Sustainability Report 2019

Consolidated statement of a non-financial nature in accordance with Italian Legislative Decree no. 254/2016



Sustainability Report 2019

■ LETTER TO STAKEHOLDERS 03

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Letter to stakeholders



Pursuing a path of sustainability capable of generating and distributing value in a lasting manner is fundamental for the Esprinet Group, dedicating the utmost attention to the needs of its stakeholders (customers, suppliers, employees, investors, associations or institutions) and setting ESG-Environmental Social Governance objectives pertaining to its business.

Recent events related to the health emergency caused by the spread of the coronavirus have placed further emphasis on companies' ability to effectively deal with the crisis thanks to an organisational structure and culture strongly oriented towards a longterm vision, at the expense of opportunistic tactics. Sustainability policies play a fundamental role in this regard and separate virtuous companies from those destined not to recover from the consequences of the Covid-19 pandemic.

An approach based on corporate social responsibility and sustainability requires considering and balancing the expectations of the various stakeholder categories, including integrating ESG issues into strategic decision-making processes. Understanding how the Group works with respect to its internal and external interlocutors is therefore essential in order to analyse its financial results in a correct perspective, as well as to define the steps of a journey towards incisive and increasing insertion in the different social and economic contexts in which it operates.

For some years now the Esprinet Group has identified and undertaken its own sustainability policy thanks to which, by listening to its stakeholders, some social and environmental sustainability projects aimed at orienting the company towards a path of stable and lasting value creation have been identified and prioritised.

2019 opened with a renewed focus on customers and employees, in the belief that human capital, corporate welfare and customer satisfaction are solid pillars of its own

competitive strategy.

The Group undertook a path together with its customers and employees, promoting a series of opportunities and moments for listening and placing itself in a highly receptive position. This project is called **TIB**, acronym for **Together** Is Better: a fundamental step that emphasises the importance given to the concept of cooperation and sharing in order to better enhance the individual efforts of each person.

Surveys were carried out to measure the level of **customer satisfaction** along the distribution chain, in order to be able to have statistically relevant data and information that can be used during the decision making phase. These were followed by a significant number of actions aimed at improving and constantly monitoring the level of service provided to customers, starting from the critical areas that emerged during the analysis phase.

The "Smart working 2.0" project was also launched in 2019 for all Group companies. It offered many employees the opportunity to benefit from up to two working days from home a week in a smart working mode. Other initiatives concerned the intensification of communication flows, especially through the Enterprise Social Network, the prototyping of cross-functional shadowing, the opening of the canteen in Italy and the expansion of flexible working hours.

Among the main social activities, the "For-Te" project was launched in 2019: the first delivery service in Italy entirely carried out by people with intellectual disabilities. The aim is to create an opportunity to integrate people with disabilities into the working world while simultaneously offering customers a rapid delivery service.

For-Te is an extraordinary example of "value sharing" for the Esprinet Group, as it allows to combine policies and operating practices that strengthen the company's competitiveness while improving the economic and social conditions of the territory where it operates.

During the year, corporate volunteering initiatives were extended to Esprinet Iberica, thus multiplying the opportunities for workers' active, concrete participation in the life of the local community.

The "Green" project was also launched in 2019 to promote awareness of energy saving issues among stakeholders.

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This initiative resulted in a comparative analysis of some product categories in the catalogue based on environmental impact indicators in terms of energy efficiency in order to direct customers towards conscious and sustainable purchasing choices.

In these last weeks, the Esprinet Group has introduced some measures aimed at dealing with the **Covid-19 emergency**, with the aim of protecting the health and safety of its employees and ensuring business continuity, which is fully compliant with regulations in terms of social distancing and the adoption of health protection protocols.

Among the initiatives taken, the Group has authorised the continuous smart working of 100% of the company population not operating in warehouses, it has opened a healthcare policy for all employees to cover medical expenses in the event of contagion and has provided "one-off" economic benefits for warehouse and cash & carry personnel.

Finally, Esprinet has actively intervened with the donation of an equipped ambulance to the Red Cross of Monza, as well as with multiple donations to different personal protection equipment agencies. The company has also involved its employees in this initiative with fund-raising made possible with the donation of salary days or cash offers.

Lastly, a word about the programmes for the current year.

In fact, we are convinced that the time has truly come for our Group to change pace in terms of a totally organic **sustainability strategy** with respect to the **company's strategic plans**. This strategy cannot neglect setting challenging and measurable ESG objectives, integrated into the incentive systems for management as well as less senior figures, so as to create the ideal systemic conditions for a true culture of creating shared value.

With the pledge that the culture of sustainability will everyday translate into concrete actions expanding into every area, we invite you to read the 2019 Sustainability Report, which also constitutes the second consolidated statement of a non-financial nature pursuant to Italian Legislative Decree no. 254/2016.



Alessandro Cattani
Chief Executive Office
and member of the Competitiveness and Sustainability Committee



Maurizio RotaChairman
and member of the Competitiveness and Sustainability Committee

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Methodology

This document is the fourth Sustainability Report for the Esprinet Group (hereinafter referred to as the "Group" or "Esprinet") and reports on its main sustainability performance, also constituting the Consolidated Statement of a Non-Financial Nature of the Group (hereinafter also DNF, or Report), in compliance with the requirements of Italian Legislative Decree no. 254/2016 and subsequent amendments and additions. The reporting scope refers to the whole Group and, unless otherwise specified, includes the following fully consolidated companies: Esprinet S.p.A., V-Valley S.r.l., Celly group, 4Side S.r.l., Esprinet Iberica S.L.U., Esprinet Portugal Lda, Vinzeo Technologies S.A.U., V-Valley Iberian S.L.U. and Nilox Deutschland GmbH.

The Report, published annually, covers the period from 1 January to 31 December 2019. This document (DNF) was approved by the Esprinet S.p.A. Board of Directors who met on 15 April 2020.

The text is based upon the guidelines of the Global Reporting Initiative (GRI) – an entity which, since 1997, has been the international point of reference in relation to sustainability reporting – in their fifth version, GRI Sustainable Reporting Standards (GRI Standards). The methodological reference for the preparation of the report is therefore the GRI Sustainability Reporting Standards, published in 2016 and subsequent updates by the GRI, according to the option "in accordance-core"*.

Based on the GRI Standards, the inherent characteristics of the business, as well as the suggestions coming from outside, Esprinet started a process for the identification of the themes to be covered in this report.

This process internally involved the highest decision-makers of the Company in a cycle of interviews with top management, identifying the most significant topics for the business. In addition, these interviews also made it possible to create a map of the main corporate stakeholders, which was then validated by the members of the Competitiveness and Sustainability Committee (for the complete list of stakeholders, please see: "Esprinet & the market - Value generated for stakeholders"). Thus, an activity was carried out aimed at understanding the relevant topics for the Group stakeholders thus identified, thanks to the submission of surveys to all Italian customers and employees and of Esprinet Iberica S.L.U., as well as to the main territorial bodies/associations, and thanks to discussion with people responsible for CSR matters or the main vendors' top managers.

The response of this listening activity was very wide-ranging: more than 1,200 customers and about 14% of employees fully replied to the surveys, and more than 20 hours were dedicated to meeting with our suppliers (covering about 75% of the total purchases of Esprinet S.p.A.).

In addition, an activity was conducted aimed at recognising investors' needs by analysing some important external surveys (both Italian and international). Thus, the Company identified a set of topics that significantly influence its ability to create value over time: they are the "material" aspects and refer to the financial, environmental, social and governance scope (p. 7 and 8). The corresponding material topics are also listed on the next page for each area of the decree.

Note that the topic relating to the use of water resources, addressed by Italian Legislative Decree no. 254/2016, has not emerged as material from the analysis carried out and therefore will not be explored in this document.

*The 2018 data on the number of employees broken down by qualification have been supplemented with respect to that which was published in the DNF 2018, in order to integrate the data of Celly Pacific Limited.



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For the preparation of the chapter dedicated to environmental impacts, the calculation of **Location based** CO₂ emissions (scope 2) was carried out using an emission coefficient for Terna's electricity based on the total national gross production of the national park, equal to **0.359 kgCO**₂/**kWh** for **Italy and 0.296 kgCO**₂/**kWh for Spain**. For the calculation of Market-Based CO₂ emissions (scope 2), the emission factors of the latest version of the AIB (Association of Issuing Bodies) residual mix were used.

For greenhouse gas emissions (scope 1), resulting from the use of natural gas, diesel and petrol, the emission factors used are found in the National standard parameter table produced by the Italian Environment Ministry, amounting to 1.972 tCO₂/1000 Sm³, 3.155 tCO₂/t and 3.140 tCO₂/t.

Moreover, the **DEFRA** emission factors for the year of reference were used to calculate the emissions (scope 1) related to **F-Gas** losses.

In addition, the calculation of the emissions (scope 3) for the three-year period under review deriving from direct and indirect deliveries was carried out using the following emission factors: for transports carried out with vehicles weighing more than 3.5 tonnes, **DEFRA for the year of reference**, **HGV**, **All rigid**, **Average Laden**; for transports carried out with vehicles weighing less than 3.5 tonnes, **DEFRA for the year of reference**, **Vans**, **Class III**, **Diesel**.

For the calculation of other pollutant emissions, coefficients of the European Environmental Agency were used for Heavy-duty vehicles, Diesel >32 t - Euro V - 2008 (for vehicles over 3.5 tonnes) and Light commercial vehicles, Diesel - Euro 5 - EC 715/2007 (for vehicles under 3.5 tonnes).

When calculating the Group's environmental impact, no account was taken of Group offices with less than 15 employees.

Compared to last year, it should be noted that with the update of the materiality analysis, the topic "Customer privacy" was found to be material. The topics "Compliance with environmental laws/regulations" and "Product innovation" no longer fall within the scope of material topics, though they remain relevant topics that are managed and overseen by the organisation. In 2019, as requested by Italian Decree 254/2016, the Sustainability Report was audited by an independent third company, whose report is included in the Annex "The Independent Auditor's Report".

Aspects of Italian Legislative Decree no. 254/2016		Material Aspects		
Environment	0	 Raw materials (use and recycling) Energy consumption Greenhouse gas emissions (GHG) Pollutant emissions Waste Assessment of suppliers on the basis of environmental criteria 		
Social	0	Economic performance Equal opportunities and diversity Sanctions for non-compliance with laws and regulations in the socio-economic area Customer privacy		
Personnel	o	 Health and safety in the workplace Corporate training and assessment of skills Employment conditions and corporate welfare 		
Human rights	O····	• Non-discrimination		
Fight against active and passive corruption	0	Aspect not emerged as material from the materiality analysis process, yet reported in the DNF due to the importance of the topic		



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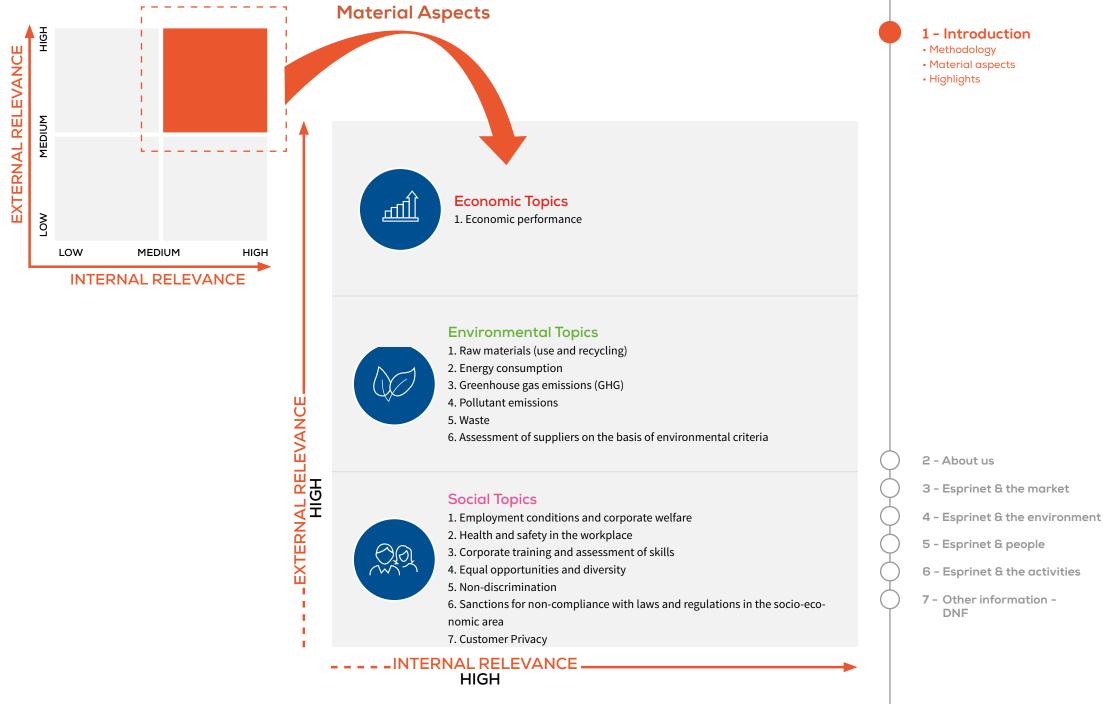
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Material aspects

Material Aspects		External scope	Limitations of the external scope	GRI aspects
Economic performance	0	/	/	Economic performance
Raw materials	0	/	/	Raw materials
Energy consumption	0	Carriers	Carriers	Energy
GHG emissions	0	Carriers	/	Emissions
Pollutant emissions	0	Carriers	/	Emissions
Waste	0	/	/	Effluents and waste
Assessment of suppliers on the basis of environmental criteria	0	Suppliers	/	Supplier environmental assessment
Employment conditions and corporate welfare	0	/	/	Employment
Health and safety in the workplace	0	Cooperatives; Carriers	Carriers	Health and safety in the workplace
Corporate training and assessment of skills	0	/	/	Training and education
Opportunities	0	/	/	Equal opportunities and diversity
Non-discrimination	0	/	/	Non-discrimination
Sanctions for non-compliance with laws and regulations in the socio-economic are	ea O····	/	/	Socio-economic compliance
Customer Privacy	0	Customers	/	Customer privacy

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Highlights



BILLION euro of revenues (+10% vs 2018)

No. 1 First distributor in Italy and Spain

Identification of a **Sustainability Strategy**

Presence of the Competitivness and Sustainability Committee



Green Project to increase the visibility of the most environmentally friendly products

LEED Platinum certification of the Vimercate offices

Integrated Quality, Environment, Health and Safety Management System*

100% **Electricity certified as** Renéwable



employees

of employees hired with Permanent contracts

55% Women

Smart working 2.0

INITIATIVES IN THE LOCAL REGION



Maria Letizia Verga Committee

Biblioteca Ambrosiana

FOR-TE Integration of people with disabilities into the core business

Esprinet4others Corporate volunteering

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^{*} For an overview of the companies certifications of Esprinet Group please refer to p. 78



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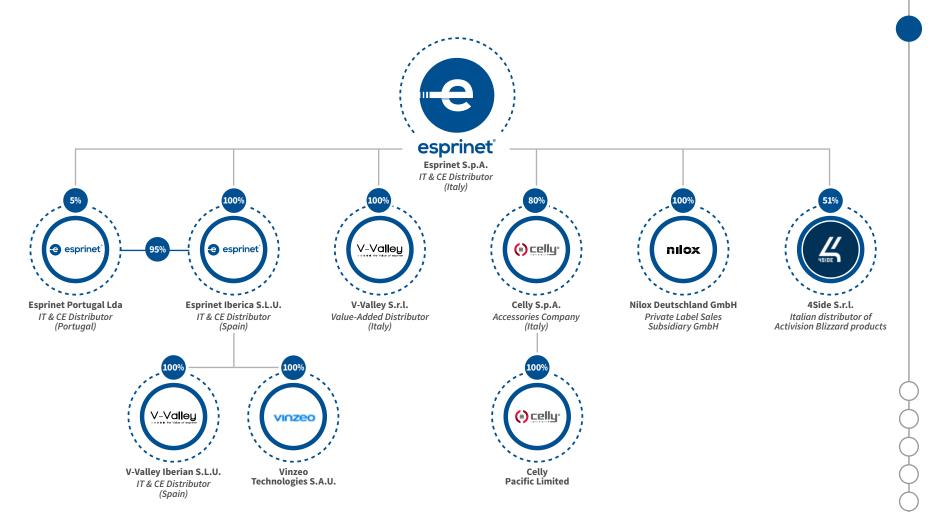
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Group Structure



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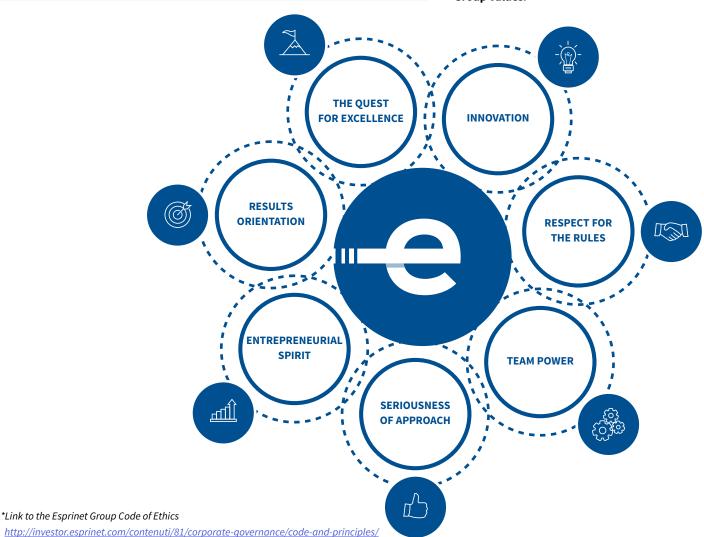


Mission & values

Esprinet Group, as highlighted in the Code of Ethics*, has always aimed at:

"Be the best technology distributor operating in its target markets, guaranteeing shareholders an above average return on investment thanks to a meticulous, professional, honest, fast, reliable and innovative relationship with customers and suppliers achieved by making the most of the skills and innovative abilities of its employees".

