



Consolidated Non-Financial Statement in accordance with Italian Legislative Decree no.  
254/2016



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## Letter to stakeholders

Stakeholders,

It is with great pleasure that share our first consolidated non-financial statement with you this year.

Alkemy has now entered its eighth year, continuing to operate on the strength of its ever more extensive range of skills and close-knit professional community numbering almost 700 people, bound by our values and culture. We are today an international business operating in Italy, Spain, Mexico and the Balkans, established on the basis of a partnership model with our customers to enable innovation and growth through digital leverage.

Over the last two years, we have realised, thanks to our intense work with our customers, that digital is no longer a point of arrival of the business transformation, but rather the new point of departure. We have therefore transformed our mission, expanding upon our capacity as business enablers to cover the new post-digital era. Starting this year, we see ourselves as enabling evolution for our customers' business and, as our new positioning says:

*we design business evolution through data, technology and creativity.*

Structurally, we look to be an integrated partner; one that can design and present the very best "recipe" by which to direct and guide all business needs. Starting out from the individual high quality "ingredients", our skills in consulting, creativity, design, performance, data and technology, we have developed simple, yet effective solutions to assist our customers efficiently throughout execution.

In doing so, we put the customer at the heart, which is clearly the aspect most important to preserve and for whom we wish to constantly generate value. Then, all around the customer, we have built up an operative, organisational model that can assure the monitoring of the effectiveness of our interventions and the satisfaction generated, also through listening directly to our main interlocutors. The aim is to construct a long-term relationship, which identifies us not as simple suppliers of services, but rather as an integrated partner to be engaged continuously, in support of programmes of change, transformation and acceleration. In enabling the innovation process of its customers' business model and, accordingly, their competitiveness, Alkemy ultimately seeks to contribute towards the evolution and development of the whole country system.

The innovation process is guided by our approach to research and development. Alkemy has a dedicated R&D area, the Alkemy Lab. The ensuing innovation is technological and product in nature, in the areas of Data & Geo Intelligence, Smart Object for the IoT, Membership applications for the Blockchain, Secure, Decentralised Identities, Smart Contract, Augmented Reality & Virtual Reality platforms and Vocal Applications.



The Alkemy Lab allows us to apply and make direct use on the customer's orders, models, engines and innovative tools and to lay out our consulting services on new frameworks, such as Agile, Scrum, Design Thinking and Growth Hacking. Part of the R&D effort is applied to internal programs for our people, our talents and the organisation of teamwork, through qualified, continuous relations with universities and research centres, incubators and start-up accelerators.

Indeed, this evolution is only possible thanks to Alkemy's people. This is why we want Alkemy to be a place where everyone feels free to express their talent and can feel at home. The diversity of our competences is reflected in the diversity of our talents, which are our greatest proprietary asset: it is thanks to them, that we can guarantee customers constant, tangible results, towards which everyone makes a contribution first-hand, according to their specific professional skills, participating in the success of the customer and, therefore, of Alkemy.

The management pays particularly close attention to the research and selection of the very best talents, based on two key principles: *good people* with specific skills and solid experience, but at the same time *people who are good*, in line with the business culture and values.

Excellence, passion, integrity and a concrete approach are the hallmark values of Alkemy, which we all share and which guide us as we pursue our mission. The Alkemy values define our very identity and underlie our organisational culture, guiding our conduct in regard to all our people and customers, evolving and building our approach to business.

Alkemy: a cultural model of growth and development based on customers and people, independent and Italian but with international ambition.

Duccio Vitali,

Chief Executive Officer Alkemy SpA



## Methodological note

### Reporting standards

The Alkemy Group (hereinafter also the “Group”) Consolidated Non-Financial Statement (hereinafter also referred to as the “Non-Financial Statement” or the “NFS”), prepared in accordance with Articles 3 and 4 of Italian Legislative Decree no. 254/2016 (hereinafter also the “Decree”), reports, to the extent necessary to ensuring the full understanding of the business activity, its performance, results and the impact it has on topics considered as relevant and envisaged by Art. 3 of the Decree with reference to FY 2019 (from 1 January to 31 December).

This Non-Financial Statement, which will be published once a year, has been prepared in compliance with the “GRI Sustainability Reporting Standards”, published in 2016 by the Global Reporting Initiative (GRI), according to the “GRI Referenced” approach. In regard to the specific standards GRI 403 (Occupational health and safety), the latest version of the GRI Standards has been adopted, published in 2018. Finally, in order to facilitate the reader in finding information in the NFS, a GRI Content Index is given on pages 58-64.

The contents of the document, which reflect the principle of materiality or relevance, an element envisaged by the reference legislation and characterising the GRI Standards, refers to the material topics for the Group and its stakeholders.

The data given in this Statement refers to FY 2019 only, insofar as, as envisaged by Art. 12 of the Decree, during the first time adoption of the standards on non-financial reporting, we have decided, wherever possible, to provide a qualitative comparison with previous years. The Group will provide the relative comparison with qualitative/quantitative data starting the next reporting year. Finally, in order to ensure a correct representation of performance and guarantee the reliability of the data, the use of estimates was avoided as far as possible and, where present, such estimates are duly reported.

In 2019, we note the following changes that took place in respect of the previous year:

- the acquisition, on 17 July 2019, of a 20% stake in the related company Design Group Italia based in Milan, Italy;
- the sale of the company Tako Lako, based in Belgrade, Serbia;
- 24 months after listing on the Borsa Italiana AIM Italia (on 05 December 2017), the Alkemy S.p.A. shares were transferred for trading on the STAR segment of the telematic stock market (MTA) of Borsa Italiana (starting 17 December 2019).

### Reporting boundary

The reporting boundary relates to the parent company Alkemy S.p.A. and the subsidiaries consolidated on a line-by-line basis as at 31 December 2019, as shown on page 8 of this Statement.



The following exceptions are noted to the reporting boundary:

- Information on energy consumption (GRI 302-1) and CO<sub>2</sub> emissions (GRI 305-1 and GRI 305-2) regard only the Group's Italian companies, insofar as the companies Alkemy Play S.r.l., Alkemy Play D.o.o., Alkemy SEE D.o.o., Alkemy Digital Hub D.o.o., Alkemy USA Inc., Alkemy Iberia S.L. and Ois Marketing Digital S.A. are not significant in terms of consumption. Moreover, the data collection and monitoring systems in place at the remaining foreign countries do not, to date, allow for the timely collection of the information necessary for reporting on the indicators.

Please note that with reference to the information envisaged by Art. 3, paragraph 3 of the Decree, in view of the Group's business segment, the following topics were not considered relevant in offering a representation of the corporate business:

- other atmospheric polluting emissions apart from greenhouse gas emissions;
- water consumption;
- human rights.

As regards the topic of human rights, despite the fact that they are not material for the context in which the Group operates, is overseen by the Code of Ethics introduced together with the Model 231, and aimed at recognising and respecting personal dignity, the private sphere and the rights of all employees.

For more information, please refer to the document "Code of Ethics" published on the company website <https://www.alkemy.com/governance/>.

### **Approval and verification**

The Statement was submitted for approval by the Alkemy S.p.A. Board of Directors on 24 March 2020 and, moreover, was subjected to a limited audit ("limited assurance engagement" according to the criteria laid down by the standard ISAE 3000 Revised) by Deloitte & Touche S.p.A., in accordance with the provisions of Art. 3, paragraph 10 of Decree 254/2016. The audit report is attached to this document.



## Group Profile

Established in 2012, the Alkemy Group operates to improve the market position and competitiveness of its customers, stimulating the evolution of the business model consistently with technological innovation and consumer conduct. Thanks to the competences of its people, the Group contributes towards the evolution of its customers' business, staying one step ahead of the transformations of the post-digital scenario.

The Group comprises the Parent Company Alkemy S.p.A., with registered office at Via San Gregorio 34 in Milan, and 13 direct or indirect subsidiaries in Italy, Serbia, Spain and Mexico.



In accordance with Articles 2497 *et seq.* of the Italian Civil Code, Alkemy S.p.a. manages and coordinates the companies of the Group and its direct and indirect subsidiaries, exercising control over such in accordance with Art. 2359 of the Italian Civil Code and consolidating their financial statements.

At 31 December 2019, the scope of consolidation was as follows:

Company name	% held	Operating offices
Alkemy S.p.A.	-	Italy - Milan, Rome, Turin, Cagliari, Rende (CS)
<b>Direct subsidiaries:</b>		
Bizup S.r.l.	62%	Italy - Rome
Alkemy Play S.r.l.	51%	Italy - Milan
Alkemy USA Inc.	100%	USA - New York
Alkemy SEE D.o.o.	70%	Serbia - Belgrade
Alkemy Iberia S.l.	65%	Spain - Madrid
Nunatac S.r.l.	70%	Italy - Milan
Ontwice Interactive Service S.l.	51%	Spain - Madrid
<b>Indirect subsidiaries:</b>		
Alkemy Play D.o.o.	51%	Serbia - Belgrade
Alkemy Digital Hub D.o.o.	36%	Serbia - Belgrade
Kreativa New Formula D.o.o.	36%	Serbia - Belgrade
Ontwice Interactive Service S.l.	51%	Mexico - Mexico City

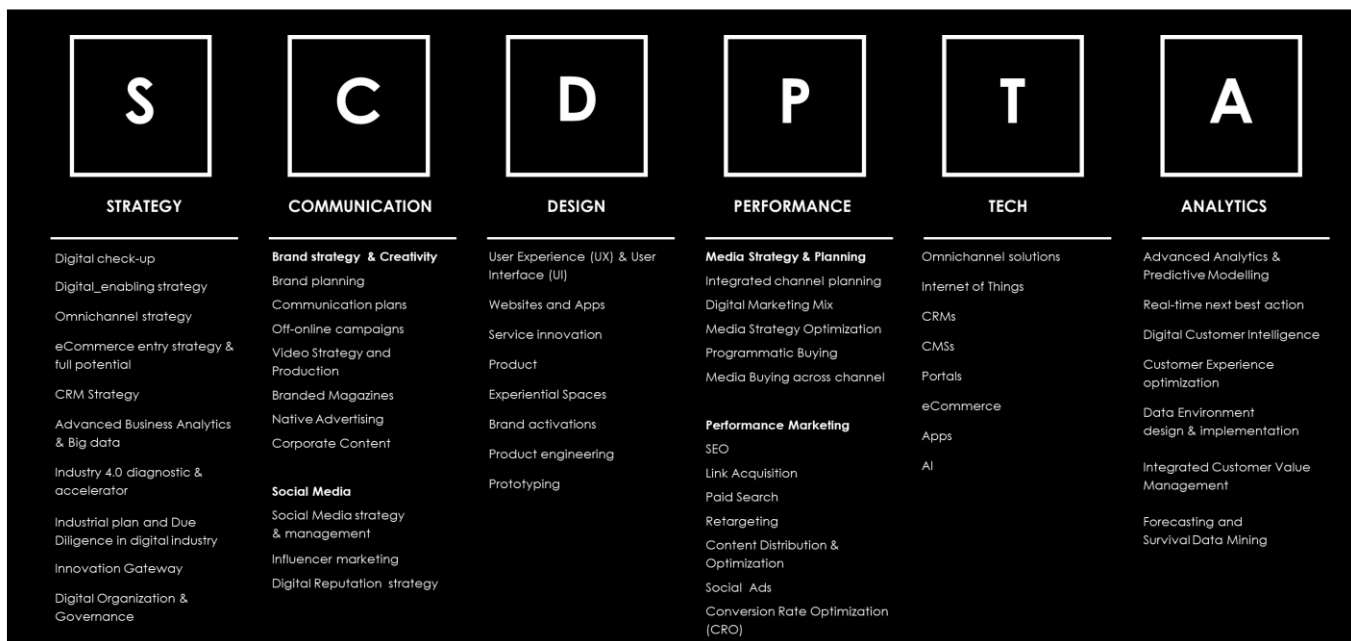




Mexico City		
Ontwice Interactive Service Digital S.l. Mexico City	51%	Mexico - Mexico City
Design Group Italia S.r.l.	20%	Italy - Milan Iceland - Reykjavik USA - New York, Palo Alto

Through a sought-after diversification of the competences of its resources and the synergic manner in which they work on the individual projects, the Group is able to propose an integrated range of multiple services offering customised solutions to suit the needs of the various types of customers (industrial, financial and commercial). More specifically, the extensive portfolio of customers allows for a major diversification of the sectors serviced, such as, for example, consumer services, media, telecommunications and technology, fast-moving consumer goods, banks and financial services, utilities and fashion.

Thanks to a team of 526 employees, the Alkemy Group can integrate competences into the areas of Strategy, Communication, Design, Performance, Technology and Insights & Analytics, with a range designed for the post-digital context, which covers the whole value chain from strategy to implementation.





## ALKEMY GROUP HISTORY

### 2013

Alkemy strengthens the transversal integration of its competencies in the employ of important clients. It does so also thanks to the acquisition of Seolab S.r.l., Italian company based in Turin, leader in Performance Marketing services, in July 2013.

### 2016

Bizup S.r.l., company active in the web marketing sector, with a focus on the processing of online advertising content, is acquired. Furthermore, Alkemy's internationalization process is started via the establishment of Alkemy South Eastern Europe D.o.o (Alkemy SEE) in Serbia.

### 2018

Alkemy SEE establishes a joint venture with Nelt Co D.o.o, Alkemy Digital Hub D.o.o. Moreover, Alkemy acquired Nunatac S.r.l, a company specializing in data analysis for companies. Subsequently, Alkemy acquires Ontwice Interactive Services SL, one of the most important digital agencies in Spain and Mexico

### 2012

Founded as a privately-owned company with a diffused shareholding participation, Alkemy was born in Italy thanks to a group of entrepreneurs who had gained significant experience in the world of business consultancy, technological communication and innovation and in high-standards international realities.

### 2015

Alkemy acquires TSC Consulting S.r.l. (Alkemy Tech S.r.l.), Italian company with offices in Milan, Rome, Cagliari and Cosenza, specializing in the supply of high-tech digital services.

### 2017

Alkemy Play S.r.l., a society specialized in digital platforms for SMEs, is established. The internationalization process continues through the creation of Alkemy Play D.o.o. in Serbia and Alkemy Iberia in Spain. Towards the end of the year, Alkemy debuts in the AIM segment of the Italian Stock Exchange.

