MAILUP
GROUP

# Sustainability Report 2019

# Table of Contents

# Table of Contents

# Letter to Stakeholders

Dear Stakeholders,

For the first time in its history MailUp S.p.A. presents its Sustainability Report, a document that summarises the objectives, activities, impacts and results of the entity towards its Stakeholders.

The change in the economic and social context, the continuous evolution of end customers' preferences, the affirmation of a global market and, in particular, the digitalisation of industrial and management processes have meant that corporates have had to adapt rapidly to the moving competitive scenario of the market in which they operate. The growing inequality in recent years and the evidence of the impact of human activity on the environment have led to the need for a review of corporate governance policies and the consequent accountability for social impact.

Therefore, in a context where technology is helping redesign social relations in every area and at all levels, and technological choices are now inherent in business processes, MailUp S.p.A. has launched a sustainability reporting process, with the strategic objective of making its benefits transparent to Stakeholders inside and outside the Company. Sustainability issues – environmental, social and ethical – have always been a fundamental part of the Company's DNA, long before today's growing emphasis on such issues from

both financial markets and public opinion. In our experience, the attention to people and the environment has always been a cornerstone not only in its human-centred meaning, but above all in its ability to support business in the long term.

These premises led us to the creation of the Sustainability Report: a rich and complete document since its first edition, which we believe is representative of practices that are well rooted in our corporate culture and our way of doing business. We decided to illustrate our values and objectives based on the sustainability indicators established by the Global Reporting Initiative and the Sustainable Development Goals (SDGs) defined by the UN.

In the eighteen-year-long Company history, we have constantly worked to create a "one of a kind" Company: smart and innovative like a start-up, solid and structured to serve global customers, and at the same time a place where each employee could feel proud of their work. The Code of Ethics and the Company's Rules of Conduct confirm the commitment to ethical conduct in all areas of operations.

We have achieved considerable results domestically and internationally, in terms of both quality and quantity, as we excel in the level of technological reliability and speed in the adoption of innovations proposed by the market.

Being fully aware that we will continue to operate in an inclusive and motivated environment, our new "starting point" to face the future lies in preserving our DNA, elevating this value as the critical success factor to ensure the highest quality of the digital solutions we provide to our customers, and allowing us to establish a long-term partnership aimed at improving their performance and quality of work.

This Sustainability Report represents the first important milestone towards increasing transparency and alignment of interests among the various Stakeholders, which we see as drivers for long-term sustainable value growth.

Enjoy your read.


**Matteo Monfredini**
*Chairman*


**Nazzareno Gorni**
*Chief Executive Officer*
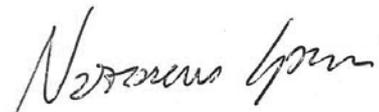
# Notes on Methodology

This Sustainability Report is the first document produced by MailUp S.p.A. to transparently and consistently disclose to all Stakeholders the Company's values, strategies and performance directly related to its economic, social and environmental impacts.

The current Report is issued on a voluntary basis by the Company, which pursuant to Legislative Decree 254/2016 does not fall within the category of large public interest entities required to report their non-financial performance.

Sustainability represents an integral and crucial share of MailUp S.p.A.'s objectives, hence it was decided to draw up the Sustainability Report starting from the UN Agenda 2030. The 17 Sustainable Development Goals (SDGs) are "common goals" to be achieved in areas relevant to sustainable development.

The Report covers the period 1 January - 31 December 2019 and was prepared in accordance with the GRI Sustainability Reporting Standards (GRI Standards) guidelines, according to the "Core" application level. The scope of the data and information contained in this document refers to the legal entity MailUp S.p.A., which employs the majority of people within the group of companies belonging to the MailUp Group.

Any restrictions on disclosure are reported in the notes, as is the use of estimates and approximations in the calculation of the indicators. As required by the Standards, the data collection phase was preceded by the so-called "Materiality Analysis", an activity aimed at identifying significant issues related to the economic, social and environmental area, which may influence the strategic decisions of the organisation and Stakeholders. The drafting of this document involved all company functions as well as the Board of Directors.

The document consists of eight parts that convey all dimensions of the Company's activities, starting from its corporate identity. The following are the areas in which the Company's sustainability is represented: economic results, relations with investors, the customers which received our services, the quality of services rendered, the Company's employees, relations with partners and suppliers, relations with the public and the environment.

Any Stakeholder feedback is useful to improve the Company's sustainability commitment and reporting.

For more information, please visit the corporate website mailupgroup.com.
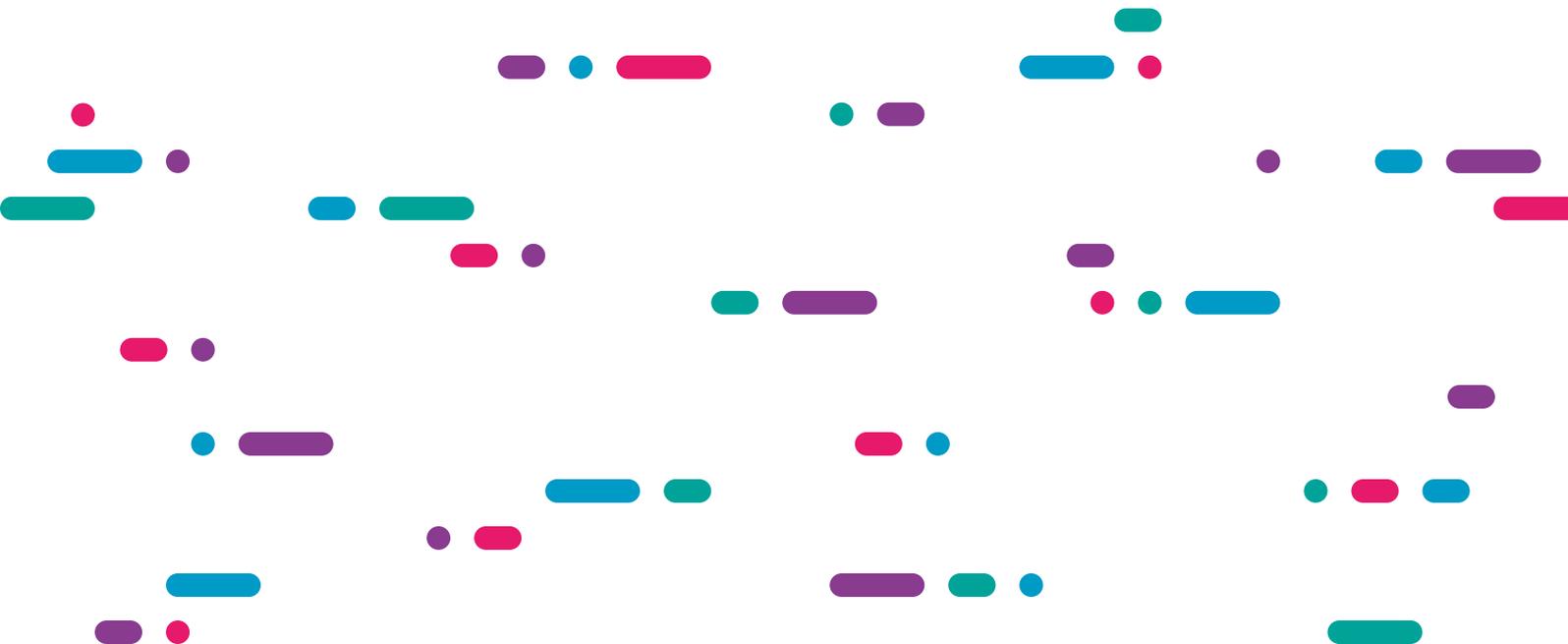
# MailUp Group

# 1.1 Sustainable Governance

MailUp Group is a vertically-integrated operator in cloud marketing technologies. Its growing suite of data-driven solutions enables SMEs and large companies globally to communicate effectively with their customers through constantly evolving solutions.

## Business Units

The Group was created as a result of the combination between the technological research and business success of MailUp S.p.A. Today the Group offers a wide range of solutions focused on messaging and data-driven omni-channel marketing automation, used by small and medium companies to communicate with their customers.

MailUp Group has been growing steadily both internally and through acquisitions of established and emerging companies. MailUp Group is now composed of 5 business units, operating in complementary sectors and markets within the panorama of cloud marketing technologies. It has an international presence with offices all over the world.

- MailUp: Marketing via Email, SMS e Messaging Apps
- BEE: Email & Content Creation
- Datatrics: Artificial Intelligence-powered Customer Data Platform & Predictive Marketing
- Agile Telecom: Wholesale SMS
- Acumbamail: Email Marketing
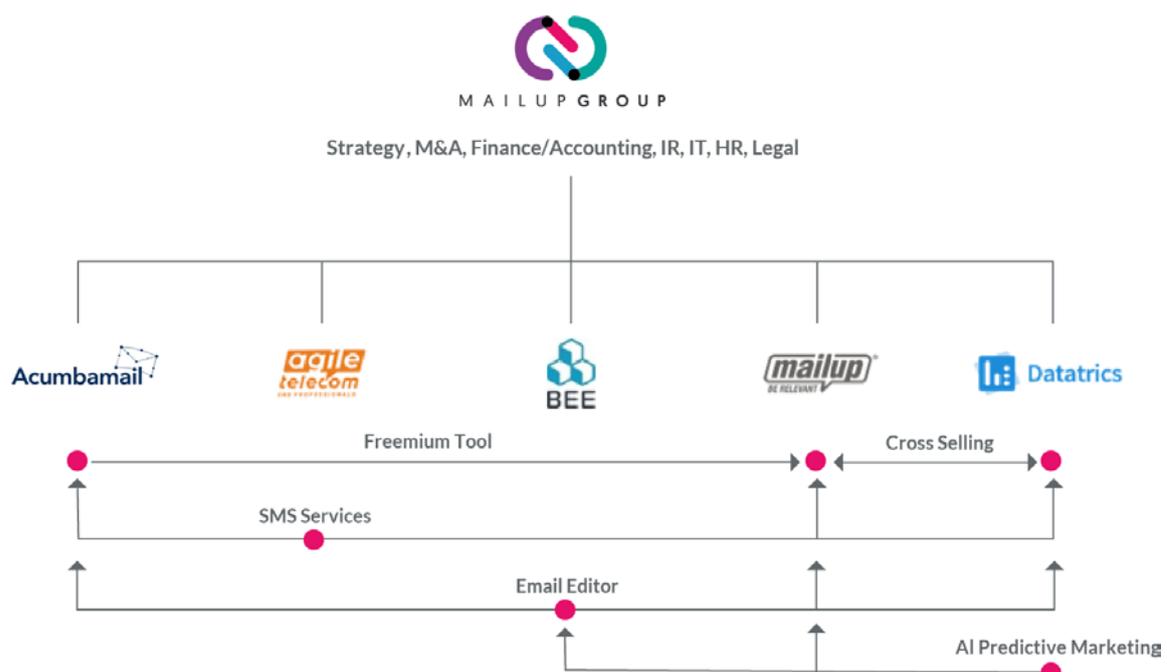
# 1.2 History

The Company was established in 2002 in Cremona, Italy, as a small digital agency founded by five young entrepreneurs. Among the various digital products it developed, one in particular soon showed great potential: the newsletter platform, later renamed MailUp. In 2009 the agency concentrated all its business on this platform, and in 2011 it became the market leader in Italy.

Following the admission to trading of its ordinary shares on AIM Italia in 2014, MailUp S.p.A. has developed a vertically integrated portfolio of brands and services through both organic and external growth. Between 2015 and 2018 it acquired Agile Telecom, Acumbamail, Globase and Datatrics, while expanding internationally. The product range is completed by the BEE startup, created as an internal project and subsequently developed as an independent business unit. In 2017 the MailUp Group brand was born, which includes the parent company and the acquired companies.

The five founders are currently the Group's controlling shareholders (with individual shareholdings in excess of 10%, 50.1% of which are part of a shareholders' agreement) and part of the top management.

The main stages of the growth path are shown aside.

| | | |
|---|---|---|
| 2002 | | Five founders establish a small digital agency in Cremona |
| 2009 | | The web agency focuses its business on the most promising product: the newsletters sending platform |
| 2011 | | MailUp is leader in the Italian market |
| 2014 | | Admission on the AIM market of the Italian Stock Exchange |
| 2016 | | Acquisition of Agile Telecom, Acumbamail and Globase. Spin-off of BEE as an independent product |
| 2018 | | Acquisition of Datatrics |

# 1.3 Vision, Mission and Values

## Our Vision

To be an internationally recognised innovator where passionate people create an ecosystem of data-driven solutions that help with the evolving ways of communicating with customers.

## Our Mission

To develop a suite of excellent messaging technologies and services that allow companies to effectively and ethically reach their audience.

## Our Values

| Passion | Trust | Caring | Open mindedness |
|---------|-------|--------|-----------------|

# 1.4 Corporate Governance

The governing bodies of MailUp are represented by the Board of Directors (B.o.D.) and the Board of Statutory Auditors. Avv. Gabriele Ambrogetti operates as the Company's monocratic Supervisory Body (Organismo di Vigilanza - O.d.V.).

The management and governance model is inspired by the principles and rationale of sustainability, which represent the fundamental reference perspective, together with the law and regulatory provisions.

The Governance system of MailUp Group provides for the direct involvement of executives in economic, social and sustainability issues. This approach allows for the implementation of streamlined and rapid decision-making processes, which have always distinguished the Group's Governance.

The Board of Directors of the Parent Company also defines the guidelines of the risk management and internal control system in order to identify, measure, manage and monitor the main risks relating to the activities carried out by the various Group companies, identifying a risk level compatible with the strategic objectives.

BDO Italia S.p.A. is the appointed independent audit firm.

The Group's management is supported by a structured reporting system on business performance and the progress of key projects. This also allows the correct application of remuneration and incentive systems, with a view to supporting and enhancing merit and according to the degree of achievement of the set objectives, including those of an environmental and social nature.

On 28 September 2015, the Board of Directors approved the adoption of the Model and the Code of Ethics, in their first draft. They were subsequently updated on 15 May 2018, in order to scrupulously comply with the new regulations introduced and, at the same time, drawing up rules of conduct and protocols suitable for preventing felonies as referred to in the Decree. The special parts of the Model include some specific measures to avoid corruption practices.

## Composition of the Corporate Bodies of MailUp S.p.A.

| | Name | Role |
|---|---|---|
| **Board of Directors** | Matteo Monfredini | Chairman and CFO |
| | Nazzareno Gorni | Chief Executive Officer |
| | Micaela Cristina Capelli | Executive Director and Investor Relations Officer |
| | Armando Biondi | Non-executive Director and Chief Growth Officer |
| | Ignazio Castiglioni | Independent Director |
| **Board of Statutory Auditors** | Michele Manfredini | Chairman of the Board of Statutory Auditors |
| | Fabrizio Ferrari | Acting Auditor |
| | Giovanni Rosaschino | Acting Auditor |



Left to right: members of the Board of Directors Armando Biondi, Micaela Cristina Capelli, Matteo Monfredini and Nazzareno Gorni. Independent Director Ignazio Castiglioni is not pictured.

# 1.5 Investor Relations

Since its admission to trading on the AIM Italia market in 2014, MailUp S.p.A. has granted great importance and dedicated the utmost care to Investor Relations activities, namely those activities of communication and financial information between the Company and investors.

The role of the Investor Relator in charge therefore responds to the Company's need for communication with the general public. In addition, the Investor Relator performs her activities, also in coordination with other corporate and group functions, to promote and improve the image of MailUp and the Group's business activities, strategies and future prospects among financial operators, in particular professional institutional and qualified investors, both Italian and foreign.

The Investor Relations activity is based on MailUp Group's reporting ecosystem, which includes several resources and teams working together closely to ensure accurate and timely reporting. The tools employed are the following:

- **Board**, which allows the aggregation of management data with particular attention paid to KPIs and other metrics
- **RDS**, as an accounting system
- **Zuora**, which provides billing and related KPIs

The main actors involved in the collection, interpretation, drafting and communication of the data of the parent company and the Group are:

- Chief Accounting Officer Giammarco De Filippi
- Business Controlling Manager Roberto Bonanno, with their respective teams
- Chairman and Chief Financial Officer Matteo Monfredini
- Chief Executive Officer Nazzareno Gorni
- Executive Director and Investor Relator Micaela Cristina Capelli
- General Manager of MailUp Luca Azzali
- The entire Board of Directors and the corporate and external bodies (Board of Statutory Auditors and independent auditors) responsible for the audit, control and approval of accounting data

The outputs of the above mentioned system are:

- The annual financial statements, both individual and consolidated, fully audited by an independent audit firm

- The half-year reports, both individual and consolidated, subject to a limited audit by an independent audit firm
- Disclosure of quarterly sales data, unaudited
- Quarterly reports, unaudited

All such documents are made available on the corporate website mailupgroup.com immediately after approval, according to the corporate calendar published at the beginning of each financial year. This publication is announced by means of special press releases distributed (i) on official stock exchange channels (SDIR), (ii) on the Company website, (iii) to investor mailing lists, in Italian and English. After the publication of the annual and half-year figures, the Chairman, the Chief Executive Officer and the Investor Relator activate a web-conference call to comment on the results of the relevant period.

The aim of the above-mentioned reporting is to provide accurate and timely information on the performance of the financial year or of the half-year or quarterly periods to all Stakeholders, including both individual and institutional, Italian and foreign investors.

In addition, the Company issues press releases to disclose mandatory price sensitive information, as well as all communications aimed at promptly providing shareholders and the market with any relevant news concerning the Group.

During 2019, 47 financial press releases were issued.

All accounting and financial documentation and press releases issued by the Group are drafted and published in both Italian and English and made available on the corporate website mailupgroup.com, also fully available in bilingual versions on a voluntary basis.

Periodically, the Chief Executive Officer and the Investor Relator participate in both individual and group presentations and meetings to present the Group and its performance. Updated presentations are published on the website under mailupgroup.com/en/presentations. In 2019 the Group participated in over 26 plenary meetings (conferences) and individual meetings (non-deal roadshow days) in Milan, Lugano, Frankfurt, London and New York.

Investors can also subscribe to a monthly newsletter that gathers the main financial news. The Group is also assisted by four corporate brokers, who produce independent research and assist the Company in sales and financial marketing activities, thereby contributing to the dissemination of the equity story and the generation of contacts with current and potential investors. The equity research reports, all issued in English, are available on the website at the section mailupgroup.com/en/analyst-coverage. During 2019, 17 equity research reports were published.

# 1.6 Awards and Recognition

In 2018-2019, MailUp's growth and successes have been internationally recognised with the inclusion in prestigious rankings, as detailed below.

## FT 1000

In 2019, MailUp Group entered the FT 1000, ranking no. 113 in terms of FY 2017 sales. Financial Times' FT 1000, compiled with Statista, lists the 1,000 European companies that achieved the highest percentage compound annual growth rate in revenue between 2014 and 2017.

## Deloitte EMEA Technology FAST 500

MailUp entered for two consecutive years the prestigious Deloitte EMEA Technology FAST 500 ranking, the influential tech industry annual list led by Deloitte in three continents – North America, EMEA and Asia-Pacific – which rewards the effort and commitment of high-tech companies that recorded the highest sales growth over the last four years.

With an average sales growth rate of 241% over the period FY2014-FY2017, in 2018 MailUp ranked among the fastest growing European high-tech companies, as the only Italian listed holding company.

## SaaS 1000

In 2018 MailUp was included in SaaS 1000, the global ranking of the Software-as-a-Service ("SaaS") companies with the highest growth rate. Thanks to a 6-month growth rate of 6.67% and 112 employees, MailUp was ranked among the SaaS companies with the highest expansion percentage.