The Group's **Mission** is combined with the will to take concrete action in relation to sustainable development to meet the needs of the present generation and to favour those of future generations. The commitment is considered fundamental and requires continuous effort towards the balanced and virtuous management of economic, environmental and social performances aimed at generating value for the stakeholders. The promise of creating value for stakeholders by establishing lasting relationships is made possible thanks to the **Esprinet Group values**.



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Governance

An adequate system of **Corporate Governance**, understood as the set of rules of good governance applied to the management of the Company, is essential for economic and social development, for credibility on domestic and foreign markets and the management of economic, social and environmental impacts.

Corporate Governance focuses not only on the company's business risks and reputation, but also on corporate social responsibility towards all stakeholders. Esprinet adheres and conforms to the **Corporate Governance Code*** for Italian listed companies in light of its **Star**** status.

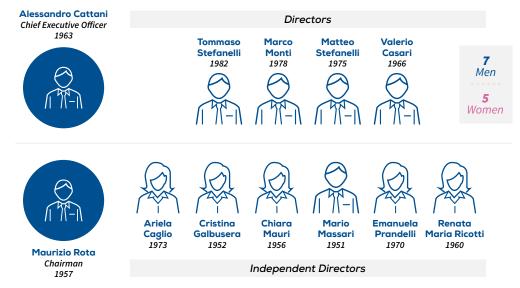
In order to meet the transparency obligations for issuers of listed securities, Esprinet prepares an annual **Report on Corporate Governance and Ownership Structure***** containing an overview of the adopted governance system, in addition to information on the ownership structure, on the organisational model pursuant to Italian Legislative Decree no. 231 of 2001 as well as on the degree of compliance with the **Corporate Governance Code**. It also outlines the main governance practices adopted in addition to the characteristics of the risk management system and internal control.

The governance system, designed and built according to the principles developed by the Committee for Corporate Governance of **Borsa Italiana**, has been implemented through the adoption of codes, standards and procedures that characterise the activities of all organisational and operational components of the Company and are constantly reviewed and updated to respond effectively to the evolution of the regulatory environment and changes in operational practices.

The persons who hold shares at the Ordinary Shareholders' Meeting with voting rights in excess of 5% of the ordinary share capital are: Francesco Monti (15.709%), Giuseppe Calì (11.253%), Paolo Stefanelli (5.069%) and Maurizio Rota (5.231%). For more information, please refer to the Report on Corporate Governance and Ownership Structure.

- * The Corporate Governance Code is available on the website of Borsa Italiana S.p.A. www. borsaitaliana.it
- *** The "Report on Corporate Governance and Ownership Structure" is published in the section Investor Relations Corporate documents 2019 Shareholders' Meeting on the Company's website (www.esprinet.com)

The Board of Directors



The Board of Directors examines and approves the company's strategic choices and all those operations that have a particular economic, equity and financial importance, considering as significant any operations that are likely to influence significantly, positively or negatively, the business and results of operations. The Board of Directors is entrusted with the powers and responsibilities of the strategic and organisational policies, as well as ensuring the necessary controls for monitoring the development of the Company and the Group.

The Board of Directors has the authority to perform all acts deemed necessary for the implementation and the achievement of the company's goals.

Expiry of the offices of Board of Directors: approval of the Financial Statements at 31 December 2020

^{**}The STAR segment of the MTA Market of Borsa Italiana







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The Board of Statutory Auditors monitors the financial reporting process, the effectiveness of internal control systems, internal audits and risk management, the independent audit of the annual accounts and consolidated accounts and the independence of the Independent Auditor. The composition of the Board of Statutory Auditors is as follows:

- Bettina Solimando (Chairman)
- Patrizia Paleologo Oriundi (Stat. Auditor)
- Franco Aldo Abbate (Statutory Auditor)
- Antonella Koenig (Alternate Auditor)
- Mario Conti (Alternate Auditor)

According to the provisions of the Corporate Governance Code for listed companies of Borsa Italiana, the following committees were appointed by the Board of **Directors**, which will remain in office until approval of the Financial Statements at 31 December 2020.



The Remuneration and Appointments Committee has an advisory function and makes proposals to the Board of Directors, in order to ensure a business remuneration policy that is aligned to the investors' needs and to the highest standards of corporate governance. The composition of the above-mentioned committee is as follows:

- Mario Massari (Chairman)
- Cristina Galbusera
- Chiara Mauri



The Competitiveness and Sustainability Committee has the task of assisting the Board of Directors through inquiry - proactive and consultative in nature - aimed at creating the necessary preliminary conditions for the creation of value in the long term for the various categories of stakeholders.

In this context, the Committee is entrusted in particular with the following duties:

- · examining and evaluating the sustainability policy aimed at ensuring the creation of value for stakeholders over time in compliance with the principles of sustainable development, as well as the sustainability guidelines and objectives and sustainability reporting submitted annually to the Board of Directors;
- examining the implementation of the sustainability policy in business initiatives, on the basis of the Board's indications;
- monitoring the Group's position vis-à-vis financial markets on sustainability issues, also with reference to the possible participation in sustainability indices;
- examining the "non-profit" strategy of the Company/Group and its implementation through a special plan submitted to the Board annually;
- expressing, at the request of the Board, an opinion on other sustainability issues. The Committee coordinates with the Strategy Committee in particular in assessing the compatibility of the Group's strategic plans in accordance with the sustainability standards already adopted or being adopted. The composition of the above-mentioned committee is as follows:
 - Matteo Stefanelli (Chairman)
- Maurizio Rota
- Tommaso Stefanelli

- Alessandro Cattani
- Valerio Casari



Control and Risks Committee

The task of the Control and Risks Committee is to assist the Board of Directors through its powers to investigate, make proposals and advise in order to ensure that the main risks faced by the Group are correctly **identified** and appropriately **managed** and **monitored**. The composition of the committee is as follows:

- · Mario Massari (Chairman)
- Renata Maria Ricotti

Cristina Galbusera



Strategy Committee

The **Strategy Committee** is mandated to support the Board of Directors in defining the competitive strategy of the Esprinet Group both at the company level and in the individual business areas, helping to identify the principal opportunities for the **creation of value**. The composition of the committee is as follows:

- Tommaso Stefanelli (Chairman)
- Matteo Stefanelli
- Marco Monti

- Maurizio Rota
- Alessandro Cattani
- Valerio Casari

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Economic performance and net assets position

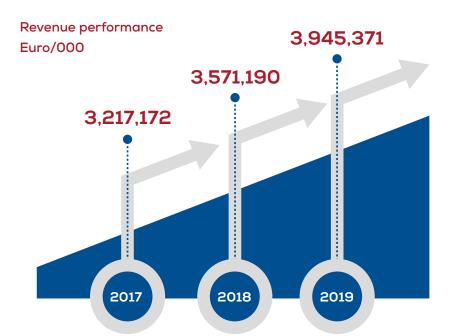
Esprinet closed the year 2019 with a net income of 23.6 million euro (increased by 66% compared with 2018), on revenues that equal 3.9 billion euro (increased by 10% compared with 2018) and a value of EBIT amounting to 41.1 million euro (increased by 73% compared with 2018).

The financial position shows equity amounting to 359.0 million euro and a cash surplus equal to 272.3 million euro (improvement of 31.2 million euro compared with 31 December 2018).

The 2019 results confirm Esprinet as a **market leader in Southern Europe**, with a market share of over 26%.*

Training and development of human resources continued, with the aim of forming teams of new managers who can effectively supervise the various lines of business, especially in the world of "Value-added"** technologies that are considered an important growth area for the Company in the future.

As shown in the previous paragraphs, the Esprinet Group closed 2019 with excellent economic results and an increasingly solid capital structure.



Performance indicators





vs 3.6 billion euro in 2018

+10%

176.1 million euro gross operating margin in 2019



vs 171.4 million euro in 2018

+3%

41.1 million euro EBIT in 2019



vs 23.7 million euro in 2018 +73%

+66%

23.6 million euro net income in 2019

vs 14.2 million 5 - Esprinet & people euro in 2018

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Economic performance

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· Breakdown of sales

Value generated

Close to suppliersClose to customers

and net assets position

^{** &}quot;Value-added" refers to the market segment of complex technologies (i.e. Cloud Computing, Cyber Security).







^{*} Data source: Context.

The relevant sector

The Esprinet Group operates in the business-to-business technology distribution sector in Italy, Spain and Portugal. The main activity consists in the distribution of IT products (hardware, software and services) and consumer electronics products. In addition to more traditional IT products (desktop PCs, notebooks PCs, printers, copiers, servers) and related consumables (cartridges, toner, magnetic media) the Group also distributes tablets, mobile devices (smartphones) and their accessories, networking devices (modems, routers, switches), digital products and entertainment devices such as TVs, cameras, camcorders, video games and MP3/MP4 players. The Group also distributes products under its own brands names, such as "Nilox" (sport entertainment, wearable devices and accessories for PC) and "Celly" (mobile devices accessories).

The Italian market

In 2019, the Italian Information & Communication Technology market measured through EITO data (European IT Observatory, November 2019), which monitors the purchases of end users in different European countries, recorded growth of 4.4%, passing from 20.33 billion euro to 21.22 billion euro of revenues.

Among the main product categories, "Mobile Phones" recorded the highest growth of +8.3%, (passing from 6.25 billion euro to 6.77 billion in 2019). "PCs" also recorded an increase (+3.4%, from 2.20 billion euro to 2.27 billion euro), above all thanks to "Portable PCs" (+6.2% going from 1.57 billion euro to 1.66 billion euro) and in more detail thanks to the "Business" segment (+10%, from 840 million euro to 924 million euro). Within the category "PCs", however, there was a decrease in "Desktop PCs" (-3.5%). The growth of "Storage" is also noteworthy, which went from 300 million euro to 322 million euro, recording +7.3%, and of "Software", +5.4% reaching 7.09 billion euro. The categories "Servers" (-3.2%, from 614 million euro to 594 million euro) and "Workstations" (-6.0% from 160 million euro to 150 million euro) closed negatively.

In 2019 the Italian distribution market (source: Context, January 2020) recorded +7.6% growth compared to 2018. Analysing the trend by semester, the second semester showed +8.7% growth compared to the same period of the previous year (+11.6% Q3 2019 vs Q3 2018 and +6.8% Q4 2019 vs Q4 2018).

In this context, **Esprinet Italia continues to be the top distributor in the Italian market**, according to the Context data, **increasing its market share by 1.5%** since the beginning of the year thanks to a good performance in the "IT Clients" and "Consumer Electronics" businesses.

The Spanish market

In 2019, the Spanish Information & Communication Technology market measured through EITO data recorded growth of +4.5%, passing to 15.32 billion euro of revenues from 14.66 billion euro.

The software segment grew (+5%), reaching 4.06 billion euro. The "Mobile Phones" category is also growing, +8.1%, going from 5.21 billion euro in 2018 to 5.63 billion in 2019. "PCs", 2.02 billion euro in 2019, recorded an increase of +2.7%, thanks to the growth of "Portable PCs" of +6.1%; instead "Desktop PCs" decreased by -7.4%. The "Workstations" category saw an increase of +7%, while "Servers" went from 383 million euro in 2018 to 394 million euro in 2019 (+2.7%). Finally, "Storage" recorded a slight decrease of -0.5%. The trend of "Tablet PCs" was also negative, with a reduction of -2.0% amounting to 690 million euro.

In 2019 the Spanish distribution market (source: Context, January 2020) grew by +6.3% compared to 2018 and **Esprinet's** market share **recorded a slight increase of +0.2%.**

The Portuguese market

In 2019, the Portuguese Information & Communication Technology ("ICT") market measured through EITO data recorded growth of +13.1%, passing from 2.58 billion euro to 2.92 billion euro.

The "Mobile Phones" category had significant growth: +21.8%, reaching 1.06 billion euro. The growth of "PCs" is also significant (+16.2%, passing from 368 million euro in 2018 to 427 million euro in 2019). In detail, both "Portable PCs" (+15.6%) and "Desktop PCs" (+18.8%) grew. "Software" recorded an increase of +5.7%, reaching 689 million euro.

In 2019 the Portuguese distribution market (source: Context, January 2020) grew by +7.9% compared to 2018 and **Esprinet's** market share **was substantially unchanged** (-0.2%).

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Breakdown of sales - Main categories

Product Categories	FY 2019 (euro/million)	FY 2018 (euro/million)	Change (%)
PC (Notebook, Tablet, Desktop, Monitor)	1,372.8	1,212.8	13%
Printers and Consumables	418.3	393.1	6%
Other IT Products	244.9	237.9	3%
Total IT Clients	2,036.0	1,843.8	10%
Hardware (Networking, Storage, Servers and Others)	407.4	409.0	0%
Software, Services, Cloud	153.6	146.8	5%
Total Advanced Solutions	561.0	555.7	1%
Smartphones	1,103.2	997.4	11%
Household appliances	55.7	37.2	50%
Gaming (Hardware and Software)	43.4	29.5	47%
Other Consumer Electronics Products	191.0	152.5	25%
Total Consumer Electronics	1,393.3	1,216.6	15%
Reconciliation Adjustments	(44.9)	(44.9)	0%
Revenues from Customer Contracts	3,945.4	3,571.2	10%

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Value generated for stakeholders

Esprinet bases its relationships with its stakeholders on principles of **good faith**, **propriety**, **integrity** and **transparency**, in respect of the rules of law and regulations issued by the Supervisory Authorities, so as to establish and consolidate relationships of trust and to protect its reputation.

The wealth generated by the Esprinet Group has been distributed among the main entities that contributed to producing it:

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Costs for the purchase of goods and services and interest payable paid to lender bodies (banks, factoring companies, capital market);

• VENDORS • CONTRACTOR COOPERATIVES • CARRIERS • LENDER BODIES

Suppliers

Value of products and services supplied;

- GDO / GDS SMALL RESELLERS VARS ONLINE SHOPS
- SMALL RETAILERS LARGE RESELLERS

Custom

Customers

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Compensation of employees (wages and related expenses) and external collaborators;

• EMPLOYEES • CONTRACTORS • TRADE UNIONS

People

Return on equity (dividends and capital gains);

- BUY SIDE FINANCIAL ANALYSTS RETAIL INVESTORS
- INSTITUTIONAL / PROFESSIONAL INVESTORS

Shareholders

Investments in the social fabric and in favour of territorial bodies, donations and gifts, sponsorships and taxes paid as a "taxpayer".