### 2019

Alkemy finalizes the transition to the STAR segment of the Italian Stock Exchange, dedicated to medium enterprises committed to respect excellence requirements in terms of transparency, corporate governance and liquidity.



## Mission and values

The Group undertakes to assist companies through the post-digital scenario, with the aim of significantly contributing towards the evolution of their business. This context includes the values referred to using the acronym “EPIC”:



### ECCELLENZA

in tutto quello che facciamo,  
con cura e qualità assoluta  
anche nel minimo dettaglio.



### PASSIONE

per il nostro lavoro, per le  
nostre persone e, soprattutto,  
per i nostri clienti.



### INTEGRITÀ

nel nostro comportamento  
e nel rispetto dei nostri valori.



### CONCRETEZZA

nell'ottenere risultati concreti  
e duraturi nel tempo.

The Group's mission has shifted from the original “Digital Enabler” to “Enabling Evolution”, as explained in the manifesto below.

### BOX - “Enabling Evolution” manifesto

In 2012, while digital was changing the world, Italian businesses found a partner to change the way they do business. A partner that previously did not exist: the very first digital enabler. Today, a great many people promise digital transformation. But, in the meantime, the world has changed. Digital, which originally looked to be a point of arrival is instead today a new point of departure. It is time to make transformation the new normal. It is time for an evolution. Growing over the years, we have understood that evolution is the natural state of being Alkemy. The *forma mentis* that has driven us to improve, day after day. And with us, the *modus operandi* of our customers. We are incapable of standing still. We are now formalising our changes and evolving. We have enabled digital for seven years, successfully integrating very different competences. But transformation knows no peace and transforming businesses has transformed us too. Thus, we have gone from 30 to 700 people, from 1 to 4 countries and extended the spectrum of our skills and competences. The acquisitions made from 2013 to date and the strong organic growth enjoyed, have led us to list on the AIM in 2017 and in the STAR segment of the MTA in 2019. But our name, our culture and our nature remain Alkemy, because alchemy is precisely our way of acting. The capacity to transform what is inert into what is noble, thanks to a union of competences that are worth more than the sum of the individual elements. We changed digital when digital was the great innovation. Now we are in and beyond digital. Thus, from Alkemy digital enabler, our mission has been transformed. Starting today, we now enable the evolution of our customers' business. Starting today, our mission is called “enabling evolution”. A new offer for the post-digital scenario, designed to provoke real reactions

within the businesses and through the market and stimulate the efficiency of business, innovation, growth and profit through five different journeys: Business Model Transformation, Business Acceleration, Brand Experience, Customer Value Management and Transformation-as-a-Service. We need to be today what is required tomorrow. Adapting the market, anticipating the risks and transforming them into opportunities before needing to react when it is too late. Because evolution waits for no one. This is a certainty as strong as 3.6 billion years of life.

## The business segments

The main market of the Alkemy Group is the Italian market, in addition to the foreign markets of the Balkans area (Slovenia, Croatia, Bosnia-Herzegovina, Serbia, Montenegro, Albania, Macedonia), those of the Iberian peninsula and Latin America (Argentina, Brazil, Colombia and Mexico). The main markets are served through 13 subsidiaries (in addition to the Parent company Alkemy S.p.A.) present directly in four different countries.



The Alkemy Group's business is structured into three main project types:

1. channel innovation: support to businesses in innovating their sales channels, maximising and expanding the opportunities for interaction with customers, both on- and off-line;
2. business transformation: end-to-end project management aiming at supporting customers in the transformation of their business model across the whole value chain;

- performance boost: supporting customers in improving performance on interaction channels with customers, optimising activities and critical processes.

The activities carried out in Italy include all these types of projects, whilst in Spain/Latin America and the Balkans, the Group only carries out activities relating to channel innovation and performance boost projects.

The figure below offers a structured summary of the model adopted by the Group in developing and implementing operations:



Below is a description of the main types of projects offered by the Alkemy Group.

### Channel innovation

The digital instruments such as websites and applications allow businesses to interact directly with their customers and innovatively and effectively manage the customer experience in all its phases, i.e. from the initial phase of the selection of the products or services that meet their needs and requirements, through to their purchase and use. Changes in consumer purchase habits that have taken place in recent years, drive commercial businesses to redefine the sales method and related distribution processes, implementing solutions and tools like on-line sales ("e-commerce") and innovating traditional channels, like sales outlets.

Additionally, the volume of data generated through web interactions (visits to the institutional website or profiles of commercial brands on social media, such as, by way of example, Facebook, Twitter and Instagram - "digital touchpoints") and technologies involving the analysis of data and preferences of potential end customers, as collected ("advanced analytics") allow commercial businesses to increase their understanding of customer needs ever more and extract ever more relevant information to optimise the business decisions and maximise sales potential.



Innovation projects of distribution channels (referred to as "Channel Innovation") aim to optimise and expand upon the opportunities for interaction between commercial business and consumer, creating and diversifying multiple digital touchpoints, for example through the creation of web pages and profiles on social media or applications that can be used through electronic devices such as tablets and smartphones, maintaining a full-omnichannel approach that integrates on-line and traditional elements (advertising on magazines, radio and television).

For this type of projects, the support of the Alkemy Group takes concrete form in the definition of a new operative model of interaction with consumers and the sale of the products and services offered by the customer.

### Business transformation

The "Business transformation" projects offered consist of a complete review of the customers' business model, i.e. of all the main elements such as, merely by way of example, the structure of the service or product offered and interaction with the end customer, as well as the internal organisational models and related corporate operating procedures. Due to the speed and heterogeneous nature of the constant, progressive increase in the digitisation of the range of services and communication techniques offered to the customer, technological and/or digital innovation may require the definition of new corporate organisational models and contact with the consumer.

The new organisational models may also require the development of innovative elements and tools, such as applications and software that can be used and enjoyed by consumers through electronic devices (smartphones, tablets and personal computers), which, in addition to guaranteeing better, greater access to commercial services by end customers, also reduce the relevant operative costs, positively impacting the public pricing policy. "Business Transformation" projects - sometimes involving an extension of the commercial offer through an increase in products or services - can also concern the competitive positioning and the advertising strategy of the customer business and its brand.

For this type of project, the Alkemy Group assists the customer through the transformation process or, as applicable, the correction of their business model or their internal organisation. This can take place through the development and implementation of software and applications developed *ad hoc* and the redefinition of the corporate operating procedures and computer systems supporting them.

### Performance boost

Through "performance boost" projects, the Alkemy Group supports its customers in optimising their commercial channels, redefining the methods and techniques used to communicate and interact with consumers, aiming to expand the customer base. These projects involve the creation of a new communication model or activities involving the management of existing web-based instruments (websites and applications), in a more effective, efficient manner, thereby at the same time also reducing the relevant operating costs. The Group makes a team available to the customer comprising resources from the Agency and TIC competence centres in order to supply services functional to: (i) the preparation of IT solutions; (ii) the improvement of graphics and usability of said web-based instruments (the overall user



experience); (iii) the redefinition and continuous update of the relevant contents; and (iv) the management of advertising communication activities on the main digital media and search engines (termed "Search Engine Optimisation").

## The Competence Centres

Under the scope of its business activities, the Group operates through the synergic union of four competence centres (the "Competence Centres"):

### Agency

The Agency Competence Centre comprises professionals with proven experience in business consulting and competence in preparing and structuring advertising campaigns for brands, products or services for commercial businesses and, in general, in communication with consumers, including through event sponsorship and social initiatives. This Competence Centre therefore aggregates specific competences in the brand strategy sector, on both a national and international level, i.e. in the strategic market positioning of brands on both traditional channels (radio, television and the press) and in social media.

In addition to this, it has a solid understanding of the innovative tools used to promote brands on-line, such as performance marketing/web marketing, which relate to the management of all advertising communication activities on the main digital media (including newspaper websites), search engines and social media, planning the investments necessary to strengthen and improve the perception of brands and products towards consumers of the customer business; optimising the budgets allocated to on-line advertising, including through the use of innovative techniques and methods (including real-time bidding for the purchase of on-line advertising spaces, and re-targeting, whereby the potential customer can be re-contacted if they have already visited the commercial company's website); and, making a concrete contribution towards the acquisition of new categories of customers and consequently directly increasing sales.

### Tech, Innovation & Commerce (TIC)

This Competence Centre is specialised in the supply of high-tech digital services, such as the creation of applications and their integration into software and management systems (i.e. software for processing orders and invoicing) used by customer companies to go about their everyday commercial activities. This operation has allowed the Group to strengthen its know-how in the development and continuous management of complex technological applications for large customers.

The Competence Centre deals with the creation and development (where already present) of the on-line sales channel of customer businesses. Activities are also focussed on optimising traditional sales channels (i.e. the withdrawal of products purchased through the on-line store from commercial businesses) and the management of digital interaction processes with the end customer (newsletters, e-mail advertising, etc.). This Competence Centre also creates on-line stores or assures a presence on the major marketplaces, (such as eBay and Amazon, for example) or carries out all actions necessary to market products, including payment



services and the delivery of products purchased by end customers. These services are supplied by third parties rather than the Alkemy Group directly.

### Data & Analytics

The Data & Analytics Competence Centre has mathematical statistical skills and is responsible for supporting the customer businesses, helping them improve their business performance through an analysis of data available. The techniques used for data analysis range from traditional statistical analysis to machine learning and artificial intelligence.

### Digital factory

The Digital Factor Competence Centre supports customers in the management of their digital path, through a BPO (Business Process Outsourcing) model of digital, management and automation processes of marketing campaigns.

As part of the projects managed by the Group, the Competence Centres are involved with different dynamics in relation to the project and the specific customer needs.

In support and completion of the competence centres, through the Alkemy Lab department, the Group carries out continuous research and development into new innovative tools, such as applications and software functional to the renewal of the customers' business. More information is given on the work of the Alkemy Lab in the paragraph entitled "Innovation and R&D".

### The supply chain

The Alkemy Group goes about its business through internet platforms and websites of subjects external to the Group, with which it stipulates, as applicable, suitable software licence and service contracts, according to texts including standard provisions for such contracts.

Below are the main categories of suppliers used by the Group:

- suppliers of digital and non-digital media spaces, used by the Group to procure advertising spaces;
- suppliers of technical assistance and digital IT services, such as cloud and software;
- suppliers of physical products, such as goods for e-commerce and consumable materials;
- suppliers of logistics services;
- suppliers of communication, creativity, editorial, graphic and managerial consultancy services.

With reference to the suppliers of media spaces, commercial contracts include "general conditions of supply" prepared by the supplier, to which reference is made when purchasing digital media directly from internet platforms.





With reference to suppliers of digital IT services, such as cloud and software, the procedure for establishing the commercial relationship starts with a “framework” offer that generally lasts for one year. This type of contract generally includes a faculty of withdrawal with 15 days’ notice and, in some cases, a period of “flanking” involving outgoing technical consultants and new subjects that the Company will assign for carrying out the activities planned.

With reference to the other points, the Group does not generally prepare framework agreements with suppliers but rather, save where specific, continuous services are supplied, mainly stipulates contracts for individual orders/projects, negotiating the terms individually, each time.



## Governance and compliance

### Corporate governance structure

Alkemy S.p.A. has adopted a traditional type governance system. The Shareholders' Meeting, the body in charge of expressing the shareholders' desires, therefore appoints both the Board of Directors and the Board of Auditors.

The Board of Directors, appointed by the Shareholders' Meeting on 25 June 2019, numbers 9 directors, of whom 67% are men and 33% women.

#### THE MEMBERS OF THE ALKEMY S.P.A. BOARD OF DIRECTORS AT 31 December 2019

<b>MEMBERS</b>	<b>OFFICE</b>	<b>EXECUTIVE (YES/NO)</b>	<b>INDEPENDENT (YES/NO)</b>	<b>OTHER POSITIONS HELD</b>
Alessandro Mattiacci	Chairman	Yes	No	
Francesco Beraldi	Vice Chairman	Yes	No	
Duccio Vitali	Chief Executive Officer	Yes	No	
Matteo de Brabant	Director	No	No	
Riccardo Lorenzini	Director	No	No	
Giorgia Abeltino	Director	No	Yes	Control and Risks Committee
Giulia Bianchi Frangipane	Director	No	Yes	Control and Risks Committee Remuneration Committee
Andrea Di Camillo	Director	No	Yes	Control and Risks Committee Remuneration Committee
Serenella Sala	Director	No	Yes	Remuneration Committee



#### BREAKDOWN BY AGE BRACKET AND GENDER OF DIRECTORS AS AT 31 DECEMBER 2019

<b>GENDER/AGE BRACKET</b>	<b>&lt;30</b>	<b>30-50</b>	<b>&gt;50</b>
Man	0	4	2
Woman	0	2	1

In compliance with the recommendations on corporate governance given in the Code of Corporate Governance, the Company's Board of Directors has also established, duly approving their internal operating procedures, the following committees:

- Remuneration Committee: is in charge of duties regarding remuneration, in compliance with the provisions of application criterion 6.C.5 of the Code of Corporate Governance;
- Control and Risks Committee: this performs the duty of competent committee in accordance with the Company's Related Party Transaction Procedure and assists the Board of Directors in assessing and making decisions relating to sustainability.

The Remuneration Committee numbers 3 members, of whom 33% are men and 67% women.

#### THE MEMBERS OF THE ALKEMY S.P.A. REMUNERATION COMMITTEE AT 31 December 2019

<b>MEMBERS</b>	<b>OFFICE</b>	<b>EXECUTIVE (YES/NO)</b>	<b>INDEPENDENT (YES/NO)</b>	<b>OTHER POSITIONS HELD</b>
Serenella Sala	Chairman	No	Yes	
Giulia Bianchi Frangipane	Member	No	Yes	
Andrea di Camillo	Member	No	Yes	

The Control and Risks Committee also numbers 3 members, of whom 33% are men and 67% are women.



THE MEMBERS OF THE ALKEMY S.P.A. CONTROL AND RISK COMMITTEE AT 31 December 2019

<b>MEMBERS</b>	<b>OFFICE</b>	<b>EXECUTIVE (YES/NO)</b>	<b>INDEPENDENT (YES/NO)</b>	<b>OTHER POSITIONS HELD</b>
Andrea di Camillo	Chairman	No	Yes	
Giorgia Abeltino	Member	No	Yes	
Giulia Bianchi Frangipane	Member	No	Yes	

The Alkemy S.p.A. Board of Auditors, appointed by the Shareholders' Meeting on 25 June 2019, shall remain in office for three financial years, i.e. until the date of the meeting called to approve the financial statements for the year ending as at 31 December 2021 and comprises the Chairman, 2 regular auditors and 2 alternate members.

