

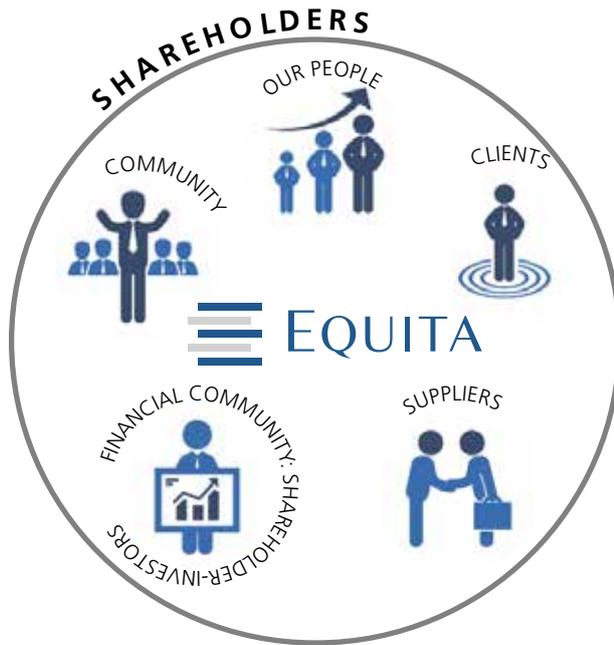
Corporate Social Responsibility

Highlights

As our name suggests, our hallmark is an ongoing commitment to equity, focus on capital markets for investors and companies and our strong ties to the Italian market. – With these principles in mind, we are dedicated to achieving the Group’s key objective: “To create long-term value for our stakeholders, both financially and in terms of social welfare”.

We have therefore reinforced our internal procedures to place more emphasis on sustainability, enhancing and implementing a number of measures based on ESG (Environmental, Social, Governance) criteria for the benefit of all our stakeholders

Indeed, we firmly believe that social initiatives, environmental protection and good governance are all assets that create both economic and social value and guarantee greater long-term financial sustainability.



Our people

We see our employees as the heart and mind of our company. Putting people first and working to promote their well-being and professional growth is one of the cornerstones of Equita's philosophy.

We believe that **TRAINING** is one of our ultimate tools, to ensure the professional advancement of each employee

We offer specific training programmes, both in Italy and abroad (e.g. in the United Kingdom, USA and India) in order to strengthen our employees' managerial, specialist and transversal skills.

As part of our **"Progetto Giovani"** (Youth Project), we offer:

- a training programme for our most junior staff members that uses job rotation between our various departments to enable them to gain a better understanding of how the entire "corporate machine" operates by working "in the field";
- a series of talks and in-house conferences held by our most senior managers on financial topics of specific interest and addressed to all employees (**"EQUITA Cineforum"**);
- a special, intensive executive training programme organised once again by MISB Bocconi ("Mumbai International School of Business - Bocconi") for some of our professionals in Mumbai, India.

In 2018, we also held:

- two courses at our offices in collaboration with Bocconi University lecturers;
- courses in: Management, Negotiating, Mentoring, Public Speaking, Language Education, Corporate Finance Transactions, Modelling and Bond Documentation.

Thanks to some of these initiatives, in addition to a course on Market Abuse, which Directors and Auditors were also invited to attend, we guarantee our entire staff a greater number of training hours than is required by law.

In compliance with the provisions of MIFID II legislation regarding "knowledge and competence", we offered a 30-hour training programme to all employees who provide clients with advice or information, ending in a final exam on the contents of the course. All our employees passed with flying colours.

We also organise off-site and recreational training events that help to promote team building, foster **communication** and cooperation between employees and to develop a sense of belonging throughout the group. These are all essential requirements to create a **calm and more productive work environment**.



