

Sustainability Report

30 April

2019

Sesa S.p.A., Registered Office in Via Piovola, 138
– 50053 Empoli (Fi) - Share Capital Euro
37,126,927; Tax Code, Registration Number in
the Florence Business Register and VAT number
07116910964

The logo for Sesa s.p.a. features the word "Sesa" in a stylized, blue, lowercase font. The letters are rounded and connected, with a unique, flowing design. To the right of "Sesa", the letters "s.p.a" are written in a smaller, standard, lowercase font.

CONTENTS

LETTER TO THE STAKEHOLDERS

METHODOLOGICAL NOTE AND READING GUIDE

1. THE SESA GROUP

- 1.1. Mission and values: sustainable growth
- 1.2. Corporate organisation, management and audit model pursuant to Legislative Decree 231/01
- 1.3. Corporate Governance
- 1.4. Material issues for the Sesa Group
 - 1.4.1. Involvement of the Stakeholders
 - 1.4.2. Material issues connected to the business activities

2. THE SESA GROUP AND THE ENVIRONMENT

- 2.1. Defensive initiatives
- 2.2. Impact on the environment
- 2.3. Performance ratios
 - 2.3.1 Consumption of energy, water and natural gas
 - 2.3.2 Waste

3. THE SESA GROUP AND THE PEOPLE

- 3.1. A Group that grows with talented people
- 3.2. The composition of human capital
- 3.3. Human capital development and management plans
- 3.4. Corporate welfare as a means of engagement

4. THE SESA GROUP AND THE SOCIAL COMMUNITY

- 4.1. Social responsibility
- 4.2. Relations with customers and suppliers
 - 4.2.1. The supply chain
 - 4.2.2. Customer relations
- 4.3. The Sesa Foundation

5. ETHICS, COMPLIANCE AND RISK MANAGEMENT

- 5.1. Compliance and the fight against corruption
- 5.2. The Internal Audit and Risk Management System
 - 5.2.1. Management of socio-environmental risks
 - 5.2.2. Mitigation matrix

6. INFORMATION – DNF

- 6.1. Value distributed to Stakeholders
- 6.2. Correlation table in compliance with Legislative Decree 254/2016

7. INDIPENDENT AUDITORS' REPORT

Letter to the Stakeholders

The creation of sustainable value for its stakeholders is the Sesa Group's main strategic mission. We make long-term investments that focus primarily on human capital as a key strategic lever for the Group. We are also aware that we can grow only if the activities and ecosystems around develop sustainably and harmoniously.

The preparation of Sesa's sustainability report is an important opportunity to show how the Group operates with its internal and external stakeholders, what are the medium/long-term strategic guidelines adopted by management and, more generally, to fully understand the **drivers of sustainable growth** that inspire the management of the Group.

The year that has just ended was, once again, characterised by the achievement of important goals: the growth of consolidated turnover, beyond the threshold of Euro 1.5 billion (+13.8% compared to the previous year), of operating profitability, above the long-term track-record, and the exceeding of the threshold of 2,000 total employees. These results were achieved thanks to teamwork, passion and the cooperation of all the stakeholders. We are referring to the Group's human resources, of whom we are particularly proud, who have worked to share the values and strategic goals, promoting the growth of the organisation and the ecosystems in which it operates.

Our growth process is based on the skills, motivation and dedication of our **human resources to the Group**. With this in mind, we continued to invest in and work on strengthening the corporate culture and identity of the Group, enhancing its diversity,

skills and spirit of integration. Thanks to ever greater entry opportunities, solid professional growth paths, training plans, human capital management and development and an advanced welfare plan under constant expansion, the Group aims to attract and retain the best resources in the IT sector and to continuously improve the well-being and work-life balance of its resources.

Sustainable growth also means contributing to the development of the **social fabric** and the ecosystems around us. Aware of our genesis and of our roots in the territory as a distinctive strength, year after year, we have increased our material support and investment actions throughout the country, in line with our growth, contributing to the activities of the Sesa Foundation.

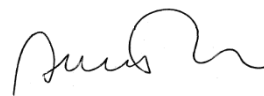
Lastly, the **environment**. We are committed to the sustainable use of energy factors for the protection of the environment around us. The Sesa Group undertakes to promote, as part of its activities, the rational use of resources and the search for innovative solutions to ensure constant energy savings. The application of environmentally friendly technologies and the involvement of employees and suppliers in this respect is part of our daily activity.

The tangible results that we report in this document stem from our daily commitment to the management of our activities, and are achieved thanks to the professionalism and dedication of the men and women of the Sesa Group, and the solidity of the value system that guides our work, through the Code of Ethics. These results confirm once again our commitment to creating sustainable value for all stakeholders.

Paolo Castellacci
Chairman of the BoD



Alessandro Fabbroni
Managing Director



Methodological note and reading guide

This document constitutes the second consolidated Non-Financial Statement (also referred to hereinafter as the "Non-Financial Statement" or "Statement") of the Sesa Group (also referred to hereinafter as the "Group" or "Sesa") for the financial year ended 30 April 2019.

The Sesa Group prepares the Non-Financial Statement on an annual basis. The main aim of the document is to respond to the expectations of stakeholders by highlighting, in a transparent manner and according to internationally recognised guidelines, the work carried out to increase the sustainability of the Sesa Group.

The Non-Financial Declaration is to be considered as a supplement to and completion of the annual financial report.

This document complies with the requirements of **Legislative Decree no. 254 of 30 December 2016** ("Implementation of Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014, amending Directive 2013/34/EU as regards the disclosure of non-financial information and information on diversity by certain enterprises and large groups"), which introduced an obligation for large public-interest organisations¹ to prepare and publish a "**Non-Financial Statement**". To this end, the Sesa Group's "2019 Sustainability Report" informs its stakeholders of the approach and policies defined on sustainability issues, describing the most significant results achieved during the year of reference in terms of social and environmental responsibility and long-term value creation; to the extent necessary to ensure an understanding of the company's business, its performance, results and impact, it covers environmental, social and employee issues, respect for human rights and the fight against active and passive corruption (pursuant to Legislative Decree no. 254/2016), which are relevant considering the activities and characteristics of the company and the expectations of stakeholders, as illustrated in the materiality analysis contained in this document.

The information was selected on the basis of a "materiality" principle (i.e. of "relevance") that identifies details which ensure an understanding of the company's activities on the non-financial issues indicated in the Decree. For this reason, as required by the Sustainability Reporting Guidelines of the **Global Reporting Initiative** ("GRI Standards 2016") adopted as the reference standard for the preparation of the document, the contents of this Statement have been identified through a materiality analysis that has led to the identification of the areas in which the greatest risks and opportunities to develop the company's business in a long-term perspective and to create value for all stakeholders are concentrated. To date, these guidelines represent the most widespread and internationally recognised standard for non-financial reporting. Specifically, as for last year's report, the Group has chosen to adopt the "**GRI-Referenced**" approach, selecting a set of indicators suitable for disclosing the Group's material socio-environmental performance.

In order to facilitate the reader's understanding of the report, it contains a correlation table (Chapter 6, Paragraph 2) between the areas referred to in Decree 254/16, the material issues of the Sesa Group, the policies applied, the risks identified and the indicators reported within the DNF, with notes on the alignment between what is reported and what is referred to in the GRI Guidelines and in the requirements of the Decree.

¹ Public interest entities which, at consolidated level, have an average number of employees during the financial year of at least 500 and a balance sheet total greater than Euro 20 million or net revenues from sales and services greater than Euro 40 million. The status of Public Interest Entity is also granted to companies that apply for admission to trading on the MTA (art. 16, paragraph 1, letter a) of Legislative Decree no. 39/2010.

With regard to the data contained therein, the reporting perimeter is the same as that of the Consolidated Financial Statements of the Sesa Group² (all details are provided in the Correlation Table in paragraph 6.2.). Any changes in this perimeter are appropriately reported in the document. The tables included in paragraph 2.3.1 Consumption of energy, water and natural gas in the tables on pages 22 and 23 show data relating to a broader area than in the previous year as a result of the progressive alignment in the reporting area between the Consolidated Financial Statements and the Consolidated Non-Financial Declaration. In order to make the figures as at 30 April 2019 comparable with the figures presented in the previous year's Declaration, the latter have been restated.

The process of preparing the document involved a Working Group made up of the heads of the Departments/Areas/Offices of the Parent Company and its Subsidiaries.

The Corporate Affairs and Governance Office was responsible for data collection and the preparation of the Financial Statements, involving the competent corporate structures of the companies of the Sesa Group included in the above-mentioned perimeter in each phase.

In order to allow the comparability of data over time, a comparison has been introduced with data for 2017 (from 1 May 2016 to 30 April 2017) and for 2018 (from 1 May 2017 to 30 April 2018), which had not been previously published; to ensure the reliability of the data, the use of estimates has been limited as much as possible and, where present, they have been appropriately reported in the document.

With reference to the changes in the scope of consolidation during the reporting period considered, mainly relating to corporate acquisitions, we would like to point out the entry of Panthera S.r.l., Var Engineering S.r.l., Collaboration Value S.r.l., PBU CAD-SYSTEME GmbH and Evotre S.r.l., whose data and information are included in the Group data. Any exceptions are appropriately indicated in the text.

This Sesa Group "2019 Sustainability Report" was approved by the Board of Directors of Sesa S.p.A. on 11 July 2019 and, in compliance with the provisions of Legislative Decree 254/2016, submitted for conformity assessment by the independent auditors PricewaterhouseCoopers S.p.A. ("*limited assurance engagement*") according to the criteria indicated by the ISAE 3000 Revised principle) and published on the institutional website of Sesa S.p.A. at the address www.sesa.it.

Chronologically, the present document was:

- drawn up by Sesa and, specifically, by the relative team, which coordinated and involved all the main corporate functions in the data collection, analysis and consolidation phase, with the task of checking and validating all the information contained in the Statement, each for its own area of competence;
- approved by the Board of Directors, convened to approve the draft financial statements. It is the responsibility of Sesa's Directors to ensure that the Statement is drawn up and published in accordance with current legislation. Once approved by the Board of Directors, within the deadline for the presentation of the draft financial statements, the draft of the Statement was placed at the disposal of the Supervisory Bodies (Board of Statutory Auditors and Independent Auditors);
- audited by the independent auditors, PricewaterhouseCoopers S.p.A.;
- placed at the disposal of the Shareholders and to the public within the same time limits and in the ways envisaged for the presentation of the draft financial statements;
- published and downloadable from the corporate website.

² For a list of Group companies consolidated on a line-by-line basis, reference should be made to the Notes to the Consolidated Financial Statements of the Sesa Group.

Reporting principles:

Relevance	The document describes the main economic, social and environmental impacts directly connected with Sesa's activities which are of greater significance for the Group and for the internal and external stakeholders involved in the company's activities.
Inclusiveness	Sesa takes into account the expectations and interests of all those who, for various reasons, contribute to or are influenced by the company's activities. The DNF provides a description of the Group's main stakeholders and the main documentary sources/channels of dialogue through which their interests and expectations are identified.
Context of sustainability	The reporting of non-financial results was carried out taking into account the socio-economic context in which the Group operates and the most important issues for the Information and Communication Technology sector, also through the analysis of information on the sustainability of national and international groups in the reference sector or related industries.
Completeness	The choices made with regard to the issues reported and the perimeter of the Statement allow the stakeholders to formulate a complete opinion on the main economic, social and environmental impacts of the Group.
Balance between positive and negative aspects	The document presents the Group's main sustainability performances, reporting both aspects in which the Group shows positive results and positive trends, and areas in which margins for further improvement are identified.
Comparability	The indicators in the document have been chosen to guarantee analysis of the Group's performance over the years. In order to ensure the comparison or contextualisation of information, data referring to the years 2017 and 2018 have been included and appropriately indicated.
Accuracy	In order to guarantee the homogeneity and accuracy of the information reported, data have been reported using direct surveys, limiting the use of estimates as much as possible. Where estimates have been necessary, they have been appropriately indicated in the text.
Promptness	Sesa's Non-financial Statement is prepared annually and published during the same presentation period as the Consolidated Financial Statements.
Reliability	All the data and information reported have been validated by the heads of the relevant company departments and are processed on the basis of documentary evidence capable of proving their existence, completeness and accuracy.
Clarity	Sesa's Non-Financial Statement contains information presented in a manner that is understandable by and accessible to all stakeholders.

1. The Sesa Group

1.1. Mission and values: sustainable growth

Integrity, correctness, professionalism, business continuity and attention to people are the guiding values of the shared heritage of the Group's culture and its Code of Ethics, as well as the reference point for conducting business and corporate activities with complete respect for all Sesa stakeholders.

To be at the side of people, companies and communities, helping them make the right choices, sharing their risks and opportunities is an aspiration that has guided the Group since its inception and which guides future choices.

Vision

The Sesa Group intends to offer its customers an increasingly rich and innovative range of solutions and services through an attentive and continuous relationship of satisfaction with all its stakeholders, from suppliers to employees and end customers, because they are fundamental to its development.

Mission

To convey tangibility to its Vision every day, Sesa focuses its attention and care on developing technical, commercial and logistic solutions and consequent products and services that offer advanced technological solutions, in partnership with the major international IT vendors in the districts of the Italian economy, guiding customers through the process of technological innovation with particular reference to the SME and Enterprise segments.

Sesa believes in the need to reconcile economic growth and the equitable distribution of resources in a model of sustainable development.

From this point of view, sustainability is to be understood as a continuous process, which requires the combination of the three fundamental and inseparable dimensions of development: Environment, Economics and Social Affairs.

- ✓ **Environmental sustainability**, meaning Sesa's ability to enhance the environment as a "distinctive element" of the territory, while ensuring the protection and renewal of natural resources and local heritage;
- ✓ **Economic sustainability**, i.e. Sesa's ability to generate a lasting and durable growth of its economic ratios. In particular, the ability to generate income and work for the sustenance of the community;
- ✓ **Social sustainability**, meaning Sesa's ability to guarantee equally distributed conditions of human well-being (safety, health, education) and to generate value for the social communities that host its activity, as we will see in the next chapter "Sesa and the people".

In short, Sesa undertakes to ensure that the Group's economic and social dynamics are compatible with the improvement of conditions and the ability of natural resources to reproduce. The pursuit of sustainable development is based on the ability of Sesa's governance to guarantee a complete interconnection between the economy, society and the environment.

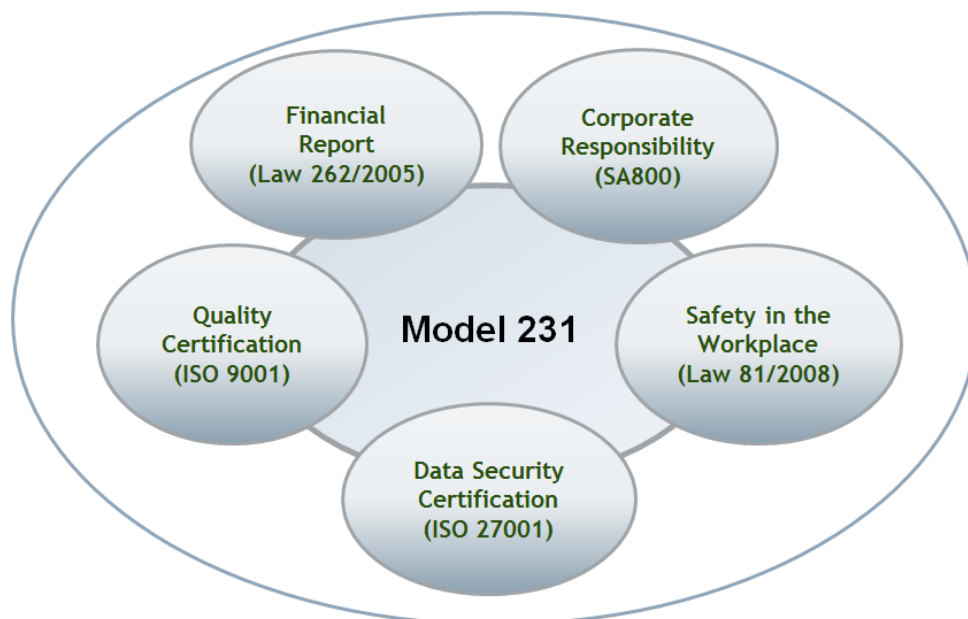
In Paragraph 3 of this chapter we will examine the issue of corporate governance, which is the true glue of sustainable growth, in greater depth.