THE MEMBERS OF THE ALKEMY S.P.A. BOARD OF AUDITORS AT 31 December 2019

<b>MEMBERS</b>	<b>OFFICE</b>	<b>YEAR OF BIRTH</b>
Mauro Dario Bontempelli	Chairman	1954
Gabriele Gualeni	Regular Auditor	1974
Daniela Bruno	Regular Auditor	1969
Marco Garrone	Alternate Auditor	1963
Mara Sartori	Alternate Auditor	1971

BREAKDOWN BY AGE BRACKET AND GENDER OF THE MEMBERS OF THE BOARD OF AUDITORS AS AT 31 DECEMBER 2019

<b>GENDER/AGE BRACKET</b>	<b>&lt;30</b>	<b>30-50</b>	<b>&gt;50</b>
Man	0	1	2
Woman	0	2	0

More information about governance is given in the "Report on the Corporate Governance System" and in the "Alkemy S.p.A. Articles of Association", available from the "Corporate Governance" section of the company website [www.alkemy.com](http://www.alkemy.com).



## Ethics and integrity

Alkemy S.p.A. has adopted the organisation and management model envisaged by Italian Legislative Decree no. 231/2001 (the “Model 231”) with the aim of creating a system of rules to prevent the adoption of unlawful conduct held to be potentially relevant to the application of said legislation. To this end, Alkemy S.p.A. has also established a supervisory body in accordance with Article 6, paragraph 1, letter b) of Italian Legislative Decree no. 231/2001 (the “Supervisory Body”).

Current rules on the prevention and fight against corruption, the National Anti-Corruption Plan and the issue of Italian Legislative Decree no. 231/2001 on “Regulations of the administrative liability of legal entities” ultimately meant that Alkemy needed to issue a Code of Ethics as an integral part of the organisation and control model. It comprises all the values and objectives aimed at assuring moralisation and economic efficiency in intra-corporate relations (senior management, management, employees and collaborators) and relations external to Alkemy S.p.A. (business and market). The Code of Ethics fosters unambiguous guidelines to conduct in compliance with rules governing the prevention of crimes, in respect of principles of transparency, impartiality, correctness and traceability relative to the decision-making process and cash flows.

### Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/01

Inspired by its values (Excellence, Passion, Integrity and Concreteness), in 2016, Alkemy S.p.A. updated its Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/01. The organisational model aims to offer an organised system of provisions, procedures and controls with the declared aim of implementing a system of prevention. The model's main aims are:

- to make those operating within Alkemy S.p.A. and those with whom the company collaborates in any way and on any level, aware of the risks of the perpetration of the crimes envisaged by Italian Legislative Decree no. 231/01 and of the fact that committing such crimes damages the company as a whole;
- to firmly stress that unlawful conduct of any nature is strictly prohibited and very much condemned by Alkemy S.p.A. insofar as it is in conflict not only with the law but also with the ethical principles the company upholds in pursuing its mission;
- to develop a suitable system of preventive controls so as to exclude the possibility of anyone working within the entity potentially justifying their unlawful conduct by claiming ignorance of corporate directives and avoiding the possibility that, in normal cases, the crime may be caused by human error (also due to negligence or lack of expertise) in assessing company directives;
- to make it possible for the company to intervene with suitable provisions, to prevent or fight any unlawful conduct.



## Code of Ethics

With the update of the Organisational Model pursuant to Italian Legislative Decree no. 231/01, Alkemy also equipped itself with a Code of Ethics, which constitutes all values, principles and lines of conduct that must inspire employees and collaborators of the Group in going about their work.

In accordance with the Code of Ethics, all Alkemy staff is called to behave loyally, impartially, diligently and fairly. All company business must be carried out with the utmost diligence, honesty, collaboration, fairness, loyalty, moral integrity and professional rigour, in observance of the laws, procedures and corporate regulations and in compliance with the Code of Ethics.

## Anti-corruption

The Alkemy Group is firmly committed to going about its business transparently, honestly and ethically, in all countries where it works and refuses all forms of corruption.

The application and respect for the rules on the prevention of and fight against corruption impacts all the intra-company departments, senior management, management, employees and collaborators. The rules apply to external relations with customers and suppliers and relations with stakeholders in general, particularly where the need is seen to monitor economic and financial relations, with particularly close attention paid to conflicts of interest, relations with the competition, related parties and relations with the public administration.

To this end, Alkemy S.p.A. has mapped the risks, crimes and controls, analysing the business processes and identifying the activities that are exposed to risks resulting from the combination of "Crime risk" - "Implementation". After the mapping, specific procedures were implemented, circumscribed to 18 protocols. As mentioned previously, a collegial Supervisory Body has been appointed, tasked with overseeing observance of the Model 231, compliance with the Code of Ethics, its effectiveness in terms of preventing crimes, the implementation of provisions and, finally, its update. If any changes should be noted to the company structure and organisation or changes to the reference regulatory framework, the Supervisory Body has its own Regulation and reports back to the Parent Company's Board of Directors.

The absence of any events that are misaligned with the principles and provisions of the Organisational Model is evidence of the effectiveness of the approach taken by the management in terms of preventing crimes and corruption. The periodic review of the instruments and organisational manner for the prevention of corruption, assures the effectiveness of the actions defined for the topic under review.

### **BOX - Mapping of risks relating to crimes of corruption**

Alkemy S.p.A. has implemented a Management System that, once a risk matrix has been identified and all aspects analysed in respect of compliance with the main rules (Italian Legislative Decree no. 231/01, Italian Decree Law no. 81/08, Italian Legislative Decree no. 163/03 - GDPR, ISO9001:2015), in consideration of specific procedures issued by the



company, ensures the training of the parties concerned, the verification of the implementation and effectiveness of the Protocols, their spread within and, if necessary, outside the company and periodic updates as risks changes, of rules, the company structure and the external political and economic context.

The Management System has the following steps:

- Periodic context analysis;
- Risk assessment and periodic verification;
- Risk treatment.

In relation to anti-corruption, the following Protocols are in force:

- PT1 - Management of relations with the PA
- PT3 - Cash flow management
- PT4 - Management of public procedures - Tender Code
- PT5 - Professional consultancy and appraisals
- PT6 - Management of donations, gifts and free loans to third parties
- PT7 - Management of advances and expense reimbursements
- PT18 - Subsidised finance

In relation to the work carried out by the Alkemy Group, there are no limits in respect of organisational size and dynamics nor indeed in respect of commercial and accounting aspects or even in relation to operative processes. The active management system has a modular structure that is extended to include new processes when the risk associated with them is assessed as at least "medium". During the annual system review, crime risks are reassessed and, consequently, their management is regulated.

## Risk analysis and management

For the Group, the conclusion of FY 2019 marked the start of the route towards the disclosure of its performance, not only in economic terms, but also social and environmental, to its stakeholders.

It is on this premise that the need stems to supplement the sustainability principles within the risk assessment process, with the aim of examining them in non-financial terms and identifying the main impacts generated by the Group activities. At the same time, the Group is analysing the impact that the risks associated with climate change (physical/transition) may have on the Group's business and value chain, as well as the effects its business may have on the environment.

To this end, the Group has identified the following risks connected with the material topics listed in the section entitled "Sustainability for Alkemy" of this Declaration.



Risks associated with information security, cyber attacks and possible unlawful conduct and/or fraud committed on the e-commerce platform

*The Alkemy Group is exposed to the risk of suffering cyber attacks against its systems, which may entail unauthorised access to customer data, the use of such data (deliberate or otherwise), the theft, loss or destruction by current or previous employees, consultants or suppliers or third parties who have gained access to such, resulting in possible claims for compensation for damages and losses made by customers or of part of the turnover generated by such customers and negative impacts on the Group's reputation with accordingly negative consequences on the Group's business, prospects and economic, equity and financial position.*

The infrastructures, computer systems and software are constantly exposed to the risk of intrusion by unauthorised third parties. In the event of an attack, a potential unauthorised access to the computer systems, or even merely an attempted intrusion, customers' perception of the security of the Group's infrastructures, computer systems and software may change and this may entail a loss of customers (including important ones) and a negative impact on sales of services.

Any misappropriation or unlawful use of such information, loss of data or communication of confidential and/or proprietary information or the tampering with such information may also constitute a breach, traceable to Alkemy and/or the Alkemy Group, of regulation governing personal data protection.

The Alkemy Group could, therefore, incur liability, with possible negative impacts on the Issuer and Group's business, prospects, reputation and economic, equity and financial position. Additionally, the Group is particularly exposed to the risk deriving from the continuous evolution of technologies and hacking techniques that can be used to gain unlawful access to, or to sabotage, the computer systems. Consequently, considering the rapid, continuous evolution of hacking activities, the Group may not be able to prevent or avoid any such attacks, the danger level of which is increased by the fact that they may not be detected until launched against a given target.

Finally, the Group is exposed to the risk of any liability deriving from unlawful, fraudulent and/or in general incorrect conduct by its customers, such as, for example, financial fraud and/or on-line fraud, on the e-commerce platform "Zulu" that the Group makes available to allow its customers to carry out on-line trade with consequent negative impacts for the Group, including for its reputation. Customers sell products directly or indirectly, through the Group, on this e-commerce platform. Both customers and Group companies can therefore be held liable for the sales and after-sales process and party to contractual relations stipulated with buyers.

If the Group should incur liability deriving from unlawful, fraudulent and/or in general incorrect conduct by its customers on the e-commerce platforms, this may have a negative impact on the Group's business, prospects and economic, equity and financial position.

The Company believes this risk factor to be unlikely to occur and in any case with a low negative potential effect.





For information on the activities of the Alkemy Group and for a description of the measures implemented, reference is made to the Section on "Cybersecurity and data protection" of this Statement.

### Risks associated with the function of the computer systems

*The Group's activities could be negatively impacted by interruptions in the infrastructures and computer systems or attempted unauthorised access or breaches of its data security system.*

The activities carried out by the Group are closely linked to the use of the infrastructures and computer systems, which are exposed to multiple operational risks deriving from equipment failures, interruptions to work or connectivity, programming errors, unlawful conduct by third parties and/or exceptional events that, if such should occur, may prejudice the correct function of the systems and force the Group companies to suspend or interrupt their activities, with consequent negative effects on the Group's economic, equity and financial position.

A key component of the Group's activities and of the segment in which it works, as well as one of the key factors of success is the capacity to benefit from (and maintain) a suitable IT infrastructure or infrastructure of technology dedicated to the development of services offered, which is able to guarantee a complete, constant aid to the provision of services offered to customers.

In this regard, please note that the only application software used by the Group to manage the administrative systems is the SAP (System Application and Product in data processing), while the other systems, such as, for example, the Amazon Cloud, used to host the websites, consist of "as-a-service" software and does not, therefore, require the installation of any software.

Operational risks mainly regard IT equipment and tools (e.g. the Zulu software used by the Group in Channel Innovation activities) both owned by the Alkemy Group and by third parties used by the Group to provide certain services.

To this end, it is specified that the Group develops a specific disaster recovery plan and a security policy for each client, dedicated and calibrated to the project specifics.

The Company believes it unlikely that this risk factor will arise and expects any potential negative impact of such to be medium.

For information on the activities of the Alkemy Group and for a description of the measures implemented, reference is made to the Section on "Cybersecurity and data protection" of this Statement.

### Risks associated with personal data processing

*The Group is exposed to the risk that the personal data of employees or customers collected by the Group may be damaged, lost, removed, disclosed or processed for purposes other than those permitted.*



The personal data of the employees and/or end users of the Group is stored in computer and physical archives at the offices of the individual Group companies under document management and archiving, equipped with functions necessary for preventing unauthorised external access or loss (total or partial) of the data, as well as for ensuring continuity of the service.

Any cyber attacks may entail the risk that certain confidential information relating to personal data could be unduly acquired, stolen or used, deliberately or otherwise, by current or previous employees, collaborators, third party consultants or anyone else who may have had access to such, with the possible consequent breach, traceable to the Group, of regulations on the protection of certain data and consequent negative effects on the Group's business and prospects, as well as on its economic, equity and financial position.

It is noted that the Group has taken all action necessary to comply with new legislation on personal data processing introduced in each European Union Member State with Regulation (EU) 2016/679, including the appointment of a Data Protection Officer. It cannot be excluded that the Issuer or other Group companies may breach applicable legislation in the future, with possible sanctions by the competent authority and consequent negative effects on the Issuer and Group's business, and reputation, as well their economic, equity and financial position.

The Company believes it unlikely that this risk factor will arise and expects any potential negative impact of such to be medium.

For information on the activities of the Alkemy Group and for a description of the measures implemented, reference is made to the Section on "Cybersecurity and data protection" of this Statement.

### Risks associated with the protection of intellectual property

*The Group may not manage to suitably protect its intellectual property, technological know-how and trademarks and may, consequently, breach third party intellectual property rights with possible negative impacts on the business, results and economic position.*

The Group's success also depends on the use and importance of its intellectual property and, consequently, the capacity to protect such from potential third party breach. To this end, the Group protects its intellectual property rights in the territories in which it operates, registering its trademarks and internet domains and constantly monitoring the status of the individual registrations.

There can be no certainty that the action taken by the Group to protect the topic shall suffice to adequately protect the intellectual property relative to the conduct of business, with the consequence that third parties, including partners for joint research and development activities and customers benefiting from the services offered by the Group, may make undue use of methods, know-how, trademarks, trade secrets and other information of commercial value pertaining to the Group, so as to harm its related rights.



The Group may, therefore, see itself forced to take legal action against subjects whose activities have been carried out in breach of its intellectual property rights, with the consequence of needing to deal with costs connected with the onset and pursuit of the related proceedings. Any onset of such events and their direct and indirect consequences may have negative impacts on the Group and Issuer's business, prospects and economic, equity and financial position.

Additionally, the Group may also be subject to disputes raised by third parties for alleged breach of their intellectual property rights in connection with the services supplied by it. These disputes may lead to lawsuits, or the need to stipulate transactions that may worsen costs in a manner that has not been forecast by the Group, with consequent negative impacts on its business and economic-financial position.

The Company believes this risk factor to be unlikely to occur and in any case with a low negative potential effect.

For information about the Alkemy Group business, and a description of the measures implemented, please refer to the Section on "Innovation and R&D" of this Statement.