# Stakeholder Involvement and Materiality Analysis
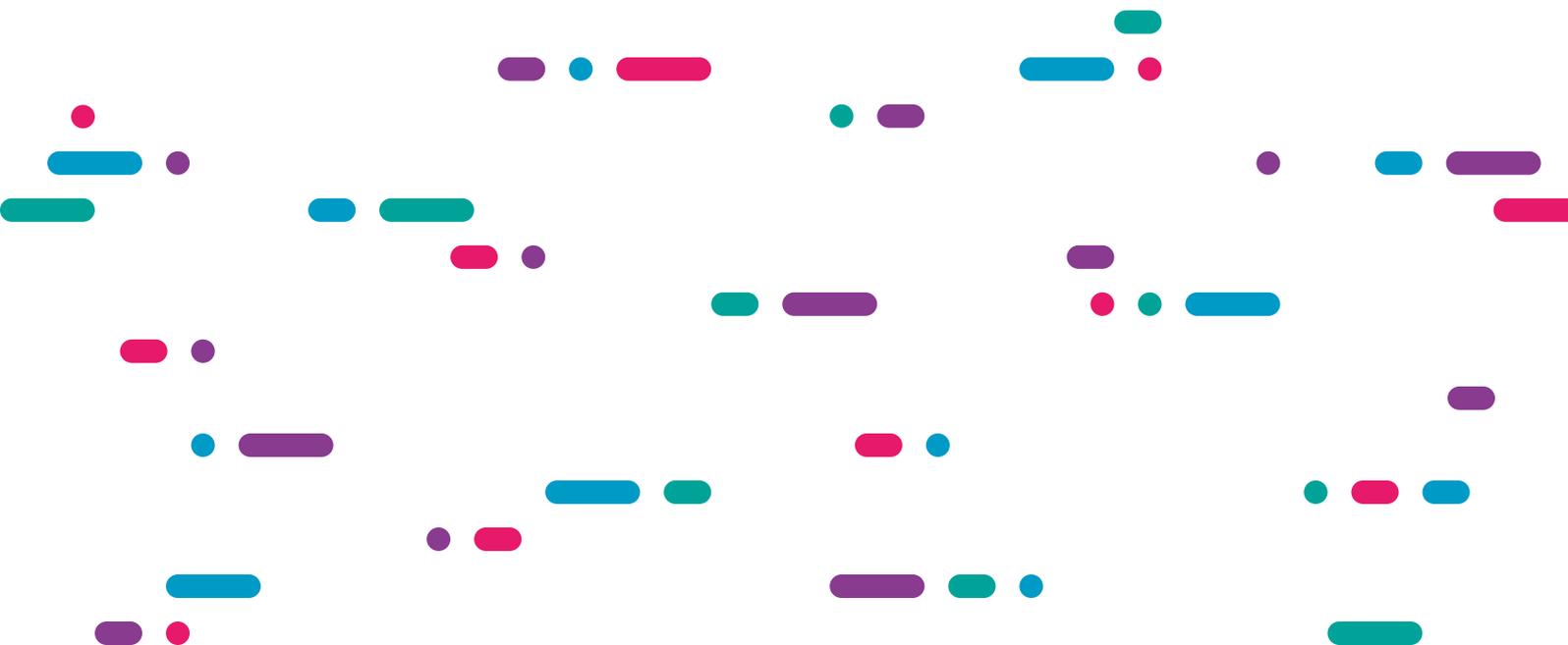
# Stakeholder Involvement and Materiality Analysis

MailUp has defined a process aimed at identifying the aspects of material importance for Stakeholders and the Company, and most significant and representative of the nature of the Company.

The materiality analysis saw direct participation of the heads of the main corporate departments of the offices within the reporting scope, who played a supporting role in the preparation of the current Sustainability Report.

A questionnaire containing a series of issues related to five macro-areas (Governance, Social Responsibility, Environmental Responsibility, Economic Responsibility and Services and Customers) was distributed. Each stakeholder then scored each topic from 1 (minimum relevance) to 4 (maximum relevance), based on their perception of and sensitivity to the topic examined, in order to highlight the most significant issues for MailUp.

For the purposes of the questionnaire, employees, shareholders, clients, suppliers, media and local communities were considered as 'Stakeholders'. The analysis was carried out indirectly, by asking internal contact persons to fill up the questionnaire and assign a score, again from 1 to 4, also on the basis of the perceived importance that the specific Company Stakeholders would assign to the individual relevant aspects.

## Materiality Analysis 2019
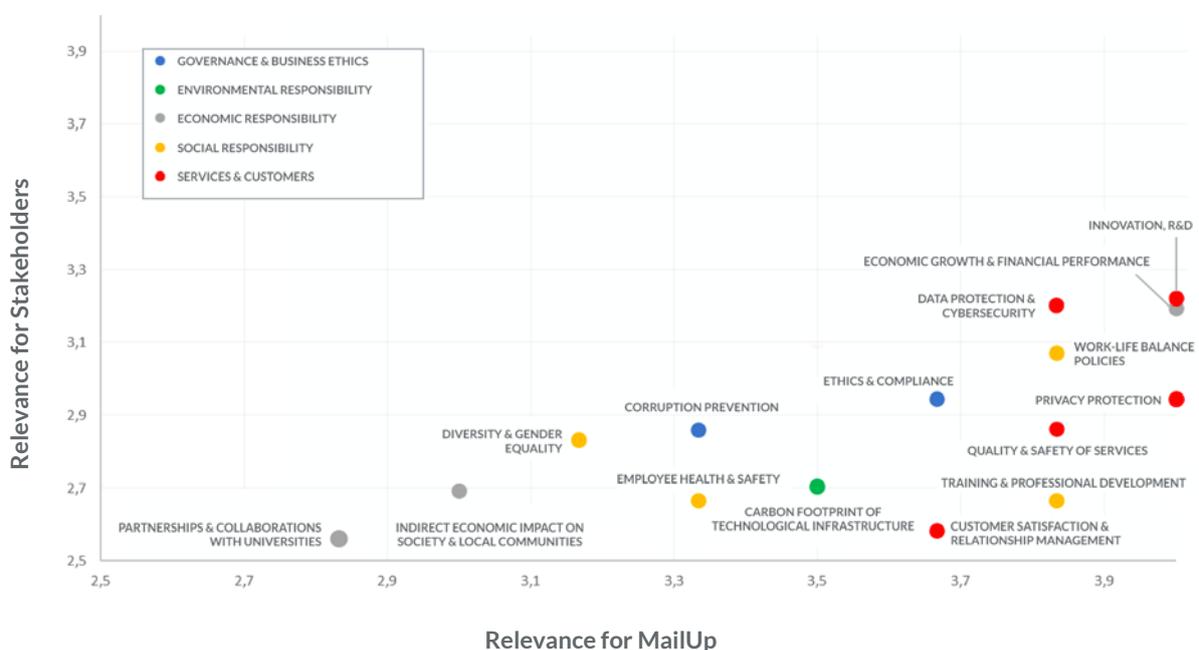
The materiality analysis allowed to identify the most significant aspects for MailUp, which totalled a score above the so-called "defined materiality threshold" (>2.5). The issues that emerged as material, which are illustrated in the following tabel, define the scope of the reporting activity.

The analysis identified 15 material aspects for MailUp, which are in line with the priorities identified with respect to the achievement of SDGs (Sustainable Development Goals).

**Environmental Responsibility**

- Carbon footprint of technological infrastructure

**Services & Customers**

- Privacy protection
- Innovation, R&D
- Quality & safety of services
- Customer satisfaction & relationship management
- Data protection & Cybersecurity

**Governance & Business Ethics**

- Corruption prevention
- Ethics & compliance

**Social Responsibility**

- Diversity & gender equality
- Employee health & safety
- Training & professional development
- Work-life balance policies

**Economic Responsibility**

- Economic growth & financial performance
- Partnerships & collaborations with Schools & Universities
- Indirect economic impact on society & local communities

As the table and graph show, the most significant issues for MailUp are consistent with the approach that the Company has started and intends to pursue, in line with the further objective of contributing to the achievement of SDGs. The current reporting involves and impacts all aspects of MailUp's business: governance, people, environment, clients, services and tools, communication and image, economic sustainability and business approach.

The Sustainable Development Goals, therefore, serve as guide and support in determining the Company's strategic priorities, in defining the focus on policies, objectives and actions to create value. In accordance with the nature of the business and the aspects focused upon, MailUp has identified, as a result of projects and best practices, a selection of SDGs to invest in as a priority, as illustrated in the following page.

# MailUp Topics 2019

## Environmental Responsibility

- Carbon footprint of technological infrastructure  **7  8  9  12  15**

## Services & Customers

- Privacy protection  **5  10  16**
- Innovation, R&D  **4  8  9**
- Quality & safety of services  **3  7  8  12**
- Customer satisfaction & relationship management  **8  12**
- Data protection & Cybersecurity  **3  5  10  16**

## Governance & Business Ethics

- Corruption prevention  **8  10  16**
- Ethics & compliance  **4  16**

## Social Responsibility

- Diversity & gender equality  **5  10  16**
- Employee health & safety  **3  4  9  12**
- Training & professional development  **3  4  5  11**
- Work-life balance policies  **5  10  16**

## Economic Responsibility

- Economic growth & financial performance  **8  9  16**
- Partnerships & collaborations with Schools & Universities  **4  12**
- Indirect economic impact on society & local communities  **7  8  10  16**
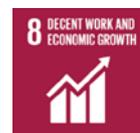
# Ch. 3

# Economic Value Generated and Distributed
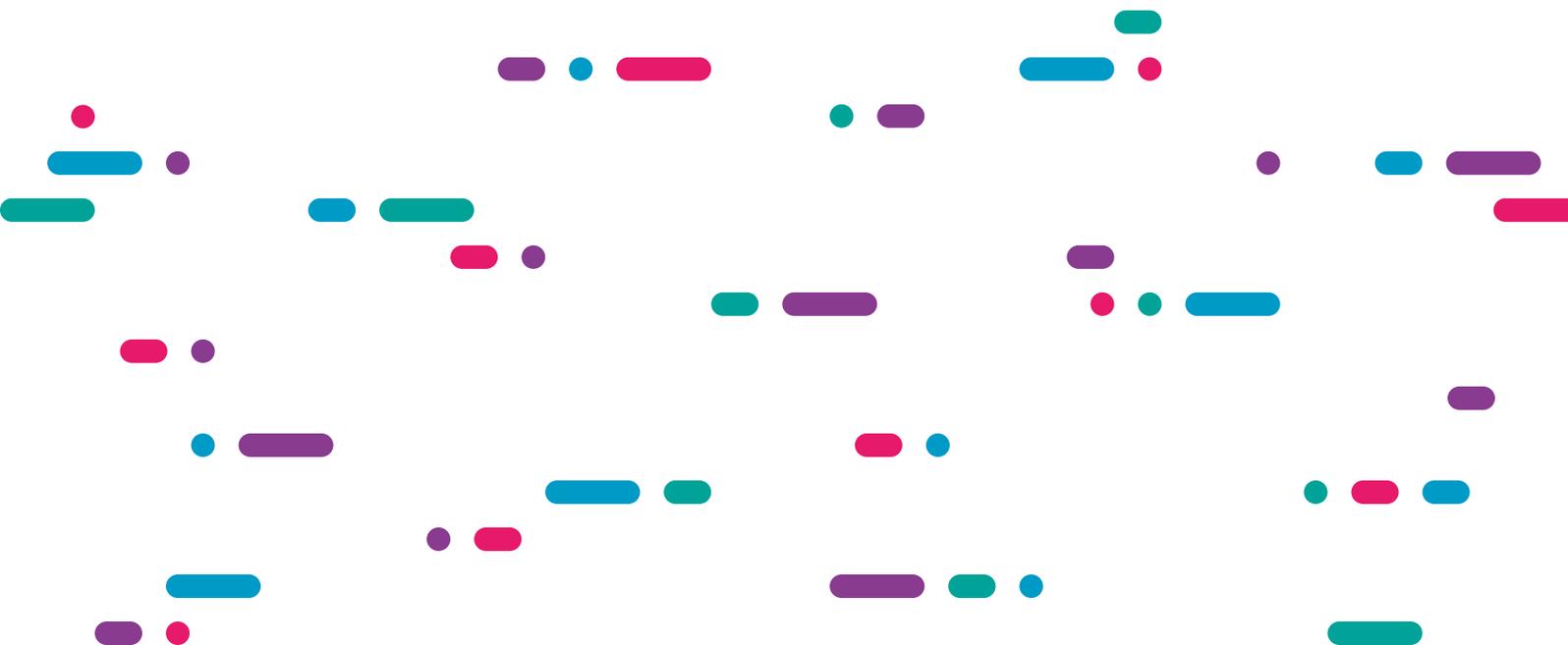
# Economic Value Generated and Distributed

The distribution of added value represents the conjunction between the economic and the social profile of MailUp management and makes it possible to analyse how the wealth created is distributed to the benefit of the entire system with which the Company interacts. In 2019, the Economic Value Generated exceeded EUR 20 million, most of which is distributed to the various Stakeholders with whom MailUp comes into contact in the performance of its activities. The distribution is made in accordance with the economic efficiency of management and the expectations of the Stakeholders.

The Economic Value Distributed, exceeding EUR 16 million, represents about 80% of Economic Value Generated which, in addition to covering operating costs incurred during the year, is used to remunerate the socio-economic system with which the Company interacts, including employees, investors and the community, through charitable contributions.

Lastly, the Economic Value Retained, which accounts for about 20% of the Economic Value Generated, represents all the financial resources dedicated to the economic growth and stable equity of the corporate system. The Value Added Reclassification compares the value of production and the costs incurred for its creation, thereby allowing to assess the ability of the Company management to generate value and the remuneration of the production factors used. This scheme assumes the classification of positive and negative items according to their nature. The Company, therefore, produces wealth and in doing so, it contributes to the economic growth of the social and environmental context in which it operates and measures this wealth in terms of Value Added produced and distributed to its Stakeholders. The value represents a measure of the wealth produced by the Company during the year and is expressed in the table below.

**Direct Economic Value Generated**
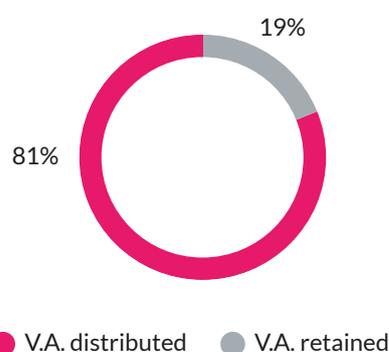
**Distribution of Economic Value**



19%
81%

- ● V.A. distributed
- ● V.A. retained



1%  1%
50%  48%

- ● Staff wages & salaries
- ● Operating costs
- ● Remuneration of lenders
- ● Remuneration of Public Sector
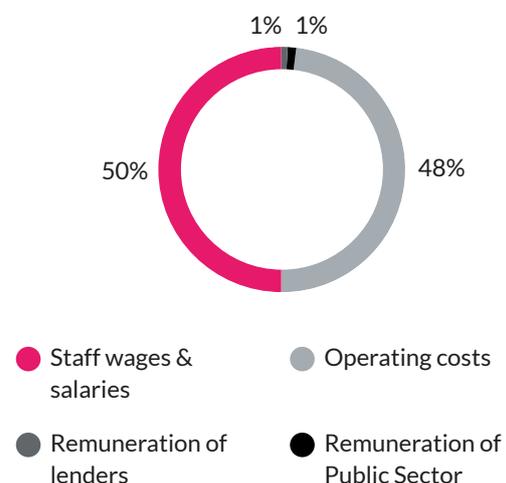
## Economic Value Generated and Distributed, MailUp S.p.A. (EUR)

| | 31.12.2019 | 31.12.2018 |
|---|---|---|
| Revenues | 17,100,684 | 13,801,293 |
| Other income | 1,042,980 | 707,337 |
| Financial income | 2,006,250 | 1,357,737 |
| **Total economic value generated by the Company** | **20,149,915** | **15,866,367** |
| Operating costs | - 7,967,146 | - 7,509,610 |
| Staff wages and salaries | - 8,073,640 | - 7,091,100 |
| Remuneration of lenders | - 59,254 | - 37,867 |
| Remuneration of investors | - | - |
| Remuneration of the Public Sector * | - 173,913 | 205,173 |
| External donations | - 17,939 | - 14,426 |
| **Total economic value distributed by the Company** | **- 16,291,893** | **- 14,447,829** |
| Receivables write-downs | 277,246 | 7,376 |
| Unrealised exchange rate differences | 22,442 | 11,426 |
| Value adjustments of tangible and intangible assets | - 858,424 | - 997,909 |
| Value adjustments of financial activities | - | 30,511 |
| Depreciation | 2,224,121 | 1,591,351 |
| Provisions | - | - |
| Reserves | 2,192,638 | 775,783 |
| **Economic value retained by the Company** | **3,858,022** | **1,418,538** |

* The remuneration of the Public Sector also includes deferred taxes (credit), the amount of which was higher than current taxes in 2018, hence the positive sign of the amount indicated.

# 3.1 Investment Grants for Research and Development

During 2019, the Company pursued its research and development activities, continuing the operations started in 2018 and directing its efforts also into new projects.

For the development of these projects, MailUp obtained government subsidies of approximately EUR 295,000.

| (euro) | 2019 | 2018 |
|---|---|---|
| R&D tax credit and tax credits for tenders | 276,830.62 | 92,461.69 |
| Grants for investment, research and development and other funds | 16,456.93 | 441,079.05 |

The activities for which these funds were used are described below.

### Research and development

The bulk of the funds received is related to the financing of investments in research and development activities, which represent a strategic asset for MailUp's business and are focused on software development and innovation of the MailUp multi-channel digital marketing platform in cloud.

In the subsequent paragraph dedicated to Innovation, Research and Development, we will talk at length about the projects carried out.

### Digitisation Voucher - Dispensing

Ma financing measure for micro, small and medium-sized enterprises that provides a financial resources, by way of granting a "voucher" not exceeding EUR 10,000, aimed at the adoption of measures for the digitisation of business processes and technological modernisation.

In particular, MailUp used this voucher for the adoption of smart working for its employees.

**Bando Garanzia Giovani (Young Entrepreneurs Funds)**

Reimbursements of trainee allowances through which companies hosting trainees taken on as part of the Phase II of Garanzia Giovani programme may request partial reimbursement of the trainee allowance.

The trainee allowance is recognised for the activation, in favour of a young person taken on under the Phase II of Garanzia Giovani, of an extracurricular traineeship under the condition that the young person is subsequently hired with a contract of employment equal to at least 180 consecutive days, within 30 days after the end of the traineeship. The internship must take place for at least 91 days within the period of the daily allowance activated with the accredited operator.

**Inclusion of people with disabilities**

A fund through which the inclusion and the hiring of people with disabilities in the labour market is supported in order to reduce risks of marginalisation, social exclusion and interim and insecure employment on the one hand, and to promote awareness of the whole business functioning rules by building a more effective policy of involvement of people with disabilities, through specific employment aid interventions aimed at business employers.

# Connection with Customers
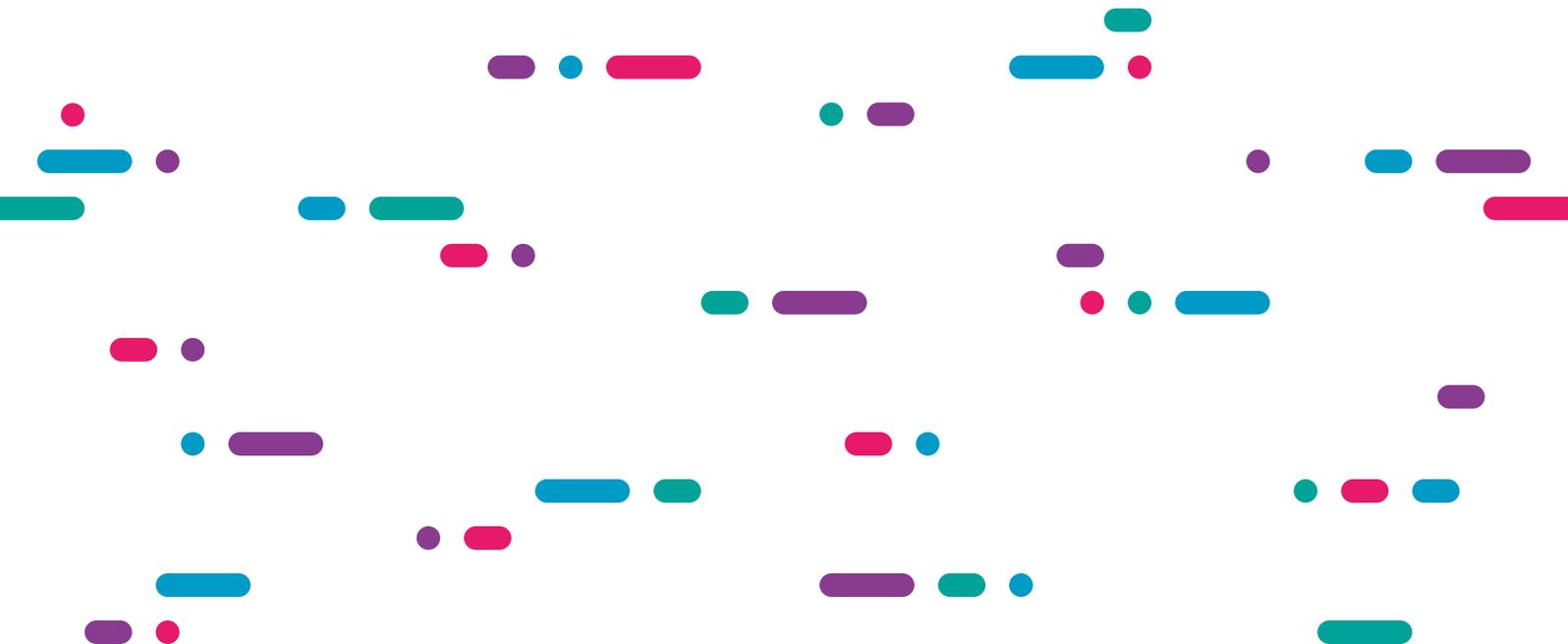
# 4.1  Customers and Services Provided

MailUp offers medium and large companies everything they need to structure advanced marketing strategies via Email, SMS and Messaging Apps. Over 10,000 companies worldwide find in MailUp a strategic partner for the development and management of their digital marketing activities.

