

# Sustainability Report

30 April

# 2020

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

The logo for Sesa s.p.a. features the word "Sesa" in a stylized, blue, lowercase font. The letters are connected and have a modern, rounded appearance. To the right of "Sesa" is the text "s.p.a" in a smaller, standard sans-serif font.

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## Letter to the Stakeholders

The year ended 30 April 2020 was affected by a **serious pandemic crisis** that had a major global impact on businesses, individuals and organisations, with outcomes that are still largely uncertain.

Faced with an unprecedented event like the spread of the Covid-19 virus, **the Sesa Group promptly implemented the necessary activities to mitigate risks, protect the health of employees and ensure business continuity**, providing support and digital services to crucial enterprises and organisations in the emergency phase. In the crisis scenario, the Group **also decided to further strengthen its orientation and attention to its stakeholders**.

The concerted and decisive commitment of all our human resources, to whom we extend our warmest thanks, has made it possible to mitigate the effects of the pandemic crisis on the Group's organisation, demonstrating once again **the resilience that distinguishes us in times of difficulty and downturn in the economic cycle**. So we are practically and realistically ready to face future scenarios, using the experience gained to emerge stronger and even more cohesive in the relationship with our stakeholders.

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

Despite the global crisis scenario in which it matured, **the tax year ended on 30 April 2020 closed, once again, with double-digit growth in revenues, employment and profitability, while maintaining a solid capital and financial structure**. We worked with a sustainable approach, consistent with the Group's strategic guidelines and **a growing focus on the relevant areas of digital transformation, in order to meet the accelerated demand for digitisation, resulting, among other things, from the current state of global crisis**.

We are aware, therefore, that only by continuing to **strengthen relationships and partnerships with stakeholders** in the long term will we be able to achieve the sustainable value goals set by our organisation.

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

The results for 2020 were achieved thanks to the teamwork, passion and collaboration of all the Stakeholders, which was even more important considering the current situation of difficulty. We are referring particularly to the Group's **human resources**, who have worked to share the **values and strategic goals**, promoting the growth of the organisation and the ecosystems in which it operates. The sustainability of our growth is based on the **development of the number, skills and motivation of our human resources which, as at 30 April 2020, exceeded the threshold of 2,500 employees**, compared to 1,900 as at 30 April 2019.

We continued to invest in and work on strengthening the corporate culture and human capital, enhancing diversity, skills and spirit of integration. Thanks to ever greater entry opportunities, professional growth paths, training plans, human capital management and development and an advanced welfare plan under constant expansion, the Group intends to attract and retain the best human resources supporting their well-being and work-life balance.

Sustainable growth also means contributing to the development of the **social fabric and the communities around us**, in view of the **Group's growing role of social responsibility**.

The current emergency requires a further strengthening of the role of corporate social responsibility, with growing attention to human capital and the community. **The convergence of hybrid and innovative organisational models with digital technologies**, together with a growing assumption of social responsibility, are the key levers to respond to and emerge from the global crisis.

We are aware of the importance of rooting in the territory for the benefit of which we have increased tangible support and investment actions, also in light of the emergencies resulting from the pandemic crisis.

During the year, the Sesa group made further investments in **sustainability and environmental protection**, with the development of responsible management programmes for natural resources and the provision of services in the green IT sector. We are committed to the sustainable use of energy factors for the protection of the environment around us. The Sesa Group undertakes to promote, as part of its activities, the rational use of resources and the search for innovative solutions to ensure constant energy savings. The application of environmentally friendly technologies and the involvement of employees and stakeholders in this respect is part of our daily activity.

Considering the state of global crisis and the **acceleration of the investments that the Group intends to make to support future development**

**Paolo Castellacci**  
Chairman of the BoD

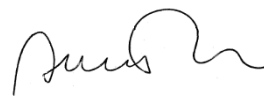


and the growing demand for digital transformation, the Board of Directors has resolved to propose to the Shareholders' Meeting not to distribute any dividend and to allocate the profit for the year to profits carried forward.

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

Once again, the results for the year confirm the Group's commitment to generating **value in a sustainable manner for all stakeholders**.

**Alessandro Fabbroni**  
Managing Director



## Methodological note and reading guide

This document constitutes the third consolidated Non-Financial Statement (also referred to hereinafter as the "Non-Financial Statement" or "Statement") of the Sesa Group (also referred to hereinafter as the "Group" or "Sesa") for the financial year ended 30 April 2020.

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

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

This document complies with the requirements of **Legislative Decree no. 254 of 30 December 2016** ("Implementation of Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014, amending Directive 2013/34/EU as regards the disclosure of non-financial information and information on diversity by certain enterprises and large groups"), which introduced an obligation for large public-interest organisations<sup>1</sup> to prepare and publish a "**Non-Financial Statement**". To this end, the Sesa Group's "2020 Sustainability Report" informs its stakeholders of the approach and policies defined on sustainability issues, describing the most significant results achieved during the year of reference in terms of social and environmental responsibility and long-term value creation; to the extent necessary to ensure an understanding of the company's business, its performance, results and impact, it covers environmental, social and employee issues, respect for human rights and the fight against active and passive corruption (pursuant to Legislative Decree no. 254/2016), which are relevant considering the activities and characteristics of the company and the expectations of stakeholders, as illustrated in the materiality analysis contained in this document.

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

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

With regard to the data contained therein, the reporting perimeter is the same as that of the Consolidated Financial Statements of the Sesa Group<sup>2</sup> (all details are provided in the Correlation Table in paragraph 6.2.). Any changes in this perimeter are appropriately reported in the document. The tables included in paragraph 2.3.1 Consumption of energy, water and natural gas in the tables on pages 23 and 24 show data relating to a broader area than in the previous year as a result of the progressive alignment in the reporting area between the Consolidated Financial Statements and the Consolidated Non-Financial Declaration. In order to make the figures as at 30 April 2020 comparable with the figures presented in the previous year's Declaration, the latter have been restated.

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

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

The process of preparing the document involved a Working Group made up of the heads of the Departments/Areas/Offices of the Parent Company and its Subsidiaries. The Corporate Affairs and Governance Office was responsible for data collection and the preparation of the Financial Statements, involving the competent corporate structures of the companies of the Sesa Group included in the above-mentioned perimeter in each phase.

In order to allow the comparability of data over time, a comparison has been introduced between the data for 2018 (from 1 May 2017 to 30 April 2018) and 2019 (from 1 May 2018 to 30 April 2019), which had not been previously published; to ensure the reliability of the data, the use of estimates has been limited as much as possible and, where present, they have been appropriately reported in the document.

With reference to the changes in the scope of consolidation during the reporting period considered, mainly relating to corporate acquisitions, we would like to point out the entry of Abs Technology S.r.l., Apra Computer System, B.Services S.r.l., Base Digitale S.r.l., Citiemme Informatica S.r.l., Collaboration Value S.r.l., East Services S.r.l., Gencom S.r.l., SSA Informatica S.r.l. and Var System S.r.l., whose data and information are included in the Group data. We would also like to point out that CCS Team S.r.l. (merged into Tech Value S.p.A. on 1 May 2019) and Synergy S.r.l. have left the scope of consolidation since the previous reporting period. Any exceptions are appropriately indicated in the text.

This Sesa Group "2020 Sustainability Report" was approved by the Board of Directors of Sesa S.p.A. on 14 July 2020 and, in compliance with the provisions of Legislative Decree 254/2016, submitted for conformity assessment by the independent auditors PricewaterhouseCoopers S.p.A. ("*limited assurance engagement*" according to the criteria indicated by the ISAE 3000 Revised principle) and published on the institutional website of Sesa S.p.A. ([www.sesa.it](http://www.sesa.it)).

Chronologically, the present document was:

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

## Reporting principles:

|  |   |
|--|---|
| <b>Relevance</b>                                     | The document describes the main economic, social and environmental impacts directly connected with Sesa's activities which are of greater significance for the Group and for the internal and external stakeholders involved in the company's activities.   |
| <b>Inclusiveness</b>                                 | Sesa takes into account the expectations and interests of all those who, for various reasons, contribute to or are influenced by the company's activities. The DNF provides a description of the Group's main stakeholders and the main documentary sources/channels of dialogue through which their interests and expectations are identified.                             |
| <b>Context of sustainability</b>                     | The reporting of non-financial results was carried out taking into account the socio-economic context in which the Group operates and the most important issues for the Information and Communication Technology sector, also through the analysis of information on the sustainability of national and international groups in the reference sector or related industries. |
| <b>Completeness</b>                                  | The choices made with regard to the issues reported and the perimeter of the Statement allow the stakeholders to formulate a complete opinion on the main economic, social and environmental impacts of the Group.  |
| <b>Balance between positive and negative aspects</b> | The document presents the Group's main sustainability performances, reporting both aspects in which the Group shows positive results and positive trends, and areas in which margins for further improvement are identified.  |
| <b>Comparability</b>                                 | The indicators in the document have been chosen to guarantee analysis of the Group's performance over the years. In order to ensure the comparison or contextualisation of information, data referring to the years 2018 and 2019 have been included and appropriately indicated.   |
| <b>Accuracy</b>                                      | In order to guarantee the homogeneity and accuracy of the information reported, data have been reported using direct surveys, limiting the use of estimates as much as possible. Where estimates have been necessary, they have been appropriately indicated in the text.   |
| <b>Promptness</b>                                    | Sesa's Non-financial Statement is prepared annually and published during the same presentation period as the Consolidated Financial Statements.   |
| <b>Reliability</b>                                   | All the data and information reported have been validated by the heads of the relevant company departments and are processed on the basis of documentary evidence capable of proving their existence, completeness and accuracy.  |
| <b>Clarity</b>                                       | Sesa's Non-Financial Statement contains information presented in a manner that is understandable by and accessible to all stakeholders.   |

## **1. The Sesa Group**

### **1.1. Coronavirus Emergency – Actions implemented by the Sesa Group**

On 30 January 2020, the World Health Organisation (WHO) declared the international public health emergency caused by the spread of the SARS-CoV-2 virus, commonly known as Coronavirus, which is slowing down or disrupting economic and commercial activity in many sectors.

The SARS-CoV-2 pandemic, which began to spread in the second half of January, rapidly expanding in the following months at both national and European level, with an impact on trade and the free exchange of people and goods, was addressed directly by the Sesa Group. The pandemic developed quickly and, even now, it is difficult to make reliable predictions about future developments in the short and medium term.

The Sesa Group promptly adopted important measures to safeguard the health and safety of its employees and, in line with the provisions made on a case by case basis by the competent Authorities, to guarantee the operation of essential services for its stakeholders. In response to the lockdown measures gradually implemented in March and April, impacting the group's sales revenues and operations, progressive mitigation actions were introduced, including changes in working methods, management and the optimisation of offices and procedures, control of general expenses, measures to protect employee health and safety, with the formation of a task force to constantly monitor and deal with the situation as it developed.

. The first actions concerned the geographic area known as the "red zone", worst affected by the first contagions, with the adoption of agile working measures and the introduction of procedures for employees and residents of the area, in compliance with the procedures dictated by regional and government ordinances. The subsequent interventions, in the continuation of the emergency, progressively affected Human Resource Management and Business Continuity, with different actions that can be condensed into the following macro-areas:

1. Management and organisation of human resources;
2. Occupational health and safety procedures.

#### **Management and organisation of human resources**

From the beginning of the emergency period related to the spread of the virus, the Sesa Group promptly activated a flow of information to its resources, with internal communications and notes relating to operating procedures and the rules of conduct to be observed, as well as specific communications on how to access company offices and the contents and mandatory requirements of the successive Prime Ministerial Decrees.

It was arranged for all personnel to be promptly sent communications regarding the measures being taken with the instructions to be followed, including the reduction and monitoring of transfers between the Group's various offices and to stakeholders (replaced by audio/video-conference calls) and the rescheduling of training activities in e-learning mode. In observance of government regulations, agile working methods were organised and activated during the lock-down, thanks to investments in digital technology and platforms that involved a very significant part of the Group's human resources in March and April 2020.

The detailed communication and organisational activities ensured prompt alignment of the Group's Human Resources with the Covid-19 regulations, as well as the Sesa Group's decisions regarding pandemic containment strategies within its companies.



## Occupational health and safety procedures

In order to correctly manage the health emergency and implement legal measures, a Sesa Task Force was set up to provide guidance and issue guidelines on health and safety in the workplace.

The Task Force, with the involvement of all the main corporate functions, including the Human Resources and Legal & Compliance Departments, the Medical Officer promptly adopted specific protocols for the correct prevention of contagion and the implementation of related procedures, including:

- The “*Group Protocol for the regulation of the prevention of Sars-CoV.2 contagion in the workplace*”;
- Individual company implementation protocols (prepared on the basis of the characteristics and specific features of the individual Group companies);
- Appointment of Covid-19 Company Committees (made up of the Group's medical officers and the heads of the prevention and protection service);
- Appointment of “Covid Officers” at the branches located throughout Italy and, lastly, the drafting and sharing of the Protocol for the regulation of company travel (for regulating the mobility of human resources in “Phase 2” of the emergency).