7,335 training hours
in 2018
(61.25 hours per employee)

| Training Course | n. of attendees |
|--|-----------------|
| Cineforum | 94 |
| Market Abuse | 106 |
| Bocconi | 108 |
| Negotiating | 16 |
| Management | 12 |
| Mentoring | 6 |
| Public Speaking | 39 |
| Language Training | 48 |
| Corporate Finance Masterclass (London) | 2 |
| Corporate Finance Transactions (London) | 1 |
| Modelling Course (London) | 1 |
| Bond Documentation | 1 |
| International Master's Programme (Mumbai) | 4 |
| Advanced Negotiation Issues in M&A (London) | 1 |
| Digital Transformation and Business Module (Detroit) | 2 |

Our “**ESG Project**” was presented at our off-site training course for senior management. The aim of the project is to identify a **sustainability strategy** to be implemented from two different perspectives: Equita as an “**investor**” and Equita as an “**investment target**”.

So far, this ongoing project has been partially implemented, by both enhancing and strengthening the various ESG criteria that Equita has long adopted and, above all, by establishing a partnership with **ALTIS - Alta Scuola Impresa e Società dell'Università Cattolica** (Università Cattolica's Graduate School of Business and Society).



EQUITA and ALTIS - Alta Scuola dell'Università Cattolica: working together to define the best practices in sustainability for SMEs

Since the early 2000s and following on from a more widespread international awareness, ALTIS Università Cattolica has led the way in the study of corporate social responsibility in Italy. Over the years, it has strengthened its capabilities and undertaken new initiatives in the field of sustainability in order to promote socially responsible entrepreneurship and turn out socially responsible managers. The partnership was formed based on the knowledge that ratings agencies mainly focus on large companies in regard to the issue of sustainability and largely ignore small and medium-sized enterprises, which are not subject to in-depth analyses partly due to the difficulties in obtaining relevant data and information. The partnership between Equita and ALTIS Università Cattolica aims to bridge this gap by paying more attention to the environmental, social and governance (ESG) issues faced by Italian companies, especially those of small and mid-sized enterprises.

Understanding how Italian companies deal with ESG issues is crucial to assessing potential investment opportunities and better understanding the risk profile of any given company.

Through this partnership, Equita and ALTIS Università Cattolica perform targeted research and analyse the main ESG issues for Italian SMEs. The results of the analysis will help to define the recommended sustainability practices for SMEs and allow investors to better evaluate these companies from an ESG perspective. The results of this research will be made public during 2019. The initiative will combine the consolidated experience of Equita's Research Team, which has long been placed at the top of international rankings for its high-quality research, and the expertise of ALTIS Università Cattolica on the subject of sustainability, with the active involvement of a sample of small and mid-sized companies to establish a set of shared ESG criteria.

In addition to research, and in keeping with the spirit of partnership that drove the two institutions to work together, Equita will contribute to the Master's Degree in Finance: Instruments, Markets and Sustainability offered by ALTIS Università Cattolica, by providing guest speakers and hosting educational visits at our offices, thereby furthering financial knowledge and skills, with a specific focus on ethical and sustainable finance. Equita will also fund scholarships for the most deserving students.



As part of our **ESG** project, we have implemented procedures to promote **environmental protection**: adopting digital technologies and services in order to reduce paper usage (e.g. creating a digital suite that members of the Board of Directors and various committees can access to view documents; using printers with PIN codes, etc.), offering our employees the option to use their flexible benefits to purchase travel passes, installing an LED lighting system throughout the entire building, hiring a specialist company to dispose of toner – the only hazardous waste we produce.

Again, based on the notion that **our employees come first**, we have put in place a series of initiatives aimed at both guaranteeing the **well-being of our people and that of their families**.

We offer an **insurance policy to all personnel, regardless of position, and their families (spouse and children)**.

The policy covers both medical expenses and pay-outs for disability for employees, and life insurance benefits for next-of-kin in the event of death.

We have also introduced a “**WELFARE**” system for all our employees (office staff, middle managers and top managers) that allows them to claim for all types of healthcare expenses, including those not covered by the insurance policy (e.g. cost of medical check-ups). This system therefore allows us to protect the health of our employees, not just when any issues arise but also by preventing them.

Our Welfare system also includes refunds for the cost of education, schoolbooks, summer and winter camps, study holidays, language courses, child-minding, elderly care, gyms, holidays and trips incurred by our employees and their family members (spouse, children and parents).