#### Risks associated with relationships with strategic suppliers

*The Group is exposed to the risk of encountering difficulty in obtaining suppliers for internet platforms and websites to replace existing ones.*

The Alkemy Group goes about its business through internet platforms and websites of subjects external to the Group, with which it stipulates, as applicable, suitable software licence and service contracts, according to texts including standard provisions for such contracts.

The Group may, therefore, not manage to find equivalent suppliers to existing ones, which guarantee the same quality of product and/or service, with consequent negative effects on the Group's business and operations or in any case to find such suppliers quickly, with the consequent risk of delays in the definition of projects and other activities in progress or the potential initiatives to be taken may entail expenses or difficulties (also in terms of replacement times and/or new investments), with consequent possible negative impacts on the business and prospects as well as on the Group's economic, equity and financial position.

The Company believes this risk factor to be unlikely to occur and in any case with a low negative potential effect.

For information about the Alkemy Group business, and a description of the measures implemented, please refer to the Section on "The supply chain" of this Statement.



### Risks associated with the evolution of services in the digital sector and customer demands

*The Group is exposed to the risk of being unable to promptly identify technological and digital solutions that are adequate to the evolution of technology and the increasing needs of customers.*

The Group manages digital and technological transformation projects for medium-large enterprises and seeks to make a significant contribution towards the growth and development of its customers through the provision of services that can offer the support necessary to identify innovative solutions and growth opportunities in digital and technological evolution.

Therefore, the segment in which the Group operates is characterised by constant research and innovation of the services supplied, also with a view to identifying and anticipating the needs of customers and users (as the end customers of some of the Group's services) as well as quick, major technological changes and the constant evolution of the breakdown of professionals and skills to be aggregated into the provision of the services.

The Group's success therefore depends on the one hand on its capacity to continue to offer services with added value that meet the needs of both customers and end users, and, on the other, the Group's ability to identify new products and/or services ahead of its competitors.

The Company believes it unlikely that this risk factor will arise and expects any potential negative impact of such to be medium.

For information about the Alkemy Group business, and a description of the measures implemented, please refer to the Section on "Customer centricity" of this Statement.

### Risks associated with the dependency of the Alkemy Group's business on key management figures, the loss of qualified resources and difficulty in finding new ones

*The Group is exposed to the risk of a potential interruption to professional collaboration with certain senior figures or key members of its staff, and to the risk of being unable to attract and withhold highly qualified staff.*

As at the Prospectus Date, the Group's results and success depend considerably on the Parent Company's management team. As regards the senior figures, a key role is played by Alessandro Mattiacci and Duccio Vitali, who respectively hold the offices of Executive Chairman and Chief Executive Officer of Alkemy S.p.A.

Although in operative and managerial terms, the Group believes that it is equipped with a management team and structure that can reasonably assure continuity of business management, the link between the management and the Group remains a critical factor of its success. Therefore, although the Group has a management incentive system aimed at attracting, motivating and retaining the Group's key resources, it cannot be excluded that if



multiple key figures in the Group should cease the office held to date, or the Group should be unable to attract, train and retain qualified managers, also in lieu of any that have stood down, these situations may have a negative impact on the Group's capacity to compete and grow and may impact the envisaged objectives, with possible negative impacts on the Group's business and growth prospects as well as its economic, equity and financial position.

Additionally, considering that the sector in which the Group operates is characterised by the need for the company to use highly-specialised staff with high technical and professional skills, the Group's success also depends on the capacity to attract and train staff with the required technical and professional skills and specialisation.

However, if the Group should encounter difficulty in procuring specialised staff or a significant number of specialised professionals or entire working parties dedicated to specific project types should leave the Group - and it is not possible to replace them quickly with qualified staff - the capacity for innovation and its growth prospects may suffer, with possible negative effects on the Group's economic, equity and financial position.

The Company believes it unlikely that this risk factor will arise and expects any potential negative impact of such to be medium.

For information about the Alkemy Group business, and a description of the measures implemented, please refer to the Section on "Attracting and gaining the loyalty of talent" of this Statement.

## Customer centricity

The topic of Customer centricity is extremely important for the Group insofar as it is the main tool used to market and promote Alkemy's business and helps contribute towards building a positive reputation amongst customers.

The Group operates by aggregating within itself multiple competence centres, so as to be able to focus the business on the customer rather than on the individual competence and extract a greater value as the integrated result of all competences. This is why the Group can have a major impact on the development of customer competences, flanking them in the evolution of the business model and giving the innovation of the entire country system a strong boost.

The greatest impact of operating in a customer centric manner can be seen in terms of:

- customer satisfaction;
- revenues by customer;
- the degree of engagement of the various competence centres in customer management;
- national coverage customer dimension.



Additionally, as it is industry agnostic, Alkemy can develop the business model of all its customers, regardless of segment, concentrating on the innovation of the whole of the country system.

The Alkemy Group has taken initiatives aimed at increasing consideration and knowledge in respect of customer centricity, encouraging the involvement of all Group employees towards customers. Moreover, for employees managing and developing customer relations, Alkemy encourages accountability and responsibility in their regard.

Additionally, in this area, the Group has implemented internal and external methods by which to measure customer satisfaction and performance remuneration/success fee models aiming to minimise the risk of the customer and ensure the accountability of its employees. Customer satisfaction is measured once a year through an NPS (Net Promoter Score) survey, which is sent to its customers. By using the NPS system, the Group can measure not only the degree of customer satisfaction but also if it is appreciated to the point where it is recommended by its customers.

In FY 2019, Alkemy identified the strategic customers in line with the above objectives in terms of impact on the country system, international cover and involvement of the Alkemy competence centres. To this end, weekly pipeline meetings are held, with the aim of assigning each prospect customer a reference, to measure the cross-selling and up-selling of current customers and verify their performance status.

In order to make customer centricity even more relevant, the Group Academy has delivered training courses on the matter. Alkemy ACADEMY is an in-house training course intended for all Group employees, held by the management team and which aims to spread awareness of the culture, values and mission, and to ensure knowledge of all areas in which the Group's business develops.

The Academy promotes the knowledge and interaction with people of the various companies, insofar as it is open to employees of all Group companies and fosters a greater awareness of Alkemy's business and a more direct knowledge by all management.

In March 2019, a representative of the Group management team held a lesson that covered the following aspects:

- the definition and meaning of customer centricity;
- the six aspects of the customer centric approach;
- the ways in which employees can cultivate a customer centric approach within the Alkemy Group.

Finally, the relevance acquired in recent years by customer centricity within the Group is proven by the fact that for employees dealing with customer management, performance assessment methods have been prepared that are based on the results achieved in respect of the objectives set (MBO, Management By Objectives), directly linked to the results and customer satisfaction.



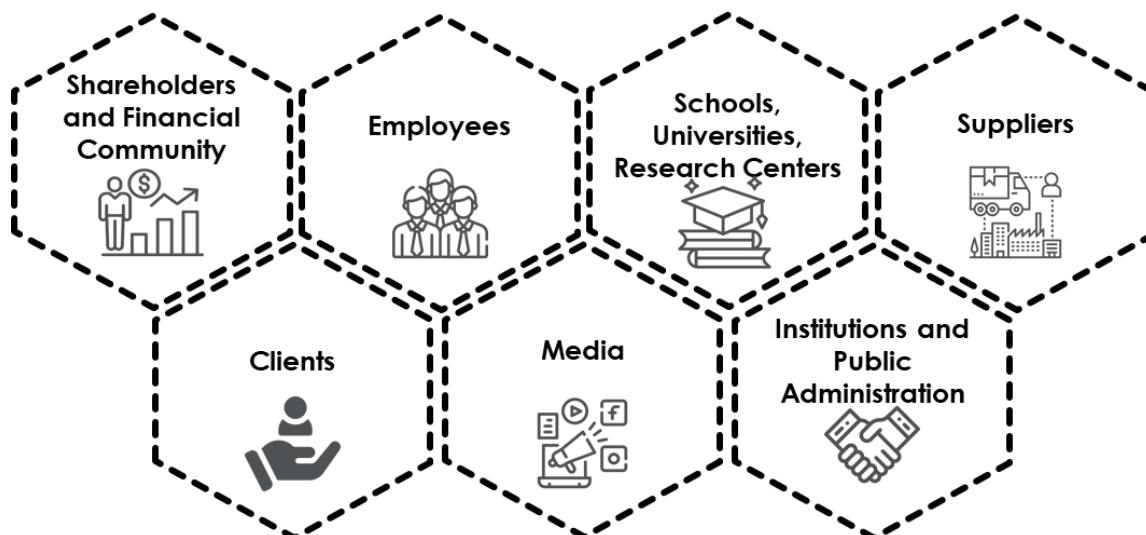
Even for employees not managing customers directly, part of the remuneration is linked to the business values, including the excellence of the work carried out on customers, and integrity.

The work carried out in 2019 in terms of customer centricity, as described previously, has highlighted the opportunity of further strengthening both the organisational and process area for 2020, also thanks to the feedback collected.

## Sustainability for Alkemy

Starting from this reporting year, the Group has launched its sustainability route, publishing its first Non-Financial Statement, through which it intends to offer a disclosure on its performance in technical-economic, social and environmental liability.

As part of the activities preliminary to the definition of the materiality matrix, Alkemy has identified the following stakeholders through an internal analysis, of the context and reference segment, which considered the best practices on a national and international level and the main sustainability frameworks (Global Reporting Initiative, UN Sustainable Development Goals, etc.):



The topics reported in this NFS, established through a materiality analysis, have been identified taking into account both the interests of the Alkemy Group and its stakeholders.

Below is a list of the material topics identified following the materiality analysis performed by the Group, with a comparison with respect to the requirements of the 254 Decree:

<u>MATERIAL TOPICS</u>	<u>DECREE 254/16 TOPICS</u>
<b>Governance and compliance</b>	
1) Business ethics	Respect for human rights Fight against corruption
2) Anti-corruption	Respect for human rights Fight against corruption
3) Customer centricity	Social





<b>Technical and economic responsibility</b>	
4) Customer data security and privacy	Social
5) Capacity for innovation, research and development	Social
<b>Social responsibility</b>	
6) Diversity and inclusion	Staff-related Respect for human rights
7) Staff training and development	Staff-related
8) Attraction and gaining the loyalty of talent	Staff-related
9) Occupational health and safety	Staff-related Respect for human rights
<b>Environmental responsibility</b>	
10) Energy consumption and energy efficiency	Environmental
11) Environmental emissions	Environmental

For each of the topic shown in the table above, the scope of impact has been identified and their reconciliation with the GRI standards is provided in the last pages of the document.

MATERIAL TOPICS	SCOPE OF IMPACT		Reconciliation with GRI topic
	Where the impact occurs	Type of impact	
Business ethics	Alkemy Group	Generated by the Group	N/A
Anti-corruption	Alkemy Group	Generated by the Group	Anti-corruption
Customer centricity	Alkemy Group	Generated by the Group	N/A
Customer data security and privacy	Alkemy Group, Suppliers	Generated by the Group and directly connected through a business relation	Customer privacy
Capacity for innovation, research and development	Alkemy Group, universities and research centres	Generated by the Group and to which the Group contributes	N/A



MATERIAL TOPICS	SCOPE OF IMPACT		Reconciliation with GRI topic
	Where the impact occurs	Type of impact	
Diversity and inclusion	Alkemy Group	Generated by the Group	Diversity and equal opportunities
Staff training and development	Alkemy Group	Generated by the Group	Training and education
Attraction and gaining the loyalty of talent	Alkemy Group	Generated by the Group	Employment
Occupational health and safety	Alkemy Group	Generated by the Group	Occupational health and safety
Energy consumption and energy efficiency	Alkemy Group, Electricity suppliers	Generated by the Group and directly connected through a business relation	Energy
Environmental emissions	Alkemy Group	Generated by the Group	Emissions



## Economic and technical responsibility

### Economic-financial results

Listed on the "High-Requirement Securities Segment" (STAR) of the telematic stock market (MTA) of the Italian stock exchange starting 17 December 2019, the share capital of Alkemy S.p.A. (the Group holding company) is represented by 5,609,610 ordinary shares, with a unit value as at 31.12.2019 of €8.80 (for a capitalisation of €49,364,568).

The Alkemy Group closed FY 2019 with a net total value of revenues of € 84,520 thousand, as compared with € 71,629 thousand in FY 2018, thereby recording an increase of 18%.

Revenues realised in Italy came to € 57,139 thousand, accounting for 68% of the total (€ 58,819 in 2018, equal to approximately 82%), while that recorded abroad came to € 27,407 thousand, or 32% (€ 13,116 thousand in 2018, or 18%).

For more information on the Group's economic-financial data, please refer to the "Report on Operations" published on the company website <https://www.alkemy.com>.

### Innovation and R&D

In the Alkemy ecosystem, Research and Development is an important element in the company's value and structure. Specifically, the company uses the Alkemy Lab as a vehicle for promoting innovation, and research and development on a Group level. Research, cutting-edge technology, and technical and strategic competences are the ingredients used by the Lab to act as an innovation driver. From blockchain to artificial intelligence, from design thinking to rapid prototyping, and from hackathons to smart objects, Alkemy Lab is the hub of a network of start-ups, businesses, universities, co-working, hubs and innovative agencies that allow it to enrich and renew the range of Alkemy products and services.

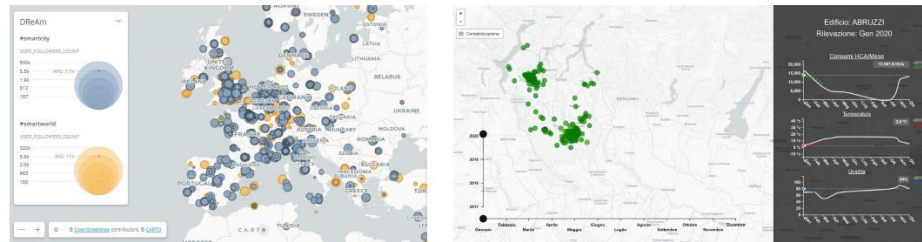
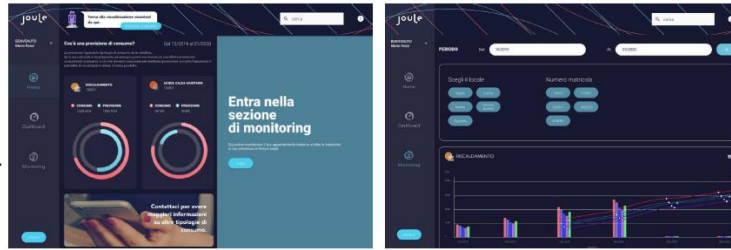
The topic of research and development is a transversal topic with various aspects. The main ones include:

#### Environmental aspects

Alkemy has built and monitors software engines and innovative instruments for Smart Cities and Smart Metering topics. The company develops machine-learning algorithms applied to Ambient Intelligence: vertical structuring of the data analysis for the recording of public opinion based on social conversations on the topic of the environment. Research ranges from climate change to domestic comfort, pollution in cities, and the functioning of mobility services and energy savings.

