

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE 2021

Reply S.p.A.

Report on corporate governance and ownership structure 2021

Approved by the Board of Directors on March 15, 2022

www.reply.com

pursuant to art.123 bis of Legislative Decree no. 58/1998

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Corporate governance system

Issuer profile

The Company's Corporate Governance system, i.e. the set of rules and behaviours adopted to ensure the efficient and transparent functioning of the governing bodies and control systems, is inspired by the principles and application criteria recommended by the Corporate Governance Code promoted, among others, by Borsa Italiana (hereinafter "the Code").

In January 2020, the Corporate Governance Committee approved the new Corporate Governance Code for Listed Companies applicable from the first financial year starting after 31 December 2020.

Reply qualifies as a large, concentrated ownership company under the Code.

The governance structure of Reply S.p.A. is based on the traditional organisational model and is composed of the following bodies: Shareholders' Meeting, Board of Directors (which operates through the Executive Directors and is assisted by advisory committees), Board of Statutory Auditors and Independent Auditors.

The General Shareholders' Meeting is the corporate body, which expresses the requests of the shareholders through its resolutions. Resolutions adopted in accordance with the law and the By-laws are binding on all Shareholders, including absent or dissenting Shareholders, with the exception of the latter's right of withdrawal in permitted cases. The Shareholders' Meeting is convened according to the rules set out for listed companies.

The Board of Directors has the function to define and approve the company's strategic, operating and financial plans in addition to the corporate structure it heads. The Board is invested with the broadest powers of management of the company in order to perform all the actions held to be most appropriate in the pursuit of the company purpose, with the exception of those reserved to the Shareholders' Meeting.

The Board of Statutory Auditors is responsible for the supervision of compliance with the law and By-laws and more specifically:

- ▶ management control functions by checking:
 - the respect of good management principles;
 - the adequate structure of the company;
 - the implementation of the rules of corporate governance;
 - the adequacy of information disclosed by the subsidiaries in relation to mandatory information to the market and concerning privileged information.
- ▶ role of committee for internal control and audit responsible for overseeing:
 - the financial reporting process;
 - the effectiveness of the internal control, internal audit and risk management systems;

- ▶ the audit of the annual separate and consolidated accounts;
- ▶ the independence of the independent auditors;
- ▶ informing the administrating body, the outcome of the audit;
- ▶ is responsible for the procedures in the Independent Auditor selection.

The Board of Statutory Auditors is not responsible for the legal audit which is a function performed by an independent company appointed by the Shareholders' Meeting.

The Independent Auditor is responsible for checking that the company's accounts are properly kept and that managerial operations are correctly reflected in the accounting records. The independent auditor also verifies that the separate and consolidated accounts correspond to the accounting records and to verifications performed and that they are in compliance with the applicable regulations. The Independent Auditors can also perform other services upon request of the Board of Directors, if not incompatible with the legal audit assignment.

Governance also includes the Internal Control System, the Organisational and management Model pursuant to Art. 6 of Legislative Decree No. 231/2011 and the structure of the powers and proxies, as presented herein.

The following Report - and where it is deemed necessary in the Report on Remuneration policy and compensation paid - includes the governance structure adopted in 2021 and examined by the Board of Directors on 15 March 2022 and it accounts for the recommendations of the Code that the Board of Directors has decided not to adopt, providing related motivations and/or, where pertinent, the alternative recommendations adopted.

The Corporate Governance Report, the Consolidated Non-Financial Statement (prepared in accordance with Legislative Decree 254/2016) and the By-laws can be viewed on the company's website (www.reply.com - Investors - Corporate Governance section).

Sustainability

It should be noted that the new Corporate Governance Code reserves a primary role for the issue of sustainability. In particular, the reformed Art. 1 of the Code provides that "*the Board of Directors shall guide the company by pursuing its sustainable success*", which is therefore the objective that must inspire the company's activities, which must be such as to ensure the creation of value for shareholders in the long term, also taking into adequate consideration the interests of stakeholders relevant to the company.

Sustainability and sustainable success are closely linked to ESG (Environmental, Social and Governance) factors: The Reply Group has always been committed to pursuing the highest results in protecting the safety of the working environment and the health of workers, and operates in respect of local and national communities, contributing to the promotion and awareness of sustainable development. As also recalled in the Code of Ethics, the Board of Directors is committed to managing its business activities with a particular focus on respect for the environment, contributing to the spread of the sustainability culture in respect of future generations.

Since October 2021, Reply's shares have been included in the MIB ESG index dedicated to Italian blue-chips, conceived by Euronext/Borsa Italiana to identify large Italian listed issuers that have the best ESG practices.

In order to highlight the Company's commitment to sustainable success, the Board of Directors has set up the Sustainability Committee, which has drawn up the Reply Group's "ESG Green Approach" to summarise the actions taken by the Company, as well as the targets set in the medium to long term.

Mission

Reply has a culture focussed on technological innovation and a flexible structure capable of predicting market developments and interpreting new technology drivers.

The company's activities have always been inspired by the ethical principles of legality, honesty, transparency, impartiality and respect, which form the basis of the corporate culture and are set out in the Group's Code of Ethics for shareholders, employees, collaborators, suppliers, customers and business partners. The company has always been committed to promoting and applying these values, acting as a reliable partner and establishing relationships based on trust with its customers. Please refer to the Consolidated Non-Financial Statement for further details.

OWNERSHIP STRUCTURE (pursuant to Art. 123-bis, paragraph 1, TUF) as of 15 March 2022

Capital structure

The share capital structure of Reply S.p.A. is summarised below.

The subscribed and paid-up capital, as of 15 March 2022, is €4,863,485.64, divided into 37,411,428 ordinary shares with a par value of €0.13, of which 169,628 are treasury shares with suspended voting rights pursuant to Art. 2357-ter of the Italian Civil Code and 14,872,556 are shares with double voting rights.

It is to be noted that no other form of shares exist.

At present stock option plans no longer exist as they have been entirely exercised.

OWNERSHIP STRUCTURE

	ORDINARY SHARES	NO. OF VOTING RIGHTS	LISTED ON EURONEXT STAR MILAN	RIGHTS AND OBLIGATIONS
Ordinary shares	22,538,872	22,538,872	Listed	pursuant to law
Treasury shares	169,628	169,628	Listed	treasury shares
Double voting share	14,872,556	29,745,112	Listed	two votes per share

Restrictions on the transfer of shares

The By-laws do not foresee restrictions on the transfer of shares.

Significant shareholders

According to the Shareholders' Ledger, to the notifications received in compliance to the laws and according to other available information as at 15 March 2022, the shareholders that directly or indirectly hold stakes greater than 3% of the share capital having the right to vote are the following:

SHAREHOLDER	DIRECT SHAREHOLDER	OWNERSHIP % OVER SHARE CAPITAL	OWNERSHIP % OVER VOTING CAPITAL
Mario Rizzante	Alika S.r.l.	39.754%	56.891%

Shares granting special rights

No shares have been issued that grant special rights of control.

On 13 September 2017, the Extraordinary Shareholders' Meeting also approved the introduction of the double voting rights effective from 10 October 2017. All information related to the double voting right was made available on the website at the effective date of the changes of the By-laws.

As at 15 March 2022, the shareholder Alika S.r.l. has requested to qualify for the double vote (2 votes per share) with its 39.754% share in the company equal to 14,872,556 shares. No other shareholders have requested to benefit of the double voting rights.

Employee shareholdings: mechanism exercising voting rights

In the case of employee shareholdings, a system by which the voting right can be exercised directly by someone else does not exist.

Restrictions on voting rights

The company By-laws have not established restrictions on voting rights.

Agreement with Shareholders

At present, the Company has the following lock-up agreements in compliance to Art. 122 of Legislative Decree No. 58/1998, in which shareholders have more than 3% of the share capital, agreement signed in continuity with the previous one on 21 May 2018, by which the shareholders of Iceberg S.r.l., with headquarters in Turin, Corso Francia No. 110, share capital of 46,206.00 Euros entirely called up, fiscal code and Torino company registration No. 07011510018, for a stake of 46,206.00 Euros equivalent to 100% (hundred percent) of the share capital and more specifically:

- ▶ Mr Mario Rizzante:
 - ▶ full ownership of 462 Euros, equivalent to approximately 1% of the share capital
 - ▶ right of usufruct and vote on 5,244 Euros, equivalent to approximately 11.35% of the share capital, in bare property to Mr Filippo Rizzante and Ms Tatiana Rizzante
- ▶ Mr Filippo Rizzante
 - ▶ full ownership of 11,700 Euros, equivalent to approximately 25.32% of the share capital
 - ▶ bare property on 2,622 Euros, equivalent to approximately 5.67% of the share capital, without voting rights in favour of Mr Mario Rizzante
 - ▶ bare property on 8,550 Euros, equivalent to approximately 18.50% of the share capital, without voting rights in favour of Ms Graziella Paglia
- ▶ Ms Tatiana Rizzante
 - ▶ full ownership of 11,700 Euros, equivalent to approximately 25.32% of the share capital
 - ▶ bare property on 2,622 Euros, equivalent to approximately 5.67% of the share capital, without voting rights in favour of Mr Mario Rizzante
 - ▶ bare property on 8,550 Euros, equivalent to approximately 18.50% of the share capital, without voting rights in favour of Ms Graziella Paglia.
- ▶ Ms Graziella Paglia
 - ▶ right of usufruct and vote on 17,100 Euros, equivalent to approximately 37.01% of the share capital, in bare property to Mr Filippo Rizzante and Ms Tatiana Rizzante

have signed a lock up agreement according to Art. 122 of TUF for a three-year period and renewable for equal periods as long as one of the shareholders does not communicate the cancellation with a six months' written notice, having the right to vote in the company Iceberg S.r.l., indirect holding of Reply S.p.A. through Alike S.r.l..

Change of control clause and statutory rulings in Public Tender Offers

With reference to agreements that could be cancelled in relation to a change of control in Reply S.p.A., the following is noted:

Financing contracts

Reply S.p.A., has entered into the following loan agreements with Intesa Sanpaolo:

- ▶ On 30 September 2015 Reply S.p.A. agreed a line of credit with UniCredit S.p.A. for a total amount of 25,000 thousand Euros to be used within 30 September 2018. On 17 February 2017, the reduction of the line to 1,500 thousand Euros was agreed, fully drawn, repayment in deferred semi-annual instalments starting from 31 March 2019 and expiring on 30 November 2021. As of 31 December 2021, the outstanding debt had been repaid in full.
- ▶ On 28 July 2016 Reply S.p.A. agreed a line of credit with Intesa Sanpaolo S.p.A. for a total amount of 49,000 thousand Euros to be used by 30 June 2018. Repayment was in deferred semi-annual instalments starting on 30 September 2018 and expiring on 30 September 2021. As of 31 December 2021, the outstanding debt had been repaid in full.
- ▶ On 8 May 2020, Reply S.p.A. agreed a line of credit with UniCredit S.p.A. for a total amount of 50,000 thousand Euros to be used by 27 May 2022. At 31 December 2021, this line was used for 500 thousand Euros.
- ▶ On 8 November 2021, Reply S.p.A. agreed a credit line with Intesa Sanpaolo S.p.A. for a total amount of 75,000 thousand Euros to be used by 31 March 2023. Repayment will take place in deferred semi-annual instalments commencing on 29 September 2023 and expiring on 30 September 2026. As at 31 December 2021, the line was not used.
- ▶ On 24 May 2018, Reply S.p.A. agreed a mortgage backed loan with UniCredit S.p.A. for the purchase and renovation of the De Sonnaz building for a total amount of 40,000 thousand Euros. On 15 November 2021, a deed amending the original deed was agreed with UniCredit S.p.A., to extend the use period from 36 to 66 months, without prejudice to the maximum total duration of 156 months (13 years). The loan was disbursed in relation to the progress of the work itself. As at 31 December 2021, 19,200 thousand Euros of the line was used.

These contracts, having the scope of financing the Group for acquisitions on the Italian or European market, allow the funding banks the faculty to call off the contract in case of a change of control directly or indirectly in Reply S.p.A., in accordance with Art. 2359 of the Italian Civil Code.

Business agreements and contracts

Within some business agreements and contracts undersigned by Reply S.p.A. it is mandatory to notify the change of control: The Company has also undersigned contracts in which the clause "Change of control" implies immediate cancellation of the contract.

Such agreements, which are not very significant when compared to the whole of Group activities, are subject to confidentiality clauses.

Public Offices

Reply's By-laws do not provide any regulations in relation to the passivity rule provided for by Art. 104, paragraph 1-bis of TUF nor does it foresee the application of the neutralisation rules contemplated in Art. 104-bis, paragraphs 2 and 3 of the TUF.

Proxies to increase share capital and authorisation to buy treasury shares

The General Shareholders' Meeting has given proxy to the Board of Directors to increase the share capital, pursuant to Art. 2443 of the Italian Civil Code.

The information regarding the current proxies is detailed in the table below:

RESOLVED	MAXIMUM AMOUNT				PROXY	EXERCISED
SHAREHOLDERS' MEETING	PROXY	EXPIRY DATE	EUROS	SHARES	EUROS	SHARES
26/04/2021	The Board of Directors has the proxy to increase the share capital with the exclusion of pre-emptive rights, payable in different forms and to be executed separately against payment in shares of enterprises having the same business scope or instrumental to the development of the Company's activities.	26/04/2026	390,000	3,000,000	-	-

On 26 April 2021, the Company resolved to grant the Board of Directors, pursuant to Art. 2443 of the Italian Civil Code, the powers to increase the share capital in one or more tranches for a period of five years pursuant to Art. 2441 paragraph 4, for a maximum nominal value of 390,000 Euros through the issue of 3,000,000 Reply S.p.A ordinary shares, with a par value of 0.13 Euros each, to be executed in one or more tranches and therefore separable, for a maximum five-year period.

The new shares will be issued separately against payment in shares of enterprises having the same business scope or instrumental to the development of the Company's activities. The Board of Directors pursuant to Art. 2441, paragraph 6 of the Italian Civil Code, shall determine the price of the shares with reference to the trend of the stock market for the operation in the increase of share capital, and subordinated to the best practice methods of evaluation at an international level that take into consideration the market multipliers of comparable companies and to financial economic models commonly recognised and used in the respect of the minimum share price calculated as the single value of the share of the consolidated net equity resulting in the most recently approved Financial Statements by the Board of Directors prior to the resolution of the increase in share capital.

The Shareholder's, following resolution passed on 26 April 2021, have authorised the acquisition of treasury shares in accordance with Art. 2357 of the Italian Civil Code as follows:

number of shares: considering the treasury shares already held by the Company at the said date, a maximum number of 7,478,257 ordinary shares at 0.13 Euros, corresponding to

19.9892% of the existing share capital within the maximum spending limit of 300,000,000 Euros;

duration: for a period of 18 months, that is from 26 April 2021 to 26 October 2022, in substitution of the previous authorisation resolved by the Shareholders' Meeting of 21 April 2020;

minimum purchase price: nominal value of the ordinary shares (presently 0.13 Euros);

maximum purchase price: not greater than the official trade price on the MTA Market the day prior to the purchase applying a spread of 20%, and a disbursement of maximum 300,000,000 Euros;

authorisation to sell: (i) on the market or in blocks, through a public bid; (ii) sale, transfer, or trade of shares for investment acquisitions or negotiations with strategic partners; (iii) following agreements made with individual Directors, employees and or collaborators of the Company or with directly or indirectly controlled companies, that do not meet the requirements of Stock granting pursuant to Art. 114 bis of the TUF (iv) against payment in kind pursuant to the regulations of the Stock Granting plans.