Welfare:

Main expenses reimbursed:

- **School fees: 41%**
- **Leisure expenses: 32%**
- **Additional medical expenses: 9%**

Our employees work in a safe and healthy environment, in compliance with current regulations. To date, no accidents or incidents have taken place on our premises.

We also have a **defibrillator** on site as well as staff who are fully trained to use it.

We base our success on rewarding our employees, encouraging equal opportunity in the workplace and in career advancement, without discrimination.

We firmly believe that a remuneration system based on internal equity, competitiveness, consistency and meritocracy allows us to create long-term value at every level of our company.

Our remuneration policy therefore includes benefits and incentives aimed at both improving the quality of life of our employees and rewarding performance and achievement of specific objectives based on merit.

In keeping with our other social impact initiatives, this policy provides that the qualitative indicators for human resource assessments also include those attributable to **ESG principles**:

- **People engagement**: in order to assess the quality of the environment in terms of workplace relationships and employee motivation;
- **Talent management and Human Capital**: professional growth and level of advancement of our employees;
- **Tone from the top on compliance culture**: maintaining integrity of conduct and encouraging compliance and risk culture;
- **Sustainability strategy**: to evaluate the contribution of employees to the development of an ESG strategy;
- **Customer satisfaction**: client approval measured using specific criteria.

Employee compensation is based on a fixed salary and performance-related bonuses in order to reinforce staff motivation and loyalty whilst also considering the need to maintain the Group's financial sustainability over time.

We are committed to finding, developing and retaining the best talent.

We select our young people from the top Italian universities and invest in their growth at every stage of their career.

Also in 2018, we gave many young people the opportunity to access the world of work through our internship programme. During the year, we hired 26 interns, 5 of whom we subsequently welcomed on board.

As at 31 December 2018, we had 140 staff members, of whom 31 were recruited during the year. The average age of Group employees is 41 years and 80% of staff are university graduates.

26 internships, of which 5 ended in recruitment

31 new staff members in 2018
(+50% in 2017)

80% of resources are university graduates

The average tenure at Equita is 9 years and is considerably longer amongst our top managers.

The key factors that make our employees keen to work at Equita are **reputation, enterprise, ongoing training, career advancement opportunities, quality, and workplace environment.**

One award we are particularly proud of, demonstrating our total dedication to our employees, was won by our Chief Financial Officer  at the third edition of the **CFO Awards** organised by Accuracy and ANDAF for CFO of the Year in the category of AIM listed companies. Our CFO won the award after overseeing the Group restructuring, including reverse-merger transactions, as well as a review of our reporting system and remuneration and incentive policies with a strong focus on welfare topics .



Our clients

In order to meet our clients' financial and welfare needs in a targeted manner, we strive to get to know them properly through a frequent exchange of information.

We do this by arranging business meetings, roadshows and calls as well as sending reports and information on a regular basis.

In 2018, our Sales & Trading and Research teams set up more than 2,800 business meetings, including 165 roadshows, and made almost 12,000 phone calls.

11,664 Phone Calls
2,839 Business Meetings of which
165 Roadshows

For this purpose, appropriate procedures were put in place for accurate customer profiling in order to provide each client with the **right product or service**.

In an effort to maintain excellent relationships with our clients, we base relations on the principles established by our Code of Ethics, including:

- to operate with diligence and fairness, in compliance with legal provisions and internal procedure;
- personal data processing in compliance with current privacy laws;
- management of conflicts of interest to prevent the risk of damage to customers;
- providing clear and full disclosure to ensure clients are able to make informed investment decisions;
- prevention of money laundering and terrorist financing.

Following the introduction of MIFID II in 2018, we strengthened our risk control and client protection procedure by revising contracts, forms and reporting processes, bringing them in line with the new regulations to ensure integrity, accuracy and ease of reference.

We consistently implement innovative solutions that allow us to constantly improve the quality of the services offered to our clients.

In 2018, we revamped our company website, providing us with an important means of communication and disclosure to the market.

