TISCALI

2019 Sustainability Report

Consolidated Non-Financial Statements as per the Legislative Decree No. 254/2016

Tiscali Group

INDEX

Letter from the Chief Executive Officer to the Stakeholders

Dear All,

This year, Tiscali's Sustainability Report marks an important milestone, which makes us very proud: on 17 December last year, we obtained the ISO 14001 certification for Environmental Management, at the end of a virtuous and rewarding path.

Tiscali considers the management of **Environmental Impact** one of the main areas of its commitment, together with **Technological Innovation**, **Customers**, **People** and **Governance**, which together represent the 5 pillars of our Sustainability Report.

Environmental management, according to the ISO 14001 certification, represents the transition from simple compliance with the law to an integrated management of activities aimed at preventing and improving everything related to environmental impact.

Aware of human activities' growing influence on the climate and the earth's temperature, and the impact that ICT and telecommunications companies in particular have in terms of electricity consumption, we are resolutely pursuing the path to find a balance between infrastructure development and environmental protection.

This commitment is expressed through many initiatives launched in the past years and intensified in 2019: projects to increase the efficiency of the Cagliari Data Center, actions to raise staff awareness with the introduction of separate waste collection and the free distribution of drinking water and aluminum water bottles, the gradual disposal of plastic wherever possible, starting with indoor catering services (bar, canteen, vending machines), the promotion of sustainable mobility systems by encouraging the use of public transport and by signing partnerships for car sharing and carpooling, the use of video conferences to limit external travel.

At the beginning of 2020, we signed an agreement with an important Italian company for the construction of a photovoltaic system on the roofs of our Campus in Sa Illetta, which will save about 291 tons of CO_2 per year.

In 2019, Tiscali has confirmed its vocation as **a company passionate about technological innovation**, launching several digital transformation processes within it. These processes especially concern customer acquisition activities and customer response methods, with a view to ensuring an even simpler and more reliable purchasing and enjoyment experience.

Our more than twenty-year-old mission to offer everyone equal and free access to digital life has been further implemented, thanks to the possibility of having one of the widest network

coverage in Italy, the result of agreements with all landline and wireless operators. Many of these agreements were perfected or expanded during 2019.

Last year, we confirmed one of the other objectives we had set ourselves: to put freedom and transparency at the center of every commercial proposal, leaving **customers** free to cancel at any time, without constraints and penalties.

We pay the same attention and willingness to listen as we do to the **people** who work with us, inside and outside the scope of our organization. We have, for example, intensified our parenting support policies, thanks to a contribution to the attendance of our employees' children in the company nursery, which is also open to other companies operating on the Sa Illetta campus.

We have always been against all forms of discrimination, and we express this founding value not only in our daily activities, but also in our communication, which is always based on respect for all diversities, which we consider a wealth.

We are also particularly proud to point out that we are the only Italian company listed on the Stock Exchange to have appointed a predominantly female Board of Directors in June this year.

Finally, with regard to **Governance**, Tiscali reports on issues related to the fight against corruption, ethics and integrity, responsible procurement management and economic sustainability.

Lastly, some considerations on the COVID-19 emergency.

Since January 2020, the national and international scenario has been characterized by the spread of the novel Coronavirus ("COVID-19") and the consequent restrictive measures for its containment, implemented by the public authorities of the various countries. This emergency has had, and is still having, significant impacts on people's lives, public health and economic systems in each of the countries affected by the pandemic.

As well as the rest of the country, Tiscali has also been affected by the pandemic.

The Company has been working since the end of February to contain the risks by adopting a series of measures and provisions aimed at containing the possible spread of the virus and safeguarding the health of its employees, a top priority for the Company.

In particular, smart working was massively adopted, rapidly introducing this measure for almost all staff, including customer care resources.

The Directors carried out an analysis of the possible economic and financial impact of this emergency on the Company, and prepared a management and response document to these risks. Despite a situation of uncertainty related to the existence of uncontrollable exogenous variables – which could lead to worse results than expected – the Directors do think that the short-term equity and financial equilibrium and the related business continuity are not at risk, given the strategic nature of the services offered by the Company.

For further details on the approach taken by the Company with respect to the COVID-19 emergency and its impact on Tiscali, please refer to the 2019 Annual Financial Report, published at the same time as this Non-Financial Statement, and to Chapter *V – The People*, of this document.

With these few lines, we wanted to summarize the highlights of our 2019 Sustainability Report, which you can read in full on the following pages.

The Chief Executive Officer

Renato Soru

Methodological Note

Tiscali, as a public interest entity (pursuant to Article No. 16, paragraph 1 of the Legislative Decree dated January 27, 2010, No. 39) falls within the scope of Legislative Decree No. 254/2016, which transposes the 2014/95/EU Directive on non-financial information. For this reason, in order to fulfill the obligations as set out in Articles No. 3 and No. 4 of the aforementioned Decree, Tiscali must prepare a consolidated non-financial statement describing the initiatives and the main results in terms of sustainability performance achieved during FY 2019 (from January 1 to December 31).

This document represents the third consolidated non-financial declaration (hereinafter referred to as "DNF" or "Sustainability Report") of the Tiscali Group (hereinafter referred also to as "Tiscali" or the "Group").

It should be noted that, following the analysis of the relevance of the topics as set out in Article No. 3 of Legislative Decree No. 254/2016, and in consideration of the specific characteristics of the business, human rights issues, water consumption and polluting emissions into the atmosphere, not included in the emissions of greenhouse gases, were not considered relevant in order to ensure the understanding of the activity of the Group, its performance, its results and the impact produced by the same; therefore, they are not dealt with in this document.

As per Article No. 5 of the Legislative Decree No. 254/2016, this document constitutes a separate report marked with a specific wording, in order to connect it to the consolidated non-financial statement required by law.

The DNF 2018 was prepared in accordance with the new "GRI Sustainability Reporting Standards" (2016) standards published by the Global Reporting Initiative (GRI), according to the "In accordance – Core" option. The table of reported GRI indicators is presented as an appendix to the document. The contents of the report were defined starting from the results of the first materiality analysis carried out in 2017 and continued in 2018, which made it possible to identify the material aspects for the Group and its stakeholders, and which is contained in the document.

Tiscali considers the Sustainability Report as a fundamental tool for dialogue with its stakeholders, to disseminate its work concerning CSR and to open a dialogue with them.

The scope of the economic, social and environmental data of the 2019 Sustainability Report is the same as that of the Tiscali Group 2019 Consolidated Financial Statements.

It should be noted that, on 31 January 2020, the subsidiaries Veesible S.r.l. and Aria S.r.l. were merged by incorporation into Tiscali Italia S.p.A. For further information, please refer to the Group's Report on Operations.

The data and information of the DNF refer, therefore, to all the subsidiaries consolidated on a line-by-line basis in the Group's Consolidated Financial Statements as at 31 December 2019.
In order to allow the comparability of data and information and to assess the Group's performance over time, where possible, comparison with the previous year is proposed.
In addition, any repositions of data published within the previous DNF are appropriately indicated in this document.

Furthermore, for the purposes of a correct representation of the performance and to guarantee the reliability of the data, the use of estimates has been limited as much as possible and, if present, they are appropriately reported.

The Sustainability Report has been presented and approved by the Board of Directors of Tiscali S.p.A. held on 27 April 2020.

This document has been submitted to conformity assessment ("limited assurance engagement" according to the criteria indicated by the International Standard on Assurance Engagements ISAE 3000 Revised) by the appointed auditor Deloitte & Touche S.p.A. The audit was carried out according to the procedures indicated in the "Independent Auditing Firm Report" at the end of the document. The verification did not extend to comparative data.

The periodicity of the publication of the Sustainability Report is annual.

This Sustainability Report is available on the Company's website at investors.tiscali.it/it, in the "Documents" – "Financial Statements" section. Paper copies of the 2017 Sustainability Report are available at the Company site, and can be requested via e-mail at the following address: iloi@tiscali.com (Investor Relator).

I – Tiscali Group: profile, mission and values

Founded in 1998, Tiscali is one of the leading alternative telecommunications providers in Italy.

In March 1999, Tiscali was the first provider to promote the "free" Internet in Italy and Western Europe, with the launch of a completely free Internet connection service.

Over the years, Tiscali continued to stand out for its ability to offer its customers quality Internet connection services at competitive prices compared to Italian big players.

I.1 – Services Offered

Founded in 1998, Tiscali is one of the leading alternative telecommunications providers in Italy.

Through a cutting-edge network based on IP technology, provides its customers with a wide range of services: Internet access, in Fixed Broadband and Fixed Wireless Broadband, voice services (voice and data), and value added digital services, B2B services, media activities through the Tiscali.it portal. The data offer also includes voice services (VOIP).

Tiscali continued to market Fixed Wireless Broadband services in line with previous years following the Wholesale Agreement with Fastweb following the sale of the LTE business unit to Fastweb in November 2018.

The Group offers its products to consumer and business customers in the Italian market, mainly through the following lines of business:

- Broadband Access (ULL, Bitstream, Fixed Wireless, Fiber), including VOIP services;

- Mobile telephony services (so-called MVNO);

- Wholesale services to other operators;

- Services to Businesses which includes, among others, VPN, Hosting, domain granting and *Leased Lines*[1];

- Media and value added services, which includes media, advertising and other services.

In addition, Tiscali is active in the digital media and on-line advertising segment through:

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[1] This business line is of marginal significance following the sale of the Business Unit to Fastweb, as described below.

- The www.tiscali.it portal, one of the main Italian portals that in 2019 had a total traffic of more than 206.2 million pageviews

- Veesible S.r.l. licensee (hereinafter also referred to as "Veesible") deals with the sale of advertising space on the portal www.tiscali.it but also other leading Italian web properties.

Tiscali distributes its products and services dedicated to the residential and business market through the integration of different sales channels:

- *Pull* channels:

  - The web channel collects subscriptions through the promotion of services on the Tiscali Portal itself and thanks to on-line marketing initiatives conveyed through the main Italian portals and sites.

  - The inbound channel collects calls to the toll-free number that are also stimulated through periodic communication campaigns.

- Physical channels such as agencies and shops distributed throughout the country.

Tiscali distributes its business and wholesale products to other telecommunications operators through different distribution channels, depending on the different type of service and client. Basic access services are distributed both through the Portal and through a network of direct agents.

I.2 – The Group's Structure

As at 31 December 2019, the Tiscali Group was structured as follows:
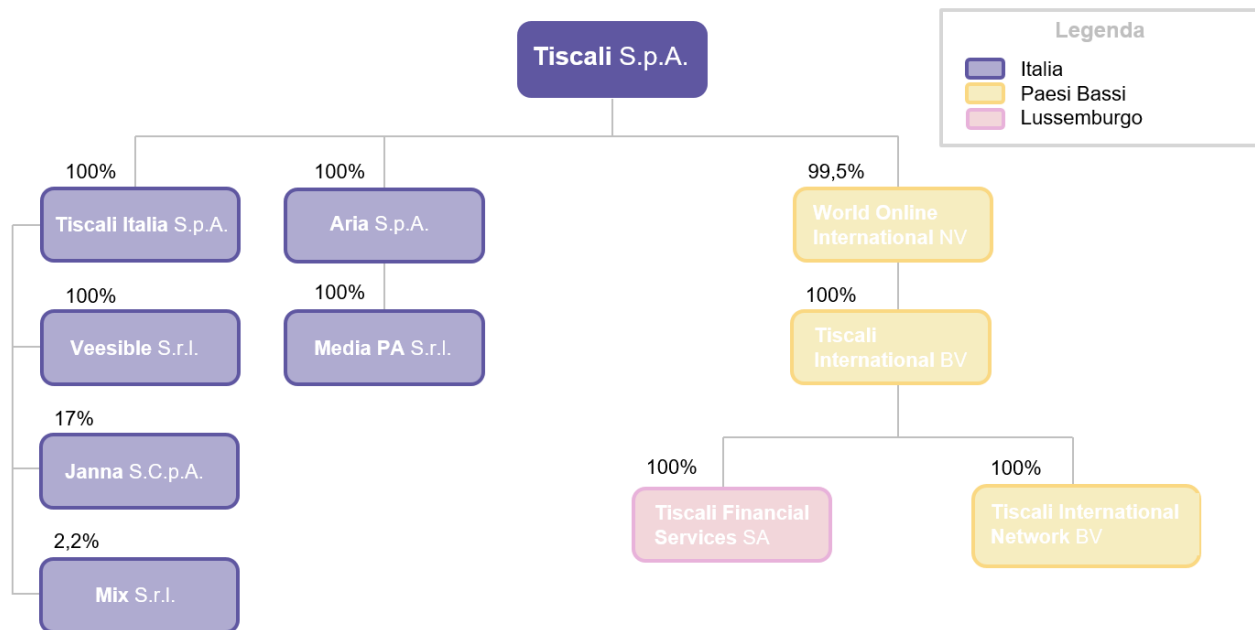
It should be noted that the subsidiaries Veesible S.r.l. and Aria S.r.l. were merged by incorporation into Tiscali Italia S.p.A. on 31 January 2020.

I.3 – Mission and Values

In connection with the change in governance occurred in May 2019, thanks to the acquisition by Amsicora S.r.l. of 22.059% of the share capital, and the subsequent appointment of Alberto Trondoli as Chairman of the Board of Directors and Renato Soru as Chief Executive Officer of the Company, Tiscali has returned to being an Italian company, and its founder has returned to the leadership of the Company (for more details about the change in governance, please refer to the Paragraph *Main events and results achieved in 2019 and current business strategy*).

After assuming the role of CEO, Renato Soru launched the Company's new logo, which returns to the color purple, which has characterized the Tiscali logo since its origins, adding a new symbol "//" that recalls the writing of URLs of internet addresses, in order to evoke the leading role that Tiscali has played in the history of the Internet in Italy.

The website www.tiscali.com also has a completely new graphic design, which reflects the new visual identity of the Company and aims to tell shareholders, investors and all stakeholders what Tiscali's Mission is and the new values of the Company.

Tiscali's **Mission** is **to offer everyone equal and free access to digital life**, and the new values of the Company are as follows:

- **We love our customers**

- **We value diversity**

- **We are passionate about innovation**

- **We work together to improve the world**

With over twenty years of experience as Internet pioneers and first mover, Tiscali wants to continue as a protagonist of the digital revolution that will invest Italy in the coming years with increasing strength. Freedom and transparency have always been at the heart of the Group's commercial proposal, accompanied by simplicity and innovation.

This is why Tiscali is committed to offering an increasingly attentive and timely customer service every day, while promoting sustainable lifestyles and work, starting from the management of its Sa Illetta headquarters (see **Chapter VI – Environmental Impact**).

I.4 – Tiscali's Reference Markets

Tiscali operates in the Italian telecommunications service market, which has a total value, between fixed and mobile services, of about EUR 32 billion[2]. In particular, Tiscali operates in the fixed and mobile broadband services market, and in the on-line advertising market.

Fixed BroadBand Market

The Fixed BroadBand Market, the main reference market for Tiscali, reached 17.4 million accesses in September 2019 (source: Authority for Communications Guarantees – AGCOM, latest data available for the market) with an annual increase of 0.4 million units. The increase continues to be driven by Broadband accesses developed on alternative technologies to traditional ADSL, in particular Fiber and Fixed Wireless Broadband, which reached 9.9 million accesses in September 2019, an increase of 2.1 million as compared to September 2018, and represent 57% of total broadband lines, while the traditional DSL component decreased by 1.75 million units in the same period. In this sector, the dynamics of NGA accesses (in FTTC and FTTH technology) should be noted: accesses in FTTC technology grew by 29.2% year-on-year, reaching 7.48 million units thanks to the increase in TIM's wholesale services, while accesses in FTTH increased by more than 46.1%, and at the end of September exceeded 1.1 million units, with a growth of 350 thousand accesses on an annual basis thanks in particular to the growth of the services offered by Open Fiber and the migration processes towards

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[2] Source: Annual Report on Activities and Work Programmes, AGCOM 2019.

FTTH access solutions proposed by TIM. FWA accesses also grew to 1.29 million lines at the end of September, up by 9.6% year-on-year.

According to AGCOM data, Tiscali's market share in the UltraBroadBand sector, as at 31 September 2019, amounted to 2.6%, broadly stable year-on-year, while TIM's market share (43.3%) fell by 1.1% year-on-year, followed by Vodafone with 16.3%, up by 0.9%, Fastweb (15%) and Wind Tre (14.2%).

In 2019, Tiscali continued with the Fiber market development strategy described above by focusing on high-performance offers up to 1,000 Mbit/s, i.e., FTTH, and on FTTC offers. The number of Fiber customers has increased significantly during the year, i.e. more than doubled, from approximately 79.1 thousand units in December 2018 to 163.7 thousand units in December 2019 (+107%), confirming the Company's focus on the development of Fiber services. As of today, these offers represent almost all new acquisitions. The presence in the Broadband Fixed Wireless market is maintained with offers of up to 100 Mbit/s and a forecast of expansion of coverage thanks to the wholesale agreement with Linkem.

The growth of UltraBroadBand lines is also reflected in the type of Tiscali accesses: in the segment with speeds above 100 Mbit/s – which increased by 1.8 million units in September 2019 year-on-year for a total of 6.5 million (equal to 37.5% of the total) – Tiscali has a market share that grew significantly year-on-year, from 1.3% to 2.8% in September 2019. This segment is also the one with the highest growth rate, equal to 37.4% year-on-year.

The important agreements aimed at expanding the potential market, details of which are provided in paragraph 4.2 below, are in line with the Fiber market development strategy, and with the Company's Mission to guarantee all citizens the right to access to ultra-fast Internet services.