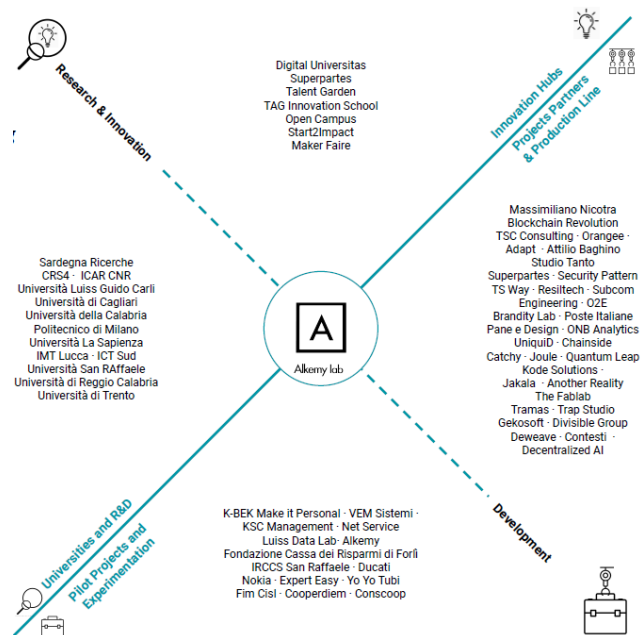
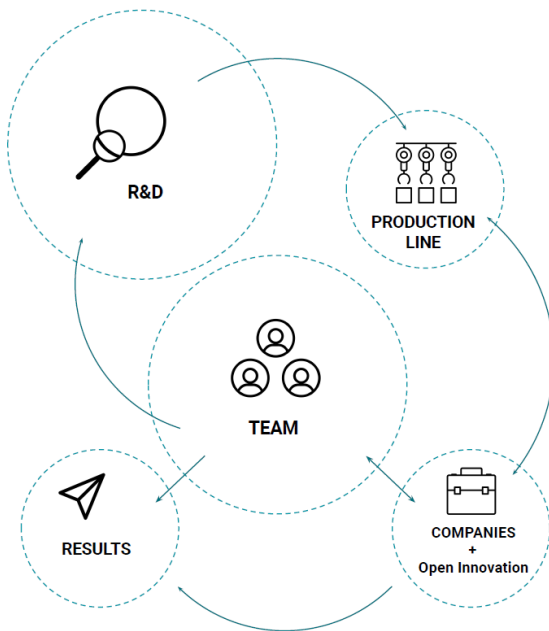


Aspetti ambientali



Social and cultural aspects

The Research and Development team builds qualified, continuous relations with universities and Research Centres. The innovative network consists of incubators, start-ups and the R&D sectors of large companies. These relations include: University of Cagliari, University of Calabria, Milan Polytechnic University, University of Trento, IMT Lucca, Talent Garden, Open Campus and CRS4. The creation and development of new competences and professionalism is particularly important, on emerging technologies such as AI, AR/VR, Blockchain, IOT and Voice.



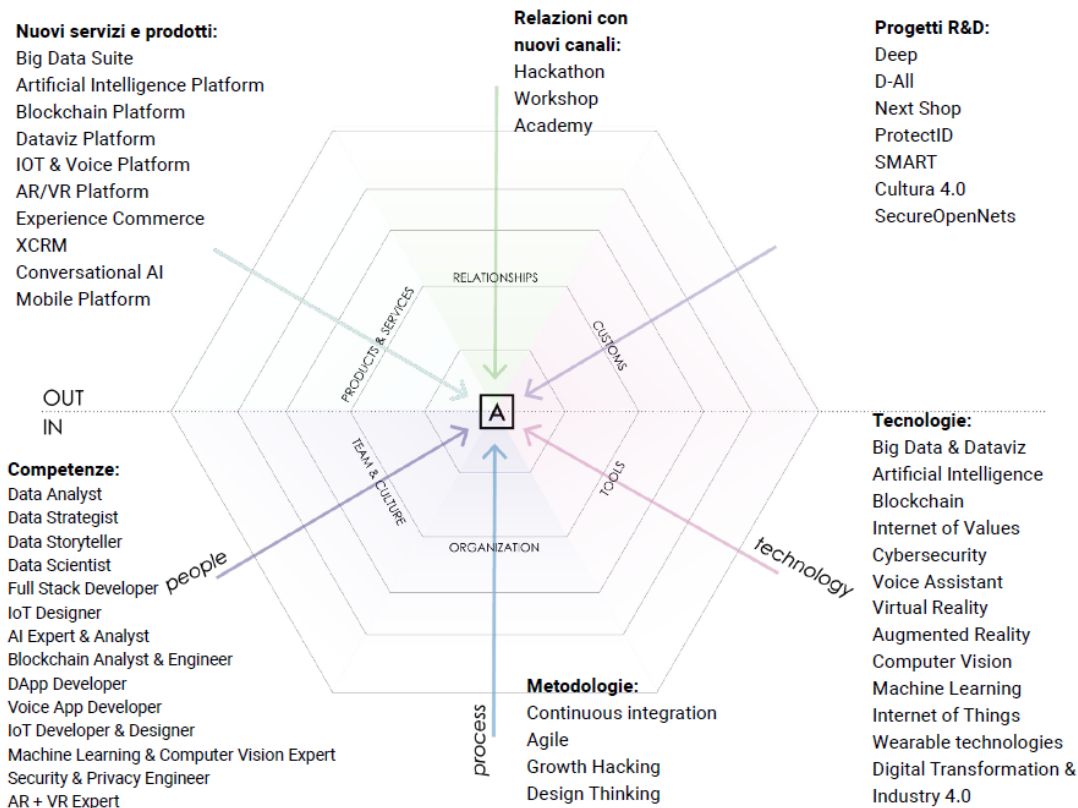
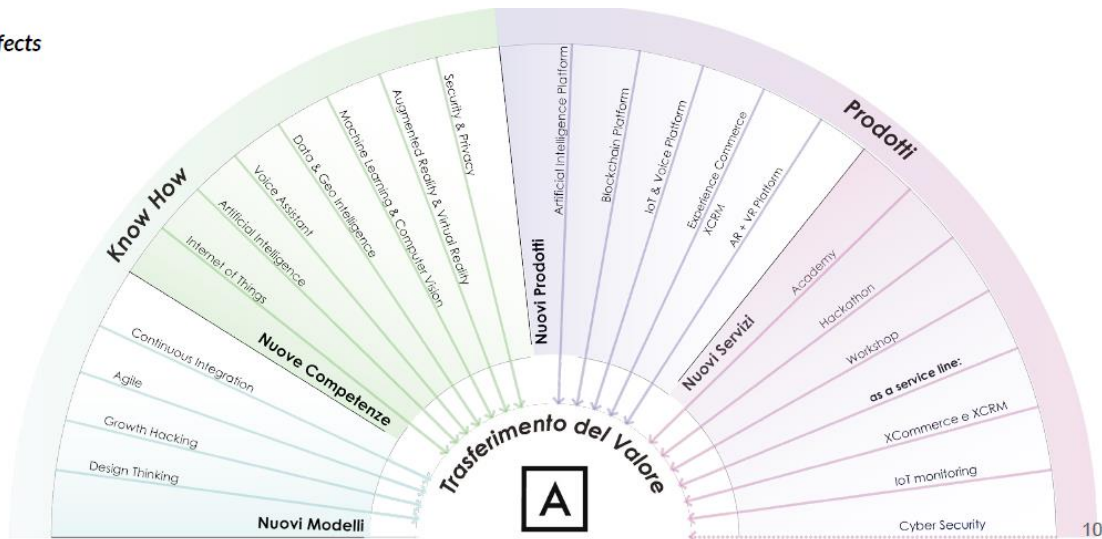
Internal effects of network aspects

The innovation circuit in Alkemylab is configured to all intents and purposes as an important network effect phenomenon, because it contributes towards the growth and expansion of



value of the various areas of Alkemy, ranging from data driven strategy to service design and brand experience.

**Network effects**



**Economic aspects**

R&D helps assure Alkemy's growth through grants and subsidised rate loans for the Group's research and innovation.



Alkemy's R&D also influences a broad spectrum of corporate structures and areas, namely:

#### Human Resources

Thanks to the R&D programmes and projects, which enabled the creation and continuous input, the company relies on a group of talents and innovators, an essential corporate asset for growth and development, which works by interacting with all areas of the business.

#### Orders

The virtuous chain cycle sparked by R&D allows for the application and use on the field of models, engines, highly-innovative tools, involving customers and partners in all phases of the business life cycle.

#### Products

The direct fallout of R&D activities and the Alkemy innovation lines has led to the creation of new products, which have enriched the already competitive company offer. More specifically, we refer to Data and Geo Intelligence products, Smart Object in the Internet of Things, Blockchain applications such as Membership, Secure, decentralised identities, Smart contracts, Augmented and Virtual reality platforms and Vocal applications. Below are some examples of products developed in this area:

##### 1. Scala

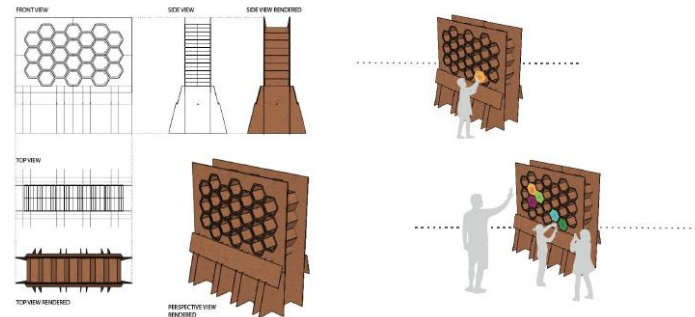


## MEET SCALA .

Scala è il primo prototipo di **hands-free speaker** munito di sensoristica per la rilevazione dell'home comfort e dedicato alla gestione ecologica delle smart home. Attraverso **un'interfaccia vocale** in italiano Scala fornisce agli utenti la possibilità di ricevere aggiornamenti real time sui consumi quali acqua, elettricità e gas, nonché informazioni riguardo all'ambiente domestico raccolti dai sensori on-board (temperatura, umidità, qualità dell'aria). I dati relativi all'**home comfort** sono associati direttamente a quelli sui consumi ed inviati alla piattaforma di smart metering Joule che si occupa della contabilizzazione dei consumi. Scala propone una nuova esperienza di gestione e monitoraggio del comportamento dell'utente fornendo un riscontro sia vocale che visivo per una migliore consapevolezza delle abitudini di consumo delle risorse e del conseguente impatto sull'ambiente.



## 2. DReAm/r



IoT

Ambient  
Intelligence

Data  
Analysis

Augmented  
Reality

## MEET DReAm/r.

DReAm/r integra la **Realtà aumentata** e l'**IoT** attraverso una installazione interattiva.

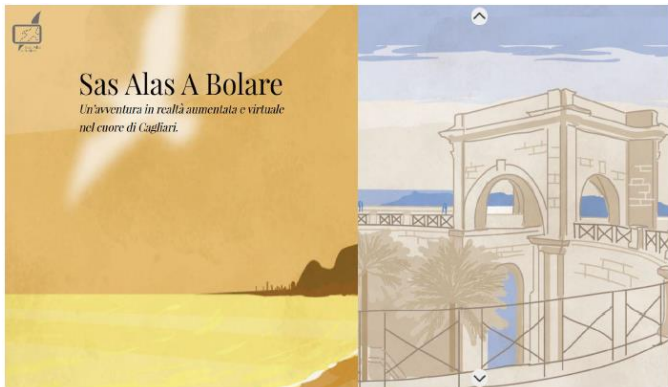
Lo scopo è realizzare una **esperienza immersiva di eLearning sui Bio-materiali** come sostituti dei materiali plastici.

DReAm/r è un'installazione composta da una struttura verticale a moduli esagonali componibili, detti token. Un token rappresenta un elemento naturale e riciclabile che può essere combinato con altri materiali compostabili (token).

L'esperienza ha avvio con una interazione reale: l'utente crea una combinazione di token sull'installazione. Attraverso il proprio device, ciascun token inquadrato in realtà aumentata restituisce un bio-materiale 3D che può essere combinato con altri,

I dati relativi all'esperienza e all'installazione interattiva (ambient intelligence) sono disponibili online sulla **DreAm/r Dashboard**.

## 3. Sas Alas A Bolare



Augmented  
Reality

Virtual  
Reality

Turismo  
immersivo

Gaming  
3D Object

## MEET Sas Alas A Bolare.

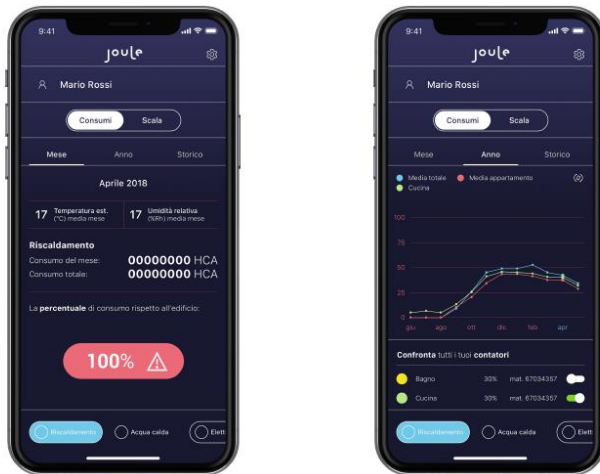
**Sas Alas A Bolare** è un'avventura immersiva in realtà virtuale e aumentata ideata per valorizzare la città di Cagliari.