- TERRITORIAL BODIES UNIVERSITIES / SCHOOLS MEDIA NON-PROFIT ENTITIES
- TRADE ASSOCIATIONS



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esprinet*

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Value generated for stakeholders

In 2019, the Esprinet Group distributed to its stakeholders a **total value of about 3,911 million euro** (increased by 9.7% compared with 2018), with a generated economic value of 3,945 million euro.

This amount was distributed in the amount of 97.75% to suppliers in the form of payment for goods and services, 1.64% to employees, 0.18% to the Public Administration (P.A.) in the form of taxes and fees, 0.18% to shareholders as dividends, 0.25% to capital providers in the form of interest, while the remaining part was distributed to the community in the form of sponsorships and donations to non-profit associations.

The economic value generated directly and distributed – Euro/000 –

Item*	2019	(%)	2018	(%)	2017	(%)
Economic value generated**	3,945,624		3,571,650		3,220,557	
Economic value distributed	3,911,084	100%	3,560,380	100%	3,196,675	100%
Operating costs	3,823,103	97.75%	3,479,587	97.73%	3,116,913	97.50%
Value distributed to employees	64,203	1.64%	61,126	1.91%	60,503	1.89%
Value distributed to capital providers	9,664	0.25%	5,001	0.16%	4,664	0.15%
Value distributed to the P.A.	7,099	0.18%	7,615	0.24%	7,535	0.24%
Value distributed to shareholders***	6,919	0.18%	6,987	0.22%	6,987	0.22%
Value distributed to the community	95	n.s.	64	n.s.	74	n.s.
Economic value retained	34,457		11,270		24,448	

^{*} Source: unless otherwise specified, reference is made to the Financial Statements.

^{***} The values of the dividends distributed refer to the actual amount disbursed in the year regardless of the reference year.





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^{**} Economic value generated also includes the item "other income".

Close to customers - Customer Satisfaction Project

Thanks to a business model based on the coexistence of different sales channels modelled on the specific characteristics of **36,000 customer resellers**, the Esprinet Group markets approximately **700 brands** and over **57,000 products** available in **140,000 square metres of** managed **warehouses**.

Among the main customers are small dealers and independent computer shops, generalist and specialised large-scale distribution companies (GDO-GDS), large system integrators, value-added resellers, resellers of office products and consumables and e-tailers.

To comprehensively meet their requirements, the Esprinet Group not only deals with distribution logistics but also offers many services aimed at **increasing business potential and supporting growth.**

2019 began with a single objective: to make customer satisfaction the Group's strategy.

The focus has been on listening and improving service.

The Group undertook a **path together with its customers and employees**, based on a great moment for listening and placing itself in a highly receptive position.

This project is called TIB, acronym for TOGETHER IS BETTER!

To measure the level of **Customer Satisfaction**, Esprinet listened to both employees (in



the manner explained in the chapter dedicated to people) and customers, underlining that the level of employee satisfaction is linked to better performance and better service for customers, thus creating a virtuous circle for the socio-economic well-being of the community and highlighting the interconnection between stakeholders.

A survey gathered the needs and opinions of 2,642 customers in Italy and 651 in Esprinet Iberica.

In order to constantly improve, the company will carry out this activity every year.



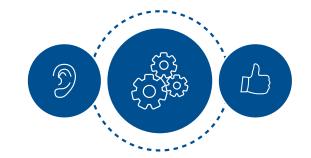
"More listening to your needs, more personalised services, more satisfaction. This new path of improvement started exactly with your contribution"

Alessandro Cattani - Chief Executive Officer of the Esprinet Group

With this in mind, Esprinet has opened a new channel for customers to share their opinions and provide suggestions.



As a result of this survey, several actions have been implemented to meet the most important customer needs. Esprinet has activated customer-oriented **improvement processes** across all departments.



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Close to customers - Customer Satisfaction Project

A new, faster search method was created on the e-commerce site, with immediately visible results.

Product categorisation and browsing were **enhanced** and business content was added to **help the customer better understand markets and solutions**.

The **view and reading of suppliers' goods arrival dates** on our site was improved. The dialogue with suppliers is continuous in order to be able to have ever more **reliable** information.

With 17 locations throughout Italy and 2 in Spain and an average exhibition area of 1800 square metres, Esprivillage is a real service centre and meeting point between customers and vendors.

With the new shipping service "Espress by Esprivillage", all Esprinet customers can exploit their position in the territory to receive goods at their premises or deliver them to their customers at an agreed rate, with scheduled delivery within the next day if located within the same region, or within 24/48 hours for the rest of Italy, choosing whether to purchase the products already present in the sales outlet or any item from the Esprinet catalogue.



To optimise the availability of products in the Esprivillages, a tool is active (known as "smart shelf") that optimises the replenishment on the shelves, allowing for the dynamic management of stocks, enabling a reduction of road transportations from the central warehouses to the sales outlets.

Finally, also in 2019 the **Upgrade Business Tour** was held in the 17 Esprinet Esprivillages located in Italy, a tour of "close to customer" training events with the aim of providing training to professionals in the sector in specific areas like financial services, Cloud, Hospitality, Video surveillance.

The 200-stop tour has allowed reaching 500 customers.

"With the "Espress by Esprivillage" shipping service, we get closer to our customers and their needs, guaranteeing even broader coverage of the entire territory.

Esprinet thus becomes a more and more local distributor, with the opportunity to further develop our business, with positive impacts on sales".

To comprehensively meet their requirements, the Esprinet Group not only deals with distribution logistics but also offers many services aimed at **increasing business potential and supporting growth.** In fact, the Esprinet Group intends not only to support customers in their sales processes, but also to support them in the **generation of new businesses**, intermediating tools and solutions to develop marketing and promotional activities (e-commerce channel, videos, online advertising), as well as providing an articulated range of advanced technical services (e.g. repairs, support and maintenance activities) and training activities.

In its capacity as leader company, the Esprinet Group also **puts itself forward as a point of reference** to guarantee accessible information that is qualified and constantly updated on the latest technological innovations, which would be difficult to find quickly and independently, especially by less structured players.

The Esprinet website is a **sales tool**, an ally of the customer where it is not only possible to purchase products but also learn about new sectors. To support the customer in integrating new business areas into their offer, a solution area has been created with in-depth brand and market content.

Some examples:



Unified Communication

UCC solutions ensure an innovative approach in corporate communication, through the synergistic and integrated use of all channels.



Cabling

Cabling is the foundation for the development of every network infrastructure. A well-designed network is an investment with safe returns in terms of productivity.



Gaming

The gaming market is a growing sector in Italy. Video-gaming has become a profession with its own technological needs to be met.



Office

Printing, stationery and office furniture solutions: elements that can never be missing in a functional office.

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Close to customers

The attention to different types of customers and the continuous innovation of services led Esprinet to create **V-Valley** in 2011, a wholly owned subsidiary of Esprinet. V-Valley is a **value-added distributor** of complex IT products, services and solutions. At V-Valley Dealers, VARs, Software Houses and System Integrators find expertise, flexibility and dedicated resources as well as exceptional range of products (Servers, Storage, Networking & Security, VoiP & Unified Communications, Middleware, Automatic Identification and Video Surveillance and a wide range of services). The customer is supported at every stage of the sales process by an integrated team of Brand Managers, Business Developers and System Engineers who guarantee an effective, efficient and personalised service.

To be close to the needs of the retail world, Esprinet manages **OkRetail**, a tool that, thanks to a partnership with Category Management, Trade Marketing and Value Logistic entities, offers numerous services that proactively suggest the best solutions for business within the market of reference.







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Close to customers

Esprinet promotes **Zerozerotoner** to its customers, a maintenance service for print consumables that provides for the collection of used consumables and the total recovery of raw materials.

By using Zerozerotoner, the generator of the waste is transferred from the user to the service provider, **totally relieving the customer of the role of "waste producer"** and any legal obligation or liability arising therefrom.

In a macroeconomic scenario where small and medium-sized enterprises are finding it increasingly difficult to keep up with payments, Esprinet helps its customers understand the financing tools available on the market.

Esprifinance is the "umbrella" brand that includes services enabling access to those tools, which essentially offer **flexible payment models** through agreements on favourable terms with the main lease/operating lease and loan companies operating in Italy. Furthermore, through an exclusive partnership with American Express Esprinet offers to its customers a credit card that allows payment terms to be extended free of charge.

Esprinet has been offering the **e-webCLUB** service since 1998, a ready-to-use **e-commerce portal**, which does not require technical skills and allows its customers to be present on the web by offering a broad product catalogue that spans the entire Esprinet product range. The customers will also be able to insert their own product catalogue, and **fully exploit the potential and strength of the distributor** from the point of view of logistics and being widespread throughout the country.

Esprinet offers the e-webCLUB service to all its customers, but in particular small and medium-sized companies are given the chance to **diversify market outlet possibilities** with a unique, complete and innovative solution.

Finally, reflecting the degree of professionalism and reliability demonstrated by Esprinet towards its customers, in 2004 a **Quality Management System** was implemented in accordance with the ISO 9001 standard, certified by an external accredited institution. The Group companies that obtained this certification in 2019 were Esprinet S.p.A., V-Valley S.r.I., Celly S.p.A., Esprinet Iberica S.L.U. and Vinzeo S.A.U.









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Close to suppliers

The Esprinet Group intends to establish business relationships with its suppliers and business partners based upon **transparency**, **propriety** and **business ethics**.

The development of transparent and lasting relationships with suppliers, attention to quality, safety and respect of the environment and compliance with existing regulations are objectives to be pursued with a view to **consolidating the value generated and distributed to stakeholders**.

Therefore, in line with its Code of Ethics, Esprinet has defined a **Supplier Code of Conduct** aimed at guiding relationships along the value chain. The objective is to collaborate sustainably with its suppliers and to **manage the supply chain responsibly** to guarantee to the Company and its customers that the procurement of products is constantly characterised by a satisfactory quality-price ratio.

The Esprinet Group undertakes to apply high social, environmental and workplace health and safety standards and it expects the same commitment conveyed by the Code of Conduct from its suppliers, as regards a sustainable management of the supply chain of the Esprinet Group (www.esprinet.com investor area).



2'600 SUPPLIERS active in 2019



1 billion
VALUE GENERATED to
suppliers of products and
services in 2019



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Environmental Culture

The Esprinet Group aims to affirm a strong environmental culture, in the absolute belief that **respect for the environment** is an essential value for guiding everybody's lifestyle towards a more sustainable future.

In fact, the Group undertakes to safeguard the environment through different activities, such as **ever more rational use of resources** and being mindful of solutions that can guarantee **energy savings**.

Thanks to this vision, the Esprinet Group undertakes a series of initiatives aimed at the reduction and prevention of negative effects deriving from the exercise of its activity. These include, for example, the choice of energy supply from **renewable energy**.

In order to obtain greater control of the environmental impacts of its business activities and the ability to systematically pursue coherent and effective improvement, the Esprinet Group has implemented an **Environmental Management System**, adopted by all Group companies.

The environmental impacts of the Group's activities can be classified as direct and indirect. The former relate to activities directly implemented or controlled by the Group (e.g. packaging put on the market) while the latter derive from activities connected and functional to the core business but over which the Group does not exercise direct control (for example, transportation from suppliers and to our customers).

With a view to improving impact, the Group is refining calculation methodologies and intensifying its efforts to reduce emissions into the atmosphere.

Since 2015 Esprinet has used electricity certified as coming from renewable sources in Italy and from 2019 also in Esprinet Iberica and Vinzeo*.





^{*} Excluding the Vinzeo offices in Madrid.







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Esprinet's commitment to the environment

In 2019, the Esprinet Group continued its commitment to increasing environmental awareness at all stages of the value creation chain it operates in.

In order to improve the monitoring of its consumption, collect data on energy costs and on the main variables, as well as to identify opportunities for efficiency (in terms of plant engineering and/or management), in 2019 Esprinet started an **Energy Management** project from the Cavenago A logistics site.

A **lighting requalification** process has been implemented, through the **installation of new LED lamps** at the logistics site of Cavenago A and in the warehouse of Zaragoza. This operation is also foreseen for the external spaces of the Cavenago and Cambiago warehouses.

At the Cavenago A logistics site, **ICO-F1000** equipment has been in operation in 2019 (pictured on the right) for **more economical use of energy**. In fact, with the same energy supplied, it allows reducing consumption through the exploitation of harmonic waves.

Initially it was decided to use this equipment only at Cavenago A, identified as being of primary importance as it is Esprinet's most energy-intensive structure.

The **BEMS** (Building Energy Monitoring System) **platform** was installed in 2019 to **monitor energy consumption** and **regulate the air conditioning systems** linked to the production areas for Cavenago and Cambiago logistics. Temperature control within the production units is particularly important for compliance with the storage parameters of the materials present therein, hence the need for a temperature regulation system able to maintain controlled temperatures in these areas. The platform offers the possibility to monitor and manage the system remotely, to study and **implement efficient operating logic** and to have an instantaneous alarm system for any operating problems in the machines.

The main analyses that can be carried out thanks to BEMS are as follows:

- Real-time assessment of functional system status
- Constant verification of consumption and comparison with historical data and expected consumption
- Periodic verification of the effectiveness of maintenance programmes
- Preliminary assessments of interventions priority
- Possibility of implementing predictive maintenance
- Periodic verification of the effectiveness of maintenance programmes
- Automatic reporting of energy expenditure breakdown
- More accurate preventive breakdown of consumption
- · Creation and verification of energy performance indices by building
- Resource management aimed at improving service and environmental performance

In order to meet the new prospects of the electric car market and stimulate travel with greener vehicles, 4 electric vehicle charging points were installed for employees' cars in the Esprinet Iberica car park.

Also with a view to reducing environmental impacts, at the Vimercate offices (including Celly), Brianza Acque carried out a qualitative analysis of the water distributed following the change in dispensers.

With the desire to make the best use of water resources and **create less plastic waste impact**, the company has invited staff to use bottles instead of disposable cups.

Notwithstanding the above, during the assessment of its suppliers, Esprinet does not carry out specific audits on environmental issues. However, during the selection phase, all new suppliers are asked if they have environmental management systems in compliance with the ISO 14001 standard.



ICO-F1000 equipment installed in the Cavenago A logistics site

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Environmental impacts

The Esprinet Group's environmental impacts are attributable to the following aspects:



Energy consumption of the headquarters, warehouses and Esprivillages, which are calculated and monitored with respect to electricity, natural gas and fuels used (diesel and petrol);



Raw materials used for product packaging, the performance of which is described for each of the types used by the Group in the dedicated section below;



Waste generated in administrative offices and warehouses, which is managed by the Group using different operating methods, partly for disposal and partly for recovery;



Emissions of CO₂, NOx, PM2.5 and CO relating to the different sections of the supply chain, where the transport of products from the warehouses of suppliers to those of Esprinet and from the warehouses of Esprinet to the Cash & Carry stores and to the homes of its customers or their customers is of great importance for the specific business areas.