Additionally, in order to provide timely updates on our latest activities, we have included an e-mail alert function on our website to notify registered users whenever new documentation is published on the site.

To increase **brand awareness**, we set up a company profile on the social media channel **LinkedIn** with the aim of further increasing our involvement and interaction with both current and potential clients. By 31 December 2018, we had 6,400 followers, 3,600 of whom were added during the year.

In order to keep a close eye on our clients' needs and continue to comply with **ESG criteria**, we have included a number of performance indicators in our remuneration policy for employee evaluations based on **"Customer Satisfaction"**. One of the parameters we use is "number of client complaints", of which we have received a total of zero in over ten years.

0 complaints in over 10 years

We are always ready to meet our clients' needs and focus on making our business as innovative and dynamic as possible. These success factors helped our Private Debt team to win the title of **"Private Debt team of the year"** at the 2018 Financecommunity Awards, voted one of the most well-structured and organised teams in the sector.



The quality of our services ensured that in 2018 our Sales & Trading and Research divisions were once again amongst the top teams on the main international rankings.



Our suppliers

Our core value of maintaining our strong ties to Italy is also applied to our relations with suppliers.

During 2018, we dealt with around 380 suppliers for a total turnover of 26 million euro, 22 million euro (84% of the total) of which with national suppliers and 4 million euro (16% of the total) with international suppliers.

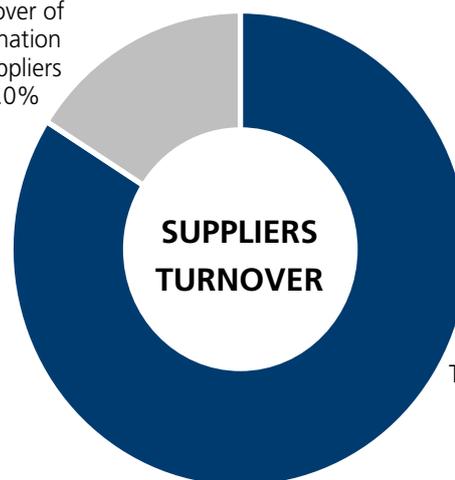
We believe it is essential to conduct our relationships with suppliers based on the values of legality, fairness, transparency and professionalism.

We also have a special policy for transactions with suppliers classed as "related parties".

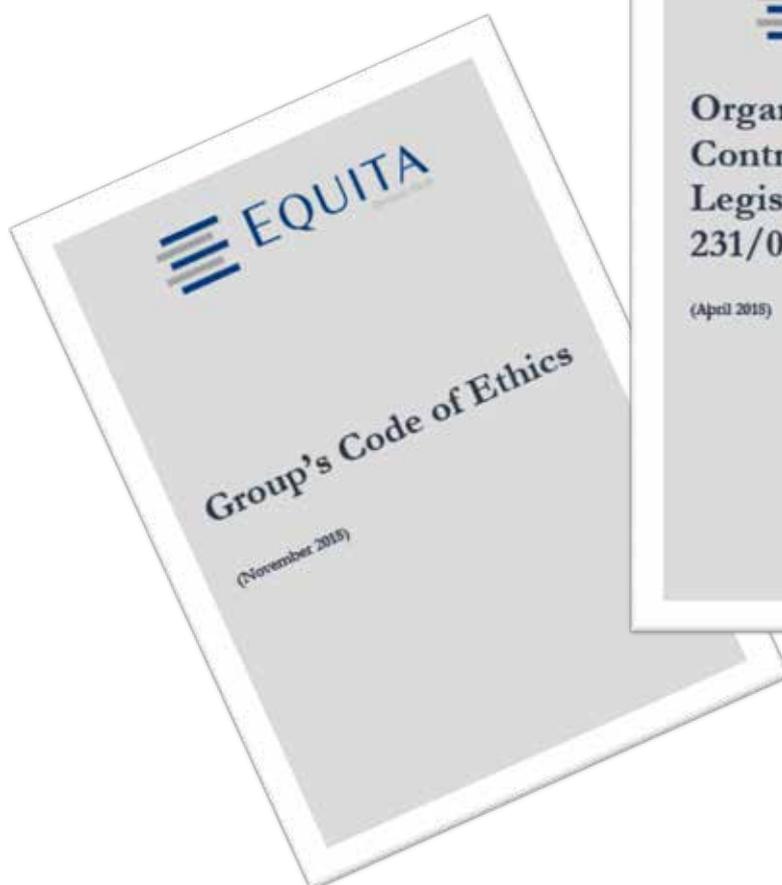
We ensure that our Suppliers are aware that services provided under contracts signed with the company must follow the standards of conduct set out in our **Code of Ethics and "Organisational Model 231"**. All suppliers must therefore also sign a specific agreement by which they formally agree not to engage in any conduct that would directly or indirectly violate the Code of Ethics or "Model 231".

