

2018 Consolidated Non-financial Statement

PURSUANT TO ITALIAN LEGISLATIVE DECREE 254/2016



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Letter to Stakeholders

Dear Readers,

Italiaonline is the leading Italian internet company. Every day millions of Italians browse on our portals and a wide range of customers use our digital services and plan the best online advertising campaigns with us. We are every company's trusted partner for the development of its digital business, providing each one with the tools to apply the best marketing strategy. Our strong technological DNA is associated with a physical presence throughout Italy, creating a unique combination that lets us grow relations with our stakeholders day by day. These features make Italiaonline a leading digital company, but with an irreplaceable human component to support customers, advertisers and those browsing.

With assumptions of this scale and with an objective of continuous improvement, we have decided to adopt a sustainability policy based on principles aimed at achieving corporate performance through responsible and sustainable choices, also in line with market requirements. Indeed, this policy was developed based on conscious internal choices, also in response to the dynamic context in which the company operates, with the information needs of stakeholders in continuous development, especially investors, in addition to the evolution of the regulations relating to the disclosure of so-called non-financial information.

The Consolidated Non-financial Statement that you are about to read is in its second edition and is a further step in this direction.

With this statement, we at Italiaonline are not just satisfying a regulatory request, but want to explain the approach taken by the Group to the public and shareholders with respect to the dialectic between "doing" business and corporate responsibility, touching on various issues such as respect for the environment, interest in the social sphere, relations with staff and customers and the exercise of governance processes.

Knowing how to mix innovation, corporate culture and sustainability is in fact becoming an ever more concrete challenge that companies must accept in order to grow. In this sense the Italiaonline Group puts ethical principles at the centre of its business activities, fully understanding that only with such ethics can a business pathway aimed at creating value for both shareholders and the whole reference community be constructed, made up of staff, agents, users, customers, suppliers, trading partners and the public administration. This led us to launch *stakeholder engagement* activities for the first time, which gave us the opportunity to meet and listen to our stakeholders through specific round tables in order to identify the sustainability issues they consider most relevant.

We are constantly focused on valorising the ethical principles, in compliance with legislation, through the establishment of effective corporate governance which envisages management and control bodies that ensure gender equality, a risk-based management system based on an enterprise risk management (ERM) approach that includes ESG risks (Environmental, Social & Governance) and lets us make the best decisions within a process for creating shared value, up to anti-corruption policies disseminated to employees and sales consultants.

As the leading Italian internet company, we are extremely attentive to the impact that our products and services can have on society in terms of service quality, consumer protection, data security and information, always with an emphasis on the centrality of the customer, both as a single person and as a member of a social fabric. For this reason we are dedicated to following customer experience through the constant monitoring of certified performance indicators, for example by evaluating the products and services we offer in terms of dissemination and quality, and implementing a so-called *brand safety* system to ensure that the content and sources we propose as part of our products comply with regulations and are safe for our users and advertisers, with an eye to so-called *fake news* and in full respect of privacy legislation.

Although the object of our business activities can be considered as having a low environmental impact, we are aware that we can significantly reduce the impact generated by human activities through the dissemination of good daily practices such as the reduction of documents printed on paper, proper waste collection and energy consumption monitoring. We have also put more structured actions in place, including the choice to use recycled raw materials for printed publications and the launch of a parallel process to dematerialize telephone directories by implementing production in digital format.

We are fully aware that all of our activities, successes and impacts could not be so without our people, who are our main asset. The sustainable management of staff is essential for the success of our business; for this reason we constantly endeavour to protect gender diversity and offer equal opportunities while repudiating all forms of discrimination, to protect the health and safety of our workers, to prevent the risk of corruption and conflicts of interest, to respect a correct remuneration system and, of course, the utmost customer orientation. As a demonstration of our commitment, for the second consecutive year in 2018 we won the *Diversity Award*, winning in the *Value For Diversity* category. We received this recognition thanks to the sensitivity and concrete commitment we have demonstrated in terms of diversity and the promotion of gender differences.

In conclusion, our desire to pursue this path of sustainability we embarked on last year will bring us to maintain constant dialogue with our stakeholders and define long-term objectives for contributing to achieving the sustainable development goals set by the UN for 2030 as much as possible.

We continue to support the country along its path of digital growth, combining creativity with technology to build a future of innovation, but with a human face, with a strong and deep-rooted sense of social responsibility: a key tool for building lasting and sustainable development over time.

Enjoy!

Methodological Note

The Italiaonline Group's consolidated non-financial statement (hereinafter also "**Statement**") prepared in accordance with Italian Legislative Decree no. 254/2016 (implementing Directive 2014/95/EU) presents information and data pertaining to the policies and management of issues relating to the environment, the social sphere, staff, respect for human rights and the fight against bribery and corruption, and are useful for understanding the activities of the Italiaonline Group (hereinafter also "**Group**") in these fields, its progress, the results achieved and any impacts the activities have had.

In continuity with 2017, the Statement relating to the 2018 calendar year was drawn up based on specific principles and methods provided by the latest standards published by the Global Reporting Initiative in 2016 ("**GRI Standards**"), an authoritative Independent Body¹ dedicated to the definition of models for non-financial reporting. Specifically, the 2018 Statement evolved by passing from the GRI-referenced option to the GRI-core option. This evolution stems from the Group's desire to expand the pool of information reported and the need to communicate more complete information to its stakeholders, as well as its commitment to align with the reporting option mainly used internationally. In particular, the Statement refers to the 2016 Standards indicated in the "*Table connecting the contents of the Statement, the areas of the Decree and the GRI standards*" presented at the end of the document.

The breadth and quality of reporting reflect the principle of materiality, which is an element required by applicable regulations and one which characterises the GRI Standards: the issues addressed within the Statement are those which were deemed relevant after careful consideration because they can reflect the social and environmental impacts of the Group's activities or influence the decisions of its *stakeholders*.

As provided for by Italian Legislative Decree no. 254/2016 (hereinafter also "**Decree**"), the Statement is published on an annual basis. An independent auditor assesses the information provided to judge its conformity with respect to the requests of the aforementioned Decree and the standard used.

The comparative data presented in the Consolidated Non-financial Statement in relation to the financial year ended 31 December 2016 have not been presented as, at the time of the first application of the decree, which took place for the financial year ended 31 December 2017, the Company decided not to provide a quantitative comparison with respect to the previous financial year.

Reporting Scope

The qualitative and quantitative information contained in the Statement refer to Group *performance* for the year ended 31 December 2018. This information is comparable with that of the previous year. It should be noted that in order to allow a uniform comparison of the two periods in the tables and descriptions of the 2018 Statement, the data and information of all non-recurring events, such as for example the effects of the trade union agreement signed on 2 July 2018, are indicated separately.

In what follows, "**Italiaonline**" or the Group is intended as the set of the parent, Italiaonline S.p.A., and its subsidiaries, using the full consolidation method in the consolidated financial statements:

¹ The Global Reporting Initiative is a non-profit organization founded in Boston in 1997 to create useful support for the reporting of sustainable performance by organizations of all sizes, from all sectors and countries. In 2001 it was recognized as an Independent Body by the United Nations and in 2002 the UNEP (United Nations Environment Program) formally recognized and shared its principles by inviting all UN member states to identify an official headquarters as a recognized UN body.

Consodata S.p.A., the companies Digital Local Services, Moqu ADV S.r.l.² and Bizpal S.r.l. (formerly Prontoseat S.r.l.); while the term “**Company**” or “**Italiaonline S.p.A.**” refers solely to the parent, Italiaonline S.p.A..

Lastly, it should be noted that certain issues and indicators may have a different reporting scope compared to the broader one relating to the Group, thus the management has considered them irrelevant for certain subsidiaries in relation to the specific activities performed. In this case, the scope of the issue/indicator is clearly explained within the text.

² On 22 January 2018, Moqu ADV Ireland DAC, a company 100%-owned by Moqu Adv S.r.l., was definitively wound up and cancelled from the Companies' Register at the Chamber of Commerce of Dublin.

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Activities Carried Out by the Group and Main Non-financial Risks

Italiaonline S.p.A. is listed on the Italian Stock Exchange MTA and is the leading Italian Internet company with 4.8 million unique users³ browsing its *web properties* every day, including on 3.2 million smartphones, and a 63% *market reach*⁴. Italiaonline offers digital presence, web marketing and digital advertising services, including the management of advertising campaigns and the generation of leads through social networks and search engines. The company's strategic objective is to consolidate its Italian leadership role in the market of *digital advertising* for large accounts and in local marketing services - with the mission of digitalizing the country's SMEs. Italy's SMEs are the true backbone of the country: Italiaonline offers them a complete portfolio of comprehensive products based on the entire value chain of digital services, from online presence to *digital advertising*, web design and web marketing.

Today the Italiaonline Group has over 1,600 employees and includes: the Libero, Virgilio and SuperEva portals, Pagine Gialle, Pagine Bianche and Tuttocittà services for businesses and citizens, the advertising agency IOL Advertising and about 50 media agencies spread throughout the country that comprise, with over 600 agents, the largest Italian network of service and product consultants for large and small businesses, serving around 230 thousand SMEs and 700 large customers.

The Group was established on 20 June 2016 following the merger of Italiaonline S.p.A. and Seat Pagine Gialle S.p.A. and is 58.82% held by Libero Acquisition S.à r.l.⁵, and it fully controls the following companies: Moqu Adv S.r.l. (digital media company specializing in *digital performance advertising*, in particular the optimization of *performance advertising* campaigns), Digital Local Services (a network of about 50 companies organized as territorial branches established to improve coverage of the commercial network and offer appropriate support to customers and agents), Bitzpal S.r.l. (company specializing in *customer service* and *teleselling* management on behalf of the Group) and Consodata S.p.A. (company specializing in marketing and business information services that provides customers with a wide range of services to support their business).

The Group companies and their staff

Group employees by company		2017	2018
Italiaonline S.p.A.		1,130	1,049
Moqu Group		30	37
Digital Local Services (branches located throughout Italy)		352	274
Bitzpal S.r.l.	No.	252	246
Consodata S.p.A.		57	58
Total		1,821	1,664

³ Source: Audiweb 2.0, powered by Nielsen, TDA - Total Digital Audience | DAUs – Daily Active Users, December 2018. The Audiweb 2.0 data currently does not include Google, Facebook and Microsoft.

⁴ Source: Audiweb 2.0, powered by Nielsen, TDA - Total Digital Audience | MAUs – Monthly Active Users, December 2018.

⁵ Company registered in Luxembourg exercising the management and coordination of Italiaonline S.p.A.

Considering the activities carried out and the markets in which we operate, the non-financial risks are mainly attributable to the areas listed below. The policies adopted and the activities carried out by the Group for their correct management will be described in each chapter of the Statement.

Relevant Issues for Italiaonline

On the basis of the specifications of the regulations and the principles defined by the GRI Standards, a materiality (significance) analysis of the Group's non-financial issues was carried out, which allowed us to define all the aspects to be reported in the Statement.

The materiality analysis process can be divided into three main phases: (i) preliminary identification; (ii) assessment; and (iii) definition of the relevant issues.

Considering the indications provided by Italian Legislative Decree no. 254/2016 as a starting point, the potentially relevant issues were also identified in the 2018 Statement based on an analysis of the activities carried out by Italiaonline in terms of sector characteristics, approaches adopted by comparable companies at national and international level and the themes suggested by the GRI Standards for each economic sector. Subsequently, the issues that emerged were discussed and evaluated by management in dedicated meetings to allow the definition of those which are most representative of the socio-environmental impacts generated by the Group.

Once the analysis was completed, a number of issues directly related to the aspects covered by Italian Legislative Decree no. 254/2016 were identified.

The following table summarizes the scope of each relevant issue, highlighting the Group entities and external entities that are involved in the issue and the possible impacts.

It should be noted that when an issue does not concern the entire Group, it is considered irrelevant for the excluded companies in consideration of the type of activity carried out and/or geographical segments.

These issues are included, as they match the thematic areas indicated by Italian Legislative Decree no. 254/2016 and with the relative indicators established by the GRI, in the table below.

Aspects of Italian Legislative Decree no. 254/2016	Material issues	Group entities involved	External entities involved
Diversity of governance and control bodies	Diversity within the BoD and Board of Statutory Auditors	Italiaonline S.p.A.	-
Environment	Energy and Emissions	Group	Community, Environment
	Material consumption for the production of directories (paper, packaging)	Italiaonline S.p.A.	Environment
	Waste	Italiaonline S.p.A.	Community, Environment
Society	Supplier management	Group	Suppliers
	Privacy and data protection	Group	Customers, Users
	Product, service and innovation quality	Group	Customers, Users
	Socio-economic compliance	Group	All stakeholders
	Community support and employee awareness	Italiaonline S.p.A.	Community
Staff	Protection of users and content safety	Group	Users
	Diversity and equal opportunities	Group	-
	Staff training	Group	Customers, Users
	Staff management	Group	-
	Industrial relations	Group	-
Human rights	Health and safety in the workplace	Group	-
	Human rights and working conditions	Group	Suppliers
Corruption	Anti-corruption	Group	Communities, Entities and institutions, Suppliers
	Conflict of interest and transparency	Group	Communities, Entities and institutions, Suppliers

With respect to the specific issues listed in Legislative Decree no. 254/2016, water consumption is not significant in view of the activity carried out and the size of the Group.



Stakeholder Engagement


Management according to criteria consistent with an approach to sustainability requires the development and maintenance of constant relations with the Group's stakeholders. Involving stakeholders, listening to their interests and understanding their expectations is essential for the achievement of the objectives and results of Italiaonline and for the creation of lasting medium-long term shared value.

In order to carry out the transition from a compliance approach to a more proactive approach, in 2018 the Group decided to launch a process focused on involving and listening to internal and external stakeholders, also in compliance with international standards on sustainability reporting (GRI Standards). The main objective of the stakeholder engagement activity was to share the material non-financial issues IOL identified in the 2017 Non-financial Statement with some strategic interlocutors, verifying those the stakeholders consider most important because they allow the company to create value over the long term.

The stakeholders involved in this first engagement activity were suppliers, staff and agents, customers and local entities and institutions, and the activity was held in the form of a round table. These activities were created to identify stakeholders' expectations in terms of non-financial issues, allowing them to express their point of view on issues relevant to the Group, providing interesting and useful proposals to define any new sustainability objectives for Italiaonline. Following the round tables organized, several proposals emerged that highlighted the importance of responsibly using raw materials and efficient waste management in a circular economy perspective, supporting the community through strategic partnerships with actors of the supply chain and the digital support of public bodies, and the importance of privacy and consumer protection. Proposals regarding staff management also emerged, with a focus on corporate welfare and work-life balance tools, the sharing of internal know-how and attracting talent and, finally, environmental protection projects which have a greater impact on the emissions produced and energy consumption.

Another internal stakeholder engagement project activity called "One vision, One company" was launched in late 2018 and actively involves representatives of Group employees. The project is promoted by the new top management in collaboration with department directors and seeks the proactive participation of those at Italiaonline in order to devise new strategies for the future and improve the corporate climate through the comparison of different cultures and skills in the Group. The employees involved will discuss issues related to business development, business efficiency, the development of people and corporate transformation, the latter with a focus on issues related to ESG and sustainability, in order to evaluate the implementation of specific ideas within the next Business Plan.

Italiaonline also dedicates particular attention to the development of relations with analysts, institutional investors and shareholders. The financial disclosure to market operators aims to provide the most comprehensive, transparent and timely flow of information, using and innovating the channels of interaction of investor relations, in compliance with the regulations dictated by Consob and the Stock Exchange. During 2018 intense Investor Relations activities were carried out in which the Company continued dialogue with the financial community via conference calls following publication of the results for the year (4 conference calls), participation in 12 financial conferences and numerous roadshows both in Italy and abroad (Milan, London, Lugano, Genoa, Paris and Madrid), maintaining constant discussions with analysts and investors. In February 2018 Italiaonline also organized an Open Day at its Assago Headquarters dedicated to financial



analysts, aimed at offering them the opportunity to meet and discuss with Group managers to better know and understand the Italiaonline's business model, as well as the main products and services the Group offers its customers along with relative demonstrations: the Group's content factory, the Programmatic Advertising activities and website design and implementation. Lastly, in 2018 the Company launched a new version of the Investor Relations section of its corporate website with a new look and feel and new features and content aimed at improving user experience and the transparency of the information offered to the financial community.

During the meetings with investors, on the basis of the presentations published through the authorized storage mechanism eMarket STORAGE managed by Spafid Connect S.p.A., as well as on the Company's website www.italiaonline.it, the topics dealt with mainly relate to the evolution of the Group's business model, the evolution and prospects of the markets in which Italiaonline is engaged, its competitive positioning and, finally, the evolution of the Group's economic and financial results.

Italiaonline and International Initiatives

In order to guarantee responsible operations which are also in line with the best international practices, the Group takes inspiration from the Global Compact, the initiative promoted by the United Nations for corporate citizenship and sustainability. Italiaonline shares the core values of the ten fundamental principles identified by the UN relating to human rights, work standards, environmental protection and the fight against corruption to contribute to a new phase of globalization characterized by sustainability, international cooperation and partnerships in a multi-stakeholder perspective.

Moreover, the Italiaonline Group is committed to contributing to the 17 Sustainable Development Goals (SDGs) set out at the UN General Assembly of 25 September 2015. These objectives indicate the global priorities to be achieved by the year 2030 and define an integrated action plan for people, the planet, prosperity and peace.



Within the scope of its operating activities, the Italiaonline Group works towards the following SDGs:



SDG 1: End poverty in all its forms everywhere

- Social and philanthropic initiatives in favor of integrated charitable Associations for the prevention and fight against forms of extreme poverty and to meet basic welfare needs.



SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

- Digital training activities for young digital natives (the so-called *millennials*) to use technology as a tool for inclusion in the digital society;
- Digital mentoring activities for high school students within the Campus Party and Redooc Marathon;
- Internal training activities in order to expand professional and managerial skills through the Academy of Italiaonline.



SGD 5. Achieve gender equality and empowerment (increased strength, self-esteem and awareness) of all women and girls

- Significant presence of women within the Group;
- Corporate welfare activities in favor of women, aimed at preventing and combating violence against women and participation in national and international initiatives;
- Collaboration with 13 other important companies on the Dragonfly Project for the production of an e-book on the theme of violence against women.



SDG 7: Ensure access to affordable, reliable, sustainable and modern energy

- Energy efficiency through the use of LED lamps adopted to reduce electricity consumption within their premises;
- Increase in the energy efficiency of external servers thanks to the consolidation of data centers and the use of more technologically advanced servers that have significantly reduced energy consumption.



SDG 8: Promote inclusive and sustainable economic growth, employment and decent work for all

- Support of the local and national economy through the selection of suppliers operating in the Italian market;
- Providing for specific contractual clauses relating to employment law and employee health and safety issues;
- Guarantee subordinate working relationships with fixed working hours and in compliance with working conditions for personnel employed in company switchboards;
- Guaranteeing the commitment to health and safety in the workplace, through constant dialogue with the trade unions.



SDG 10: Reduce inequality within and among countries

- Ensure diversity of personnel to create value for the Group;
- Internal campaign support and awareness raising activities for the International Day against Homophobia, Biphobia and Transphobia (IDAHOBIT);
- Winner of the "Value for diversity" category, the second edition of the Legal Community Diversity Awards for its commitment to respect for diversity at 360°.



SDG 12: Ensure sustainable consumption and production patterns

- Implementation of the processes of digitization and dematerialization of paper documents with a significant reduction in the use of paper;
- Responsible waste management through prevention and reduction actions and awareness-raising activities for staff.

**SDG 13: Take urgent action to combat climate change and its impacts**

- Energy efficiency through the use of LED lamps adopted to reduce electricity consumption within their premises;
- Increased energy efficiency of external servers thanks to the consolidation of data centers and the use of more technologically advanced servers that have significantly reduced the production of CO₂;
- Participation in national and international initiatives promoted by the WWF.

The Economic Value Created and Distributed by Italiaonline

Generated and distributed economic value is the ability to create wealth and distribute it among stakeholders. The table is a reclassification of the consolidated income statement and represents the economic performance of the Group's management, its ability to create value for its stakeholders and the wealth distributed to the parties Italiaonline considers interest holders.

In 2018 the economic value generated by the Group totalled over € 329 million, while the distributed value was over € 291 million. 88% of the value created was distributed to stakeholders, both internal and external, while the remaining 12% was retained within the Group.

Instead in the previous year, the Group distributed more economic value than it generated following the resolution of the Company's Shareholders at their ordinary meeting, which approved the distribution of extraordinary dividends for a total amount of € 79.4 million.

Moreover, in both years the distributed economic value includes the provision for the reorganization of staff; in particular, in 2018 this provision reflects the agreement reached with the trade unions on 2 July 2018. These amounts were liquidated in the months following their provision in the Income Statement and, therefore, pertain to the years in question.

Table for the determination of economic value (thousands/€)	2017	2018
Generated economic value	338,823	329,245
Revenue from sales and services	335,925	324,757
Other revenue	2,440	754
Associate dividends and interest income from short-term liquidity in the bank ¹	458	3,734
Distributed economic value	344,586	291,125
Operating costs	184,860	176,883
Staff remuneration ²	79,882	112,185
Remuneration of capital providers ³	79,624	204
Public Administration payments	199	1,818
Donations to third parties	21	35
Retained Economic Value	-5,763	38,120

1. The 2018 data also includes the sale of 11880 Solutions AG.

2. On 2 July 2018 Italiaonline and the trade union organizations reached, at the offices of the Ministry for Labor, the agreement relating to the company reorganization proposal envisaged in the 2018-2020 Business Plan. The salient points of the agreement are as follows:

- continued monitoring of the Turin site, with confirmation of 90 managers and white collars in the administration and staff, credit and telephone directory management departments;
- transfers from Turin to Assago for a total of 90 staff, reimbursing travel expenses for one year;
- investment in the Turin office through the establishment of a Digital Factory, envisaging the digital requalification of 70 staff from among those laid off under the government-sponsored lay-off scheme, and their reinstatement in the Digital Factory at the end of the specific training period;
- reinstatement of a further 55 staff in other company departments and throughout Italy, whilst 30 staff will be trained to become exclusive agents for the Company;
- staff leaving incentive envisaged equal to 30 months' gross pay for the remaining 245 staff affected by the procedure, plus an additional 10 staff leaving incentives reserved for the 90 staff transferred from the headquarters of Turin to those of Assago;
- the above measures will be managed during a government-sponsored lay-off period for reorganization, with a 6-month duration until 11 January 2019. Expected restructuring costs of approximately € 37 million.