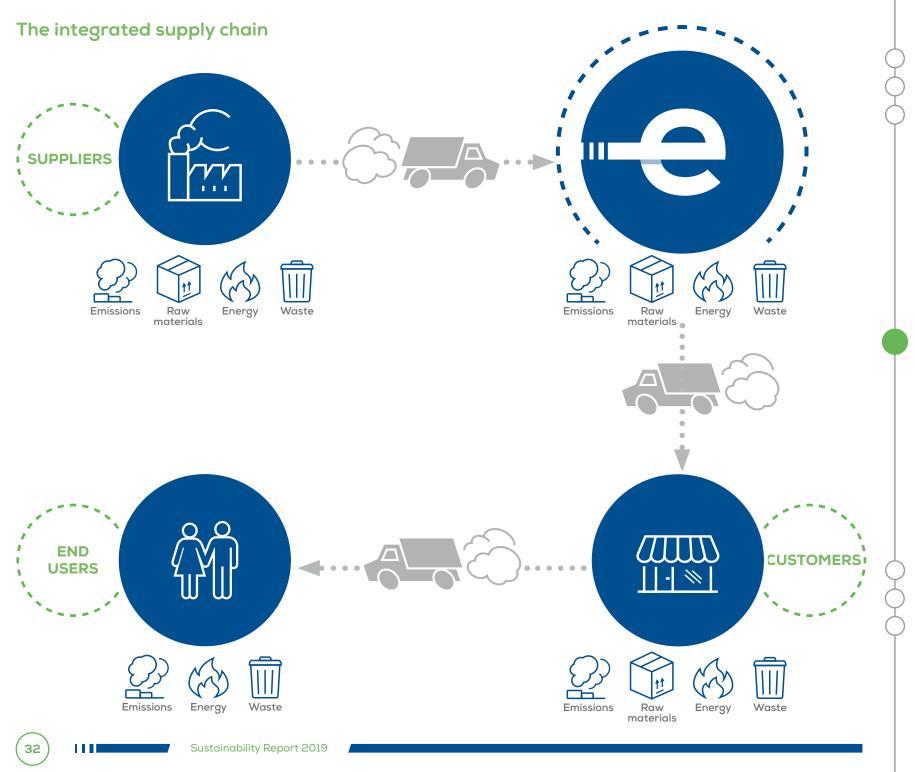


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Energy consumption and greenhouse gas emissions

The total energy consumption of the Esprinet Group decreased by 0.9% from 2018 to 2019, while an increase of 6.2% was recorded from 2017 to 2018.

This consumption is substantially in line considering the increase in the Group's revenues, demonstrating **Esprinet's attention to the costs and relative externalities** of its energy requirements.

The following pages include individual analyses of the different energy sources used (electricity, natural gas, diesel, petrol) and their respective ${\rm CO_2}$ emissions, calculated as specified in the Methodological Note of this document.

Energy consumption (GJ)

	2019	2018	2017
Electricity*	25,239	25,854	24,896
Natural Gas	6,359	5,579	4,171
Diesel	11,614	12,294	12,149
Petrol	259	154	114
Total	43,471 GJ	43,881 GJ	41,330 GJ

^{*}It should also be noted that the values for the three-year period do not include the energy consumption relating to the Data Processing Centre (CED), as it is an outsourced service.



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Energy consumption and greenhouse gas emissions - Scope 1

Together with electricity (the consumption of which will be discussed in the next section), natural gas, diesel and petrol are three different energy sources used by the Group in its facilities.

Natural gas has been used exclusively in Italy for boilers in heating systems and in the Esprivillage in Brescia since 2018.

The natural gas consumption is substantially linked to the heating of warehouses and in 2019 increased by 16% due to a greater number of hours worked in addition to the expansion of the warehouse area in the loft of 8,000 square metres.

The Group also uses fuel for the operation of certain generators, for the fire prevention facilities and for the company's fleet of vehicles. Both diesel and petrol are used, the latter in much smaller quantities.

The diesel consumption reduced by -6% from 2018 to 2019.

Petrol is used only in the Italian companies of the Group, from 2017. There was a +65% increase between 2017 and 2018 and +30% increase between 2018 and 2019.

The Scope 1 CO₂ emissions also include the contribution of the **F-Gas** losses from the air conditioning machines of the Group offices and C&Cs. However,

F-Gas losses were not detected in 2019, an improvement over the previous two-year period

(equal to 108 tCO₂eg in 2018 and 16 tCO₂eg in 2017). This data is

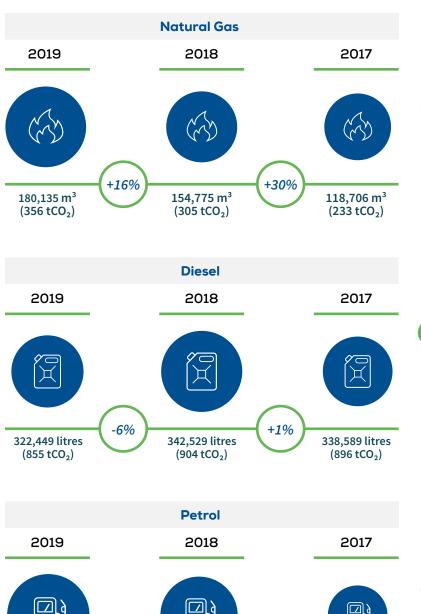
relative to Esprinet S.p.A. (which includes V-Valley, EDSLan, Celly and Nilox) and **Esprinet**

Iberica S.L.U.

For each of the following energy sources, the direct emissions of

CO₂ (scope 1) were calculated according to the methods described in the Methodological Note.

From the sum of the emissions determined from the use of natural gas, diesel, petrol and refrigerant gas losses (F-Gas), the Group produced overall 1,154 tCO₂ in 2017, 1,328 tCO₂ in 2018 and 1,229 tCO₂ in 2019.



	2017	
+30%	118,706 m ³	

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+30% +65% 6,120 litres 4,690 litres 2,842 litres (19 tCO₂) (11 tCO₂) (9 tCO₂)

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Energy consumption and greenhouse gas emissions - Scope 2

Electricity is one of the most widely used energy sources in all the Group's facilities (offices, Esprivillages, warehouses). During the three-year period under review, there was a slight decrease in electricity consumption of -2% in 2019 compared to 2018 thanks to the **Energy Management** project launched in 2019, the use of **ICO-F1000** equipment and the **BEMS platform**, as illustrated above.

For the calculation of the **indirect CO₂ emissions (scope 2)** attributable to the production of electricity, both methods required by the GRI Standards were followed. On the one hand, the CO₂ emissions were calculated using the **Location Based** approach, so that the total amount of electricity consumed, regardless of the source of energy, is subject to an average emission coefficient based on gross national production. According to this methodology, the CO₂ emitted for the Group's electricity requirements increased by 3.8% from 2017 to 2018 and by 1.0% from 2018 to 2019.

The calculation of the CO₂ emissions according to the **Market Based** approach, on the other hand, differentiates between the actual origin of the electricity used, thus calculating these emissions only for electricity from non-renewable sources.

From the comparison of the results obtained by the two calculation methods, it is clear that Esprinet is effectively committed to **reducing environmental impacts** by consistently favouring the use of electricity from **renewable sources**. In fact, the emissions calculated according to the Market-Based approach are significantly lower than the Location-Based calculations for the entire three-year period under analysis.

2019		Electricity* 2018		2017
7,010,847 kWh	-2%	7,181,665 kWh	+4%	6,915,573 kWh

	2019	2018	2017
Location Based	2,393 tCO ₂	2,369 tCO ₂	2,300 tCO ₂
Market Based	148 tCO ₂	671 tCO ₂	799 tCO ₂

Indirect CO₂ emissions (scope 2)

*It should be noted that the values for the three-year period do not include the energy consumption relatinwg to the Data Processing Centre (CED), as it is an outsourced service. Scope 2 CO₂ emissions (indirect energy emissions) therefore reflect the approach shown on the left.



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Transport emissions

Esprinet's activities are part of the complex supply chain described above and include two distinct types of transport: **direct deliveries** are those that provide for the transport of goods from the Group's warehouses to customers without any intermediate steps; **indirect deliveries**, on the other hand, once the goods have been collected from the Esprinet warehouses, see an intermediate stop at the logistics centres of the carriers where the goods are reorganised into new deliveries for customers.

Direct deliveries

Direct deliveries in km in Italy are mainly made by trucks.

The growth trend in direct deliveries is faster than the growth in turnover.

Together with what has been noted, almost all telephony product management also takes place in this way, a business that expanded rapidly in 2019.

	,	2019	2018	2017
	Km	5,338,953	4,142,633	3,109,370
(CO ₂)	tCO₂	2,519	2,339	2,014
	tNOx	9.07	8.10	6.78
	tCO	0.49	0.41	0.33
	tPM2.5	0.06	0.06	0.06



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Transport emissions

Indirect deliveries

Indirect deliveries from the Group's warehouses to customers were substantially in line with the previous year due to the continuity of corporate strategies.

The Group works with the main transport multinationals with which it has long-term consolidated relationships.

These operators are able to manage the huge amount of goods handled during the year in the markets in Italy, Spain and Portugal in the sector of business-to-business technology distribution.

For the calculation of the values for indirect deliveries entered on this page, the primary CO₂ emissions data indicated by each carrier for deliveries made on behalf of Esprinet have been collected.

Using the DEFRA conversion factors, the kilometres travelled and the emissions of the other pollutants expressed in tonnes (NOx, CO, PM2.5) were calculated.

	Km	2,975,418	2,613,383	2,466,458
(CO ₂)	tCO₂	2,380	1,947	1,942
THE COLUMN TO TH	tNOx	7.83	6.87	6.49
	tCO	0.36	0.32	0.30
	tPM2.5	0.08	0.07	0.07

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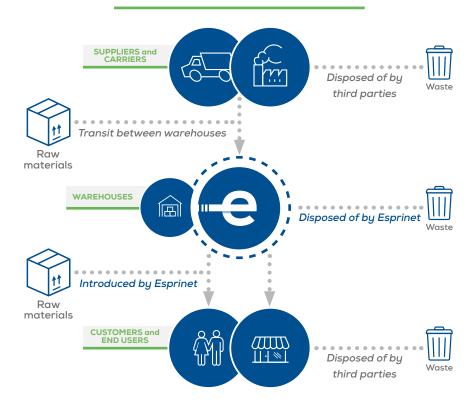




The Group supply chain

The Esprinet Group operates in the **business-to-business distribution of technology**, and is therefore included in the IT supply chain as a wholesale distributor of technological products.

Raw materials introduced and waste disposed



To begin with, the raw materials introduced by the Group into the supply chain without the Company being responsible for their disposal must be taken into account, as they will be managed by the customer. These include packaging used by the Esprinet Group to assemble its deliveries, which only become waste once they have reached the customer-reseller or the end user, who will dispose of them.

Secondly, there is the **waste that is the Group's responsibility to dispose of** and which is largely added to the supply chain by manufacturers or by the third-party companies that transport the products to the Esprinet Group warehouses, such as the packaging used to transport the products.



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Raw materials

The raw materials introduced by the Esprinet Group into the supply chain mainly consist of

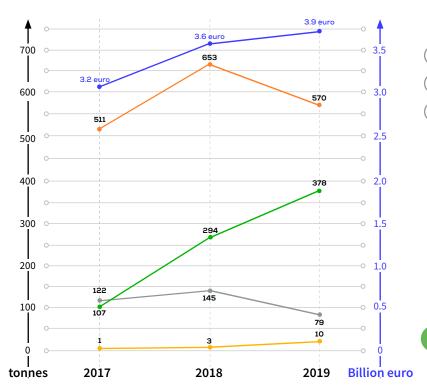
paper, cardboard, plastic, wood and iron spikes used for packaging products.

It should be noted that **the raw materials have decreased overall by -5%**, in detail -14% paper and cardboard, -83% plastic thanks to the **optimisation of packaging**. Iron and wood are growing, i.e. the use of pallets due to increased demand for the preparation of packaging for large customers and increased demand for large format TVs.



Use of raw materials for packaging (tonnes) and turnover (billion euro) over the three-year period





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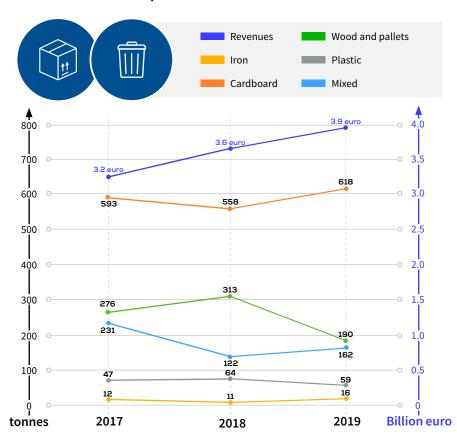
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Waste

The waste that the Esprinet Group must dispose of derives mostly from the packaging used to transport products from the manufacturing site to the warehouses of the Group and mainly consists of paper, cardboard, plastic, wooden pallets and iron. It should be noted that floor-washing water and compressor condensation have been included in the waste referred to as "Mixed". Total waste showed a **reduction of 0.4%** compared to 2018, in contrast to the trend in turnover, practically keeping in line with the previous year and demonstrating how the **Group systematically pursues coherent and effective improvement**.



Amount of waste generated (tonnes) and turnover (billion euro) over the three-year period

Waste such as paper, cardboard and plastic produced by the offices and by the Cash & Carry stores is not reported as it is entrusted to the municipal collection. In recent years, Esprinet has committed itself to reducing the quantity of paper produced by using electronic formats for issuing invoices and transport documents.

Types of waste	2019	2018	2017
WEEE	7.4	3.0	15.1
Toners	0.3	0.5	0.8
Batteries	0.02	0.1	0.2
Neon	0	0.1	0.2

Other waste generated over the three-year period (tonnes)

The other waste produced from the headquarters, the Cash & Carry stores and the warehouses are mostly toner and waste from electrical and electronic equipment ("WEEE"). The Group's waste managed as hazardous during disposal partly belongs to the WEEE category (8% in 2017, 10% in 2018 and 36% in 2019 of the total WEEE), partly to the condensation formed in the compressors (0.47 litres in 2019) and a very small part to rags contaminated with acid from batteries (0.005 kg in 2019).

Waste treatment	2019	2018	2017
Disposal	37	0	231
Recovery	1,017	1,072	945

Total waste generated over the three-year period by type of treatment (tonnes)

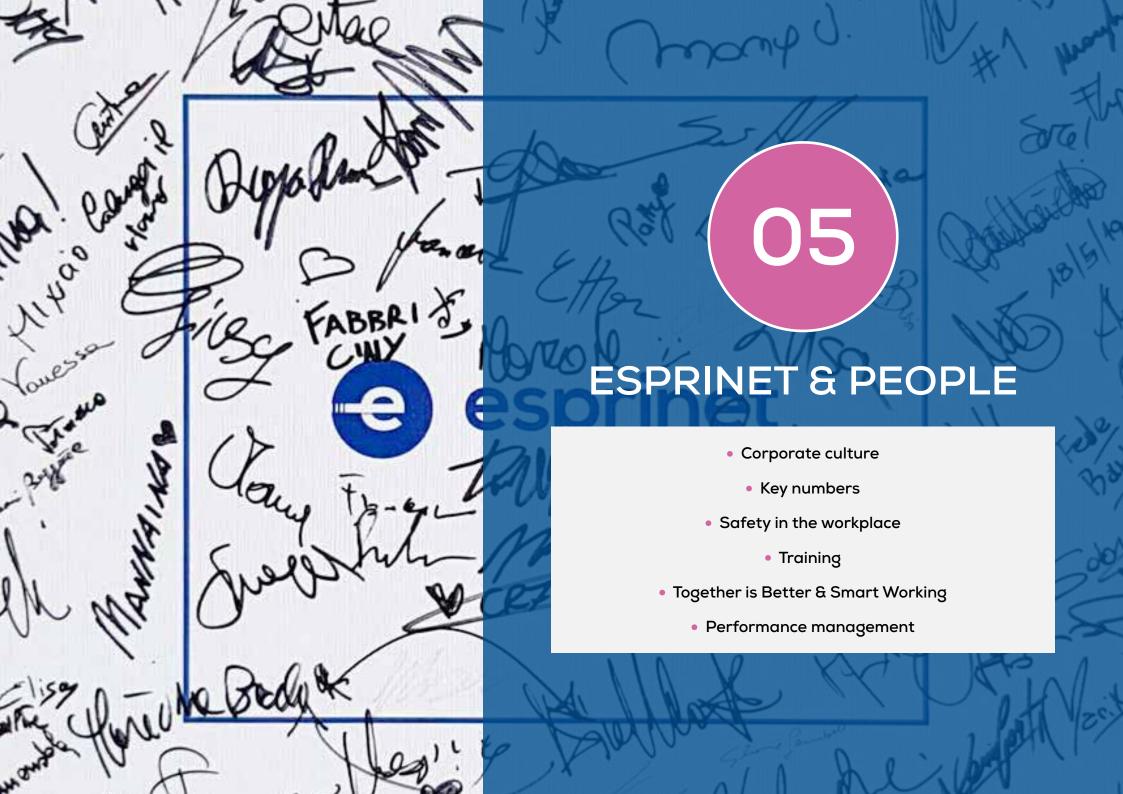
Esprinet S.p.A. and Celly S.p.A. use the supplier Gamma Recuperi for waste collection and disposal services. In addition, for over 3 years at the logistics sites of Cambiago and Cavenago there are 2 presses for plastic packaging, 3 compactors for cardboard and 2 compactors for mixed waste to **minimise the footprint** thanks to the supplier Dimocart. For the disposal of waste, the Spanish subsidiary Esprinet Iberica joined the Ecoasimelec and Ecoembes consortia; Vinzeo S.A.U. joined the Ecoplias and Ecoasimelec consortia, while Esprinet Portugal joined the Erp and Ponto Verde consortia.

