for last year's disclosure with reference to this activity. Currently, the Group carries out Risk Assessment on its systems, aimed primarily at assessing the possible causes of discontinuities (including those related to climate change) in its critical processes (e.g. email and connectivity). The results of this assessment are reported in a Business Continuity Plan, which, however, is not carried out in accordance with the requirements of the Regulation, nor does it provide for adaptation solutions. This more recent interpretation led the Group to change its adaptation analysis and not to consider activity 8.2 Computer programming, consultancy and related activities (CCA).

### Circular Economy (CE) objective

With reference to the activities attributable to the Group's revenue items:

- ▶ **4.1 Provision of IT/OT data-driven solutions:** with reference to activities carried out by some Group companies that can be assimilated to the design, development, installation, deployment and maintenance, repair or provision of professional services, including technical consultancy for the design or monitoring of information technology (IT) or operational technology (OT) software and systems, including artificial intelligence (AI)-based solutions, IT/OT software and systems developed for the identification, traceability and retraceability of materials, products and assets, life cycle assessment software, etc.

(29) C/2023/305, FAQ 18 and 19 of 20/10/2023

With reference to CapEx associated with the outputs of eligible activities or individual measures:

- ▶ **3.2 Renovation of existing buildings:** with reference to CapEx relating to interventions aimed at recovering and restoring property buildings.
- ▶ **1.2 Manufacture of electrical and electronic equipment:** with reference to CapEx relating to the purchase of electrical and electronic equipment (e.g. PCs, telephones, etc.) used in the performance of activities, carried out directly by some Group companies, of consulting in the field of information technology, planning and design of computer systems integrating hardware, software and communication technologies, on-site management of computer systems or customers' data processing systems and other technical and professional activities related to computers.

Sustainable use and protection of waters and marine resources (WTR) objective

With reference to the activities attributable to the Group's revenue items:

- ▶ **4.1 Provision of IT/OT data-driven solutions for leakage reduction:** with reference to the activity carried out by some Group companies that can be assimilated to the design, development, installation and deployment of information technology (IT) or operational technology (OT) solutions or provides related maintenance, repair and professional services, including technical consultancy for design or monitoring, to control, manage, reduce and mitigate losses in water supply systems.

In accordance with the provisions of the Regulation, alignment with the following criteria was also assessed for each eligible activity identified, with reference to the two climate objectives:

- ▶ **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;
- ▶ **Do No Significant Harm (DNSH) criteria**<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.

(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.



## Substantial contribution criteria

For the purposes of the alignment assessment, compliance with the substantial contribution criteria defined in annex I 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, 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.

EVALUATION OF SUBSTANTIAL CONTRIBUTION CRITERIA FOR CCM OBJECTIVE: Adopting a conservative and prudential approach, the Group considers the activity to be **non-compliant with** the criteria of substantial contribution because, the data centres used are, in most cases, the total responsibility of third parties (e.g. customers) and, therefore, not directly managed by the company.

### **Activity 6.5 Transport by motorbikes, passenger cars and light commercial vehicles**

Capital expenditure on the rental of electric and hybrid vehicles that corresponds to the activity description in Annex I of the Climate Delegated Act (mitigation of climate change), 6.5 - Transportation by motorbikes, passenger cars and light commercial vehicles - is therefore considered eligible for the purposes of this analysis.

EVALUATION OF SUBSTANTIAL CONTRIBUTION CRITERIA FOR CCM OBJECTIVE: The substantial contribution criteria require vehicles in categories M1 and N1 to be in a specific emission class. With reference to M1 category vehicles, the Group's car fleet, in the Italy and Germany regions, includes electric and plug-in hybrid cars, which meet the criterion of releasing specific CO<sub>2</sub> emissions below 50 gCO<sub>2</sub>/Km. Therefore, the CapEx associated with the rental of these electric and plug-in hybrid vehicles, amounting to €4,926 thousand, is considered **aligned**.

### **Activity 7.2 Renovation of existing buildings**

Capital expenditure relating to interventions to renovate and restore owned or rented buildings, which corresponds to the description of the activity in annex I of the Climate Delegated Act (mitigation of climate change), 7.2 - Renovation of existing buildings - is therefore considered eligible for the purposes of this analysis.