It is strictly prohibited to make cash payments to suppliers.

Turnover of international suppliers
16.0%



Turnover of national suppliers
84.0%



Financial Community: Shareholders-Investors

2018 was an important year for Equita, not least due to our transition from the AIM Italia index to the STAR segment. We intensified our communication with the financial community that began during our IPO on the AIM index.

We have open communication with all our stakeholders, including shareholders and investors, based on the principles of transparency and timeliness in order to guarantee everyone the same access to information.

This dialogue is guaranteed thanks to extensive and continued newsflow via various channels and social media, on our website and during dedicated meetings. In 2018, we issued a large number of both institutional and business press releases, providing better visibility on the Group's activities and initiatives.

Since our transition to the STAR segment, we comply on a voluntary basis with the Borsa Italiana "Code of Conduct", using this as the basis for our Governance Model and Internal Audit Procedure. These procedures are also based on the ESG criteria of **"Gender and Diversity"**.

Furthermore, this standard is applied throughout the entire group: 27% of employees who report directly to the CEO or the Board of Directors are women, who in turn manage 50% of all staff members.

The requirement to guarantee gender equality within the administrative and supervisory bodies of listed companies is currently governed by articles 147-ter and 148 of the Consolidated Finance Law, which transposed Law 120/2011 (the so-called **"Golfo-Mosca" Law**), now also referred to in the Code of Ethics. Given the temporary nature of this new measure and if no special legislation is put in place to make this a permanent requirement, Equita will adopt the most appropriate solution upon expiration of the term of the Board of Directors, such as including an obligation in its by-laws in order to ensure compliance with gender equality standards..

We strive to always be at the forefront of any analysis of changes and new market trends and therefore organised some events in 2018 in partnership with universities and other institutions that were very well-received by the market. One particular example is our **partnership with UniBocconi**.

| Governance | 2018 |
|--|-------------------|
| Members of Board of Directors | 7 |
| Average participation rate | 94.28% |
| % female members | 28.50% |
| no. of Board of Directors meetings | 10 |
| Members of Board of Statutory Auditors | 3 standing |
| % female members | 33.30% |
| no. of Board of Statutory Auditors meetings | 4 |
| Members of Control and Risk Committee | 3 |
| Average participation rate | 97.00% |
| % female members | 66.60% |
| % independent members | 66.60% |
| No. of Statutory Control and Risk Committee meetings | 10 |
| Members of Related Parties | 3 |
| % female members | 66.60% |
| % independent members | 66.60% |
| no. of Related Parties meetings | 1 |
| Members of Remuneration Committee | 3 |
| % female members | 33.30% |
| % independent members | 66.60% |
| no. of Remuneration Committee meetings | 2 |
| Members of Supervisory Board | 3 |
| % female members | 66.60% |
| no. of Supervisory Board meetings | 2 |
| Heads of Control Functions | M F |
| Head of Compliance and Risk Management | 1 |
| Head of Internal Audit and Whistleblowing | 1 |
| no. of Whistleblowing reports | Zero |

EQUITA - Bocconi University: a successful and enduring partnership

Since 2013, **Equita** and **Bocconi University** have formed a long-term partnership to encourage debate on the structural factors, advancements and potential solutions for the growth of capital markets for Italian companies.

