



2018 Consolidated Non- Financial Declaration

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Dear stakeholders,

the Exprivia Group continued to give special focus to social and environmental sustainability issues, consolidating the results achieved over the previous years and “raising the bar” during 2018, to attain further results.

The Group’s Code of Ethical Conduct and rules of conduct confirm its commitment towards ethical behaviour in all fields of action. The Group aims to distinguish itself due to the efficacy of the action put together for the purpose of acquiring technical levels of excellence and the highest standards of professionalism.

We have achieved remarkable results in both qualitative and quantitative terms, operating on a national and international scale, in the supply of products and services in the ICT area. We have distinguished ourselves for the level of technological knowledge and the speed in adopting the innovations proposed by the market.

These results have been achieved thanks to our employees’ professionalism and flexibility and to their ability to interpret and suitably meet customers’ needs, as well as to strong motivation and to the sharing of company goals.

We intend to continue our growth process by becoming a leading ICT player not only on a national scale but also internationally, focusing on greater speed in know-how acquisition and development and on the ability to support our customers’ Digital Transformation processes.

We have pursued increasingly effective and sustainable organisational solutions and strengthened the development process of our human resources also by actively promoting and participating in projects and initiatives of public interest.

The first second-level supplementary agreement was launched in the Exprivia Holding Company in 2018. Performance bonus, flexible working time and continuous training are the key words of the agreement which involves all 1,700 company employees and was approved by 90% of the corporate workforce which expressed its opinion with a referendum.

Exprivia Group’s sustainability strategy continues to focus on: the technological innovation of the solutions we offer to customers; the environmental responsibility of our production processes; occupational safety and health; and the growth of people. We proudly claim that our work has always been based on fairness, integrity and social responsibility.

Exprivia Group expresses its responsible commitment also within the social sphere: we have strong links with the local areas in which we operate and we pay attention to their needs by supporting local communities with various projects and initiatives, especially sectors such as education, training, research, culture and sport.

Our principles and values focus on key points that have always distinguished the way we work: transparency, fairness and reliability. We are confident that a responsible approach can contribute, even if in small ways, to the sustainable growth of our planet for the benefit of younger generations.

Domenico Favuzzi

Chairman and CEO
Exprivia SpA

Exprivia S.p.A.

Company subject to the management and co-ordination of Abaco Innovazione S.p.A.

Registered Office in Via Adriano Olivetti 11, Molfetta

Company Share Capital Euro 26,979,658.16 fully paid-up

Tax Code and Bari Register of Companies Number 00721090298 - Economic and Administrative Index Number BA-481202

Company with shares listed on the MTA - Star segment of Borsa Italiana S.p.A.

Exprivia exercises Management and Coordination activities, pursuant to articles 2497 *et sequitur* of the Italian Civil Code, exclusively over the companies belonging to the group wholly controlled by it, whether directly and indirectly.

For this purpose, the Board of Directors of Exprivia approved a **Regulation on the exercise of Management and Coordination activities** on 4 December 2017, which governs the mechanisms used by the Holding Company to determine the procedures for managing the necessary infra-group information flows and to carry out its management and coordination activities over the companies subject to it.

With regard to the subsidiary of strategic importance, Italtel SpA, it is noted that it is not among the companies over which Exprivia exercises Management and Coordination.

Method notes

GRI indicators 102-1; 102-5; 102-45; 102-46; 102-50

This document is the “2018 consolidated non-financial declaration” of the **Exprivia Group** (hereinafter also “**the Group**”), a group of companies whose holding company is **Exprivia SpA** (hereinafter also “**Exprivia**”), a company listed in the STAR segment of Borsa Italiana, the Italian stock exchange company, [XPR.MI]; it represents the second **Sustainability Report** drawn up in compliance with Italian Legislative Decree No. 254 dated 30 December 2016 (hereinafter also “**Italian Legislative Decree No. 254/16**”), in “Implementation of the 2014/95/EU Directive of the European Parliament and Council dated 22 October 2014, containing the amendment of directive 2013/34/EU with regard to the communication of information of a non-financial nature and information on diversity by certain companies and certain large groups”, which requires the presentation of a non-financial declaration by bodies of public interest (pursuant to article 16, paragraph 1 of Italian Legislative Decree No. 39 dated 27 January 2010) and specifically in the capacity of “issuing company of securities admitted to trading on Italian and European Union regulated markets”.

The “2018 consolidated non-financial declaration for 2018” (hereinafter, by way of brevity “Non-financial Declaration” or “NFD”) is to be considered to supplement and complete the Annual Financial Report and additional documentation pertaining to the 2018 Annual financial statements (1 Jan. 2018 - 31 Dec. 2018). The document has therefore been drawn up in compliance with the provisions of Italian Legislative Decree No 254/16.

Disclaimer

In view of the substantial change to the group’s scope - which occurred at the end of 2017 and involved the inclusion of the Italtel Group, as well as other Exprivia Group companies which were excluded from the scope last year - the presentation of the figures and the information in this document are not, and cannot be, homogenous.

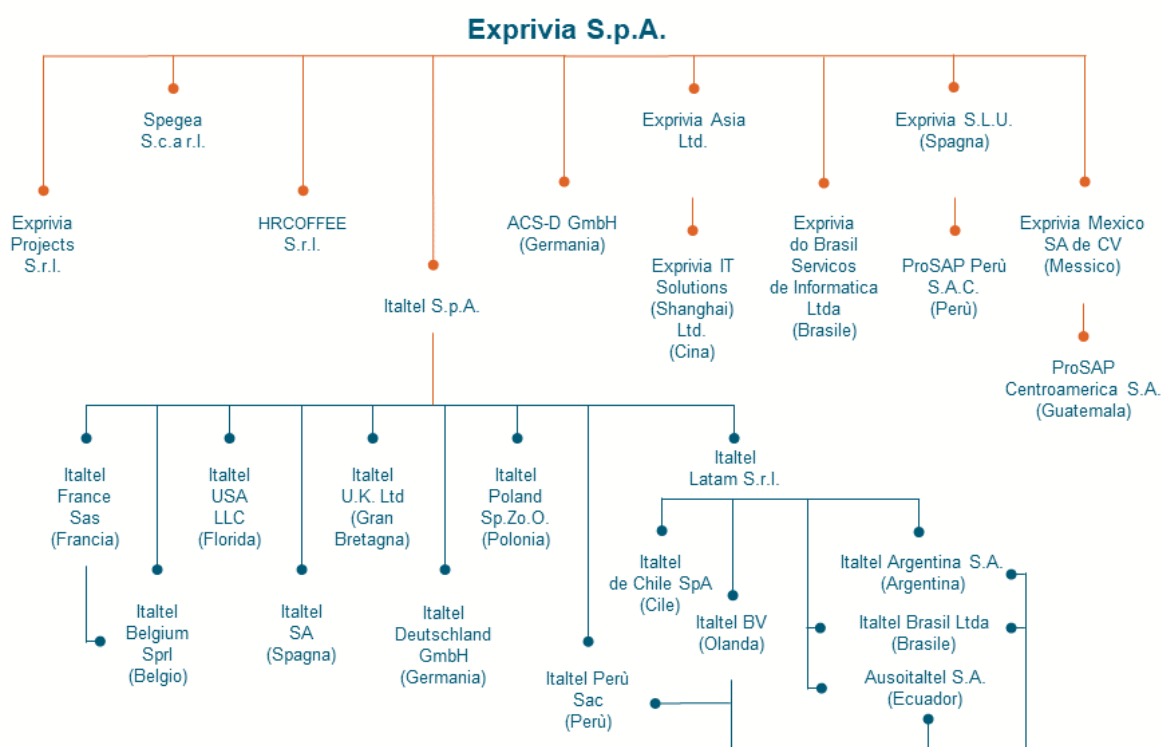
The figures are presented in “consolidated” form in relation to the Exprivia|Italtel scope, as specified above, starting from reporting year 2018. Due to the differences in scope, reporting methods and compliance with international standards, the figures of the previous years have not been consolidated.

Where possible, “information boxes” are available both for the two subgroups (Exprivia and Italtel) or within the two, in relation to specific events of relevance to this document.

Also with regard to the operating offices of the two subgroups, the collection of figures and their representation in this document is not always homogeneous, mainly due to the difficulty in reaching the source or obtaining disaggregated data from the source. In these cases, “information boxes” are also available where considered suitable and relevant.

Reporting scope

The analysis and reporting scope for the purposes of Italian Legislative Decree No. 254/16 includes for this year, except when otherwise specified, all the companies belonging to the Exprivia Group as illustrated below in the ownership chart:



The main Group companies with indication of the market in which they operate and their impact on the Group's turnover is shown below:

Company	Market in which it operates	% of turnover with regard to Group
Exprivia SpA (holding company)	Banking, Finance & Insurance, Telco & Media, Energy & Utilities, Defence, Manufacturing & Distribution, Healthcare, Public Sector	23.9%
Italtel SpA	Telecommunications	74.0%
Exprivia Projects Srl	Business Process Outsourcing (BPO) (*)	1.0%
Exprivia foreign subsidiaries	Manufacturing, Industry, Telecommunications	1.0%
Spegea	Training	0.1%

(*) Exprivia carries out important **Business Process Outsourcing (BPO)** activities, mainly at its headquarters in Molfetta (BA) and on behalf of large enterprises in the Italian industrial sector. Due to the specific dynamics of the sector, the methods and the employment agreements applied, and the types of human resources applied, where expressly indicated in this document, it was considered necessary to differentiate the analysis with respect to the predominant sector, **Information Technology (IT)**.

Italtel SpA

ITALTEL S.p.A. is 81% owned by Exprivia. It is a multinational company operating in the Information & Communication Technology (ICT) sector with a strong focus on innovation. It has dealt for many years with industrial research projects at European, national and regional level in the field of IT and telecommunications software. The Italtel portfolio includes solutions for networks, data centres, business collaboration, digital security, and the Internet of things. The solutions consist of own and third-party products, managed services, and engineering and consulting services. Italtel's reference market comprises service providers, public and private companies, with specific focus on vertical markets such as Energy, Health, Industry, Defence, Finance and Smart Cities. Italtel's headquarters and its R&S activities are based in Italy, and it has foreign offices in 13 countries. Italtel has over 3,000 square meters of testing facilities in Settimo Milanese (Milan) which it uses for validating the solutions it provides to customers and so offer excellent operational support. Its Research and Development labs are located in Settimo Milanese and Carini (Palermo), while its commercial offices are based in Rome.

Exprivia Projects Srl

Exprivia Projects S.r.l., with registered office in Rome and a share capital of Euro 242,000.00 fully paid-up, is wholly owned by Exprivia. It is specialised in the design and management of services and infrastructures for Call Centres, Contact Centres and Help Desks.

Exprivia foreign subsidiaries

Exprivia SLU, Exprivia Mexico SA de CV, Exprivia do Brasil Serviços de Informatica Ltda, Exprivia Asia Ltd, ACS-D GmbH.

Reporting spheres

The NFD reports on the aspects relating to the active and passive fight against corruption, the environment, HR management, the social aspects and the observance of human rights assessed as significant and material according to a specific and consolidated process, which takes into account the Group's specific activities, illustrated further on in the document (see section "Materiality analysis in relation to the business").

With regard to each theme-based reporting sphere, evidence is provided of the material nature of the aspect with respect to the Group's activities, the risks associated with the same, the commitments and the results obtained and monitored by means of indicators capable of representing the operating results.

The data and information of this NFD are referable to events which occurred in 2018, deriving from the company's business activities, significant on the basis of the analysis of the materiality and in compliance with Italian Legislative Decree No. 254/16. The same are gathered and consolidated by the various reference units, using extractions from the company information systems, with the co-ordination of a senior manager directly reporting to company management.

In this connection, it is hereby specified that the Group has adopted the indicators envisaged by the **GRI Sustainability Reporting Standards (hereinafter "GRI Standards" or "GRI") issued by the Global Reporting Initiative in 2016 with the "GRI-referenced" approach**. The reference to the GRI indicators is found in the "GRI link table".

This document has been subject to a compliance opinion by the independent auditors, **BDO Italia S.p.A.** which issued the "Report by the Independent Auditors".

Exprivia's Board of Directors approved the NFD on 14 March 2019. The DNF is published in the section "Corporate Social Responsibility" of the holding company's Website (www.exprivia.it).



1. An international Group to enable digital transformation processes

The Exprivia Group is an international business group specialised in Information and Communication Technology. It uses digital technologies to steer its customers' business change drivers.

The Group stands out for its reliability in managing complex projects through the connection and integration of vertical and horizontal skills and the ability to create solutions that are easy to use and update, as they are based on continuous research and innovation.

Exprivia SpA has been listed on the Italian Stock Exchange since 2000, in the STAR MTA (XPR) segment.

The founding concepts of our vision

Future

The future is the point towards which we orient ourselves in defining scenarios, processes and goals for ourselves and our customers.

Connection

This is what makes us innovators. It is the capacity to identify unexpected solutions by connecting our skills.

It is the ability to imagine the future by directly combining what we know in the present: technology with customer needs, the world of research with that of business, the city with its residents.

Perfect

Perfect is the level we strive to achieve in the planning of innovative and efficient IT solutions in each specific sector.

Reliability

For us this is a constant practice that leads us to seek out perfection in everything we do, to always guarantee that we will meet our commitments in every situation, to consider effectiveness and efficiency to be the indispensable requirements of all the products and services we offer.

Simple

Simple is the fundamental requirement of all of our systems, designed to improve the life of the individuals by means of the availability and usability of the information.

Simplicity

For us, this means concealing the complexity of technology behind a sleek user experience, making innovation and the digital transformation accessible to businesses and the public through a project of extreme streamlining which aims for simple solutions.

1.1 The markets

GRI indicators 102-2; 102-6

Today we are one of the main players in the digital transformation of businesses, and we owe this to the wide range of skills and experience we have developed through many years of work in our various markets.



Banking, Finance & Insurance

Digital progress and financial technique: the binomial of the future

The financial market is experiencing a radical business model transformation. The need to always offer new services that can be used at any time using any device requires the development of increasingly innovative and efficient IT solutions and services.

Thanks to the skills accrued in more than 25 years of partnerships with the top credit and insurance institutions in Italy and abroad, we have the specialisation and experience to fully meet customer needs through tailor-made and omnichannel digital solutions: from creditworthiness assessments to monitoring, from capital markets to factoring management, from data value to customer experience.



Telco & Media

Skills and technologies for network virtualisation

In the Telco & Media market, technological innovation proceeds at the same pace as the need to expand the availability of value-added services while remaining competitive. We offer operators and builders in the telecommunications sector extremely high-level technological competencies to allow them to manage the digital transformation, reducing their operating costs with innovative solutions.

ExpriVia is the ideal partner for the Service Providers that find the solution for being agile, efficient and customer centric in the virtualisation of networks and applications. Indeed, virtualisation meets every customer need with dedicated services commensurate with real business requirements, but especially supported by innovative technological skills meeting the most recent standards.

The quality of the services provided enables the customer to transfer a better customer experience to its users, enabling individual needs to be satisfied, also through customer loyalty policies.



Energy & Utilities

The technology that optimises energy

The energy and utilities sector is rapidly evolving to adjust to infrastructure technological upgrading processes, the development of new services and the entry into force of new directives on safety, energy efficiency and environmental and consumer protection, which are having a considerable impact on both supply and demand.

In this regard, we offer our customers specific solutions for the development and management of transversal and characteristic processes that aim to ensure greater operational efficiency, high performance and elevated customer service quality to energy, water, environmental and public utility sector businesses. Systems based on technologies like the cloud, XaaS, CRM, big data analytics and business intelligence, IoT, digital channels, social networking, e-mobility and enterprise application governance which place users at the very heart of processes, providing them with increasing autonomy and awareness.



Aerospace & Defence

Military defence, civil safety and digital technology

The recent geopolitical events require an immediate response from the civil and military aeronautical, naval and terrestrial sectors in the adoption of safety systems in which the technological component plays an increasingly crucial role to guarantee the safety of people, places, machinery and IT systems.

Even more urgent is IT support for taking strategic decisions in critical situations for the implementation of preventive measures based on scenario monitoring and controls. We offer the sector a real benefit by enabling the analysis of complex heterogeneous information (images, videos, data, texts, symbols, voices, sounds) generated by a multitude of wearable, fixed and mobile sensors on flights, in navigation, in orbit, in vehicles and in drones. In particular, we develop systems for command and control, surveillance, cartographic representation, processing of geographical maps and rapid prototyping of land-based, naval and aerial consoles which, also thanks to augmented reality techniques, the wealth of georeferenced information and social collaboration, offer the utmost interaction with scenarios that are increasingly faithful to reality.



Manufacturing & Distribution

Towards the new industrial revolution

The future of industrial processes follows a digital path. The common thread of the various enabling technologies that are changing how we design, create and distribute products by automatically organising and managing an enormous quantity of information in real time.

The fourth industrial revolution is in full swing and very soon will see completely controlled, interconnected and automated production through technological evolution.

Industry 4.0 defines this change through a panorama that is still evolving, but already has precise lines of development coinciding with the knowledge and skills we possess: the use of data and connectivity, analytics and machine learning, human/machine interaction and interaction between reality and the digital realm. We have taken advantage of this extraordinary opportunity by dedicating ourselves to bringing newfound energy to the entire industrial process with our

digital solutions and completely automating the management of huge quantities of information in a simple, streamlined and efficient manner.



Healthcare

Innovative solutions for individual health and efficient administration

Building a healthcare system that unites savings and efficiency, which takes care of people even before treating them, which eliminates waste and reduces waiting times. With these main objectives, we act as the ideal partner for a healthcare system striving towards a future of excellence.

Our technological solutions applied to the healthcare system make it possible to connect all of the disparate pieces of the entire Regional Healthcare System, from the administrative and management centres to public and private hospitals within the entire supply chain, to individual professionals and online services for users, ensuring the utmost optimisation of every single resource.

A team of 350 specialists, 30 years of presence in the IT sector and solutions and services in 500 healthcare facilities for 20 million patients confirm the effectiveness of our responses to the needs of the healthcare industry, which are fundamental for the economy and development of every region.



Public Sector

PA digitalisation: the first step towards a reinvigorated country

Some time ago the Public Administration launched a modernisation process based on principles such as innovation, simplicity and reliability to support businesses, residents, public employees and the state itself. Bureaucratic streamlining through the digitalised management of the PA - along with organisational renewal activities - now allows for the reconciliation of spending optimisation with service quality, as it provides users with multiple rapid and effective communication channels that connect residents with public institutions and provide the latter with a series of worry-free and completely secure tools for completing administrative procedures.

From this perspective, we have been able to rely on much of our experience in optimising processes for large private enterprises, which we have reconceptualised based on the needs of central and local governments and broken down into a range of areas, including:

- products and services for management;
- eGovernment and eProcurement solutions;
- storage and sharing of electronic documents;
- planning and control through business intelligence and business analytics platforms;
- performance measurement in PA processes;
- solutions to support administrative processes (SOA paradigm);
- single point of access for the exchange of information between the entity, residents and businesses;
- system integration for 24/7 operational continuity and automatic repairs.

1.2 Innovation

Innovation Lab

Innovation Lab is the backbone of the research, development and integration of the Group's technologies. A hotbed open to sharing experience and knowledge with the world of academics and research, which has led to the activation of various projects with the main Universities of Apulia (Polytechnic and University of Bari, University of Salento), of Milan (Polytechnic of Milan) and of Rome (La Sapienza), with CNR and with Cefriel, with which it has specifically launched a commercial partnership programme to promote "technological frontier" projects. Innovation Lab identifies and adapts innovation opportunities to the company's business model, coordinates projects which exploit public contributions, creates innovative technologies and solutions to be transferred to company production areas and enriches the company's wealth of knowledge, contributing to creating new distinctive competencies.

For several years, the Group has dealt with research projects aimed at sustaining the internal innovation process with the primary goal of analysing and testing new technologies and new solutions that can be rapidly adopted in the products being developed, based on indications from customers and from the market. In order to maintain its position in a constantly evolving market, often with breakthrough effects, the Exprivia Group has also considered the idea of developing its business as a system without boundaries, based on an open collaboration model, by mingling with start-ups and emerging and creative businesses. For this reason, it has set itself the mission to adopt the paradigm of Open Innovation, which reduces the main risks associated with innovation strategies using "internal" resources only: high costs, long time-to-market and the need for various vertical skills.

1.3 Skills

To build the future, we always need to keep it present

GRI indicator 102-2

Working for the world to come requires not only a lively imagination, but also and especially solid training that keeps us continuously updated on trends and transformations under way to anticipate the needs of the market.

Here are some of our most significant skills.

Big Data & Analytics

Managing data to dominate the markets

Before, there were products and services. Today, an increasing number of companies acquire, transform and provide data. And it is precisely around data that the digital transformation creates new business opportunities in areas regarding customer knowledge and customer experience, the generation of statistics and analyses, the creation of agile and flexible architectures and solutions and the 24/7 availability of security and customer care services.

We offer all of the very latest tools for supporting both the decision-making processes and ordinary activities based on the possession of information. Our Big Data & Analytics area is dedicated to developing projects, services and solutions aimed at the strategic use of big data for increasing business.

The assimilation and processing of unstructured data, which, once duly reorganised, become a precious source of information for creating new value for companies, play a particularly important role in the Big Data process.

Cloud

The revolution among the clouds

The advent of cloud computing has completely revolutionised how we acquire, implement and execute IT services. Through the web, users can access network resources, memory, processes, services and applications which can be requested, supplied and released quickly with minimal management effort and secure interaction with the supplier. Our cloud services are based on four fundamental models:

Public Cloud

The Public Cloud is characterised by computing power, memory and application services according to individual needs with scalable solutions adaptable to small, medium-sized and large businesses.

Private Cloud

Creating a Private Cloud means providing the range of services, solutions and computational capacity functional to a large organisation, distributed across the area and under continuous evolution, on a single platform.

Hybrid Cloud

The third model is a mix of Public and Private Clouds to give the organisation greater dynamism, overcoming the limits through the open Cloud potential and minimising the loss of the guarantee of absolute security that only the physically isolated Cloud offers.

Community Cloud

With the Community Cloud, the business shares IT platforms with other nearby organisations to strengthen the scope and common model for the provision of services and the development of new service classes.

IoT & Contextual Communication

The immediate future of things

Today, the web has an object complement: it is called, IoT, or the Internet of Things. The challenge that it intends to meet is to equip commonly used items with the ability to interact with the environment and automatically modify their functioning by sending and receiving data via the net. By the year 2020, 20 billion devices will be connected to the Internet and the fields of interaction will increasingly include industrial production processes, logistics, infomobility, energy efficiency, remote assistance and environmental protection. IoT is therefore capable of having a positive effect on the very idea of business, work, study, health and life.