EVALUATION OF SUBSTANTIAL CONTRIBUTION CRITERIA FOR CCM OBJECTIVE: The substantial contribution criteria require that the building renovation complies with the applicable requirements for major renovations<sup>33</sup>, or alternatively that it leads to a reduction

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

in primary energy demand of at least 30%. In the absence of sufficient evidence to allow a full assessment of compliance with the criterion, according to a conservative and prudential approach, the Group considers the activity to be not aligned with the criteria of substantial contribution.

### **Activity 7.3 - Installation, maintenance and repair of energy efficiency equipment**

Capital expenditure related to the installation of a new air conditioner, which corresponds to the description of the activity in annex I of the Climate Delegated Act (mitigation of climate change), 7.3 - Installation, maintenance and repair of energy efficiency equipment - is therefore considered eligible for the purposes of this analysis.

EVALUATION OF SUBSTANTIAL CONTRIBUTION CRITERIA FOR CCM OBJECTIVE: The criteria for a substantial contribution are that the activity consists of an individual measure to improve the energy efficiency of buildings, in accordance with Directive 2010/31/EU. Measures include the installation, replacement, maintenance and repair of heating, ventilation, air conditioning and water heating systems with high-efficiency technologies. This measure must comply with the minimum requirements and energy efficiency classifications laid down in the relevant national and European regulations. Therefore, in the absence of sufficient evidence to allow a full assessment of compliance with the criterion, the Group considers the activity to be **not aligned with** the criteria of substantial contribution.

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

Capital expenditure related to the interventions aimed at installing electric charging stations for cars, which correspond to the description of the activity, found in annex I of the Climate Delegated Act (mitigation of climate change), 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings, - are therefore considered eligible for the purposes of this analysis.

EVALUATION OF SUBSTANTIAL CONTRIBUTION CRITERIA FOR CCM OBJECTIVE: The substantial contribution criteria consist of the installation, maintenance or repair of electric vehicle charging stations, therefore, are met and the activity is **aligned**.

### **Activity 7.7 Acquisition and ownership of buildings**

With reference to CapEx relating to long-term rental of offices of Group companies governed by IFRS 16, which correspond to the description of the activity in annex I of the Climate Delegated Act (mitigation of climate change), 7.7 Acquisition and Ownership of Buildings, - capital expenditure associated with this activity is considered eligible for the purposes of this analysis.

EVALUATION OF SUBSTANTIAL CONTRIBUTION CRITERIA FOR CCM OBJECTIVE: The substantial contribution criteria require that buildings constructed before 31 December

2020, have at least an Energy Performance Certificate (APE) of class A, alternatively, that the building is among the 15% most efficient of the national or regional building stock in terms of operational primary energy demand (PED), demonstrated by appropriate evidence that at least compares its performance with the performance of the national or regional building stock constructed before 31 December 2020 distinguishing at least between residential and non-residential buildings. For large non-residential buildings, i.e. with an effective rated output for heating systems, combined space heating and ventilation systems, air conditioning systems or combined air conditioning and ventilation systems of more than 290 kW, the substantial contribution criteria require these to be operated efficiently by means of energy performance monitoring and assessment. Therefore, in the absence of sufficient evidence to allow a full assessment of compliance with the criterion, the Group considers the activity to be **not aligned with** the criteria of substantial contribution.

## Do No Significant Harm criteria

The 'Do No Significant Harm' (DNSH) criteria define the conditions under which activities are carried out without harming other environmental objectives. The Group verified, for each eligible activity with respect to the climate change mitigation objective, its compliance with these criteria.

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

EVALUATION OF DNSH CRITERIA FOR CCM OBJECTIVE: Annex I of the Climate Delegated Act provides for DNSH criteria against three other objectives: climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy. With regard to the data processing activity (8.1 CCM), 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 6.5 Transport by motorbikes, passenger cars and light commercial vehicles**

EVALUATION OF DNSH CRITERIA FOR CCM OBJECTIVE: With regard to capital expenditure on activity 6.5, annex I of the Climate Delegated Act provides for DNSH criteria against 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 in the absence of sufficient elements to allow a complete assessment of compliance with the criterion, according to a conservative and prudential approach, the Group considers the activity **not aligned**.