Grazie a un percorso coinvolgente che coniuga avventura romanzesca e dinamiche interattive del **gaming**, intrecciando elementi della tradizione sarda con le **tecnologie immersive**, i visitatori, reali e virtuali, sono guidati alla scoperta della città: l'esperienza di **realtà aumentata e virtuale** offre nuove modalità di scoperta del territorio e delle leggende tradizionali cagliaritanee e sarde. La città con le sue bellezze, i cagliaritani, le loro usanze e la loro cultura, sono raccontati con gli occhi e l'animo di un viaggiatore che le raccoglie e le ammira.

**Sas Alas A Bolare** è stata realizzata grazie a **AR/VR Platform Builder**, una piattaforma #madeinAlkekmy, ideata per semplificare la creazione di esperienze immersive che permette la definizione progressiva degli elementi che costituiscono la scena virtuale.



#### 4. Joule



IoT

Blockchain

AI voice

Big Data

## MEET JOULE.

### Smart Metering by Design

Un ecosistema che si occupa di **Smart Metering, Monitoraggio e Previsione dei consumi**, integrato con i servizi della suite **Joule 4.0** per la gestione dell'energia. Joule lavora in architettura cloud integrando servizi e componenti Google con motori e tecnologie Open Source. **Sensori, connettori, apparecchi di misurazione, aggregatori di segnali, antenne, smart objects** sono gli elementi di base che raccolgono e forniscono i dati secondo i paradigmi dell'**Internet of Things** e dell'**Intelligenza Artificiale**. Joule controlla e gestisce gli impianti domestici e industriali, contribuendo a migliorare l'impatto ambientale, l'efficienza nei consumi e la spesa per l'energia.

#### 5. Membership by Blockchain



Ethereum

Wallet

WebApp

Metamask

## MEET Membership by Blockchain.

Il prodotto **Membership by Blockchain**, sviluppato all'interno del progetto Secure Open Nets, prevede l'evoluzione della loyalty card / tessera fedeltà / tessera univoca personale che attesta l'appartenenza a un gruppo, movimento, centro culturale ecc. in modelli digitali in cloud e utilizzo della tecnologia blockchain.

Il primo sperimentatore del prodotto è il **sindacato Fim-Cisl**. L'obiettivo è digitalizzare attraverso il paradigma della tokenizzazione il processo di tesseramento e ottenere una tessera digitale (**non fungible token ERC721**) da accompagnare/sostituire a quelle cartacee distribuite ai tesserati. La tessera sarà pubblicata sul registro distribuito (distributed ledger) e gestita attraverso una dApp (decentralized app) su tecnologia blockchain.





## Skill Voice



Alkemy  
★★★★★ 0

**DISATTIVA SKILL**

Inizia dicendo

"Alexa, avvia festival del buon vivere"

"cosa è il festival del buon vivere"

Deck

**Joule 4.0**  
Casa intelligente  
★★★★★ 0

Joule - Energia sotto controllo.

"Alexa, turn on Welcome Home"

"Alexa, turn off my Bedroom Sonos"

"Alexa, turn on my Chill Time"

"Alexa, turn on the TV"



## MEET Skill Voice .

Alkemy Lab ha sviluppato due **Skill Voice** per Amazon Alexa.

La prima skill sviluppata è stata la Joule **Skill Joule**: un nuovo componente del sistema integrato Joule IoT. Aiuta gli utenti ad interagire con la piattaforma Joule, ottenendo informazioni utili riguardanti il proprio consumo d'energia.

Una seconda skill sviluppata è stata la **Skill del Buon Vivere**, creata in occasione del Festival del Buon Vivere a Settembre 2019. L'obiettivo della skill è distribuire utili informazioni riguardanti l'agenda della settimana, migliorando l'esperienza di fruizione degli eventi in programma.

## Services

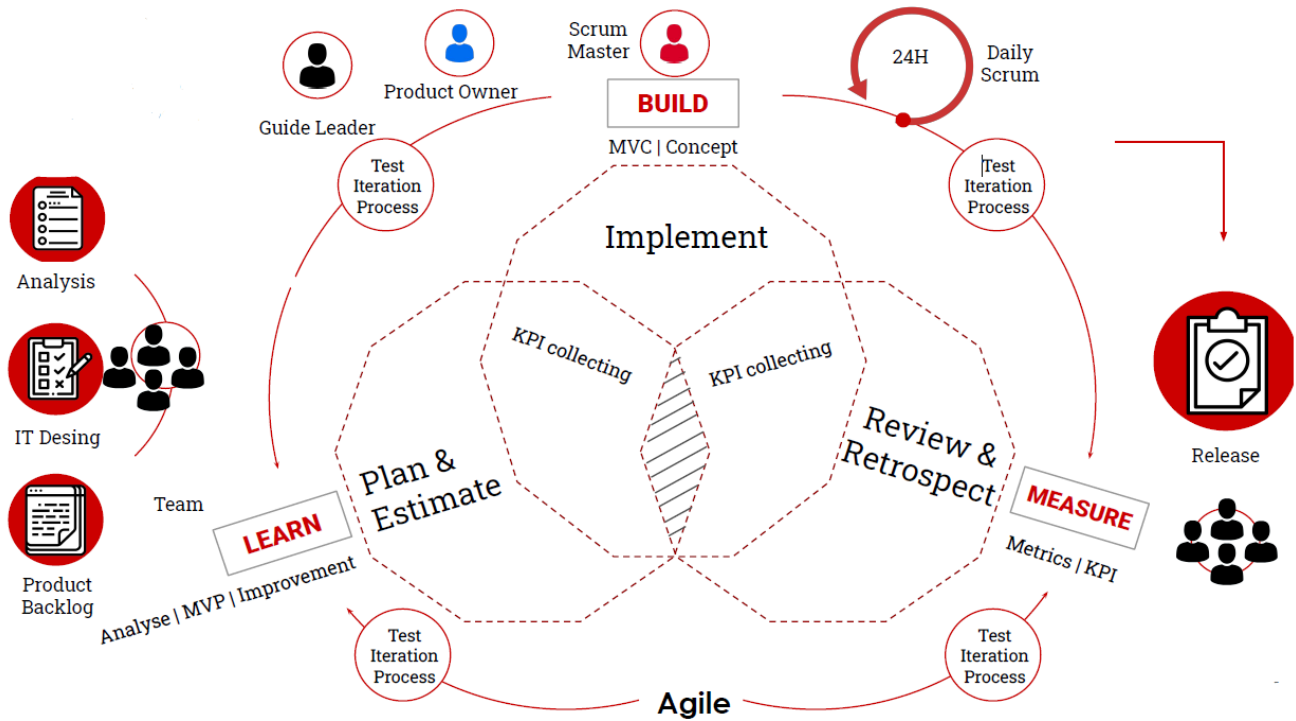
Consultancy services also benefit from R&D results, thanks to which new designs of management services, designs and strategies based on methodology frameworks like Agile, Scrum, Design Thinking and Growth Hacking have been shaped.

## Finance

In 2019, Alkemy spa incurred total costs for research and development for € 3,180 thousand, of which € 2,634 thousand for dedicated staff and € 534 thousand for external consultancy costs.

R&D contributes towards the formulation and supply of the new line of Alkemy services and contents, which concentrate on the Academy training offer available to Group employees. In addition to mainly technological contents, the research and development lines have configured, as part of the Academy, methodological sessions of great interest on the market, such as Agile and Scrum, Design Thinking and Growth Hacking.

Additionally, governance uses the Agile/Scrum methodology applied to team management and research cases, pilots and trials. Many different tools are used, which are efficient and distributed, and help monitor and track the research lines and objectives to be achieved. These are messaging programs (Slack, Telegram, Whatsapp), tracking and ticketing tools (Trello, Redmine, Jira) and continuous deployment and delivery, and test automation platforms. The adoption of data-driven models is important for the definition of new innovative lines offered by the company, including products, services and business strategies.



In this regard, 2019 saw the birth of two strategic products for the collection and spread of awareness of the business culture and knowledge:

- MyLake for the controlled distribution of information about products and projects carried out for customers.
- MyLibrary for the structuring of the offer portfolio.

The sharing of particularly innovative hard and soft skills in traditional market segments, has been implemented mainly in eCommerce and Customer Relationship Management (CRM), allowing the company to prepare new, challenging offers, also in economic terms and go-to-market.

The commitment and achievement of results in R&D activities is hinged on the capacity to engage the team, which takes place through Performance Review policies, Management by Objectives and the Net Promoter Score. The adoption of the Open Innovation model by means of events, aggregating moments, co-design, sharing of experience, participation and testimonials at public events also successfully maximises the results and commitment of research, also in an open dialogue with stakeholders.

Eventually, Alkemy's objectives set in terms of R&D are measured and managed through proactive, continuous monitoring and tracking tools. For each investment line or research project, right from the conception and design phase, the results indicators are identified and potentially divided by phase (i.e. interim, final). The type of indicators, which ranges from qualitative and other quantitative indexes, adopts various international standards, such as, for example, the Technology readiness level.



## Cybersecurity and data protection

The growing level of digitisation has increased the risk connected with cyber threats. Indeed, today an increasing number of cyber threats derive from the evolution and growing complexity of computer systems and a greater vulnerability of the ICT infrastructure and applications forces businesses like Alkemy to adopt systems and procedures that are able to guarantee high levels of security in processing data and sensitive information, within and outside the organisation.

The Group does not pursue a business that envisages the processing and/or management of a large quantity of data within, because, in going about its activities, it is only responsible for processing data on behalf of its customers when providing services and does not instead operate as the proprietor of the data.

In order to safeguard and protect the data and information it finds itself handling as best possible, the Alkemy Group has carried out all the activities envisaged by European Regulation 679/2016 (the GDPR). In order to meet the requirements of this legislation, in 2018, the Alkemy Group appointed a Data Protection Officer tasked with overseeing and guaranteeing the correct processing of data and information, in line with current legislation.

In 2020, a CTO (Chief Technical Officer) shall be hired to implement the controls envisaged to obtain ISO 27001 certification relative to information security measures and implement internal data management systems.

As part of adjustment to comply with current legislation, Alkemy S.p.A. has also introduced multiple technical and organisational data protection policies, including the Data Regulation Policy, the Internal Regulation Policy and the Privacy Policy, able to guarantee security in the Group's processes and activities.

The principles of confidentiality and privacy are established in the Parent Company's Code of Ethics, which provides its employees and collaborators with an exhaustive list of information defined as confidential (exclusively the property of Alkemy) and, therefore, subject to confidentiality restrictions.

As proof of the Group's commitment to safeguarding data and information, in 2019, no complaints were received in relation to privacy breaches from customers or data losses.

<b>Number of substantiated complaints concerning breaches of customer privacy and losses of data of customers</b>	
Number of complaints received from third parties in relation to cases of privacy breaches of customers	0
Number of complaints received from regulatory entities relative to cases of privacy breaches of customers	0

Please note that there was only one data breach recorded in 2019, which concluded with no liability attributed to Alkemy.



**Leaks, losses or thefts of identified customer data**

Total number recorded of customer data leaks, thefts or losses	1
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## Environmental responsibility

The Alkemy Group is aware of the need to make responsible use of its energy and environmental resources. The commitment towards these topics is based on the principles included in the Code of Ethics, which demands that its employees and collaborators take part in the risk prevention and environmental safeguarding process.

Energy usage is a material topic for the Group as it can have significant impacts on the environment and then, possibly impact climate change, a topic that gives rise to growing concern and which requires the collaboration of various stakeholders (public, private, local communities, etc.) in order to be successfully broached.

The Group has identified and circumscribed the businesses with an environmental impact for its business type,. These mainly relate to the consumption of energy resources for heating<sup>1</sup> and lighting offices, for running computers for work and for fuel to power company cars.

Alkemy's business in fact consists of the provision of services to customer businesses, which are mainly supplied at the offices of the various Group companies and, to an extent at the offices of the customers. This is why use of energy is limited to the above-specified areas.

In 2019, energy consumption traced to the Group's Italian companies totalled 1,612 Gj from non-renewable sources, of which 50% from consumptions of diesel and petrol used for company cars and the remaining 50% from the consumption of electricity.

### ENERGY CONSUMPTION BY TYPE<sup>2</sup>

Type of energy	Unit of measurement	2019
Diesel	litres	21,079
	Gj	804
Petrol	litres	51
	Gj	2
Electricity	kWh	223,785
	Gj	806
<b>Total</b>	<b>Gj</b>	<b>1,612</b>

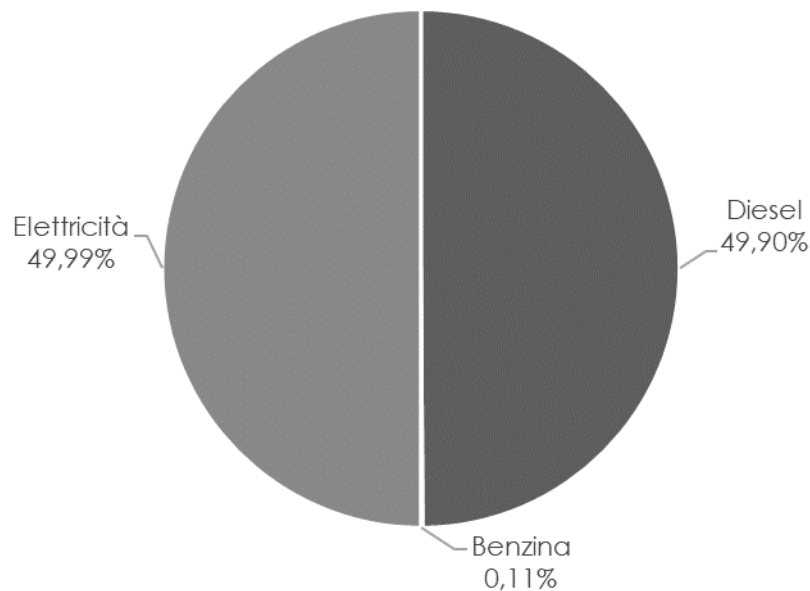
In relation to fuel consumption, rules of conduct are outlined that can affect the everyday choices of Group employees. For example, use of public vehicles in the city is encouraged rather than private cars or taxis and, where possible, train travel is preferred over air travel.

<sup>1</sup> With regards to energy consumption for heating offices, please note that to date, the data collection and monitoring systems do not enable a timely collection of the information necessary to report on the data.

<sup>2</sup> The conversion into Joules was calculated using "Defra - UK Government GHG Conversion Factors for Company Reporting" 2019.