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Corporate culture

Human resources are considered of primary importance in pursuing Group objectives. The Esprinet Group's HR management and development model mainly aims to motivate and valorise all employees by enhancing their skills and according to its business development strategy.

The Esprinet Group protects and promotes the value of human resources, encouraging their professional growth, undertaking to avoid discrimination of any nature and guaranteeing equal opportunities to both genders; it also guarantees working conditions respectful of individual dignity and safe and salubrious working environments.

Despite a constant attention to cost rationalisation, the Group has undertaken a series of initiatives to make the most of its capital:

- OHSAS 18001 certification for the companies Esprinet S.p.A., Esprinet Iberica S.L.U. and Vinzeo S.A.U. on protection of health and safety in the workplace;
- training targeted and adequate to management needs;
- selection of the best resources coming from the main national schools and universities, combined with constant attention to internal mobility;
- a compensation system based on principles of selectivity and meritocracy linked to the achievement of individual objectives;
- introduction in 2017 of the smart working project in pilot mode, extended in 2018 to all the businesses of Esprinet S.p.A. and introduction of **smart working 2.0** in 2019.



Employment of **females**





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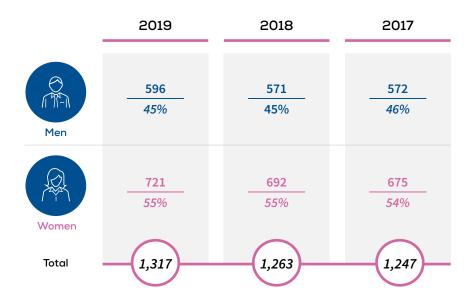
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Key numbers

Employees broken down by gender



Compared to 31 December 2018, the number of Group employees at the end of 2019 increased by 54.

With regard to the breakdown by gender, the table below shows a consistent **prevalence of female employment** within the Group: 55% at 31 December 2019.

In line with the previous year, limited in the analysis to the Italian subgroup, the percentage of female employment remains almost unchanged, at around 51.5% (421 out of 818 people).

As far as the Iberian Peninsula (Spain and Portugal) is concerned, female employment continues to be significantly prevalent (300 out of a total of 498 equal to 60%), in line with the figure recorded at 31/12/2018 (60%).

Employees broken down by level of education

At the end of the year the percentage of graduates for all employees of the Group was equal to 36%, while the percentage of people with a degree was 54%.

	2019	2018	2017
Graduate and post-graduate*	482	454	457
Upper high school	703	680	661
Lower high school	132	129	129
Total*	1,317	1,263	1,247



Employees **graduated**



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^{*}The data for the year 2018 was updated with the integration of Celly Pacific Limited, whose qualification data were not available in 2018.

Key numbers

Employees broken down by professional category and gender

At 31 December 2019, the Esprinet Group had 1,317 employees, of which the majority (equal to 1,208) fall within the professional category of white-collar workers and middle managers (544 men and 664 women).

	2019	2018	2017
Managers	17 1.3% 5 0.4%	17 1.3% 5 0.4%	16 1.3% 5 0.4%
/hite-collar workers and Middle managers	544 41.4% 664 50.3%	511 40.5% 644 51.0%	530 42.5% 643 51.6%
Blue collar workers	35 2.7% 3.9%	43 3.4% 43 3.4%	26 27 2.1% 2.2%
Total	1,317	1,263	1,247



Employees broken down by contract and gender

The high prevalence of permanent contracts (90% of the total) highlights the desire of the Group to create a lasting relationship with its own people.

Among permanent employees, the percentage working full time was 91% in 2019, 88% in 2018 and 90% in 2017.

All Group employees with fixed-term contracts are full-time.

	2019	2018	2017	
Permanent full- time contracts	529 547	502 497	507 513	
Permanent part-time contracts	11 101	11 119	6 109	
Fixed-term contracts	53 71	55 70	56 46	
Fixed-term contracts to replace absent workers	3 2	3 6	2 8	
Total	1,317	1,263	1,247	

In addition, during the three-year period covered by this Report, the Esprinet Group worked with a number of external agents: at the end of 2017 there were 76 agents at Esprinet S.p.A., Celly S.p.A., EDSlan S.r.l. and Mosaico S.r.l. and 4 at Vinzeo Technologies S.A.U. and Tape S.L.U.; at the end of 2018 there were 67 at Esprinet S.p.A., Celly S.p.A. and 1 at Vinzeo Technologies S.A.U. In 2019 there were 40 agents in Esprinet S.p.A. and 25 in Celly S.p.A. while there are no agents in Spain or Portugal.

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Employees broken down by geographical area

	Contract type	2019	2018	2017
	Permanent	755	723	745
	Fixed-term	58	60	62
Italy	Fixed-term contract to replace absent workers	2	5	6
Spain	Permanent	420	394	382
	Fixed-term	63	65	40
	Fixed-term contract to replace absent workers	3	4	4
	Permanent	9	8	8
	Fixed-term	3	0	0
Portugal	Fixed-term contract to replace absent workers	0	0	0

All employees of the Esprinet Group are **covered by national collective labour agreements** applicable to the business sector and place of work***.

Note that for the 2017-2019 three-year period, **no cases of discrimination** were brought to the attention of the Company.

	2019	2018	2017
(30)			<u>176</u> 14%
31 - 40	<u>431</u> <u>33</u> %	36%	495
41 - 50	<u>490</u> 37%	<u>468</u> 37%	35%
> 51	193 15%	156 12%	135 11%
Total	1,317	1,263	1,247

Employees broken down by age

At 31 December 2019, 33% of the Group's population was aged between 31 and 40, decreasing compared to 2018, while 37% of employees were aged between 41 and 50, in line with respect to the same age range in 2018.

In 2019 the Group's employees* were 61.9% in Italy, 36.9% in Spain and 0.9% in Portugal.

Employees of the subsidiaries Celly Pacific Limited and Nilox Deutschland GmbH (0.3%) operating outside Italy** were excluded from the breakdown by geographical area.





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^{***} Data not applicable for the subsidiary Celly Pacific Limited.







^{*} Breakdown carried out starting with the geographical area of the operational offices of the individual companies.

^{**} For this reason, 3 employees were not considered in 2017, 4 in 2018 and 4 in 2019. These omissions fully explain the difference in total employees reported for the other classifications.

Number of terminations

	2019	2018	2017	2019	2018	2017
	122 110	111 109	96 69	101 91	110 95	122 123
< 30	101	101	74	61	56	68
31 - 40	65	71	51	60	87	95
41 - 50	46	37	28	49	43	55
>51	20	11	12	22	19	27
53	109	104	91	96	126	113
	118	112	74	95	76	129
	5	0	0	1	0	0
other	0	4	0	0	3	3
Total	232	220	165	192	205	245

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Compared to 31 December 2018, the number of employees of Esprinet S.p.A. increased by 12 at the end of 2019 (from 742 to 754), due to the closure of the search that began on 31/12/2018 and closed at the beginning of 2019 and for the investment in new business areas with the opening of new brands during the year.

The average number of employees for Esprinet S.p.A. at 31/12/2019 increased by 37 compared to the previous year, reaching 748 from 711. This increase comes on the one hand from the fact that in 2018 the companies Edslan and Mosaico were merged by incorporation into Esprinet S.p.A., and on the other hand from the increase in the number of employees described above.

There were no significant changes in the number of employees for Celly (Celly S.p.A., Celly Nordic OY and Celly Pacific Limited).

In addition, **4Side S.r.l.**, which had 13 employees at 31/12/2019, **became part of the Italy Subgroup** on 20/03/2019.

The Esprinet Iberica group increased its headcount by 27 employees compared to the previous year, due to the addition of 10 employees to Esprinet Iberica S.L.U. - net of the transfer to the latter of 19 employees from the company V-Valley Iberian S.L.U. - with the increase of 13 employees at Vinzeo Technologies S.A.U. and 4 at Esprinet Portugal Lda.

The increase in personnel is partly due to the replacement of those who resigned at the end of 2018, the process of which was completed at the beginning of 2019, and partly due to **growth in the number of employees in the Front Office and Logistics areas**. As far as the Front Office is concerned, the most marked increases are recorded:

- in the **Consumer and Small Medium Business areas**, for the management of promotional services, the strengthening of e-commerce and the commercial oversight of customers.
- in the **Advanced Value Solutions area**, for strengthening the areas for technical sales support and the opening of new brands during the year.

There was an increase of 7 employees for the Logistics area compared to 31 December 2018, mainly due to the management of higher volumes of activities, typical of the last quarter of the year, and the replacement of temporarily absent staff.

The average number of employees for all companies in the Iberian Peninsula at 31/12/2019 increased by 32 compared to 31/12/2018, in line with that occurred at 31 December and due to the increase in the number of resources employed.



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Recruiting continued to be intense in Italy in 2019, with **137 searches for all the structures** of the Italian companies of the Group managed throughout 2019. Some of these are still ongoing in 2020 and others ended with hiring in 2020.

In the sales departments, the trend of hiring mainly specialised people with greater seniority compared to more junior profiles continued.

During 2019, **Employer Branding** activities also continued, as well as the **consolidation of relations with local universities**: with Bocconi University, Cattolica University and the 24ore Business School. At these meetings, representatives of structures such as Marketing, Channel Marketing and CSR shared the best practices adopted in the company with students.

The collaboration with specialised research and selection companies continued in 2019 for the **search of senior professionals and people with specific technical skills**.

As part of the professional development plans, the **investment in internal profiles** continues, with the vertical and horizontal growth of some employees who in 2019 changed their roles to take on greater responsibilities.

Job Posting continues to be a valid system that promotes internal mobility and facilitates professional and cross-functional growth. "**Link up!**" – an internal referral system that provides financial recognition if a referred person is hired – has also been confirmed as a valid search channel.

As far as the Iberian Peninsula is concerned, recruitment continued to be very

intense in 2019, not only due to an increase in personnel turnover, but also due to the increase of the same and the need to integrate new profiles, mainly professionals with previous work experience and specific skills for the highly specialised business areas, which was accompanied by the effort to recruit profiles to replace temporarily absent workers, rather than for the coverage of peaks of work in the logistics area of the company.

In 2019, 111 employee searches were managed, some of which ended with hiring in 2020.

During 2019, activities also continued to **consolidate relations with universities and Business Schools** to find junior profiles to insert in internships or with training contracts, welcoming 22 interns at the various company offices.

The collaboration with specialised research and selection companies continued in 2019 in the search for senior professionals and people with specific technical skills, and with employment companies for more junior profiles and to manage the searches for warehouse personnel.

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Outgoing turnover rate

The outgoing turnover rate is calculated by dividing the total number of terminations by the total number of employees at year-end.

	2019	2018	2017	
Total terminations	192	205	245	
Total employees	1,317	1,263	1,247	
Outgoing turnover rate	14.6%	16.2%	19.6%	

By gender

2019	2018	2017
16.9% 12.6%	19.3% 13.7%	21.3% 18.2%

The outgoing turnover rate was 14.6% at the end of 2019, decreased compared to 16.2% in 2018, with a prevalence of men.

The age group most involved is < 30 years old (30.0%) and the geographical area mainly affected (excluding the "Other**" category) concerns Spain (19.5%).

In Spain, more than half of the terminations were concentrated in the < 30 years group and were due to personnel turnover in the Group's warehouse. This area is also subject to seasonality, furthermore due to the demanding type of work the personnel changes rapidly.

Warehouse personnel belong to a low age bracket compared to the rest of the company population, have less seniority and a greater propensity to leave for other job opportunities.

By age group

	2019	2018	2017
< 30	30.0%	29.5%	38.6%
31 - 40	13.9%	19.4%	19.2%
41 - 50	10.0%	9.2%	12.5%
> 51	11.4%	12.2%	20.0%

By region*

, 3	2019	2018	2017
53	11.8%	16.0%	14.1%
	19.5%	16.4%	29.1%
	8.3%	0.0%	50%
other**	0.0%	75%	100%

^{*} Breakdown carried out starting with the geographical area of the operational offices of the individual companies

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^{**} The subsidiaries Celly Pacific Limited and Nilox Deutschland GmbH are considered here

^{5 -} Esprinet & people

New hirings rate

The new hirings rate is calculated by dividing the total number of hirings by the total number of employees at year-end.

	2019	2018	2017
Total hirings	232	220	165
Total employees	1,317	1,263	1,247
New hirings rate	17.6%	17.4%	13.2%
By gender	2019	2018	2017

The new hirings rate was 17.6% at the end of 2019 compared to 17.4% in 2018, with a prevalence of men. The age group most involved is < 30 years old and Spain was the geographical area mainly affected.

19.4% | 15.8%

20.4% | 15.3%



By age group

	2019	2018	2017
(30)	49.8%	53.2%	42.0%
31 - 40	15.1%	15.8%	10.3%
41 - 50	9.4%	7.9%	6.3%
> 51	10.4%	7.1%	8.9%

By region*

16.8% | 10.2%

	2019	2018	2017
534	13.4%	13.2%	11.2%
	24.3%	24.2%	17.4%
	41.7%	0.0%	0.0%
other**	0.0%	100%	0.0%

^{*} Breakdown carried out starting with the geographical area of the operational offices of the individual companies.



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^{**} The subsidiaries Celly Pacific Limited and Nilox Deutschland GmbH are considered here.

For Esprinet S.p.A., as part of the **FOR-TE project**, two agreements were concluded pursuant to Article 14, under which the private employer, in order to fulfil the obligation set out in Law 68/99, may entrust a job to type b social cooperatives, i.e., cooperatives that carry out productive and service activities dedicated to the integration of disadvantaged people into work, including disabled people. These agreements stipulated with the Provinces of Milan and Monza & Brianza provide for the respective inclusion of 1 and 9 disabled people at Esprivillage of Cesano Boscone.

Their inclusion within the Province of Milan, beyond the legal obligation, compensated for the resulting lack of coverage in the Province of Ravenna, while the nine inclusions carried out per the agreement in the Province of Monza & Brianza reduced the amount of the partial exemption from 20 to 11 workers from May 2019.

For Celly S.p.A. and 4Side S.r.l. there was no lack of coverage.

As far as Esprinet Iberica and Vinzeo Technologies are concerned, which are the only ones affected by the legislation relating to the compulsory placement of disabled people, it should be noted that in 2019 the company complied with the employment objectives set out in the legislation and continues, as regards only Esprinet Iberica, the recourse to alternative institutions for the failure to hire disabled personnel, establishing collaboration contracts with two entities dedicated to the hiring of disabled people, **Stylepack S.L. and Ilunion**. These companies have been entrusted with the management of certain activities in the Supply Chain area, which they develop through the contribution of workers with disabilities. The extension of the use of this alternative to Vinzeo Technologies is currently being considered.

In 2019 the female return rate was 59%, while the male rate was 100%. Only persons who took leave in the year of reference are taken into account in the calculation of parental leave. Note also that all employees are entitled to parental leave.