Measures revising office opening hours and restricting access to the premises have been put in place to protect Group employees. All personnel, in agreement with their managers, were able to enjoy special leave and benefits during lockdown, with particular attention being paid to employees with specific needs (those with children for example). Employees were also given a certificate to prove that they were required to work if they were stopped by the police during travel to and from work. Alongside all the measures described above, constant contact was maintained between the Head of Safety and Employee Representatives to facilitate the exchange of information on Covid-19 throughout the country. Specific information was also prepared for the management of access to company premises by external personnel, along with the mapping of prevention and security measures for customers of Group companies.

Hygiene and sanitary precautions were also strengthened at the branches and central offices; in compliance with the legal obligations on Covid-19 and in line with the safety measures set out in the SeSa Group's Covid-19 Protocol, all the offices of Group companies were equipped with suitable safety devices, such as special signs, separate entrances, personal protection equipment (including temperature scanners and thermometers), and new organisational measures were implemented to ensure the correct management of work activities in relation to the Covid-19 risk.

Some of these measures are set out below:

- i. *Business Continuity*: In addition to the solutions immediately available and contained in the Continuity Plans (alternative sites, twin units, back-up resources), the availability of special mobile equipment was ensured for the resources needed to guarantee the operation of critical processes. The vast majority of employees were asked to work from home during lockdown, from as early as March 2020;
- ii. A rostering plan was activated for each individual Group company, with the aim of minimising the risk of contagion and ensuring business continuity;
- iii. Reorganisation of continuous staff services, such as the company canteen service. In this sense, the Group initially activated a Lunch Box service with the consumption of meals at employee workstations, followed by a total re-organisation of the service from June 2020, during the restart phase. This involved the implementation of a system of booking and safe consumption of meals at the canteen.

In compliance with Covid-19 regulations, the Group's medical officers assessed the clinical conditions of employees in order to identify situations of particular fragility and pathologies.

In view of the Covid-19 health emergency and on the initiative promoted by the SeSa Foundation, the Unisalute #AndràTuttoBene health policy, was also activated in favour of all Group employees, providing financial support to employees affected by the virus until 31 December 2020.

## 1.2. Mission and values: sustainable growth

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

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

### *Vision*

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

### *Mission*

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

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

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

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

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

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

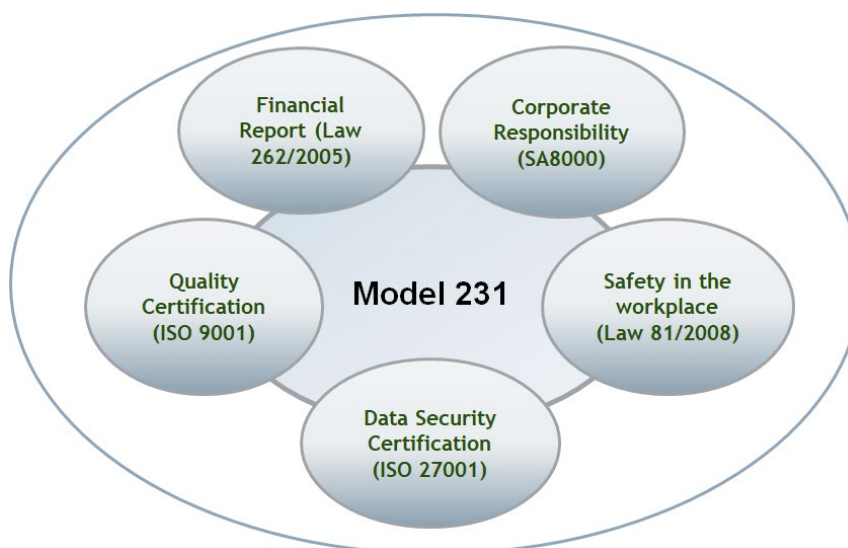
## 1.3. Corporate organisation, management and audit model pursuant to Legislative Decree 231/01

The evolution of the Sesa Group's business and governance dynamics has required a progressive strengthening and greater integration of the components of its internal audit system; this evolution has

also regarded the mechanisms for implementing Legislative Decree 231 of 8 June 2001 (hereinafter Legislative Decree 231/2001).

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

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



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

The general aim set by the Sesa Group in the drafting of the Model was to effectively implement the preventive mechanisms required by paragraph 2 of art. 6 of Legislative Decree 231/2001, integrating these mechanisms into the Company's risk management system, as also indicated in the Confindustria Guidelines.

Sesa's Model 231 is structured into two parts:

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

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

To date, all major Group companies have adopted their own Model 231<sup>3</sup> and implemented the Group's Code of Ethics.

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

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

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

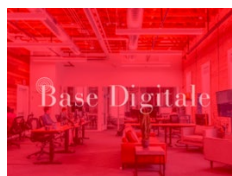
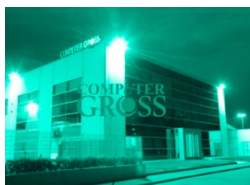
- contribute to the management of the company in line with the company aims defined by the Board of Directors, favouring informed decision-making;
- help ensure:
  - I. compliance with operating activities (compliance with laws and regulations, the articles of association and internal procedures);
 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

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

## 1.4. Corporate Governance

Sesa S.p.A., with registered office in Empoli (FI) and activities throughout Italy, is the parent company of a Group that is the reference operator in Italy for value-added IT solutions for the business and professional segment, with consolidated revenues of Euro 1.775 billion and over 2,540 employees (excluding trainees). The Group's mission is to provide advanced technological solutions in the districts of the Italian economy, guiding customers along the path of technological innovation with particular reference to the SME and Enterprise segments.

The Group's activities are now divided into four sectors:



Through its Corporate division, the Sesa Group performs activities related to the strategic governance and management of the Group's operating machinery and financial platform, centralised within the parent company SeSa S.p.A.. For the main operating companies of the group in particular, the Administration, Finance and Audit, Human Resources, Organisation, Information Technology, Investor Relations, Corporate Affairs and Governance, Legal and Internal Audit functions are managed by the parent company, Sesa S.p.A.. The supply of logistics services applied to ICT is managed for the main operating companies by the wholly owned subsidiary ICT Logistica Srl. Marketing services in support of the ICT Channel are supplied by Idea Point Srl.

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

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

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

education, pre- and after-sales assistance, cloud computing) to support the competitiveness of its client companies.

In March 2020, the Sesa group set up a company called Base Digitale S.r.l. (in which Sesa S.p.A. holds 50% and Marco and Leonardo Bassilichi the other 50%). The company operates in the Business Services and Business Process Outsourcing sector with clients in the finance sector. The new business segment, consolidated within its perimeter, guarantees an initial turnover of Euro 50 million and an operating profitability in line with the Group average, with a substantial break even in initial NFP. It develops synergies and aims to pursue a sustainable growth strategy benefiting all Stakeholders. The new Business Services and BPO (BP Sector) comprises activities relating to the provision of business services, BPO and security services for the finance & banking sector. Base Digitale S.r.l. leads the Business Services and Business Process Outsourcing Sector and is an operational holding company.

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

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

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

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

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

between genders (out of a total of eight members there are three women, all of whom are independent), and the average age of the members of the Board is 57.

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

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

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

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

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

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

The **Audit and Risks Committee** is a body with consultative and propositional functions which, in compliance with the provisions of article 7, principle 7.P.3, letter (a), sub (ii), of the Code of Conduct, has the task of supporting, with an adequate preliminary activity, the assessments and decisions of the Board of Directors relating to the internal audit and risk management system, as well as those relating to the approval of the periodic financial reports.

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

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

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

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

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

## 1.5. Material issues for the Sesa Group

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

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

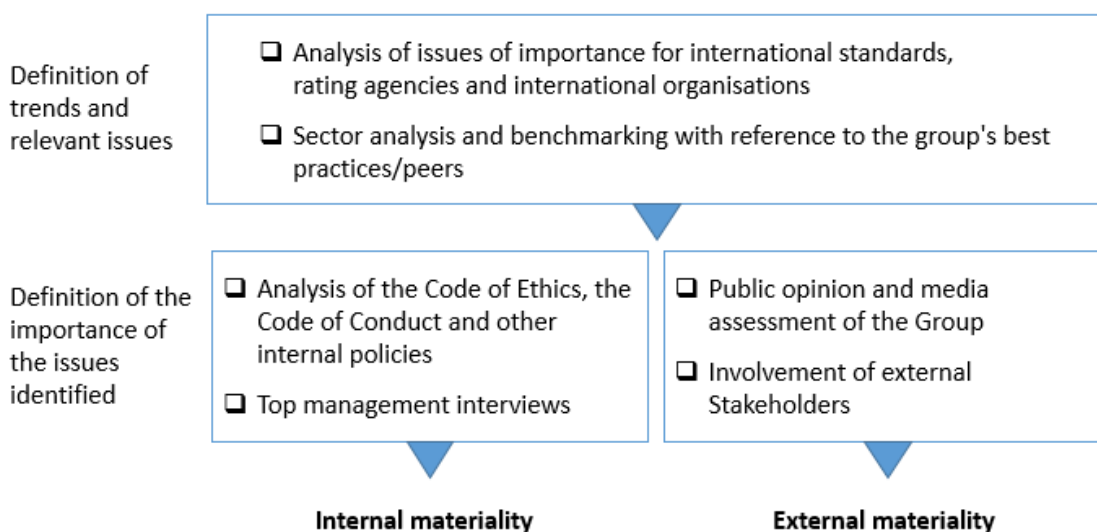
By analysing materiality, also thanks to the involvement of our stakeholders, we have identified a number of important issues in relation to which we undertake to develop tangible actions and coherent initiatives. The issues identified are the result of the analysis of the context, of companies operating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

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

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

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

## DEFINITION OF THE MATERIALITY MATRIX



### 1.5.1. Involvement of the Stakeholders

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

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

|  |  |   |
|--|--|---|
| <b>Personnel</b><br>Employees<br>Families of employees                               | <b>Customers</b><br>Resellers<br>Users of IT   | <b>Community</b><br>Institutions<br>Businesses<br>Media<br>Local communities<br>Millenials<br>Opinion leaders<br>Trade associations |
| <b>Financial community</b><br>Shareholders<br>Investors<br>Analysts<br>Proxy advisor | <b>Contractual partners</b><br>Vendors<br>Suppliers<br>Strategic Partners<br>Business Partners | <b>Environment</b><br>Ecosystem<br>Working environment  |



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

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

| Stakeholder                 | Method of dialogue   |
|-----------------------------|--|
| <b>Personnel</b>            | Assessment interviews on individual performance<br>Sharing of career development goals<br>Initiatives of involvement on ethical and organisational culture issues<br>HR portal and Group welfare portal<br>Dissemination of the Code of Ethics |
| <b>Financial Community</b>  | Shareholders' Meetings<br>Corporate Governance Report<br>Periodic financial reports<br>Meetings with analysts, investors and proxy advisors<br>Investor Relations Manager dedicated to investor relations                                      |
| <b>Contractual Partners</b> | Roadshows with sales networks and operators<br>National and local meetings and conventions<br>Workshops<br>Dedicated communication channels (web, mailing, social)   |
| <b>Customers</b>            | Monitoring of the level of satisfaction<br>Communication channels dedicated to customers (web, mailing)<br>Social networks<br>Newsletters  |
| <b>Community</b>            | Participation in multistakeholder tables<br>Meetings with representatives of institutions and associations<br>Corporate contact points dedicated to relations with the media and institutions (Head of Institutional Relations and Training)   |
| <b>Environment</b>          | Organisation of events<br>Partnerships with local authorities for the organisation of sports and philanthropic events<br>Web and Apps for Mobile Devices   |

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

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

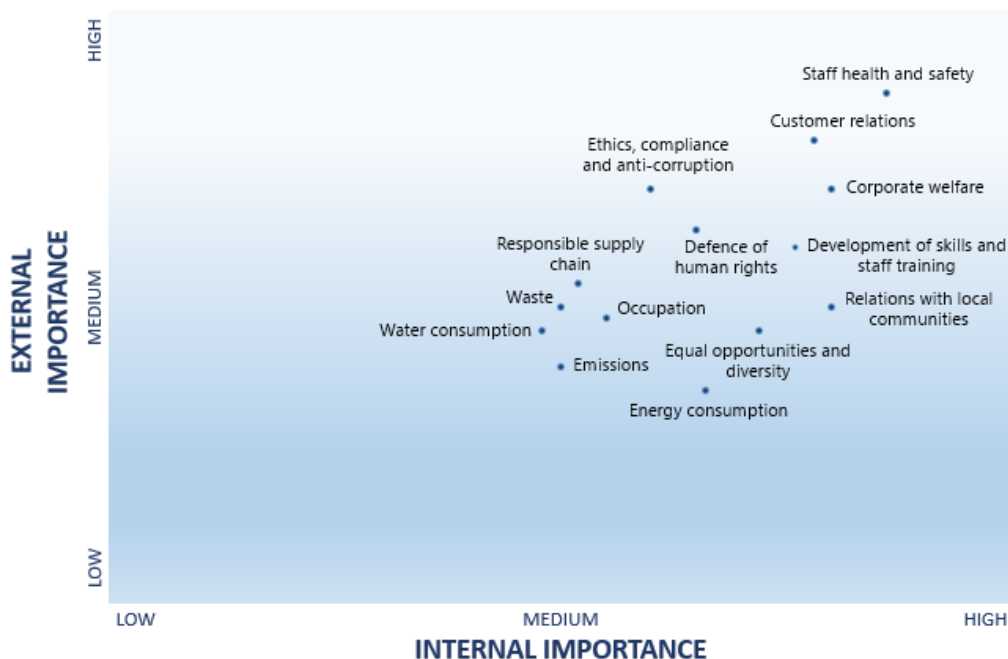
### 1.5.2. Material issues connected to the business activities

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

During 2019, the Group began updating its materiality analysis, starting with an assessment of the external context and market developments and the involvement of the entire Group management, with dedicated exchanges of views. The process will be finalised in 2020, also following further considerations related to the effects of the COVID-19 pandemic and will generate the new materiality matrix.