The 2017 amount of approximately 2 million is allocated to the provision for company reorganization following the staff reorganization plan initiated at Consodata S.p.A. in 2017 following the trade union agreement reached in July regarding the collective transfer of staff from the Rome headquarters to those of Assago.

3. On 27 April 2017, the Company's Shareholders resolved: to approve the distribution of an extraordinary dividend equal to € 0.692, gross of withholding taxes, for each of the Company's 114,768,028 outstanding shares, for a total amount of € 79,419,475.38, according to the proposal made pursuant to art. 126-bis of Italian Legislative Decree no. 58/98 by the shareholders of Libero Acquisizione S.à r.l., GL Europe Luxembourg S.à r.l., GoldenTree Asset Management Lux S.à r.l., GoldenTree SG Partners L.P., GT NM, L.P. and San Bernardino County Employees' Retirement Association.

ESG Risk Management

In order to implement an effective tool for monitoring and managing risks, the Group has adopted an Enterprise Risk Management (ERM) process aimed at identifying, assessing and monitoring the main business risks.

ERM is a risk self-assessment process implemented by management, with the support of the Audit & Compliance Department, in order to:

- identify events that may prevent the Company from reaching its goals, evaluating their relative risk level and defining a degree of acceptability;
- provide the Board of Directors and management with useful information for defining the Company's operating and organizational strategies;
- provide reasonable confidence that the processes and major controls drawn up are effective and optimized towards ensuring that the Company achieves its targets.

With this in mind, a web-based application has been developed to collate, manage and consolidate information. Consistently with international best practices, and in particular, the CO.S.O Model⁶, since 2017 a review of the risk portfolio was carried out with the application of an integrated classification approach that reclassifies risk events into one or more macro risk categories (strategic, operational, reporting, compliance, sustainability) and adding the risk of non-reliability of non-financial data and information to the risk classification parameters (pursuant to Italian Legislative Decree no. 254/2016) as well as the risk of fraud. The annual process coordinated by the Internal Audit and Compliance Department adopts self-assessment across the various departments to identify the key activities and controls that can reduce the emergence of identified risks and/or mitigate their impact. An algorithm which considers the initial measurement of risk (inherent and potential) and the effectiveness of the existing control system assigns a residual rating score to each risk. On an annual basis, the results are brought to the attention of the Director in charge of the internal control system, the Control, Risk and Sustainability Committee, the Board of Statutory Auditors and the Board of Directors. The risk management and internal control system is based on the traditional three levels of control in relation to the financial reporting process:

- the first level (line controls) is entrusted to the management team within their respective mandates and through the validation of administrative accounting data, the control of the underlying documentation and the segregation of duties in diverse activities, both in terms of accounting rules and in terms of administrative-accounting systems;
- the second level of control consists of a series of management activities of homogeneous types of risks that the Group, in a perspective of simplification and because of its size, has decided to adjust with ad hoc organizational solutions, conforming to standards and best practices. In particular, the Group has: i) entrusted the function of "231" compliance in the field of administrative liability of entities relating to Crime and "262" compliance in the field of conservation and protection of savings under the same Internal Audit Department; ii) entrusted to the same Department the management and coordination of the above-mentioned ERM process to support audit activities in order to boost control system efficiency (also guaranteeing the assurance of compliance risks and integrating the risks monitoring system as a key instrument for the development of Audit plans); iii) entrusted the management control, in line with solutions practised by the majority of listed companies, to the Finance Administration and Control Department, to better support the activities of the responsible Manager with second-level controls;
- the third level of control is entrusted to the Internal Audit and Compliance Department through the execution of the Annual Audit Plan that performs the third-level audits of Company processes with the main purposes of the assurance and verification of the controls' adequacy compared to the relative risks. In addition to the Audit Plan, subject to the prior assessment of the Control, Risk and Sustainability Committee and the Board of Statutory Auditors as well as the approval of the Board of Directors, the Internal Audit and

⁶ Acronym of the Committee of Sponsoring Organizations of the Treadway Commission: a standard created in 1984, with the latest version reviewed in May 2013. It is a set of internationally recognized best practices, used to manage Internal Controls and Corporate Governance.

Compliance Department carries out, where required, additional third-level checks aimed at assessing the adequacy of the risk management and internal control system in place - with regard to administrative and accounting procedures - on the basis of the indications formulated by the supervisory bodies and the corporate management team.

In order to enhance the application dedicated to the collection, management and consolidation of information, the Company is updating the ERM risks catalogue by integrating the so-called ESG risks (Environmental, Social and Governance) into the Enterprise Risk Model, and especially some specific environmental risks in order to evaluate the risky elements in the field of sustainability. The goal is to be performing and create long-term value for all stakeholders by considering environmental, social and governance issues. This is why Italiaonline undertakes to integrate considerations on ESG opportunities and risks.

Seeking to further rationalize the internal control system, in the first few months of 2019 the Company has made a number of organizational changes that, once finalized, will lead to a greater separation of the three control levels. And more specifically: i) entrusting privacy compliance to the Legal and Corporate Affairs Department; ii) proposing the Internal Audit Director as the third level of control in terms of Privacy, within the role of the DPO; iii) bringing the Sales Inspectorate back under the responsibility of the Audit Department. "231" and "262" compliance will instead still fall under the responsibilities of the Internal Auditor; iv) entrusting the Information Technology Department with the responsibility of all security activities.

In particular, with regard to financial and reporting risks identified within the ERM process, in order to provide assurance as to the truthfulness, accuracy, reliability and timeliness of financial reporting as required by Italian Law 262/05, in addition to Audit activities and on the basis of an action plan defined annually in consultation with the Chief Financial Officer/Manager in charge of financial reporting, the Company makes use of the Audit and Compliance Department to carry out testing activities on the main items of the financial statements, the results of which are brought to the attention of the same Manager in charge of financial reporting, for purpose of the declarations pursuant to art. 154 bis, par. 5 of the Consolidated Finance Act, of the Control, Risks and Sustainability Committee and the Board of Statutory Auditors.

Environment

The Group companies all operate in the services sector, thus there are no significant environmental risks related to Italiaonline's activities as a whole, but only generic risks which are normally inherent in company activity and are managed according to legislation or dedicated initiatives, which can concern waste disposal, energy consumption and atmospheric emissions for example.

Society

In the creation of advertising and editorial publications (e.g. the Group's thematic magazines), the main risks relate to the potential publication of content that does not comply with relevant national legislation and/or journalistic codes of conduct, or the use of unreliable sources. Specifically, the risks to which the Group is exposed in carrying out such activities can theoretically be the unintentional publication of: (i) *fake news*; (ii) content which is overly ideological, racist, violent, vulgar, offensive and sexist; (iii) content with direct references to illegal or unethical behaviour

and activities such as paedophilia, pornography, gambling, illegal downloading and drug use; (iv) content that can induce anxiety and depression in people and create a disturbance of public order; (v) content that can orientate personal finance decisions and capital investments; (vi) content in violation of copyrights and copyright law.

Another area in the social sphere that can potentially be affected is privacy and data protection. The causes that can bring about risks of data loss, unavailability and breach vary and, in general, can derive from errors or malfunctions in technological and computer equipment or from excess network traffic and computer intrusions. In addition, the theft of documents or equipment and components, sensitive information recovered from unused instruments (e.g. mass memories) or employees' disclosure of information and the receipt of data of an unreliable origin could occur. Lastly, these data breaches and loss can also be caused by software malfunctions, errors in hardware and software maintenance, unauthorized use of instrumentation, attacks by viruses, unauthorized network access, unauthorized software and business data access (*personal data breach*), identity theft, access to employee credentials and unauthorized use of the same. With regard to Consodata S.p.A., in particular, the Company may incur potential risks related to the collection of personal data through commercial partners and the communication of the same to customers for marketing activities.

Staff

The Italiaonline Group has a branched structure throughout the country and, therefore, the potential risks associated with staff management are related to the normal problems of remotely managing staff and agents and that it may be difficult to detect any non-compliant behaviour in a timely manner (for example the inappropriate behaviour of company staff or managers). Other forms of risk such as trade union conflict or the unavailability of specific skills are not structural risks, but may arise due to certain events, for example restructuring measures.

As for staff and agent safety, the operational activities carried out within Italiaonline expose workers to extremely low health and safety risks. These risks mainly fall under the risk of incurring disabilities related to working with a video terminal (VDT) and the risk of *commuting* accidents during the trip between home and work, or vice versa.

Human Rights

The geographical segment where Italiaonline is present with its activities does not generate particular potential risks relating to the violation of human rights, such as the exploitation of child labor or forced labor, the violation of workers' rights and, in general, of the person. Also in this case, these are generic risks normally inherent within corporate activities and are managed according to legislation or dedicated initiatives, without prejudice to the risks related to contracts and subcontracts, for which the company adopts very strict policies and controls.

Corruption

Italiaonline operates in Italy, a country with a medium/high corruption risk, and this risk relates to both corruption between individuals and to the relationships that the Company has with public companies. In particular, the activities for which a corruption crime can be committed are as follows:

- management of inspections (by the Supervisory Authorities, AGCOM, GdF, ASL, etc.) and relationships with the Supervisory Authority (AGCOM, Privacy Guarantor, Consob, etc.);
- management of relations with public entities for obtaining and renewing authorizations, licences and administrative provisions for the exercise of corporate activities;
- management of processes for accessing subsidized or non-repayable loans of a regional, national and community nature;
- management of civil, criminal, administrative, tax and social security litigation;
- selection and management of human resources, including the incentives and bonuses system;
- selection and management of agents and sales agents;
- supply of goods and services, including tenders;
- assignment and management of consulting assignments;
- management process of sales to the Public Administration and participation in tenders;
- financial flow management within the liability cycle;
- credit management;
- event management, marketing initiatives and sponsorships;
- management of entertainment expenses, gifts and donations;
- management of expense reports and relative reimbursements;
- management of related party transactions and intra-group transactions;
- sale, creation and supply of web/advertising contents to private subjects.

These areas are in any case centrally monitored by appropriate information flows to the Supervisory Body ("**SB**") of the parent.

It should be noted that the subsidiaries Moqu Adv S.r.l. and Bizpal S.r.l. have Italiaonline S.p.A. as their sole customer and, for this reason, the processes linked to corruption risk for Moqu Adv S.r.l. and Bizpal S.r.l. are the same as those envisaged for Italiaonline S.p.A.; the two subsidiaries insignificantly affect this aspect.


As for both Digital Local Services and Moqu Adv S.r.l., all the control points for process analysis and sending communications to the SB fall under Italiaonline S.p.A. in an interrelationship that is governed by specific service contracts.

The risk of conflict of interest is potentially connected to the risk of corruption. The potential conflicts of interest that can arise in the company relate to: (i) the functioning of governing bodies; (ii) managing relations with suppliers.

As for sub-hypotheses (i), theoretical conflicts of interest can arise from the professional relationship of a member of the Board of Directors with another Group company (and in particular by holding a position on the Board of Directors), from personal interests relating to specific operations or from the receipt of compensation due to the performance of assignments and/or roles. As for sub-hypothesis (ii), the relations of staff with the Group's suppliers (in particular for the "assignments for professional services") is the primary cause of potential conflicts of interest.

Social and Environmental Risks Related to the Supply Chain

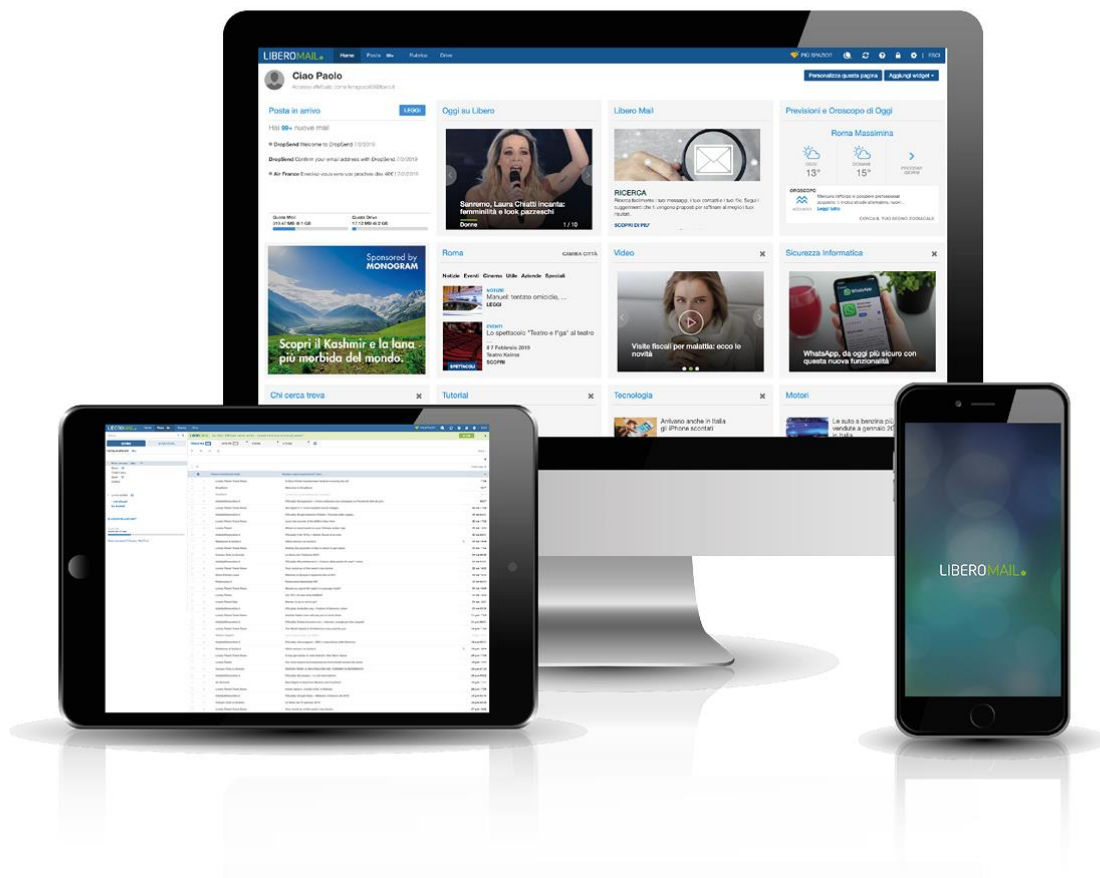
Given the nature of the activities undertaken by the Group, the main environmental risks associated with the activities of Italiaonline's suppliers are almost exclusively related to the so-called "*print*" area dedicated to the production of telephone directories. In particular, these problems can derive from the improper management of the telephone directory distribution process, which can result in the accumulation of directories destined for delivery in various places and their consequent incorrect disposal.



The risks of a social nature instead relate primarily to *outsourced* activities, for example the printing of directories, the provision of call center services, the production of websites and the maintenance and cleaning of company locations.

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Governance and Policies

Governance System

The corporate governance system of Italiaonline S.p.A. is structured according to the traditional management and control model and includes the presence of the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors.

In accordance with the provisions of the Corporate Governance Code, the Board of Directors has established among its members the Appointments and Remuneration Committee and the Control, Risk and Sustainability Committee⁷, which both have proposal and consultancy functions⁸.

The Appointments and Remuneration Committee is entirely made up of non-executive and independent directors with adequate knowledge and experience in financial matters or remuneration policies. The Appointments and Remuneration Committee is responsible for:

- presenting opinions to the Board of Directors concerning its size and composition, and issuing recommendations concerning individual candidates for the Board of Directors of Italiaonline, as well as recommendations concerning the issues mentioned in Articles 1.C.3 and 1.C.4 of article 1 of the Corporate Governance Code referring to the maximum number of appointments and conflict of interest;
- periodically assessing the adequacy, overall consistency and application of the remuneration policy of directors and executives with strategic responsibilities, through the formulation of proposals to the BoD;
- making suggestions and expressing opinions to the Board of Directors on the remuneration of executive directors and other directors in specific positions, as well as on the setting of performance targets in relation to the variable portion of this remuneration;
- monitoring the application of decisions made by the Board itself, in particular verifying that performance targets are actually met.

The Control, Risk and Sustainability Committee is also entirely composed of independent directors with adequate experience in accounting and finance or risk management. Among its various functions, the Control, Risk and Sustainability Committee supports, with an adequate preliminary investigation, the assessments and decisions of the Board of Directors concerning the management of risks deriving from known and harmful facts and, in particular, has the task of:

- evaluating, together with the Manager in charge of financial reporting, and having heard the opinion of the Independent Auditor and the Board of Statutory Auditors, the correct application of accounting standards and their uniformity for the purpose of drawing up the consolidated financial statements;
- expressing opinions on specific aspects concerning the identification of main corporate risks;
- examining the periodic reports on the assessment of the internal control and risk management system, as well as other reports of particular importance prepared by the Internal Audit Department;

⁷ Please note the current name was adopted on 2 August 2018. At the appointment of 27 April 2018 the name was "Audit and Risk Committee". It should be noted that in implementation of the Consob Related Parties Regulation, the Board of Directors met on 27 April 2018 and resolved to assign the Audit and Risk Committee the functions of the Independent Directors Committee pursuant to and for the purposes of the provisions of the aforementioned Regulation.

⁸ It should be noted that, in accordance with that which is allowed by the Corporate Governance Code, given the organizational structure of the Italiaonline Group and taking into account the skills expressed by the designated members, the Board has envisaged that the functions outlined in Articles 5 and 6 of the Corporate Governance Code are assigned to a single committee (the Appointments and Remuneration Committee), consisting of three members with appropriate relevant professional skills.

- monitoring the autonomy, adequacy, effectiveness and efficiency of the Internal Audit Department, which it can ask to carry out checks on specific operational areas, providing simultaneous notice to the chairperson of the Board of Statutory Auditors;
- informing the Board of Directors on its activities and on the adequacy of the internal control and risk management system every six months.

In addition, with the Board of Directors' resolution of 27 April 2018, the Control, Risk and Sustainability Committee was also assigned support functions for the powers given to the Board in relation to the annual non-financial statement pursuant to Italian Legislative Decree no. 254/2016.

The Strategic Committee, established by the Board of Directors on 9 May 2018, is responsible for supporting and assisting the evaluations and decisions of the Chief Executive Officer and the Board of Directors - as well as the Boards of Directors of subsidiaries - with merely advisory functions through an adequate preliminary investigation, also through the analysis and formulation of specific opinions and/or recommendations on:

- the state of implementation of the Business Plan and the consequent achievement of the relative actions and results;
- the investment portfolio and the exercise of any M&A operations;
- the corporate restructuring and reorganization processes.

Appointment Criteria and Gender Equality of Corporate Bodies

In compliance with the legislation on gender equality in the composition of management and control bodies (Italian Law no. 120/11), Italiaonline S.p.A. ensures that at least one third of the members of its administrative and control bodies is composed of the less represented gender.

The Company has adopted consistent statutory provisions that aim to prevent the risk of non-compliant appointment processes and, in compliance with legal obligations on diversity and gender equality, annually acknowledges through its Report on Corporate Governance and Ownership Structure (pursuant to art. 123-bis of Italian Legislative Decree no. 58/1998) the results achieved during the self-assessment with reference, among other things, to diversity profiles, taking into account elements such as the professional characteristics, experience, specific managerial experience and gender of its members, as well as their seniority. In the same annual document, the adequacy of the organizational, administrative and accounting structure of the Company and its subsidiaries is also assessed as well as whether adequate information is provided during the meetings of the administrative body regarding the decisions to be made on strategic, industrial and financial plans and operations that have significant strategic, economic, patrimonial and financial importance for the Group.

The appointment processes within the Corporate Governance and Control Bodies follow processes consistent with the regulatory provisions to which the company is subject and with the provisions of the Corporate Governance Code and ethics the Company has undersigned.

Based on the proposal formulated by the Appointments and Remuneration Committee with reference to the policies regarding the diversity of the administrative and management bodies (as per Article 123-bis, paragraph 2, letter d-bis of the TUF [Consolidated Financial Act]), during its meeting of 15 March 2018 the Board of Directors defined its diversity policy concerning the composition of the management and control bodies in relation to aspects such as age, gender composition and professional training and pathway.

In particular, as regards the composition of the Board of Directors, the policy expresses the following general objectives:

- i. ongoing compliance with legal obligations relating to governance, diversity and gender equality, as well as alignment with *best practices*;
- ii. adequate representation, in relation to the activity carried out by the Issuer, of various technical, professional and managerial skills, including international ones, suitable for pursuing company objectives;
- iii. adequate participation of directors possessing the requisites of independence and the skills required for the composition of the internal committees, as envisaged by the Code.

With reference to the diversity that should be expressed within the Company's administrative body, the Company's diversity policy assumes that an optimal composition of the Board of Directors:

- A. ensures, with reference to age, the involvement of subjects belonging to different age groups in different proportions;
- B. satisfies, in terms of gender composition, the regulatory requirements established by Italian Law no. 120 of 12 July 2011 by combining members of both genders and therefore ensures that members of the less represented gender are present in numbers at least equal to the legal minimum;
- C. guarantees, in relation to professional training and pathway and as far as is possible:
 - a. the presence of persons with proven managerial professionalism, also in executive roles, in the management of companies in the technological, telecommunications and advertising sectors or in the various or more specific additional time-sensitive sectors explored by the Company which are in line with the evolution of its business;
 - b. the presence of persons with proven skills in the structuring and development of listed companies' Corporate Governance processes and systems;
 - c. with particular reference to the internal committees of the Board of Directors (Control, Risk and Sustainability Committee and Appointments and Remuneration Committee), the presence of directors with the independence requisites envisaged by the Code and, as suggested by the same Code, with adequate skills in accounting, financial, risk management, corporate governance and remuneration matters;
 - d. ensures, also in consideration of its nationality, the presence of persons from different geographical segments, if possible also of non-European origin, which allow an adequate experiential contribution deriving from knowledge of the logic and practices acquired in contexts beyond the Italian one.

