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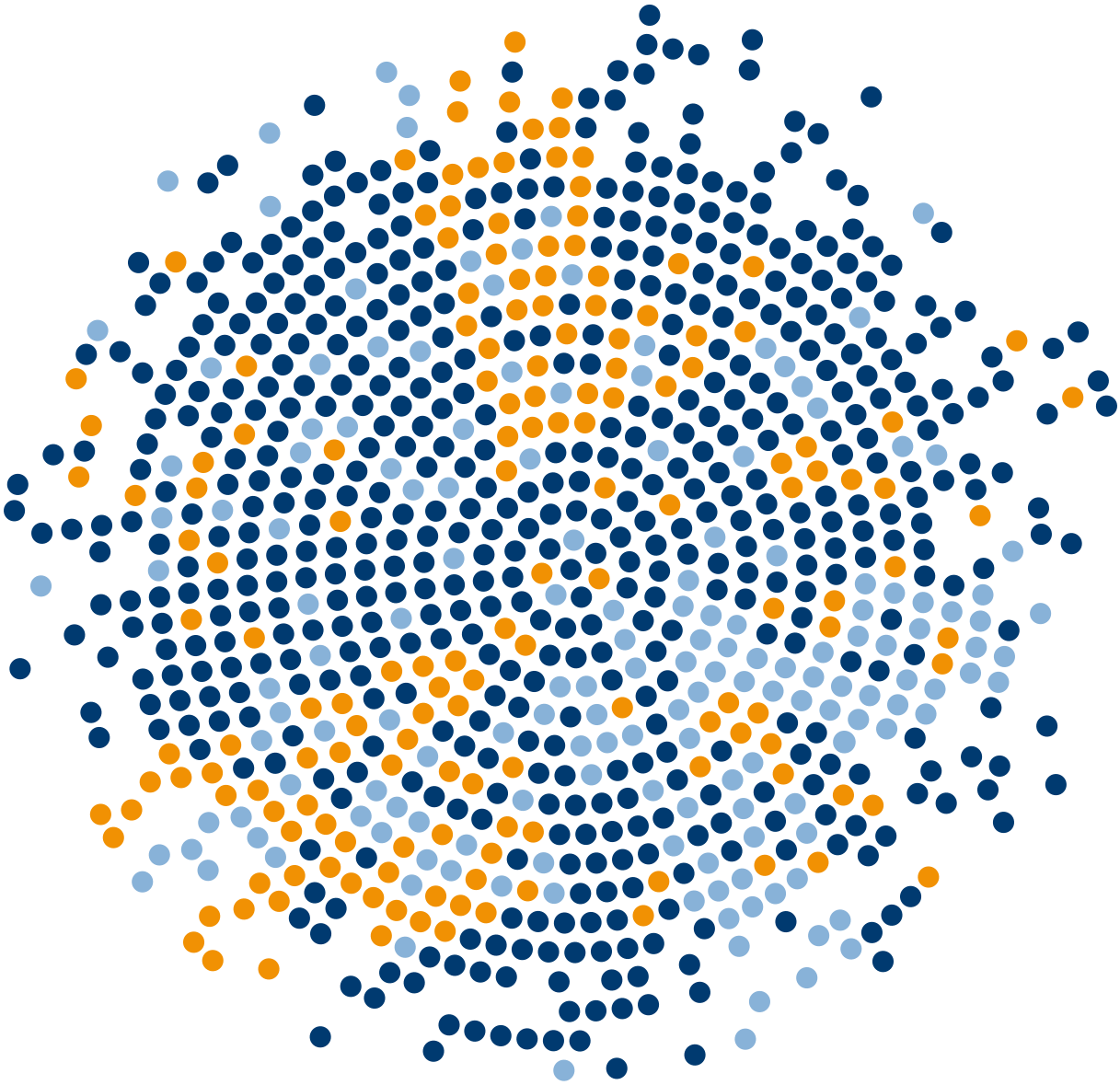
ELETTRONICA GROUP

CORPORATE SOCIAL RESPONSIBILITY

2018



ELETTRONICA GROUP

Defence I Cyber I Security

The Corporate Social Responsibility Report, the second Social Report of Elettronica.

These pages contain the values, activities and successes of our responsible business conduct, combining information and the economic and financial results contained in the annual financial statements.

In 2018, we were involved in continuously developing geopolitical scenarios, characterised by a drive towards industrial collaborations and partnerships, and at the same time by strong competitiveness. We are well aware that a business is truly competitive only if it has the capacity to deal with the challenges of the future, putting into play strategies and processes that guarantee environmental, economic and social sustainability over time.

We are an industrial reality in an increasingly more complex global context, closely connected to the local and domestic development system, capable of generating and promoting continuous innovation, focusing on the present but with a view towards the future.

Our initial thought is focusing on the sustainable economic development of the business, but also its spin-offs: we promote the economic and social sustainability of our suppliers, supporting them and incentivising them in a process of continuous growth and improvement.

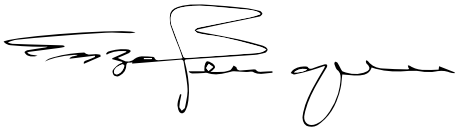
We support and produce innovation in key technologies and skills for the development, security and welfare of our country and the world.

This commitment also translates into social and environmental sustainability, when out investments in research and innovation become a lever facilitating university research and an opportunity to enhance the security of civil society and valorise territorial skills, creating bridges between academic education and business reality.

This focus is also and especially reflected within our business, in the pathway taken ton increase the energy efficiency of the company processes and structures, in the protection of health and safety and in the activities carried out to favour the welfare of our people and valorise their skills.

All of this is included in the 2018 Social Report: our commitment towards sustainability, driven by responsibility and determination in creating value to be shared with our stakeholders.

Enzo Benigni
President



Approved by the Board of Directors of 04/16/2019

ELETTRONICA GROUP

CORPORATE SOCIAL RESPONSIBILITY

2018

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1 An outline of Elettronica: the Company

Our Mission

To offer the most innovative technological solutions to guarantee the safety of people, assets and information in the most complex operational scenarios: this is our sole mission.

We believe that the best way to generate innovation is to be part of it every day:

- ***creativity, in thought and action***
- ***energy, competent and competitive***
- ***flexibility, precious and indispensable***
- ***intuition, to build solid partnerships***
- ***foresight, to anticipate the needs of the market***

Customers recognise the uniqueness of our offer:
choosing to work with us means relying on an international excellence which, thanks to its Italian roots, creates “tailor-made” solutions with professionals who shape the best technologies according to customer needs.

Our Vision

In a fast-changing world we will be the touchstone of technological evolution, thanks to the creative and timeliness of our strategic thinking and an unique portfolio of innovative solutions.

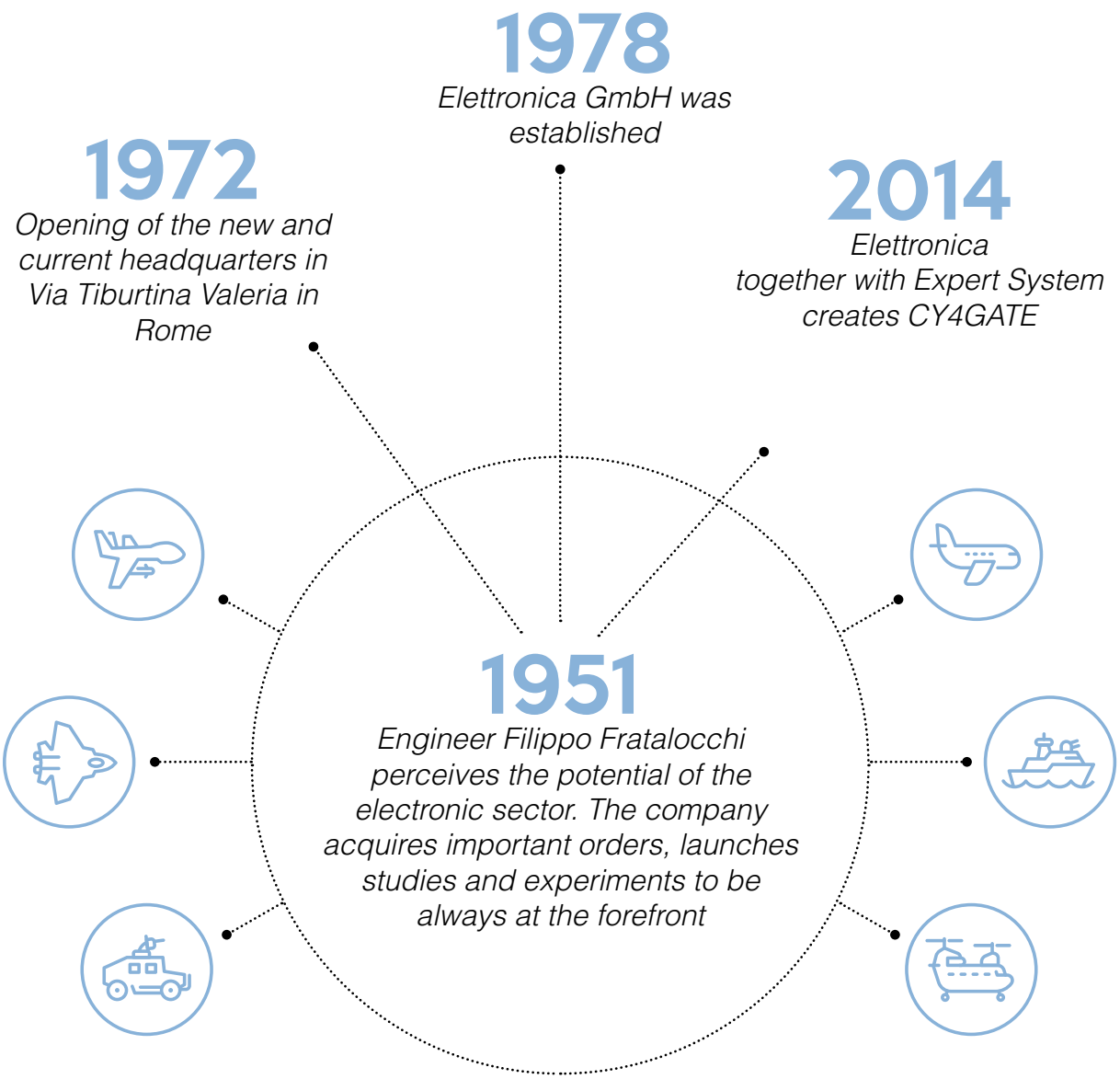
Excellent in the field of electromagnetic spectrum and cyberspace, inspired by an ambitious vision which makes us what we are, we do not anticipate the future, we build it.

1.1 ABOUT US

Elettronica was founded in 1951 and is now the only player on the world stage which focuses all of its energy in searching for **electronic defence systems**.

It is recognised as the leader in Europe and in the world in designing, developing and producing Electronic Defence systems.

It now has more than 730 employees and is the parent company in the Elettronica Group, which Elettronica GmbH and CY4GATE srl are also members of.



Elettronica is the main company of Elettronica Group, composed by:

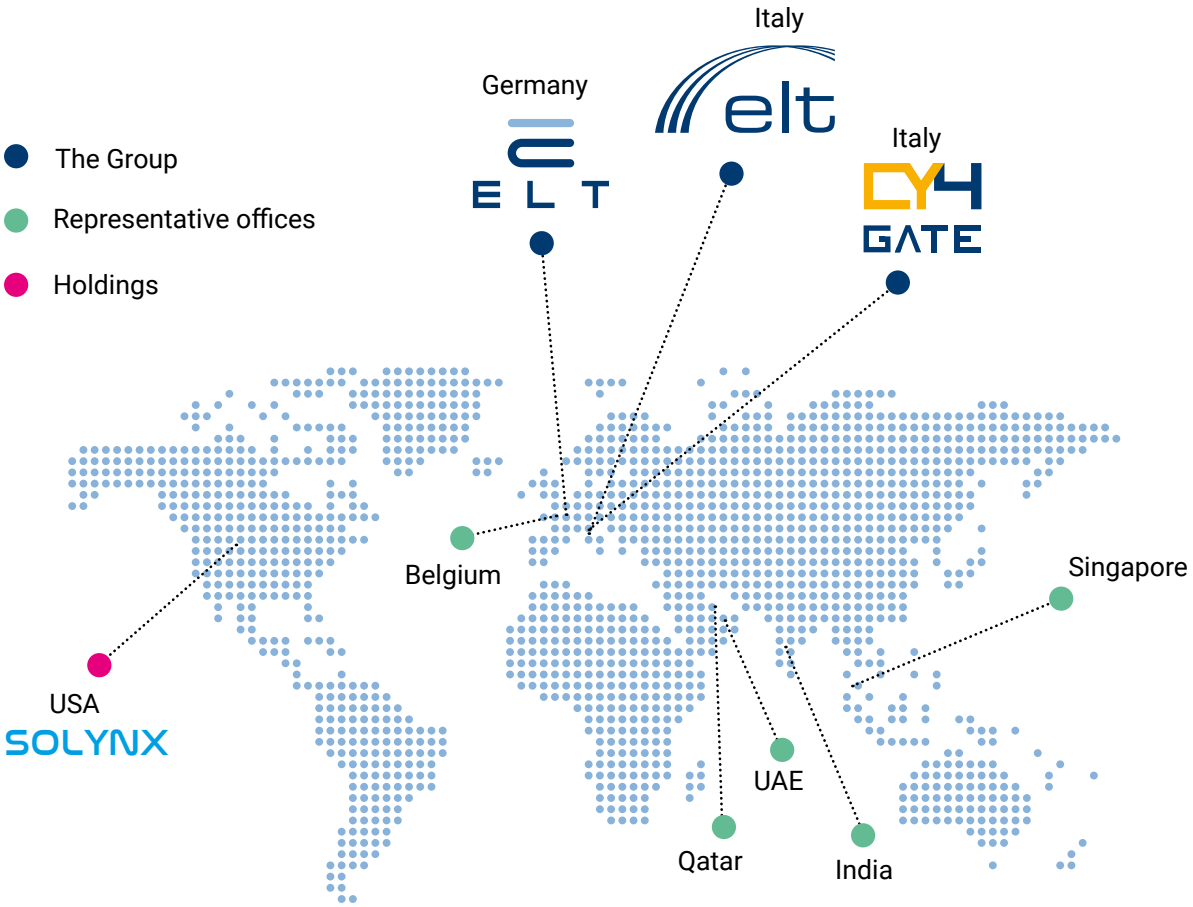
Elettronica GmbH

subsidiary established in 1978, active in the field of Homeland Security. Its headquarters are in Meckenheim, Germany.