MailUp's services are divided into several levels and primarily include the provision of technological infrastructure, consisting of the platform for managing and sending marketing campaigns. Subsequently, there is the provision of technical assistance, strategic consulting and operational development services, aimed at supporting clients in their activities and responding to specific growth needs. In addition, MailUp offers to all its clients – and to the general public – in-depth content to improve strategic and practical marketing skills and to help spreading digital culture.

The customer base is made up of companies belonging to both B2B and B2C sectors, and is divided as follows[1].

## Breakdown of Customers by Business Sector - Overview



---
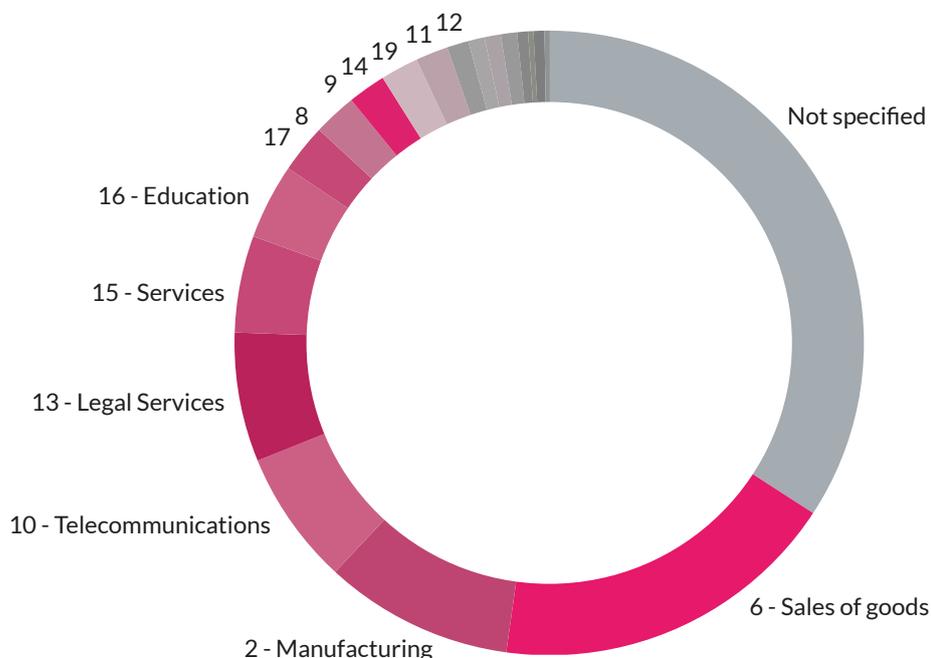
[1] Internal data referring to the active customer base as at 31 December 2019. Classification under sector codes applied by CRIBIS.

## Breakdown of Customers by Business Sector - Detail

| Code | Sector | No. of Customers | % Customers |
|------|--------|------------------|-------------|
| -- | Not Available | 3,278 | 34.2% |
| 6 | Sales of Goods | 1,744 | 18.2% |
| 2 | Manufacturing (Production/Manufacturing of Goods) | 916 | 9.6% |
| 10 | Telecommunications / IT / Information Services | 667 | 7% |
| 13 | Legal services / Accounting / Corporate Consultancy / P.R. / Architecture / Testing / Advertising and Market Research | 641 | 6.7% |
| 15 | Services: Rental, Human Resources Selection, Travel Agencies, Security, Services for Buildings, Land Maintenance, Support to Businesses, Fairs and Conferences | 483 | 5% |
| 16 | Education, Health and Social Assistance | 360 | 3.8% |
| 17 | Arts and Entertainment / Sports / Leisure / Lotteries and Betting | 248 | 2.6% |
| 8 | Hospitality and Food | 221 | 2.3% |
| 9 | Mass media / Cinema / TV / Radio / Music | 191 | 2% |
| 14 | Other Technical, Industrial and Other Professional Activities / Consulting and Intermediation in Various Fields / Veterinary | 172 | 1.8% |
| 19 | Other | 156 | 1.6% |
| 11 | Finance and Insurance | 103 | 1.1% |
| 12 | Real Estate | 93 | 1% |
| 18 | Repair of Personal and Household Goods / Human Services | 76 | 0.8% |
| 5 | Construction / Civil Engineering | 71 | 0.7% |
| 7 | Transport / Warehousing and Industry Infrastructure | 58 | 0.6% |
| 1 | Agriculture, Forestry, Fishing, Extraction of Minerals from Mines and Quarries | 40 | 0.4% |
| 3 | Repair/Maintenance of Products and Machinery / Industrial Equipment Installation | 35 | 0.4% |
| 4 | Energy / Water Supply - Sewerage Network Management - Waste Collection - Environmental Rehabilitation | 24 | 0.3% |
| | **Total** | **9,577** | **100%** |

# A Significant Project:
# The Avvisami Service with Lario Reti Holding

In 2016 Lario Reti Holding was awarded the 20-year contract for the Integrated Water Service (Servizio Idrico Integrato - SII) in the Province of Lecco, Italy. In March 2019 the Avvisami (Italian for 'Warn Me') service was activated, a project stemming from the idea of including the services offered by MailUp in Lario Reti Holding's communication tools to simplify and improve customer relations. The main objective was to strengthen and extend the contacts channels with citizens, both traditional (counters and call centres) and digital, in order to offer the best customer experience.

Among the main problems in the management of the water service are unplanned service disruptions in certain areas for urgent and compelling reasons (sudden leaks, pipe breakages caused by third party work, system technical problems, power failure, drought). Such disruptions, although not directly related to the quality of the company's work, have a strong impact on the ability to provide continuous service. Since these urgencies are neither predictable nor - often - easily manageable, Lario Reti Holding has opted for transparency and immediacy of communication as a strategy to support citizens.

For this reason, the Company has created a digital alert management system. Customer contacts are listed on a proprietary database, which is queried by a specially developed web-app and which, via API (Application Programming Interface), communicates the geographically relevant contacts and the message to be sent to the MailUp platform, which sends an SMS in real time.
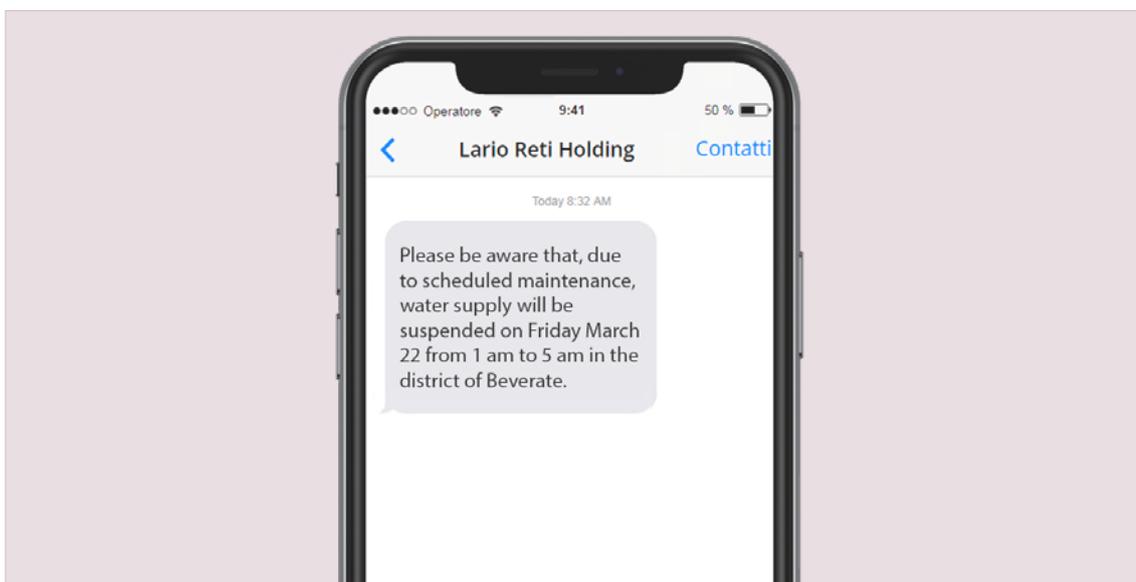
# A Significant Project:
# The Avvisami Service with Lario Reti Holding

Thanks to the full interoperable services offered by the MailUp API, Lario Reti Holding is now able – in a few easy steps – to report the emergencies in real time only to the inhabitants of the concerned districts, narrowed down to specific street numbers.

**Advantages**
- Reduction in customer complaints and inconvenience
- Improved corporate image perception
- Increased subscriptions to the new options introduced by the customer service
- Promotion of culture and respect for water and the environment

**Results (March 2019 vs January 2019)**
- SMS delivery rate: 97.5%
- Written complaints: -5%
- Complaints at the counter: -2%
- Complaints to toll-free numbers: -9%
- Online bill subscriptions: +67%
- Views of the "Work in Progress" webpage: +3%

# 4.2 Innovation, Research and Development

Innovation, research and development are founding elements of the Company's DNA. The nature of the business and the context within which MailUp and its Group operate require maximum endeavours and readiness in terms of evolution in order to remain competitive and to provide the client with the best experience possible.

For MailUp, the constant investment in innovation affects core areas of the business, such as the technological infrastructure, the development of new products and solutions to improve job efficiency.

## New Innovative Multilateral Platform (NIMP) Programme

In 2018, MailUp was awarded EUR 5.1 million in funding as part of the three-year Research and Development project named NIMP - New Innovative Multilateral Platform, developed as part of the Digital Agenda of the Italian Ministry of Economic Development and in particular as part of "Technologies for innovation in the creative industry, content and social media".

This programme has enabled the Company to improve its competitiveness in the marketing relations sector aimed at improving multi-channel services and collaboration. The project includes the participation, among others, of the Politecnico di Milano University as scientific partner.

The planned investments are aimed at creating new services and functionalities integrated with the MailUp platform, such as real-time content customisation, automation and multi-channel services (SMS, email, chat, etc.), with the aim of making customer loyalty strategies available to customers through consumer engagement.

The loan includes a soft facility of EUR 3.5 million from Cassa Depositi e Prestiti, a market standard facility of EUR 0.4 million from Banca Popolare dell'Emilia Romagna, both with five years duration plus three years of pre-amortisation, plus a non-repayable loan of EUR 1.3 million.

The funds will be allocated for investments and costs incurred in the three-year period from 1 March 2018 to 28 February 2021, provided that all the relevant collaterals and corporate actions are taken.

The programme is composed of different phases and has provided for 5 Implementing

Objectives (IO), including one of Industrial Research and four of Experimental Development.

1. **Study of the container infrastructure and architecture:** analysis of the requirements that the infrastructure must meet in order to be reliable, safe and resilient. In this first phase the hardware and software components were identified to lay the foundations for the new platform architecture.

2. **Development of the new delivery software architecture:** implementation of the MailUp multilateral platform. At this stage, pre-production cloud and containerised virtual environments were defined and implemented through specifications derived from IO1.

3. **Automatic functional tests and review:** introduction of an approach for the automation of functional testing with the aim of improving the speed and accuracy of processes, thus reducing risks and impacts on software quality.

4. **Implementation of multi-channel platform functionality:** implementation of the multilateral functionality of the new platform. This phase corresponds to the software development and coding period, i.e. the completion of specifications through the creation of a product beta version and the development of the prototypes designed in IO2.

5. **Testing and analysis of the entire platform:** Functional tests and data collection from the beta release program. The early adopter environment of the new platform, including all the features developed in the previous IOs, is partially ready to be tested through delivery to a restricted cluster of customers who have shown interest in the project, in order to search for possible bugs or errors. In this phase the usability of the software and the compliance of the applications with operational needs was evaluated.

During 2018 the implementation of IO1 and the start of IO2 were carried out successfully, thus designing the new platform architecture and developing the first software components of the platform, and the foundations for IO3 and IO4 were laid.

The degree of progress of the various objectives as at 31 August 2019 (date of the latest interim Technical Report) is shown below.

| IO - Implementation Objectives | Completion Stage |
|---|---|
| 1   Study of the container infrastructure and architecture | 100% |
| 2   Development of the new delivery software architecture | 75% |
| 3   Automatic functional tests and review | 60% |
| 4   Implementation of multi-channel platform functionality | 30% |
| 5   Testing and analysis of the entire platform | 20% |

# Product Innovation

The success of a technological product is directly proportional to its ability to innovate, improve and adapt to the evolution of both customer needs and market scenarios. The development and constant improvement of the platform offered to clients is therefore central to MailUp's strategy, which commits two internal teams, Product and Development, to this end. The release plan is formalised within a roadmap with set deadlines.

How are the new developments defined? MailUp's philosophy has long been based on the *jobs-to-be-done* theory: companies "hire" the MailUp platform to "perform a job", i.e. effectively reach customers and potential customers via email, SMS and Messaging Apps. Under this blanket aim there are more specific "jobs" (such as designing visually and functionally impactful email campaigns, setting automatic triggers, scheduling when and to whom it should be sent, etc.) that the software must allow in the most efficient and intuitive way possible.

Through a constant dialogue with its customer base (more in depth in the following chapters), MailUp is able to identify areas for improvement and needs to be answered, to prioritise them and use them to build the development roadmap.

During 2019, the roadmap saw the release of the following platform features.

**New Statistics Section**

The section was revised not only in its look & feel, but first and foremost in its mechanics. It is the result of about six months of data analysis and customer interviews.

**New Dashboard for Comparing Platform Lists**

The new dashboard aims to provide an overall picture of all activities and strategies in progress with a series of information that can be easily consulted and compared.

**Advanced Filters**

Advanced filters allow companies to fine-tune segmentation rules with the utmost precision and send increasingly profiled and relevant emails.

**Engagement Statistics**

They provide advanced data to track campaign progress and recipient engagement levels. The aim is to bring companies closer to these metrics and make them easier to digest.

# 4.3 Quality of Services

In its relationship with its customers, MailUp puts the utmost care to provide services that guarantee the full satisfaction of users.

In order to achieve this objective, MailUp implements, on the one hand, a strict monitoring of its systems performance, and on the other, appropriate procedures for selecting best-in-class partners.

## Guarantee of Service Continuity

The quality offered by MailUp to its customers finds an immediate measurement method in view of the continuity, stability and speed of the service provided. In point 5.1 of the Platform License Agreement, signed by all customers and available at the page mailup. com/platform-license-agreement, the Company is committed to making the MailUp platform usable with an up-time availability rate of 99%, 24 hours per day and 365 days per year, with the aim of minimizing inconvenience, down-time and interruptions to its customers.

Compliance with this requirement is ensured through constant monitoring of server performance, through analysis carried out by Pingdom[2].

Pingdom's analysis takes into account several parameters to define service levels (for MailUp, sending operations from platforms, receiving content from customers, access to platforms). All the mentioned services showed service levels in excess of 99.8% in 2019.

In case of scheduled maintenance, the potential impact on customers' activities is minimised by a series of precautions:

- **Timely and clearly visible communication** on the platform of the timing and duration of service interruptions, planned whenever possible in low traffic days and times (e.g. weekends and/or night hours)
- **Activities are split** across customer clusters, so that there is never a general service interruption for the entire customer base
- **100% redundant infrastructure** at physical or application level: each customer's database resides on at least two servers (physical and/or virtual), so that the risk of data loss is minimal

---

[2] Pingdom is a Swedish based company that offers a variety of different services, such as up-time monitoring, page speed monitoring, transaction monitoring, server monitoring and visitors profiles.

# Nutanix Hyper-Converged Infrastructure

In order to ensure an ever-improving level of performance and reliability of the systems, a selection process for a new partner was opened in 2018 to introduce a hyper-converged system in the infrastructure.

The objective was to improve service continuity, minimise interruptions for customers and reduce the cost of troubleshooting[3] operations.

The partner identified for this service is Nutanix, a leader in the hyperconvergence sector, which develops and provides customers with an entire suite of "as-a-service" solutions already integrated in the management software. In addition, it supports Microsoft Hyper-V hypervisor, a key feature that has enabled MailUp to make its way to hyperconvergence.

The result was an improvement in the provisioning time of a Structured Query Language (SQL) server from two days to approximately one hour, alongside increased ease of management. The next step in the evolution of the infrastructure is to move from the Acropolis virtualisation system to advanced features provided by Nutanix, such as Karbon or hybrid clouds (public and private).

## SUPERNAP datacenter

From an infrastructural point of view, a datacenter is the crux of the Company business, since it houses all the equipment that governs processes, communications and services in support of any activity. For this reason, choosing a datacenter with the highest performance in terms of efficiency, security and sustainability is critical to determine the quality of service provided.

In 2019, after a thorough selection process, MailUp moved its activities from the A2A Smart City datacenter to SUPERNAP, the most advanced in Southern Europe.

SUPERNAP Italia S.r.l. was established in 2014 to build and manage the first datacenter in Europe, located in Italy, on behalf of SUPERNAP International, a company created by Switch, Ltd. and the ACDC Fund. Switch was founded in 2000, headquartered in Las Vegas, Nevada, and aims to achieve smart and sustainable growth of the Internet. Its founder and CEO, Rob Roy, has developed more than 500 patents that have been implemented in SUPERNAP datacenters.

---

[3] In computer science, a list of known problems accompanied by their solutions, which aims to help the users in the difficulties they encounter in using a device, software, etc.

The premises are completely occupied by the datacenter and were built from scratch for this purpose. The building has been designed and built following the latest Switch datacenter construction criteria (it is a copy of the Switch LAS VEGAS SUPERNAP 9 datacenter), adapted to the highest Italian standards and regulations. A special local adaptation has been applied for seismic criteria, fire protection and safety.

Located in Siziano (Province of Pavia, Italy), SUPERNAP only uses renewable energy systems. The system consists of 3 independent colour-coded power sources to ensure high resilience. Each power source operates at 66% of its capacity to optimise the performance and longevity of the equipment. The energy is supplied to the customer from two separate sources. However, if one of the sources is faulty or under maintenance, the power is transferred to the other two systems, providing the customer with exactly the same level of power without any interruption.
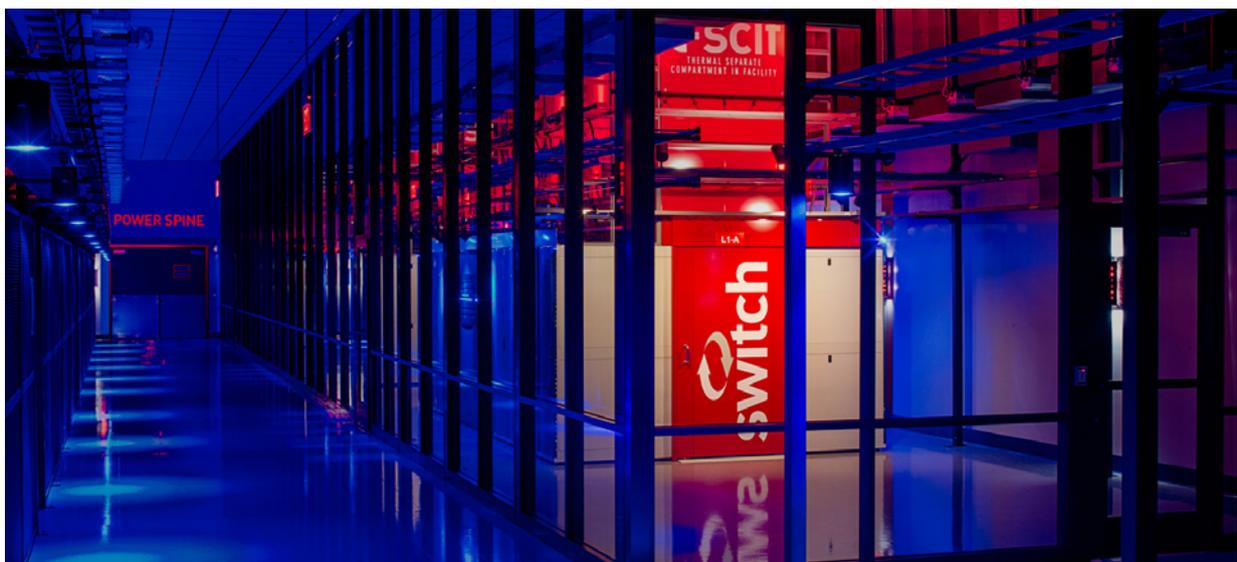


In addition to electricity monitoring, SUPERNAP made material interventions in the cooling service, through the use of T-SCIF (Thermal Separate Compartment in Facility) technology, which maintains 100% separation of the hot air, created by the servers, from the cold air, provided by the TSC500, through a hot aisle and dedicated plenums. TSC500 is the 'smart' HVAC system, also patented by Switch, which makes cooling more efficient.