At the reporting date the company held 169,628 treasury shares, equal to 0.45341% of the share capital.

Management and coordination activities

Reply S.p.A. is not subject to management and coordination activities pursuant to Art. 2497 and subsequent of the Italian Civil Code.

The Parent company Iceberg S.r.l. does not exercise control and coordination activities over Reply S.p.A. in as much as it qualifies as a holding, lacking an autonomous organisational structure and consequently does not carry out management activities for Reply S.p.A..

All the Italian subsidiaries held, directly or indirectly, by Reply S.p.A. have accurately disclosed the control and coordination to which they are subject by Reply S.p.A. in accordance with Art. 2497 – bis of the Italian Civil Code.

It is to be noted that:

- ▶ the information requested by Art.123-bis, first paragraph letter i) of TUF is disclosed in the Report on remuneration policy and compensation paid;
- ▶ the information requested by Art.123-bis, first paragraph letter l) part one of TUF is disclosed in the Directors' report at the paragraph disclosing information on the Board of Directors;
- ▶ the information requested by Art.123-bis, first paragraph letter l) part two of TUF is disclosed in the Directors' report at the paragraph disclosing information on the Shareholders' Meeting.

Compliance (pursuant to art. 123-Bis, paragraph 2, letter A, part one, TUF)

The Report herein reflects and illustrates the corporate governance structure that the Company has adopted in compliance to the requirements of the Code, available on Borsa Italiana's website <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf> and to which the Company has adhered.

In January 2020, the Corporate Governance Committee approved the new version of the Corporate Governance Code that came into force in 2021.

In 2021, the Company started the process of adapting to the new recommendations of the Code, adopting behaviours consistent with the new version of the Code and, in particular, the Board of Directors:

- ▶ adopted its own "ESG Green Approach", which summarises the actions taken to this end by the Company, as well as the objectives set in the medium-long term, available on the Company's institutional website (www.reply.com - Sustainability section);
- ▶ set up the Sustainability Board Committee;
- ▶ adopted a Policy for the management of dialogue with shareholders in general, which is available on the Company's institutional website (www.reply.com - Investors section - Corporate Governance);
- ▶ defined the qualitative and quantitative criteria for assessing the independence of Directors pursuant to the Code;
- ▶ approved a Regulation for the functioning of the Board of Directors;
- ▶ appointed the Secretary of the Board of Directors;
- ▶ approved the "Succession Plans for the Chief Executive Officers, the CFO and the Executive Directors and top management".

The application of the Principles and Recommendations of the Code is illustrated in the following specific paragraphs.

Reply S.p.A. and its key strategic subsidiaries, to the Board of Directors knowledge, are not subject to foreign laws that have an influence on the corporate governance structure of the Issuer.

Board of Directors

Role of the Board of Directors

The Board of Directors is the statutory managing body vested with the broadest powers for the ordinary and extraordinary management of the Company.

The Board of Directors primarily carries out a management and control function with relation to the general activities of the company and the subsidiary companies. It guides the Company towards sustainable success and the creation of value in the medium to long term for the benefit of shareholders.

The Board of Directors of the Company:

- ▶ examines and approves the guidelines for the Company's M&A activities;
- ▶ is regularly updated on the implementation of the guidelines, assesses the overall management performance and compares the results achieved with those planned;
- ▶ is periodically updated on the nature and level of risk compatible with the Company's strategic objectives, taking into account in its assessment factors that may be relevant for the sustainable success of the Company;
- ▶ defines the Company's corporate governance system and the structure of the group it heads, and assesses the adequacy of the organisational, administrative and accounting structure of the Company and its strategically important subsidiaries, with particular reference to the internal control and risk management system;
- ▶ resolves on operations of the Company and its subsidiaries that have significant strategic, economic, capital or financial importance for the Company;
- ▶ in order to ensure the proper management of confidential information, adopts, on the proposal of the Chairman in agreement with the Chief Executive Officer, a procedure for the external disclosure of documents and information concerning the Company, with particular reference to inside information.

The Board of Directors, upon the approval of the annual and half-year financial report and considering the duties carried out by the Control and Risk Committee (which in turn is based on controls carried out by the Internal Audit), examine and evaluate periodically the adequacy of the organisational, administrative, and accounting structure and the general performance of the system of the internal control and risk management. The assessment for 2021 was made at the board meeting of 15 March 2021 and for 2022 at the board meeting of 15 March 2022; in both, the Board assessed that the Group's internal control and risk management system is overall operational, effective and adequate to the nature of the company and the risk profile assumed.

For further details, please refer to the section "Internal control and risk management system".

In order to ensure a more streamlined and efficient management of the Company, part of its management responsibilities were attributed to the two CEOs.

The Executive Directors report to the Board of Statutory Auditors on a quarterly basis with regards to the activities carried out during the year, the significant operations carried out by the company or its subsidiaries and with regards to operations that could be of potential conflict of interest and provide adequate information on atypical, unusual or with related party transactions, that are not subject to the Board of Directors approval.

The Board of Directors has not deemed it necessary to draw up proposals aimed at defining a different corporate governance system as it believes that the traditional organisational model adopted by Reply SpA is adequate and already functional to the Company's needs and that the Board of Directors operates efficiently.

At its meeting of 15 November 2021, the Board formalised the Policy for the management of dialogue with shareholders in general already adopted by the Company, with the aim of ensuring that dialogue with investors, and more specifically with shareholders, complies with market abuse regulations and is based on principles of fairness and transparency; the document is available on the Company's institutional website. At the end of the year, the Board approved a dividend policy that met both the Group's need to strengthen its capital base and its expectations of a return on invested capital. This policy provides for the distribution of an annual dividend of between 20% and 30% of the Group's net profit.

Nomination and substitution of Directors

The nomination and substitution of Directors is governed by Art. 16 (Nomination of Directors) of the By-laws, and is available on the Company's website (www.reply.com under – Investors – Corporate Governance).

Art. 16 of the Company By-laws provides, inter alia, that:

- ▶ the list of candidates running for Director, shall be deposited at the company's registered office or sent by certified email (pec) twenty-five days prior to the date of the first call for the Annual General Shareholders' Meeting; at least twenty-one days prior to the Shareholders' Meeting, the list together with the information and declarations required, shall be made available to the public;
- ▶ only those shareholders that alone or together with others represent 2.5% of the ordinary voting shares have the right to present the lists or the minimum minority voting share required in accordance with binding laws or regulations, in Reply S.p.A.'s case this is equal to 1% for 2022;
- ▶ the lists that do not reach the percentage of votes equivalent to at least half of those required for the presentation of the same, cannot be considered when apportioning the Directors to be elected;
- ▶ the list presenting candidates equivalent or superior to three shall be composed by candidates from both genders, so as the number of candidates, in accordance to the regulations of the Report, belong also to the less represented genders (rounded up if in

excess, with the exception of the corporate bodies consisting of three components for which the it will be rounded down to the lower unit);

- ▶ the voting mechanism appoints the Directors from the list having obtained the majority votes by the shareholders and following the order on the list, five sevenths of the Directors will be selected from the eligible candidates, while the remaining Directors will be selected from the other lists, guaranteeing in any case, that at least one candidate has been voted by the minority list that has received the most number of votes and that is not connected in any way, not even indirectly, to the shareholders that presented or voted the list that reached the greatest number of votes;
- ▶ in the case where the minimum number of Independent Directors have not been nominated according to the procedure mentioned above, the last candidate elected from each list which has been nominated by at least one Director and who has received the most votes will be substituted by the candidate immediately following until the minimum number of Independent Directors have been elected.
- ▶ as to represent a balance in the genders, the last candidate elected from the section of the list that obtained the most votes belonging to the most represented gender shall lapse and shall be replaced by the first candidate not elected from the same list and the same section belonging to the least represented gender. If this procedure does not ensure a balance between genders, the replacement shall take place by resolution adopted by the Shareholders' Meeting by relative majority, subject to the submission of candidates belonging to the less represented gender. For the appointment of Directors for any reason not appointed in accordance with the above procedure, the shareholders' meeting shall decide by the legal majority.
- ▶ the By-laws provide that Independent Directors not only must meet the requirements established for Auditors in accordance with Art. 148, paragraph 3, of Legislative Decree 24 February 1998 No. 58, but must also meet requirements established by the Corporate governance code adopted by the Company.

It should be noted that the Company is admitted to the Star segment of the Euronext Milan Market and pursuant to the relevant instructions to the Market Regulations in force, the number of Independent Directors pursuant to the Code is considered adequate when there are at least two Independent Directors for Boards composed of up to 8 (eight) members, or at least 3 (three) in the case of Boards composed of 9 to 14 members.

Members

The Company's Board of Directors is made up of a variable number of members from a minimum of three to a maximum of 11. The number of members is resolved by the Annual General Shareholders' Meeting.

As required by the Corporate Governance Code, the Board of Directors is made up of Executive and Non-Executive Directors, the number, competence, authority and time availability of Non-Executive Directors shall be such as to ensure that their judgement may have a significant impact on the taking of board's decisions and to guarantee effective monitoring of management.

At present the Board of Directors is made up of nine (9) Directors of which six (6) Executive:

- ▶ Mr Mario Rizzante Chairman and Chief Executive Officer
- ▶ Ms Tatiana Rizzante Chief Executive Officer
- ▶ Mr Daniele Angelucci Chief Financial Officer
- ▶ Mr Filippo Rizzante Executive Director
- ▶ Mr Marco Cusinato Executive Director
- ▶ Ms Elena Maria Previtera Executive Director

and three (3) Non-Executive and Independent Directors:

- ▶ Ms Patrizia Polliotto Lead Independent Director
- ▶ Ms Secondina Giulia Ravera Independent Director
- ▶ Mr Francesco Umile Chiappetta Independent Director

The Directors operate and take decisions in an informed and unconditioned matter, pursuing the primary objective of creating value for the shareholders.

The members above were nominated through the Annual Shareholders' resolution on 26 April 2021 based on the list presented.

In particular, the following lists were submitted:

- ▶ Alike List with the following candidates: Mario Rizzante (Chairman) Tatiana Rizzante, Filippo Rizzante, Daniele Angelucci, Marco Cusinato, Elena Maria Previtera, Patrizia Polliotto (independent), Franco Gianolio (independent) and Nadia Giacomina Germanà Tascona (independent).
- ▶ Investors List with the following candidates: Ms Secondina Giulia Ravera (Independent) and Mr Francesco Umile Chiappetta (Independent).

The following were drawn from the Alike S.r.l. list, which holds 39.754% of the share capital and obtained the highest number of votes (76.709%) Mario Rizzante (Chairman) Tatiana Rizzante, Filippo Rizzante, Marco Cusinato, Daniele Angelucci, Elena Maria Previtera and Patrizia Polliotto (Independent Director).

The following were drawn from the Investors' list with a total shareholding of 3.503%, which received 23.143% of the votes: Ms Secondina Giulia Ravera and Mr Francesco Umile Chiappetta.

Office for the above members will terminate with the approval of the 2023 financial statements.

Following is a brief description of personal and professional qualities of the members of the Board of Directors of the Company.

Mario Rizzante (Chairman, CEO and founder of Reply S.p.A.)

Mr Rizzante graduated in Information Sciences at the University of Turin. He has built his entire professional career on an immense passion for new technology and innovation. He began working in IT in the 1970s at Fiat, where he was involved in the development of factory automation solutions. In 1981, he left the Italian automotive group to set up his first entrepreneurial endeavour, Mesarteam, a system integration company which, in just a few years, became a leader in Italy. In 1990 Mesarteam was sold to Sligos, a company belonging to the Group Crédit Lyonnais and Mr Rizzante contributed as Chairman and strengthened relations with important international clients. In 1994, Mr Rizzante joined Digital (now HP), as Southern Europe Territory Manager for System Integration and Consulting. In 1996 he founded Reply, a network organisation based on the emerging internet technologies and a new business model that fosters innovation and knowledge sharing. Reply quickly established itself on the market for the qualitative excellence of its solutions, becoming one of the best known companies in the Information and Communication Technology sector in Italy. In December 2000, only four years after its foundation, Reply was listed on the Milan Stock Exchange. Under his leadership, Reply embarked on a path of internationalisation, which saw it grow and expand in Europe, America and Brazil, becoming a benchmark for companies with technological innovation as one of their main competitive levers, including: artificial intelligence, the Cloud, Data, the Internet of Things and Industry 4.0.

Tatiana Rizzante (CEO of Reply S.p.A.)

Tatiana Rizzante has a degree in computer engineering from the Turin Polytechnic and she is part of the founding group of Reply. From the outset, she has been involved in building and developing expertise in highly innovative sectors, such as value-added services for telecommunications operators, new media and new digital channels. Over the years, she has held positions of increasing seniority within the Group, assuming direct responsibility for various business lines. In 2006, after various experiences in the Innovation Management sector, she became the Chief Executive Officer, with direct responsibility for defining the Group's overall offer and Reply's development in Europe, USA, Brazil and China. Prior to joining Reply, she worked for CSELT (now Tlab) where she trialled and researched Internet technologies and services for public.

Since February 2020, she has been Independent Director of the Board at GEDI Gruppo Editoriale S.p.A..

Daniele Angelucci (CFO of Reply S.p.A.)

Mr Daniele Angelucci graduated in Information Sciences from the University of Turin. He worked from 1976 to 1986 at the Centre of Study & Laboratories of Telecommunications (CSELT, now Telecom Italy Lab) as a researcher. From 1986 to 1995 he worked in Mesarteam S.p.A. in various roles including Technical Director of the Rome office, Head of Technical Software and then Technical Director of Turin. He joined Reply as a Senior Partner in 1996. In 1996 he became President and founding member of Cluster Reply, a group company focused on e-business solutions using Microsoft technology. From 2000 to 2002 he was Director of operations in the Turin area. In 2003 he became CEO of Santer S.p.A., a company specialised in the health market and local government. From 2006 to 2010 he was Chief Financial Officer of Reply Deutschland AG. Since 2011, he has been Chief Financial Officer of Reply S.p.A.

Marco Cusinato (Executive Director of Reply S.p.A.)

Mr Marco Cusinato graduated in Computer Engineering at the Polytechnic of Turin in 1994, in his early years he worked in the fields of research at the Polytechnic University of Turin in the Department of Control and Computer Engineering. In 1996 he joined the Reply Group as Project Manager in Cluster Reply S.r.l., and in 1997 he became responsible for the software development of the company Sytel Reply S.r.l..

In 2000, he became Chief Executive Officer of Cluster Reply.

Over the years, he has held positions of increasing seniority within the Group, assuming direct responsibility for various lines of business, dealing with the development of the IoT offer with the creation of Concept Reply, established following the divestment of Motorola's Italian Research Centre, cloud computing issues and in recent years the US market.