Mobile BroadBand Market

The Italian mobile services market in September 2019 (source: AGCOM) recorded a growth in the total number of lines by 0.5 million units year-on-year: 104.1 million SIMs as compared to 103.6 million in September 2018, of which 22.6 million are "M2M" (Machine To Machine) sims, equal to 21.7% of the total, with an increase by 3.3 million year-on-year; 77.4 million are "human" sims that carry out "voice only" and "voice+data" traffic, down by 2.7 million on year-on-year and 0.9 million on a quarterly basis[3].

With regard to total sims, Tim, although down together as well as Vodafone and Wind Tre, slightly detached, confirmed its position as market leader with a 30% share. Iliad and Poste

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[3] Source: AGCOM, Authority for Communication Guarantees no. 4/2019.

Mobile hold significantly lower shares, 4.4% and 4.2% respectively, while the low cost offers of "Kena Mobile" and "ho" (low cost offers of the Tim and Vodafone groups, respectively) overall exceeded 2.6 million customers. With regard to the "human" segment, Wind3, while remaining the leading operator with 30.7%, lost 2.5 percentage points.

In the MVNO segment in which Tiscali operates, which accounts for 11.2% of Human sims, i.e., around 8.7 million, the leading operator is Poste Mobile with a 47.3% share.

In the mobile market, Tiscali's customer portfolio grew to around 244.7 thousand customers at 31 December 2019, up by 23.3% as compared to 31 December 2018 (around 198 thousand customers). The increase in mobile customers was achieved despite the general increase in competitive pressure following the entry of the new operator Iliad, as well as competition from the virtual operators Kena and Ho.

Total data traffic from the beginning of the year to September on the mobile network increased by 60.4% as compared to the first nine months of 2018. Year-on-year, average monthly unit consumption grew by more than 60% and amounted to 6.31 Giga/month in September 2019, driven by the growing use of video, streaming and on-demand applications.

In order to compete in this market, Tiscali has switched from 3G to 4G with speeds of up to 150 Mbps since December 2019, differentiating itself from low-cost mobile operators offering "Basic" 4G technology with speeds of up to 30 Mbps. The offers introduced allow to compete in the market in terms of data and voice traffic, while maintaining a position of transparency towards end customers thanks to the absence of constraints and hidden costs.

The new mobile offer is available in 7,465 Italian municipalities, representing 98.2% of national coverage, the largest in Italy.

Online Advertising Market

In 2019, the on-line advertising market recorded an overall result of +3.5%, generated, as in previous years, by a growth of investments in the smartphone sector (according to FCP, this device went from a weight of 26.78% in 2018 to 33.62% in 2019, with an absolute value that exceeds EUR164 million out of a total market of EUR490 million).

The collection on the traditional web desktop and tablet segment also recorded a decrease by -6.6% this year.

Mobile advertising remains one of the main drivers of future growth, even though still today the investments do not reflect the growth in time spent by users and the audience generated through the use of smartphones as compared to traditional PCs (Audiweb December 2019: 29.7 million unique mobile users on average day compared to 9.4 million unique PC users, again on average day).

In the first part of 2019, advertising investments were affected by the absence of major sporting events in 2018, while the last months of the year recovered the losses of the first

few months and continued to grow as compared to 2018. Month-on-month growth amounted respectively to: August +12.6%, September +2%, October +2.8%, November +8.1% and December +5.4%.

The long-term forecast calls for growth in the coming years, especially thanks to the expected growth in the mobile advertising segments and the entry into the market of new investors in the e-retail and start-up world. As regards advertising formats in particular, investments in video and mobile formats still have room for growth and new investments could be generated by the development of convergence between smart TVs and the Internet.

As far as the web portal's activities are concerned, it should be noted that during 2019 Tiscali began a search for potential editorial partners with whom to activate collaborations on the creation of thematic content to enrich the web portal's editorial offer. This activity is taking shape in 2020, in particular it will start with a collaboration in the field of Motors. The objective is to expand these collaborations more and more over the coming months.

TISCALI

I.5 – Highlights

Network coverage since the end of 2019:

Fixed Wireless Access Netword: 20.9 household and enterprises covered

fiber: 20 million household and enterprises covered

536 employees

528 of whom in **Sardinia**

TISCALI

1.838 active sales outlets on the entire national territory

22 of which single-brand

668 thousand users, of whom:

381 thousand with Fixed BroadBand Access

42 thousand with Fixed Wireless Access

245 thousand MVNO mobile clients

€ 142.6 million*

total revenues

€ 25.6 million*

net EBITDA

*Source: 2019 Annual Financial Report of the Tiscali Group

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I.6 – Background and current business strategy

The history of the Group

1998

Tiscali was founded in Cagliari, after the liberalization of the Telecommunication market in Italy. The initial mission was the provision of telephone services regionally, in Sardinia.

1999

Tiscali was the first operator to promote the "free" Internet in Italy and western Europe. The Group obtained a license for the provision of telephone services nation-wide, and launches its pan-European expansion plan after its IPO on the New Milan Stock Market, through the acquisition of several ISPs (internet service providers) in Europe.

2000

Tiscali acquires WorldOnline, a Netherlands-based group that carried out its ISP activity in Switzerland, Check Republic, Belgium, Netherlands, Denmark, Germany, Norway, Sweden, Spain, UK, Austria and South Africa.
The Tiscali Group additionally strengthened its position in the aforementioned countries through additional acquisitions of local ISPs.

2001

The Group acquired Liberty Surf, a major ISP in the French market, and simultaneously, it expands its position in the UK, Austria and Finland through new acquisitions and integrations of the previously acquired companies.
In the same year, it launches the ADSL service on all the markets it served.

2004

Tiscali reached 1.3 million ADSL users. The Group rethinks its business strategy, opting for refocusing its activities in Italy and UK. Consequently, the Group implemented a plan of progressive sale of its foreign activities.

2004-2007

The businesses in Austria, Switzerland, South Africa, Belgium, Norway, Sweden, France, Denmark, the Netherlands and Spain are sold. The Group concentrates its activities in the most significant and rapidly expanding markets: Italy and the United Kingdom.

2007

Tiscali increases its activity in the United Kingdom, through the acquisition of Video Network Internationals Ltd and the broadband and voice divisions of Pipex Ltd, thanks to which Tiscali launches the Internet Protocol television (IPTV) service throughout the United Kingdom, also launched in Italy. Tiscali proposes itself as the sole "Full-IP" operator of an innovative package of data, voice and video services.

2008

The Group strengthened its financial structure through a share capital increase in the amount of EUR 150 million and the conversion of a convertible bond loan signed by Management&Capitali.

2009

The Group chose to pursue a focused strategy in Italy and initiated the process of selling Ti Net (a company managing the international network) and the subsidiary Tiscali UK.

That year, the Company also launched a share capital increase with an option for approximately EUR 180 million.

2010

Tiscali joined the project "2010 Fiber for Italy", and finalizes the sale of the UK businesses and of Ti Net.

2012

The companies Veesible S.r.l. are established. (a dealership that sells advertising space), Indoona S.r.l. (a company aimed at developing the application of the same name, which integrates voice and messaging to call, video call and send multimedia messages from smartphones and PCs), and Istella S.r.l. (a company aimed at developing a new search engine for the Italian web, created with the aim of systematising and disseminating the national cultural heritage).

2013

The Group launches the search engine Istella, which at the end of the year, reaches 4.5 billion pages indexed and 200

2014

The Group reaches an agreement with Senior creditors for the restructuring and repayment of the Senior payables, for an amount of approximately EUR 140 million, thus strengthening its financial structure.

2015

The Tiscali Group the Tiscali Group performs an industrial grouping with the Aria Group, acquiring the license on 40MHz of spectrum on the 3.5Ghz "technology neutral" frequency and the fixed wireless proprietary network.

2018

The Tiscali Group signs a transfer agreement with Fastweb, for the transfer of the license acquired in 2015 from Aria, the sale of the FWA (Fixed Wireless Access) business line comprising the FWA infrastructure (836 towers) and 34 employees. Tiscali also stipulates with Fastweb a wholesale agreement pursuant to which the Company obtains full access to the Fastweb fiber network and the FWA infrastructure sold to it.

2019

In May 2019, the relative majority stake in the Company was acquired by Amisicora s.r.l. and Renato Soru, founder of Tiscali, returned to the Company as Chief Executive Officer. The main organizational functions are restructured, the new logo is launched and commercial and marketing activities are boosted. New agreements are signed with Linkem and Tim which, together with the extension of the agreement with Open Fiber, allow Tiscali to obtain a significant increase in network coverage and to offer new, more efficient services to customers. Tiscali strengthens its financial and asset structure, thanks to the collection of the consideration for the Fastweb Transaction, the signing of the Senior Debt and Sa Illetta Debt Restructuring Agreements and the issue of a EUR10.6 million convertible bond.

Main results obtained during the FY 2019 and subsequent events, and current business strategy

In 2018 and until March 2019, the Tiscali Group was engaged in a number of activities such as i) obtaining the extension of its license for the 3.5 Ghz frequency spectrum it owned, ii) the conclusion of a transfer agreement in favor of Fastweb for the right to use 42 MHz in band3. 5 Ghz and the Fixed Wireless Access (FWA) business unit, and iii) the negotiation with the banking institutions (Intesa San Paolo and BancoBPM), counter-parties to the existing Senior Loan and the leasing companies, counter-parties to the "Sa Illetta" lease agreement aimed at obtaining a restructuring agreement for the Senior Debt and the "Sa Illetta" lease, actually obtained with the signing of the Restructuring Agreements on 28 March. These activities, together with the scarcity of available financial resources and the uncertainty about the future development of the Group, limited the operational action in the first months of 2019.

With the signing of the Debt Restructuring Agreements (March 2019) and the collection of the last part of the price relating to the Fastweb Transaction (July 2019), which resulted in a significant injection of financial resources and **an overall strengthening of the Group's financial structure**, the Company redefined and commenced implementation of a new development path, **based on refocusing the Company on its core business, i.e., the sale of Fixed BroadBand and Fixed UltraBroadband services, Fixed Wireless and Mobile** to Consumer, SOHO and SME retail customers, adopting an operating model which focuses on the ability to develop new services, on Marketing and Sales activities and on the excellence in customer management, increasing the efficiency of network infrastructure management activities and consequently investment commitments in line with the company's size and investment capacity, and with the changing technological and market context (Fiber, 5G).

The new operating model was further implemented and promoted by the new management team that took over the leadership of the Company following **the change in governance** in May 2019. A new logo has been launched and advertising investments were made in support of the brand and **new commercial offers**, geared towards the Company's mission to guarantee all citizens the right to access ultra-fast internet services, through the development of the **Fiber** market. The full implementation of the commercial agreements with Fastweb signed in November 2018 and of other agreements signed with other operators in July and December 2019 (Tim, Open Fiber and Linkem) have in fact made it possible to expand and strengthen the addressable market and Tiscali's commercial offer, in particular in the very high-performance Fiber services (UltraBroadband Fiber offer with speeds of up to 1 Giga) and

Mobile 4G (with speeds of up to 150 Mbps). For further details on the agreements reached, please refer to item A) of this paragraph.

In addition, in the second half of FY 2019, the significant financial resources generated by the Fastweb Transaction made it possible for the Company to negotiate crucial agreements with strategic suppliers, resulting in an overall reduction in overdue payables and operating costs.

Finally, at the beginning of 2020 Tiscali launched a policy of diversification and expansion of revenues generated by the portal through the signing of commercial agreements with various specialized operators (e-commerce, payments, lead generation).

A detailed analysis of the major activities undertaken by Tiscali in 2019, following the direction of the development path mentioned above, can be found below:

A) Addressable market expansion through implementation of the Fastweb Transaction and negotiation of new agreements with telecom operators

A.1) Operational implementation of the Fastweb Transaction

In 2019, Tiscali proceeded with the implementation of the Fastweb Transaction signed on 16 November 2018, thanks to which Tiscali obtained full access to Fastweb's Fiber Network and the FWA infrastructure sold to Fastweb. On 1 July 2019, Tiscali collected the last part of the agreed price of EUR 80 million and, in the course of 2019, Tiscali used the price component in kind ("Voucher") originally amounting to EUR 55 million, which reduced operating cash outflows during the period. The remaining receivable of EUR 24.7 million as at 31 December 2019 will be used, based on available management estimates, by the year 2020.

From an operational point of view, the Wholesale Agreement has made it possible for Tiscali to:

- Access to the Fastweb high-performance fiber network, allowing Tiscali to increase its fixed network coverage nationwide — without further incremental investment. The growth in the number of Fiber customers in 2019, from 79.1 thousand units to 163.7 thousand units at 31 December 2018, amounted to 106.8%, confirming the company's positive results in the relaunch and development of Fiber offerings;

- Continue to market Fixed Wireless LTE services in the "Extended Digital Divide" areas, continuing to access the Fixed Wireless infrastructure sold to Fastweb under the terms of the agreement signed. In addition, Tiscali benefited from the fact that Fastweb continued to upgrade its antenna technology from WiMAX to LTE in 2019: 35 swaps were carried out between July and December, with the aim of completing the swap of the remaining 19 sites by the 2020 1Q. As such, Tiscali will be able to reach 4.9 million households and businesses in 2020, with FWA technology up to 100 Mb.

A.2) New agreements with telecommunications operators

During 2019 Tiscali, in line with its strategy to relaunch and develop the Fiber market, negotiated and formally concluded in early July agreements with other telecommunications operators aimed at expanding the potential market.

- In July 2019, Tiscali extended its strategic partnership with Open Fiber for the diffusion of UltraBroadband services in the 7,635 municipalities of the "C" and "D" areas (extended digital divide). The agreement, which was already in place in 271 cities, extends to the entire perimeter of the Open Fiber cabling plan which provides coverage of over 19 million units.

  Open Fiber is building an all-optical fiber network that will allow speeds of up to 1 Gigabit per second. A few weeks after the signing of the agreement, Tiscali was among the first operators to start the commercialization of Fiber services in the first 70 municipalities included in the above-mentioned areas (reaching about 95,000 households and businesses, distributed in 10 Italian regions); i.e. in areas that, for reasons related to the morphology of the territory or economies of scale, so far did not have access to the UltraBroadband.

  At the end of 2019, Open Fiber coverage reached about 312 municipalities with about 5.29 million units covered.

- In July 2019, moreover, Tiscali signed an important commercial agreement with Linkem to expand its Fixed Wireless Access connectivity offer thanks to Linkem's 4.5G national network and, therefore, to implement its expansion strategy towards the most modern and performing technological infrastructures available in the country.

- Thanks to the new agreement with Linkem, which will become fully operational in 2020, Tiscali will be able to reach 16 million households and businesses with technology up to 30Mb.

In brief, thanks to the strategies and new agreements signed with Fastweb, Open Fiber and Linkem, Tiscali will be able to reach 4.9 million households and businesses with FWA technology up to 100Mb from 2020, thanks to the Fastweb network, and around 16 million households and businesses up to 30Mb thanks to the Linkem coverage.

In addition, from the end of 2019, Tiscali can provide services to households and businesses

with Fiber technology to around 20 million potential users, with FTTC technology to around 13.5 million potential users and in FTTH technology to around 6.5 million potential users.

Thanks to the above-mentioned agreements, Tiscali is currently the Italian telecommunication operator with the highest Fiber coverage available.

Moreover, in December 2019 Tiscali concluded an agreement with TIM — allowing it to offer its mobile customers 4G technology with speeds up to 150 Mbps, differentiating itself from low cost mobile operators that offer a 4G "Basic" technology with speeds up to 30 Mbps.

B) Relaunch of the Tiscali brand through investments in communication

The implementation of the advertising campaign launched in March 2019, aimed at revitalizing the Tiscali brand, supporting the process of acquiring new customers, confirms the Company's relaunch and growth plan.

The campaign was broadcast from 24 March for 3 weeks on generalist, satellite and digital TV, as well as on the main radio stations. On the Internet, it was shown on social networks, as well as on the main national websites.

In the second half of 2019, Tiscali undertook a process of rebranding and strengthening its image and corporate communication: the new logo was launched and the Mission and Values were redefined. After the preview of the new positioning with the web and radio campaign in July 2019, Tiscali returned on TV at the end of September, with a campaign aimed at expanding brand awareness and recognition, promoting the Fiber offering up to 1 Gbps and increasing Tiscali's reputation as an UltraBroadband operator operating throughout the country with one of the most extensive and high-performance network coverage.

The campaign aired for 2 weeks from 29 September 2019 on generalist networks and on satellite and digital channels and on radio for 2 weeks, on all the main national networks and on the web on Google, on the social networks Facebook, Instagram and YouTube.

In addition, in support of the actions on the brand, Tiscali has also promoted some sponsorships in the sports sector — with the renewal of the agreement with Dinamo Basket, playing in the Italian Serie A, as Gold Sponsor, and with the new collaboration with Cagliari Calcio as Main Training Sponsor.

C) Strengthening of the Group's equity and financial structure

During 2019, the Group signed a number of agreements aimed at strengthening its capital structure, which are set out below.

C.1) Subscription, on 31 January 2019, of the 2019-2020 Convertible Bond by the reference

shareholders ICT and Sova Disciplined Equity Fund, for a nominal amount of EUR 10.6 million, corresponding to 106 convertible bonds by 31 January 2020. In July, September and October 2019, the Sova Disciplined Equity Fund fully converted its portion of bonds for a nominal amount of EUR 5.3 million. On 30 January 2020, the Board of Directors and the Shareholders' Meeting of Tiscali resolved to change the maturity of the bond issue, extending it from 31 January 2020 to 30 June 2020 (for further details please refer to the paragraph "Subsequent events").

C.2) Signature, on 28 March 2019, of the Debt Restructuring Agreements; in particular, obtainment of the Senior Debt Restructuring Agreement with the Banking Institutions and of the Settlement Agreement with the Pool Leasing ("Amicable Agreement of the Sa Illetta Leasing").