CY4GATE

the newco which deals with Cyber Electronic Warfare, established in 2014 when Elettronica decided to expand its sphere of action, together with Expert System. Its headquarters are in Rome.

The company also has several representation offices around the world and is part of the capital of the US company Solynx, which specialises in the supply of complete solutions for material management to European high-tech companies.



The company is owned by **Benigni Srl**, together with **Leonardo** and **Thales**, leaders in the Aerospace, Defence and Security sector.

BENIGNI Srl
35,34

THALES
33,33

LEONARDO
31,33

Elettronica is an associate of AIAD, the Federation of Italian Aerospace, Defence and Security Companies.

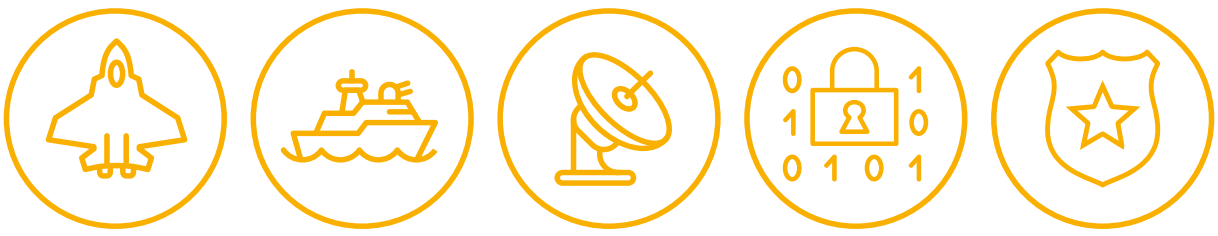
1.2 WHAT WE DO

With commitment and tenacity, Elettronica has reached a level of excellence in terms of skill, offering solutions in the avionics, naval, terrestrial, cyber and homeland security sectors.

Elettronica systems equip numerous aerial, naval and terrestrial platforms used by the Italian and overseas armed forces. This is possible thanks to the Company's ability in refining specific techniques and strategies in the realisation of its systems, always aiming for excellence.

Elettronica studies, develops and produced defence systems using its own technologies. It proposes solutions for the operating needs of its customers, offering systems with the technical performance to satisfy increasingly challenging requirements. It deals with the technological evolution of its own products and develops new ones. It integrates them, among themselves and with other sensors or means of contrast and data fusion, and installs them on the customer's platforms, covering all domains.

Elettronica deals with configuration and integrated logistical support. It prepares and supplies operating support systems which enable the scenario analysis and contrast functions to be personalised in relation to the different operating needs.



The total returns of Elettronica in 2018 amounted to € 201.611.896

Revenue	Domestic customers	Overseas customer	Total 2018
Public customers	23.738.318	74.374.107	98.112.425
Private customers	39.527.794	63.971.677	103.499.471
TOTAL	63.266.112	138.345.784	201.611.896

Sector	Avionic	Naval	Land
Revenue	122.764.370	74.607.589	4.239.937

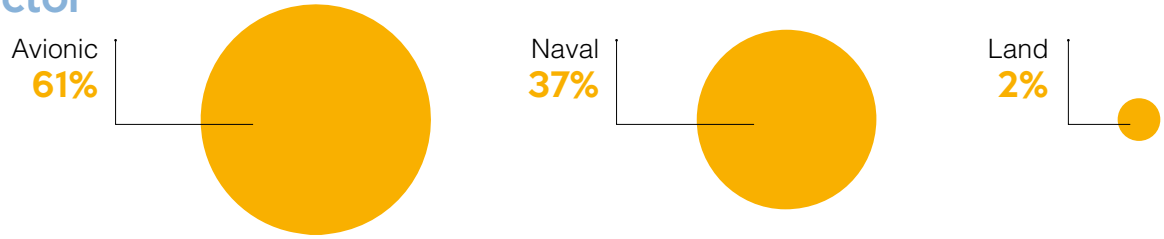
In 2018, dividends for the 2017 financial year	In 2019, dividends proposed for the 2018 financial year
12.726.000	14.000.000

Returns

Private

Public

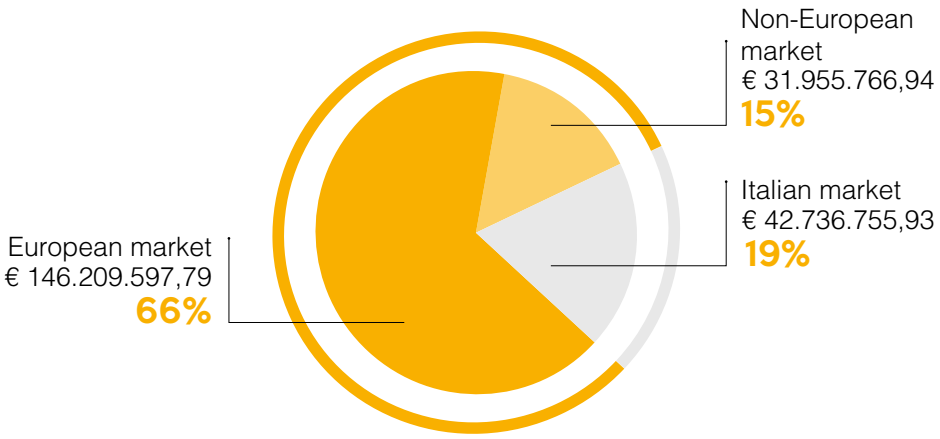
Sector



The volume of orders in 2018 amounted to € 220.902.120,66

Total Italy
€ 42.736.755,93

Total Overseas
€ 178.165.364,73



Direct remuneration amounting to 66.626.854€ were paid out in 2018

Investiments in research & development € 10.880.515

Net income
18.676.717€

Net availability
22.450.127€

The financial availability remains clearly positive, even if down compared to the previous year due to the increase in working capital required by the different structure of the contracts in progress

ROS
8,0%

This index makes it possible to evaluate the company's profitability by relating the net result to the value of production. The index shows growth of approximately 0.34 points in 2018, equal to 4.46% compared to the previous year.

ROE
23,5%

This profitability index for equity shows, in summary, the economic results of the company, relating the net profit produced to the company's net equity in the previous year, net of distributed dividends. In 2018, the index showed an improvement of 0.94 points or around 4%

1.3 CERTIFICATIONS

In addition to the authorisations and licences required by law, Elettronica has obtained and retained specific Certifications for its management systems, which ensure compliance with the standards in force (for example the international standards for the specific sector of operation of the company: ISO 9000 for Quality, BS OHSAS 18001 for the Health and Safety of Workers and ISO 27001 for Information Security).

- Certificate AER-Q-2110
- Certificate EN 9100
- UNI CEI ISO/IEC 27001
- Certificate UNI EN ISO 9001
- Certificate BS OHSAS 18001
- Licence of Public Security Authorisation to process armament related material, issued by the Prefecture of Rome
- Registration in the National Register of Companies (SeRNI) kept by the Italian Secretariat General of Defence for the importing and exporting of armament related material
- NOSI – Industrial Security Clearance – issued by the Prime Minister's Office

For Elettronica, retaining certification means making its management system both effective and efficient, a stimulus for innovation in the framework of the corporate processes and organisation.

1.4. OUR VALUES

Our values are reflected in what we are and do, in our products and our business relations, at all levels. For us, this adds up to Coherence.
Sharing this value system is a great source of unity, strength and pride and leads us, all together, towards a more aware future.

Innovation The experience acquired in the course of working with our clients makes us real, hands-on innovators, capable of foreseeing the challenges of tomorrow through ongoing research and development of technologically advanced solutions. Our constantly evolving business is characterised by the enthusiasm with which we explore reality and by our ability to integrate scientific and industrial collaboration, methods and processes.

Reliability In our field of work, excellence is an absolute duty. Design, production and assistance are subject to stringent control procedures and continual improvement processes, aimed at ensuring that each client's specific requirements are met correctly and at guaranteeing the maximum reliability of our products, in all operational scenarios.

Sense of Belonging People are our most important asset. We believe in sharing and integration, in diversity, in constant professional updating, in the growth based on merit that goes through the enhancement of commitment and talent. Our aim is that each of us be able to best express our potential, feeling active parts in the success of our business and our lives.

Correctness We firmly believe that the best way of guaranteeing stable and lasting relations in the countries we operate in is by respecting the rules. Our modus operandi is based on the core values of honesty, transparency and responsibility, both within the company and when engaging with our business partners and clients, because for us mutual trust is a prime asset to be nurtured and protected.

Dynamism We combine respect for the rules and procedures with a spirit of initiative, enterprise and flexibility, balancing rapid decision-making processes with effective control mechanisms. The fluidity of the framework in which we operate and our propensity for innovation, induce us to remain lean and streamlined as far as our work organisation practices are concerned and proactive in our relations with partners and clients. Ours is a dynamic equilibrium, made up of coordination and movement.

1.5 OUR SOCIAL RESPONSIBILITY DIMENSIONS

Elettronica's values combine tension towards excellence with being responsible in our approach to work, in the business model, in relations with others and with the territory. These values guide the company towards corporate social responsibility, concretising in dimensions of intervention, action and results.

Reliability and **Correctness** are shown in the choices and methods of governance, management and control adopted, in the legality and anti-corruption policies, in the Company's security systems and procedures, in data and people and, lastly, in the responsible management of the supply chain.

Belonging is driven by the combination of policy and care and involvement of employees, form the time they join the Company to the time they leave. In brief, the responsible management of Personnel.

Innovation and **Dynamism** lead to and are driven by the development and valorisation of Personnel, the constant promotion of innovation and collaboration with universities and research centers. Furthermore, through investments in enhancing the energy efficiency of the corporate processes and structures, they also lead to the proper and sustainable management of waste and mobility focusing on the environment.

Lastly, the focus on **People**, which emerges transversally in the model of values of Elettronica, leads to welfare policies and also focusing on the territory and supporting culture and solidarity, as the levers of social growth.

VALUES

Reliability and correctness

GOVERNANCE AND ORGANIZATION

- Csr oriented strategy
- System of ethical rules, regulation and internal management
- Corporate security, of data and people

SUPPLY CHAIN

- Responsible management of the Supply Chain

Belonging

RESPONSIBLE PERSONNEL MANAGEMENT

- Employment policy
- Diversity management
- Gaining trust and involvement
- Internal communications

RESPONSIBLE DEVELOPMENT OF PEOPLE

- Rewarding
- Development and valorisation of human capital

Innovation and dynamism

RESEARCH AND DEVELOPMENT

- Promotion of innovation
- Production of innovation
- Investments with social and civil repercussions

ENVIRONMENT

- Energy efficiency of corporate processes and structures
- Waste management
- Transport

People

CORPORATE WELFARE

- Organisational welfare
- Lifetime – work management

CULTURE AND SOLIDARITY

- Patronage/ Sponsorship of cultural events
- Donations/ Collection of funds
- Volunteer work

TERRITORY

- Initiatives to the benefit of the reference territory
- Relations with Institutes, Schools, Universities and Research Centers in the territory

1.6 OUR STAKEHOLDERS

Our stakeholders, those for which and through which Elettronica creates value, represent the driving force towards growth supported by shared values, so that, in the words of Ing. Benigni, **“we all look in the same direction”.**

It is possible to build an ecosystem based on common growth with them.

Elettronica is aware of the centrality of the stakeholders and has started a process of mapping and analysis, involving all of the corporate departments and sharing it with the management team.

Creating a map of the stakeholders, measuring and sharing the results of Corporate Social Responsibility activities, is an opportunity to reflect on what the Business does and, at the same time, beginning direct and structured relations with the stakeholders in order to enhance their method of operation.

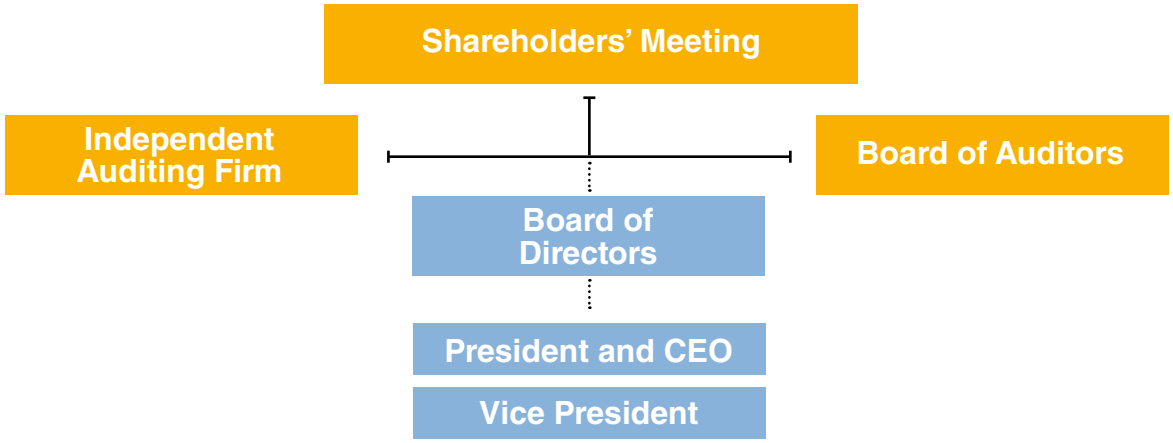
Stakeholder	Who they are
COMPANY	Individuals involved in the capacity of Elettronica to create added value and deal with challenges
GOVERNANCE AND CONTROL BODIES	Individuals guiding and directing the actions of Elettronica, enabling it to enhance its leadership status
EMPLOYEES	Individuals whose daily work ensures that Elettronica creates value and produces satisfactory results
CUSTOMERS	Subjects whose needs Elettronica aims to satisfy through its excellence
SUPPLIERS	Subjects with which to grow together in pursuit of excellence
DEFENCE SECTOR	Subjects Elettronica contacts prevalently, offering innovative products
RESEARCH AND DEVELOPMENT SECTOR	Subjects with which Elettronica exchanges knowledge, experiences and visions
CREDIT SECTOR	Subjects offering Elettronica vital services
REPRESENTATION BODIES	Subjects with which Elettronica shares planning and actions
EXTERNAL CONTROLLERS	Subjects monitoring Elettronica as regards its compliance with laws and regulations in force
PUBLIC INSTITUTIONS	Subjects which, in the capacity of regulators or subsidisers, contribute towards the development of Elettronica's activities
TERTIARY SECTOR AND CULTURAL SYSTEM	Beneficiaries of or partners in solidarity and cultural activities realised by Elettronica
TERRITORIAL CONTEXT	Subjects which in various ways interact with the Company, with the commonality of being close to it
MEDIA	Subjects providing information on the activities carried out by the Company

For each category of stakeholder, Elettronica has questioned itself on the dimensions of CSR that are most significant to it and suggested disclosure needs, expectations and requirements.