1.2. Corporate organisation, management and audit model pursuant to Legislative Decree 231/01

The evolution of the Sesa Group's business and governance dynamics has required a progressive strengthening and greater integration of the components of its internal audit system; this evolution has also regarded the mechanisms for implementing Legislative Decree 231 of 8 June 2001 (hereinafter Legislative Decree 231/2001).

This Decree regulates the administrative liability of collective entities, i.e. the principle according to which companies can be held liable, and consequently be fined on the basis of their assets, in relation to certain offences committed or attempted, in their interest or to their advantage, by their Directors or employees. Legislative Decree 231/2001 envisages that the Company may adopt organisational, management and audit models suitable for preventing the offences envisaged by the above legislation ("231 Models").

Sesa's Model 231 is part of the broader context of the company's internal audit system, constituting one of its characteristic components; it consists of a set of principles and rules of conduct, in terms of organisation and audit, deemed reasonably suitable for identifying and preventing the conducts pursuant to Legislative Decree 231\2001.



The adoption of the Model, besides representing a deterrent to the carrying out of any illegal activities, intends to support a culture oriented towards correctness and transparency in the conduct of business.

The general aim set by the Sesa Group in the drafting of the Model was to effectively implement the preventive mechanisms required by paragraph 2 of art. 6 of Legislative Decree 231/2001,

integrating these mechanisms into the Company's risk management system, as also indicated in the Confindustria Guidelines.

Sesa's Model 231 is structured into two parts:

- the General Part, containing the main indications on the subject of risk management in support of the requirements of the Model, the operational methods of the Supervisory Body, the communication and training processes activated by the company, and the functioning of the sanction system;
- the Applicative Part, consisting of the evaluation of the potential impact of the offences envisaged by Legislative Decree 231/01 connected to each process, the mapping of activities considered to be sensitive and the identification of appropriate audit standards.

An integral part of Model 231 is the Group's Code of Ethics, which describes a set of values and principles of conduct which the Directors, Statutory Auditors, Management and employees of Sesa and its subsidiaries, as well as all those who work for it, are inspired by and conform to in the pursuit of corporate goals.

To date, major Group companies have adopted their own Model 231³ and implemented the Group's Code of Ethics.

The Model also represents the connection between the various areas of the Internal Audit and Risk Management System (IARMS) adopted by the main Group companies.

The IARMS is defined as the set of rules, procedures and organisational mechanisms implemented by top management for the identification, measurement, management and monitoring of the company's main risks.

The main aims of the IARMS can be summarised as follows:

- contribute to the management of the company in line with the company aims defined by the Board of Directors, favouring informed decision-making;
- help ensure:
 - I. compliance with operating activities (compliance with laws and regulations, the articles of association and internal procedures);
 - II. the reliability of financial information;
 - III. the efficiency and effectiveness of business processes.

The Audit System is analysed in detail in chapter 5 of this Statement.

1.3. Corporate Governance

Sesa S.p.A., with registered office in Empoli (FI) and activities throughout Italy, is the parent company of a Group that is the reference operator in Italy for value-added IT solutions for the business and professional segment, with consolidated revenues of Euro 1.55 billion and 1,900 employees (excluding trainees). The Group's mission is to provide advanced technological solutions in the districts of the Italian economy, guiding customers along the path of technological innovation with particular reference to the SME and Enterprise segments. Through its VAD (Value

³ The main Group companies are equipped with an Organisational Model 231/01. These are: Sesa S.p.A., Var Group S.p.A., Computer Gross Italia S.p.A.,

Added Distribution) division, the Sesa Group is the Italian leader in the distribution of value-added products and solutions of the major international ICT vendors.

Through the SSI (Software & System Integration) Sector, the Sesa Group offers services and solutions (software, cloud, managed services, security, digital transformation) to end customers in the SME and Enterprise segments. Thanks to its partnership with global leading players in the sector, the skills of its human resources and investments in innovation, the Group offers ICT products and solutions (design, education, pre- and after-sales assistance, cloud computing) to support the competitiveness of its client companies.

Sesa's ordinary shares were admitted to trading on the MTA from 22 October 2013 (the "Listing Date") and, from 16 February 2015, have been traded on the STAR Segment of the Mercato Telematico Azionario of Borsa Italiana S.p.A. (MTA). In the context and for the purpose of admission of its shares to the MTA, the Company has adopted the necessary and appropriate resolutions with the aim of aligning its corporate governance system with the laws and regulations in force, as well as with the principles contained in the Code.

As Parent Company, Sesa requires all the Group companies to avoid behaviours or decisions that could damage the integrity and reputation of the Group or its members; to this end, we would like to remind you that the main Group companies adopt the Parent Company's Codes of Ethics, aligning their behaviour with it in compliance with the law and all applicable regulations.

Sesa has structured a Corporate Governance model based on the recommendations of Borsa Italiana's Code of Conduct and international best practices, through which it can effectively respond to the interests of all its stakeholders.

Sesa adopts the **traditional** governance model, which provides for the appointment of a Board of Directors and a Board of Statutory Auditors by the Shareholders' Meeting.

- ✓ The Shareholders' Meeting, which is the body that forms and expresses the company's will, subsequently implemented by the Board of Directors, is made up of Sesa's shareholders, who periodically meet to pass resolutions in the manner and on matters defined by the law and the Company's Articles of Association. The most important tasks of the Shareholders' Meeting include the choice of the members of the Board of Directors and the Board of Statutory Auditors, as well as the approval of the Financial Statements.
- ✓ The Board of Directors carries out the strategic supervision of the Group and verifies its implementation. Chaired by Paolo Castellacci, it is made up of eight members (whose number is determined by the Shareholders' Meeting on the basis of the provisions of the Articles of Association): four directors are executive and four directors, three of whom independent, are non-executive. All the directors are in possession of the requisites of eligibility and honourableness provided for by the law and other applicable provisions. The Board of Directors is appointed by the Shareholders' Meeting on the basis of lists presented by the shareholders, according to the procedure envisaged by the Articles of Association. The directors remain in office for a maximum of three financial years, to be determined by the shareholders' meeting, starting from acceptance of their appointment and expiring on the date of the shareholders' meeting called to approve the financial statements for the last financial year of their appointment, and may be re-elected. The Board of Directors is also responsible for defining the Code of Ethics, the values and the preparation of this Non-Financial Statement, which illustrates the policies, risks and performance relating to environmental, personnel, social, human rights and anti-corruption issues. As part of its activities, also with reference to the voluntary adoption of the Code of Conduct of Borsa Italiana, the Board of Directors carries out periodic self-assessment of its performance and reports on this in the Report on Corporate Governance and Ownership Structure. The

composition of the Board of Directors complies with the regulations in force at any given time concerning the balance between genders (out of a total of eight members there are three women, all of whom are independent), and the average age of the members of the Board is 57;

- ✓ The Managing Director, in the person of Mr. Alessandro Fabbroni, is in charge, together with the Executive Deputy Chairmen, of corporate management and the implementation of strategic policies;
- ✓ Lastly, the Board of Statutory Auditors monitors compliance with the provisions of law, regulations and the articles of association, compliance with the principles of correct administration, the adequacy of the organisational and accounting structures, and the functionality of the overall system of internal audits. The Articles of Association contain provisions on the appointment, duration and replacement of the members of the Board of Statutory Auditors, on the basis of the indications envisaged by law and other applicable provisions, including those on gender balance. The Board of Statutory Auditors is made up of three acting and two alternate auditors. The Statutory Auditors remain in office for three years and may be re-elected; their term of office expires on the date of the Shareholders' Meeting convened to approve the financial statements for the third year of office.
- ✓ **The independent auditors, an external entity responsible for the statutory audit of the accounts, are selected by the Shareholders' Meeting.** For the financial years 2014 to 2022, this role has been assigned to the independent auditors PricewaterhouseCoopers S.p.A..

The powers and operating procedures of the corporate bodies are governed by law, regulations, the Articles of Association and the resolutions passed by the competent bodies, in accordance with the provisions of the Code of Conduct drawn up by the Corporate Governance Committee of Borsa Italiana S.p.A. in July 2015.

Within the board, Sesa has also set up three **internal committees**: Remuneration, Audit and Risks, Strategic Affairs.

The three internal committees are set up in compliance with the recommendations of the Code of Conduct and the Bank of Italy's Corporate Governance Provisions.

The **Remuneration Committee** is a consultative and propositional body with the main task of formulating proposals to the Board of Directors for the definition of the remuneration policy for Directors and executives with strategic responsibilities. The Remuneration Committee is entrusted with the tasks pursuant to art. 6 of the Code of Conduct and, in particular:

- proposes to the Board of Directors the adoption of the remuneration policy for directors and executives with strategic responsibilities;
- periodically assesses the adequacy, overall consistency and practical application of the remuneration policy for Directors and executives with strategic responsibilities; submits proposals on the subject to the Board of Directors;
- expresses opinions to the Board of Directors on the remuneration of executive Directors and other Directors holding particular offices, as well as on the setting of performance targets related to the variable component of such remuneration; monitors the application of the decisions adopted by the Board verifying, in particular, the achievement of the performance targets.

The **Audit and Risks Committee** is a body with consultative and propositional functions which, in compliance with the provisions of article 7, principle 7.P.3, letter (a), sub (ii), of the Code of Conduct, has the task of supporting, with an adequate preliminary activity, the assessments and decisions of

the Board of Directors relating to the internal audit and risk management system, as well as those relating to the approval of the periodic financial reports.

The **Strategic Committee** is a consultative body that supplies non-binding opinions to the Board of Directors concerning: (i) market analyses and strategic scenarios for the development of the Group's business; (ii) the preparation of the Group's business plans; and (iii) operations/initiatives of significant strategic importance for the Group, such as, for example, assessments of entry into new geographical and business markets, high-profile joint ventures with industrial groups.

Neither Sesa S.p.A. nor its subsidiaries are subject to non-Italian laws that influence their corporate governance structure.

The composition of the management and audit bodies of Sesa S.p.A. is in compliance with the applicable laws, as established by the Articles of Association and on the basis of the indications contained in the Code of Conduct of Borsa Italiana, also with reference to the appropriate division between genders.

With reference to management, the Articles of Association (Art. 15) contain provisions on the appointment, duration and replacement of the members of the Board of Directors Auditors, on the basis of the indications envisaged by law and other applicable provisions, including those on gender balance.

For information and in-depth analysis of the structure and functioning of the corporate bodies, the governance practices applied, and the activities of the internal committees, reference should be made to the "Report on corporate governance and ownership structures" pursuant to art. 123-bis of the Consolidated Law on Finance.. The above-mentioned Report is published together with the Financial Statements and the Consolidated Sustainability Report on the same date on the website www.sesa.it, in the Corporate Governance section.

1.4. Material issues for the Sesa Group

The concept of Materiality is defined by the GRI Sustainability Reporting Standards as follows: *"Organisations are faced with a large number of topics that could be included in the Report. Relevant issues are those that can reasonably be considered important in reflecting the economic, environmental and social impacts of the organisation, or that influence the decisions of stakeholders. Materiality is the threshold above which aspects become important enough to be included in the report"*.

In line with the previous Declaration, the Sesa Group has conducted a "materiality analysis" process in order to identify the non-financial issues that are most relevant both from the point of view of the Group's internal stakeholders and its external stakeholders; the aim is to identify the most important issues, on which attention should be focused, in compliance with GRI Sustainability Reporting Standards (GRI Standards). This activity has allowed us to define the **materiality matrix**, which identifies the relevant issues considered to be those aspects that can generate significant economic, social and environmental impacts on the Group's activities and which, by influencing the expectations, decisions and actions of the stakeholders, are perceived by them as relevant.

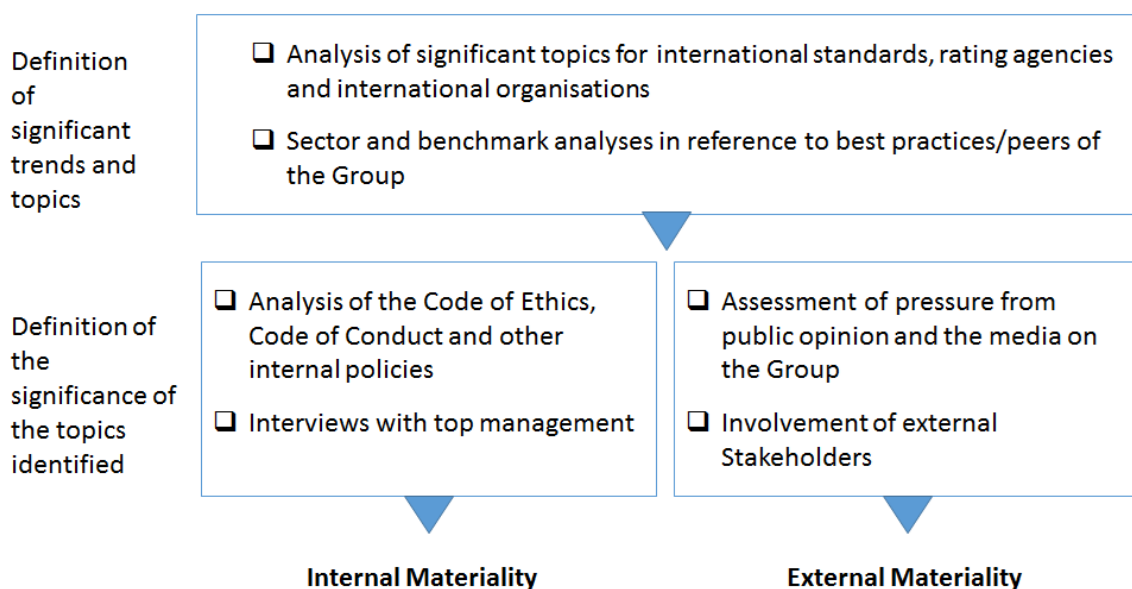
By analysing materiality, also thanks to the involvement of our stakeholders, we have identified a number of important issues in relation to which we undertake to develop tangible actions and coherent initiatives. The issues identified are the result of the analysis of the context, of companies operating in the Information Technology sector or other sectors with significant experience in the field of IT solutions and IT consulting, and of dialogue with the top management of Sesa.

The starting point of the process was the identification of significant trends and issues. The main international sustainability guidelines (ISO 26000, GRI-Standards, Global Compact, the United Nations Sustainable Development Goals and the ethical rating agencies) were taken into consideration and a sector and benchmark analysis was carried out, analysing the material issues identified by large groups operating in the IT sector, companies from other sectors with significant experience in IT consulting and companies that stand out for innovative technologies. This analysis took into account, on the one hand, the Group's strategy, mission and values (which we will highlight in the following chapters) and, on the other, the perception of the importance of the same issues by stakeholders.

Significant issues for the Group were identified and validated by key figures in corporate management (corporate figures with guidance responsibilities and operational responsibilities regarding sustainability issues), who were asked to assess the degree of importance of each issue from the point of view of internal and external stakeholders.

The result of the analysis process is reflected in the positioning of the issues for which further information will be provided in the rest of the document.

DEFINITION OF THE MATERIALITY MATRIX



1.4.1. Involvement of the Stakeholders

For Sesa, recognition as the reference operator in Italy for IT solutions for the business segment means looking to the long term, listening to its stakeholders and working on tangible issues through projects and actions capable of mobilising the resources, know-how and relationships that are part of a Group like Sesa. For our Group, the creation of value has to be responsible and oriented towards the long term; our leadership is closely linked to the wellbeing of our stakeholders and our ability to contribute to the growth and development of our reference communities. The relationship with stakeholders has always been considered by the Sesa Group as one of the key elements for

the "creation of shared value". To this end, the Group considers as stakeholders all those who have a legitimate interest - implicit or explicit - influenced by its activities.

Below we have identified in a map the main categories of stakeholders, internal and external to the Group and, we have taken into specific account the people for whom the Group has responsibilities and those who can influence the Group's performance; we have also considered their degree of proximity, representativeness and authority.

Personnel Employees Employees' families	Customers Resellers Users of IT	Community Institutions Companies Media Local communities Millenials Opinion leaders Trade associations
Financial community Shareholders Investors Analysts Proxy advisor	Contractual Partners Vendors Suppliers Strategic Partners Business Partners	
		Environment Ecosystem Working environment

The identification of stakeholders with respect to non-financial issues is a necessary activity that was carried out with the direct involvement of the main management representatives, as part of the more general process of sustainability undertaken by the Sesa Group. Responsibility for relations with the various stakeholders is spread throughout the organisation and is an element that is constantly monitored in our daily activities.