The agreements concerned, whose negotiation began in 2018 and was completed in the first quarter of 2019, confirmed the contractual assumptions already proposed in 2018 and included in the business plan approved by the Board of Directors on 19 February 2019 (the "2019-2021 Business Plan"), of which the Company had provided full information in the Annual Financial Report as at 31 December 2018, to which reference should be made.

In particular, the main elements of the Senior Debt Restructuring Agreement with Intesa San Paolo and Banco BPM follow:

- Extension of debt maturity to 30 September 2024 with consequent improvement of the financial structure;
- New repayment schedule defined as follows:
    - Prepayment of EUR 20 million to be made on 1 July 2019;
    - Pre-amortization period until March 2022 without further repayments;
    - 5 half-yearly installments of EUR 5 million from 31 March 2022 to 31 March 2024;
    - balance of the residual debt to be paid in full on 30 September 2024;
- Significant reduction in the overall cost of the loan, with an interest rate that goes from a nominal rate of 4.5% on the previous debt, to a rate of 1% on the portion of debt that will be amortized over the 2022-2024 period (EUR 25 million), and a rate of 1.25% on the portion of debt to be repaid in full on 30 September 2024 (approximately EUR 40 million).

On 1 July 2019, the repayment of EUR 20 million provided for in the Agreement was made.

With reference to the Sale & Lease Back Sa Illetta debt, the Agreement signed on 28 March 2019 provides for the following conditions:

- return of the property into the possession of the leasing companies;

- payment of an indemnity of EUR 10 million to be made on 1 July 2019 against the cancellation of the related leasing debt of approximately EUR 53 million;

- At the same time, Tiscali Italia S.p.A. signed a 9-year lease of the property for an amount of approximately EUR 2.15 million per year with the right to sublease the space.

On 1 July 2019, the repayment of EUR 10 million Euros provided for in the agreement was made.

D)Change of Governance of the Tiscali Group, as of May 2019

In the first half of FY 2019, a change in the governance of the Tiscali Group took place, which began to produce its effects at the end of the first half of the year.

On 10 May 2019, Amsicora S.r.l. — an Italian investment company founded and managed by Claudio Costamagna, Alberto Trondoli, Manilo Marocco and also owned by other private investors — signed a contract with ICT Holding Ltd for the purchase of the entire stake held in Tiscali, equal to approximately 20.79% of the share capital, and a contract with SOVA Disciplined Equity Fund SPC for the purchase of a stake equal to approximately 1.269% of the share capital of Tiscali, for a total of approximately 22.059% of the share capital of Tiscali.

On 21 May, Amsicora and Renato Soru signed a Shareholders' Agreement (for further details see section 5, "Report on Corporate Governance and Ownership Structure"), which groups together a total interest of 29.99% in the Company's share capital and is designed to provide a unified approach to the organization and management of Tiscali. On 27 June 2019, the Shareholders' Meeting appointed the new Board of Directors, which chose Alberto Trondoli as Chairman of the Board of Directors and confirmed Renato Soru as Chief Executive Officer.

Tiscali has thus returned to being an Italian company, and its founder Renato Soru is now leading the Company again. In May and June 2019, there were significant changes in the Group's management structure, with a reorganization and a sharp reduction in the number of executives.

Renato Soru also took steps to launch the Company's new logo, back to the color purple, which had characterized the Tiscali logo since its origins, adding a new symbol "//" which recalls the writing of URLs of Internet addresses, in order to evoke the leading role that Tiscali has played in the history of the Internet in Italy.

As detailed below, on 27 April 2020 the Board of Directors of the Company also approved a new industrial plan for the years 2020-22 (the "2020-2022 New Business Plan"), which, while not modifying the underlying logic of the previous 2019-2021 Business Plan, updates the

assumptions based on the changed economic context and on the results obtained from the actions taken in the second half of 2019.

Together with the above-mentioned activities undertaken by the Group during 2019, it is important to note that, in the first months of 2020, the COVID-19 emergency had a significant impact on national and international economic and commercial activities. Like the rest of the country, Tiscali was also impacted by the pandemic; in particular, the effects on the Group hypothesized by the Directors in the scenarios are as follows:

i) operational, linked to possible restrictions and limitations on domestic movements that could delay certain business processes, which are fundamental in a period of strong need and increased data traffic;

ii) on the market, linked to the possible contraction of the world economy and production, to which a more accentuated crisis of the Italian economic system and, therefore, a depression in the spending capacity of users could correspond;

(iii) financial, linked to the possible deterioration in the solvency of commercial counterparties and/or the reduction in collections by manual payment methods (postal or other forms of payment), already partly experienced in March and April 2020;

(iv) on the supply chain, due to possible difficulties in procuring equipment.

The Directors analyzed these possible effects and prepared a management and response document to these risks. Although they have prepared these plans with extreme diligence, the effects mentioned above may not be mitigated, or only partially mitigated, by the actions of the Directors since the multiple assumptions considered are not under their control.

SUSTAINABILITY STRATEGY

For the third consecutive year, the Tiscali Group has drawn up its Sustainability Report, thus giving continuity to the sustainability strategy and the commitments defined in 2017 and to the further commitments undertaken in 2018 and 2019. Through this third document, the Group intends to demonstrate its commitment to all stakeholders and to the environment. The initiatives implemented during 2019, at the economic, social and environmental level, want to underline the sense of responsibility that the Group has matured and is maturing towards sustainability issues, despite the period of strong instability.

To this end, Tiscali intends to monitor the impact of its business and define future objectives to continuously increase the Group's sustainability.

II – Governance and Sustainability

II.1 – Governance

In order to ensure transparency in *operational management*, a correct market information approach and the protection of interests that are socially relevant, the corporate governance system adopted by Tiscali includes all the recommendations of the Self-Governance Code (the "Code") approved by the *Corporate Governance* committee in March 2006, as per latest update of July 2018.

The Company adopted procedures and code of conduct implemented through procedures and codes in line with the guidelines provided by Borsa Italiana S.p.A., CONSOB recommendations and the *best practice* identifiable at the national and international level; in addition, Tiscali has an adequate organizational setup that can manage, through appropriate methods, corporate risks and potential conflicts of interest that may occur between Directors and Shareholders, between majorities and minorities and among various Shareholders.

Tiscali's Governance structure is characterized by the presence of the following bodies: Board of Directors, Shareholders' Meeting and Board of Auditors.

Board of Directors

The Board of Directors currently in office was appointed by the Shareholders' Meeting held on June 27, 2019 and consists of seven members, four of whom are women; there are currently three independent Directors and only Renato Soru, Chief Executive Officer, has executive powers delegated by the Board.

Table 1 - % composition of the Directors per gender and age group

n. of persons	As at 31 December 2018			As at 31 December 2019		
	30-50	>50	Total	30-50	>50	Total
Men	29%	28%	57%	0%	43%	43%
Women	14%	29%	43%	28%	29%	57%
Total	**43%**	**57%**	**100%**	**28%**	**72%**	**100%**

The Board of Directors was elected on the basis of the only list submitted jointly by Renato Soru and Amsicora S.r.l. and will remain in office until the approval of the financial statements for 2021.

The members of the Board of Directors, the term of office, the position of Executive Director or Non-Executive Director, the number and nature of the other assignments are listed in paragraph 5.3.1 of the Tiscali Directors' Report, included in the 2018 Annual Financial Report.

In addition, the Company publishes in a specific section of its website, called "Governance", the professional curricula of its directors, to allow shareholders and investors to assess the professional experience and authoritativeness of the members of the Board of Directors.

The current Board of Directors, in its first meeting of June 27, 2019, set up the Appointments and Remuneration Committee, the Control and Risk Committee and the Committee for Transactions with Related Parties.

Since May 2018, the **diversity policy** has been in force, which describes the optimal characteristics of the composition of the Board of Directors and the Board of Statutory Auditors so that they can exercise their duties in the most effective way, taking decisions that can concretely benefit from the contribution of a plurality of qualified points of view, able to examine the issues under discussion from different perspectives.

The possible presence of **conflicts of interest** held by a director must be promptly communicated to the Board of Directors, in compliance with Article No. 2391 of the Civil Code. The concerned Director must specify the "nature, terms, origin and extent" of his interest, providing every useful element to allow the directors and auditors to assess the existence or otherwise of a conflict and, in general, the economic advantage of the transaction for the Company.
The Board of Directors can ask the Supervisory Body to carry out a punctual or periodic check on the aspects of the conflict of interest.

Board of Statutory Auditors

The members of the Board of Statutory Auditors operate autonomously and independently, in constant connection with the Control and Risk Committee, whose meetings are regularly participated by them, and with the Internal Audit function, in line with the principles and application criteria set forth in Article No. 8 of the Self-Governance Code of Borsa Italiana.

II.2 – Internal Control System and Risk Management

Internal Control System

The current internal control system is in line with what is established by the principles and application criteria of article 7 of the Code of Self-Governance of listed Companies.

The internal control and risk management system is constituted by the system of rules, procedures and organizational structures that allow, through an adequate identification, measuring, management and monitoring process of the main risks to have a healthy, correct and consistent operation of the business in line with the established goals.

The internal control system is implemented through the following bodies: Risk Control Committee, Director in Charge of the Internal Control System and Internal Audit Department.

The **Risk Control Committee**, formed by the Board of Directors and currently by the three independent Directors of Tiscali S.p.A., has consultation and recommendations functions with the objective of improving the functionality and ability to direct the internal control and risk management system of the Board of Directors.

The **Director in Charge** implements the instructions provided by the Board of Directors in terms of internal control also identifying and managing the corporate risks by submitting them to the attention of the Board of Directors. It recommends to the Board of Directors the appointment of the Internal Audit Manager making use of his/her support in carrying out his/her functions.

The Internal Audit Manager has the operational responsibility for coordinating the activities of the **Internal Audit Function**, as it does not hierarchically depend on any manager of the operational area and is in possession of the professional skills necessary to carry out the tasks for which he is responsible in line with the recommendations of the Code. In order to further strengthen the independence requirement, the Internal Audit function reports hierarchically to the Chairman of the Board of Directors while, from an administrative point of view, it reports to the Chief Executive Officer, whose powers include the provision of suitable means to the Head of Internal Audit and to the Internal Audit function.

Assessment of risks on financial reporting

The assessment of risks is carried out both at the overall corporate level and at each specific process level. In the first case, there are risks of improper operation of the main corporate governance instruments (for example, proxies and powers of attorney systems, reward systems etc.) or of the corporate information system. At process level, the risks related to financial reporting (underestimation, overestimation of the entries, inaccuracy of the report,

etc.) are reviewed on the basis of the specific accounting entries and they are implemented through the creation of control objectives.

With reference to further sustainability risks, please refer to paragraph *"II.6.1 – Main risks of Sustainability"* of this Sustainability Statement.

Organization, Management and Control Model Pursuant to Law Decree No. 231/2001

The Tiscali Group is sensitive to the need to **ensure correctness and transparency** in carrying out the corporate business and activities to protect its market position and image and the interests of all its stakeholders, first of all its shareholders and employees.

Therefore, it is aware, also in consideration of the uniqueness of the business carried out, of the importance of adopting an adequate internal control system to prevent any offenses by its directors, employees, agents, representatives, business partners and other external contractors.

To this end, Tiscali Italia S.p.A. has adopted for quite some time an "Organizational, Management and Control Model pursuant to Law Decree 231/2001" (hereinafter referred to as the "Model"). The Model establishes the main rules of conduct for all the Company's employees and defines processes and controls aimed at preventing the offenses established in the Law Decree No. 231/2001.

The Model was recently updated and revised with the support of an external consultant and the approval of this new version by the Board of Directors of the Company Tiscali Italia has been concluded on November 9, 2018.

The principles and rule of conduct contained in the Model integrate with what is specified in the Code of Ethics adopted by the Tiscali Group, which establishes the guidelines and the values that drive Tiscali and the conduct that is expected from all its directors, employees and contractors. The Code of Ethics of the group is available on the Company's website in the "Documents" section.

The **Supervisory Body** has the duty of carrying out oversight activities on the effectiveness and adequacy of the Model based on the effective ability of preventing the offenses detailed in the Law Decree No. 231/01, on the observance of the Model by all the recipients, on the updating of the Model by Management, whenever it may be necessary to adjust it based on changes in organizational or regulatory conditions.

On the basis of the Model forecast, the Supervisory Body reports to the Board of Directors regarding its activities at least every six months and at any time it may notify of any critical issues emerged in the application of the Organization, Management and Control Model.

FIGHT AGAINST PASSIVE AND ACTIVE CORRUPTION

In line with the Group's commitment to fight against active and passive corruption, the internal control system of Tiscali SpA was strengthened thanks to the adoption of specific behavioral protocols, set out in the Special Part of Model 231 dedicated to crimes against the Public Administration and to corruption among individuals. These protocols are subdivided into obligations and/or prohibitions that apply both internally and to external parties that interact with Tiscali. In order to enhance and maintain its integrity and reputation, the company controls and monitors the most sensitive activities of the business, especially the relations with public entities, with suppliers, with consultants or partners and with employees. These assets, considered as "sensitive" and therefore riskier, are identified following risk assessment operations performed internally. For this reason, the Company defines, implements and disseminates specific corporate policies that govern the performance of activities considered sensitive or otherwise linked. These policies also have the task of checking and defining in detail the reporting system and the information flows to the Supervisory Body.

In this regard, additional communication tools have been adopted (in addition to the mandatory ones) in order to gather any reports from interested parties. Individuals who become aware of events with risks or corruption crimes can send an e-mail to the Supervisory Board (organismodivigilanza@it.tiscali.com), with a description of the possible offense, as well as the specific addresses indicated in the Whistleblowing procedure.

In general, the Company establishes the obligation to collect and store the documentation relating to any contact with the Public Administration and prohibits any activity which, even through a third party, may influence the independence of judgment or assure any advantage to the Company. Furthermore, the Company undertakes to strictly observe, in addition to the applicable provisions of the law, the rules issued by the national and international regulatory authorities of the market, which have the intent to guarantee fair market conditions based on a fair and free competition.

All the legal entities of the Group endowed with a 231/01 Model active in 2017 (Tiscali SpA, Tiscali Italia SpA and Aria S.p.a.), have carried out activities to assess the risks of corruption to the public administration and to private parties.

The Model was distributed to all Group employees and, through their involvement, training was provided in the 231 area, in continuity with previous years. The training plan has a specific roll-out plan and, during 2019, training was provided both frontally and through online courses, with a request to pass a check on learning the concepts illustrated.

II.3 – Shareholding Structure

Tiscali spa is a public joint stock company governed by the laws of the Republic of Italy. Tiscali shares are listed on the Italian Stock Exchange (Milan: TIS) since October 1999.
As at 31 December 2019, the share capital amounted to EUR 46.3 million, corresponding to 4,508,697,203 shares with no par value; market capitalization amounted to EUR 49,144,800, calculated on the value of EUR 0.0109 per share out of a total of 4,508,697,203 shares. The reference shareholder of Tiscali is Amsicora S.r.l., which owns 19.485% of the ordinary share capital and voting rights.

The composition of the share capital as at 31 December 2019 follows:
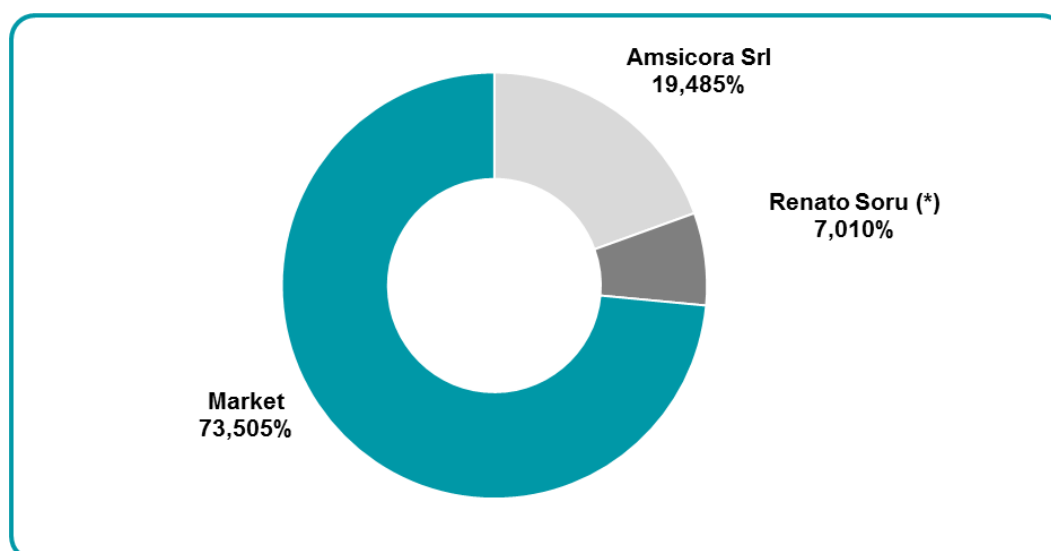
(*) Directly for 5.88% approximately and indirectly through the part-owned companies Monteverdi S.r.l (0.39%), Cuccureddus S.r.l (0.73%)

II.4 – The regulatory and competition framework

Tiscali promotes fair competition, considered functional to its interests and to those of all the providers in the market as well as customers and stakeholders in general, encouraging initiatives and projects in cooperation with competitors, actively participating to the technical discussions established by the sector's Authorities or the trade associations. In this context, the Tiscali's main dialog parties are the following:

- Other providers
- Communications Guarantee Authority (AGCOM)
- Italian Antitrust Authority (AGCM)
- Ministry for Economic Development (MiSE) - Department of Communications
- Trade associations
- Telecom Supervisory Body (SB)
- the European Commission.