Consistently with the gradual and substantial approach of orientation towards CSR, in the next reporting cycles, Elettronica will involve the stakeholders, in order to directly verify their expected values and record their maintenance and/or improvement suggestions, reaching an even more in-depth and detailed level of reporting.

2 Governance and organization

2.1 THE GOVERNANCE MODEL



The **Board of Directors** is the main governance body of the Company with powers of strategic management of the business and control over the corporate activities.
The Board of Directors appointed as Chairman and Chief Executive Officer Ing. Enzo Benigni, who therefore carries out a function of representation and guarantee towards the Shareholders' Meeting and third parties and leading the Company and the Top Management team as delegated by the Board of Directors, without prejudice to the matters reserved to the Board of Directors itself.
The Board of Directors has appointed Dr. Roberto Turco, granting him the right to exercise the legal representation of the Company and the powers of the Chairman and Chief Executive Officer, in the event of his absence.
The members of the Board of Directors have a mix of professional skills, accrued in different corporate contexts, and possess significant experience at an international level and knowledge of the sector.

Number of Board members 12, Female members 4, Average age 56

The legal control of the transactions and the adequacy of the Electronics balance sheets is entrusted to the Board of Statutory Auditors, and to the Independent Auditors Ernst & Young (EY).

2.2 THE ORGANIZATIONAL STRUCTURE

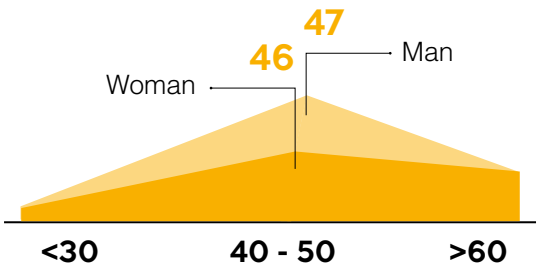
The organizational structure of Elettronica comprises 10 corporate departments guided and coordinated by the General Manager.

The specific nature of the Company's work, in terms of both contracts and programmes, requires individuals who are transversal in a technical and operating sense to the organization, in order to effectively coordinate the activities and ensure the necessary alignment of objectives, deadlines, cost and quality.

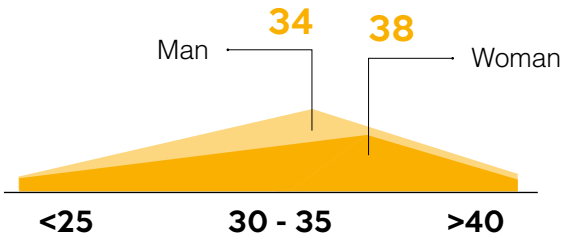
Inter-departmental teams operate within the structure dedicated to continuous improvement (BELT – Building ELT of Tomorrow), with individuals of different levels and qualifications, whose aim is to examine specific topics from different viewpoints: a method of working which produces significant results and achieves synergy between the departments, as well as allowing the Company to pursue the goal of continuous enhancement.

2.3 PEOPLE

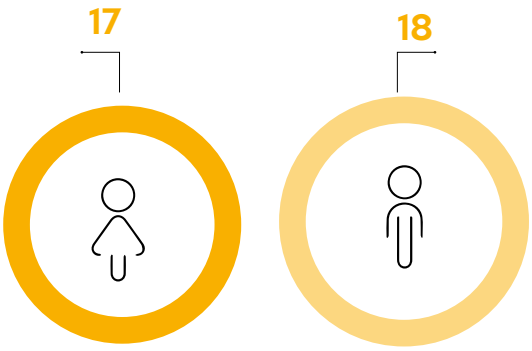
Age



Average age and gender, 47

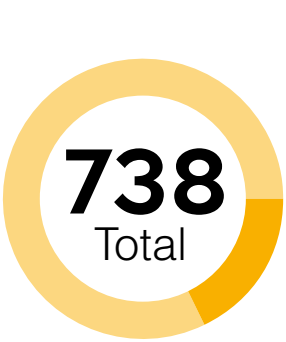


Average age of new staff and by gender, 35



Average company seniority and by gender, 18

Gender



610

128

Qualification

Workers	53
Employees	515
Managers	100
Executives	70

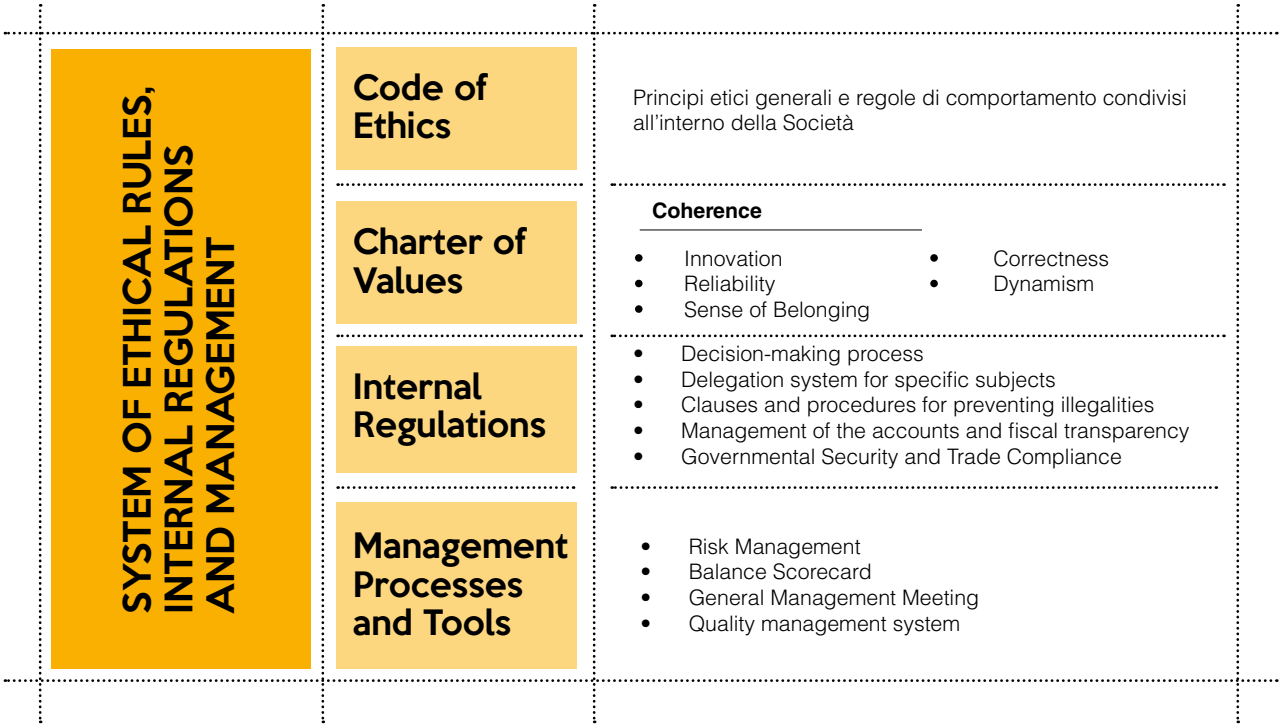
Academic qualification

Other	44
Diploma	68
Technical Diploma	216
Other Master's Degree	60
Other Bachelor's Degree	2
Technical Master's Degree	327
Technical Bachelor's Degree	2
Post-graduate Master's	1
PHD	18

Figures as at 31/12/2018

2.4 THE SYSTEM OF ETHICAL RULES, INTERNAL REGULATIONS AND MANAGEMENT

Elettronica has a system of ethical rules, internal regulations and management which is aimed at guaranteeing proper conduct and support accountability, thereby ensuring that objective are achieved, minimising the exposure of the organization to risks and stimulating continuous improvement.



The Code of Ethics

The Code of Ethics was updated and approved by the Company's Board of Directors in 2017 and is distributed to all staff when they are hired. It clearly and transparently defines the ethical and social responsibilities of the Company and those operating on its behalf, guaranteeing equity and effectiveness in decision making, actions and conduct.

The focus on sharing a system of ethics and values as the compass for orienting the Company in its process of continuous evolution and development, characterises the actions of Elettronica, which also promotes the adoption of the Code of Ethics by its subsidiaries (the Code of Ethics of CY4GATE was approved by the Board of Directors on 6 December 2018).

Internal Rules

Elettronica has its own internal rules and procedures, with the intention of helping the principle of effective accountability of the Company, the integrity and correctness of the decision making processes and compliance with sector and general laws, also through the traceability of its official records, processes and operations.

Rules on the decision making process

Regulates and ensures the correctness of corporate decisions, given that it envisages the intervention of all the competent departments with regard to a specific topic, which then share responsibilities on the basis of the level of involvement and range of decision making powers.

The flow of documents traces the competent subjects and those responsible for each phase of the decision making process (preparation, approval and authorisation). The regulation is reviewed and updated consistently with the organizational changes and/or new corporate processes.

A specific declination of the internal decision making process is represented by the authorisation cycle for bids, contracts and purchase requests. This envisages an authorisation process which is traced according to specific company proxies, in order to increase its transparency, reduce the margins for error and avoid illegal deeds and conduct. The cycle complies with the reference standard ISO 9100: 2016 and involves whoever activates the request, the competent departments, and also the Administration & Control Department and the Operational Excellence Department, if necessary.

Delegation system for specific subjects

As regards Governmental Security, Safety, Information Security, Privacy and Quality, Elettronica ensures operative status on the outside as well and governance that it is in line with the specific company policies, through a system of proxies and appointments for specific company officials.

Clauses and procedures for preventing illegalities

In order to favour the respect of anti-corruption laws and conduct based on the values and principles in the Code of Ethics, Elettronica has inserted specific contractual clauses in the contracts and agreements with suppliers and partners that are aimed at integrity and the respect of its own Code of Ethics.

It has also intervened specifically in relations with foreign markets agents, defining the selection criteria and methods of managing contractual relations with professionals external to the corporate structure to promote its business in a specific overseas area. The selection and management of relations ensure the professionalism, competence and integrity of conduct that the Company expects of such individuals.

Rules on economic and financial management and fiscal transparency

These rules and procedures are aimed at:

1. Guarantee to all of the internal and external stakeholders of Elettronica that its accounts and tax statements are all correct according to the laws in force (legal, accounting and fiscal).
2. Guaranteeing the integrity of the equity of the Company through control procedures aimed at:

    - receiving amounts due in their entirety and in the best timeframe possible, and making payments only after checking their legitimacy, the accuracy of the amounts and the contractual payment date;

    - preparing the company's financial forecasts required for optimising the cost of financial resources, managing the available cash and equivalents and the exchange rate risks prudently, optimising the success of commercial bids supporting the Sales Department in proposing the best financial solutions for customers and the company and also subsequently ensuring the proper financial management of the contracts signed;

Management System for Governmental Security and Trade Compliance (GS&TC)

The system ensures the respect of the laws in force on the management of classified information for Governmental Security concerning the handling of Munition Goods and Dual Use Goods (so-called Trade Compliance).

It informs all of the corporate processes aimed at managing trade opportunities of the development of products, their realisation and the relevant movements so as to ensure the complete respect of the rules and regulations concerning importing, exporting, transfer and utilisation of armament goods, dual use goods and some technologies subject to government restrictions, classified or not. In January each year, the General Manager states the specific objectives to be pursued during the year as part of the GS&TC Policy included in the company's SQM.

By fully recognising to which of the above categories (armament, dual use and civil) all of the products in the catalogue and those being designed, the System intercepts any 'non-compliances' before they occur and become breaches of the law and timely interventions to be made.

The basis of the proper implementation of the System is undoubtedly the knowledge and awareness of its importance of all of the actors involved. This is why Elettronica periodically organises informative and training courses for its Staff, sometimes open to others as well.

Management processes and tools

The management processes lead the organization towards the achievement of the objectives and the creation of value, in the framework of well-defined principles, values and rules, which ensure that the objectives are pursued in an ethical, correct and transparent manner. From this viewpoint, adopting processes such as Risk Management, systems such as that concerning Quality Management and directional reporting tools such as the Balanced Scorecard, means combining reliability with excellence and control with continuous improvement.

Risk Management

This is a structured process for assessing events that may compromise or favour the positive completion of company projects. The purpose is to stimulate reflection on the sources of risk and the potential effects, then identifying and implementing adequate action to combat or improve the probability of them occurring and their effects.

The Risk Management department was created in 2015 and its duties include that of spreading a common corporate culture in order to improve the company's economic results, customer satisfaction and the climate among the workers.

Starting in January 2018, the Risk Management department has taken on an even more strategic role within the organization, becoming a new department (Planning & Risk Management), thereby gaining greater operating independence than the other corporate departments and guaranteeing the maximum level of objectivity in the assessment of risks.

The Company manages and monitors 17 types of risk, including the application of the laws in force, protecting the corporate equity and its economic and financial resources, date and personal security, the execution of the operating processes and relations with the stakeholders. Threats and opportunities are identified for each type of risk. In 2018, 83 threats were identified in 14 categories of risk and 14 opportunities in 6 categories. The timeframe for the closure of the action taken in

response to the risks was 9 months in 2018 compared to the pre-established target of 11 months.

Balanced Scorecard

This is the main strategic directional reporting tool, which enables the vision and strategy of a business to be translated into a consistent grouping of performance indicators.

There are four different sorts of indicator: Results, Customers/Markets, Processes and Resources. A decidedly more advanced tool that the mere use of economic and financial indicators, measuring the way ni which the business creates value for its stakeholders through the achievement of individual objectives.

The adoption of the BSC was a gradual process: in 2015, it was introduced at a business level only; subsequently, BSCs were adopted for some “pilot” departments and finally, in 2018, a Corporate BSC was adopted together with one for each corporate department.

Sharing of objectives	2018 Results
High performance KPI (target reached or exceeded)	29 (78,4%)
Average performance KPI (target not reached but within tolerance limits)	6 (16,2%)
Low performance KPI (target not reached outside of the tolerance limits)	2 (5,4%)

QMS – Quality Management System

Elettronica has adopted a Quality Management System, in line with the corporate Balanced Scorecard, to satisfy the expectations and needs of the parties involved and support the continuous orientation towards results.

The process affects the Company transversally and takes into account the needs of the stakeholders: from company staff for the creation of a working environment that ios adequate and similar to private life – through the integration of the corporate processes and management of the supplier chain, until achieving customer satisfaction. All of the phases are characterised by the orientation towards continuous improvement and technological innovation.