Appointment Criteria for the Governance and Control Bodies

The Board of Directors Appointment and Selection Process

The appointment and replacement of directors is governed by art. 14 of the Articles of Association, amended at the Extraordinary Shareholders' Meeting of the Company on 12 June 2012. The Board of Directors is appointed on the basis of lists submitted by the shareholders or by the outgoing Board. Each list must contain and expressly indicate at least two candidates who meet the independence requirements pursuant to Article 147-ter, paragraph 4C of Italian Legislative Decree no. 58/1998.

The professional CVs must be delivered with each list along with a declaration in which each candidate accepts the nomination, stating that there are no reasons for ineligibility and incompatibility, as well as possession of the legal and statutory requirements for the position and any mention of the possibility of being qualified as independent. The lists presenting three or more

• • • • • candidates must also include candidates of a different gender, according to the provisions of the notice convening the Shareholders' Meeting, in order to allow the composition of the Board of Directors to comply with current legislation specifying gender balance.

If the application of the procedures envisaged by the Company's Articles of Association does not allow compliance with the current legislation on gender balance, the adoption of corrective measures is envisaged that prescribe replacing the candidate of the most represented gender having the lowest quotient among the candidates taken from all the lists (determined according to the procedures set forth in the Articles of Association) with a person of the least represented gender that is indicated (with the next-highest number) on the same list as the replaced candidate.

Committees Appointment and Selection Process

The appointment of members and chairpersons of the Committees set up within the Board of Directors takes place on the basis of resolutions taken by the Board. The decisions regarding the number and role of the Committees, the selection of their members, the appointments and the assignment of the related functions are made in compliance with the principles and application criteria set out in the Corporate Governance Code.

Appointing and Replacing the Board of Statutory Auditors

The appointment and replacement of members of the Board of Statutory Auditors is governed by art. 22 of the Articles of Association, amended at the Extraordinary Shareholders' Meeting of the Company on 12 June 2012. The specific appointment takes place using lists presented by shareholders, without prejudice to the application of various and further provisions envisaged by mandatory legal or regulatory provisions.

The lists that present three or more candidates and contribute to the appointment of the majority of members of the Board of Statutory Auditors must have both male and female candidates in the first two positions of the list's section of candidates for the office of standing statutory auditor, as specified in the notice convening the Shareholders' Meeting, in order to comply with current legislation on gender balance. If these lists' section of alternate statutory auditors indicates two candidates, they must be of different genders.

Furthermore, all statutory auditors must be enrolled in the Register of Independent Auditors referred to in Chapter III of Italian Legislative Decree no. 39 of 27 January 2010 and have carried out auditing activities for no less than three years. Note that each candidate can only be presented on one list, under penalty of being declared ineligible.

The lists cannot include candidates who do not fulfil the reputational and professional requirements established by applicable law. Any outgoing auditors can be re-elected. Each list must be accompanied by the CVs of nominees and personal statements in which each candidate accepts their nomination, declaring that they are eligible and suitable for election and that they fulfil the requirements of law and the Articles of Association to become a statutory auditor.

If a statutory auditor must be replaced, they shall be succeeded by the alternate statutory auditor from the same list as the replaced statutory auditor. If said replacement does not allow for compliance with the regulations in force on gender balance, the second alternate statutory auditor, where applicable, belonging to the least represented gender and elected from the list of the replaced candidate shall be the replacement. If the application of the above procedures does not allow for compliance with the regulations in force on gender balance, the Shareholders' Meeting must be convened as soon as possible to ensure compliance with the provisions of said regulations.

Composition of Corporate Bodies

The current Board of Directors of Italiaonline S.p.A. was appointed at the Shareholders' Meeting and is made up of eleven directors, of which four are women, four are independent directors and one is executive (the Chief Executive Officer of the Board of Directors).

The directors, including the Chairperson of the Board of Directors, are not granted executive powers and/or managerial positions which can give rise to the qualification of executive director. Similarly, to date the Board of Statutory Auditors of Italiaonline S.p.A. is made up of three effective members (one of whom is female) and two alternate members (with both genders).

Performance indicators

Italiaonline S.p.A. Board of Directors - Composition

Roles	Age	Gender	Executive	Independent	Any other roles within the Group
Chairperson of the BoD	47	M	No	No	Italiaonline S.p.A.: Strategic Committee Chairperson
Chief Executive Officer*	50	M	Yes	No	Director in charge of the Internal Control and Risk Management System
Director	39	F	No	No	Italiaonline S.p.A.: Strategic Committee Member
Director	26	M	No	No	Italiaonline S.p.A.: Strategic Committee Member
Director	55	M	No	Yes	Italiaonline S.p.A.: Appointments and Remuneration Committee Member and Deputy Chairperson of the Strategic Committee
Director	53	F	No	Yes	Italiaonline S.p.A.: Audit, Risk and Sustainability Committee Chairperson and Appointments and Remuneration Committee Member
Director	54	F	No	Yes	Italiaonline S.p.A.: Appointments and Remuneration Committee Chairperson and Control, Risk and Sustainability Committee Member
Director	46	F	No	Yes	Italiaonline S.p.A.: Control, Risk and Sustainability Committee Member
Director	38	M	No	No	Italiaonline S.p.A.: Strategic Committee Member
Director	49	M	No	No	-
Director	40	M	No	No	-

Scope: Italiaonline S.p.A.

(*) Note that the current CEO of Italiaonline S.p.A. has been in office since 6 December 2018. The previous CEO of the Company in office until the same date is 63 years old, male, executive, a non-independent director and had two other positions within the Group (Chairperson of the Board and Chief Executive Officer of Moqu ADV S.r.l. and Director of Bizpal S.r.l.)

Italiaonline S.p.A. Board of Directors - Diversity in terms of age and gender

Age		2017			2018		
		Male	Female	Total	Male	Female	Total
Age below 30	No.	1	-	1	1	-	1
Between 30 and 50		1	3	4	5	2	7
Over 50		3	1	4	1	2	3
Total		5	4	9	7	4	11

Scope: Italiaonline S.p.A.

Italiaonline S.p.A. Control, Risk and Sustainability Committee - Composition

Roles	Age	Gender	Executive	Independent	Any other roles within the Group
Chairperson	53	F	No	Yes	-
Member	54	F	No	Yes	-
Member	46	F	No	Yes	-

Scope: Italiaonline S.p.A.

Italiaonline S.p.A. Appointments and Remuneration Committee - Composition

Roles	Age	Gender	Executive	Independent	Any other roles within the Group
Chairperson	54	F	No	Yes	-
Member	55	M	No	Yes	-
Member	53	F	No	Yes	-

Scope: Italiaonline S.p.A.

Strategic Committee

Roles	Age	Gender	Executive	Independent	Any other roles within the Group
Chairperson	47	M	No	No	-
Deputy Chairperson	55	M	No	Yes	-
Member	39	F	No	No	-
Member	26	M	No	No	-
Member	38	M	No	No	-

Italiaonline S.p.A. Board of Statutory Auditors - Composition

Roles	Age	Gender
Chairperson	65	M
Standing Statutory Auditor	54	F
Standing Statutory Auditor	55	M
Alternate Statutory Auditor	52	F
Alternate Statutory Auditor	45	M

Scope: Italiaonline S.p.A.

Italiaonline S.p.A. Board of Statutory Auditors - Diversity in terms of age and gender

Age		Male	2018 Female	Total
Age below 30	No.	-	-	-
Between 30 and 50		1	-	1
Over 50		2	2	4
Total		3	2	5

Scope: Italiaonline S.p.A.

The Organizational Model and the Regulatory System

The Corporate Governance system adopted by Italiaonline S.p.A. is the set of legal and technical rules aimed at ensuring the protection of *stakeholders* and maximum transparency through proper Company management in terms of governance and control. This system is divided into a set of procedures and codes and is subjected to continuous monitoring and updating in order to effectively respond to changes in the regulatory framework and changes in "*best practices*".

On 16 December 2016, the Italiaonline S.p.A. Board of Directors approved the new Code of Ethics and "*Group guidelines for the implementation of the Organizational, Management and Control Model*" (hereinafter "**231 Guidelines**") in accordance with the principles of Italian Legislative Decree no. 231/2001, in relation to the administrative liability of entities for offences committed by persons in top positions and by those who are subject to their direction or supervision. Both documents have a dual validity in that, on the one hand, they illustrate the system of procedures and controls required by the Board of Directors aimed at reducing the risk of occurrence of offences envisaged by the special regulations. On the other hand, they provide a range of behavioral indications and prohibitions that sustain ethical business management, compliance with all governance regulations and, not least, the effectiveness and efficiency of all business activities in the interest of stakeholders. Particular emphasis is placed on customer orientation, on the prevention of corruption, gender equality, the protection of workers and their health and safety, as well as transparency. The Company's Supervisory Body has also reviewed and positively assessed the so-called "Special Parts of the Organizational Model", based on the 231 Guidelines and the Code of Ethics. The Special Parts of the Organizational Model were approved at the meeting of the Board of Directors of 20 February 2018. Formal changes and additions were subsequently made to the Guidelines concerning:

- the update of the regulatory changes relating to "231" after December 2016 regarding the new predicate offences included in Italian Legislative Decree no. 231/2001, such as the crime of illegal intermediation and exploitation of labor (so-called gang master system), racist and xenophobic offences referred to in article 25-terdecies, introduced by Italian Law no. 167/2017;
- the update of the regulatory changes concerning Italian Legislative Decree no. 254/16 regarding the Non-financial Statement and additions concerning the whistleblowing system following the entry into force of Italian Law no. 179 of 30 November 2017;
- the requisites of the members of the Supervisory Bodies of both the parent, Italiaonline, and its subsidiaries.

The special parts of the Organizational Model have been aligned to these Guidelines.

The Company firmly believes that having an adequate capacity for managing business risks is fundamental in order to pursue its economic and business objectives, meaning that such unexpected events can jeopardize the achievement of the results and objectives that the company has set itself. In this context, the Company has defined a structured and disciplined approach (*Enterprise Risk Management - ERM* process) that can allow constant monitoring of the identified risks in order to facilitate making decisions based on rational and, where possible, quantitative criteria, thereby contributing to the creation and distribution of value.

Italiaonline S.p.A. has issued a *policy*, pursuant to art. 4 of the Statute of Workers, which defines the principles of conduct to be adopted by employees for the correct use of work tools. Its recipients are required to respect this policy in carrying out their work and, at the same time, the

Company is responsible for implementing the correct control methods through the responsible company functions. The same *policy* regulates the whistleblowing system and related controls in more detail. In this regard, during 2017 the Company adopted a *whistleblowing* platform that lets all employees and contractors report, also anonymously, any violations of the organizational model and behaviours which are contrary to and inconsistent with the Code of Ethics, in addition to behaviours that are considered meritorious. This platform allows dialogue with the whistleblower while always protecting anonymity, and the consequent collection of the information necessary for the report's correct management by the Internal Audit and Compliance Department. The platform integrates the specific email inboxes for sending reports to the Supervisory Bodies of Italiaonline S.p.A. and other Group companies.

Sustainability Policy

The Italiaonline Group has adopted a series of company policies and procedures which, together with the Code of Ethics, constitute the main reference points for all those who work with and for Italiaonline. The Sustainability Policy approved in conjunction with this Non-financial Statement by the Board of Directors is aimed at ensuring the creation of value for shareholders and all other stakeholders over the medium-long term, in compliance with the principles of sustainable development.

Referring to and integrating the provisions of the Code of Ethics, the Policy contains the reference principles for the Group in terms of social and environmental issues and the operating methods with which these principles must be implemented. The latter define a responsible path that the Group intends to undertake, outlining and identifying a series of qualitative objectives, especially in the following areas: management of human resources, respect for diversity and human rights, health and safety in the workplace, fight against corruption, attention to the community and respect for the environment. Italiaonline's contribution to the Sustainable Development Goals (SDGs) promoted by the United Nations is explained through these commitments.

The document is available on the Group's website and is delivered to all internal and external stakeholders.

Anti-corruption Policies

In order to prevent the occurrence of any incident that could constitute a risk for the commission of corruption offences, as mentioned previously Italiaonline S.p.A. has approved the new Code of Ethics and the 231 Guidelines defining widespread anti-corruption principles and safeguards to all employees and agents and is published on the Company's website. These principles are also contemplated within the Special Parts of the Organizational Model (approved, as mentioned above, by the Company's Board of Directors on 20 February 2018) which provide for specific control protocols (proxies and powers of attorney, definition of roles and responsibilities, functional segregation and traceability of acts) and behavioral rules aimed at preventing any form of corruption.

As described in the Code of Ethics, the Group bans all forms of corruption, without exception, in all its activities and in any country. This principle applies to both relations with private subjects and relations with the Public Administration and with public officials or persons in charge of public services.

The Company has also adopted a number of specific procedures concerning risk processes related to corruption in a broader sense, even when no longer configured as an offence, such as

the management of *hospitality*, conflicts of interest, the obligation to *disclose* fiduciary investments to suppliers, sponsorships, entertainment expenses and free gifts.

It should be noted that, if necessary, the Company may carry out specific anti-corruption audits. With regard to subsidiaries, the management of specific risks is entrusted to the effective implementation of the respective Organizational Models by the subsidiaries themselves and their respective SBs. Service activities are envisaged by Italiaonline S.p.A. for one or more subsidiaries with certain processes, for example DLSs in relation to the selection and hiring process of employees or the purchasing process.

Also in order to strengthen anti-corruption safeguards, Italiaonline works to spread its Code of Ethics, the Organizational Model with its special parts and the so-called "231 Guidelines" within the Company and to organize specific training regarding Italian Legislative Decree no. 231/2001. In line with the above, Italiaonline periodically provides training for both employees and agents. To this end, it should be noted that in 2017 a two-hour classroom course was held involving 41 employees (called "231 references"). Furthermore, in December 2017 the Company also launched *online* training open to all employees and agents followed by a test assessing the knowledge acquired relating to the Organizational Model. It involved 781 employees and 282 agents. At the beginning of 2018 a specific *one to one* training was held with 13 top management employees.

Lastly, Italiaonline S.p.A. has also issued behavioral rules for agents and sales agents working for the Group and has launched specific anti-corruption audits when necessary.

Conflict management

The behavioral and control principles adopted by Italiaonline in relation to the crime risks described by Italian Legislative Decree no. 231/2001, the 231 Guidelines and the Corporate Code of Ethics envisage compliance with the general principle of impartiality and the absence of conflicts of interest in all recipients of the Organizational Model, who are required to conduct their business professionally and impartially. The recipients of the Organizational Model must therefore avoid any situation from which a conflict of interest could arise that could affect, even if only potentially, his or her ability to act in the interests of the company and its shareholders.

Italiaonline S.p.A. prevents the risk of potential conflicts of interest, including through its own specific procedure on transactions with related parties adopted in implementation of the regulations regarding transactions with related parties approved by Consob resolution no. 17221 of 12 March 2010 (as amended by Consob resolution no. 17389 of 23 June 2010), which governs the procedural regime that the Company must apply for the implementation - directly or through subsidiaries - of transactions with related parties in order to ensure its transparency and substantial and procedural correctness.

With regard to potential conflicts of interest which may relate to one or more members of the Group companies' Boards of Directors, please note that in theory, these circumstances can be created by different transactions within the Group, from the receipt of remuneration linked to the achievement of certain performance levels in assignments and/or roles and finally by personal interest in specific operations.

In order to mitigate these risks, the directors of the Group companies are required to communicate, before or during the meetings of the related Boards, to the other directors and the Board of Statutory Auditors (if appointed) any interest they personally, or on behalf of third parties, have in relation to a given transaction. It is also important to note that the same composition of

the Board of Directors of Italiaonline S.p.A. (when 36% is composed of independent directors) helps to ensure the independence of the decisions made.

The controls of the risk of conflict of interest also consider relations with the Group's suppliers and, in particular, the "assignments for professional services". In accordance with the Organizational Model, before a supplier is selected, the same must be checked to confirm it possesses suitable the requisites of integrity and professionalism needed to carry out the assignment and that, at the same time, there are no conditions of incompatibility nor conflicts of interest. Article 8 of the Group's Code of Ethics includes a specific section on abstention obligations when a conflict of interest exists in terms of relations with a given supplier.

Compliance

There were no reports in 2018 that led to the investigation of incidents of corruption, unfair competition, anti-trust and environmental offences. The only noteworthy element is the receipt of insignificant fines of a tax and social security contribution character whose magnitude was small enough to not compromise the conduct of normal business⁹. The sanctions were caused in part by tax demands arising from register rolls on injunctions related to credit recovery activities and in part resulting from spontaneous regularizations through the so-called "voluntary tax return correction". This situation is to be considered normal when taking account of the size and activity of the Group and the companies that comprise it. Furthermore, communication tools were implemented in 2018 concerning this type of sanction. In particular, a dedicated account was added for the parent within the SAP accounts plan that includes sanctions of this nature, notifying the interested entities with an email, while for the investee companies this information is shared via email request.

In order to better understand this trend, a series of performance indicators related to the Group's compliance are indicated below.

Performance indicators

Group processes subject to corruption risk assessment

Processes assessed for corruption risk		2017	2018
Total number of processes assessed		52	52
Total number of processes	No.	52	52
Percentage of processes assessed	%	100%	100%

Confirmed episodes of corruption

Recognized episodes of corruption - Commercial Partners		2017	2018
Total number of recognized episodes of corruption		0	0
Total number of confirmed episodes of corruption that resulted in termination/non-renewal of contracts with commercial partners	No.	0	0
Total number of confirmed episodes of corruption that resulted in staff dismissal/disciplinary provisions		0	0

⁹ The administrative, judicial and arbitration proceedings which have not yet been defined and also include significant tax disputes are described in the appropriate section of the Financial Report.

Pending or concluded judicial proceedings in competition and anti-trust matters

Proceedings		2017	2018
Judicial proceedings or before an authority	No.	-	-

Reports received regarding Code of Ethics violations and through the *whistleblowing* platform

Reports		2017	2018
Relations with customers	No.	3	10
Environmental protection	No.	-	2
Safety hazard	No.		1
Difference in staff treatment	No.		5
Total number of reports for Code of Ethics violations	No.	3	18
Reports received via the whistleblowing platform	No.	0	18

Monetary and non-monetary sanctions received for the violation of environmental rules and regulations

Monetary sanctions		2017	2018
Total monetary sanctions for the violation of environmental regulations	€	-	-
Non-monetary sanctions		2017	2018
Total non-monetary sanctions for the violation of environmental regulations	No.	-	-


Monetary and non-monetary sanctions received for the violation of tax regulations

Monetary sanctions		2017	2018
Total monetary sanctions for the violation of tax regulations	€	48,059	33,657
Non-monetary sanctions		2017	2018
Total non-monetary sanctions for the violation of tax regulations	No.	-	-

Membership in Associations

As the leading internet company in the country, Italiaonline and some Group companies belong to various associations and companies in the sector, including, but not limited to:

- Assonime (Association of Italian joint-stock companies);
- AIGI (Italian Association of Business Lawyers);
- Assolombarda (Association of companies operating in the provinces of Milan, Lodi, Monza and Brianza);
- Unione Industriale Torino (Territorial Association of the Confindustria System);
- Audiweb (Company founded to collect and publish internet audience data in Italy, including online editorial content);
- Fedoweb (the largest Association of online publishers and operators in Italy);
- FCP (Federation of Advertising Concessionaires);
- IAB (Association dedicated to interactive advertising);
- UPA (Association that groups the most important and prestigious industrial, commercial and service companies that invest in advertising and communication);
- OBE (Association that studies and promotes the spread of branded entertainment on the Italian market).

- 
- CSR Manager Network (Italian association of professionals in all types of organizations, including enterprises, corporate foundations, professional societies, PA, non-profit organizations, trade associations - dedicated to CSR and sustainability policies).



**When news
is trendy**



Environment

Energy Consumption and Emissions

SDG 7, 13



For Italiaonline the respect and attention paid to all stakeholders and to the ecosystem in which it operates not only translate into a responsible industrial and commercial approach from an economic and ethical point of view, thereby generating sustainable value and growth, but also in the implementation of good environmental practices at Company level, which minimize the impact on all areas in which it operates, supporting a responsible business culture and equal opportunities.

In particular, within its activities the Group is committed to operating to safeguard the environment, in accordance with sustainable development principles. As described in its Code of Ethics, each Group company is committed to complying with current environmental regulations and applicable authorization restrictions, operating in a manner that ensures environmental protection and prevents pollution.

Although there are no significant environmental risks associated with the activity of Italiaonline as a whole, the Group updates its risk catalogue within the Enterprise Risk Management (ERM) process to monitor and assess potential environmental risks.

In terms of everyday life in the workplace, this approach translates into many different initiatives: systematic attempts to reduce the number of emails, drafts, presentations and internal communications printed out, the collection and recycling of waste, printer toner cartridges and paper, the implementation of good practices with regard to energy resources, which involve not only the conduct of staff, but also, for example, the choice of equipment and energy contracts, for the responsible safeguarding of health, safety and eco-friendliness at Group level.

Even without a specific comprehensive environmental compliance policy, Italiaonline is committed to minimizing its impact on the environment. To this end, the Group is establishing a monitoring activity that makes it possible to simultaneously ensure greater efficiency and lower CO₂ emissions. In order to make the Group's commitment to environmental issues more concrete, the opportunity to request ISO 14001 certification will be evaluated next year, with the aim of adopting a broader environmental compliance system.

At operational level, Italiaonline monitors its energy consumption and its emissions even if, given the nature of its business, this aspect does not lead to particularly significant environmental impacts. This is why the Group does not have a dedicated policy, as its energy consumption refers exclusively to the ordinary management of company buildings; for this reason, it is especially concerned with verifying the lack of abnormal consumption within its own premises. The objective is therefore to maintain standard energy consumption, constantly verifying levels and carrying out periodic energy diagnoses. In fact, in order to monitor our energy data with greater care, in 2018 we defined a new calculation method based on data provided directly by the service provider. The methodology was refined and company parameters were modified, leading to a reduction in the energy consumption of 2018 equal to 3,536,691 kWh, compared to 8,205,965 kWh in 2017.