For some time now we have been committed to developing IoT solutions capable of radically changing our way of living, working, learning and having fun. The main areas in which we are developing skills are:

- Industry 4.0 (solutions for the interconnection of production machinery with IT systems, for increasing workers' safety, for asset tracking and for predictive maintenance);
- Digital Healthcare (solutions for providing remote support to chronic and/or frail patients or early de-hospitalisation programmes);
- Smart Cities (solutions for the energy management of buildings, for monitoring the structural stability of bridges and viaducts, and smart metering);
- Smart Grid (solutions for the modernisation of the electricity network).

IT Security

Total data and system security

Security is becoming an increasingly crucial factor for the credibility of institutions and businesses, which are continuously seeking out new security technology instruments and solutions that can protect them from operational risks, attempted fraud, data theft, information leaks and so on.

We have the experience and technological skill required to act as a "global" partner for security, capable of working alongside the customer with flexible deliveries ranging from consulting to integration and the management of dedicated services, through operational centres to meet security needs at strategic, technological and operational level.

Our skills in terms of data protection include technologies for the protection of the company's perimeter (firewall), for the protection of content (emails, web), for mobility, for access control, for the protection of data centres, and for the protection of operator networks (against DDOS attacks, etc.). Our offer catalogue also includes ethical hacking (vulnerability and penetration tests) services and compliance with standards and laws (such as GDPR).

Mobile

Tomorrow within reach

The rapid transition from first-generation mobile phones to new mobile terminals which are increasingly efficient and polyfunctional has literally upended the world of mobile communications in just a few decades, and with it consumer habits, opening up possible interaction scenarios which until now had been unimaginable.

Companies have taken part in this trend to seek out new channels for promotion, communications and sales and expand the confines of smart working, so as to make relationships with their resources easier and more efficient through a precise multichannel strategy which, from a BYOD (Bring Your Own Device) perspective, skilfully overlaps times, places and instruments shared between work and personal lives.



We offer companies and entities the possibility to reap the greatest benefit from latest generation mobile technologies by including them within a broader multichannel strategy which encompasses Mobile Device Management for business devices, Mobile Payment in the various commerce and services sectors, Mobile Health and Mobile Application Development in the areas of health, finance and security.

SAP

More digital efficiency. Superior company efficacy. Greater market presence

With a strategic partnership that has lasted for more than 20 years, today, we are one of the main reference players in the SAP world in Italy and abroad. With a team of more than 400 professionals specialised in ERP and Extended ERP solutions, including more than 300 certified resources distributed across Italy and overseas, we seek out excellence in the creation of the most innovative solutions for our customers' business processes by taking action throughout the value chain: from analysis to consulting, from implementation to Application and System Management services, also using proprietary vertical solutions.

Our main areas of intervention are: Administration, Finance and Control, Operation & Logistics, Business Analytics and Human Capital Management.

Business Process Outsourcing

When outsourcing means optimising

The outsourcing of entire processes is a trend undergoing continuous growth within companies, which are attracted on one hand by the possibility of concentrating on their core business and on the other hand by the significant reduction in operating costs. To offer BPO services specific skills, strategies and professionals who can understand the needs of the customer company and are ready to be partners in change are required.

With the knowledge we have gained working alongside so many important companies, we support and sustain company evolution by taking responsibility for the delicate procedures of end user acquisition, management and retention. The offering ranges from back office outsourcing services relating to typically internal functions such as human resources, accounting and information technology, to front office outsourcing services like customer care and customer service.

All BPO services provided to customers are governed by service performance and quality indicators (Service Level Agreements and Key Performance Indicators).

Network Transformation

Modernising the infrastructures of Telco Operators

Network Transformation refers mainly to solutions that allow the evolution of real-time services (voice, video, etc.) offered by telephone operators towards infrastructures revised according to a complete convergence approach with IP protocol. Our skills in this field are rooted in the history of Italian telecommunications and are reflected in the ability to develop original products, as well as in the ability to integrate complete solutions by combining the best third-party products to support the digital evolution of Telco operators.

We are actively working on the evolution of the peripheral elements of the network (interfaces between operators and between operators and client businesses), in centralised signalling and routing functions, and deployment of cutting-edge IMS solutions.



We have also developed expertise on NFV (Network Function Virtualisation) and SDN (Software Defined Networking) technologies, which allow operator networks to become more dynamic and agile.

Network Service & Business Management

Automating to accelerate

Telco operators need to extend their catalogue of services by leveraging new technologies and experimenting with new business models with the adoption of self-service portals that provide users services on demand, with relevant automatic configuration. This requires the attainment of objectives associated with operational efficiency and agile management of the life cycle of network services. Telco's Digital Transformation is increasingly building on the concept of OSS (Operation Support Service) Transformation, to support Network Operations in maximising efficiency.

By using NFV and SDN technologies, networks can today be operated with an automatic correlation between "Assurance" and "Fulfilment" procedures; in other words, our skills enable scenarios in which measures and alarms detected on the network are immediately used to reconfigure it and/or instantiate new functions.

We have also developed skills in Advanced Analytics solutions (including Data Science methods) that can help improve Customer Experience and reduce churn rates.

People Collaboration and Customer Relationship

Collaboration is the key to all success

These are all the tools that improve collaboration between employees within a company and interaction that each company may have with its customers.

For several years, we have been operating successfully on architectures, including on-premises UC&C (Unified Communication and Collaboration) solutions (telephone switchboards enhanced with additional services that allow video conferencing, including on the web, and tools for service quality control), UC&C Cloud solutions provided by the telephone operator, as well as Contact Centre and Proximity Marketing solutions. We have expertise in the design and implementation of all customer IT application environments, with particular reference to UC&C applications and Customer Engagement scenarios. Activities include IT operations and application migration.

Data Centre & Virtualization

We build natural habitats for applications

Data Centres are presently the cradle of digital innovation in companies. They play an important role in enabling rapid deployment of IT applications, opening up the possibilities of the Cloud, and virtualisation of network functions.

We currently have all the necessary skills to implement, manage, and maintain the most modern Data Centre infrastructures, based on the concept of integration between computing, storage, and networking layers.

Our expertise extends to the ability to design and implement disaster recovery architectures that ensure business continuity in all situations, energy monitoring of data centre architectures, automated centralised provisioning, and the migration of IT applications.

IP Network Infrastructure

All for Internet, Internet for all

This refers to the entire collection of technology solutions that range from operator networks to enterprise networks, with a particular focus on mobile and wireless networks.

As for Telco Operator networks, over time we have developed skills related to the convergence between IP networks and optical networks and on mobile operators' infrastructure components.

For private networks, we have broad competencies in designing and implementing wired and wireless convergent solutions, Private LTE solutions, and on services for refreshing corporate networks.

We have experience in simulating and measuring Customer Experience, SDWAN technologies, and Deep Packet Inspection (DPI) solutions.

Managed & Advisory Service

Managing networks is a question of experience

Increasingly, for Telco operators, large companies and public administration entities, outsourcing the management of their IT infrastructure has become an effective business model capable of bringing significant cost reductions and increases in service quality.

Today we are able to make available to our customers the broad range of experience and knowledge accumulated over the years, managing IT networks and infrastructures for third parties and providing specialist consulting and engineering services.

We have expertise in an exceptionally large number of technologies from different network device Vendors, for which we are able to offer Technical Assistance services that provide for the maintenance and repair of equipment for all different technologies.

Project management skills are also important, supported by a broad array of certifications (ITIL, Prince2, and PMP).

UltraBroadBand Design

At the service of the country's Digital Development

The Italian government's Ultra-Broadband Plan is giving an important boost to the Digital Transformation of our country. It represents the most important large-scale deployment of UBB FWA in Europe.

During 2017, we carried out significant investments through Italtel to develop the skills necessary to execute the Ultra-Broadband passive network design contract, in the C&D Clusters, within the Infratel tenders that were assigned to Open Fiber.

Thus, Italtel is developing skills that are unparalleled within Italy on the civil and optical design of the passive fibre track and the wireless network in Fixed Wired Access (FWA) technology.

1.4 The Group worldwide

GRI indicators 102-3; 102-4

The Group is present abroad via its subsidiaries in Europe, Asia and America. Specifically, it is present in around 20 countries including Spain, Germany, Mexico, Peru, China and the United States.



1.5 Significant Exprivia Group figures

The following table summarises the main consolidated economic, capital and financial data of the Group:

Amounts in thousands of Euro		
	31.12.2018	31.12.2017
Total revenues	623,211	161,204
of which net revenues	590,964	157,122
of which capitalised costs for internal projects	10,534	2,532
of which other revenues and contributions	21,713	1,549
EBITDA	41,822	12,095
% on revenues	6.7%	7.5%
EBIT	20,998	6,504
% on revenues	3.4%	4.0%
Net profit (loss)	(852)	50
Group net equity	72,261	74,392
Total assets	666,331	645,099
Share capital	25,083	25,155
Net working capital (1)	21,631	31,402
Cash flow (2)	20,183	5,197
Fixed capital (3)	345,898	344,845
Investments	22,010	4,595
Cash and cash equivalents/securities/other financial assets (a)	29,062	44,698
Financial payables/other short-term financial liabilities (b)	(62,981)	(77,456)
Financial payables/other medium-long term financial liabilities (c)	(180,724)	(190,086)
Net financial position (4)	(214,643)	(222,844)

- (1) - "Net working capital" is calculated as the sum of total current assets, less cash and cash equivalents and total current liabilities plus current bank debt
- (2) - Cash flow is calculated as the sum of net profit (loss) adjusted by amortisation, changes in employee severance indemnities, write-downs and provisions
- (3) - "Fixed capital" is equal to total non-current assets
- (4) - Net financial position = a+b+c

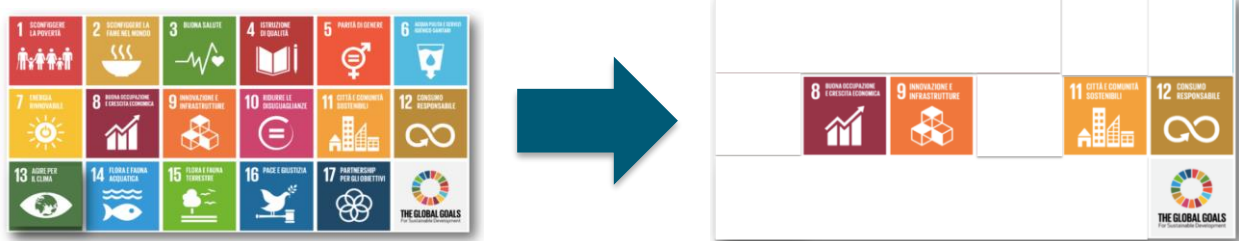


2. Materiality analysis in relation to the business

The Exprivia Group is constantly involved in carrying out its activities and achieving the business objectives it has set itself in full observance of the rights of individuals, fair competition, protection of the environment, and safeguarding of workplace health and safety.

The Group carries out a wide range of activities and initiatives that are directly or indirectly related to sustainability issues. They range from the improvement and innovation of its products and services, through intense research activities, to internal company initiatives through numerous participations in Consortia, Associations and National and International Organisations.

In relation to the seventeen sustainable development goals adopted by the United Nations, a coherence analysis was carried out aimed at identifying goals that can actually be pursued by Exprivia|Italtel, in relation to the Group's identity and the role it plays in the social and economic scenario.



In drawing up the Consolidated Non-Financial Declaration, we started from the consolidation of the virtuous processes set up during the previous year.

In consideration of the entry into the scope of reporting of the Italtel group companies that refer to the parent company Italtel SpA, crosscutting work teams were created within the two sub-groups.

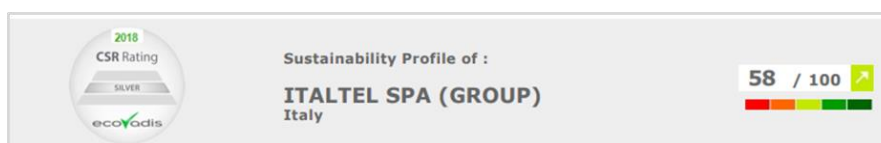
The first activity consists of a benchmark evaluation and presentation of the analysis to top management. Exprivia Group's 2018 materiality analysis included the phases reported below.

- Interviews to top management in order to select among the 17 Sustainable Development Goals (SDG) those considered most significant in relation to the Group's business.
- Evaluation of topics resulting from the above goals chosen.
- Evaluation of the main trends in the reference sectors.
- Evaluation of stakeholders' specific interests through the Company's press consultants.

EcoVadis certificate

Specifically, since 2015, the Italtel SpA Group company has subjected itself annually to an assessment of its compliance with the principles of Corporate Social Responsibility carried out by EcoVadis, an international organisation which has developed a collaborative platform for assessing the sustainability of the suppliers which operate within the sphere of the global supply chains. Its analysis system is based on internationally acknowledged standards and is divided into four thematic areas: Environment, Work and Human rights, Business ethics, Sustainable procurement.

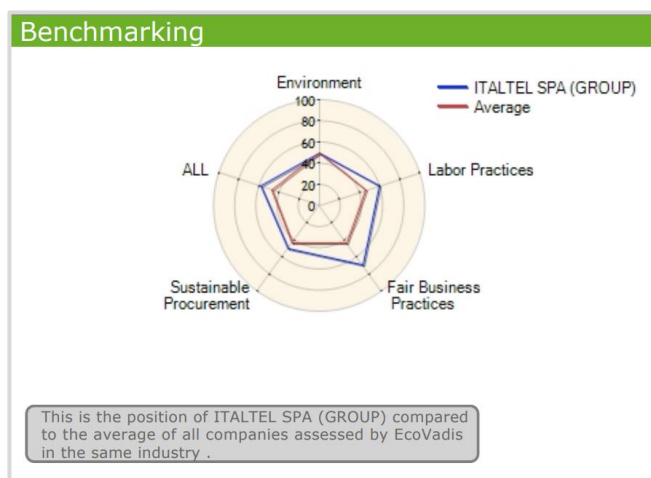
In these areas, for the third year running, Italtel received the "Silver Recognition" valid for 2018, with a score of 58 out of 100. Italtel has improved its score every year, up to placing itself among the 10% best companies subject to assessment in all product categories and among the 5% best companies in its sector for aspects linked to business ethics.



Italtel's EcoVadis "Silver Recognition"

In November 2018, with the aim of providing businesses with its own contribution to the fight against corruption and of increasing visibility, through data and statistics, on what is happening in global supply chains, EcoVadis published the report "*The Fight Against Corruption: Insights into Ethical Performance in Global Supply Chains*", based on more than 20,000 company assessments conducted from January 2017 to June 2018, across over 100 countries and over 150 industrial sectors. The report can be considered EcoVadis' first global anti-corruption report. The analysis shows that the world's average score among all companies examined is 42.2 out of 100, varying by geographical area and reaching a score in Europe of 45.3 points.

Thus, Italtel was among the companies considered in the above report and scored well above the European average. Specifically, it reached a score of 70 points out of 100 for the business ethics area, as highlighted in the following diagram.



Positioning of Italtel in the EcoVadis platform

2.1 Material topics

GRI indicator 102-47

Every year, the Exprivia Group defines and reports on relevant sustainability issues, with reference to the five areas of Italian Legislative Decree 254/2016, for the company and for stakeholders. The issues are defined on the basis of an identification and prioritisation process that includes the phases reported in the previous paragraph.

The following table provides indication of the correlation between the requirements indicated in Italian Legislative Decree No. 254/16, the material topics identified by the Group, the policies and the GRI requirements.

254/16 Scope art.3 paragraph 1	Material topics	Specific reference GRI Standards topics	Policies and risk management
Respect for human rights	Diversity, inclusion and equal opportunities	GRI 202: Market Presence	"Human rights" chapter
		GRI 404: Training and Education	
	Personal data protection	GRI 401: Employment	
	GRI 402: Labour/Management Relations		
		GRI 204: Procurement Practices	
Social aspects and aspects relating to	Workplace health and safety	GRI 401: Employment	"Work" chapter

human resources management	Attraction of talent and valorisation of human capital Decent working conditions Training	GRI 402: Labour/Management Relations GRI 404: Training and Education GRI 202: Market Presence	
		GRI 301: Materials	
Use of energy resources, emissions, environmental impact	Energy management Environmental protection and responsible use of resources Use of socially responsible suppliers committed to environmental protection	GRI 302: Energy GRI 303: Water and Effluents GRI 305: Emissions GRI 306: Effluents and Waste GRI 307: Environmental Compliance	“Environment, Health and Safety” chapter
		GRI 417: Marketing and Labelling	
Fight against corruption	Business management ethics Prevention of corruption Fair competition	GRI 201: Economic Performance GRI 205: Anti-corruption GRI 206: Anti-competitive Behaviour	“Fight against corruption” chapter



3. Organisation and management model

3.1 Corporate governance

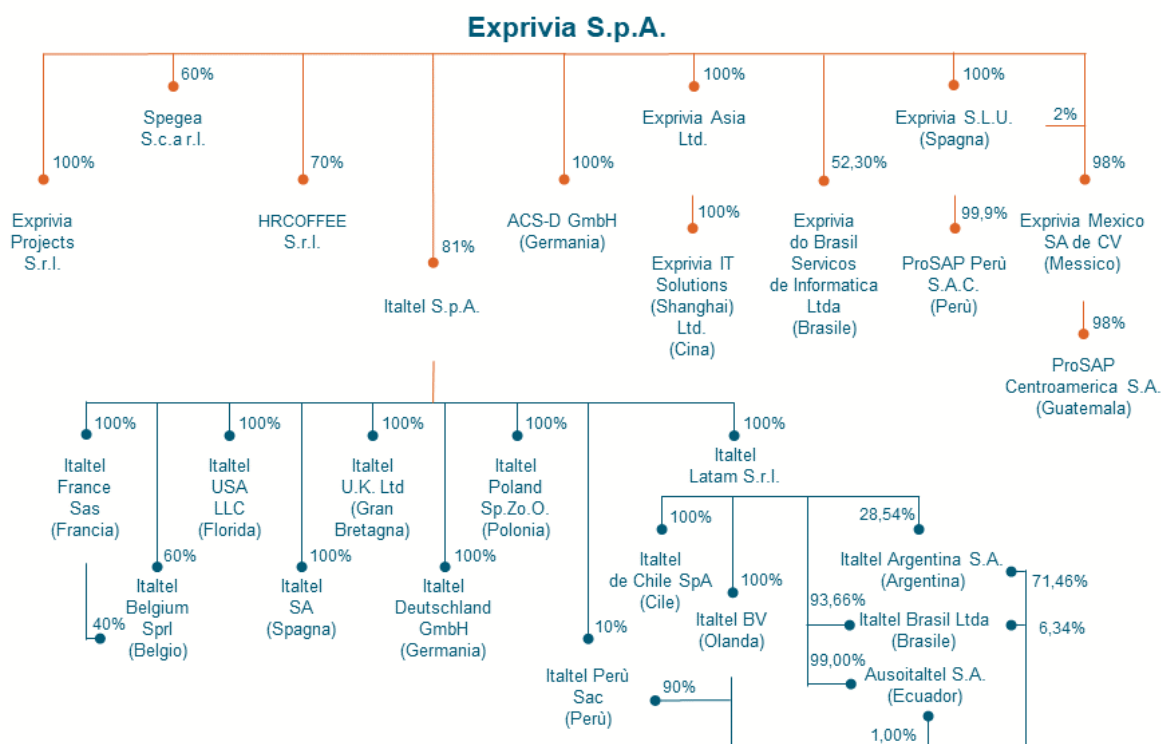
GRI indicator 102-18

The corporate governance system of the Exprivia SpA Holding company is developed according to the legislation in force and applicable to the sector, and observes the legal regime of a listed issuer as well as the indications of the **Code of Self-governance** furthered by Borsa Italiana which the company complies with.

In its organisation, Exprivia also takes into account the best practices which can be obtained from discussion at international level.

Exprivia exercises Management and Coordination activities, pursuant to articles 2497 *et sequitur* of the Italian Civil Code, exclusively over the companies belonging to the group wholly controlled by it, whether directly and indirectly.





For this purpose, the Board of Directors of Exprivia approved a **Regulation on the exercise of Management and Coordination activities** on 4 December 2017, which governs the mechanisms used by the Holding Company to determine the procedures for managing the necessary infra-group information flows and to carry out its management and coordination activities over the companies subject to it.

In any case, all the companies controlled by Exprivia, including those subject to its management and coordination, are legally independent and apply the principles of correct corporate and business management through a traditional administration and control system that assigns: management tasks to the Board of Directors; control on legality to the Board of Statutory Auditors; and statutory auditing to the independent auditing firm.

Therefore, the main governance bodies of Exprivia are: the Shareholders' Meeting, the Board of Directors, the Board of Statutory Auditors and the Independent auditing firm.

The Shareholders' Meeting is the corporate body that expresses the shareholders' will through its resolutions. Resolutions taken in compliance with the law and with the Articles of Association are binding upon all shareholders, including those who are absent or in disagreement. The Shareholders' Meeting is convened to adopt resolutions on issues that the law reserves for its jurisdiction in accordance with the laws and regulations that apply to companies with listed shares.

The role of the Board of Directors is to define the strategic guidelines for the Company and for the Group companies subject to its management and coordination, and to govern Company management.

To this end, the Board of Directors is vested with the broadest powers of Company management, which it regards as most appropriate to achieve the corporate purpose, except for those powers expressly reserved by the law to the Shareholders' Meeting.

Exprivia's Board of Directors operates via the chief executive officer and is assisted by Committees, established within the sphere of said Board, with proposal and consulting functions: the Control and Risks Committee and the Appointment and Remuneration Committee.

The Board of Statutory Auditors monitors compliance with the law and the Articles of Association and has a control function with regard to management, being required to ensure, *inter alia*, that the principles of sound management are being followed, the structure of Company's organisation is adequate, and the Code's guidelines are effectively implemented, as

well as to oversee the financial reporting process and the effectiveness of the internal control and risk management systems.

It is not responsible for performing a statutory audit since this task, pursuant to law, is entrusted to an Independent auditing firm appointed by the Shareholders' Meeting.

Lastly, the Board of Directors appoints a Supervisory Body (SB) for a three-year period, which monitors the correct implementation of the Organisation, Management and Control Model pursuant to article 6 of Italian Legislative Decree 231/01 and which reports to the Board of Directors and the Control and Risks Committee. The SB of Exprivia S.p.A. has its own internal Regulations and is composed of two external members (one being the Chairman) and an internal member. For further details on the composition of Exprivia's administration and control bodies, please refer to the document on Corporate Governance and Ownership Structure, which can be found in the Corporate > Corporate Governance > Corporate Information section of the Exprivia website.

In 2018, based on Exprivia's organisational and governance model, management was guided by the chief executive officer and was made up of the heads of the various company divisions, both business and production line and staff.

The Internal Audit function helps the Board of Directors and management improve the control processes, by suggesting the implementation of any corrective actions to the Board of Directors, through the Control and Risks Committee.