The table below lists the stakeholders identified and the main listening and comparison channels set up by the Group:

Stakeholder	Method of dialogue
Personnel	Assessment interviews on individual performance Sharing of career development goals Initiatives of involvement on ethical and organisational culture issues HR portal and Group welfare portal Dissemination of the Code of Ethics
Financial Community	Shareholders' Meetings Corporate Governance Report Periodic financial reports Meetings with analysts, investors and proxy advisors Investor Relations Manager dedicated to investor relations
Contractual Partners	Roadshows with sales networks and operators National and local meetings and conventions Workshops Dedicated communication channels (web, mailing, social)

Customers	Monitoring of the level of satisfaction Communication channels dedicated to customers (web, mailing) Social networks Newsletters
Community	Participation in multistakeholder tables Meetings with representatives of institutions and associations Corporate contact points dedicated to relations with the media and institutions (Head of Institutional Relations and Training)
Environment	Organisation of events Partnerships with local authorities for the organisation of sports and philanthropic events Web and Apps for Mobile Devices

This Statement provides stakeholders with a structured report on the results achieved and the improvement targets that they intend to pursue in the social and environmental fields.

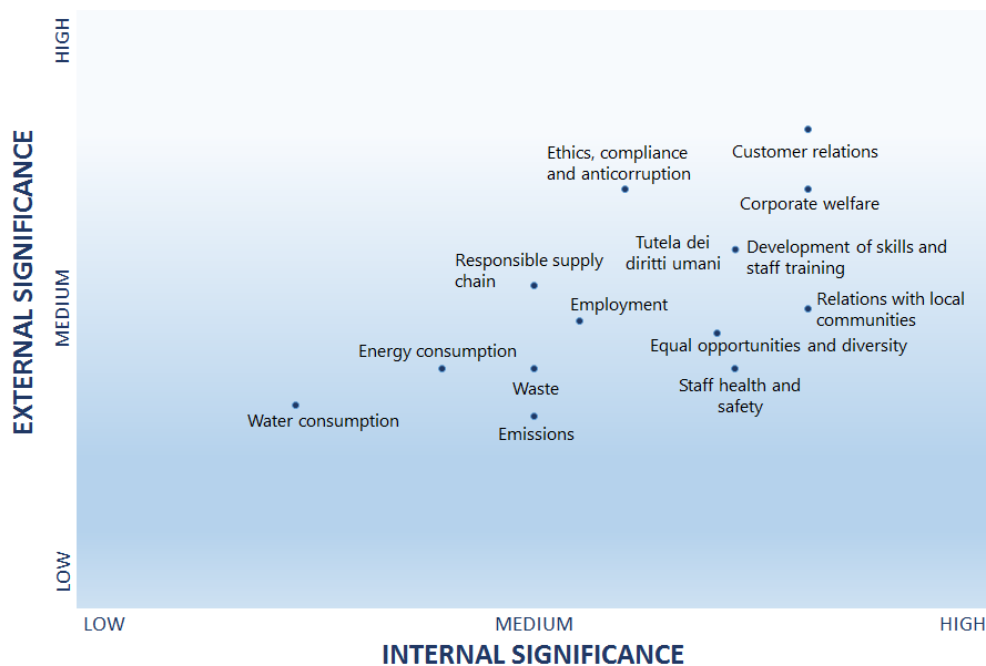
In the sustainability process undertaken, the activities of involvement and comparison with stakeholders developed in this second year of reporting have not led to the identification of particular critical issues. However, Sesa undertakes to progressively structure the methods of stakeholder involvement and engagement with regard to non-financial issues, and to identify the most suitable methods and tools for listening, in response to the characteristics and needs of the various reference groups.

1.4.2. Material issues connected to the business activities

The material issues that emerged from the analysis, have been reorganised and merged in order to obtain a more effective representation. In the following chapters these issues are then linked to each area of application of Legislative Decree 254/2016.

Below is a list of the material issues identified for the Sesa Group and the relative materiality matrix:

SCOPE OF Legislative Decree 254/2016	MATERIAL ISSUE
Environmental	Energy consumption
	Emissions
	Water consumption
	Waste
Social	Responsible supply chain
	Customer relations
	Relations with local communities
Personnel Management and Human Rights	Occupation
	Company welfare
	Development of skills and staff training
	Equal opportunities and staff training
	Staff health and safety
Fight against active and passive corruption	Defence of human rights
	Ethics, compliance and anti-corruption



2. The Sesa Group and the environment

Aware of the climate changes affecting our planet, the Group is sensitive to the issue of protecting the environment as a resource for the well-being of mankind. This is why safeguarding and protecting the environment are issues of primary importance for Sesa, which undertakes on a daily basis to direct its activities towards respecting the balance between economic initiatives and environmental needs. The Group's widespread belief is that attention to the use of energy and the disposal of everyday materials will lead us to better preserve a more integral natural environment, in addition to promoting more aware resource consumption models and therefore the possibility to also curb operating costs.

For Sesa, attention to stakeholders and respect for the ecosystem in which it operates translate not only into a responsible approach from the point of view of generating economic and ethical value and sustainable growth, but also into the implementation of good environmental practices at Group level, in order to keep the impact on the sectors in which it operates under control. In particular, as part of its activities, the Group is committed to operating with respect for the environment, in accordance with the principles of sustainable development.

The Group companies operate in order to ensure the protection of the environment and the prevention of pollution and, specifically, this approach translates into a variety of activities in the daily working environment: (i) systematic reduction of the paper printing of e-mails, drafts, presentations and internal communications; (ii) collection and recycling of waste, printer toner and paper; (iii) energy saving practices that involve not only the behaviour of employees, but also, for example, the choice of equipment and energy supply contracts, for conscious monitoring of health and safety aspects in the company.

The Group's commitment to comply with the vast amount of environmental protection legislation in force and to reduce the environmental impact of its activities is first and foremost laid down in

the Code of Ethics and in Organisational Model 231 adopted by the Group companies. As described in its Code of Ethics (Section 3), operational management must refer to criteria of environmental protection and energy efficiency with the aim of continuously improving health and safety conditions in the workplace and environmental protection.

2.1. Defensive initiatives

Thanks to these ideals of protection and defence, Sesa undertakes a series of initiatives aimed at reducing and preventing possible negative impacts on the environment resulting from its activities. They include, for example, the choice of energy supply starting from renewable energy. At operating level, Sesa monitors its energy consumption and related emissions even if, given the nature of its business, this aspect does not represent a source of particularly significant environmental impacts. The Group does not have a dedicated policy because its energy consumption refers exclusively to the ordinary management of company buildings and, for this reason, it is mainly concerned with verifying that there are no situations of anomalous consumption within its offices. The aim is therefore to maintain standard energy consumption, constantly checking levels and carrying out regular energy audits. The same approach has been adopted by Sesa for the management of atmospheric emissions caused by its activities, primarily energy consumption and personnel transfers, and the Company has therefore adopted no specific policies other than those relating to good management.

Below are some "good management" activities undertaken by Sesa aimed at reducing the impact of its activities on economic and social development and on the quality of life of the territory:

- a reduction in the total amount of waste produced, especially hazardous waste, and the development of recycling activities, promoting separate waste collection;
- improvement in the levels of awareness of personnel working within the Group or on its behalf, encouraging employees and collaborators to take responsibility for protecting the environment and implementing staff information and training programmes;
- raising awareness by suppliers and contractors of the environmental management principles of reference for the Group;
- commitment to actions aimed at maximising energy savings in its offices or headquarters, in the management of its vehicle fleet, favouring more efficient and less polluting technologies;
- reduction in the use of energy resources per unit of gas injected into the network through the maintenance and improvement of systems;
- optimisation of the use of motor fuels thanks to the renewal of the vehicle fleet and innovative mobility management systems.

2.2. Impact on the environment

The environmental impacts of the Sesa Group are mainly attributable to:

- ✓ **Energy Consumption**, Group company offices, warehouses and cash & carry units. The electrical system installed on the premises of the companies is connected to the public medium voltage energy distribution network;
- ✓ **Consumption of natural gas**, which supplies the two thermal power stations at the service of the building complex for heating and the production of Sanitary Hot Water (SHW);

- ✓ **Fuel consumption**, due to fuel for generators and for the vehicle fleet, in consideration of the fact that company employees use company cars for their commercial activities;
- ✓ **Waste** generated in administrative offices and warehouses.

2.3. Performance ratios

Although the Sesa Group is not an industrial transformation company, it attaches importance to providing information that is increasingly in line with the needs of its Stakeholders, through the presentation of certain environmental performance ratios. The energy consumption figures and the main CO₂ emissions produced by the Group in the financial year ended 30 April 2017 (from 01/05/2016 to 30/04/2017), in the financial year ended 30 April 2018 (from 01/05/2017 to 30/04/2018) and in the financial year ended 30 April 2019 (from 01/05/2018 to 30/04/2019), are shown below.

As regards the Group's main operating headquarters (in Via del Pino and Via Piovola located in Empoli - Florence) consumption is accounted for a general level; the complex has a single electricity supply and a single supply of methane gas. As far as electricity consumption is concerned, the supplier's data in terms of energy and power consumption were used; the Group monitors consumption in specific sectors in order to maintain company certifications, in particular for the server farm (both at the level of the machines that make it up and the consumption for air conditioning in the rooms that house it).

The internal utilities powered by the electricity grid are:

- lighting;
- office desks (PCs - printers - screens and, in general, equipment to support the technical, administrative and commercial activities of offices);
- power supply for fan coils and air heaters;
- heat pumps for HVAC in offices and data centres;
- data centre machinery power supply;
- forklift battery recharging in warehouses.

Natural gas consumption was calculated on the basis of the supplier's invoices (methane is used only for the heating in winter); diesel consumption data was provided by the company, which keeps track of individual uses by employees in terms of time period and diesel consumed.

2.3.1 Consumption of energy, water and natural gas

Energy sources are the sources of energy available on Earth, i. e. natural resources that can be used by man to produce heat, power industrial plants, illuminate and heat. Energy sources are classified by the technology available and the scientific knowledge acquired.

The natural resources used by the Sesa Group include both non-renewable and renewable energy sources. The biggest difference between fossil energy sources and renewable energy sources mainly concerns the length of time they take to form. In the case of fossil energy, the natural formation times are very long (geological times) and, for this reason, they are considered as "exhaustible resources". On the contrary, renewable energy sources are repeated in short and very short term cycles (e.g. sunrise, tides, wind, biomass, etc.). The formation times of renewable energy sources are much shorter than the human time horizon and for this reason they are called "renewable resources".

Energy sources can also be classified into primary and secondary energy sources. Primary sources are those with an energy content that is used directly in that they are already available in nature, such as fossil sources (oil, coal, natural gas), uranium, water, sun and wind. Secondary sources are the result of a production process, such as fuels, produced by refining crude oil, or electricity produced by power plants using primary sources.

Below is a list of the Group's consumption of natural gas, water and electricity. The data shown in the table relating to the consumption of natural gas for heating the offices refer to all the Group companies. Methane gas is used for HVAC in the offices, cooking and heating water.

In the year ended 30 April 2019, the Sesa Group consumed approximately 29,200 GJ (Gigajoules, the joule is a unit of measurement of energy) of energy (electricity + gas), about 3000 GJ more than the previous year and 4000 GJ more than 30 April, 2017.. The increase was due mainly to the increase in human resources housed at the operating premises and to the expansion of the companies included in the scope of consolidation (Panthera S.r.l., Var Engineering S.r.l., Collaboration Value S.r.l., PBU CAD-SYSTEME GmbH and Evotre S.r.l.).

ENERGY CONSUMPTION (Giga Joule - GJ)

	30/04/2019	30/04/2018	30/04/2017
ELECTRICITY	23,353	22,314	20,369
NATURAL GAS	5,853	4,400	4,420
Total	29,168	26,714	24,789

The Group's greenhouse gas emissions are those of an office-based organisation and are attributable to the use of fossil fuels for heating and the purchase of electricity produced by third parties. Emissions from Sesa's activities are therefore very limited and linked to traditional assets, such as electrical and thermal plants. The main energy consumption therefore derives exclusively from the consumption of electricity for the offices and the technological and IT equipment, from the heating of the buildings and from the consumption of fuel for company cars.

Despite the fact that there are no significant emissions from production processes, considering that the Group mainly carries out activities related to services, and that there are no plants for the internal production of electricity, in such a global and current context, the Group considers it important to monitor emissions of greenhouse gases and other emissions in order to assess any virtuous choices for a reduction of its carbon footprint.

For the preparation of the following indicators, greenhouse gas emissions (scope 2) were calculated using an emission coefficient for Terna's electricity, based on the overall gross production of the national park, equal to 0.375 kgCO₂/kWh. For the emissions of greenhouse gas scope 1, deriving from the consumption of natural gas, diesel for power generators and fuel for the vehicle fleet (methane, diesel, petrol and LPG) were used emission coefficients in the table of national standard parameters of the Ministry of the Environment, updated to 2018.

ELECTRICITY (tCO₂ and kWh)

	30/04/2019	30/04/2018	30/04/2017
tCO ₂	2,433	2,324	2,122
kWh	6,487,090	6,198,377	5,658,104

As regards electricity consumption, as at 30 April 2019, a total of 6.5 million kWh had been produced, up 4.65% on the previous reporting year. The increase in electricity consumption compared to the previous year is due to the increase in the workforce, the increase in office space and the expansion of the companies included in the scope of consolidation (Panthera S.r.l., Var Engineering S.r.l., Collaboration Value S.r.l., PBU CAD-SYSTEME GmbH and Evotre S.r.l.).

NATURAL GAS (tCO₂ and m²)			
	30/04/2019	30/04/2018	30/04/2017
tCO ₂	327	247	248
m ²	166,042	125,638	126,205

As regards the consumption of natural gas, used only for heating, a total of 327 tonnes of CO₂ had been produced as at 30 April 2019, compared with 247 tonnes the previous year and 248 tonnes as at 30 April 2017. The higher consumption of natural gas in the year ended 30 April 2019 is connected to the greater use of the boilers installed on the company's premises in the winter period due to changes in seasonal temperatures.

DIESEL FOR POWER GENERATORS (tCO₂, litres and GJ)			
	30/04/2019	30/04/2018	30/04/2017
tCO ₂	8.55	14.05	9.60
litres	3,200	5,240	3,580
GJ	116.63	190.97	130.47

The consumption of diesel per power generator has fallen by about 60%, from 5,240 litres at 30 April 2018 to 3,200 litres at 30 April 2019. The reduction in question, -5.50 tCO₂ and -2,040 litres compared to the previous year, is due to the lower number of activations of the emergency system of the Server Farm at the Empoli Technology Centre and the reduction in maintenance times.

The rationalisation and modernisation of the Group's fleet has been going on for some years now with the application of "green" criteria: cars that reach the end of their life are replaced with new cars with more eco-friendly engines. In order to reduce travel, all the Group companies are committed to increasing the use of collaboration and videoconferencing tools, available at the Group's various offices throughout the country. Today, the fleet consists of almost 500 cars. The tons of CO₂ relating to the vehicle fleet of all the Group companies have been reported, with reference to the period from 1 May 2018 to 30 April 2019. In the year ended 30 April 2019, the Sesa Group consumed approximately 39,180 GJ of fuel, about 5500 GJ more than the previous year. The increase was due mainly to the increase in the number of cars in the Group fleet and to the expansion of the companies included in the scope of consolidation (Panthera S.r.l., Var Engineering S.r.l., Collaboration Value S.r.l., PBU CAD-SYSTEME GmbH and Evotre S.r.l.).

FUEL CONSUMPTION (GJ)⁴

Fuel type		30/04/2019	30/04/2018
Petrol	Empoli Technology Centre	994.34	602.52
	Other Local Units	377.67	233.68 ⁵
	Total	1,372.01	836.20
Diesel	Empoli Technology Centre	26,791.82	22,868.39
	Other Local Units	10,935.17	9,833.04 ⁵
	Total	37,726.99	32,701.42
Methane	Empoli Technology Centre	22.98	26.95
	Other Local Units	14.39	16.66 ⁵
	Total	37.37	43.62
LPG	Empoli Technology Centre	22.78	4.96
	Other Local Units	20.56	4.67 ⁵
	Total	43.33	9.64

FUEL CONSUMPTION (tCO₂)

Fuel type		30/04/2019	30/04/2018
Petrol	Empoli Technology Centre	72.92	44.19
	Other Local Units	27.70	17.14 ⁵
	Total	100.62	61.32
Diesel	Empoli Technology Centre	1,964.54	1,682.71
	Other Local Units	801.83	723.54 ⁵
	Total	2,766.37	2,406.25
Methane	Empoli Technology Centre	1.29	1.50
	Other Local Units	0.80	0.93 ⁵
	Total	2.09	2.43
LPG	Empoli Technology Centre	1.49	0.33
	Other Local Units	1.35	0.31 ⁵
	Total	2.84	0.63

With regard to most Group companies, the consumption of water resources is not a material issue, as water is used only in the bathrooms, however, it seems fair to provide clear and accurate information on the use of water. All the water is supplied by the public water main. Consumption is in line with that of previous years, with a total that follows the increase in the Group's human resources.