Relationships with the Other Providers

Tiscali operates in the market of reference pursuing and promoting, in its relations with competitors, the principles of freedom, transparency and interoperability. This is in fact the only way that Tiscali considers effective to guarantee the maximum level of innovation and competitiveness between operators in the sector and to allow operators in the sector to act in a context of *true level playing field*, regardless of the technical and commercial solutions adopted in the production processes.

In this perspective, Tiscali actively collaborates with both the incumbent and Other Licensed Operators (OLO), participating in the technical discussions that are of common interest and sponsoring the amicable resolution of any disputes.

Relationships with AGCOM and AGCM

The electronic communications market is governed by rules mainly aimed at regulating the behavior of operators in the supply of services and ensuring fair and transparent competition.

In this context, Tiscali is subjected to the ex-ante regulation and supervision of the Italian Communications Authority (AGCOM) and the ex-post regulation of the Italian Antitrust (AGCM), established to guarantee the correct competition among the operators on the market and compliance with rules that prohibit anti-competitive agreements among companies, abuses of dominant position and concentrations such as to create or strengthen dominant positions detrimental to competition.

In this context, Tiscali interacts with the sector Authorities pursuing an open exchange of opinions and a continuous dialog in order to define a simple, effective and symmetrical regulation, as well as one that is suitable for the growth of the Company value.

In addition, whenever the Authorities request data or information of various kinds, Tiscali provides the necessary answers, guaranteeing completeness and reliability of the contribution, as can be seen in the summary of the consultations carried out during the year reported in the Annual Financial Report.

Similarly, in accordance with the objective of the Authorities to protect consumers with particular regard to the quality of the services provided and the clarity and completeness of the information provided, Tiscali undertakes to communicate correct commercial information in a clear and comprehensible manner.

Relationships with the MiSE

The Ministry of Economic Development has among its main competences the industrial, energy and communications development policies. In particular, in the latter sector, it has, among other things, the purpose of implementing the national plan for the allocation of frequencies, managing numbering resources, assigning authorizations to operators, implementing the Government program for the development of broadband and ultra-wide band.

Tiscali therefore interfaces with the Ministry for requesting authorizations and resources managed by it, first and foremost numberings and frequencies, providing the technical plans and the required updates in accordance with the regulations in force. Tiscali also collaborates with the Ministry by participating in the technical discussions for the definition of technical specifications for which the Ministry is responsible and contributes to the establishment and updating of resource databases (numberings, infrastructures, etc.) by providing data according to specific requests.

Relationships with Trade Associations

Tiscali manages the association relationships and coordinates the representation activities towards Confindustria and other trade associations

Initiatives at national and local level consist of carrying out actions and meetings related to business development and safeguarding company interests on economic, trade union and labor issues. These initiatives are based on exchanges of views and dialog on the respective

positions in order to identify, where possible, a common position to be represented in national official bodies.

The Group is a member of the main trade associations, including:

- CD, Confindustria Digitale, and the Association of TLC Companies
- ASSTEL, the Association of Telecommunication Operators, which represents and protects the companies operating in the Telecommunication and Security sector. Moreover, Tiscali is an observer member of AIIP, the Italian Internet Provider Association, the organization representing small and medium sized Italian companies providing Internet Protocol and connectivity based services.

Relationships with the Telecom Supervisory Body

The Telecom Supervisory Body is an independent body, established in 2009 with the task of supervising the correct implementation of the obligations of the Commitments (ex Resolution No. 718/08/CONS) and all violations concerning the obligations of non-discrimination (ex Resolution No. 623/16/CONS). Tiscali interfaces with the SB (Supervisory Body) in the context of full cooperation by participating in technical discussions and any corporate meetings.

Relationships with the European Commission

Tiscali collaborates with the European Commission, in particular with the Directorates that have competence in Communications, implementing the regulations in force and the updates provided, participating in open consultations, providing data and information requested by the EC through questionnaires. It also collaborates with DG Competition in proceedings concerning the Italian market by providing information and opinions on the request of DG Competition.

II.5 – Voluntary Standards: The Certification Policy

Tiscali Italia S.p.A. has the following two active and certified management systems in place:

- **Quality Management System in compliance with ISO 9001**, of which Tiscali obtained the renewal of the certification on 16 January 2020;
- **Information Security System in compliance with ISO 27001**, obtained in 2017 and expiring in September 2020.

In relation to the latter certification, Tiscali has provided for the following renewal activities:

- Assignment of the audit activity, previously carried out by BSI, to Bureau Veritas, which is responsible for auditing all the Group's certifications, in order to activate a single annual audit. This activity will be completed by March 2020;
- Carrying out activities aimed at issuing the certification, including the ISO/IEC 27017 extension (guideline defining advanced controls for both suppliers and customers of cloud services) and ISO/IEC 27018 (guideline for public cloud service providers who want to improve the management of personal data). It is expected to be issued by April 2020.

Alongside the above-mentioned ISO 9001 and ISO 27001 management systems, Tiscali has introduced two new management systems into its organization:

- **Business Continuity Management System in compliance with ISO 22301**, obtained in January 2020;
- **IT Service Management System compliant with ISO 20000-1**, obtained in January 2020.

Specifically, **ISO 22301** certification is the declaration by the chosen certifying body that the system itself complies with the reference standard ("Company safety - Business continuity management systems – Requirements and guidance for use") and that the business continuity management procedures are constantly applied by the company. The standard adopted by Tiscali therefore aims to safeguard the Company from potential interruptions caused for example by extreme weather conditions, fires, floods, natural disasters, IT disruptions, terrorist attacks, etc. Moreover, it allows to identify the relevant threats to the company and to identify the critical functions that could be involved and consequently to plan in advance the solutions to be implemented to ensure the continuity of its business and its business and consumer customers. Thanks to the ISO 22301 standard, Tiscali can identify and manage business threats with structured and tested processes and can therefore proactively minimize the impact on the business in case of adverse events.

In short, obtaining the certification in question guarantees the protection of information and the security of systems with regard to technological, operational, procedural and environmental aspects. Thanks to the adoption and implementation of the ISO 22301 standard, Tiscali can thus demonstrate its resilience to customers, suppliers and when participating in tenders.

ISO 20000-1 certification is the declaration, by the chosen certifying body, that the IT services management and control system complies with the reference standard ("Information technology – Service Management system requirements and user guide") and that the service management procedures are constantly applied by the Company.

This certification is dedicated to the concept of "quality" in the IT field, guaranteeing the company's compliance with international requirements aimed at promoting the reliability of services and the level of quality of the same. Tiscali certifies the business sales division, the ICT and Cloud Datacenter and the IP and Telephony services.

Obtaining the ISO 20000-1 certification improves Tiscali's corporate identity and its reputation in the reference sector, thus ensuring its customers uniformity of processes and attention in the management of IT activities, as well as minimizing risks.

In order to manage a unitary audit process Tiscali has requested Bureau Veritas to align the dates for the annual audit for the 27000, 20000-1 and 22301 certifications.

Furthermore, during 2019, Tiscali began a virtuous path, aimed at obtaining ISO 14001 certification, which certifies the adoption of an environmental management system in compliance with the standard in question. The certification was obtained on 16 December 2019, confirming the Group's attention and sensitivity to environmental issues. For further details on this certification, please refer to paragraph "*VI.1 – ISO 14001 environmental certification*".

II.6 – Stakeholders' Map and Materiality Analysis

Stakeholders' Map

Tiscali is particularly careful towards its stakeholders, and in defining their involvement and the debate with them.
These engagement activities are aimed at developing a relationship based on trust, transparency and sharing, allowing Tiscali to understand the needs and expectations of stakeholders.

Interacting with its stakeholders for Tiscali means strengthening the understanding of the needs and priorities with respect to the relevant issues of its strategy and collecting contributions on possible areas of development, in order to increase the ability to create shared value between the Company and stakeholders.

Methods of Engagements

Tiscali has defined methods of engagement aimed at interacting with its stakeholders, referring to different mechanisms of communication, listening and dialogue. For each stakeholder, the methods of engagement follow:

Stakeholder	Detail	Method of Engagement
Clients	• Clients • Consumers' Associations	• Internet channels • Social Networks • Customer satisfaction surveys
Employees	• Employees • Collaborators • Trade unions	• Intranet • Performance Assessment • Internal Climate Survey
Suppliers	• Supplier of goods, products and services • Sub-suppliers • Sales network	• Code of Ethics
Public Administration and Institutions	• Public Administrations • Regulatory Bodies (Authority, Privacy, Antitrust, etc.) • Institutions of the National and Local Government • Judiciary • Judicial Authorities	• Public consultations and working Tables
Community	• Local Community • Universities and Research Centers • Media and opinion leaders	• Initiatives in favor of the territory and the community
Shareholders and Financial Community	• Shareholders • Banks • Investors • Financial Analysts • Rating Agencies	• Press Releases • Periodic Communications concerning the management of the company

Materiality Analysis

In compliance with the *GRI Standards* and the provisions of the Legislative Decree No. 254/2016, Tiscali has focused the contents of the Sustainability Report on the basis of the results considered as significant after the materiality analysis made in 2017. The analysis of

materiality makes it possible to identify the material aspects, that is, those aspects that express the organization's significant economic, social and environmental impacts, also considering the assessments of the stakeholders.

The top management, in agreement with the CEO, has identified, through a scenario analysis and a recognition of the stakeholders' expectations, a series of key issues for the telecommunications sector and for the same stakeholders. During this analysis, international guidelines were also considered in the field of sustainability, the regulatory context, in addition to the reference sector and the main competitors.

The validation of the material issues took place on the occasion of the approval of the Sustainability Report itself, on 27 April 2020 by the Group's Board of Directors.
Five pillars that define the Tiscali sustainability approach have been identified thanks to the materiality analysis:

- Technologic innovation: coverage of the network and quality of the service; digitalization
- Customers: data privacy and security; Transparency, Reliability and Responsible Marketing
- People: Health and safety; employment and valorization of people; diversity and equal opportunities; relationships with the territory and the local communities
- Environmental impact: Electromagnetism; power consumption and emissions
- Economic and governance pillars: economic sustainability; ethics and integrity; fight against corruption; responsible management of supplies.

The chapters of this Report have been defined on the basis of the pillars of sustainability and of the material issues identified, in such a way as to focus the reporting on the Tiscali approach and describe the most significant results achieved on the issues concerned.

Starting in May 2019, as described in the paragraph *Main events and results achieved during 2019 and the business strategy*, Tiscali underwent a change in governance that saw the return to the Company's leadership of its founder Renato Soru, who was appointed Chief Executive Officer.

Mr. Soru, who has long been particularly sensitive to environmental sustainability issues, promoted and gave impetus to a number of activities that go in the direction of an increasingly marked environmental sustainability of Tiscali and its headquarters, among the

activities carried out in the second half of 2019. These activities, including the achievement of ISO 14001 certification, the signing of a contract for the implementation of a photovoltaic system at the Sa Illetta site and the activities of carpooling, separate waste collection and the abolition of plastic at the site itself, are described in *Chapter VI - Environmental impact.*

As compared to what was published last year, there has been a general increase in the importance of Tiscali's environmental impact, with particular reference to "Energy consumption and emissions" and, at the same time, the elimination of the issue of "Electromagnetism" as it is no longer relevant to the Group's business: in fact, following the sale of the FWA Business Unit to Fastweb, with the consequent transfer of the management of the Wireless sites and the installed antennas, the related consumption no longer falls within the Tiscali scope from November 2018.

II.6.1 – Main Sustainability Risks

CYBER RISK

Given the increase in the use of the network, the risks related to privacy and customer safety, and consequently the issues of protection of personal or sensitive data, are increasingly relevant.

Risk management/mitigation methods

Tiscali has implemented protection mechanisms for its customers' data, operating in strict compliance with the current legislation on data protection and privacy (see paragraph "*IV.2.1 Customers Satisfaction*").

BUSINESS AS AN ONGOING CONCERN

It includes risks related to the interruption of service and business operations caused by extreme environmental conditions (e.g. earthquakes) or extraordinary weather events due to climate change (e.g. flooding). These events, among other things, can significantly affect the integrity of the infrastructures necessary for the proper provision of communication services.

Risk management/mitigation methods

This risk, which constitutes a threat to company operations, is carefully monitored through specific Business Continuity strategies. In particular, Tiscali implements preventive measures

and controls aimed at maintaining the operation of its network and its information systems and, in particular, its continuity and security as well as its servers, hardware and software.

As part of the management of risks related to the damage and malfunctioning of these systems, on which the management of the business is based, the Group invests adequate resources aimed at overseeing all the IT tools and processes.

All core business systems are all highly reliable, the *datacenter*, located in the Cagliari office, is equipped with security systems such as fire prevention and anti-flooding; in addition, back-up copies of data, made by the operating staff, are kept in different locations from where the datacenter is located, guaranteeing a good level of reliability. Lastly, it should be noted that the Group companies have specific insurance policies in place to cover the damages that their infrastructures could suffer as a result of the aforementioned events.

With regard to service quality and Continuity of Operations, in January 2020 the Group obtained, in addition to the renewal of IS0 9001 and ISO 27001 certifications, two new ISO 22301 (Continuity of Operations Management System) and ISO 20000-1 (Service Management System) certifications. For further details, please refer to paragraph *"II.5 - Voluntary standards: The Certification Policy"*.

With reference to the spread of THE COVID-19 pandemics, the Directors proceeded to carry out a careful analysis of the situation and, despite the uncertainty inherent in the case, resulting primarily from the lack of knowledge of the virus itself by the scientific community, they highlighted, in the current scenario, the possible repercussions related to the spread of the coronavirus and the measures taken by Governments to slow down this spread. These effects, presented in Paragraph I.6 of this Report, will be continuously monitored and updated as many of the assumptions and scenarios considered are not under the Group's control.

SUPPLY CHAIN

Companies that offer communication services do not present particular risks related to possible environmental damage outside of those connected to the management of the supply chain. These risks are closely related to the selection of suppliers, with particular reference to energy supplies and the purchase and disposal of technological products.

Risk management/mitigation methods
Tiscali monitors this risk by carefully selecting its suppliers on the basis of their technical skills and level of professionalism. The majority of Tiscali suppliers consists of high-standing suppliers (big players in the telecommunications sector), both from a technical-professional point of view, and from the point of view of the sustainability principles adopted. By

maintaining stable and correct relations with these suppliers, the Group thus reduces the risk in question (see Paragraph *"II.8 – Supply Chain"*).

II.7 – Generated and Distributed Economic Value

The overall net value added generated by Tiscali in 2019 (net of depreciation, amortization and write-downs) amounted to EUR 120.2 million, down as compared to 2018. The reduction is primarily attributable to the absence of extraordinary income from the sale of assets in 2019, which in 2018 had resulted in extraordinary income from the sale of the license and FWA business to Fastweb. The Group distributed EUR 22.4 million to employees in the form of remuneration for its activities during the year, while EUR 102 million was allocated to suppliers to cover operating costs arising from the purchase of services, raw materials, consumables and goods. The Group distributed EUR 12.2 million in the form of payment of financial charges, taxes and donations, sponsorships and collaborations. Finally, EUR 15 thousand was allocated to the remuneration of the Public Administration.

Distribution of the economic value of the Tiscali Group in 2019
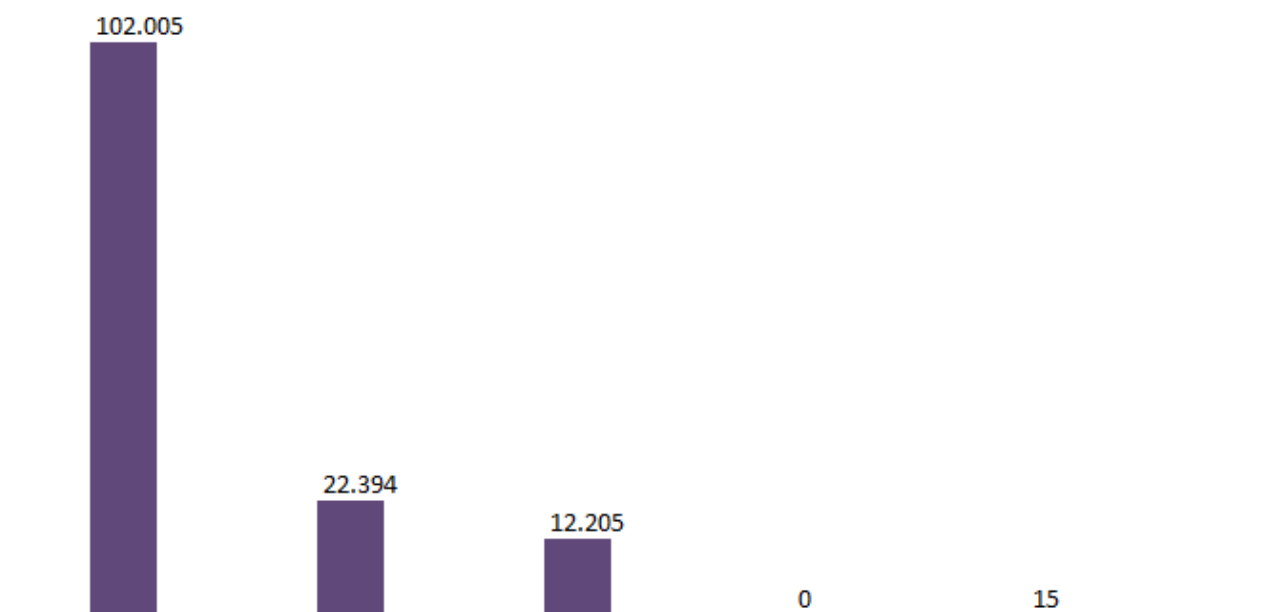
This value refers to:
- **Suppliers**, through the purchase of goods and services;
- **Employees**, through the payment of salaries and benefits;
- **Financial system**, through interest and commissions on loans granted;
- **Public Administration**, through tax charges.