The return rate was calculated by dividing the number of returns in the year of reference by the total number of people who should have returned during the year in question.

The Retention rate was calculated by dividing the number of employees still in the company at 31 December of the following year with respect to their return from maternity/paternity leave by the total number of people who had returned from their leave in the previous year.*

Protected categories

2019	2018	2017
39	<u>35</u>	35
17 22	16 19	16 19

Maternity and paternity leave

	2019	2018	2017
Returns at the end of leave	13 20	13 25	23 31
Parental leave	13 46	13 27	24 45
Return rate	100% 59%	100% 83%	100% 86%
Retention rate	90% 73% 97%	67% 76% 60%	76% 68% 87%

^{*}Not all the numerical values used to calculate this rate have been reported and will be evaluated for inclusion in subsequent publications.



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Safety in the workplace

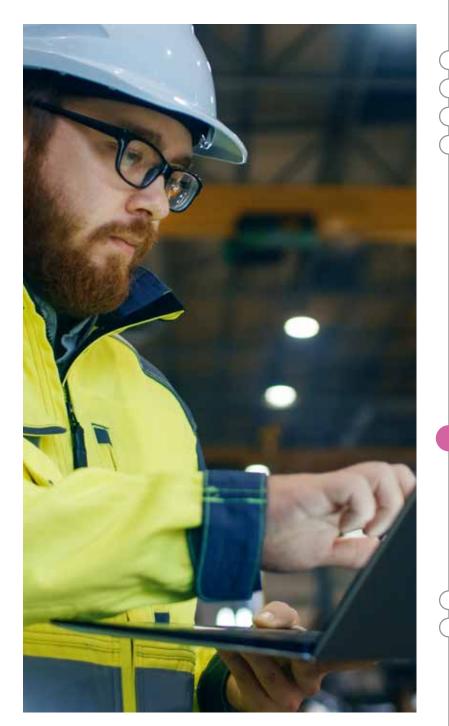
In 2019, there were 19 accidents involving Group employees (data expressed in absolute value), during a total of 2,144,867 hours worked.

The four accidents recorded in Italy were all while commuting. There were no accidents in the foreign subsidiaries.

Esprinet Iberica recorded 14 accidents, of which six were while commuting and eight at work. Only one accident was recorded for Vinzeo, while commuting. There were no accidents in Portugal and V-Valley Iberian in 2019.

Accidents

	2019	2018	2017
	19	13	11
	7 12	7 6	3 8
254	4	6	7
	15	7	4
	0	0	1
other	0	0	1



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Injury rates			

In carrying out its activities, the Esprinet Group collaborates with two cooperatives,

one in Italy and one in Spain, hosting their personnel inside their warehouses. In Italy Esprinet collaborates with **Prometeo soc.coop.**, which belongs to the **Logitech consortium**, and with the **For-Te social cooperative**: as regards accidents of external companies in the logistics hubs, on a quarterly basis the cooperative sends a copy of the accident register to the Quality, Environment and Safety Management System Manager, who records the events and archives the evidence.

During 2019, an average of 170 employees of the cooperative were employed (114 men and 56 women), recording four accidents (one of which while commuting). The frequency index for these employees of the cooperative is therefore 14.5 in Italy, while the severity index is 0.09.

In parallel, there were collaborations with the following cooperatives in Spain in 2019: **Stylepack, Coviar, Valdemuel, Ilunion Recepcion, Ilunion Almacen, ESC Servicios Generales SL**. During the year, an average of 30 employees were employed, recording one accident, resulting in a frequency and severity indices of 22.9 and 0.11 respectively.

Frequency index*	8.9 6.8 10.8	6.3 7.1 5.6	5.2 3.0 7.1
534	3.0	4.6	5.2
	18.9	9.7	5.2
	/	1	1
other***	1	I	1

2018

2017

2019

	equency index ccidents in 2019
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- * The frequency index is calculated as follows: (no. accidents/no. hours worked) x 1,000,000.
- ** The severity index is calculated as follows: (no. days lost due to accidents/no. of hours worked) x 1,000. The total number of accidents also includes accidents while commuting and events involving a single day of absence due to an accident. The number of days lost due to accidents is calculated considering calendar days.
- *** The subsidiaries of Celly S.p.A. (Celly Nordic OY, Celly Pacific Limited) and Nilox Deutschland GmbH are considered here.

Severity index **	$\frac{0.13}{0.16 \mid 0.11}$	0.13 0.17 0.10	0.05
	0.04	0.06	0.05
	0.30	0.26	0.05
	/	I	1
other***	1	1	1
Fatalities	0	0	0



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Training

Personnel training is considered a decisive factor to prepare for the challenges of a constantly changing market.

In 2019 the Esprinet Group provided **21,387 hours** of training to its employees (excluding directors and interns), up compared to the previous year (18,621): of these hours of training, 14,483 were provided in Italy and 6,906 in the Iberian Peninsula. The increase in training hours is mainly due to language courses, **Smart Working courses** extended to other structures and the **courses relating to privacy, workers' health and safety** and Italian Legislative Decree no. 231.

Of the total training hours provided in 2019 in the Group, **3,198.5 hours** (excluding directors and interns) were for courses relating to privacy, workers' health and safety and Italian Legislative Decree 231/01: this training was introduced in Spain starting in 2017.

The training of cooperative personnel working in the warehouses is focused on first aid courses, fie prevention, use of vehicles in the warehouse etc. It is done by the cooperative itself and supervised by internal Esprinet personnel.

As in previous years, a significant part of the training provided was carried out through the use of funded training, so-called Fundae.

21,387 TRAINING HOURS provided in 2019

of which more than 3,198 relating to



"Courses related to health and safety"

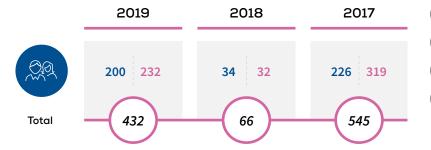


"Courses related to privacy"



"Corporate responsibility as per Italian Legislative Decree no. 231/01"

Number of employees trained in anti-corruption matters



Professional category

3	0	3
429	66	452
0	0	90

Geographical area

934	287	19	88
	145	23	457
	0	24	1
other	0	0	0

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Training hours per employee

In 2019, the Group (Esprinet S.p.A., Celly S.p.A., Esprinet Iberica S.L.U., Vinzeo Technologies S.A., V-Valley Iberian S.L.U. and Esprinet Portugal L.d.A.) provided 21,909 hours of training, an increase compared to the hours provided the previous year (19,423). Excluding directors and interns, the Esprinet Group provided 21,387 hours of training.

With regard to the Group in Italy, Esprinet S.p.A., Celly S.p.A. and 4Side S.r.l. provided a total of 14,886 hours of training, a significant increase compared to last year (13,807.5 hours). Of these, 2,608.5 hours related to courses on privacy, workers' health and safety and Italian Legislative Decree no. 231.

Also during 2019, important attention was paid to **language training** - in particular English and Spanish. In 2019, a total of 2,243.5 hours were provided. In particular, about 1,500 classroom hours were provided for the English language in a small group involving 61 participants. In addition to weekly training sessions, business English workshops were held.

Internal training also maintained its structure according to the catalogue, with further revisions for an effective response to the training needs identified.

In particular, the training dedicated to new hired people, aimed at colleagues in the company for less than 12 months, focused on the first organisational concepts and company tools and involved colleagues in the classroom for a total of 1,824 hours, slightly down from last year (2,097) due to the suspension of certain training courses related to a review of the procedures covered by the session. Classroom attendance was 585, with more than 30 internal teachers.

The training designed for employees in the company for more than 12 months involved 1,197 people, a much larger population of the company compared to 2018 (826 people), for a total of 8,034.5 hours, a growing trend (6,686 hours were provided in 2018).

Alongside the classically proposed courses for the development of soft skills or technical skills, training in **communication in the digital age** and in the **use of social networks for professional purposes** began in 2019.

The course involved 136 people for a total of more than 1000 classroom hours. An important training element to which more than 200 classroom hours were dedicated in 2019 was again the course dedicated to the **Smart Working project – now part of the company culture** and in continuous evolution - mainly aimed at colleagues who recently joined the company.

As for the Iberian peninsula, in 2019 a total of 7,022.5 hours of training were provided,



14,886
TOTAL HOURS PROVIDED
for the Group in Italy

- Language training
- Training in communication in the digital age and the use of social networks for professional purposes
 - Smart Working Training

7,022.5
TOTAL HOURS PROVIDED for the Iberian peninsula

- Training plans dedicated to safety and the improvement of its workers' health
 - Esprinet Iberica joined Red Aragonesa de Empresa Saludables

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Training hours per employee

a significant increase (1,407.5 hours) compared to last year.

Esprinet Iberica and Vinzeo largely contributed to the total hours of training provided, with 4,906 hours and 1,927 hours respectively, through the preparation of an annual training plan divided into various areas of expertise. Of the total, 590 hours were dedicated to mandatory training for the prevention of risks at work and we continue to invest in language training (in particular English and Italian), with 2,565 hours in 2019, involving 66 employees.

Esprinet Iberica has continued to invest in **training plans dedicated to safety** and the **improvement of its workers' health,** as well as the prevention of stress, devoting 1,350 hours of training to postural correction courses through the Pilates method, Mindfulness, defibrillator use and the safe operation of forklifts for warehouse staff.

Thanks to these initiatives, Esprinet Iberica joined the **Red Aragonesa de Empresa Saludables**, an institute established by the Autonomous Community of Aragon to award the title of Healthy Organisation to the 24 Aragonese companies that have distinguished themselves for the efforts they have made to improve the health and well-being of their collaborators.

The rest of the training activities related to Microsoft Office training, in particular Excel, but also other software and business tools, with an investment of 1,251 hours of training, the development and improvement of soft skills, as well as specialised training related to specific professional activities carried out in the company.

As in previous years, a significant part of the training provided was carried out through the use of funded training, so-called Fundae.

2018

2017

Professional category

2019

370.5	142	218
20,250	18,179	17,375
190	301	838

	16 <mark>16</mark>	14 16	13 16
Average training hours per employee		15	15

Professional category

17	6	10
17	16	15
2	3	13

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Key numbers

• Training



^{9,325.5 11,484.5 7,784 10,838 7,546 10,884}Total hours provided 20,810 18,621

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^{*} The data on this page do not include the training hours provided to interns and directors.

^{**} The details for "Gender" and "Professional category" do not include, both for the number of hours indicated and for the calculation of the average hours, 577 hours of training carried out at Esprinet Iberica S.L.U. (data not available).

Together is better and smart working

2019 was an important year for the Group in Italy, for the attention dedicated to the issue of **customer satisfaction**. The starting point was the launch of the TIBesprinet – **Together is better** project as a new approach to improve the customer experience. The project's first initiative was the opening of a **listening campaign**, both for employees and customers.

Several actions were implemented at the end of the Internal Survey which were aimed at improving some of the aspects that emerged:

- Organisation of the company kickoff as an institutional and playful moment that featured all Esprinet Italia employees from all locations, and some representatives of the other Group Companies.
- Activation of a pilot project aimed at improving interdepartmental collaboration and communication.
- Launch of the **Smart Working 2.0** pilot project that provides all eligible roles the opportunity to work at home in smart working mode for up to two days a week, maintaining the meritocratic criterion and company seniority. Thanks also to the aforementioned 2.0 evolutions of 2019, there is ever more participation in the Smart Working project. From the date of the project's confirmation at 31.12.2019, 579 employees joined the initiative, 63% of whom were women. On average there were 78 people using smart working every day in 2019, a strong increase compared to 2018 (54 people on average).
- Extension of work schedule hourly flexibility, in order to improve work-life balance.
- Creation of a **multifunctional space** within the company used for lunches, breaks and informal meetings between colleagues and/or external visitors.
- **Regular meetings** for updating on quarterly company results managed by the Chief Executive Officer.

Also for the Iberian subgroup, 2019 was an important year thanks to the attention dedicated to the issue of **customer satisfaction**. Following the line already taken by the parent company in Italy, during summer the TIBesprinet – Together is better project was launched as a new approach for improving **customer experience**. The project's first initiative was the opening of a listening campaign, both for customers and employees.

Several actions were implemented in relation to the suggestions already received by the company directly from employees and through the company's trade union representatives, aimed at improving certain aspects:

- Launch of the **Smart Working pilot** project, which provides the opportunity to work at home in smart working mode for up to 80 hours a quarter, for all roles that can join depending on the type of work performed, the autonomy and meritocracy of the person and a minimum seniority of one year in the role. In this launch phase, Smart Working has already been considerably successful and it has been extended to the first quarter of 2020 in order to be able to subsequently evaluate any changes and/or extensions.
- Launch of a **Pilot project for work schedule hourly flexibility** of one hour in order to improve work-life balance.
- Quarterly meetings for updating on company results managed by the Chief Executive Officer.
- Launch of a **Survey** in December 2019 with the aim of receiving feedbacks on the initiatives undertaken and new suggestions for improvement to work on during 2020.



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Performance management

In 2019 the performance management process continued to be an important **moment of reflection and sharing** for the Group, in which each manager was called upon to evaluate the performance of their team for the year 2018 and to identify the specific training needs to work on with the HR department for the definition of courses and action plans based on all that emerged.

Calibration meetings, a moment for sharing with HR management, were planned in the first half of 2019 and more than 30 were held; the project involved 615 employees of Esprinet S.p.A. and Celly S.p.A.

In Italy, as for the Iberian Peninsula, a variable incentive process was initiated on both individual and corporate objectives as usual, for employees of the commercial structures and management profiles, which will be finalised in March 2020 following the final approval of the 2019 results.

Unlike in previous years, this year the entire plan was managed in Italy on a web platform, in line with the progressive digitisation of the main HR processes.

In terms of compensation, in 2019 the variable staff incentive system for the Esprinet Group was based on the assessment of performance measured through the achievement of both individual and corporate objectives.

Specifically, the company objective was linked to an improvement in Customer Satisfaction.

The Esprinet Group remuneration policy was also implemented, with interventions on both fixed and variable remuneration. This plan involved approximately 36% of the company population in Esprinet S.p.A. and Celly S.p.A. and approximately 13% in the Esprinet Iberica group (percentages calculated using the average number of employees of the year). For directors, managers with strategic responsibilities and other Key Managers of the Group (Italy and Spain) the incentive plan for the three-year period 2018 – 2020 is underway.

	2019	2018	2017
	65% 66%	72% 72%	60% 53%
	14%	23%	14.3%
	71%	77%	59.2%
	0%	14%	1
Total	66%	72%	56%



PROMOTING AND ENHANCING resources

^{**} The values reported for employees broken down by gender and professional category represent the percentages relative to their respective categories



Sustainability Report 2019

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^{*} In calculating this index, employees throughout the Group were considered





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Social responsibility

Working with a competitive advantage in the long term, including social, environmental and economic values: **this is what we consider being sustainable**.

Corporate Social Responsibility is an important component in the Group and precisely for this reason, once again in 2019 Esprinet sustained and promoted different social initiatives in favour of its stakeholders.

The Group considers it fundamental to believe in the importance of sustainability to **generate and distribute value** in a lasting and autonomous manner, careful to reconcile the needs of the subjects with whom we interact every day, such as customers, suppliers, associations and institutions.

By listening to the main stakeholders of the Esprinet Group, the requirements of "sustainable" projects have been identified, which must guide the Group towards a lasting creation of value.

Esprinet is specifically dedicated to initiatives **involving associations**, **employees**, **customers and suppliers**.

The Group is increasingly aware of the fact that incorporating sustainability into the company's strategies and activities is fundamental for a business that aims to create value in the medium and long term, both for the community and for the company itself. Sharing the results of the Group's work with stakeholders is one of the steps in this direction.





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FOR-TE Project

The project aims to create an opportunity to integrate **people with disabilities** into **the working world**, offering customers a service that saves them time and costs while simultaneously making them feel like part of a project with an important social impact.

FOR-TE is the first delivery service in Italy entirely carried out by people with intellectual disabilities.