Context analysis → **Result orientation** → **Business organization and processes** → **Resources** → **Supply Management** →

At the same time, Quality has a strategic role in improving the possibility of businesses connected to the customer satisfaction analysis, through studies, manging complaints and internal debriefing activities, through Customer Satisfaction activities and product surveys dedicated to the end users of the systems.

Quality	2018 Results	Triennial value 2016-2018
Customer survey - Product	8,1	N/D
Customer survey - Sales	8,3	N/D
Customer survey - Logistics	8,3	N/D
Vendor rating - Times	92,00%	98,56%
Vendor rating - Quality	99,16%	99,21%
Product Quality Index (percentage of products delivered without Waiver)	Performance 99.13% (Overall 96,65% with target of 97.5%)	99,56%

What they say about us

- *Capacity to translate the needs and requirements of customers into programmes...*
- *Excellent ability in solving maintenance problems...*
- *Willingness to acknowledge the requirements of customers...*
- *New Customer Satisfaction Survey (EW users oriented) is one of the best practices ever seen...*

Monitoring of the compliance of the Quality Management System of the Company is ensured by the continuous training and updating of **qualified auditors** by accredited bodies. This also enables the spreading within the Company of knowledge of the corporate certification standards and increases the awareness of how individual conduct has an impact on the compliance of products and services.

Reliability of the QMS	2018 Results	Triennial value 2016-2018
ISO 9001:2015 quality certified processes	100%	100%
Internal audits of those scheduled performed	100%	100%
Non-compliances encountered	27	70
Supplier audits performed out of those scheduled	100%	100%
No. of non-compliances encountered	26	125
No. of corrective actions and closed	26 (100%)	125 (100%)

2.5 BUSINESS, PERSONAL AND DATA SECURITY

Protection of information

The adoption and implementation of a system for managing the security of information, through the awarding of ISO 27001:2013 certification, is aimed at protecting the intellectual capital of the Company and properly managing the critical and confidential information. This also means protecting the security of civil society and of the State- In 2018, Elettronica began the integration into the management system of IT incidents, through the implementation of ISO 27035 and the introduction of a dedicated team, the Computer Security Incident Response Team (CSIRT).

Elettronica has also been awarded Cyber Essential certification, which is the reference standard for computer security in the UK and is a guideline for the Company in adopting and applying the essential levels of IT security necessary to deal with the threat of IT attacks.

Reliability of the system of managing information security	2018 Results	Triennial value 2016-2018
Observations suggestions for improvement	2	3
Non-compliances	0	2
Anomalies traceable to identified malicious infections	15	0

Protection of personal data: a privacy oriented model

Elettronica must respect and ensure the respect of the special regulations on the protection of national security and the Privacy laws according to which the priority is the protection of people, with specific regard to the right to protect personal data, disclosure self-determination and non-discrimination. The company is based on a “privacy oriented” model: the challenge is to ensure that the data processing processes are structurally and intrinsically designed to protect privacy.

The important phase of control and enhancement to the best possible levels of efficiency and effectiveness of the company’s Privacy Management System (SGP) continued in 2018, through the scheduling of the audit plan, in synergy with the audits of the other corporate management systems, and consistently with the implementing instructions in the new European Privacy Regulation (GDPR) and the Privacy Code contained in Legislative Decree 101/2018 (so-called harmonisation decree). Adjustment to the GDPR was completed with the publication of the Management Rules concerning the new processes introduced, in particular the data protection impact assessment (DPIA) process, privacy incidents (Data Breach) management process and the process for managing the rights of those involved.

Privacy Management System (PMS)	2018 Results
Fulfilment of the new European Privacy Regulation	√
Issue of Rev. 1 of the Rules for the Management of Data Breaches by the date on which the GDPR becomes fully effective and its subsequent harmonisation (Rev. 2) with the Management Rules for the Management of IT Security Incidents	√
Issue of the Rules for the Privacy Impact Assessment	√
Sector Tuv certification	√
DPO Certification from the ECPC of Maastricht University	√

PMS reliability

Timely resolution of privacy incidents	0.6 days
Mitigation of the high-level risks (Data Protection Impact Assessment Action)	All action defined after the data protection impact assessment (DPIA) closed
Continuous improvement of thePMS	All action identified after the audit activities for solving Non-Compliances or to respond to eventual observations, or action decided following the analysis of the Privacy incidents that occurred or action based on reports made by the DPO closed
Awareness	Campaign of privacy training/information started on topics of significance in the GDPR, together with E-Learning activities. In-hall training for the System Administrators (S.A.).

PMS involvement

Privacy initiatives shares with RSU	4

Culture of health and safety

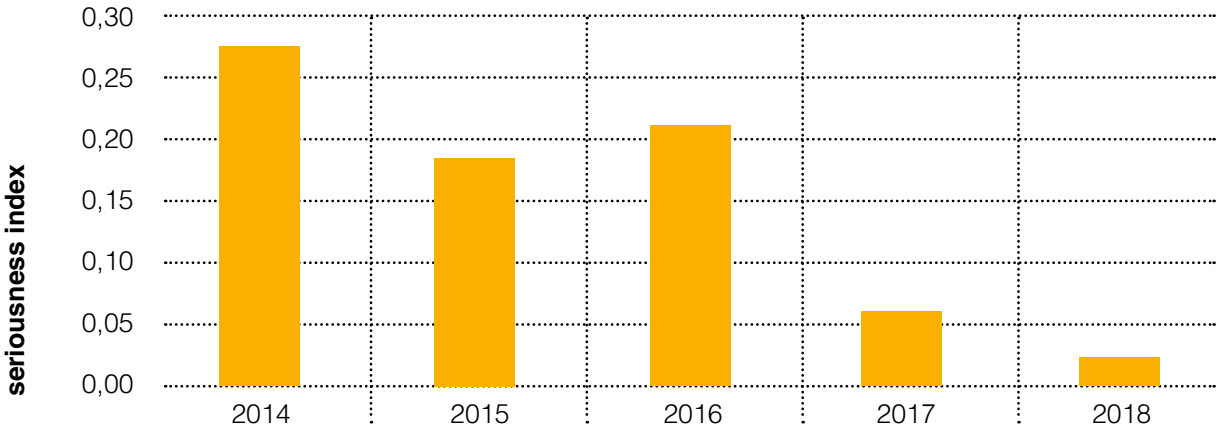
The safety and welfare of people are also guaranteed through the adoption of the System for Managing Health and Safety in the Workplace (certified according to international standard BS OHSAS 18001:20017), which manages all safety contexts in an integrated and organic manner, always with a view to continuous improvement.

Effectiveness of the system for managing health and safety in the workplace

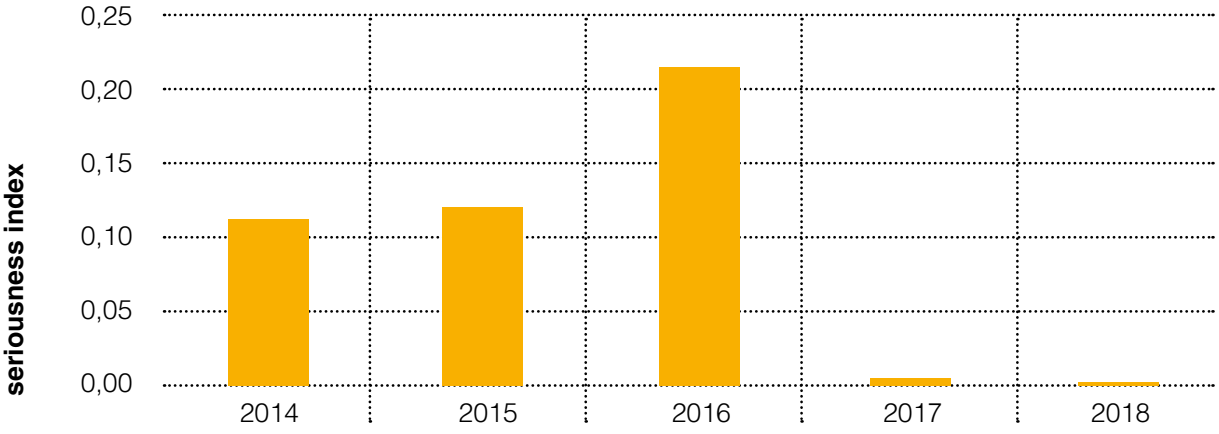
	2018 Results
Type and rate of professional illnesses	0
Total injuries	3
Injuries ongoing	2
Injuries during work	1
Injuries involving men	2
Injuries involving women	1
Deaths	0
Serious injuries (>40 days with permanent damage)	0
Minor injuries (<40 days with temporary damage)	3

UNI7294 seriousness index statistics accidents and comparison with previous years

$$Ig = \frac{Days\ injury}{hours} * 1000 = 0{,}0024$$

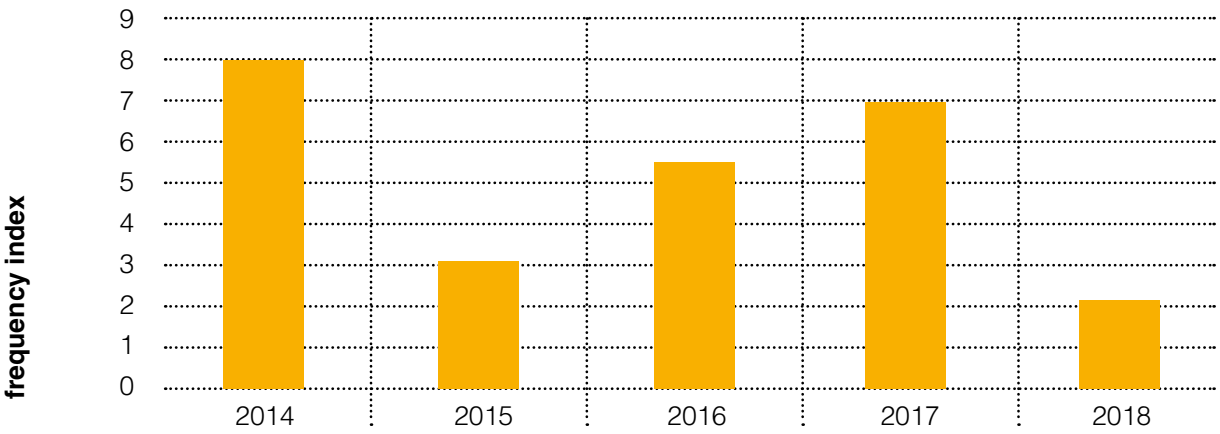


Statistics of work accidents and comparison with previous years

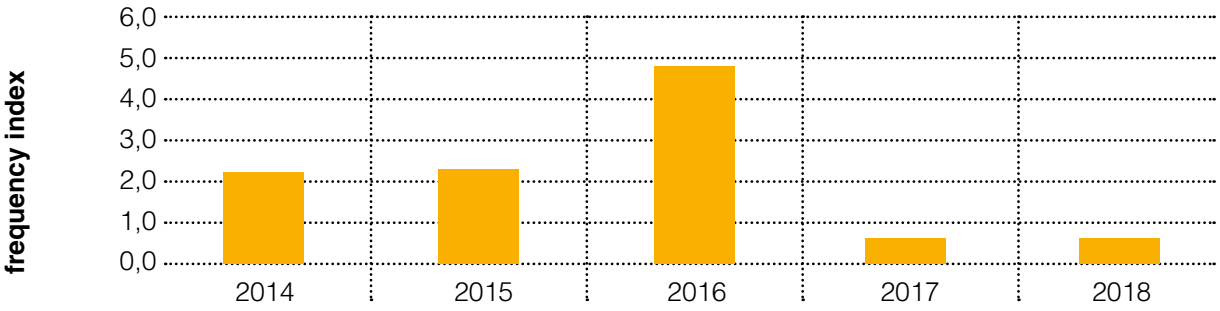


UNI7294 frequency index statistics accidents and comparison with previous years

$$If = \frac{no.\ of\ injuries}{hours} * 1000000 = 0,8$$



Statistics of work accidents and comparison with previous years



Awareness of work risks	2018 Results
% of employees trained	92%
Average annual hours' training per employee on the topic of prevention and protection	3.6
Total annual training hours on the topic of prevention and protection	2675

Increasing awareness and Training

The Safety Prize

For Elettronica, safety is especially an organizational culture and approach to work. not only respect of the procedures. The Safety Prize is based on this viewpoint, and is a competition started with the aim of increasing sensitivity and awareness on the topic of health and safety in the workplace, by analysing and comparing specific problems and the proposal of “original” solutions.

The participants – potentially all employees – form inter-departmental groups so as to have the widest-ranging vision possible of the same topic and encounter different awareness and approaches.

The awarding day is structured as a workshop open to other companies and experts in the sector interested in the chosen topic.

Safety of workers overseas

In order to ensure the maximum protection of Workers working overseas, Elettronica has entrusted a company specialising in the sector of Security & Intelligence Services to constantly monitor any risks that may be present in the countries of destination and if necessary adopt suitable security measures.

Support to employees	2018 Results
No. of employees supported overseas	11

3 Actions and results

Interview with Ing. Domitilla Benigni, General Manager

Elettronica has made strides forward in the process of corporate reporting. After the experience of storytelling in The Social Portrait, the first Social Report prepared last year included the measurement of the value created, in addition to the storytelling element. One year on from the publication of the Report, what are your considerations on what has been achieved?

Since the outset, we have interpreted the orientation towards Corporate Social Responsibility as a pathway of small of large steps. The choice of proceeding gradually is based on the willingness to create an instrument through which we can become fully aware of and share our values, our methods of taking action and communicating, internally and externally. This shared awareness is only achieved when participatory process are implemented, into which the members of the organization can pour all of their knowledge experience and awareness. This is the basis of the need and willingness to proceed by levels, ensuring that everyone is able to interiorise corporate reporting concepts and methods. We can consider ourselves very satisfied with the work carried out until now.

The 2017 Social Report was distributed to all of the employees and also customers and partners. How was it received?

We believe that the Social Report is an excellent tool for sharing, capable of achieving the enhancement of our organizational structure and the development of the sense of belonging of our employees, and is also a useful tool for communicating who we are, what we do and how we do it, and also the results we achieve, with greater emphasis and incisiveness.

Elettronica has now completed the second cycle of corporate reporting. What are the characteristics of the new 2018 Social Report?

As was the case with the 2017 Social Report, the 2018 version is the fruit of careful reflection and analysis of our activities, which saw the working group – comprising the referents of the various corporate departments – involved in updating and integrating the information collected.