Elena Maria Previtera (Executive Director of Reply S.p.A.)

Ms Elena Maria Previtera graduated in Information Sciences from the University of Turin. In the early 90's, she joined Mesarteam, a start-up active in the field of System Integration, with the task of developing supply chain management projects in Unix and on emerging technologies such as Java. In 1996, she began working on innovative technologies with the task of setting up a team to develop the Java and Web worlds, and realised the first Sun-certified Java project, which was named the best Java project of the year. Subsequently, she worked on Business Process Management in the banking sector, in particular creating a framework, later adopted in various companies, for the automation of business processes based on the principles of Service Oriented Architecture. At the end of 2000, she joined Reply with the task of developing the activities of the start-up Blue Reply, the company of the Group specialising in IBM WebSphere platform, and more generally to promote the SOA (Software Oriented Architecture) offer. In January 2007, she became Executive Partner, with the responsibility of the development, coordination and support of all the technology companies of the Group. Since 2009, she has been responsible for developing the offer of the Group companies operating in the Telco, Media and Utility sectors at a European level, and the development of the supply lines related to the CRM and Customer Experience

fields. In the following years, she furthered her skills in Retail market processes following the topics of Customer Experience from Design to the implementation of CRM, Commerce and Procurement world. She has been a member of Reply's Board of Directors since 2018 and will take on the role of Senior Partner in 2020.

Filippo Rizzante (Executive Director of Reply S.p.A.)

A computer engineering graduate from the Polytechnic University of Turin, he began his career with Reply in 1999. In the early years, he worked within the Group mainly in consultancy and projects for the web division, focusing in particular on the development of B2B and B2C portals. In 2006, he became Executive Partner of the Reply Group, with responsibility for the Group's companies dealing with Oracle technologies, Security, Information Lifecycle Management, Web 2.0 and Open Source. Over the years his responsibilities within the Group have grown and he assumed direct responsibility for various business lines, including Architecture and Technologies, Digital and Mobile Media. Since 2012, in the capacity of Reply CTO, he has led the development of new offer elements associated with technological innovation and assumed Group responsibility for all partnerships.

Patrizia Polliotto (Independent Director and Lead Independent Director of Reply S.p.A.)

Ms Patrizia Polliotto is a Supreme Court lawyer, owner of the law firm of the same name with offices in Turin, Milan and Rome, specialising in business, corporate and contract law, dealing with civil and administrative matters, with particular reference to banking, corporate and insurance law. In her firm there are 12 lawyers specialised in the various areas of civil and administrative law.

She holds the position of liquidator of a company appointed by MISE, Chairman of the Board of Directors, Chairman of the Claims Transactions Committee and Member of the Operating Committee of Istituto Ortopedico Galeazzi S.p.A., Independent Director and Chairman of the Risk Control Committee of the listed company NBAurora S.A. SICAF-RAIF, Independent Director and Member of the Supervisory Body, Internal Control Committee, Lead Independent Director and Chairman of the Remuneration Committee of the listed company Vincenzo Zucchi S.p.A, Member of the Supervisory Board and Chairman of the Supervisory Board of Juventus S.p.A., Member of the Supervisory Board of Fondazione Compagnia di Sanpaolo and Ufficio Pio and Chairman of the Supervisory Board of IIGM, Member of the Technical Advisory Board of Cineca Consorzio Interuniversitario, Expert Member of the Supervisory Committee of Ial Cisl Piemonte and Ial Service in extraordinary administration and Regional Chairman of Unc - Unione Nazionale Consumatori.

Secondina Giulia Ravera (Independent Director of Reply S.p.A.)

Born in Cuneo on 12 May 1966, she graduated in Electronic Engineering from Polytechnic University of Turin and obtained a Master's in Business Administration (MBA) at INSEAD in Fontainebleau.

She developed her professional career in McKinsey & Co for 10 years working in Italy, UK, France, Germany and USA., collaborating with Top Management in organisational and strategic initiatives in different businesses, including Transport, Utilities, Technology and Manufacturing. Between 2000 and 2001 she was Chief Executive Officer of Gandalf Airlines. From 2001, she led the creation of 3Italia where she covered the role of Chief Operating Officer until 2016 and CEO of Industrial Electronics (subsidiary of H3G Spa). In 2015, she led and completed the merger of 3Italia and Wind Telecommunications in the role of Merger Integration Officer. She was Advisor and President of ASSTEL (Italian Telecommunications Association) for 2 mandates and advisor to the Digital Confindustria. She has received several awards including the ALDAI "Merit and Talent" as Business Woman of the year, "The Magnificent 100 of Capital", the Prize R.O.S.A. (Results Obtained Without Aid) Canova and the Women's Rotary Award. In 2018, she accompanied in the path of entrepreneurial growth, as coach, the start-up "WashOut", assessed as the best start up among the twelve in competition of the first edition of B Heroes (out of 500 participants). She is associated with the Foundation Marisa Bellisario and InTheBoardRoom (Project of Value D). In addition to the role in Reply as Independent Director, she currently holds the following positions:

- Independent Director of A2A representing Assogestioni, Lead Independent Director, Chairman of the Remuneration and Appointments Committee.
- Independent Director of Inwit representing Assogestioni, Lead Independent Director, Chairman of the Related Parties Committee and Member of the Control and Risk Committee.
- Non-Executive chairman of Destination Italia, an innovative SME in the tourism sector.
- Chairman of the Steering Committee of the Pio Albergo Trivulzio, a non-profit public body.

Francesco Umile Chiappetta (Independent Director of Reply S.p.A.)

Graduated in Law from the University of Rome La Sapienza, with the highest honours and praise. He continued his career in academia, as a lecturer and a contract professor of corporate law and corporate governance. Since 1994, he has taught in several major Italian universities, including Bocconi, LUISS and Cattolica.

He is the author of numerous legal essays and has participated in the drafting of the comments of TUB, TUF and Company Law Reform of 2003.

His professional career began in 1983, working for Consob, where he was appointed Head of the Law Office. He was later part of the Finance Subcommittee of the Euro Committee set up by the Treasury Minister. He participated in the drafting of the Self-Regulatory Code of Borsa Italiana and was advisor to the EU Commission on company law and Corporate Governance (2005 – 2010). From 1994 to 2001, he was Deputy Director of Assonime, while from 2001 to 2008, he was General Counsel of Telecom Italia and from 2009 to 2017, he held the roles of General Counsel and Senior Advisor for Pirelli & C. S.p.A..

He is currently Vice Chairman of the Board of Directors of Armònia SGR S. P. A, and Independent Director of Autogrill S.p.A..

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AT THE END OF THE FINANCIAL YEAR

Board of Directors													
Office	Members	Date of Birth	Date of first appointment ^(*)	In office since	In office until	List (presenters) ^(**)	List (M/m) ^(***)	Exec.	Non-exec.	Code Indep.	TUF Indep.	No. of other offices meetings ^(****)	Attendance at meetings ^(*****)
Chairman and CEO	Mario RIZZANTE	1948	10/07/2000	26/04/2021	31/12/2023	Shareholders	M	X	-	-	-	-	100%
CEO	Tatiana RIZZANTE	1970	10/06/2003	26/04/2021	31/12/2023	Shareholders	M	X	-	-	-	1	100%
Director	Filippo RIZZANTE	1972	27/04/2012	26/04/2021	31/12/2023	Shareholders	M	X	-	-	-	-	100%
CFO (*)	Daniele ANGELUCCI	1956	27/04/2012	26/04/2021	31/12/2023	Shareholders	M	X	-	-	-	-	100%
Director	Marco CUSINATO	1970	26/04/2021	26/04/2021	31/12/2023	Shareholders	M	X	-	-	-	-	100%
Director	Elena Maria PREVITERA	1970	23/04/2018	26/04/2021	31/12/2023	Shareholders	M	X	-	-	-	-	100%
Director (*)	Patrizia POLLIOOTTO	1962	26/04/2021	26/04/2021	31/12/2023	Shareholders	M	-	X	X	X	3	100%
Director	Secondina Giulia RAVERA	1966	23/04/2018	26/04/2021	31/12/2023	Shareholders	m	-	X	X	X	4	100%
Director	Francesco Umile CHIAPPETTA	1960	23/04/2018	26/04/2021	31/12/2023	Shareholders	m	-	X	X	X	2	100%
-----DIRECTORS LEAVING DURING THE FINANCIAL YEAR-----													
Director	Claudio BOMBONATO	1946	13/12/2007	23/04/2018	31/12/2020	Shareholders	M	X	-	-	-	-	100%
Director (*)	Fausto FORTI	1948	19/04/2004	23/04/2018	31/12/2020	Shareholders	M	X	X	X	X	-	100%

Indicate the number of meetings held during the financial year: 6

Indicate the quorum required for the submission of lists by minorities for the election of one or more members (pursuant to Art. 147-ter TUF): 1%

NOTES

The following symbols must be entered in the "Load" column:

• This symbol indicates a Director in charge of the internal control and risk management system.

◦ This symbol indicates a Lead Independent Director (LID).

(*) The date of first appointment of each Director means the date on which the Director was appointed for the first time (ever) to the Board of Directors of the issuer.

(**) This column indicates whether the list from which each Director was drawn was submitted by shareholders (indicating "Shareholders") or by the Board of Directors (indicating "Board of Directors").

(***) This column indicates whether the list from which each Director has been drawn is "majority" (indicating "M") or "minority" (indicating "m").

(****) This column shows the number of directorships or auditor appointments held by the person concerned in other listed or large companies. Appointments are noted in full in the Corporate Governance Report.

(*****) This column shows the attendance of Directors at board meetings (indicate the number of meetings attended compared to the total number of meetings held; present 6/8; 8/8 etc.).

Diversity policies

With regard to diversity policies in the composition of the Board of Directors, the Board did not deem it necessary to formalise the diversity policy already applied within the corporate organisation, as the internal national regulations contain adequate rules on gender balance, recently amended, which have already been complied with during the recent renewal of the administrative body.

The Company applies the criteria of diversity, including gender diversity, for the composition of the Board of Directors, in compliance with the priority objective of ensuring the adequate competence and professionalism of its members.

The composition of the Board of Directors is also adequately diversified in terms of age, educational background and professional experience of the Directors in office.

The Company's Board of Directors consists of two women and three men between the ages of 55 and 75 and two women and two men between the ages of 45 and 55. A woman holds the position of CEO.

For full information on the diversity criteria defined by the Company, also with a view to promoting equal treatment and opportunities between genders within the entire corporate organisation, please refer to the Non-Financial Statement.

Maximum number of offices held in other companies

The Board of Directors, beyond the limit of five offices in companies under Italian law with shares listed on regulated Italian markets (with the exclusion of companies controlled by the Company or controlling the latter) indicated in Art. 16 of the By-laws, has not expressed its orientation on the maximum number of offices compatible with an effective performance of the office of Director in the Company: it has been held that such an assessment is to be made, in the first instance, by the shareholders when designating the Directors and by the individual Director when accepting office and, subsequently, on an annual basis.

The Board of Directors verified, at the same date of approval of this Report, the positions of Director and Auditor held by the Directors in other listed companies, in financial, banking, insurance or other large companies.

The following arose:

- ▶ Ms Tatiana Rizzante is Independent Director of the Board at Gedi Società Editoriale S.p.A.;
- ▶ Mr Francesco Umile Chiappetta is Vice Chairman of Armònia SGR S.p.A. and Independent Director of Autogrill S.p.A., a company with shares admitted to trading on the MTA market;
- ▶ Ms Secondina Giulia Ravera is: Independent Director of A2A S.p.A., Inwit S.p.A., both companies with shares admitted to trading on the MTA market, and Otb S.p.A., Executive Chairman of Destination Italia S.p.A., an innovative start-up in the tourism sector, and Chairman of the Steering Committee of Pio Albergo Trivulzio, a non-profit public organisation;

- ▶ Ms Patrizia Polliotto holds the position of: Chairman of the Board of Directors, Chairman of the Claims Transactions Committee and Member of the Operating Committee of Istituto Ortopedico Galeazzi S.p.A., Independent Director of the listed company NBAurora S.A. SICAF-RAIF, Independent Director and Lead Independent Director of the listed company Vincenzo Zucchi S.p.A., Member of the Supervisory Board and Chairman of the Supervisory Board of Juventus S.p.A., Member of the Supervisory Board of Fondazione Compagnia di Sanpaolo and Ufficio Pio and Chairman of the Supervisory Board of IIGM, Member of the Technical Advisory Board of Cineca Consorzio Interuniversitario, Expert Member of the Supervisory Committee of Ial Cisl Piemonte and Ial Service in extraordinary administration and Regional Chairman of Unc - Unione Nazionale Consumatori.

Functioning of the board of directors

At its meeting on 3 August 2021, the Board of Directors adopted a regulation defining the functioning regulations for the body itself; In particular, these regulations state:

- ▶ how minutes of meetings are to be taken - the Secretary draws up the minutes of meetings. The draft minutes are submitted to the Chairman and all Board members for their comments and are approved at the next Board meeting;
- ▶ the procedures for the management of the information to the Directors - the documentation supporting the Board meetings is brought to the attention of each Director and statutory member of the Board of Statutory Auditors in advance and in any event within the third calendar day prior to the day set for the meeting, or within the different terms required by cases of urgency and/or any other particular case, in which the documentation will be made available as soon as possible and in any case before the start of the Board meeting.

The Board does not deem it necessary, at the moment, to formalise the rules and operating procedures of the internal committees set up within it, also with regard to their composition. It should be noted, however, that meetings are formally convened by the Chairman, with the assistance of the Company's Corporate Affairs department, and minutes of the meetings are taken and transcribed in the relevant book kept by the Company's Corporate Affairs department on the instructions of the Committee Chairman.

The Board of Directors meets on a regular basis, at least every three months, as established by the Company By-laws, or when deemed necessary.

The Chairman, under the company's By-laws, has the power to convene the Board of Directors' meetings.

The Chairman of the Board of Directors ensured that each meeting was carried out appropriately, ensuring that each item on the minutes was treated accordingly, and that adequate time was spent to establish an advantageous comparison among the members of the Board.

During 2021 the Board of Directors met six (6) times and the average duration was approximately two (2) hours. The Board of Directors is scheduled to meet at least five (5) times in 2022. One meeting was held prior to the date of this Report.

In accordance with regulatory obligations and in order to facilitate the participation of a greater number of Managers and Auditors, a calendar of the annual meetings scheduled is drafted.

The participating members of the Board are also allowed to intervene through audio-visual connection.

Considering the pandemic situation due to Covid-19, with the start of the health emergency, the board meetings were held through the use of videoconferencing platforms.

The Board of Directors' meetings are attended, if necessary, by Company Managers or consultants in order to provide the appropriate insights into specific topics on the agenda. Moreover, the main business departments are represented directly by members of the Board of Directors who hold such functions in the Organisation of the Company.

In compliance with the provisions of the Code, the Board evaluates the functioning of the Board itself and its Committees, as well as their size and composition, also taking into account factors such as the professional characteristics, experience, including managerial experience and gender of its members, as well as their seniority in office, at least every three years, in view of the renewal of the Board. During the meeting of 15 March 2021, the Board of Directors considered the current structure of the Board and committees to meet the requisites of the current Code, with particular reference to their size, composition and operation.