⁴ It should be noted that the previous NFD indicated consumption in litres. For this reporting year, in accordance with the guidelines of the GRI, we have indicated consumption in GigaJoules

⁵ Data estimated for the financial year as at 30 April 2018 for a more significant comparison with the data referring to 30 April 2019

WATER CONSUMPTION (M³)

	30/04/2019	30/04/2018	30/04/2017
Empoli Technology Centre	8,328	8,206	8,531
Other Local Units	15,324	13,422 ⁶	11,691 ⁶
Total	23,652	21,628	20,222

2.3.2 Waste

Municipal solid waste is managed by the public collection service and its quantity and method of disposal cannot be determined. The following wastes are considered to be "special" and are therefore managed differently:

- paper and cardboard packaging: these are collected separately at ICT Logistica S.r.l., which performs logistics and warehouse activities, and delivered to the disposal companies;
- disused electronic equipment: this is given to local companies authorised to recycle this type of waste;
- used toner cartridges: deposited at regular intervals in compliance with current regulations, and collected by appointed companies.

WASTE (Tonnes - t)

	30/04/2019	30/04/2018	30/04/2017
Paper and cardboard	65.92	88.54	91.81
Wood and pallets	46.30	69.68	102.53
Plastic	14.00	13.49	15.87
Total	126.22	171.86	210.20

The reduction in the use of paper and cardboard is the result of an internal project carried out by ICT Logistics which reuses paper and cardboard packaging, which would otherwise be disposed of, for new deliveries.

TYPES OF WASTE (Tonnes - t)

	30/04/2019	30/04/2018	30/04/2017
WEEE	50.60	33.40	46.15
Septic tank sludge	110.44	80.54	84.65
Total	161.0	113.94	130.80

⁶ Data estimated for the financial year as at 30 April 2018 for a more significant comparison with the data referring to 30 April 2019

3. THE SESA GROUP AND THE PEOPLE

3.1. A Group that grows with talented people

Human capital is the Sesa Group's main asset: integrity, correctness, professionalism, business continuity and attention to people are the distinctive values that guide the Group's strategy in managing and developing its Human Resources in order to sustainably face the competitive challenges of the market and improve the quality of working life through systematic work-life balance actions and corporate welfare policies.

At 30 April 2019, the number of Group employees reached a total of 1,900 (employees of the companies in the scope of consolidation, excluding apprentices), a further increase of 258 (+16% YoY) compared to the previous year, confirming the long-term growth and development trend that has characterised the Sesa Group since it was established. If we include apprentices and subsidiaries recognised at cost (not consolidated on a line-by-line basis), the number of human resources at 30 April 2019 was 2,034.

EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER

	30/04/2019		30/04/2018		30/04/2017	
	Men	Women	Men	Women	Men	Women
Executives	19	1	17	1	15	1
Middle Management	142	26	101	21	80	20
Office Staff	1,081	615	989	499	855	449
Blue Collars	16	0	14	0	6	1
Total	1,900		1,642		1,427	

EMPLOYEES SUBDIVIDED BY CONTRACT AND GENDER

	30/04/2019		30/04/2018		30/04/2017	
	Men	Women	Men	Women	Men	Women
Permanent full-time contracts	1,266	468	1,057	416	899	387
Permanent part-time contracts	25	100	28	94	26	77
Temporary contracts	28	13	36	11	31	7
Total	1,900		1,642		1,427	

Human capital, as the primary value of the Group, is a strategic resource that must be fostered and developed through long-term professional growth. Therefore, the Sesa Group pursues a policy of hiring its human resources on an open-ended basis, through recruitment and training plans for young high school and university graduates, offering them permanent employment contracts in all the Group companies. As at 30 April 2019, the percentage of personnel employed on permanent contracts was over 98% compared with the previous year's percentage of 97%.

The Sesa Group also pursues human capital retention plans through a mix of strategic governance and development tools (training, career plans, work-life balance, team building and corporate

welfare initiatives) by the parent company Sesa S.p.A. As proof of this commitment, during the year ended 30 April 2019, there was a low rate of outgoing turnover of around 5.47%, despite the high rate of incoming turnover and the pressures that characterise the Information Technology sector, which presents a structural situation with a lack of professionalism and above-national average mobility of human resources.

With regard to incoming turnover (12.9% in the year ended 30 April 2019), more than 43% of new hires regarded resources up to the age of 30, in support of the development of the human capital dimension necessary to support business growth.

RATE OF OUTGOING TURNOVER

	30/04/2019	30/04/2018	30/04/2017
Total terminations	104	68	67
Total employees	1,900	1,642	1,427
Rate of outgoing turnover (%)	5.47%	4.14%	4.70%

% Men	5.73%	4.28%	5.75%
% Women	4.90%	3.84%	2.55%

Age Group (%)			
< 21-30 >	9.89%	6.93%	9%
< 31-50 <	5.14%	3.96%	4%
> 51	3.62%	2.93%	4%

Geographic Area (%)			
Northern Italy	6.94%	4.23%	6.64%
Central Italy	4.68%	4.20%	3.94%
Southern Italy	0%	0%	0%
Abroad	0%	0%	0%

RATE OF INCOMING TURNOVER

	30/04/2019	30/04/2018	30/04/2017
Total new hires	245	163	186
Total employees	1,900	1,642	1,427
Rate of incoming turnover (%)	12.89%	9.93%	13.03%

% Men	13.07%	10.53%	15.38%
% Women	12.50%	8.64%	8.28%

Age Group (%)			
< 21-30 >	37.46%	29%	38.24%
< 31-50 <	9.42%	7.34%	9.21%
> 51	6.60%	5.32%	7.67%

Geographic Area (%)			
Northern Italy	12.38%	11.89%	14.19%
Central Italy	13.60%	8.90%	12.66%
Southern Italy	0%	0%	7.69%
Abroad	2.27%	0.00%	0.00%

As proof of the considerable attention paid to the protection and enhancement of its human resources, it should be noted that the Sesa Group has never made use of redundancy procedures or lay-off schemes. The absenteeism rate for the last financial statements was a low 2,35⁷% (based on calculation of the number of hours of absence excluding hours of vacation and leave), even lower than the 2.55% recorded at 30 April 2018.

ABSENTEEISM

	30/04/2019		30/04/2018		30/04/2017	
	Total hours absence	Absenteeism rate	Total hours absence	Absenteeism rate	Total hours absence	Absenteeism rate
Total	91,050	2.35%	63,915	2.55%	63,697	2.80%
Men	42,566	1.10%	24,929	1.00%	25,605	1.12%
Women	48,484	1.25%	38,987	1.55%	38,093	1.67%

Geographic Area						
Northern Italy	30,773	0.79%	20,372	0.81%	16,559	0.73%
Central Italy	57,100	1.47%	42,953	1.72%	46,752	2.05%
Southern Italy	2,162	0.06%	591	0.02%	387	0.01%
Abroad	1,016	0.03%	0	0%	0	0%

The Sesa Group is committed to protecting the health and safety of workers through prevention and ongoing training activities, implementing Law no. 81 of 2008. It should be noted that only five accidents were recorded in 2019, all of which were minor.

SAFETY AT WORK - ACCIDENTS

	30/04/2019	30/04/2018	30/04/2017
Men	3	1	1
Women	2	2	0
Total	5	3	1

Geographic Area			
Northern Italy	1	3	1
Central Italy	4	-	-
Southern Italy	-	-	-
Abroad	-	-	-

Frequency index*	1.90	1.44	0.54
Severity index**	0.01	0.02	0.004

⁷ From 30 April 2019, the absenteeism rate for 2019 is determined for all the companies included in the scope of consolidation. The figures as at 30 April 2017 and 30 April 2018 are calculated with reference to the companies within the scope of consolidation for which Sesa SpA carries out HR and Payroll operations.

* The **frequency index** is calculated as follows: (no. accidents/no. work hours) x 1,000,000. The number of hours worked includes only internally managed companies.

** The **severity index** is calculated as follows: (no. days lost due to accident/no. work hours) x 1,000. The total number of accidents does not include in-transit accidents. The number of days lost as a result of an accident is calculated considering the calendar days. The number of hours worked includes only internally managed companies.⁸

At Sesa, parental leave is granted in accordance with applicable laws and local legislation. The Group supports its employees in reconciling their family and professional lives. At 30 April 2019, 83 Group employees, 4.37% of those entitled to it, had taken parental leave. The percentage of employees who have returned to work after the end of their leave is 100%. The retention rate at 12 months from return from parental leave is 100%.

MATERNITY AND PATERNITY LEAVE

	30/04/2019		30/04/2018		30/04/2017	
	Men	Women	Men	Women	Men	Women
Parental leave	27	56	27	46	23	44
Return after parental leave	27	56	27	44	23	44
Rate of return	100%	100%	100%	96%	100%	100%
Retention rate⁹	100%	100%	100%	100%	100%	100%

3.2 The composition of human capital

Being close to people means being able to listen to the needs of human resources and to experience the path of growth and innovation on a daily basis, together with the numerous ecosystems with which the Group interacts.

The Group's strategy is based on a distributed national presence of its companies, with physical facilities in major Italian cities and a strong presence and foothold in the Empoli technology centre in via Piovola and via del Pino, the main operating headquarters of the Sesa Group.

The human capital of the Sesa Group is just as varied and organic in terms of age and gender. As at 30 April 2019, the average age of personnel is about 40: personnel under the age of 50 accounts for 75% of the total.

EMPLOYEES SUBDIVIDED BY GEOGRAPHIC AREA

	30/04/2019		30/04/2018		30/04/2017	
	no.	%	no.	%	no.	%
Northern Italy	735	38.68%	639	39%	437	31%
Central Italy	1,132	59.58%	977	59%	964	68%
Southern Italy	33	1.74%	26	2%	26	1%
Abroad	44	2.32%	-	0%	-	0%
Total	1,900		1,642		1,427	

⁸ The companies with internal personnel management are: Apra S.p.A., Centro 3Cad S.r.l., Evotre S.r.l., PBU CAD-SYSTEME GmbH, Globo Informatica S.r.l., Synergy S.r.l., CCS Team S.r.l. and Icos S.p.A. The frequency and severity indices are overestimated, as they compare the accidents of the entire Group with the hours worked by the companies with internal personnel management alone.

⁹ The retention rate refers to the number of employees who continue to work for the company 12 months after taking parental leave.

EMPLOYEES SUBDIVIDED BY AGE

	30/04/2019		30/04/2018		30/04/2017	
	no.	%	no.	%	no.	%
< 21-30 >	283	15%	231	14%	204	14%
< 31-50 >	1,147	60%	1,035	63%	923	65%
> 51	470	25%	376	23%	300	21%
Total	1,900		1,642		1,427	

Gender quotas are around 69% for men and 31% for women.

EMPLOYEES SUBDIVIDED BY GENDER

	30/04/2019	30/04/2018	30/04/2017
Men	1,308	1,121	956
Women	592	521	471
Total	1,900	1,642	1,427
% Men	69%	68%	67%
% Women	31%	32%	33%

The Sesa Group considers the protection of diversity to be fundamental and is committed to offering equal opportunities for the development and growth of its human capital. With this in mind, the Group has invested in welcoming disabled staff into its work structures, mainly with permanent contracts. Long-term annual recruitment and integration programmes have been defined for the integration of workers belonging to protected categories.

PROTECTED CATEGORIES

	30/04/2019	30/04/2018	30/04/2017
Men	31	32	22
Women	23	23	17
Total	54	55	39
% Total	2.84%	3.35%	2.70%

3.3. Human capital development and management plans

The strategic governance of human capital envisages the retention of permanent resources (98% of the total) and the hiring of Young high school and university graduates undergoing training in the areas with the greatest potential for the development of Information Technology (Cloud Computing, Digital Solutions, Security and Analytics).

The Group therefore systematically selects and recruits young talents from among the new high-potential resources entering the working world, through a dedicated recruitment and training team.

This programme has led to the recruitment of approximately 150 resources during the year, through the following actions:

- collaborative agreements with the main universities in Italy and participation in Career Days;
- social communication plans through the use of the main tools including LinkedIn and primary job sites for recruitment. Initiatives were implemented to increase interest and social visibility: in particular, through LinkedIn the editorial and recruiting activities carried out by the Human Resources department, it was possible to strengthen the job offer promoted by the Group, with a positive response in terms of quality and quantity of the professional figures contacted;
- Recruitment events at the Group's main offices, aimed at presenting job and professional growth opportunities for young graduates.

As at 30 April 2019, a total of 145 apprentices and 41 trainees were employed in integration and training courses.

Particular attention will be paid to relationships of collaboration with universities and schools as well as training agencies in the area. The aim for 2019 is to intensify collaborations with non-Tuscan Universities (Padua, the Polytechnical Universities of Turin and Milan, and Ca' Foscari) and to intensify collaborations with schools in order to increase the number of school and work alternation activities, in the belief that this will make an important contribution to the growth of young people in the area. There are plans to welcome more than 55 students to our companies.

After recruitment, the Group carries out activities for the development and retention of human capital through the following actions:

- Management and Enhancement: programmes for the growth and development of human capital;
- Training and Continuous Updating: Over 18,000 hours of training were provided during the year, about 8,900 of which were technical and professional training, about 4,800 were hours of training within the scope of Key Skills (Soft and Digital Skills, Project Management, Languages, Sales Techniques) and about 4,400 were hours of compulsory training (Law 81/2008 Occupational Health and Safety, Corporate Responsibility Legislative Decree 231);
- Welfare: development of an organic plan of interventions aimed at social well-being (Family, Education and Health) and the pursuit of work-life balance goals, with a view to balancing work and private life.

In 2019, training activities involved approximately 1,200 resources (over two thirds of the workforce), with a significant increase in the number of hours of training on technical and professional skills and on compulsory training (particularly through the use of the new e-learning platform; a method for providing training courses that offers the possibility to independently

manage individual study times and methods), the latter being directly related to the frequency of training obligations envisaged by the legislation in force.

TRAINING - Number of employees trained

	30/04/2019	30/04/2018	30/04/2017
Total	1,222	453	542
Compulsory training	544	57	333
Training in basic and transversal skills	220	294	166
Technical training	458	102	43

Total training hours rose from 11,373 hours as at 30 April 2018 to 18,089 hours at 30 April 2019, due to the significant increase in technical training activities (technical and professional skills) and compulsory training, also in relation to the growth of the Group's workforce.

TRAINING - Training hours

	30/04/2019	30/04/2018	30/04/2017
Total	18,089	11,373	10,020
Compulsory training	4,355	587	974
Training in basic and transversal skills	4,835	7,470	8,530
Technical training	8,899	3,316	516

	Men	Women	Men	Women	Men	Women
Total by gender	14,176	3,913	8,268	3,105	5,117	4,903
Compulsory training	2,825	1,530	432	155	668	306
Training in basic and transversal skills	3,952	883	4,739	2,731	3,967	4,563
Technical training	7,399	1,500	3,097	219	482	34

The SeSa Group's training initiatives include the organisation of Academies, training courses aimed at recruiting new graduates and updating the technical skills of new recruits included in a development programme. The training courses of the Academies include classroom lessons and e-learning activities. The main Academies launched during the year ended 30 April 2019 concerned technical training in the use of Microsoft Dynamics 365, Amazon Web Service and Google Cloud.

3.4. Corporate welfare as a means of engagement

For over six years, the Sesa Group has been an active part of a comprehensive corporate welfare programme aimed at wellbeing and improving the quality of life of its resources. This policy confirms the centrality of human resources in the Group's strategic and development plans and is based on the preparation of a series of goods and services made available to staff and their families. Family, health and wellbeing are the cornerstones of a programme tailored to the Group's resources and developed in:

- children's benefits: company crèche, refunds for summer centres, contributions and scholarships and study stays abroad;
- flexible benefits: vouchers for travel, books, fuel vouchers and shopping vouchers.