Between 2015 and 2018, the Group carried out various interventions to extend its use of LED lighting to reduce electricity consumption on its premises.

As a consequence, the same approach has been adopted by Italiaonline for the management of atmospheric emissions caused by its activity, first of all by energy consumption and staff travel, for which the Company has not adopted any particular policies except those relating to good management. For example, the Company suggests that its staff agree to travel together in cars to optimize transport during trips.

The total emissions from energy consumption in Italiaonline premises in 2018 amounted to 1,218 tCO₂e. This number is added to the emissions related to staff travel, totalling 1,189 tCO₂e, of which 24% due to air travel and 76% to car travel.

Lastly, energy consumption deriving from the use of external servers is added to the energy consumption above relating to its premises and staff travel. In 2018 this consumption was equal to 3,141,714 kWh (-38% compared to 2017), with corresponding emissions of 1,254 tCO₂e. The increase in energy efficiency is due to technological updating with more performing servers and consolidations of data centers that have significantly reduced electricity consumption in the two reference years.

Performance indicators

Electricity and heat consumption

Energy consumption for the operation of offices		2017	2018
Electricity	kWh	5,800,000	2,623,191
from non-renewable sources		100%	38%
from renewable sources	%	-	62%
Thermal energy	kWh	2,405,965	913,500
from non-renewable sources		100%	100%
from renewable sources	%	-	-
Total	kWh	8,205,965	3,536,691
	GJ	29,541	12,732

Note: Non-comparable annual data: the methodology was refined in 2018, with the energy consumption derived from that communicated by the service provider. The 2017 data instead come from the latest available energy diagnosis (dated 2014).

Emissions generated by the electricity and heat consumption for the operation of offices (Scope 2)

Emissions		2017*	2018
Electricity		2,314,142	1,046,627
Thermal energy	kg CO ₂ e	474,964	171,245
Total		2,789,106	1,217,872

* This figure differs from last year's reporting because the reporting methodology of electricity and heat consumption for the operation of offices was refined (as described in the previous table).

Note: The CO₂ emissions generated by the electricity and heat consumption of Italiaonline were calculated by applying emission conversion factors (energy consumption registered for 2017 and 2018) taken from the document "UK Government GHG Conversion Factors for Company Reporting" issued by the Department for Business, Energy and Industrial Strategy (BEIS) of the British government. This document contains useful conversion factors for estimating CO₂ emissions generated directly or indirectly by companies.

Energy Intensity

Energy intensity		2017	2018
Energy consumption	kWh	8,205,965	3,536,691
Total surface area of company structures	m ²	34,615	31,829
Total	kWh/m ²	237.06	111.12

Intensity of emissions generated by the electricity and heat consumption for the operation of offices

Emission intensity		2017	2018
Emissions	kg CO ₂ e	3,156,177	1,217,872
Total surface area of workplaces	m ²	34,615	31,829
Total	kg CO ₂ e/m ²	91	38

Note: in order to calculate the emission intensity, the level of emissions taken from the table "Emissions generated by the electricity and heat consumption for the operation of offices" above was used.

Staff travel

By plane		2017	2018
Total trips	No.	1,979	991
Km covered	Km	2,440,000	1,682,500
Short-haul flights (<3700 km)		61%	83%
Long-haul flights (>3700 km)	%	39%	17%

By car		2017	2018
Diesel	L	466,937	341,624
Petrol		2,297	1,766
Total		469,233	343,390
Diesel	GJ	17,814	13,038
Petrol		88	67
Total		17,901	13,105

Emissions generated by type of means used (Scope 1 and Scope 3)

Emissions		2017	2018
Car	kg CO ₂ e	1,219,160	901,315
Diesel	%	99.6%	99.6%
Petrol		0.4%	0.4%
Plane	kg CO ₂ e	420,228	287,227
Short-haul flights (<3700 km)		65%	79.3%
Long-haul flights (>3700 km)	%	35%	20.7%
Total	kg CO ₂ e	1,639,388	1,188,542

The car emissions fall under Scope 1, as part of the company fleet. Emissions from air travel, however, fall under Scope 3.

Note: the CO₂ emissions generated by staff travel were calculated by applying emission conversion factors taken from the document "UK Government GHG Conversion Factors for Company Reporting" issued by the Department for Business, Energy and Industrial Strategy (BEIS) of the British government, updated in 2018.

Energy consumption for the use of external servers (Scope 3)

Consumption - Servers		2017	2018*
Electricity	KWh	5,082,374	3,141,714

Note: to calculate the electricity consumption of the servers, the exact figure relating to energy consumption was sent directly to Italiaonline by the supplier in relation to the servers in question. The consumption data reported also include the servers of Italiaonline subsidiaries installed at the suppliers' premises.

*The 2018 data do not include the total energy consumption of the servers used by Bizpal s.r.l.

Emissions generated by the use of external servers

Emissions - Servers		2017	2018
Electricity	kg CO ₂ e	2,027,816	1,253,512

Note: the CO₂ emissions generated by the electricity consumption of the Group servers was calculated by applying the emission conversion factors taken from the "UK Government GHG Conversion Factors for Company Reporting", updated in 2015.

Paper consumption

SDG 12



For Italiaonline S.p.A., the production of telephone directories is the product which is most responsible for the consumption of raw materials and specifically for paper.

The paper and cardboard for printing the directories are not purchased directly by the Company, but are instead purchased by a printer which later invoices Italiaonline S.p.A. for the value of the paper based on a contractually-defined tariff. Paper and cardboard needs for the directories are calculated by Italiaonline S.p.A. by processing the circulation figures agreed with the telephone companies, whilst the number of pages is estimated on the basis of forecast advertising trends. This determines the number of prints (the rotary press output unit defined by a 32-page booklet) to be produced. Lastly, using a value of 34 grams per square meter of paper, the total paper requirement for producing the directories is calculated.

The Company purchased a total of about 9,500 tons of paper and cardboard for the production of its telephone directories in 2018 from suppliers and printers who observe strict quality and environmental certification standards. 31.5 tons of plastic were purchased for the packaging of the same quantity of directories produced in the course of 2018.

As for internal consumption, the use of company printers generated consumption of about 13.5 tons of paper.

For editorial paper products, the Company only works with suppliers and printers that observe the strictest qualitative and environmental certification standards and use recycled paper (composed of at least 90% recycled material) that is Ecolabel Blue Angel certified, a procedure owned and guaranteed by the German Ministry for the Environment and verified by RAL GmbH. This certification is conferred on the basis of the criteria developed by the Federal Environmental Agency and the Independent Environmental Label Jury and reviewed every three/four years to ensure that the organizations are constantly improving and always leading edge.

Regarding control of the overall raw material requirements, the Italian PagineGialle and PagineBianche have played a leading role in Europe in the use of lightweight paper for directories: since 1995, paper weighing 34 grams per square meter has been used for the publication.

In addition, with regard to the phone directories, the Company has been carrying out a parallel process of dematerialization for some time, producing and offering the directories to the public also in a digital format on the web and a mobile app.

Until a structured environmental policy has been formalized, a series of initiatives have been put in place to support the reduction of paper waste and to raise awareness among staff and others through:

- the allocation of separate bins for waste collection in all premises, in accordance with the policies of individual municipalities;
- the insertion in all emails sent externally, at the foot of the page, that invites respect for the environment and the email's printing only if necessary;
- the disposal of toners through specific collection.

Performance indicators

Total weight of the material resources used both internally and for its own material products (e.g. internal consumption of paper, paper and cardboard for telephone directories) and for their distribution (e.g. materials for directory packaging)

Materials	Purchased/Produced	2017	2018
Directories - Paper for printing the directory body	Purchases	13,000,000	9,122,000
Directories - Cardboard for printing the covers	Purchases	450,000	367,000
Directories - Plastic for packaging	Purchases	42,000	31,500
Internal Consumption - Printer paper	Purchases	10,600	13,500

Scope: Italiaonline S.p.A.

Internal consumption includes: Italiaonline S.p.A., MOQU, Digital Local Services.

Waste management

Italiaonline has adopted waste management procedures that aim to govern the correct disposal of waste generated internally (with a particular focus on staff as regards separate waste collection), the operational management of waste by suppliers (particularly as regards the disposal of electronic devices), rules for the completion of loading/offloading registers and the FIRs (waste identification forms) and the use of SISTRI (the waste tracking and control system). In 2018 Italiaonline managed over 34 tons of non-hazardous waste produced internally, and more than 7 tons of hazardous waste. The variation of the quantity disposed with respect to 2017 was caused by reordering and reorganization activities carried out over the years and the disposal of significant quantities of IT infrastructure due to the consolidation of various data centers.

Performance indicators

Total weight of hazardous and non-hazardous waste destined for recycling

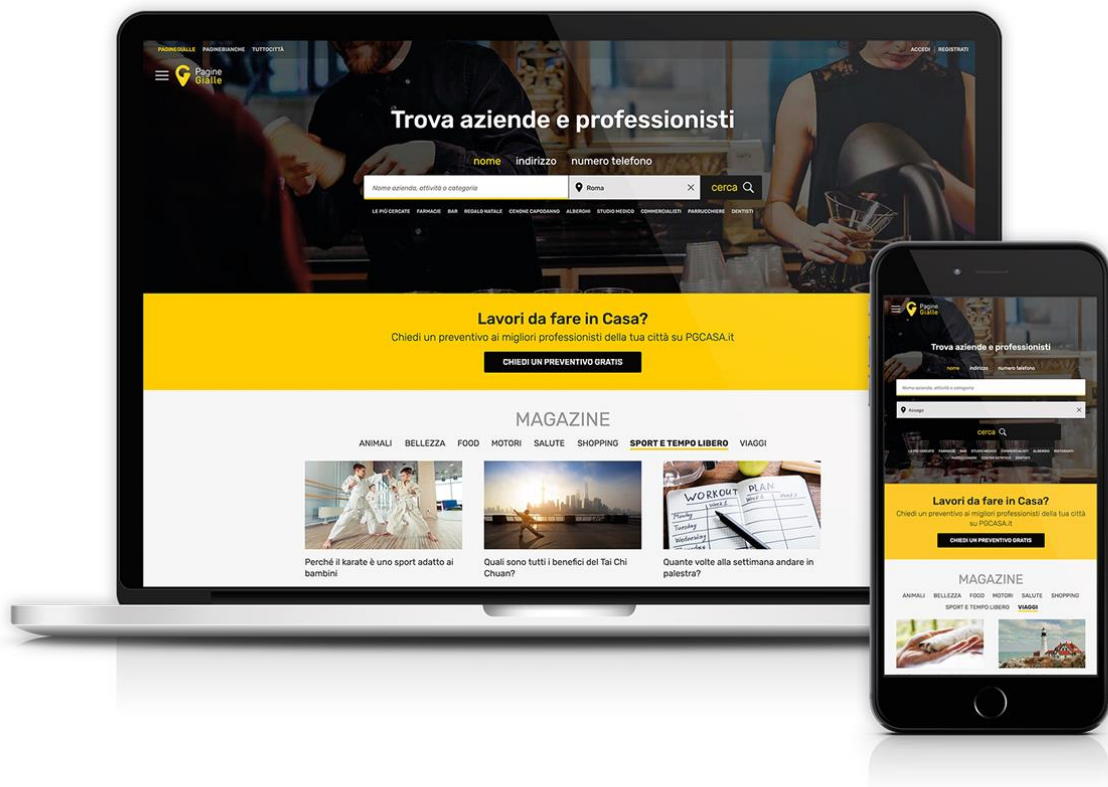
Materials	2017*	2018
Hazardous waste	335	7,157
Non-hazardous waste	72,582	34,301

* This figure differs from last year's reporting, as the calculation and reporting methodology was refined.

Scope: Italiaonline S.p.A., MOQU, Digital Local Services, Consodata S.p.A.



**Everything
you need,
always**





Staff

Staff management

The effective and sustainable management of staff is a core aspect for the success of Italiaonline's business. In order to consolidate and spread this culture in the best possible way, the corporate Code of Ethics and policies addressed to all employees and approved by the Board of Directors deal with various aspects which are required to ensure good staff management. In particular, these aspects concern the protection of gender diversity and equal opportunities, workers' health and safety, the prevention of corruption risk and conflicts of interest, correct remuneration policies and, finally, staff orientation towards customers.

In particular, the Code of Ethics makes specific reference to mental and physical respect for workers and the commitment of all to eliminate any form of ethnic, religious, cultural and gender discrimination. As with any other rule of the Code of Ethics, the violation of these principles is a significant violation against the Organization Model and is a prerequisite for the application of sanctions.

Furthermore, in order to keep all the people within the Group involved in these issues, Italiaonline is committed to ensuring that its relevant organizational and managerial information is constantly updated and provided via the company intranet.

Italiaonline undertakes to collect all potential reports from staff regarding every possible aspect that can involve them both positively and negatively through the activities of its Human Resources and Internal Audit departments. The company requires this information in order to express an opinion on the level of achievement of its objectives related to staff management.

Specific email inboxes are active for the collection of reports and/or complaints from staff, such as the *whistleblowing* platform that all staff have had access to since 2017 on the corporate intranet, which can be used to report conduct contrary to the Code of Ethics, as well as meritorious behaviour.

Italiaonline undertakes to manage its relationships with staff with care and attention every day in order to create a work environment based on human and professional support to all staff so that they can perform their assigned tasks and functions in the best possible way. Furthermore, the Group offers its staff a series of involvement and participation initiatives with the aim of positively impacting the company climate and keeping motivation high.

Italiaonline considers the achievement of all these objectives concerning the sustainable and effective management of its staff as the patrimony of the entire company and, for this reason, all the Group's functions and staff are called upon to provide their contribution in a constructive and transverse way.

The Group has also activated a series of significant initiatives aimed at raising awareness of these issues in staff, and the initiatives are disseminated and supported by the Group through all company communication channels.

Staff Diversity and Composition

SDG 5



As mentioned, one of the central points of Italiaonline's staff management policies is the support and diffusion of gender diversity and the guarantee of equal opportunities for all. The Group participates in various initiatives against sexual and gender discrimination, and received the "Diversity Award" for communication for the second consecutive year in 2018 thanks to the sensitivity shown in relation to diversity issues and for its concrete and comprehensive commitment to these issues.

In 2018 Group staff totalled 1,664, with a slight decrease compared to the previous year as a consequence of the first effects of reorganization plan. Of these, 58% of Italiaonline staff are women, of whom 63% are employed in the areas of sales, sales support, operations, information technology and call center operators ("core" activities), while 37% are employed in the areas of human resources, legal, finance and administration and staff functions ("support" activities).

At the end of 2018, open-ended contracts amounted to around 95% of the total (1,582 contracts), while there were only 82 fixed-term contracts. About 120 people were hired during the year, with a turnover rate of around 16.6%.

Overall, the Group's workforce decreased by 8.6% in 2018 compared to the previous year, with the most significant changes occurring at Italiaonline S.p.A., with reference to staff employees placed in government-sponsored lay-off schemes and at Consodata S.p.A. due to the centralization and transfer of the Rome office to Assago Milanofiori.

To complete the framework relating to the composition of the Group's staff, it is important to underline that Italiaonline S.p.A. and Consodata S.p.A. have a sales network of approximately 700 exclusive agents.

Performance indicators

Total number of staff divided by type of contract, gender and geographical segment where they work

Staff		2017			2018		
		Male	Female	Total	Male	Female	Total
Fixed-term contract		22	59	81	24	58	82
<i>North West</i>		11	48	59	19	51	70
<i>North East</i>		4	2	6	2	1	3
<i>Center</i>		5	7	12	2	4	6
<i>South</i>		2	2	4	1	2	3
Open-ended contract	<i>No.</i>	725	1,015	1,740	670	912	1,582
<i>North West</i>		509	680	1,189	488	656	1,144
<i>North East</i>		22	54	76	17	26	43
<i>Center</i>		145	201	346	130	155	285
<i>South</i>		49	80	129	35	75	110
Italy		747	1,074	1,821	694	970	1,664

Total number of staff divided by employment type and gender

Staff		2017			2018		
		Male	Female	Total	Male	Female	Total
Full-time staff		693	770	1,463	648	715	1,363
Part-time staff	No.	54	304	358	46	255	301
Total		747	1,074	1,821	694	970	1,664

Total number of staff divided by age group, gender and function

Staff		2017			2018		
		Male	Female	Total	Male	Female	Total
Staff in core activities		599	603	1,202	505	614	1,119
Age below 30		21	29	50	16	32	48
Between 30 and 50		457	501	958	366	467	833
Over 50		121	73	194	123	115	238
Staff in support activities	No.	148	471	619	189	356	545
Age below 30		-	15	15	1	4	5
Between 30 and 50		67	275	342	103	198	301
Over 50		81	181	262	85	154	239
Total		747	1,074	1,821	694	970	1,664

Total number of staff divided by age group, gender and level

Staff		2017			2018		
		Male	Female	Total	Male	Female	Total
Executives		91	11	102	82	15	97
Age below 30		-	-	-	-	-	-
Between 30 and 50		48	7	55	43	11	54
Over 50		43	4	47	39	4	43
Managers		140	80	220	131	71	202
Age below 30		-	-	-	-	-	-
Between 30 and 50	No.	77	55	132	67	47	114
Over 50		63	25	88	64	24	88
White collars		516	983	1,499	481	884	1,365
Age below 30		21	44	65	17	36	53
Between 30 and 50		399	714	1,113	359	607	966
Over 50		96	225	321	105	241	346
Total		747	1,074	1,821	694	970	1,664

Number of new hires by age group, gender and geographical segment where they work

Staff		2017			2018		
		Male	Female	Total	Male	Female	Total
North West		39	46	85	46	53	99
Age below 30		8	9	17	10	12	22
Between 30 and 50		26	35	61	30	40	70
Over 50		5	2	7	6	1	7
North East		2	2	4	2	1	3
Age below 30	No.	-	-	-	-	-	-
Between 30 and 50		2	2	4	2	1	3
Over 50		-	-	-	-	-	-
Center		17	12	29	6	11	17
Age below 30		1	1	2		2	2

<i>Between 30 and 50</i>	16	11	27	6	8	14
<i>Over 50</i>	-	-	-	-	1	1
South	3	2	5	1	-	1
<i>Age below 30</i>	-	-	-	-	-	-
<i>Between 30 and 50</i>	2	2	4	1	-	1
<i>Over 50</i>	1	-	1	-	-	-
Italy	61	62	123	55	65	120
<i>Age below 30</i>	9	10	19	10	14	24
<i>Between 30 and 50</i>	46	50	96	39	49	88
<i>Over 50</i>	6	2	8	6	2	8

Number of new hires divided by group companies

New Group hires by Company		2017	2018
Italiaonline S.p.A.	No.	44	29
Moqu Group		11	10
Digital Local Services		22	10
Bizpal S.r.l.		45	9
Consodata S.p.A.		1	62
Total		123	120

Number of staff who have left the Group by age group, gender and geographical segment where they work

Staff		2017			2018		
		Male	Female	Total	Male	Female	Total
North West		82	70	152	79	106	185
<i>Age below 30</i>		6	6	12	1	3	4
<i>Between 30 and 50</i>		56	54	110	62	89	151
<i>Over 50</i>		20	10	30	16	14	30
North East		12	10	22	2	3	5
<i>Age below 30</i>		4	2	6	-	-	-
<i>Between 30 and 50</i>		8	8	16	1	2	3
<i>Over 50</i>		-	-	-	1	1	2
Center		41	39	80	21	35	56
<i>Age below 30</i>	No.	2	2	4	4	1	5
<i>Between 30 and 50</i>		27	31	58	13	27	40
<i>Over 50</i>		12	6	18	4	7	11
South		17	31	48	4	26	30
<i>Age below 30</i>		1	2	3	-	1	1
<i>Between 30 and 50</i>		16	26	42	4	22	26
<i>Over 50</i>		-	3	3	-	3	3
Italy		152	150	302	106	170	276
<i>Age below 30</i>		13	12	25	5	5	10
<i>Between 30 and 50</i>		107	119	226	80	140	220
<i>Over 50</i>		32	19	51	21	25	46

Turnover rate by gender and geographical segment

Turnover rate		2017			2018		
		Male	Female	Total	Male	Female	Total
North West		15.8%	9.6%	12.2%	15.6%	15.0%	15.2%
North East		46.2%	17.9%	26.8%	10.5%	11.1%	10.9%
Center	%	27.3%	18.8%	22.3%	15.9%	22.0%	19.2%
South		33.3%	37.8%	36.1%	11.1%	33.8%	26.5%
Italy		20.3%	14.0%	16.6%	15.3%	17.5%	16.6%

Note: Turnover rate obtained by dividing the total number of staff who have left the Group by the total number of staff at the end of the year.

Equal Opportunities and Respect for Human Rights **SDG 10**



The Group companies operate in full compliance with current regulations, national collective agreements and in compliance with the Code of Ethics.

As described in the Corporate Code of Ethics, the Group recognizes the importance of establishing relationships based on loyalty and mutual trust. The valorization of people is equally important, for whom the competent functions are required to select, hire, train, remunerate and manage all staff without any form of discrimination. All decisions made in relation to the management and development of human resources, also for access to different roles or tasks, are based on considerations in terms of merit and/or the correspondence of candidates' profiles with the expected profiles.

The management of Italiaonline staff is always carried out with respect for human rights, diversity and equal opportunities for all employees, always rejecting any form of discrimination. To ensure this, the Group companies are committed to both continually applying the principles contained within the Code of Ethics, and by complying with the provisions established within the National Collective Labor Agreements. At Italiaonline all business functions must respect the rules on equal opportunities and human rights and, if necessary, promptly report any abuses and violations through the corporate *whistleblowing* inbox.

As regards the working relationships with staff employed in the company's switchboards, which is an activity known to have a high reputational risk in terms of working conditions, note that all the staff involved in this business segment, consisting of staff and call center operators, have formalized employment relationships with fixed working hours (except for agreed flexibility).