Security staff members hold military and security experience and must complete an extensive training at a proprietary security academy that teaches advanced skills in surveillance, detection and other tactical protection measures.

## AWS Partner Network

MailUp uses service providers and partners only after having verified that they can provide an adequate level of security, privacy and specific guarantees that the data can be handled entirely in Europe. For the provision of network support services and archiving of images uploaded by customers, MailUp uses Amazon AWS, which complies with international and industry-specific standards.

MailUp is an AWS Select Technology Partner, within the AWS Partner Network (APN) certification program. The aim of the programme is to help partners build a sustainable business model and expand the use of AWS best practices. MailUp has access to APN Partner Central, a section of the AWS website exclusively accessible to APN partners that offers them tools and useful content to grow their activities in AWS.

Through APN Partner Central, partners have access to both technical and business training courses, can request marketing assistance or support, download dedicated content (training and certification materials) and communicate with other AWS partners around the world. In addition, it enables to reach new customers, diversify the business, acquire skills, be recognised globally as an AWS partner, but most importantly, validate and demonstrate the AWS experience also through Competencies programmes.

# 4.4 Customer Satisfaction & Relationship Management

MailUp believes in continuous communication with its Stakeholders and, in particular, with its customers. The MailUp customer satisfaction rate is constantly monitored through quantitative (such as the Net Promoter Score - NPS) and qualitative scoring (through surveys, interviews, user testing and workshops). The objective is to gain thorough knowledge, across all phases of the customer life cycle, of the client's experience, needs and platform use, in order to constantly improve the solutions proposed and intercept any critical issues at an early stage.

User experience is so central to MailUp's vision that a central User Experience department was created in 2019, with the aim of building a design culture and transforming the Group into a *design organisation*.

## Net Promoter Score

One of the solutions adopted since 2017 to collect feedback and monitor the quality of service consists in measuring the Net Promoter Score, an indicator that measures the proportion of "promoters" of a product, brand or service, compared to "detractors". This metric, created in 2003[4] , is among the most widely used and recognised on the market.

The NPS is based on a single question to be submitted to the user of the service: *"How likely are you to recommend this product/service/site to a friend or colleague?"*, with available answers ranging from 0 (*"Not at all likely"*) and 10 (*"Extremely likely"*). The answers provided by customers are classified as follows:

- **0-6 = Detractors:** unhappy customers (score -100)
- **7-8 = Passive:** satisfied but indifferent customers, considered "neutral" in the calculation of NPS (score 0)
- **9-10 = Promoters:** happy customers (score +100)

Subtracting the percentage of Detractors from the percentage of Promoters yields the Net Promoter Score, which can range from a low of -100 (if every customer is a Detractor) to a high of 100 (if every customer is a Promoter).

---

[4] The metric was introduced in 2003 by Fred Reichheld in the article "The One Number You Need to Grow", which appeared in the Harvard Business Review and is available at the URL hbr.org/2003/12/the-one-number-you-need-to-grow. It is a registered trademark of Fred Reichheld, Bain & Company and Satmetrix.

In the course of 2019 MailUp collected the evaluation of all its clients through the use of the Net Promoter Score. The total number of opinions expressed is 11,208, divided as shown in the graph below.

The resulting NPS score is 34, i.e. above the Software & Apps industry average of 30[5].

## NPS Distribution At 31 December 2019 (Number of Opinions Expressed)

| Detractors | Passive | Promoters |
|---|---|---|
| 1,470 | 4,409 | 5,329 |

0      4,000      8,000      12,000

● Detractors  ● Passive  ● Promoters

---
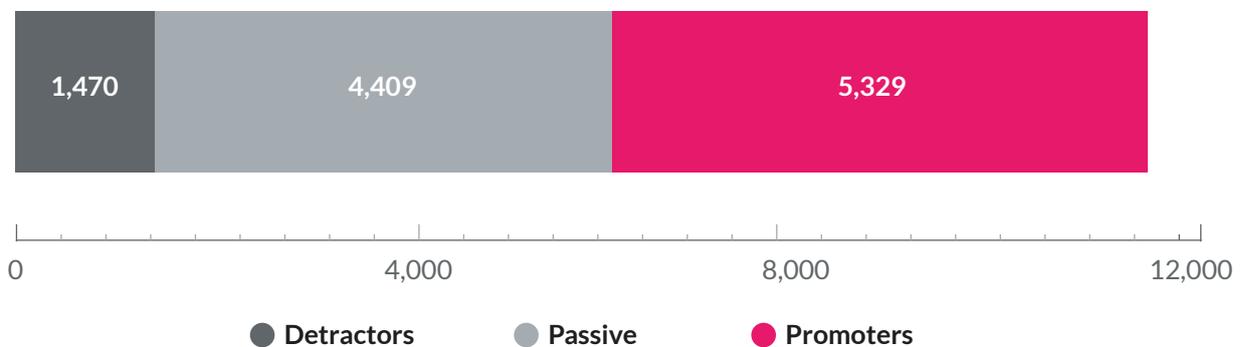
[5] US 2019 figure calculated by Satmetrix in the report "Net Promoter Benchmarks", available at satmetrix.com/wp-content/uploads/2020/02/2019-Benchmarks.pdf.

# Interviews, Surveys and Focus Groups

MailUp enhances the opinion of its Stakeholders not only through the collection of quantitative data, but also through the participation of selected groups of customers in decision-making processes related to the development of products and services. MailUp customers are periodically interviewed through various routes (online surveys, individual interviews, card sorting, user testing, focus groups and workshops), which provide decisive input to the design of product features or consultancy services to be developed or improved.

In 2019:

- 48 customers participated in product evaluation activities and shared their user experience
- 385 customers expressed their opinions about the product through online surveys. During the last three months of the year, these clients were individually contacted in order to explore in detail their needs and the difficulties encountered
- 15 clients took part in a workshop dedicated to the positioning of the MailUp brand

The methods used in 2019 to collect customer insights are detailed below.

### Online Surveys

Online surveys are used to intercept actual platform users and understand their real needs. Surveys can vary in type and involve several kinds of customers, according to the matter to be investigated: the main variables are the frequency of use of a feature and the type of contract signed.

In 2019, 6 surveys were proposed through the platform, either before releasing a new feature, in order to obtain a specific assessment and to identify potential issues to tackle during the development phase, or after its release, to detect the level of satisfaction and convey requests for future platform developments. These surveys received 3,492 views and 385 responses.

### User Testing

User testing allows to preview, through an individual customer interview, a new feature or an update of one or more sections of the platform, using the feedback collected to correct or improve the experience before the official release.

Customers to be contacted are selected from among the most active users of the section or feature in question, so that their opinion is statistically very relevant. The interview is carried out using a navigable prototype, is recorded and then processed to extract insights. The evidence collected is then transformed into development input.

### Card Sorting

Card sorting is a technique used to organise the information architecture (i.e. content) of websites or other complex environments, such as the MailUp platform. Through virtual cards (managed through a collaborative application) it is possible to understand how users interpret space and content in a given context, and therefore how they will look for information. The criteria for customer involvement and workflows are very similar to those described for user testing.

### Interviews

Interviews provide for a more flexible way to fully understand customer views on different aspects of their experience. For example, if a feature is released gradually on certain client groups, a follow-up interview enables to assess its effectiveness and impact on strategies or workflows.

Interviews carried out in 2019 involved recently acquired clients to evaluate the selection process of the platform in all its phases (scouting, commercial offer, activation and first use). The interview in this case allows to understand the perception of the product on the market, to identify its strengths and weaknesses, and to go in depth into the decisions and purchasing paths in relation to the offer of other players.

### Workshops

As part of a project to redefine its market positioning, in 2019 MailUp invited a selected cluster of fifteen clients to participate in a one-day collaborative workshop. Clients were asked to collaborate in identifying the main characteristics of the Company, through interviews and teamwork supported by an experienced external partner.

Thanks to the contribution of its clients, MailUp gathered the necessary input to accurately reshape some of its services, so that they respond adequately to the needs expressed by the clients themselves.

## Customer Support Service

MailUp has a team dedicated to Customer Support, focused on providing assistance in carrying out specific activities, solving problems and – in some cases – consulting on how to improve the use of the platform and prevent critical issues (when related to user-specific practices) from happening again.

In 2019 the Support service has increased the number of its activities to guarantee faster and more effective assistance, with the aim of giving customers the peace of mind deriving from a reliable infrastructure and the expertise of a team always available for them.

Through the identification of new channels and interaction touchpoints with customers, in 2019 the Support service was restructured into three levels:

- **Email support**: the standard support plan provided for all customers. It allows to receive assistance via email and the possibility to open a ticket from the platform
- **Phone support**: includes telephone assistance and is the default support plan for Pro editions
- **Priority support**: support plan with absolute intervention priority, reduced SLA and average resolution time within 24 working hours

At the same time, MailUp has worked towards a constant improvement of service timeliness.

To assess the quality of the service provided by the MailUp Support team, the most significant criteria are ticket assignment time, first reply time and resolution time. In 2019, about 15,000 tickets were handled, a figure comparable to 2018, 30% of which were received by telephone, 37% by email and 33% through the platform.

The following page shows the results achieved.

Compared to the previous year, the average first reply time (meaning the time taken by Support agent to register the ticket or enquiry) improved by 69% (approximately 42 minutes vs 112).

First replies were given in less than one hour in 70% of cases and in less than one working day in 18%. Only 3% of the enquiries received a first response after 24 working hours. As can be seen from the graphs below, there has also been an equally important reduction of the longest queues.

## Reply Time 2019 vs 2018

**2019**  **2018**



● 0-1 hour   ● 1-8 hours   ● 8-24 hours   ● 24+ hours
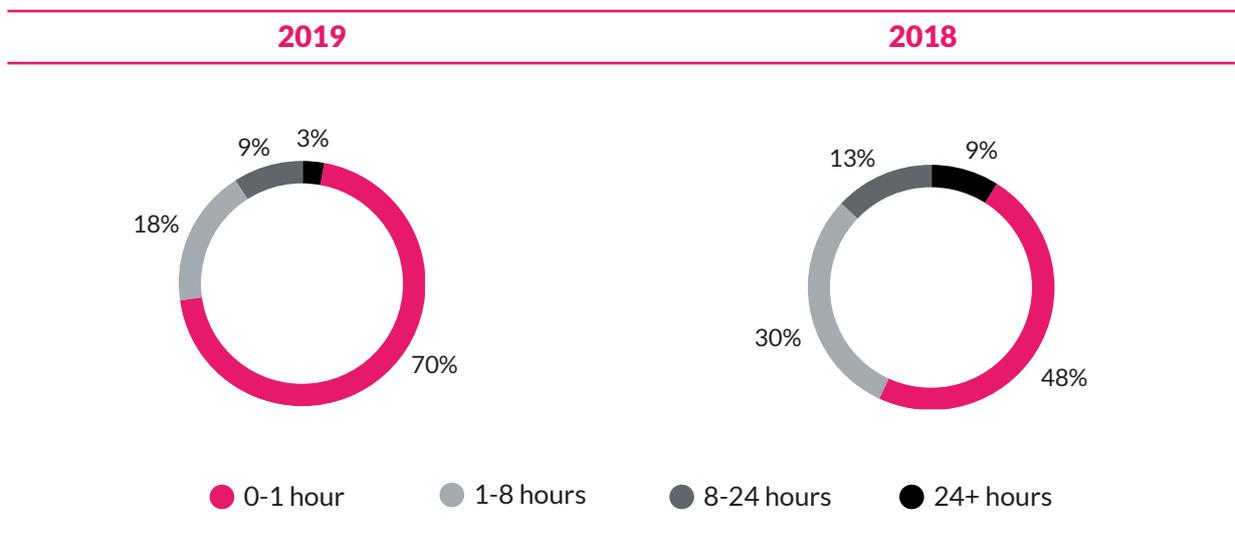
The average ticket resolution time was 12 hours, which marked an improvement by 30% compared to 18 hours in 2018.

Customer satisfaction rate, recorded through post-interaction surveys, reached 97.4% on a sample of respondents equal to 26.2% of the interactions carried out – percentages in line with the previous year.

## Customer Satisfaction Rate 2019



● Satisfied

● Not satisfied
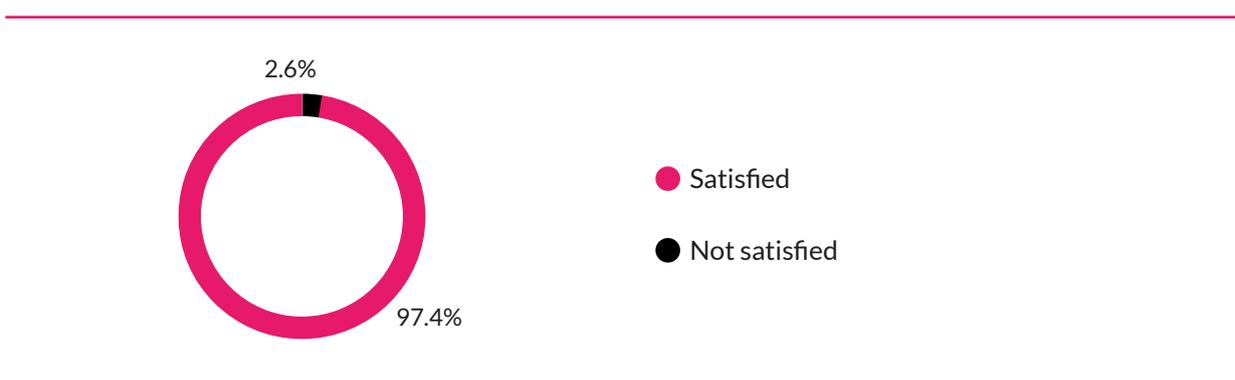
# Events

The events in which MailUp participates are a privileged source of contact to get to know customers and foster a stable and long-term relationship. In 2019 MailUp attended 17 trade events in Italy as sponsor, partner or speaker, including Global Summit, Festival del Fundraising, Richmond Digital Communication Forum, World Business Forum and WOBI on Digital Transformation.

In addition, every year MailUp organises a training and networking conference and allocates a percentage of available seats to its customers. Besides being an occasion of professional training, the event also provides a platform for meeting and networking with customers from Italy and abroad.

## MailUp Marketing Conference

MailUp Marketing Conference (marketingconference.mailup.it) is the open event organised by MailUp in 2017 and 2018, it is open to the public and dedicated to digital marketing professionals. The event is hosted in the prestigious location of Palazzo Mezzanotte (historical headquarters of the Stock Exchange) in Milan. The event gathers over 400 marketers from all over Italy and brings on stage digital professionals from all over the world. The top speaker of 2018 edition was Chris Messina, inventor of the hashtag and tech evangelist. The 2019-2020 edition, scheduled for May 2020, has been postponed to a later date due to the Covid-19 emergency.

# 4.5 Privacy and Cybersecurity

MailUp supports companies in ensuring data protection and privacy. For this reason, it has always operated in a context of total transparency, committing itself to regularly share information about data management and in-depth training content with its customers and other Stakeholders.

Moreover, in order to enable relevant, personalised and lawful communication, it provides all customers with the necessary tools to comply with the new General Data Protection Regulation (GDPR, EU Regulation no. 2016/679) simply and straightforwardly.

By updating the Data Processing Agreement (DPA) and Art. 2.3 of the MailUp License Agreement (available at mailup.com/platform-license-agreement), the organisation aligned with the requirements introduced by the GDPR. The new legislation requires companies to re-evaluate their data infrastructure and personal data processing. To facilitate this process, MailUp conducted careful analysis to take advantage of the platform high flexibility and has integrated the most suitable solutions to smooth the transition to new requirements.

MailUp's commitment to security and data protection is based on four pillars:
- Active commitment to ethical Email Marketing
- Safeguarding end users from illegal spam activities
- Protection of customer data
- Infrastructure compliance and data protection on customer platforms

## Active Commitment to Ethical Email Marketing

MailUp's philosophy and approach have always been based on stricter standards than those required by applicable rules - long before GDPR. MailUp has always been globally recognised as an excellence in the industry in terms of proper management of personal data and virtuous innovation in doing Email Marketing in an ethical and effective way.

Over the years, MailUp has made a progressive selection of its customer base based on compliance with extremely restrictive standards in terms of good email sending practices. It has voluntarily turned down several high-end customers who did not comply with the strict self-imposed standards (even if they operated within the regulatory limits), hence always putting the soundness of the infrastructure and the correct provision of services to compliant customers ahead of (lost) turnover. This broad vision has brought significant benefits in the medium-long term in terms of reputation, quality of service provided and solidity of performance.

## Round Tables and Working Groups

MailUp is part of the Certified Sender Alliance, the Email Service Provider Coalition and the M³AAWG (Messaging Malware Mobile Anti-Abuse Working Group), the working group that brings together all the major players in the industry and defines policies and standard improvements.

MailUp promotes the definition of new rules and actively participates in the ratification of messaging standards within the international community of organisations and providers.

## Training and Dissemination Activities

To promote the dissemination, awareness and adoption of good practices, MailUp also invests in training activities for its customers and the general public. During 2019, MailUp structured a complete training programme consisting of 3 webinars, 1 online course and 2 classroom courses on the subject of personal data processing, cybersecurity, online profiling and the new GDPR legislation. In 2018 it had organised as many.

For this project, MailUp relied on the support of Marco Maglio – Lawyer, Founder of Lucerna Iuris and Chairman of the European Observatory on Data Protection, pictured here below –, recognised as one of the top international experts in the field of personal data protection and collaborator of MailUp on several projects for many years.

# Safeguarding End Users From Illegal Spam Activities

All customers are required to upload their contact list in a manner which not only complies with regulations, but also with the industry most stringent best practices: these databases are not shared, disclosed or edited. The service offered by MailUp does not include the sale or sharing of email addresses under any circumstances. The same rigour is required of customers: lists purchased or otherwise acquired by third parties are not accepted.

All links contained in emails, including any redirections, are automatically controlled by the systems to prevent spam, malicious use of the platform and data theft (including personal data). Roles and data access are regularly checked.

### Permission-Based Email Marketing

MailUp applies a strict antispam policy: it prohibits any form of email sending without prior, willing and specific, informed and unequivocal consent. Coherently, MailUp implements a rigorous and constant reviewing process (vetting) of the customers and their work, based on M$^3$AAWG best practices.

### Abuse Desk Service

MailUp maintains a full-time Abuse Desk service, experts of which carefully check spam reports sent by customers' recipients. In case of verified spam, the Abuse Desk will limit or suspend the service.

### Authentications

Security is not limited to the use of the platform, but is also a requirement for the communications sent by each customer. MailUp promotes the use of the DKIM standard (DomainKeys Identified Mail) and DMARC protocol (Domain-based Message Authentication, Reporting & Conformance) for sending messages through the platform.

The former is an authentication system that allows to "certify" that the content of the message received by the recipient is the one originally sent by the sender. This way, the entire email is encrypted, thus making alterations and unauthorised readings of the message impossible until it reaches its destination. The latter is a protocol that allows the owner of a domain, who is also the sender of email messages, to request email providers not to deliver messages that appear to come from their domain but have not been sent by servers being authorised and with the appropriate level of security. This mechanism is useful to prevent phishing and spoofing attacks.

# Protection Of Customer Data

MailUp has a dedicated Privacy and Compliance team, coordinated by a Data Protection Officer, who oversees the organisation security and compliance with applicable laws in collaboration with the corporate Legal department.

All employees and collaborators, especially those who may have access to customer data, have received appropriate security and privacy training as well as clear instructions to be followed to safeguard confidentiality, integrity and availability of data.

# Infrastructure Compliance and Data Protection on Customer Platforms

The MailUp platform and its infrastructure meet the accountability criterion as required by the European Regulation no. 2016/679 (GDPR). Security policies are regularly assessed and reviewed to ensure their conformity with the highest standards of data protection compliance, including a datacenter located in Italy, a Data Loss Prevention (DLP) protocol, Threat Protection systems and periodic Vulnerability Testing.

### Access Security

Each MailUp customer has the ability to access the platform with the main administrator credentials and create additional users with exclusive or shared access to one or more platform lists.

Any data uploaded by customers is saved in its systems, giving customers full control on the management, search and access modes.

### Multi-Tenant Databases

From an infrastructural point of view, the MailUp platforms structure is multi-tenant, as the most modern "software-as-a-service" applications. Since customer privacy and security have always been a priority, MailUp has maintained a customer-specific database (database-per-tenant).