The Chairman coordinates the activities and conducts the Board of Directors Meetings and takes the necessary actions so as to inform the members well in advance on significant points and useful items in order to participate in a profitable manner with the exception of urgent and confidential matters.

Furthermore, the Chairman, through the competent corporate departments, ensured that the Directors took part in initiatives aimed at increasing their knowledge of the Company's situation and trends, as well as, where necessary, on the main legislative and regulatory changes affecting the Company and its corporate bodies.

Role of the chairman of the Board of Directors

The Chairman of the Board of Directors has a liaison role between the Executive Directors and the Non-Executive Directors and ensures the effective functioning of the Board's work. In particular, the Chairman, with the help of the Secretary, ensures:

- (a) that pre-meeting briefings and additional information provided at meetings are adequate to enable Directors to act in an informed manner in the performance of their duties;
- (b) that the work of the board committees with investigative, proposing and advisory functions is coordinated with the work of the Board of Directors;
- (c) in agreement with the Chief Executive Officer, that the executives of the Company and those of the Group companies it heads, responsible for the corporate departments competent according to the subject matter, attend Board meetings, also at the request of individual Directors, in order to provide the appropriate in-depth analyses of the items on the agenda;
- (d) that all members of the management and control bodies may participate, after their appointment and during their term of office, in initiatives aimed at providing them with an adequate knowledge of the business sectors in which the company operates, of the company trends and their evolution also with a view to the sustainable success of the company itself as well as of the principles of proper risk management and of the reference regulatory and self-regulatory framework;
- (e) the adequacy and transparency of the board's self-evaluation process, with the support of the appointments committee.

The Chairman furthermore, by means of the operational members of the company, makes sure that the Directors participate in initiatives aimed at increasing knowledge of the company reality and its evolution and that they are informed about the major new legislation and regulations that concern the Company and its governing bodies. The Chairman, in continuity with the previous year and in accordance with the Board of Directors' Regulations, has endeavoured to bring to the attention of the members of the Board of Directors and the Board of Statutory Auditors the documentation relating to the items on the agenda in advance of the date of the Board meeting. In particular, in order to ensure that the members of the Board are provided with all the information and documents necessary for the adoption of resolutions, the Chairman of the Board of Directors has instructed the Corporate Affairs department to send a summary of the issues on the agenda, as well as the relevant material available.

The Chairman takes part in the works, except for the exclusions provided for by law or by the Code, of the Board Committees set up within the Board with investigative, proposing and advisory functions and, as far as necessary in view of their composition, together with the CFO, acts as a liaison between them and the Board of Directors.

When deemed useful or appropriate with regard to the matters to be discussed, the Chairman invited Company Managers or consultants to the meetings of the Board of Directors in order to provide the appropriate insights on specific topics on the agenda. In particular, the Administrative Director took part in the meetings, also in his capacity as the Director responsible for drawing up the Financial Statements.

In accordance with the Group's practice, adopted over time in relation to induction programmes, initiatives are planned to provide Directors, members of the Board of Statutory Auditors and top management with adequate knowledge of the business sector in which the company operates, company trends and their evolution, as well as the self-regulatory regulatory framework of reference. In particular, during the year the Chairman organised an *ad hoc* introductory and training session for the members of the corporate bodies on the activities, different areas of competence and operations of the Reply Group and with the participation of representatives of the Group responsible for these matters.

Board secretary

The Board, on the proposal of the Chairman, may appoint a Secretary, who may or may not be a Company employee, with proven and consolidated experience in corporate law and corporate governance. In particular, unless otherwise decided by the Board, the Secretary shall meet the following requirements:

- a. holds a university degree in economic-legal subjects;
- b. having acted, for at least 3 years, as Secretary of the Board of Directors in listed issuers or large companies, or having at least 3 years of experience in law firms specialised in corporate law and corporate governance issues, or having held for the same period senior positions in the legal departments of listed issuers or large companies.

The Secretary supports the activities of the Chairman, in particular in the preparation of Board and Shareholders' meetings, in the drafting of related resolutions, in ensuring the adequacy, completeness and clarity of information flows to the Board, in communication with the Directors. In addition, the Secretary assists the Executive Directors in their dealings with the Board and provides assistance and advice to the Board on any matter relevant to the proper functioning of the corporate governance system. The Secretary coordinates the secretariat of the Committees - where they exist - in order to rationalise and streamline the flow of information between the Committees themselves and the Board, as well as to manage their agendas effectively and coherently.

Requirements and powers of the Secretary have been defined in the regulations adopted by the Board of Directors.

During the year, the Company appointed a Secretary to the Board of Directors who supported the Chairman of the Board of Directors in his work by providing assistance

and advice to the Board on aspects relevant to the proper functioning of the Company's corporate governance system. In particular, the Secretary ensures that minutes of meetings are taken and that activities are coordinated with the Board of Directors.

Executive Directors

The Board of Directors currently in office has two CEOs (one of whom is also the Chairman of the Board of Directors) and four Executive Directors, and has granted extensive operational powers to the Chairman (who is also the CEO) in light of the resolutions passed on 27 April 2021.

In light of the system of delegated powers and the current structure of the Company, and in consideration of the particular competence and authority of his role in the management of the Company, as well as the Group of companies of which Reply S.p.A. is the parent company, the Chairman of the Board of Directors has been assigned the position of Chief Executive Officer; as the *'main individual responsible for the management of the company'*. Executive Director Tatiana Rizzante was also appointed CEO of the Company.

The Chairman of the Board of Directors and CEO, Mr Mario Rizzante, and the CEO, Ms Tatiana Rizzante, have been granted powers of ordinary and extraordinary administration of the Company, with the sole exception of those powers that cannot be delegated pursuant to law and the By-laws: (i) of potentially "price sensitive" operations, determined on the basis of the primary and secondary legislation in force from time to time and (ii) any further operations reserved to the exclusive jurisdiction of the Board of Directors, as set out by the Regulation with related parties.

The Chairman, is responsible for the management of the Company and is also major shareholder, as illustrated here within. There are no interlocking directorate conditions foreseen in the Italian Civil Code.

The main operational powers granted to Executive Director and CFO Mr Daniele Angelucci are summarised below:

- ▶ negotiate and undersign contracts for goods and services, and execute any subsequent act useful for the proper outcome of the contracts for a value not greater than 10,000,000 Euros for each operation from an asset side with parties belonging to the Group and 1,000,000 Euros for operations from a liability side with parties not belonging to the Group;
- ▶ sign rent and lease contracts for a maximum value of 1,000,000 Euros for no longer than a nine-year period and establishing the relative terms and conditions, and arrange the necessary services such as: telephone lines, telex, water, energy, gas, garbage collection by signing the related contracts with the public administration or private institutions. To accept, negotiate and impose in any of the said contracts, deals, conditions, clauses, prices, fees, commissions, executing the related payments and obtaining receipt of

- payment; resolve, cancel or draw back from any of the said contracts;
- ▶ grant guarantees, sureties in the limit of 5,000,000 Euros;
 - ▶ to sign insurance policies covering risks pertaining to its premises, as well as the products owned by or dealt in by the company, as well as automotive insurance policies and other insurance contracts all subject to a maximum limit of 500,000 Euros;
 - ▶ request, accept and use bank credit in the short, medium and long term to a maximum of 10,000,000 Euros;
 - ▶ sign factoring contracts, negotiating conditions, carry out any operation connected including the sale of receivables, the provision of guarantees, warrants for collection, discount operations and advance payments with commitment of shares all in the limit of 10,000,000 Euros;
 - ▶ to represent the Company before any judicial authority, before any administration authority of the Italian Republic and foreign countries, even with reference to litigations even of fiscal nature of whatever degree, with reference to appeals, cassation, protests, undersign conservative and executive acts, and retract from them as necessary, intervene in bankruptcy procedures, take part in creditor meetings, insinuate receivables from the principal company, declare the truth, discuss, accept, sign and refuse agreements, grant to the bankrupt the benefits foreseen by law, allow penalties to payments, assist in inventories, appoint lawyers, carry out transactions, appoint arbiters and sign compromises;
 - ▶ to employ, appoint and dismiss employees with annual gross salaries (including any supplemental compensation) of up to 300,000 Euros; to grant salary supplements to employees as a result of which the beneficiaries do not exceed a gross annual salary (including any supplemental compensation) of 300,000 Euros;
 - ▶ within the maximum spending limit of 500,000 Euros, retract from contracts with middle and senior managers, compromise the related controversies, representing the Company before the labour unions;
 - ▶ participate in any public or private biddings – even in temporary groups of similar enterprises or even through the constitution of mixed enterprises with the scope of acquiring public investments with an auction value not greater than 10,000,000 Euros; and can:
 - draw up, undersign and present all the documentation and any necessary deed for the Company to participate in the bid;
 - confer or receive the related mandate in the event of a temporary group enterprise participation;
 - negotiate and undersign contracts following the awarding of the bid;
 - subcontract to third parties within the law, the contracts awarded as well as signing subcontracts with companies, who have been awarded contracts;
 - represent the Company in relation to all such matters, issuing the relevant powers of attorney.

The main proxies empowered to the Executive Director, Mr Filippo Rizzante:

- ▶ negotiate and undersign contracts for goods and services, and execute any subsequent act useful for the proper outcome of the contracts for a value not greater than 10,000,000 Euros for each operation from an asset side and for operations from a liability side with Reply Group subjects and a value not greater than 500,000 Euros for each operation and from a liability side with parties outside the Reply Group;
- ▶ participate in any public or private biddings – even in temporary groups of similar enterprises or even through the constitution of mixed enterprises with the scope of acquiring public investments with an auction value not greater than 10,000,000 Euros; and has the power to:
 - ▶ draw up, undersign and present all the documentation and any necessary deed for the Company to participate in the bid;
 - ▶ confer or receive the related mandate in the event of a temporary group enterprise participation;
 - ▶ negotiate and undersign contracts following the awarding of the bid;
 - ▶ subcontract to third parties within the law, the contracts awarded as well as signing subcontracts with companies, who have been awarded contracts;
 - ▶ undersign rent and lease contracts for no longer than a nine-year period to a maximum of 500,000 Euros and arrange the necessary services such as: telephone lines, telex, water, energy, gas, garbage collection by signing the related contracts with the public administration or private institutions;
- ▶ sign insurance policies covering risks pertaining to the premises where the company carries out its business, as well as the products owned by or dealt in by the company, as well as automotive insurance policies and other insurance contracts deemed to be necessary and expedient; all subject to a maximum limit of 100,000 Euros.
- ▶ hire employees with annual salaries of up to 120,000 Euros, modify or retract from work contracts up to a maximum fee of 300,000 Euros and settle the related disputes, representing the Company in front of trades unions.

The main proxies empowered to the Executive Director, Ms Elena Maria Previtiera:

- ▶ negotiate and undersign contracts for goods and services, and execute any subsequent act useful for the proper outcome of the contracts for a value not greater than 10,000,000 Euros for each operation from an asset side and for operations from a liability side with Reply Group subjects and a value not greater than 500,000 Euros for each operation and from a liability side with parties outside the Reply Group;
- ▶ participate in any public or private biddings – even in temporary groups of similar enterprises or even through the constitution of mixed enterprises with the scope of acquiring public investments with an auction value not greater than 10,000,000 Euros; and has the power to:
 - ▶ draw up, undersign and present all the documentation and any necessary deed for the Company to participate in the bid;

- ▶ confer or receive the related mandate in the event of a temporary group enterprise participation;
- ▶ negotiate and undersign contracts following the awarding of the bid;
- ▶ subcontract to third parties within the law, the contracts awarded as well as signing subcontracts with companies, who have been awarded contracts;
- ▶ undersign rent and lease contracts for no longer than a nine-year period to a maximum of 500,000 Euros and arrange the necessary services such as: telephone lines, telex, water, energy, gas, garbage collection by signing the related contracts with the public administration or private institutions;
- ▶ sign insurance policies covering risks pertaining to the premises where the company carries out its business, as well as the products owned by or dealt in by the company, as well as automotive insurance policies and other insurance contracts deemed to be necessary and expedient; all subject to a maximum limit of 100,000 Euros.
- ▶ hire employees with annual salaries of up to 120,000 Euros, modify or retract from work contracts up to a maximum fee of 300,000 Euros and settle the related disputes, representing the Company in front of trades unions.

The main operational powers conferred on the Executive Director, Mr Marco Cusinato, are summarised below:

single signature:

- ▶ negotiate and undersign contracts for goods and services, and execute any subsequent act useful for the proper outcome of the contracts for a value not greater than 10,000,000 Euros for each operation from an asset side and for operations from a liability side with Reply Group subjects and a value not greater than 500,000 Euros for each operation and from a liability side with parties outside the Reply Group;
- ▶ participate in any public or private biddings – even in temporary groups of similar enterprises or even through the constitution of mixed enterprises with the scope of acquiring public investments with an auction value not greater than 10,000,000 Euros; and has the power to:
 - ▶ draw up, undersign and present all the documentation and any necessary deed for the Company to participate in the bid;
 - ▶ confer or receive the related mandate in the event of a temporary group enterprise participation;
 - ▶ negotiate and undersign contracts following the awarding of the bid;
 - ▶ subcontract to third parties within the law, the contracts awarded as well as signing subcontracts with companies, who have been awarded contracts;
- ▶ enter into rent and lease contracts for no longer than a nine-year period to a maximum of 500,000 Euros and arrange the necessary services such as: telephone lines, telex, water, electricity, gas, waste collection, signing the relevant supply contracts with public and private entities;
- ▶ sign insurance policies covering risks pertaining to the premises where the company

carries out its business, as well as the products owned by or dealt in by the company, as well as motor insurance policies and other insurance contracts deemed to be necessary and expedient; all subject to a maximum limit of 100,000 Euros.

- ▶ hire employees with annual salaries of up to 120,000 Euros, modify or retract from work contracts up to a maximum fee of 300,000 Euros and settle the related disputes, representing the Company in front of trades unions.

The Executive Directors report quarterly to the Board of Directors and the Board of Statutory Auditors on the activities carried out in the exercise of their powers, on the most significant transactions carried out by the Company or its subsidiaries and on those in potential conflict of interest, as well as providing adequate information on atypical, unusual or related party transactions, the examination and approval of which is not reserved to the Board of Directors, on the general management trend and its foreseeable evolution as well as on the most important economic, financial and asset transactions carried out by the Company or its subsidiaries.

In particular, the Chairman shall ensure that at each Board of Directors' meeting, regardless of the time interval which has elapsed since the previous meeting, the items on the agenda include a report by the Board itself on the activities carried out and the main transactions carried out by the Company and its subsidiaries not subject to prior approval by the Board.

In light of the current composition of the Board, there are no other Directors on the Board who should be considered as Executives within the meaning of the Code.