With FOR-TE, the Esprinet Group has achieved a perfect **integration of a social project** into its core business, demonstrating that sustainability is no longer just an ancillary activity, but a real source of value creation.

> PROGETTO SOCIALE ESPRINET TUR-TE!



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FOR-TE Project



The ten individuals participating in the project travel on foot or by public transport to deliver the products of orders received by Esprivillage of Cesano Boscone - one of the 17 Esprinet stores located throughout Italy - transporting the products with a rucksack.



When the order is closed, those who have purchased goods that meet the weight and size requirements are offered "FOR-TE" delivery; in fact, the service has been rendered automatic so that the customer can request it directly from the website upon completing the order.



The service is free for customers, who can avoid physically picking up the goods at the point of sale, taking advantage of the chance to have them delivered to the end user. Every morning Esprivillage personnel prepare orders for the FOR-TE team, who in the early afternoon load their rucksacks and receive instructions for delivery, under the coordination and supervision of a manager of the L'Impronta Group.



The L'Impronta Group has been committed to the employment of people with disabilities and other fragilities for years, and has made it possible to implement the project by establishing FOR-TE, a social cooperative.



The delivery team is coordinated using GPS localisation on mobile phones, which allows the manager of the cooperative to follow the delivery in real time.



Launched in May 2019, the project has carried out over 1,000 deliveries in the first eight months of operation, for a value of approximately 200,000 euro. It should be noted that in the aforementioned period there were zero errors in deliveries.



The project has also involved the vendors Tucano, Jabra and Nilox, who recognised its socio-economic validity by providing part of the technical equipment used.



The project has been highly appreciated by customers; thanks to the results obtained in terms of customer satisfaction for 2020 it will be continued and expanded in other points of sale.





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FOR-TE Project

employment of people with disabilities

over

ERRORS in delivery

SAVINGS in TIME and **COSTS** for the customer

Customers, suppliers and the company **TOGETHER** in a virtuous social project

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Some feedback from our customers

"Excellent service"

"Great delivery team, I'm happy to make a purchase"

"The delivery boys are punctual and polite, the service is so great"

"Exceptional service and fantastic team"

"The delivery boys are very polite and competent"

"Something extra compared to other suppliers"

"Keep it up"



"The challenge was to increase the company's value through the creation of a true sustainable **business**, characterised by a strong social impact for all stakeholders involved."

Alessandro Cattani - Chief Executive Officer of the **Esprinet Group**





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Corporate Volunteering - Esprinet4others

The Esprinet Group interprets Corporate Volunteering as a project where the company encourages, supports and organises the active and concrete participation of its personnel in the life of the local community and in support of certain non-profit organisations during working hours.

The project's peculiarity lies in the organisation of several moments during the year dedicated to different social causes; the first pilot phase of the project was launched in 2018, extended to all Group companies based in Italy. The associations involved came from the social, health, cultural and environmental spheres. The **organisational process was participatory in nature**, with the direct involvement of employees through surveys in order to identify the areas of greatest interest.

Subsequently, through operational focus groups, volunteer days were identified and organised. In doing so the employees themselves became project leaders and project ambassadors, working together to come up with the name **Esprinet4others.**

The project has differentiating characteristics compared to other corporate volunteering projects, distinguished by the number of events, which go beyond a single aggregative moment, so as to be a real help to the territory and associations.

Numerous studies have analysed the advantages that Corporate Volunteering brings both internally to the company and to the external community: the Esprinet Group has actually experienced the many positive aspects of this initiative and for this reason the project continued in 2019 and expanded from **three to six months**, **also involving the Group companies based in Spain** (Esprinet Iberica).

Esprinet4others is emblematic of the virtuous path that the company and employees can take together for the community.

Pigiama Walkavrun

Markavrun

In 2019 Esprinet S.p.A. and Celly were involved in Italy.

The period for carrying out corporate volunteering was from March to November with the involvement of **nine associations** for a total of **74 days** and the participation of **135 employees**.

In 2019 Esprinet Iberica began the journey by organising one day a month, each time working with a different association and involving a small group of employees each day to create bonding, involvement and real help in the territory. At the end of 2019, Esprinet Iberica had organised **six days** in **six associations** with the participation of **43 employees**.

Thanks to the positive feedbacks from both employees and the territory, the volunteering will **continue in 2020**, also trying to involve suppliers and customers.





178
employees
involved



80 days organised



15 associations involved

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Green Project

The Esprinet Group's attention to the environment can be seen in the **Green Project**, a first effort aimed at helping customers make an **informed business choice that brings value in the long term**.

The Green Project aims to increase visibility of the "green" characteristics of the items in Esprinet's online catalogue. Thanks also to the comparison with qualified external interlocutors, a first step was taken towards a comparison between products within the same product category on the basis of "energy efficiency" indices.

20% of the products found to be more environmentally friendly are now marked with a **green leaf**, visible in the product sheets.

For now this analysis was carried out for televisions and printers, with the intention of extending the project to other categories of goods by introducing other aspects related to the concept of "green" to the comparative parameters (recycling of materials, sustainability of the supply chain, carbon footprint, noise, etc.).

For televisions, the calculation is based on the formula underlying the Energy Efficiency Index (EEI), which determines the energy class of the product.

This indicator has been recalculated starting from the data in the catalogue product sheets. The greener televisions were then identified, marking them with the green leaf, within the TV types (including TV Monitors) and Hotel TVs. The **added value** of this ranking compared to the information provided by the energy class is the **greatest differentiation**: consider that an internal analysis verified that about 60% of the products in the catalogue belong to energy class "A".

For printers, in order to ensure full comparability of products, the variable used for the calculation is the "energy consumption per printed page", using different parameters depending on the type.

The project aims to direct the customer to use the **environmental variable to be more competitive in the market** so as to make sustainability a **differentiating lever for business**.

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Maria Letizia Verga Committee

For years the Esprinet Group has worked with the Tettamanti Foundation and the Maria Letizia Verga Committee in Monza, organisations engaged in the research and treatment of childhood leukaemia. In the past few years the collaboration has led to the establishment of two laboratories with two high-tech microscopes that allow the monitoring of the minimum residual disease. Also in 2019, the collaboration continued with an online fund raising campaign by giving customers the opportunity to contribute with a donation when completing their order. The Group has committed to double customer donations up to a maximum of 5,000 euro.

Thanks also to the contribution of Esprinet, which the Committee has supported for many years, more than 85% of children are now recovering. The path to healing even just one more child continues and **Esprinet continues to support the cause thanks to the involvement of its customers**.





To further **strengthen the collaboration** with the Maria Letizia Verga Committee, and with the desire to communicate the importance of the initiatives to all our stakeholders, the Group also donated part of the funds usually allocated for Christmas gifts to suppliers and customers to charity. The initiative was shared and explained to the various stakeholders through the sending of Christmas cards.

Finally, the Group organised two solidarity banquets for employees during the Easter and Christmas periods to promote fund raising for the association.



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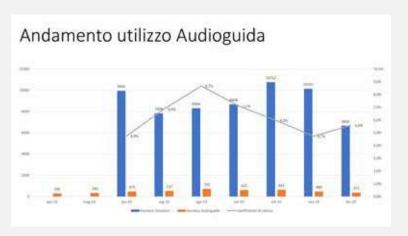
Ambrosiana Library

In partnership with SEELABS Soluzioni e Servizi S.r.l., in 2018 the Esprinet Group created an innovative Multimedia Guide to enrich the visitor experience at the Ambrosiana Gallery.

In 2019 the project was also extended to the Veneranda Ambrosiana Library.







The intention is to enhance cultural Italian heritage.

To develop the project, Esprinet has also involved colleagues from Celly S.p.A. for the preparation of the hardware necessary for the work's success.





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Ayuda en Acción

In 2019 Esprinet Iberica collaborated with **Ayuda en Acción**, an international NGO that fights poverty and inequality, to launch the **Labs4Opps** project for the development of students' ICT skills and professional orientation.

Esprinet has promoted a company visit for students at risk of social exclusion for a brief, **specific training in technology**.

The students worked to simulate the marketing launch of a product and experimented with 3D printing.



Ayuda en Acción @ayudaenaccion · 24 may.

En respuesta a @Esprinet_es @Labs4Opps

Gracias a vosotros una vez más por dejarnos acercarnos a vuestra empresa y conocer todo lo que hacéis para mejorar la vida de las personas a través de la tecnología. Juntos #SomosAyuda



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Fundación EXIT

In 2019 Esprinet Iberica participated in a project with the Chamber of Commerce of Zaragoza dedicated to help **young people** under 29 years of age **finding employment**, as in Spain this age group has a high unemployment level.

In collaboration with Fundación EXIT, the project provided **coaching to teach how the world of work operates,** in which youth were involved in a series of activities with company visits and professional guidance.

The mission of Fundación EXIT is to **lower the early school drop-out rate** of young people in situations of social vulnerability through innovative and scalable training projects that shape an itinerary and provide added value to companies, improve networks and promote job placement.







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Blood donation

The Esprinet Group has collaborated with **Avis Milan** for years, organising two blood donations outside the Vimercate headquarters with a special bloodmobile, an activity which also involved the nearby companies SAP and Nokia.

The company sought to convey the message that **everyone can make an extraordinary gesture of generosity**, not only for those in need of blood transfusions, but also for those who donate it.

In fact, aware of the value of the donation, Avis Milan thanks its donors by giving them the opportunity to perform cardiological and pneumological tests at its headquarters, controls that are part of the Prevention and Early Diagnosis Programme.

The employee blood donation initiative was extended, twice a year, also to the headquarters in Zaragoza, in collaboration with the association **Donación Banco de Sangre**.



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Banco Farmacéutico

In 2019 Esprinet Iberica collaborated with **Banco Farmacéutico**, a non-profit association founded in Spain in 2007, created to promote the social inclusion of people through the improvement of their health. Employees supported a fund raising campaign by selling bracelets for the initiative in a corner of a pharmacy to raise awareness of the initiative and sell the bracelets. All the funds went to **finance medicines for people in difficulty**.







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Partnership with Humanitas University

Believing strongly in new talent and research, in 2019 the Group again contributed for the third consecutive year to **funding a scholarship** for training in research.



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Collaboration with La Casa di Emma

In 2019 the Group again supported **La Casa di Emma**, a non-profit volunteer association that creates recreational activities for children in difficult situations, family solidarity projects and educational activities for children, adolescents and young people. The Group expanded its knowledge of this association through the experience of corporate volunteering and has helped to support it by donating part of the funds usually allocated for Christmas gifts, thus facilitating engagement with employees, vendors and customers.

Solidarity Corners

During 2019, several solidarity corners were hosted at the Vimercate headquarters for employees, with the aim of raising awareness of social issues and funding charitable associations. In addition to the Maria Letizia Verga Committee already mentioned in the previous pages, corners were hosted for:

- LILT Italian League Against Cancer of Milan
- CIAI Italian Centre for Children's Aid
- Giunco Project, which aims to contribute to greater participation of women in the working world in Peru
- Fata Onlus engaged in the hosting and care of abused children







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Together with the vendor

Together with Microsoft, Esprinet Iberica supported the Vendor Campaign called "Together for What Matters", an event during which more than 300 bracelets were given in support of Fundación Aladina, a Spanish non-profit organisation founded in 2005 whose aim is to ensure that children who fight cancer never lose their smile. Fundación Aladina also works with families to make long hospital stays more comfortable. The bracelets were also used as gadgets during both internal and external events.

Also with Microsoft, a **food collection** activity was organised for **Banco de Alimentos de Aragón**.

The Bank's objective is to provide food for needy families, and for social canteens. The campaign made it possible to collect **more than 650 kg of food**.

Lastly, the Operation Child campaign was launched with Microsoft and in collaboration with Banco de Alimentos de Aragón. More than **160 boxes containing school supplies, toys and hygiene products** were collected in Esprinet.



Other activities

The 'Muévete' project continued in 2019 at the Zaragoza headquarters in Spain, with the aim of improving the health of employees by providing a fee for gym membership, a nutritionist and a personal trainer, activities which together with other aspects dedicated to employee health have allowed Esprinet Iberica to enter the Register of Healthy Companies of Aragon.

Furthermore, **Unoentrecienmil** was again supported in 2019, a Spanish NGO involved in research into childhood leukaemia.



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Work-study programme

The Esprinet Group invested more than **1,000 hours in the "Work-study programme"** in 2019 as well; in fact, it gave **14 youth** in their third and fourth year of the upper high schools of the territory the chance to carry out their internship in Esprinet, while **two** had an internship at Celly. The students had the opportunity to engage with the Esprinet and Celly world and work with company employees for a period of two weeks. To **support the development of the local economy**, Esprinet also participated in the Reciprocity internship between schools and businesses promoted by the Chamber of Commerce of Milan Monza Brianza Lodi and created by **Formaper**, with the aim of **improving the skills of young people** preparing for their professional future.

Also in 2019 Esprinet Iberica invested in "Work-study programmes" with some students from Italy, who were able to carry out a two-week internship in the company.

In 2019 Esprinet Iberica participated in the **Coach project** with the Chamber of Commerce of Zaragoza and the Fundación EXIT, which was dedicated to **preventing young people from dropping out of school early** in situations of social vulnerability and giving them the opportunity to learn about the professional opportunities they can access while continuing their studies. **29 youth** between the ages of 16 and 29 and 33 coaches from 13 companies in Zaragoza participated in 2019. The project lasted two months, during which two employees of Esprinet Iberica served the role of coach and mentor to a participant to guide them and motivate them to continue their studies.







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Models, policies and risks

Details and information are included below for each topic required by Italian Legislative Decree no. 254 (of 30 December 2016) and subsequent additions:

- i) business model of management and organisation of the company's activities and policies applied;
- ii) primary risks generated or suffered;
- iii) the consequent performance indicators and results identified by the Group, also reporting an introductory part relating to the Internal Control and Risk Management System, common to all the required topics.

Introduction:

The Internal Control and Risk Management System is an essential component of the Group's corporate governance system. It is defined as the set of rules, behaviours, policies, procedures and organisational structures aimed at enabling the identification, measurement, management and monitoring of the main operational risks contributing to ensuring the protection of the company's assets, efficiency and the effectiveness of company processes, the reliability of financial information, compliance with laws and regulations, as well as with the by-laws and internal procedures. This system is incorporated into the more general organisational, administrative and corporate governance structures adopted by the Group and takes into due consideration the reference models and the best practices existing at national and international level. The degree of system integration is evident from the degree of uniformity, interdependence and integration of its different actors and components. With this in mind, the Company complements the activities and control procedures required by law with those adopted with Group management decisions. Please refer to page 15 - chapter "About us", "Governance" section - for an in-depth analysis of Corporate Governance, understood as the set of rules of good governance guiding the management and direction of the Group.

With reference to the supply chain, the company has adopted a Code of Conduct that allows Group companies to verify the correct fulfilment of the obligations of its recipients, being able to request supporting documentation and carry out testing and control activities. The document states that: "The Recipients undertake to comply with the applicable environmental protection standards in the country in which they carry out their activities in order to preserve the quality of the territory in which they operate and to promote better use of natural resources".

Environmental topics:

Business model of management and organisation of the company's activities and policies applied

The Group applies the principles contained in the ISO14001 standard (specifically, Esprinet S.p.A., Esprinet Iberica S.L.U., V-Valley S.r.l. and Vinzeo Technologies S.A.U. have been certified under this standard). These are enumerated in the document "Esprinet Group Company Policy", which notes: "With regard to environmental aspects [...], Management periodically checks the results achieved with respect to the objectives set, which are updated for their progressive improvement". Although this policy is formalised only for the companies listed above, the principles contained therein are in practice conveyed to and applied by all Group companies. The same document states that "the Group companies are also committed to minimise the consumption of natural resources (electricity, gas, water) and the production of waste, encouraging its recovery, where possible". Together with this, all the companies (V-Valley Iberian S.L.U. since February 2020) have an Organisational Management and Control Model in compliance with the relevant national regulations (Italian Legislative Decree no. 231/01, Codigo Penal Ley Organica 1/2015, Codigo Penal). All the aforementioned documents and models show that the Group is committed to achieving excellence even in its environmental management system, with a constant focus on improving all company processes. The Group has also drafted a Code of Ethics (for more details see the section "Mission & Values" in the chapter "About us" in this document) that establishes the guidelines of conduct and regulates the set of rights, duties and responsibilities that the Group expressly assumes with its stakeholders, defining the ethical criteria adopted for a correct balance between expectations and stakeholder interests. With regard to environmental aspects, note that "the activities of Group companies are based on the principle of the protection of the environment and public health, in compliance with the specific applicable norms. The Group is active in protecting the environment as a primary asset and is committed to promoting, within its structures, a rational use of resources and an attention to research into innovative solutions to guarantee energy savings".