The Group therefore did not retain any value, presenting a negative result for the year 2019 of approximately EUR 16.4 million.

The achievement of a balance sheet, economic and financial equilibrium of the Group in the short and medium/long term is in fact linked to the achievement of the results defined in the 2020-2022 Business Plan, also in light of the competitiveness of the market, the macroeconomic context of difficulties linked to the recent events linked to the diffusion in Italy of the COVID-19 pandemic, as well as the Group's ability and possibility to raise the necessary financial and equity resources.

The Directors, however, do think that the actions taken in 2019 allow the Group to continue along the virtuous path undertaken and are such that – despite the aforementioned situations of uncertainty about the implementation of the New 2020-2022 Business Plan over the next twelve months and about obtaining the extraordinary financial resources related to the COVID-19 emergency, linked to the existence of uncontrollable exogenous variables that can cause results to be worse than those forecast – the short-term balance sheet and financial position and the related going concern are not at risk.

It is on this basis, therefore, that the Directors have a reasonable expectation that the Company's ability to continue as a going concern over the next 12 months will be recurring and that the Group may use the accounting principles of a going concern in the preparation of this Report.

This determination is, of course, the result of a subjective opinion that compared the events listed above with the probability of their occurrence compared with the opposite situation.

It should be stressed that the prognostic judgement underlying the Board of Directors' determination is likely to be contradicted by the evolution of the facts. Precisely because it is aware of the intrinsic limits of its determination, the Board of Directors will maintain constant monitoring of the evolution of the factors taken into consideration (as well as of any further circumstances that may acquire importance), so that it can promptly take the necessary measures.

II.8 – Supply Chain

The suppliers with which Tiscali worked in 2019 have exceeded 1,600 units. In 98% of the cases, these are companies governed by Italian law, mainly concentrated in the sectors of network infrastructures and professional services. To guarantee the best possible quality and the full satisfaction of client expectations, Tiscali requires its suppliers commitment, reliability and flexibility, establishing long-term relationships based on integrity, transparency and objectivity.

The selection of the supply offer is based on the concept of the best purchase at the best possible conditions, according to the mandatory principles of transparency, economic efficiency and compliance with current regulations.

Table 2 – Breakdown of the Group overall annual expenditure by product category

Product Category	As at 31 December 2018		As at 31 December 2019	
	No. Of Suppliers per Category	Value of the annual expenditure by category (EUR)	No. Of Suppliers per Category	Value of the annual expenditure by category (EUR)
Network Infrastructure	48	121,935,480	39	124,907,773
Sale and Lease of business branches		-	-	-
Investments	73	19,785,529	74	22,431,812
Sale Partners	714	16,995,005	728	18,706,061
Marketing, Sales, Distribution	177	17,013,799	179	13,067,871
Leases	8	24,847,658	6	25,252,184
Other Network Services	590	25,185,215	361	20,407,523
Professional Services	149	11,584,953	130	4,496,668
Rental and Utilities	113	10,168,994	84	6,954,140
Maintenance	22	3,461,562	23	9,406,748
Other	50	741,503	48	491,951
TOTAL	**1,944**	**251,719,698**	**1,672**	**246,122,730**

As indicated, a significant portion of the expenditure is made towards the category "Network Infrastructure", and specifically to Telecom Italia, which is Tiscali's main supplier.

Table 3 – Composition of total expenditure per geographical area

Country/area of provenience	2018		2019	
	No. Of suppliers per country	Value of the annual expenditure by country (EUR)	No. Of suppliers per country	Value of the annual expenditure by country (EUR)
Abroad	31	5,106,576	37	5,505,309
Italy	1,913	246,613,122	1,635	231,618,849
Of which Sardinia	218	18,600,175	191	8,998,571
Total	**1,944**	**251,719,698**	**1,672**	**246,122,730**

With regard to the geographical distribution of suppliers, it can be said that Tiscali operates substantially with national suppliers (98%), and with a portion of local suppliers[4] (11%) mostly used for the needs of the Cagliari offices.

The Company also carried out an analysis of the average payment terms of the major service providers, taking into consideration the following suppliers:

- a leading wholesale and MVNO service provider;
- a leading network provider;
- a leading provider of professional IT services.

The results of the above analysis are as follows:

Kind of Supplier	Average DPOs as at 31 December 2019	Contractually agreed DPOs
Leading Wholesale service provider	74	60
Leading MVNO service provider	78	30
Leading Network Provider[5]	154	60
Leading provider of professional IT services	80	30

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[4] The term local refers to suppliers from Sardinia.
[5] With regard to the primary network provider, it should be noted that the actual DPOs are much higher than the contractual DPOs because in 2019 more than half of the amount of the overdue debt was subject to payment rescheduling and/or verified by the Company. This has contributed to the lengthening of payment times.

III – Technological Innovation

III.1 – Development of the fixed-mobile network – coverage and accessibility to the UltraBroadBand network

Digital agenda and Digitalization of the Country

Telecommunications are a driving force for economic growth and social development. Digital represents the new factor in collective progress. Digital and mobile technologies are changing the way we work and live, a change that affects the entire economic and production, as well as social, system.

Access to new technologies depends largely on the development of the Country system, and access means not only infrastructure but also digital skills for their effective use. Developing a telecommunications infrastructure means creating positive impacts on Households, Businesses and Entities belonging to its own production chain (direct contributions) and to the supply chains of its sector (indirect contributions), as well as with impacts on the entire economic system (induced contributions). For all these reasons, European and national policy-makers have identified strategies aimed at digitization for several years.

In particular, the European Digital Agenda indicates a single strategy at Community level for overcoming digital "barriers" and creating opportunities for the achievement of economic, social and environmental benefits.

The European Digital Agenda

The European Digital Agenda is one of the 7 key projects of Europe 2020, the ten-year strategy for growth developed by the European Union.

With 7 key areas, the Digital Agenda starts from the idea that the most widespread and efficient use of digital technologies can contribute to improving the lives of citizens, triggering the creation of jobs.

Infrastructural development is one of the key themes in this regard: the target would be reaching 100% of European citizens with a 30 Mbps network in 2020, providing a connection service equal to or greater than 100 Mbps to at least 50% of households.

In Italy, the task of guaranteeing the achievement of the objectives of the Digital Agenda has been entrusted to the Digital Italy Agency (AgID), which defines guidelines, regulations and standards, and carries out activities of planning and coordination of strategic initiatives for an effective delivery of online Public Administration services to both citizens and businesses, guaranteeing, among other things, the technical uniformity of public information systems.

Despite the goals achieved, there is still a long way to go.

The development of broadband and UltraBroadband infrastructures and the dissemination of digital skills among citizens and businesses are two of the main areas of intervention in the near future.

Tiscali's contribution to the digitization of the country

Consistently with national and European policy, Tiscali intends to continue working to play a role of facilitator in digital development processes at the national level.

In line with this objective, in 2019 Tiscali continued to focus on the dissemination of Broadband and UltraBroadband solutions, as follows:

- On the one hand, Tiscali continued to provide **quality UltraBroadBand services** (up to 100 Mbps) in the "Digital Divide" areas, e.g. not reached by the ADSL service or where only poor quality services are available. These are large areas of the Italian territory where currently it is technically impossible (and/or economically non-convenient) to provide a cable service. In these areas, the use of Tiscali's LTE Fixed Wireless technology becomes an essential tool for their progressive digitization and for the achievement of the objectives set by the European Digital Agenda in these areas. Tiscali, thanks to the implementation of the LTE fixed wireless technology in these areas, can therefore offer families and businesses residing there the opportunity to access the internet;
- On the other hand, the Tiscali Group has continued to disseminate very high capacity Fiber offers up to 1Gbps to an ever-increasing share of the population: this allowed to offer a higher quality of service (higher speed), full access to all present and future applications based on high bandwidth consumption (i.e. HD video-streaming, high-speed secure data exchange) and an overall improved browsing experience.

In order to achieve these objectives, Tiscali has also entered into some fundamental agreements with technical and service providers enabling this strategy:

- The partnership agreement signed with Fastweb at the end of 2018, which brought significant benefits in this regard as:
    - o The extension of the LTE coverage areas to areas that until the end of 2018 could only use Fixed Wireless services on obsolete and lower quality WiMax technology;
    - o The significant expansion of the areas in which Tiscali will be able to distribute high-capacity Fiber offers up to 1Gbps;
- The extension of the agreement signed with Open Fiber in July 2019, which allowed Tiscali to have access to the Open Fiber FTTH network and to launch services to end

customers with capacity up to 1Gbps. At the end of 2019, Open Fiber coverage reached about 312 municipalities with about 5.29 million households covered.

- The agreement signed with Linkem in July 2019 for the resale of the FWA service up to 30Mb.

Current Coverage

1) Fixed Wireless Network:

Fixed wireless network coverage focuses in particular on the Digital Divide areas where the availability of alternative infrastructures suitable for the provision of Broadband and UltraBroadband services is most lacking. Currently, the Fixed Wireless Network supports two Broadband technologies:

- **The LTE technology** which, as already described above, enables UltraBroadBand ultra-high-capacity services up to 100Mbps, bringing services that are similar to Fiber in areas where it is technically not possible and/or economically not advantageous to bring Broadband cable services.

- **The WiMax technology** which instead represents the previous wireless access technology that enables the provision of services up to 7/10Mbps, similar to ADSL and is still suitable to bring Broadband services in areas where there are no substantial technical solutions alternative to wireless ones. Tiscali has progressively replaced this technology with very high capacity LTE solutions.

In addition, during 2019, Tiscali significantly increased the pool of potential customers reachable with the Fixed Wireless Network, thanks to the following strategies implemented in 2019.

Firstly, the Group followed up the agreement signed with Fastweb at the end of 2018, which also provided for the development of the new LTE technology up to 100Mb, replacing the now obsolete WiMAX technology on almost the entire remaining network. Following the sale to Fastweb of the 3.5 Ghz frequency spectrum owned by Tiscali under the wholesale agreement, Tiscali has the right to continue to use the network to provide LTE services to its customers. In addition, in the course of 2019, Tiscali benefited from Fastweb's commitment in the Agreement to migrate the remaining antennas from WiMax to LTE at its own expense. The technological upgrade of the antennas from WiMAX to LTE continued in the second half of 2019: 35 swaps were carried out between July and December, with the aim of completing the swap of the remaining 19 sites by the first quarter of 2020.

Secondly, during the year the Group entered into a new partnership agreement with **Linkem** for the resale of the FWA service up to 30Mb. This agreement will become fully operational during 2020.

Thanks to the strategies implemented since the end of 2018 and during 2019, Tiscali will be able to reach **4.9 million households and businesses** with FWA technology up to 100Mb and about **16 million households and businesses** up to 30Mb thanks to Linkem coverage from 2020.

2) Fixed broadband network and Fiber service coverage:

During 2019, Tiscali consolidated its Fiber offering portfolio, now available with Fiber To The Cabinet solutions up to 200Mbps on Tim and Fastweb networks, as well as Fiber To The Home solutions with capacity up to 1Gbps on TIM, Open Fiber and Fastweb networks. These services allow a significant increase in the quality of service and capacity available to the user compared to traditional xDSL solutions and guarantee full accessibility to all innovative applications that require high bandwidth availability for their full use.

The growth in the number of Fiber users in 2019, up from 79.1 thousand to 163.7 thousand users on 31 December 2018, was approximately 106.8%, confirming the expected growth trend.

At the end of 2019, Tiscali can provide Fiber services to about **20 million households and businesses**: in FTTC technology to about **13.5 million households and businesses** and in FTTH technology to about **6.5 million households and businesses**. Thanks to the agreements signed during 2018 and in the first half of 2019, Tiscali is focusing its activities on the distribution of UltraBroadBand Fiber and LTE services to its customers, taking full advantage of the coverage that the UltraBroadBand infrastructures, made available by the main operators in Italy (TIM, Open Fiber, Fastweb), guarantee, thus offering access to the best solutions available in all areas of the country.

III.2 – Tiscali 4.0 Internal Digital Transformation Project

Tiscali 4.0 is the digital transformation project that proposes the renewal of information systems with the objective of:

- modernize business processes;
- change the way of interacting with customers, bringing them on digital channels;
- make customer care action more efficient and effective;

- improve the time to market of new products;
- overcome the obsolescence of BSS/OSS platforms in the field (mainly Siebel, Tibco).

The contract was signed on 25 September 2019, and the project kick-off took place on 10 October 2019. The duration of the project is estimated to be 24 months, with an investment of approximately EUR 2 million, divided into 24 monthly instalments. The project is divided into 3 phases:

- **Phase 1**, with a 12-month duration, at the end of which Tiscali will have completed the development, testing and production environment and will have started the migration of Fiber products customers;
- **Phase 2**, with a 6-month duration, which involves the implementation of LTE and Mobile products, and the consequent migration of the customers of these products;
- **Phase 3**, with a 6-month duration, which will see the implementation of all other products (e.g. ADSL) and consequent customer migration. Once Phase 3 is completed, it will be possible to shut down systems that are no longer in use.

Engineering will carry out the project in collaboration with technology suppliers (e.g. Sigma Systems) and other companies of the Group, but most of the development will be carried out by Engineering Sardegna staff provided for in the outsourcing contract.

A portion of the project is instead borne by Tiscali, specifically the implementation of the new unassisted digital channels: showcase, sales and personal web area (myTiscali) and mobile app. In this way, Tiscali will have more control, speed and flexibility in defining the dialogue with customers. Tiscali is also responsible for the procurement of commercial hardware and software necessary for the project.

IV – Customers

IV.1 – Commercial Offer and Responsible Marketing

The satisfaction of customers' needs is a key element of Tiscali's strategy and a founding value of its entire work. This aspect is even more important in a phase characterized by strong competitive pressures, where understanding, anticipating and meeting the needs of citizens, households and businesses is the fundamental lever on which the long-term competitiveness of the company is strengthened.

For Tiscali, "Customer centricity" means placing customers at the core of its value chain, addressing them every action and decision, responding quickly to their service requests and anticipating their needs and desires in an innovative and proactive way.
Providing citizens with connectivity services, allowing them to watch high-quality videos, quickly browse and download data, are a priority in the Group's strategy, as well as developing innovative and secure solutions that meet the specific needs of each client.

During the 2019 financial year, Tiscali confirmed its strategy of expanding its traditional internet and voice offering, in favor of an increasingly customer-oriented range of UltraBroadBand services, also thanks to the decisive growth in the coverage of Fiber, FTTC and FWA services.

Transparent Commercial Offer, compliant to the provisions of the law
Tiscali's commercial offers reflect the historical company values: clarity, transparency, simplicity. During the 2019 financial year, the new positioning with no restrictions, bonds or penalties have been maintained and strengthened. All offers, landline and mobile, are simple, clear, transparent and intuitive.

All barriers to entry and exit barriers have been removed, there are no longer minimum time restraints or obligations to return promotions, and the costs of decommissioning due to cessation or migration have been significantly reduced by complying, among the former, with the regulatory directives which provide for a maximum cost of 1 month's instalment. The customer is always informed in a correct, complete and exhaustive manner: all advertising materials and the sales site, the Assistance website, the MyTiscali Personal Customer Area and the post-sales materials contain information and in-depth analysis sections.

The Charter of Services

The Charter of Services[6], which aims to simplify and make the relationship with customers more direct, shows the principles of behavior and the commitments made by Tiscali on the quality of services offered, and also provides indications regarding the improvement of quality standards and contact channels available to customers.

Tiscali, in the framework of a program based on transparency in the relationships with its customers, and the quality of services offered, with the Charter of Services, provides its customers with useful information to forward reports, proposals, requests for clarification and complaints. Likewise, Tiscali guarantees its Customers the standards of the Services (as required by the current legislation on telecommunications), such as the continuity, the regularity of supply and the timeliness of its restoration in case of disruption (to be considered valid under normal operating conditions).

The Charter of Services must be read in conjunction with the Contractual Conditions of each individual Service and is available at the following website: http://info.tiscali.it/cartaservizi/. The Charter of Services is periodically updated if the legislation on the matter is subject to regulatory changes, as well as in cases of changes in technological, organizational and procedural solutions.

The Tiscali Service Charter is a transparency tool made available to Customers with the aim of informing them about their rights and the quality commitments undertaken by the Company in relation to the supply. For example, the activation time of the service and the time for repairing any faults are included in the main objectives of the Charter of Services.

Transparency concerning Contractual Conditions

On the Tiscali website, in the "Help" section, you can read and download the general conditions of all Tiscali contracts, internet and voice, both for households and businesses.

Tariff Transparency

In compliance with the provisions of Annex 1 of the AGCOM Resolution No. 252/16/CONS on "Measures to protect users, aimed to promote transparency and comparison of the economic conditions of the offer for electronic communications services" all the characteristics of all Tiscali offers are reported on Tiscali's website, in the "Tariff Transparency" section.

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[6] Drafted according to the outline of the President of the Council of Ministers' Directive dated January 27, 1994, and according to the Directives referred to as in the Resolution of the Authority for Communications No. 179/03/CSP, No. 254/04/CSP and No. 131/06/CSP and No. 244/08/CSP. Latest updated of The Charter of Services: 10 June 2019.

Transparency – Other Contractual Elements

In the "Help" section of Tiscali's website, customers can also consult and download a lot of information regarding Tiscali offers, such as:

- Cost of deactivation of services;
- Code of conduct for the supply of business messaging services containing alphanumeric codes (Alias) as senders and for the protection of users;
- Right of Withdrawal pursuant to Article No. 52 of the Consumer Code;
- Penalties for failure to return the Modem.