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

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



## 2. The Sesa Group and the environment

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

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

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

The Group's commitment to comply with the vast amount of environmental protection legislation in force and to reduce the environmental impact of its activities is first and foremost laid down in the Code of Ethics and in Organisational Model 231 adopted by the Group companies. As described in its Code of Ethics (Section 3), operational management must refer to criteria of environmental protection and energy efficiency with the aim of continuously improving health and safety conditions in the workplace and environmental protection.

### 2.1. Defensive initiatives

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

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

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

## 2.2. Impact on the environment

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

- ✓ **Energy Consumption**, Group company offices, warehouses and cash & carry units. The electrical system installed on the premises of the companies is connected to the public medium voltage energy distribution network;
- ✓ **Consumption of natural gas**, which supplies the two thermal power stations at the service of the building complex for heating and the production of Sanitary Hot Water (SHW);
- ✓ **Fuel consumption**, due to fuel for generators and for the vehicle fleet, in consideration of the fact that company employees use company cars for their commercial activities;
- ✓ **Waste** generated in administrative offices and warehouses.

## 2.3. Performance ratios

Although the Sesa Group is not an industrial transformation company, it attaches importance to providing information that is increasingly in line with the needs of its Stakeholders, through the presentation of certain environmental performance ratios. The energy consumption figures and the main CO<sub>2</sub> emissions produced by the Group in the financial year ended 30 April 2018 (from 01/05/2017 to 30/04/2018), in the financial year ended 30 April 2019 (from 01/05/2018 to 30/04/2019) and in the financial year ended 30 April 2020 (from 01/05/2019 to 30/04/2020), are shown below.

As regards the Group's main operating headquarters (in Via del Pino and Via Piovola located in Empoli - Florence) consumption is accounted for a general level; the complex has a single electricity supply and a single supply of methane gas. As far as electricity consumption is concerned, the supplier's data in terms of energy and power consumption were used; the Group monitors consumption in specific sectors in order to

maintain company certifications, in particular for the server farm (both at the level of the machines that make it up and the consumption for air conditioning in the rooms that house it).

The internal utilities powered by the electricity grid are:

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

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

### 2.3.1 Consumption of energy, water and natural gas

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

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

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

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

In the year ended 30 April 2020, the Sesa Group consumed approximately 32,500 GJ (Gigajoules, the joule is a unit of measurement of energy) of energy (electricity + gas), about 3000 GJ more than the previous year and 7000 GJ more than 30 April, 2018. The increase was due mainly to the increase in human resources housed at the operating premises and to the considerable increase of the companies included in consolidation setting (Abs Technology S.r.l., Apra Computer System, B.Services S.r.l., Base Digitale S.r.l., Citiemme Informatica S.r.l., Collaboration Value S.r.l., East Services S.r.l., Gencom S.r.l., SSA Informatica S.r.l. and Var System S.r.l.).

| <b>ENERGY CONSUMPTION (Giga Joule - GJ)</b> |                   |                   |                   |
|---|-------------------|-------------------|-------------------|
|   | <b>30/04/2020</b> | <b>30/04/2019</b> | <b>30/04/2018</b> |
| ELECTRICITY                                 | 25,948            | 23,353            | 22,314            |
| NATURAL GAS                                 | 6,566             | 5,853             | 4,400             |
| <b>Total</b>                                | <b>32,514</b>     | <b>29,168</b>     | <b>26,714</b>     |

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

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

For the preparation of the following indicators, greenhouse gas emissions (scope 2) were calculated using an emission coefficient for Terna's electricity, based on the overall gross production of the national park, equal to 0.359 CO<sub>2</sub>/kWh. For the emissions of greenhouse gas scope 1, deriving from the consumption of natural gas, diesel for power generators and fuel for the vehicle fleet (methane, diesel, petrol and LPG) were used emission coefficients in the table of national standard parameters of the Ministry of the Environment, updated to 2019.

| <b>ELECTRICITY (tCO<sub>2</sub> and kWh)</b> |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
|  | <b>30/04/2020</b> | <b>30/04/2019</b> | <b>30/04/2018</b> |
| tCO <sub>2</sub>                             | <b>2,588</b>      | <b>2,433</b>      | <b>2,324</b>      |
| kWh  | 7,207,807         | 6,487,090         | 6,198,377         |

As regards electricity consumption, as at 30 April 2020, a total of 7.2 million kWh had been produced, up 11.11% on the previous reporting year. The increase in electricity consumption compared to the previous year is due to the increase in the workforce, the increase in office space and the expansion of the companies included in the scope of consolidation (Abs Technology S.r.l., Apra Computer System, B.Services S.r.l., Base Digitale S.r.l., Citiemme Informatica S.r.l., Collaboration Value S.r.l., East Services S.r.l., Gencom S.r.l., SSA Informatica S.r.l. and Var System S.r.l.).

| <b>NATURAL GAS (tCO<sub>2</sub> and m<sup>2</sup>)</b> |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
|  | <b>30/04/2020</b> | <b>30/04/2019</b> | <b>30/04/2018</b> |
| tCO <sub>2</sub>                                       | <b>367</b>        | <b>327</b>        | <b>247</b>        |
| m <sup>2</sup>   | 185,982           | 166,042           | 125,638           |

As regards the consumption of natural gas, used only for heating, a total of 367 tonnes of CO<sub>2</sub> had been produced as at 30 April 2020, compared with 327 tonnes the previous year and 247 tonnes as at 30 April 2018. The higher consumption of natural gas in the year ended 30 April 2020 is connected to the greater use of the boilers installed on the company's premises in the winter period due to changes in seasonal temperatures.

| <b>DIESEL FOR POWER GENERATORS (tCO<sub>2</sub>, litres and GJ)</b> |                   |                   |                   |
|---|-------------------|-------------------|-------------------|
|   | <b>30/04/2020</b> | <b>30/04/2019</b> | <b>30/04/2018</b> |
| tCO <sub>2</sub>  | <b>7.51</b>       | <b>8.55</b>       | <b>14.05</b>      |
| litres  | 2,800             | 3,200             | 5,240             |
| GJ  | 102.05            | 116.63            | 190.97            |

The consumption of diesel per power generator has fallen by about 14%, from 3,200 litres at 30 April 2019 to 2,800 litres at 30 April 2020. The reduction in question, -1.04 tCO<sub>2</sub> and -400 litres compared to the previous year, is due to the lower number of activations of the emergency system of the Server Farm at the Empoli Technology Centre and the reduction in maintenance times.

The rationalisation and modernisation of the Group's fleet has been going on for some years now with the application of "green" criteria: cars that reach the end of their life are replaced with new cars with more eco-friendly engines. In order to reduce travel, all the Group companies are committed to increasing the use of collaboration and videoconferencing tools, available at the Group's various offices throughout the country. Also, in 2020, some electric car charging columns were installed for use by employees and customers. Today, the fleet consists of more than 500 cars. The tons of CO<sub>2</sub> relating to the vehicle fleet of all the Group companies have been reported, with reference to the period from 01 May 2019 to 30 April 2020. In the year ended 30 April 2020, the Sesa Group consumed approximately 50,250 GJ of fuel, about 12000 GJ more than the previous year. The increase was due mainly to the increase in the number of cars in the Group fleet and to the expansion of the companies included in the scope of consolidation (Abs Technology S.r.l., Apra Computer System, B.Services S.r.l., Base Digitale S.r.l., Citiemme Informatica S.r.l., Collaboration Value S.r.l., East Services S.r.l., Gecom S.r.l., SSA Informatica S.r.l. and Var System S.r.l.)

#### FUEL CONSUMPTION (GJ)<sup>4</sup>

| Fuel type |                          | 30/04/2020       | 30/04/2019       | 30/04/2018            |
|-----------|--------------------------|------------------|------------------|-----------------------|
| Petrol    | Empoli Technology Centre | 1,109.93         | 994.34           | 602.52                |
|           | Other Local Units        | 818.88           | 377.67           | 233.68 <sup>5</sup>   |
|           | <b>Total</b>             | <b>1,928.81</b>  | <b>1,372.01</b>  | <b>836.20</b>         |
| Diesel    | Empoli Technology Centre | 26,945.36        | 26,791.82        | 22,868.39             |
|           | Other Local Units        | 21,182.97        | 10,935.17        | 9,833.04 <sup>5</sup> |
|           | <b>Total</b>             | <b>48,128.33</b> | <b>37,726.99</b> | <b>32,701.42</b>      |
| Methane   | Empoli Technology Centre | 12.69            | 22.98            | 26.95                 |
|           | Other Local Units        | 15.24            | 14.39            | 16.66 <sup>5</sup>    |
|           | <b>Total</b>             | <b>27.93</b>     | <b>37.37</b>     | <b>43.62</b>          |
| LPG       | Empoli Technology Centre | 48.48            | 22.78            | 4.96                  |
|           | Other Local Units        | 90.38            | 20.56            | 4.67 <sup>5</sup>     |
|           | <b>Total</b>             | <b>138.86</b>    | <b>43.33</b>     | <b>9.64</b>           |

#### FUEL CONSUMPTION (tCO<sub>2</sub>)

| Fuel type |                          | 30/04/2020      | 30/04/2019      | 30/04/2018          |
|-----------|--------------------------|-----------------|-----------------|---------------------|
| Petrol    | Empoli Technology Centre | 81.40           | 72.92           | 44.19               |
|           | Other Local Units        | 60.05           | 27.70           | 17.14 <sup>5</sup>  |
|           | <b>Total</b>             | <b>141.45</b>   | <b>100.62</b>   | <b>61.32</b>        |
| Diesel    | Empoli Technology Centre | 1,982.71        | 1,964.54        | 1,682.71            |
|           | Other Local Units        | 1,558.70        | 801.83          | 723.54 <sup>5</sup> |
|           | <b>Total</b>             | <b>3,541.41</b> | <b>2,766.37</b> | <b>2,406.25</b>     |

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

<sup>5</sup> Data estimated for the financial year as at 30 April 2018 for a more significant comparison with the data referring to 30 April 2020

|         |                                 |             |             |                   |
|---------|---------------------------------|-------------|-------------|-------------------|
| Methane | <b>Empoli Technology Centre</b> | 0.71        | 1.29        | 1.50              |
|         | <b>Other Local Units</b>        | 0.85        | 0.80        | 0.93 <sup>5</sup> |
|         | <b>Total</b>                    | <b>1.56</b> | <b>2.09</b> | <b>2.43</b>       |
| LPG     | <b>Empoli Technology Centre</b> | 3.18        | 1.49        | 0.33              |
|         | <b>Other Local Units</b>        | 5.93        | 1.35        | 0.31 <sup>5</sup> |
|         | <b>Total</b>                    | <b>9.11</b> | <b>2.84</b> | <b>0.63</b>       |

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

| <b>WATER CONSUMPTION (M<sup>3</sup>)</b> |                   |                   |                     |
|--|-------------------|-------------------|---------------------|
|  | <b>30/04/2020</b> | <b>30/04/2019</b> | <b>30/04/2018</b>   |
| <b>Empoli Technology Centre</b>          | 9,484             | 8,328             | 8,206               |
| <b>Other Local Units</b>                 | 22,896            | 15,324            | 13,422 <sup>6</sup> |
| <b>Total</b>                             | <b>32,380</b>     | <b>23,652</b>     | <b>21,628</b>       |

### 2.3.2 Waste

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

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

During 2020, numerous drinking water dispensers were installed as part of a project to reduce plastic consumption, which also includes the distribution of steel water bottles to employees. Confirming the benefits of the project, the consumption of plastic fell by 10% from 14 tonnes on 30 April 2019 to 12.5 tonnes on 30 April 2020.

| <b>WASTE (Tonnes - t)</b> |                   |                   |                   |
|---------------------------|-------------------|-------------------|-------------------|
|                           | <b>30/04/2020</b> | <b>30/04/2019</b> | <b>30/04/2018</b> |
| Paper and cardboard       | 67.90             | 65.92             | 88.54             |
| Wood and pallets          | 49.92             | 46.30             | 69.68             |
| Plastic                   | 12.55             | 14.00             | 13.49             |
| <b>Total</b>              | <b>130.37</b>     | <b>126.22</b>     | <b>171.86</b>     |

<sup>6</sup> Data estimated for the financial year as at 30 April 2018 for a more significant comparison with the data referring to 30 April 2020