The Group has implemented a series of communication initiatives against discrimination through its institutional channels (intranet, videos and social networks) and with the active involvement of staff (e.g. staff videos on the day against homophobia).

Lastly, the company's staff includes certain workers with compromised work skills due to physical disabilities, thereby complying with legal obligations and the company's non-discrimination policy. Many social awareness and charity initiatives aimed at involving company staff were launched in the first half of 2017. For example, the Company participated in the Progetto Libellula (Dragonfly Project), the first network of companies against violence on women, to promote a new cultural sensitivity. As one of the first entrepreneurial companies to actively participate in the initiative, Italiaonline staff participated in a detailed discussion on the issue of violence against women together with the staff of 13 other important companies. The data resulting from the research constituted the contents of an e-book where these issues are addressed from within business organizations for the first time, with enlightening results and food for thought.

Again in 2018 Italiaonline participated in activities supporting campaigns for the International Day against Homophobia, Biphobia and Transphobia (IDAHOBIT) of 17 May promoted by the Council of Europe and the World Federation of LGBTI organizations, which fights to obtain equal rights in 125 countries all over the world. Italiaonline's participation included a structured communication activity on the company's internal channels and on the Group's social networks.

The Group also actively participated in the International Day for the Elimination of Violence against Women of 25 November. After having been awarded in the first edition, in 2018 Italiaonline won the second edition of the Legal Community Diversity Awards in the "Value for diversity" category: this recognition is given to companies and institutions committed to enhancing

diversity and guaranteeing rights, with the patronage of the Municipality of Milan, for its commitment to respect every aspect of diversity. In May Italiaonline broadcast the Diversity Media Awards in live streaming on the Virgilio News portal. The Awards are organized by Diversity, an association founded and chaired by Francesca Vecchioni which carries out projects and research dedicated to inclusion on the themes of gender discrimination, age, sexual orientation, disability, religion, socio-economic conditions and ethnicity, joining institutions, universities, observatories and the media. There were no episodes of discrimination among company staff within Italiaonline in 2018.

Performance indicators

Detected episodes of discrimination and actions taken

Episodes of discrimination		2017	2018
Number of reported episodes of discrimination		0	0
Number of episodes examined by the company		0	0
Number of remediation plans defined	No.	0	0
Number of remediation plans implemented		0	0
Number of episodes no longer subject to actions		0	0

Training

SDG 4



The Italiaonline Academy provided a total of 57,203 hours of training to all Group staff in 2018, including agents, for 25 average training hours per person. As for training for corporate staff alone, approximately 19,000 hours of training were provided for a total of approximately 600 staff. In particular, the training activity focused on both personal and team coaching for the key roles of the Large Accounts Business Unit, and in training activities for the use of technological platforms, including Tableau, Zendesk, Postgres and Voip. The training also included programs dedicated to Cyber Security Prevention & Investigation, addressed to System Administrator and Software Developer classrooms focused on training and updating on legislation about the GDPR & Privacy and workers' safety (supervisors, RLS, fire, first aid) of all company sites.

Italiaonline has also established an e-learning training system for its sales staff and sales force (an average of 700 agents per year) for which it provided a total of 22,400 hours of training for approximately 1,200 participants in 2018. The latter was joined by classroom activities for a total of about 10,000 hours with about 1,400 participants. In particular, training focused on the specific content of the sales offer, the constantly evolving product characteristics and on sales techniques, including over the phone. A questionnaire is provided at the end of each training course to evaluate its contents and the teacher, and a final test or exam is also envisaged for certain courses.

Corporate employees training also supported the professional retraining of personnel under the government sponsored lay-off scheme ("CIGS 0 Hours") in 2018, through courses focusing on soft skills, sales techniques and technological skills for a total of 1,400 hours training and with 45 participants.

In addition, in the second half of 2018 and with the contribution of the Piedmont Region, retraining was provided for the Digital Factory which involved 28 participants for a total of 8,400 hours of classroom training. In particular, the retraining process for the Digital Factory staff envisaged a final certification exam, which was passed by all with excellent results.

Performance indicators

Staff and agents training hours divided by gender and function

Training hours by gender and function (staff and agents)		2017			2018		
		Male	Female	Total	Male	Female	Total
Staff and agents in core activities		22,138	33,207	55,344	26,802	23,543	50,345
Staff in support activities	Hours	2,662	3,993	6,656	3,360	3,498	6,858
Total		24,800	37,200	62,000	30,162	27,041	57,203

Staff and agents training hours divided by type

Training hours by type		2017	2018
CIGS staff retraining		4.7%	5.0%
Corporate Training		4.7%	5.0%
Sales Training	%	83.6%	80.0%
Technical training on services (Inbound/Outbound/Customer)		5.0%	8.0%
Other		2.0%	2.0%
Total	Hours	100%	100.0%

Staff and agents training hours divided by gender and level

Training hours by gender and level	u.m. (unit of measurement)	2017*			2018		
		Male	Female	Total	Male	Female	Total
Executives		1,389	2,084	3,473	814	956	1,770
Managers		2,996	4,494	7,490	1,695	1,990	3,686
White collars and agents	Hours	20,415	30,662	51,037	27,653	24,095	51,748
Total		24,800	37,200	62,000	30,162	27,041	57,203

* This figure differs from last year's reporting, as the reporting methodology was refined.

Average staff and agents training hours divided by gender and staff category

Average training hours by gender and staff and agents category	u.m. (unit of measurement)	2017*			2018		
		Male	Female	Total	Male	Female	Total
Average training hours provided to staff and agents		18	30	24	24	25	25
Average training hours provided to staff and agents in core activities		18	44	28	25	33	28
Average training hours provided to staff in support activities		18	8	11	18	10	13
Average training hours provided to executives	Hours	15	189	34	10	64	18
Average training hours provided to managers		21	56	34	13	28	18
Average training hours provided to white collars and agents**		18	27	22	27	24	26

* This figure differs from last year's reporting, as the reporting methodology was refined.

** In 2017 the number of agents was 776, of which 626 were men and 150 were women. In 2018 the number of agents was 664, of which 559 were men and 105 were women.

Remuneration Policies

The Company's Remuneration Policy is defined through a process that involves the Board of Directors, the Appointments and Remuneration Committee, the Shareholders' Meeting and the competent company department (Human Resources Department). The Board of Directors, on the proposal of the Appointments and Remuneration Committee, defines the Remuneration Policy for the Managing Director and key management personnel.

On an annual basis, the directors present to the Ordinary Shareholders' Meeting for approval, without obligation, the Report describing the Remuneration Policy for directors and key management personnel.

The Board of Directors is also directly responsible for the adoption of resolutions concerning the remuneration of the Chief Executive Officer and key management personnel.

The Chief Executive Officer - in compliance with his powers - with the assistance of the Human Resources Department is responsible for implementing the remuneration policy for key management personnel.

The Remuneration Policy adopted by the Company is aimed at attracting and retaining talented people, motivating management to pursue highly challenging performances while respecting the company's culture and values.

The Remuneration Policy is defined in such a way as to align the interests of management with those of shareholders, pursuing the priority objective of creating sustainable value for all stakeholders in the medium/long term; it is also consistent with the Company's risk management policy as regards both the structuring of the variable incentive system and its application to the structures responsible for the internal control system.

Three fundamental principles have been identified on which to build the corporate remuneration model:

- **Alignment with the Business Strategy:** the remuneration systems are structured in order to orient people towards the achievement of short, medium and long-term objectives, within a framework of reference rules aimed at a correct control of corporate risks and in order to align the interests of the management with those of the Shareholders.
- **Performance enhancement:** the enhancement of the performance culture is a cornerstone of the Remuneration Policy and aims to create a direct and transparent link between the objectives pursued, the results achieved and the remuneration associated with them.
- **Competitiveness and Internal Coherence:** the Remuneration Policy is designed in such a way as to attract and retain the most valuable resources in the medium to long term.

In general, in Italiaonline, a managerial (MBO) and commercial incentive plan is prepared annually, which provides for a cash bonus upon reaching particular levels of company performance.

Starting in 2018, as a result of the adoption of the new 2018-2020 business plan, the Company adopted a new medium/long-term incentive plan with the aim of aligning the interests of management with the interests of shareholders in the creation of value in the long term.

For further information on this subject, please refer to the Remuneration Report published on the website www.Italiaonline.it.

Health and Safety

SDG 8



Italiaonline's workplace health and safety policy firmly holds that the protection of the same is an indispensable value for being able to develop its business organization in a sustainable, effective and lasting way. As also described in the Code of Ethics, the Group undertakes to spread and consolidate a culture of safety in its staff, its customers and third parties in general, developing awareness of the risks associated with its activities and promoting the responsible behaviour of all parties concerned. The Group's attention to the health and safety of workers is a core value for the safe and efficient management of staff.

Italiaonline adopted a workplace health and safety management system in December 2017, certified according to BS OHSAS 18001 2007. This management system not only defines the execution of the main processes, but also the roles and responsibilities necessary for the achievement of the objectives and for the implementation of the Group's safety policy.

Moreover, Italiaonline continuously increases the information, education and training of its management staff, workers and third-party companies, aware of how important it is to involve all workers in company life in order to achieve high safety standards, as well as the sharing of procedures and tools together with the improvement of internal communication channels. Thus, in order to make its position on the matter known to all staff and other interested parties, within the Health and Safety Policy the Company undertakes to:

- operate in compliance with all the applicable legal provisions on workplace health and safety and the voluntarily signed principles regarding both workers and customers;
- safeguard the health and safety of its workers by assessing the risks related to their activities and continuously updating the appropriate prevention, protection and control measures;
- guarantee the improvement of relative services by defining suitable performance indicators for achieving the company objectives, considering workplace health and safety aspects in every action and decision taken;
- plan and implement its work activities in order to prevent and reduce possible occupational injuries, accidents and illnesses by adopting the best available techniques;
- draw attention to the importance of the involvement and collaboration of all staff for the implementation of an effective Management System, remembering that this responsibility involves everyone, each according to their own attributions and skills;
- improve internal and external communication processes aimed at increasing the effectiveness of the Management System;
- periodically review what has been declared and guarantee the availability of suitable human, instrumental and economic resources necessary for the maintenance and improvement of the Management System.

The Group's commitment to ensuring optimal management levels of its staff's health and safety is highlighted by its level of accidents which shows, among other things, a decrease in episodes recorded during the year.

Performance indicators

Type of injury, injury rate (IR), occupational disease rate (ODR), working days lost rate (LDR), "near misses" and deaths at work for all staff

Staff		2017			2018		
		Male	Female	Total	Male	Female	Total
Injuries		7	9	16	4	9	13
	<i>at work</i>	-	1	1	-	1	1
	<i>during travel</i>	7	8	15	4	8	12
Deaths	No.	-	-	-	-	-	-
	<i>at work</i>	-	-	-	-	-	-
	<i>during travel</i>	-	-	-	-	-	-
Occupational diseases		-	-	-	-	-	-
Number of absent hours due to injuries		1,176	1,005	2,181	411	1,557	1,968
	<i>at work</i>	-	44	44	-	40	40
	<i>during travel</i>	1,176	961	2,137	411	1,517	1,928
Total number of hours worked		1,126,745	1,361,871	2,488,617	1,065,365	1,348,048	2,413,413
Rate of lost working hours		1.044	0.738	0.876	0.385	1.155	0.815
Occupational disease rate (ODR)	No.	-	-	-	-	-	-
Injury rate (IR)	No.	6.213	6.609	6.429	3.755	6.676	5.387
Near misses		-	-	-	-	-	-

Note 1: the data relating to injuries does not include that relating to agents. The Company does not have this information, as it is managed directly by the single agent with the responsible bodies.

Note 2: The rate of lost work hours is obtained by dividing the number of absent hours due to injuries by the total number of hours worked, all multiplied by 1,000.

Note 3: The occupational disease rate (ODR) is obtained by dividing the number of cases of occupational diseases by the total number of hours worked, all multiplied by 200,000.

Note 4: The injury rate (IR) is obtained by dividing the total number of injuries by the total number of hours worked, all multiplied by 1,000,000.

Total absent hours divided by type and gender

Absence by type		2017			2018		
		Male	Female	Total	Male	Female	Total
Italy		19,026	42,795	61,821	20,145	32,117	52,261
	<i>Sickness</i>	15,968	28,020	43,987	19,734	30,560	50,294
	<i>Injuries</i>	1,176	1,005	2,181	411	1,557	1,968
	<i>Stress</i>	-	-	-	-	-	-
	<i>Hospital recovery/Convalescence</i>	1,882	13,771	15,653	-	-	-

Absenteeism rate by type and gender

Absenteeism rate by type		2017			2018		
		Male	Female	Total	Male	Female	Total
Italy		1.69%	3.13%	2.48%	1.89%	2.38%	2.17%
	<i>Sickness</i>	1.42%	2.06%	1.77%	1.85%	2.27%	2.08%
	<i>Injuries</i>	0.10%	0.06%	0.08%	0.04%	0.12%	0.08%
	<i>Stress</i>	-	-	-	-	-	-
	<i>Hospital recovery/Convalescence</i>	0.17%	1.01%	0.63%	-	-	-

Note: Absenteeism rate = total number of hours lost in the period / total number of hours worked in the period.

Industrial relations

Italiaonline ensures the application of collective bargaining in accordance with the national legislation in force.

In accordance with the applied collective bargaining and the applicable laws in force, the Group companies pursue a policy of union relations, also guaranteeing all the rights related to union matters, as confirmed by the number of agreements signed with Trade Unions in the last few years.

In its relations with the National and Territorial trade union representatives, the Company also takes advantage of the support of the employers' associations to which it adheres in addressing any issues subject to consultation and/or negotiation.

In particular, within the Group in 2018 industrial relations focused on the issues covered in the trade union agreement signed by Italiaonline on 14 December 2016 at the Ministry for Economic Development and the Ministry for Labor concerning the company's 2018-2020 reorganization program, which makes use of the government-sponsored lay-off scheme (Cassa Integrazione Guadagni Straordinaria).

On 6 March 2018 a meeting was held with the trade unions, also pursuant to art. 8, Part One of the National Collective Bargaining Agreement (CCNL) for employees of graphic and publishing companies, in which the company reorganization plan was announced.

Subsequently, on 20 March 2018 the 2018-2020 Business Plan and the reorganization plan were illustrated in a meeting at the Ministry for Economic Development.

On the same day, the Ministry for Economic Development promoted a "technical table" between the Ministry, Institutions and Companies.

Following the opening of the procedure pursuant to Italian Law 223/1991, as part of the "trade union stage" of the procedure, four meetings were held with the Trade Unions in April and May.

On termination of the "trade union stage", four additional meetings were held as part of the procedure at the Ministry for Labor and Social Policies which led to the signing of an agreement with the trade unions on 2 July 2018.

The signed trade union agreement explicitly refers to the collective redundancy procedure launched on 16 April 2018, and to the transfer of the Turin staff to Assago. The agreement signed includes among its main actions:

- continued monitoring of the Turin site, with confirmation of 90 employees including managers and white collars in the administration and staff, credit and telephone directory management departments;
- transfers from Turin to Assago for a total of 90 staff, reimbursing travel expenses for one year;
- investment in the Turin office through the establishment of a Digital Factory, envisaging the digital requalification of 70 staff from among those laid off under the government-sponsored lay-off scheme, and their reinstatement in the Digital Factory at the end of the specific training period;
- reinstatement of a further 55 staff in other company departments and throughout Italy, with the training of 30 staff to become exclusive agents for the Company;
- staff leaving incentive envisaged equal to 30 months' gross pay for the remaining 245 staff affected by the procedure, plus an additional 10 staff leaving incentive reserved for the 90 staff transferred from the headquarters of Turin to those of Assago;

- the government-sponsored lay-off scheme, with a duration of 6 months up to 11 January 2019 for staff reorganization.

In the second half of 2018, the industrial relations were aimed at managing the trade union agreement signed in the ministerial meeting of 2 July.

The management of all that which was envisaged in the 2 July agreement involved intense work, in particular connected to:

- a. the management of outgoing people with a leaving incentive (concentrated in January 2019) and all activities connected to it;
- b. relocations within the company and the necessary organizational adjustments that facilitated the same;
- c. the reintegration of staff into Group companies with the organizational effort to reconcile the skills possessed or potentially possessed by the staff involved with the needs of the target companies;
- d. the organization of all activities related to the staff redevelopment under the government-sponsored lay-off scheme prior to placement in the "Digital Factory" organizational unit;
- e. the implementation of the transfer of staff from the Turin site to that of Assago.

In relation to the latter activity, in September 2018 an additional agreement was signed with the Trade Union Representatives which defined terms, conditions and support in relation to the transfer. Measures have been agreed upon, also innovative, in relation to the management of work hours and in general which are aimed at facilitating the so-called work-life balance, for example the implementation of smart working.

Moreover, in the following months and more specifically in August, October and December, three meetings were held at the ministerial level regarding the progress of the agreement signed on 2 July, also in the presence of the Regional Institutions.

With regard to the subsidiaries Consodata S.p.A. and Bizpal S.r.l., the main objective of the trade union relations in 2018 were the trade union agreements signed respectively for Bizpal S.r.l. in June 2017 and for Consodata S.p.A. in July 2017.

At the end of 2018, the data confirmed that 100% of Italiaonline's staff are covered by collective bargaining agreements.

Performance indicators

Number of staff covered by collective bargaining agreements

Number of staff covered by collective bargaining agreements		2017	2018
Number of staff covered by collective bargaining agreements	No.	1,821	1,664
Total staff		1,821	1,664
Percentage	%	100%	100%

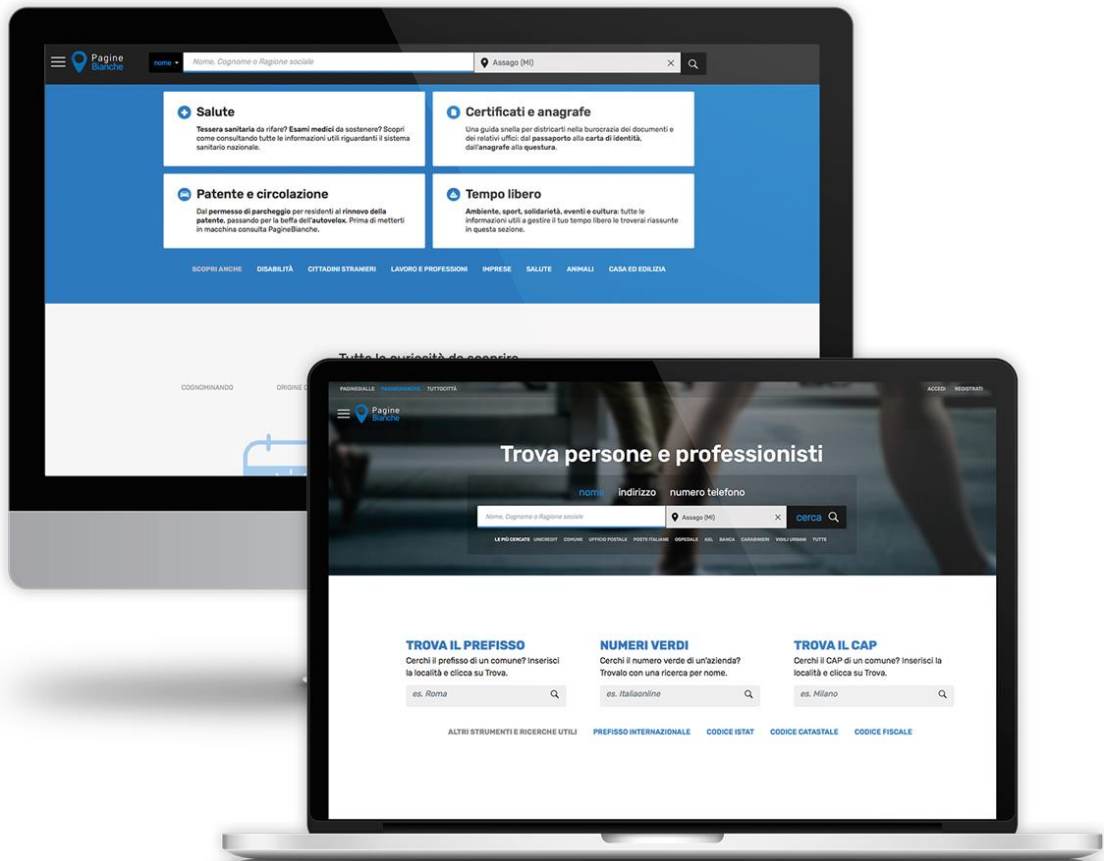
Minimum notice period established for the communication of significant organizational changes

Minimum notice period established for the communication of significant organizational changes		2017	2018
Weeks of notice	No.	2	2



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Society

Markets Served

As a leading digital group in Italy, Italiaonline offers a daily range of products and services capable of responding to the nascent needs of the entire Italian economic fabric. For this reason, the Group's primary objective is to design and market innovative and smart solutions in order to build and promote the digital presence of thousands of Italian companies, small and large, and to offer content and services to millions of Italians.

The IOL offer includes, on the one hand, the most visited web portals, the most widespread email platforms and the leading directories of the market. On the other, the offer also includes online communication solutions ranging from advertising to web design and web marketing.

In 2018 Italiaonline served 226,000 corporate customers, 26.7 million unique users¹⁰, 4 billion monthly impressions and 9.5 million email accounts¹¹, with a market reach of 63%¹².

The competitiveness of Italian companies depends on their digitization, both for large companies and for SMEs, which represent the true economic backbone of the country. The Group's primary objective is to help companies along this path, and therefore to support Italy in its digital growth. In order to create and offer products which are most suited to its customers' needs, IOL has defined two internal business units dedicated to the two types of customers: Small and Medium-sized Enterprises and Large Accounts.

The Italiaonline SME Media Agency Business Unit offers small and medium-sized Italian enterprises (SMEs) a complete portfolio of integrated products along the entire value chain of digital services, from online presence to digital advertising, web design, web marketing and cloud solutions.

The offer is differentiated in terms of content and after-sales services, based on the characteristics of the customer's business and the turnover connected to IOL's services. Furthermore, ad hoc solutions have been studied for specific merchandise sectors such as, for example, B2B, artisans, home services and the beauty sector; other specific solutions are planned for the future, such as for the medical and automotive sectors.