All the above tools are directly available to resources through access to a dedicated Welfare portal that can be consulted directly. This tool was created in 2018 and contributes to the direct management of the welfare services made available to human resources by the Sesa Group.

Attention to human resources was confirmed with the presentation of the 2019-2020 corporate welfare plan, which envisages a strengthening of the main measures already in place, aimed at providing economic support and education for the children of employees (an increase in the amount of the crèche contribution for employees based away from home), while also introducing important innovations for the Group's young resources. In this sense, the 2019 Welfare Plan introduces innovative measures to support the housing mobility of members of the workforce under the age of 35 (housing contribution for workers who move away from their family of origin), while strengthening the commitment to sustainable mobility, with a view to reducing environmental impact and supporting the green economy, with the provision of contributions for the expenses borne by employees who travel to work using public transport.

The amount of Flexible Benefits available to each employee has been increased for the new year and the digital menu for the selection of services has been further expanded. Important new features have been added, such as the possibility to use welfare credit at local facilities close to employees (Welfare 2.0 voucher for sports, cultural and training activities).

Moreover, there is no lack of innovation in terms of Work-Life Balance and human capital enhancement programmes, with the setting up of scholarships to attend university degree or master courses and the possibility for employees to apply for time off to carry out voluntary work and joint holidays, with a view to reinforcing solidarity between work colleagues.

Fundamental support for the project comes from the Sesa Foundation, set up in July 2014 by the Group's founding partners to create a fully independent structure dedicated to social solidarity and philanthropic activities in the area.

The following section of this report provides a detailed illustration of some of the main initiatives promoted by the Sesa Foundation in the year ended 30 April 2019.

4. THE SESA GROUP AND THE SOCIAL COMMUNITY

4.1. Social responsibility

The Sesa Group, also through the Foundation that bears its name, has always promoted initiatives and projects of a social nature. For Sesa, it is important to be perceived as present and close, attentive not only to the economic needs of the communities in which it operates, but also to their social needs. Acting as a driving force not only for the economy, but also for the social well-being of communities, favours the creation of important relations with bodies, institutions and social organisations, contributing to integration into the economic and social fabric of the territory, with positive repercussions in terms of commercial positioning and reputation, as well as well-being for employees and stakeholders.

In this sense, support for families in difficulty, attention for vulnerable groups and a contribution to significant social causes and projects are also part of the Group's overall strategy. Sesa aims to provide high-quality, reliable solutions and services, incorporating social, environmental and

governance issues into both its risk management processes and corporate DNA, working together with customers, suppliers, public and collective institutions and every other stakeholder interested in promoting their dissemination.

In particular, the socio-economic context generated by the prolonged period of crisis has reinforced the perception that companies must act in synergy with public and collective institutions, in order to support the development of new responses to the needs expressed by society. The changes taking place (e.g. an ageing population, new forms of poverty, an increasing number of dependent elderly people and unemployed young people) have led to the emergence of new categories of needs with a high social content, which affect and will affect an ever-increasing number of people. Sesa helps to respond to these new needs both in the commercial sphere, as a commercial and technological partner, and by supporting social initiatives and projects.

The development of activities with social aims is a common heritage of the entire Group and is particularly expressed by the **Sesa Foundation** (whose projects we will discuss in greater detail below), which acts as an incubator for new ideas and initiatives.

Sesa contributes to the promotion and dissemination of skills, particularly in the economic sphere, through constant collaboration with local institutions: training institutes, universities and economic organisations. Sesa participates with secondary schools in the Alternanza Scuola-Lavoro work experience programmes, helping students gain a better understanding of the working world and learn about the fundamental elements of economic citizenship and financial culture.

Social initiatives - whether occasional or part of long-term agreements - are aimed at promoting and affirming the Group's identity, strengthening its brand, and the initiatives to be supported are selected in consideration of the positive impacts they can have on all stakeholders, in terms of reducing social costs and/or increasing the economic development of the community. Identifying and supporting the most valid initiatives, in terms of consistency with the Group's territorial operations and visibility/impact on the territory, is therefore important for maximising the economic and social return of the contributions paid, creating a "collaborative growth" that aligns social intervention with business strategies, acting on three elements:

- **Enabling growth**, addressing factors such as professional training, high quality education, better quality of life, reducing community cost issues and social distress;
- **Strengthening of demand**, working on factors such as the size and quality of reference markets;
- **Strengthening of the competitive capacity of communities**, encouraging investment and development activities.

To this end, no donations or sponsorships - either direct or indirect - may be made to political parties, movements, committees and other political organisations, their representatives and candidates, congresses or parties with political propaganda purposes.

4.2. Relations with customers and suppliers

The Sesa Group intends to establish a relationship of trust with its customers and suppliers, based on fairness and transparency. With the aim of creating mutually favourable relations, based on transparency, trust and consensus in decisions, Sesa operates with particular attention to the involvement of its stakeholders: employees, customers, shareholders, business partners and suppliers. The Group does not have a single formalised policy on social issues in general, but it does have a number of policies relating to and linked to quality management systems, which we shall highlight below.

The creation of sustainable value by the Sesa Group is expressed in relations with customers and suppliers, based on continuous processes of collaborative dialogue. The spirit of collaboration and respect for the reciprocal roles that animates the relationship between the Sesa Group and its external stakeholders makes it possible to support paths of dialogue and communication and to respond promptly, comprehensively and transparently to their information needs.

In the corporate philosophy, the customer is, first and foremost, a person with his own needs and projects, but also with problems and difficult situations. The mission is to help the client accomplish his projects and overcome any difficulties. The customers of the Sesa Group know that they can count on the professionalism and expertise that, have become distinctive over the years.

Lastly, as we will see below, supply chain risks are carefully managed through preliminary analyses and documentary requests that enable the thorough assessment of customers and suppliers in observance of the rules of compliance.

4.2.1. The supply chain

The Sesa Group applies, in its relations with suppliers, the principles of fairness and transparency, adopting selection procedures carried out with impartiality and according to rules that include the verification of quality, technical-professional suitability, ethical-behavioural aspects, compliance with applicable regulatory standards and cost-effectiveness of the supply of goods, services and works. The contractual standards used in the Group's strategic supplies require suppliers to comply with the rules envisaged by Decree 231/01 and the Group's ethical principles.

The Group's Code of Ethics contains a specific section dedicated to relations with Suppliers (Section 2, point 3), which must be managed in accordance with the principles of maximum collaboration, willingness and professionalism, as well as respect for the principles of transparency, equality, loyalty, fairness and competition. The establishment of relations with Suppliers or the management of existing relationships is prohibited with counterparties for whom there is good reason to suspect involvement in illegal activities and/or without the necessary requirements of professionalism and commercial reliability. The respect, by each Supplier, of the principles set forth in the Group's Code of Ethics is decisive for the establishment of the contractual relationship. The process of purchasing goods/services and managing expenditure budgets follows specific internal procedures, structured on an ad-hoc basis to guarantee the best efficiency: this internal procedure identifies roles, responsibilities and reference contexts.

This process involves the assignment of specific categories of monitored expenditure to specific Responsibility Centres, i.e. to the individual company structures (Departments/Areas/Offices) responsible for acquisition and management. The procurement of goods and services is subject, depending on its economic impact, to defined selection, assessment and approval procedures, which also involve the intervention of interfunctional advisory bodies. The spending Responsibility Centres must carry out a detailed and merit-related check on the relevant spending initiatives, evaluating their usefulness, in relation to the operating context of reference, the congruence of the price in terms of cost/benefit and the technical and economic characteristics of the Supplier.

The selection of Suppliers must be based on criteria of transparency and fairness, and aimed at identifying counterparties capable of reconciling the company's needs in the best possible way, from a cost/performance point of view, limiting, as far as possible, the company's potential exposure to any risks. As part of the process of selecting reference Suppliers, the companies of the Sesa Group shall appropriately assess, on the basis of their business relationships, the characteristics of honourability (also through specific self-certification by the supplier), economic-financial soundness and reliability of the counterparty, by querying public and/or system databases

or by using specific certified information services. Supplier selection activities must also take into account the supplier's commitment to comply with the Organisational Model pursuant to Legislative Decree 231/2001, adopted by the Group or, as a last resort, that it has its own Code of Ethics with principles consistent with those of the Sesa Group.

The Group has therefore adopted a series of instruments (Code of Ethics, internal procedures and policies) for the responsible management of the supply chain, aimed at mutual satisfaction and based on respect for the principles of transparency, equality, loyalty, fairness and competition.

Selection of new suppliers based on ethical, social and environmental criteria

The main risks in the supply chain with regard to social and environmental aspects are not directly and easily controlled by the Group and can be traced back to possible negative impacts on the Group deriving from inadequate control over the production outside the Group of products/services/work, also with reference to the protection of intellectual property and the correctness of the news published and disseminated. These risks are mitigated not only by checking the requirements and defining the specifications during the qualification and selection phase, but, above all, by carefully managing the contractual agreements between the parties, and by defining the high standards of supply/performance (so-called standard levels) and the continuous monitoring of the supplies/services rendered by the supplier.

As already mentioned, the Group's supplier selection activities also require the supplier to sign its commitment to comply with the Organisational Model pursuant to Legislative Decree 231/2001, adopted by the Group or, that it has its own Code of Ethics with principles consistent with those of the Sesa Group. The objective of encouraging responsible business practices with the supply chain is one of the areas of project evolution identified by the Group. The selection of collaborators and the construction of virtuous and lasting relationships are aspects of fundamental importance for the Group, being involved in activities at Sesa's offices or at customers' premises, which is why they are carefully assessed and managed.

To this end, the aforementioned structured selection, assessment and qualification process makes it possible to constantly monitor their level of risk, with a view to efficient management functional to the Group's activities. Social and ethical aspects, such as health and safety, regularity of payments, social contributions and compliance with employee protection are included in the terms and conditions that employees accept and sign.

4.2.2. Customer relations and customer satisfaction

The changing competitive environment that IT companies face in supporting digital transformation and the resulting changes in customer behaviour and expectations is of increasing strategic importance. Today, the main aim is to make a better job of acquiring and retaining customers than competitors, and to do this it is necessary to adopt a competitive strategy capable of creating and strengthening bonds of trust. From this point of view, customer satisfaction with the quality and cost of the product or service provided is not the only factor affecting customer loyalty.

Also important are the customer's expectations on intangible aspects of the relationship such as the perception with respect to the transparency of contractual conditions, conditions of security and protection of privacy in the management of relationships, the solution of problems and emergencies. This is all the more true as a multichannel digital service model that does not offer the same reassurance as direct personal contact, and is increasingly linked to technologies that amplify the flow of data on the web and the consequent security problems, has become established.

The Sesa Group's creation of sustainable value is expressed first and foremost in the pursuit of maximum customer/user satisfaction, which is also formalised in its quality management systems policy. In fact, the Group's main aim is the constant improvement of the quality and safety standards envisaged, with periodic monitoring of the quality of the service provided, together with appropriate and prompt communication of information relating to any changes and variations in the service provided.

Sesa promotes the adoption, in contracts and communications, of clear and simple language, as close as possible to that of its customers. It encourages interaction with customers through the management and rapid resolution of any claims through appropriate communication systems, preferring dialogue based on the utmost professionalism and quality, which sees respect and full cooperation as its key values, to litigation.

The quality of relations between the Group and its clients is a fundamental strategic factor for the competitiveness and solidity of the companies that belong to it; good rules, effective self-regulation and correct conduct are the pillars on which customer protection rests.

To this end, you are reminded that Sesa undertakes, at parent company level, to respect and enhance the relationship with its customers, through an effective system of involvement, communication and dialogue.

4.3. The Sesa Foundation

Attention to employees and their families, to young people, to the territory and to those in need of help, has always been a priority of company management and this is why, in July 2014, the Sesa Foundation (hereinafter "the Foundation"), a completely autonomous structure dedicated to social solidarity, was created at the request of the Group's founding shareholders. The Foundation is a non-profit organisation based in Empoli, the aim of which is to carry out social solidarity activities pursuant to art. 10, paragraph 1, letter a) of Legislative Decree 460/97 mainly for education, scientific research, education, social services and health care in Tuscany.

Within the scope of its institutional purposes, the Foundation:

- promotes and organises seminars, training courses, events, conferences, study meetings, round tables and, more generally, scientific and educational initiatives;
- promotes and encourages education, especially the education of young people, in the area of reference, partly through the establishment of scholarships and/or grants;
- carries out charitable activities in favour of economically disadvantaged social categories, also but not only in the reference territory;
- promotes welfare initiatives and activities, including those relating to health care, aimed at contributing particularly to the well-being of Sesa Group employees.

Activities to engage local communities, impact assessments and development programmes

Numerous initiatives and activities were carried out in 2018 (reporting year January - December 2018), in line with the Group's institutional aims.

The activities carried out were organised in three ways:

- the Foundation's own projects (institutional activities);
- projects implemented on the basis of proposals from local organisations or bodies;

- projects in response to requests from local bodies and organisations received by the Foundation.

The most relevant sectors of intervention were the following:

- ✓ **Social Solidarity and Philanthropy:** During the year, the Foundation supported projects dedicated to the weaker segments of the population or to host structures for non-self-sufficient young people in the area, following a careful assessment of the needs emerging from the social realities that approached the Foundation.

The most significant donations and sponsorships are briefly described below:

“Crescere insieme”: The Sesa Foundation supported the non-profit organisation "Amici di Elia", with the aim of contributing to the costs of the "after-school" programme organised at the "La Calamita" Group Centre in Fucecchio, dedicated to disabled children aged 6 to 18. The after-school programme offers various activities aimed at achieving the greatest possible independence and improving existing skills, while respecting the child's right to play and have fun;

“A pranzo con gli Ortolani Coraggiosi”: Like the previous year, last December, the Sesa Food canteen organised lunch for its employees using agricultural products directly from the kitchen garden run by the children of Ventignano. "Ortolani Coraggiosi" is a social agriculture project pursued by the Sinergica Cooperative. The project involves 12 autistic children aged between 17 and 25 who, thanks to educators and farm workers, carry out work in the fields that is of great therapeutic and social value. On the same day, a charity corner was set up in the company canteen, where the Sinergica Cooperative was able to sell Christmas hampers and products made by the children of the Casa di Ventignano. The Sesa Foundation decided to donate 1 euro to the Sinergica Cooperative, withheld from its employees for their lunch during the event, in order to support the Cooperative;

“Pane Quotidiano”: The Foundation donated three personal computers to the Pane Quotidiana Association in Milan, a non-profit organisation whose primary goal is to provide the poorest sections of the population with free food every day, distributing food and other comforts to anyone who comes to its offices or who is in a state of need or vulnerability;

“Pomerigginsieme”: The Foundation donated five personal computers to the Montelupo Fiorentino Public Assistance Service to improve the services offered in the after-school programme "Pomerigginsieme", an activity focused, since 2014, on children with Specific Learning Disorders (SLD). The five computers will be equipped with the necessary tools to stimulate the learning of children and young people with SLD;

“Scuola Digitale”: The Foundation donated ten personal computers to the IV Novembre Primary School in Macerata, which was hit by the earthquake and badly needed to equip computer labs for its pupils;

“Una vela sotto le stelle”: The Sesa Foundation contributed by making a donation to the charity evening "Una vela sotto le stelle" organised by volunteers and young people from the associations "Noi da Grandi" and "Centro Giovani", the voluntary association for autism "Fiori di vetro" and the Foundation "Dopo di Noi". The event was held at the "La vela Margherita Hack" centre in Avane, Empoli (FI), on 22 June 2018. The aim of the initiative was to bring Empoli closer to the problems and the potential of disabled children by organising a

conference-discussion on sport and disability entitled " Is sport inclusion?", followed by a charity dinner. Speakers included Simone Vanni, Olympic fencing champion and coach of the Olympic gold athlete Bebe Vio, Alessio Focardi, president of the Italian Sports Federation for the mentally disabled, Juri Stabile, coordinator of social football, Valentina Landucci, president of the amateur sports fencing association "Luciana di Ciolo", and Riccardo Burresti, chairman of the Tuscan Paralympic Committee. The proceeds from the event were used to support the associations that promoted it;

"Paradressage": The Foundation made a donation to the paradressage project, to promote the practice of equestrian sports, and particularly paradressage, among people with disabilities, setting up sporting events where equestrian rehabilitation activities take place;

"Sindrome Ehlers-Danlos": The Foundation made a donation to AISED, the Italian Association for Ehlers Syndrome - Danlos, which supports people with EDS (Ehlers Syndrome Danlos) and HSD (Hypermobility Spectrum Disorder). The Association aims to promote scientific research and help patients and individuals with this type of disease by providing information and free medical care;

"Noi per Voi", sale of Easter eggs for charity: once again this year, in the run up to Easter, the Foundation organised the charity sale of Easter eggs for employees of the companies of the Sesa Group. The aim was to make a contribution to the non-profit organisation "Noi per Voi", an association of parents committed to promoting the development of scientific research into childhood leukaemia and to improving the care and assistance of young patients suffering from oncohaematological diseases and helping their families. The fundraiser was dedicated to supporting the scientific research of the Meyer Hospital in Florence into childhood leukaemia and cancer.

