Reti

Sustainability Report 2019

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Letter to Stakeholders

For RETI, creating value for our stakeholders under a sustainable business model is a strategic driver. Our Campus, the innovation, and the skills of Reti's people are the fundamental factors for the development of our company.

Drawing up Reti's first Sustainability Report is part of the process. It is a significant opportunity to present our economic, social and environmental results and to emphasize our medium to long-term strategic guidelines and their consistency with sustainable development.

In the year just ended, RETI achieved major goals: an increase in revenues to Euro 21.0 million (+10% compared to the previous year), an increase in operating profitability (10.3%), and exceeding the threshold of 300 employees in total. We achieved these results thanks to the teamwork, passion, and collaboration of all our stakeholders. To strengthen its role as a bridge between the reality of work and the local area, Reti is committed to generating a positive social and cultural impact, making the Campus available for training and cultural events, supporting an interdependent business model, open to exchange and contamination with all its stakeholders.

Reti's commitment is also to strengthen its relationships with customers to create innovative products and services that can also contribute to achieving environmental and social objectives, leveraging open entrepreneurial projects in terms of exchange of ideas and skills.

Reti also focuses on adopting policies and operating models that can optimize the use of energy resources, contributing to the success of "Green IT" models.

Our Engineering Solutions & Technologies "Campus", designed following building automation criteria, is the Company's strategic asset, an Innovation Centre where we design and develop our projects.

A sustainable business model requires the consistent development of the social fabric and ecosystems that host us. We believe in a business culture that brings together in a single vision, different areas, diverse sectors, and complementary skills through an "apparent" complex intertwining of multiple players. Our vision is, in fact, to create spaces that promote creativity and innovation through "contamination" in an entirely contemporary style.

Bruno Paneghini

Chief Executive Officer

Operating and Performance Highlights

	Unit of Measurement	2018	2019
Economic and Financial Data			
Value of production	Euro thousands	19,363	21,270
Value distributed	Euro thousands	18,329	20,283
Share of distributed value related to human resources	%	70%	72%
Environment			
Total energy consumption	GJ	4,245	4,741
Of which from renewable sources	GJ	208	393
TPL energy intensity index	GJ/employees	16.02	15.80
Human Resources			
Employees at end of period	qty	286	310
Number of recruitments per year	qty	66	67
Percentage of employees under 30 years of age	%	39.5%	36.8%
Percentage of female employees	%	23.8%	22.3%
Training hours (total)	qty	19,037	21,047
Average hours of training	Hours/Total employees	67	68
Injuries (none serious)	qty	3	-

Methodological Note

This document is the first Sustainability Report published by Reti S.p.A. ("Reti" or the "Company"). The Sustainability Report contains information on economic, governance, environmental and social issues, which are considered useful to facilitate a fuller and more complete understanding of Reti's business, its performance, its results and their impact.

We based the preparation of our Sustainability Report on the methods and principles set out in the GRI Sustainability Reporting Standards, which to date are the most widespread and internationally recognized standard for reporting non-financial information. In particular, we adopted the GRI-referenced option of the Global Reporting Initiative Sustainability Reporting Standards" (the "GRI Standards"), using the reporting standards of the Reporting Principles defined by the "GRI Standards 101: Foundation".

This report references the "Topic-specific standards" listed in the GRI Content Index for the areas covered, to ensure the traceability of the indicators and other quantitative and qualitative information presented within the document.

The performance indicators used are those required by the reporting standards adopted, representative of the specific sustainability areas examined, and consistent with the activity carried out by Reti and the impacts it produces. In particular, we chose these indicators based on a preliminary materiality analysis (relevance). Quantitative information for which estimates have been used is given directly in this section.

The scope of reporting of the data and the qualitative and quantitative information contained in the sustainability report refer to the performance of Reti S.p.A. as at 31 December 2019.

To enable a comparison of data over time and an assessment of the performance of Reti's activities, comparative data have been included for the previous two years (Human Resources) and the previous year (Environment).

The drafting of the Sustainability Report involved the managers of the various Reti departments.

This document was approved by the Board of Directors of Reti S.p.A. on 18 June 2020 and has not been subject to an assurance process.

The Sustainability Report is published on the Company's institutional website at www.reti.it. For further information, please contact us at esg@reti.it.

1 Identity and Strategy

Profile

Founded in 1994 by Bruno Paneghini, Reti is one of the leading Italian players in the IT Consulting sector, and specializes in System Integration services. The Company is based in Busto Arsizio (VA) and supports Mid & Large Corporate accounts, mainly in the Banking, Financial Services and Insurance, IT, and Manufacturing sectors, in digital transformation.
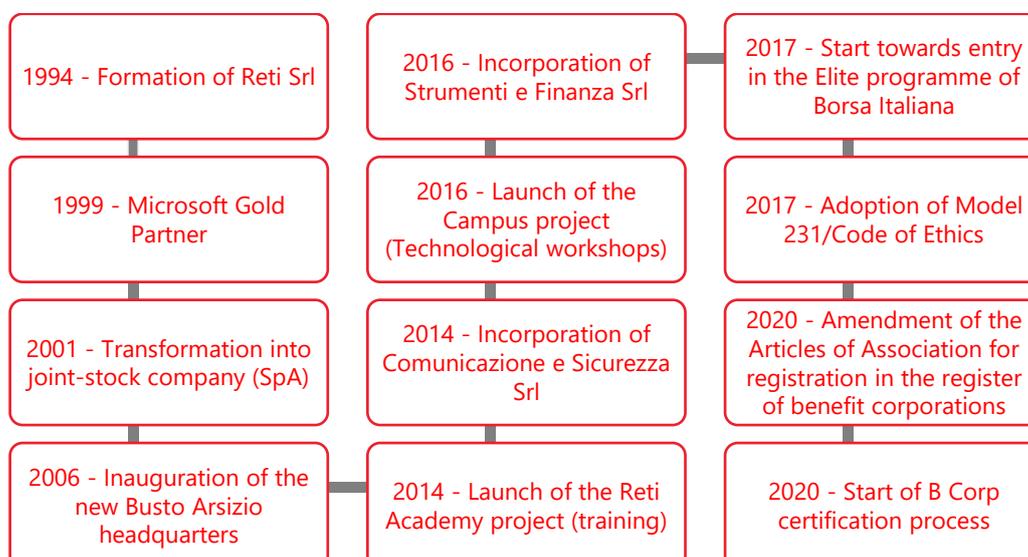
Reti offers IT Solutions, Business Consulting and Managed Service Provider services, implemented using the main Key Enabling Technologies: Cyber Security, Big Data & Analytics and AI, IoT, Cloud.

In 2019 Reti achieved revenues of Euro 21.0 million, with an EBITDA of Euro 2.2 million (10.3% margin) and EBIT of Euro 1.2 million. The Company's shareholders' equity is Euro 4.4 million. As at 31 December 2019, Reti employed 310 people.