At 30 April 2020, the waste produced by the Group amounted to 130 tonnes, up slightly compared to the previous reporting period; the increase is mainly due to the higher number of employees working on Group premises and the expansion of the companies included in the scope of consolidation. In September 2019, work began on the renovation of the Var Group S.p.A. property located in Via Giuntini in Empoli, which, by next autumn, will allow the Sesa Group to have an additional 3000 square metres of space for office and warehouse use.

| <b>OTHER TYPES OF WASTE (Tonnes - t)</b> |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
|  | <b>30/04/2020</b> | <b>30/04/2019</b> | <b>30/04/2018</b> |
| WEEE                                     | 43.65             | 50.60             | 33.40             |
| Septic tank sludge                       | 53.48             | 110.44            | 80.54             |
| <b>Total</b>                             | <b>97.1</b>       | <b>161.0</b>      | <b>113.94</b>     |

### **3. THE SESA GROUP AND THE PEOPLE**

#### **3.1. A Group that grows with talented people**

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

At 30 April 2020, the number of Group employees reached a total of 2,547 (employees of the companies in the scope of consolidation, excluding apprentices), a further increase of 647 (+34% YoY) compared to the previous year, confirming the long-term growth and development trend that has characterised the Sesa Group since it was established. If we include apprentices and subsidiaries recognised at cost (not consolidated on a line-by-line basis), the number of human resources at 30 April 2020 was 2,702.

| <b>EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER</b> |                   |              |                   |              |                   |              |
|--|-------------------|--------------|-------------------|--------------|-------------------|--------------|
|  | <b>30/04/2020</b> |              | <b>30/04/2019</b> |              | <b>30/04/2018</b> |              |
|  | <b>Men</b>        | <b>Women</b> | <b>Men</b>        | <b>Women</b> | <b>Men</b>        | <b>Women</b> |
| Executives   | 20                | 2            | 19                | 1            | 17                | 1            |
| Middle Management                                    | 202               | 50           | 142               | 26           | 101               | 21           |
| Office Staff   | 1,445             | 764          | 1,081             | 615          | 989               | 499          |
| Blue Collars   | 58                | 6            | 16                | 0            | 14                | 0            |
| <b>Total</b>   | <b>2,547</b>      |              | <b>1,900</b>      |              | <b>1,642</b>      |              |

| <b>EMPLOYEES SUBDIVIDED BY CONTRACT AND GENDER</b> |                   |              |                   |            |                   |              |
|--|-------------------|--------------|-------------------|------------|-------------------|--------------|
|  | <b>30/04/2020</b> |              | <b>30/04/2019</b> |            | <b>30/04/2018</b> |              |
|  | <b>Men</b>        | <b>Women</b> | <b>Men</b>        | <b>Men</b> | <b>Women</b>      | <b>Women</b> |
| Permanent full-time contracts                      | 1,664             | 641          | 1,266             | 468        | 1,057             | 416          |
| Permanent part-time contracts                      | 37                | 168          | 25                | 100        | 28                | 94           |
| Temporary contracts                                | 26                | 11           | 28                | 13         | 36                | 11           |
| <b>Total</b>                                       | <b>2,547</b>      |              | <b>1,900</b>      |            | <b>1,642</b>      |              |

Human capital, as the primary value of the Group, is a strategic resource that must be fostered and developed through long-term professional growth. Therefore, the Sesa Group pursues a policy of hiring its human resources on an open-ended basis, through recruitment and training plans for young high school and university graduates, offering them permanent employment contracts in all the Group companies. As at 30 April 2020, the percentage of personnel employed on permanent contracts was over 99% compared with the previous year's percentage of 98%.

The Sesa Group also pursues human capital retention plans through a mix of strategic governance and development tools (training, career plans, work-life balance, team building and corporate welfare initiatives) by the parent company Sesa S.p.A. As proof of this commitment, during the year ended 30 April 2020, there was a low rate of outgoing turnover of around 4.44%, falling further again from 2019, despite the high rate of change in the percentage of new staff and the pressures that characterise the Information Technology sector, which presents a structural situation with a lack of professionalism and above-national average mobility of human resources.

With regard to the percentage change of new hires (12.64% in the year ended 30 April 2020), more than 34% of new hires regarded resources up to the age of 30, in support of the development of the human capital dimension necessary to support business growth.

#### RATE OF OUTGOING TURNOVER

|                               | 30/04/2020 | 30/04/2019 | 30/04/2018 |
|-------------------------------|------------|------------|------------|
| Total terminations            | 113        | 104        | 68         |
| Total employees               | 2,547      | 1,900      | 1,642      |
| Rate of outgoing turnover (%) | 4.44%      | 5.47%      | 4.14%      |

|         |       |       |       |
|---------|-------|-------|-------|
| % Men   | 5.28% | 5.73% | 4.28% |
| % Women | 2.68% | 4.90% | 3.84% |

| Age Group (%) |        |       |       |
|---------------|--------|-------|-------|
| < 21-30 >     | 10.36% | 9.89% | 6.93% |
| < 31-50 <     | 4.06%  | 5.14% | 3.96% |
| > 51          | 2.31%  | 3.62% | 2.93% |

| Geographic Area (%) |       |       |       |
|---------------------|-------|-------|-------|
| Northern Italy      | 6.07% | 6.94% | 4.23% |
| Central Italy       | 3.55% | 4.68% | 4.20% |
| Southern Italy      | 0.00% | 0%    | 0%    |
| Abroad              | 6.12% | 0%    | 0%    |

#### RATE OF INCOMING TURNOVER

|                               | 30/04/2020 | 30/04/2019 | 30/04/2018 |
|-------------------------------|------------|------------|------------|
| Total new hires               | 322        | 245        | 163        |
| Total employees               | 2,547      | 1,900      | 1,642      |
| Rate of incoming turnover (%) | 12.64%     | 12.89%     | 9.93%      |

|         |        |        |        |
|---------|--------|--------|--------|
| % Men   | 14.49% | 13.07% | 10.53% |
| % Women | 8.76%  | 12.50% | 8.64%  |

| Age Group (%) |        |        |        |
|---------------|--------|--------|--------|
| < 21-30 >     | 34.45% | 37.46% | 29.00% |

|           |        |       |       |
|-----------|--------|-------|-------|
| < 31-50 < | 10.94% | 9.42% | 7.34% |
| > 51      | 5.43%  | 6.60% | 5.32% |

| <b>Geographic Area (%)</b> |        |        |        |
|----------------------------|--------|--------|--------|
| Northern Italy             | 13.61% | 12.38% | 11.89% |
| Central Italy              | 12.18% | 13.60% | 8.90%  |
| Southern Italy             | 0.00%  | 0.00%  | 0.00%  |
| Abroad                     | 16.33% | 2.27%  | 0.00%  |

The considerable attention paid to the protection and development of its human resources is demonstrated by the fact that the Sesa Group has never made use of mobility procedures and has activated social shock-absorbers for the first time in its history for the Covid-19 emergency. It has managed Covid-19 lockdown using a balanced and flexible combination of holidays and home working. The absenteeism rate for the last financial statements was a low 2.62% (based on calculation of the number of hours of absence excluding hours of vacation and leave), slightly higher than the 2.35% recorded at 30 April 2019, in consideration of the aforementioned period of emergency.

The Sesa Group is committed to protecting the health and safety of workers through prevention and ongoing training activities, implementing Law no. 81 of 2008. It should be noted that only four accidents were recorded in 2020, all of which were minor.

#### SAFETY AT WORK - ACCIDENTS

|              | 30/04/2020 | 30/04/2019 | 30/04/2018 |
|--------------|------------|------------|------------|
| Men          | 2          | 3          | 1          |
| Women        | 2          | 2          | 2          |
| <b>Total</b> | <b>4</b>   | <b>5</b>   | <b>3</b>   |

| <b>Geographic Area</b> |   |   |   |
|------------------------|---|---|---|
| Northern Italy         | - | 1 | 3 |
| Central Italy          | 4 | 4 | - |
| Southern Italy         | - | - | - |
| Abroad                 | - | - | - |

|                         |      |      |      |
|-------------------------|------|------|------|
| <b>Frequency index*</b> | 1.24 | 1.90 | 1.44 |
| <b>Severity index**</b> | 0.04 | 0.01 | 0.02 |

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

\*\* The **severity index** is calculated as follows: (no. days lost due to accident/no. work hours) x 1,000. The total number of accidents does not include in-transit accidents. The number of days lost as a result of an accident is calculated considering the calendar days. The number of hours worked includes only companies with internally managed personnel<sup>7</sup>.

At Sesa, parental leave is granted in accordance with applicable laws and local legislation. The Group supports its employees in reconciling their family and professional lives. At 30 April 2020, 101 Group employees, 3.97% of those entitled to it, had taken parental leave. The percentage of employees who have returned to work after the end of their leave is 95%. The retention rate at 12 months from return from parental leave is 100%.

#### MATERNITY AND PATERNITY LEAVE

<sup>7</sup> The companies that manage personnel externally are the following: Apra S.p.A., Centro 3Cad S.r.l., Evotre S.r.l., Apra Computer System S.r.l., PBU CAD-SYSTEME GmbH, Globo Informatica S.r.l., Pico S.r.l., Gencom S.r.l., di ABS Technology S.r.l., BServices S.r.l. The frequency and severity indices are overestimated, as they compare the accidents of the entire Group with the hours worked only by companies with internal personnel management.

|                                   | 30/04/2020  |             | 30/04/2019  |             | 30/04/2018  |             |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                   | Men         | Women       | Men         | Women       | Men         | Women       |
| Parental leave                    | 42          | 59          | 27          | 56          | 27          | 46          |
| Return after parental leave       | 42          | 56          | 27          | 56          | 27          | 44          |
| <b>Rate of return</b>             | <b>100%</b> | <b>95%</b>  | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>96%</b>  |
| <b>Retention rate<sup>8</sup></b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> |

### 3.2 The composition of human capital

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

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

The human capital of the Sesa Group is just as varied and organic in terms of age and gender. As at 30 April 2020, the average age of personnel is about 43: personnel under the age of 50 accounts for 71% of the total.

#### EMPLOYEES SUBDIVIDED BY GEOGRAPHIC AREA

|                | 30/04/2020   |     | 30/04/2019   |     | 30/04/2018   |     |
|----------------|--------------|-----|--------------|-----|--------------|-----|
|                | no.          | %   | no.          | %   | no.          | %   |
| Northern Italy | 889          | 35% | 735          | 37% | 639          | 39% |
| Central Italy  | 1,577        | 62% | 1,132        | 59% | 977          | 59% |
| Southern Italy | 32           | 1%  | 33           | 2%  | 26           | 2%  |
| Abroad         | 49           | 2%  | 44           | 2%  | -            | 0%  |
| <b>Total</b>   | <b>2,547</b> |     | <b>1,900</b> |     | <b>1,642</b> |     |

#### EMPLOYEES SUBDIVIDED BY AGE

|              | 30/04/2020   |     | 30/04/2019   |     | 30/04/2018   |     |
|--------------|--------------|-----|--------------|-----|--------------|-----|
|              | no.          | %   | no.          | %   | no.          | %   |
| < 21-30 >    | 357          | 14% | 283          | 15% | 231          | 14% |
| < 31-50 >    | 1,454        | 57% | 1,147        | 60% | 1,035        | 63% |
| > 51         | 736          | 29% | 470          | 25% | 376          | 23% |
| <b>Total</b> | <b>2,547</b> |     | <b>1,900</b> |     | <b>1,642</b> |     |

Gender quotas are around 68% for men and 32% for women.

#### EMPLOYEES SUBDIVIDED BY GENDER

|              | 30/04/2020   | 30/04/2019   | 30/04/2018   |
|--------------|--------------|--------------|--------------|
| Men          | 1,725        | 1,308        | 1,121        |
| Women        | 822          | 592          | 521          |
| <b>Total</b> | <b>2,547</b> | <b>1,900</b> | <b>1,642</b> |

<sup>8</sup> The retention rate refers to the number of employees who continue to work for the company 12 months after taking parental leave.

|         |     |     |     |
|---------|-----|-----|-----|
| % Men   | 68% | 69% | 68% |
| % Women | 32% | 31% | 32% |

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

| PROTECTED CATEGORIES |            |            |            |
|----------------------|------------|------------|------------|
|                      | 30/04/2020 | 30/04/2019 | 30/04/2018 |
| Men                  | 44         | 31         | 32         |
| Women                | 34         | 23         | 23         |
| <b>Total</b>         | <b>78</b>  | <b>54</b>  | <b>55</b>  |
| % Total              | 3.06%      | 2.84%      | 3.35%      |

### 3.3. Human capital development and management plans

The strategic governance of human capital envisages the retention of permanent resources (99% of the total) and the hiring of Young high school and university graduates undergoing training in the areas with the greatest potential for the development of Information Technology (Digital Services, Security, Cloud, Cognitive, Analytics, Customer Experience).

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

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

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

As at 30 April 2020, a total of 173 apprentices and 43 trainees were employed in integration and training courses.