An innovative and competitive offer, in line with consumers' needs

Tiscali has chosen the "value for money" positioning: at the same price, it offers more than the competing operators, or it offers the same service at a lower price than its competitors.

The use of extremely advantageous and competitive prices and promotions allows Tiscali to maintain its market share even in the absence of advertising investments or commercial costs comparable to those of its competitors.

This strategic orientation is also maintained for UltraBroadBand services (FTTC and FWA), which are the core of the fixed network product portfolio.

Tiscali's services no longer have either a minimum duration or the return of promotional discounts. The customer is **free** to withdraw from the contract when he/she prefers, paying only the costs of deactivating the service supported by Tiscali, recently decreased to a one-month fee, where included.

In December 2019, mobile offerings up to 150 Mbps (4G) were launched. The launch of this technology has allowed Tiscali to close the performance gap, making its offerings even more competitive. The 4G technology was made available completely free of charge to the entire customer base by the end of the year.

Correct and transparent advertising information

All communication campaigns of the company are previously assessed by the Legal Affairs Department, which verifies their compliance with the relevant regulations and with internal self-regulation codes.

The assessment takes place on a continuous basis, and the effectiveness of the process is shown by the positive results obtained. Each advertising message is subject to a preliminary assessment that includes, among other things, the verification of the absence of deceptive or misleading terms.

Co-Marketing Initiatives

During 2019, Tiscali strengthened its partnership with Infinity. As a follow-up to the partnership started in 2017, Tiscali has delivered exclusive offers that include promotional periods of free viewing of films, TV series and documentaries.

IV.2 – Customer satisfaction

For Tiscali, customer satisfaction is one of the main parameters of the service quality planning and control system. The process focuses on the customer, his perceptions, evaluations on the service received and his degree of satisfaction on a global level, of the Tiscali services.

The year 2019 confirmed customer satisfaction as a priority and strategic objective. The organization of activities was systematically focused on monitoring the quality parameters of customer service and constantly monitored to confirm that the planning of processes and activities were actually perceived by customers through an assessment of courtesy, effectiveness in problem solving, completeness of responses and overall satisfaction of Tiscali services.

Customer Satisfaction surveys were punctual for all customers who had the opportunity to interact with telephone support and, since October, the survey was extended to customers with digital interaction, who then used the MyTiscali app or a social channel to contact Customer Service.

The survey is distributed on a daily basis, in order to identify any important negative and positive deviations. All negative detections are subject to verification in order to be able to intervene as a priority in cases of dissatisfaction. The survey makes it possible to compare the result obtained by the customer service managed with internal staff and external suppliers, obtaining an important benchmark useful in order to undertake actions to improve processes and procedures within the areas with lower scores.

The last quarter shows an improvement over the first quarter by 8.7% in the average courtesy rating, by 4.2% in average response satisfaction and by 2.8% in average product satisfaction. The result obtained has a greater value in light of the doubled number of customers who interacted with the automatic evaluation system.

Customers' Data Protection

The increase in Internet usage and the digital transition are leading to the proliferation of potentially relevant data and information released by users as they are associated with them, especially through the use of smartphones and mobile devices.

The new European General Data Protection Regulation (GDPR) has become definitively applicable directly in all European Union Member States as of May 2018. The Regulation is part of the so-called Data Protection Package, the set of regulations defining a new common framework for the protection of personal data for all EU Member States.

The New European Regulation on Privacy

20 years from the entry into force of the first Italian Law on Privacy, on 4 May 2016, the EU regulation No. 2016/679, i.e., the "European Data Protection Package", was published into the EU Official Journal.

The changes introduced with the Regulation concern both companies that "own" the processing of personal data – that is to say, all those which process personal data in the EU – and the individuals (the so-called "interested parties"). Among the main points of innovation, it is possible to mention, for owners, the establishment of a new official, the independent Data Protection Officer ("DPO") responsible for data protection in all public companies and in all those companies where the processing present specific risks, including the Telco sector. The DPO will have to inform, verify and also coordinate with the National Guarantor with the aim to apply the Regulation.

An additional requirement for companies is the introduction of the obligation for each data controller company to keep a record of the processing activity carried out under their own responsibility, as well as to carry out a data protection impact assessment, in relation to automated treatments such as profiling, to large-scale processing of particular categories of sensitive data, as well as data obtained from systematic surveillance, always on large scale, of areas accessible to the public.

With regard to natural persons, moreover, the Regulation expressly recognizes the "Right to be Forgotten", i.e. the possibility for the data subject to have their personal data, no longer necessary for the purposes for which have been collected, cancelled and no longer subjected to processing, and establishes the right to the portability of data, by virtue of which the interested party has the right to receive, in a structured format, commonly used and

readable by an automatic device, the data concerning him/her, provided to an owner of the processing, and has the right to transmit such data to another data controller without impediments.

Finally, the new text establishes two further principles: the principle of accountability for which the holder must demonstrate the adoption of privacy policies and appropriate measures in accordance with the Regulation, and the principle of "Privacy by Default", which incorporates the principle of necessity, establishing that the data are treated solely for the intended purposes and for the period strictly necessary for these purposes.

Tiscali has maintained an internal project, also with the support of third-party consultants and its own DPO, to integrate the changes made necessary by the changes introduced by the European regulation into its privacy management model. This project is part of a process of complete redefinition of the process of managing compliance with privacy legislation, which involves numerous business processes.

During 2019, the clauses of the Tiscali Contract Standards were specifically updated and the following procedures were adopted:
- "Procedure for the exercise of the rights of the interested party", which defines the procedures and measures for the management of the requests for the exercise of the rights of the interested parties, and specifically: Right of Access to Data, Right of Correction, Right of Deletion (Right to Be Forgotten), Right of Limitation of Processing, Right to Data Portability, Right of Opposition pursuant to articles 15, 16, 17, 18, 20, 21 of Regulation (EU) 2016/679;
- "Procedure for the management of personal data breaches", which defines the methods of conduct, responsibilities and actions to be taken in the event of breaches of confidentiality, integrity and availability of personal data, in compliance with the obligations relating to notification to the Privacy Guarantor and communication to the data subject, in compliance with the provisions of articles 33 and 34 of Regulation (EU) 2016/679.
- "Privacy by design and by default" in compliance with the obligations of art. 25 of Regulation (EU) 2016/679, which imposes the need to configure the processing by providing, from its very design, the implementation of guarantees to meet the requirements of the GDPR to protect the rights of data subjects, in view of the overall context of the processing and the risks to the rights and freedoms of data subjects.

Tiscali has also created a system for the mapping and management of the Processing Register, another important element provided for by the GDPR.

Tiscali in fact carries out a continuous action on its own processes, to ensure the protection of customers' personal data. Attentive to the processing of customers, employees and all interested parties' data and information, the Group has deployed all the protection mechanisms and activities to respond to mandatory requirements and voluntary standards. Furthermore, Tiscali – in order to guarantee its customers the highest reliability of the security and data retention system – has voluntarily submitted to ISO 9001, ISO 27001, ISO 23301 and ISO 20000-1 certifications. For further details on these certification, please refer to paragraph: "*II.5 – Voluntary Standards: The Certification policy*")

Relationships with the Italian Personal Data Protection Authority

At national level, Tiscali is subject to the regulation and supervision of the Italian Personal Data Protection Authority, which intervenes in all sectors, being they public or private, in which it is necessary to ensure the correct processing of data and the respect for the fundamental rights of persons in relation to the use of personal information. The company undertakes to respond to reports made by interested parties. The reports or requests for deletion of data must be sent to Tiscali Italia S.p.A, Loc. Sa Illetta, 2.300 km Cagliari 09123 – Ufficio gestione reclami.

In 2019, 7reports on privacy were received by the Authority, of which:
- 2 complaints pursuant to Article 77 of Regulation No. 2016/679;
- 2 measures restricting the processing;
- 1 request for information regarding the report received from a customer;
- 1 procedure pursuant to Article 166, paragraph 5 of the Personal Data Protection Code, still in the definition phase, for which, to date, Tiscali has not yet had any feedback on the outcome of the same by the Authority;
- 1 request for information on the ownership of a telephone number.

All the above requests have been taken into account and solved within the time limits. Tiscali also notified the Authority of 2 data breach events in 2019.

Assistance Channels and Litigations with Customers

Tiscali continues to pursue a path to make it easier for its customers to interact with the assistance through different channels, both interactive and non-interactive. In addition to the

channels already active during 2019, the WhatsApp channel was added, whose access, initially restricted, was extended to all Tiscali customers at the beginning of 2020 – given the emergency situation caused by the COVID-19 pandemic. In the same way, digital channels were massively opened with a dissuasive message on Interactive Voice Response (IVR) to indicate busy operators and invite customers to use WhatsApp, Facebook, My Tiscali channels. In addition, a call-back option has been included on IVR, i.e. the possibility of being contacted by telephone in the case of busy operators.

During the year, the MyTiscali application was also improved, which, by virtue of automatic customer recognition, provides accurate and timely automatic information, as well as ensuring the sending of important communications through push notifications.

In addition, an automaton was implemented on all digital assistance channels that interprets the natural language of customers through artificial intelligence algorithms. This robot is able to automatically respond to the simplest requests and direct the most complex ones to the competent staff, allowing a faster response time for a simpler and more satisfactory customer experience.

The call center structure, partially outsourced, remains divided into mobile and fixed network services; the latter is organized into technical and commercial assistance sectors. The structure is operational 7 days a week and supports both residential (consumer) and corporate (business) low-end and non-low-end customers. The management of telephone traffic and back office activities is monitored by 'Gestione Operativa', a group dedicated to directing activities that guarantees overall balance, efficiency and timeliness.

The 'Assistenza' portal of Tiscali, together with the Helpdesk Facebook page, contributes to the support of the notice board containing the most frequently asked questions (FAQ): it provides all the information and procedures required for the autonomous management of its service, such as the configuration of Modems and Routers for internet connection, e-mail, and the configuration of further parameters.

MyTiscali, also in web format, is the main tool with which customers can manage their subscription: (i) subscription to additional services; (ii) changes to data and services, such as password changes; (iii) possibility to pay invoices online.

The quality of the support services provided is monitored through automatic reports in real time and not. Quality indicators are measured every day on an hourly basis. Daily, weekly and monthly reports make it possible to check the planning of resources and to intervene on the organization of future planning for a harmonious management of the assistance service.

Through these improvement procedures, an increase in the overall number of answered calls compared to those received has been achieved and, in particular, the response time to customers has improved, with an increase in the last quarter by more than 14% of calls answered within one minute, as compared to the first quarter of 2019.

Relationships with Customers' Associations

Tiscali is aware that, in designing its offers, it is increasingly crucial to listen to the world of associations, which interprets and represents the needs of customers.

Consequently, Tiscali maintains excellent relations with Consumers' Associations and has always responded promptly, clearly and transparently to the very rare reports or requests made by the Associations.

As already described above, Tiscali is often quoted by Associations and by the sector Authorities as the reference operator, for its virtuous behavior and best practices in terms of fairness and transparency.

V – The People

Tiscali considers its employees to be a fundamental element of its identity: people play a central role in the development of the Group and in carrying out its business activities.

Tiscali is constantly committed to guaranteeing respect for workers' rights, through their full valorization, development and professional growth, in such a difficult time from an employment point of view. Likewise, Tiscali is always attentive to issues related to the health and safety of its employees through training initiatives on safety and the development of risk awareness.

In order to foster business success and increase the sense of belonging to the Group, employees are also personally involved in the corporate culture, so that they feel part of it and share the same values.

With reference to the Coronavirus pandemic (COVID-19), Tiscali has implemented several initiatives aimed at safeguarding the health and safety of its people.
In particular, all travel by colleagues who, based in Milan, travelled weekly to the Cagliari headquarters were promptly blocked; similarly, meetings with outsiders were blocked and the access of suppliers to the Sa Illetta Campus was reduced, selecting contingent and necessary cases.

Subsequently, a massive and gradual application of the home smart-working tool was carried out: the measure initially affected all resources not involved in the activities to guarantee continuity of service and, subsequently, it was extended to the remaining part of the Customer Management colleagues who, due to platform constraints, were called upon to provide the activity on site. These actions have in fact made it possible to remotely manage a significant part of the Customer Care activities, thus allowing for a reorganization of the spaces dedicated to the Call Centre. In these areas, as well as in all the company's premises, sanitizing and cleaning activities were carried out: therefore, attention was paid to workstations and toilets, extraordinary cleaning of the canteen, replacement of metal cutlery with disposable cutlery and distribution of a mini sanitizing kit to all staff.

Finally, on 19 March, the Joint Committee for the verification of the COVID-19 National Safety Protocol in Tiscali Italia S.p.A. was set up: this body is made up of the RLS representatives and the Corporate RSUs, as well as the RSU Function and the Head of Corporate Prevention and Protection services. Within the Committee, there is room for all the actions of punctual information on the management of the emergency and the resolution of any critical issues hindering the safeguarding of the safety of all colleagues called to provide their collaboration at the headquarters.

V.1 – Corporate Restructuring and Employment Protection

Tiscali has always been characterized by strong roots in the territory of its headquarters: almost all of Tiscali's workforce is based in Cagliari.
In the course of more than 20 years of activity (from 1998 so far), Tiscali has represented for the population of the Cagliari area a significant employment opportunity both in terms of quantity (in the pan-European expansion phase, Tiscali employed about 3,000 resources) and quality, offering people valuable professional opportunities in a highly dynamic environment and, for a significant period of Tiscali's history, of international scope.

It can be said, in this sense, that Tiscali has made a significant contribution to the economic development of Southern Sardinia, considering the induced activities created by the Company in the territory, in terms of personnel employed by companies economically connected to the Group. The objective of Tiscali's management, over the years, has in fact always been to safeguard the employment levels.

However, in recent years the Company has gone through a profound phase of corporate restructuring and rationalization of the portfolio of assets under management, in order to better focus on its core business combined with the need for a drastic reduction in all operating costs, a necessary condition to remain competitive within the reference industrial sector. Tiscali has, therefore, carried out some extraordinary operations, which have led to significant staff reductions. In an effort to reduce the impact of these operations, Tiscali has favored the reallocation of resources to other employers rather than the systematic and shared use of social security cushions.

The path undertaken by Tiscali in 2018, aimed at corporate restructuring, also characterized 2019. Despite the competitive pressure, the reduction of margins and the emergence of new competitors, the search for value creation combined with attention to people and the social implications of employment dynamics, the rationalization of the workforce has always been pursued through the adoption of regulatory instruments agreed with the social partners.

In this regard, the Company Trade Union Agreement of 6 December 2018 was the main vehicle for leaving the Company, allowing, through recourse to mobility with non-opposition as per Law No. 223/91, a reduction in the workforce on the basis of incentives to voluntary leave, also protected by access to the Monthly Unemployment Indemnity (NASPI). Thus, during 2019, 71 colleagues were able to benefit from this form of support.

V.2 – Personnel Composition and Gender Equality

Tiscali considers people as a wealth of skills, experiences and attitudes to be valorized and strengthened. The company has chosen to equip itself with heterogeneous personnel from the point of view of training experiences and cultural backgrounds.

Furthermore, in order to look at the overall sustainability of the company, Tiscali is committed to creating the best conditions for a collaborative and motivating work environment, capable of grasping the needs of each individual and enhancing the different professional profiles.

As at 31 December 2019, Tiscali has a total of 536 employees, a decrease by 92 units as compared to 2018. The majority of employees are resident in Sardinia, confirming the strong territorial rooting that has always characterized Tiscali.

Table 4 - Tiscali Group's Total Workforce

No. of Persons	As at 31 December 2018	As at 31 December 2019
	Total	Total
Employees	628	536
Other Collaborators	3	0
Total	**631**	**536**

Table 5 – Tiscali Groups' Workforce broken down by Gender

No. of Persons	As at 31 December 2018			As at 31 December 2019		
	Men	Women	Total	Men	Women	Total
Employees	301	327	628	249	287	**536**
Other Collaborators	3	-	3	0	0	**0**
Total	**304**	**327**	**631**	**249**	**287**	**536**

In Tiscali, 53.3% of employees are women (287 workers), an increase by 1.5% as compared to 2018, notwithstanding the general decrease in the Group's workforce.

Table 6 – Tiscali Group's Workforce broken down by Geographical Area and Gender

No. of Persons	As at 31 December 2018			As at 31 December 2019		
	Men	Women	Total	Men	Women	Total
Italy	301	327	**628**	249	287	**536**
Of whom from Sardinia	275	312	**587**	244	284	**528**
Abroad	-	-	**-**	-	-	**-**
Total	**301**	**327**	**628**	**249**	**287**	**536**

Data reported in Table 6 confirm the strong rooting of the company in Sardinia

Table 7 - Tiscali Group's Workforce broken down by Type of Contract (fixed-term vs open-ended) and Gender

No. of Persons	As at 31 December 2018			As at 31 December 2019		
	Men	Women	Total	Men	Women	Total
Fixed-term	1	-	1	-	-	**-**
Open-ended	300	327	627	249	287	**536**
Total	**301**	**327**	**628**	**249**	**287**	**536**

The entire company population has an open-ended contract.

Table 8 – Tiscali Group's Workforce broken down by Professional Type (full-time vs part-time) and Gender

No. of Persons	As at 31 December 2018			As at 31 December 2019		
	Men	Women	Total	Men	Women	Total
Full-time	268	180	448	231	168	**399**
Part-time	33	147	180	18	119	**137**
Total	**301**	**327**	**628**	**249**	**287**	**536**

25.5% of workers, equal to about 137 units (119 of whom are women), have a part-time work. The significant percentage in the use of part-time work responds as much to organizational needs related to working hours divided by shift in the areas of Customer Care, as to the needs of reconciling work and life, typical of many families.