Reti's Model

Quick customer response	Quality and customization of projects	Specific knowledge in many areas	High-level and ongoing staff training
Ability to understand and adapt solutions developed by third parties	Campus as a strategic asset	Management's track record	Significant partnerships with major vendors in the IT world

Reti's History

1994 - Formation of Reti Srl	2016 - Incorporation of Strumenti e Finanza Srl	2017 - Start towards entry in the Elite programme of Borsa Italiana
1999 - Microsoft Gold Partner	2016 - Launch of the Campus project (Technological workshops)	2017 - Adoption of Model 231/Code of Ethics
2001 - Transformation into joint-stock company (SpA)	2014 - Incorporation of Comunicazione e Sicurezza Srl	2020 - Amendment of the Articles of Association for registration in the register of benefit corporations
2006 - Inauguration of the new Busto Arsizio headquarters	2014 - Launch of the Reti Academy project (training)	2020 - Start of B Corp certification process

Mission and Values

To support our customers throughout the entire process of technological and managerial innovation aimed at improving their business, ensuring a long-term relationship based on efficiency and reliability.

Our values are the necessary prerequisite for achieving Reti's mission.

Connecting technology, people, and ideas - Reti, the thread of continuity that connects technology, people, and ideas:

- Knowledge can be achieved by putting the bits together, one after the other.
- A community can be created by bringing people together, side by side.
- And projects take shape by putting ideas together, one after the other.

The most advanced **technologies**, the heads and hearts of our NETworkers (a term used to identify Reti's specialists) and the most disruptive ideas around. The combination of these elements creates projects that help shape the future.

Reti recognizes the value of interdependence, as a system of networks that represent the neural and connective tissue for a brighter future and, therefore, seeks to be a hub of the network it belongs to, a hub and not a simple endpoint, because interdependence creates value when it nurtures accessibility, sharing, interaction, community, intelligence, freedom, innovation, progress, and responsibility.

Strategy – Sustainability – Innovation

Reti's strategy aims to consolidate its position in the IT market, leveraging the guidelines that have characterized its growth over the years, i.e., by continuously developing skills that can enable it to expand and diversify its customer portfolio and the solutions it offers.

Reti's objectives are consistent with the principles of a sustainable development model, for which the IT sector is recognized as strategic:

- Digital transformation as a driver of development;
- Innovation that focuses on applied research and development and promotes ideas, to support production chains;
- Sustainable and inclusive development, where innovation is there to serve people, communities and territories, while respecting environmental sustainability.

To achieve these objectives, we must invest in the development and implementation of the infrastructure that can ensure the reliability of IT services and the continuous development of suitable technological skills.

Strategic Guidelines

Infrastructure - Technology Campus	Network	Expertise	Corporate Welfare	Partnerships	Customer Relationships

Infrastructure - Technology Campus

Expansion and enhancement of the Technology Campus to maintain a competitive time-to-market. In particular:

- development of the proprietary Learning Provider (Reti Academy) which on the one hand offers seminars, learning workshops and training courses in technical and managerial fields (at the basis of the development of competence centres to maintain a high level of Skills on Key Enabling Technologies) and on the other hand workshops aimed at involving new talents and potential customers;
- development of processes linked to the prototyping stages of tailor-made technological solutions;
- optimization of processes concerning stress tests, testing, and delivery of the solutions implemented;
- expansion of new workshops and the development of sustainable and flexible environments that respond quickly to changes in how we work.

Network

Creation of a network that encourages the participation, collaboration, and cooperation of all stakeholders in Reti's network ecosystem: employees, partners, customers, and the local area.

Expertise

Investments in personnel (recruiting and retention):

- Activities aimed at recruiting specialized staff in our six competence centres.
- Staff retention is closely linked to the development of specific initiatives that the Company undertakes to benefit its employees: technical/managerial training, participation in courses aimed at achieving international certifications, services.

Corporate Welfare

Contained in the corporate welfare plan.

Partnerships

Scouting for new strategic partnerships with the main players in the IT sector to identify and apply new technological solutions to provide a cutting-edge offer.

Customer Relationships

Responsible sales: Enhancement of the internal sales force by adding new figures focused solely on sales. These personnel will support the current technical resources already involved in sales activities, implementing new methods to propose offers.
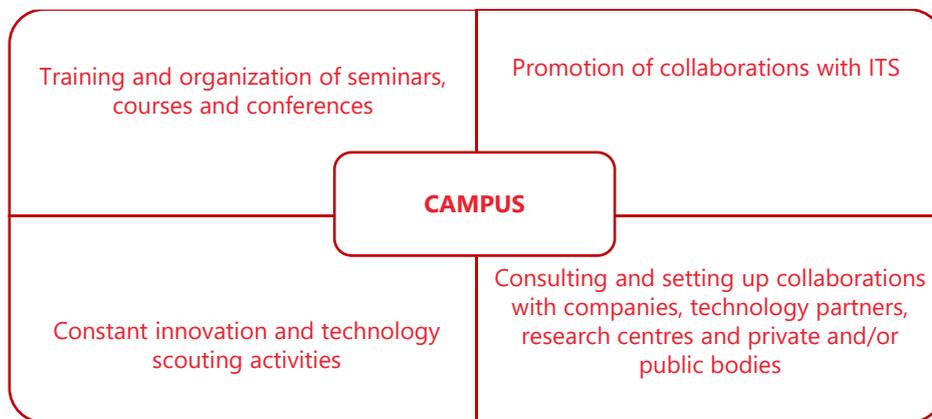
Innovation: Campus – Engineering Solutions & Technologies

The **Engineering Solutions & Technologies "Campus"** is the Company's **strategic asset, an Innovation Centre** where the projects developed by Reti come to life**.** The Campus' primary objective is to study, design, develop, and apply IT solutions designed to solve theoretical and technological problems mainly related to the BFSI, IT, Telco, and Manufacturing sectors. The Campus is divided into **six Competence Centres:** Business & Artificial Intelligence, Cyber Security, Project Management and Business Analysis, ERP, IoT, and Cloud.

The Campus acts as a technological workshop focused on the strategic resolution of engineering problems and the technological transformation of our customers' business.

Our six **IT Innovation** Competence Centres develop solutions that enable us to **guide Reti's customers** towards the **Digital Transformation** of their businesses. The centres are characterized by being **cross-cutting between the various business lines** of the Company thanks to the key enabling technologies (KETs).

The "innovation" component, in the IT sector, is also an important tool to implement services that have a positive impact in environmental and/or social terms.

Training and organization of seminars, courses and conferences

Promotion of collaborations with ITS

CAMPUS

Constant innovation and technology scouting activities

Consulting and setting up collaborations with companies, technology partners, research centres and private and/or public bodies

The process of transformation into a benefit corporation and B Corp certification

During 2020, Reti started its process of transformation into a benefit corporation, a form of a for-profit corporation, characterized by a higher level of transparency and accountability. The legal form of a benefit corporation strengthens the commitment of Reti to pursue its business objectives responsibly.

Reti's commitment can be outlined along four lines of action and impact areas:

- **Interdependence**: strengthening the link with the local area - supporting training and access to the job market for new generations and underprivileged groups
- **People**: creating a welfare system for its employees to enhance and encourage the development of skills and attract talent
- **Transmission of values/business solution**: creating innovative and sustainable solutions and services with positive social and environmental impacts
- **Environment**: adopting policies for the responsible use of natural resources and reducing the environmental impact of its operations

B Corp - in the first half of 2020, Reti initiated an assessment process aimed at achieving B Corp certification. B Corps, or B Corporations, are companies that "do business" and profit while generating a positive impact on people and the environment.

Present in 140 sectors and 60 countries, the B Corp movement has a single goal: to redefine a new business paradigm that reflects our times, concrete and replicable: bcorporation.eu/about-b-corps.