Particular attention will be paid to relationships of collaboration with universities and schools as well as training agencies in the area. The aim for 2020 is to intensify collaborations with non-Tuscan Universities (Bocconi University and Cattolica del Sacro Cuore University in Milan, and the Polytechnical Universities of Turin and Milan) and to intensify collaborations with schools in order to increase the number of school and work alternation activities, in the belief that this will make an important contribution to the growth of young people in the area. There are plans to welcome more than 20 students to our companies. Their inclusion is envisaged from September onwards, in compliance with the new national measures to prevent and contain the Covid-19 virus.

Some of the main alternating projects undertaken in 2020 are indicated below:

- **“Digital Lab 4.0”**: Project alternating school and work on the theme of Industry 4.0;

- **BYTE 18 course:** Two-year training course for the development of business information systems with a total duration of 2,000 hours (800 hours of internship);
- **BYTE 20 course:** Two-year training course for the acquisition of technical skills in the development of software applications and administration of corporate information systems. Total duration of 2,000 hours (800 hours of internship).

You are reminded also that, in the early months of the year, Sesa, in its capacity as digital partner and through the Institute of Management of Pisa, signed a framework agreement with the Sant'Anna University of Pisa for the activation of an Executive Master in Management & Innovation Design. The Master, scheduled to take place from September 2020, aims to promote technical reskilling in the area of innovation and development, offering participants important technological-digital skills (Big Data, Machine Learning, Artificial Intelligence, Augmented and Virtual Reality, Robotics).

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

- Management and Enhancement: programmes for the growth and development of human capital;
- Training and Continuous Updating: over 20,000 hours of training were provided during the year, about 4,630 of which were technical and professional training, about 6,900 were hours of training within the scope of Key Competences (Soft and Digital Skills, Project Management, Languages, Sales Techniques) and about 8,500 were hours of compulsory training (Law 81/2008 Occupational Health and Safety, Corporate Responsibility Legislative Decree 231);
- Welfare: development of an organic plan of interventions aimed at social well-being (Family, Education and Health) and the pursuit of work-life balance goals, with a view to balancing work and private life.

Despite the Covid-19 emergency and the consequent enforced lockdown of training activities with physical presence for about 2/12 of the year, the total number of training hours exceeded that of the previous year. Training activities involved more than 1,100 resources, with a particular focus on skills in the area of Key Competences, which are increasingly important in company processes, and in general staff skills; there was also a slight increase in the number of hours of compulsory training (supplied via the company's e-learning platform, a method used to provide training courses that allows students to independently manage the timing and methods of their studies), also in relation to the frequency of training obligations envisaged by current legislation.

#### TRAINING - Number of employees trained

|  | 30/04/2020               | 30/04/2019   | 30/04/2018 |
|--|--------------------------|--------------|------------|
| <b>Total</b>                             | <b>1,106<sup>9</sup></b> | <b>1,222</b> | <b>453</b> |
| Compulsory training                      | 527                      | 544          | 57         |
| Training in basic and transversal skills | 224                      | 220          | 294        |
| Technical training                       | 355                      | 458          | 102        |

This brought total training hours from 18,089 hours at 30 April 2019 to 20,015 at 30 April 2020.

#### TRAINING - Training hours

|              | 30/04/2020                 | 30/04/2019    | 30/04/2018    |
|--------------|----------------------------|---------------|---------------|
| <b>Total</b> | <b>20,015<sup>10</sup></b> | <b>18,089</b> | <b>11,373</b> |

<sup>9</sup> The overall figure was reached by including the number of employees trained on an annual basis by BServices S.r.l. and ABS Technology S.r.l.. If we relate the figure to the consolidation period of the two companies alone, the total number of employees trained falls to 905, 439 of which in the area of compulsory training, 224 in the area of Key Competences and 242 in the area of technical training.

<sup>10</sup> The overall figure was reached by including the annual training hours of BServices S.r.l. and ABS Technology S.r.l.. If we relate the figure to the consolidation period of the two companies alone, the total number of training hours falls to 17,643, 4,109 of which of compulsory training, 6,891 of training within the scope of Key Competences and 6,644 of technical training.

|  |       |       |       |
|--|-------|-------|-------|
| Compulsory training                      | 4,631 | 4,355 | 587   |
| Training in basic and transversal skills | 6,891 | 4,835 | 7,470 |
| Technical training                       | 8,495 | 8,899 | 3,316 |

|  | Men           | Women        | Men           | Women        | Men          | Women        |
|--|---------------|--------------|---------------|--------------|--------------|--------------|
| <b>Total by gender</b>                   | <b>14,065</b> | <b>5,950</b> | <b>14,176</b> | <b>3,913</b> | <b>8,268</b> | <b>3,105</b> |
| Compulsory training                      | 2,902         | 1,729        | 2,825         | 1,530        | 432          | 155          |
| Training in basic and transversal skills | 5,138         | 1,753        | 3,952         | 883          | 4,739        | 2,731        |
| Technical training                       | 6,025         | 2,468        | 7,399         | 1,500        | 3,097        | 219          |

The SeSa Group's training initiatives include the organisation of Academies, training courses aimed at recruiting new graduates and updating the technical skills of new recruits included in development programmes, comprising both classroom training and e-learning. The main Academies launched during the year ended 30 April 2020 concerned technical training in the use of Microsoft Dynamics 365, and Architecture Cloud.

### 3.4. Corporate welfare as a means of engagement

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

- children's benefits: company crèche, refunds for summer centres, contributions and scholarships and study stays abroad, babysitting service;
- Flexible Benefits: travel vouchers, books, fuel vouchers, shopping vouchers, sport, culture and training.

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

The focus on human resources was confirmed with the presentation of the corporate welfare plan 2020-2021. In light of the global crisis and the extraordinary effort made by the SeSa Group during the Covid-19 emergency in terms of human resources, this plan envisages a further strengthening of the measures already in place, aimed at providing economic support and education for the children of employees (increase in the amount of the contribution for summer camps, with particular emphasis on the Lombardy Region, and the possibility of converting them into babysitting contributions). It also introduces further measures aimed at supporting the remote schooling of employees' children (DAD discount voucher for the purchase of computer equipment) and at encouraging the return to the workplace in absolute safety.

Measures to support the residential mobility of employees under the age of 35 have also been renewed (housing contribution for employees who move out of their family home) and sustainable mobility (contribution to expenses incurred by employees to travel to work on public transport), confirming the Group's focus on reducing environmental impact and supporting the green economy.

Lastly, the amount of Flexible Benefits available to each employee, for flexible use thanks to a digital menu that makes it possible to select the services of preference, has been confirmed. It had already been enriched with important new features in 2019, such as the option to use welfare credit at local facilities of interest to employees (Welfare Voucher 2.0 for sports and cultural and training activities), as well Work-Life Balance and human capital enhancement programmes, such as scholarships for participation in bachelor's degree

courses or master's degrees and the possibility for employees to apply for social volunteering permits and solidarity holidays, with a view to strengthening solidarity between colleagues.

| <b>SESA GROUP WELFARE PLAN</b> |   |   |
|--------------------------------|---|---|
| <b>Type</b>                    | <b>No. of Interventions<br/>2019/2020</b> | <b>No. of Interventions<br/>2018/2019</b> |
| Provisions                     | 1,405                                     | 828                                       |
| Flexible Benefits              | 3,584                                     | 3,055                                     |
| Creche                         | 73  | 61  |

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

It should also be noted that, in view of the Covid-19 health emergency and based on an initiative promoted by the SeSa Foundation, the Unisalute #AndràTuttoBene health policy has been activated in favour of all Group employees, in addition to a reorganisation of the Continuous Services for personnel, such as the company canteen services in the main cities where the Sesa Group operates, in compliance with Safety Procedures.

The following section of this report provides a detailed illustration of some of the main initiatives promoted by the Sesa Foundation in the year ended 30 April 2020.

## **4. THE SESA GROUP AND THE SOCIAL COMMUNITY**

### **4.1. Social responsibility**

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

In this sense, support for families in difficulty, attention for vulnerable groups and a contribution to significant social causes and projects are also part of the Group's overall strategy. Sesa aims to provide high-quality, reliable solutions and services, incorporating social, environmental and governance issues into both its risk management processes and corporate DNA, working together with customers, suppliers, public and collective institutions and every other stakeholder interested in promoting their dissemination.

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

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



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

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

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

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

## 4.2. Relations with customers and suppliers

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

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

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

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

### 4.2.1. The supply chain

The Sesa Group applies, in its relations with suppliers, the principles of fairness and transparency, adopting selection procedures carried out with impartiality and according to rules that include the verification of quality, technical-professional suitability, ethical-behavioural aspects, compliance with applicable regulatory standards and cost-effectiveness of the supply of goods, services and works. The contractual

standards used in the Group's strategic supplies require suppliers to comply with the rules envisaged by Decree 231/01 and the Group's ethical principles.

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

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

The selection of Suppliers must be based on criteria of transparency and fairness, and aimed at identifying counterparties capable of reconciling the company's needs in the best possible way, from a cost/performance point of view, limiting, as far as possible, the company's potential exposure to any risks. As part of the process of selecting reference Suppliers, the companies of the Sesa Group shall appropriately assess, on the basis of their business relationships, the characteristics of honourability (also through specific self-certification by the supplier), economic-financial soundness and reliability of the counterparty, by querying public and/or system databases or by using specific certified information services. Supplier selection activities must also take into account the supplier's commitment to comply with the Organisational Model pursuant to Legislative Decree 231/2001, adopted by the Group or, as a last resort, that it has its own Code of Ethics with principles consistent with those of the Sesa Group.

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

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

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

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

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

#### **4.2.2. Customer relations and customer satisfaction**

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

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

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

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

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

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

#### **4.3. The Sesa Foundation**

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

Within the scope of its institutional purposes, the Foundation:

- promotes and organises seminars, training courses, events, conferences, study meetings, round tables and, more generally, scientific and educational initiatives;

- promotes and encourages education, especially the education of young people, in the area of reference, partly through the establishment of scholarships and/or grants;
- carries out charitable activities in favour of economically disadvantaged social categories, also but not only in the reference territory;
- promotes welfare initiatives and activities, including those relating to health care, aimed at contributing particularly to the well-being of Sesa Group employees.

### Activities to engage local communities, impact assessments and development programmes

Numerous initiatives and activities were carried out in 2019 (reporting year January - December 2019), in line with the Group's institutional aims.

The activities carried out were organised in three ways:

- the Foundation's own projects (institutional activities);
- projects implemented on the basis of proposals from local organisations or bodies;
- projects in response to requests from local bodies and organisations received by the Foundation.

The most relevant sectors of intervention were the following:

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

The most significant donations and sponsorships are briefly described below:

**"A pranzo con gli Ortolani Coraggiosi":** as in 2017 and 2018, in December 2019, the Sesa Food canteen organised lunch for its employees using agricultural products directly from the kitchen garden run by the children of Ventignano. "Ortolani Coraggiosi" is a social agriculture project pursued by the Sinergica Cooperative. The project involves 12 autistic children aged between 17 and 25 who, thanks to educators and farm workers, carry out work in the fields that is of great therapeutic and social value. On the same day, a charity corner was set up in the company canteen, where the Sinergica Cooperative was able to sell Christmas hampers and products made by the children of the Casa di Ventignano. The Sesa Foundation decided to donate 1 euro to the Sinergica Cooperative, withheld from its employees for their lunch during the event, in order to support the Cooperative;

**"I Bambini delle Fate".** The Sesa Foundation has made a donation to the Foundation "I Bambini delle Fate", which provides financial support for social inclusion projects and processes managed by local organisations for the benefit of children and young people affected by autism and other diversities. In particular, support will be supplied to the "Natura Nakupenda" project for the creation of a Rural Training Centre for autistic children based in Pisa;

**"Centro Aggregazione La Calamita":** The Sesa Foundation made a donation to the "La Calamita" Association (non-profit organization) for the creation of an accessible children's playground dedicated to children with motor and mental difficulties, called "Mario Marianelli", located in Fucecchio (FI);

**"Cena per i senza fissa dimora":** The Sesa Foundation made a donation to the Community of Sant'Egidio in Florence, to the project to help the homeless who gather in the stations of Santa Maria Novella and Campo di Marte, with the weekly distribution of meals and other comforts, such as blankets and clothes, as well as medical and emergency assistance;

**"Bimbi ANT":** The Sesa Foundation made a donation to the ANT Italia Foundation non-profit organisation (Florence, Prato and Pistoia Section) for a home assistance project for children and

teenagers suffering from cancer. The service is absolutely free and is provided in addition to the services supplied by the hospital, enabling young patients to receive the most appropriate and effective care while remaining in the comfort of their own homes;

***“Construction of a New National Centre for the Rehabilitation of deaf-mute people”***: The Sesa Foundation made a donation to the Lega del Filo d'Oro - Associazione Italiana Sordociechi based in Osimo (Ancona). The Association is committed to the assistance, education, rehabilitation and reintegration into the family and society of deaf and blind and psychosensory-impaired children, young people and adults, with the creation of special structures;

***“Noi da Grandi”***: The Sesa Foundation donated computer equipment to the "Noi da Grandi" Association of Empoli, which has been working in the field of disability for years, supporting families with children and adults with mental disabilities, through projects aimed at rehabilitation and autonomy;

***“Calcio sociale – Un passaggio per un Goal”***: The Sesa Foundation took part in the fund-raising organised by the Hospitality Centre of Empoli and the Social Cooperative "Il Piccolo Principe" for the purchase of a minibus to allow more young people to participate in the Social Football activities, giving them the opportunity to organise outings and trips to other local areas;

***“Autonomia”***: The Sesa Foundation made a donation to the Geos Social Cooperative of Empoli for the organisation of a summer activity service for disadvantaged or disabled secondary school children. The aim of the project was the strengthening of the areas of autonomy and relational and social skills and was followed by professional experts such as support technicians, community leaders and educators;

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

***“La Casa di Vetro”***: The Sesa Foundation has donated IT equipment for the project promoted by the Association “L'Altra Napoli Onlus” for the creation of a multifunctional space, called "La Casa di Vetro", located in Forcella (Naples). La Casa di Vetro offers hope to local children who are given the opportunity to stay in a healthy place where they can develop their talent, steering clear of a territory which still has a high crime rate, 68% unemployment and a school dropout rate of over 30%. La Casa di Vetro is a structure which occupies 630 square metres, arranged on two floors and comprising classrooms, a children's library, gym, cultural and musical spaces for parents and an after-school club;

***“Mobile Intensive Care Unit”***: The Sesa Foundation made a donation to the *Venerabile Arciconfraternita della Misericordia* of Empoli for the purchase of a new emergency vehicle equipped with the very latest technology;

***“Physiotherapy and Hydrokinesitherapy for people affected with Motor Neurone Disease”***: The Sesa Foundation made a donation to "AISLA Onlus" of Florence to improve access to care for MND patients within the Careggi and Central Tuscany Healthcare Districts, providing practical and psychological support for patients and their families. In particular, the aim of the project supported by the Foundation was to offer cycles of Physiotherapy and HydroKinesiotherapy at home for about 25 patients.