The manager who is responsible for the co-ordination of the activities in accordance with Italian Legislative Decree No. 254/16 and the drafting of this document, reports directly to the chief executive officer and expresses indications, sharing project aspects and monitoring the results achieved. In order to more fully integrate sustainability in the business, the manager in charge collaborates with the various Divisions and Business Units in the management of the processes typical of the related areas, also thanks to the activation of the network which has contributed to the drawing up of the related policy.

Furthermore, also all the Italian companies controlled by Exprivia, at present Exprivia Projects S.r.l. (which took over Exprivia Process Outsourcing Srl in December 2018), Italtel S.p.A. and Spegea scarl, in order to monitor the independent compliance goals for correct corporate and business management, have adopted their own Organisation and Management Models pursuant to article 6 of Italian Legislative Decree 231/2001 and have entrusted the relevant Supervisory Bodies appointed by the respective Boards of Directors with the task of checking and controlling their implementation.

Of particular note is the governance of Exprivia's strategic subsidiary, Italtel S.p.A., which is not subject to the holding company's management and coordination. The Non-Financial Declaration was extended to it for the first time this year, since until 2017 Italtel drew it up separately upon approval of the final financial statements.

Italtel has a Board of Directors, whose composition and functioning originate from the Restructuring Agreement approved on 13 November 2017 and from the current Articles of Association approved on 27 November 2017. The Board is composed of seven directors, two of which meet the independence requirements defined in article 3 of the Code of Self-Governance for listed companies and are appointed according to the rules of the Articles of Association.

In Italtel, the Board of Directors also operates through the Chairman and the Chief Executive Officer, vested respectively with the powers conferred by the Board of Directors on 14 December 2017, and avails itself of the advisory functions of two Committees: the "Related Parties Committee" and the "Remuneration Committee".

Again on 14 December 2017, the Board of Directors of Italtel appointed a Supervisory Body pursuant to Italian Legislative Decree 231/01. The Board is composed of two external members, with significant expertise in financial reporting and economic and corporate matters, in risk management and control, in the analysis of control systems and in the rules provided for by Italian Legislative Decree 231/2001 and by the Compliance Office.

The Supervisory Body of Italtel, with the support of the Compliance Office, which is a part of the same SB, continually checks the implementation of the 231 Model, its effectiveness and its compliance by the Italtel workforce. In 2018, the Supervisory Body of Italtel approved the Compliance Office's annual activity plan and the related expenditure budget; it also checked the results of the information flows periodically received in keeping with the provisions of the 231 Protocols.

3.2 The internal control system and risk management

GRI indicator 102-15

As from 2014, Exprivia has adopted its own Risk Model and has developed a risk assessment method that focuses on risk areas that are of real concern and that create added value for the organisation. The framework used is CoSO2 which analyses the main components of the internal control system.

Based on exposure to the risks affecting the organisation and on the inputs from senior management and the BoD, the Internal Audit prepares its own audit plan. The main aims of the audit are to provide assurance and information to senior management and to the BoD to achieve the organisation's goals, including an assessment by Management of the effectiveness of risk management activities.

3.3 Prevention of active and passive corruption

GRI indicators 102-16; 102-17; 102-30; 205-1; 205-2; 206-1

3.3.1 Significance for the Exprivia Group's activities

The Group aims to distinguish itself due to the efficacy of the action put together for the purpose of acquiring technical levels of excellence and the highest standards of professionalism. For this purpose, both Exprivia and Italtel are provided with a Code of Ethics in which the rules of conduct confirm the Group's commitment towards conduct inspired by ethics in all fields of intervention. The Codes are available on the websites of both companies.

Corruption represents a serious risk for the activities and the reputation of the Group, therefore it has been identified as a material topic of great importance.

For this purpose, the Group has countered the occurrence of phenomena deriving from the violation of the body of laws overseeing correctness, honesty and loyalty in every relationship both internal and external adopting a commitment of "zero tolerance" vis-à-vis corruption under any form, confirmed both in the **Code of Ethics** and in the **Organisation, Management and Control Model adopted in accordance with Italian Legislative Decree No. 231/01** of both companies, Exprivia and Italtel.

This commitment is applied in Exprivia by means of an appropriate **Disciplinary System** vis-à-vis the employees, as well as vis-à-vis third parties with the provision of specific "ethical" contractual clauses (Indicator GRI 205-1).

3.3.2 Main associated risks

The business activities assessed as to be most at risk from corruption are two: (i) those which involve dealings with the Public Administration Authorities and (ii) those which involve the processing of sensitive data and information reserved for third parties.

- The risk of corruption which affects dealings with the PAs pertains to the participation of Exprivia and other group companies, including the strategic subsidiary Italtel, in public tender procedures, the execution of public contracts and the admission and execution of projects financed by public Bodies.
- There is also the risk of corruption relating to the processing of sensitive data and information reserved for third parties, which mainly concerns the creation of information platforms and systems for the handling of medical records, health registers, booking of health services, result handling, etc.

The Group assesses and handles the risk of corruption in their specific sectors of activity.

On a consistent basis, in the 231 Model a series of protocols have been drawn up relating to the management of the activities at direct risk vis-à-vis the Public Administration Authorities and private individuals as well as a series of protocols relating to the handling of instrumental transversal activities.

3.3.3 Policies overseeing the aspect

The Group is firmly convinced that operating in observance of ethical standards is rewarding for the business activities; for this purpose, the Group constantly checks the observance of the principles contained in the **Code of Ethics** so as to strengthen and further ethical and responsible business conduct and therefore prevent cases of corruption.

For this purpose, Exprivia requires its employees and co-workers to act according to the laws and regulations applicable with regard to anti-corruption, as well as to be aware of the values and policies of the Company.

In addition to the matters envisaged by the Code of Ethics, the risk of corruption is also overseen by the 231 Organisation Model and annually assessed in terms of potential economic damage in the event of adopting corruptive conduct *inter alia* in the general mapping of the risks carried out by the Control and risks committee.

In 2018 also the subsidiaries Advanced Computer Systems Srl (which was incorporated into Exprivia at the end of 2018), Exprivia Projects Srl, Exprivia Process Outsourcing (which was incorporated into Exprivia Projects at the end of 2018) and Spegea scarl approved each (with their own administrative body) their 231 Organisation Model and appointed their own Supervisory Body composed of a sole member.

For the purpose of preventing illicit acts or the violation of the Company's regulations, Exprivia therefore adopts the following safeguards:

- a Code of Ethics which prohibits practices of corruption, illegitimate favours, collusive conduct and solicitations, direct and/or via third parties, of benefits. All the subsidiaries, as well as the commercial partners must observe the Code of Ethics.
- the Internal Audit unit which has assurance tasks with the purpose of assisting the organisation in the pursuit of its objectives via a systematic approach, aimed at assessing and improving the control, risk management and Corporate Governance processes.
- the implementation in accordance with Italian Legislative Decree No. 231/2001 of the internal Organisation Model, made up of a General Section and seven special sections which contain the protocols for the prevention of the specific offences envisaged by the Decree; the Supervisory Body is responsible for the control thereof.
- the adoption of a Quality System which represents a structured compliance programme containing *inter alia* instruments and policies useful for contrasting and preventing active and passive corruption.
- the implementation of the guidelines to be used by the procurement unit for the assessment of the reputational reliability of the third parties with which Exprivia has business dealings, with the purpose of carrying out an integrity check and protecting Exprivia from possible negative repercussions due to monetary fines or disqualification (pursuant to Italian Legislative Decree No. 231/01) and from the reputational risks linked to any unlawful practices in the business dealings with suppliers, commercial or project partners, intermediaries, consultants, business canvassers, etc., for this purpose providing operating instructions.
- the introduction of a Whistleblowing System capable of ensuring the maximum levels of confidentiality for the reports to the Supervisory Body on the unlawful conduct significant for the purposes of the 231 Decree based on precise and concordant factual elements and on the violations of the Organisation, management and control model of the body, which the intended audience has become aware of as a result of the functions performed.

For a description of the main activities carried out in 2018 by the Supervisory Bodies of Exprivia and of its direct subsidiaries, please refer to the Report on Corporate Governance and Ownership Structures.

For the same purposes, Italtel adopts the following safeguards for itself and its subsidiaries:

- Every year, it conducts scheduled auditing activities, through the Compliance Office, on the processes in the context of which corruption offences are at risk of being committed
- It disseminates its Code of Ethics to its business partners and expressly requests Code compliance in the contractual documents drawn up with Suppliers

- Italtel S.p.A. adopted an Organisation, Management and Control Model in 2002, pursuant to Italian Legislative Decree 231/2001, ensuring its constant updating and implementation. In this regard, on 12 March 2018, the Italtel Board of Directors approved the new version of the Organisation, Management and Control Model, the Special Sections and the implementation Protocols amended as a result of the regulatory changes that occurred during the previous year. Specifically, these are the changes introduced by Italian Legislative Decree 38/2017 (Decree on the fight against corruption in the private sector), which entered into force on 14 April 2017, on Corruption among private individuals. Again in 2018, the Model was updated with regard to Whistleblowing in order to protect reporting persons against any retaliatory behaviour by employers. For this purpose, the internal system for reporting irregularities during work was reviewed and a specific procedure was launched which describes in detail the criteria and operating procedures to be followed for handling reports.
- Since 2013, it has disseminated and has ensured that all subsidiaries adopt Prevention Principles and Behavioural Guidelines aimed at preventing the crimes included in the same decree, in line with Italtel's 231 Model
- Italtel SA (Spain) adopted an Organisation and Management Model in 2013 pursuant to the Ley Organica 5/2010 on the criminal liability of legal persons, constantly ensuring its updating and implementation.

Furthermore, Italtel, in 2017, again to prevent active and passive corruption, renewed the Legality Rating achieved for the first time in 2015. The score assigned by the Antitrust Authority (AGCM) increased from two “stars” and a “plus” in 2015, to the highest possible score: three “stars”. This important result places Italtel among the companies most committed to adopting ethical principles in their own conduct and to operating in compliance with the provisions of the law. The Legality Rating has a validity of two years.



3.3.4 Auditing activities and management results

Internal auditing

Exprivia and Italtel carry out - each within their own sphere of competence - systematic **internal auditing** activities, part of which address the **ethics of the business dealings**.

In Exprivia, the internal audits carried out during 2018 were 59 in total, of which 8 audits carried out by the SB on the protocols indicated by the 231 Model and on the processes disciplined by the Quality and Environmental System in compliance with the ISO 9001, ISO/IEC 27001, ISO/IEC 20000, ISO/IEC 13485, ISO 22301, ISO/IEC 20000-1, CMMI-DEV standards. The implementation of the corrective and improvement actions identified during the audits is constantly monitored up until the final completion of each one.

A total of 14 internal audits were carried out in Italtel in 2018 relating to business ethics and regarded: environmental management, information security, personal data protection (privacy), prevention of corruption, protection of workplace health and safety, and the management of financial resources. The process for the “Qualification and monitoring of suppliers” (both for business purchases, i.e. products and services related to commercial orders, and for the purchase of corporate services) was also examined.

The implementation of the corrective and improvement actions identified during the audits is constantly monitored up until the final completion of each one.

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**Internal auditing
carried out on the
ethics of business
dealings
in 2018**

External auditing

Exprivia, in its capacity as technological company which has partnerships with leading multinationals in the IT sector (**SAP, Microsoft, Oracle**, etc.) is normally subject to periodic audits carried out by the third parties with which it has business dealings.

Exprivia is also subjected to periodical auditing carried out by public or private certification bodies. These audits also concern the compliance of the internal processes, the observance of the intellectual property rights in the use of third party software, the protection of the security of the information and the handling of the medical and EC marked devices.

In 2017, overall 9 external audits were carried out by Public or Private Certification Bodies. All the audits concluded positively.

Italtel and its direct subsidiaries are subject to external audits carried out by third parties with which they have business dealings, typically Customers, at their request.

Italtel was subject to 6 external audits in 2018 (one carried out by the DPO, two by Certification Bodies and three by Clients). The issues addressed during these audits concerned the observance of the intellectual property rights in the use of third party software, the protection of the security of the information, and environmental management. In 2017, 4 external audits were carried out.

All external audits carried out in 2018 concluded positively, as in 2017.

3.4 Customer relations

By means of a varied offer, the Group offers its solutions to private and public concerns of every size, tackling with the same the search for new business models laid down by the era of **Digital Transformation**:

- the radical change in the business scenarios with the fourth industrial revolution which very soon will see completely controlled, interconnected and automated production through technological evolution;
- the new solutions for the virtualisation of the network systems;
- the innovative technologies which are changing the world of the utility companies in production, distribution, transport and sales of the primary sources (water, energy, etc.);
- the need for increasingly complex processing of quantities of data for the analysis of the phenomena of the environment and the earth;
- the transformations in the world of credit and finance in a sector which is very rapidly evolving;
- the health system which is changing, influenced by the growing attention to personal wellbeing and care, the progressive aging of the population and the growing diffusion of chronic illnesses, which to these factors added the need to increasingly rationalise the progressive increase in health spending;
- the streamlining of bureaucracy, organisational renewal, which permits the optimisation of the expenditure for the quality of the rapid and efficient services which bring the citizen closer to the public body.

Specifically, Italtel Group S.p.A. delivers an annual evaluation questionnaire to a sample of 10/15 clients, chosen on the basis of their turnover/strategic importance for the company, operating in the Service Provider, Enterprise and Public Sector categories in order to check their satisfaction.

The application of this method, combined with the search for continuous improvement (Plan Do Check Act cycle), has allowed Italtel to record high levels of customer satisfaction over the years (in 2016, 2017 and 2018 average satisfaction was respectively 4.4, 4.3 and 4.7 on a 1-5 scale) and to establish further dialogue with customers in order, on the one hand, to acknowledge their expectations and future needs and, on the other, to illustrate Italtel's viewpoint on highly interesting technological and market issues.

3.4.1 Policies overseeing the aspect

In the business activities and in the relationship with its customers, specifically in commercial practices, the Group is guided by substantial ethical values. The two main Group companies by share of turnover, Exprivia SpA and Italtel SpA, have endowed themselves with a **Code of Ethics**, which identifies all the values which represent social ethics, the guiding principles, as well as the fundamental directives which the social activities and the conduct of all the company population must comply with, within the sphere of the respective responsibilities and in relation to the position covered within the business organisation. Market competitiveness must be conducted in strict compliance with competition regulations and with a view to social responsibility and environmental protection, to ensure correct and functional use of resources.

3.4.2 Main associated risks

In this context, and in relation to the materials aspects which characterise the same, the main risks associated with the commercial and customer relations activities concern:

Risks related to dependence on its customers

The Group offers services to companies operating in different markets: Banking, Finance & Insurance, Telco & Media, Energy & Utilities, Aerospace & Defence, Manufacturing & Distribution, Healthcare and Public Sector. The revenues of the Group are well distributed over a broad customer base but, nevertheless, the withdrawal of certain leading customers from the portfolio could have impacts on the economic, equity and financial situation of the Group. For this reason, the Group constantly focuses on receiving highly varied orders in terms of sector and organisations involved. Procedures are also already in place for assessing customer satisfaction and, as regards maintaining adequate service levels, company certifications are constantly updated. For example, Exprivia has the following currently valid certifications: ISO 9001, ISO 13485, ISO/IEC 20000-1, ISO/IEC 27001 and ISO 22301.

Risks associated with contractual commitments

The Group develops high value solutions with a high technological content and the related underlying contracts may foresee the application of penalties for the observance of the stipulated terms and quality standards. The application of these penalties could have negative effects on the economic and financial results of the Group. Specifically, Exprivia has taken out insurance policies with a leading insurance company, considered adequate to safeguard itself from the risks arising from professional liability (so-called policy covering "all IT risks"). Should this insurance coverage be insufficient and the company be required to pay for damages for amounts higher than the envisaged limits, the economic, equity and financial situation could suffer significant negative effects, in line, moreover, with risk parameters for the entire sector.

Risks related to internationalisation

In its internationalisation strategy the Group could be exposed to typical risks deriving from the performance of business at an international level, which include changes in politics, macro-economic outlook, taxation and/or regulations, as well as currency variations. It should be noted, however, that the Group selects the countries in which to start up its activity also by conducting a preliminary country risk assessment in order to limit the risks described above.

Risks related to competition

The Exprivia Group competes in markets consisting of companies that are typically rather large, which means remaining competitive depends on economies of scale and adequate pricing policies. The Group mitigates this risk with continuing research and development, encouraged by the continuous recruitment of human resources that are always in line with trends in the sector, especially considering the vicinity of universities and other centres of competence and the extensive collaboration with them.

Credit risk

The Group does not have significant concentrations of credit risk except for work carried out in the Public Sector, where delays are recorded mainly due to the payment policy adopted by public bodies. They often do not respect the conditions set forth in contracts but, nevertheless, they do not lead to the risk of bad debts.

The Group also manages this risk by selecting counterparts considered to be solvent by the market and with high credit standing. Periodically all the loans are subjected to an analytical valuation for each customer, proceeding to the write-down in cases in which an eventual impairment is expected, in addition to an expected credit loss analysis as provided for by IFRS9.

3.5 Supplier network

GRI indicators 102-9; 414-1

One of the Group's assets is the closely-knit network of suppliers for the execution of its activities. In the majority of cases, this involves parties with which, over time, it has constructed clear relationships, capable of creating value over the long-term.

With the exception of a few cases relating to the management of the physical spaces (security, cleaning, etc.) or vertical functions (accounts auditors, administrative consultants, telephony, etc.), the Group operates with suppliers who work in the same sector as the company, or rather in "Information and Communication Technology" (ICT), handled according to high quality standards. The Group guarantees its suppliers fair remuneration for the activities and the observance of payment times, in exchange for a commitment for ever increasing quality and efficiency.

All the suppliers are subject to a qualification process. A general overview is provided below on the procedures implemented during 2018 by the Group's two main companies: Exprivia SpA and Italtel SpA.

3.5.1 Guidelines for supplier assessment and selection

Exprivia SpA

Policy for Supplier selection

All the Exprivia suppliers are subject to a periodic assessment and qualification process, according to SGQ, with particular reference to the Procurement Procedure.

The steps of the procedure are briefly reported.

Periodical qualification and assessment of suppliers

Exprivia procures goods and services from suppliers present on the Qualified Suppliers List. The suppliers are divided up into three classes:

1. Approved suppliers
2. Suppliers approved with due reservation
3. Unapproved suppliers

The activities for the qualification of the suppliers involve an initial assessment for the purpose of introducing new suppliers in the List of Suppliers approved with due reservation and a periodic assessment, within the first quarter of the year

following that of reference, which makes it possible to establish the permanence or otherwise of the supplier within one of the three classes making up the Qualified Suppliers List.

When there is the need to introduce a new supplier, the Purchasing Unit carries out an initial qualification, requesting all the documentation, for the purpose of noting the regularity thereof.

The documentation required includes:

- Chamber of Commerce certificate;
- Copy of the most recent financial statements to check the company's solvency and financial soundness;
- D.U.R.C. (contribution compliance certificate);
- DVR (Risk Assessment Document) and declaration of general safety-related costs, as per Italian Legislative Decree No. 81/08;
- Compliance self-certification;
- Copy of a PCL policy (professional civil liability, drafting not mandatory but considered to be a preferential element in the supplier selection process);
- Declaration of general safety-related costs;
- ISO compliance.

In the event of "special" supplies, such as those regarding services and supplies related to good and sound facility management, the above documentation is supplemented with further documents to check compliance with specific laws and/or special technical requirements.

It is not compulsory for suppliers to send us the above documentation, since only specific regulatory requirements are of a mandatory nature.

With regard to Exprivia's procurement procedure, submission of all the documentation is necessary for qualification purposes, otherwise the Supplier could be excluded, unless submission is considered to be a preferential element, as in the cases under previous points f and g.

A number is associated with each supplier which determines its ranking. Qualified suppliers are entered in a supplier register which is updated annually.

All of the documentation produced and received during the qualification process is digitally stored in specific folders on the big 1 server.

Suppliers that no longer meet the qualification requirements are suspended from the Register, blocked in the information system and included in a list of inactive suppliers, making it no longer possible to issue orders to them.

Italtel SpA

Policy for Supplier selection

In 2018, the company updated the Supplier Selection and Qualification Guidelines, as a follow-up to the new **Italtel Group Purchasing Policy** issued in 2016. The Policy defined the general criteria, responsibilities and operating procedures to ensure the supply of products and services to customers which meet the demands of quality, cost, time and reliability, by working with suppliers that share the respect for people, environmental protection and the principles of honesty and integrity as set forth in Italtel's Code of Ethics.

Supplier selection and purchase transactions were therefore carried out by giving priority to companies meeting the following criteria:

- they comply with laws and regulations with a view to **Corporate Social Responsibility (CSR)** and focus on the respect for human rights and environmental protection
- their core business is related to the activities covered by the transaction
- they have an organisation and tangible/intangible assets of appropriate amount and quality in relation to the type and size of the supply to be carried out and such as to ensure suitable quality, prices and delivery time
- they are able to guarantee required quality levels each time

- they are able to guarantee the stable and continuous supply of goods and/or services over time, also through formalised emergency plans, and be sufficiently flexible to respond rapidly to the fluctuations in market demand/supply.

Periodical qualification and assessment of suppliers

All Italtel suppliers are subject to a selection, qualification and periodic assessment process

The aim of the supplier selection, qualification and monitoring process is to identify and maintain suppliers capable of supplying products and services, on a continuous basis, that meet company requirements. This is achieved by checking, assessing and monitoring technical, organisational and management skills, reputational ethical reliability, economic and financial soundness, and compliance with the requirements relating to Environmental Management Systems, Quality and Information Security, and CSR commitment.

In view of the company's supply needs and requirements and of its need to purchase new products/services or to acquire new suppliers for projects being defined, the Procurement function starts to look for new suppliers to be qualified, possibly alternative to those already used. First of all, it performs a preliminary check on the suppliers, where necessary availing itself of the support of the Finance & Administration department for any economic and financial aspects. The Procurement function submits the suppliers who have successfully passed the preliminary check (potential suppliers) to the next assessment and qualification phase. These suppliers are asked to complete a qualification form and to send supporting documents (i.e. chamber of commerce certificate; most recent financial statements; quality, technical and sustainability certifications).

If the information contained in the supplier's summary sheet is sufficient to show that it is able to guarantee the supply of goods and/or services according to requirements, the supplier is qualified (indirect assessment method).

Assessment results are reached by evaluating the level of compliance with the following requirements:

1. Environmental Management System
2. Quality Management System
3. Information Security Management System (required for repair, installation and TAC1 suppliers and in general for suppliers providing a service at the customer's premises or at Italtel)
4. Financial Soundness
5. Supplier's Corporate and Administrative Information (Chamber of Commerce Certificate or equivalent document)
6. Social Accountability

A number is associated with each supplier which determines its ranking. "Qualified" suppliers are entered into a dedicated information system to allow orders to be issued to them.

All of the documentation produced and received during the qualification process is digitally stored on a specific web portal, in a folder associated with the assessed supplier.