Stakeholders and Preliminary Materiality Analysis

Stakeholder Relations

Stakeholders are the groups of individuals with *an interest* in an organisation. The decisions and actions of an organisation impact the stakeholders, but the mutual nature of the relationship means that stakeholders influence the organisation.
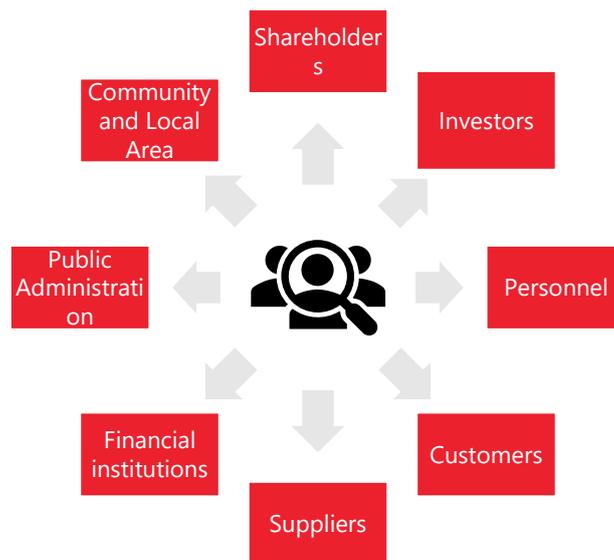
In conducting its business, Reti maintains constant relations with its stakeholders, using institutional and direct communication channels (meetings - presentations - communication exchanges - website and social networks - events and meetings at the Campus, corporate procedures, and protocols).

Stakeholder involvement is one of Reti's strategic guidelines. Our sustainability reporting process, initiated with this document, will be further developed in 2020. The objective of our dialogue with internal and external stakeholders is to identify their expectations, assessments, and interests specifically in relation to sustainability issues.

Preliminary Materiality Analysis

A materiality analysis is the assessment of aspects that are most important for the Company and its stakeholders. The process in question identifies sustainability issues that have significant impacts (positive and negative) both for the Company and its stakeholders in terms of governance and for the various sustainability areas: economic, environmental and social.

For our first Sustainability Report, in view of a more extensive analysis for the next reporting period – 2020 – we carried out a preliminary materiality analysis, addressed to company management and endorsed by our Chief Executive Officer. The analysis was based on Reti's values, strategy, business model and organisational model and also included a benchmarking analysis of the sector (the main reference operators in the Italian and international market).

Below are the issues identified as material, according to a ranking of priorities assigned to them by Reti. The aspects identified have also been broken down in relation to the areas of reference.

Material issues	Priority level		
	Very high	High	Average
Governance and Organization			
1 Ethics and Integrity in Business Conduct	■		
2 Privacy and Data and Information Security	■		
Economic-financial			
3 Generation and Distribution of Economic and Financial Value	■		
4 Innovation and R&D Investments		■	
Expertise and Customer Relations – Operational			
5 Service Quality and Reliability	■		
6 Digitalization and Digital Inclusion	■		
7 Development of ICT Solutions with Social/Environmental Impact		■	
Human Resources			
8 Ability to Attract and Retain Talent	■		
9 Training and Development of Skills	■		
10 Corporate Welfare - Work-Life Balance and Equal Opportunities		■	
11 Occupational Health and Safety	■		
Environment			
12 Responsible Use and Management of Resources	■		
13 Energy Consumption and Emissions - Mitigation of Climate Change Impacts	■		
Suppliers			
14 Responsible and Sustainable Supply Chain Management			■
Community and Local Area			
15 Relations and Impacts on Local Communities	■		

The analysis carried out represents a basis for a work plan that can be developed over the next few years, fully consistent with the GRI Standards, and which aims to provide further support for the development of Reti, with an approach that is consistent with the many different dimensions of sustainability.

2 Governance

Corporate Governance

The corporate governance structure adopted by Reti is based on the traditional organisational model:

- Shareholders' Meeting (qualified to resolve on matters envisaged by law and the Articles of Association);

- Board of Directors (which is entrusted with managing the Company);

- Board of Statutory Auditors (entrusted with the supervisory function).

The company's financial statements are subject to statutory audit. The Board of Directors is vested with the broadest powers for ordinary and extraordinary administration, with the power to carry out all the actions it deems appropriate to achieve the corporate purpose, excluding those reserved by law for the Shareholders' Meeting.

| Board of Directors	Role
Bruno Paneghini	Chairman and CEO
Enrico Maiocchi	Independent director

With regard to information on diversity, it should be noted that the members of the governing body (men) are in the "over 50" age group.

The Board of Statutory Auditors, in office for the 2019/2021 three-year period, is composed of 3 members.

Board of Statutory Auditors	Role
Rolando Baroni	Chairman
Giuseppe Merlini	Statutory Auditor
Ruggero Castiglioni	Statutory Auditor

Organisational Structure

The organisational structure of Reti S.p.A. is shown below.
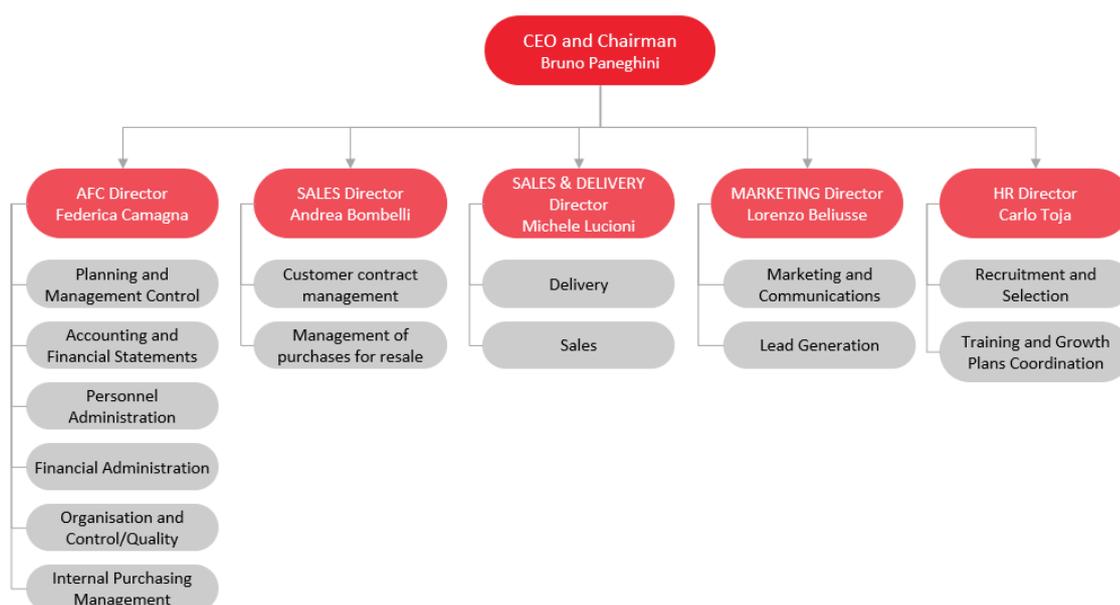
Organisation, management and control model pursuant to Legislative Decree 231/2001

Since 2017, Reti has also adopted an "Organisation, management and control model" pursuant to Legislative Decree 231/01, which introduced into the Italian legal system the administrative liability of entities. The Model takes into account, in particular, the structural and organisational characteristics of Reti and is periodically updated. The Model requires compliance with the provisions of the Code of Ethics, forming with it a body of internal regulations aimed at spreading a culture based on ethics and corporate transparency.