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- Models, policies and risks
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Primary risks generated or suffered

The Group carries out an environmental risk assessment (formalised only for the companies Esprinet S.p.A., Esprinet Iberica S.L.U. and Vinzeo Technologies S.A.U., but in fact valid for all Group companies) through which environmental risks are assessed and identified. Below is a list of the main environmental risks of the Esprinet Group:

- - incorrect disposal of waste: the waste that the Esprinet Group must dispose of derives mostly from the packaging used to transport products from the manufacturing site to the warehouses of the Esprinet Group and mainly consists of paper, cardboard, plastic, wooden pallets and iron. To these are added the waste that the Group must manage as a result of regulatory obligations (WEEE, Batteries);
- atmospheric emissions: mainly related to the transport of products from suppliers' warehouses to those of Esprinet and from Esprinet warehouses to Esprivillages and customers;
- waste of energy resources: energy consumption of the offices, warehouses and Esprivillages.

It should be noted that the outputs of the aforementioned assessment do not reveal the presence of significant risks for the Group, as the assessment parameters (severity, probability and significance) do not reach under any circumstances high levels of criticality. Nevertheless, the risks listed above are adequately managed by the Group.

Risk management

The management of environmental risks for Esprinet S.p.A., Esprinet Iberica S.L.U., V-Valley S.r.l. and Vinzeo Technologies S.A.U. is done through the implementation of all the requirements related to ISO14001 certification and the relative performance of internal and third-party audits. There are also dedicated procedures for managing environmental risks, the principles of which are taken as a reference and applied by all Group companies. Periodic risk assessments are also carried out, which for the above certified companies correspond to the preparation of environmental analyses (which however are not produced for V-Valley S.r.l.) and the annual updating of a higherlevel assessment based on the application of the risk management framework known as Enterprise Risk Management (ERM). A more detailed analysis is also provided by the Performance Compliance Model for Esprinet S.p.A. and Esprinet Iberica S.L.U., which has allowed mapping company processes to achieve integrated compliance. In addition, to protect against environmental risks, when entering into a contract, the Group's suppliers are required to comply with the environmental protection standards in force in the country in which they operate. As for employees, they are required to comply with the Group's Code of Ethics, which can be viewed on the website investor. esprinet.com.

Finally, the Supervisory Bodies of the individual Group Companies constantly monitor the above aspects. It should also be noted that employees of Group companies

are trained on the contents of Italian Legislative Decree no. 231/01 or the corresponding national regulations.

Performance indicators and results

The Group has identified the main environmental impacts and monitors them through the indicators reported in this document and listed in the tables on pages 80 and following.

Issues related to personnel and respect for human rights:

Business model of management and organisation of the company's activities and policies applied

The Group applies the principles contained in the OHSAS18001 standard (specifically, Esprinet S.p.A., Esprinet Iberica S.L.U., V-Valley S.r.l. and Vinzeo Technologies S.A.U. have been certified under this standard). These are enumerated in the document "Esprinet Group Company Policy", which notes: "With regard to environmental aspects [...] of health and safety in the workplace, Management periodically checks the results achieved with respect to the objectives set, which are updated for their progressive improvement". Even though these policies are formalised only for the afore-mentioned certified companies, the above principles are essentially applied by all Group companies. The management of human resources is entrusted to the individual countries, which have specific procedures also described within the Organisational, Management and Control Model pursuant to Italian Legislative Decree no. 231/01 and in the Manual de Prevención de Delitos Codigo Penal and the Manual de conduta e boas praticas, whose principles are referred to in the Code of Ethics, which shows that "the Group companies commit:

- to respect fundamental human rights;
- to the prevention of child exploitation;
- not to use forced labour or labour performed in conditions of slavery or servitude;
- not to use workers without a regular residence permit."

With reference to the supply chain, the company has adopted a Code of Conduct that, as already noted, allows Group Companies to verify the correct fulfilment of the obligations of its recipients, being able to request supporting documentation and carry out testing and control activities. In substance, this code requires the suppliers to respect the same principles (relating to personnel and human rights) that are adopted by the Group.

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Primary risks generated or suffered

With regard to personnel matters, the Group carries out a risk assessment (formalised in the RAD - Risk Assessment Documents), where risks relating to health and safety are assessed and identified and enumerates labour-related risks starting from the regulations applicable to relationships with employees and contractors. Below is a list of the main risks of the Esprinet Group:

- risk of accidents and occupational diseases: mainly linked to the activities of handling the goods in the Group's warehouses and Esprivillages and to the use of video terminals in offices:
- non-compliance with the labour law, CCNL and workers' statute.

With regard to human rights issues, the risk assessment is enumerated in the Organisational, Management and Control Model pursuant to Italian Legislative Decree no. 231/01 and in the Manual de Prevención de Delitos Codigo Penal and the Manual de conduta e boas praticas. The main risks considered here are:

- use of illegal labour: linked to the Group's activities, to the existing contracts and to the use of cooperatives in warehouses;
- crimes against individuals.

It should be noted that the outputs of the aforementioned assessments do not reveal the presence of significant risks for the Group, as the assessment parameters do not reach under any circumstances high levels of criticality. Nevertheless, the risks listed above are adequately managed by the Group.

Risk management

As regards the entire Group, the company uses a risk management framework known as Enterprise Risk Management (ERM), which is updated on an annual basis, allowing for the correct identification, measurement, monitoring and management of risks. Moreover, a more detailed analysis is provided through the Performance Compliance Model for Esprinet S.p.A. and Esprinet Iberica S.L.U., which maps company processes to achieve integrated compliance. With regard to the risk management referred to in this paragraph, specific procedures exist and are applied to regulate the most critical areas. The most critical areas are the human resources department and the division dedicated to the management of public tenders and contracts. The human resources department is considered critical, as it is responsible for the process of managing company personnel and is required to comply with all the obligations of the specific regulations in force.

The division dedicated to the management of public tenders and contracts is critical because it operates in a context in which the Group assumes the role of customer and is therefore subject to the obligation of joint and several liability towards contractors and subcontractors. In order to carefully manage risk, on the company's

personnel side the acceptance of the Code of Ethics during hiring and training on the contents of Italian Legislative Decree no. 231/01 or the corresponding national regulations is envisaged, and on the supplier side, a procedure for the qualification of suppliers and their signing the Code of Conduct during the conclusion of the contract is envisaged. In addition, internal audits are carried out and the aspects referred to therein by the respective Supervisory Bodies are constantly monitored.

Since the Group has adopted an integrated management model, the aspects related to OHSAS18001 certification essentially refer to the information provided in the previous paragraphs on environmental issues.

Performance indicators and results

The Group has identified the main impacts pertaining to personnel and human rights and monitors them through the indicators reported in this document and listed in the tables on pages 80 and following.

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Issues related to the fight against corruption:

Business model of management and organisation of the company's activities and policies applied

In respect of the principles of the Code of Ethics, Directors, employees or representatives of Group Companies commit not to admit or enact any form of corruption, including payments or other forms of personal benefits to Directors or employees or representatives of customers/suppliers with the purpose of improperly influencing corporate decisions and causing them harm.

To be able to guarantee the above, all Group companies (V-Valley Iberian S.L.U. from February 2020) have adopted an Organisational, Management and Control Model in compliance with Italian Legislative Decree no. 231/01, the Manual de Prevención de Delitos Codigo Penal and the Manual de conduta e boas praticas.

As regards the supply chain, in the Code of Conduct signed by suppliers: "The Group prohibits any form of corruption, including towards private individuals. The Persons to whom the Code applies agree, for their part, not to allow or engage in any form of corruption, including payments or other forms of benefits granted personally to Directors or employees or contacts of Group Companies with the aim of improperly influencing business decisions".

Primary risks generated or suffered

With regard to "the fight against corruption", the risk assessment is enumerated in the Organisational, Management and Control Model in compliance with Italian Legislative Decree no. 231/01, the Manual de Prevención de Delitos Codigo Penal and the Manual de conduta e boas praticas. The main risks considered here are:

- the corruption of private individuals;
- corruption towards the Public Administration, in consideration of the participation of the Group's companies in public tenders (even indirectly through Temporary Company Groups).

It should be noted that the outputs of the aforementioned assessment do not reveal the presence of significant risks for the Group as the assessment parameters do not reach under any circumstances high levels of criticality. Nevertheless, the risks listed above are adequately managed by the Group.

Risk management

Risk management is carried out through the Supervisory Bodies, which monitor the aspects referred to in the previous paragraphs in each individual company and through the acceptance of the Code of Ethics by employees at the time of hiring and the Supplier Code of Conduct when signing contracts with suppliers, as well as through the qualification of the suppliers mentioned above. Company employees are also trained on the contents of Italian Legislative Decree no. 231/01 or the corresponding national regulations. Finally, with regard to participation in public tenders, Esprinet S.p.A. is subject to the "Procedure for the acquisition/management of tenders".

Performance indicators and results

The Group has identified the main impacts pertaining to the fight against corruption and monitors them through the indicators reported in this document and listed in the tables on pages 80 and following.

Training of the BoD and governing bodies regarding anti-corruption

The members of the BoD are aware of the anti-corruption policies and procedures, as they are responsible for the approval of the Organisational, Management and Control Model pursuant to Italian Legislative Decree no. 231/01. During the qualification phase all suppliers must read the rules and principles contained in the Code of Ethics. Moreover, the Code of Ethics, together with the respective Organisational, Management and Control Model in compliance with Italian Legislative Decree no. 231/01, the Manual de Prevención de Delitos Codigo Penal and the Manual de conduta e boas praticas, have been shared with all employees of Esprinet S.p.A., Celly Group, Esprinet Iberica S.L.U., Vinzeo Technologies S.A.U., V-Valley Iberian S.L.U. and Esprinet Portugal L.d.a. The communication was made through a specific section of the company Intranet and/or email. A "welcome letter" is given to all new employees specifying where the aforementioned communication can be found.

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Other social issues - community:

Business model of management and organisation of the company's activities and policies applied

Despite the absence of a formalised social policy, the Esprinet Group commits to practice policies ensuring the conformity of its products and communicate truthful and correct information to its stakeholders. Furthermore, during the performance of its activities the Group interfaces with the community stakeholders (to be understood as: territorial bodies • universities/schools • media • non-profit entities • trade associations • the public). The Corporate CSR function is committed to maintaining and increasing the Group's relationship with the local community; this commitment takes the form of investments made in the social fabric and in favour of territorial bodies, in donations and gifts, sponsorships and taxes paid as a taxpayer.

Primary risks generated or suffered

The main risks related to the Group's relationship with the community are:

- non-conformity of products: both its own brands (Celly and Nilox) and those of thirdparty products placed on the market by the Group;
- misleading advertising/information: linked to the information contained in the product data sheets on the Group companies' websites;
- · management and protection of Group stakeholders data in accordance with current privacy regulations.

All the risks listed above are adequately monitored and managed by the companies of the Group.

Risk management

Risk management is carried out for the entire Group through the application of a risk management framework known as Enterprise Risk Management (ERM), which is updated annually. A more detailed analysis is also provided by the Performance Compliance Model for Esprinet S.p.A. and Esprinet Iberica S.L.U., which maps company processes to achieve integrated compliance.

Specific procedures also exist and are applied with regard to the issues referred to in this paragraph (e.g. products sold under its own brand and otherwise and in the area of privacy), on the basis of which internal audits are carried out, especially with regard to suppliers of products that the Group sells under its own brand, including any third

parties. Furthermore, the risk is managed through the stipulation of specific distribution contracts with the producers of electronic/consumer IT products, which are required to accept the Group's Supplier Code of Conduct (or have their own code of conduct that is aligned with that of the Group). Finally, there is constant monitoring of the above aspects by the Supervisory Bodies of the individual Group Companies (with the exception of V-Valley Iberian). Company employees are also trained on the contents of Italian Legislative Decree no. 231/01 or the corresponding national regulations.

Performance indicators and results

The Group has identified the main social impacts and monitors them through the indicators reported in this document and listed in the tables on pages 80 and following.

Group Certifications

The table below summarises the certifications obtained by the various companies of Esprinet Group.

Safety in the

	Quality (ISO 9001)	Environment (ISO 14001)	workplace (OH SAS 18001)
Esprinet S.p.A.			
V-Valley S.r.l.			\bigcirc
Celly S.p.A.			
Esprinet Iberica S.L.U.			
Vinzeo S.A.U.			

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Conclusions

Simplicity, sharing and clarity. These are the cornerstones of our **2019 Sustainability Report**.

We would like to thank everyone who has contributed to the preparation of this document, responding openly and proactively to our invitation to dialogue and constructive discussion.

Thanks to their support, we have a tool to be **shared with all stakeholders** so that they can better assess if and to what extent their trust in our Company is well placed.

The graphics and layout of this document were created by Andrea Grassi with the active and innovative collaboration of Fabio Cazzaniga and Simone Gramignano, two high school students who Esprinet hosted as part of the Work-Study programme.

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In Accordance - Core Option

This report has been prepared in compliance with the GRI standards, "core" option.

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45



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Incidents of discrimination and corrective actions taken



ESPRINET SPA

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3, PARAGRAPH 10, OF LEGISLATIVE DECREE NO. 254/2016 AND ARTICLE 5 OF CONSOB REGULATION NO. 20267 OF JANUARY 2018

YEAR ENDED 31 DECEMBER 2019



Independent auditor's report on the consolidated nonfinancial statement

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

To the Board of Directors of Esprinet SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have performed a limited assurance engagement on the consolidated non-financial statement of Esprinet SpA and its subsidiaries (hereafter the "Group") for the year ended 31 December 2019 prepared in accordance with article 4 of the Decree, and approved by the Board of Directors on 15 April 2020 (hereafter the "NFS").

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

The Directors are responsible for the preparation of the NFS in accordance with article 3 and 4 of the Decree and with the "GRI-Sustainability Reporting Standards" defined in 2016, and subsequent versions (hereafter the "GRI Standards"), identified by them as the reporting standards.

The Directors are responsible, in accordance with the law, for the implementation of internal controls necessary to ensure that the NFS is free from material misstatement, whether due to fraud or unintentional errors.

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

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

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

Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for

PricewaterhouseCoopers SpA

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Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts *International Standard on Quality Control 1 (ISQC Italy 1)* and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

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

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

In particular, we performed the following procedures:

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

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

5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS. In particular, we held meetings and interviews with the management of Esprinet SpA and with the personnel of



Esprinet Iberica S.L.U. and we performed limited analysis of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

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

- at a holding level
 - with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify their consistency with available evidence;
 - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;
- for Esprinet SpA and Esprinet Iberica S.L.U. which were selected on the basis of their activities, their contribution to the performance indicators at a consolidated level and their location, we carried out meetings and interviews during which we gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Esprinet Group as of 31 December 2019 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the GRI Standards.

Other aspects

The NFS, for the year ended 31 December 2018, whose data is presented for comparative purposes, had been subject to limited assurance procedures from another auditor who, on 16 April 2019, expressed a conclusion without any remarks on the NFS.

Milan, 30 April 2020

PricewaterhouseCoopers SpA

Signed by Signed by

Andrea Martinelli Paolo Bersani (Partner) (Authorised signatory)

This report has been translated from the original, which was issued in Italian, solely for the convenience of international readers. We have not performed any verification procedures on the English translation of the NFS of Esprinet Group as of 31 December 2019.