Independent Directors

As previously stated, the three Directors members of the Board of Directors qualifying as being independent are:

- ▶ Ms Patrizia Polliotto (Lead Independent Director)
- ▶ Ms. Secondina Giulia Ravera
- ▶ Mr Francesco Umile Chiappetta

The independent Directors constitute as a whole the Remuneration Committee and the Internal Control and Risks Committee.

The same Independent Directors qualify as, in the capacity of members of the Internal Control and Risks Committee, members of the Related party transaction committee established by the related procedure.

Lead Independent Director Ms Patrizia Polliotto and Independent Director Ms Secondina Ravera are members of the Sustainability Board Committee.

The Non-Executive and Independent Directors, except as specified below, have the characteristics of Independent Directors, in accordance with Recommendation No. 7 of the Code, which provides that a Director does not normally appear to be independent, in the following cases, to be considered non-exhaustive:

- a) if they are a significant shareholder of the company;
- b) if they are, or have been in the preceding three financial years, an Executive Director or an employee:
 - ▶ of the company, a strategically important subsidiary of the company or a company under common control;
 - ▶ of a significant shareholder of the company;
- c) if, directly or indirectly (e.g. through subsidiaries or companies of which they are an Executive Director, or as part of a professional firm or consulting company), they have, or have had in the previous three financial years, a significant commercial, financial or professional relationship:
 - ▶ with the company or its subsidiaries, or its Executive Directors or top management;
 - ▶ with a party who, even together with others through a shareholders' agreement, controls the company; or, if the parent company is a company or entity, with its Executive Directors or top management;
- d) if they receive, or have received in the previous three financial years, from the company, one of its subsidiaries or the parent company, significant additional remuneration with respect to the fixed remuneration for the office and to that provided for participation in the committees recommended by the Code or provided for by the regulations in force;
- e) if they have been a Director of the company for more than nine financial years, even if not consecutive, in the last twelve financial years;
- f) if they hold the office of Executive Director in another company in which an Executive

Director of the company holds the office of Director;

- g)** if they are a partner or Director of a company or an entity belonging to the network of the company appointed for the statutory audit of the company;
- h)** if they are a close relative of a person who is in any of the positions listed in the above paragraphs.

The Board of Directors, in compliance with Recommendation No. 7 of the Code, has defined in advance, at the beginning of the mandate, the qualitative and quantitative criteria for assessing the significance of certain circumstances that may compromise the independence of a Director identified in points c) and d), and in particular

- c)** the existence of a significant commercial, financial or professional relationship now or in the previous three financial years;
- d)** receipt of significant remuneration in addition to the fixed remuneration for the office and to that provided for participation in the committees recommended by the Code, currently or in the previous three financial years.

Circumstance c)

For the purposes of assessing independence, commercial, financial and professional relationships are normally considered significant on the basis of two parameters, to be verified jointly:

- a)** continuity: the relationship has lasted for over a year;
- b)** amount - the annual value of the relationship is higher:
 - a)** than 20% of the turnover of the company or professional firm, if the Director is a partner/Executive Director or a professional associate respectively
 - or
 - b)** than 20% of personal income if the Director is acting alone.

Irrespective of the quantitative parameters set out above, if a Director is a partner in a professional firm or consulting company, the Board assesses the significance of professional relationships by considering those that may have an effect on their position and role within the firm or consulting company or that, in any case, relate to significant transactions of the Company and the Group.

Circumstance d)

Additional annual remuneration is normally considered significant if it is equal to twice the annual remuneration paid by the Company to the Director.

At its first meeting after its renewal on 27 April 2021, the Board of Directors, in its entirety, assessed the existence of the independence requirements for each of the above-mentioned Directors, with reference to the indications provided by each of them, also based on the definition contained in the Code; the results of the assessments carried out were made known by means of a specific press release distributed to the market and published on the Company's institutional website. During the Board meeting of 15 March 2022, the annual assessment of the Directors' independence requirements was carried out.

There were no circumstances of relevance to independence during the financial year that would require an assessment during the term of office, as set out in Recommendation No. 6 of the Code.

The Independent Directors shall communicate in due time to the Board of Directors any situation which may compromise independence and assume the necessary and/or consequent decisions.

During the year, the Board of Statutory Auditors, as part of its audits, verified the correct application of the assessment criteria and procedures adopted by the Board to assess the independence of its members, reporting the outcome of these controls in its report to the Shareholders' Meeting.

During the periodic meetings held throughout the year, the Board of Statutory Auditors has not disclosed any situations which could compromise independence in accordance to the regulations in force.

During 2021, a meeting of Independent Directors only was held, coordinated by the Lead Independent Director, Ms Patrizia Polliotto, on the subject of: (i) a report on the contributions made on topics of interest in relation to the functioning of the Board and the management of the company; ii) as well as any requests on specific topics to be submitted to the Chairman of the Board of Directors for examination and assessment by the Board.

Lead Independent Director

The Code requires that, where the Chairman of the Board of Directors is the CEO, as well as where the office of Chairman is held by the person who controls the Company, the Board designates an Independent Director as Lead Independent Director, who is a point of reference and coordination of the requests and contributions of the Non-Executive Directors and, in particular, of the independent ones, and coordinates the meetings of the Independent Directors only. In this regard, given that these circumstances exist, it

should be noted that, pursuant to Recommendation No. 13 of the Code, the figure of Lead Independent Director has been provided for, which is currently held by the Non-Executive and independent Director Patrizia Polliotto, while in the previous Board mandate it was held by Fausto Forti.

Management of confidential information

Reply, which had already adopted its own Internal Conduct Code on Internal Dealing in 2003, adopted with the resolutions of the Board of Directors of 2 August 2018 and 14 March 2019, a Procedure for the management and communication to the market of inside information, for the compilation of the register of persons with access to privileged information and on “Internal Dealing”, which:

- ▶ disciplines the management and treatment of corporate information, the procedures to be observed for communication, both inside and outside the company, of documents and information concerning Reply S.p.A. and the subsidiaries, with particular reference to the so-called “Insider Information”;
- ▶ details the establishment and detailed rules for fulfilling and updating the Registry of persons who are aware of Insider Information;
- ▶ governs the obligations and manners of communication to Reply S.p.A., to Consob and to the market of transactions relating to the shares issued by Reply, or other financial instruments linked to them, carried out by persons performing administrative functions, of direction and control and by other so-called relevant stakeholders.

The CFO, Mr Daniele Angelucci, has been identified as the person in charge of the above-mentioned Procedure.

The complete version of the Procedure with reference to the management and communication to the market of privileged information, for the compilation of the Registry of persons having access to the privileged information and with reference to “Internal Dealing”, is available on the Company’s website (www.reply.com – Investors – Corporate Governance).

Committees within the Board of Directors

The Board of Directors has set up four internal committees with investigative, propositional and advisory functions:

- ▶ the Control and Risk Committee,
- ▶ the Remuneration Committee,
- ▶ the Related Parties Committee,
- ▶ the Sustainability Committee.

As regards the Related Parties Committee, please refer to the relevant section.

With reference to the establishment of the Appointments Committee provided for in Art. 3, in line with Recommendation No. 16 of the Code, taking into account that the company falls within the definition of a concentrated ownership company, the Board of Directors has decided to assign the functions of the Appointments Committee to the Board of Directors.

As already noted, the Board has not deemed it necessary at the moment to formalise the rules and operating procedures of the internal committees set up within it, also with regard to their composition. It should be noted, however, that meetings are formally convened by the Chairman, with the assistance of the Company's Corporate Affairs department, and minutes of the meetings are taken and transcribed in the relevant book kept by the Company's Corporate Affairs department on the instructions of the Committee Chairman. Meetings are regularly minuted and last on average about 1.5 hours.

The composition of the Committees reflects the provisions of the Code with regard to the competence and experience of their members. Each Committee is coordinated by a Chairman, identified in the person of the Lead Independent Director, who informs the Board of Directors of the activities carried out at the next possible meeting.

Meetings are attended by the Chairman of the Board, the CEO, CFO and, when deemed necessary, representatives of the relevant corporate departments.

The Chairman of the Board of Statutory Auditors and, occasionally, the Standing Auditors attend the meetings.

The remuneration attributed to the Non-Executive Directors for their function is inclusive of the activity of participation in the Committees.

TABLE 3: STRUCTURE OF THE BOARD COMMITTEES AT THE END OF THE YEAR

BoD		Control and Risk Committee		Remuneration Committee		Related Parties Committee	
Position/Qualification	Members	(*)	(**)	(*)	(**)	(*)	(**)
Executive Director	Daniele ANGELUCCI	100%	-	100%	-	100%	-
CEO	Tatiana RIZZANTE	100%	-	100%	-	100%	-
Non-Executive Director - independent as per TUF and/or Code	Patrizia POLLIOTTO	100%	C	100%	C	100%	C
Non-Executive Director - independent as per TUF and/or Code	Secondina Giulia RAVERA	100%	M	100%	M	100%	M
Non-Executive Director - independent as per TUF and/or Code	Francesco Umile CHIAPPETTA	100%	M	100%	M	100%	M
DIRECTORS LEAVING DURING THE YEAR							
Non-Executive Director - independent as per TUF and/or Code	Fausto FORTI	100%	C	100%	C	-	-
ANY MEMBERS WHO ARE NOT DIRECTORS							
Internal Audit	Edoardo DEZANI	100%	-	-	-	-	-
No. of meetings held during the year		5		5		1	

NOTES

(*) This column shows the attendance of Directors at committee meetings (indicate the number of meetings attended compared to the total number of meetings attended; present 6/8; 8/8 etc.).

(**) This column indicates the qualification of the Director within the committee: "C": chairman; "M": member.

Remuneration Committee

With reference to what has been stated reference shall be made to the Annual Report on Remuneration policy and compensation paid published in accordance with Art. 123-ter of TUF.

The Board of Directors has set up an internal Remuneration Committee, currently composed of the Non-Executive and Independent Directors Francesco Umile Chiappetta and Secondina Giulia Ravera, and chaired by Patrizia Polliotto, Lead Independent Director. All the members of the Committee have adequate knowledge and experience in remuneration policies as Independent Directors in companies, including listed companies, of significant size.

In the course of 2021, the Remuneration Committee, in order to carry out the aforementioned activities, met four times with the presence of all its members, during which it:

- ▶ examined the Report on remuneration policy and compensation paid to be submitted to the Board of Directors for approval,
- ▶ formulated its own requests to be submitted to the Chairman of the Board of Directors and the Board for a benchmarking analysis of the Executive Directors' remuneration policy adopted by the Company,

- ▶ approved the proposals for remuneration to be paid to the Chairman of the Board of Directors and to the Executive Directors, both for the fixed component and the short-term variable component.

In 2022, two meetings are currently scheduled and have already been held.

In compliance with Recommendation No. 26 of the Code, the Chairman of the Board of Directors and, at his invitation, the CFO attended the Committee meetings, while representatives of corporate departments who are not members of the Committee did not take part.

In carrying out its functions, the Remuneration Committee had access to the information and business departments necessary to perform its duties.

During the year, the Company commissioned an external company to carry out a benchmarking analysis on the remuneration policy for Executive Directors.

Pursuant to the Code, no Executive Director is present at the meetings of the Remuneration Committee when proposals are made to the Board of Directors concerning their remuneration. The meetings were attended by the Chairman of the Board of Statutory Auditors and, in some cases, the Standing Auditors.

Minutes of the meetings were duly taken and the Chairman of the Committee reported to the first following Board meeting on the work of the Committee and the relevant resolutions adopted by it.

Control and Risk Committee

Pursuant to the Code, the Board of Directors has set up an internal Control and Risk Committee, currently composed of the Non-Executive and Independent Directors Francesco Umile Chiappetta and Secondina Giulia Ravera and chaired by Patrizia Polliotto, Lead Independent Director.

The members have acquired adequate knowledge and experience in risk management in view of their professional experience as well as in the business sector in which the Company operates.

The Control and Risk Committee is also identified as the reference committee for the purposes of the Related Transactions Procedure.

At the invitation of the Chairman of the Committee, the CFO, as the person in charge of the internal control and risk management system, the head of the Internal Audit department, the Chairman of the Board of Statutory Auditors and, occasionally, the Standing Auditors participate in the work of the Control and Risk Committee; a written report shall be prepared at the end of each meeting, which will include the Committee's proposals.

The main activities of the Control and Risk committee are:

- ▶ to assess, after consulting with the Director responsible of drawing up the accounting documents, the Independent Auditor and the Board of Statutory auditors, the correct use of the accounting principles and, in case of Group, their homogeneity for the purposes of drafting the Consolidated Financial statements;
- ▶ assess the suitability of periodic financial and non-financial information to correctly represent the company's business model, strategies, the impact of its activities and the performance achieved;
- ▶ examine the content of periodic non-financial information relevant to the internal control and risk management system;
- ▶ express opinions on specific aspects relating to the identification of the main corporate risks and to support the assessments and decisions of the Board of Directors relating to the management of risks arising from prejudicial events of which the latter has become aware;
- ▶ review periodic and particularly significant reports prepared by the Internal Audit department;
- ▶ monitor the autonomy, adequacy, effectiveness and efficiency of the Internal Audit department;
- ▶ entrust to the Internal Audit department, where appropriate, the carrying out of checks on specific operational areas, while simultaneously notifying the Chairman of the supervisory body;
- ▶ report to the Board of Directors, at least on the occasion of the approval of the annual and semi-annual financial reports, on the activities carried out and on the adequacy of the internal control and risk management system.

With the presence of all members, the Audit and Risk Committee met five times in 2021 and has met once in 2022, during which it:

- ▶ examined the application of the Impairment Test Policy - Impairment (IAS 36);
- ▶ examined the separate and consolidated financial statements for 2020 and 2021 and the half-yearly financial report for 2021, as well as - having consulted the Independent Auditors and the Board of Statutory Auditors - the correct use of the accounting standards and their consistency for the purposes of preparing the consolidated financial statements;
- ▶ monitored the Company's sustainability and corporate social responsibility activities and, in particular, in relation to the corporate sustainability policy;
- ▶ examined the activities to verify the effective application of administrative and accounting procedures relevant to the reliability of the economic and financial information disclosed to the market pursuant to Law No. 262/2005 (Savings Law);
- ▶ monitored the activities carried out by the Supervisory Board;
- ▶ monitored Related Party Transactions;
- ▶ expressed its opinion to the Board of Directors on:

- ▶ the adequacy of the Internal Control and Risk Management System and its effectiveness;
- ▶ the amendments made to the Procedures on Related party transactions;
- ▶ examined the work plan and terms of reference of the Internal Audit department;
- ▶ formulated its own proposals to be submitted to the Chairman of the Board of Directors and the Board on issues of particular importance, such as the definition of a dividend policy or the establishment of new Committees within the Board.

With reference to the examination of issues relating to the 2021 financial statements, the Committee requested the participation of the Head of Internal Audit and of Ms Maggio, representing the Independent Auditor PwC S.p.A..

During 2021, the Committee reported twice to the Board of Directors on its activities and on the adequacy and effective functioning of the Control and Risk System, while during 2022, up to the present date, the Committee has reported once to the Board.

In carrying out its functions, the Committee had access to the information and business departments necessary for the performance of its duties.

During the year, the Company commissioned an external company to carry out a quality assurance review of the Internal Audit department.