Italiaonline's Large Account Business Unit operates in the B2C internet market (with a focus on consumer users) and in the B2B market (with a focus on large Italian/foreign companies/brands). In the B2C market, Italiaonline has created a comprehensive array of products and services ranging from thematic content portals to email services to communities - with blogs, personal websites and forums - to directories and maps. In the B2B market, the Group mainly offers digital advertising services (display, video, direct marketing, programmatic advertising) and web agency/studio services.

Product and Service Quality

According to Audiweb surveys, the Italian entity that detects and periodically provides both quantitative and qualitative national data on web audiences, Italiaonline S.p.A. is the leading Italian internet company for number of daily average users (DAU-TDA)¹³ and time spent on the sites.

¹⁰ Source: Audiweb View 2.0, powered by Nielsen, TDA - Total Digital Audience | MAUs – Monthly Active Users, December 2018

¹¹ Source: internal data, active inboxes in the last 90 days, data from December 2018 (last 12 months' average)

¹² Source: Audiweb View 2.0, powered by Nielsen, TDA - Total Digital Audience | DAUs – Daily Active Users, December 2018

¹³ TDA: Total Digital Audience- DAUs: Daily Active Users

The service customers receive before, during and after sales is of fundamental importance not only in view of a subsequent purchase, but also for their loyalty over time. Precisely for this reason, in recent years approaches for obtaining the best Customer Experience have frequently been used.

Also within its own Code of Ethics, the Company declares its intention to favor and stimulate the utmost attention, willingness and respect towards customers through the provision of quality services at competitive conditions.

Starting in 2016 the Company launched a Customer Experience study aimed at identifying the most significant experiential "drivers" for customers, specifically for the Small and Medium-sized Enterprises (SME) segment. In particular, the customer satisfaction index is collected through a combination of tools including: a) a so-called "relational" survey massively sent to the entire customer base once a year; b) monthly surveys on specific "touch points", requested from the customer via email, such as the time of sale, the service production/delivery phase and after-sales service; c) qualitative surveys, usually by telephone, to thoroughly verify any causes of dissatisfaction and/or suggestions for new products.

The most commonly used indicator is the Net Promoter Score (NPS), one of the most widespread methodologies today among companies for monitoring their customers' degree of satisfaction based on a rating scale that ranges from zero to ten, dividing customers into: Detractors (from 0 to 6, scarcely satisfied), Passives (from 7 to 8, moderately satisfied) and Promoters (from 9 to 10, very satisfied with the service received).

In the annual "relational" survey carried out in March 2018, out of a base 100 the NPS improved by 12 points compared to the previous year and by 45 points compared to that of 2016 concerning the SME segment, confirming the quality of the initiatives launched in each company area aimed at researching the quality of the products and services provided.

In addition, the Company has established a regular and planned caring contact system to reinforce its customers' loyalty: in 2018 about 210,000 telephone contacts (+30% compared to 2017) were made, during which the need for improvements, for the clarification of doubts about products and/or contractual terms and any new communication needs were verified. This system more generally represented a fundamental moment of listening and Customer Care.

Furthermore, an additional aspect safeguarding the quality of the products and services offered was established by Italiaonline through a series of performance monitoring indicators described in the following table:

Product and service quality performance monitoring indicators

Indicator	Definition	2017 trend
Claims	The term "claims" refers to the contacts received from customers who contest in whole or in part the contract or the performance of the service received. The customer is contacted by telephone by a specialized operator of the Italiaonline Claims Department with the aim of re-establishing the commercial relationship and redefining any economic aspects in relation to the actual or presumed damage suffered by the customer.	In 2018, the number of Claims received decreased by 14% compared to 2017.
Average ticket evasion time	This indicator represents the average customer wait time from the moment in which a request ticket is opened (e.g. through the toll-free number, email, chat or by opening a ticket on the company portal) to when the request is processed.	90% of tickets are resolved within one working day

Phone calls answered

Number of customer calls/chats managed in relation to the total number of calls received by the toll-free number.

The average number of telephone calls answered for the year 2018 was greater than 96%. Over 80% of phone calls are managed within the first 20 seconds.

Performance Monitoring

The Company is committed to continuously monitoring the performance of its products and services in terms of dissemination and quality through the use of indicators certified by Audiweb, such as Total Digital Audience (TDA), PageViews and Browsing Time.

The TDA is the total number of unique users (people) who have visited a particular website or used an application at least once in a given time frame (day, week, month). In calculating the TDA, users who have visited or used the website and application in question more than once during the reporting period are counted only once.

PageViews estimates users' requests and views of a web page, intended as a document that contains text, images, sounds or other objects. The PageViews count does not consider any error codes, the activities of robots (software that analyses network contents), the interstitial pages (advertising spaces in separate windows than the browser) and jump pages (advertising web pages that redirect the user elsewhere).

Lastly, the Browsing Time indicator is estimated by calculating the total or average time, in minutes and seconds, spent on a single web page.

In addition to monitoring the indicators described above, Italiaonline applies a series of specific quality controls, such as website production quality control. In fact, together with product marketing, a checklist has been defined for quality checks to be carried out on the websites produced by suppliers. In particular, an internal structure within the Operations area carries out such checks on a sample on a monthly basis, using approximately 300 sites. These checks lead to the assignment of a score for each site examined and, at the same time, a score for the supplier that also considers its monthly website production. The overall score determines the application of an incentive or a penalty. The same internal structure also carries out quality checks on the website production process. Specifically, some supplier telephone calls to Italiaonline customers for the preparation of briefs and site approval during the pre-publication phase are listened to on a sample basis. In this case, the goal is to identify points for improvement in the relationship with the customer to make the incoming calls more effective. The quality level achieved by the supplier in 2018 is regularly above the level expected for publication.

Another important control activity concerns the printing process (Print Quality) that is monitored by the constant presence of inspectors appointed by the Company, directly in the printer's facilities. In addition, twenty copies of each edition of the directories cycle are taken from production on a sample basis to be thoroughly checked (all pages). The check is carried out by comparing the print result with the quality specifications attached to the contract. The result of this check leads to the assignment of a score to each edition, which determines the application of a possible supplier penalty. There were less significant quality problems in 2018 than in 2017, however certain faulty directory copies still had to be withdrawn and reprinted, applying penalties to the supplier.

The Company also carries out quality checks on distribution activities, which are monitored by inspectors who verify the distribution quality throughout Italy. In addition to this, all deliveries are tracked using a geo-referencing system. This tracking makes it possible to obtain a coverage percentage for each directory area, which leads to the application of supplier incentives or

penalties. In 2018, as in the previous year, the coverage of all directory areas recorded through geo-referencing was always above the contractually established level.

Lastly, a weekly control is carried out on all the Company's main offers to verify compliance with contractual Service Level Agreements (SLA) relating to production times. Failure to comply with the established SLAs will result in the application of a penalty defined in the contract. In the second half of the year slight SLA violations were recorded in relation to IOL Websites activities, resulting in the application of very minor penalties. For the other offers, the SLAs always remained within the contractual parameters.

Innovation and Technological Product Development Processes

SDG 12



The continuous process of innovation and technological development implemented internally by the Product Development and Innovation Department for the products and services offered by the Group can be summarized in the following three phases:

From (technological) opportunity to the solution: activities relating to the creation of enabling technological components and/or the research of innovative start-ups are the challenges of the evolution of worldwide technology, and are in line with Italiaonline strategies. The company focuses on them according to the technological requirements of its products. Infrastructures and platforms derive from these and are the basic elements for the products' creation. In this phase the "Technology Push" component which stems from technological opportunities is preponderant compared to that of "Demand Pull", which is reflected in terms of the technological requirements of the individual product.

From the idea to the market: product creation and development uses the building blocks provided by our platforms and infrastructures, adapting, customizing and localizing them to achieve the requirements which are considered starting from market opportunities and referring to "customers". "Customers" are intended here as the subjects that provide value to Italiaonline in terms of turnover, but also in terms of audience (users) and content. In this phase the "Demand Pull" component deriving from market opportunities is predominant compared to that of "Technology Push", which is reflected in terms of enabling technological components made available by infrastructures and platforms.

Use of internal solutions and ideas: the solutions arising from comparisons with other peers or which emerge from internal needs can lead to the creation of solutions designed for internal use (for example software solutions for the benefit of the sales force, support for the evaluation of platforms for HR, etc.). The solutions can be proposed by start-ups or by established companies in the market. This phase is "transversal" to the previous two, because a solution designed for the market can be used internally and vice versa, and in both cases the input can come from technological comparison or from requirements received from end users.

Italiaonline identifies solutions aimed at innovating certain internal activities, and has identified two specific areas:

- as regards Pre-Sales and Sales activities:
 - Sales Tool: after having tested the currently leading international market solution directly in Italy, a similar (proprietary) tool was developed internally and integrated

- with Italiaonline's reporting and analysis systems to provide a further complete and refined result, which is also integrated into the future Salesforce Automation system currently under development/release;
- Positioner: a custom system has been developed based on the specifications of a new commercial offer ("VIS") which supports the seller and stimulates the customer to invest in advertising;
- as for partnership, within the vertical Health & Beauty sector, an integrated leading market platform (UALA) was selected and integrated with IOL services, while keeping on one hand the strength of the original brand and on the other the technology developed by the manufacturer, a company in the specific sector, integrated with the Group's commercial offer.

The Group carries out research and development activities for the development of its products, although there are no specific expenses capitalized in the financial statements for this purpose. The resources hitherto used for these activities have been used for the development and maintenance of information assets and the IT structure; consequently, the underlying expenses have been incorporated in the value of the software produced internally and aimed at enabling the operation of the company's production systems. In 2018 these expenses amounted to € 6,983 thousand.

One example worth mentioning is a solution released on the market to innovate the retail products portfolio for Italiaonline customers, in particular, it concerns Consumer Relationship Management (CRM) services: CRM vCita is an additional service in the portfolio of the IOL Website offer that has been added to an integrated CRM service with a services reservation form on the customer's website including the ability for Italiaonline customers to comprehensively manage their contact. This service arose from the commercial partnership with a reference company that is already active on this market at international level, and was integrated in corporate platforms used for contract and production (operations) management.

During 2018 the strategies of expansion and innovation of the portfolio of products and services to digitalize Italian companies continued. More specifically, through the Large Account Business Unit, in 2018 the Company:

- Began advertising in exclusive for important players of the Italian media sector:
 - Primaonline, with a new, more modern and functional responsive website created by Italiaonline. Prima Comunicazione is the daily reference online newspaper for those involved in communication, media, advertising and marketing.
 - Dailymotion, one of the largest video platforms in Europe and Italy with premium content divided into nine thematic areas: News, Music, Sports, TV&Film, Lifestyle, Technology, Automotive, Gaming, Comedy.
 - Scontomaggio, one of the largest sites in Italy for couponing, discount coupons and free samples.
 - TuttoAndroid, one of the leading sites in Italy in the technology sector. It is dedicated to smartphones, tablets and smartwatches and contains technical data sheets, news and in-depth information.
 - Spazio Mamma and Mamme Oggi, two web portals/magazines dedicated to the world of mothers and children.
 - Quantum Italia, the first European native advertising marketplace with over 300 premium publishers in the network.

- UPDAY, the biggest news app in Europe, pre-installed on Samsung smartphones and integrated in the latest generation of tablets and smart TVs.
- The acquisition of the advertising concessionaire ADPULSE ITALIA, which is the AdUX unit (formerly HiMedia) specialized in advertising sales on behalf of leading Italian and international publishers (WeTransfer, ViaMichelin, GreenMe, Notizie.it, vegolosi, etc.).
- An important increase in content marketing projects by providing the most important brands with the skills IOL has acquired in managing content on proprietary portals.
- Consolidation and continuous innovation in the study and delivery of rich-media formats designed ad hoc for advertising campaigns of the main Italian brands.
- The restyling and rebranding of the Buonissimo.org website, a portal dedicated to the world of food, purchased by Italiaonline in 2017.
- The development of the content dashboard (Clevero) with the introduction of the trend alerting system on Instagram and real-time monitoring of the SEO performance of each piece of content.
- The launch of a new video player which optimizes user experience and viewability and completion rate performance on desktop and mobile. The player can also be used on third-party sites (video-syndication) and can contain a content playlist.
- The new "Virgilio Video for Kids" area with a series of premium formats and content for children and youth (school world).
- The optimization of the Accelerated Mobile Pages (AMP) and the PWA (Progressive Web App) on the main thematic vertical properties (e.g. DiLei, SiViaggia, QuiFinanza, etc.) and on the local portals Pagine Gialle, Pagine Gialle Casa and Pagine Bianche.
- The launch of the new Virgilio Mail mobile application for IOS and Android.
- The restyling of the Assistance areas in the Libero and Virgilio portals (Libero Aiuto and Virgilio Aiuto).
- The launch of the new LiberoSito service, which makes it possible to create personal websites optimized for all devices (PC, smartphone, tablet) with a rich and constantly updated template gallery and a dashboard for monitoring visits.
- The restyling of the Virgilio People service, the historical community of the Virgilio portal with new personal profiles, the find-friends search engine and the photo album.
- The restyling of paginegialle.it and the launch of a new editorial magazine associated with paginegialle.it (Giallo Magazine) with a series of content aimed at developing traffic from search engines and generating visits to business listings (lead generation).
- The restyling of pgcasa.it, the vertical marketplace dedicated to the world of Home Services and the launch of a new editorial magazine associated with pgcasa.it (Pagine Gialle Casa Magazine) with a series of content aimed at developing traffic from search engines and generating requests for a quote (lead generation).
- The launch of new premium, multimedia, interactive, cross-device advertising formats on the home pages of the Libero and Virgilio portals and on vertical thematic properties (e.g. DiLei, SiViaggia, QuiFinanza, etc.) to strengthen the premium advertising offering and comply with the guidelines of the Coalition for Better Ads, a consortium of leading experts in the world of agencies and publishing companies (including Google, Facebook, Procter & Gamble, Unilever, the Washington Post, IAB), which aims to improve the quality of online advertising.
- The launch of a new range of mobile advertising products (e.g. masthead mobile) and placement optimization in order to maximize viewability and CTR (click-through rate).

- The launch of a new advertising product on the login page of Libero and Virgilio: 2-step login (the first step is entering the email account, the second is entering the password) while sequentially coordinating the two steps to create storytelling projects.
- The launch of the new "bumper-ad" advertising product, a six-second advertising video format widely distributed on Facebook and YouTube.
- The launch of the new "Slink" advertising product, a native product within Libero and Virgilio emails with the exclusive feature of being displayed for the duration of the user session.
- The development of the CPC Offer based on Appnexus DSP and integrated with the Italiaonline DMP.
- The partnership with Integral Ad Science (IAS) as a partner for the verification and optimization of the quality of advertising inventory (viewability, brand safety, invalid traffic).
- The adaptation to the General Data Protection Regulation (GDPR) and the adoption of a Consent Management Platform (CMP) for managing consent within the entire advertising chain.
- The scale optimization and adoption of the new architecture/stack of programmatic display advertising, which envisages the adoption of the header bidding and exchange bidding (EBDA), techniques that integrate and create competition (real-time bidding) between different demand sources in order to optimize the conversion to cash of the advertising inventory.

Furthermore, thanks to the SME Media Agency Business Unit, in 2018 Italiaonline enriched its product offer:

- In relation to Web Presence, the platform iOL *Connect* was enhanced, providing customers with dashboards for monitoring the results of all iOL products, with the ability to view detailed information on every single product. At the end of the year the new offer on paginegialle.it was launched which had been previewed by some territorial branches. It includes a review of the offer with the addition of a component that can let customers have greater visibility on the searches performed by paginegialle.it users. In relation to Vertical solutions, the B2Export offer was launched in partnership with Europages and WLW, dedicated to B2B companies looking for business opportunities abroad. Lastly, one year after the launch and with increasingly great results, the PGCasa offer was revised, differentiating the offer's components between presence, advertorials and preventive top-ups.
- As for the Website and eCommerce segment, the website production process was optimized (by extending the territorial support to sites in the medium/high bracket) as well as the post-production process (introducing training videos, add-ons and induction videos on the websites for new customers).
- In relation to the Digital Marketing segment, the search offer was enhanced with the expansion of the campaigns on the search engine Bing. In the Google Ads area, we introduced the possibility of creating specific landing pages to support search and display campaigns, with the aim of generating leads. With regard to the Facebook offer, a logic of multi-flight campaigns was introduced with an increase in the consultancy offered to customers, all thanks to suggestions on seasonality and specific communication themes for SMEs, the exclusive know-how of iOL.
- Lastly, the iOL Audience range was strengthened with an offer designed for large and medium-sized investors called iOL Audience Advanced and Top, which sees to the creation of integrated communication plans tailored to customer needs, using the main

digital ADV platforms (Google, Facebook, Programmatic, LinkedIn) and content marketing on iOL properties.

Protection of users and content safety

As part of the advertising production and editorial publications of the Group's thematic magazines, Italiaonline is committed to ensuring that the content and sources proposed within its products comply with regulations and are safe for its customers and users.

In particular, Italiaonline implements an efficient system of rules and controls to protect itself from the possibility of divulging fake news or messages and ideologically racist, violent, vulgar, offensive and sexist content. In addition, the Group is careful not to transmit content that has direct references to illegal behaviors and activities such as paedophilia, pornography, gambling, the illegal downloading of content and drug use, and agrees not to disclose information that may cause anxiety and depression in people, guide personal finance decisions and capital investments or, more generally, generate a disturbance of public order.

The Company has implemented a system that ensures the publication of material in compliance with copyrights and copyright law and complies with the cardinal principles of the Code of Conduct of Commercial Communication (CACC), and for which the contents and safety of sources are guaranteed. As part of the editorial publications within the Group's thematic magazine, Italiaonline S.p.A. has adopted an editorial line that offers a reliable service focused on information content, current affairs, entertainment, lifestyle, tutorials, trivia and "feel-good" stories.

Likewise, the creation of graphic banners and the publication of "posts" on social networks (e.g. Facebook) is seen to by Moqu Adv S.r.l. In general, all the creative content is developed in compliance with the policies of Google and Facebook that do not accept images, texts and in general advertising with content having a negative impact and that can more generally be considered discriminatory for sexual or political orientation or incite violence.

To help minimize risks related to compliance and the safety of its services and products, the Company uses internal tools and/or third parties' which allow the automatic semantic analysis of content at page level and report on its risk and brand safety levels. In addition, Italiaonline S.p.A. has set up a specific public email inbox and a Customer Care web system to collect any reports from its stakeholders (users, suppliers, customers) and send requests for the removal and/or adjustment of published content through careful and timely management. The incidence of these requests is very low, with the average receipt of one request per month compared to about 145,000 published contents annually.

Italiaonline S.p.A. has full control over the entire production chain that originates from the definition of a publishing plan and ends with the online publication of its products and services.

The so-called "Premium" content is produced and/or curated both by the editorial team within the company and by commercial partners who are accredited, certified and recognized. The specific editorial team uses both software platforms and tools offered on the market (such as, for example, SeoZoom, Semrush, Google Trends, Google Keyword Planner, etc.) or software platforms developed internally by the Innovation and Product Development team.

In particular, the partners with which Italiaonline S.p.A. works are for the most part registered publications (for example, but not limited to, ANSA for news and Teleborsa for information related to the world of economic affairs and finance) and publishing houses with long and proven experience in the reference sectors (for example, but not limited to, NewMediaCompany, Sportal for sports information and ZoomIn for video entertainment).

In 2019 the company will introduce both automated quality controls on websites - such as verifying the absence of bad words - and human quality controls to optimize the quality of sites, eliminating unpleasant image risks.



Commercial practices and consumer protection

Within the field of competition and anti-trust law and other matters within the competence of the Italian Competition Authority, the Group is required to comply with the provisions of the Code of Consumption in its relations with consumers, with particular reference to the laws relating to distance contracts (contracts stipulated outside company premises) and to so-called unfair and/or aggressive commercial practices. Through its Code of Ethics, the Company affirms that advertising communications must be truthful and that discounts and promotions to its customers must be consistent with the Group's commercial policies and company procedures under all circumstances.

Please note that the Italian Competition Authority has jurisdiction over unfair and/or aggressive commercial practices and can therefore be called upon to comment on any campaigns carried out by the Group. It is also important to underline that the issues related to consumer legislation mainly concern exclusively Italiaonline S.p.A., given that the other Group companies rarely hold relations with subjects that qualify as consumers.

The Group uses its competent functions to check the conformity and adequacy of the commercial initiatives undertaken with respect to the applicable legislation, involving the Legal Affairs Department to ensure such compliance when necessary.

The company policies adopted to avoid situations of non-compliance with anti-trust legislation and to ensure compliance with consumer law are based on the internal dissemination of commercial practices that comply with the law. Particular attention is paid to the ways in which users and consumers purchase online services (e.g. paid email inboxes, blogs, websites) from the company and/or the Group. Procurement processes must comply with the transparency requirements for consumers, who must be aware of what they are buying and, therefore, must always be able to provide their informed consent.

Also in the case of the telephone sales of services, the relations between the telephone operator and the customer must be overseen to confirm the consistency with what was explained by the operator, what was purchased by the customer and what was loaded on the systems used. In order to protect the customer, therefore, checks are carried out on the content of the call in order to limit the risk of:

- incorrect explanation of the offer/prices through the introduction of a verbal order system;
- discrepancies between the explanation of the product characteristics and the verbal order, through the playback of the same during the welcome call made from the back office to complete the collection of publishing information needed to actually execute the contract;
- discrepancies between the verbal order and the entry in the system via the playback of the call made.

Any reports and/or complaints from customers and consumers are collected by the Customer Care Department, which involves the department responsible for the product in question, which, for particularly critical issues (e.g. non-standard), also involves the Legal Department.

To date, the Group is not a party to any proceedings initiated by the Italian Competition Authority for unfair commercial practices or for matters relating to consumer protection.

In order to achieve and ensure the objective of having services which are compliant with the Code of Consumption, the department responsible for products that affect the "consumer" world oversees the applicable legislation requiring the involvement of other corporate departments, including the Legal Department where necessary.