The revival of capital markets is key for Italy and each year Equita and Bocconi University prepare a report on topics of specific interest. The huge amount of interest and appreciation shown over the years for the analyses performed and subjects discussed has helped to strengthen our role as an “opinion maker” within the financial community.

In 2018, our study centred around an analysis of the factors that induce Italian companies to list on the stock exchange or that, conversely, represent the biggest obstacles.

The study, conducted by the Bocconi University research centre **BAFFI CAREFIN** in partnership with Equita, was presented at the event “**Why do Italian companies go public? An empirical analysis of the period 2006-2016**” and attracted many managers, professionals, politicians, professors and media figures.

Equita, in partnership with **Bocconi University** and **Borsa Italiana**, awarded a prize to the Italian companies that were most successful in raising Debt and Equity capital during the year. The companies were selected by a panel of fourteen highly regarded judges, chaired and coordinated by Francesco Perilli, Chairman of Equita Group.

The “**EQUITA Best Strategy Awards**” cover three categories:

- Capital raising on Debt Capital Markets;
- Capital raising on Equity Capital Markets;
- Capital raising by small-mid cap companies on Equity Capital Markets.

During the event, we also presented our annual *Italian Capital Markets Analysis*, illustrating the key growth trends on the equity and bond markets in Italy during 2017, focusing in particular on the marked increase in the number of equity issues involving SPACs.

Every year, in addition to the report prepared in partnership with Baffi Carefin, our analysis helps to further the knowledge of financial markets of companies, professionals and students.



Covers of the most recent publications in collaboration with Bocconi - Baffi Carefin

Based on one of our core values - **our strong ties to Italy** - we constantly strive to promote the numerous opportunities our country has to offer to the financial community.

Thanks to our strong roots in Italy and a deep knowledge of the Italian economy and Italian companies, we are able to provide a clear view of the many neglected opportunities in the current international market scenario.

We brought these opportunities to the attention of U.S. investors at the **“Italian Market Momentum Conference”** (held in Washington DC) and the **“Italian Market Momentum Business Lunch”** (held in New York), organised in partnership with the American Chamber of Commerce in Italy, the Italian Embassy in Washington DC and the Italian Consulate General in New York. During these events, we discussed the economic opportunities and challenges in Italy with U.S. institutions, companies and investors.



In another effort to draw investors’ attention to some of the top quality names the Italian stock market has to offer, in 2018, we held the first edition of the Italian Champions

EQUITA ITALIANCHAMPIONS



Conference during which more than 60 institutional investors met the management teams of 6 listed companies with strong business models that are leaders of their respective sectors: Brembo, Campari, EssilorLuxottica, Moncler, Pirelli, and Technogym.

Other events organised in 2018 by our Research Team that were well-received by both Italian and international investors featured: PIR Bonds, Infrastructure, Engineering, Mid Caps.

Additionally, in 2018, we were partners at the **Italian Equity Week** organised by **Borsa Italiana** during which investors met a number of both listed and non-listed companies to discuss their strategic and financial prospects.

We took part in the round table conference “SRI Investment Strategies and ESG Criteria” at the AIM Investor Day organised by **IR TOP Consulting** with the support of **Borsa Italiana**, during which we illustrated the importance of **providing transparent disclosure to investors on companies’ ESG compliance**.

Community

We focus on corporate social responsibility, capital markets, growth opportunities for young people, art and culture, which to us represent strategic development lines.

Therefore, we have long been committed to forging partnerships with Italian Universities and Associations that have social impacts, particularly in terms of encouraging the professional growth of young people.

We provide funding for the following:

- a scholarship for a **Master's Degree in Finance: instruments, markets and sustainability**, held by **ALTIS**  **Alta Scuola Impresa e Società dell'Università Cattolica**, to provide a financial education to graduates of all subjects and focusing in particular on ethical and sustainable finance.
- two annual scholarships for talented **Bocconi University** students;
- three scholarships for students of the **Brera Fine Arts Academy**  and three funding donations to assistants for educational and research purposes.