**Activity 7.2 Renovation of existing buildings**

EVALUATION OF DNSH CRITERIA FOR CCM OBJECTIVE: For Activity 7.2, annex I of the Climate Delegated Act provides DNSH criteria with respect to the objectives of climate change adaptation, use and protection of water and marine resources, transition to a circular economy, and pollution prevention and reduction. With reference to the works carried out during 2023 on owned or leased buildings and in the absence of sufficient elements to allow a full assessment of compliance with the criterion, in accordance with a conservative and prudent approach, the Group considers that the activity is **not aligned** with the substantial contribution criteria.

**Activity 7.3 - Installation, maintenance and repair of energy efficiency equipment**

EVALUATION OF DNSH CRITERIA FOR CCM OBJECTIVE: For capital expenditure related to Activity 7.3, annex I of the Climate Delegated Act provides for DNSH criteria with respect to climate change adaptation and pollution prevention and reduction objectives. With reference to the capital expenditure incurred during the year for the installation of an air conditioner, in the absence of sufficient elements to allow a complete assessment of compliance with the criterion, according to a conservative and prudential approach, the Group considers the activity to be **non-aligned**.

**Activity 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings**

EVALUATION OF DNSH CRITERIA FOR CCM OBJECTIVE: For capital expenditure related to Activity 7.4, annex I of the Climate Delegated Act provides for a single DNSH criterion with respect to the objective of climate change adaptation. With reference to the installation of electric vehicle charging stations, in the absence of sufficient elements to allow a complete assessment of compliance with the criterion, according to a conservative and prudential approach, the Group considers the activity to be **not aligned**.

**Activity 7.7 Acquisition and ownership of buildings**

EVALUATION OF DNSH CRITERIA FOR CCM OBJECTIVE: For capital expenditure related to activity 7.7, Annex I of the Climate Delegated Act provides for a single DNSH criterion with respect to the objective of climate change adaptation. With reference to the long-term rental of offices of Group companies, in the absence of sufficient evidence to allow a complete assessment of compliance with the criterion, according to a conservative and prudential approach, the Group considers the activity to be **non-aligned**.

## Minimum safeguards

Finally, the Group analysed its degree of adherence to the principles referred to in Article 18 of the Regulation, which defines the minimum measures to ensure that a business is conducted with respect for 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 Organisation (ILO), and the International Bill of Human Rights. The Working Group therefore carried out an analysis of the elements made explicit in the documents referred to in Article 18, also on the basis of the indications provided by the Platform on Sustainable Finance<sup>34</sup>, and considering the clarifications provided by the Commission in its Communication (2023/C 211/01)<sup>35</sup>. With these references in mind, it checked the level of protection in place in the areas of 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. 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. Furthermore, the Group demonstrates that it observes the principle of ‘not causing significant harm’ as stipulated in the SFRD, Art. 2, item 17<sup>36</sup>, by addressing the gender pay gap and gender diversity in governance bodies and reporting the respective indicators within the NFI. 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 2023. However, in view of the most recent clarifications by the Commission<sup>37</sup>, which has specified that the ‘minimum safeguards’ provide for ‘due diligence and remedial procedures implemented by an undertaking carrying out an economic activity; and, considering the current developments with regard to the Corporate Sustainability Due Diligence and amending Directive<sup>38</sup>, the Group, having identified aspects for improvement and further formalisation on its perimeter, according to a conservative and prudential approach, considers its **activities not aligned** with the minimum safeguards.

(34) Final Report on Minimum Safeguards, October 2022

(35) Communication from the Commission on the interpretation and implementation of certain legal provisions in the EU Taxonomy Regulation and links with the Regulation on Sustainability Reporting in the Financial Services Sector (2023/C 211/01), June 2023.

(36) Notice 2023/C 211/01, FAQ 2.

(37) Communication 2023/C 211/01

(38) Directive of the European Parliament and of the Council on the Duty of Business Diligence for Sustainability and amending Directive (EU) 2019/1937

Similarly, Reply, taking a conservative and prudential approach, does not consider current supply chain practices sufficient to consider activities related to the purchase of products from eligible economic activities aligned with the taxonomy and individual measures that contribute to one or more of the six objectives of the Taxonomy (6.5, 7.2, 7.3, 7.4, and 7.7) as aligned with the minimum safeguards criteria.