Privacy and data protection

Through its own Code of Ethics, the Group ensures the adoption of measures and procedures designed to guarantee the confidentiality of the information in its possession and compliance with the legislation on personal data, and refrains from seeking confidential data through illegal means. All the recipients of the Code are prohibited from using confidential company or third-party information processed for business purposes or for personal purposes.

Italiaonline S.p.A. has established a series of policies, guidelines and procedures aimed at safeguarding privacy, the protection of consumer data and the mitigation of potential risks related to the disclosure of personal data of employees and third parties, identity theft, improper use of personal data of third parties, as well as to avoid penalties against the company and damage its image. The following is a description of the individual documents:

- Guidelines on the management of System Administrators (AdS): the document defines the procedures for managing the designation, modification and revocation of the AdS, both inside and outside the Company. The document also defines how to manage the AdS lists and the activities for their verification and evaluation, in line with the provisions of current regulations;
- Policies and procedures on the implementation and application of the provisions on cookies: they contain the logic, methods and solutions with which Italiaonline S.p.A. has implemented the provisions contained in the legislation (dated 8 May 2014) for sites on the Italiaonline domain and related portals/verticals. By way of example, the collection process of cookie installation preferences and the modes for receiving information (so-called "short banner") are described;
- Group procedure on the use of work tools in compliance with the new art. 4 of the Statute of Workers: this procedure is aimed at defining the behavioral principles on the correct use of work tools that its recipients must observe while carrying out work, as well as the lawful purposes and correct control methods the Company can launch through its designated departments. The policy regulates the use of company email, personal computers, telephones, smartphones and work stations, access to the Internet and the corporate network, storage memories and file sharing systems, access to company applications. The procedure was originally issued in June 2017 and was amended in December 2018 to incorporate regulatory updates in the field of privacy and insert references to the "agile" (or "Smart Working") work method pursuant to art. 81 of Italian Law no. 81/2017;
- Group guidelines on the protection of personal data: the document identifies the basic principles and organizational rules for summarizing, in relation to Companies of the Italiaonline Group, the national, European, primary, regulatory and administrative provisions governing the processing and protection of personal data and is intended to provide a framework for the provisions of the "Privacy Legislation" relating to the processing activities conducted by the Italiaonline Group; in particular, it sets out the general principles of the Privacy Code and the Privacy Regulations which must be respected at every stage of the life cycle of personal information to ensure its integrity and security;
- The old instructions for those responsible for such information have been replaced by the above procedure on the use of work tools and the summary document "Data protection and information security: the 16 "golden rules" and how to defend against phishing" published on the company intranet;

- The Group Guidelines for Data Breach Management govern the management of IT incidents that can be configured as a personal data breach, and provides guidance for fulfilling the obligations contained in articles 33-34 of the GDPR.

With reference to compliance with the provisions contained in EU Regulation 2016/679, i.e. "General Data Protection Regulation" ("**GDPR**") relating to privacy, in 2018 the Company: (i) defined the Privacy Model described in the above-mentioned Guidelines; (ii) established the Processing Register on a specific application subject to continuous updates and compiled by the departments concerned; (iii) updated its privacy policies; (iv) identified the methodology for carrying out the data processing impact assessment ("DPIA"), experimenting with it on some particularly significant cases; (v) provided training sessions in classrooms and to the privacy representatives of the various company departments, and for Management.

Still in the theme of personal data protection, the Large Accounts Business Unit pays particular attention to the pertinent issues. In order to ensure compliance with applicable legislation (including the GDPR and the legislation on cookies), the Business Unit usually involves the privacy and legal compliance department when it launches new projects that directly or indirectly impact the privacy field in order to assess the feasibility and most appropriate implementation methods.

As mentioned in the previous 2017 Non-financial Statement, at the beginning of 2018 the Company also identified and appointed a Data Protection Officer (DPO) belonging to the Legal & Corporate Affairs Department. This role serves to ensure the requisites of the GDPR and will be supported by an appropriate scientific committee (the Privacy Committee) composed of the Internal Audit & Compliance Director, the Legal and Corporate Affairs Director and the Chief Technology Officer. The DPO has also been conferred adequate powers and has an operating team available.

Within the scope of application of the above-mentioned policies, the policies for the protection of privacy and data protection have been delegated to the subsidiaries Bizpal S.r.l. and Consodata S.p.A., with the support of the Parent's Internal Audit & Compliance Department.

There were no monetary or non-monetary sanctions for cases of consumer privacy breaches and for sensitive data loss episodes in 2018. This information concerns incidents regarding the security and loss of personal data (data breach), both massive and for individual users.

Performance indicators

Number of cases resolved through dispute resolution mechanisms

		2017	2018
Number of cases resolved	No.	0	0

Total number of confirmed complaints of consumer privacy violation and data loss

		2017	2018
Total complaints received from third parties and confirmed by the organization	No.	0	0

Total number of incidents of non-compliance with regulations and voluntary codes concerning advertising rules

		2017	2018
Non-compliance with mandatory regulations which ended with sanctions or official reprimands	No.	0	0
Non-compliance with voluntary codes		0	0

Supplier management

The Italiaonline Supply Chain

The supply chain of Italiaonline recorded expenses of over € 179 million in 2018 and features different product categories and the geographical division of suppliers based on the services offered. In particular, the Group procures labor-intensive services from national suppliers; on the other hand, it chooses to purchase services with high technological content (technology and data intensive) abroad.

In 2018 there were 755 national suppliers of a total of 875 (equal to 86%) with a corresponding expense in supplies that amounted to 63% of the total spent on procurement. The main product categories within the Group's supply chain are: royalties, software upgrades, the rental of platforms and software, technical maintenance, industrial processes (e.g. production of websites and editorial work spaces), call center, directories production and distribution, rental of hardware and related maintenance, data centers rentals, services for people (i.e. management of corporate buildings, condominium fees, cleaning fees, leased car fleets). In terms of the supply chain's extension, Italiaonline S.p.A. is the company involved in the totality of the aforementioned product categories. On the other hand, the suppliers of the individual subsidiaries are specific to their business activities and are mainly used for the purchase of services for individuals, for the maintenance of software and hardware and for the supply of databases.

Management of Social and Environmental Impacts in the Supply Chain

SDG 8



Given the nature of digital, print and advertising services companies, the main environmental risks associated with the activities of Italiaonline's suppliers are almost exclusively attributable to the print area, a sector dedicated to the production of telephone directories. In particular, these problems can derive from the improper management of the telephone directory distribution process, which can result in the accumulation of directories destined for delivery in various places (e.g. buildings, transport stations) and their consequent difficult disposal.

The risks of a social nature instead primarily relate to outsourced activities, for example the printing of directories, the provision of call center services, the production of websites and the maintenance and cleaning of company locations.

As stated in the Code of Ethics, the Company pays attention to its relations with suppliers, which must be marked by the greatest competitive advantage, the granting of equal opportunities for all involved, loyalty and impartiality.

In particular, in addition to communicating the existence and content of its Code of Ethics, Italiaonline undertakes to request that its suppliers and outside workers comply with its behavioral principles, considering this aspect of fundamental importance for the creation or continuation of a business relationship.

The contracts the Group signs with its suppliers and business partners include standard clauses concerning labor law issues that may have an impact on the relative company. In particular, the procurement contracts are subject to the application of this type of clause because they are

related to the issue of joint and several liability of the contractor with respect to the contributory/retributive obligations of the same (these are mainly contracts in which Italiaonline, or Group companies, play the role of customer). The general objective of managing risks deriving from relationships with suppliers is the achievement of a network of suppliers and solid partners that is devoid of risks and/or critical aspects from a labor law perspective.

During the supplier selection phase and especially during the definition of contracts, Italiaonline S.p.A. and the other Group companies, in order to avoid incurring the consequences solicited by the violation of any form of joint liability, carry out targeted checks on the supplier, paying particular attention to labor law and health and safety issues. In cases where potential risks related to these issues emerge, Italiaonline inserts specific clauses to protect the company. In general, given the high potential risk that is inherent in this type of relationship, Italiaonline S.p.A. and the Group companies try to establish short relationships, excluding automatic renewal formulas.

In particular, the labor law clauses can concern:

- provision of a specific clause on the basis of which the contractor guarantees (by providing adequate indemnity) that the staff used in the performance of the contract are regularly remunerated according to the current legislation on the collective agreement and that the withholding tax payments and mandatory social security and insurance contributions are regularly carried out;
- provision, in cases where the contract value allows it, requesting a first demand surety to guarantee the correct payment to their staff (or equivalent) of the remuneration, social security, insurance and social security benefits due which are envisaged by laws, regulations and/or category agreements;
- provision of a contractual clause with which the customer has, even as a precautionary measure in relation to joint liability, the right to suspend payments in the event of deficiencies and/or reports on the irregularity of the payment of salaries and/or fees and that, moreover, establish the payment of invoices only once the relevant documentation has been received for contributory/retributive purposes;
- indication of the FTE necessary for the performance of the contract in order to bring the possible risk of liability to match the number of employees actually assigned to the customer;
- prohibition, unless expressly authorized, to totally or partially subcontract the service so as to maintain greater control over the contractor.

In order to maximize the mitigation of incurring labor-related risks deriving from joint and several liability of the customer and the contractor, at operational level the Certificate of Social Security Compliance (DURC) is requested or, alternatively and preferably, form F24 related to contribution payments made. In the most critical cases, a declaration of the correct payment of salaries is required.

The Procurement Department is responsible for the verification and management of suppliers which, if necessary, turns to the Legal Department for support activities.

To guarantee compliance with the regulations in force which are applicable to this type of supply, the contract with the single supplier of the directories includes explicit and specific obligations for the contractor to obtain the appropriate permits, licenses and authorizations and to comply with current legislation.

To protect and safeguard any social risks, Italiaonline's supply contracts for these product categories clarify obligations and commitments to guarantee compliance with and protection of current regulations. In particular, suppliers in the print area must seek to prevent fires and injuries,

for Call Centers and website providers a declaration of compliance is required stating compliance within their structures of all the laws and regulations in force on matters of protection of workplace health and safety, as well as a guarantee of regular pay and social security contributions for staff and, if used, of agents and consultants.

Italiaonline also includes in its contracts provisions regarding the possibility of requesting certificates of regularity and carrying out inspections for compliance with the CCNL, compliance with the regulatory provisions on Call Center activities - including registration in the Register of Communication Operators (ROC) - and the adaptation of scripts to meet the obligation of preliminary disclosure in the country in which the operator making the call is physically located.

Italiaonline also imposes the obligation of timely communication from the contractor to the customer in case of the delocalization of an activity to a foreign country.

For the provision of Facility services, compliance with legal obligations in the field of workplace health and prevention are required, as well as the obligation to stipulate liability for claims and damage deriving from their own or their employees, the EL/PL insurance policy, a declaration of compliance within its structures with all the provisions of the law and regulations concerning the protection of workplace health and safety and a declaration and guarantee of the regular retribution and social security contributions for the employees, agents and consultants used to carry out the contract.

The Company has lastly provided guidelines for managing the risk of contributory solidarity with regard to telesales service providers. These guidelines include:

- the integration of regulatory updates pursuant to Italian Law 232 of 2016;
- the list of full-time employees (FTE) employed in the reference job;
- the insertion of a strengthening contractual clause on the subject of compensation with regard to penalties;
- a reformulation of the anti-mafia clause;
- the possibility of obtaining, during the audit stage, documentation relating to the contributory situations of suppliers.

In general, all contracts relating to so-called "labor intensive" outsourced services/productions (such as call centers, industrial manufacturing, production and distribution of directories and person/facility services) include in their standard form obligations relating to the contractor's employees such as respect and application of the CCNL for the sector, correct tax position and the certificate of payments and regular contributions for tax purposes.

The Procurement Department has specific Supplier Qualification and Supplier Rating systems that are structured in such a way as to highlight any non-compliance in the supply chain.

Any non-conformities "in progress" are detected and reported by the Responsible Centers/Internal Customers to the Procurement Department with an email contextualizing and/or documenting the content of the complaint. Once these reports have been received, discussions and verification begin with the supplier, along with an analysis of the contracts to highlight the protections relating to the individual case, up to the activation of a formal complaint if necessary. In the cases where it deems appropriate, the Company carries out audits of the suppliers with the greatest impact and criticalities in relation to its business activities (in particular production and call centers), which consist of inspections at the suppliers' facilities to evaluate the modalities of the production cycle and processes and the characteristics of the organizational structure.

In terms of supplier qualification, the supplier is asked to fill in a specific form that asks if the CCNL have been applied, how the company's workforce is organized, and the request for any certifications is explained. In particular, the supplier qualification and verification documentation includes a series of possible certifications that the supplier can indicate possessing, such as a

Code of Ethics (Italian Legislative Decree no. 231/2001), the correct social security contributions, the traceability of cash flows, the Causes of Exclusion Declaration (art. 38, Italian Legislative Decree no. 163/2006) and lastly any ISO certifications.

The Vendor Rating system is carried out both on specific request and annually for certain suppliers and/or areas of the supply chain (e.g. ISO 9001 certification). In particular, this system involves the analysis of the supplier's corporate documentation, the primary assessment of the supply (e.g. compliance with technical and temporal KPIs), delivery times (respect of project development time, SLAs, productivity), quality of goods and services (e.g. quality of deliveries, autonomy and competence in delivery, maintenance SLAs) and finally the price list and economic conditions (e.g. competitiveness, clear cost analysis, flexibility/breadth of payment terms). It is important to underline that, depending on the product area and the service being assessed, the relative importance of the aforementioned items in the analysis process varies.

The aim in this sense is to increase feedback on certifications and declarations regarding the work environment relating to aspects of a social and environmental nature. The Company intends, following suppliers' greater achievement of quality targets and certifications, to identify and use "certified" suppliers and/or to incentivize those already in the register to obtain certification, in particular for call center activities, industrial productions and software and facility services.

However, reiterating what has already been stated regarding the low impact of the Group's supply chain, the Parent will consider adopting a policy aimed at rewarding those suppliers with the highest scores compared to the required documentation, certifications and contributory correctness, as well as information transparency regarding organizational structure (e.g. location, spaces, size and work organization, CCNL and employee profile).

Regarding the geographic distribution of its suppliers, in 2018 Italiaonline was mainly supplied by Italian suppliers (86% of the total), supporting an expenditure of about € 113 million (63% of total spending on supplies).

In particular, the Group procures labor-intensive services from national suppliers; on the other hand, it chooses to purchase services with high technological content (technology and data intensive) abroad.

Although the environmental risks associated with procurement activities are minimal, Italiaonline has decided to adopt virtuous initiatives and behaviours regarding the management of its environmental impact, such as:

- systematic use of telematic communication and digital archiving relative to sending orders to suppliers, the receipt of invoices, online coupons, cards, computerized document areas;
- including electronic/graphic signatures on active advertising sales contracts.

However, in order to analyse the environmental impact of its choices, IOL has collected information and evaluations on electricity suppliers (whose chosen provider declares the use of 38% renewable sources) and for stationery purchases (whose supplier provided references to ISO certifications).

Lastly, with regard to the assessment of suppliers' social and environmental impacts, the Group did not conduct any specific assessment in 2018 due to the low risk level detected.

Performance indicators

Indicate the percentage of expenditure concentrated on local suppliers

Spending from local suppliers		2017*	2018
Purchases from suppliers based in Italy	€ mln	121.62	113.16
Total purchases	€ mln	175.94	179.11
Spending from local suppliers	%	69%	63%

Scope: Italiaonline S.p.A.

* This figure differs from last year's reporting, as the reporting methodology was refined.

The importance of digitization

SDG 4



Donations to Schools

italiaonline

Un regalo col cuore,
per le feste e per il futuro.

In occasione del Natale abbiamo scelto un
regalo speciale: quattro aule di informatica
a scuole di Torino e Milano.

**Perché chi sarà grande domani abbia gli
strumenti per un futuro migliore già da oggi.**

BUONE FESTE
da tutti noi di italiaonline.it

LIBERO • V:RGILIO • SUPER2VA • Di•Lei • SiViaggia • BuoniSSimo • QF QuiFinanza • Pagine Gialle • Pagine Bianche • Tutto Città

As the leading Internet company in the country, Italiaonline has always supported the digital training of young digital natives (so-called "millennials") with fruitful cooperation with schools, which began in 2014 with the "Class Gifts" project that involved equipping the IT classrooms of three high schools par excellence in the cities of the company's historical offices: Milan, Pisa and Rome. In 2015 Italiaonline continued with "Operation Code Santa Claus", funding coding classes at the same schools as well as at a school in Turin.

In 2017, for the "Donando s'impara" project [Learn by Donating] the Company donated computer labs and coding courses to three high schools in the areas of central Italy which were most affected by the 2016 earthquake, with particular attention to the epicentre areas (Amatrice, Spoleto, Ascoli Piceno).

The relationship with schools also continued in 2018: donations were planned for four computer rooms to as many institutes in Milan and Turin. The schools are currently being identified in collaboration with the respective municipal councillors and will also include 40 desktop computers and 40 tablets to be reconditioned. The donation was also featured in the Christmas and Happy New Year 2019 cards Italiaonline staff sent to its customers, suppliers and partners whose slogan read: *"Those who will be great tomorrow already have the means to a better future starting today".*

Campus Party



In 2018 Italiaonline was a partner of Campus Party, the world's most important festival focusing on innovation and creativity, held from 18 to 22 July in Milan with the presence of digital youth from many countries.

Italiaonline has constantly been dedicated to recruiting, offering networking opportunities alongside daily digital training and "reverse mentoring" activities, during which a group of youth with strong digital skills and company managers put their skills together for a profitable mutual exchange.

In addition, in December 2018 Italiaonline participated in Campus Party Connect, the new Campus Party format dedicated to 500 high school students organized in teams of 10 participants each, led by experienced tutors and inspired by entrepreneurs, managers and speakers, with the goal of creating their own start-up in five days. During the event the company conducted a training presentation that illustrated how to implement the best digital marketing strategy for a start-up.

Italiaonline provided € 50,000 for the project, plus the cost of participation in Campus Party Connect.

Support for Technical-Scientific Subjects



In May 2018 Italiaonline was a media partner of the Redooc marathon with its Libero and Virgilio portals: this was the first online marathon featuring STEM subjects (Science, Technology, Engineering, Mathematics) organized in Italy, and was open to all free of charge. The aim of the initiative is to spread the knowledge and use of Redooc.com, an innovative digital platform for learning and also having fun with mathematics. Italiaonline sent gadgets to the first five school teams in the ranking in addition to the prizes provided by Redooc.com. Also in this regard, Italiaonline supported STEAM month (STEM - Science, Technology, Engineering, Mathematics - with Arts) with its portal DiLei, participating in an online competition organized by Redooc.com to celebrate 8 March 2018 [International Women's Day], helping girls approach technical and scientific subjects in order to combat the stereotypes that still anchor these subjects to a predominantly male field.

In order to raise awareness of the issue of digital responsibility, the Company has set itself the objective of launching courses dedicated to coding and STEM disciplines for girls and young women.

Italiaonline and its Presence in Italy

The Strong Bond between PagineGialle and Italian Enterprises



In continuity with the special edition of 2017 dedicated to the first fifty years of its directories, in 2018 PagineGialle continued the production of the covers for its directories of various provinces that feature the owners of small and medium-sized businesses in the various areas, renewing the mission it started in 2017 to make the directories even closer to users and enhance the economic fabric of the various local communities. Also for the 2018 edition, each cover tells the story of small entrepreneurs, artisans and shopkeepers who have been offered a professional photo shoot to further enhance their business. About 60 photo shoots were carried out for the various customers in the provinces of reference.

The distribution of the directories printed on recycled paper is carried out throughout Italy according to the usual plan, a complex diffusion plan that runs year-round for all the Italian provinces.

In parallel, the new look of Italians' telephone directory PagineBianche, which is distributed alongside PagineGialle and Tuttocittà, continued in 2018, maintaining the collaboration with Luciano Cina, art name Luccico, an illustrator and instagrammer who again for the 2018 edition of PagineBianche reinterpreted the images of Italian cities and monuments that have characterized the covers of the directories for years, but in a modern key.

Italiaonline and Relations with the Public Administration

An important element of the positive impact that Italiaonline seeks to have on the community is its role as media partner of the Italian Public Administration.

The Parent has built a relationship with the Public Administration by reorganizing the institutional relations with individual municipalities. The commercial element has adequate space but Italiaonline has, above all, become a partner in providing information to Italian citizens, whether in an emergency or in everyday life. This social function strengthens the company's credibility, not only among the Public Administration partners but also among commercial operators and individual citizens. For this reason, more and more public administrations have given their

institutional patronage to the dissemination of Italiaonline media and have chosen to use the front sections of Smartbooks to inform citizens of their most significant and strategic initiatives.

From Turin to Milan, and then Venice, Florence, Chieti, Rome, Naples, Catania, everywhere, Italiaonline has a major role as a media partner of the Italian municipalities.

In particular, the most “famous” multimedia system of information - PagineBianche, PagineGialle and Tuttocittà - is becoming more and more a real “guidebook” to the relations between territories and citizens across the country from north to south, offering a reliable way to obtain contact information which is alternative and complementary to other channels (phone, web and mobile), and generating more than a billion queries per year.

Current analyses on the use of Italiaonline products show that the new single volume, published in 113 editions, distributed in 18.5 million copies and distributed with a certified way throughout all urban areas, is used throughout the year by more than 19 million Italians, of all social groups, especially by those who have difficulty in using new technologies, for economic reasons or lifestyle contexts.

The most recent examples of digital input to meet the needs of the Public Administration are two projects developed for:

- the Umbria Region, which has entrusted Italiaonline with the implementation of a digital campaign plan to support its tourism offer and the web portal dedicated to it;
- the Health Authority of Alto Adige, which in order to quickly and directly interact with its users has decided, through a call for tenders, to entrust the development of an app (My Saibes) to Italiaonline. Its content complexity is such as to bring its functionality closer to a real, obviously multilingual site, precisely to allow accessibility to anyone present on its territory and not only to its residents.

Corporate Social Responsibility: an Italiaonline Vocation

SDG 1



Corporate reorganization in terms of social responsibility



In continuity with what was implemented in 2017, Italiaonline has continued the recovery of movable assets and office equipment to be allocated to charitable associations.