The Model 231 is the foundation of the Company's governance system and is instrumental in implementing the process of spreading a corporate culture based on fairness, transparency, and legality.

The Model also has the following purposes:

- to provide adequate information to employees, to those who act on behalf of the Company, or are linked to the Company itself by significant relationships, in relation to operations that involve the risk of committing offences;

- to spread a business culture that is based on legality, as the Company strongly rejects any behaviour that does not comply with the law or with internal provisions;

- to spread a culture of control and risk management;

- to implement an effective and efficient organisation of the Company's business activities, placing particular emphasis on the decision-making process and its transparency and traceability, the accountability of the resources dedicated to taking such decisions and their implementation, the provision of audits, both preliminary and subsequent, and the management of internal and external information;

- implement all the measures needed to reduce as far as possible and promptly as possible the risk of offences being committed, making the most of the existing safeguards to prevent unlawful conduct;

As required by regulations on the matter, we set up a suitable Supervisory Body to supervise the operation and observance of the Model and ensure that it is kept up to date. No cases of corruption were reported or discovered in 2019.

Code of Ethics

Our Code of Ethics, which identifies the Company's conduct guidelines, is an integral part of the Model pursuant to Legislative Decree 231/01. Reti adopted its Code of Ethics, approved by the Board of Directors on 11 May 2017. It implements and formalizes the principles and social-ethical values that must inform the conduct of the Company and of its recipients in general, and which in practice the Company had already adopted before Legislative Decree 231/2001 was issued.

Our Code of Ethics expresses the ethical principles, meaning the rights, duties, and responsibilities that are the foundation of the Company's business operations as set out in the corporate purpose and the management of the business that Reti undertakes to achieve the vision and pursue the mission in compliance with current regulations, employment contracts and internal procedures.

It acts as a guide for employees and all those who work in the name and on behalf of the Company, to prevent illegal or otherwise unethical conduct in both internal and external relations with the Company, as well as for all those who work in various capacities with the Company, specifying that Reti intends to maintain relations with third parties who agree with the content thereof in compliance with the regulations in force. To achieve its objectives, Reti complies with the following principles:

Legality and Fairness	Impartiality and Transparency	Confidentiality	Absence of Conflicts of Interest
Safety in the Workplace	Personal data processing	Protection of Copyrights	Respect for the Environment

IT Governance, Security, and Privacy

Reti has adopted a system of procedures aimed at mitigating the risks typical of companies operating in the IT sector, so as to maximise the proper management and full protection of the security and privacy of the data it processes. During 2019 no incidents of privacy and data breaches occurred.

Procedures

Three specific procedures have been configured and implemented:

Data Protection Management Procedure - It aims to define the methods and responsibilities for data and documentation protection for Reti S.p.A. The procedure governs: applicability to data repositories, scheduling of back-ups, basic database configurations, characteristics of the disks involved, verification of back-up execution, periodic replacement of back-up tapes, storage of back-up tapes, back-up recovery procedures, disaster recovery procedures, antivirus management.

Incident Response Procedure - The procedure outlines the methodologies for responding to information security incidents. It defines the roles and responsibilities of the players involved, the methods for incident characterisation, the relationships with other policies and procedures, and reporting requirements.

In detail, it defines how to identify and react to cybersecurity incidents, determine the extent and risk of the incidents, respond appropriately to events, report the results and risks to all parties involved and reduce the likelihood of the incident recurring.

Vulnerability Scan Management Procedure - The purpose of this procedure is to describe how the vulnerability scan process applied in Reti is managed in order to detect security gaps in internal systems and services. In addition to the roles and responsibilities of the personnel involved, details are given of how any non-conformities found are managed.

Our Policies

To supplement and strengthen the procedures outlined above, Reti has also planned and adopted:

Data Classification Policy - This policy arises from the need for compliance of company processes with the security policy of Reti S.p.A. and in particular from the need to protect the confidentiality of information, providing and allowing access only to personnel who, having the relevant authorization, also need to carry out the task conferred by their role within the Company.

To protect the information better, it needs to be "labelled" on the basis of its confidentiality or, in the terminology of information security, its "classification".

Therefore, we have outlined rules for the classification and treatment of company information so as to adequately protect its confidentiality.

Security Policy: the "Information Security" structure - The objective of the Information Security structure is to ensure the security of the information the Company uses to pursue its mission as well as the respect of the regulations in force concerning data protection.

To achieve this objective, the Information Security structure aims to ensure compliance with current legislation on the protection of information, the confidentiality of company information on the basis of its classification, the integrity of company information on the basis of its value to the Company's operations and the availability of the information, when it is needed and to whom it is authorized to access it. The purpose is also to promote and form a culture of security among the Company's personnel and to embed this culture into all company processes.

The security policy deals with the following topics: Use of corporate IT resources - Remote access - Information protection - Protection and prevention from viruses and malware - Email - Data and communications encryption - Classification of information - Security and use of information access credentials - Security of portable devices - Host Security - Laboratory Security - Security of wireless networks.

Policy on Service Access Credentials - The protection of access credentials is one of the fundamental principles of information security, in particular the creation and management of passwords which are the main countermeasure to unauthorized access. Given the provisions of the current laws on the protection of personal data - Legislative Decree 196/03 - and, subsequently, incorporated in the new European regulation in force since 24/05/2016, on the protection of individuals concerning the processing of personal data - GDPR EU 2016/679, adequate and appropriate protection measures for the processing and protection of personal data of users must be put in place.

The policy adopted by Reti aims to define a procedure - the Company's password policy - that establishes the criteria for creating, using, storing, and managing authentication credentials that are not linked to specific individuals, the so-called "service" credentials. The policy applies to all IT services, including web services, the Wi-Fi network, email, and all the IT applications and resources present within the Company that have a non-personal access authentication system, including the IT systems and resources present in the remote facilities.

Lastly, Reti has adopted a Patch management Responsibility flowchart and a Vulnerability Assessment Action Plan.

Regulatory Compliance

Reti has no significant disputes in economic, environmental and social matters.

3 Community and Local Area

Campus Events

To maximize everyone's experience, to encourage the exchange of ideas and knowledge, to consolidate collaboration with strategic partners and to enable its customers to directly experience new technologies, Reti has decided to renovate a historic cotton mill of 20,000 square meters, transforming it into a real Campus, designed to foster networking and be the Reti's hub.

Within the Campus, during 2019, 18 educational, popular and cultural events were organized, most of them in the form of "talks", involving over 2,100 participants.

	2018	2019
Number of Events	14	18
Number of Participants	1,308	2,111

Our link with the local area and corporate social responsibility

Reti's strong link with the local area is also reflected in its social responsibility initiatives. In fact, Reti promotes technical and scientific culture at the regional and Italian levels, promoting the introduction into the labour market of young talents in the IT sector, through participation in ITS schools (High-level Technical Institutes) and creating true schools of high technological specialization at the post-diploma level.

Progetto Isola Formativa - Reti and *Innovazione Apprendimento Lavoro Lombardia Srl* have launched the "Isola Formativa" project, an agreement aimed at job integration for disabled people. The project has given rise to the creation of an effective model of employment integration, aimed at unemployed or inactive disabled people. With regard to this project, as at 31 December 2019, Reti had provided a total of 864 hours of training.