This solution has several advantages: physical separation of data for each customer and a very high degree of flexibility both in terms of encryption and data recovery.

## Encryption

MailUp physically protects the data by a methodology that does not allow the extraction of sensitive data in case of theft of physical storage devices. The technology used to store data on physical devices aims to improve performance, make the system resilient to the loss of one or more disks and allow media replacement without interrupting service.

MailUp applies TLS / SSL cryptographic protocols, which use symmetric encryption based on a shared key to provide communication security while ensuring data integrity on the network. Within the TLS / SSL, a block encryption algorithm named AES-256 (Advanced Encryption Standard) replaces DES (Data Encryption Standard) and RSA 2048 public key encryption technology.

## Data Loss Prevention (DLP)

Data loss prevention functions are critical, as they prevent sensitive information from being shared without authorisation. An organisation's data is critical to its success: it must therefore be immediately available to enable decision-making, and at the same time protected to prevent it from being shared with unauthorised recipients.

For this reason, MailUp implemented a series of organisational and technical measures - Data Loss Prevention (DLP) - which not only ensure that customers are prevented from unauthorised access, but also that all authorised accesses are adequately secured.

## Threat Protection

MailUp employs advanced systems for virus detection in email (both inbound and outbound), spoofing (use of counterfeit senders) and adopts a specific antispam policy, as well as anti-phishing analysis tools and advanced threat protection such as spear phishing. The servers are regularly and automatically updated with the latest security patches.

## Firewalls

The entire corporate infrastructure is protected by several integrated network firewalls. There are also firewalls for web applications and IDS (Intrusion Detection System) devices that are used to monitor computer resources (patterns). Also thanks to precise analysis of data traffic, carried out by highly specialised internal staff, it is possible to detect attacks on the network or computers where the Intrusion Detection Systems act as "anti-theft".

## Multi-Factor Authentication

Multi-factor authentication is an authentication method that requires more than one verification method, where at least a second level of security is added for user access and transactions. This method is used by system administrators and on Google and Amazon services.

## Vulnerability Assessment

MailUp cyclically performs vulnerability tests on all systems of the infrastructure and the clients connected to it. In addition, it regularly performs security penetration tests, using different suppliers, consisting of high-level server penetration tests, in-depth testing for vulnerabilities within the application, and social engineering drills. Vulnerability tests may also be authorised by third parties.

## Incident Management

MailUp has an incident management process for security events that may affect the confidentiality, integrity or availability of systems or data. If an incident occurs, the security team records and prioritises according to its severity. Events that have a direct impact on customers have the highest priority.

# Ch. 5

# Connection with Employees

MailUp considers people a strategic resource placed at the heart of the service offered, so it values the work and experience of its employees by ensuring optimal working conditions, respect for human rights and transparency in the staff selection process.

For MailUp it is essential that every employee contributes to the creation of value and the development of the organisation in an environment that promotes well-being, merit and development of people in line with the principles and values of the Company. The real value is to involve employees in the definition of corporate strategies through the construction, sharing and implementation of innovative management and organisational change policies.

Employment relationships are governed by the provisions of the Italian Civil Code (Codice Civile) and the National Collective Bargain Agreement covering 100% of the staff.

As at 31 December 2019 MailUp had 152 employees, compared to 145 in 2018. MailUp usually entrusts certain activities to third parties: in 2019, 29 external collaborators were appointed.

Below are selected summary data to provide a complete overview of the composition of MailUp staff.

## Details of Inbound and Exit Turnover as at 31 December 2019 (No. of Individuals by Age Group)



Legend:
- Inbound / Women — Turnover 15%
- Inbound / Men — Turnover 15%
- Exit / Women — Turnover 12%
- Exit / Men — Turnover 8%
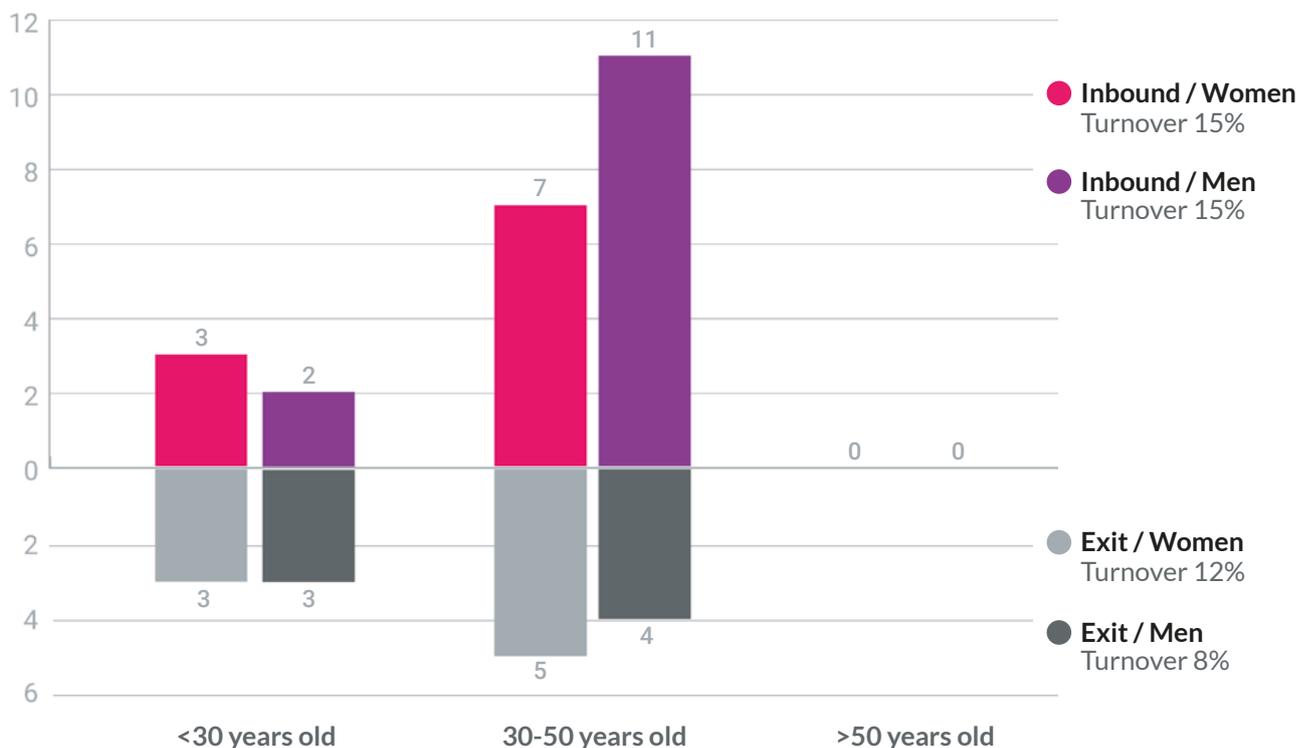
# Number of Employees by Age Group and Professional Qualification

| | <30 years old | 30-50 years old | >50 years old |
|---|---|---|---|



**Legend:**
- Office Employees
- Senior Staff
- Executives
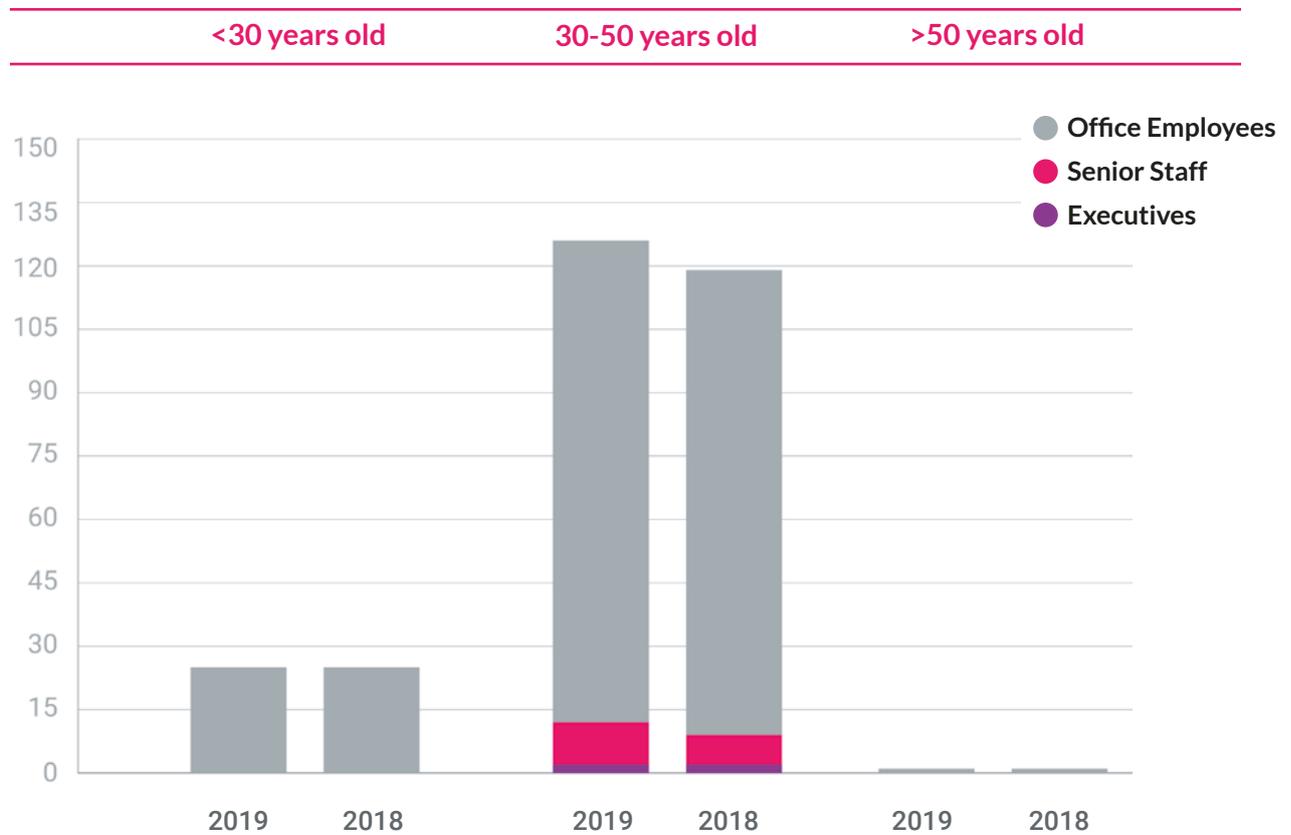
| | **2019** | | | | **2018** | | | |
|---|---|---|---|---|---|---|---|---|
| | <30 | 30-50 | >50 | Total | <30 | 30-50 | >50 | Total |
| Executives | 0 | 2 | 0 | 2 | 0 | 2 | 0 | 2 |
| Senior Staff | 0 | 10 | 0 | 10 | 0 | 7 | 0 | 7 |
| Office Employees | 25 | 114 | 1 | 140 | 25 | 110 | 1 | 136 |
| Total | 25 | 126 | 1 | 152 | 25 | 119 | 1 | 145 |

## Number of Employees by Gender and Type of Contract (Full Time - Part Time)

| Full Time | Part Time |
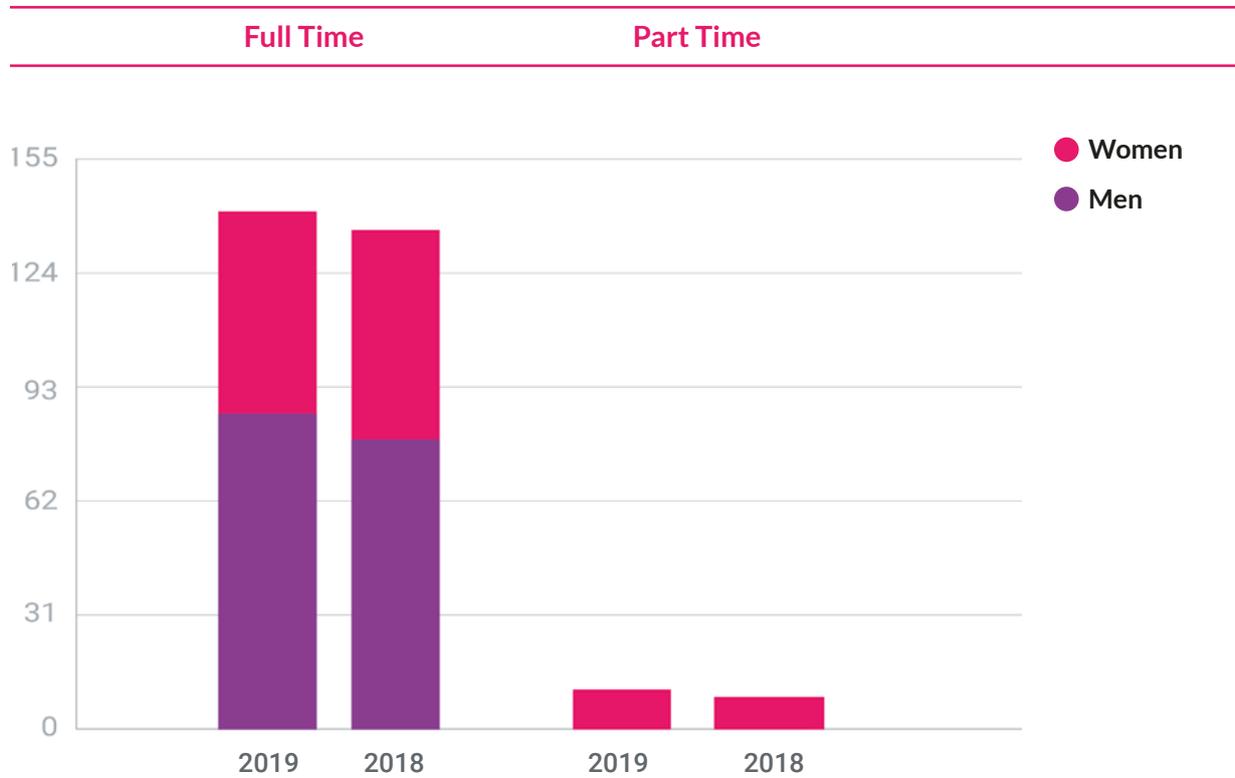


● Women
● Men

|  | **2019** | | | **2018** | | |
|---|---|---|---|---|---|---|
|  | Men | Women | Total | Men | Women | Total |
| **Full Time** | 86 | 55 | 141 | 79 | 57 | 136 |
| **Part Time** | 0 | 11 | 11 | 0 | 9 | 9 |
| **Total** | 86 | 66 | 152 | 79 | 66 | 145 |

## Number of Employees by Gender and Type of Contract (Permanent - Fixed-Term)

**Permanent**      **Fixed-Term**
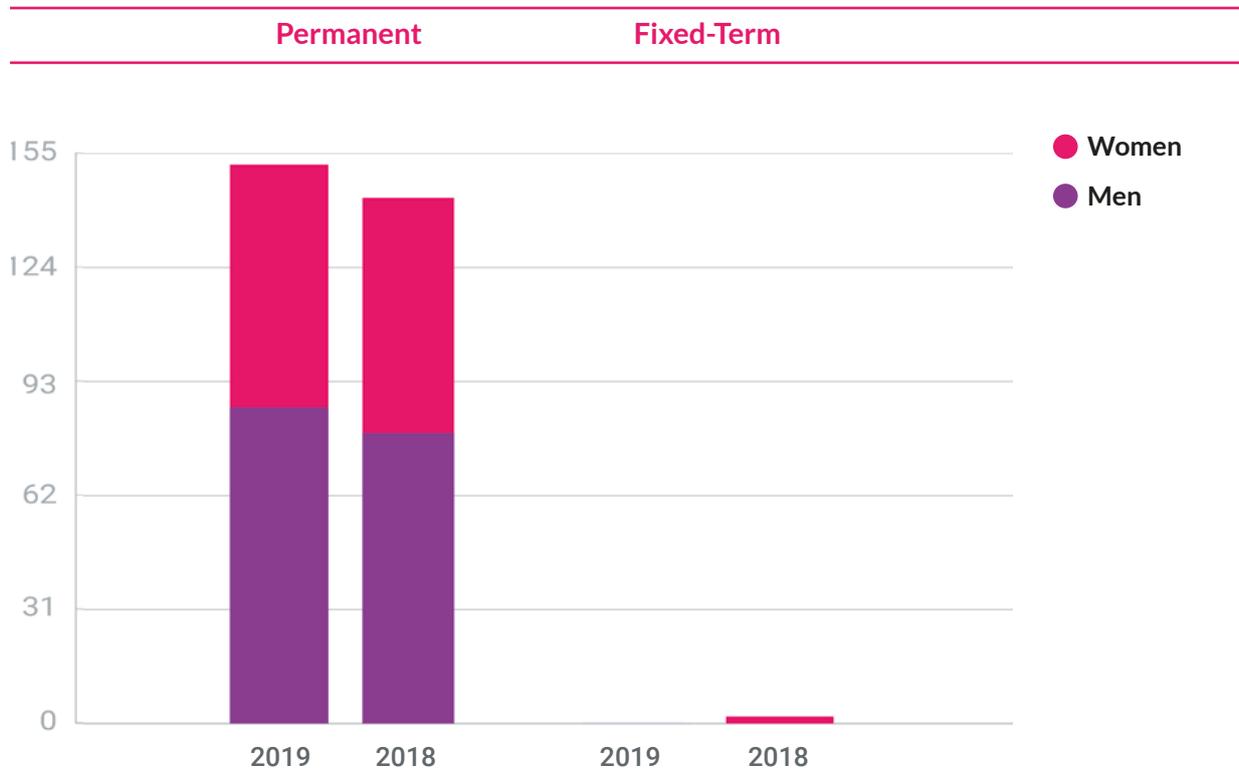
● Women
● Men



|  | **2019** | | | **2018** | | |
|---|---|---|---|---|---|---|
|  | Men | Women | **Total** | Men | Women | **Total** |
| **Permanent** | 86 | 66 | 152 | 79 | 64 | 143 |
| **Fixed-Term** | 0 | 0 | 0 | 0 | 2 | 2 |
| **Total** | 86 | 66 | 152 | 79 | 66 | 145 |

# 5.1 Training

MailUp heavily invests in the training of its employees as it considers training fundamental for the professional development and expansion of the skills present in the Company.

In the case of a new hiring, a specific training course on issues related to the Italian Legislative Decree 231/2001 is required. The course, in e-learning mode, illustrates the general principles of the decree and provides guidance on the model and code of ethics adopted by MailUp. The general and special parts of the model are published on the Company intranet and are always accessible to all employees.

One of the main courses envisaged in the 2019 training plan was the "Performance Management 4.0" management training course, born from the idea of starting to implement a culture of feedback and working by objectives. Specialist training courses were then activated in the various areas of expertise both through courses held by external bodies and, as in the Sales area, by organizing a course with a dedicated external trainer.