The material of the Turin office canteen owned by Italiaonline was donated to Giorgio Valsania Onlus, a secular non-profit association that has been dedicated to providing assistance to people in need for over ten years, particularly with regard to the growing difficulties of Italian families. The non-profit has further approached the problem of food distribution in recent years. The association

operates in Caselle (Turin) and manages 140 other non-profit organizations in Piedmont, linked in turn to a national network of charities.

Italiaonline also donated furniture and furnishings of its former agency in Milan to the association CAF Onlus. The company has had relations with this non-profit for some time; in detail, it professionally cares for and houses children who are separated from their family due to trauma and deep relational wounds. The furnishings donated by Italiaonline will be used to furnish the new CAF headquarters which will become operational in the early months of 2019.

Lastly, Italiaonline donated over 300 new jackets from its warehouse to the ARCA Onlus Project Foundation, which supports and welcomes homeless people, migrants and people suffering from drug or alcohol abuse. The jackets were delivered to the Milan office of the ARCA Foundation in August 2018 and are distributed by volunteers for the projects focusing on migrants currently located in the structure.

Italiaonline Initiatives in the Social Sphere

SDG 5, 10, 13



Italiaonline Initiatives in the Social Sphere



Italiaonline's attitude to continuous innovation and change - also from an ethical, cultural and social point of view - in addition to its widespread presence throughout the country, places it in a closely interdependent relationship with the local communities in which it operates and with their economic and public development: this propensity for a "networked" social context generates greater sensitivity in the strategic and managerial approach and the development of new technological and organizational skills that maximize the capability of working alongside and supporting customers inside and outside the Company.

• • • • •

In particular, the social awareness and charity initiatives aimed at involving company staff which were launched in 2017 include participation in the Progetto Libellula. Italiaonline is one of the pioneer companies participating in the project, which is the first network of companies aimed at preventing and combating violence against women in order to promote a new cultural sensitivity. The Group has contributed with its employees, together with 13 other important companies, to research promoted by the project leaders on the issue of violence against women. The data resulting from the research constituted the contents of an eBook where these issues are addressed from within business organizations for the first time.

One year after the start of the project, on 16 October 2018 the Municipality of Milan and the organizers awarded Italiaonline and the other companies that were the first to join the project by entering the network. On 22 November 2018 two female Italiaonline employees and their daughters had the opportunity to participate in the workshop "Cuor di leonesse" [Lioness Heart] promoted by the project organizers. The afternoon was designed for mothers and daughters/granddaughters and was dedicated to courage and its many forms, starting from the stories of courageous women from the past and the present. Italiaonline's next steps for the project include the organization of internal courses/seminars on women's issues, with voluntary participation. Italiaonline has allocated € 2,000 for the courses falling under this initiative in 2019. Again in 2018 Italiaonline participated in activities supporting campaigns for the International Day against Homophobia, Biphobia and Transphobia (IDAHOBIT) of 17 May and for the International Day for the Elimination of Violence against Women of 25 November. Italiaonline's participation included a structured communication activity on the company's channels (internal and on social networks).



After having been awarded in the "Diversity Oriented Communication" category in the first edition, in 2018 Italiaonline won the second edition of the Legal Community Diversity Awards in the "Value for Diversity" category: this recognition is given to companies and institutions committed to enhancing diversity and guaranteeing rights, with the patronage of the Municipality of Milan, for its commitment to respecting every aspect of diversity.

In May Italiaonline broadcast the Diversity Media Awards in live streaming on the Virgilio News portal. The Awards are organized by Diversity, an association founded and chaired by Francesca Vecchioni which carries out projects and research dedicated to inclusion on the themes of gender discrimination, age, sexual orientation, disability, religion, socio-economic conditions and ethnicity, joining institutions, universities, observatories and the media.

Throughout the year, the company has dedicated about fifteen in-depth analyses of the LGBTQ theme on its thematic portals (DiLei, QuiFinanza, SiViaggia, Virgilio Sport, superEva).

The thematic portal dedicated to the female universe, DiLei, has a section which includes about fifty videos dedicated to stories of women to be used as a model, as they are distinguished in fields usually occupied by men, or because they have made their physical problems or disabilities a strength, or because they fight diseases and discrimination every day.

There were no episodes of discrimination among company staff within Italiaonline in 2018.

On 24 March 2018 Italiaonline joined the eleventh edition of Earth Hour, the largest global awareness campaign on the health of our planet, organized around the world by the WWF. Italiaonline spread the Earth Hour message on its Libero and Virgilio portals, on the verticals QuiFinanza and SiViaggia and on Libero Mail. Moreover, during the hour scheduled for the event from 8:30 pm to 9:30 pm, the lights in the buildings of the Italiaonline offices and media agencies throughout Italy were turned off.

Still in support of the WWF, on 14 July 2018 Italiaonline spread the "Shark Day" initiative on its social channels: an awareness project launched by WWF Italy for an alliance between fishermen and researchers in order to protect the sharks in the Adriatic Sea, which are among the most endangered fish species in our waters.

Italiaonline participated in the European Week for the Reduction of Waste (SERR) from Saturday 18 to Sunday 25 November 2018. For 2018, the theme chosen by the organizers was the reduction of the use of toxic elements contained in products for daily use and their proper disposal. Italiaonline has put initiatives in place such as: the invitation in corporate emails sent externally not to print in order to save the consumption of paper and printer toner, the implementation of separate waste collection at its sites and the creation of an article on the theme of waste reduction and the SERR initiative, with publications on the Group's portals throughout the week and the dissemination of the initiative through creative elements on Italiaonline's social media channels and internal media.

GRI Content Index

The following table shows the list of GRI standards used to report the contents of this Statement. It indicates the title of the Standard with the relative year of publication, the specific indicator used and the pages in which the relevant information is shown.

GRI Standard	Indicator	Page number and any notes
GRI 102	General Disclosures	
Organizational profile		
102-1	Name of the organization	Italiaonline Group
102-2	Activities, brands, products, and services	9
102-3	Location of headquarters	Via del Bosco Rinnovato 8 - Building U4 - 20090 Assago (MI), Milanofiori Nord
102-4	Location of operations	Italy
102-5	Ownership and legal form	5, 6
102-6	Markets served	62
102-7	Scale of the organization	9
102-8	Information on employees and other workers	46-49
102-9	Supply chain	74-77
102-10	Significant changes to the organization and its supply chain	5, 6
102-11	Precautionary Principle or approach	17, 18, 19
102-12	External initiatives	13, 35, 36
102-13	Membership of associations	13, 35, 36
Strategy		
102-14	Statement from senior decision-maker	3, 4
102-15	Key impacts, risks and opportunities	17-22
Ethics and integrity		
102-16	Values, principles, standards and norms of behaviour	31, 32
102-17	Mechanisms for advice and concerns about ethics	31, 32
Governance		
102-18	Governance structure	25, 26
102-22	Composition of the highest governing body and its committees	29, 30
102-24	Nominating and selecting the highest governance body	26-30
102-25	Conflicts of interest	33, 34
102-28	Evaluating the highest governance body's performance	25, 26
102-35	Remuneration policies	54, 55
102-36	Process for determining remuneration	54, 55
Stakeholder engagement		
102-40	List of stakeholder groups	12, 13
102-41	Collective bargaining agreements	58
102-42	Identifying and selecting stakeholders	12, 13
102-43	Approach to stakeholder engagement	12, 13
102-44	Key topics and concerns raised	12, 13
Topic specific GRI Standard		
102-45	Entities included in the consolidated financial statements	5, 6
102-46	Defining report content and topic Boundaries	5, 6
102-47	List of material topics	10, 11
102-48	Restatements of information	5, 6
102-49	Changes in reporting	5, 6
102-50	Reporting period	5, 6
102-51	Date of the most recent report	2017 Report approved by the BoD 15 March 2018
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	investor.relations@italiaonline.it
102-54	Claims of reporting in accordance with the GRI	5

102-55	GRI content index	86-89
102-56	External assurance	94
GRI 201	Economic Performance	
201-1	Direct economic value generated and distributed	17
GRI 203	Indirect economic impacts	
103-1, 103-2, 103-3	Explanation of the material and related aspects, management approach and evaluation of the management approach	10, 11, 78-85
203-1	Infrastructure investments and services supported	78-80
GRI 204	Procurement practices	
103-1, 103-2, 103-3	Explanation of the material and related aspects, management approach and evaluation of the management approach	10, 11, 74-77
204-1	Proportion of spending on local suppliers	77
GRI 205	Anti-corruption	
103-1, 103-2, 103-3	Explanation of the material and related aspects, management approach and evaluation of the management approach	10, 11, 32, 33
205-1	Operations assessed for risks related to corruption	34
205-2	Communication and training about anti-corruption policies and procedures	32, 33
205-3	Confirmed incidents of corruption and actions taken	34
GRI 206	Anti-competitive behaviours	
103-1, 103-2, 103-3	Explanation of the material and related aspects, management approach and evaluation of the management approach	10, 11, 35, 71
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	34
GRI 301	Materials	
103-1, 103-2, 103-3	Explanation of the material and related aspects, management approach and evaluation of the management approach	10, 11, 42
301-1	Materials used by weight or volume	43
301-2	Recycled input materials used	42
GRI 302	Energy	
103-1, 103-2, 103-3	Explanation of the material and related aspects, management approach and evaluation of the management approach	10, 11, 39, 40
302-1	Energy consumption within the organization	39, 40
302-2	Energy consumption outside of the organization	40
302-3	Energy intensity	40
GRI 305	Emissions	
103-1, 103-2, 103-3	Explanation of the material and related aspects, management approach and evaluation of the management approach	10, 11, 39, 40
305-1	Direct (Scope 1) GHG emissions	41
305-2	Energy indirect (Scope 2) GHG emissions	40
305-3	Other indirect (Scope 3) GHG emissions	41
305-4	GHG emissions intensity	41
GRI 306	Waste	
103-1, 103-2, 103-3	Explanation of the material and related aspects, management approach and evaluation of the management approach	10, 11, 43
306-2	Waste by type and disposal method	43
GRI 307	Environmental compliance	
103-1, 103-2, 103-3	Explanation of the material and related aspects, management approach and evaluation of the management approach	10, 11, 39, 40
307-1	Non-compliance with environmental laws and regulations	35
GRI 401	Employment	
103-1, 103-2,	Explanation of the material and related aspects, management approach and evaluation of the management approach	10, 11, 46-49

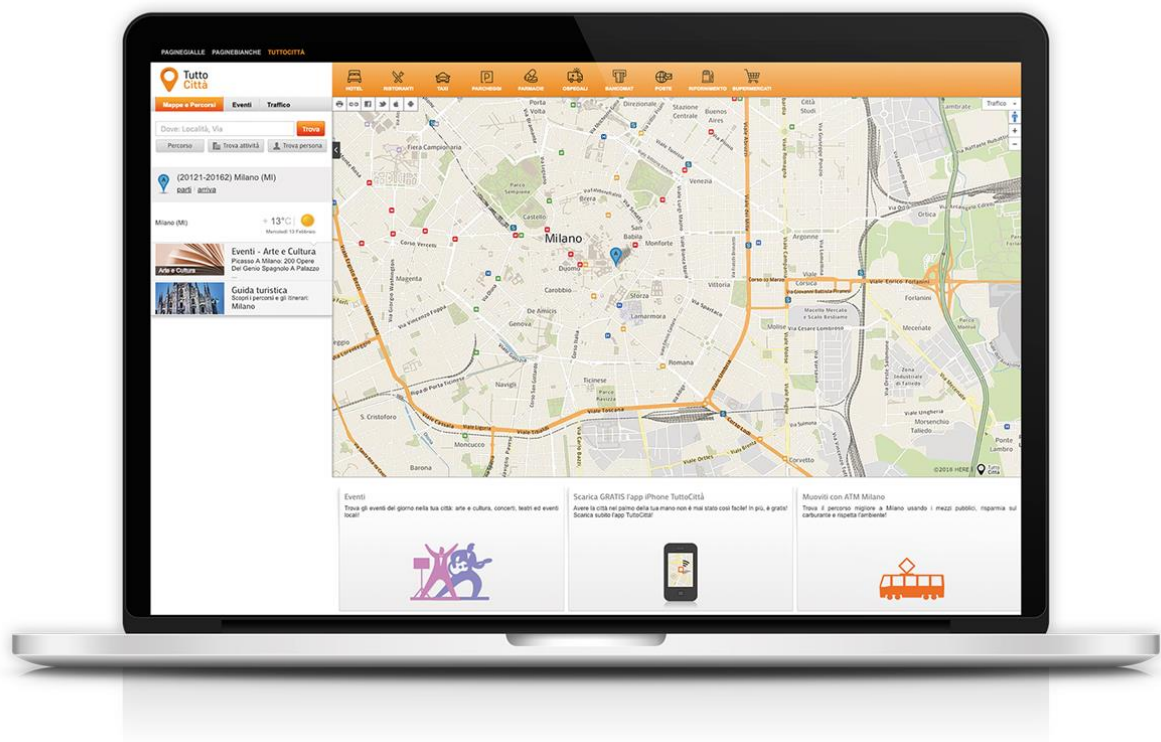
103-3		
401-1	New employee hires and employee turnover	47, 48, 49, 50
GRI 402	Industrial relations	
103-1, 103-2, 103-3	Explanation of the material and related aspects, management approach and evaluation of the management approach	10, 11, 57, 58, 59
402-1	Minimum notice periods regarding operational changes	59
GRI 403	Health and Safety	
103-1, 103-2, 103-3	Explanation of the material and related aspects, management approach and evaluation of the management approach	10, 11, 55, 56
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	56, 57
GRI 404	Training	
103-1, 103-2, 103-3	Explanation of the material and related aspects, management approach and evaluation of the management approach	10, 11, 52, 53
404-1	Average hours of training per year per employee	53, 54
GRI 405	Diversity and equal opportunities	
103-1, 103-2, 103-3	Explanation of the material and related aspects, management approach and evaluation of the management approach	10, 11, 47
405-1	Employees by type of contract, gender, origin, age, belonging to protected categories	47, 48
-	Diversity of Supervisory Bodies (in terms of age, gender, belonging to particular vulnerable groups)	29, 30
-	Criteria for the appointment of Supervisory Bodies (including career paths, skills and competencies)	27, 28, 29
GRI 406	Non-discrimination	
103-1, 103-2, 103-3	Explanation of the material and related aspects, management approach and evaluation of the management approach	10, 11, 51, 52
406-1	Incidents of discrimination and corrective actions taken	52
GRI 417	Customer protection	
103-1, 103-2, 103-3	Explanation of the material and related aspects, management approach and evaluation of the management approach	10, 11, 70
417-3	Incidents of non-compliance concerning marketing communications	73
GRI 418	Privacy and data protection	
103-1, 103-2, 103-3	Explanation of the material and related aspects, management approach and evaluation of the management approach	10, 11, 72, 73
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	73
GRI 419	Socio-economic compliance	
103-1, 103-2, 103-3	Explanation of the material and related aspects, management approach and evaluation of the management approach	10, 11, 74-77
419-1	Non-compliance with laws and regulations in the social and economic area	35
-	Service quality	
103-1, 103-2, 103-3	Explanation of the material and related aspects, management approach and evaluation of the management approach	10, 11, 62, 63
-	Indicators on the quality of products and services (e.g. web analytics, etc.).	63, 64
-	Customer satisfaction	62, 63
-	Other indicators on the quality of products and services	62, 63
-	Conflict of interest	
103-1, 103-2, 103-3	Explanation of the material and related aspects, management approach and evaluation of the management approach	10, 11, 33, 34

102-25	Description of the processes carried out to ensure the absence of conflicts of interest	33, 34
-	Innovation	
103-1, 103-2, 103-3	Explanation of the material and related aspects, management approach and evaluation of the management approach	10, 11, 65-69
-	Investment in research, development and innovation of new products/services, number of products/services developed by R&D and number of partnerships	66
-	Safety of managed content	
103-1, 103-2, 103-3	Explanation of the material and related aspects, management approach and evaluation of the management approach	10, 11, 70
-	Number of reports via the dedicated public email address and Customer Care of discrepancies and products' and services' content safety	73



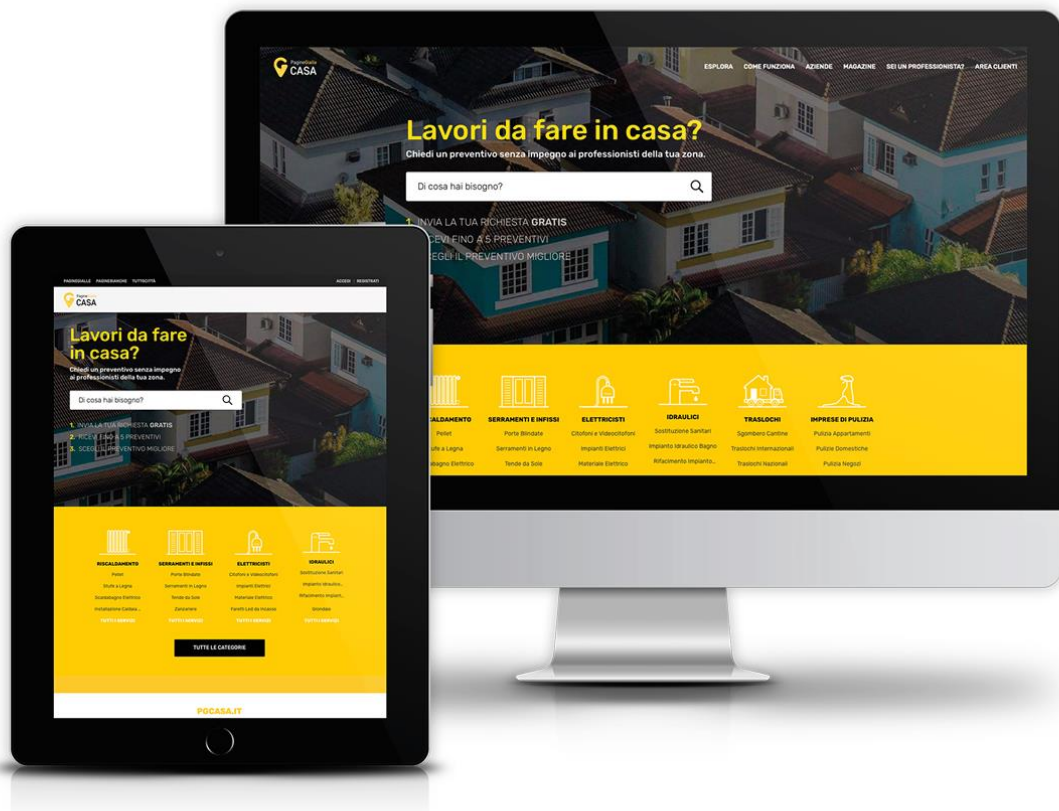
Tutto
Città

**All roads
lead here**






**Tailor-made
home service**



Supporting businesses


| Advertising

Our online advertising agency is the best partner to get the attention of Italian surfers, with customized solutions and programmatic advertising.




| Connect

An exclusive service that allows to manage the entire digital presence of a company from a single touch point, with correct and up to date infos.



| Website

The largest Italian web agency for professional websites and tailor made, built around the customer ideas.



| Audience

Great visibility, great public and great results. Development and planning of online campaigns on Google, Facebook and our entire network of sites.

www.italiaonline.it



(Translation from the Italian original which remains the definitive version)

Italiaonline S.p.A.

**Consolidated non-financial statement as at and for the year
ended 31 December 2018**

(with independent auditors' reports thereon)

KPMG S.p.A.

8 April 2019



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(Translation from the Italian original which remains the definitive version)

Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018

*To the board of directors of
Italiaonline S.p.A.*

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree") and article 5 of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2018 consolidated non-financial statement of the Italiaonline Group (the "Group") prepared in accordance with article 4 of the decree and approved by the board of directors on 19 March 2019 (the "NFS").

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Italiaonline S.p.A. (the "parent") for the NFS

The directors are responsible for the preparation of a NFS in accordance with articles 3 and 4 of the decree and the "Global Reporting Initiative Sustainability Reporting Standards" issued in 2016 by GRI - Global Reporting Initiative (the "GRI Standards"), which they have identified as the reporting standards.

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

Moreover, the directors are responsible for the identification of the content of the NFS, considering the aspects indicated in article 3.1 of the decree and the Group's business and characteristics, to the extent necessary to enable an understanding of the Group's business, performance, results and the impacts it generates.

The directors' responsibility also includes the design of an internal model for the management and organisation of the Group's activities, as well as, with reference to the aspects identified and disclosed in the NFS, the Group's policies for the identification and management of the risks generated or borne.



The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

Auditors' independence and quality control

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

Auditors' responsibility

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the NFS with the requirements of the decree and the GRI Standards – GRI-Referenced option. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 4 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the NFS are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the NFS, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we carried out the following procedures:

1. Analysing the material aspects based on the Group's business and characteristics disclosed in the NFS, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.
2. Analysing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.
3. Comparing the financial disclosures presented in the NFS with those included in the Group's consolidated financial statements.
4. Gaining an understanding of the following:
 - the Group's business management and organisational model, with reference to the management of the aspects set out in article 3 of the decree;
 - the entity's policies in connection with the aspects set out in article 3 of the decree, the achieved results and the related key performance indicators;



- the main risks generated or borne in connection with the aspects set out in article 3 of the decree.

Moreover, we checked the above against the disclosures presented in the NFS and carried out the procedures described in point 5.a).

5. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the NFS.

Specifically, we held interviews and discussions with the parent's management personnel. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the NFS.

Furthermore, with respect to significant information, considering the Group's business and characteristics:

- at parent level:
 - a) we held interviews and obtained supporting documentation to check the qualitative information presented in the NFS and, specifically, the business model, the policies applied and main risks for consistency with available evidence,
 - b) we carried out analytical and limited procedures to check the correct aggregation of data in the quantitative information.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2018 consolidated non-financial statement of the Italiaonline Group has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards.

Milan, 8 April 2019

KPMG S.p.A.

(signed on the original)

Andrea Carlucci
Director of Audit