Sustainability Committee (ESG)

In November 2021, the Board of Directors set up an internal Sustainability Committee comprising the CEO, Tatiana Rizzante, the Lead Independent Director, Patrizia Polliotto, and the Independent Director, Secondina Ravera. The Committee is coordinated by the CFO at the technical secretariat level and assisted by the Company's ESG team as operational support.

The Sustainability Committee was set up to outline the overall strategic approach to sustainability, as well as to define the objectives to be pursued and the monitoring methods, in order to assure all stakeholders of the Company's commitment to sustainability issues.

Self-assessment and succession of Directors

The assessment of the functioning of the Board of Directors and its Committees, as well as their size and composition, is carried out at the intervals provided for by the Code. In particular, for large companies with concentrated ownership, such as Reply SpA, the assessment must be carried out at least every three years, in view of the renewal of the Board of Directors. The last assessment was carried out during the meeting of 15 March 2021. On that occasion, the Board of Directors deemed the current structure of the Board itself and its committees to be in line with the provisions of the Code, with particular reference to their size, composition and functioning. The Board did not use external consultants for this purpose.

The Board approved the “Succession Plans for the Chief Executive Officers, the CFO and the Executive Directors and top management”. The Policy describes the processes to be followed in the event of vacancies, with or without notice, of Executive Directors and top management.

Remuneration of Directors

With reference to what has been stated reference shall be made to the Annual Report on Remuneration policy and compensation paid published in accordance with Art. 123-ter of TUF.

The Remuneration Policy is drawn up by the Board of Directors in agreement with the Remuneration Committee, which makes proposals and expresses opinions on the remuneration of Directors and monitors the application of the policy.

In compliance with Art. 20 of the Company By-laws the total amount of remuneration to Directors, including those invested with strategic powers, can also be determined by the Annual General Shareholders' Meeting.

Art. 22 of the Company By-laws provides the possibility to attribute a variable fee to the Directors invested with special powers, as participation in the profits of the parent Company, and dependent of the economic trends of the Group and more specifically to the Consolidated Gross Margin, which is resolved by the Annual General Shareholders' Meeting approving the annual Financial Statements, on a medium-long term basis and consistent with the guidelines contained in the remuneration policy for the period 2020-2022 approved by the Board of Directors on 13 March 2020.

The remuneration due to the Directors not invested with operational proxies, for each year of office, was determined by the Shareholders' Meeting of 26 April 2021 in 50,000.00 Euros per year for each of them, gross of withholding taxes.

Remuneration of Directors invested with special roles, was established by the Board of Directors in line with the Remuneration and Nomination Committee, upon proposal of the Remuneration Committee, authorised by the Board of Statutory Auditors.

Internal Control and Risk Management

The internal control and risk management system is a set of rules, procedures and organisational structures that contribute to safeguarding the company's assets, the efficiency and effectiveness of business transactions, the reliability of financial information, the identification and monitoring of the main risks, and the compliance with laws and regulations.

The Board of Directors is responsible for the system of internal control and risk management, that, after receiving the opinion of the Control and Risks Committee, establishes guidelines and a work plan, evaluating its adequacy.

In this regard, during the year, the Board of Directors and the Control and Risks Committee expressed a favourable judgement regarding the adequacy of the Internal Control System for monitoring the level of risk consistent with the objectives of the Group.

Foreword

Reply has put in place a system of internal control and risk management for financial reporting based on the "COSO Framework", defined as a set of rules, procedures and tools designed to provide, through an adequate process of identification, the measurement, management and monitoring, of the major risks related to the disclosure of financial data and reasonable assurance of the achievement of corporate objectives.

The objective of the internal control and risk management system is also to ensure that the financial reporting disclosed within the required timeframe provides a fair and correct representation of operations, in order to guarantee the reliability, accuracy, truthfulness and timeliness of the financial information.

In relation to the Company's objectives, whether business or compliance, as well as reporting, the Company has adopted the following key instruments:

Instruments monitoring business objectives

- ▶ **Planning and management control** – Reply S.p.A. has implemented a structured and periodic system in order to forecast and monitor company activities, aimed at defining the Company's objectives/strategies and operational planning through monitoring them by means of a monthly review of performance.
- ▶ **Company operational procedure system** - Reply S.p.A. has implemented a group of procedures that regulate internal processes, in order to properly apply the Company

directives and to limit the risks connected with the achievement of the Company's objectives, regulating both the activities carried out within individual departments, as well as relations with other entities.

- ▶ **Risk Management System** - Reply S.p.A. has implemented a Risk Management system, based on the control risk self-assessment model, a methodology recognised by sector standards.

The objective of such procedure is to develop a corporate culture in view of raising risk awareness, through a continuous and pervasive process, implemented by the Board of Directors and by top management, aimed at identifying any potential events that might involve the Company as well as pursuing a risk level that is consistent with achieving the Company's objectives.

The methodology used is structured in the following phases:

- ▶ identification of objectives, strategies, critical success factors and the specific related risks that conflict with the achievement of the objectives;
- ▶ self-assessment process based on indicators associated with the different risk categories (named the Key Risk Indicators).

Such system thus enables the identification, measurement, management and control of the Company's level of exposure to the different risk factors, considering (i) the probability that the risk occurs, (ii) the impact of the risk on the Company's objectives, (iii) the overall scope of the risk, (iv) the Company's ability to reduce the impact of the risk on business operations, and (v) possible relationships among the different risk factors.

The procedure provides for monitoring the adequacy and effective functioning of the internal control and risk management system, as well as its review, to be completed annually, in order to consider the trend of business operations and the context of reference. Such process, coordinated by the Internal Audit department, provides for the use of questionnaires so that risk belonging to each profile can be assessed by Top Management as well as by the Executive Partners responsible of the Region.

Instruments monitoring compliance objectives

- ▶ **Law 262/2005 on financial and accounting reporting** – Consistently with what is provided by Law 262/2005 on the protection of savings, Reply S.p.A. implemented accounting and administrative processes relevant for purposes of the reliability of the financial-economic reporting disclosed to the market, that provide for the:
 - ▶ mapping of the main sub-processes within the administration and relevant accounting procedures;
 - ▶ assessment of the adequacy of the existing controls and ongoing implementation of further controls in view of compliance and increased reliability of the processes considered;
 - ▶ drafting of a series of procedures and consequently the drafting of an Administration Procedures Manual;
 - ▶ creation of future control and monitoring instruments.

- ▶ **Legislative Decree 231/2001** – see the relevant paragraph.
- ▶ **Security, environment and quality** – please see NFS.
- ▶ **Other laws and regulations** - Monitoring the evolution of laws and regulations and that relative compliance is carried out internally.

Instruments monitoring reporting objectives

Accounting disclosures - the drafting of accounting disclosures and disclosures in the consolidated and separate Financial Statements is regulated by the procedures of an administrative-accounting system.

Confidential Information: see the relevant paragraph.

Internal Communications – Reply S.p.A. has implemented an internal communications system aimed at facilitating and promoting internal communications within the Company and the Group, including by means of a structured management and coordination Committee system.

Characteristics of the current internal control and risk management system in relation to the financial reporting period

The approach adopted by Reply in relation to the assessment, monitoring and continuous updating of the internal control and risk management system is based on a process that is consistent with the “CoSO Framework” model, which allows making assessments focusing on areas of higher risk and/or materiality, that is, where there are risks of significant errors in elements of the Financial Statements and related documents.

The key components of the process are the:

1. identification and evaluation of the source and probability of significant errors in elements of financial reporting;
2. identification of the key controls aimed at covering the risks;
3. assessment of the adequacy of the above controls with respect to the above risks, enabling ex ante or ex post identification of potential misstatements in elements of financial-economic reporting;
4. verification of the operating effectiveness of controls.

Identification of the risk of misstatements which could have material effects on financial reporting is carried out through an administrative-accounting risk assessment process, under the supervision of the Director in charge of drawing up the Financial Statements along with the Group CFO that identify the organisational entities, processes and the related accounting items that are generated, in addition to specific activities which could potentially generate significant errors. According to the methodology adopted by Reply, risks and related controls are associated with the accounting and business processes upon which accounting information is based.

Significant risks, identified through the risk assessment process, require definition and evaluation of specific controls (“key controls”) that guarantee “coverage”, thereby

mitigating the risk that financial reporting will contain any material misstatements.

According to international best practice, there are two principal types of existing controls:

- ▶ controls that operate at Group or subsidiary level, such as: the delegation of authorities and responsibilities, separation of duties and assignment of privileges and rights for access to IT systems;
- ▶ controls that operate at process level, such as authorisations, reconciliations, verifications of consistency, etc. This category includes controls referring to operational processes and controls of accounting closure processes.

Such controls can be preventive aimed at preventing errors or fraud which could result in misstatements in financial reporting, or detective, aimed at revealing errors or fraud which has already occurred. They may also be defined as manual or automatic, such as application-based controls relating to the technical characteristics and configuration of IT systems supporting business activities.

The process of identifying the above risks and key controls has led to the elaboration of control matrixes (RCM – “Risk Control Matrix”) that identify, for each significant process, the potential impact on financial reporting:

- ▶ risks subsequent to not having fulfilled the “Financial Statement assertion” control objectives, (existence, occurrence, completeness, rights and obligations, evaluation and accounting, presentation and disclosures) and other control objectives (such as authorisation, segregation of tasks, data security, documentation and traceability of operations, etc.);
- ▶ the related “best practice” (i.e. CoSO Framework);
- ▶ the standard control activities (key controls) over these processes/procedures, and their principal characteristics (preventive/detective manual/automatic) and the related process owners;
- ▶ the assessment of the aforesaid controls in relation to the adequacy of mitigating the risks identified;
- ▶ suggestions to improve shortages identified in the assessment of control activities.

The control activities related to significant processes of financial reporting are fully detailed in the “Reply Group’s Manual of administration and accounting procedures”, recently updated/integrated pursuant to Law No. 262/2005, commented on below.

As Reply S.p.A.’s shares are listed and negotiated on the Italian stock market, it is mandatory for the Board of Directors to nominate a Director in charge of drawing up the Financial Statements (Nominated Director); The Director in charge of drawing up the Financial Statements is responsible for setting up adequate administrative and accounting procedures to prepare the financial information disclosed to the market, and to monitor the proper application of such procedures. The Administration and accounting procedures manual defines the guidelines that must be applied within Reply and more specifically with reference to obligations under Art. 154-bis of legislative decree 58/1998 governing

company's Financial Statements and related attestation obligations.

More specifically the Administrative Procedures Manual:

- ▶ defines the roles and responsibilities of the Organisational Units involved in the general activities of drafting, communication and control of the financial reporting disclosed to the market;
- ▶ defines the operational means of managing the necessary activities to comply with the aforementioned legal obligations;
- ▶ introduces, in order to support the drafting of the legal attestations/statements required by law of the Director in charge and the Chief Executive Officer, the obligation, headed by the Compliance department, to internally attest, through the internal communication processes, the correct functioning of the Accounting Control System pursuant to Law 262/2005 related to the accounting processes/flows regulated by such law and which fall within their administrative responsibility, the completeness and reliability of the information flows, as well as the adequacy and effective application of the key controls summarised in the control matrixes.

The company processes, the administrative-accounting procedures and the related control matrixes, along with the list of persons in charge of the operational units enacting the control, are subject to periodic assessments and if the case are updated.

The administrative-accounting procedures and the related control matrixes are shared with the relative process-owners, who attest that the controls have been planned and are operational, Administrative Management, with the support of the Internal Audit department, agree upon the implementation of any corrective measures.

The Internal Audit department carries out periodic assessments of the adequacy and effective application of the key controls every six months at the time of the preparation of the Financial Statements and interim report through audit procedures performed on specific areas determined by the Director in charge of drawing up the Financial Statements. In relation to the Group foreign subsidiaries, an organised system of issuing attestation letters is adopted by the Directors and by the Directors of the foreign companies addressed to the Director responsible of drawing up the accounting documents, to whom they confirm the adequacy and effective application of administrative procedures, which are declined on their organisation and in any case covered by the broader definition of the internal control system.

Those responsible for the relevant administrative and accounting processes under Law 262/2005 issue an attestation letter addressed to the Director in charge of drawing up the Financial Statements, confirming the effective application of the administrative-accounting procedures for which they are responsible.

The audit plan is aimed at identifying a number of processes to be tested in order to cover the major processes during the year. The audit is performed on several Group companies,

selected according to quantitative parameters, (material thresholds with respect to the consolidated Financial Statements) and qualitative ones.

In order to carry out the monitoring controls check lists are prepared according to the different processes being controlled which summarise the ways of testing the key controls included in the Procedures Manual and in the RCM, the sample to be tested and the outcome of the test.

Sample testing is the criteria used and the data and assessments included in the check lists are supported by the documentation gathered during the monitoring activities, that are an integral part of the same check lists.

The outcome of the tests performed and any suggestions made concerning the opportunity of implementing further controls where shortages were identified, are summarised by the Internal Audit Officer in a special report, object of an internal communications flow, and addressed to the Director in charge of drawing up the Financial Statements and to the Board of Directors.

By sharing this document, two flows are activated:

- ▶ the attestation process addressed externally based on the declarations made by the Director in charge in compliance with Art. 154-bis of legislative decree 58/1998, in occasion of the drafting of the annual Report or the half-year financial report, as described above.
- ▶ the internal process of sharing with the related process owners the outcome of the control assessments, any compensation controls, corrective measures or improvement plan proposals.

The Head of the Internal Audit department periodically refers to the Internal Control and Risk Management Committee, the Board of Statutory Auditors and to the Supervisory Body with reference to the activities carried out within the assessment process of the Internal Control System.

Director in charge of the internal control system

The Board of Directors, at its meeting of 27 April 2028, confirmed Mr Daniele Angelucci as the Director in charge of the Internal Control and Risk Management system, responsible for maintaining the internal control and risk management system in an efficient manner and in conformity with what is required by the Corporate Governance Code, and allows the Head of the Internal Audit department to carry out his role in accordance with the cited provisions of the Code. The appointment of Mr Angelucci, in place of the Chief Executive Officer, was made in the light of the experience gained in this field over the previous three years, as well as the complete vision of the Company's organisational structure that his role allows him to have.

Head of the Internal Audit department

The Board of Directors, at its meeting of 27 April 2021, appointed Mr Edoardo Dezani as the Head of the Internal Audit department, upon a proposal of the Director responsible for the Internal Control System, with the favourable opinion of the Internal Control and Risk Management Committee and having heard the Board of Statutory Auditors, who is responsible for controlling that the internal control and risk management system is operational and adequate.

The Head of the Internal Audit department works on the basis of an audit plan approved by the Board of Directors, which provides for periodic reports on the assessment of the internal control and risk management system's adequacy and the reliability of the reporting systems, including the accounting reporting systems, advising the members of the Board of Directors, Top Management, the Internal Control and Risk Management Committee and the Board of Statutory Auditors of his activities.

Organisational model pursuant to legislative decree 231/01

In November 2004 the Company's Board of Director's approved an "Code of Ethics", which confirmed the ethical principles and transparency that guide the Company's internal and external activities, outlining all of the fundamental principles required to guarantee legality, loyalty, and correctness when conducting Reply's business.