## KPI calculation methodology

The annexes of the Disclosure Delegated Act (EU) 2021/2178 (hereinafter the “Disclosure Delegated 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.

In November 2023, the European Commission adopted the Environmental Delegated Act, which, with Annex V, contains amendments to the Disclosure Delegated Act, in particular by making changes to the format of the tables used for calculating KPIs. Compared to the previous year, the main changes are as follows:

- ▶ if an economic activity contributes substantially to more than one environmental objective, non-financial enterprises should indicate, in bold, the most important environmental objective for the purpose of calculating KPIs, avoiding double counting, and report the codes for all objectives to which they contribute;
- ▶ non-financial companies also report the degree of eligibility and alignment for each environmental objective using an additional table;
- ▶ in order for an activity to be included in Section A.1, referring to alignment, that activity must comply with all DNSH criteria and related minimum safeguards. For the activities listed in Section A.2, referring to eligibility, non-financial enterprises can voluntarily fill in the columns of Substantial Contribution Criteria and DNSH. However, they may indicate in Section A.2 the substantial contribution and the DNSH criteria met or not met, using: (a) for substantial contribution - codes Yes/No and N/EL instead of EL and N/EL and (b) for DNSH - codes Yes/No.

## Turnover

In line with the Disclosure Delegated 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 2,117,983 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 of eligible activities:** the share of net turnover (taken into account for the calculation of the denominator) associated with eligible activities. For this assessment, the approach taken was to identify all legal entities, included in the scope of consolidation, generating turnover associated with eligible economic activities. In this regard, it is specified that for the calculation of the numerator of the KPI, the Group considered only the net turnover associated with the companies performing Activity 8.1 - Data Processing, Hosting and Related Activities (Climate Change Mitigation Objective), Activity 4.1 - Provision of Data-Based IT/OT Solutions (Circular Economy Objective) and Activity 4.1 - Provision of Data-Based IT/OT Solutions for Loss Reduction (Sustainable Use and Protection of Water and Marine Resources Objective);
- ▶ **numerator of aligned activities:** the share of net turnover (considered for the calculation of the denominator) associated with aligned activities is € 0 because the company (or its suppliers, where applicable) for activity 8.1 Data processing, hosting and related activities (climate change mitigation objective) does not meet the technical screening criteria and minimum safeguards and for activity 4.1 - Provision of data-driven IT/OT solutions (circular economy objective) and for activity 4.1 - Provision of data-driven IT/OT solutions for loss reduction (sustainable use and protection of water and marine resources objective) the alignment analysis was not carried out as non-financial companies for the year 2023 (publication year 2024) only have to report the share of Turnover deemed eligible for the four non-climate objectives.

In conclusion, it is specified that for the calculation of the permissible numerator, the company derived the relative numerators on the basis of each subsidiary’s contribution to the aforementioned activities.



## CapEx

For the calculation of the denominator of the CapEx KPI, the Group considered the increases incurred in the reporting period relating to tangible assets (development and restructuring of business operations), intangible assets (patents, software and capitalised research and development costs) and fixed assets for right of use (long-term leasing). The approach used to extract the above figures involved an analysis of the accounting data, showing the investments made during the year by all companies within the scope of 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 considered tangible assets recognised in accordance with IAS 16 - note 17 to the annual financial report - intangible assets (excluding goodwill) recognised in accordance with IAS 38 - note 19 to the annual financial report - and leases recognised in accordance with IFRS 16 - note 20 to the annual financial report. This analysis returned a total value for the year 2023 of: Euro 57,480 thousand.
- ▶ **numerator of eligible activities:** For the purpose of determining the numerator, CapEx relating to assets or processes associated with eligible activities and to the purchase of products derived from economic activities eligible for the taxonomy were taken into account. In this regard, the Group has included the following values in the KPI numerator:
  - ▶ for activities: 8.1 - Data processing, hosting and related activities (climate change mitigation objective) investments of Euro 2,387,000; 4.1 - Provision of data-based IT/OT solutions (circular economy objective) investments of Euro 18,000 and for activity 4.1 - Provision of data-based IT/OT solutions for loss reduction investments of Euro 321,000 (sustainable use and protection of water and marine resources objective);
  - ▶ for activities: 6.5 - Motorcycles, cars and light commercial vehicles (climate change mitigation objective) investments of Euro 12,148,000 of which Euro 4,926,000 related to electric, hybrid and plug-in cars; 7.2 - Renovation of existing buildings (climate change mitigation and circular economy objective) investments of Euro 16,662,000, 7.3 - Installation, maintenance and repair of energy efficiency equipment (climate change mitigation objective) investments of Euro 4,000; 7.4 - Installation, maintenance and repair of charging stations for electric vehicles in buildings (Climate Change Mitigation Objective) investments of Euro 39.4 thousand; 7.7 - Acquisition and ownership of buildings (climate change mitigation objective) investments of Euro 18,786 thousand and 1.2 Manufacture of Electrical and Electronic Equipment (circular economy objective) investments of Euro 7,115 thousand.