Suppliers that no longer meet the qualification requirements are suspended from the Register, blocked in the information system and included in a list of inactive suppliers, making it no longer possible to issue orders to them.

In both Group companies, the Procurement function observes the performance of the qualified suppliers and assesses over time whether they can still be included among the active suppliers. It can decide to cancel the previous qualification, making it impossible to issue orders and consequently eliminating the supplier from the Supplier Register.

Furthermore, to keep suppliers aligned with the needs of Procurement as much as possible, it regularly updates (preferably every year and in any case never more than 3 years) the assessment sheet of every single supplier.

3.5.2 Supply indicators in accordance with sustainability

GRI indicators 204-1; 308-1

This document highlights some indicators with regard to the sustainability of the supplies carried out by the Group in 2018:

		Consolidated ¹
Indicator 1	Use of local suppliers by significant venue ²	72%
Indicator 2	Use of suppliers which have been requested to produce a DVR (Risk Assessment Document) and have submitted it	78%
Indicator 3	New suppliers that have submitted a DVR	61%
Indicator 4	Code of Ethics	87%
Indicator 5	A1 - Consulting	51%
	B - HW	40%
	C - SW	4%
	F – other purchases	5%
Indicator 6	Suppliers provided with environmental certifications	31%
Indicator 7	New suppliers provided with environmental certifications	17%

¹ The figures refer to Exprivia and Italtel suppliers to which an order above Euro 100,000.00 was issued in 2018

² The suppliers taken into account have registered offices in the area where they operate



4. Human rights

GRI indicator 102-8

In the Exprivia Group, the selection, training, management and development of Human Resources are based on criteria of individual merit, skill and professionalism, while ensuring equal opportunity. Career paths and salary rises are based on these principles and guarantee transparency, reliability and fairness of the assessment methods applied.

The Group considers its employees as a primary lever of work. It involves employees in the company's business, offering them services that improve their quality of life and ensuring a working climate based on attention, listening, trust and professional recognition.

In order to guarantee this, the Group promotes working conditions that protect individuals' psychological integrity and that foster creativity and proactiveness, active participation, the ability to work in a team and accountability.

Furthermore, the Exprivia Group undertakes to protect the moral integrity of its employees by protecting them from acts of psychological violence and by contrasting any form of discrimination or harm to individuals and their ideas.

4.1 Significance for the Exprivia Group's activities

The Exprivia Group is committed to actively supporting the Universal Declaration of Human Rights. For this reason, the respect for human rights is one of the principles underlying the Group's actions and is a constant focus in all the countries where the Group operates and in every Group company.

On 16 June 2011, the United Nations Human Rights Council adopted the "Guidelines on Business and Human Rights", which highlighted how the rights set out in the International Charter of Human Rights can be highly relevant for businesses. It established, therefore, that the observance of these principles must be a specific responsibility for companies.

The Group takes steps to ensure that Human Rights are recognised and observed in every form and type while performing its activities. Exprivia respects the fundamental rights of the people who work on its behalf, enhancing and protecting their moral integrity and ensuring equal opportunities. Placing people at the centre of the transformation plan means first and foremost protecting people's rights and making sure that they can work in an environment that fosters their development. To achieve this, it is essential for Exprivia to adopt the principles of equality and equal opportunity and to promote individual diversity as an added value.

The Exprivia Group expresses its commitment to protecting human rights through the Code of Ethics, the Organisation Model pursuant to Italian Legislative Decree 231/2001, careful negotiations with social stakeholders and gradual enhancement of the sustainability actions implemented in the main business areas, showing its ability to create value over time and promoting the economic and social development of the areas and communities in which it operates.

The Exprivia Group is committed to the continuous search for excellence. The Code of Ethics plays a key role in this respect, since it defines the fundamental principles and values that inspire the behaviour, culture, and the way of doing ethical and responsible business.

4.2 Associated risks

Risk is an integral part of the company's life. It can be considered as any event capable of affecting the achievement of the company's strategic business and/or value objectives. If uncertain events are not supervised correctly, this can have a negative impact on employees' safety and well-being, on gender equality, the respect for human rights, the respect for tangible and intangible assets, damage to the environment, and on the Group's reputation. For this reason, the Exprivia Group - through the Internal Auditor who reports to the Board of Directors - supports the organisation in preventing and mitigating risk factors. The Internal Auditor proactively seizes and understands any opportunities and promotes the culture of risk assessment in the Group's decision-making process. Supporting documents are used, such as the Code of Ethics.

4.3 Exprivia staff: the significant numbers

The Exprivia Group has an employment trend with regard to staff which is growing continually and can count on highly professional management with managerial ability recognised throughout the market.

A number of aspects inherent to the workforce of the Group as of 31 December 2018 are presented below.

The quantitative information provided refers to the employees in terms of single individuals and they are not expressed as full time equivalents (FTE).

Furthermore, the information provided is considered to be sufficient for ensuring the comprehension of the management of the human resources carried out by the Group. Certain information associated with the reference GRI standards, if deemed sensitive for the business activities, has been omitted.

4.3.1 Total workforce

Scope: Exprivia S.p.A., Exprivia Projects, Spegea, HRCOFFEE, Exprivia Asia, Exprivia SLU, Exprivia Do Brasil, ProSAP Perù, Italtel S.p.a, Italtel France, Italtel USA, Italtel SA, Italtel Deutschland, Italtel Poland, Italtel Perù, Italtel Argentina, Italtel Brasil, and Ausoitaltel.

Total workforce	2018
Total employees	3969
Of which BPO workers	581

The Exprivia Group carries out important **Business Process Outsourcing (BPO)** activities, distributed between its headquarters in Molfetta (BA) and Palermo, on behalf of large enterprises in the Italian industrial sector. Due to the specific dynamics of the sector, the employment agreements applied, the type of skills used, it was considered necessary to differentiate the analysis with respect to the predominant sector, **Information Technology (IT)**.

Due to the presence of the business component, BPO, therefore, the company population is distributed throughout Italy with a more significant presence in the south, where, in addition, the registered and administrative offices of the Group are located (in Molfetta); these offices employ the majority of the workers in the Staff units.

4.3.2 Geographical breakdown

Geographic areas	No. of employees	% of area
Argentina	43	1.08%
Brazil	110	2.77%
China	10	0.25%
Columbia	27	0.68%
Ecuador	6	0.15%
France	12	0.30%
Germany	8	0.20%
Guatemala	1	0.03%
Italy	3447	86.85%
Mexico	33	0.83%
Peru	53	1.34%
Poland	3	0.08%
Spain	214	5.39%
USA	2	0.05%
Total	3969	100.00%

4.3.3 Breakdown in relation to qualification

GRI indicator 405-1

The breakdown by qualification of the staff as of 31 December 2018 is 90% represented by professionals and 10% by managers. Women represent around 31% of total employees.

In 2018 the analysis of the age of the company population disclosed a clear predominance of the 30-50 years age bracket. The trend relating to the latest recruitment, however, evolves in favour of the under 30 bracket.

Age bracket	Managers	Middle management	White-collar workers	Other ³
<30			381	4
30-50	31	265	2426	4
>50	62	250	546	
Total	93	515	3353	8

Category	Men	Women
Employees	2232	1121
Middle Managers	421	94
Managers	81	12
Other	1	7
TOTAL	2735	1234

³ This category includes contract workers and/or interns/trainees.

4.4 Gender remuneration differences

GRI indicators 405-1; 102-35

The incidence of the female population within the Exprivia Group stands at 45%. As already noted in other sections of the document, the human resources represent the main strategic lever for the Group which bases its activities on the intellectual support of each one.

Also in this sense, reasons do not exist for differentiating pay and benefits in terms of gender.

Retaining the loyalty of the internal resources, by enhancing their talent: this is the objective which the Group pursues, not only offering its employees a highly performing environment and active welfare policies, but also by means of a remuneration procedure which envisages, in vital observance of the minimums envisaged by the reference NCBA, also the additional individual elements which reward the talent and the capabilities of the individual employees, excluding any type of discrimination.

Underlying all this, is the desire to recognise merit, a necessary element applied in the management of human resources, guaranteeing growth and company cohesion.

The remuneration analysis highlights the essential parity in pay between men and women within the Group.

The analysis of the remunerative part was carried out on the pay for December 2018; the overall averages were calculated on said remuneration and the rate of deviation due to qualification and gender was analysed.

Women/Men basic remuneration ratio	%
Managers	
Women/men remuneration % ratio	- 4.0%
Middle Managers	
Women/men remuneration % ratio	- 1.4%
Employees	
Women/men remuneration % ratio	- 13.1%

As may be noted therefore, remuneration differences in all positions are practically null.

4.5 Workplace health and safety

In order to ensure increasingly greater protection with regard to occupational health and safety, the Exprivia Group avails itself of dedicated staff, employed in assessing risk, planning and implementing training activities, actively involving all staff and performing operational monitoring activities.

Periodic inspections of the work environments, emergency drills and periodic meetings are important occasions for Exprivia and Italtel for informing and involving workers and their representatives in the risk assessment and prevention activities.

In order to monitor and improve the physical, mental and social well-being of workers and the health and safety protection levels in the workplace, Exprivia involved the entire workforce in the assessment of risk from work-related stress, making it an active part of the assessment, also intended as an important tool for sharing and participation. In July 2018, a specific Workgroup assessed compliance with Inail guidelines and with the Consolidated Act on Occupational Health and Safety (Italian Legislative Decree 81/08, as subsequently amended and supplemented).

No worker showed a high - non-acceptable stress risk. In order to promote occupational health, measures were envisaged for the prevention of risk from work-related stress.

Within the sphere of the transformation of the company, further to the various company mergers in 2018, a process was carried out in Exprivia SpA for the integration of the various prevention and protection services, for the purpose of harmonising the diversities in a single organisation model. At the same time, steps were taken to strengthen the controls of the prevention and protection service in various company offices, by increasing the number of appointed persons.

4.5.1 Accident indices

GRI indicator 403-2

The analysis data collected confirm that the number of accidents occurring during 2018 should be considered to be low and with a severity and frequency index close to 0. The most frequent type of accident (80% of the cases) happens to and from work, i.e. when travelling to and from home/work and when travelling to customers' premises.

This indicates that the risk associated with the mere work activities in which the employees are daily employed is extremely low and is due to unforeseeable accidents that can occur during the day (bruises, slipping) and that are unrelated to the intellectual work they carry out.

The figure relating to the frequency index and the severity index is shown below.

Frequency index = no. of accidents x 1,000,000 / no. of hours worked

Frequency index in 2018 is **2.66** (including accidents to and from work)

Frequency index in 2018 is **0.53** (EXCLUDING accidents to and from work)

Severity index = no. of total accident days x 1,000 / no. of hours worked

Severity index in 2018 is **0.16** (including accidents to and from work)

Severity index in 2018 is **0.02** (EXCLUDING accidents to and from work)

Accident means any accident with regard to which all procedures have been completed and for which formal notification has been received from INAIL for the granting of compensation.

Accidents at work (EXCLUDING accidents TO AND FROM WORK)	2018
Accidents suffered by Group employees	3
Of which women	3
Days lost due to accident	111
Of which women	111
Cases of occupational disease	0
Group accident frequency index	0.53
Female accident frequency index	0.53
Group accident severity index	0.02
Female accident severity index	0.02
Average Days Lost	37

Based on this analysis, we can see and confirm that the work environment where Group employees work is extremely protected and safe, partly thanks to the particular attention which the Group pays to the aspect of internal safety. The analysis includes both the Italian and foreign workforce.

Work-related fatal accidents

GRI indicator 403-3

In 2018, the number of work-related fatal accidents in the various national and foreign offices of Exprivia and Italtel companies was zero.

This figure shows that the risk related to working activities and that work-related environmental risks are irrelevant. The indicator result also shows that the work environment is safe and controlled, thanks also to the special attention paid to safety and to the maintenance of company offices.

Violations and sanctions associated with occupational health and safety

GRI indicator 416-1

In 2018, no events and incidents occurred at national or international offices which led to violations and sanctions associated with occupational health and safety. The figure shows the attention paid by the company to the prevention of workers' health and safety and its ongoing commitment to ensure compliance with current legislative and regulatory provisions at all times.

4.5.2 Consultations with the workers' organisations

The Group employer holds a periodic meeting at least once a year to discuss the aspects pertaining to company health and safety.

During the meeting, the following are submitted to the examination of the participants:

- the risk assessment document (DVR);
- the trend of the accidents and the occupational diseases and the health monitoring;
- the criteria for the choice, technical characteristics and efficacy of the personal protection gear;
- the information and training programmes for the executives, the supervisors and the workers for the purpose of safety and protection of their health;
- the codes of conduct and good practices for preventing the risks of accident and occupational diseases;
- the objectives for the improvement of the overall safety on the basis of the guidelines for a workplace health and safety management system.

The company obligations also include that relating to the consultation of the Workers' Safety Representatives (WSR) with regard to various extremely important aspects which concern the application of the aforementioned legislation concerning work safety.

The periodic meetings and consultation dealt, over the last year, with the main and most important aspects concerning health and safety in the workplace.

The aspects dealt with and the ratios of the matters discussed for the companies of the Exprivia and Italtel Group are presented below*.

Aspects dealt with	Unit of measurement	2018
Risk assessment document (DVR)	%	19
Training	%	14
Accidents, occupational disease and health surveillance	%	10
Periodic inspections	%	15
Fire prevention and drills	%	8
Work-related stress risk	%	8
Workplace risk reporting and assessment	%	14
Organisation of prevention and protection service	%	12

* The ratio of the aspects dealt with shows the percentage of the aspects dealt with in single periodical meetings and consultation meetings with respect to the total which is equal to 59.

As regards foreign offices, the size of the offices and the number of employees do not require periodic and consultation meetings, according to local legislative provisions. Every foreign office complies with local and national occupational health and safety provisions.

Periodic meetings with trade union representatives are envisaged only for the French offices, during which occupational health and safety issues are dealt with according to specific needs.



5. Work

GRI indicator 102-8

Human resources play a key role for the Group since they are essential to the company's existence and are a critical factor for competing successfully on the market. Honesty, loyalty, ability, professionalism, reliability and expertise are therefore among the determining factors for achieving the Group's objectives.

Through the course of the employment relationship, the Exprivia Group undertakes to create and maintain the necessary conditions in order for the abilities, knowledge and skills of each employee to be further expanded, according to a policy based on recognising merits and equal opportunities, and to specific training programmes seeking to achieve professional updating and the acquisition of greater skills. For this reason, the Group considers personnel training to be a key strategy for the professional development of its employees.

ICT companies greatly depend on the quality and commitment of the human resources working for them and on their ability to adapt to the significant transformation processes that are under way. The second-level supplementary agreement applied to Exprivia and, therefore, to its 1700 employees, is the start of a process towards greater sharing of the company's goals with all employees.

Our wish is to create the conditions for dynamic but happier work, where everyone can feel more stimulated in his or her human and professional growth.

5.1 Significance for the Exprivia Group's activities

The main material topics attributable to the management of the human resources regard the valorisation of the human capital, quality employment, and engagement.

Individuals are a true strategic asset for the achievement of the company plans and objectives. **Human capital** has always been at the centre of the corporate interests, furthering the potential of each individual resource and providing incentive for individual skills and capabilities. The continual discussion between managers and co-workers, always consistently with the business objectives, is the basis of the policy for developing the professional skills of the co-workers, which follows specific courses featuring meritocratic criteria.

5.2 Associated risks

The main risk linked to personnel regards the company's ability to maintain talent, by means of management procedures which make working for Exprivia attractive and motivating. The following sections provide an extensive example of the instruments adopted to implement these policies, such as for example **Smart Working** and **Company Welfare**.

5.3 Employment contracts applied

Four types of National Collective Bargaining Agreements are applied within the Group in Italy.

NCBA	Number of staff concerned
Mechanical engineering	2774
Industrial executives	78
Telecommunications	581
Professional training	7
Other types*	7
Total	3447

* Includes staff with internship contracts or contract workers.

The Group adopts a stable employment policy for the workers, preferring permanent employment contracts and limiting the choice of temporary contracts solely to residual accessory term activities. More than 95% of the company population has a permanent employment contract; apprenticeship contracts are included among the permanent contracts.

Contract type	
Permanent contracts	3750
Temporary contracts	219
Total	3,969

The qualification of Temporary Employees follows expressed as a percentage.

Type of employment relationship, broken down by gender and geographical area of belonging/recruitment.

Type of relationship	Women	Men	Total
China	2	4	6
France		1	1
Italy	52	51	103
Mexico	1	2	3
Peru		3	3
Spain	20	75	95
Temporary contracts	75	136	211
Argentina	4	39	43
Brazil	25	85	110
China	1	3	4
Columbia	10	17	27
Ecuador	2	4	6
France	3	8	11
Germany		8	8
Guatemala	1		1
Italy	1071	2266	3337
Mexico	4	25	29
Peru	9	41	50
Poland		3	3
Spain	22	97	119
USA		2	2
Other	7	1	8
Permanent contracts	1152	2598	3750
Total	1234	2735	3969

Details of Full Time and Part Time employment relationships, divided by gender, are reported below.

Type of working hours	Men	Women	Total
Full Time	2554	772	3326
Part Time	181	462	643
Total	2735	1234	3969

5.4 Turnover

GRI indicator 401-1

The table below shows the number of employees newly recruited by the Exprivia Group in 2018 by age bracket.

Recruits ITALY		
Under 30 years old	142	39.9%
30-50 years old	197	55.3%
Over 50 years old	17	4.8%
TOTAL ITALY	356	100%

Recruits ABROAD		
Under 30 years old	80	35.9%
30-50 years old	129	57.8%
Over 50 years old	14	6.3%
TOTAL ABROAD	223	100%

Recruits ITALY+ABROAD		
Under 30 years old	222	38.3%
30-50 years old	326	56.3%

Over 50 years old	31	5.4%
TOTAL	579	100%

The intermediate age class is most affected both by the entry of new personnel and by exits; secondly, the lower class by age also has a significant impact; turnover relating to over 50 year olds is practically irrelevant.

The table below shows the number of exits from the Exprivia Group in 2018 by age bracket.

Leavers ITALY		
Under 30 years old	77	20.2%
30-50 years old	227	59.6%
Over 50 years old	77	20.2%
TOTAL ITALY	381	100%

Leavers ABROAD		
Under 30 years old	47	26.3%
30-50 years old	123	68.7%
Over 50 years old	9	5.0%
TOTAL ABROAD	179	100%

Leavers ITALY+ABROAD		
Under 30 years old	124	22.1%
30-50 years old	350	62.5%
Over 50 years old	86	15.4%
TOTAL	560	100%

The negative turnover particularly concerns the intermediate bracket, definitely more affected by strong market competitiveness and featuring an appealing mix of professional experience and greater availability.

Distribution of newly recruited employees and leavers in Italy in 2018 within the Exprivia Group, by gender.

ITALY	RECRUITS	LEAVERS
Women	130 (36.5%)	104 (27.3%)
Men	226 (63.5%)	277 (72.7%)
TOTAL	356	381

Distribution of newly recruited employees and leavers abroad, in 2018, within the Exprivia Group, by gender.

ABROAD	Recruits	Leavers
Women	49 (22.0%)	34 (19.0%)
Men	174 (78.0%)	145 (81.0%)
TOTAL	223	179

Distribution of newly recruited employees and leavers, in Italy and abroad, in 2018, within the Exprivia Group, by gender.

ITALY + ABROAD	Recruits	Leavers
Women	179 (30.9%)	138 (24.6%)
Men	400 (69.1%)	422 (75.4%)
TOTAL	579	560

Female recruitment amounts to about 37% in Italy, a relative significant share, if we consider that the offer of professional skills in the ICT sector is still predominantly male; the percentage falls in foreign countries, representing 22% of new recruits.

Furthermore, women are less involved than men in the negative turnover, which is less inclined to change.

Distribution of newly recruited employees in 2018 within the Exprivia Group, by geographic area.

RECRUITS	Number	Percentage
Recruits ITALY	356	61.5%
Recruits ABROAD	223	38.5%
TOTAL	579	100%

Distribution of leavers in 2018 within the Exprivia Group, by geographic area.

LEAVERS	Number	Percentage
Leavers ITALY	418	74.6%
Leavers ABROAD	142	25.4%
TOTAL	560	100%

The rate of recruitment and termination is shown below, calculated on the total of employees at the end of the reporting period.

RATE OF RECRUITMENT	ITALY	ABROAD
Men	9.7%	41.6%
Women	11.5%	47.1%
<30 years of age	50.0%	78.4%
Between 30 and 50	8.3%	35.8%
>50 years of age	2.1%	23.3%

RATE OF LEAVERS	ITALY	ABROAD
Men	11.9%	34.7%
Women	9.2%	32.7%
<30 years of age	27.1%	46.1%
Between 30 and 50	9.6%	34.2%
>50 years of age	9.6%	15.0%

In order to tackle the shortfall in Stem graduates in Italy, the group is implementing numerous Talent Acquisition initiatives, with expected results in the medium and long term.

Talent Management actions are also being set up to strengthen Employee Retention.

5.5 Motivation and engagement

The profound changes in the Information Technology sector, driven by strong, broad-ranging technological innovation, together with the complex challenge of Group integration between Exprivia and Italtel, require significant cultural and organisational changes. In this scenario, a crucial challenge to be addressed most certainly regards the management of skills and the development of new working methods, to be carried out within the broader change of paradigm represented by digital transformation. These challenges especially focus on professional retraining, ongoing training and innovation. In this regard, the new organisation model is set up to adopt open innovation models; a new offer has been developed opening up to the integration of resources and assets outside the organisation itself (start-ups, universities, research institutions, suppliers, consultants, partnerships). The organisational changes underway are supported by consistent review of the corporate culture in line with new open innovation developments.

Briefly, the development of skills and expertise, and the creation of a merit-based work environment that offers everyone the same opportunities, are just some of the drivers used by the Group to achieve its ambitious growth objectives. Rewarding and enhancing the value of personnel based on contribution and individual value are the basic conditions of the remuneration policy and of the performance evaluation system. Lastly, key focus on the quality of the selection and training processes in order to improve existing business skills, and great attention to talent development, are the additional factors of an increasingly integrated HR management model on which the Group focuses to obtain qualified, motivated and engaged employees, and thus to be able to support the creation of value in the long term.

5.6 Company welfare

GRI indicator 401-2

With regard to welfare, many initiatives were implemented and in most cases they regarded support granted to all employees in addition to those established by law. A Group management system on this issue has not yet been activated; for this reason, the activities carried out by the two main Group companies are described below.

Exprivia

Within the sphere of renewal and change programmes, it was felt the need and necessity to give the utmost attention to the wellbeing of the individuals. Exprivia People Care is the company welfare plan, launched in 2016, which enhances the total reward system by responding to a broader range of worker expectations and needs, not only financial.

This project was created due to the company's sensitivity towards initiatives and tools that can achieve work-life balance, as well as maintain the purchasing power of the workers.