Part of the budget was devoted to foreign language training courses and another part to certifications, in particular AWS. In addition, hours of internal training were provided, in particular on programming languages or specific programmes. In addition to this, many courses were conducted through the online platform UDEMY, pictured below.
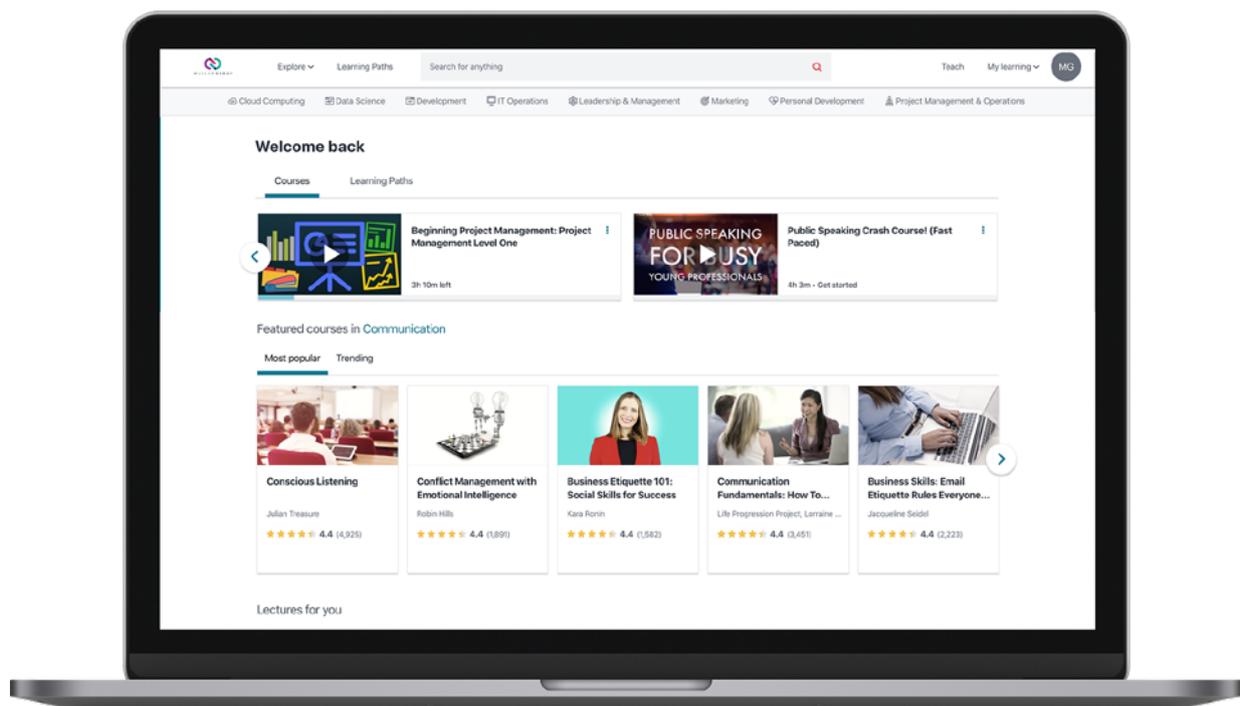
## No. of Training Hours by Professional Qualification

| Executives | Senior Staff | Office Employees |
|:---:|:---:|:---:|

● **Women** ● **Men**
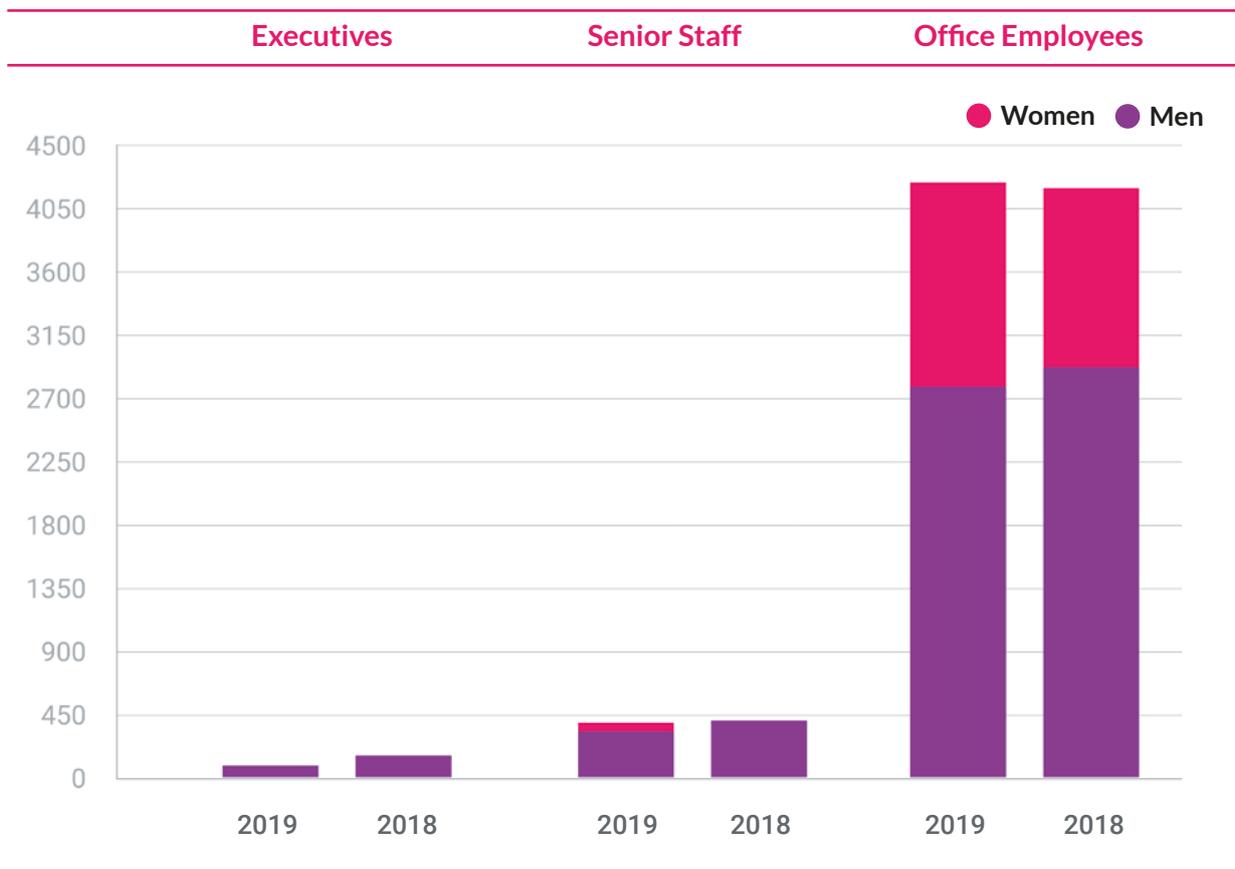


| | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|
| | Men | Women | **Total** | Men | Women | **Total** |
| **Executives** | 84 | 0 | 84 | 154 | 0 | 154 |
| **Senior Staff** | 325 | 62 | 387 | 403 | 0 | 403 |
| **Office Employees** | 2,364 | 1,389 | 3,753 | 2,912 | 1,273 | 4,185 |
| **Total hours of training provided** | 2,773 | 1,451 | 4,224 | 3,469 | 1,273 | 4,742 |

# 5.2 Health and Safety of Employees

The protection of human resources is one of the fundamental principles of MailUp's Code of Ethics: the safety, health and well-being of employees and all the people who, for whatever reason, work for MailUp, are its fundamental values.

The Company, through management software, manages payments and communications to its employees and monitors information such as accidents, illness and attendance. No accidents at work or while travelling were recorded during the 2019 financial year. In 2018, there had been only one accident while travelling.

The Company is followed by an external Head of the Prevention and Protection Service who is responsible for updating the Risk Assessment Document, performing site audits, holding periodic meetings and evacuation simulations.

All employees take mandatory safety training through an online platform and the HR department monitors the need for periodic training renewal.

## Focus on Trends in Accident Frequency and Severity Indices

|  | 2019 | 2018 |
|---|---|---|
| **Accident frequency index** <br> (No. of accidents per million hours worked) | 0 | 0 |
| **Accident severity index** <br> (No. of days lost due to injury out of thousands of hours worked) | 0 | 0.68% |
| **Rate of occupational diseases** <br> (No. of occupational diseases per million hours worked) | 0 | 0 |

# 5.3 Active Involvement of Employees

Following the admission to trading of its ordinary shares on the AIM Italia market and the completion of the acquisition of several companies, in 2017 MailUp decided to create general support structures at group level, including the Human Resources (HR) Department.

The starting point was to build an HR vision shared by the whole organisation starting from people's needs and the awareness that, in a sector where digital sciences are predominant as MailUp's, it was necessary to adopt a more technological and innovative approach.

From this need, in January 2018 MailUp defined an HR Vision expressed in a People Strategy, with the aim of implementing a 3-year plan to develop the main HR processes and start a Change Management path for the whole Group. The plan was launched gradually, starting from the Group's business priorities and cultural readiness.

The main initiatives launched in the first two years (2018 and 2019) and those planned for 2020 are listed below.

# Culture Identity Project

The definition of a cultural identity at Group level in 2018 was the starting point for the People Strategy. This project aimed to identify the Mission, Vision and Values in which all the people at MailUp can identify themselves – within and outside the Company.

Following this approach, the project was set up with a bottom-up methodology, which involved all employees through internal surveys, workshops and laboratories. Once the Culture Identity was defined, an internal communication plan was launched with the aim of reinforcing the core values and behaviours within the Company.

The finalisation of this first project allowed to start the implementation of new HR processes and new initiatives.

# Smart Working Project

The Smart Working project aims to lead and accompany change through organisational leverage, contributing to the growth and development of a flexible and sustainable business solution. The start of the project was preceded by a readiness analysis, with the aim of assessing how ready the Company population was to start a path of change.

The trial phase started on 5 November 2018 and allowed the employees who entered the pilot to work in places other than their usual location up to two days a week, which could not be split into halves. The trial phase was completed in May 2019 and Smart Working was extended to the entire Company population.

Smart Working as organised by the Company allows employees to work in places other than the Company premises up to a maximum of three days a week, which can also be split into half-days. Smart workers are required to ensure that at least 50% of the work time happens within normal working hours, i.e. between 9:00 and 18:00, in order to ensure that other colleagues can reach them.

To facilitate remote communication, several tools have been provided, some for internal communications and some others for meetings and calls. Access to the initiative required participation in an online training course, structured in video clips and focusing on accountability and safety. The HR and IT functions collaborated in creating a general dashboard, joined for each department by a specific dashboard that allowed to evaluate the effectiveness and efficiency of the project from the start of the pilot project.

After the first pilot months, a survey was carried out to assess the impact of Smart Working under a number of points of view. The survey, which involved 46 people, showed the following aspects:

98% of smart workers work predominantly from home, with a more flexible management of working hours in 95% of cases.

The impact of Smart Working was extremely positive: in 58% of cases it had a positive impact on all types of activities (concentration, collaboration, communication and creativity) and a very positive impact particularly on concentration activities (in 70% of cases).

Smart Working has contributed positively to the improvement of the work-life balance for 74% of people and in 59% of cases had a positive impact on productivity. No negative effects were reported.

The time saved from commuting was reinvested in 40% of cases in favour of the family, in 24% of cases in domestic activities and in 11% of cases in work activities.

The positive perception of Smart Working was linked to accountability (83%), autonomy (78%) and flexibility (76%).

The HR Department has witnessed a great enthusiasm for the project. Employees spontaneously created a specific channel on the internal communication tool to share photos of their remote working stations and activities.

## Pulse Survey

MailUp has introduced a workplace climate analysis to increase the proximity and relationship between the Company and its people.

This type of analysis makes it possible to periodically test the health of the working environment, its perception and recognition by employees.

Measuring employee satisfaction provides a useful snapshot and a starting point for planning future Company policies and implementing rapid and effective action.

On 10 April 2018, the first anonymous employee satisfaction survey was sent out with the following goals.

- Measure employees' involvement
- Give voice to all people
- Promote organisational growth

Listed below the main results of the survey.

In 2018, the survey was sent to 169 employees and was completed by 146 employees (86%) . In 2019, participation by the employees was 80%: 183 out of 228.

The analysis of the results highlighted the strengths and weaknesses in the perception of the environment in different Business Units and departments, with an overall satisfaction of 71%.

In 2019 the overall satisfaction level was 85%, +14% compared to 2018.

## Performance Management Project 4.0

The aim of the Performance Management 4.0 project was to introduce, starting from 2019, the process of performance evaluation through a system of integrated tools, in order to receive continuous feedback, using a clear and shared catalogue of the Company's conduct principles and the description of the relevant expertise.

The project first of all defined the performance management process according to a competency model in line with the company's values and behaviours.

The first part of the project included the introduction of an Instant Feedback tool with the aim of encouraging the exchange of assessments made within the organisation and to start training in giving and receiving feedback.

Each employee was, in fact, provided with a "credit card" that allows to assign feedback to their colleagues, in relation to the Company's conducts principles, using a variable number of credits according to the degree of satisfaction (*good, very good, great*).

This way each person gets two types of feedback:
- **Positive**: visible to all, with the possibility for colleagues to "like" the positive evaluation
- **Improvement**: related to the conduct to be improved and visible only to the recipient and sender

The second phase of the project, in line with the principle of continuous feedback, was launched in June 2019 and involved the adoption of a second platform, this time focused on Performance Management. Upon entering the platform, the manager can select an employee, start a review, identify the area of expertise to evaluate, associate a behaviour and finally save or send the feedback.

One of the benefits that can be achieved through this system, in addition to constantly promoting the culture of feedback, is to simplify the entire process, arriving at the final moment of performance management with an assessment of skills throughout the year.

The project raised great interest and enthusiasm from all employees, as shown by the good adoption rate of the instant feedback tools.

In addition to the specific results related to the use of the platforms, the participatory approach adopted by MailUp has made it possible to involve and engage everyone, regardless of their role or level, to connect all work teams with the entire organisation, to develop a strong sense of participation and to increase commitment.

The Performance Management Project 4.0. was awarded the HR Innovation Award by the Osservatori Digital Innovation of the Politecnico di Milano School of Management.
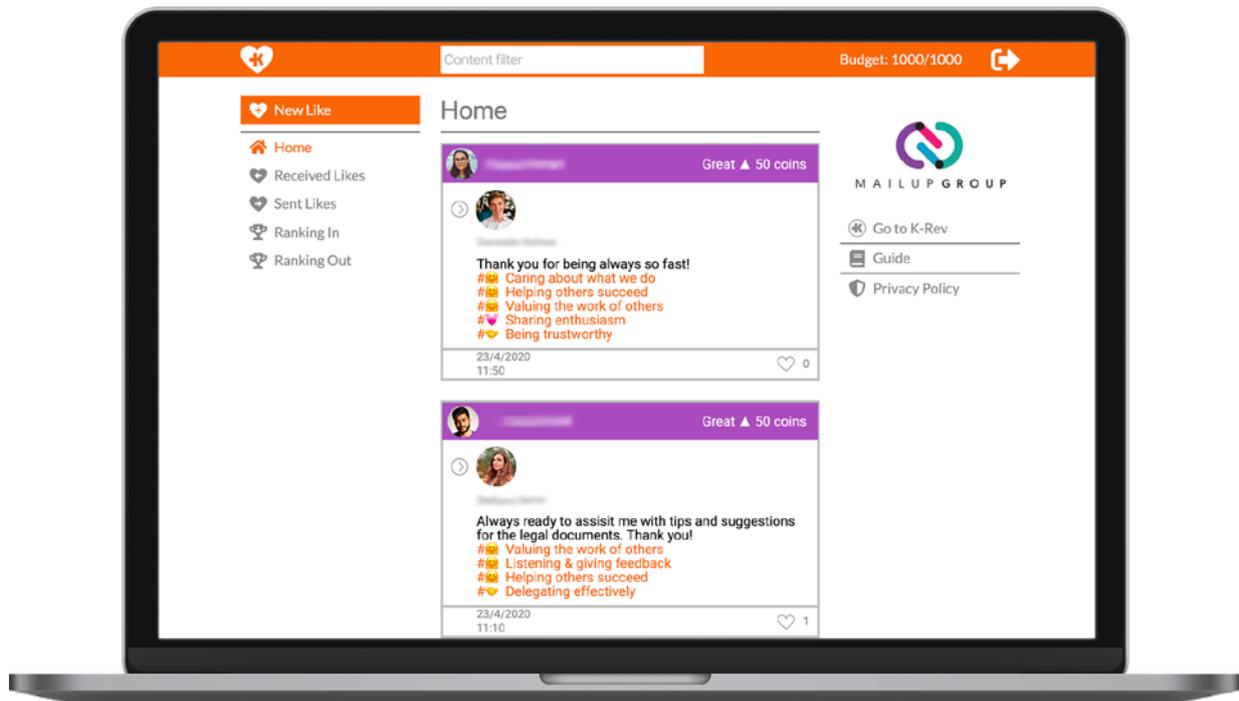
# Job Evaluation Project

The objective of the Job Evaluation project was to define compensation policies that guarantee internal and external fairness, creating benchmarks with the remuneration market and identifying the most appropriate actions to implement. In order to ensure transparency and fairness, the plan was entrusted to a specialised external company.

The project was divided into three main phases, which took place in 2019 and continued in 2020:

- **Classification of roles**: identification and weighing of the work levels present within the Company
- **Pay benchmark**: evaluation of the positioning with respect to the market benchmark
- **Definition of individual progression rules:** identification of the rules underlying salary progressions

221 roles were analysed and classified by a round of interviews with all Business Unit managers and the main People Managers, using a structured methodology that first establishes the degree of complexity of the role and then associates the organisational complexity. The final result of the application of the Job Evaluation methodology is to assign each role a work level.

The progressions are different for managerial roles (which are in charge of managing other resources) and professional roles (which do not manage other resources). The analysis of the Company's positioning in the reference market allowed to define remuneration policies and rules for individual progression.

# 5.4  Employee Benefits

In line with the *caring* value, in 2019 the Company introduced new benefit solutions for its employees, as detailed below.

## Supplementary Pension Provisions

In the field of supplementary pension provisions, the Company created a welfare scheme in partnership with Crédit Agricole and Amundi.

The agreement is accessible to all employees. The Company undertakes to pay a contribution equal to 4% of the total annual salary assumed as the basis for the calculation

of the Severance Indemnity Scheme (TFR), against a minimum contribution of the employee of 0.55% of the Gross Annual Salary in addition to the TFR accruing on the date of joining.

## Welfare Platform

In order to create a flexible and innovative work environment that contributes to a better balance between private and professional life, to increase people's motivation and promotion of their well-being, the Company carried out a scouting activity to identify a flexible and innovative corporate Welfare tool able to meet a wide range of needs.

In early 2019, the Day Welfare platform was thus implemented. Through it, employees can create custom packages of flexible benefits, choosing from a wide range of services tailored to individual and family needs. Moreover, there are numerous additional agreements entered into between the Company and local businesses and retailers to facilitate access to goods and services by employees.

## 5.5  Main HR KPIs

Like every other Company department, the HR department uses KPIs (key performance indicators) that allow to monitor progress towards its annual objectives.

In 2019, among the various KPIs monitored, the main focus was on decreasing the turnover, reducing hiring time and increasing internal job mobility. The results were satisfactory, as can be seen from the percentages below (2019 vs 2018 results).

| Turnover | Pulse Survey | Time to Hire | N° of Followers | Job Mobility |
|---|---|---|---|---|
| 3.5% | 85% | 64 days | Linkedin 2,437 Facebook 217 Instagram 355 | 7.5% |
| -6.1% YoY | +14% YoY | -16 days YoY | +36%  +67% +84% | +7 p.p. YoY |

| Over time cost | Over time hours | Trial period evaluation | Recruitment evaluation | Training evaluation |
|---|---|---|---|---|
| € 29,648.65 | 819 | 9.2/10 | 9.1/10 | 8.5/10 |
| -78% YoY | -83% YoY | +0.4 YoY | +10% YoY | +0.4% YoY |

# Ch. 6

# Connection with Suppliers
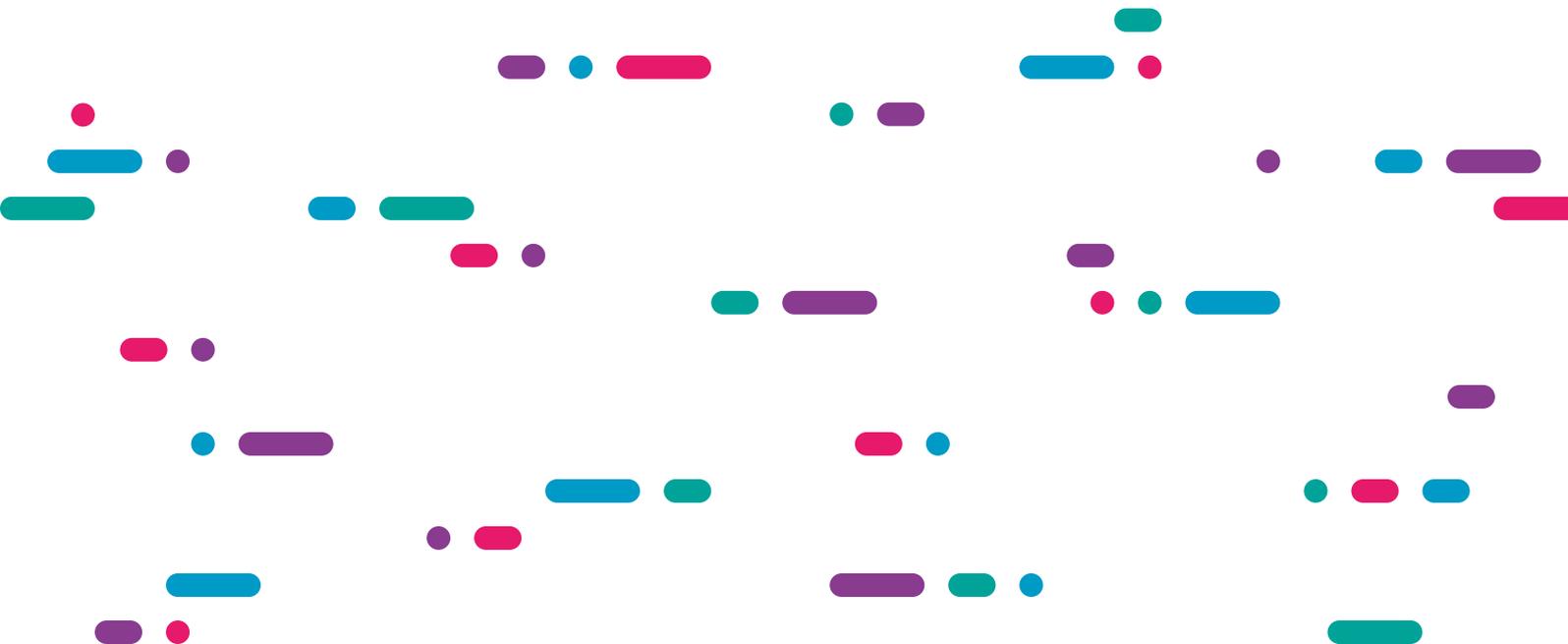
# Connection with Suppliers

During 2019, MailUp maintained relationships with 530 suppliers (including 3 intercompany suppliers) for a total turnover of EUR 7,461,817.49. Among the main purchasing volumes there are 19 service, licensing and consultancy providers of various kinds, 68% from Italy and 32% from abroad (EU and non-EU).