These investments refer to the categories of Buildings, Leasehold Improvements and Right of Use governed by IFRS 16.

Furthermore, it is specified that the extraction of the data associated with the above-mentioned eligible categories was performed in a timely manner, where possible, from the information available in the accounting systems currently used by the legal entities included in the scope of consolidation.

In the case of the unavailability of the precise data, the CapEx associated with activities 8.1 and 4.1 (CE and WTR) were estimated on the basis of an allocation driver defined on the percentage weight of revenues attributable to the same activities on the total revenues of the individual legal entity. The 46.2% increase in the numerator of the KPI CapEx relating to eligible activities refers mainly to the introduction of activity 1.2 Manufacture of electrical and electronic equipment and to the inclusion in activity 6.5 of increases also in endothermic cars.

- ▶ **numerator of aligned activities:** the share of the increases relating to the items considered for the calculation of the denominator associated with aligned activities is €0 because the company (or its suppliers, where applicable) does not meet the technical screening criteria for the above-mentioned activities. The decrease of 100% in the numerator of the KPI CapEx related to aligned activities derives from the fact that in the financial year 2022 the Group had valued the CapEx associated with activity 8.2, no longer valued for the financial year 2023 following the new interpretation introduced by the European Commission's Communication C/2023/305 of 20 October 2023 on "non-enabling" activities falling under the climate change adaptation objective.

## 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>39</sup>;
- ▶ 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;

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

- ▶ Costs related to maintenance and repairs, incurred during the financial year, on buildings and IT equipment. Costs related to maintenance and repairs commissioned to third-party companies were considered for this category;
- ▶ The cost category associated with the “day-to-day servicing of assets”<sup>40</sup>, was considered with reference to costs related to the cleaning of facilities.

The result of these analyses determined a value of Euro 27,380 thousand, which represents 2% 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 Disclosure Delegated Act, therefore, the KPI relating to OpEx is to be considered immaterial:

- ▶ **numerator of eligible activities:** Although the KPI is not material, the Group opted to give visibility to the KPI only with reference to the eligible activities directly performed, i.e. 8.1 - Data processing, hosting and related activities, 4.1 - Provision of data-driven IT/OT solutions and 4.1 - Provision of data-driven IT/OT solutions for loss reduction. For these activities, maintenance expenses of Euro 926,000, short term leases of Euro 1,501,000 and non-capitalised R&D costs of Euro 563,000 were specifically identified. Similarly to capitalised expenses, operating expenses, for which it was not possible to provide a precise extraction of data from management systems, were identified through an allocation driver based on the percentage weight of revenues;
- ▶ **numerator of aligned activities:** The share of OpEx (considered for the calculation of the denominator) associated with aligned activities is €0 as the company for activity 8.1 Data processing, hosting and related activities (climate change mitigation objective) does not meet the technical screening criteria and minimum safeguards and for activity 4.1 - Provision of data-driven IT/OT solutions (circular economy objective) and for Activity 4.1 - Provision of data-driven IT/OT solutions for loss mitigation (sustainable use and protection of water and marine resources objective) the alignment analysis was not carried out as the non-financial companies for the financial year 2023 (publication year 2024) will only have to report the share of OpEx deemed eligible for the four non-climate objectives.