Bortolaso Foundation - In 2019, Reti made a donation in favour of the Bortolaso Totaro Sponga Foundation. The Foundation promotes the dissemination and enhancement of fiber art and, more generally, of contemporary art and culture, through exhibitions, publications and events that involve well-established Italian and international artists.

Joint School-Work Experience Project - Reti is the host of initiatives aimed at training and job counselling, aimed at facilitating vocational choices, by providing direct experience of the labour market during the transition phase, through knowledge and experimentation in a professional field.

Tech Talent Factory Foundation - Reti is a member of the TTF Foundation. The Foundation was established in 2016 to support integration between the Education, Training and Labour systems. TTF operates in the "Communication and Information Technology" sector to promote the development of specialised technological skills for young graduates. Every year, the Foundation launches new and innovative two-year post-graduate courses tailored to the needs of companies in the sector, to encourage the placement of ICT professionals on the labour market. itstechtalentfactory.it

ITSINCOM Foundation - Reti is a founding member of the ITSINCOM Foundation. The Foundation's objective is to encourage interaction and exchange of ideas, methods, projects, skills among the various stakeholders in Vocational Education and Training on the one hand (training project managers, teachers, tutors, vocational training operators, project managers and, in general, anyone involved in the design/provision/evaluation of training courses) and those of the productive fabric on the other, so as to jointly develop training projects that

have, as a cornerstone, the needs of each individual company or cluster of companies, which express training needs aimed at finding skilled workers. https://itsincom.it/partner/.

Membership

Confindustria Alto Milanese - Reti is a member of Confindustria Alto Milanese. Founded in 1945, its aim is to support the growth of companies by supporting their ability to compete in the markets, make the Alto Milanese a suitable habitat for the start-up and establishment of business initiatives and create value in the long term. The Association acts along two fundamental lines: representing and protecting the interests of companies in their relations with institutions, trade unions and social economic organizations and providing professional assistance and services in all areas of business activity and management, promoting collaboration agreements and initiatives to support competitiveness.

http://www.confindustria-am.it/index.asp

4 Our Business Model

Reference Market

Reti offers IT Solutions, Business Consulting and Managed Service Provider services through the main Key Enabling Technologies (KETs): Cyber Security, Big Data & Analytics and AI, IoT, Cloud with over 300 highly qualified professionals.

Our constant Innovation, Training and Technological Scouting activities are reflected in "CAMPUS Engineering Solutions & Technologies", an internal laboratory of 20,000 square meters divided into 6 Competence Centres: the real strategic asset that makes the Company highly competitive, offering innovative solutions on the IT Consulting market.

The Company has over one hundred highly committed Mid & Large enterprise customers, mainly operating in the "IT spending" sectors such as BFSI, IT, Telco and Manufacturing, as well as a series of long-standing partnerships with leading international IT Vendors *(Microsoft - golden partnership, Apple, Cisco, Oracle, etc.).*

Services

Reti operates via three business lines, characterized by a high cross-selling that increases revenues and at the same time increases the rate of customer loyalty.

IT Solutions

The Company creates application solutions for managing business processes, sharing information and facilitating collaborative processes, combining business knowledge with the development of technological solutions. In addition, it can develop IT platforms and infrastructures suitable for the innovation, networking and digitization needs of its customers. *Revenue 2019: Euro 12.3 million - 58.7% of the total*

Business Consulting

Reti helps its clients implement business strategies through a team of specialists in Project, Program & Portfolio Management, and Business Analysis. We provide consultancy through our understanding of the problems and opportunities within the client's business environment, recommending solutions that help the organization achieve its strategic objectives. *Revenue 2019: Euro 3.5 million - 16.8% of the total*

Managed Service Provider

Reti offers customers a management and support service on infrastructure and applications. We provide this service via constant monitoring of the customer's information systems and working proactively to prevent problems from arising. Our activity relies on the expertise of professionals specialized in: IT Consulting, Network & Infrastructure, Application Development and Management, Security Operations Centre, Proactive Monitoring, and Cloud Operation. *Revenues Euro 3.4 million - 16.3% of the total.*

Infrastructure and Technology

Reti was established to study, design, develop and apply IT solutions aimed at solving theoretical and technological problems in the digital world of today and tomorrow. Our six **competence centres** specialized in IT innovation offer optimal solutions to lead our clients towards the Digital Transformation of their business.

The centres are characterized by being cross-cutting between the Company's various business lines, thanks to the Key Enabling Technologies (KETs).

Cloud - Implementation of migration and development projects in the Cloud.

Business & Artificial Intelligence - Development of solutions for data-driven business transformation.

Cybersecurity - Protection of the critical systems and processes of Reti's customers, ensuring availability, integrity and confidentiality.

Project Management & Business Analysis - Support to the governance structures of Reti's customers

ERP - Strategic and business consulting and technical consultancy in the ERP field

Internet of Things - Implementation of projects to integrate and monitor "smart objects" that give rise to new forms of knowledge.

Customer Relations - Quality and Reliability of the Service

The quality of our customer relationships is the key to Reti's success. The Company is committed to constantly improving the quality of the services it offers, with the aim of creating and developing long-lasting trust and satisfaction relationships.

The conditions which apply to the products and services we offer are explained clearly and comprehensively. In fact, Reti operates in compliance with the principles of fairness, professionalism and transparency also in its contractual relations and in its communications to customers.

Reti has developed a structured business model to accompany its customers along the entire process: from understanding the needs, to the after-sales support of the solution that has been implemented.

With a view to completeness and customization of its offer, the Company supports its customers in identifying their needs, implements the technically and technologically optimal solution, and supports and monitors the efficiency and effectiveness of the service offered.

Services for Customers

Reti configures and makes available the team of specialists best suited to the customer's needs, committed to providing a service that makes excellence and customization the real added value. This process is divided into three phases:

- **Presale & Assessment** - Search for new opportunities through Inbound Marketing and cross-selling actions;
- **Developing & Delivery** - Launch of the Digital Transformation project, by setting up a team of experts (from the six competence centres) to implement the "custom" solution requested by the customer;
- **Maintenance & Evolution** - Where applicable, the solutions implemented will be handed over to the **Managed Service Provider** line of business for routine maintenance and predictive analysis and subsequent developments and enhancements.

Reti constantly supports its customers along all the steps of the value chain
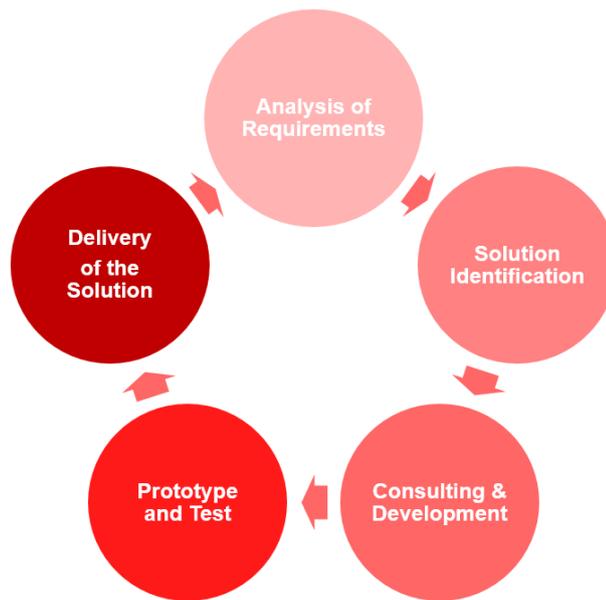
Reti boasts a diverse and highly segmented client portfolio across the entire Italian peninsula. 9.5% of our 2019 turnover was generated abroad.