In the same year, 304 new suppliers were identified compared to 223 in 2018. The number of new suppliers is historically high, as many supplies are one-off or non-recurring. Many suppliers are also involved in online purchases.

|  | **2019** | **2018** |
|---|---|---|
| **Number of suppliers** | 530 | 491 |
| **Expenses for suppliers (EUR)** | 7,461,817.49 | 5,875,261.52 |

The selection process for suppliers is carried out through clear, specific and non-discriminatory procedures, by applying objective, traceable and transparent parameters linked to the quality of the products and services offered. MailUp develops contractual relationships with suppliers possessing the characteristics that guarantee a good degree of reliability and efficiency.

For each purchase, MailUp requests and compares several offers through an assessment and selection process that involves potentially eligible suppliers. The supplier is chosen by the department or Business Unit manager or on the basis of qualitative and economic criteria (price, technical expertise, response timing, renowned experience, etc.), and upon receipt of the contract from the supplier an analysis phase is carried out, especially for new suppliers or high-worth contracts.

The Legal department suggests amendments or removal of clauses. Then contractual negotiations are initiated (sometimes the Legal department is directly involved) to make amendments to the supply contract.

Some specific supplies require the filing of the DURC (Documento Unico di Regolarità Contributiva - Single Document of Regular Payment of Pension Contributions) to verify the regularity of payment of social security contributions. In addition, for suppliers with little structure, e.g. freelancers in the IT technical field, developers or occasional speakers for events or webinars, very simplified and customisable contract formats are made available.

# MailUp and
# the Community

# 7.1 Interventions and Donations in Support of Health and Social Welfare

MailUp supports social integration initiatives aimed at promoting sport, competition and physical well-being at local and national level.

Over the years, MailUp has established a large number of collaborations with various sports associations, including:

- **Pallacanestro Varese basketball club**, which has planned for 2020 the organisation of a training event for the sports sector in cooperation with MailUp
- **Vanoli Basket Cremona basketball club**. MailUp offers the use of its platform for communication activities aimed at promoting sports activities and dedicated to the local community where the sport club is based
- **K3 Triathlon Cremona**, a sports club that aims to increase the practice of triathlon in the Cremona area and uses the technological supports offered by MailUp to use new channels for sending its messages
- **Il Torrazzo Golf Club** in Cremona

With its expertise in the field of digital communication, MailUp supports these and many other Italian organisations to support initiatives of local integration and promotion of sporting values for the improvement of individual and collective well-being.

The Company also supports bodies and associations engaged in social and environmental sustainability, and in the development of entrepreneurial culture. At both local and national level, MailUp guarantees all these organisations the use of its platform free of charge or in exchange for symbolic services. Supported associations, who share the same principles as MailUp , in 2019 included the following:

- **Parent Project**, an association of patients and parents of children with Duchenne and Becker muscular dystrophy, which works to improve treatment, quality of life and life expectancy for children affected by the disease
- **Mind The Bridge**, a foundation with the aim of promoting in Italy a sustainable, ethical, highly professional environment, open to internationalisation and based on merit and excellence, by supporting the development of a new generation of innovative Italian entrepreneurs and businesses
- **Eubrasil**, a Brussels-based non-profit association, which aims to support the development of good business relations between the European Union and Brazil, also promoting political and cultural ties
- **Treedom,** a web platform that allows anyone to plant a tree remotely and witness its growth online. The objective of Treedom is to raise public awareness on environmental

issues and fight against deforestation through a direct and simple, but concrete, participation with immediate impact

● **Tapirulan**, a Cremona-based cultural association with the aim of promoting contemporary artists through the free exhibition of their works on the website tapirulan. it and through the organisation of events, exhibitions and competitions

● **Italian Agile Movement**, a non-profit, social advancement association of professionals and academics driven by the desire to promote smart culture and promote smart practices on the Italian territory

## Paola Gianotti

Since 2019 MailUp has supported the competition activities and solidarity projects of Paola Gianotti, ultracyclist, motivational speaker and coach, with the aim of raising awareness on the value of sport, women's empowerment and the importance of road safety for those who practice sport (and not only).

Paola Gianotti is an Economics graduate, backpacker and sportsperson. When she had to close her company in 2012, she reinvented herself by deciding to cycle around the world to beat the Guinness World Record as the fastest woman to have circumnavigated the globe. She obtained two other Guinness World Records for cycling through Japan in 2017 and for cycling through 8 states in 43 days in 2016.

Through her sporting achievements and guest interventions as a motivational speaker, Paola offers a concrete testimony of her resilience and strength in facing every new challenge, thus becoming a source of inspiration for many.

# 7.2  Collaborations with Universities and Research Centres

MailUp actively collaborates with various research centres for the creation of market studies meant to foster technical expertise and knowledge.

### Osservatori Digital Innovation of Politecnico di Milano

In 2019 the Company sponsored a research project dedicated to the Omnichannel Customer Experience, signed by the Digital Innovation Observatories of the School of Management of the Politecnico di Milano. The Observatory aims to support companies in understanding the potential offered by an omnichannel approach, providing ideas and guidelines on how to implement it concretely, overcoming existing barriers, and identifying opportunities for its use, concrete benefits and measurement systems to support such strategies.

### Talent Garden

Since 2014, a collaboration agreement has been effective between MailUp and Talent Garden, Europe's largest networking and training platform for digital innovation. The agreement provides for the use of MailUp messaging systems by Talent Garden, the definition of a shared communication plan and the organisation of joint training workshops.

### World Business Forum

MailUp has an established presence in the annual meetings of the World Business Forum and WOBI On Digital Transformation, as occasions of training, sharing and networking with the main international players of the business sectors which share an innovative spirit.

# CRIT

CRIT - Cremona Information Technology is a non-profit consortium established in 2012 by selected Cremona-based companies operating in the ICT sector (A2A Smart City - former Linea Com, MailUp and Microdata Group), participating in a roundtable created by the Politecnico di Milano - Campus di Cremona.

MailUp holds 33% of the CRIT. It purchased shares for EUR 2,000 in the CRIT consortium when it was established, and then increased its stake by EUR 100,000 following its transformation into a limited liability consortium in 2016 to relaunch its growth project.

In July 2017, CRIT moved its operational and administrative headquarters to the Polo per l'Innovazione Digitale in Cremona, the new building in which the MailUp offices are also located.

MailUp has always believed in the potential and importance of the project so much as to invest not only financial resources but also its own human resources. MailUp regularly provides employees free of charge to CRIT to carry out a number of activities, including strategic coordination, project management for some projects/events, and training.

**Vision**

CRIT aims to improve the quality of life, competitiveness and attractiveness of the territory through new communication and information technologies (ICT).

**Mission**

CRIT intends to establish itself as the main reference point of the digital economy of the territory and technological partner for its development from an economic, environmental, social and cultural point of view.

CRIT is not only addressed to its member companies, or ICT companies, but it aims to create favourable conditions for the whole Cremona area, with the aim of retaining companies and skills and enhance excellence.

# CRIT
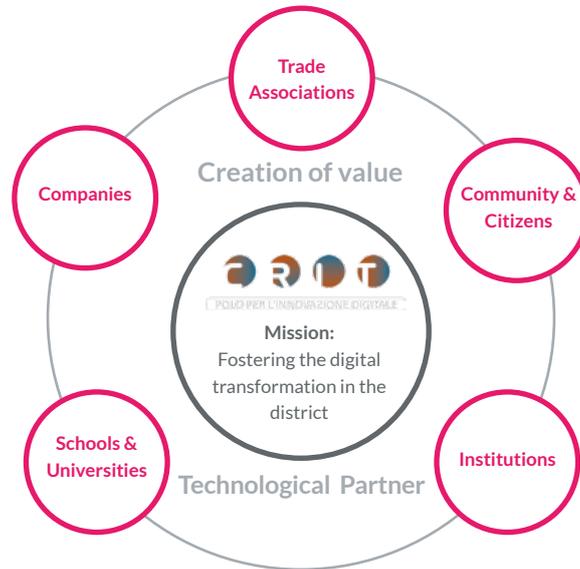


**Ecosystem**
that creates and fosters
competence, excellence
and innovation

**Goals**
- Economic, social and cultural development
- Improve the quality of life, competitiveness and
appeal of the district

**History**

In 2014, CRIT opens Cremona's first co-working space, Cobox - a facilitator where contamination and a shared working environment create new business opportunities.

In 2017 CRIT launches the Polo per l'Innovazione Digitale (Digital Innovation Centre), a centre for studies, research and development that intends to offer its contribution to the socio-economic growth of the local territory. The co-working space (Cobox) finds its home inside the Centre.

Through the Digital Innovation Centre, CRIT pursues a series of project activities aimed at the territory: the creation of a place of excellence and skills to attract talents and enrich the territory. A gathering venue where close interaction triggers a virtuous cycle of sharing, contamination and development typical of digital districts.

For this reason, CRIT is engaged in a continuous networking activity between private companies, Public Institutions, Trade Associations, education system, Universities and local communities, in order to effectively allow the creation of favourable opportunities for the growth of an entire territory.

# 7.3 Media Relations and Social Activities

## Media Relations

Over the years, MailUp has entered into numerous agreements with the media for the dissemination of its editorial postings. The channels used include blog posts, press releases, DEM, newsletters, advertising banners, social posts. The media partners active in 2019 were: Engage, Ninja, Talent Garden, WOBI, Job in Tourism, Spot & Web, DailyNet, Digitalic, Assodel, Key4Biz, Triboo.

The Company regularly posts press releases on various topics, such as the presentation of a new product, the publication of an editorial post, collaboration with a new client or new awards from international trade bodies.

Such press releases are complemented by those issued by MailUp Group, aimed at communicating financial news such as annual and interim financial reports.

## Social Activities

MailUp has accounts on Facebook, Twitter, LinkedIn, Youtube, Instagram and Telegram, used to communicate its activities, shares content and offers direct assistance.

Specifically, profiles are used to share with the follower base new in-depth content published on the blog or on the MailUp Academy portal. The Telegram channel sends suggestions for improving the use of the platform directly to the individual user account. Facebook Messenger acts as a point of contact for users who wish to receive information about the Company or need immediate assistance.

Here follow the figures regarding followers of the individual social profiles as at 31 December 2019.

| | | |
|---|---|---|
| 41,026 followers | 1,543 followers | 5,560 followers |
| 10,002 followers | 642 followers | 43 followers |

# 7.4  Creation of Digital Culture

MailUp believes that creating and sharing knowledge is a fundamental principle for collective growth. For years MailUp has been at the forefront in developing educational and training activities in the Digital Marketing sector.

Since 2014 MailUp collects the resources produced in a single portal, MailUp Academy, with the aim of providing a solid educational hub for industry professionals. Over the years, the portal has grown to include blog posts, ebooks, white papers, guides, observatories, glossaries, webinars, online video courses, and topic- or sector-specific dossiers, developed with the contribution of in-house MailUp specialists and testimonials or influencers from the digital world.

A special mention goes to the Statistical Observatory, the annual survey which thoroughly analyses the Email Marketing landscape, providing figures, trends and statistics useful to understand the market and improve the performance of emailing activities.

During 2019 MailUp produced and published:

| | | |
|---|---|---|
| **100 Articles** | **5 Ebooks** | **1 White Paper** |
| **4 Online video courses** | **1 Guide** | **2 Observatories** |
| **23 Webinars** | **13 Workshops** | |

## MailUp Academy Project

The MailUp Academy project kicked off in 2014 to respond to the Company need to position itself as a key player in the Italian market (as a starting point) for Email Marketing.

The first content produced included ebooks and webinars - since then, the Content Marketing strategy has been consolidated and expanded to include digital resources in a number of formats and in-person training workshops.

**2014**
The MailUp Academy kicks off with the first downloadable content (ebooks and white papers)

**2016**
First video productions

**2017**
First in-person workshops. Video production continues, focusing on content quality and lead generation

**2018**
The MailUp online school is born, with the support of the technical partner Lacerba.io
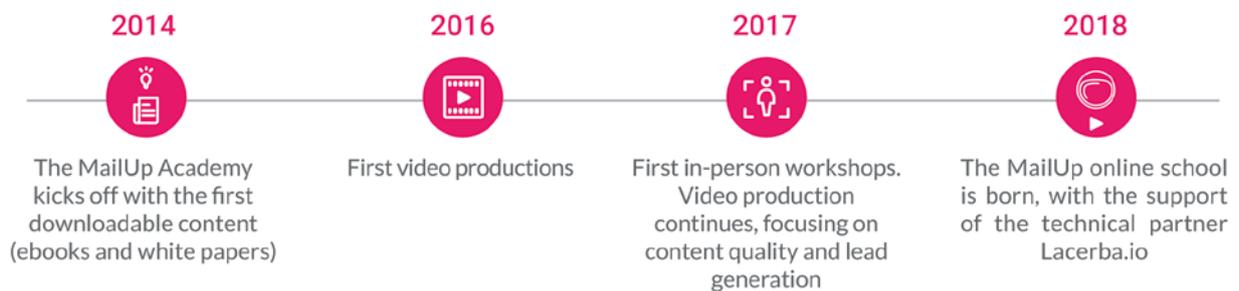
MailUp Academy is a rich and open hub for learning and updating skills in the broad field of Digital Marketing, where users can find an extensive catalogue of resources related to different topics of the digital universe. Resources can be read, watched, attended in person or virtually - the MailUp Academy provides every marketer with knowledge, notions, strategies and tactics able to enrich their personal and professional skills.

Topics cover email marketing, social media marketing, branding, conversational marketing, SEO & SEM, growth hacking, content marketing, influencer marketing, and more. The Company objective is to provide useful and operational insights to implement a comprehensive and conscious digital strategy.

The MailUp Academy is designed for all those who work in Digital Marketing – both experts and beginners – and for those who convert their careers from traditional to digital marketing.

MailUp customers can also find product updates, events and insights on the platform - however, the hub is also perfectly usable by those seeking valuable training without necessarily using the MailUp products.

**Types of Educational Resources**

The MailUp Academy offers learning programmes both online and in-person, according to individual needs.

- **Workshops**: vertical training days for both customers and general public
- **Online courses**: in-depth video resources on specific topics, held by MailUp experts. The courses range from 1- to 4-hour-long and include, upon completion of the lessons and after passing a multiple choice test, a certificate of the skills acquired
- **Webinars**: live, one-hour-long online training sessions, in which in-house experts and external guests talk about topics related to the digital world. Remote attendees can ask questions and interact
- **Statistical Observatories**: the annual analysis of over 13 billion emails that draws a unique industry benchmark in Italy. Available for free download
- **Ebooks**: resources dedicated to in-depth analysis of topics or activities related to Digital Marketing
- **White Papers**: strategic market insights
- **Guides**: smart manuals dedicated to Email Marketing strategies for specific occasions (Christmas, Black Friday, summer sales, etc.)
- **Glossary**: a reference resource on the Email and Digital Marketing vocabulary in its broadest sense



As complementation to the Academy, twice a week the MailUp Blog provides articles, insights and interviews related to the world of Digital Marketing, in Italian, English and Spanish. It generates about 30,000 monthly visits and is among the most reputed blogs in Italy on the mentioned topics.

## Project Goals and Achievements

The main objective of the MailUp Academy project is in line with MailUp's mission: to share knowledge and advance the Italian digital sector.

At business level, thanks to the MailUp Academy, the Company:

- **Improves its SEO ranking**: the publication of articles, ebooks and other resources is important for the Company to improve its ranking on search engines, attracting quality traffic
- **Builds brand awareness and reputation**: word of mouth about the content promotes brand awareness, and the quality of the content reinforces MailUp's reputation
- **Promotes lead generation**: thanks to webinars, video courses and ebooks, MailUp acquires new contacts to nurture through specific campaigns
- **Supports retention**: events and workshops enable the Company to strengthen its ties with its acquired clients, creating a mutually beneficial relationship that goes beyond mere business relations

The results obtained in 2019 are as follows:

**Blog Articles Views**

**610,958 views in three languages (Italian, English and Spanish)**

**Downloads of Ebooks, White Papers, Observatories and Guides**

**10,076 overall**

**Webinar Participants**

**3,551 people**

**Video Academy Visitors**

**698 people**

**Workshop Participants**

**94 people**

## Statistical Observatory

In the world of Email Marketing, MailUp enjoys an exceptional position to observe industry trends, habits and behaviours. Every year, by analysing the whole volume of email messages - over 13 billion – in transit through its platforms, MailUp is able to extract unique data and insights on the Italian market.

Data is processed by in-house Data Analysis teams and made available to the public in a Statistical Observatory that can be downloaded free of charge.

**mailup®**
BE RELEVANT

## Osservatorio Statistico 2019

Un anno di Email Marketing: numeri, grafici, andamenti.

The Statistical Observatory offers a punctual and transparent comparison of the performance of messages by cross-checking different criteria: message type (DEM, newsletter, transactional), recipient type (B2B, B2C, B2B+B2C) and product industry. These partitions are based on the classifications indicated by customers in their own platforms.

The analysis takes into account the main indicators in Email Marketing (delivery rates, open rates and click-through rates), exposing them in useful comparative tables that allow each marketer to compare their performance to the averages of the reference sector.

# 7.5 Relations with Trade Associations

In 2019 MailUp started a collaboration with Retail Institute Italy, a non-profit association founded in 2016 and member of the National Retail Federation, the world's largest retail body that includes the most important sector players among its members. Retail Institute Italy carries out researches, events, training courses and services dedicated to the retail market in its broadest sense. The partnership between MailUp and Retail Institute Italy provides for the production of editorial posts and the organisation of educational events dedicated to the digital dimension of the retail sector.

In 2019, MailUp and Retail Institute published a market research dedicated to the state of digital innovation in Retail, Large-Scale Retail Trade, Manufacturing and E-commerce. The study, titled *"Retail, E-commerce & Industria: innovazione digitale e nuove convergenze"* (Retail, E-commerce & Manufacturing: digital innovation and new synergies), questioned a sample of companies (mostly with a turnover in excess of EUR one million) on a range of topics including the attitude towards digital investment, the use of channels, omni-channel strategies and new mechanics of brick-and-mortar shops, so as to understand how interactions happen with new consumers, who are increasingly demanding, influential and used to a multichannel approach to shopping.

The study was presented to the public at the Retail Tomorrow event, on 22 May 2019, and can be downloaded free of charge from the White Paper section of the MailUp Academy.