In 2020, the Company, wanting to encourage this modulation of working hours aimed at the best possible balance between working life and personal needs, launched a campaign to encourage part-time work, which allows the possibility of opting for all types of part-time (vertical, horizontal, mixed) in addition to the possibility of joining for a fixed period (12, 24 and 36 months). The people concerned, who voluntarily adhere to the proposal to reduce working hours, receive compensation equal to 25% of the difference between the original and the new salary, provided that the reduction in working hours is compatible with organizational needs.

% Workforce broken down by Age Group and Gender

Men
46.5%

Women
53.5%

30-50 y.o.
86.2%

>50 y.o.
13.8%

Table 9 – Tiscali Group's Workforce broken down by Employment Level and Gender

No. of persons	As at 31 December 2018			As at 31 December 2019		
	Men	Women	Total	Men	Women	Total
Senior Managers	15	2	17	11	2	**13**
Middle Managers	33	12	45	26	9	**35**
Employees	252	313	565	211	276	**487**
Workers	1	-	1	1	-	**1**
Total	**301**	**327**	**628**	**249**	**287**	**536**

Table 10 – Tiscali Group's Workforce broken down by Employment Level and Age Group

No. of persons	As at 31 December 2018				As at 31 December 2019			
	<30	30-50	50>	Total	<30	30-50	50>	Total
Senior Managers	-	10	7	17	-	7	6	13
Middle Managers	-	30	15	45	-	22	13	35
Employees	-	512	53	565	-	432	55	487
Workers	-	1	-	1	-	1	-	1
Total	**-**	**553**	**75**	**628**	**-**	**462**	**74**	**536**

The majority of the Group's units belong to the age group between 35 and 50 years, with an average age of 43, in line with the previous year.

Table 11 – Protected Categories

No. of Persons	As at 31 December 2018			As at 31 December 2019		
	Men	Women	Total	Men	Women	Total
Senior Managers	-	-	-	-	-	-
Middle Managers	-	-	-	-	-	-
Employees	10	16	26	8	14	22
Workers	-	-	-	-	-	-
Total	**10**	**16**	**26**	**8**	**14**	**22**

As compared to 2018, the share of protected categories has slightly decreased, in line with the general reduction in the workforce. At the beginning of 2020, the Company signed an agreement with the competent Regional Employment Agency for the progressive realignment of the number of protected categories under contract to the legal percentages.

Table 12 - Entry Turnover for gender and age group [7]

No. of Persons	As at 31 December 2018					As at 31 December 2018				
	<30	30-50	>50	Total	% Turnover	<30	30-50	>50	Total	% Turnover
Men	-	1	-	1	0.33%		3	1	4	1.61%
Women	-	-	-	-	0.00%		1		1	0.35%
Total	-	1	-	1	0.16%	-	4	1	5	0.93%

Table 13 - Outgoing Turnover for gender and age group[8]

No. of Persons	As at 31 December 2018					As at 31 December 2019				
	<30	30-50	>50	Total	% Turnover	<30	30-50	>50	Total	% Turnover
Men	3	33	5	41	13.62%	-	46	10	56	22.49%
Women	-	17	2	19	5.81%	-	32	9	41	14.29%
Total	3	50	7	60	9.55%	-	78	19	97	18.10%

The decrease in the workforce in 2019 as compared to 2018 was determined on the basis of the policies described in the introductory part of this paragraph, in line with the Business Plan. The flow of exits responded to the need to make the company's cost structure (of which labour costs are one of the major components) more competitive and flexible, and to meet the challenges of the market and the growing competition among operators.

CCNL

Tiscali operates in the telecommunications sector and refers to two collective labor agreements: the CCNL Telecommunications for employees and middle managers, and the CCNL Executive Managers for Executives. Moreover, as Tiscali has an editorial staff with 13 journalists, the National Journalists' Contract is applied to this segment of staff. Each employee is represented in one of these categories, therefore falls within one of the collective labor agreements in accordance with the provisions of national employment law.

In addition to the CCNL of reference, a second level bargaining is established for agreements that may concern the regulation of work shifts, the usability of paid leave and the accessibility

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[7] The Entry Turnover represents the ratio between the number of new hires, broken down by gender, during 2019 and the total number of employees as at 31 December 2019 by gender.
[8] The Outgoing turnover represents the ratio between the number of exits, broken down by gender, during 2019 and the total number of employees as at 31 December 2019 by gender.

to other measures of welfare or improvement of people's well-being. According to the CCNL, all employees of the Tiscali staff can take advantage of **parental leave**, provided for women by a period of compulsory leave from work and one of optional leave, if the conditions are met; for men, leave is always optional.

In 2019, No. 69 workers benefited from parental leave (56 women and 13 men) with a 100% return to work rate.

Table 14 – Parental Leaves[9]

	As at 31 December 2018			As at 31 December 2018		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
Total No. of Parental Leaves in the Year	19	64	**83**	12	57	**69**
Of whom:	**As at 31 December 2018**			**As at 31 December 2019**		
No. of Employees who returned to work after the end of the Parental Leave	15	62	**77**	10	42	**52**
No. of Employees still on Parental Leave as at the above indicated date	4	2	**6**	2	15	**17**
No. of Employees who returned to work after the end of the Parental Leave and who were still employed 12 months after their return to work	9	66	**75**	9	61	**70**

Table 15 – Return to Work and Retention Rates

%	As at 31 December 2018			As at 31 December 2019		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
Return to Work Rate	100%	100%	100%	100%	100%	100%
Retention Rate	56	89	83	83	74	75

Equal Treatment and Remuneration

Tiscali is convinced that diversities represent an added value for its business, and therefore categorically rejects any form of discrimination based on gender, gender, sexual orientation,

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[9] Parental leave refers to compulsory and optional leave.

nationality, physical or mental disability, ethnic origin, religious faith, marital status, language or social and economic status, political or trade union opinions. Diversities are not considered as such by the company, which applies the same management tools and policies to all staff.

The interpersonal relationships and the working relationships between colleagues and collaborators, as well as towards customers and suppliers, are marked by mutual respect, paying attention not to affect the dignity of people and not to exercise any form of physical, verbal or psychological harassment.

Therefore, Tiscali does not tolerate by intimidating and bullying attitudes towards colleagues and collaborators, as well as individual pressure applied to influence the behavior and work activities of individuals or groups of people.

With the aim of guaranteeing a correct communication and management of possible discrimination episodes, Tiscali has introduced *ad hoc* rules of behavior and tools. Tiscali employees are obliged to report any incidents, alternatively, to their manager, to the HR function, to a third-party entity (which may collect reports from external sources) or directly to the Supervisory Body. The persons or entities involved have the task of evaluating the information received and identifying the appropriate management methods, HR is responsible for ensuring that there are no repercussions whatsoever against those making a report in good faith, regardless from the fact that the report finds no support after the investigation process.

Tiscali also considers **fair and equal remuneration** for men and women of its staff as crucial. Therefore, Tiscali's management and remuneration system is inspired by the principles of meritocracy and transparency: individual performance, managerial skills and professional expertise are the main drivers driving remuneration policies.

Attention to people

Tiscali is a promoter of management practices in favor of people: the Group applies all the regulatory institutions that safeguard maternity leave and all type of leaves aimed at reconciling professional and family life.

The Group is committed to safeguarding the needs of work-life balance, also thanks to a contractual flexibility that allows for changes from full-time to part-time contracts.
With reference to colleagues with particular forms of disability requiring special protection, by accessing the technological possibilities enabling the virtualization of the workstation, during

2019 two employees were granted on an experimental basis to work directly from their place of residence for one year.

In addition, there is a kindergarten on the Tiscali Campus that welcomes the pre-school children of employees.

The Rewarding Model

Tiscali pursues the principles of fairness and meritocracy in the management and development of people, from the analysis and evaluation of skills, to the definition of awards, to the identification of career paths and professional development.
During 2019, continuity was given to the implementation of the company's rewarding model, consolidated in 2018, despite the difficulties and changes faced during the year. The model, as in the previous year, provides for a process of awarding awards for reasons of individual merit, both in terms of compensation and career advancement.

V.3 – Training
In 2019, the Group provided over 3,000 hours of training, mainly for top management. In particular, time management, problem solving, technical-specialist training (LTE technologies, network world) and specific courses for employees working in customer care were held.

Table 16 - Average hours of training by gender and professional area[10]

Professional Category	As at 31 December 2018			As at 31 December 2019		
	Men	Women	Total	Men	Women	Total
Senior Managers	0	0	0	152	16	168
Middle Managers	2,014	1,342	3,356	208	56	264
Employees	4,430	5,639	10,069	1,192	1,744	2,936
Workers	0	0	0	0	0	0
TOTAL	**6,444**	**6,981**	**13,425**	**1,552**	**1,816**	**3,368**

For 2020, the Company has launched a multidisciplinary training plan that, with the common denominator of digital transformation, provides for interventions on over 400 employees.

V.4 – Tiscali's Welfare System

With regard to assistance, health and welfare initiatives, Tiscali has stipulated insurance policies to cover the extra-professional risk for all employees. In addition, an insurance policy, taken out by the Company for all employees against the risk of COVID-19 infection, is currently being defined and perfected. The insurance provides for the economic integration of medical-hospital treatments, which will be defined in relation to the days of hospitalization and the severity of the pathology eventually contracted.

Life insurance in the event of death, permanent disability and accident for middle and top managers

The life insurance policy in case of death, permanent disability and accidents was introduced in 2012 and concerns No. 62 employees, including top and middle managers.

Unisalute

The Unisalute health insurance policy was introduced in 2009 and is a form of health care supplementary to the SSN (Italian Health Service). No. 374 employees adhered to it, including workers, employees and middle managers.

Employees can take advantage of the health policy either directly (no cash disbursement – without prejudice to the deductibles provided for in the plan), or indirectly (pay and be reimbursed – without prejudice to the deductibles provided for in the plan). The plan provides coverage of hospitalization services for major surgery, extra-hospital household hospitalization as a result of illness and injury, highly specialized diagnostic services, specialist visits, pregnancy packages, dental care, conservative therapies, dental prostheses.

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[10] The breakdown of data relating to the average hours of training by gender provided by the Tiscali Group in 2018 is partly the result of estimates made using the best available methods.

FASI

FASI is a Fund that provides to top managers who voluntarily subscribed and their families with supplementary services of the assistance provided by the Italian Health Service, in direct form, on the basis of administrative agreements with health structures that agree with FASI favorable economic conditions compared to those normally applied (in this case, the part of expenditure reimbursed by FASI is not paid in advance by the customer) and in the indirect form, in relation to the expenses actually incurred in any structure, in Italy and abroad, and within the limits set by the rates indicated in the specific nomenclator/price list. No. 11 top managers have joined FASI.

TFR Advances

Tiscali allows its employees to use the advance of their severance pay, for the purchase and renovation of the first house (for themselves or for their children), and for extraordinary medical expenses, subject to the legal requirements to access them.

Pension Plans

With reference to the pension plan, in agreement with the CCNL, employees pay monthly contributions to the State Treasury managed by the INPS, or they can participate, wholly or partially, their sector fund (Telemaco).

As required by the relevant legislation, if the employee (employee or middle manager) joins the Telemaco category fund and pays, in addition to the TFR, an additional contribution (1% minimum), the company will in turn pay a 1.2% fixed contribution on the salary used to determine the severance pay.

Top managers, on the other hand, adhere to the Previndai Fund, and the minimum contribution is 4%, to which the company adds a fixed 4% contribution on the remuneration useful for determining the severance pay.

V.5 – Performance Assessment

In 2017, Tiscali started a process of assessing its employees' performance, addressed to all the resources (except top managers). This process has been divided into a series of steps that have been carried out in the course of 2018 (on an experimental basis on about 70 units, i.e. about 15% of the Group's employees, about 18% of whom men and about 13% of whom

women) and will be completed in the first half of 2019, with the extension to the entire workforce of Tiscali Italia S.p.A. (except top managers).

The steps of the process follow:

- **assignment of company objectives**: in this phase, a form has been filled in for each employee in which behaviors to be implemented in order to achieve set objectives have been defined. This phase lasted until November 2018 and involved approximately 70 employees on an experimental basis. A start-up limited to a sample of resources was necessary to test the functionality of the "performance assessment" platform entirely implemented in the Company;

- **certification of objectives and performance assessment**: the results achieved by employees interested in the experimental phase of assigning objectives between April 2019 and May 2019 were assessed and certified. At the same time, during the same period, the process of assigning objectives for 2019 was started and completed, which involved all Tiscali Group personnel with the exception of the management team specifically incentivized with the MBO programme;

- **feedback**: the employee's performance assessment was returned and shared with him/her through a head/employee interview.

V.6 – Workers' Health and Safety

Tiscali pays the utmost attention to the issue of safety at work, looking for management solutions suitable to reduce the risk of accidents in the company and providing safe locations for both its employees and for external suppliers operating in Tiscali's offices, technological premises and stores.

Tiscali's activities are carried out in full compliance with both current legislation and company directives on health and safety, through interventions of prevention and protection against risks. Internally, the organizational structure of Tiscali's security has the task of ensuring compliance with the provisions, taking care of the monitoring and definition of prevention and protection procedures on issues concerning health and safety in the workplace, valid for the entire company and for all the offices in which personnel working for Tiscali are located. Its range of action covers the entire company and all the sites in which staff is located. The

following figures are part of this structure: the Head of the Prevention and Protection Service and No. 3 Prevention and Protection Service Officers.

Tiscali's employees, with few exceptions, are subjected to health surveillance (as per Legislative Decree No. 81/08, Art. No. 176) for the systematic use of devices equipped with a video-terminal.

The health protocol provides for visits with a periodic frequency, usually every five years, for workers who haven't reached the age of 50, and every two years for workers over the age of 50 or who are suitable with prescriptions. Health data concerning the individual worker, being protected by privacy, on the company side are accessible only by the location Doctor, who however has the obligation to provide anonymous collective results to the Employer, the RSPP (Responsible for Protection and Prevention Services) and the RLS (Workers' Representative for Safety) during the annual periodic meeting (as per Legislative Decree No. 81/08 Article No. 35 (1)(i)).

Safety Indicators

To get a summary of the overall level of health and well-being of workers, one of the indicators used is the *absenteeism rate*, which shows the hours of absence recorded during the year in relation to the total number of hours that can be worked.

In the presence of significant problems concerning health or more generally the welfare status of employees, in fact, statistics says there is an increase in the frequency and/or duration of absences during the year.

In 2019, Tiscali recorded 2 accident at work and 5 accidents *in itinere*, with a significant decrease as compared to 2018. The most significant injuries in terms of severity were recorded among accidents *in itinere* or, in any case, on the occasion of journeys to or from customers, confirming that the health and safety practices implemented within Tiscali are valid and effective. The accidents recorded at the Tiscali sites are in fact attributable to inattention or small incidents not attributable to the company's failings in the protection of workers' safety.

In general, in Tiscali there is no presence of employees involved in work activities with a high rate or risk of specific diseases.

The indicators concerning health and safety follow:

Table 17 – Accidents and professional diseases by gender

No. of Cases	As at 31 December 2018			As at 31 December 2019		
	Men	Women	Total	Men	Women	Total
Professional Diseases	-	-	-	-	-	-
Accidents	6	6	**12**	3	4	**7**
Of which deadly	-	-	**-**	-	-	-

Table 18 – Type of accident by gender

No. of Cases	As at 31 December 2018			As at 31 December 2019		
	Men	Women	Total	Men	Women	Total
Accidents at the workplace	2	1	3	-	2	2
Accidents *in itinere*	4	5	9	3	2	5
Total	6	**6**	**12**	**3**	**4**	**7**

Table 19 - Health and safety indicators by gender[11]

	As at 31 December 2018			As at 31 December 2019		
	Men	Women	Total	Men	Women	Total
Severity Index[12]	0.37	0.14	**0.25**	0.21	0.21	**0.21**
Absenteeism Rate[13]	5.65	5.65	**5.65**	6.66	7.19	**6.94**
Accident Rate[14]	13.85	12.78	**13.29**	7.86	9.09	**8.52**

[11] Data to the breakdown by gender of the workable and worked hours, of absenteeism hours and of days lost by the Tiscali Group's employees are the result of estimates made according to the best available methodologies.
[12] The Accident Severity Index is the ratio between the total number of working days lost due to accidents and the total number of hours worked in the same period, multiplied by 1,000.
[13] The absenteeism rate is the ratio between the total number of days of absence and the total number of days workable in the same period, multiplied by 100.
[14] The accident rate is the ratio between the total number of accidents and the total hours worked in the same period, multiplied by 1,000,000.

VI – The Environmental Impact

VI.1 – ISO 14001 environmental certification

Tiscali has always considered the control of the environmental impacts of its activities one of the main areas of its commitment, together with Technological Innovation, Customers, People and Governance.

Considering also the great naturalistic value of the area where the Cagliari headquarters is located, Tiscali has always taken care of the wetland of Sa Illetta with particular attention, implementing all the precautions and actions aimed at preserving its beauty and ecosystem.

The Company believes it is essential to commit itself to the promotion of environmental sustainability, to monitor the risks for the environment and the local community arising from the performance of its activities and, for the most significant impacts, to implement policies and projects to improve and mitigate the risks themselves, in a continuous search for a balance between infrastructure development and environmental protection.

This commitment is expressed through various initiatives carried out over the years, such as the efficiency improvement projects implemented at the Cagliari Data Center, direct awareness actions for staff, the promotion of sustainable mobility systems with the encouragement of the use of public transport, the promotion of video conferences to limit external travel, thus promoting remote work for managers and executives with offices other than those in Milan and Cagliari, and promoting car sharing for the Cagliari offices.