During the year, the Sesa Foundation also took steps to raise funds among its employees, which were then donated to organisations and projects at both local and non-local level. The various initiatives included "Running Innovation", organised in May during the Var Group S.p.A. convention, the proceeds of which were donated to the non-profit organisation **Associazione Italiana contro le Leucemie-Linfomi e Mieloma (AIL)**.

- ✓ **Art, cultural initiatives and initiatives for the territory:** in 2019, the Sesa Foundation supported organisations and associations which, due to their historical presence, recognised authority and social impact, were considered worthy of support. Thanks to the support of these projects, the Foundation's link with the territory has been considerably strengthened, with the aim, on the one hand, of recovering and transmitting the values of the local community and, on the other, of protecting and enhancing the rich and varied cultural heritage of the territory.

Specifically, support of numerous cultural initiatives organised by associations in the Empoli Valdelsa area has been confirmed. These are initiatives that the Foundation has been supporting for several years in order to enhance the artistic and cultural heritage of the area and the values of the local community. 2019 was the year of Leonardo da Vinci, the 500<sup>th</sup> anniversary of his death; the Foundation made extensive donations and contributions to events, exhibitions, art festivals and projects that the associations and institutions presented to the SeSa Foundation, which the Board approved after careful assessment and analysis. Historical Research into Business in Empoli from the beginning of the 20<sup>th</sup> century to the present day has also been reconfirmed for 2019, as it has not yet been completed. The research, which began in 2018, has involved the local Confindustria and the University of Florence, with the aim of contributing to the recovery of materials and documents on business in Empoli from the historical archives of the territory of Confindustria and the Municipality of Empoli.

The main projects supported are the following:

**"Concerti di Sant'Andrea"**: The Foundation contributed, as in previous years, with a donation to the Mons. Giovanni Cavini Association for the organisation of the 44th edition of the "I Concerti di Santa Andrea", held at the Collegiate Church of Sant'Andrea in Empoli (FI). A religious music event that has acquired considerable importance in the Empoli area recent years;

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

**"Ricerca sulla imprenditoria empolese"**: the Sesa Foundation, in conjunction with the Empoli-Valdelsa section of Confindustria, supported historical research into Entrepreneurship in Empoli from the beginning of the 20<sup>th</sup> century to the present day. The research was coordinated by Professor Baccetti and involved an expert in field research and archive research. During 2019, correspondence and deeds dating from 1900 to 1964 were analysed and audio interviews were carried out with local entrepreneurs who have made the history of entrepreneurship in the area. The research will continue in 2020;

**"Earlier Mona Lisa"**: The Sesa Foundation contributed to the realisation of the exhibition entitled "Earlier Mona Lisa", organised in Florence by the Mona Lisa Cultural Association in June and July 2019. The canvas, attributed to Leonardo da Vinci between 1503 and 1506 is of international interest and was displayed for the first time in Europe;

**"Volo del Ciucco"**: The Sesa Foundation contributed to the "Compagnia Sant'Andrea" of Empoli for the organisation of the traditional historical pageant. The 2019 edition was particularly important as it was part of the celebrations for the 900<sup>th</sup> anniversary of the fortification of Empoli (birth of the city);

**“Aiuole Piazza della Vittoria di Empoli”:** The Sesa Foundation renewed the "adoption" of a green area in the city centre (Piazza della Vittoria), accessible to and at the service of the community, contributing to its construction and maintenance;

**“Manifestation for the 500<sup>th</sup> Anniversary of the Death of Leonardo da Vinci”:** The Sesa Foundation contributed, together with the Viva Vinci Cultural Association, to the realisation of numerous events linked to the genius from Vinci, such as the Renaissance dinner, the Classical Music Concert, theatrical performances and the contemporary art exhibition; all of the events were held in Vinci (FI) between June and September 2019, during the Celebrations of Leonardo;

**“Empoli Città Sconosciuta”:** The Sesa Foundation contributed to the organisation of the exhibition on Empoli entitled "In portu insolitus" with the active participation of over 2500 people. The exhibition was held in the church of Santo Stefano agli Agostiniani in Empoli and was part of the series of events organised to celebrate the birth of the city of Empoli (November 2019 - January 2020). These included the realisation of a video on business in Empoli, screened during the Christmas events in Piazza Farinata degli Uberti;

**“Premio per la comunicazione e il cronista della Toscana”:** once again this year, the Sesa Foundation contributed, with the Vinci nel Cuore Association, to the organisation of the award ceremony of the prize for journalism "Li Omini boni desideri sapere", an event of considerable cultural importance at national level, involving the entire local community;

- ✓ **University, Education and Training:** In 2019, the Foundation strengthened its collaboration with the University Institutes of the Region of Tuscany, in particular with the Universities of Florence, Pisa and Siena, for the activation of internships and apprenticeships and to encourage meetings with the companies of the Sesa Group on research and innovation. In particular, it participated in orientation activities through meetings with graduates and undergraduates and organised company visits for university students.

- ✓ **Education and Training, School and Work Alternation Project:**

In 2019, the Sesa Foundation confirmed its focus on collaboration with schools in the area, particularly with technical institutes in the IT sector, supporting work-school and internship projects (now "*Percorsi per le competenze trasversali e per l'orientamento*"). The Foundation aims to create a series of opportunities, creating contacts with the various companies within the Group, which could host students for work experience opportunities. Company visits by schoolchildren were also organised, to bring young people closer to new digital technologies.

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

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

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

During the year, the Group's companies hosted students from the third- and fourth-year classes of the upper secondary schools (high schools and technical institutes) within their structures and provided computer rooms and laboratories as well as company tutors. Despite the change in the rules governing work experience courses (Law no. 145/2018), reducing the hours of the course for certain types of schools, once again this year, the Group companies hosted 20 third and fourth-grade secondary school students at their facilities and provided IT spaces and workshops, as well as company tutors.

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

| School  | No. of Students |
|---|-----------------|
| Istituto "Calasanzio" - Empoli                    | 1               |
| Istituto Paritario "Piero Calamandrei" - Florence | 2               |
| I.I.S. Ferraris – Brunelleschi" - Empoli          | 4               |
| I.I.S. "Meucci" - Florence                        | 7               |
| I.I.S. "Fermi - Da Vinci" - Empoli                | 6               |
| <b>Total</b>                                      | <b>20</b>       |

Each student has carried out alternating courses at our companies from a minimum of 50 hours to a maximum of 160 hours, for a total of 2,464 hours of training.

- ✓ **Corporate Welfare:** The Foundation's activities are integrated with the Group's Welfare Plan, aimed at improving the quality of life of Group company employees by optimising the balance between work and family life. In this context, in 2019 the Sesa Foundation supported Sesa Baby (Company Creche) for the children of employees of Group companies through a promotional activity and the payment of a contribution to the costs of managing the structure. The Sesa Foundation will also contribute to the organisation of a series of services aimed at satisfying the primary and secondary needs of company employees, improving their quality of life and well-being with the help of a system of agreements with private bodies in the area. In particular, in continuity with previous years, the Foundation envisages the organisation of an online shopping service, a laundry and ironing service and a postal service.

The focus on human resources was confirmed with the presentation of the corporate welfare plan 2020-2021. In light of the global crisis and the extraordinary effort made by the Group during the Covid-19 emergency, this plan envisages a further strengthening of the measures already in place, aimed at providing economic support and education for the children of employees (increase in the amount of the contribution for summer camps, with particular emphasis on the Lombardy Region, and the possibility of converting them into babysitting contributions). It also introduces further measures aimed at supporting the remote schooling of employees' children (DAD discount voucher for the purchase of computer equipment), as well as encouraging the return to the workplace in absolute safety. The new Welfare plan also renewed measures to support the residential mobility of employees under the age of 35 (housing contribution for employees who move out of their family home) and sustainable mobility (contribution to expenses incurred by employees to travel to work on public transport), confirming the Group's focus on reducing environmental impact and sustaining the green economy.

Lastly, the amount of Flexible Benefits available to each employee, for flexible use thanks to a digital menu that makes it possible to select the services of preference, has been confirmed. It had already been enriched with important new features in 2019, such as the option to use welfare credit at local facilities of interest to employees (Welfare voucher 2.0 for sports and cultural and training activities), as well Work-Life Balance and human capital enhancement programmes, such as scholarships for participation in bachelor's degree courses or master's degrees and the possibility for employees to apply for social volunteering permits and solidarity holidays, with a view to strengthening solidarity between colleagues.



The SeSa Foundation will also contribute to the organisation of a series of services aimed at satisfying the primary and secondary needs of company employees, with the help of a system of agreements with private bodies in the area.

## **Development Programmes for 2020**

The Sesa Foundation has presented an activity plan for 2020, following on from the work carried out last year in terms of projects and sectors of intervention. The initiatives and activities will be implemented and developed in a complementary and synergistic way with the various players in the area, with the aim of making the best possible use of resources.

Therefore, the Foundation's operational goals are confirmed for 2020:

- *Philanthropy and Charity*: sector of great importance for the Foundation, through the support of the most active associations in the sector and in the area which are increasingly turning to the Foundation, with particular attention to the social inclusion of disadvantaged categories such as the disabled and the elderly. Philanthropic activities in favour of the community and the area in which the company operates, paying particular attention to non-profit organisations and associations dedicated to the protection of the most vulnerable, as well as welfare activities and support for projects developed by Scientific Research Institutes in the field of basic and clinical research, into diseases for which there are currently no effective therapies;
- *Art and cultural initiatives and initiatives for the territory*, a sector of intervention on which the Foundation focuses increasing attention by articulating interventions in two areas, namely the support for cultural activities and events in the area and the protection and enhancement of historical, artistic and environmental heritage. Particular reference is made to the support of cultural activities and events in the area and the protection and promotion of the historical, artistic and environmental heritage, initiatives that have been supported since its establishment;
- *University, Education and Training*: again in 2020, collaboration with local schools will be intensified for the "Alternanza Scuola Lavoro" project, to which more and more resources will be dedicated. Particular attention will also be paid to the intensification of collaboration with Tuscan and national universities;
- *Corporate Welfare*: support for all initiatives aimed at improving the quality of life and the psycho-physical well-being of the Group's employees, and in particular support for Sesa Baby for the children of employees, will be confirmed;

In addition, donations and sponsorships in favour of cultural and historical events in the Empoli area are reconfirmed, as are initiatives in favour of bodies and associations dealing with the protection and enhancement of artistic and environmental heritage (Cooperativa Sinergica, Associazione Noi da Grandi, Fondazione ANT, Associazione Noi per Voi, Concerti di Sant'Andrea, celebrations for "Giorno di Leonardo"). Lastly, the contribution to the maintenance and decoration of the gardens in Piazza della Vittoria in Empoli, a meeting point for the local community, has been reconfirmed. Extensive space will also be given to the organization of initiatives and conferences dedicated to the world of youth and new digital technologies.

The Sesa Foundation's activity in favour of people and the territory was strengthened during the Covid-19 health emergency, with specific activities aimed at protecting the health and safety of employees. These included financial donations to the San Giuseppe Hospital in Empoli, for the purchase of intensive care equipment and tablets (also for the Sacco Hospital in Milan), which enabled patients on Covid wards to communicate with their loved ones.