We based our actions on the principle of continuous improvement. we discussed come aspects in depth and expanded the perimeter of the report.
We have examined in more depth the action taken by the Company in terms of satisfying the requirements of our customers and giving them adequate support.
We have discussed in depth our commitment in terms of constructing a quality production line and a network of excellence among our suppliers.

We have continued to explore a crucial topic for Elettronica and for the entire business sector we operate in: innovation. The objective has been to highlight the dual role played by Elettronica: on one hand, as an entity promoting innovation, which creates and participates in discussions, comparisons and reflection on the topic, and on the other as an entity which invests in research and development, creates new technological solutions and, as a result, produces innovation.

The 2018 Social Report includes descriptions on the new projects started by the Company, new tiles in the mosaic of Social Responsibility that we have always been building and that we now also look at from other perspectives, from the viewpoint of the stakeholders.

The viewpoint of the stakeholders, an element which cannot be ignored in the context of Social Responsibility. What action do you intend to take to strengthen the relationship with them and share in the creation of economic, environmental and social value?

Given the experience accrued in terms of social responsibility, we feel we are ready to make another important step forwards.

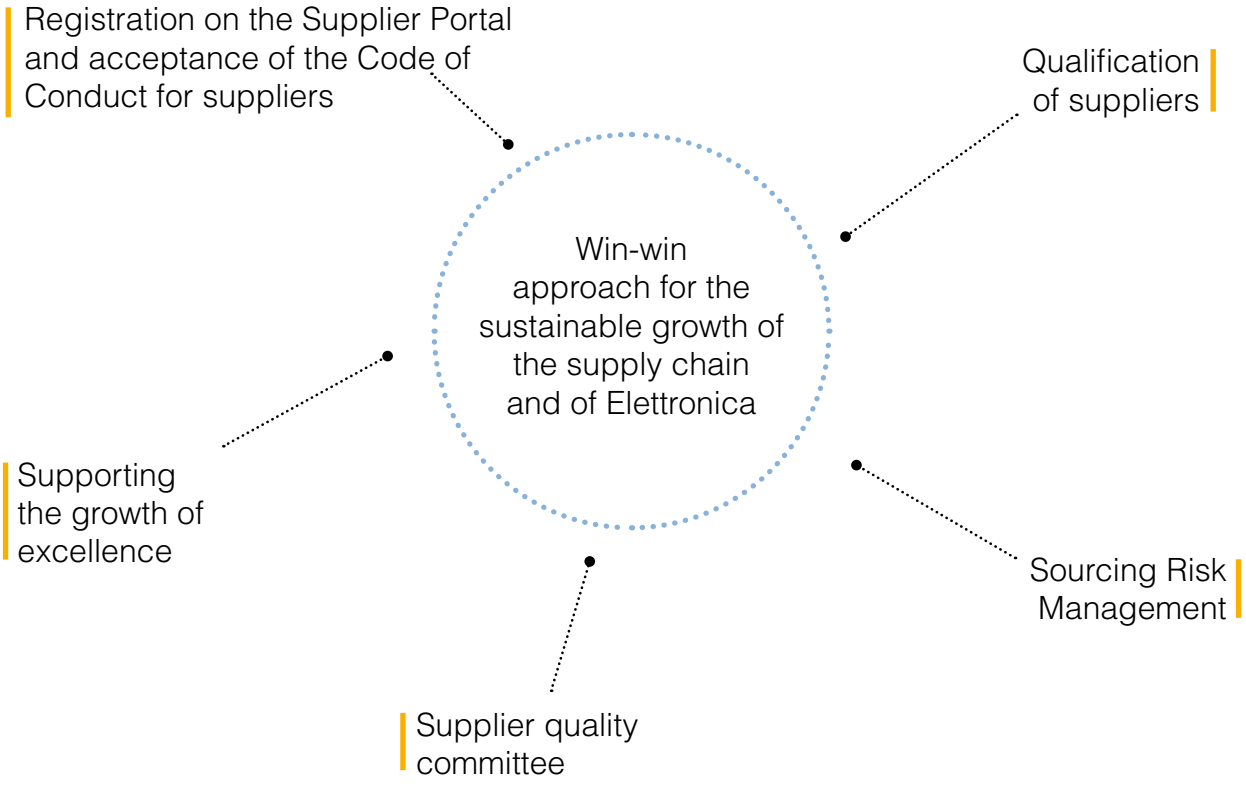
For 2019, we have scheduled the involvement of a pilot group of key stakeholders. Until now, we have always put ourselves in the shoes of the stakeholders, imagining what their needs and expectations were, and we now intend to overcome the self-referential nature which tends to characterise the initial cycles of reporting and interact directly with them, verifying the expected values and obtaining useful indications of our continuous improvement.

3.1 RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN

The innovation, quality and reliability of Elettronica's products and solutions are unavoidably connected to the company's capacity to select, stimulate and target an excellent and sustainable supply chain.

Elettronica gives its suppliers a key and central role in the creation of value for the company and the areas in which it operates.

The suppliers represent an important element in the business model of the Company, with which to build relations based on principles of transparency, integrity and trust, through a "win-win" approach based on the growth and improvement of the supply chain, in order to create long-term economic, social and reputational value for all of the actors involved.



Selection and management of suppliers

The selection and management of suppliers begins with registration on the **suppliers portal**. This tool enables the efficient and effective sharing of information between Elettronica and its own suppliers. It is a 'door' that opens on to the outside world, which enables the suppliers to easily and transparently access the world of Elettronica, giving small and medium sized businesses the possibility of making themselves known and proposing themselves ad partners of Elettronica.

Suppliers Portal Accessibility	2018 Results	Difference 2017-2018
Registered Suppliers	259	19
% Registered Suppliers of total ELT Suppliers	47%	+2%
No. of registered suppliers by business dimensions	Small: 141 Medium: 73 Large: 45	+8 +9 +2

The accreditation of suppliers involves compiling questionnaires, which record the possession of general and specific requirements for technical and operating aspects.

Nature of requirements

Administrative and regulatory position	• Social security and welfare contributions • Declarations of absence of criminal proceedings • Privacy • Treatment of materials/information/services subject to government limitations “Export Control” • TULPS (Testo Unico delle Leggi di Pubblica Sicurezza; Consolidation Act for Public Safety Laws) Licence • Industrial Security Clearance (NOSI) • General conditions of Tender Contracts – Security Requirements
Economic and financial requirements	• Indicators concerning the probability of cessation (D&B Failure Score e D&B Delinquency Score) • Indicators concerning payment trends towards suppliers • Returns for the last three years • Profits/Losses for the last three years • Research & Development expenditure
Management requirements	• Health and safety certifications (OHSAS 18001) • Quality certifications • Environmental certifications (ISO 14001 etc.) • Corporate certification for the Security of Information (ISO 27001) • Quality Assurance Manual
Technical and operating requirements for specific supplies	• Presence of “special working processes” and their management • Management of project risks • Management of special requirements • Structured application of the best practices of Lean Manufacturing • Use of a system for measuring internal and external performance

The questionnaire is not the only way of collecting information, but is an initial stimulus towards improvement: a self-evaluation phase which pushes the supplier to ask questions on its own supply chain, on its own economic, financial and management status and on its own technical and operating capacities, inducing them to also adjust through the adoption of management systems and the relevant certifications.

Push towards adjusting to process/product standards	2018 Results	Difference 2017-2018
% of suppliers registered on the portal stating possession of certification or systems for managing health and safety in the workplace (BS OHSAS 18001)	9% of which: Small: 7% Medium: 43% Large: 50%	-
No. of suppliers in possession of ISO 14001 certification	26 of those registered on the portal	-
No. and % of suppliers in the Roll stating possession of quality system certification (ISO 9001:2015)	152 100% of Suppliers in the Roll	+8

The suppliers portal enables all of the information to be made available and also stimulates the sharing of a common management approach, and also common values. This is why Elettronica also requires the sharing of values and conduct which are the basis of and regulate the conduct of the company by accepting the **Code of Conduct for Suppliers**, in line with the international best practices concerning Sustainability, and with the environmental, social and management indicators (ESG).

Code of Conduct for Suppliers

- Protecting the human rights of its employees, treating them with dignity and respect and promoting stable employment
- Equal opportunities. Suppliers must give equal opportunities of employment to employees and candidates without discrimination
- Anti-corruption: Compliance with the laws against corruption, illegal payments, fraud and swindling, competition and antitrust, corporate gifts/courtesies
- Compliance with the import/export laws: Suppliers must guarantee that their trade practices comply with all the applicable laws, directives and regulations disciplining the import and export of parts, components and technical data
- Provide a safe and healthy workplace and, where possible, secure and clean company accommodation
- Operate responsibly and efficiently from an environmental viewpoint
- Integrate the quality of the business processes and implement management systems that facilitate the observance of the law and promote continuous enhancement in relation to the expectations described in the Code

Elettronica does not merely require the application of the aforementioned principles, but stimulates their adoption. This is why it decided in 2017, in the framework of the concession contracts and tenders for works and services, with specific regard to contracts with a high level of manual labour involved, to insert in its tenders and/or requests for bids specific social clauses aimed at promoting the employment stability of the personnel involved, envisaging their application by the awarding station. Knowing its suppliers enables Elettronica to minimise the risks by analysing and managing the supplier risk.

Sourcing Risk Management enables the interception, identification and treatment of risks that may affect the proper realisation of Elettronica's programmes, minimising or recovering criticalities encountered and providing the possibility of delays or extra cost of supplies.

Analysis of the supplier risk is based on an evaluation grille for the analytical and quantitative risk, which attributes a Reliability index to each supplier. Before the order is issued or when the supply is being carried out, this index is reviewed and evaluated by the Supplier Risk Specialist through inspections carried out at the supplier's facilities.

Types of risk managed

The risk assessment questionnaire examines the following sectors:

- Research and development
- Production and quality
- Logistics and procurement
- Disclosure systems
- Control (measuring customer performance and satisfaction)
- Human resources
- Finance
- Trade
- Country
- Risk management

The approach adopted by Elettronica is always aimed at encouraging suppliers towards continuous improvement, making them aware of their strengths and weaknesses, and to work together to achieve adequate levels of reliability and, at the same time, excellence.

Reliability of suppliers	2018 Results
% of suppliers managed classed as High, Average or Low Reliability	High Reliability =36% Average Reliability =59% Low Reliability =5%

Orientation towards improvement and emergence of excellence

Elettronica is convinced that the capacity to develop new products and solutions, use available state of the art technologies and retain the competitiveness required to operate on the global market is based on the capacity to make partner suppliers reliable and aware of their role. Elettronica's success is also based on the sustainability of the supply chain, which means capable, reactive and flexible suppliers capable of keeping step with their competitors worldwide; it means suppliers capable of supporting Elettronica from the phase of defining the solutions to be adopted, so as to be able to carry out a proper **Design to Value**. The **supplier quality committee** is part of this framework, and has the aim of evaluating suppliers regardless of their dimensions, collecting feedback from the corporate departments which use them to provide services or materials and thus identifying the gaps that are to be made up. In this way, Elettronica provides a proactive contribution to the improvement of the supplier, by monitoring the corrective action that is agreed with the supplier itself.

Orientation towards improvement	2018 Results	Difference 2017-2018
No. of suppliers that have obtained an upgrading of VR/quality	51 of 152 (Direct suppliers registered in the Roll)	+37%
No. of suppliers with which meetings have been held aimed at improvement	15	-
No. of suppliers which have introduced improvements to their processes after evaluation by the Committee	15 inspected: 10 have implemented the suggested action 5 have action ongoing	-
No. of suppliers which have acquired ISO 9001:2915 following support/request of ELT	2	-

Again with the aim of enhancing its own supply chain, Elettronica has taken initiatives to create a network of cooperation with and between the key suppliers. On one hand, Elettronica aims to increase the number of **framework contracts**, an effective tool enabling suppliers to be elevated to "partners" with which to share objectives, risks and results in a win-win situation. On the other, it intends to support the growth of the suppliers identified as exceling in their own fields, favouring the **creation of a network and cooperation among them**.This enables Elettronica to have more guarantees over its supply chain, given that in searching for sub-suppliers, the suppliers have the possibility of contacting Elettronica qualified suppliers. As a result, the guarantee of success is higher and there is less need for control. At the same time, the opportunity for deserving suppliers to implement new collaborations with other companies makes them less dependent on Elettronica's business and thus – especially for the smaller ones – reduces the risk of relying on a single contractor or limited diversification. Lastly, for the suppliers, expanding their business means increasing their return, and as a result having more resources to invest in growth and maintaining its technological competitiveness on the market.

Obviously, this growth also benefits Elettronica, which has increasingly capable and avant-garde companies among its suppliers.

Aiming for excellence	2018 Results	Difference 2017-2018
No. of suppliers with which Elettronica has framework contracts	10 suppliers, of which: Small: 4 Medium: 3 Large: 3	+1

Enhancing the domestic spin-off and supporting the suppliers of scientific skills

Having stable, efficient and sustainable with domestic suppliers means not only reaching performance levels of excellence and reliability, but also significantly affecting the economic, employment and social fabric of the country.
Where possible, Elettronica favours domestic and local suppliers, being aware of the importance on a solid domestic industrial spin-off capable of competing in dealing wih the challenges of the global market.

Enhancing domestic and local chain	2018 Results	Difference 2017-2018	Triennial value 2016-2018
No. of domestic suppliers	554	+ 21	873
No. of local suppliers (Lazio)	202	+ 32	297
% of regional suppliers registered on the suppliers portal	33% of which: Small: 78% Medium: 12% Large:10%		
Total volume of orders and % awarded to regional and domestic suppliers	101.3 million, of which: 59% to domestic suppliers 31% to regional suppliers	In 2017: 160.1 million, of which: 53% domestic suppliers 25% regional suppliers Difference in % between 2018 and 2017 = +6 percentage points difference of expenditure for domestic suppliers compared to total +6 percentage points difference of expenditure for regional suppliers compared to total	361 million, of which: 56% to domestic suppliers 28% to regional suppliers

Favouring the growth and sustainability of domestic suppliers also means focusing on local small and medium sized businesses and, in particular, suppliers with intellectual capital in the scientific field, also making scenario information available to them and the strategic and technological road maps with them, so as to guide them in their research and investment choices.

The technological coordination table is oriented towards this direction, and represents a coordination tool for the internal departments of the company on the technological opportunities and strategies to be pursued and is also an important way of sharing with the suppliers.

Similarly, the **framework contracts with suppliers of intellectual services** favour the sharing of objectives and risks, contributing towards their medium and long-term sustainability.