### Consumi energetici



In 2019, the Group's Italian companies produced a total of 135 tonnes of CO<sub>2</sub>. These emissions are divided into:

- Direct emissions - Scope 1: emissions deriving from the use of energy, as fuel used for the car fleet;
- Indirect emissions - Scope 2: emissions deriving from the generation of energy purchased.

In 2019, direct Scope 1 emissions due to direct energy consumption (diesel and petrol) came to 55 tonnes CO<sub>2</sub>.

Indirect Scope 2 emissions, calculated using the location-based method<sup>3</sup> instead came to 80 tonnes of CO<sub>2</sub>, while those calculated taking a market based approach<sup>4</sup> instead came to 109 tonnes of CO<sub>2</sub>.

<sup>3</sup> The location-based method reflects the average intensity of emissions deriving from the total national production of electricity.

<sup>4</sup> The market-based method reflects emissions deriving from the electricity that the companies have chosen to use and has therefore been calculated with the emission factors representing the "residual mix", i.e. energy and emissions not monitored or not reclaimed.



## CO<sub>2</sub><sup>5</sup> EMISSIONS

Type of energy	Unit of measurement	2019
Direct emissions - Scope 1	tCO <sub>2</sub>	55
Indirect emissions - Scope 2 - Location based	tCO <sub>2</sub>	80
Indirect emissions - Scope 2 - Market based	tCO <sub>2</sub>	109
<b>Total emissions - Location based</b>	<b>tCO<sub>2</sub></b>	<b>135</b>
<b>Total emissions - Market based</b>	<b>tCO<sub>2</sub></b>	<b>164</b>

The Group is committed to increasing the use of Cloud-based services (over proprietary servers) in order to improve use of the hardware, in the case of Cloud-based services, which would reduce energy consumption with a corresponding positive impact on the environment.

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<sup>5</sup> To calculate emissions, the following emission factors were used:

- Scope1: "Defra - UK Government GHG Conversion Factors for Company Reporting" 2019;
- Scope2 - Location-Based: "Confronti internazionali 2017" (2017 International Comparisons) published by Terna;
- Scope2 - Market-Based: "The Association of Issuing Bodies - Residual Mixes and European Attribute Mix 2018 v 1.2".



## Social responsibility

The Alkemy Group acknowledges the importance and the centrality of its people and considers them a primary factor in its business success.

The Group aggregates under one roof resources from very different backgrounds and origins, ranging from strategic consultancy to creativity, eCommerce and technology; contexts with very different logics and engagement and retention methods.

This diversity is a value and therefore needs to be preserved, at the same time maintaining the principles and key elements, which are common thread of Alkemy's professional experience.

As at 31 December 2019, the Group had a total of 526 employees, almost all (95%) hired with permanent contracts. Employees every day work with commitment, competence and passion. In addition to this, there are 145 external collaborators, of whom 11 trainees, 91 temporary workers, 36 external consultants and 7 other types of collaborators, making for a total workforce of 671.

Employees are mainly used at the Group's Italian companies, which hire approximately 69% of the total Group employees, followed by Spain, which uses around 17%, Mexico with around 10% and, finally, Serbia, with the remaining 3%.

## GROUP EMPLOYEES BY TYPE OF CONTRACT, GENDER AND REGION AT 31 DECEMBER 2019

Region	Permanent contract	Fixed-term contract	Total
<b>Italy</b>			
Man	190	2	<b>192</b>
Woman	166	7	<b>173</b>
<b>Total</b>	<b>356</b>	<b>9</b>	<b>365</b>
<b>Spain</b>			
Man	37	4	<b>41</b>
Woman	43	6	<b>49</b>
<b>Total</b>	<b>80</b>	<b>10</b>	<b>90</b>
<b>Mexico</b>			
Man	21	2	<b>23</b>
Woman	28	3	<b>31</b>
<b>Total</b>	<b>49</b>	<b>5</b>	<b>54</b>
<b>Serbia</b>			
Man	8	1	<b>9</b>
Woman	7	1	<b>8</b>
<b>Total</b>	<b>15</b>	<b>2</b>	<b>17</b>





<b>GROUP</b>	<b>Permanent contract</b>	<b>Fixed-term contract</b>	<b>Total</b>
Man	256	9	<b>265</b>
Woman	244	17	<b>261</b>
<b>TOTAL</b>	<b>500</b>	<b>26</b>	<b>526</b>

Finally, the Group pays close attention to the needs of its people, in particular with reference to those linked to the conciliation of personal and working life. Alkemy seeks to offer solutions that suit the individual and professional needs of its people. This is highlighted by the presence of 31 part-time employees, accounting for approximately 6% of the Group employees, of whom 74% are women.

#### GROUP EMPLOYEES BY TYPE OF CONTRACT AND GENDER AS AT 31 DECEMBER 2019

<b>Gender</b>	<b>Full-time</b>	<b>Part-time</b>	<b>Total</b>
Man	257	8	<b>265</b>
Woman	238	23	<b>261</b>
<b>Total</b>	<b>495</b>	<b>31</b>	<b>526</b>

### Diversity and inclusion

The Alkemy Group is firmly convinced that an inclusive workplace that optimises all diversities (gender, background, sexual preferences, age), is not only an imperative in terms of values, but also a critical success factor for the business. Because diversity is innovation, creativity and the possibility of major impact.

Diversity is very important in a young, multicultural context as is that in which the Group operates. Indeed, as stressed by its Code of Ethics, the Group promises to offer trust and equal opportunities to all, drawing no distinction according to ethnic origin, religion, opinions, nationality, gender, physical conditions, age and social conditions, to guarantee a fair, non-discriminatory treatment based on criteria of merit and values of equality, tolerance and mutual respect.

In order to create a real business culture, it is essential to cultivate diversity and inclusion with the same conviction with which we support the other business priorities. Diversity in Alkemy is not only valued but also is at the basis for the organisational culture of the Group.

As proof of the Group's attention paid to the topic of diversity, female staff a 261, accounting for approximately 50% of all Group employees, whilst men total 265, constituting the remaining 50% of Group employees. Additionally, as at 31 December 2019, 6 employees working for the Group's Italian companies belong to protected categories.



In terms of a breakdown by professional category of employees, as at 31 December 2019, approximately 83% come under the category of office workers. The categories of middle managers and managers instead respectively account for approximately 13% and 4% of all employees.

The Group sets itself the important object to increase the number of women in managerial positions, which as at 31 December 2019 equates to approximately 32% of all management and middle management. In favour of this objective, in 2019, close attention was also paid during recruiting, resulting in the hiring of a considerable number of women during the year.

#### GROUP EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER AS AT 31 DECEMBER 2019

Professional category	Man	Woman	Total
Managers	19	2	21
Middle managers	43	27	70
Office employees	203	232	435
<b>Total</b>	<b>265</b>	<b>261</b>	<b>526</b>

Almost all (59%) of the Group's employees fall within the 30 - 50 years old age bracket, with 35% in the under 30 years old bracket. The residual 6% are employees aged over 50.

#### GROUP EMPLOYEES BY PROFESSIONAL CATEGORY AND AGE BRACKET AS AT 31 DECEMBER 2019

Professional category	<30 years old	between 30 and 50 years old	>50 years old	Total
Managers	0	16	5	21
Middle managers	5	52	13	70
Office employees	178	242	15	435
<b>Total</b>	<b>183</b>	<b>310</b>	<b>33</b>	<b>526</b>

In 2019, the Group took some initiatives to raise awareness amongst its employees on the topic in question. Specifically, in this regard, different actions have been executed: delivery of a training session on "unconscious bias", dedicated to the management team, and a survey for all staff, aiming at analysing the perception employees have of the workplace, in respect of matters of diversity and with a specific focus on the gender dimension.

The survey made it possible to gain a greater awareness of the internal working context, giving everyone his or her say. The ensuing results and comments were the starting point for planning targeted actions for improving and allowing everyone to express themselves in a positive environment that fosters the growth of all employees. The consequent actions included three voluntary focus groups, coordinated by an external consultant. Each focus



group involved ten people, representing the Alkemy's business units, the different levels of seniority and the different professional skills. The output of the focus groups will be various initiatives, still to be defined, which will be implemented according to the time and resources necessary.

## Talent attraction and retention

The Group has always paid particularly close attention to the research and selection of the best talents using two key principles: that they are PEOPLE GOOD in the specific competences and experiences and GOOD PEOPLE in line with our business culture and values, which are the "extras" in our alchemy.

The Group has always put people right at the heart of its decisions, aiming to guarantee the best possible conditions to execute their work to the best of their ability in an inclusive, stimulating workplace where everyone feels to be making a contribution first hand towards the achievement of the corporate objectives.

This occurs also thanks to the constant promotion of internal communication activities, led by the various members of the leadership team, and of various internal initiatives connected with the spread of awareness of our culture and values.

During the recruiting process, we not only measure the technical skills of candidates through specific interviews held by our first and second lines, but we also check for the cultural and behavioural fit of the candidate, with an initial interview with the People & Culture HR Department.

Once a year, in November and December, our people are asked to complete a self-assessment on the degree to which the objectives assigned for that year have been achieved, as well as giving an overall opinion on their own performance. This card is then sent up to the managers, who fill in the assessments, involving anyone able to contribute and who may have a different perspective to that of the employee.

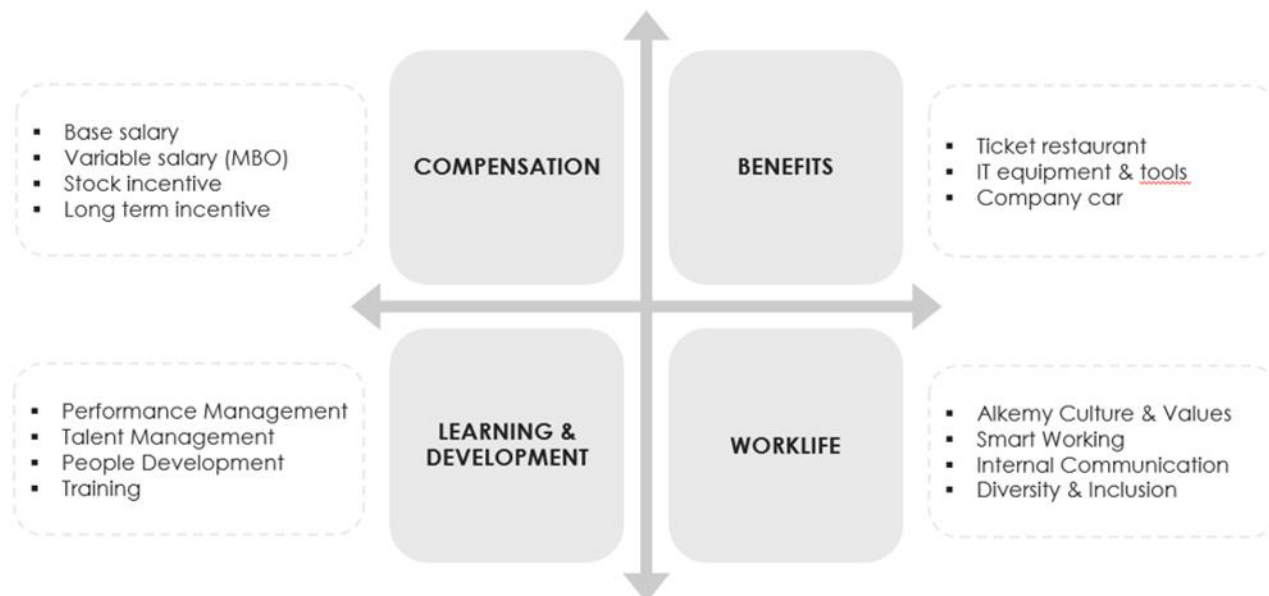
In addition to the performance assessment carried out for the current year, the managers also indicate the employee's objectives for the following year. The assessments should also point out aspects for improvement and the growth path as a whole.

Individual assessment interviews with each of our people are planned for February the following year. During the assessment, in addition to the assignment of formal objectives by the managers (Chief Executive Officer, Managing Director and Director), and verifying their partial or complete achievement, in respect of the year that has passed, any individual changes to remuneration and level are also notified. The People & Culture Department coordinates the process.

Alkemy's People Strategy is based on a total reward system. This term refers to the set of remuneration and incentive systems adopted with a view to attracting, motivating and



retaining talent, guiding conduct according to the values and principles of the Group's organisational culture, towards the forecast corporate objectives.



All employees are entitled to the same types of benefits, with no distinction drawn between full- and part-timers. In general, on an Italian level, the following corporate welfare initiatives apply:

- Two portals containing employee discounts;
- ATM convention to simplify transport for employees;
- Basic medical insurance;
- Fondo est is also open to fixed-term employees;
- Smart working.

For 2020, welfare initiatives are being considered for our employees, along with new partnerships and additional benefits aimed at improving our all-round employee experience.

We are also firmly convinced that assuring our organisation greater flexibility, guaranteeing greater autonomy for our people and holding them accountable thanks to a definition of work by objectives, can help conciliate personal and working lives and, at the same time, foster individual growth and productivity.

This is the reason why Alkemy introduced smart working in 2019, available for all employees openly (with no limits to days, upon approval by their direct manager). The introduction of smart working is a key step towards the consolidation of the organisational culture model based on principles of freedom and responsibility.



## I principi guida dello Smart Working in Alkemy



Finally, the Alkemy model is based on a strong investment by management, hence stock incentives are seen as key leverage. Since it was first established in 2012, two stock option plans have been launched, involving around seventy managers and employees. In view of the success of the initiative, we are currently examining the possibility of introducing a subsidised share purchase plan for Alkemy employees.

### Staff training and development

The Group sees training as the main tool by which to value and develop its people. Our approach has always been one of continuous learning, which consists of promoting the continuous growth of the baggage of skills and knowledge held by our resources, adjusting it to the rapid evolution of the digital and technological context. Additionally, we stimulate our people to seek continuous training and consolidation of their soft skills through the delivery of dedicated training courses open to the whole company population.

Alkemy is lucky enough to aggregate people with very diverse professions and backgrounds under a single roof and has always promoted a culture of sharing and “contamination” to guide the growth of our people in acquiring competences that differ and complement their own vertical path.

In particular, Alkemy's People & Culture department manages all Training, People Development, Performance e Talent Management, Company Culture, Internal Communication and Diversity & Inclusion activities Together with the management and through liaising with the HR Operations Department, the department is responsible for designing and planning a series of initiatives and actions of Training and Development that will mainly concretize in 2020.