In order to allow a continuous improvement of its environmental strategies, Tiscali started a virtuous path during 2019, which allowed it to obtain, **on 16 December 2019, the ISO 14001 certification for an Environmental Management System** consisting of policies, processes, plans, practices and records that define the rules of interaction of the company with the environment.

The ISO 14001 Standard represents the regulatory reference point for companies and organizations that have, or intend to have, an Environmental Management System, aimed at managing environmental aspects, meeting legislative compliance obligations and addressing and assessing risks and opportunities.

In particular, Tiscali is committed:

- To orient its processes towards the protection of the environment, constantly verifying and monitoring the environmental impacts and sustainability of current activities;
- To fulfil compliance obligations relating to its environmental aspects;
- To spread among human resources a sense of responsibility and awareness of the environment, with a constant training and information program;
- To plan and implement specific actions to minimize the environmental impacts generated by the Group's activities (e.g., limiting the consumption of natural and energy resources, raw materials, preventing any losses, reducing waste production, etc.), estimating in advance the possible impacts of each new service or each new activity and, following these analyses, adopting the necessary technical and organizational measures aimed at eliminating or minimizing negative environmental impacts;
- To periodically set new environmental objectives and targets, aimed at continuous improvement and the promotion of environmental sustainability, supported by environmental programs, at the various levels of the organization, supported by responsible persons in possession of suitable operational tools;
- To scrupulously apply the practices adopted within its own Environmental Management System, including the control procedures to verify the implementation of this Policy;
- To pursue the continuous improvement of the Environmental Management System, in order to improve environmental performance.

In order to achieve the above objectives, Tiscali has committed itself:
- To carry out an environmental analysis, i.e., to achieve a thorough knowledge of the environmental aspects (emissions, use of resources, etc.) that an organization must actually manage, understand the legislative framework and requirements applicable to the company and assess the significance of the impacts;
- To define a company policy, i.e., an Environmental Management Plan;
- To define specific environmental responsibilities;
- To define, implement and maintain the procedures and records as provided for by the requirements of 14001.

The ISO14001 environmental management system guarantees Tiscali:
- The control and maintenance of legislative compliance with monitoring of environmental performance and impacts;

- A better relationship with the authorities, easier financing procedures and bureaucratic/administrative simplifications;
- The safeguarding of company assets;
- Further support in investment decisions or technological change;
- The creation and maintenance of corporate value;
- The improvement of the company's image and reputation;
- The guarantee of a systematic and prearranged approach to environmental emergencies;
- The implementation of defined procedures for the prevention of environmental crimes.

The certification was issued by Bureau Veritas' auditors, who carried out activities to verify the possession of the requirements and control the compliance of the company's processes with the international ISO 14001 standards.

VI.2 – Energy Consumption and CO_2 Emissions

Anthropic activities have a growing influence on the climate and the earth's temperature. These activities, in fact, produce greenhouse gases, which, actually fuel the greenhouse effect and global warming. As ICT and Telecommunications companies generate very high electricity consumption, the topic of climate change is very relevant for the sector.

Tiscali is committed to safeguarding the environment by planning its activities in a continuous search for balance between infrastructure development and environmental needs. The specific actions implemented are aimed at reducing environmental impacts and proposing technological solutions aimed at people and businesses for the creation of a more inclusive and livable digital society.

Energy Consumption

The main environmental impact of Tiscali is due to energy consumption. In 2019, the Group has implemented an efficiency plan in terms of economic and organizational resources to continue to reduce its impact in this area.

Tiscali's consumption of **electricity** is mainly determined by the consumption of the **network infrastructure and the Data Center** for the provision of services: servers, equipment and auxiliary systems located in technological rooms and wireless sites (base transceiver stations) located throughout the Italian territory. The consumption of the technological equipment of the technical sites has recorded a significant reduction thanks to the efficiency improvement projects implemented at the Cagliari Data Center. For further details, please refer to paragraph *"VI.3 - Energy efficiency initiatives"*.

With regard to the consumption of the wireless sites, it should be noted that, following the sale of the FWA Business Unit to Fastweb and the subsequent transfer of the Wireless sites and the installed antennas to Fastweb, as of mid-November 2018, the corresponding consumption is no longer within the Tiscali scope. This has led to a substantial reduction in overall energy consumption at the technical sites: on an annual basis, as compared to 2018, the reduction in overall electricity consumption is approximately 20%.

The Group's energy consumption also includes a limited consumption of diesel fuel for motor vehicles, linked to the activities of managers and employees whose role involves direct contact with external bodies with the consequent use of company cars.

The consumption for occasional activities of the generators installed in technical sites, required to guarantee the continuity of the network operation against temporary interruptions in the supply of electricity, due to the occasional nature of its functioning, can be considered as negligible.

Table 20 – Tiscali Group's Total Energy Consumption by Source (GJ)

Energy Source (GJ)	As at 31 December 2018	As at 31 December 2019
	Total	Total
Automotive Diesel[15]	4,420	2,203
Electricity	77,747	62,617
Of which acquired	77,747	62,617
Total	**82,167**	**64,920**

Emissions

Emissions into the environment can be listed in the following categories:

- **Direct Emissions (Scope 1):** direct emissions due to Tiscali activities or controlled by it (for example the use of fuels for heating/cooling and for transport);
- **Indirect Energy Emissions (Scope 2):** indirect emissions deriving from the purchase of electricity.

Thanks to the energy efficiency initiatives implemented by the Group during 2017, and continued over the two-year period 2018-2019, CO_2 emissions (Scope 1) in 2019 fell sharply (-48%) as compared to the previous year, for a total of approximately 170 tonnes. Similarly, indirect emissions (Scope 2), applying the location-based calculation method, decreased by

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[15] The figure for diesel consumption is estimated. In particular, mileage reimbursements for Group company cars were considered, with an average cost per litre of diesel fuel in 2019 of EUR 1,479.46/1,000 litres. Source: *Ministry of Economic Development - Average monthly fuel and fuel prices*.

more than 20%, from 6,939 to 5,503 tonnes of CO_2, while with the market-based method[16] they stood at 8,471 tonnes of CO_2 equivalent (-18% approximately, as compared to 2018).

Total Direct (Scope 1) and Indirect (Scope 2) Emissions[17]
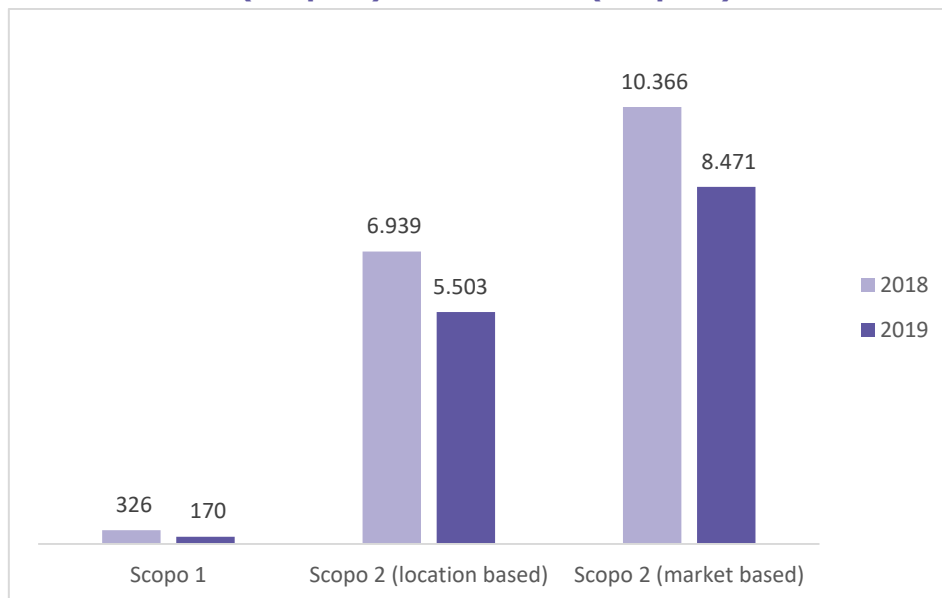
Emission Factors Used			
Electricity (location-based)	*gCO₂/kWh*	*316.4*	*Source: ISPRA 2019*
Electricity (market-based)	*gCO₂e/kWh*	*487.0*	*Source: AIB – European Residual Mixes, 2018*
Automotive Fuel	*Kg/l*	*0.84*	*Source: ABI Lab 2018*
Automotive Fuel	*tCO₂/t*	*3.151*	*Source: ISPRA 2019*

VI.3 – Energy Efficiency Initiatives

Tiscali monitors the risks for the environment and the local community deriving from the performance of its business, and, for significant impacting impacts, it has implemented policies/projects to improve and mitigate those risks.

Energy efficiency projects on the Data Center

Between 2017 and the first months of 2018, Tiscali has carried out a project of modernization, efficiency and rationalization of the Data Center equipment that has allowed, thanks to the massive adoption of virtualization solutions, the shutdown of a large number of old generation devices. The focus on efficiency and the monitoring of consumption made it

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[16] The conversion factors reported in the 2017 AIB European Residual Mixes have been used for the calculation of the Scope 2 market-based emissions.
[17] Please note that, within the graph, the values for Scope 1 and Scope 2 Location-based are expressed in tonnes of CO_2, while for Scope 2 Market-based they are expressed in tonnes of CO_2 equivalent.

possible to achieve a significant reduction in consumption during 2019, continuing the trend already recorded in 2017 and 2018.

Energy efficiency projects on air conditioning systems

During 2019, work was started on the air conditioning systems of the Data Center and the offices of the Sa Illetta headquarters, with the aim of increasing overall energy efficiency through a series of targeted actions (analysis of room temperatures, of cold air flow distribution and of the systems' operating parameters). The project, which started in 2019 and will be completed in early 2020, provides for the replacement of some highly energy-intensive elements of the cooling systems with new generation technologies, characterized by higher energy efficiency.

The overall reduction in consumption achieved in 2019, thanks to the combination of all the actions implemented (approximately -9% compared to 2018) piles up with the reductions already recorded in previous years, resulting in an overall reduction of approximately 22% as compared to pre-intervention consumption in 2016.

Table 21 – Reduction of the Data Center power consumption[18]

Initiative	As at 31 December 2019				
	Unit of Measurement	2019 Consumption	2018 Baseline (consumption)	Reduction Obtained	Reduction Obtained (%)
Data Center Project + Air Conditioning Project	kWh	12,823,679	14,035,403	1,211,724	8.6%
	GJ	46,165	50,527	4,362	

The efficiency improvements of the CED premises are also of great importance, with the adoption of solar radiation shielding and thermal insulation solutions, aimed at reducing the need for electricity used in air conditioning systems.

The programme to renovate all the lighting points of the headquarters is part of the energy-saving programme, favoring low power consumption LED lighting elements.

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[18] The values shown in the table refer to the energy consumption of the Sa Illetta headquarters. The Data Center impacts on the total consumption for about 83%, while the remaining buildings for 17%.

Management of Mobility

Tiscali has confirmed its commitment to spreading the culture of sustainable mobility, identifying solutions that allow the adoption of travel methods that are increasingly sensitive to and capable of optimizing employees' journeys home and work. Since 2016, the use of remote interaction systems, e.g., videoconferencing for meetings and training activities, has increased, therefore reducing the number of trips and transfers.

Particular attention has been paid to the company's car policy. Since 2018, the company has been committed to **reducing the number of cars** in the company's fleet, allowing a significant reduction in fuel consumption and CO_2 emissions, and to making carpooling systems available for its employees to travel from the company's premises to the local area. In fact, since mid-November 2018, Tiscali and **Playcar** have signed a car sharing agreement within the Tiscali Campus, which provides for facilitated conditions for employees.

Playcar's Car Sharing is Station Based – Round Trip: the user can book the vehicle through the website or the app for Android and iOS. When booking, one needs to indicate the start and end times of the booking. With this system, at the end of the booking one need to bring the vehicle back to the station from which it was taken. The hourly cost is much lower than the Free-Floating system (one leaves the vehicle where he wants) and allows to use the service also to move outside the urban area. In addition, Playcar cars can enter anytime in restricted traffic areas (ZTL) and are not subject to the payment of parking lots (free blue stalls) in the whole area of the municipality of Cagliari.

Through the collaboration with Playcar, Tiscali aims to raise awareness among employees about sustainable mobility, with a view to greater environmental protection. The advantages of car sharing derive from greater rationality in the use of vehicles. An owned car remains on average unused for 22 to 23 hours a day. In this time, as well as taking up space, car ownership determines fixed costs (purchase and amortization, maintenance, parking, etc.) which account for about two thirds of the total cost of ownership. Car sharing makes it possible to use vehicles more rationally and for a greater amount of daily time. This reduces the number of cars per capita and the space needed for their parking; moreover, fixed costs are divided among several users, with a consequent reduction in individual expenses.

Environmental protection and the minimization of occupied space are some of the main environmental benefits. Already consolidated experiences have shown that about a quarter of

the members have renounced a vehicle after having associated with the car sharing service, and this means that on average every shared vehicle replaces at least four private cars.

The payment related to the real use, the mobility services managed by the car sharing companies and the links with the public transport services, allow members to make more rational and objective choices on which means of transport are suitable for each type of transport. This produces, in the experiences carried out to date, a reduction in the annual kilometers traveled by 40 - 80%, even for those who, although to a different extent, did not own a car and were transported or borrowed a car.

This, evidently, results in less atmospheric and acoustic pollution and a limitation of carbon dioxide emissions, the main gas responsible for the greenhouse effect. These advantages in terms of environmental and spared urban space therefore produce economic benefits for the community.

VI.4 – Actions taken in 2019 having an impact on environmental sustainability

As described in Paragraph *"VI.1 – ISO 14001 environmental certification"*, during 2019 the company introduced an Environmental Management System in accordance with **ISO 14001**. Environmental management, according to ISO 14001, represents the transition from just respecting the law to an integrated management of activities aimed at preventing and improving everything related to environmental impact.

Tiscali has set itself the objective of raising awareness of environmental protection. The initiatives adopted in 2019 are as follows:

1) In order to progressively eliminate the use of disposable plastic in offices, 14 drinking water fountains have been installed and made operational since October 2019, and at the same time plastic bottles and glasses have been eliminated from automatic food and drink dispensers and from the company canteen and cafés;

2) A separate collection system has been introduced, through which all waste produced is reused or correctly recycled. Electronic equipment and waste produced daily in the offices are also correctly disposed of according to the directives;

3) In addition, with a view to limiting the production of waste, the following should be noted:

a. increasing use of desktop virtualization systems (VDI) as compared to the purchase of local PCs, and the consequent reduction of electrical equipment to be disposed of;

b. promotion of the use of documents in digital format, and reorganization of the way employees access printing, with the transition from a widespread printer system to a centralized network with a limited number of nodes (from over 100 to 15). In addition to electricity savings, the new solution reduces paper wastage, the number of equipment in place, toner consumption and disposal loads.

4) A process has been started to replace the lamps on the premises with LED lamps, which will allow for lower energy consumption;

5) Solar radiation shielding and thermal insulation measures have been adopted at the CED premises to reduce energy consumption for cooling.

Finally, Tiscali, in early 2020, signed an agreement with a major Italian company for the construction of **a photovoltaic system** on the roofs of the Sa Illetta Campus. This plant will make it possible to produce part of the energy necessary for the Company's activities, allowing a reduction in emissions.

VII – Materiality Analysis – Definition of material topics

Material Topic	Scope	Main Stakeholder Concerned	Boundary	Reconciliation with GRI Standards
Network coverage and quality of service	Technologic Innovation	Customers	All companies within the perimeter	**GRI 103**: Management's Approach **GRI 203**: Indirect Economic Impacts
Digitalization	Technologic Innovation	Customers	All companies within the perimeter	**GRI 103**: Management's Approach
Data Privacy and Security	Customers	Customers	All companies within the perimeter	**GRI 103**: Management's Approach **GRI 418**: Consumers' Privacy
Transparency, Reliability and Responsible Marketing	Customers	Customers	All companies within the perimeter	**GRI 103**: Management's Approach
Health and Safety	People	Employee	All companies within the perimeter	**GRI 103**: Management's Approach **GRI 403**: Health and Safety at the Workplace
Employment and Valorization of People	People	Employees	All companies within the perimeter	**GRI 103**: Management's Approach **GRI 401**: Employment **GRI 404**: Training and Education
Diversity and Equal Treatment	People	Employees	All companies within the perimeter	**GRI 103**: Management's Approach **GRI 405**: Diversity and Equal Treatment
Relationships with the Territory and Local Communities	People	Employees	All companies within the perimeter	**GRI 103**: Management's Approach **GRI 203**: Indirect Economic Impacts

Energy Consumption and Emissions	Environmental Impact	Community, Public Administration and Institutions	All companies within the perimeter	**GRI 103**: Management's Approach **GRI 302**: Energy **GRI 305**: Emissions
Economic Sustainability	Economic and of Governance	Shareholders and Financial Community	All companies within the perimeter	**GRI 103**: Management's Approach **GRI 201**: Economic Performance
Ethics and Integrity	Economic and of Governance	All	All companies within the perimeter	**GRI 103**: Management's Approach **GRI 205**: Anticorruption **GRI 419**: Socio-economic compliance
Fight against Corruption	Economic and of Governance	All	All companies within the perimeter	**GRI 103**: Management's Approach **GRI 205**: Anticorruption
Responsible Management of Suppliers	Economic and of Governance	Suppliers	All companies within the perimeter / suppliers, business partners	**GRI 103**: Management's Approach **GRI 204**: Procurement Practices

VIII – GRI Content Index

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Cagliari, 27 April 2020

The CEO

Renato Soru

The Officer in charge of Preparing the

Company's Accounting Documents

Roberto Lai