Region	%
Lombardy	56.44%
Piedmont	22.37%
Friuli-Venezia Giulia	10.53%
Abroad	8.68%
Liguria	1.17%
Veneto	0.69%
Lazio	0.10%
Emilia-Romagna	0.01%
Sardinia	0.01%
Total	**100%**

Partnerships

The Company has many long-standing and consolidated **partnerships** with leading international IT vendors.

Supply chain management

The following infographic highlights the main types of Reti's suppliers and the Company's purchases.

Suppliers	Reti	Customer	End Users
Main types of suppliers:	**Main Solutions/Services:**	**Main Sectors Served:**	**Users/End Users**
Suppliers of HW/SW Products	Development of application solutions for managing business processes, sharing and the facilitation of collaborative processes	BFSI	Consumers (B2B/B2C)
Providers of leading cloud-based solutions for business collaboration	Applications and Infrastructure Management and Support Service	Telecoms	Sales Networks
Suppliers of the main platforms for the development of software solutions	Platform development and IT Infrastructure	IT	Technical Staff
	Strategic consulting for Business	Manufacturing	Financial Operators

Reti's main technological suppliers are based in Italy.

5 Economic Value Generated and Distributed

The economic value generated and distributed

The calculation of the **economic value distributed** shows the economic value directly generated by a company during the period and its distribution to the various internal and external stakeholders. We have prepared the following table on the basis of the income statement of our financial statements.

The **Economic Value Generated** concerns the Value of Production as reported in the Financial Statements (Revenues and Other Operating Revenues), net of losses on receivables and supplemented by financial income.

Net profit for the 2019 was Euro 572 thousand (compared to Euro 750 thousand in 2018). The Economic Value Withheld concerns the difference between the Economic Value Generated and Distributed and includes the amortisation of tangible and intangible assets in addition to deferred taxation.

(Amounts in Euro)	2018	2019
Economic Value Generated	**19,428,528**	**21,302,969**
Suppliers	(4,228,101)	(4,573,277)
Human Resources	(12,909,681)	(14,559,015)
Banks and other lenders	(196,971)	(239,438)
Public administration	(444,525)	(361,302)
Shareholders (Dividends)	(550,000)	(550,000)
Economic value distributed	**(18,329,278)**	**(20,283,033)**
Economic value retained	**1,099,250**	**1,019,936**

In 2019, 72% of the value distributed concerned employees, as further evidence of the strategic importance of human resources for Reti's business model.


Economic Value Distributed - 2019

Public Administration (taxes) 2%
Dividends - Shareholders 3%
Banks/lenders 1%
Suppliers 22%
Human Resources 72%
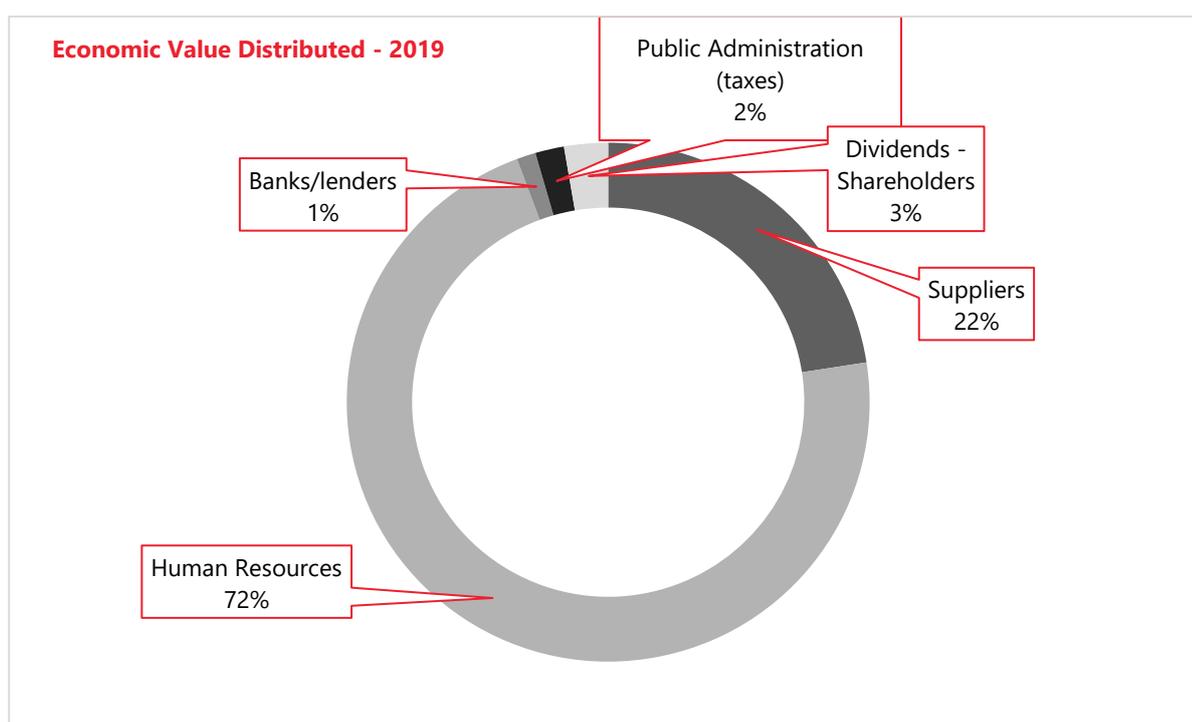
Investments

Investments – Campus (Euro thousands)	2018	2019
Technological campus	3,060	1,518

The most significant investment made by Reti is that for its headquarters: Reti's Campus offers its professionals spaces equipped with the technology needed to facilitate the sharing of experience and ideas.

20,000 m² of multifunctional spaces - **7 Labs** designed according to **building automation** criteria, applying the principles of **home automation**: to improve the quality of life and safety, simplify the design, installation, and maintenance of systems, and reduce management costs. The Campus has been entirely designed and built using highly integrated systems, aimed at improving efficiency and optimizing energy savings.
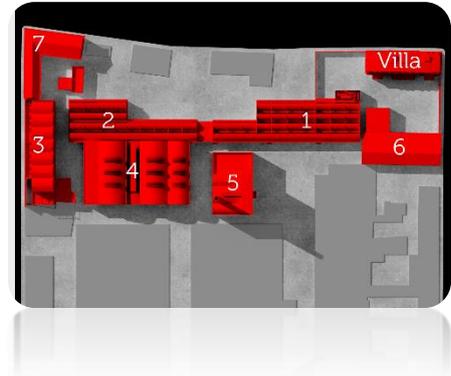
To implement it, Reti has been able to draw upon 10 years of experience in building automation, thus implementing the best solutions in the fields of lighting, climate, access control, monitoring of essential parameters for the well-being of people in buildings (temperature, humidity, air quality) and supervision of audio/video systems in multimedia rooms. The process was managed using building management software (BMS).

Workshops for sharing and testing technologies

Experiential training activities

Awareness-raising events (Referred to competence centres)

Events organized in partnership with major IT players

6 Human Resources

Personnel management, development and improvement policies: Reti's Campus and Reti Academy

The enhancement and development of resources has always been a focal point for Reti's business. Constant innovation, training and technological scouting are the real added value that characterizes Reti and on which our entire business model is based. This activity is carried out within Reti's Campus, our internal laboratory which includes Reti's six Competence Centres.