The objective is to accompany the suppliers in terms of their knowledge of market dynamics, with the awareness that they can integrate elements of sustainability in the management of the supply chain. Thanks to this approach, equitable and clear relations have been established with all suppliers over time, based on reciprocal trust, looking towards the future and focusing on investments that are capable of creating added value in the long-term.

Support of local and intellectual service suppliers	2018 results
No. and % of suppliers of intellectual services registered on the suppliers portal	44 -17%, of which: Small: 46% Medium: 12% Large: 42%
% expenditure on suppliers of intellectual services registered on the suppliers portal (total expenditure 2018: 4.5 M€)	5% of the total expenditure on suppliers on the portal, of which: Small: 21% Medium: 3% Large: 76%
No. of regional suppliers with which Elettronica has framework contracts	4 regional suppliers, of which: Small: 2 Medium: 0 Large: 2
No. of suppliers of intellectual services with which Elettronica has framework contracts	3 suppliers of intellectual services, of which: Small: 1 Medium: 0 Large: 2

3.2 FOCUS ON THE CUSTOMER

Elettronica places the customers at the center of its strategy for success, analysing their current requirements and implementing technological research and development activities with the aim of anticipating possible future requirements.

The objective is to satisfy the customer from the viewpoint of operations (providing a solution in line with their needs), knowledge (training them to obtain the maximum from what they have purchased), support (guaranteeing the high operating standards of the system), costs (designing the system with the aim of limiting the operating and logistical costs) and evolution (through architecturally "open" solutions capable of being updated in technological terms to deal with the evolution of operating requirements and the customer's requests over time).

The approach used by Elettronica is "tuning in to the same wavelength", carefully listening to, analysing and understanding the requirements, avoiding the customer focusing on its operating requirements and the company on its technical skills, without the two aspects converging, helping them to find the solution most suited to realising an effective programme. It is also fundamental to supervise them in the subsequent phases of system use to ensure that the customer is truly satisfied, supporting them in solving any problems that may arise, thereby enhancing the trust between them and achieving an appreciable level of Customer Satisfaction.

To achieve these objectives, Elettronica goes beyond the traditional customer-supplier bond and into a partnership. In a technological company such as Elettronica, this aspect becomes a vital factor for success, given that it is the only way to align the "real" operating requirement of the customer (which is not always the same as the operating requirements it has described in the documents) with a solution perfectly adjusted to the reality in which it operates, avoiding technological functionalities that may not be necessary.

Such a partnership has different articulations, ranging from collaboration during the development of a new technological solution (not necessarily contracted) in order to obtain from the customer important evaluations based on experience in the field, to joint participation (Country System) in operating tests on new technological solutions organised by NATO, to supporting the company in its marketing strategy to overseas customers and using test ranges owned by the national armed forces for tests and demos, through agreements.

With the aim of supporting activities with the customer as best as possible, Elettronica also integrates the offer of its systems with specific educational and training services to optimise the performance of the defence systems installed on the platforms. To this end, it has created its own **EW Academy** with the Battle Lab laboratory where complex scenarios oriented towards multi-role operational training can be simulated, providing various levels of training through a complete simulation of the scenario in which the customer will be operating.

EW Academy 2018

- 11 courses
- 7 organizations
- 29.5 weeks
- 120 students

Elettronica has a structured and proactive approach to Customer Satisfaction, preparing an annual schedule of interviews and distributing a specific questionnaire to its customers. It also carried out specific product surveys with the end users of Electronica systems, in order to obtain feedback on their operating uses. All of the information and data thus collected is then analysed and evaluated in order to identify any action for continuous improvement. The company thus provides a global support, convinced that the success of a system resides in the combination of technology and human skills.

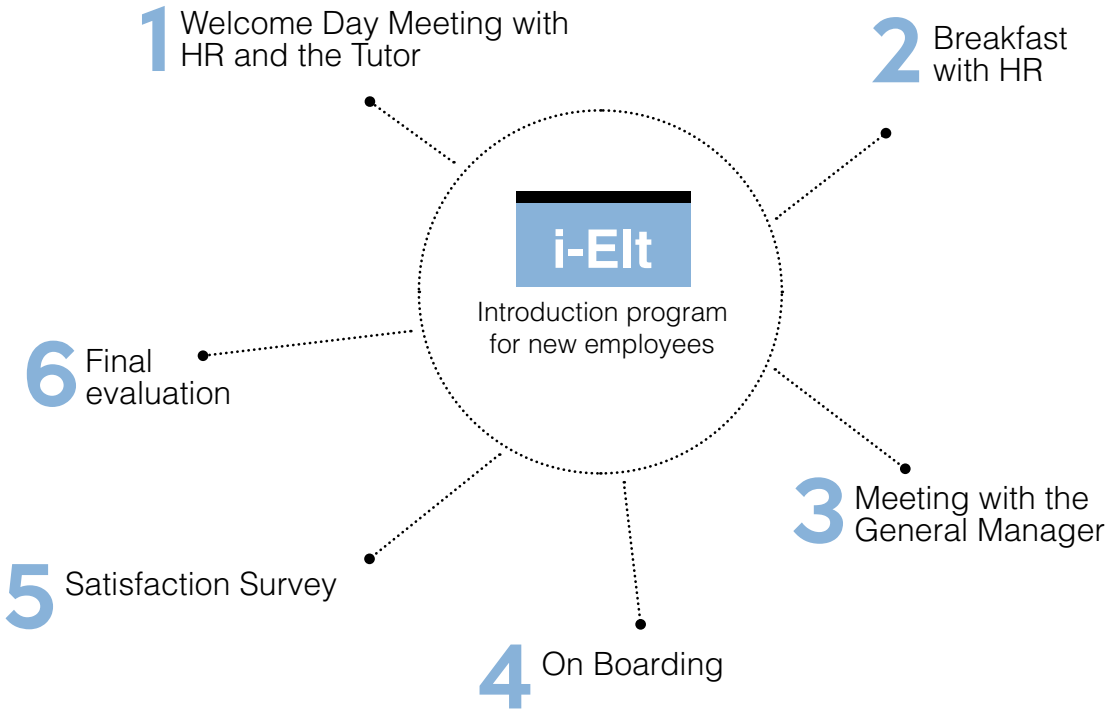
3.3 RESPONSIBLE PERSONNEL MANAGEMENT

Sharing and involving are the key words in creating a working context in which everyone feels that they are in the right place and able to make the contribution expected of them.
This is why new recruits are monitored and supported from the very first day in a process of integration that does not end after their first few months' work, but rather continues through events and projects aimed at making employees feel that they are an integral part of the company.

Involving and orienting new recruits

Working for Elettronica means receiving an imprinting that new recruits will have with them, in emotive and behavioural terms, throughout their training. This is why the company has designed and developed specific and original induction courses. Involvement is based on the creation of links in the various moments of their working career with the company, starting with the first: hiring. It is important to create the conditions for socialisation and integration immediately, in order to increase the awareness of new recruits of the reference points of the company and give them a sense of being welcome in this new community of people.

The company has developed "I-Elt" for new recruits, an induction course of six months created to involve and prepare people right from the start, through a structured process which creates the basis for responsibility to be taken in terms of role and duties, spreading identity and a sense of belonging and stimulating proper and effective conduct right from day one.



Welcome Day

On their first day at work, new recruits are welcomed by HR, which explains the internal procedures and regulatory and administrative aspects of their employment.

Breakfast with HR

Within one year of induction, HR organises an informal meeting with the complete group of all new recruits. This has the objective of favouring the process of socialisation and integration.

On boarding

This is the key moment of "I-Elt", a best practice that offers new recruits the chance to comprehend the organization of the company in its articulation and the main spheres of activity and to acquire a systematic and integrated vision of all of it components.

Within one year of induction, HR organises a series of meetings with the Managers of each of the corporate departments, who describe their internal structure, the reference products and market and spheres of activity. The departments and the Manufacturing and Customer Support Laboratories are visited, to provide some knowledge of the most operational and specific environments of the company.
The cycle also involves a **meeting with the General Manager**, who wants to know the resources entering the organization on a personal level.

Satisfaction Survey

One year after induction, new recruits receive a questionnaire for feedback on their level of satisfaction with their experience, collecting their first impressions and evaluating any possibilities for improvement.

Final evaluation

The induction phase ends with the final evaluation of the entire course by the direct Manager of the new recruits.

Favouring alignment of the objectives and methods of use	2018 results
% of new recruits who guaranteed the realisation of the tasks indicated in the induction plan and/or list of objectives	100%

Sharing information

Knowledge and knowing each other are for Elettronica the fundamental presuppositions for a good working climate. This is why tools are prepared, activities organised and spaces allocated to favour integration among employees.

The use of intranet to communicate

The starting point for internal sharing is **ELTnet**, the company intranet and summary of the world of Elettronica. It is an alternative to traditional bulletin boards which contains all of the documentation useful for everyone's work – and not only: external and corporate regulations, releases, forms for requesting services, information on the activities of the CRAL, the daily canteen menu, etc..

Informative house organ

The internal communication periodical **FELT**, renewed in 2017, gives a voice to and expresses the enthusiasm of the various generations in the company: it is a newsletter based on the future, but keeping the traditions of the company alive. It provides information on the main events (fairs, exhibitions, technological novelties, internal events) and deals with corporate topics favouring the spreading of a unique and shared corporate culture and style.

Creating a sense of belonging	2018 results
Average employees contributing to the preparation of each issue	6
Total no. of employees who have contributed to the 4 issues in the year in question	48

General Management Meeting

Elettronica can count on a cohesive management team, capable of passing from the creation of a strategy to its implementation, also thanks to a structured system of sharing information which involves monthly meetings (General Management Meeting – GMM) attended by all of the Department Managers.

During these meetings, the main criticalities that emerged are discussed with the General Management and solutions needed to achieve the corporate objectives are shared. Each Department Manager then shares the results of that discussed in the GMM with their collaborators so that a waterfall process is achieved and the information reaches all of the departmental staff.

The press release

To make everyone aware of what is going on around Elettronica and monitor the domestic and international scenario, employees receive a daily press release by e-mail, thereby encouraging the spreading of a general and specific culture within the defence sector which also constitutes study material for insider studies.

Creating a sense of belonging	2018 results
No. of employees receiving the press release	50
No. of citations received	542
No. of magazines mapped	About 9000

Aggregation and involvement

Strong links are constructed especially among people. In this sense, Elettronica supports initiatives aimed at sharing the successes of the company and also times for informalities.

Sharing the successes of the company

ELTogether is an annual event aimed at the Top Management and Staff sharing the results achieved by the company and the company's strategies for future years, a moment of collectiveness bringing together the entire organization. Every year, the format includes a new element that may interest the employees attending and entertain them. The event in December 2018 included a musical theme, with a performance by a professional orchestra conductor involving the entire staff to demonstrate how a musical experience can enhance teamwork in a company, with a series of numbers performed by an enthusiastically received rock band of six Elettronica engineers (the Nabla Quadro).
The company supports the candidature of its own employees for the Honour conferred by the President of the Republic entitled **"Stelle al merito del lavoro (Star of merit for work)"** to those who have excelled through their expertise, industriousness and moral conduct. Internally, there is a custom recognising those who have reached **40 years of service with Elettronica.**

Creating a sense of belonging	2018 results
No. of employees put forward for the star of merit	2
No. of employees who have received recognition (medal) for 40 years' service with the company	13

Families in the Company

In December 2018, just before Christmas, the first edition of **Jingle bElt** was organised, an event dedicated to the youngsters of Elettronica. Numerous children of employees took over the Father Christmas Village set up in the company's premises, finding Father Christmas on the throne, a colourful Sweet Table, laboratories for the elf workers, the TruccaBimbi and, lastly, an enchanting magic show, all accompanied by delicious snacks for adults and children.

Creating a sense of belonging	2018 results
No. of employees participating in the initiative	108
No. of family members participating	86 spouses 174 children

Sharing interests and leisure time

Elettronica supports initiatives such as the corporate **CRAL**, a get together for employees during breaks in work and after work; everyone automatically becomes a member as soon as they are hired.
The CRAL contributes to the creation of a sense of aggregation among employees, with sports activities, organised excursions, food and wine tastings, cultural activities and conventions that involve family members. The Elettronica CRAL, with new spaces, is available to employees who intend to share their skills in transmitting passions and hobbies, through self-organised courses varying from photography to wine tasting.

Creating a sense of belonging - CRAL	2018 results
Number of members	740
Presences at the activities organised	2,254
Number of topical sections of the CRAL and subscribers	7 with 279 subscriptions
Number of CRAL excursions and participants	10 with 376 participants
Number of CRAL cultural excursions and participants	21 with 333 participants
Number of theatre events and participants	107 with 858 participants
Number of concerts and participants	4 with 40 participants
Number of other events and participants	8 with 62 participants
Summer center participants (5-16 years)	26
Number of active conventions	21
Number of Exhibitions in the CRAL hall and participants	2 with the participation of about 200 employees

The Photographic Competition is a chance for all employees to share a personal interest and compete in the event with their own pictures. The methods of participation and prizes change from year to year. In 2018, 73 employees participated.

Focus on other cultures

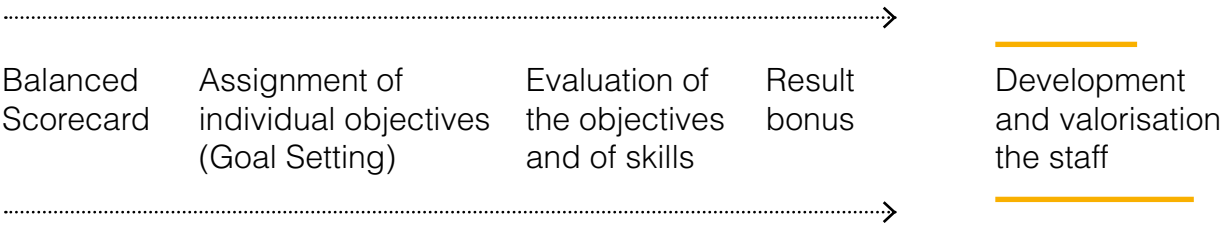
Elettronica believes that it is important to adopt initiatives aimed at the wellbeing and respect of the different cultures of people visiting the company or who work for it for a specific period of time (customers, suppliers, foreign delegations, training groups, etc.).

To this end, it has created areas for prayer and refreshment points for its guests which take into account their cultural and religious customs and has also asked the canteen to prepare meals scrupulously following the dictates of their respective cultures and religions.

3.4 DEVELOPMENT AND VALORISATION OF SKILLS

In Elettronica, People are the most important asset for pursuing excellence, innovation and reliability.