Our educational programmes cater to both university and high school students. Indeed, we are involved in:

- as of 2016 - the "I fuori classe della scuola" initiative, funding scholarships for the best Italian high school students (www.fuoriclassedellascuola.it); 
- as of 2017, - the "**Alternanza scuola-lavoro**" work experience programme, giving high school students the opportunity to get a first glimpse of the world of work. In 2018, we hired three new staff members as a result of the programme.

Moreover, we have strengthened relations with both universities and associations by offering the services of our experts for some academic courses free of charge.

In 2018, we hosted the following:

- three lessons on "**Market Microstructure post MIFID II: liquidity shifting**" at **Bocconi University**, as part of a "Financial Market Law" course. 
- a talk on "**The Italian Bond Market - current situation and new challenges**" at Palazzo delle Stelline, as part of the IT Forum convention organised by **AIAF** (Italian Financial Analysis Association) aimed at private investors; 
- a lecture on the "Moncler" business case aimed at illustrating the IR-analyst relationship to students of **IULM** University, as part of a "**Financial Communication and Investor Relations**" course. 
- at our offices:
 - a lecture for students of an **Advanced Course in Licensing & Brand Extension at Milan Polytechnic**, aimed at highlighting the effects of the financial sector on the world of design; 
 - a company visit by students of an **Exeter University-SDA Bocconi MSc in Finance course**, during which we presented the company and focused in particular on corporate bond issues; 
 - a company visit by the **Telecom Italia** Investor Relations team as part of an executive programme organised by **SDA BOCCONI** to illustrate Equita's business activities.

Equita's core values are not only expressed in the way we conduct our business but also in our relationships with the community we operate in.

Of Equita's many give-back initiatives, one that holds a special place for us is our support for art and its institutions. Promoting talent and excellence in this sector is a way of supporting social development, while creating culture, new opportunities, value and, ultimately, well-being.

With this in mind, we formed a partnership with **Accademia di Brera**, the centre of Milan's cultural heritage and a hotbed for future talent thanks to its research and educational activities.

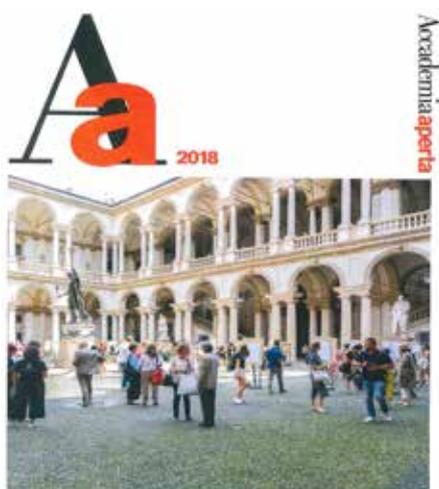


EQUITA PER ACCADEMIA DI BRERA

The purpose of the partnership is to create value through an initiative that rewards young talent and promotes education and research in the arts at one of Milan's most important cultural and artistic institutions.

Thanks to this partnership, students are granted scholarships and Academy researchers receive funding. We also assign the "**Equita per Brera Award**" aimed at promoting the "**Accademia Aperta**" (Open Academy) cultural initiative that takes place between July and August each year. During the event, three artworks are chosen by a panel of judges composed of representatives from Equita and Brera Fine Arts Academy.

A publication prepared by Equita in collaboration with **Editoriale Domus** describing the annual edition of the **Accademia Aperta** initiative is also presented during the event.