## **5. ETHICS, COMPLIANCE AND RISK MANAGEMENT**

### **5.1. Compliance and the fight against corruption**

In 2012, Sesa S.p.A. adopted a Code of Ethics for the first time, with the aim of describing a set of values and principles of conduct which the directors, statutory auditors, management and employees of Sesa and

its subsidiaries, as well as all those who work for it, are inspired by and conform to in the pursuit of corporate goals.

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

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

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

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

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

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

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

| Sphere                         | Reference standard   | Integrated controls  |
|--------------------------------|--|--|
| <b>Safety in the workplace</b> | Legislative Decree 81/2008 Consolidated Law on Safety in the Workplace   | <ul style="list-style-type: none"> <li>✓ Activation of the controls required by law</li> <li>✓ Periodic reports by the Head of Safety</li> </ul>   |
| <b>Data Security</b>           | Legislative Decree 196/2003, single code on the security of personal data - European Regulation no. 679/2016 ("GDPR") on the protection of personal data | <ul style="list-style-type: none"> <li>✓ Adaptation of existing controls to the new European GDPR.</li> <li>✓ Periodic reports by the DPO.</li> </ul>  |
|                                |  | <ul style="list-style-type: none"> <li>✓ Adoption of a certified management system in compliance with ISO 27001</li> </ul>   |
| <b>Financial reporting</b>     | Law 262/2005 on the protection of savings and financial markets  | <ul style="list-style-type: none"> <li>✓ Adoption of specific controls on administrative and accounting procedures, for the preparation of the financial statements and the consolidated financial statements, as well as other communications of a financial nature.</li> </ul> |

|                                      |   |   |
|--------------------------------------|---|---|
|                                      |   | <ul style="list-style-type: none"> <li>✓ Periodic exchange of information between the corporate audit bodies and functions and the Independent Auditors.</li> </ul>   |
| <b>Social responsibility</b>         | Law 300/1970 workers' charter + labour legislation  | <ul style="list-style-type: none"> <li>✓ Adoption of a certified management system in compliance with SA 8000.</li> <li>✓ Regular flow of information from the Committee for Health and Safety in the Workplace to corporate bodies and control functions.</li> <li>✓ Adoption of Group policies</li> </ul> |
| <b>Administrative responsibility</b> | Legislative Decree 231/2001 - Administrative responsibility of legal persons for criminal matters | <ul style="list-style-type: none"> <li>✓ Adoption of the Group's Code of Ethics and Model 231.</li> <li>✓ Exchange of information between the corporate audit bodies and functions.</li> </ul>  |
| <b>Quality management system</b>     | ISO 9001  | <ul style="list-style-type: none"> <li>✓ Adoption of managerial procedures;</li> <li>✓ Adoption of a certified management system in compliance with ISO 9001:2015</li> </ul>  |

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

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

## Fight against corruption

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

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

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

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

- Code of Ethics of the Sesa Group;
- The Organisation, Management and Control Model adopted by each Group Company pursuant to Legislative Decree 231/2016.

- Whistleblowing - Internal system of the Sesa Group for reporting breaches of regulations, policies and internal procedures and fraud;
- Careful management of Human Resources.

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

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

As at 30 April 2020 (as in the previous year) no sanctions were imposed for non-compliance with laws and regulations in the social and economic fields.

## 5.2. The Internal Audit and Risk Management System

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

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

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

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

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

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

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

The IARMS is the product of the sharing of corporate ethical principles and values, an expression of the Code of Ethics of Sesa, and is intended to consolidate a real culture of corporate controls based on legality,

fairness and transparency in all business activities, involving the entire organisation in the development and application of methods to identify, measure, manage and monitor risks.

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

- The **Audit and Risks Committee**, a body with consultative and propositional functions which, in compliance with the provisions of article 7, principle 7.P.3, letter (a), sub (ii), of the Code of Conduct, has the task of supporting, with an adequate preliminary activity, the assessments and decisions of the Board of Directors relating to the internal audit and risk management system, as well as those relating to the approval of the periodic financial reports.
- the **Board of Directors** which, as a collegiate body, performs a role of guidance and assessment of the adequacy of the IARMS; in particular, in relation to the non-financial issues covered by this Statement, it should be noted that the Board has the primary task of defining the guidelines of the IARS, in line with the strategic objectives and risk profile of the same, with a view to the medium/long-term sustainability of corporate activities;
- **Internal Audit**, which systematically verifies the effectiveness and efficiency of the Internal Audit and Risk Management System as a whole, reporting the results of its activities to the Chairman, the Executive Deputy Chairmen, the Managing Director, the Board of Statutory Auditors, the Audit and Risk Committee, and the Supervisory Committee of Sesa for the specific risks associated with compliance with Legislative Decree 231/2001, and annually to the Board of Directors;
- the **Board of Statutory Auditors**, which, by virtue of its activity of monitoring the adequacy of the organisational, administrative and accounting structure adopted by the company, supervises the effectiveness of the IARMS as the "top management" of the Company's supervisory system.
- the **Supervisory Body**, pursuant to Legislative Decree 231\2001 which verifies the adequacy of Model 231, focusing particularly on its effectiveness in preventing unlawful conduct, and constantly monitors the application and observance of Model 231 (for further details, see Chapter 1, Paragraph 2).

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

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

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

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

- **Fight against active and passive corruption:** For some time now, the fight against active and passive corruption has been dealt with within the framework of Organisational Model 231/01 adopted by the Parent Company and its subsidiaries<sup>11</sup>;
- **Social and personnel issues:** Personnel-related issues are dealt with primarily through Group Guidelines (see Chapter 5, Paragraph 1 - Code of Conduct) which set out the general principles with which to pursue a common logic of human resource management and development and specific policies on recruitment, management and development of personnel;
- **Human Rights:** It should be noted that this issue is already covered by the Code of Ethics, which is binding for shareholders, members of the corporate bodies, top management, employees, including executives, and all those who, although external to Sesa, work directly or indirectly for the Company<sup>12</sup>. In addition to this, in 2015 Sesa S.p.A. acquired SA8000 ethical certification, aimed at guaranteeing compliance by the company with certain key principles of corporate management relating to corporate social responsibility, including respect for human rights, respect for employee rights, protection against the exploitation of minors and guarantees of health and safety in the workplace;
- **Environment:** The Group's commitment to environmental issues is active, and over time it has initiated processes to monitor consumption with a view to reducing it, thanks to the efficient use of resources and optimal waste management.

### 5.2.1 Management of socio-environmental risks

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

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

<sup>11</sup> In the Sesa Group, the following companies have an Organisational Model 231/01: Sesa S.p.A., Var Group S.p.A., Computer Gross S.p.A., ITF S.r.l.

<sup>12</sup> Sesa S.p.A., in its capacity as Parent Company, requires that none of the companies belonging to the Group adopt behaviours or make decisions that are prejudicial to the integrity and reputation of the Group or its members. All Group companies are therefore required to incorporate the same values expressed in the Parent Company's Code of Ethics into their own Code of Ethics, aligning their conduct to comply with the law and any applicable regulations.

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

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

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

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

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

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

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

### **5.2.2. Mitigation matrix**

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

The activities carried out are:

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

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

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

| Sphere of Leg. Decree<br>254/2016 | Description of the risk  | Mitigating actions   |
|-----------------------------------|--|--|
| <b>Personnel<br/>management</b>   | <b>Sector</b><br>The market in which Sesa operates is characterised by a high degree of specialisation and expertise. Maintaining the competitive position achieved in the markets in which it operates, favoured by a certain importance of access barriers and by Sesa's ability to manage rapid changes in the market in advance, will depend on Sesa's ability to offer quality solutions, to update the products, services and know-how it offers, and on the possible arrival of new competitors. Therefore, the ability to attract and retain new and qualified resources is essential, as is the ability to define training plans capable of providing its staff with all the necessary tools for the development of innovative solutions. The inability to attract resources and set up adequate training programmes could have negative effects on the Group's future prospects. | Policy for the management, training, development and loyalty of Human Capital  |
|                                   | <b>Dependence on key persons</b><br>Sesa's future development depends significantly on a number of key management figures who, thanks to their extensive experience in the sector and in-depth knowledge of Sesa's business, have contributed significantly to its success. The possible loss of these people, if it were not possible to replace them adequately and promptly with people with the same experience and expertise, could lead to a reduction in the Group's competitive capacity and affect the growth targets set with negative effects on business and on the economic, equity and financial situation of the Issuer and the Group as well as on the reproducibility of the results achieved over time.  | Retention and loyalty plans for key personnel within the Group.<br>Operational and managerial structure capable of ensuring continuity in the management of corporate affairs. |



|                     |  |   |
|---------------------|--|---|
|                     | <p style="text-align: center;"><b>Respect for Diversity</b></p> <p>The Group works constantly to ensure respect for diversity and equal opportunities for its employees. The Group's Code of Ethics contains express provisions on the subject. The group monitors regulatory developments in order to be ready to respond to any changes.</p>   | <p>All Group employees and collaborators are required to disseminate and accept the Code of Ethics.</p>   |
|                     | <p style="text-align: center;"><b>Working environment</b></p> <p>Although the activities carried out by the Group do not involve a high risk for the safety of employees and external collaborators, it is important to guarantee a healthy and safe working environment. Failure to comply with applicable legislation on health and safety in the workplace could result in damages to the Group's human resources or in legislative non-compliance and ultimately have negative effects on the Group.</p> | <p>Direct management of employee health and safety through practices and procedures. In the main Group companies, specific policies on the subject, where required by regulations or market practices.</p>          |
| <b>Environment</b>  | <p style="text-align: center;"><b>Emissions management</b></p> <p>The absence of an emissions management programme and a lack of energy efficiency measures which could generate financial benefits as well as an improvement in environmental performance could expose the Group to a potential reputational risk, should it be called upon to report on its environmental performance.</p>   | <p>Progressive coverage of energy costs thanks to the use of renewable energy (photovoltaic panels) and the creation of awareness among employees of the need to manage the resources available more carefully.</p> |
|                     | <p style="text-align: center;"><b>Waste management</b></p> <p>In the performance of its business activities, the Sesa Group produces waste, including special waste (e.g. Toner and WEEE), the disposal of which is subject to specific legal requirements. In the absence of a programme to monitor waste disposal methods, the Group may not be compliant with current legislation.</p>  | <p>Delivery of all its electrical and electronic waste to external companies specialised and authorised for correct disposal.</p>   |
| <b>Human rights</b> | <p style="text-align: center;"><b>External collaborators</b></p> <p>In carrying out its activities, the Sesa Group may flank its teams with external collaborators. The absence of an ethical assessment process for external collaborators (compliance with the law, human rights, corruption, social issues) during the selection phase could have negative effects on the Group in the long term.</p>   | <p>Procedure for the selection and authorisation of major service providers.</p>  |
|                     | <p style="text-align: center;"><b>Defence of human rights</b></p> <p>In conducting its business, the Group undertakes to promote the protection of human rights, avoiding any form of discrimination. However, the absence of a corporate policy to prevent the occurrence of episodes of discrimination and to manage them, if necessary, could increase the likelihood that episodes will occur that are not in line with internal and external regulations.</p>   | <p>Preparation of an internal reporting system; employees may report any irregularities or breaches of applicable regulations and internal procedures to the supervisory board (so-called whistleblowing)</p>       |

|                                 |   |  |
|---------------------------------|---|--|
| <b>Social</b>                   | <p style="text-align: center;"><b>Data protection</b></p> <p>The Sesa Group, providing business-to-business services, comes into contact with a series of information on which it has an obligation of confidentiality. Inadequate systems and procedures to ensure the protection of such data could lead to the loss of such data and cause negative effects for the Group.</p>   | Adoption of policies and procedures to guarantee the correct use of customer data by employees and collaborators.                                |
|                                 | <p style="text-align: center;"><b>Unfair competition</b></p> <p>The Sesa Group, operating in a highly competitive market, could suffer damages from competitors who adopt unfair competition practices. Moreover, if one or more Group companies adopt commercial/competitive practices that do not comply with the Company's ethical values or the relevant regulations, this could cause potential damage to the entire Group.</p>  | Dissemination of the Group's Code of Ethics and requirement by employees and collaborators to explicitly accept it.                              |
|                                 | <p style="text-align: center;"><b>Shared ethical values</b></p> <p>Sesa is a Group with a branch structure throughout the country and, therefore, the potential risks associated with personnel management come from the normal problems of remote management of employees and any non-compliant conduct not detected promptly (such as improper conduct of staff or company managers). The absence of ethical values shared by all Group employees could lead to the occurrence of episodes not in line with current regulations, generating negative effects for the Group.</p> | Promotion of a corporate culture based on ethical principles established by top management.  |
| <b>Fight against corruption</b> | <p style="text-align: center;"><b>Corruption Risk<sup>13</sup></b></p> <p>In the performance of its business activities, the Sesa Group enters into commercial relationships with other companies, therefore its employees are potentially subject to episodes of active and passive corruption.</p>  | Adoption, by Sesa S.p.A. and the main Group companies, of an organisation, management and control model pursuant to Legislative Decree 231/2001. |

## 6. INFORMATION – DNF

### 6.1. Value distributed to Stakeholders

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

<sup>13</sup> As far as relations with the Public Administration are concerned, examples of activities at risk are the presentation of untrue statements to national or local public institutions in order to obtain public grants or the assignment of contracts, or the use of public funds for purposes other than those for which they were granted. With regard to relations with the Public Administration, in particular, the risk of corruption is also linked to participation in calls for tenders for the allocation of direct or indirect funding for research and development activities. These loans are currently not significant in relation to the Group's business volume.

time, as an indispensable condition for remunerating shareholders and employees and maintaining an adequate level of capitalisation to support lending activities through provisions to reserves.