The Campus is the training hub for Reti professionals, through the **Reti Academy**: a learning provider within the facility that offers seminars, training and courses, also in collaboration with various training institutes.

Through a structured and continuous training process, the Reti Academy enables Reti to keep its staff constantly up-to-date on the most advanced technologies, ensuring their level of quality and excellence recognized by the market as a distinctive element.

- Training as a driver of growth and a distinctive element: training our staff means pursuing the level of excellence required to develop our business, create value and be competitive in the market;
- Teachers in technical and methodological fields;
- Focus on Research and Development activities aimed at staff training in the various competence centres.

Employees as at 31 December 2019 and turnover for the year

Personnel[1] figures refer to the number of Reti employees at the end of the period (the "Head Count").

Number of employees	2018			2019		
	women	men	total	women	men	total
Employees at end of the period/by gender						
	68	**218**	**286**	**69**	**241**	**310**
Employees by category/by gender						
Executives	-	3	3	-	3	3
White-Collar Workers - Middle Managers	68	214	282	69	237	306
Blue-Collar Workers	-	1	1	-	1	1
Total	**68**	**218**	**286**	**69**	**241**	**310**

In 2019, the Company hired 67 people. During the same period, 43 employees left Reti. More than 65% of hired employees are under 30 years of age. Reti has always made hiring young talent one of its strengths.

Terminations in the period are in all cases due to voluntary departure.

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[1] Excluding Interns and staff under work supply contracts

New hires	2018			2019		
	women	men	total	women	men	total
Up to 29 years old	8	39	47	5	40	45
From 30 to 50 years old	4	14	18	4	16	20
Over 50 years old	-	1	1	1	1	2
Total	**12**	**54**	**66**	**10**	**57**	**67**

Terminations	2018			2019		
	women	men	total	women	men	total
Up to 29 years old	2	9	11	4	12	16
From 30 to 50 years old	4	16	20	5	22	27
Over 50 years old	-	1	1	-	-	-
Total	**6**	**26**	**32**	**9**	**34**	**43**

The following table shows the turnover rates for 2019 and 2018, calculated with reference to the precise employee data at the end of the previous year. These data show that the Company has a turnover rate lower than the market it belongs to, characterised by a high turnover due to the strong imbalance between demand and supply of specialised professionals and the sector's high dynamics.

Turnover rate	2018			2019		
	women	men	total	women	men	total
Negative turnover - terminations	9.5%	13.8%	12.7%	13.2%	15.6%	15.0%
Positive turnover - hiring	19.0%	28.6%	26.2%	14.7%	26.1%	23.4%
Overall turnover	9.5%	14.8%	13.5%	1.5%	10.6%	8.4%

Forms of employment

In 2019, 93.5% of Reti's employees were hired on an open-ended basis and only 3.5% of employees work part-time.

Employees by employment contract and gender	2018			2019		
	women	men	total	women	men	total
open-ended contract workers	62	196	258	66	224	290
fixed term	6	22	28	3	17	20
Total	**68**	**218**	**286**	**69**	**241**	**310**

Employees by employment type and gender	2018			2019		
	women	men	total	women	men	total
Full-time	64	211	275	65	234	299
Part-time	4	7	11	4	7	11
Total	**68**	**218**	**286**	**69**	**241**	**310**

Diversity and Employee Welfare

Consistent with Reti's hiring policies, the percentage of employees under 30 years of age was 36.8% of the total at the end of 2019, while that of employees over 50 years of age was only 5.2%. As at 31 December 2019, 94.8% of total employees were under the age of 50.

In 2019, female employees accounted for 22.3% of the total. This figure strongly depends on the sector to which it belongs and on Reti's type of work, which requires technical figures (developers and IT engineers), a population, at the moment, with a strong male majority.

Total employees by age group/gender	2018			2019		
	women	men	total	women	men	total
Up to 29 years old	28	85	113	21	93	114
From 30 to 50 years old	36	128	164	42	138	180
Over 50 years old	4	5	9	6	10	16
Total	**68**	**218**	**286**	**69**	**241**	**310**

Diversity of employees by age group/gender	2018			2019		
	women	men	total	women	men	total
Up to 29 years old	9.8%	29.7%	39.5%	6.8%	30.0%	36.8%
From 30 to 50 years old	12.6%	44.8%	57.3%	13.5%	44.5%	58.1%
Over 50 years old	1.4%	1.7%	3.1%	1.9%	3.2%	5.2%
Total	23.8%	76.2%	100.0%	22.3%	77.7%	100.0%

Employees by category/gender	2018			2019		
	women	men	total	women	men	total
Executives	-	3	3	-	3	3
White-Collar Workers - Middle Managers	68	214	282	69	237	306
Blue-Collar Workers	-	1	1	-	1	1
Total	**68**	**218**	**286**	**69**	**241**	**310**

Diversity of employees by category/by gender	2018			2019		
	women	men	total	women	men	total
Executives	0.0%	1.0%	1.0%	0.0%	1.0%	1.0%
White-Collar Workers - Middle Managers	23.8%	74.8%	98.6%	22.3%	76.5%	98.7%
Blue-Collar Workers	0.0%	0.3%	0.3%	0.0%	0.3%	0.3%
Total	23.8%	76.2%	100.0%	22.3%	77.7%	100.0%

Diversity by Category/age group	2018				2019			
	Up to 29 years old	From 30 to 50 years old	Over 50 years old	Total	Up to 29 years old	From 30 to 50 years old	Over 50 years old	Total
Executives	-	3	-	3	-	2	1	3
White-Collar Workers - Middle Managers	113	160	9	282	114	178	14	306
Blue-Collar Workers	-	-	1	1	-	-	1	1
Total	**113**	**163**	**10**	**286**	**114**	**180**	**16**	**310**
Executives	0.0%	1.0%	0.0%	1.0%	0.0%	0.6%	0.3%	1.0%
White-Collar Workers - Middle Managers	39.5%	55.9%	3.1%	98.6%	36.8%	57.4%	4.5%	98.7%
Blue-Collar Workers	0.0%	0.0%	0.3%	0.3%	0.0%	0.0%	0.3%	0.3%

Total	39.5%	57.0%	3.5%	100.0%	36.8%	58.1%	5.2%	100.0%

Parental leave (maternity leave)

In 2019, five employees (women) took maternity leave (6 in 2018, 5 in 2017). During the same period, there was only one case of an employee who returned from maternity leave and subsequently resigned.

Training and skills development - Reti Academy

In 2019 we achieved both qualitative and quantitative improvements in the training policies we provided. In 2019, 92% of Reti's staff was involved in training activities. A total of 21,047 hours of training was provided during 2019, for an average of 68 hours per employee per year.

These hours include not only those for training modules provided in the classroom, but also training hours managed independently by employees and aimed at studying the market, business development and job order management.