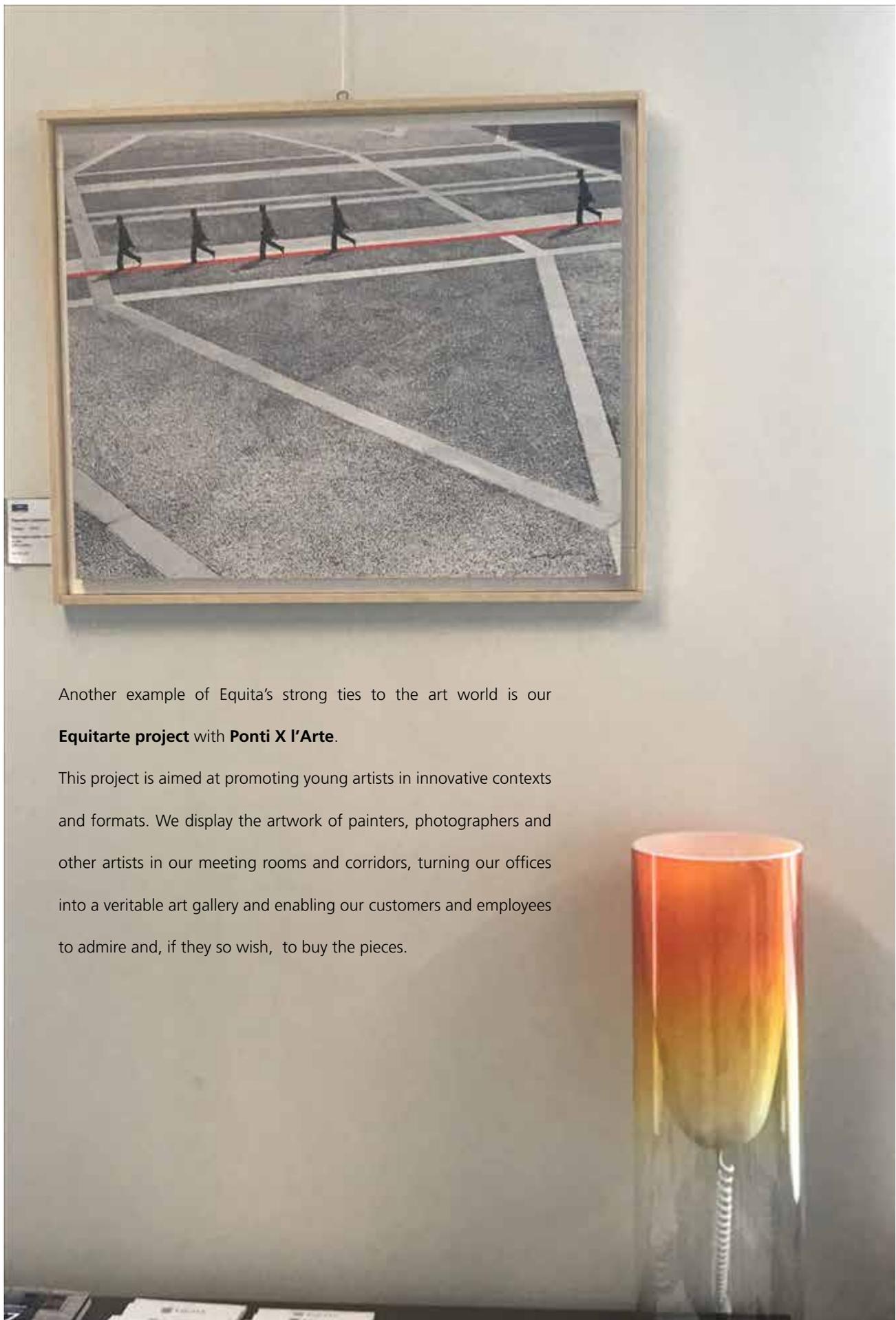




Picture: *Gli ultimi giorni di Eliogabalo*, 2018 - Jemberu Perrucchini
Artwork awarded joint-first place at the "Premio Equita per Brera" awards



Photos taken by Accademia Aperta, an Editoriale Domus S.p.A. publication on behalf of Equita Group S.p.A.



Another example of Equita's strong ties to the art world is our **Equitarte project** with **Ponti X l'Arte**.

This project is aimed at promoting young artists in innovative contexts and formats. We display the artwork of painters, photographers and other artists in our meeting rooms and corridors, turning our offices into a veritable art gallery and enabling our customers and employees to admire and, if they so wish, to buy the pieces.

Photo by kind permission of Ponti per l'Arte – Equita meeting room.