Multiple objectives are set by these initiatives, including:

- to assure the personal and professional growth of all resources, focussing on motivation, corporate climate and performance;
- to identify and manage talents within and outside the Group, thereby developing them;
- to promote employer branding;
- to ensure talent retention.

Training is coordinated and planned by the HR Operations and People & Culture Departments and involves the whole organisation on different levels, from top management to the more junior resources, staff and first line.

On the basis of this organisation and as mentioned previously, for the last three years, the Group has been promoting the development of Alkemy Academy. Held by the management team, the academy is an internal training path open to all Group employees. Moreover, it aims at spreading awareness of the internal culture, values and mission as well as assuring full knowledge of all areas in which the business develops.

In 2019, through Alkemy Academy the Group delivered 15 specific training courses, involving 13 in-house teachers and an average of 20 participants per classroom.

Specifically, in 2019, training hours were delivered dedicated to strengthening key soft skills. Directors (second lines) were assigned a leadership and personal effectiveness development course, followed by individual coaching sessions. Recurring courses on Public Speaking, Time Management and Team Working were also run, and English and Spanish language courses were delivered constantly.

As further evidence of the Group's commitment to developing the skills of its employees, in 2019, the Group delivered more than 4,000 training hours to all professional levels. Per capita training hours came to 7.7 in 2019, with no significant differences between men (8.1) and women (7.2).

#### TRAINING HOURS BY PROFESSIONAL CATEGORY AND GENDER AS AT 31 DECEMBER 2019

Professional category	Man	Woman	Total
Managers	76	36	112
Middle managers	320	311	630
Office employees	1,762	1,541	3,303
<b>Total</b>	<b>2,158</b>	<b>1,888</b>	<b>4,045</b>

#### AVERAGE HOURS PER CAPITA OF TRAINING BY PROFESSIONAL CATEGORY AS AT 31 DECEMBER 2019

Professional category	Average hours
Managers	5.3



<b>Professional category</b>	<b>Average hours</b>
<i>Middle managers</i>	9.0
<i>Office employees</i>	7.6
<b>Total</b>	<b>7.7</b>

AVERAGE HOURS PER CAPITA OF TRAINING BY GENDER AS AT 31 DECEMBER 2019

<b>Professional category</b>	<b>Average hours</b>
<i>Man</i>	8.1
<i>Woman</i>	7.2
<b>Total</b>	<b>7.7</b>

The Group is extremely attentive towards the matter of optimising its talents. In this area, 2019 saw the launch of the very first Alkemy Talent Management Programme, aiming at identifying the best talents and helping assure their growth and development within Alkemy. The program seeks to be a unique experience for our talents, offering training and growth, in contact with the management and the entire pool of talents, identified in November 2019. It is a talent experience intended as an accelerator of development for all those wishing to release their full potential and strive towards ever more ambitious results, making a first-hand contribution towards the Group's success.

The Group's approach to talent management adheres to the principles of transparency and involvement, so that everyone is aware to be able to satisfy their ambitions and develop their potential in a participatory professional environment that is stimulating and assures constant growth.

Talent in Alkemy is a resource that stands out from the others, which can make the difference, which emerges both through technical skills and communication and leadership qualities. Talent is also an enabler of other talent: it searches for it, optimises it and makes it available to the common objective. Talent is not only part of our alchemy, it is its hallmark.

The Group offers its talents:

- a mentoring system, launched in December 2019, whereby they are flanked by a member of the company's senior management team. The aim of the mentor is to guide the talent through the development of their own professional objectives, assisting them throughout the talent experience.
- technical and managerial training to be delivered starting 2020, which involves, for each talent chosen, the planning of dedicated individual and specific technical training courses.
- preferential access to cross initiatives, such as job rotation, special corporate projects and experiences abroad.



At the same time, talents are required to play an active role, becoming the real AMBASSADORS of Alkemy: the aim is to spread the Group's culture and be an example of our alchemy - for all our people and customers. The talent must be a leader of values and skills, an example of responsibility and concreteness, both for their team and all Alkemy people, but also an enabler of others' excellence, optimising individual talents and competences and leveraging on diversity to the service of the common objective. The talent must also help make Alkemy the "BEST PLACE TO WORK", making proactive suggestions for ideas and initiatives by which to improve the workplace and corporate climate more and more.

In 2020, the Group expects to further strengthen training and specific technical training for all the company population.

## Occupational health and safety

Protection of health and safety at work is, for a company like Alkemy, extremely important, and it is also ratified in the Code of Ethics. Improving conduct and increasing the corporate culture of preventing incidents and damages that can occur during work is a commitment that the Group pursues fervently and constantly with a view to offering ever safer workplaces for its people.

Health and safety are not only a workers' right, but also an interest for both companies, which apply 81/08 legislation in Italy and guarantee a comfortable and, therefore, more productive environment, and for society as a whole, which thus finds itself bearing lesser social costs for occupational diseases and injuries. What is so important is that through suitable information and training, safety at work is considered "normal" behaviour, naturally, without any real effort being required. In this sense, Alkemy does everything it can in respect of 81/08 legislation in terms of a service context and a population of video terminal operators.

In 2019, the Group's Italian companies delivered several classroom courses on training for occupational health and safety, for a total of 200 hours of training devoted to this subject, as well as, as per the calendar established, having trained Safety Representatives and the Workers' Safety Representative (WSR). In order to further protect health in the workplace, 50 medical check-ups were organised and various site inspections with the appointed physician, the Prevention and Protection Service Manager and the WSR in the offices of Milan and elsewhere in Italy.

As evidence of Alkemy's commitment to preventing and protecting the health and safety of its employees, in 2019, there were no injuries at work in any of the Group companies.





NUMBER OF INJURIES IN THE GROUP AS AT 31 DECEMBER 2019<sup>6</sup>

<b>Number of injuries</b>	<b>2019</b>
Total number of fatal incidents associated with injuries at work	0
Total number of serious injuries at work (excluding deaths)	0
Total number of injuries at work recorded	0

NUMBER OF HOURS WORKED BY GROUP EMPLOYEES AS AT 31 DECEMBER 2019

<b>Hours worked</b>	<b>2019</b>
Hours worked by employees	798,305

GROUP INJURY RATES AS AT 31 DECEMBER 2019

<b>Rates</b>	<b>2019</b>
Rate of deaths caused by injuries at work	0
Rate of serious injuries at work (excluding deaths)	0
Rate of injuries at work recorded	0

In the future, Alkemy intends to invest further in accident prevention and health and safety at work in order to prevent material damages that can put the organisation at risk of survival and, ultimately, to establish an image of excellence and reliability.

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<sup>6</sup> The scope of information about health and safety and the related injury indicators only includes the staff of Group companies.



## GRI Content Index

GRI Standard	Disclosure	Page number	Notes and omissions
<b>GRI 102: General Disclosures</b>			
<b>Organizational profile</b>			
GRI 102-1	Name of the organization.	8	
GRI 102-2	Activities, brands, products and services.	12-15	
GRI 102-3	Location of headquarters.	8	
GRI 102-4	Location of operations (the number of countries in which the organization operates and the countries in which the organisation has activities or in which the activity carried out is particularly important with respect to the sustainability issues discussed in the document).	8-9	
GRI 102-5	Ownership and legal form.	8	
GRI 102-6	Markets served (including the geographical coverage, fields of activity and type of customers and recipients).	8-9, 12-15	
GRI 102-7	Scale of the organization.	8-9, 12-15, 35, 48	
GRI 102-8	Information on employees and other workers (number of employees by contract and gender).	48-49	
GRI 102-9	Supply chain.	16-17	



GRI 102-10	Significant changes to the organization and its supply chain (in the reporting period).	6-7	
GRI 102-11	Precautionary Principle or approach.	23-29	
<b>Strategy</b>			
GRI 102-14	Statement from senior decision-maker.	4-5	
<b>Ethics and integrity</b>			
GRI 102-16	Values, principles, standards, and norms of behaviour.	11-12, 22	
<b>Governance</b>			
GRI 102-18	Governance structure.	18-20	
GRI 102-22	Composition of the highest governance body and its committees.	18-20	
GRI 102-32	Highest governance body's role in sustainability reporting.	7	
<b>Stakeholder engagement</b>			
GRI 102-40	List of stakeholder groups.	32	
GRI 102-42	Identifying and selecting stakeholders.	32	
<b>Reporting practice</b>			
GRI 102-45	Entities included in the consolidated financial statements.	6-7	



GRI 102-47	List of material topics (identified in the analysis for establishing the reporting scope).	32-33	
GRI 102-48	Restatements of information (and reasons for the changes).	6	
GRI 102-49	Changes in reporting (and limitations with respect to the previous reporting period).	6	
GRI 102-50	Reporting period.	6	
GRI 102-51	Date of most recent report.	6	
GRI 102-52	Reporting cycle.	6	
GRI 102-54	Claims of reporting in accordance with the GRI Standards.	6	
GRI 102-55	GRI Content Index	58-64	
GRI 102-56	External assurance.	65	
<b>GRI Standard</b>	<b>Disclosure</b>	<b>Page number</b>	<b>Notes and omissions</b>
<b>GRI 200: ECONOMIC SERIES</b>			
<b>Topic: Anti-corruption</b>			
<b>GRI-103: Management Approach (2016)</b>			
103-1	Explanation of the material topic and its Boundary	32-34	-
103-2	The management approach and its components	21-23	-
103-3	Evaluation of the management approach	21-23	-
<b>GRI-205: Anti-corruption (2016)</b>			



205-3	Confirmed incidents of corruption and actions taken		No episodes of corruption occurred in 2019.
<b>GRI 300: ENVIRONMENTAL SERIES</b>			
<b>Topic: Energy</b>			
<b>GRI-103: Management Approach (2016)</b>			
103-1	Explanation of the material topic and its Boundary	32-34	-
103-2	The management approach and its components	45-47	-
103-3	Evaluation of the management approach	45-47	-
<b>GRI-302: Energy</b>			
302-1	Energy consumption within the organisation	45	
<b>GRI-305: Emissions</b>			
305-1	Direct/Scope 1 GHG emissions	46-47	
305-2	Energy indirect/Scope 2 GHG emissions	46-47	
<b>GRI 400: SOCIAL SERIES</b>			
<b>Topic: Employment</b>			
<b>GRI-103: Management Approach (2016)</b>			
103-1	Explanation of the material topic and its Boundary	32-34	-
103-2	The management approach and its components	51-53	-
103-3	Evaluation of the management approach	51-53	-
<b>GRI-401: Employment (2016)</b>			



401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	52	-
<b>Topic: Occupational health and safety</b>			
<b>GRI-103: Management Approach (2016)</b>			
103-1	Explanation of the material topic and its Boundary	32-34	-
103-2	The management approach and its components	56	-
103-3	Evaluation of the management approach	56	-
<b>GRI-403: Occupational Health and Safety (2018)</b>			
403-1	Occupational health and safety management system	56	-
403-5	Worker training on occupational health and safety	56	-
403-9	Work-related injuries	57	-
<b>Topic: Training and education</b>			
<b>GRI-103: Management Approach (2016)</b>			
103-1	Explanation of the material topic and its Boundary	32-34	-
103-2	The management approach and its components	53-56	-
103-3	Evaluation of the management approach	53-56	-
<b>GRI-404: Training and Education (2016)</b>			
404-1	Average hours of training per year per employee	54-55	-
<b>Topic: Diversity and equal opportunities</b>			
<b>GRI-103: Management Approach (2016)</b>			



103-1	Explanation of the material topic and its Boundary	32-34	-
103-2	The management approach and its components	49-51	-
103-3	Evaluation of the management approach	49-51	-
<b>GRI-405: Diversity and Equal Opportunity (2016)</b>			
405-1	Diversity of governance bodies and employees	19-20, 49-50	-
<b>Topic: Customer privacy</b>			
<b>GRI-103: Management Approach (2016)</b>			
103-1	Explanation of the material topic and its Boundary	32-34	-
103-2	The management approach and its components	43	-
103-3	Evaluation of the management approach	43	-
<b>GRI-418: Customer privacy (2016)</b>			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	43-44	-
<b>Topic: Customer centricity</b>			
<b>GRI-103: Management Approach (2016)</b>			
103-1	Explanation of the material topic and its Boundary	32-34	
103-2	The management approach and its components	29-31	
103-3	Evaluation of the management approach	29-31	
<b>Topic: Capacity for innovation, research and development</b>			
<b>GRI-103: Management Approach (2016)</b>			
103-1	Explanation of the material topic and its Boundary	32-34	
103-2	The management approach and its components	35-42	



103-3	Evaluation of the management approach	35-42	
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**INDEPENDENT AUDITOR'S REPORT  
ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,  
PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND  
ART. 5 OF CONSOB REGULATION N. 20267/2018**

**To the Board of Directors of  
Alkemy S.p.A.**

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Alkemy S.p.A. and its subsidiaries (hereinafter "Alkemy Group" or "Group") as of December 31, 2019 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on March 24, 2020 (hereinafter "NFS").

**Responsibility of the Directors and the Board of Statutory Auditors for the NFS**

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the "*Global Reporting Initiative Sustainability Reporting Standards*" established in 2016 by GRI - *Global Reporting Initiative* (hereinafter "GRI Standards"), with reference to the selection of GRI Standards, which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

**Auditor's Independence and quality control**

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies *International Standard on Quality Control 1 (ISQC Italia 1)* and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Auditor's responsibility**

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards, with reference to the selection of GRI Standards. We conducted our work in accordance with the criteria established in the "*International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "ISAE 3000 Revised"), issued by the *International Auditing and Assurance Standards Board (IAASB)* for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

1. analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art. 3 of the Decree and taking into account the adopted reporting standard.
2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree.
3. understanding of the following matters:
  - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
  - policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
  - main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 4, letter a) of this report.

4. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of Alkemy S.p.A. and with the employees of BizUp S.r.l., Nunatac S.r.l. and Alkemy Play S.r.l. and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at parent company's and subsidiaries' level:
  - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
  - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- for the following companies, Alkemy S.p.A., Nunatac S.r.l. and Alkemy Play S.r.l., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

## **Conclusion**

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Alkemy Group as of December 31, 2019 is not prepared, in all material aspects, in accordance with article 3 and 4 of the Decree and the GRI Standards, with reference to the selection of GRI Standards.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Vittorio Camosci**  
Partner

Milan, Italy  
March 30, 2020