# Ch. 8

## Connection with the Environment
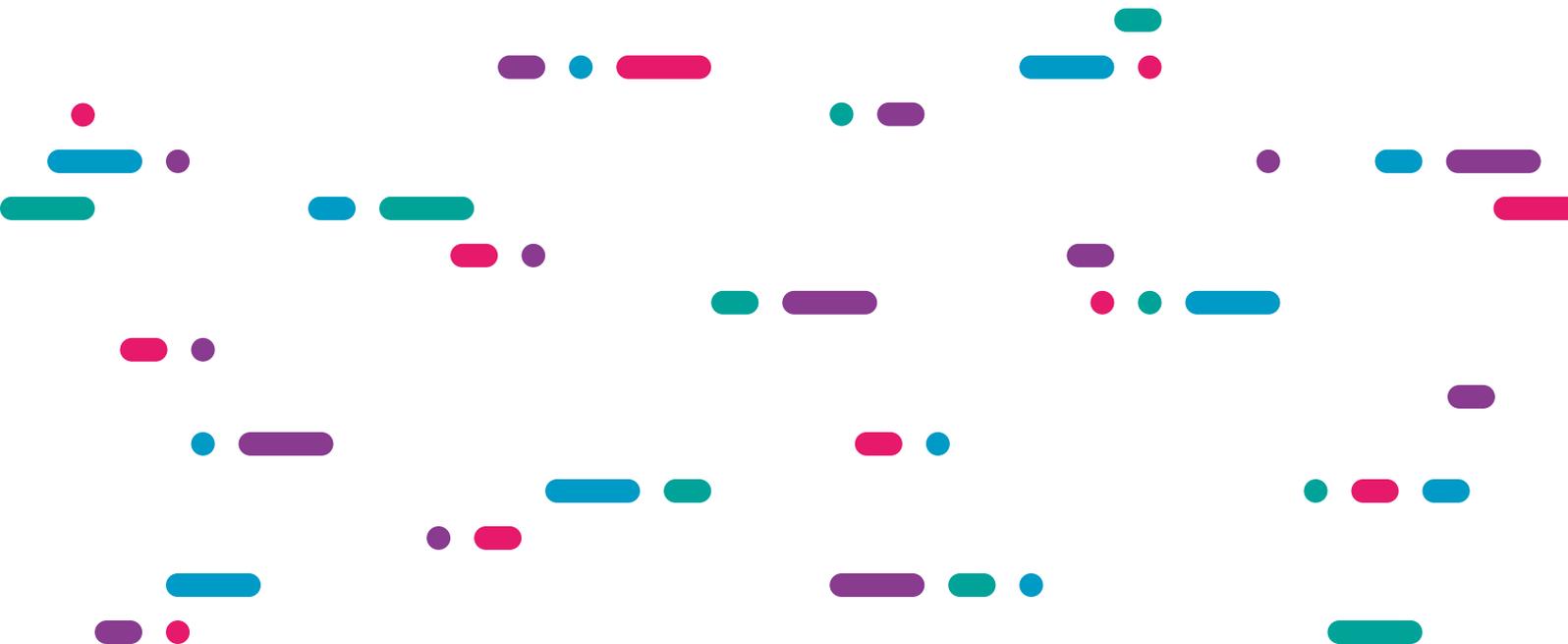
# 8.1 MailUp's Approach to the Environment

MailUp strongly believes in social responsibility and every day observes the commitment to a better environment. Saving energy, optimizing resources and offsetting harmful emissions to our planet are an integral part of the way of life and business approach at MailUp, who promotes a culture of responsible use of environmental resources inside the Company and attention to recycling and proper waste disposal, involving all employees in the careful management of separate waste collection.

MailUp supports behaviours based on the protection of all energy resources: sending emails can be defined as environmentally friendly because there is no use and waste of paper. For promotional purposes MailUp uses minimum quantities of paper materials and produced in full compliance with international standards that ensure proper forest management. Only FSC (Forest Stewardship Council) certified paper is used, as a guarantee that paper comes from responsibly managed sources.

## Offsetting $CO_2$ Emissions by Planting Trees: the MailUp Forest

MailUp offsets the carbon dioxide emissions produced by all business process activities with the creation of new forests in different areas of the planet, in collaboration with the partner Treedom.

The MailUp forest projects stems from the desire to protect the environment and promote a more careful behaviour towards natural resources. The project was inaugurated in 2012 and replaced a similar $CO_2$ offsetting plan managed and certified through the LifeGate ImpattoZero® programme since 2007, when actions related to business eco-sustainability enjoyed less media attention than today.

# Offsetting CO$_2$ Emissions by Planting Trees: the MailUp Forest

Every year Treedom carries out the calculation of the number of trees necessary to neutralise the carbon dioxide emissions of MailUp in Milan and Cremona. The following areas are accountable for the impact on the environment: transport, electricity consumption, water consumption, consumption of fossil fuels, waste, printed materials.



The first year of the offsetting project (2007) saw 2,715 square metres of new forests planted, capable of absorbing the 4.2 tons of carbon dioxide then produced by MailUp.

Since the introduction of the Treedom project in 2012, a total of 865 trees have been planted in 9 countries around the world (including Cameroon, Malawi, Senegal, Kenya, Argentina, Cuba and Thailand) and their growth has been monitored. The trees planted offset the total CO$_2$ emissions of 201.8 tons.

In addition, the planting of a tree with Treedom is the way chosen by MailUp to thank clients for their participation in workshops or focus groups. In 2019, 15 additional trees were thus planted.
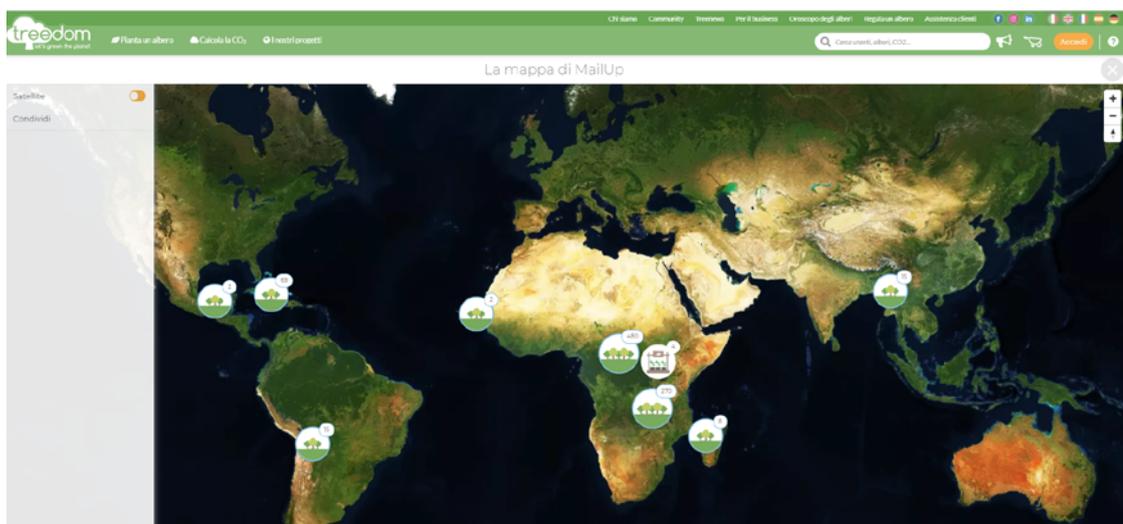
# 8.2 Energy Consumption and Emissions

## Energy

The following is a summary of the 2019 annual trend in energy consumption (GJ):

### Energy Consumption[6]

| | | | 2019 | | 2018 | |
|---|---|---|---|---|---|---|
| | | | Total | Total GJ | Total | Total GJ |
| Fuel | Diesel | Litre | 7,083.02 | 254.9 | 2,741.64 | 98.6 |
| | Gasoline | Litre | 1,386.48 | 45.5 | 1,167.70 | 38.4 |
| Energy | Purchased from non-renewable sources | Kwh | 98,825.14 | 355.8 | 140,710.16 | 506.5 |
| | Purchased from renewable sources | Kwh | 68,193.86 | 245.5 | 81,230.04 | 292.4 |
| | Self-produced by solar panels | Kwh | 42,180* | | 44,878** | |

*Equal to 83% of the 50,819 kWh produced. The remaining 17% was sold into the grid.
** Equal to 93% of the 48,256 kWh produced. The remaining 6.7% was sold into the grid.

As can be seen from the above data, in 2019 there was a general reduction in consumption thanks to the entry into full operation, at the Cremona headquarters, of the solar panel system (which produces more energy than MailUp's energy need, with the consequent surplus to be made available into the grid), together with the implementation of some energy saving policies such as the centralised shutdown of the air conditioning and the limitation of temperatures.

---

[6] The conversion factors used to transform the different energy quantities into GJ are taken from the Defra 2019 (UK Department for Environment, Food and Rural Affairs) database, updated annually, and from the Unit converter - International Energy Agency.

# Low Environmental Impact Offices

The MailUp offices are designed according to the most advanced principles of eco-sustainability, so as to minimise any form of environmental impact. Over the years, a policy aimed at progressively reducing the use of plastic has been initiated, until 2019, when the offices reached the status of plastic-free.

Over the years, a progressive personnel growth, an intensified use of spaces and an increase in electronic devices have accompanied the Company evolution, leading to an increasing attention to energy consumption.

For both offices (Milan and Cremona), this has led to the installation of:
- LED lights in all spaces
- Automatic brightness control devices based on sunlight intensity
- Control of the switching on of the lights according to the actual physical presence of people in the offices
- Automated and centralised management of the heating/cooling system at set times and with limitations that prevent customised temperature variations beyond certain limits
- Detectors of open doors or windows, so as to minimise the risk of them remaining open during the night or on non-working days, exchanging heat/cold with the outside without control

## Milan

The Milan office is located in Via Pola 9, in a building dating back to 1968 and completely redeveloped in 2019. The building holds the NZEB energy classification: acronym for Nearly Zero Energy Building, the term is used to define a building the energy consumption of which is almost zero.

NZEB, therefore, are very high-performance buildings that reduce as much as possible the energy consumption for their functioning and any harmful impact on the environment. This means that the energy demand for heating, cooling, ventilation, domestic hot water and electricity production is very low. The term NZEB was first used in the European EPBD (Energy Performance Building Directives 2010/31/EU) package published in 2010.

The building has also been designed with the objective of obtaining LEED Gold Certification (obtained in early 2020): a voluntary certification programme covering the entire life cycle of the building itself, from design to construction. LEED provides a framework for healthy, highly efficient, and cost-saving green buildings. LEED certification is a globally recognised symbol of sustainability achievement and leadership.

LEED promotes a sustainability-oriented approach, recognizing the performance of buildings in key areas such as energy and water saving, $CO_2$ emissions reduction, improving the ecological quality of interiors, materials and resources used, design and site selection. Developed by the U.S. Green Building Council (USGBC), the system is based on the allocation of 'credits' for each requirement. The sum of credits constitutes the certification class, from Base to Platinum.

**Cremona**

MailUp's headquarters in Cremona are located in Via dell'Innovazione Digitale 3. The headquarters were built in 2017 according to the most advanced construction and energy efficiency project. The building is a low energy consumption site and offers the highest safety standards in terms of seismic safety (three times higher than the seismic class expected in the city of Cremona) and IT security.

The office is heated and cooled solely through electrically powered splits, without the use of gas, not even at condominium level. The system is of the VRV Variant Refrigerant volume type, i.e. a typical office system that is very efficient from the aspect of workplace management, as well as easy to install and design: high, modular and expandable efficiencies; reduced pipe cross-sections, faster to install as there is no need for thermal power stations and therefore no methane gas is used; no risk of water leaks; no risk of piping freezing.

The electrical energy consumed by this system is compensated by the photovoltaic system described in the following paragraphs.

**Smart Flower Solar Panels**

MailUp's headquarters in Cremona are located on the top floor of the building in via dell'Innovazione Digitale 3, with about 1,000 square meters of well-exposed terraces - the ideal context for the installation of a traditional 50 kWh/year solar plant and 2 smart flowers capable of producing up to an additional 12,000 kWh/year.

The smart flowers provide an "intelligent" solar energy production system: the solar panels automatically move to follow the sun throughout the day. In this way it is estimated that energy production will increase by +40% compared to traditional fixed solar panels (roof- or floor-mounted).

# Emissions

$CO_2$ emissions derive from the consumption reported in the previous paragraph. As specified in the previous chapters, $CO_2$ emissions are fully offset by planting of trees in collaboration with Treedom.

MailUp calculates its carbon footprint in terms of $CO_2$ by reporting direct greenhouse gas emissions (Scope I), resulting from fuel consumption for the operation of its own means of transport or under the full management of the Company.

## Direct GHG emissions  (Scope 1)

| | | | 2019 | | 2018 | |
|---|---|---|---|---|---|---|
| | | Total | tCO2e | Total | tCO2e |
| **Fuel consumption emissions** | | | 21.4 | | 9.71 |
| **Diesel** | Litre | 7,083.02 | 18.4 | 2,741.64 | 7.11 |
| **Gasoline** | Litre | 1,386.48 | 3 | 1,167.70 | 2.6 |

Fuel consumption increased in 2019 as the car fleet grew from 8 to 12 cars. To mitigate the environmental impact of the expansion of the Company car fleet, in 2019 the first electric car was included, in addition to the already existing hybrid gasoline/electric car.

The car fleet consists of fringe benefit and pooled cars and is composed as follows:
- 2018 : 6 diesel + 1 gasoline + 1 gasoline/electric hybrid
- 2019 : 9 diesel + 1 gasoline + 1 hybrid gasoline/electric + 1 electric



In August 2018 the DKV Euro Service Gmbh fuel cards were introduced to supply the above mentioned cars for the routes required for business purposes. The calculation of consumption was possible using Avrios software for the management of the Company car fleet and extracting a file relating to DKV invoices.

The calculation of the quantity of used fuel has therefore been punctual since the introduction of the DKV cards, while for the previous period an estimate is reported, calculated on the average of the months August-December 2018.
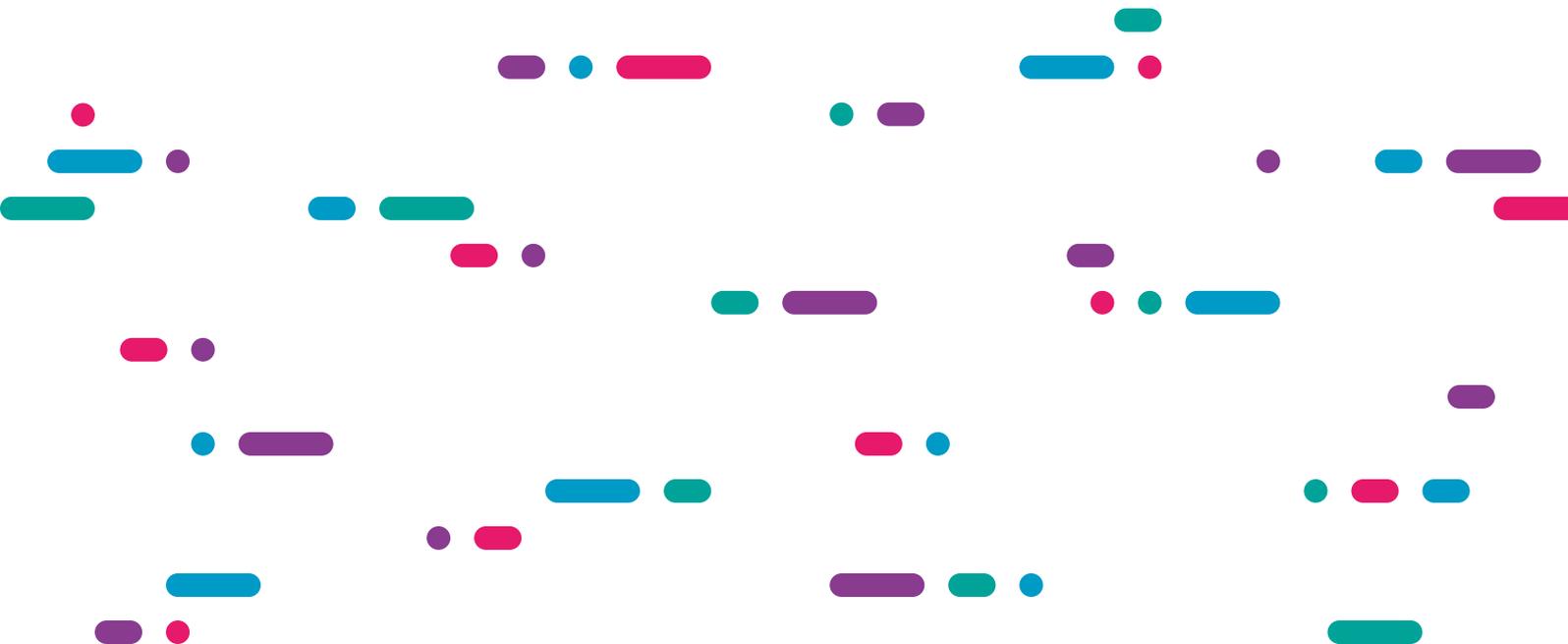
# GRI Content Index

## GRI Content Index

| GRI Standard Title | GRI Disclosure number | GRI Disclosure Title | Page Number/Note |
|---|---|---|---|
| **GRI 102: General Disclosures 2019 - Organisational Profile** | 102-1 | Company name | Cover |
| | 102-2 | Activities, brands, products and services | 8 |
| | 102-3 | Location of headquarters | 9-84-85 |
| | 102-4 | Location of operations | 9 |
| | 102-5 | Ownership and legal form | 11 |
| | 102-6 | Markets served | 8-9 |
| | 102-7 | Scale of the organisation | 8-9 |
| | 102-8 | Information on employees and other workers | 51-53-54 |
| | 102-9 | Supply chain | 66 |
| | 102-10 | Significant changes to the organisation and its supply chain | There were no significant changes in the organisation and its supply chain in 2019 |
| | 102-11 | Precautionary principle or approach | 11-12 |
| **GRI 102: General Disclosures 2019 – Strategy** | 102-14 | Statement from senior decision-maker | 4-5 |
| **GRI 102: General Disclosures 2019 - Ethics and integrity** | 102-16 | Values, principles, standards, and norms of behaviour | 10 |
| **GRI 102: General Disclosures 2019 – Governance** | 102-18 | Governance structure | 11 |
| | 102-26 | Role of highest governance body in setting purpose, values, and strategy | 11 |
| **GRI 102: General Disclosures 2019 - Stakeholder Engagement** | 102-40 | List of stakeholder groups | 17-18 |
| | 102-41 | Collective bargaining agreements | 51 |
| | 102-42 | Identifying and selecting stakeholders | 17-18 |
| | 102-43 | Approach to stakeholder engagement | 17-18 |
| | 102-44 | Key topics and concerns raised | 17-18 |

| | | | |
|---|---|---|---|
| **GRI 102: General Disclosures 2019 - Reporting practice** | 102-45 | Entities included in the consolidated financial statements | 6 |
| | 102-46 | Defining report content and topic Boundaries | 6 |
| | 102-47 | List of material topics | 17-18 |
| | 102-48 | Restatements of information | As this is the first year of reporting, no changes have been noted with respect to the previous financial statements |
| | 102-49 | Changes in reporting | As this is the first year of reporting, no changes have been noted with respect to the previous financial statements |
| | 102-50 | Reporting period | 6 |
| | 102-51 | Date of most recent report | - |
| | 102-52 | Reporting cycle | - |
| | 102-53 | Contact point for questions regarding the report | 6 |
| | 102-54 | Claims of reporting in accordance with the GRI Standards | 6 |
| | 102-55 | GRI content index | 89-91 |
| | 102-56 | External assurance | - |
| **GRI 103: Management approach 2019** | 103-1 | Explanation of the material topic and its Boundary | 6 |
| | 103-2 | The management approach and its components | 8;11;17;21;26;30;33; 37;44;51;55;57;68; 70;81 |
| | 103-3 | Evaluation of the management approach | 8;11;17;21;26;30;33; 37;44;51;55;57;68; 70;81 |
| **GRI 201: Economic performance 2019** | 201-1 | Direct economic value generated and distributed | 21-22 |
| | 201-4 | Financial assistance received from government | 23 |
| **GRI 203: Indirect economic impacts** | 203-1 | Infrastructure investments and services supported | 23 |
| | 203-2 | Significant indirect economic impacts | 84 |

| | | | |
|---|---|---|---|
| **GRI 205:** **Anti-corruption 2019** | 205-2 | Information and training about anti-corruption policies and procedures | 55 |
| | 205-3 | Confirmed incidents of corruption and actions taken | In 2019, there were no corruption incidents |
| **GRI 302: Energy 2019** | 302-1 | Energy consumption within the organisation | 83 |
| **GRI 305: Emissions 2019** | 305-1 | Direct (Scope 1) GHG emissions | 86 |
| | 305-2 | Energy indirect (Scope 2) GHG emissions | 86 |
| | 305-5 | Reduction of GHG emissions | 86 |
| **GRI 401: Employment 2019** | 401-1 | New employee hires and employee turnover | 51 |
| | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 58-63 |
| **GRI 403: Occupational Health and Safety 2019** | 403-2 | Hazard identification, risk assessment, and incident investigation | 57 |
| **GRI 404: Training and education 2019** | 404-1 | Average hours of training per year per employee | 55-56 |
| | 404-3 | Percentage of employees receiving regular performance and career development reviews | 62-63 |
| **GRI 405: Diversity and equal opportunity 2019** | 405-1 | Diversity of governance bodies and employees | 51-54 |
| | 405-2 | Ratio of basic salary and remuneration of women to men | 51-54 |
| **GRI 414: Supplier social assessment 2019** | 414-1 | New suppliers that were screened using social criteria | No new suppliers evaluated on the basis of social criteria were selected during the reference period |
| **GRI 418: Customer Privacy 2019** | 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | During the reporting period there were no cases of privacy breaches or loss of customer data |

MILAN | Via Pola 9 | 20124 Milan, Italy | + 39 02 710 40485
CREMONA | Via dell'Innovazione Digitale 3 | 26100 Cremona, Italy | +39 0372 24525

🌐 mailupgroup.com  ✉ email investor.relations@mailupgroup.com