During the year, the Sesa Foundation also took steps to raise funds among its employees, which were then donated to organisations and projects identified on a case-by-case basis. The initiatives include "Running Innovation", organised during the Var Group S.p.A. convention, the proceeds of which were donated to the non-profit organisation **Associazione Italiana contro le Leucemie-Linfomi e Mieloma**.

The short film entitled **In cosciente memoria**, directed by Cristian Mazzola, was released in July 2018. It was born from the crowdfunding project of **Cooperativa Sociale L'arcobaleno va in corto**, a non-profit organisation based in Milan, which deals with the management of personal services and activities for young people with disabilities.

- ✓ **Art, cultural initiatives and initiatives for the territory**: in 2018, it supported organisations and associations which, due to their historical presence, recognised authority and social impact, were considered worthy of support. Thanks to the support of these projects, the Foundation's link with the territory has been considerably strengthened, with the aim, on the one hand, of recovering and transmitting the values of the local community and, on the other, of protecting and enhancing the rich and varied cultural heritage of the territory.

The main projects supported are the following:

"Concerti di Sant'Andrea": The Foundation contributed, as in previous years, with a donation to the Mons. Giovanni Cavini Association for the organisation of the 44th edition of the "I Concerti di Santa Andrea", held from Sunday 4 November to Sunday 25 November 2018 at

the Collegiate Church of Sant'Andrea in Empoli (FI). A religious music event that has acquired considerable importance in the Empoli area recent years;

“Li Omini Boni desiderano sapere”: The Sesa Foundation supported the "Vinci nel cuore" Association, with the aim of contributing to the expenses of the cultural journalism event "Premio per la comunicazione e cronista toscano 2018". The event that was held at the Teatro della Misericordia in Vinci featured the awarding of the prize to the communication "Li omini boni desiderano sapere", in memory of Leonardo da Vinci and his genius, and the prize for the journalism in memory of the journalist from Vinci, Leonardo Berni. Now in its fifth year, the event, organised in conjunction with the Municipality of Vinci, under the patronage of the Order of Journalists and the Tuscan Press Association, was held in Vinci (FI) on 25 November 2018. Corrado Formigli and Stefano Massini won the prize for journalism and Alessandro Bientinesi, a journalist from Il Tirreno, was named best Tuscan journalist;

“Adotta le aiuole di Piazza della Vittoria di Empoli”: The Foundation has contributed to the redevelopment of the green area of Piazza della Vittoria, a meeting point for the community of Empoli, with the construction of three flowerbeds and a green area on the east side of the square. The inauguration was held on 4 November 2017 and the green area continues to be cared for on an ongoing basis. It was a small operation that aimed to strengthen the link of the Sesa Foundation with the territory, in order to create a pleasant and practical green area at the service of the people of Empoli;

“Il giorno di Leonardo”: The Foundation contributed, with a donation to the Pro Loco of Vinci (FI), to the organisation of the "Celebrations of Leonardo" which were held in Vinci (FI), the birthplace of the famous genius, on 15 April 2018. A whole day of festivities (more than 30 free events throughout the city) dedicated to Leonardo da Vinci to celebrate the anniversary of his birth on 15 April 1452;

“Primo Torneo Internazionale di Scacchi”: The Foundation contributed to the organisation of the first international chess tournament in Empoli (FI), an event organised by the Associazione Sportiva Dilettantistica di Scacchi Empolese. The event took place at the Palazzo delle Esposizioni on 1, 2 and 3 June 2018 and involved 160 players from 13 European countries and 16 Italian regions;

“Ricerca sulla imprenditoria empolese”: the Sesa Foundation, in conjunction with the Empoli-Valdelsa section of Confindustria, supported historical research into Entrepreneurship in Empoli from the beginning of the 20th century to the present day. The research was coordinated by Professor Baccetti and involved an expert in field research and archive research. During 2018, correspondence and deeds dating from 1900 to 1964 were analysed and audio interviews were carried out with local entrepreneurs who have made the history of entrepreneurship in the area. The research will continue in 2019;

- ✓ **University, Education and Training:** In 2018, the Foundation strengthened its collaboration with the University Institutes of the Region of Tuscany, in particular with the Universities of Florence, Pisa and Siena, for the activation of internships and apprenticeships and to encourage meetings with the companies of the Sesa Group on research and innovation. In particular, it participated in orientation activities through meetings with graduates and undergraduates and organised company visits for university students.

The Protocol of Collaboration between Csavri - University Service Centre for the exploitation of the results of Research and the management of the University Incubator of Florence, FRI -

Research and Innovation Foundation of Florence University, Sesa Farm and Sesa Foundation signed on 6 July 2015, fits into this context.

The purpose of the collaboration protocol is the development and implementation of collaborations for the promotion of innovative start-ups and innovative methods for the introduction of new graduates into the workforce. In particular, with this protocol of understanding the Sesa Foundation intends to promote innovation, research, development and training projects by constantly collaborating with the Foundation of the University - FRI on projects of common interest at regional, national and European level.

- ✓ **Education and Training, School and Work Alternation Project:** Attention to young people and their education has always been one of the main values of the Sesa Group and the Foundation has supported the growth of young people since its inception, supporting them and creating the ideal conditions for learning. This is why the school-work alternation project is one of the activities in which the Foundation invests and believes strongly. The alternation between school and work is a very important moment in the educational process because it allows students to experience work within a company, a moment of growth and learning that complements the knowledge gained during their school years with a first approach to the working world.

The Foundation's contribution is linked mainly to relations with schools in the area, coordination, planning and assessment of routes of alternation as well as orientation and organisation of guided tours.

During the alternation process, the Foundation constantly monitors the progress of the project, trying to ensure that students are able to learn values, notions and practical activities in order to enrich their experience.

During the year, the Group's companies hosted students from the third and fourth year classes of the upper secondary schools (high schools and technical institutes) within their structures, and provided computer rooms and laboratories as well as company tutors.

The following table lists the schools involved in the alternation project and the number of students hosted during the year:

School	No. of Students
Ist. "Calasanzio" - Empoli	1
Ist. Paritario "Piero Calamandrei" - Florence	2
I.I.S. "Ferraris – Brunelleschi" - Empoli	11
I.I.S. "Enriques" Castelfiorentino	1
I.I.S. "Il Pontormo" - Empoli	16
I.I.S. "Arturo Cecchi" - Fucecchio	1
I.I.S. "Gobetti-Volta" - Florence	2
Liceo G.Marconi – San Miniato	2
I.I.S. "Fermi da Vinci " - Empoli	9
Total	45

Each student has carried out alternating courses at our companies from a minimum of 60 hours to a maximum of 380 hours, for a total of 7,300 hours of training.

The Foundation has also signed a collaboration agreement with the Palazzo Strozzi Foundation for the organisation of initiatives and visits for employees of Group companies during the exhibition "Nascita di una Nazione" (Birth of a Nation), which took place at Palazzo Strozzi in Florence from 16 March to 22 July 2018; an exhibition of works by artists such as Renato Guttuso, Lucio Fontana, Alberto Burri, Mario Schifano, Mario Merz and Michelangelo Pistoletto, which was a significant moment of information and training.

Lastly, the Foundation, together with SeSa Baby, organised a series of training meetings on the theme of support for parenting for the growth of children, with professionals in the field, including the "Corso di disostruzione pediatrica" (Emergency first aid in children), involving volunteers from Misericordia di Empoli.

- ✓ **Corporate Welfare:** The Foundation's activities are integrated with the Group's Welfare Plan, aimed at improving the quality of life of Group company employees by optimising the balance between work and family life. In this context, in 2018 the Sesa Foundation supported Sesa Baby (Company Creche) for the children of employees of Group companies through a promotional activity and the payment of a contribution to the costs of managing the structure. The Sesa Foundation will also contribute to the organisation of a series of services aimed at satisfying the primary and secondary needs of company employees, improving their quality of life and well-being with the help of a system of agreements with private bodies in the area. In particular, in continuity with previous years, the Foundation envisages the organisation of an online shopping service, a laundry and ironing service and a postal service.

Development Programmes for 2019

The Sesa Foundation has presented an activity plan for 2019, following on from the work carried out last year in terms of projects and sectors of intervention. The initiatives and activities will be implemented and developed in a complementary and synergistic way with the various players in the area, with the aim of making the best possible use of resources.

Therefore, the Foundation's operational goals are confirmed for 2019:

- *Philanthropy and Charity:* sector of great importance for the Foundation, through the support of the most active associations in the sector and in the area which are increasingly turning to the Foundation, with particular attention to the social inclusion of disadvantaged categories such as the disabled and the elderly;
- *Art and cultural initiatives and initiatives for the territory,* a sector of intervention on which the Foundation focuses increasing attention by articulating interventions in two areas, namely the support for cultural activities and events in the area and the protection and enhancement of historical, artistic and environmental heritage;
- *University, Education and Training:* in 2019, collaboration with local schools will be intensified for the "Alternanza Scuola Lavoro" project, to which more and more resources will be dedicated. Particular attention will also be paid to the intensification of collaboration with Tuscan and national universities;
- *Corporate Welfare:* support for all initiatives aimed at improving the quality of life and the psycho-physical well-being of the Group's employees, and in particular support for Sesa Baby for the children of employees, will be confirmed;

In addition, donations and sponsorships in favour of cultural and historical events in the Empoli area are reconfirmed, as are initiatives in favour of bodies and associations dealing with the protection and enhancement of artistic and environmental heritage. The contribution to the

maintenance and decoration of the gardens in Piazza della Vittoria in Empoli, a meeting point for the local community, has been reconfirmed.

Extensive space will also be given to the organization of initiatives and conferences dedicated to the world of youth and new digital technologies. In February 2018, a conference entitled "The New Frontiers of Artificial Intelligence" was organised. The event, sponsored by the Municipality of Empoli, was attended by over 80 students from some classes of the Vanghetti and Busoni schools and the Istituto Calasanzio of Empoli. The conference is part of an educational programme on robotics which the two schools are pursuing through meetings and visits to the area. The Sesa Foundation welcomed the children and told them stories and details about artificial intelligence.

5. ETHICS, COMPLIANCE AND RISK MANAGEMENT

5.1. Compliance and the fight against corruption

In 2012, Sesa S.p.A. adopted a Code of Ethics for the first time, with the aim of describing a set of values and principles of conduct which the directors, statutory auditors, management and employees of Sesa and its subsidiaries, as well as all those who work for it, are inspired by and conform to in the pursuit of corporate goals.

This Code then takes on the name and value of the **Group's Code of Ethics** to be progressively implemented by all Group companies.

The Code of Ethics sets out the following values and principles, respect for which represents an essential and indispensable element for guiding the company's activities:

- **integrity:** consistency of conduct, rejection of all forms of corruption and discrimination in the management of relations with all company stakeholders;
- **correctness:** honesty and loyalty, compliance with company regulations and legal provisions, clarity and transparency;
- **professionalism:** expertise, application and quality in the performance of business activities, a fundamental element to compete and operate effectively and efficiently on the market;
- **business continuity:** the ability to behave in the interest of the Group with a view to long-term sustainable business continuity. This includes the far-sighted company policy of re-investing almost all of the profits generated by operations in the company;
- **attention to people:** attention to the Group's Human Resources and those that make up the community in which it operates are considered a primary and founding value of the Group. In particular, the Group protects and promotes the value of its Human Resources without any discrimination, promotes their professional growth and undertakes to ensure equal opportunities for employees to grow.

The Group has also adopted its own **Code of Conduct** containing guidelines on legal and professional obligations, relations with customers and other companies, organisational and administrative provisions, as well as personal conduct. It is based on the values and principles of professional and personal conduct generally required by our organisation.

It is based on the values and principles of professional and personal conduct generally required by our organisation.

The Group also aims to constantly ensure maximum compliance with all the regulations to which it is subject, with the activation and monitoring of specific control measures.

The main reference standards and control measures in force are listed below:

Sphere	Reference standard	Integrated controls
Safety in the workplace	Legislative Decree 81/2008 Consolidated Law on Safety in the Workplace	<ul style="list-style-type: none"> ✓ Activation of the controls required by law ✓ Periodic reports by the Head of Safety
Data Security	Legislative Decree 196/2003, single code on the security of personal data - European Regulation no. 679/2016 ("GDPR") on the protection of personal data	<ul style="list-style-type: none"> ✓ Adaptation of existing controls to the new European GDPR. ✓ Periodic reports by the DPO.
		<ul style="list-style-type: none"> ✓ Adoption of a certified management system in compliance with ISO 27001
Financial reporting	Law 262/2005 on the protection of savings and financial markets	<ul style="list-style-type: none"> ✓ Adoption of specific controls on administrative and accounting procedures, for the preparation of the financial statements and the consolidated financial statements, as well as other communications of a financial nature. ✓ Periodic exchange of information between the corporate audit bodies and functions and the Independent Auditors.
Social responsibility	Law 300/1970 workers' charter + labour legislation	<ul style="list-style-type: none"> ✓ Adoption of a certified management system in compliance with SA 8000. ✓ Regular flow of information from the Committee for Health and Safety in the Workplace to corporate bodies and control functions. ✓ Adoption of Group policies
Administrative responsibility	Legislative Decree 231/2001 - Administrative responsibility of legal persons for criminal matters	<ul style="list-style-type: none"> ✓ Adoption of the Group's Code of Ethics and Model 231. ✓ Exchange of information between the corporate audit bodies and functions.
Quality management system	ISO 9001	<ul style="list-style-type: none"> ✓ Adoption of managerial procedures; ✓ Adoption of a certified management system in compliance with ISO 9001:2015

The Sesa Group expressly prescribes that, in relations with all parties external to it, including the Public Administration, public and private institutions, customers and suppliers, all members of the Sesa Group must act in compliance with the laws, regulations, Model 231, the Group's Code of Ethics and Code of Conduct, meaning with honesty, fairness and loyalty, without improperly influencing in any way the decisions of the other party in order to obtain favourable treatment.

All employees and collaborators (directly or through third parties) are expressly prohibited from offering to or receiving gifts that could even be interpreted as exceeding normal business practices or courtesy or be intended as aimed at acquiring favourable treatment in the conduct of any activity connected to the Group.

Fight against corruption

The Group is active in the fight against the following types of corruption:

- active (offered);
- passive (acceptance);
- corruption involving a public person ("public corruption") or committed in relations between private parties ("private corruption");
- corruption aimed at having a person perform an act contrary to his/her official duties ("bribery");
- corruption involving the performance of official duty ("improper bribery");
- corruption "before" or "after" the performance of official duties.

Corruption is defined as the offer or acceptance, directly or indirectly, of money or other benefits which may influence the recipient, in order to induce or reward the performance of a function/activity or the omission thereof.

This matter is managed by a large body of internal legislation which includes references in the following documents, described below:

- Code of Ethics of the Sesa Group;
- The Organisation, Management and Control Model adopted by each Group Company pursuant to Legislative Decree 231/2016.
- Whistleblowing - Internal system of the Sesa Group for reporting breaches of banking and financial regulations and fraud;
- Careful management of Human Resources.

During the period covered by this Statement, all transactions were monitored for the risk of corruption. In addition, a serious and effective fight against corruption requires, first and foremost, those working within the Group to become aware of the situation and take a stance on it.

As in the previous year, no cases of corruption, unfair competition, monopolistic practices or antitrust involvement were reported.

As at 30 April 2019 (as in the previous year) no sanctions were imposed for non-compliance with laws and regulations in the social and economic fields.

5.2. The Internal Audit and Risk Management System

For each topic required by Legislative Decree 254/2016 we will provide, following a brief introduction relating to the internal audit and risk management system (IARMS), information:

- on the business model for the management and organisation of the company and the policies applied;
- on the main risks generated and endured;
- on the consequent performance ratios and results identified by the Group.