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

# European taxonomy KPIs

Financial Year 2023	Year		Substantial contribution criteria						DNSH Criteria ("do no significant harm")										
Economic Activities	Code	Turnover (€ thousand)	Proportion of turnover, year 2024	Climate change mitigation	Climate Change Adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of turnover aligned (A.1.) or eligible (A.2.) to the taxonomy, year 2022	Category enabling activity	Category transitional activity
	<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																		
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Turnover of environmentally sustainable activities (aligned to taxonomy) (A.1)		0	0%	0%	0%	0%	0%	0%	0%								0%		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%								0%		
Of which transitional		0	0%														0%		
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
Data Processing, Hosting and Related Activities	8.1 CCM	258,663	12.2%														10.6%		T
Provision of IT/OT data-driven solutions	4.1 CE	33,237	1.6%														0%	A	
Provision of IT/OT data-driven solutions for leakage reduction	4.1 WTR	2,846	0.1%														0%	A	
Turnover of Taxonomy-eligible but not Environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		294,746	13.9%	0%	0%	0%	0%	0%	0%								10.6%		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		294,746	13.9%	0%	0%	0%	0%	0%	0%								10.6%		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
Turnover of Taxonomy-non-eligible activities		1,823,237	86.1%																
Total (A+B)		2,117,983	100%																

Proportion of Turnover/Total Turnover		
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	12.2%
CCA	0%	0%
WTR	0%	0.1%
CE	0%	1.6%
PPC	0%	0%
BIO	0%	0%

Financial Year 2023	Year			Substantial contribution criteria					DNSH Criteria ("do no significant harm")										
Economic Activities	Code	CapEx (€ thousand)	Proportion of Capex, year 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate Change Adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2.) CapEx, FY 2022	Category enabling activity	Category transitional activity
	<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																		
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																			
<b>CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		0	0%	0%	0%	0%	0%	0%	0%								42.9%		
Programming, IT consultancy and related activities	8.2 CCA	0	0%	0%	0%	0%	0%	0%	0%								42.9%		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%								0%		
Of which transitional		0	0%														0%		
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
Data Processing, Hosting and Related Activities	8.1 CCM	2,387	3.7%														3.7%		T
Provision of IT/OT data-driven solutions	4.1 CE	321	0.5%														0%	A	
Provision of IT/OT data-driven solutions for leakage reduction	4.1 WTR	18	0.0%														0%	A	
Transport by motorbikes, passenger cars and light commercial vehicles	6.5 CCM	12,148	18.8%														0.8%		T
Renovation of existing buildings	7.2 CCM/3.2 CE	16,662	25.8%														11.2%		T
Installation, maintenance and repair of energy efficiency equipment	7.3 CCM	4	0.0%														0%	A	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and in the parking spaces belonging to the buildings)	7.4 CCM	39	0.1%														0.1%	A	
Acquisition and ownership of buildings	7.7 CCM	18,786	29.1%														0%		
Manufacture of electrical and electronic equipment	1.2 CE	7,115	11.0%														0%		

Financial Year 2023	Year			Substantial contribution criteria						DNSH Criteria ("do no significant harm")									
	Code	CapEx (€ thousand)	Proportion of Capex, year 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate Change Adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, FY 2022	Category enabling activity	Category transitional activity
<b>Economic Activities</b>																			
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		57,480	89.1%	0%	0%	0%	0%	0%	0%							15.7%			
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		57,480	89.1%	0%	0%	0%	0%	0%	0%							58.6%			
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
CapEx of Taxonomy-non-eligible activities		7,055	10.9%																
<b>Total (A+B)</b>		<b>64,535</b>	<b>100%</b>																
<b>Proportion of Capex/ Total Capex</b>																			
				Taxonomy-aligned per objective						Taxonomy-aligned per objective									
CCM				0%						77.5%									
CCA				0%						0%									
WTR				0%						0%									
CE				0%						37.3%									
PPC				0%						0%									
BIO				0%						0%									