This awareness translates into a focus on the valorisation and development of skills, in order to make everyone able to express their own potential as best as possible; however, it also means clarity and sharing scenarios, objectives and corporate successes.



Sharing objectives

For Elettronica, clarity and sharing the performance of employees and the alignment between corporate and individual objectives are central aspects in the responsible management and valorisation of people and their skills.

The ultimate goal of the **Performance Management System** is to orient individuals towards the results of the company, linking individual performance to wider-ranging business performance and giving relevance to the “waterfall” process of assignment.

Achieving this goal is only possible through a widespread culture of evaluation based on the recognition of the quality of service and oriented towards the

professional development of individuals which is capable of guaranteeing "excellent" performance on a continuing basis and producing results of value to the company.

The process of assigning and evaluating individual objectives, which occurs after the process of defining the corporate and departmental objectives through the Balanced Scorecard, translates into two distinct moments, logical and temporal, in which the entire corporate organization is involved: an initial phase, **Goal Setting**, in which the individual objectives are assigned by the Managers to each individual resource, and a second phase, **Performance Appraisal**, in which the results achieved are formally evaluated in a meeting between the Manager and collaborator involved.

This process is carried out with the digital support of the human resources management platform **"MyHR"**, in the form of development meetings and feedback organised on an ad hoc basis between Manager and collaborator.
The phase of Goal Setting, and also the final Appraisal phase, is a "key" part of the corporate Talent System, with the objective of guaranteeing the proper valorisation of the effective contribution of each individual in the pursuit and realisation of the results expected/demanded by the company.

In this logic of 360° evaluation of the contribution of each employee, the process of **skill assessment** is integrated into the evaluation of results.

This is a process which, before the evaluation by the direct Manager, involves the self-evaluation by the employee in question of their own technical, professional and business skills. The aim is to create a development plan which contains training courses, internal mobility and enhancement action to fill the gaps in the skills recorded and shared.

Valorisation of internal resources	2018 results
No. and frequency of skill assessments	114; every 18 months
No. of plans prepared aimed at filling the gaps in professional skills	114
No. of plans prepared aimed at filling the gaps in behavioural skills	78
Results of the learning tests for structured courses on professional skills	90.11%
% of employees involved in the internal mobility plan	12-15%
Level of development and training satisfaction	52%

Lean LifeStyle

The Lean Lifestyle project, for the Engineering workforce, was created with the intent of favouring the pursuit of company results, putting employees in the conditions for sharing scenarios and acquiring awareness as to their own contributions and at the same time searching for the optimum balance between personal life and private life and an effective model of the individual / business relationship.

Interactive days in hall, workshops on specific topics of Lean Mail, Lean Meeting and High Concentration have all been part of a wider-ranging project in which the participants have prepared a pathway for individual improvement in the requirements linked to their working life.

Process management improvements	2018 results
No. of meetings organised	76
No. of employees involved	66
The Managers always keep me informed on significant matters and changes (survey Great Place to Work 2018)	+13%
The Managers involve the employees in decisions which influence their work or working environment (survey Great Place to Work 2018)	+18%

Participation in the company's results

With the intent of involving an increasing number of staff in the realisation of the corporate objectives and participation in the results, an agreement has been reached with the Trade Union Representations for a **results bonus** constructed on the basis of a simple mechanism which can be constantly monitored and verified. This is a chance for the workers to have proof of the company's performance and their own contribution in achieving the final objective.

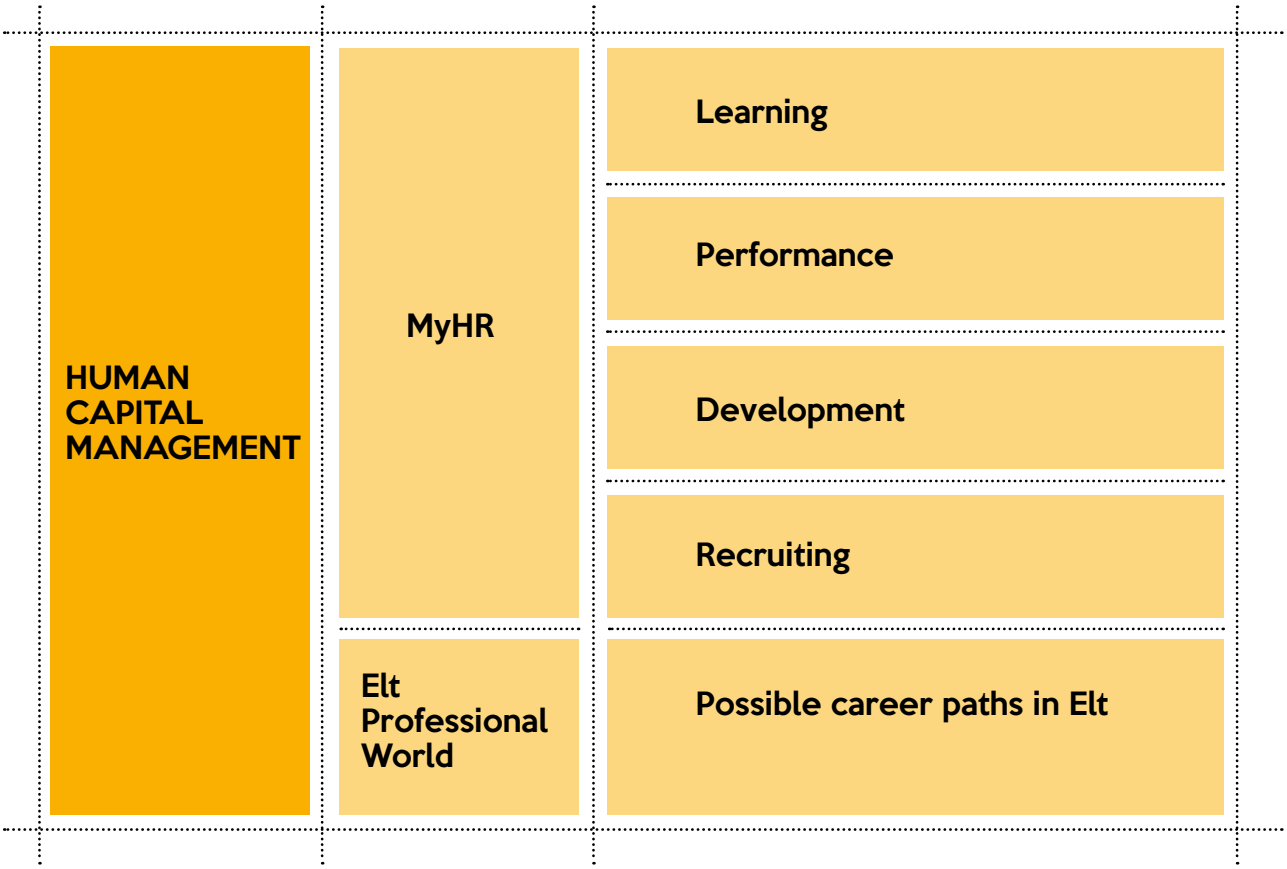
Achievement of the corporate objectives and participation in the results	2018 results
Average Results Bonus	2.505 €
Criteria for awarding the bonus	Parameters of profitability (Net Profit and Profitability of the Production Value), efficiency (Invoice Issuing Plan), Efficiency and competitiveness (Order Procurement Plan)

Equity/Adequacy

Meetings held with the RSU for monitoring and identifying corrective action for the achievement of results	3/year
Weight of the Results Bonus within the Total Reward Statement	Average weight of 5%

The digital transformation of HR

The project for the Digital Transformation of the HR world led to the realisation in 2017 of an integrated suite for the management, in single environment, evaluation, training and development of people.



The suite comprises different modules: Performance – Learning – Development – Recruiting. This is an overview of all of the tools and is useful not only to those who manage but also employees from a self-management viewpoint, given that they may access personalised training projects on the basis of their professional profile, view actions and programmes aimed at improving their skills and express interest in participating in internal job posting.

The first module introduced was the **Performance Appraisal**, which enables the assigning and evaluation of the individual objectives in digital format and their constant monitoring. The same module also enables the management of the **Skills assessment,** in the same method of comparison between self-evaluation of the employee and the evaluation by the Manager.

The introduction of the **Learning Management System** module enables the coordination of the complete corporate training process from planning and scheduling the training interventions, to its performance (supporting in-hall training, enabling the inclusion of e-learning courses, training snippets, etc.) and also the evaluation of results, the issuing of certification and enhancing the curriculum vitae of the employee in question.

The management of training activities has been completed with the recent introduction of the **Development** part, which is used to translate the instructions aimed at filling the gaps in technical and/or behavioural skills on which the skill evaluation is based into individual development plans.

In 2018, the **Recruiting** module was introduced as part of the development activities, which, thanks to a structured database, enables the management of external recruitment and all of the curricula collected and received in a single environment.

Lastly, the **Employee Central** module enables all of the information managed by the different modules to be viewed together, facilitating the administrative and organizational activities concerning all employees.

Simultaneously to the implementation of "MyHR", the **ELT Professional World** tool was created, which gives a virtual overview of the organization, with all of the possible career paths in Elettronica.

With attractive graphics and usable in gaming mode – every position is connected to the departure point and arrival point – the tool proposes a map for navigating among all the current positions, enables the job description to be viewed and personal interest to be expressed. In 2018, the level of correspondence between the effective mobility and ideal mobility mapped by the tool was 78%.

Valorising internal skills

The skill assessment also involves initiatives aimed at transferring know-how and experiences within the company. This is also the orientation of the EWpedia and Management Academy projects.

EWpedia

In 2015, to support an initiative created spontaneously by some employees, the project of a digital "encyclopaedia" on electronic defence was launched, with the aim of creating virtuous communities of activity in the sector and facilitate the transfer of know-how and experiences within the Company.

EWpedia was realised to make the valuable knowledge fruit of the experience accrued over time by the most brilliant engineers and technicians of Elettronica, but often “kept quiet”, readily usable and shareable. Freely based on the Wikipedia format, EWpedia is now, from a technical viewpoint, a valuable database of online information and useful advice for daily tasks.

Access to know how and practices	2018 results
Registered users	306
No. of pages	783
No. of consultations	39.891
No. of changes made	9.152
No. of items added/integrated	993
No. of files uploaded	549

The Academy of Management

In 2018, Elettronica began the setting-up of an Academy of Program Management, as a tool to facilitate training within the company and learning by doing, organising and spreading the distinctive knowledge of the Business. The project involves the implementation of training courses based on forms of coaching, in which senior staff guide their junior colleagues through a structured professional training course, making their skills and experience available and transferring them.

The faculty of **Electronic Warfare**, even though it has not been formally opened, organised courses on the transfer of know-how in Engineering sectors and also started the **Train The Trainer** course in 2018.

Valorising internal skills	2018 results
No. of people trained as trainer	14
No. of senior staff involved in training courses for the transfer of skills	4

Supporting the professional growth of Juniors	
No. of junior staff involved in training courses	104

3.5 PROMOTION AND PRODUCTION OF INNOVATION

The propensity towards innovation requires first and foremost the ability to intercept, organise and create synergies between the various actors in the innovation process. Elettronica is the promoter of a domestic and international think tank on topics of technological development, valorises individuals and the intellectual capital of the company and implements and encourages collaboration with Universities and Research Centers.

For Elettronica, promoting and producing innovation are not only the driving force behind its business but a conscious approach to the creation of economic and social value for the Company, Territory and all of its Stakeholders.

The promotion of innovation

Elettronica is well aware that the challenge today is Innovation and that its role as a business, together with institutions, is to help the country in dealing with change, directing it towards global growth.

Innovation Forum and Geopolitics of the Digital World

Elettronica uses its well-founded business experience to promote meetings and debates on the topic of innovation.

On 14 November 2018, in Rome, it organised the second edition of the Symposium "Geopolitics of the Digital world: new confines, growth and security of the country" in collaboration with The European House – Ambrosetti: an event in which Institutions and Businesses discussed the impacts of digital transformation on the "geography" of interactions between human, institutional and economic actors, through the creation of new spaces and digitalising existing ones.

This is a new concept and is the basis of the reflections contained in the Position Paper, a high-level contribution for thinking about the digital revolution and, in particular, the strategic role of the Aerospace, Defence and Security sector, acting as an "enforcing platform", due to its great capacity to produce innovation.

After the event, the term Geopolitics of the Digital World was retained through the creation of a logo which recognises the Elettronica Group as the creator of this unusual and innovative concept and confirms its willingness to keep the debate on this topic going.

geopolitics of digital

Creation of a network for promoting innovation	2018 results
No. of participants in the Symposium	1,001 invitations 523 participant badges issued, of which: 181 authorities 50 press 12 speakers
Resonance of the event	84 articles on the event
Copies of the position paper distributed	350

Innovation Award

Elettronica encourages and rewards creativity and commitment within the company, organising an **annual competition in which employees participate**, either individually or in groups, submitting a project which must be innovative. The proceedings are supervised by a committee, the members of which include the General Manager and Chief Scientist, among others.

In addition to an economic recognition, the winning projects are given the possibility of publication in international magazines in the engineering sector, according to the highest IEEE standards.

In the case of projects containing innovation of particular interest to the business and immediately applicable by the Company, the Top Management will undertake to fund them.

A patent is also proposed for particularly innovative and potentially distinctive ideas for products/services, which strongly motivates the creators of the innovative aspects.

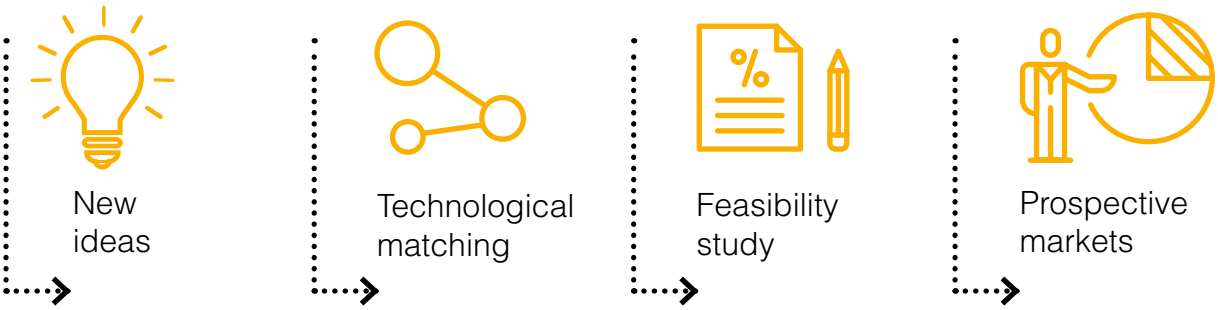
Participation	2018 results
Projects submitted	9
Employees involved	31
Valorisation of commitment	
Projects rewarded	4

The production of innovation: from the business to social effects

For Elettronica, innovating is an absolute priority and the company is therefore always looking for the most innovative technologies and partners of excellence to preside over the priorities of the present and future, such as digitalisation and cyber security.