The aim of this chapter is to describe how most of the economic value generated by the Group, which amounted to 1.78 billion euro as at 30 April 2020, has been redistributed to its stakeholders. The value distributed increased significantly (+8.6%) compared to the previous year at 30 April 2019.

As shown in the table below, as at 30 April 2020 out of a total net added value of approximately Euro 181 million, the net economic value distributed amounted to Euro 139 million, up by about Euro 11 million (+8.6%) compared to the previous year and also in proportion to the net added value (76.8% as at 30 April 2020), confirming the Group's goal of growing in line with the operating context in which it operates. The net economic value retained by the Group went from Euro 22.6 million at 30 April 2019 to Euro 22.2 million at 30 April 2020.

| Euro/thousands                        | 30/04/2020     | 30/04/2019     | 30/04/2018     |
|---------------------------------------|----------------|----------------|----------------|
| <b>Net added value</b>                | <b>181,126</b> | <b>150,488</b> | <b>126,348</b> |
| <b>Net economic value distributed</b> | <b>138,938</b> | <b>127,941</b> | <b>105,462</b> |
| <b>Net economic value retained</b>    | <b>42,188</b>  | <b>22,547</b>  | <b>20,886</b>  |

Added Value represents the link between the economic and financial data of the Financial Statements and the social reporting; as such, it expresses a synthetic quantity capable of reflecting and quantifying the results achieved by the company in its relations with the various Stakeholders of the Group.

The following statement of income represents a reclassification of the consolidated income statement which represents the wealth produced and distributed by the Group to stakeholders in the year ended 30 April 2020.

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

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

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

| <b>ECONOMIC VALUE GENERATED AND DISTRIBUTED</b>          | <b>30/04/2020</b> | <b>%</b>      | <b>30/04/2019</b> | <b>%</b>      | <b>Change 20/19</b> |
|--|-------------------|---------------|-------------------|---------------|---------------------|
| Net revenues   | 1,762,641         | 99.2%         | 1,539,854         | 99.3%         | 14.5%               |
| Other Income   | 13,384            | 0.8%          | 10,751            | 0.7%          | 24.5%               |
| Company profit evaluated at equity                       | 1,698             | 0.1%          | 823               | 0.1%          | 106.3%              |
| <b>Economic value generated</b>                          | <b>1,777,723</b>  | <b>100.0%</b> | <b>1,551,428</b>  | <b>100.0%</b> | <b>14.6%</b>        |
| Reclassified operating costs (purchases, services, etc.) | (1,566,004)       | -88.1%        | (1,379,312)       | -88.9%        | 13.5%               |
| Amortisation, depreciation and other non-monetary costs  | (30,593)          | -1.7%         | (21,628)          | -1.4%         | 41.5%               |

|   |                |              |                |              |              |
|---|----------------|--------------|----------------|--------------|--------------|
| <b>Net added value</b>                    | <b>181,126</b> | <b>10.2%</b> | <b>150,488</b> | <b>9.7%</b>  | <b>20.4%</b> |
| Remuneration of employees                 | 114,763        | 63.4%        | 96,318         | 64.0%        | 19.2%        |
| Remuneration of financiers*               | 5,404          | 3.0%         | 4,400          | 2.9%         | 22.8%        |
| Remuneration of shareholders**            | 0              | 0.0%         | 9,762          | 6.5%         |              |
| Remuneration of the Public Administration | 18,771         | 10.4%        | 17,461         | 11.6%        | 7.5%         |
| <b>Net economic value distributed</b>     | <b>138,938</b> | <b>76.7%</b> | <b>127,941</b> | <b>85.0%</b> | <b>8.6%</b>  |
| Self-financing                            | 42,188         | 23.3%        | 22,547         | 15.0%        | 87.1%        |
| <b>Economic value retained</b>            | <b>42,188</b>  | <b>23.3%</b> | <b>22,547</b>  | <b>15.0%</b> | <b>87.1%</b> |

\* Equal to the balance of net financial income and expense before profits and losses of companies carried at equity.

\*\* Determined on the basis of the proposal made by the Board of Directors on 14 July 2020 (data as at 30 April 2020) and by the Shareholders' Meeting held on 28 August 2019 (data as at 30 April 2019).

The net added value of the Sesa Group as at 30 April 2020 was Euro 181 million, distributed as follows:

- personnel remuneration was Euro 114.8 million, up 19.2% on the previous period. The dynamics of this sector, which grew by more than Euro 18 million compared to the previous year, are linked to the increase in the workforce, as a result of corporate acquisitions and the plan to recruit new Group resources, as well as the increased specialisation and average qualification of the human capital;
- remuneration of the public administration amounted to Euro 18.8 million (+7.5% compared to the previous year) and is related mainly to current taxes, which increased due to the higher profitability of the Group.

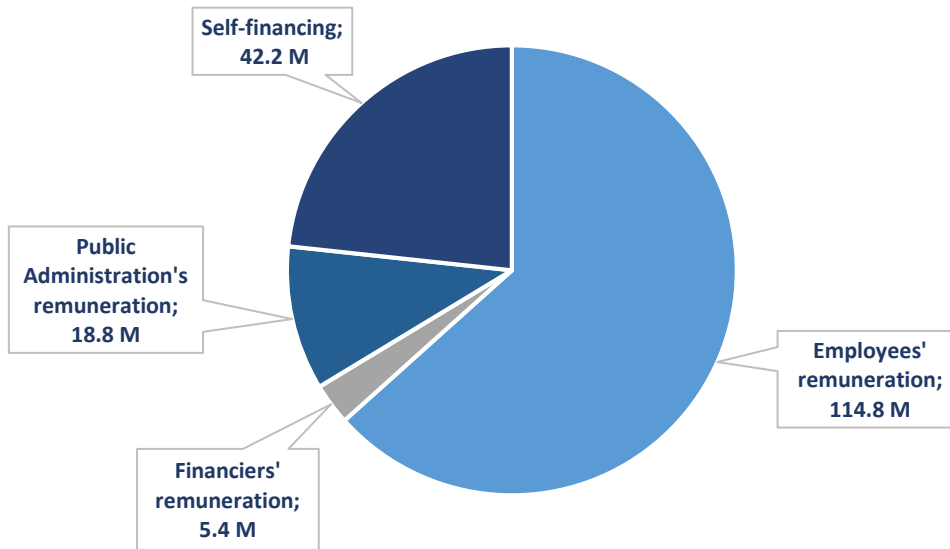
As indicated in the letter to stakeholders, the meeting of the Board of Directors of Sesa S.p.A. held on 14 July 2020 resolved to submit to the Shareholders' Meeting the decision not to proceed with the distribution of any dividend to its shareholders, taking into account the significant increase in investments in digital transformation required by stakeholders and the need, in the current global crisis, to further strengthen the Sesa Group's role of social responsibility and its orientation towards long-term sustainable growth.

With regard to the percentage of net value added distribution, it should be noted that Human Resources continue to benefit from the Group's creation of wealth, accounting for approximately 63% of the Value Added figure, in line with the previous year (approximately 62%).

Owing to the Group's decision not to distribute the profit dividend for the year ended 30 April 2020, 23.3% of the Added Value (15.0% at 30 April 2019) was maintained within the Group, mainly to strengthen its capital, and represents a form of self-financing for Sesa. Self-financing is an important lever for the future development of the Group and for all its stakeholders.

The following graph shows the distribution of the Sesa Group's **Added Value for 2020** of approximately Euro 181.1 million, of which Euro 42.2 million of retained economic value (self-financing) and Euro 138.9 million of distributed economic value.

## Distribution of the net value generated



Lastly, it should be noted that:

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

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

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

| Leg. Decree 254/2016 | Material                                     | Risks identified | Policies practiced | Topic specific standard/disclosure   | Chapter/paragraph of reference | Reporting Perimeter  | Notes   |
|----------------------|--|------------------|--------------------|--|--------------------------------|--|---|
| Environmental        | Energy consumption                           | Par. 5.2         | Chap. 2            | 302-1: Energy consumed within the Organisation   | Chap. 2                        | All Group companies consolidated on a line-by-line basis as at 30.04.2020. | <u>Policies</u> : No specific environmental policy has been formalised as all Group companies operate in the service sector. However, the Group manages these issues in accordance with a practice designed to improve the efficiency of its environmental impact, as explained in its Code of Ethics and Model 231.                              |
|                      | Emissions                                    | Par. 5.2         | Chap. 2            | 305-1: Direct emissions of GHG (Scope 1)<br>305-2: Indirect emissions of GHG (Scope 2)                   | Chap. 2                        | All Group companies consolidated on a line-by-line basis as at 30.04.2020. | <u>Policies</u> : see above.  |
|                      | Waste  | Par. 5.2         | Chap. 2            | 306-2: Waste by type and method of disposal  | Chap. 2                        | All Group companies consolidated on a line-by-line basis as at 30.04.2020. | <u>Policies</u> : see above. <u>Ratios</u> : With reference to the waste ratio indicator, it was not possible to report the tonnes of municipal solid waste as it is managed by the public collection service. The GRI 306-2 indicator is only partially reported, as only the waste produced is shown, without the type and method of disposal". |
|                      | Water consumption                            | Not present      | Not present        | 303-1: Drawing of water by source  | Chap. 2                        | All Group companies consolidated on a line-by-line basis as at 30.04.2020. | <u>Risks and Policies</u> : The Group has not formalised policies and risks in relation to "Water consumption", as water is used solely in the bathroom facilities and consumption is not a material issue.   |
| Social               | Responsible supply chain                     | Par. 4.2.1       | Par. 4.2.1         | At present, the topic is dealt with from a qualitative point of view alone.                              | Par. 4.2.1                     | All Group companies consolidated on a line-by-line basis as at 30.04.2020. | <u>Risks and Policies</u> : The Group is assessing the feasibility of implementing risk monitoring systems and related management policies related to social and environmental aspects, with particular reference to the indirect risks arising from the supply chain.  |
|                      | Relations with local communities             | Par. 5.2.1       | Par. 4.3           | Other (non-GRI): - Total amount allocated to social projects; - Number of projects and students involved | Par. 4.3                       | All Group companies consolidated on a line-by-line basis as at 30.04.2020. | The Group reports on the activities carried out by the Sesa Foundation.   |
|                      | Customer relations and customer satisfaction | Par. 5.2.1       | Par. 4.2.2         | At present, the topic is dealt with from a qualitative point of view alone.                              | Par. 4.2.2                     | All Group companies consolidated on a line-by-line basis as at 30.04.2020. |   |

|   |   |          |          |   |                     |  |  |
|---|---|----------|----------|---|---------------------|--|--|
| Concerning personnel and respect for human rights | Occupation                                  | Par. 5.2 | Par. 5.2 | 102-8: Information on employees and other staff<br>401-1: New recruitments and turnover   | Chap. 3             | All Group companies consolidated on a line-by-line basis as at 30.04.2020. |  |
|   | Staff health and safety                     | Par. 5.2 | Par. 5.2 | 403-2: Types of accident and accident rates, occupational diseases, days lost, absenteeism and number of work-related fatalities. | Chap. 3             | All Group companies consolidated on a line-by-line basis as at 30.04.2020. | <u>Ratios</u> : for this year of reporting, the total number of hours worked could not be used to calculate the accident, frequency and severity ratio. Therefore, the frequency and severity indices are calculated on the hours worked only by the companies whose human resources are managed centrally by the Parent Company; for details, see note 8. |
|   | Training                                    | Par. 5.2 | Par. 5.2 | 404-1: Average training hours per year and per employee   | Chap. 3             | All Group companies consolidated on a line-by-line basis as at 30.04.2020. |  |
|   | Corporate welfare                           | Par. 5.2 | Par 3.3  | 401-3: Parental leave   | Chap. 3             | All Group companies consolidated on a line-by-line basis as at 30.04.2020. |  |
|   | Equal opportunities and staff training      | Par. 5.2 | Par. 5.2 | 405-1: Diversity in governing bodies and employees  | Chap. 3<br>Par. 1.3 | All Group companies consolidated on a line-by-line basis as at 30.04.2020. |  |
|   | Defence of human rights                     | Par. 5.2 | Par. 5.2 | 406-1: Discriminatory incidents and corrective measures implemented   | Par. 5.2            | All Group companies consolidated on a line-by-line basis as at 30.04.2020. |  |
| Fight against active and passive corruption       | Compliance and the fight against corruption | Par. 5.2 | Par. 5.1 | 419-1: Non-compliance with social and economic laws and regulations<br>205-3: Corruption incidents ascertained and actions taken  | Chap. 5             | All Group companies consolidated on a line-by-line basis as at 30.04.2020. |  |