Financial Year 2023	Year			Substantial contribution criteria						DNSH criteria ("do no significant harm")									
Economic Activities	Code	OpEx (€ thousand)	Proportion of OpEx, year 2023	Climate change mitigation	Climate Change Adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate Change Adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or-eligible (A.2) OpEx, FY 2022	Category enabling activity	Category transitional activity
	<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																		
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%								0%		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%								0%	A	
Of which transitional		0	0%														0%		T
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
Data Processing, Hosting and Related Activities		8.1 CCM	2,552	9.3%													9.3%		
Provision of IT/OT data-driven solutions		4.1 CE	499	1.8%													0%		
Provision of IT/OT data-driven solutions for leakage reduction		4.1 WTR	25	0.1%													0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)			3,076	11.2%	0%	0%	0%	0%	0%								9.3%		
A. OpEx of Taxonomy eligible activities (A.1+A.2)			3,076	11.2%	0%	0%	0%	0%	0%								9.3%		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
OpEx of Taxonomy-non-eligible activities			24,304	88.8%															
Total (A+B)			27,380	100%															

Proportion of Opex/ Total Opex		
	Taxonomy-aligned per objective	Taxonomy-aligned per objective
CCM	0%	9.3%
CCA	0%	0%
WTR	0%	0.1%
CE	0%	1.8%
PPC	0%	0%
BIO	0%	0%

# READING GUIDE

The Consolidated Non-Financial Statement (hereinafter also “Disclosure of Non-Financial Information”, “Disclosure” or “NFI”) of the Reply Group for 2023 (from 1 January 2023 to 31 December 2023) 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 13 March 2024. 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 scope of the information contained in NFI coincides with the consolidation area of the Consolidated Financial Statements.

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, Netherlands, France, Luxembourg, Morocco

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 accordance with the GRI Sustainability Reporting Standards (GRI Standards), according to the option with reference to the GRI Standards ('in accordance with').

# 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 the section MATERIAL TOPICS FOR REPLY, which describes the process of identifying the relevant issues and thus 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 Team 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 Team, which collects, analyses and consolidates them.

The draft Disclosure of Non-Financial Information is then prepared and sent by the ESG Team 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 the Board of Directors of Reply S.p.A. approves the Consolidated non-financial statement in its final 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 have been established in the event that data from the locations were not available, either for the reporting period under review or for previous recent years. In particular, the energy consumption available for all other locations was used to calculate the average consumption intensity per square metre, and through this the consumption of the missing locations 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 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 over the climatically similar months was used.
- ▶ for the fuel consumption of company cars, since the cars are for mixed use, a correction factor of 5/7 was used to exclude consumption resulting from personal and non-business-related use of the vehicle;
- ▶ for the fuel consumption of company cars, estimates were defined where data were not available. In particular, the available fuel consumption (broken down by type) was used to calculate the consumption intensity per company car and, based on the intensity and the number of cars for which the data is missing, the missing consumption was estimated;
- ▶ where consumption data were not available and only expenditure data were available, estimates based on the average cost per litre of fuel and kWh of recharging were defined for the fuel and electricity consumption of company cars;
- ▶ the calorific value defined in the 'UK Government GHG Conversion Factors for Company Reporting' by the Department for Energy Security and Net Zero and the Department for Environment Food & Rural Affairs (DEFRA) was used to convert the different energy consumptions 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 Energy Security and Net Zero and the Department for Environment Food & Rural Affairs (DEFRA) for 2023 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 from F-gas leaks due to the use of air conditioning and cooling systems are excluded from the calculation of direct emissions as they are considered negligible.
- ▶ **indirect emissions (Scope 2 – Location-based):**
  - ▶ emission factors provided by ISPRA (2022) for Italy, the Department for Energy Security

- and Net Zero and the Department for Environment Food & Rural Affairs (DEFRA) for the UK and Terna (2019) for all other countries were used for emissions from electricity purchased from the national grid and for consumption related to electric cars;
- ▶ for emissions from district heating, the emission factor provided by the Department for Energy Security and Net Zero and the Department for Environment Food & Rural Affairs (DEFRA) was used;
  - ▶ the gas taken into account for the calculation of emissions is CO<sub>2</sub>. Where were used emission factors provided by DEFRA, which also expresses N<sub>2</sub>O and CH<sub>4</sub>, the gas taken into accounts is CO<sub>2</sub> equivalent;
  - ▶ 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-2022);
    - » 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):**
- ▶ emission factors from the Department for Energy Security and Net Zero and the Department for Environment Food & Rural Affairs (DEFRA) for all countries were used to calculate the emissions of the different categories;
  - ▶ 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 (air travel, train travel, hotel stays), 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 employees belonging to vulnerable categories, the countries for which data is available are Italy, the USA, Germany, Poland and France;
- ▶ the countries taken into account for the Gender Gap analysis are Italy, Germany and the UK.