The Exprivia People Care plan involved the following measures:

- **Supplementary company health policy** for all the employees which have the right to the same. The policy is paid in full by the company, therefore no contribution is requested from the beneficiary and it is extendable to the family unit (spouses and dependent children). It includes both the reimbursement of hospital costs and those for advanced diagnostics, specialist visits and diagnostic check-ups, including dental care. It is provided to employees with either full-time or part-time permanent contracts. For staff hired with temporary contracts, the right accrues after 6 months.
- **Ticket Restaurant** for all the employees. The luncheon vouchers are in electronic format and the value for all is Euro 7.00 daily, net. Important agreements have been activated, in these years of use, with large food sales chains, such as Coop and Lidl. No more useless waste of paper, for paper vouchers and much more easy to use. The measure addresses all permanent and temporary full-time personnel; for part-time workers, a minimum of 6 hours/day must be worked.

- **Smartphones and SIMs** for permanent white-collar workers (full-time and part-time), apprentices and executives. The Smartphones and the SIMs provided permit unlimited phone calls and surfing. It is an important step to improve our internal communication and that towards our customers.
- **Flexible Benefit**, the company wished to supplement the amount of the benefit envisaged by Mechanical Engineering NCBA, with an additional benefit, for an overall total made available to the individual employees with the right of Euro 250 per annum. The additional part is reserved for permanent employees and is re-proportioned for part-time employees. The handling and the spendability of the available benefit takes place via a platform made available by Easy Welfare, leading company in Italy in the management of company welfare. The employees have a wide range of services available to them which is enriched annually. In 2018, the reimbursement of interest expense on loans was introduced. Furthermore, the platform also includes a number of agreements offering users favourable discounts at well-known retail chains.

During 2018, Exprivia incurred the overall following amounts, benefiting the company's population:

- restaurant vouchers, total value of vouchers disbursed equal to around **Euro 2,375,000**;
- a total value of flexible benefit disbursed for around **Euro 490,000.00**;
- health assistance, guaranteed by means of an ad hoc policy taken out with Previdir Fund, for a total value of around **Euro 287,000.00**, which covers both the employee and the dependent family members and which, as revealed by the data received from the analysis of the broker company, meant that the employees freely avail of medical services for a total amount of around double with respect to the premium paid to the insurance company, with an evident benefit, in terms of economic savings, protection and prevention of the health of each individual worker.

Italtel

Italtel carries out a wide range of initiatives in the field of work/private life balance (e.g. smart working, flexible entry and leaving hours, part-time, hourly holidays), mobility (e.g. company shuttle, free reserved parking spaces, mixed-use company car) and everyday life (e.g. company canteen and restaurant vouchers, agreements and discounts, company mailroom). Furthermore, practically all employees are provided with a laptop and around 50% with a smartphone to promote smart working.

Flexible benefit plans are also active, both on a contractual basis (addressed to all employees in accordance with the provisions of the renewed Mechanical engineering NCBA), and on a voluntary basis especially for executives for an amount of approximately Euro 183,000. These plans allow employees to independently choose the types of services they can benefit from within the basket made available to the company and the available welfare credit, depending on their specific needs.

Both in Italy and abroad, all employees who applied for maternity or paternity leave were able to use this leave and returned to work regularly at the end of it.

Even employees entitled to use daily leaves for taking care of disabled family members were able to exercise their right within the deadlines laid down by national law.

5.6.1 Right to and protection of maternity

GRI indicator 401-3

All the employees of the Group are entitled to use parental leave in accordance with the provisions of the law. The Group has always been careful of facilitating the work of its pregnant employees as much as possible; for example, at Exprivia's Molfetta headquarters, where there is an internal car park with a limited number of parking spaces, part of this has been granted to the pregnant employees and permits them to directly enter the company site, for the purpose of making the subsequent entry into the building easier.

The sense of belonging and the wellbeing present in-house is also perceived from the fact that in all the cases of staff on maternity leave, more than 97% of the women returned to work after having been absent for use of mandatory and/or optional maternity leave; there were only 5 cases of employees who resigned as at 31 December 2018.

In the following table, the figures also represent the working fathers who used the paternity leave envisaged by the law, with the exclusion of days of leave for the birth of children.

The figures refer only to personnel hired in Italian companies.

Return to work and return rates after parental leave	2018
Employees with the right to parental leave	3,443
Of which women	1,126
Of which men	2,317
Employees who have made use of parental leave	197
Of which women	169
Of which men	28
Employees who during the year have terminated the period of parental leave and returned to work	192
Of which women	165
Of which men	27
Total return rate - female personnel	97.63%
Total return rate - male personnel	96.43%
Employees who during the previous year took parental leave and were still employed after 12 months from the date of their return to work	221
Of which women	153

Of which men	68
Female workforce rate after 12 months	93.29%
Male workforce rate after 12 months	89.47%

Maternity support - Contact Center Perimeter

Speaking about maternity support for working women does not simply mean speaking about balancing private and working life, but foremost speaking about women.

The topic of maternity support at work, especially in private companies, belongs to the more general issue of equal opportunities and its final goal is to reduce the gender gap which involves, or rather goes deep down into the heart, of the company's organisation.

In June 2018, with the aim of promoting and supporting working mothers, Exprivia SpA introduced a significant prerogative for all mothers with children under three years of age, within the company's internal regulation for the Contact Center perimeter (in force at the Molfetta offices since 20/04/2016 and at the Palermo offices since 06/03/2017).

The company regulation governs the procedures for Contact Center employees working on shifts to request exemption from certain time slots if there are proven reasons (attending courses of study, prescribed medical therapies at certain times, other part-time work).

On 25 June 2018, Exprivia's Management supplemented the current Regulation and established that "working mothers with minors under the age of three may decide to work only during one of the two shifts".

08.00 – 15.00

15.00 – 22.00

The applications to benefit from the above exemption are submitted in paper form to the Personnel Department (contract unit). They must be signed by the applicant and accompanied by a copy of the child's tax code.

All applications are examined by the Department and, after approval (within a limit of 10% of the workforce), are valid for three months. Upon expiry, they must be newly submitted according to the same procedure.

The resources involved in this exemption from 1 July 2018 - 31 December 2018 were:

Molfetta Offices

Exemption shift	15.00 – 22.00	no. 10
Exemption shift	08.00 – 15.00	no. 1
Total		11

Palermo Offices

Exemption shift	15.00 – 22.00	no. 9
Exemption shift	08.00 – 15.00	no. 1
Total		10

5.7 Training

GRI indicators 404-1; 404-2

Human resources represent a true strategic resource for the Group for consolidating and increasing its competitive edge. In order to turn to account the human capital, the Group makes suitable tools and professional growth opportunities available, ensuring the objectives of quality and innovation of the products and services provided to the Customers.

Exprivia constantly encourages its workers to achieve levels of excellence, extending their technical and management skills while not neglecting motivation, sense of belonging and responsibility. The high level of professionalism of the individuals who work within the Group has permitted it to obtain clear recognisability in Italy and internationally. For such purposes, the staff training courses are designed for the purpose of facilitating the Individuals in the achievement of ever increasingly challenging goals achieving successful performances.

The significant growth of the company has also involved the training area, which must guarantee the level of professional compliance of the personnel with the current and future market. The training programmes, what is more, envisage measures for developing organisational conduct and measures that increase technical knowledge and skills to support technological innovation and development programmes.

The training programmes are planned in close association with the needs of the market and innovation investment.

Training within the Group is also achieved thanks to the presence of the Corporate Business School Spegea, accredited in Italy by the management schools. Its presence within the Group makes it possible to:

- continuously renew the wealth of abilities and skills of the human resources as a strategic asset;
- adopt increasingly innovative training methods and models, thanks to the constant attention of the Corporate School to the innovations within the reference market.

Specifically, the training programmes developed:

- **TECHNICAL AND SPECIALISED SKILLS:** measures that increase technical knowledge and skills to support technological innovation and development programmes, through specialised training activities also aimed at the certification achievement. These specialised interventions were fully disseminated, in the belief that working on skills means increasing the value of people and, therefore, the organisation's competitive advantage.
- **MANAGEMENT SKILLS:** aimed at improving organisational conduct for the development of professional skills, project management and the development of conduct that contributes to obtaining an accurate leadership style for handling working teams, in order to improve management effectiveness.
- **LANGUAGE SKILLS:** training activities were carried out to increase personnel's language skills with particular attention to flexible training (e-learning, Skype lessons and Phone lessons).

With regard to REGULATORY COMPLIANCE, training regarded:

- a) the development of knowledge and the awareness of behavioural rules connected with Ethical values (pursuant to Italian Legislative Decree 231/01)
- b) training aimed at enabling and spreading smart working in the company: all project members took part in a classroom training session that included risk assessment issues, compliance with safety laws, behavioural principles to be observed with due diligence when working away from the offices, and rules for processing company data and information;
- c) the key management processes of the Group's integrated QMS: a training session was organised as part of the project for integration of ACS, incorporated in Exprivia at the end of 2018.

Within the context of MANDATORY TRAINING, the training activities regarded the following topics:

- a) Protection of health and safety at work (pursuant to Italian Legislative Decree 81/08)
- b) GDPR (General Data Protection Regulation) - Privacy Regulation
- c) As known, the new EU Regulation 2016/679 started to be applied on 25 May 2018. Both Exprivia and Italtel prepared and launched an activity plan seeking to achieve full compliance with the obligations set out in the new Regulation, including three types of training actions:
 1. GDPR Privacy Awareness course, in e-learning mode, for the entire workforce.
 2. Specific training for all Executives, First Line organisational resources and Commercial roles.
 3. Specific training for certain members of company areas heavily influenced by the new regulation such as: HR, Marketing & Communication, ICT, Purchasing Office.

The total number of training hours delivered in 2018 amounted to 66,306 hours (3,032 of which in foreign offices) involving 10,085 participants. 63% of the total number of training hours were delivered in the classroom while the remaining 37% online.

Particular attention is paid to the aspect of training costs: in fact, all the possible sources of funding are used thereby guaranteeing the sustainability of the investments.

Main information about the training delivered and indication of the average hours of training by gender and by category:

	Gender		Category			Total
	Women	Men	Senior	Middle Managers	Employees ⁴	
Hours	25,910	40,396	2,070	5,364	58,872	66,306
Personnel (Italy + abroad)	1,232	2,736	88	521	3,359	3,968
Average training hours	21	15	24	10	18	17

The numbers reported below consider mandatory training only:

	Gender		Category			Total
	Women	Men	Senior	Middle Managers	Employees ⁵	
Hours	3,010	8,181	841	1,153	9,197	11,191
Personnel (Italy + abroad)	1,232	2,736	88	521	3,359	3,968
Average training hours	2	3	10	2	3	3

The table below provides an insight into the hours delivered in Italy by topic for the two-year period 2017-2018

⁴ Contract workers and/or interns/trainees are included.

⁵ Contract workers and/or interns/trainees are included.

Macro area	2017	2018
Technical	27,019	45,540
Managerial	3,239	604
Compliance	3,877	3,410
Languages	1,009	2,604
Legal Obligations	5,195	11,116
Total	40,339	63,274

5.8 Professional certifications

Certifications make it possible for each business unit to have a wealth of objective and measurable professional skills, ensuring their customers the certification of the technical abilities of the individuals involved in the projects. Furthermore, for the purposes of participation in tender calls, it is indispensable to be able to avail of and rapidly handle all the company and individual certifications. In 2018, 193 certifications and specialisations/accreditations were achieved/renewed, increasing their number in innovative areas to support the investments connected with the business plan and targeting a percentage of certified resources amounting to around 26% of the workforce.

5.9 Connection with the education and training system

For 3 years, Exprivia and Italtel have been committed to supporting school training through School/Work Alternation Projects. In the first semester of 2018, 116 students were involved and projects for a total of 7,706 hours were implemented. Regarding their relations with Universities and Polytechnics, Exprivia and Italtel have funded PhDs or advanced training apprenticeships for the purpose of combining research within the sphere of innovative offers to markets. Furthermore, in order to offer students experience-based opportunities, Exprivia and Italtel managed the 'Call for Ideas' contest for which university students developed case studies in innovative sectors. Again, to help the entry of students onto the job market, some Exprivia and Italtel managers held lessons (Universities of Pavia, Genoa, Bari and Lecce), with targeted speeches on technological issues related to digital transformation. Furthermore, the "Schools-Businesses 4.0" project, in cooperation with Universities, Schools and other businesses, allowed effective dialogue between students and the world of work, creating a bridge between them. The "Innovation Hub" project promoted by the Milan Polytechnic (and others) allowed scholarships to be granted to young, promising university students about to graduate. Lastly, Exprivia and Italtel are investing in dual training through collaboration with ITS, high technology specialisation schools, set up according to the organisation model of the Foundation, with the participation of Companies, Universities/Scientific and Technological research centres. Aimed at providing lifelong learning, dual training gives priority to experience-based teaching. It expresses a strategy that combines education, training and work initiatives with the country's industrial policies, through training activities that are capable of promoting skills that enable the use of advanced technological and organisational innovation tools, primarily related to the Business 4.0 national plan. Promotion activities continued with Sponsorship of the Science and Technology Day: an important event promoted by the "Luigi dell'Erba" ITT School of Castellana Grotte (Province of Bari), at its second edition in 2018. After the great success during the previous year, in terms of participation and local impact, the event involved:

- conferences and seminars on current scientific topics, to reflect on the fundamentals of science and on the ethical and political implications of scientific and technological research;
- scientific edutainment labs using peer education methods, interactive activities and scientific and technological programmes;
- exhibitions and theatrical, musical and multimedia performances within the context of Arts-Science, History-Science and Society-Science relations.

5.10 Performance evaluation

GRI indicator 404-3

Performance Evaluation is a process that assigns personal qualitative and quantitative goals which, together with an assessment of most relevant organisational behaviour, helps to steer people's attitude towards improving individual and, thus, corporate performance.

The appraisal process is conceived as an opportunity for all (managers and employees) to have in-depth and constructive exchange of views on the definition of the activities and commitments on which they must measure themselves during the year, in order to appreciate the results achieved and review their overall performance. The process highlights the strengths and improvement opportunities for all employees in order to identify the needs for professional development, including training, and to prepare employees in the best possible way for the challenges of today and tomorrow.

More specifically, performance evaluation involves two aspects: a) the evaluation of skills (Performance Appraisal) which considers core skills (transversal) clearly defined for all professions, and specific skills by professional role; b) evaluation by objectives (MBO) which is based on individual objectives linked to role targets in line with the budget; a bonus is paid if the assigned targets are reached on the basis of a specific policy defined annually.

A new Human Capital Management platform is used for managing these key processes. The platform required a significant investment (in terms of resources, technology and people) which was essential to support the Digital Transformation currently under way.

Since 2018, the appraisal process has gradually been extended to all Exprivia Group companies, with the aim to strengthen its methods and results during 2019 and so include the entire workforce of all the Group's offices.

Lastly, during 2018, a Performance and Potential Evaluation process was set up for 30 Sales Managers in Italy and abroad, with regard to Italtel's scope of business. The initiative was part of a broader sales performance analysis process and was implemented using different Assessment methods depending on the specific roles/responsibilities of the managers involved. This process will be extended to all Exprivia Group Managers in 2019 with the specific aim of harmonising Sales performance and practice.

The Appraisal Performance table reports the number of resources involved in the skills evaluation programme and the recipients of the MBO Programme. With regard to both these issues, Exprivia and Italtel will set up a process alignment programme in 2019 aimed at their harmonisation and integration. Comparison with 2017 figures is not shown in the tables because the figures regard differently structured processes.

Tables – Performance Management

Employees covered by annual review - Performance appraisal - ITALY	2018
% out of total workforce Italy	28%
of which Executives	46%

of which Middle management	47%
of which White-collar workers	25%
of which Men	33%
of which Women	18%

Employees covered by Performance Assessment - MbO - ITALY	2018
% out of total workforce Italy	5%
of which Executives	19%
of which Middle management	14%
of which White-collar workers	3%
of which Men	6%
of which Women	3%

Employees covered by Performance Assessment - MbO - ABROAD	2018
% out of total workforce Abroad	35%
of which Managers	100%
of which Middle Managers	61%
of which Employees	31%
of which Men	37%
of which Women	28%

Employees covered by Performance Assessment - MbO - ITALY+ABROAD	2018
% out of total workforce Abroad	9%
of which Managers	27%
of which Middle Managers	19%
of which Employees	7%
of which Men	10%
of which Women	5%

5.11 Senior management

GRI indicator 202-2

Definition of "senior manager": Manager and Middle Manager.

Definition of "Local": Italy: North, Central, South; Rest of the World: per single nation.

Definition of "Significant operating area": senior managers who have been guaranteed employment in the geographic area they belong to (analysis assessed with respect to the residence of the senior manager)

The distribution of the senior managers hired by the local community:

Local community recruitment location	Gender		
	Women	Men	Total
Argentina		5	5
Brazil	3	10	13
Central Italy	14	84	98
China		2	2
Columbia	1	2	3
France	2	4	6
Germany		3	3
Mexico		3	3
North Italy	67	278	345
Peru		7	7
Poland		1	1
Spain	4	14	18
South Italy	15	87	102
USA		2	2
Total	106	502	608

The distribution of senior managers residing in the same geographical area in which they were hired (significant operating area) is reported below:

Significant operating area	Gender		
	Women	Men	Total
Argentina		5	5
Brazil	3	10	13
Central Italy	14	82	96
China		2	2
Columbia	1	2	3
France	2	4	6

Germany		2	2
Mexico		3	3
North Italy	65	273	338
Peru		7	7
Poland		1	1
Spain	4	14	18
South Italy	15	87	102
USA		2	2
Total	104	494	598

5.12 Smart working

Smart Working takes on the form of a **new approach to company organisation**, where the individual needs of the worker balance, in a complementary manner, those of the company.

Reconcile, innovate and compete are the three different objectives, apparently antithetical, of this new way of carrying out the employment relationship characterised by the lack of working hours or spatial restrictions and by an organisation of the work reconciling with the personal and work requirements of the employees.

In order to implement this innovative vision of the organisation of work a culture characterised by the following is fundamental: sharing of values and principles of trust and transparency; widespread communication, collaboration, accountability and decision-making autonomy, as well as a growing focus on the results.

ExpriVIA has created a series of activities aimed at implementing this manner of work. It has equipped itself with internal regulations, and has launched an **experimental project lasting 18 months** (from 1 July 2016 to 30 June 2017, then extended until 31 December 2017). The New Smart Working phase was launched in June 2018 with a regulation reviewed on the basis of information recorded during the experimental phase and of the new rules introduced by Italian Legislative Decree of 2017.

Organisation policy	Training
Place of work other than the venue of employment (residence or domicile of the worker or another public or private location identified by the employee which complies with the protection of security, confidentiality and compatibility with the service carried out)	Already in the initial experimental stages, all the staff with a role of responsibility were involved for the purpose of clarifying, sharing and defining measurable objectives for Smart Working.
<p>Applicable:</p> <ul style="list-style-type: none"> - for 2 days a month, no more than 1 day a week and never consecutive (e.g. Friday - Monday). - for 1 day a week for workers living more than 50 km from their place of work <p>Working hours: work must be carried out - within the time limit of normal daily and weekly working hours - between 8</p>	All the Smart Working workers are guaranteed suitable information and specific training with regard to SSL.

am and 7 pm, unless otherwise expressed due to specific service needs.

The regulations envisage a maximum percentage of participation in the programme equal to 20% of the company population. The resources involved from the start of the programme as at 31 December 2018, further to the internal approval process, came to 139 equal to around 9% of the eligible resources:

139 resources, of which 86 men and 53 women;
128 full time and 11 part time

The samples of resources involved in the smart working revealed that each employee involved in order to get to work (there + back) on average travels 67 km a day and spends 69 minutes. The datum with reference to the individual venues follows.

Venue	Total resources	Km (there + back)	Average time travelling
Milan	50	79	88 minutes
Rome	4	36	63 minutes
Molfetta	83	66	61 minutes
Vicenza	2	82	79 minutes

As a result of the Smart Working days availed of, during 2018 (June - December) **71,072.52 Km** and 1,014 hours (equal to around 127 business days) were saved with a decrease in CO2 emission by around 15,339 Kg.

Italtel

In 2018, the workers entitled to Smart Working amounted to 466, around 43% of Italy employees. Smart working days used amounted to 11,734, reaching an estimated reduction of around 574,966 km and 16,819 hours (equal to 2,242 working days) in terms of commuting together with a reduction in CO2 emissions of around 98,566 kg.

The company policy envisages a mandatory training session that includes risk assessment issues, compliance with safety laws, behavioural principles to be observed with due diligence when working away from the offices, and rules for processing company data and information. In 2018, 11 editions were delivered in compliance with this policy.

5.13 Industrial Relations

The Group has always held open and transparent relations with trade unions and workers' representatives. It believes that it is possible to provide solutions that are well balanced with the needs of all stakeholders only through continuous and constructive dialogue.

The activities under way with trade unions and workers' representatives in the Group's two main companies are reported below.

Exprivia

Exprivia is involved in ongoing negotiations with the workers' organisations at national and local level. For this purpose, the Group has structured itself with a specific unit, within the Human Resources Division.

A supplementary agreement was entered into in the holding company in 2018. The agreement was reached in November after the start of negotiations in December 2017. The draft agreement entered into with the trade unions was subject to a workers' referendum: an 87% majority of workers expressed their favourable opinion towards the agreement.

The agreement will be applied to the entire company population (around 1,800 employees), has three years' validity (2018-2020) and regulates the following aspects:

- **Industrial Relations:** with the creation of a Trade Union Coordination as privileged interlocutor for Management on issues of interest such as training, human resource development, smart working and welfare. An agenda of meetings for discussing the above issues has been planned for 2019.
- **Travel expenses:** the ceilings for reimbursing meals during travel have been increased and mechanisms have been introduced that make travel management easier
- **Working hours:** greater flexibility compared to ordinary working hours (09.00-18.00) allowing employees to enter earlier (at 08.00) or later (until 10.00), provided that 8 hours/day are worked
- **Performance Bonus:** a Performance Bonus has been introduced linked to the achievement of certain financial indicators (EBIT, value added/personnel costs) for the years of reference. The value of the Bonus amounts to Euro 615 gross which may be converted into Welfare or Stock grant up to a total amount of Euro 800.

In the last quarter of 2018, the regulatory procedure for the merger by incorporation (called Digital One) of Exprivia Enterprise Consulting Srl and Advanced Computer Systems into Exprivia SpA was carried out. The joint examination was performed in October with the signing of the trade union agreement.

During 2018, other aspects were also disclosed such as the collective closures and funded training courses.

With regard to the scope of the Group which pertains to the Contact Center and BPO market, during 2018, the regulatory procedure for the merger by incorporation of Exprivia Process Outsourcing Srl into Exprivia Projects Srl was carried out. The joint examination was performed in November with the signing of the trade union agreement.