Average hours of training	2018			2019		
	women	men	total	women	men	total
Executives	-	125	125	-	104	104
White-Collar Workers - Middle Managers	75	63	66	55	71	68
Blue-Collar Workers	-	-	-	-	-	-
Total	**75**	**64**	**67**	**55**	**71**	**68**

Total Training Hours	2018			2019		
	women	men	total	women	men	total
Executives	-	376	376	-	312	312
White-Collar Workers - Middle Managers	5,109	13,552	18,661	3,832	16,913	20,735
Blue-Collar Workers	-	-	-	-	-	-
Total	**5,109**	**13,928**	**19,037**	**3,832**	**17,225**	**21,047**

Specifically, Reti's 2019 training plan covered the following areas:

- management training (Management & Strategy)
- basic technical training (IT & Business Analysis)
- specialist technical training (IT & Business Analysis)
- Soft skills and personal growth
- English

The training activities were provided through the varied and cross-cutting use of internal courses, external courses and exams, Learn & Play, and circular courses. The courses, aimed at all employees and structured specifically for specialist figures, coordinators and technical & sales management, are designed to maximise the empowerment, soft skills, technical and professional knowledge and innovative capacity of Reti's employees in the various areas in which the Company does business.

In addition to specific courses on the individual solutions offered by Reti, we would like to point out, among others, the courses of Data Lab, Data Science, Web Advanced, Device, Advanced Communication, Teamworking, Problem Solving, Time Management and University Masters for Management.

Corporate Welfare - Work-Life Balance and Equal Opportunities

In 2019, Reti's corporate welfare plan included smart working for certain sections of the population, flexible working hours, parenting support with additional hours of leave for children on the first day of school or additional leave for new fathers.

The company also decided to grant additional hours of leave to support studying and for the many employees of Reti who are still university students. In addition to the work life balance area, Reti has included initiatives related to the health and well-being of its employees, in its welfare plan, agreements with nutritionists or gyms, or packages related to culture and leisure, such as the possibility of attending language courses at discounted prices or the purchase of subscriptions and magazines.

In 2020, Reti expanded the smart working and flexibility formula to the entire corporate population and, given the health emergency, added health insurance coverage for Covid-19.

Occupational Health and Safety

Reti reports accidents to INAIL and the national information system for occupational accident prevention (SINP), by reporting data and information on occupational accidents of employees or equivalent. If an occupational accident involves an absence from work of more than three days, Reti issues the corresponding accident report in accordance with the applicable regulations. Injuries are considered to be all events that occur during work and, therefore, also so-called commuting accidents.

Workplace injuries	2018	2019
Accidents at work - Quantity		
Fatal	-	-
Serious accidents	-	-
Other accidents	3	-
Total recorded accidents	3	-
Of which: Commuting accidents	3	-
Injury indices		
Accident frequency index (accidents/hours worked x 1,000,000)	612	-
Accident Severity index (days of absence due to accidents/hours worked x 1,000)	12.89	-
Average injury duration in calendar days (total days lost, including holidays)	22.7	-
Hours of absence by type		
Injuries	68	-
Illness	1,328	1,162
Leave (maternity – parental)	790	564
Other	10,923	9,083
Total	**13,109**	**10,809**

During 2019 there were no workplace injuries, nor were there any cases of occupational diseases.

7 Environment

For Reti, protection of our planet is an issue of great importance.
Therefore over the last few years, we have made choices and implemented measures to improve the management of daily work.

The Campus is equipped with systems that enable employees to obtain tap water and all employees are given a steel canteen with the Company's brand name, so that everyone can make their own contribution to reducing waste, especially plastic.

All indoor environments are configured with automated lighting systems to ensure well-being in the workplace in terms of brightness and climatic conditions and to avoid waste of electricity.
In addition, a waste collection point has been created for each office, so that each employee contributes to the sorting of waste, also facilitating the work of the cleaning companies.

In the course of 2019 and due to force majeure in 2020, the Smart Working project has also provided food for thought on the environmental issue, reducing traffic and smog for travel by car.
On the other hand, it is the policy of Reti to use public transport where possible for employees travelling to customers.

Energy – Responsible consumption of resources

Reti is committed to managing and rationalising its energy consumption. To meet its needs, Reti has installed three photovoltaic systems to produce and use renewable energy. The energy purchased from the grid has been produced through an energy mix that has seen the use, for about 35%, of renewable energy sources.

Data Centre

Our Data Processing Centre is an air conditioned room of about 20 m^2 that houses the network equipment and servers needed to provide the IT services for our business (it is not used to provide services to customers). The total allocation is as follows: 20 physical servers - 30 network devices (routers, switches) - 1 UPS.

The average daily consumption is 240 kW/h + 60 kW/h for air conditioning.

Photovoltaic energy plants

Below are the main characteristics of the three photovoltaic systems installed at Reti's headquarters:

	Building 1	Building 3.1	Building 3.2
Rated power - kWp	49.92	13.50	18
Photovoltaic modules - qty.	192	45	60

Energy consumption

The data presented (for the last two years, 2018 and 2019) refer to **internal energy consumption**. The data are summarised in gigajoules and presented below for each energy source (in own units).

Energy consumed - GJ	2018	2019
Electricity		
Electricity purchased	1,320	1,994
Electricity produced by photovoltaic plant (renewable sources)	206	357
Minus: energy sold to the grid	(2)	(36)
Total	1,524	2,314
Of which from renewable sources	208	393
Fuel		
Car fleet - Diesel	1,970	1,831
Total	1,970	1,831
Of which from renewable sources	-	-
Natural gas (methane)		
Natural gas (heating)	751	597
Total	751	597
Of which from renewable sources	-	-
Total energy consumption - GJ	**4,245**	**4,741**
Of which from renewable sources	**208**	**393**

Energy consumed	2018	2019
Electricity - kWh		
Electricity purchased	366,532	553,827
Electricity produced by photovoltaic plant (renewable sources)	57,354	99,077
Minus: energy sold to the grid	(509)	(10,119)
Total	423,377	642,785
Of which from renewable sources	56,845	88,958
Fuel - Litres		
Car fleet - Diesel	54,731	50,854
Total	54,731	50,854
Of which from renewable sources	-	-
Natural gas (methane) (m^3)		
Natural gas (heating)	19,062	15,145
Total	19,062	15,145
Of which from renewable sources	-	-

Energy consumption intensity index

Below are the intensity indices relating to the reduction in energy used, calculated on the basis of the number of employees. This index provides a measure of the average annual energy demand linked to the work activity of all the staff involved. In 2019 energy performance efficiency has improved.

Energy intensity	Units	2018	2019
Energy consumption	GJ	4,245	4,741
Average number of employees in year	qty	265	300
Intensity index		16.02	15.80

Water

Reti's water is drawn from the public aqueduct network and is mainly used for restrooms. Due to the type of activity carried out, Reti's Data Centre is not large enough to require a significant amount of water for cooling its systems.

Water stress - Water stress concerns the capacity or inability to meet the demand for water, both human and ecosystem-wide. Water stress can concern water availability, quality or accessibility. The World Resources Institute's Aqueduct Water Risk Atlas wri.org/aqueduct was used as a tool to assess water stress areas. Reti's reference territory is classified as a low water stress area (Low 0-1).

Waste

Waste management is carried out according to internal procedures that comply with current legal requirements. The types of waste concern in particular paper, which is collected and disposed of separately by the supplier in charge.

It should be noted that electronic equipment and systems owned by the Company (in particular notebooks) are sold at the end of their life in the Company, according to a circular economy approach, to a service supplier that is specialised in recycling their components. In 2019, a total of 28 PC and server components were sold to this supplier. The rental agreement with one of the main suppliers of business notebooks involves their collection at the end of the contractual period, and as a result, the introduction of the electronic material in the reuse or recycling chain.

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