In 2007 a project was initiated to adopt an updated organisational, management and control Model pursuant to the provisions of Art. 6 of Legislative Decree 231/2001 (the "Model") in relation to the responsibilities of enterprises, in order to prevent the crimes provided by such Decree. The Model was approved by the Board of Directors at a meeting held 28 March 2008, and was subsequently updated periodically.

The Model adopted, starting from an accurate analysis of the company activities with the objective of identifying the potential activities at risk, is the set of general principles, rules of conduct, control instruments and organisational procedures, formation and informational activities and disciplinary system finalised at assuring, the prevention of offences.

The types of crime contemplated by Legislative Decree No. 231/2001 and that have been considered at risk for the Group are the following:

- ▶ relations with the Public Administration,
- ▶ enterprise obligations,
- ▶ market abuse crimes,
- ▶ security, prevention, health and hygiene in the workplace,
- ▶ offences related to laundering,
- ▶ IT crimes and illegal use of personal data,
- ▶ offences related to violation of copyright laws,
- ▶ employing citizens from foreign countries,
- ▶ tax crimes.

The Model was adopted in 2008 and updated periodically and the latest version in 2020 by Reply S.p.A. all the Italian Group companies.

The Organisational Model of Reply S.p.A is available on the company website (www.reply.com – Investors – Corporate Governance).

The Model and the Code of Ethics have been distributed to all Group employees and collaborators through the company Intranet. The Code of Ethics is also supplied to newly hired employees of the Group. In addition, an internal system has been set up for employees to report any irregularities or violations of applicable regulations and internal procedures (whistleblowing system), which guarantees the anonymity of reports.

The Board of Directors has appointed a Supervisory Body, which has the duty to verify the correct functioning of the Model and to update it accordingly. The Supervisory Body, which has its own internal regulations, is made up of an external person (Mr Franco Gianolio), in the role of Chairman, the Lead Independent Director (Ms Patrizia Polliotto) and the Head of the Internal Audit department (Mr Edoardo Dezani), who will remain in office until the approval of the Financial Statements as at 31 December 2023.

The Italian Group companies have entrusted the function of the Compliance Committee to their Directing body, which performs the functions of compliance through resources within the Supervisory Body of the Parent Company.

During 2021, the Supervisory Body met five times and reported to the Board of Directors and the Board of Statutory Auditors on the activities underway and the degree of implementation of the model.

Independent Auditor

The Shareholders' Meeting held on 19 April 2019, approved the appointment of PricewaterhouseCoopers S.p.A. as the Company's independent auditors for the nine-year period 2019-2027 which includes the audit of the separate Financial Statements, the annual consolidated Financial Statements and the half-year condensed consolidated Financial Statements.

The mandate expires with the approval of the financial statements for the year ending 31 December 2027.

In 2021, the independent auditor did not send any letters of advice to the Company or the Supervisory Body.

Director in charge of drawing up the financial statements and legal documents

In its meeting of 27 April 2021, the Board of Directors took steps, pursuant to the provisions of Law No. 262/2005, to confirm Giuseppe Veneziano as Director in charge of drawing up the Financial Statements, on the proposal of the Chairman, subject to the favourable opinion of the Board of Statutory Auditors, based on the experience gained in this department in the previous three years, as well as in the areas of management control and administration of the Group since its listing; on 7 May 2021, the power of attorney was renewed for the same Director in order to enable him to carry out the powers attributed. In particular, the Director is vested with the power to carry out the following:

- ▶ purchase goods and services inherent to the Company's business activities that are deemed necessary or functional for the performance of his duties as Director in charge of drawing up the Financial Statements in compliance with the provisions of Legislative Decree No. 58 of 24 February 1998 and the content of Art. 24 of the By-laws:
 - ▶ within the limit of 30,000.00 Euros (thirty thousand Euros) per single purchase order, even if executed in different transactions, with parties not belonging to the Reply Group;
 - ▶ within the limit of 300,000.00 (three hundred thousand) Euros for each single purchase operation, even if carried out in more than one transaction, with parties belonging to the Reply Group, meaning companies or entities that directly and/or indirectly control REPLY S.p.A., companies or entities directly and/or indirectly controlled by REPLY S.p.A. or linked to it;
- ▶ within the framework of the purposes indicated in the preceding paragraph, enter into rental and leasing contracts for a period not exceeding nine years, determining the relevant clauses, within the limit of a purchase value per single contract of 30,000.00 (thirty thousand) Euros; arrange the necessary services such as: telephone lines, telex, water, electricity, gas, waste collection, signing the relevant supply contracts with public and private entities;
- ▶ take out insurance policies against risks relating to the premises where the company carries out its business, as well as to the goods produced by the company or handled by it, as well as motor insurance policies and other insurance contracts deemed necessary and appropriate;
- ▶ carry out and complete operations of any kind at public debt offices, at Cassa Depositi e Prestiti, at treasury offices, at post offices, at administrative and financial, customs, railway and transport company authorities in general, at any government, regional, provincial or municipal authority, at dependent administrations and quasi-public bodies, at ministries and in general at any public or private office, including the signing of any deed or declaration required by tax regulations;
- ▶ submit petitions, appeals, complaints and claims of all kinds;
- ▶ issue, accept, endorse, collect and receipt bills of exchange, endorse them for collection and for discounting, perform any operation with credit instruments in general, issue bank cheques or payment orders on the company's current accounts up to the limit of

- 30,000.00 (thirty thousand) Euros, maintain relations with credit institutions;
- ▶ make unlimited deposits and withdrawals at any bank or credit institution up to a limit of 30,000.00 (thirty thousand) Euros per transaction;
 - ▶ within the scope of the purposes indicated in point a) above, hire and fire employees with gross annual remuneration (inclusive of any supplementary remuneration) of up to 40,000.00 (forty thousand) Euros; grant salary supplements to employees for which the beneficiaries do not exceed the gross annual salary (including any supplementary remuneration) of 40,000.00 (forty thousand) Euros;
 - ▶ sign correspondence, including binding correspondence, within the limits previously laid down;
 - ▶ in the interest of the company, carry out everything necessary or convenient within the scope of the powers conferred above;
 - ▶ in general, oversee the performance and fulfilment of the tasks and functions assigned by law and the pro-tempore implementing regulations issued by the competent supervisory authority (CONSOB) to the figure of the Director in charge of drawing up the Financial Statements provided for by Art. 154-bis of Legislative Decree No. 58 of 24 February 1998, including the signing of the declarations, reports and certifications required by law.

Pursuant to Art. 24 of the Company By-laws, the Director in charge of drawing up the Financial Statements must set up adequate administration and accounting procedures for the drawing up of the statutory Financial Statements, the consolidated statements and any other financial communication.

The Director in charge of drawing up the Financial Statements, together with the other Executive organs, must undersign an attestation, annexed to every Financial Statement and to any other financial communication in accordance with specific laws and regulations. With reference to his tasks, the Director responsible for drawing up the Financial Statements and legal documents has the same responsibilities and liabilities as those foreseen by law for the Directors, with the exception of those executed under work relations with the company.

Reply S.p.A. has adopted a Risk Management system based on the model of control risk self-assessment and control risk field assessment methodology recognised by industry standards.

The objective of such procedure is to develop a corporate culture in view of raising risk awareness, through a continuous and pervasive process, implemented by the Board of Directors and by top management, aimed at identifying any potential events that might involve the Company as well as pursuing a risk level that is consistent with achieving the Company's objectives.

Therefore, the Board did not deem it necessary to adopt measures to ensure the effectiveness and impartiality of judgement of the other corporate departments involved in the controls.

Coordination between those involved in the internal Control and Risk management system

The Board did not deem it necessary to formalise the methods of coordination between the various parties involved in the internal control and risk management system, as they already work in a spirit of mutual cooperation.

In particular, the Board of Statutory Auditors and the Control and Risk Committee promptly exchange information relevant to the performance of their respective tasks. In addition, the Board of Statutory Auditors participates in the work of the Control and Risk Committee.

Directors' interest and transactions with related parties

Since 1 January 2011, the Company, in compliance with current legal provisions, has adopted a specific "Procedure for Related Party Transactions" (the "Procedure") aimed at ensuring the transparency and substantial and procedural correctness of transactions with related parties. The Procedure is available on the Company's website (www.reply.com - Investors section - Corporate Governance).

The procedure was last updated by board resolution of 21 June 2021, in order to incorporate the changes resulting from the changed legislative and regulatory framework.

The purpose of the Procedure is to establish the principles of conduct that the Company is required to adopt in order to ensure proper management of transactions with related parties. To this end, the Procedure (i) determines the criteria and procedures for identifying the Company's related parties and defines the criteria for updating the list of related parties; (ii) sets out the principles for identifying related party transactions; (iii) regulates the procedures for carrying out - by the Company, including through subsidiaries, trustees or intermediaries - transactions with related parties, identifying internal rules of conduct suitable for ensuring the transparency and substantive and procedural correctness of such transactions; (iv) establishes the modalities for the fulfilment of the relevant disclosure requirements.

The Procedure is an essential part of the internal control system of the Group headed by the Company.

The role that the Consob Regulation attributes to the Committee with regard to Related Party Transactions has been assigned to the Control and Risk Committee. The Procedure has adopted appropriate operational solutions for handling situations in which a Director has an interest on his own behalf or on behalf of third parties.

During the current year, a meeting of the Related Parties Committee was held, in which a minor transaction concerning the lease of a building for office use by a foreign subsidiary was examined.

The Designated Director shall send to the Chairman of the Committee, the Board of Directors and the Board of Statutory Auditors, on at least a quarterly basis, a detailed report on transactions previously approved by a Party Responsible for the transaction, including individual transactions carried out in implementation of framework resolutions approved by the Board of Directors, as well as on exempt transactions.

The Head of the Internal Audit department periodically carries out –on an annual basis – control activities over the fulfilment of obligations of the Procedures herein by the competent company departments and refers to the Committee and Board of Statutory Auditors.

Board of Statutory Auditors

Appointment of Auditors

The appointment and substitution of Auditors is governed by Art. 23 (Board of Statutory Auditors) of the By-laws, and is available on the Company's website (www.reply.com under - Investors – Corporate Governance).

Art. 23 of the Company By-laws, states that:

- ▶ the lists of the candidates for the office of Auditor must be deposited at the Company's offices at least twenty-five days prior to the date set for the Shareholders' Meeting on first call; at least twenty-one days prior to the Shareholders' Meeting, the list together with the information and declarations required, shall be made available to the public;
- ▶ only those shareholders that alone or together with others represent 2.5% of the ordinary voting shares have the right to present the lists or the minimum minority voting share required in accordance with binding laws or regulations, in Reply S.p.A.'s case this is equal to 1% for 2021; should at the expiry date stated above, only one list be presented, or only lists presented by shareholders that are inter-related in accordance with the regulations in force, lists can be presented up to five days following such date. In this case the above threshold is reduced by half;
- ▶ Standing Auditors and Alternate Auditors, will be divided by one, two, three for the Standing Auditors and one, two for the Alternate Auditors, according to the progressive number of auditors to be appointed. The ratios will then be progressively assigned to the candidates on each list and ranked in descending order. The candidates with the highest ratio will be appointed, being that one Standing Auditor and Alternate Auditor have been elected from the second list according to the number of votes obtained and must not be connected, neither indirectly, to the Shareholders which presented or voted the list which obtained the highest number of votes;
- ▶ the list which presents candidates equivalent to or superior to three shall be composed by candidates from both Standing Auditors and Alternate Auditors, so as the number

of candidates, in accordance to the regulations of the Report, belong also to the least represented genders (if in excess, it shall be rounded up with the exception of the corporate bodies consisting of three components for which the number will be rounded down);

- ▶ if candidates obtain the same percentage of votes, the candidate will be selected from the list which has not elected an Auditor, whereas if all the lists have elected the same number of candidates, the Auditor will be chosen from the list which obtained the most votes. If the result in percentage and vote is the same the Shareholders vote once more and the candidate with the highest percentage will be appointed;
- ▶ the office of President of the Board of Statutory Auditors is held by the Standing Auditor which was elected from the minority list that obtained the highest number of votes;
- ▶ in the event of a Standing Auditor being replaced, the Alternate Auditor belonging to the same list as the one to be replaced will succeed. If this is not possible, the outgoing Auditor is replaced by the non-elected candidate who has gradually obtained the largest quotient among those on the list that the outgoing Auditor has expressed; for the integration of the Board of Statutory Auditors, and considering the balance in genders, if the Auditor is replaced in the majority list, the nomination is carried out without any binds to the list; if an Auditor is replaced from a minority list, the Board shall substitute with a majority vote and when counting such votes, the shareholders' with majority shares and shareholders' connected to the previous shall not be considered.

With regard to the application of the criterion of allocation in connection with the election of auditors, under Art. 148, paragraph 1 bis of the TUF, Reply to S.p.A. applied for the first time the renewal of the corporate bodies on 23 April 2015.

Composition and operation

(pursuant to Art. 123-bis, paragraph 2, letters d) and d)-bis, TUF)

At the date of the year-end, the Company's Board of Statutory Auditors consisted of three Standing Auditors and two Alternate Auditors; and in particular by:

- | | |
|----------------------------------|-------------------|
| ▶ Mr Ciro Di Carluccio | Chairman |
| ▶ Ms Ada Alessandra Garzino Demo | Standing Auditor |
| ▶ Mr Piergiorgio Re | Standing Auditor |
| ▶ Ms Giancarla Branda | Alternate auditor |
| ▶ Mr Stefano Barletta | Alternate auditor |

The Board of Statutory Auditors was appointed during the Shareholders' Meeting on 26 April 2021 based on the lists which were presented:

- ▶ Alike List with the following candidates: Mr Piergiorgio Re, Ms Ada Alessandra Garzino Demo, Mr Alessandro Pedretti, Mr Stefano Barletta and Ms Giuliana Monte.
- ▶ Investors List with the following candidates: Ciro Di Carluccio and Giancarla Branda.

The term of office of these Auditors will expire with the approval of the financial statements at 31 December 2023.

The following persons were taken from the Alike S.r.l. list that obtained the highest number of votes (75.741%) Ms Ada Alessandra Garzino Demo, Mr Piergiorgio Re and Mr Stefano Barletta.

Members nominated from the Investors list who obtained a number of votes equal to 24.071% are: Ciro Di Carluccio and Giancarla Branda.

The Board of Directors, in compliance with Recommendation No. 7 of the Code, defined in advance, at the beginning of the mandate, the qualitative and quantitative criteria for assessing the significance of certain circumstances that may compromise the independence of an Auditor as provided for in the new Code. Please refer to the section on "Independent Directors".

On an annual basis and upon nomination, the Committee, verifies the requisites of independence of its members in accordance to Art. 144-novies of the Issuers Regulation and in compliance to the Corporate Governance. After the appointment, the Issuer announced the outcome of the independence assessments by means of a press release distributed to the market and published on the Company's institutional website.