Effective risk management is a key factor in maintaining the Group's value with a view to sustainability over time. To this end, within the framework of the Corporate Governance system,

Sesa has defined an **Internal Audit and Risk Management System (IARMS)**, in compliance with best practices at national and international level, consisting of specific rules, procedures and organisational responsibilities. This system, which covers all the issues required by the decree, is organised to improve profitability, protect capital soundness and ensure compliance with external and internal regulations and codes of conduct. This promotes transparency towards the market by monitoring the risks assumed by the Group and, more generally, ensures that the company's activities are in line with the Group's strategies and risk propensity statement. The internal audit system is pervasive in the corporate organisational structure and involves the corporate bodies, the corporate control functions and the line structures.

In order to deal with the risks to which it is exposed, the Group has adopted suitable corporate governance procedures and adequate management and control mechanisms; specifically, the System of Internal Audit and Management of Corporate Risks consists of a set of **rules, procedures and organisational structures** aimed at identifying, measuring, managing and monitoring the main corporate risks. This system is integrated into the more general organisational and corporate governance structures adopted by the Company and takes into adequate consideration the reference models and best practices existing at national (code of conduct) and international level (CoSO - Internal Control - Integrated Framework).

Please refer to chapter 1, paragraph 4 "*The Sesa Group - Sustainability Governance*" - for further information on Corporate Governance, understood as the set of rules of good governance that regulate the management and direction of the Group.

The Group takes a **prudent approach** to the management of corporate risks, with a view to their prevention and mitigation. These controls cover all types of business risk undertaken in line with the characteristics, size and complexity of the activities carried out by the companies that are part of it.

The methodological approach taken by the Group involves the adoption of specific policies regarding the various types of risk, which provide criteria for their operational management from a Group and individual perspective. The guidelines for the corporate risk management system are defined in specific internal regulations.

The IARMS is the product of the sharing of corporate ethical principles and values, an expression of the Code of Ethics of Sesa, and is intended to consolidate a real culture of corporate controls based on legality, fairness and transparency in all business activities, involving the entire organisation in the development and application of methods to identify, measure, manage and monitor risks.

More specifically, the organisational structure for the management of corporate risks is the following:

- The **Audit and Risks Committee**, a body with consultative and propositional functions which, in compliance with the provisions of article 7, principle 7.P.3, letter (a), sub (ii), of the Code of Conduct, has the task of supporting, with an adequate preliminary activity, the assessments and decisions of the Board of Directors relating to the internal audit and risk management system, as well as those relating to the approval of the periodic financial reports.
- the **Board of Directors** which, as a collegiate body, performs a role of guidance and assessment of the adequacy of the IARMS; in particular, in relation to the non-financial issues covered by this Statement, it should be noted that the Board has the primary task of defining the guidelines of the IARS, in line with the strategic objectives and risk profile of the same, with a view to the medium/long-term sustainability of corporate activities;

- **Internal Audit**, which systematically verifies the effectiveness and efficiency of the Internal Audit and Risk Management System as a whole, reporting the results of its activities to the Chairman, the Executive Deputy Chairmen, the Managing Director, the Board of Statutory Auditors, the Audit and Risk Committee, and the Supervisory Committee of Sesa for the specific risks associated with compliance with Legislative Decree 231/2001, and annually to the Board of Directors;
- the **Board of Statutory Auditors**, which, by virtue of its activity of monitoring the adequacy of the organisational, administrative and accounting structure adopted by the company, supervises the effectiveness of the IARMS as the "top management" of the Company's supervisory system.
- the **Supervisory Body**, pursuant to Legislative Decree 231\2001 which verifies the adequacy of Model 231, focusing particularly on its effectiveness in preventing unlawful conduct, and constantly monitors the application and observance of Model 231 (for further details, see Chapter 1, Paragraph 2).

Within the Sesa Group, the Risk Management Procedure is divided into four distinct phases:

- **Identification** of the risk, aimed at identifying the sources of risk, the events and their causes, identifying the respective areas of impact and the potential consequences, thereby creating a complete catalogue of the risks.
- **Assessment** of the risk, aimed at examining the possible risks, their probability of occurrence and their impact;
- **Management** of the risk, i.e. tracing the activities carried out for each area of action;
- **Monitoring** of the risk, aimed at ensuring adequate feedback on the effectiveness of the management actions undertaken.

Strategic decisions at Group level regarding risk management are made by the Parent Company's corporate bodies; as far as the main subsidiaries are concerned, the corporate bodies of each of them are aware of the risk profile and management policies defined by the Parent Company and are responsible for the implementation of these policies in a manner consistent with the corporate situation. With a view to an effective and efficient risk management and control system, the Group assigns specific responsibilities in this area to its organisational structure: to this end, the principle of separation of the functions involved in the risk control process is applied, in accordance with the provisions of prudential supervisory regulations.

In addition to the risk factors reported in the "*Main risks and uncertainties to which the Group and Sesa SpA are exposed*" in the Report on Operations, the main risks generated or endured as a result of the company's activities, products, services or commercial relations are shown below. For this reason, we feel it is our duty to focus on the following **significant areas**, which are constantly updated and monitored (in line with the requirements of Legislative Decree 254/2016):

- **Fight against active and passive corruption:** For some time now, the fight against active and passive corruption has been dealt with within the framework of Organisational Model 231/01 adopted by the Parent Company and its subsidiaries¹⁰;
- **Social and personnel issues:** Personnel-related issues are dealt with primarily through Group Guidelines (see Chapter 5, Paragraph 1 - Code of Conduct) which set out the general principles with which to pursue a common logic of human resource management and

¹⁰ In the Sesa Group, the following companies have an Organisational Model 231/01: Sesa S.p.A., Var Group S.p.A., Computer Gross Italia S.p.A., ITF S.r.l.

development and specific policies on recruitment, management and development of personnel;

- **Human Rights:** It should be noted that this issue is already covered by the Code of Ethics, which is binding for shareholders, members of the corporate bodies, top management, employees, including executives, and all those who, although external to Sesa, work directly or indirectly for the Company¹¹. In addition to this, in 2015 Sesa S.p.A. acquired SA8000 ethical certification, aimed at guaranteeing compliance by the company with certain key principles of corporate management relating to corporate social responsibility, including respect for human rights, respect for employee rights, protection against the exploitation of minors and guarantees of health and safety in the workplace;
- **Environment:** The Group's commitment to environmental issues is active, and over time it has initiated processes to monitor consumption with a view to reducing it, thanks to the efficient use of resources and optimal waste management.

5.2.1 Management of socio-environmental risks

The Group is also aware of the importance of identifying, assessing, preventing and reducing potential risks, including those of a non-financial nature, i.e. the social and environmental risks described below:

- **Environmental risk:** related to the use of energy resources (renewable and non-renewable sources), greenhouse gas emissions, waste production and disposal. However, we must make it clear that the Group's companies operate mainly in the service sector, so there are no significant environmental risks associated with the business as a whole, but only general risks normally inherent in business activities and managed in accordance with regulations or dedicated initiatives, which may concern the disposal of waste and emissions into the atmosphere;
- **Social risk:** linked to relational aspects with customers and, more generally, with the community, with particular regard to the economic and social development of local communities, in relation to which the Group seeks to be a reliable and authoritative interlocutor by adopting an integrated and rigorous conduct, attentive to the needs of its stakeholders, aimed at maintaining profitability and solidity guided by sustainability and, therefore, durable in the long term, in order to create shared value with which to contribute to the well-being and progress of the community itself;
- **Personnel-related risk:** related to the management of collaborators and persons in a similar position, including the actions implemented to protect health and safety in the workplace, to guarantee gender equality, the measures aimed at implementing the agreements of international and supranational organisations in this area, and the methods with which the dialogue with the social partners is carried out;
- **Risk of failure to respect human rights:** related precisely to the failure to respect human rights, including employee rights, and/or related to attitudes and actions that are in any way discriminatory. The geographical area in which the Sesa Group operates does not generate particular potential risks of breach of human rights, such as the exploitation of child or forced labour, the breach of employee rights and personal rights in general. These

¹¹ Sesa S.p.A., in its capacity as Parent Company, requires that none of the companies belonging to the Group adopt behaviours or make decisions that are prejudicial to the integrity and reputation of the Group or its members. All Group companies are therefore required to incorporate the same values expressed in the Parent Company's Code of Ethics into their own Code of Ethics, aligning their conduct to comply with the law and any applicable regulations.

are general risks normally inherent in business activities and managed in accordance with the provisions of the law or dedicated initiatives, with the exception of risks associated with contracts and subcontracts, in relation to which the Sesa Group adopts very strict policies and controls;

- **Risk in the fight against active and passive corruption:** related to the possible occurrence of events and/or circumstances linked to the fight against active and passive corruption. Sesa operates in a country, Italy, which presents a medium/high risk of corruption and this risk concerns both corruption between private parties and the Sesa Group's relations with the Public Administration. In particular, activities sensitive to corruption may include the following:
 - management of inspections and relations with Supervisory Authorities;
 - management of relations with public entities for obtaining and renewing authorisations, licences and administrative measures functional to the exercise of company activities;
 - management of processes for access to subsidised or non-repayable financing at regional, national and EU level;
 - procurement of goods and services, including contracts;
 - the process of managing sales to the Public Administration and participation in tenders;
 - management of relations between related parties and Intercompany.

These areas are however centrally monitored, with specific reports to the Supervisory Body of the parent company Sesa S.p.A.. Lastly, as regards the management of relations between related parties, it should be noted that at its meeting held on 23 September 2013, Sesa's Board of Directors resolved to adopt the "Procedure for transactions with related parties" implemented in accordance with Consob Regulation no. 17221 of 12 March 2010, as subsequently amended and supplemented (the "Regulation of Related Parties"), with effect from the Date of Listing. This procedure is aimed at regulating transactions with related parties carried out by the Company, also through subsidiaries pursuant to art. 2359 of the Italian Civil Code or by companies subject to management and coordination activities, in order to guarantee the substantial and procedural correctness of such transactions, as well as correct disclosure to the market. The Issuer has identified the Audit and Risk Committee as the body competent for transactions with related parties which, pursuant to the Related Parties Procedure, assumes the role of Related Parties Committee.

As a result of the activity carried out at national level only, these social and environmental risks deriving from the company's activity, the products/services offered and the supply and subcontracting chains are adequately mitigated by the current **regulatory and procedural measures** implemented by the Sesa Group as part of the overall system of Internal Audits and Management of Corporate Risks. To this end, the Group has identified the main impacts relating to personnel and human rights, the main environmental and social impacts, and the main impacts relating to the fight against corruption, and monitors them using the indicators reported in this document and listed in the tables at the end of the document.

The Group undertakes to systematically update its socio-environmental policies and is also assessing the feasibility of implementing the most recent developments and trends in terms of monitoring risks associated with social-environmental aspects and their financial impact on our business model and strategy, with particular reference to indirect risks associated with lending or financing/investment activities and indirect risks associated with the supply chain.

In view of the activities carried out and the markets in which the Group operates, non-financial risks are mainly related to the areas described above. The individual chapters of the Statement describe

the policies adopted and the activities carried out by the Group to ensure their correct management.

As at 30 April 2019 (as in the previous year) no sanctions were imposed for breaches of human rights or cases of discrimination.

5.2.2. Mitigation matrix

The risk management process consists of a series of closely related activities to help manage corporate risks in line with the Company's goals.

The activities carried out are:

- identification of risks and description of the company's risk profile;
- risk assessment for the development of a coherent and rational plan of action;
- risk management in the strict sense, i.e. the application of techniques capable of influencing risk according to the strategy chosen by management;
- monitoring the effects and adequacy of the techniques applied.

The Sesa Group has appropriately identified certain risks as "tangible" and this mapping, based on the possible risk factors associated with the most important issues already identified by the Group, represents a first step towards understanding how social and environmental issues, and those relating to personnel management, human rights and the prevention of corruption, can affect the effectiveness and sustainability of the business model in the short, medium and long term, and may be supplemented in the years to come with in-depth studies on specific risk areas or assessment activities.

In short, the main risks associated are identified as follows:

Sphere of Leg. Decree 254/2016	Description of the risk	Mitigating actions
Personnel management	<p style="text-align: center;">Sector</p> <p>The market in which Sesa operates is characterised by a high degree of specialisation and expertise. Maintaining the competitive position achieved in the markets in which it operates, favoured by a certain importance of access barriers and by Sesa's ability to manage rapid changes in the market in advance, will depend on Sesa's ability to offer quality solutions, to update the products, services and know-how it offers, and on the possible arrival of new competitors. Therefore, the ability to attract and retain new and qualified resources is essential, as is the ability to define training plans capable of providing its staff with all the necessary tools for the development of innovative solutions. The inability to attract resources and set up adequate training programmes could have negative effects on the Group's future prospects.</p>	<p style="text-align: center;">Policy for the management, training, development and loyalty of Human Capital</p>

	<p style="text-align: center;">Dependence on key persons</p> <p>Sesa's future development depends significantly on a number of key management figures who, thanks to their extensive experience in the sector and in-depth knowledge of Sesa's business, have contributed significantly to its success. The possible loss of these people, if it were not possible to replace them adequately and promptly with people with the same experience and expertise, could lead to a reduction in the Group's competitive capacity and affect the growth targets set with negative effects on business and on the economic, equity and financial situation of the Issuer and the Group as well as on the reproducibility of the results achieved over time.</p>	<p>Retention and loyalty plans for key personnel within the Group.</p> <p>Operational and managerial structure capable of ensuring continuity in the management of corporate affairs.</p>
	<p style="text-align: center;">Respect for Diversity</p> <p>The Group works constantly to ensure respect for diversity and equal opportunities for its employees. The Group's Code of Ethics contains express provisions on the subject. The group monitors regulatory developments in order to be ready to respond to any changes.</p>	<p>All Group employees and collaborators are required to disseminate and accept the Code of Ethics.</p>
	<p style="text-align: center;">Working environment</p> <p>Although the activities carried out by the Group do not involve a high risk for the safety of employees and external collaborators, it is important to guarantee a healthy and safe working environment. Failure to comply with applicable legislation on health and safety in the workplace could result in damages to the Group's human resources or in legislative non-compliance and ultimately have negative effects on the Group.</p>	<p>Direct management of employee health and safety through practices and procedures. In the main Group companies, specific policies on the subject, where required by regulations or market practices.</p>
<p>Environment</p>	<p style="text-align: center;">Emissions management</p> <p>The absence of an emissions management programme and a lack of energy efficiency measures which could generate financial benefits as well as an improvement in environmental performance could expose the Group to a potential reputational risk, should it be called upon to report on its environmental performance.</p>	<p>Progressive coverage of energy costs thanks to the use of renewable energy (photovoltaic panels) and the creation of awareness among employees of the need to manage the resources available more carefully.</p>
	<p style="text-align: center;">Waste management</p> <p>In the performance of its business activities, the Sesa Group produces waste, including special waste (e.g. Toner and WEEE), the disposal of which is subject to specific legal requirements. In the absence of a programme to monitor waste disposal methods, the Group may not be compliant with current legislation.</p>	<p>Delivery of all its electrical and electronic waste to external companies specialised and authorised for correct disposal.</p>

Human rights	<p style="text-align: center;">External collaborators</p> <p>In carrying out its activities, the Sesa Group may flank its teams with external collaborators. The absence of an ethical assessment process for external collaborators (compliance with the law, human rights, corruption, social issues) during the selection phase could have negative effects on the Group in the long term.</p>	<p>Procedure for the selection and authorisation of major service providers.</p>
	<p style="text-align: center;">Defence of human rights</p> <p>In conducting its business, the Group undertakes to promote the protection of human rights, avoiding any form of discrimination. However, the absence of a corporate policy to prevent the occurrence of episodes of discrimination and to manage them, if necessary, could increase the likelihood that episodes will occur that are not in line with internal and external regulations.</p>	<p>Preparation of an internal reporting system; employees may report any irregularities or breaches of applicable regulations and internal procedures to the supervisory board (se-called whistleblowing)</p>
Social	<p style="text-align: center;">Data protection</p> <p>The Sesa Group, providing business-to-business services, comes into contact with a series of information on which it has an obligation of confidentiality. Inadequate systems and procedures to ensure the protection of such data could lead to the loss of such data and cause negative effects for the Group.</p>	<p>Adoption of policies and procedures to guarantee the correct use of customer data by employees and collaborators.</p>
	<p style="text-align: center;">Unfair competition</p> <p>The Sesa Group, operating in a highly competitive market, could suffer damages from competitors who adopt unfair competition practices. Moreover, if one or more Group companies adopt commercial/competitive practices that do not comply with the Company's ethical values or the relevant regulations, this could cause potential damage to the entire Group.</p>	<p>Dissemination of the Group's Code of Ethics and requirement by employees and collaborators to explicitly accept it.</p>
	<p style="text-align: center;">Shared ethical values</p> <p>Sesa is a Group with a branch structure throughout the country and, therefore, the potential risks associated with personnel management come from the normal problems of remote management of employees and any non-compliant conduct not detected promptly (such as improper conduct of staff or company managers). The absence of ethical values shared by all Group employees could lead to the occurrence of episodes not in line with current regulations, generating negative effects for the Group.</p>	<p>Promotion of a corporate culture based on ethical principles established by top management.</p>

Fight against corruption	Corruption Risk¹² In the performance of its business activities, the Sesa Group enters into commercial relationships with other companies, therefore its employees are potentially subject to episodes of active and passive corruption.	Adoption, by Sesa SpA and the main Group companies, of an organisation, management and control model pursuant to Legislative Decree 231/2001.
---------------------------------	---	---

6. INFORMATION – DNF

6.1. Value distributed to Stakeholders

The Sesa Group creates value by participating in the growth of the socio-economic context in which it operates. The creation of value begins with the development of relations with stakeholders and with the management and optimisation of financial, productive, intellectual, human, social and relational assets. Value involves two closely related dimensions: value created for the organisation and value generated for its shareholders and for society in general. This aspect is expressed through a wide range of activities, interactions and relationships that integrate and enrich these areas; the concept of distribution of economic value makes it possible to interpret the main financial data contained in the Management Report and in the Financial Statements from the point of view of the stakeholders and to understand the economic impacts of the Company. The Group's primary aim is to create economic value that is sustainable over time, as an indispensable condition for remunerating shareholders and employees and maintaining an adequate level of capitalisation to support lending activities through provisions to reserves.