# GRI content index

<b>Statement of use</b>	Reply has reported in accordance with the GRI Standards for the period 01/01/2023-31/12/2023
<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	▶ READING GUIDE (a, b, c)			
	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	▶ READING GUIDE (a)			
	2-5 External assurance	<ul style="list-style-type: none"> <li>▶ READING GUIDE (a)</li> <li>▶ AUDITORS' REPORT (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>▶ EMPLOYEES (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	▶ THE SUPPLY CHAIN (a, b, c)			
	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	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	▶ EMPLOYEES (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) ▶ MATERIAL TOPICS (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	▶ 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	
<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	▶ WASTE MANAGEMENT (a, b)			
	306-4 Waste diverted from disposal	▶ WASTE MANAGEMENT (a, b, c, d, e)			
	306-5 Waste directed to disposal	▶ WASTE MANAGEMENT (a, b, c, d, e)			
<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	▶ EMPLOYEES (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	▶ EMPLOYEES (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) ▶ EMPLOYEES (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)				
<b>DATA PROTECTION, CYBERSECURITY AND ASSET RELIABILITY</b>						
<b>GRI 418: Customer Privacy 2016</b>	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 wellness; number of wellness events and conferences; number of students joining the Reply Ambassador programme; number of universities with students participating in the Reply Ambassador programme; number of countries where the Reply Ambassador programme is active; number of people reached by ReplyU's advertising campaigns; number of employees involved in collaboration with charities.

# AUDITO RES' REPORT

The Shareholders' Meeting held on 19 April 2019 resolved to appoint PricewaterhouseCoopers S.p.A. as independent auditors for the legal audit of the Company's financial statements and the Group's consolidated financial statements, for the limited legal audit of the Half-Yearly Financial Report, as well as for the limited legal audit of the Non-Financial Report for the nine-year period 2019 - 2027. The Mandate expires with the approval of the Financial Statements for the year ended 31 December 2027.



**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 ADOPTED WITH RESOLUTION NO.  
20267 OF JANUARY 2018**

**YEAR ENDED AT 31 DECEMBER 2023**





## ***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, paragraph 1 g), 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 2023 prepared in accordance with article 4 of the Decree and approved by the Board of Directors on 13 March 2024 (the "NFS").

Our review does not extend to the information set out in the section titled "European Taxonomy" of the Group's 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 by the GRI - *Global Reporting Initiative* (the "GRI Standards"), which they identified 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, development, performance 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 identifying and managing the risks generated and/or faced by the latter.

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### ***PricewaterhouseCoopers SpA***

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40124 Via Luigi Carlo Farini 12 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311



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 (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. In the period this engagement refers to our audit firm applied International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintained a comprehensive system of quality control including policies and procedures regarding compliance with ethical requirements, professional standards and with applicable legal and regulatory requirements.

### ***Auditor's responsibilities***

Our responsibility is to express a limited assurance conclusion, based on the procedures we have performed, regarding the compliance of the NFS with the Decree and with the GRI Standards. We conducted our engagement in accordance with International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information (“ISAE 3000 Revised”), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. That standard requires that we plan and perform procedures to obtain limited assurance about whether the NFS is free from material misstatement. Therefore, the procedures performed were less in extent than for a reasonable assurance engagement conducted in accordance with ISAE 3000 Revised, and, consequently, 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 included inquiries, mainly of personnel of the Company responsible for the preparation of the information presented in the NFS, inspection 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 in relation 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 perimeter, 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 in 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 item 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 evidences;
  - 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 met local management and we gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the indicators.

### **Conclusion**

Based on the procedures performed, nothing has come to our attention that causes us to believe that the NFS of Reply Group for the year ended 31 December 2023 is not prepared, in all significant respects, in accordance with articles 3 and 4 of the Decree and with the GRI Standards.



Our conclusion above does not extend to the information set out in the paragraph titled “European Taxonomy” of the Group’s NFS, required by article 8 of Regulation (EU) 2020/852.

Turin, 29 March 2024

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 2023 translation.*



## CONTACTS

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### CORPORATE DATA

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

Revenues: Euro 2,117,983,000

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

VAT No. 08013390011

REA of Turin 938289

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