A number of meetings were held in 2018 with the Union Officials of Exprivia Projects and of Exprivia Process Outsourcing with the aim of sorting out a number of organisational/operational problems which had affected the staff operating at the Molfetta and Palermo sites. In the majority of cases, solutions were found which contributed to the improvement of the organisation of the work care of the sites and restored wellbeing to the workers.

Agreements were entered into with the Union Officials for the launch (in 2018) of a funded training course concerning sales techniques and team building (intended for employees with Team Leader and Service to Sale duties).

Italtel

By way of the agreement signed on 6 December 2017 with the Trade Unions and subsequently ratified at the Ministry of Economic Development on 19 December 2017, the instruments for handling 2018 redundancies were agreed upon:

1. Application of a Solidarity Contract (CdS) for a maximum of 1,000 people between 1 January - 30 January 2018;
2. Use of the procedure pursuant to articles 4 and 24 of Italian Law 223/1991, based on "non-opposition" and with main reference to workers who during the period of use of the NASPI (New Employment Social Insurance Benefit) meet the requirements for receiving pension benefits;
3. Extension until 31 December 2018 of the suspension of second-level provisions, already applied under point 3 "Extension of suspension of provisions" of the agreement dated 28 December 2016;
4. Relocation to Exprivia, after training aimed at acquiring the skills necessary to achieve the required levels of operations;
5. Consistently with technical/organisational needs, use of turn-over for fungible professional profiles;
6. Reintegration of redundant personnel, also accompanied by specific specialised training plans, following full execution of new contracts that generate additional staff requirements compared to the needs envisaged in the Business Plan.

The above actions - at the end of application of the Solidarity Contract (30 June) - resulted in 51 employees joining the Contract, which rose to 60 at the end of the year, while a major redevelopment programme allowed further 44 individuals to be re-employed on new projects, for a total of 104 redundancies solved out of the residual 129 at the beginning of 2018, with a residual redundancy delta of 25 units.

To handle the cost of the latter, on 27 September, Italtel signed a new Solidarity Contract for the period 1 October - 20 December 2018, having checked with the Ministry of Labour that it had not fully completed the social security scheme period envisaged by the new law starting from 23 September 2015 (date of entry into force of the relevant Jobs Act Decree).

Lastly, on 21 December 2018, the Company announced that it had cancelled a number of second-level supplementary contracts. Some of these dated back to the mid-1970s and were therefore excessively expensive and no longer sustainable in the current market and business situation. Cancellation regarded the company supplementary agreements which governed the following provisions:

1. Third contractual allowance
2. Company bonus
3. Fixed allocated share
4. Travel allowance
5. Remuneration for certain sites in Rome
6. On-call, which was replaced from 1 January 2019 with the Regulation applied in the Exprivia Group.

After years of using social security schemes - in keeping with the commitment reiterated during all institutional tables to adopt solely socially non-traumatic solutions to reduce labour costs - the second-level contracts were cancelled and at the same time the 25 residual redundancies, for which an operational relocation solution had not yet been found, were absorbed.

In its meetings with the Trade Union from September 2018 onwards, the Company immediately declared its willingness to start negotiations on the Performance Bonus in order to introduce a variable component of remuneration that could partially or totally offset the effect of the announced cancellation, depending on the extent to which the objectives have been achieved. Since the Trade Union was not available to negotiate the matter in such terms, the Company was forced to go ahead with the unilateral cancellation - in application of the provisions set out in the Business Plan approved by the competent Court in July 2017.

5.14 Management Systems and Certifications

We believe that sustainability is an indispensable value for the Exprivia Group, which takes on the form of respecting people, the environment and society as a whole.

To better respond to market needs and to ensure continual improvement, both Exprivia and Italtel certified their Quality Management System according to standard ISO 9001. This allowed them to define, maintain and improve their company processes by gradually identifying new goals consistent with the higher level ones defined in the Quality Policy (innovation, customer support, attention to stakeholders' satisfaction and sustainable development).

Over the years both Exprivia and Italtel have extended company certifications to other regulatory frameworks (e.g. ISO/IEC 27001, ISO/IEC 20000-1, ISO 13485, ISO 22301, ISO 14001, etc.). The requirements of these frameworks are related to further management aspects (information security, business continuity, IT service management, medical device management, environmental management, etc.), making it possible to adopt industry's best practices, increasingly meet the needs of stakeholders and minimise the environmental impact of production activities. The respective websites provide information about the specific certifications held by Exprivia or Italtel.

The above companies have also worked to seek innovation - in terms of product, technology and process - by taking steps to be ever closer to customers and so better understand and fully meet their needs, and to focus on all stakeholders' expectations with a view to sustainable development.

The attention to customers is expressed through detecting their satisfaction, listening to their needs when coming into contact with them on a daily basis (marketing activities, participation in tenders, alignments on projects, ...) and organising specific customer satisfaction surveys.

Both organisations seek to extend the processes and best practices used in Italy also at international level, appropriately adjusting them to the relevant national context, so that others may gain from the improvement actions identified over years of experience.

The management systems are periodically subject to audit, both internal and external, aimed at periodically checking the state of application of the system and its compliance with the reference norms and with applicable legislation.

5.15 Labour Management Relations

GRI indicator 402-1

In relation to this indicator, the Group took steps complying with the NCBA in force and applied (Mechanical Engineering and Telecommunications) and the legislation which disciplines contractual institutes which affect the organisation of the work and said workers. Therefore, the communications were always handled in observance of the timescales envisaged by the afore-mentioned legislative sources.



6. Environment, Health and Safety

GRI indicator 102-29

Environmental responsibility is one of the topics which the Exprivia Group aims to continually improve. To achieve this, it promotes the involvement and awareness of the entire management department and of employees towards a culture of responsibility and participation, by providing the resources and the training required to achieve the environmental protection goals previously established.

In keeping with the principles of the Code of Ethics, the Group firstly seeks to ensure compliance with all current environmental laws as regards its internal activities. It also cooperates with the Public Authorities and holds relations of mutual trust with Employees, Customer and Suppliers. It monitors environmental parameters, for the ultimate purpose of reducing all kinds of pollution and environmental impact.

Aware of the importance which the safeguarding and protection of the environment takes on, since it firmly believes that the quality of the environment affects the quality of life and economic development, the Group has decided to voluntarily comply with the UNI EN ISO 14001 standard defining and implementing Environmental Management Systems compliant with the requirements of said standard.

Two Environmental Management Systems (EMS) have been implemented and are active, ensuring a systemic approach to the ongoing improvement of the environmental performances and indirectly the reduction of the applicable risks.

In 2007 Exprivia obtained certification of the EMS for its Molfetta premises in accordance with the ISO 14001 standard, maintaining validity to-date. Similarly, in Italtel's Carini Industrial District, certification of the Environmental Management System was confirmed in accordance with ISO 14001 standard (already held since 2001).

Energy Diagnosis, in accordance with Italian Legislative Decree No. 102/2014 "Energy Efficiency", of Exprivia's Molfetta site and Italtel's Castelletto and Carini sites performed in 2015 are also still valid.

Likewise, the safeguarding of health and safety are of fundamental importance for the respect of human rights in relation to key aspects such as the protection of the physical safety of the individuals, the relationships with the communities and the observance of the principles such as the right to life, health and freedom of expression.

In compliance with the provisions as per Italian Legislative Decree No. 81 dated 2008 and any other legislative relevant provision, Exprivia and Italtel undertake to protect the workplace safety and health of the individuals, adopting all necessary



and appropriate measures for ensuring full compliance of the workplaces with the highest standards regarding safety and hygiene.

6.1 Significance for the Exprivia Group's activities

Exprivia and Italtel are IT/TLC services companies, whose production processes involve human intensive features on which the human production factor prevails rather than the machinery. Their sensitivity with respect to health and safety in the workplace aspects and environmental matters, and in particular the problems posed by climate changes at global level, is however high.

The specific significance for Exprivia's and Italtel's activities is reported below.

Significance for Exprivia's activities

Exprivia is aware of the fact that, for the purposes of the effectiveness of any far-reaching corporate responsibility strategy, it must undertake activities aimed at the assessment of the environmental impact, so as to be able to act to ensure the maximum respect for the environment. For this purpose, Exprivia has carried out a process aimed, on the one hand, at identifying the main impacts of the business processes, the infrastructures and the structures used, and on the other hand, at monitoring the environmental performances of its premises. Since 2006 Exprivia has understood that the implementation of an Environmental Management System (EMS) would have made it possible to satisfy the aforementioned objectives, as well as facilitate the compliance with current environmental legislation and the ongoing improvement of the environmental performances.

Specific environmental performance indicators have been defined so as to keep the significant environmental impacts under control, as well as to monitor the achievement of improvement objectives.

Exprivia has also always been involved in the development and promotion of the protection of health and safety in the workplaces.

It recognises the fundamental importance of protecting health and safety and ensuring the safeguarding and wellbeing of the workers and the third parties in all the activities care of its workplaces.

By means of a prevention and protection system ingrained in all the venues, Exprivia has achieved significant results over the year, including a greater awareness among the employees with regard to the aspects of safety, a significant containment of accidents in the workplace and the prevention of occupational diseases.

Significance for Italtel's activities

Italtel is an IT/TLC services company, whose production processes involve human-intensive features linked to human production factors and also to machinery, since its Research and Development partly revolves around the Test plants, which have energy characteristics comparable to Datacenters. Therefore, as a result of the significant electrical loads of these infrastructures, the sensitivity towards environmental matters and especially towards the problems posed by climate changes at global level, is high.

The programme for raising awareness and reducing consumption with regard to the systems in the operating test rooms in Settimo Milanese and Carini continued in 2018. IT load reduction **dropped overall by around 20% during the year**. The load was further reduced to minimum operating levels during summer and Christmas closing.

The remaining electricity saving is achieved by monitoring plant running and management. Attention is paid to correctly regulating the air conditioning system depending on the outside temperature and to the timing of the lights in the area. Focus is placed not only on the testing facilities but also on the plant infrastructures of the various industrial complexes.

The attention to reducing consumption, to energy efficiency and ensuing environmental impact has therefore led to the continual reduction of direct or indirect atmospheric emissions in the five-year period 2014-2018.

6.2 Main associated risks

Exprivia and Italtel have defined a risk management procedure for the handling of any risk within any field of application and context. This Process is therefore instantiated and contextualised with respect to the various spheres including:

- environmental risks;
- risks associated with health and safety in the workplaces;
- risks relating to the security of the information;
- risks associated with the management of the SW projects and IT services;
- risks relating to the business context and to legislative/regulatory compliance;
- business risks at corporate level.

Exprivia's and Italtel's environmental impacts are similar to those of office activities supplemented by a significant "datacenter-Like" share. Journeys to Customers and Business Trips need to be added to this basic impact. The most significant, therefore, are basically the following:

- production of WEEE (waste from electrical and electronic equipment);
- compliance with the REACH and RoHS Directives regarding electronic components;
- production of waste relating to consumables for printing, (toner/cartridges);
- Consumption of Paper for office uses.
- consumption of electricity and fuels used for air conditioning, the generator and for Service cars;
- drinking and industrial water consumption;
- Impact of Journeys in terms of CO2 emissions.

The assessment of the risks is fundamental also for the effective handling of the safety and health in the workplaces and can be considered the passkey for limiting the accidents linked to work activities and occupational diseases. The correct assessment not only improves the health and safety in the workplace, but also increases the output of said company.

The assessment of the risks involves a systematic examination of all the aspects of the work activities, aimed at establishing what may cause lesions or damages, whether it is possible to eliminate said damages and, in the event that this is not possible, which prevention and protection measures must be implemented to control the risks.

The assessment of the risks is regularly reviewed, on the basis of the nature of the risks, the degree of probable evolution of the work activities, in light of the investigation results consequent to an accident and "near miss" or any future law amendments.

Exprivia mainly carries out activities of an intellectual nature, classified as low risk. Furthermore, the staff - in the activities performed care of the customers - is not involved in high risk activities and is not even exposed to specific diseases. The specific activities performed care of the customers do not introduce a deterioration of the risks of interference in the workplaces in which said activities are carried out.

6.3 Environmental policy

Exprivia and Italtel have defined their own Environmental Policy - within their respective EMS - featuring the following important aspects:

Exprivia's Environmental Policy

The main elements of the Environmental Policy adopted by Exprivia are:

- operate in observance of all the laws, regulations and legislation applicable in the environmental sphere;
- constantly safeguarding the environment from the performance of its production processes and from the use of the company's infrastructures and structures that are necessary for the above processes;
- inform, train and up-date the company staff so as to further responsibility and awareness with regard to the environment, as well as involve the same proactively in the implementation and improvement of the environmental management system;
- monitor and assess the environmental impacts generated in the performance of its activities, understanding the effects and identifying the causes, with a view of ongoing improvement;
- assess in advance the potential environmental effects of new processes and/or significant changes made to those already existing.
- all employees, within the sphere of their work activities, are constantly informed, trained and made aware of the effect which their duties may cause to the environment. Therefore, each worker is required to pursue, insofar as they are responsible, the objectives which the organisation has established and which are listed below:
 - the waste produced must be reduced, recycled or reused as far as possible, limiting it to that strictly necessary for productivity, ensuring that it is disposed of safely;
 - the use of the energy resources and material must be constantly optimised for the purpose of rationalising the same;
 - sharing of the environmental knowledge, collaborating with the customers, the suppliers, the population and all the Bodies concerned;
 - ongoing improvement of the initial environmental performances.

In the spirit of ongoing improvement, Exprivia defines and reviews from time to time the environmental goals and objectives, consistent with the mentioned policy. Each employee is responsible for observing the Environmental Policy which represents Exprivia's contribution in favour of future generations.

Italtel's Environmental Policy

In performing its business model and in carrying out its activities, Italtel considers it essential to protect the environment, health and workplace safety in keeping with the needs of its Employees, Customers, Shareholders, Partners and the entire Community it belongs to, as well as to encourage the evolution of a sustainable development model.

Protecting individuals' health and safeguarding the environment will help us continue to earn our stakeholders' esteem and respect and to be a competitive, health and sustainable Group.

In conducting our processes and in every one of our locations, both in Italy and abroad, we wish to accomplish the principles set out in this policy, adhering to the following guidelines:

- ensure full respect of Community regulations and of national and local laws regarding the environment, health and safety at work, in compliance with our Code of Ethics, pursuing a sustainable management of the social and environmental aspects related to the products and services developed by our business areas;
- minimise risks by providing the human, technical and economic resources necessary for the protection of the environment, health and workplace safety;
- assess, for each activity, in advance and in a documented manner, the environmental impact and related health and safety aspects for workers;

- seek and develop technologies and innovative solutions that can respond to the highly significant challenges of our times, such as: easy access to health services, environmental protection and improvement, and ongoing training at work;
- provide products and solutions that offer the best safeguards for the environment, the health and safety of their installers and users, as well as the minimum environmental impact for their disposal at the end of their useful life;
- promote sustainable consumption of resources, based more and more on renewable resources and on the efficient and rational use of energy;
- decrease the emission of greenhouse gases (GHGs) also by promoting alternative ways to work that minimise commuting between home and the office (smart working) and business trips (use of video conferences);
- reduce waste, promoting its recycling and its disposal in a safe and responsible way;
- give priority to suppliers and partners also based on their compliance with the principles expressed in this policy;
- promote adequate information of employees and organise involvement and dialogue opportunities for them, thus enhancing training, awareness and knowledge of this topic.

6.3.1 Management activities and results

With regard to the EMS, the main improvement actions for the environmental performances carried out over the last few years by Exprivia and Italtel were:

- Containing the consumption and waste and optimum running of the systems in relation to the season;
- Technological innovation by means of the virtualisation of IT equipment in the areas for CED/Testplant use, free-cooling procedures and the use of energy-efficient UPS and power stations;
- Monitoring of consumption (i-Energy Service Center) and implementation of performance indicators;
- Adoption of policies raising awareness on consumption and of campaigns for the removal of redundant loads;
- Technological investments with activities for the revamping of air-conditioning systems and installations of new, more efficient thermal plants; Elimination of inefficient systems with impact also on lower volumes of water used;
- Rational use of space through industrial concentration activities or change of facilities, aimed at optimising areas used and air-conditioned volumes;
- Attention to water, paper and toner consumption;
- Use of jet reducers for wash basin taps in the restrooms;
- Preferential use of trains instead of planes for business trips within the country (lower emissions).

6.3.2 Consumption surveys and trend

The consumption data reported below refer to the following company offices:

1. Exprivia's main Italian offices:
Molfetta;
Milan;
Settimo Milanese (Castelletto);
Vicenza;
Roma (Tintoretto);
Roma (Bufalotta);
Carini (Palermo);
Palermo;
Bari.

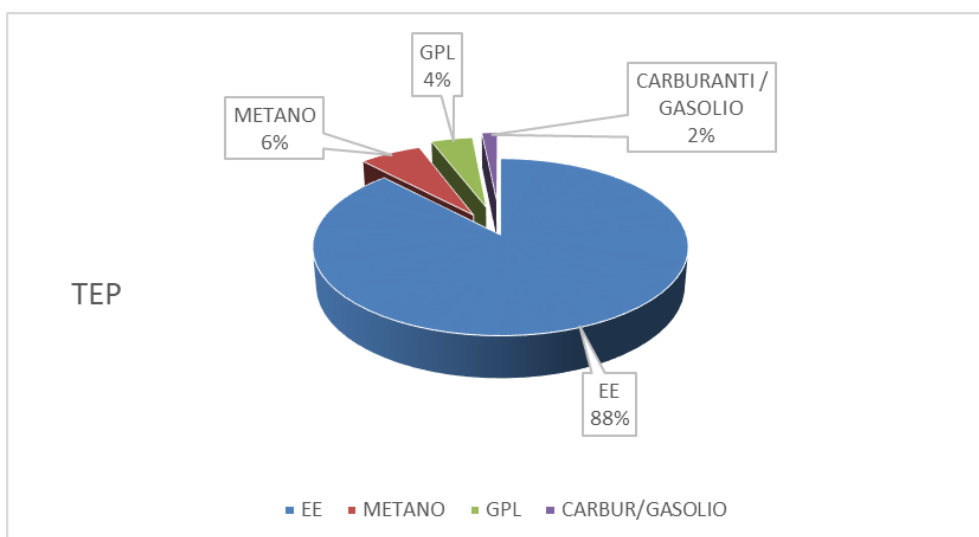
2. Exprivia's main foreign offices:
Spain (Madrid);
China;
Brazil.
3. Italtel's main Italian offices:
Settimo Milanese (Castelletto);
Rome;
Carini (Palermo);
4. Italtel's foreign subsidiaries, with offices in the following countries:
for EMEA: Germany, Poland, France and Spain.
for LATAM: Peru, Argentina, Brazil and Colombia (Ecuador was excluded since not very significant in terms of turnover).

The data provided are aggregated and refer to 2018. Detailed figures are also provided on the single companies and/or company offices, where significant or considered to be important in order to highlight consumption trends. Bearing in mind that 2018 is the first year for which aggregate consumption data is reported, the annual trend of previous years is not provided at aggregate level.

6.4 Energy consumption and trend

GRI indicator 302-1

The graph below shows the breakdown of energy consumption expressed in TOE (Tonnes Oil Equivalent) by type of energy vector used.



Electricity (EE) was the primary energy vector for 2018 with a quota of 88% corresponding to 2,668 TOE, followed by fuels - Methane (191 TOE) and LPG (129 TOE) - and by motor Fuels/Diesel (48 TOE).

	Italy	Abroad	Total aggregated TOE
Electricity ⁶	2528	146.09	2674.09
Methane	190.54	0	190.54
LPG	128.72		128.72
Fuels/Diesel	30.68	17.80	48.31
	Total general TOE		3041.66

The following tables show total TOE⁷ referring to direct and indirect emissions by type of vector used (GRI indicator 302-1).

6.5 Paper for office use

Office paper is used as paper for the printing of documents produced by the primary business, support and operational processes (e.g. technical/operational documents produced during the performance of the SW projects and the management of the IT services, profit/management plans for the services, quotes, etc.), as well as by all the business processes which envisage the printing of documents due to legislative compliance and/or due to explicit request of the stakeholders concerned. When possible the company tries not to print the documents out - using electronic versions - so as to reduce company paper consumption.

The consumption data reported below refer to the following company offices:

- a) Exprivia's main Italian offices:
 - Molfetta;
 - Milan;
 - Settimo Milanese (Castelletto);
 - Vicenza;
 - Roma (Tintoretto);
 - Roma (Bufalotta);
 - Carini (Palermo);
 - Palermo;
 - Bari.
- b) Exprivia's main foreign offices:
 - Spain (Madrid);
 - Mexico;
 - China;
 - Brazil.

⁶ For Exprivia's Milan offices (Via Valtorta), it was not possible to obtain the consumption of the centralised air conditioning system, therefore, EE consumption only refers to the energy consumed by the offices;
For Exprivia's Rome offices (Via del Tintoretto), it was not possible to obtain the consumption of the centralised air conditioning system used to provide cooling, therefore, TOE consumption only refers to the EE consumed by the offices and the Methane used for the centralised air conditioning system.

⁷ The following aspects are highlighted:

- c) Italtel's main Italian offices:
 - Settimo Milanese (Castelletto);
 - Rome;
 - Carini (Palermo);
- d) Italtel's foreign subsidiaries, with offices in the following countries:
 - for EMEA: Germany, Poland, France and Spain.
 - for LATAM: Peru, Argentina, Brazil and Colombia (Ecuador was excluded since not very significant in terms of turnover).

The following table shows the number of 500 sheet reams used overall by Exprivia and Italtel, and their relative weight expressed in kg (GRI indicator 301-1).

Venue	Italy	Abroad	Total
500 sheet reams	3336	1718	5054.0
Weight in kg	8131.7	4292.3	12423.9

6.6 Water

The consumption data reported below refer to the following company offices:

- a) Exprivia's main Italian offices:
 - Molfetta;
 - Milan;
 - Settimo Milanese (Castelletto);
 - Vicenza;
 - Roma (Tintoretto);
 - Roma (Bufalotta);
 - Carini (Palermo);
 - Palermo;
 - Bari.
- b) Exprivia's main foreign offices:
 - Spain (Madrid);
 - China;
 - Brazil.
- c) Italtel's main Italian offices:
 - Settimo Milanese (Castelletto);
 - Rome;
 - Carini (Palermo);
- d) Italtel's foreign subsidiaries, with offices in the following countries:
 - for EMEA: Germany, Poland, France and Spain.
 - for LATAM: Peru, Argentina, Brazil and Colombia (Ecuador was excluded since not very significant in terms of turnover).

The following table shows the total consumption of drinking water from the water network (GRI indicator 303-1), broken down also for the Italian and foreign offices of Exprivia and Italtel.