As part of the broader self-assessment process for 2021, the Board of Statutory Auditors did not find any obstacles with regard to the independence of its members in accordance with current legislation and the Corporate Governance Code. In particular, the Board of

Statutory Auditors verified the existence of the independence requirements set forth in Art. 2, Recommendation No. 7, of the Corporate Governance Code for all regular members, with the exception of Ms Ada Alessandra Garzino Demo, who, as an exception to the provisions of Recommendation No. 7, letter e), of the said Code, has held the position of Standing Auditor of the Company for more than nine consecutive financial years. However, the Board of Statutory Auditors considered that it could assess her position as independent, also with reference to the Code of Corporate Governance, due to her authority, reputation, moral stature, as well as the professionalism and balance demonstrated in the performance of her duties during this first year of the Board's mandate. To manage even potential risks in this respect, the Board of Statutory Auditors also approved and adopted a specific protocol to ensure its functioning in compliance with the roles assigned to the Board by the Corporate Governance Code. The Board of Directors, on the basis of the outcome of the checks carried out in this regard by the Board of Statutory Auditors, confirmed the requirement of independence for the individual members of the Board.

Diversity policies

With regard to diversity policies in the composition of the Control Body, the Board did not consider it necessary to formalise the diversity policy already applied within the corporate organisation, as the internal national regulations contain adequate rules on gender balance, recently amended, which have already been complied with during the recent renewal of the Supervisory Body.

The Company applies the criteria of diversity, including gender diversity, for the composition of the Supervisory Body, in compliance with the priority objective of ensuring the adequate competence and professionalism of its members.

The composition of the Board of Statutory Auditors is also adequately diversified in terms of age, educational background and professional experience of the Directors in office.

For full information on the diversity criteria defined by the Company, also with a view to promoting equal treatment and opportunities between genders within the entire corporate organisation, please refer to the Non-Financial Statement.

Auditors who have an interest, even if only potential or indirect in a given transaction shall promptly inform the members of the Board of Statutory Auditors and the Chairman of the Board of Directors of the interest and the related circumstances.

In the context of the verification activities carried out during the year by the specific control bodies, the Board of Statutory Auditors coordinated with the Internal Audit department, the Control Committee and the Supervisory Board. This coordination takes place through a regular exchange of information in the quarterly meetings of the Board of Statutory Auditors, as well as through the participation of the Chairman of the Board of Statutory Auditors and, on occasion, the Standing Auditors in the meetings of the Control and Risk Committee.

The table below summarises the Board of Statutory Auditors with the main information requested in accordance with Art. 144-duodecies issued by Consob.

TABLE 4: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS AT THE END OF THE YEAR

BOARD OF STATUTORY AUDITORS										
Office	Members	Date of Birth	Date of first appointment (*)	In office from	In office until	List (M/m) (**)	Indep. Code	Participation in Board meetings (***)	No. other offices (****)	
Chairman	Ciro DI CARLUCCIO	1961	26/04/2021	26/04/2021	31/12/2023	m	X	8	-	
Standing Auditor	Ada Alessandra GARZINO DEMO	1963	10/06/2003	26/04/2021	31/12/2023	M	X	16	10	
Standing Auditor	Piergiorgio RE	1947	23/04/2018	26/04/2021	31/12/2023	M	X	16	26	
Sindaco supplente	Giancarla BRANDA	1961	23/04/2018	26/04/2021	31/12/2023	m	X	-	-	
Alternate Auditor	Stefano BARLETTA	1974	23/04/2018	26/04/2021	31/12/2023	M	X	-	-	
----- AUDITORS LEAVING OFFICE DURING THE FINANCIAL YEAR -----										
Chairman	Giorgio MOSCI	1958	23/04/2018	23/04/2018	31/12/2021	m	X	8	-	

Indicate the number of meetings held during the financial year: 16

Indicate the *quorum* required for the submission of lists by minorities for the election of one or more members (*pursuant to Art. 148 TUF*): 1%

NOTES

(*) The date of first appointment of each auditor is the date on which the auditor was appointed for the first time (ever) to the Issuer's board of statutory auditors.

(**) This column indicates whether the list from which each auditor has been drawn is "majority" (indicating "M") or "minority" (indicating "m").

(***) This column indicates the participation of the auditors in the meetings of the Board of Statutory Auditors (indicate the number of meetings attended compared to the total number of meetings that could have been attended; present 6/8; 8/8 etc.).

(****) This column shows the number of directorships or auditor appointments held by the person concerned pursuant to Art. 148-bis of the Consolidated Law on Finance and the related implementing provisions contained in the Consob Issuers' Regulations. The complete list of appointments is published by Consob on its website pursuant to Art. 144-quinquiesdecies of the Consob Regulation on Issuers.

Following is a brief description of personal and professional qualities of the members of the Board of Statutory Auditors of the Company:

Ciro Di Carluccio Chairman of the Board of Statutory Auditors

In October 2020, he founded with other major partners, Archangel adVenture, a seed venture builder with an innovative business model of which he is CEO and since May 2019, he has been the Ambassador in Italy of Globalize Accelerator, an organisation based in Silicon Valley. Chairman of the Board of Statutory Auditors of Reply S.p.A. and alternate member of the Board of Statutory Auditors of UniCredit. Since June 2019, he has been a consultant for technological and financial economic matters of the "Parliamentary Commission of Inquiry into the phenomenon of mafias and other criminal associations, including

international” of the XVIII legislature. From April 2010 to June 2021, he was a member of the Board of Statutory Auditors of the Italian CFO Association (ANDAF), participating in this role in the association’s Steering Committee. He was a member of the Commission for the establishment of accounting principles and the Commission for the principles of conduct of the Board of Statutory Auditors of listed companies of the National Council of Chartered Accountants. From 2011 to 2019 he served as Managing Director and CEO of Deloitte’s Advisory practice in Italy and the Central Mediterranean Area.

Ada Alessandra Garzino Demo Standing Auditor

Ms Ada Alessandra Garzino Demo graduated in Economics at the University of Turin in 1987. She has been registered on the Registry of Qualified Accountants and Bookkeepers ever since 1991 and the Registry of Auditors ever since 1995. She works as a Chartered accountant and provides fiscal and corporate consultancy for medium-large companies as well as Multinationals. Ms Ada Alessandra Garzino Demo is specialised in Telecommunication tax matters and fiscal planning. She covers the role of both auditor and Chairman in other companies.

Piergiorgio Re Standing Auditor

Since 1972, he has been on the Register of Chartered Accountants of the Province of Turin, on the Roll of Official Accounting Auditors since 1979, on the Register of Technical Consultants at the Court of Turin, on the Register of Experts required by the Code of Criminal Procedure at the Court of Turin and on the Register of Auditors.

In the field of professional activity, he holds assignments of Administrator or Auditor of various companies. He was Professor at the University of Turin - Department of Management - Economics and Management until 31 October 2017. As a university professor he is author of various publications and articles.

During 2021, the Board of Statutory Auditors met sixteen times.

The compensation paid to the Board of Statutory Auditors are disclosed in the Annual Report on Remuneration policy and compensation paid pursuant to Art. 123-ter of TUF.

Legislative decree 39/2010 assigned the Board of Statutory Auditors the role of Control and Risk and Audit Committee with the task of supervising: (i) the financial reporting process, (ii) the effectiveness of the internal control, internal audit and risk management systems, (iii) the statutory audit of the annual and consolidated accounts and (iv) the independence of the independent auditors, as well as, from 2017, following the amendments introduced to Legislative Decree 39/2010 by Legislative Decree 135/2016, also the function of (i) informing the administrative body of the outcome of the statutory audit (ii) and being responsible for the procedure aimed at selecting the independent auditor.

Relations with Shareholders

On the Company's website (www.reply.com, Investors – Corporate Governance), the following documents are available:

- ▶ Company By-laws;
- ▶ Calendar of corporate events;
- ▶ Organisational Model pursuant to Art. 6 of Legislative Decree No. 231/01 and Code of Ethics;
- ▶ Procedure for the management and communication to the market of privileged information, for the compilation of the Registry of persons having access to privileged information and in the field of "Internal Dealing";
- ▶ Corporate Governance Reports;
- ▶ Reports on remuneration policy and compensation paid;
- ▶ Non-financial declaration;
- ▶ Procedures on Related party transactions;
- ▶ Policy Whistleblowing;
- ▶ Regulations on double voting (Loyalty shares section);
- ▶ Policy for the management of dialogue with shareholders in general;
- ▶ ESG Green Approach (Sustainability section).

The Board of Directors ensures that a person in charge of relations with investors is identified and periodically assesses the need to constitute a structural function within the company.

Mr Riccardo Lodigiani is responsible for relations with institutional investors and the general public (Investor Relator).

The above mentioned person must exclusively and periodically inform the Chairman and the designated member of the board of his activities.

At its meeting of 15 November 2021, the Board formalised the Policy for the management of dialogue with shareholders in general already adopted by the Company, with the aim of ensuring that dialogue with investors, and more specifically with shareholders, complies with market abuse regulations and is based on principles of fairness and transparency; the document is available on the Company's institutional website.

Shareholders' meeting

The Board encourages and facilitates Shareholders' participation in the Shareholders' Meeting, providing any information and clarification necessary to ensure smooth and informed participation of Shareholders.

The responsibilities and powers of the Shareholders' Meeting are those provided by law.

Art. 12 of the Company By-laws establishes that shareholders are entitled to intervene during the Shareholders' Meeting if they are shareholders at the end of the seventh accounting day of open markets preceding the Shareholders' Meeting and have provided written notice pursuant to Art. 2370, paragraph two of the Italian Civil Code.

The Company can designate for each Shareholders' Meeting one or two persons to whom confer the voting rights with specific instructions for one or more proposals on the agenda.

The designated persons, the means and terms of the conferred delegation are communicated on the notice calling the Shareholders' Meeting.

The Board did not consider it necessary, at this time, to adopt regulations for the Shareholders' Meetings (aimed at regulating the conduct of the Ordinary and Extraordinary Shareholders' Meetings), considering that for an orderly and functional conduct of the Shareholders' Meetings, the provisions of the By-laws on the subject are sufficient.

Taking into account the situation resulting from the Covid-19 health emergency, the Shareholders' Meeting of 26 April 2021 was held in accordance with the procedures permitted by Decree-Law No. 18/2020 under Art. 106 paragraph 4 as amended. Therefore, the intervention of the Shareholders at the Ordinary and Extraordinary Shareholders' Meeting held on 26 April 2021 took place exclusively through the representative appointed pursuant to Art. 135-undecies of the Consolidated Law on Finance; in addition, all members participated. On that occasion, the Board of Directors reported on its activities during the year 2020.

As mentioned in the previous paragraphs, The Extraordinary Shareholders' Meeting on 13 September 2017 also approved the introduction of the double voting rights, as per Art. 127-quinquies of the TUF, in accordance with the current legislative and regulatory framework, and approved the related amendments to the Articles of Association.

The Board of Directors did not deem it necessary to draw up proposals to be submitted to the Shareholders' Meeting in relation to:

a) choice and characteristics of the corporate model;

- b) the size, composition and appointment of the Board of Directors and the term of office of its members;
- c) structuring of the administrative and property rights of the shares;
- d) percentages established for the exercise of prerogatives designed to protect minorities, as it believes that the traditional organisational model adopted by Reply SpA is adequate and already functional to the Company's needs and that the Board of Directors operates efficiently.

Other corporate governance practices

Company operational procedure system

In order to ensure the correct application of company regulations and the reduction of risks related to the achievement of company objectives, Reply S.p.A. has adopted a set of procedures that regulate internal processes, governing both the activities carried out within the single departments and the relationships with other entities; Reference is made in this regard to what has been described in the paragraph on the Internal Control and Risk Management System.

Changes subsequent to the year end under review

Following the year end close no significant changes have been made to the structure of the Corporate Governance, other than what has been disclosed above.

Comments on the letter of 3 December 2021 from the Chairman of the Corporate Governance Committee

It should be noted that the recommendations made by the Chairman of the Corporate Governance Committee in his letter of 3 December 2021 were brought to the attention of the members of the Board of Directors and the Board of Statutory Auditors in order to assess Reply's position with respect to the implementation of the recommendations sent by the Committee.

With particular reference to the main areas of improvement identified by the Committee, the following shall be noted:

- ▶ **sustainability:** the company shares the call of the Corporate Governance Committee to integrate the sustainability of the company's business activity into the definition of strategies, the internal control and risk management system and the Remuneration Policy. As noted in the NFS, Reply believes that in order to guarantee business continuity in the long term it is now necessary to ask ourselves how we can interact in a positive way with the system, not only from an economic point of view, but also socially and environmentally, creating value for all the company's stakeholders. With specific reference to remuneration, it should be noted that the Remuneration Policy is aimed at attracting, motivating and retaining staff with the professional qualities required to profitably pursue the Company's objectives. The Policy is also instrumental in aligning the interests of management with those of shareholders, pursuing the priority objective of creating value in the medium to long term, introducing a strong link between remuneration and performance;
- ▶ **promoting dialogue with stakeholders:** the Company believes that communication with the general public and the market is of great importance as it contributes to a better understanding of the Company's strategies and activities by investors and the market and to encouraging the long-term commitment of shareholders to the Company. The Company has always maintained an ongoing dialogue with Shareholders, both at Shareholders' Meetings and through financial reports, press releases and other information published on its website, as well as through the establishment of departments dedicated to the relationship with Investors; With this in mind, the Board has deemed it appropriate, in the interests of the Company and its Shareholders, to formalise in a document the Policy for the management of dialogue with shareholders in general already adopted by the Company, with the aim of ensuring that dialogue with Investors and more specifically with Shareholders takes place in compliance with the regulations on market abuse and is based on principles of fairness and transparency;
- ▶ **classification of the Company:** with reference to the classification of Reply SpA on the basis of the criteria indicated in the Code, as already stated in the specific paragraph, Reply qualifies as a large company with concentrated ownership;
- ▶ **assessment of independence:** as already specified in the relevant paragraph, the

Company has provided for the definition of qualitative and quantitative criteria for assessing the significance of professional, commercial or financial relationships and of additional remuneration that may compromise the independence of the members of the corporate bodies;

- ▶ **succession of directors:** during the year, the Board of Directors approved a policy on succession plans for the Chief Executive Officers, the CFO and the Executive Directors and top management.
- ▶ **pre-board information:** the Chairman of the Company's Board of Directors has taken up the Committee's suggestion positively, and to this end the Regulations for the functioning of the Board of Directors were adopted during the financial year, which explicitly set out the deadlines considered appropriate for sending the pre-meeting documentation;
- ▶ **gender equality:** as already highlighted in the relevant sections of this Report, the Company adopts appropriate measures to promote equal treatment and opportunities between genders within the entire corporate organisation, monitoring their concrete implementation, as reported in the Company's NFS;
- ▶ **remuneration policies:** as also highlighted in previous Reports, as well as reported in the Report on Remuneration Policy and Remuneration Paid, this area of improvement has been an area of focus for the Company, which has carried out a review of the remuneration system for Executive Directors and Executives with Strategic Responsibilities, with particular reference to the variable components, both in the short, medium and long term; an activity that led to the approval of the current remuneration policy in 2020.

Turin, 15 March 2022
For the Board of Directors
The Chairman
Mr Mario Rizzante