The aim of this chapter is to describe how most of the economic value generated by the Group, which amounted to 1.55 billion euro as at 30 April 2019, has been redistributed to its stakeholders. The value distributed increased significantly (+13.8%) compared to the previous year at 30 April 2018.

As shown in the table below, as at 30 April 2019 out of a total net added value of approximately Euro 150 million, the net economic value distributed amounted to Euro 128 million, up by Euro 24 million (+19.1%) compared to the previous year and also in proportion to the net added value (from 83.5% as at 30 April 2018 to 85.0% as at 30 April 2019), confirming the Group's goal of growing in line with the operating context in which it operates. The net economic value retained by the Group went from Euro 20.9 million at 30 April 2018 to Euro 22.6 million at 30 April 2019.

Euro/thousands	30/04/2019	30/04/2018	30/04/2017
Net added value	150,488	126,348	117,011
Net economic value distributed	127,941	105,462	98,590
Net economic value retained	22,547	20,886	18,421

Added Value represents the link between the economic and financial data of the Financial Statements and the social reporting; as such, it expresses a synthetic quantity capable of reflecting

¹² As far as relations with the Public Administration are concerned, examples of activities at risk are the presentation of untrue statements to national or local public institutions in order to obtain public grants or the assignment of contracts, or the use of public funds for purposes other than those for which they were granted. With regard to relations with the Public Administration, in particular, the risk of corruption is also linked to participation in calls for tenders for the allocation of direct or indirect funding for research and development activities. These loans are currently not significant in relation to the Group's business volume.

and quantifying the results achieved by the company in its relations with the various Stakeholders of the Group.

The following statement of income represents a reclassification of the consolidated income statement which represents the wealth produced and distributed by the Group to stakeholders in the year ended 30 April 2019.

A reclassification of the items in the consolidated income statement of the Sesa Group highlights the "wealth" created, expressed as the difference between net revenues and the consumption of goods and services and the relative distribution to Stakeholders:

- **human resources**, through the payment of wages, salaries, welfare contributions, other social security charges and other costs related to personnel;
- **partners and shareholders**, through the distribution of dividends;
- the **system of bodies/institutions**, through the payment of taxes and duties;
- the **territory and the community**, through gifts, donations or other interventions of social interest or philanthropic initiatives.

In particular, this reclassification indicates the "quantitative capacity of the organisation to create value for its stakeholders".

ECONOMIC VALUE GENERATED AND DISTRIBUTED	30/04/2019	%	30/04/2018	%	Change 19/18
Net revenues	1,539,854	99.3%	1,350,900	99.1%	14.0%
Other Income	10,751	0.7%	12,135	0.9%	-11.4%
Company profit evaluated at equity	823	0.1%	376	0.0%	118.9%
Economic value generated	1,551,428	100.0%	1,363,411	100.0%	13.8%
Reclassified operating costs (purchases, services, etc.)	(1,379,312)	-88.9%	(1,220,232)	-89.5%	13.0%
Amortisation, depreciation and other non-monetary costs	(21,628)	-1.4%	(16,831)	-1.2%	28.5%
Net added value	150,488	9.7%	126,348	9.3%	19.1%
Remuneration of employees	96,318	64.0%	79,053	62.6%	21.8%
Remuneration of employees financiers*	4,400	2.9%	3,635	2.9%	21.0%
Remuneration of shareholders**	9,762	6.5%	9,297	7.4%	5.0%
Remuneration of the Public Administration	17,461	11.6%	13,477	10.7%	29.6%
Net economic value distributed	127,941	85.0%	105,462	83.5%	21.3%
Self-financing	22,547	15.0%	20,886	16.5%	8.0%
Economic value retained	22,547	15.0%	20,886	16.5%	8.0%

* Equal to the balance of net financial income and expense

** Determined on the basis of the proposal made by the Board of Directors on 11 July 2019 (data as at 30 April 2019) and by the Shareholders' Meeting held on 25 August 2018 (data as at 30 April 2018).

The net added value of the Sesa Group as at 30 April 2019 was Euro 151 million, distributed as follows:

- personnel remuneration was Euro 96.3 million, up 21.8% on the previous period. The dynamics of this sector, which grew by more than Euro 17 million compared to the previous year, are linked to the increase in the workforce, as a result of corporate acquisitions and the plan to recruit new Group resources, as well as the increased specialisation and average qualification of the human capital;

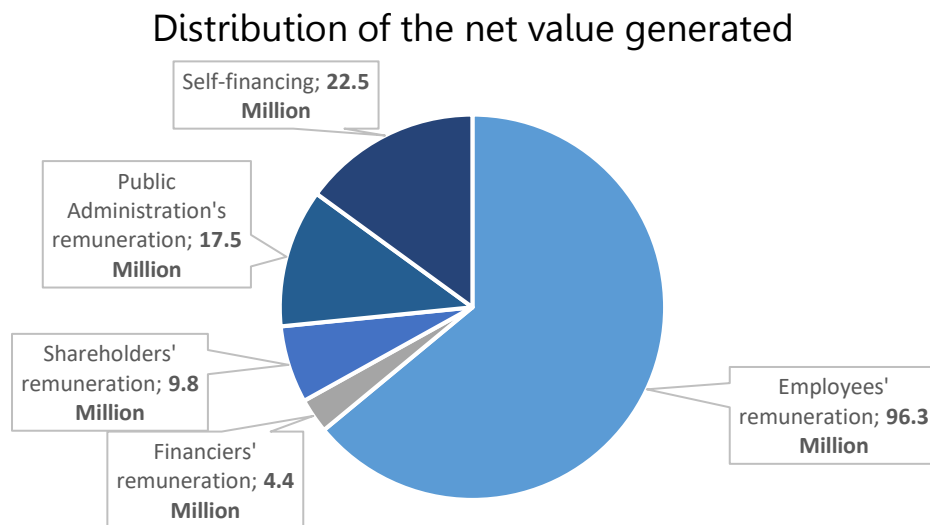
- remuneration of the public administration amounted to Euro 17.5 million (+29.6% compared to the previous year) and is related mainly to current taxes, which increased due to the higher profitability of the Group, and to the tax charges incurred by Computer Gross Italia SpA for the closure of the tax dispute.

It should also be noted that the remuneration of the shareholders, through the distribution of dividends for the year ended 30 April 2019, was approximately Euro 9.8 million Euro 0.63 per share), +5.0% compared to 30 April 2018.

As regards the percentage of net value added distribution, it should be noted that Human Resources is the Stakeholder that benefited most from the Group's wealth creation, which accounted for around 63% of the added value, up even more than in the previous year (when it accounted for around 62% of the added value) as a result of the Group's greater focus on activities and services with a high content of professionalism and specialisation.

15.6% of the Added Value was maintained within the Group, mainly to strengthen its balance sheet and represents a form of self-financing for Sesa.

The following graph shows the distribution of the Sesa Group's **Added Value for 2019** of approximately Euro 150.5 million, of which Euro 22.6 million of retained economic value (self-financing) and Euro 127.9 million of distributed economic value.



Lastly, it should be noted that:

- ✓ for further information on the economic and financial situation of the Sesa Group, please refer to the "Annual Financial Report", available in the Investor Relations section of the website www.sesa.it;
- ✓ Information about the Company's ownership structure is provided in the "Report on Corporate Governance and Ownership Structure," available in the Corporate Governance section of the website www.sesa.it, to which reference should be made.

6.2. Correlation table in compliance with Legislative Decree 254/2016

Table explaining the contents of the non-financial statement with reference to the adoption of the GRI Sustainability Reporting Standard and the requirements of Legislative Decree 254/16.

Leg. Decree 254/2016	Material	Risks identified	Policies practiced	Topic specific standard/disclosure	Chapter/paragraph of reference	Reporting Perimeter	Notes
Environmental	Energy consumption	Par. 5.2	Chap. 2	302-1: Internal energy consumption	Chap. 2	All Group companies consolidated on a line-by-line basis as at 30.04.2019.	<u>Policies</u> : No specific environmental policy has been formalised as all Group companies operate in the service sector. However, the Group manages these issues in accordance with a practice designed to improve the efficiency of its environmental impact, as explained in its Code of Ethics and Model 231.
	Emissions	Par. 5.2	Chap. 2	305-1: Direct GHG emissions (Scope 1) 305-2: Indirect GHG emissions (Scope 2)	Chap. 2	All Group companies consolidated on a line-by-line basis as at 30.04.2019.	<u>Policies</u> : see above.
	Waste	Par. 5.2	Chap. 2	306-2: Waste by type and disposal	Chap. 2	All Group companies consolidated on a line-by-line basis as at 30.04.2019.	<u>Policies</u> : see above. <u>Ratios</u> : With reference to the waste ratio indicator, it was not possible to report the tonnes of municipal solid waste as it is managed by the public collection service.
	Water consumption	Not present	Not present	303-1: Drawing of water by source	Chap. 2	All Group companies consolidated on a line-by-line basis as at 30.04.2019.	<u>Risks and Policies</u> : The Group has not formalised policies and risks in relation to "Water consumption", as water is used solely in the bathroom facilities and consumption is not a material issue.
Social	Responsible supply chain	Par. 4.2.1	Par. 4.2.1	At present, the topic is dealt with from a qualitative point of view alone.	Par. 4.2.1	All Group companies consolidated on a line-by-line basis as at 30.04.2019.	<u>Risks and Policies</u> : The Group is assessing the feasibility of implementing risk monitoring systems and related management policies related to social and environmental aspects, with particular reference to the indirect risks arising from the supply chain.
	Relations with local communities	Par. 5.2.1	Par. 4.3	Other (non-GRI): - Total amount allocated to social projects - Number of projects and students involved	Par. 4.3	All Group companies consolidated on a line-by-line basis as at 30.04.2019.	The Group reports on the activities carried out by the Sesa Foundation.

	Customer relations and customer satisfaction	Par. 5.2.1	Par. 4.2.2	At present, the topic is dealt with from a qualitative point of view alone.	Par. 4.2.2	All Group companies consolidated on a line-by-line basis as at 30.04.2019.	
--	--	------------	------------	---	------------	--	--

Concerning personnel and respect for human rights	Occupation	Par. 5.2	Par. 5.2	102-8: Information on personnel; 401-1: Number of new hires and turnover	Chap. 3	All Group companies consolidated on a line-by-line basis as at 30.04.2019.	
	Staff health and safety	Par. 5.2	Par. 5.2	403-2: Types of accident and accident rates, occupational diseases, days lost, absenteeism and number of work-related fatalities.	Chap. 3	All Group companies consolidated on a line-by-line basis as at 30.04.2019.	<u>Ratios:</u> for this year of reporting, the total number of hours worked could not be used to calculate the accident, frequency and severity ratio. Therefore, the frequency and severity indices are calculated on the hours worked only by the companies whose human resources are managed centrally by the Parent Company; for details, see note 8.
	Corporate welfare	Par. 5.2	Par. 3.3	401-3: Parental leave	Chap. 3	All Group companies consolidated on a line-by-line basis as at 30.04.2019.	
	Equal opportunities and staff training	Par. 5.2	Par. 5.2	405-1: Diversity in governing bodies and employees	Chap. 3 Par. 1.3	All Group companies consolidated on a line-by-line basis as at 30.04.2019.	
	Defence of human rights	Par. 5.2	Par. 5.2	406-1: Discriminatory incidents and actions taken	Par. 5.2	All Group companies consolidated on a line-by-line basis as at 30.04.2019.	
Fight against active and passive corruption	Compliance and the fight against corruption	Par. 5.2	Par. 5.1	419-1: Non-compliance with laws and regulations in the socio-economic field. 205-3: Corruption incidents and actions taken	Chap. 5	All Group companies consolidated on a line-by-line basis as at 30.04.2019.	

7. INDEPENDENT AUDITORS' REPORT



Independent Auditor's report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of Legislative Decree No. 254/2016 and article 5 of CONSOB Regulation No. 20267 of January 2018

To the Board of Directors of SESA SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267, we have performed a limited assurance engagement on the consolidated non-financial statement of SESA SpA and its subsidiaries (hereafter the "Group" or "SESA Group") for the year ended 30 April 2019, in accordance with article 4 of the Decree, included in specific section of Management report and approved by the Board of Directors on 11 July 2019 (hereafter the "NFS").

Responsibility of Management and those charged with Governance for the NFS

Directors are responsible for the preparation of the NFS in accordance with article 3 and 4 of the Decree and with the GRI-"Sustainability Reporting Standards", defined in 2016 by the GRI-Global Reporting Initiative (hereafter "GRI Standards") identified by them as the reporting standard, with reference to a selection of GRI Standards therein contained.

Directors are responsible, in the terms prescribed by law, for such internal control they deem to be necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, performance, results and related impacts.

Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated and/or faced by the Group.

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

Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts International Standard on Quality Control 1 (ISQC Italy 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.



Auditor's responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and with the GRI Standards. We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information (hereafter “ISAE 3000 Revised”), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In particular, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and the with the reporting standard adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. comparison of the financial information reported in the NFS with those reported in the Group's Consolidated Financial Statements;
4. understanding of the following matters:
 - business and organisational model of the Group, with reference to the management of the matters specified by article 3 of the Decree;
 - policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
 - main risks, generated and/or faced by the Group, with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 5 a) below.

5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS. In particular, we held meetings and interviews with the management of SESA SpA, and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at a group level,



- a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify their consistency with available evidence;
- b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;
- for Technological pole located in Empoli (FI), which was selected on the basis of its activities and its contribution to the performance indicators at a consolidated level, we carried out site visits and walk through procedures during which we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of SESA Group as of 30 April 2019 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the GRI Standards, with reference to a selection of GRI Standards therein contained.

Other aspects

Comparative 2017 and 2018 data disclosed in paragraph 2.3.1. *Consumption of energy, water and natural gas*, which were part of our limited assurance engagement on which we issued a clean report on 24 July 2018, have been restated, compared to those published in NFS 2018, to align reporting perimeter of those fiscal year to 2019 perimeter (refer to paragraph “Methodological Note and reading guide”).

Firenze, 23 July 2019

PricewaterhouseCoopers SpA

Signed by

Luigi Necci
(Partner)

Signed by

Paolo Bersani
(Authorised signatory)

This report has been translated from the original, which was issued in Italian, solely for the convenience of international readers. We have not performed any verification procedures on the English translation of the NFS of SESA Group as of 30 April 2019.