Venue	Exprivia Italy	Exprivia Abroad	Total
cubic metres of water	31286.5	3272	34558.5

6.7 Greenhouse gas emissions

The emissions data reported below refer to the following company offices:

Exprivia's main Italian offices:

Molfetta;
 Milan;
 Settimo Milanese (Castelletto);
 Vicenza;
 Roma (Tintoretto);
 Roma (Bufalotta);
 Matera;
 Carini (Palermo);
 Palermo;
 Bari.

Exprivia's main foreign offices:

Spain (Madrid);
 Mexico;
 China;
 Brazil.

Italtel's main Italian offices:

Settimo Milanese (Castelletto);
 Rome;
 Carini (Palermo);

Italtel's foreign subsidiaries, with offices in the following countries:

for EMEA: Germany, Poland, France and Spain.

for LATAM: Peru, Argentina, Brazil and Colombia (Ecuador was excluded since not very significant in terms of turnover).

Scope 1 (Direct GHG emissions - GRI indicator 305-1)

The indicator measures the direct emissions of the organisation (e.g. fuels, chemical processes, process emissions, oxidations, fuel for heating), including those related to energy vectors used other than EE.

The values for 2018 direct emissions are reported in the following table.

DIRECT EMISSIONS (SCOPE 1)	Exprivia Italy	Exprivia Abroad	Italtel Italy	Italtel Abroad	2018
TOTAL CO2eq ISSUED (ton)	689.9	0.0	817.8	48.7	1,556.4
CO2eq METHANE (ton)	16.8		429.6	0	446.4
CO2eq LPG (ton)	44.6		304.1	0	348.7
CO2eq FUEL (ton)	0.9		84.1	48.7	133.7

Scope 2 (Indirect GHG emissions - GRI indicator 305-2)

The indicator measures the indirect emissions from energy consumption (e.g. heat, electricity, steam purchased from third parties).

The following table shows the value of indirect emissions measured for 2018.

INDIRECT EMISSIONS	Exprivia Italy	Exprivia Abroad	Italtel Italy	Italtel Abroad	2018
CO2eq ELECTRICITY (ton)	1,340	22	4,699	322	6,383

Scope 3 (Other indirect GHG emissions - GRI indicator 305-3)

The indicator measures the other indirect emissions which do not fall within scope 2 (e.g. emissions from the supply chain, business trips, home-work journey of employees).

Only business trips were considered, and the emissions associated with journeys made by own or company vehicles were considered only for Italtel's Italian offices.

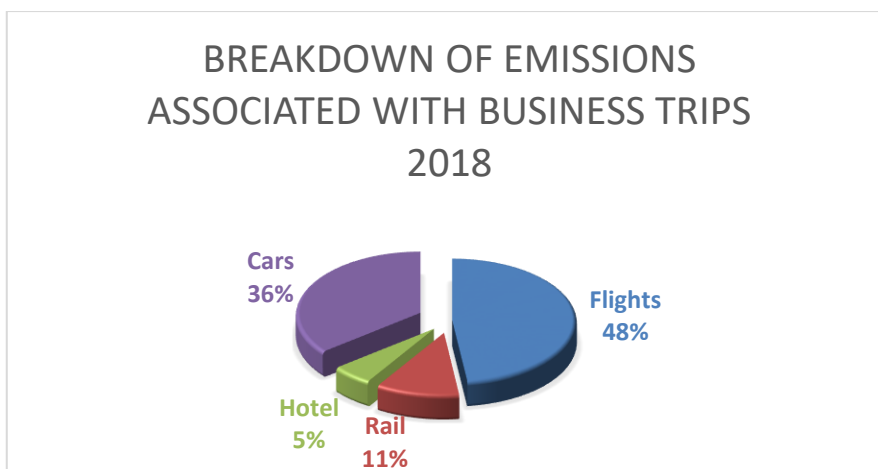
The following table shows the values measured for 2018, broken down by means of transport used.

BUSINESS TRIPS	Exprivia Italy	Exprivia Abroad	Italtel Italy	Italtel Abroad	Total 2018
TOTAL CO2 issued (ton)	973	103	975	416	2,467
Flights	557	41	441	146	1,185
Rail	171.65	4.45	83.19	8.52	268
Hotels	52	2	59	20	133
Cars	192	55	392	241	881

Calculation method used: UVET reporting was supplemented (for plane or train journeys) based on emission and conversion factors published on www.ghgprotocol.org and www.acriss.org. For emissions connected with the use of cars, the conversion factors published by the European Environment Agency were used (<https://www.eea.europa.eu/>).

Exprivia and Italtel pursue the reduction of journeys encouraging care of its employees the use of remote means of communication and work. Despite this, specific business needs force the staff to make business trips in Italy and abroad, so that the correlated emissions of CO2 in 2018 came to around 2,467 tons of CO2 (GRI indicator 305-3), representing around 23.7% of all the direct and indirect emissions associated with the activities of the company.

The following graph illustrates the breakdown of the CO2 emissions associated with business trips:



It can be noted that the greatest portion of CO₂ emitted in relation to business trips is due to flights and represents 48% of the total.

The intensity of the GHG emissions in relation to company staff (GRI indicator 305-4) comes to 0.641 t CO₂/FTE.

The aggregate indicator of energy consumed - expressed in TOE - is compared to the workforce at the company offices (FTE) and to the total square metres occupied by the company offices (GRI indicators 302-3 and 305-4).

GHG INTENSITY RATIO (Scope 1 and 2)	2018
GHG intensity RATIO 1 TON CO ₂ /FTE	1.90
TOE/FTE	0.79
GHG intensity RATIO 2 TON CO ₂ /mq	0,095
TOE/mq	0.04

6.8 Sewage and Waste

The only sewage produced is that from the waste water sewers deriving from the restrooms.

The estimated quantity of litres of waste water sent to the sewers (GRI indicator 306-1) came to 49,425.57 cubic metres in 2017. This figure is based on an average consumption of drinking water - per employee - for the toilets of a production site, excluding Italtel's Italian offices which have specific meters on the toilet discharges. The figure includes all the Italian and foreign offices of Exprivia and Italtel.

Special hazardous waste produced is mainly waste from electrical and electronic appliances deriving from the use of IT equipment (e.g. monitors, laptops, etc.), electrical and electronic equipment (e.g. UPS) and from company structures /infrastructures (e.g. neon for lighting).

In 2018 around 1,052 kg of special hazardous waste were produced (GRI indicator 306-2) due to the following disposals carried out by the Italian offices of Exprivia and Italtel:

- a) Disposal of obsolete WEEE by Exprivia's offices in Rome;
- b) Disposal of obsolete WEEE by Exprivia's offices in Molfetta;

- c) Disposal of an obsolete Testplant of Italtel.

Waste produced by foreign offices were not taken into account, since they are not very significant compared to the total produced.

The special hazardous waste was sent to suppliers authorised to dispose of the same.

Ordinary waste is disposed of by specialised companies and the amounts shown in the sheets are then reported in the Environmental Declaration Forms.

6.9 Compliance with legislation in force

GRI indicators 307-1; 417-1

With regard to the products developed by the Italtel SpA Group company, those distributed in all the Italian and foreign offices are certified according to safety and EMC standards and are built according to criteria designed to minimise environmental impact (e.g.: RoHS (Restrictions of certain Hazardous Substances) Directives. In this regard, Italtel S.p.A., which is enrolled in the Register of Producers of Electrical and Electronic Equipment, ensures compliance with European Union requirements (WEEE - Waste Electrical and Electronic Equipment) - implemented in Italy by way of Italian Legislative Decree 49/2014 "RAEE" (Waste from Electrical Equipment and Electronics) - on the disposal of products at the end of their life cycle. Italtel S.p.A. reports on a quarterly basis the amounts of wood, plastic, paper and steel making up the packaging it places on the Italian market, and pays the Environmental Fee to the CONAI (Packaging National Association) companies pursuant to Italian Legislative Decree 152/06. With reference to European Regulation "REACH" 1906/2007 (Registration, Evaluation, Authorisation and Restriction of Chemicals), Italtel checks the compliance of its suppliers, requesting proof of the percentage concentrations of highly hazardous substances and of the relevant Authorisation for Use issued by the European Chemicals Agency (ECHA).



7. Fight against corruption

The Group undertakes to prevent any discrimination related to age, gender, health conditions, race, political opinions and religious beliefs in the company's processes (such as personnel selection, supplier selection, personnel management). Ensuring utmost loyalty in every relationship, whether internal or outside the company, keeping our word, and delivering on promises and agreements, even in the absence of written proof, are key values for the Group.

The Exprivia Group bases the performance of its activities on principles of transparency and clarity of information. The group believes in fair competition as an essential tool for protecting consumers. To this end, it undertakes to operate with utmost fairness in full compliance with its competitors, and not to engage in any conduct that could lead to taking advantage of any dominant positions.

7.1 Loyalty, trust and conflict of interests

Exprivia and Italtel both have an internal system for reporting irregularities. The system is made available to employees and to whoever works for or on behalf of each Group company.

This system is mainly managed by Exprivia's Internal Audit units and Italtel's Compliance Office which may be used to report (via specific phone numbers and email addresses) any violations of the Code of Ethics or, more generally, any illegal activities during work which come to anyone's attention.

To monitor the risk of a conflict of interest, Exprivia adopts its own Procedure for Transactions with Related Parties approved for the first time in 2010 and updated by resolution of the Board of Directors on 4 December 2017. The document may be found in the Corporate Governance/Company Information section of Exprivia's website.

Italtel applies an internal procedure, for itself and on its relevant scope, which identifies and addresses situations of potential conflict.

In 2018, as in 2017, no cases of conflicts of interest occurred.

No conflict of interest found in 2018

7.2 Fair competition and respect for legality

In 2018, no sanctions were imposed on Exprivia, Italtel or other Group companies for: the violation of regulations on product safety and on industrial and intellectual property; for misleading advertising with regard to product information in related communications and, in general, in marketing activities; nor for anti-competitive behaviour.

No sanction for the violation of regulations, for misleading advertising or anti-competitive behaviour in 2018

7.3 Training on the ethics of business dealings

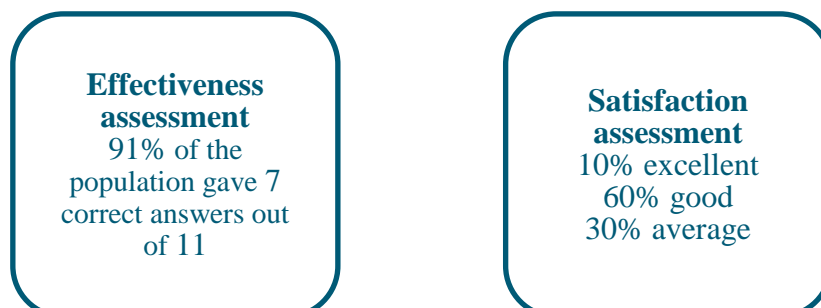
GRI indicator 205-2

During 2018, an intense training programme called “Exprivia Ethics” was carried out to encourage knowledge and awareness of the Code of Ethics and the 231 Model adopted by Exprivia.

The programme was intended for the entire workforce of Exprivia. In 27 editions it has involved a total of 1700 employees, 70 of whom belong to Exprivia Enterprise Consulting s.r.l. and 8 to Advanced Computer Systems s.r.l. (companies both merged by incorporation into Exprivia S.p.A. in December 2018), 250 employees belonging to Exprivia Projects srl and 185 to Exprivia Process Outsourcing srl (the latter was merged by incorporation into Exprivia Projects srl in December 2018).

The training programme was divided up into training action, efficacy assessment and satisfaction feedback from employees and had the purpose of facilitating ethical conduct.

The results of the intense training activities were very satisfactory and are confirmed by the following percentages.



In 2018, Exprivia carried out training activities in the field of business ethics which involved the entire company population. The activities focused on occupational health and safety (pursuant to Italian Legislative Decree 81/08) and on Privacy and the introduction of the GDPR (General Data Protection Regulation) with the aim of achieving full compliance with the obligations set by the new Privacy Regulation.

The details of these activities are reported in the Work chapter, Training paragraph.

With reference to Italtel's perimeter in 2017, training addressed personnel in Italy who, as a result of the changes in the Company's organisational structure, ended up working in risk areas pursuant to Italian Legislative Decree 231/01.

In 2018, information activities involving the entire company population continued regarding: Code of Ethics, Italian Legislative Decree 231/2001 and Organisation, Management and Control Model, by updating the information content of the company intranet specifically dedicated to Compliance Office activities.

Training in the field of business ethics was conducted in Italtel and its direct subsidiaries in 2018. It concerned the issues of copyright protection in using Open source software and involved 447 employees operating in Italy and abroad, 190 of which in Italy working in software development areas and 237 at foreign companies directly controlled by Italtel.

Training of all the company population on compliance with the Privacy Regulation (GDPR) was also added to these specific training activities in 2018 also in Italtel.

Furthermore, in 2018, 100% of Italtel SA (Spain) employees received training in the field of business ethics with specific reference to the Organisation and Management Model pursuant to Ley Organica 5/2010 on the criminal liability of legal persons.

7.4 Internal controls

Events which have given rise to disciplinary measures for corruption vis-à-vis the workers
GRI indicator 205-3

In 2018 reports were received regarding some potentially corruptive events caused by the conduct of two workers assigned to call center services, employed by Exprivia Projects. While performing their duties, these individuals breached the procedures indicated by Customers on the correct execution of services in order to achieve undeserved personal advantages in terms of attaining better performance.

The conduct was immediately intercepted by means of internal service quality and control systems and was subject to inspection by the Company, leading to the adoption of disciplinary dismissal procedures vis-à-vis the individuals involved in the anti-ethical conduct.

The conduct had an impact on the violation of the ethical principles that Exprivia complies with in the conduct of its business: loyalty, diligence, fairness and good faith. The conduct, therefore, was considered relevant for the purpose of determining disciplinary dismissal measures, but did not cover the commission of crimes included in the 231 catalogue.

Action undertaken in response to episodes of corruption in 2018 (GRI Standard 205-3)	No.
Episodes of corruption reported	2
Reports which have involved disciplinary measures for the employees	2
Reports which have involved legal measures	0

Actions undertaken in response to episodes of corruption in 2018 (GRI Standard 206-1)	No.
Legal action against anti-competitive and monopolistic conduct	0

7.5 Relations with the Public Administration

GRI indicator 201-4

Exprivia and Italtel hold close relationships with the Public Administration.

This is witnessed by significant allocations received by the companies to support internal research and development activities, in the form of grants and subsidised loans.

Specifically, in 2018, Italtel received grants for a value of Euro 2.8 million and subsidised loans amounting to Euro 5.2 million.

Exprivia received grants for a value of Euro 567 million and subsidised loans amounting to Euro 156 million.

Exprivia is also included in the supplier registers of 59 Italian public bodies.



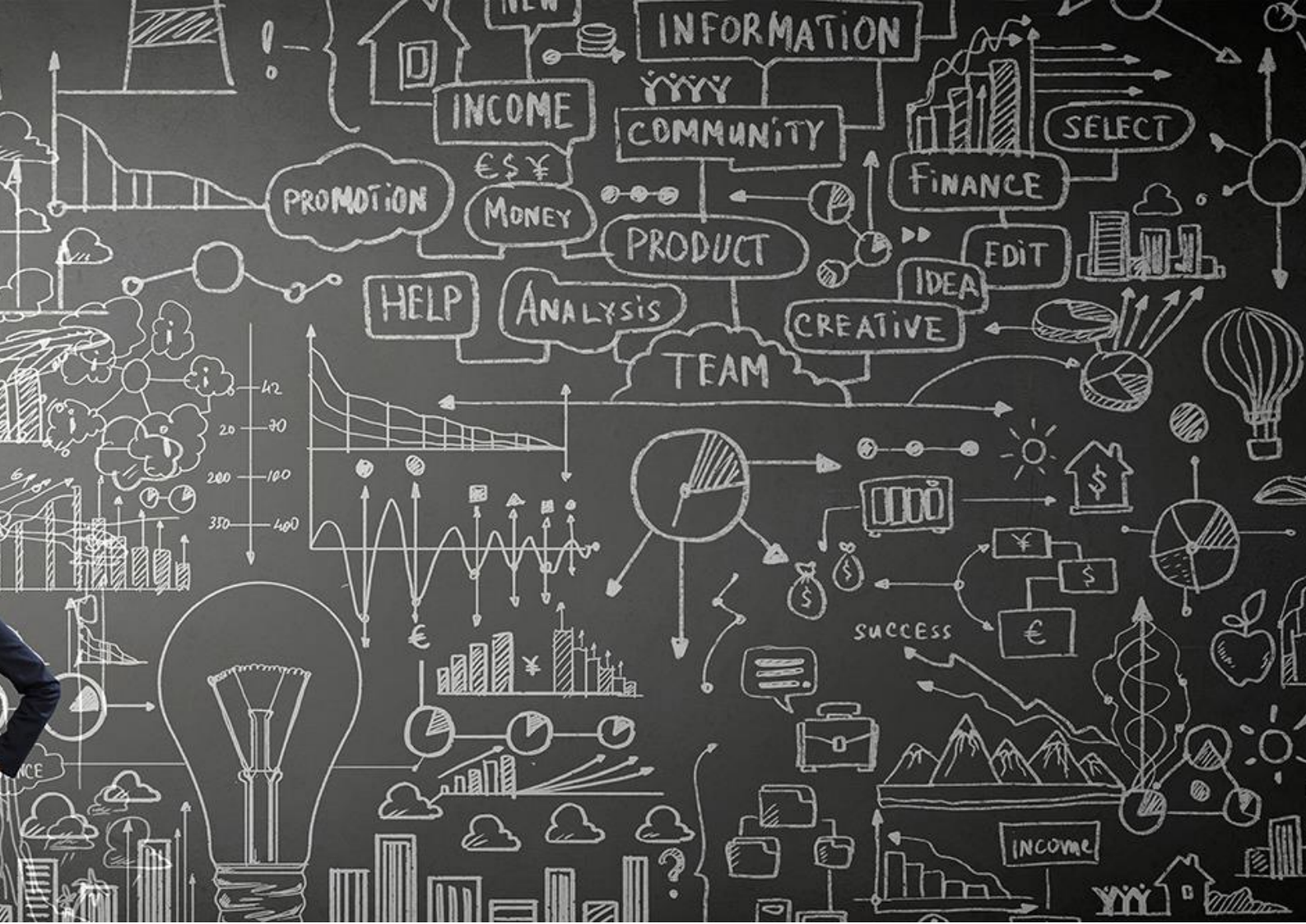
In 2018, around 40% of Exprivia's turnover regarded contracts performed directly or in the interest of Public Bodies.

In turn, Italtel is included in the supplier registers of 36 Italian Public Bodies.





Even Spegea Scarl is included in some Supplier Registers of Public Bodies and holds relations with the Public Administration. In 2018, 30% of its turnover regarded training carried out with public funds (i.e. European Social Fund).



8. Relationships with the areas

GRI indicators 102-12; 102-29

The Exprivia Group considers the maintenance of relations with the countries and with areas in which it has important venues in terms of size and heritage, as decisive for its activities. One of the main challenges that a multi-national group such as ours must tackle is surely being able to interact with a varied and constantly evolving eco-system. The Exprivia Group strives to contribute to the economic and social development of the communities it belongs to, by communicating on a daily basis with a wide range of stakeholders. In particular, this is achieved by means of correct communication and marketing practices with a view to increasing relationships and shared value with local institutional, cultural and social communities. The Group is indeed aware that due to the dimensions it has achieved, the quality of its customers and its co-workers, it plays a leading role in the community in which it is inserted.

8.1 Main associated risks

The characteristic risk of the relationships with the communities and areas is essentially reputational. This risk may derive from the negative reputation vis-à-vis third parties (customers, partners, counterparties, shareholders, investors, public administration authorities) and may influence the ability of the Group to maintain or increase the customer base. Furthermore, this risk may also influence the ability of the Group to attract talent (especially youngsters) by means of its dealings with academic and educational circles.

Another type of risk that the Group must continually pay attention to must not be overlooked: operating risks when carrying out activities with local areas. The Group currently operates in around 20 countries throughout the world and has thus acquired a multinational dimension. For this reason, the stakeholder assessment and engagement processes could last longer than expected, causing delays in execution and possible repercussions on the supply chain.

8.2 Policies overseeing the aspect

One of the pillars of Exprivia Group's Strategic Plan is certainly the relations it holds with communities based on principles of transparency, ethics, inclusiveness and respect for human rights. These principles are included in Exprivia's and Italtel's Code of Ethics. Constantly and proactively analysing the needs and priorities of the companies in which the Group operates allows us to address new challenges and define an increasingly competitive business model, through new strategies and process innovation. The Group defines and carries out specific action plans on an annual basis. Their aim is to increase its brand reputation both locally and at national and international level. The Group in fact is part of a close-knit network of participation in area bodies and organisations, both at national and at more local level. The annual plans are drawn up and supervised by a specific unit in the organisational structure which is in charge of handling sponsorships, membership contributions and charitable donations. Every form of planned support is consistent with the strategic policies defined for the various types of company business and with the area support needs.

The process therefore starts from the business plan, to then translate into an annual master plan supported by a specific budget which is approved by senior company management.

8.3 Management activities and results

The network of participation

Attention towards the communities and the areas takes on the shape of dialogue and partnerships with all the stakeholders and with the national and local organisations. Many Group senior managers are involved in representation activities in bodies and organisations of public interest.

The Exprivia Group is part of the Italian industrial confederation system, and specifically it is involved in the governance and policy bodies of **Confindustria Nazionale, Assinform and Confindustria Bari-BAT**, with the aim (besides the statutory one of belonging to a union of enterprises) of furthering projects and initiatives which have positive impacts, also in terms of sustainability throughout the area of influence.

The Group is a member of **networks of businesses and universities, permanent consortiums and temporary joint ventures** of various interest for the area, generally aimed at the performance of research and development activities, facilitation of young entrepreneurs and business innovation. Some of the most qualifying collaboration dealings are presented below.

- **Consorzio Milano Ricerche**, in which Italtel S.p.A. holds an 8.3% share, is based in Milan and pursues the following corporate purposes: research on technology transfer methods; promotion and support of common research activities between Universities, Public Research Bodies, Companies and Public Administration; promotion and management of training and updating activities; transfer of know-how to small and medium enterprises; support for the development of new entrepreneurship in the field of advanced technologies. The presence of Italtel in the Board of Directors and the Technical Scientific Committee makes it possible to extend the research ecosystem to all Consortium members, to direct the Consortium's scientific activities towards topics of industrial research that are of prevailing interest to the Exprivia/Italtel Group, and to generate new collaborative research and innovation initiatives.
- **MIP Milan Polytechnic – Gradual School of Business**, is an international business school in the form of a consortium company. It is based in Milan and Italtel is a consortium member holding a 2.98% share. The purpose and aim of MIP are: the formation of human capital and management skills for the development of businesses, public administrations and the economic system as a whole; planning, promotion and delivery of post-graduate and post-experience training programmes in the field of management, economics and industrial engineering; and research activities functionally applied to training. In recent years, the school has taken on an increasingly international dimension and has equipped itself with tools that have allowed it to turn into a laboratory of ideas for identifying new trends and challenges. It fosters ongoing and valuable exchange of knowledge, experience and

know-how, and is able to anticipate changes in the global competitive environment and to respond more effectively to the need for increasingly multidisciplinary skills required by companies.

- **Software Engineering Research & Practices Srl**, a company founded in 2006 in which Exprivia SpA has held a 6% share since its establishment. It is a Spin-off of the University of Bari and its aim is to industrialise the results of university research in the field of Software Engineering and its transfer to business processes.

Consortium Initiatives

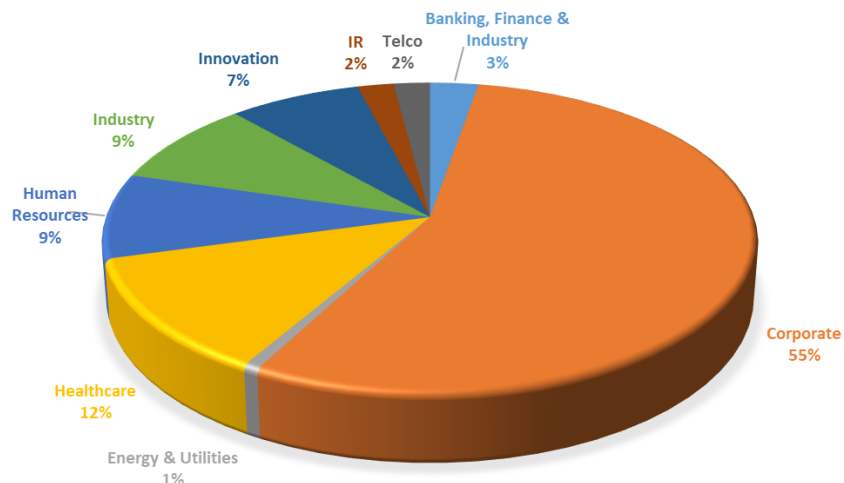
- **Consorzio Biogene**, is a consortium established in 2005 between public and private partners for the development of the project called “Public-private laboratory for the development of integrated bio-information tools for genomics, transcriptomics and proteomics (LAB GTP)”.
- **“DAISY - NET” Società cons. a r.l.**, is a consortium company established in 2008 with the aim of undertaking initiatives suitable for the development of a Technological Competence Centre on I.C.T., divided into a network of Regional Competence Centres. Exprivia has been a member since its establishment.
- **Distretto Agroalimentare Regionale (“D.A.Re.”)**, a limited liability consortium company based in Foggia and established in 2004, is the interface for the technological transfer of the research system from Apulia to the agri-food system. It provides services to encourage technological innovation, through the management of complex projects related to industrial research and precompetitive development. Exprivia has been a member since 2011.
- **Distretto Tecnologico Pugliese (“DHITECH”)**, a consortium company based in Lecce and established in 2006. The consortium intends to develop and integrate an interdisciplinary cluster for nanoscience, bioscience and infoscience according to the guidelines of the seventh framework programme and national research plan. Exprivia has been a member since March 2011 with a 5.15% stake.
- **Distretto Tecnologico Nazionale per l’Energia (“DITNE”)**, based in Brindisi and established in 2008. It was founded to provide support for research in production sectors in the field of energy, to encourage technology transfer needed by national and international players in the sector, and to favour connections between the worlds of research, production of goods and services, credit and the territory. Exprivia has been a member since 2011.
- **Distretto H-BIO Puglia società cons. a r.l.**, called “Distretto tecnologico pugliese salute dell’uomo e biotecnologie” (“Apulia Technological District for human health and biotechnologies”), is a consortium company based in Bari. It was established in 2012 to develop its operations in the strategic areas of products for molecular diagnostics and integrated diagnostics, treatment and rehabilitation products and bioinformatics products. Exprivia holds a 4% share.
- **Service Innovation Laboratory by DAISY s.c.ar.l.**, is a consortium for Service Innovation which was established in 2013 boosted by Daisy-Net. It emerged from the MIUR funding project for new public and private laboratories. It groups companies and universities from Apulia and operates in clusters with similar laboratories in Calabria and Sicily. SI-Lab focuses on the integration of industry chain services which will be tested in the field of health services. Exprivia S.p.A. has held an 18.37% share in the company since its establishment.
- **Consorzio Italy Care**, a consortium established in March 2014 by Exprivia together with Farmalabor Srl, Gruppo Villa Maria Care & Research, and MASMEC Biomed. The aim of the Consortium is to optimise results and investments in healthcare. The strong drive towards internationalisation plays a key role in Italy Care’s mission. Promoting a winning image of the health supply chain well beyond the national borders is in fact an essential objective of the consortium.
- **Cefriel società consortile a responsabilità limitata** is a consortium company in operation since 1988 as a centre of excellence for innovation, research and training in the Information & Communication Technology sector. Its main goal is to strengthen relations between universities and business through a multidisciplinary approach, starting from business needs and integrating the results of research, the best technologies on the market, emerging standards and the reality of industrial processes to innovate or develop new products and services. Exprivia has been a member since July 2014 with a 4.93% share. Italtel holds a 5.80% share in the consortium.
- **InnovAAL società consortile a r.l.**, established in 2016, is a public-private partnership for research and the attraction of investments in the sectors of ICT and services for the quality of life of older people. With the establishment of InnovAAL, private companies and public bodies in Apulia, Trentino, Lazio and Lombardy can combine their technological skills and market knowledge to foster research and entrepreneurship in Ambient

Assisted Living (AAL), the European programme for supporting the quality of life of older people. Exprivia S.p.A. has held a 5% share in the company since November 2018.

- **Consel – Consorzio Elis per la Formazione Professionale Superiore – S.c.r.l.**, based in Rome. Italtel S.p.A. holds a 2.5% share in the consortium.
- **SISTEL – Comunicacoes, Automacao e Sistemas S.A.**, a company based in Monte de Caparica (Portugal) that deals with telecommunication systems. Italtel S.p.A. holds an 8.3% share in the company.
- **Parco Scientifico e Tecnologico della Sicilia S.c.p.A.**, located in Palermo, deals with research. Italtel S.p.A. holds a 0.04% share in the company.
- **Consorzio Nazionale Imballaggi CONAI**, located in Rome, deals with packaging management. Italtel S.p.A. holds a 0.005% share in the consortium.
- **Consorzio COFRIDIP**, located in Padua. Italtel S.p.A. holds a 9.09% share in the consortium.
- **Distretto Tecnologico Sicilia Micro e Nano Sistemi S.c.a.r.l.**, located in Palermo. Italtel S.p.A. holds a 4.55% share in the district.
- **SI-LAB Sicilia S.c.a.r.l.**, located in Palermo. Italtel S.p.A. holds a 18.50% share in the company.
- **Open Hub Med S.c.a.r.l.**, located in Milan. Italtel S.p.A. holds a 9.52% share in the company.

Project or convention-related activities, structured by area of interest and by business sector.

The Exprivia Group constantly strives to support initiatives at international, national and local level aimed at strengthening its link with the area and with its co-workers. During 2018, the Group supported numerous project or convention-related activities, structured by area of interest and by business sector, as shown in the graph below.



During the year, the Exprivia Group committed to support **cultural initiatives** highlighting the importance of culture as a fundamental asset for humanity also for a technological company. It is only through greater social responsibility that better social, environmental and economic conditions can be attained. Our identity lies in culture, regarded as knowledge and as education, and in its protection and enhancement. The study of art, history and philosophy by linking the past with the present is an authentic element of social innovation, in a context in which, increasingly often, the language of culture permeates the company management processes, providing substance to the vision of the future.

Culture, knowledge and sport activities further innovation and vice versa, therefore it is the Exprivia Group's conviction that each company has the duty to imagine and plan the future and, when possible, anticipate it. Also through the development of cultural initiatives.

The Group supports numerous cultural and sporting events of local, national and international importance. It is also the sponsor of initiatives aimed at developing the culture of the co-workers and employees as well as the citizens in the areas in which it operates.

Among the most significant initiatives which the Group carried out in 2018 for the development of culture mention is made of the following:

ORTI: TAVOLO ITALIA. Relations between businesses and local areas for economic development and renewed confidence of citizens - 24 January 2018

Event organised by Orti - Business-Local Area Relations Observatory with the aim of submitting an update report on the national economy and on the relations between businesses and local areas, the general framework on the ability to attract investments, the degree of innovation of the industry and the state of networks and infrastructures.

Gianni Sebastiano, Exprivia's Strategic Planning Director gave a speech entitled "The challenges of the country-system. The new alliance between cities, regions, universities and businesses".

Trento Economy Festival - 31 May 2018

Now in its 13th edition, the Festival of the Economy will focus on "Work and Technology", with economists, businesspeople and institutional representatives discussing on Artificial Intelligence and its repercussions on the world of work.

Exprivia was once again a sponsor of the Festival, participating in discussions on the subject of Artificial intelligence (AI), work and responsibilities, held on 1 June at 11:00 a.m., attended by Gianni Sebastiano, Head of Strategic Planning & Communication and the Forum entitled "Big data: the business of memory" held on 3 June at 12:00 p.m., attended by the Chairman, Domenico Favuzzi.

It happened tomorrow. Chronicles from the 2018-2023 Business Plan of Exprivia Italtel - Milan Stock Exchange - 12 July 2018

The 2018-2023 business plan of the Exprivia Italtel Group was presented. The Group is a leading industrial player in the world of digital technologies in Italy and bases its activities on the strong innovation requirements of all main economic sectors thanks to the application of IT and telecommunications.

"FEARS" narrated in the Trani Dialogues (18-23 September) - Bari and surroundings - 18 September 2018

Fear is a constant and essential element of our life, because it drives us not only to recognise our limits, but also to overcome them. We are forced to explore our fears on a daily basis so that they do not weaken us. But what ways, thoughts and actions can we use to interpret, analyse and criticise our fears in order to overcome them and set new forms of resistance in motion?

Gianni Sebastiano, Exprivia's Strategic Planning Director spoke about this with a dialogue entitled "Who's Afraid of Artificial Intelligence?" held on 21 September at Palazzo Valenzano in Trani, to talk about the relationship between machines and man in the digital age.

Researchers' Night - 26-28 September 2018, Milan

An initiative promoted by the European Commission since 2005 which involves researchers and research institutions in all European countries. We attended the Museum of Science and Technology in Milan together with the Foundation Eucentre which created an installation to explain earthquakes, their effects and how to limit their damages, as well as offering a live experience with a "vibrating table". Experiencing an earthquake through direct involvement and through strong emotions increases our awareness about the fact that earthquakes cannot be avoided but that it is possible to defend ourselves from their effects.

Will Robots kill Humans? We talked about in "Economy Lessons" - 19-20 October 2018 – Petruzzelli Theatre in Bari

The XXI century will all be about automation: what will life hold in store for us? Will we be free from work or the slaves of machines? Will there be a new "sapiens" intelligence? These are the questions we asked ourselves and we discussed during the Economy Lessons, at the Petruzzelli Theatre in Bari.

Domenico Favuzzi, Chairman and CEO of Exprivia took part in the debate on Saturday 20 October, with his lecture "It happened tomorrow: chronicles from the future of business".

Cycle of meetings - "History Lessons" - 21 October 2018 - 9 December 2018 - Petruzzelli Theatre in Bari

With “Novels in Time” from 21 October - 9 December 2018, the cycle of meetings entitled “History Lessons” was held at the Petruzzelli Theatre in Bari, organised by publisher Editori Laterza. The topic “Novels in Time” was chosen to illustrate the major events and lifestyles of an era through the pages of novels that have shaped generations’ way of thinking and feeling over time, leaving an indelible mark on our collective imagination.

Scuola senza zaino (At school without school bags),

An initiative that we repeated with pleasure because it promotes a simple and practical approach in schools: replacing students’ school bags with a light briefcase for homework, while the classrooms and the various areas are decorated with functional furnishings and equipped with a great variety of teaching tools, both touch and digital. (<http://www.senzazaino.it>)

Via Palestro School in Abbiategrasso

In October 2018, the Group donated 10 laptops to the IT classrooms of the Via Palestro School in Abbiategrasso (MI): the school welcomes children from nursery school to lower secondary school ages.

Solaris Non-profit Association

The donation of 7 laptops to the “Solaris” non-profit organisation in Rome was successfully concluded in September. The organisation’s goal is the social and occupational reintegration of individuals who were psychiatric patients and completed a rehabilitation process, through support communities. The PCs will be used to set up a multimedia room that will help overcome the Digital Divide of these individuals, an essential aspect in every integration project today.

Fondazione Pro Genova

The Group made a charitable donation following the tragedy of the collapse of the Morandi bridge, in Genoa. The sum was transferred to the Costa Crociere Foundation, which supports the Municipality and the Region to create concrete projects in the area. The Foundation has been working for several years on specific projects for the support of disadvantaged people.

Associazione Famiglie Adottive Pro-Icyc

An international solidarity initiative addressing the Latin America countries in which the Group operates: Brazil, Columbia, Peru and Ecuador. After having supported the development of the countries in this area over the years through profit-making activities such as the creation of modern telecommunication networks and large data centre projects, we decided to launch a non-profit initiative by supporting the Associazione Famiglie Adottive pro-ICYC. This Italian non-profit organisation deals with International Adoptions and projects supporting minors from the same area. Established 18 years ago, the association is today part of Relac-Adop, a network of leading adoptions Bodies and Organisations in Latin America.

Villa Grifone G. Marconi Museum

For the second year running, we supported the activities of the Villa Grifone Marconi Museum, which promotes and encourages studies and research on telecommunications, and initiatives that preserve the memory of Guglielmo Marconi.

ELIS

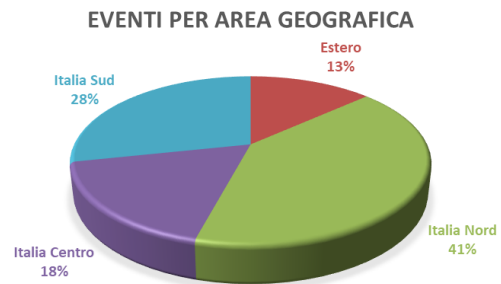
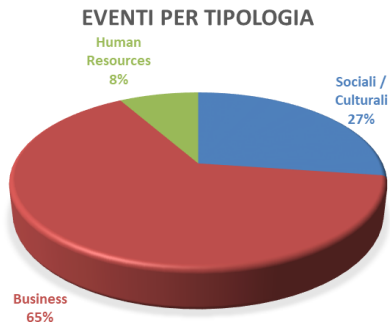
The Italtel Group companies are members of the Elis consortium, a training body based in Rome which offers professional programmes to connect young people with the world of business. Specifically, the Group contributed in two ways in 2018:

- assignment of a scholarship for the study course “Innovation Hub”, carried out with the partnership of the Milan Polytechnic. The programme also included collaboration with the scholarship-holder for carrying out the final project.
- cooperation in the project “School-business system”, which aims to reform today’s education model from different viewpoints, according to tomorrow’s professions and the skills sought by companies.

WELFARE

In addition to solidarity, another important aspect is the focus on individuals. This leads to greater consideration for corporate welfare, and to cooperation between the Italtel Group company and the Milano-Bicocca University for the

creation of “WBR-Lab”. This research laboratory seeks to define a method for measuring economic “value creation” resulting from the adoption of corporate welfare programmes.



GRI link table

GRI indicator 102-55

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Report by the Independent Auditors

GRI indicator 102-56



Relazione della società di revisione indipendente

sulla dichiarazione consolidata di carattere non finanziario ai sensi dell'art. 3, c. 10, d.lgs. 254/2016 e dell'art. 5 regolamento CONSOB n. 20267 del gennaio 2018

Al Consiglio di Amministrazione di Exprivia S.p.A.

Ai sensi dell'articolo 3, comma 10, del Decreto Legislativo 30 dicembre 2016, n. 254 (di seguito "Decreto") e dell'articolo 5 del Regolamento CONSOB n. 20267/2018, siamo stati incaricati di effettuare l'esame limitato ("*limited assurance engagement*") della dichiarazione consolidata di carattere non finanziario di Exprivia S.p.A. e sue controllate (di seguito il "Gruppo") relativa all'esercizio chiuso al 31 dicembre 2018 predisposta ex art. 4 Decreto, e approvata dal Consiglio di Amministrazione in data 14 marzo 2019 (di seguito "DNF").

Responsabilità degli Amministratori e del Collegio Sindacale per la DNF

Gli Amministratori sono responsabili per la redazione della DNF in conformità a quanto richiesto dagli articoli 3 e 4 del Decreto e ai "Global Reporting Initiative Sustainability Reporting Standards" definiti nel 2016 dal GRI - Global Reporting Initiative (di seguito "GRI Standards"), con riferimento alla selezione di GRI Standards, da essi individuato come standard di rendicontazione.

Gli Amministratori sono altresì responsabili, nei termini previsti dalla legge, per quella parte del controllo interno da essi ritenuta necessaria al fine di consentire la redazione di una DNF che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli Amministratori sono responsabili inoltre per l'individuazione del contenuto della DNF, nell'ambito dei temi menzionati nell'articolo 3, comma 1, del Decreto, tenuto conto delle attività e delle caratteristiche del Gruppo e nella misura necessaria ad assicurare la comprensione dell'attività del Gruppo, del suo andamento, dei suoi risultati e dell'impatto dallo stesso prodotti.

Gli Amministratori sono infine responsabili per la definizione del modello aziendale di gestione e organizzazione dell'attività del Gruppo, nonché, con riferimento ai temi individuati e riportati nella DNF, per le politiche praticate dal Gruppo e per l'individuazione e la gestione dei rischi generati o subiti dallo stesso.

Il Collegio Sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sull'osservanza delle disposizioni stabilite nel Decreto.

Indipendenza della società di revisione e controllo della qualità

Siamo indipendenti in conformità ai principi in materia di etica e di indipendenza del *Code of Ethics for Professional Accountants* emesso dall'*International Ethics Standards Board for Accountants*, basato su principi fondamentali di integrità, obiettività, competenza e diligenza professionale, riservatezza e comportamento professionale. La nostra società di revisione applica l'*International Standard on Quality Control 1 (ISQC Italia 1)* e, di conseguenza, mantiene un sistema di controllo qualità che include direttive e procedure documentate sulla

conformità ai principi etici, ai principi professionali e alle disposizioni di legge e dei regolamenti applicabili.

Responsabilità della società di revisione

È nostra la responsabilità di esprimere, sulla base delle procedure svolte, una conclusione circa la conformità della DNF rispetto a quanto richiesto dal Decreto e dai GRI Standard. Il nostro lavoro è stato svolto secondo quanto previsto dal principio *“International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information”* (di seguito *“ISAE 3000 Revised”*), emanato dall'*International Auditing and Assurance Standards Board (IAASB)* per gli incarichi *limited assurance*. Tale principio richiede la pianificazione e lo svolgimento di procedure al fine di acquisire un livello di sicurezza limitato che la DNF non contenga errori significativi. Pertanto, il nostro esame ha comportato un'estensione di lavoro inferiore a quella necessaria per lo svolgimento di un esame completo secondo l'*ISAE 3000 Revised* (*“reasonable assurance engagement”*) e, conseguentemente, non ci consente di avere la sicurezza di essere venuti a conoscenza di tutti i fatti e le circostanze significativi che potrebbero essere identificati con lo svolgimento di tale esame.

Le procedure svolte sulla DNF si sono basate sul nostro giudizio professionale e hanno compreso colloqui, prevalentemente con il personale della società responsabile per la predisposizione delle informazioni presentate nella DNF, nonché analisi di documenti, ricalcoli ed altre procedure volte all'acquisizione di evidenze ritenute utili.

In particolare, abbiamo svolto le seguenti procedure:

1. analisi dei temi rilevanti in relazione alle attività ed alle caratteristiche dell'impresa rendicontati nella DNF, al fine di valutare la ragionevolezza del processo di selezione seguito alla luce di quanto previsto dall'art. 3 del Decreto e tenendo presente lo standard di rendicontazione utilizzato;
2. analisi e valutazione dei criteri di identificazione del perimetro di consolidamento, al fine di riscontrarne la conformità a quanto previsto dal Decreto;
3. comparazione tra i dati e le informazioni di carattere economico-finanziario incluse nella DNF ed i dati e le informazioni inclusi nel Bilancio Consolidato del Gruppo Exprivia;
4. comprensione dei seguenti aspetti:
 - modello aziendale di gestione e organizzazione dell'attività del Gruppo, con riferimento alla gestione dei temi indicati nell'art. 3 del Decreto;
 - politiche praticate dall'impresa connesse ai temi indicati nell'art. 3 del Decreto, risultati conseguiti e relativi indicatori fondamentali di prestazione;
 - principali rischi, generati o subiti connessi ai temi indicati nell'art. 3 del Decreto.

Relativamente a tali aspetti sono stati effettuati inoltre i riscontri con le informazioni contenute nella DNF e effettuate le verifiche descritte nel successivo punto 5, lett. a).

5. comprensione dei processi che sottendono alla generazione, rilevazione e gestione delle informazioni qualitative e quantitative significative incluse nella DNF. In particolare, abbiamo svolto interviste e discussioni con il personale della Direzione di Exprivia S.p.A. e abbiamo svolto limitate verifiche documentali, al fine di raccogliere informazioni circa i processi e le procedure che supportano la raccolta, l'aggregazione,



l'elaborazione e la trasmissione dei dati e delle informazioni di carattere non finanziario alla funzione responsabile della predisposizione della DNF.

Inoltre, per le informazioni significative, tenuto conto delle attività e delle caratteristiche del Gruppo:

- a livello di Capogruppo,
 - a) con riferimento alle informazioni qualitative contenute nella DNF, e in particolare a modello aziendale, politiche praticate e principali rischi, abbiamo effettuato interviste e acquisito documentazione di supporto per verificarne la coerenza con le evidenze disponibili;
 - b) con riferimento alle informazioni quantitative, abbiamo svolto sia procedure analitiche che limitate verifiche per accertare su base campionaria la corretta aggregazione dei dati.
- per alcune società del Gruppo (Italtel S.p.A.) selezionate sulla base delle attività, del loro contributo agli indicatori di prestazione a livello consolidato e della loro ubicazione, abbiamo effettuato visite in loco nel corso delle quali ci siamo confrontati con i responsabili e abbiamo acquisito riscontri documentali circa la corretta applicazione delle procedure e dei metodi di calcolo utilizzati per gli indicatori.

Conclusioni

Sulla base del lavoro svolto, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che la DNF del Gruppo Exprivia relativa all'esercizio chiuso al 31 dicembre 2018 non sia stata redatta, in tutti gli aspetti significativi, in conformità a quanto richiesto dagli articoli 3 e 4 del Decreto e dai GRI Standards selezionati.

Bari, 28 marzo 2019

BDO Italia S.p.A.



Francesco Demonte
Socio