Acting in a structured manner is fundamental in terms of effectively directing resources and energy and aiming straight for excellence in research and development and focusing on the real requirements of the market and companies of today and also, especially, the future. Elettronica has thus elected to use an organizational structure, Technology Scouting Management, which contributes proactively to the development of Elettronica's technological plan by constantly and effectively monitoring the market of technologies and products and constantly interacting with the internal and external actors, who are always the protagonists of innovation.

Technology Scouting



The ability to make the most of opportunities at a domestic and international level, favouring them and transforming them into technological solutions is the greatest contribution by Elettronica to the innovation process and the resulting creation of value for the Country System and all the Stakeholders.

Innovation projects

In 2018, Elettronica invested 10 million euros in innovation projects. At the same time, the company participated in regional, national and international tenders, making the most of the funding opportunities provided externally.

In particular, Elettronica participates in programmes funded at a European level, in a context in which, through tenders in the Defence and Security sector, the European Union promotes research and innovation in the sector and optimises the development and procurement of technologies by its member states.

Capacity to make the most of opportunities	2018 results
Entity of fiscal benefits (Industry 4.0)	76 K€ hyper-mortgages 0 K€ tax credit for R&D
Entity of funding obtained	2,097 K€ (received L.808 in 2018)

Innovation propensity

No. of innovation projects linked to Industry 4.0	9
No. of innovation projects linked to Private Ventures	25
No. of jointly funded innovation projects	1

Industry 4.0

Elettronica has made the most of the opportunities offered by the national Industry 4.0 Plan, realising the strategic plan for Digital Transformation started in 2017, defining the IT architectures which will support the business of the future and the creation of the "Digital Farm".

In this context, it has realised the following "digital" projects:

- Integration of the product development and realisation phases through the implementation of techniques of Concurrent and Simultaneous Engineering
- Adoption of a new technological architecture combining IT and OT through:
  - **cross-connections** of systems (SAP, PLM, MES) and devices (PC, sensors, hololens, PLC, etc.)
  - incorporation into solutions of edge **computing** of connectivity, CPU, storage
  - addition of **intelligence** and **machine learning algorithms**
- Realisation of its own iSOC (Intelligent Security Operation Center) dedicated to internal cyber security and the needs of the customers of the subsidiary CY4GATE, characterised by a fifth generation solution combining human and artificial intelligence to support and valorise the human skills and products of CY4GATE (RTA and DISINT).

Highly specialised competence center dedicated to cyber security

Through its subsidiary CY4Gate, Elettronica is one of 37 private bodies which together with 9 public research bodies have created a public-private partnership, led by La Sapienza University of Rome, for setting-up a competence center on the topic of cyber security.

This experience is in the context of the opportunities offered by the Industry 4.0 Plan for setting-up hubs distributed nationwide to act as key points in the transfer of technology to the business world.

The Competence Center in Rome is intended to be a center for the orientation and training of businesses and supporting the implementation of innovative projects, industrial research and experimental development.

The topic of cyber security is dealt with in its general aspects and in terms of the specific topics it encompasses: e-health, automotive and space.

Partnerships with Universities and Research Centers

Collaboration with research and university design centers is a characterising element of Elettronica's innovation process, which triggers exchange which is beneficial in terms of both the high value of knowledge and skills provided by the partners and the opportunities that Elettronica provides for research centers to develop innovative ideas and fulfil their potential, applying it to the company's business.

In addition to collaborations with La Sapienza, Rome Tor Vergata, Roma Tre and LUISS as regards internships, Elettronica interacts with the research sector through a "win-win" approach: in reputational terms, to increase the attraction of talent; in terms of funding research, to raise the technological standards and encourage universities to develop innovative projects. Elettronica also collaborates with the CNIT in Pisa – Scuola Sant'Anna and the CNIT at Federico II University of Naples.

Optimisation of the use of resources for innovation	2018 results
Value of funding	328 K€
Value of funding paid to universities for developing research in partnership	83 K€

Applicability of research

No. of patents filed	0
No. of emerging technologies acquired/developed	3 (Silicio-Germanio; AI; Loop Heat Pipe)

Creation of a network for promoting innovation	2018 results
No. of projects started/ongoing/concluded with universities and research centers and spin off	9
No. of universities involved	5
No. of research centers involved	1
No. of spin offs involved	1
No. of researchers involved	21

Reputation/visibility

No. of articles/papers giving visibility to research	8
No. of conferences for divulging the innovation developed	4

Electronic defence for social safety

Electronic defence also means safety for civil society.
Several of the technological innovations developed by Elettronica are dual use, in other words applicable to both civil and military contexts.
An example of this is the design of a system for the localisation and inhibition of potentially hostile or uncooperative drones. The project saw Elettronica involved in studying the problem of detecting, localising and inhibiting drones to protect public places in urban and non-urban environments. The scope of the study is to provide a defence against a potential threat of acts of terrorism during public events and/or in private locations.

Optimisation of the use of resources for innovation	2018 results
Value of funding	560 K€

Reputation

No. of articles and magazines which gave the project visibility	14

Accessibility of the demonstrator

No. of demonstrations for civil use	2

Another example of research and innovation with social repercussions is that concerning the design of a system enabling the discovery and localisation of people inside inaccessible locations (for example closed or secret rooms or sites) by Doppler radar detecting breathing or movement. The system can be used for detecting criminals on the run and in hideaways or to detect the presence of people still alive under the ruins following natural disasters.

Orientation towards innovation and sharing of internal information

Within the Engineering department of Elettronica, orientation towards innovation is also the fruit of continuous and structured sharing of information and collection of feedback aimed at increasing the synergy and collaboration between departments, through a two-way process of communication following the logic of the **Skip Level Meeting:**

1. For the top-down communication of matters that are important to the Company on all fronts, with the primary objective of providing the most transversal possible vision which increases collaboration between departments;
2. For bottom-up communication and getting feedback directly from the resources, commenting on and analysing various topics.

Specifically, these are meetings involving about 300 individuals, divided into groups of a maximum of 15-16 individuals.

3.6 ENVIRONMENTAL SUSTAINABILITY

Become a green company: this is one of the objective that Elettronica intends to achieve.

It is a gradual change which implies a change of mentality, starting from the bottom and spreading progressively throughout the entire organization.

Increasing energy efficiency in the corporate processes and structures

The company has begun increasing the energy efficiency of its processes to reduce consumption, energy costs and CO2 emissions, through the proper and responsible management of its energy resources (electricity and natural gas, but also water, liquid nitrogen and technical gases) and the installation of solar panels for the self-production of electricity.

Optimisation of the use of resources	2018 results
Energy savings in MWh/year, equal to €	30,9 K€ (4,3%)
Gas savings in m3 /year, equal to €	5,84 K€ (4,8%)

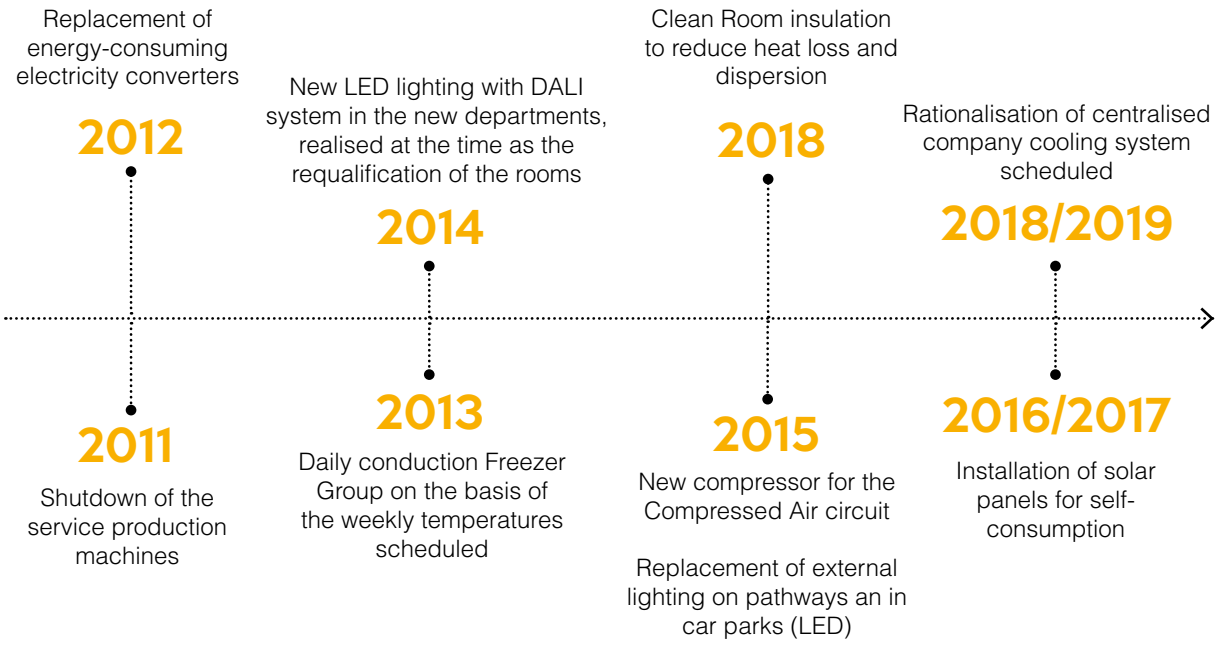
Many of the company's current initiatives focus primarily on the energy consumption by the machinery used (servers and PCs), and the consolidation of this action is ongoing in order to increase IT and energy efficiency.

The **Green Data Center** of Elettronica will be developed with the objective of ensuring reliability for all IT requirements and achieving results in terms of increasing energy efficiency.

Level of diffusion and implementation of the initiatives	2018 results
% of departments in which the shutdown of machines is being monitored	75%
% of departments realised by requalification of rooms with LED lighting to digitally controlled systems (DALI)	35%

The initiative of using solar power for the self-production of electricity was promoted and started in 2018. A sola power installation composed of 848 solar panels has been installed on the roof of the main building and a building called the **Green Lab**, with an overall power rating of 229 KWp and a capacity of energy production equivalent to 200 MWh annually, with a consequent reduction in CO2 emissions corresponding to about 70 tonnes annually. This investment will begin working in 2019, after an initial testing phase, generating a quantity of energy that will be used entirely for business activities, covering part of Elettronica's energy requirements.

Continuing towards the rationalisation and structuring of the proper and responsible management of energy resources, the realisation of a centralised cooling system for the company is expected in 2019.



Sustainable consumption

With a view to contributing towards the reduction of waste, Elettronica has also focused on dimensions not strictly related to its business, but concerning its working lifetime, both through the introduction of **differentiated collection** within the company and through the promotion of **sustainable mobility.**

Differentiated collection has been started in the company in 2012, with the objective of minimising the quantity of Non-Recyclable Waste produced, and an ecological island was realised dedicated to the intermediate collection of waste to be sent to the Municipal Authority.

As regards sustainable mobility, in the framework of the Roma 2024 Plan which envisages mobility without diesel powered vehicles, Elettronica is preparing green mobility solutions, progressively reconverting its fleet of company vehicles and encouraging green mobility for its employees.

Contribution towards the objective of becoming a green company	2018 results	Triennial value 2016-2018
Electric vehicles	2	4
Hybrid vehicles	4	8

Elettronica also encourages its employees to reduce the use of private cars, with a section on the company's intranet dedicated to car-pooling – **ComuniCar** – which enables employees to identify the colleagues who live near them and ask and/or offer a lift for getting to and from work.

3.7 CORPORATE WELFARE

Elettronica has started a series of initiatives to improve the welfare of its employees, favouring the balancing of time at home and at work, increasing their purchasing power, promoting health protection activities and giving them access to cultural, recreational and sporting activities.

Focus on health

Elettronica has developed a completely **free health assistance** programme for its employees and their families, which goes well beyond that stated in the 2016 National Contract for Metalworkers, supporting, and sharing with the RSU, the principle of "health for all".
In 2014, and again in advance with respect to the Contract, the company had launched an innovative programme of corporate welfare, with the conviction that the welfare of its employees is fundamental in terms of organising work and the productivity of its business.

For the managerial staff, the company also provides the integration of the health policy provided by the CCNL for managers with the Previdir health policy.

Elettronica has a **corporate infirmary service available**, which is open every day for 8 hours. It is also used by the employees for check-ups and consultations on illnesses, injuries, health problems or merely for informative purposes, making it easier for those who for work-related reasons would find it difficult to find the time to visit a hospital or clinic for minor ailments. The nurse also administers influenza vaccines every year and free of charge for those who request them.

Ensuring the health of employees in the workplace	2018 results
Overall value of the investment in the corporate infirmary service	€140.304
Health-related visits to the infirmary	556
Seasonal influenza vaccines	102
Tetanus vaccines	4
Interventions due to injuries	4

Ensuring the health of employees in the workplace	2018 results
Interventions due to feeling unwell	18
Maternity leave certifications issued	1
Check ECG performed by nursing staff	2
Availability of the service	Nurses: 8 hours a day for 5 days a week Company physician: 6 hours for 3 days a week

Elettronica has also launched the **ELT Wellness** project, aimed at promoting health in the workplace, in order to improve the welfare of the individuals working there through simple everyday choices.

The project basically involves three groupings: initiatives aimed at promoting healthy eating, with workshops held by nutritionists from the San Donato Hospital Group; physical and mental welfare and health control, also through proper prevention methods. As regards the latter aspect, the ELTLAB has already been opened, an internal analysis laboratory which enables the employees to undergo blood and chemical tests with obvious savings in terms of time and advantages in terms of the cost involved.

As regards healthy eating, the lunch break, which must be a time for pleasant leisure activities and encouraging interaction between colleagues, has inspired the **Eat in Elt** project, which is aimed at spreading a culture of food and, through monthly audits performed by a team of resources from different corporate areas, promoting the constant improvement of the canteen service.

Perceived quality of the service offered	2018 results
Rate of daily use of the canteen	70%
Choice of meals	1 entrée or soup 1 main course, with 2 choices 1 side dish, with 2 choices
Presence of alternatives for specific dietary requirements	By request

Response of the service to the pre-established standards	
Number and frequency of audits performed	10 – about one audit per month
Results of the canteen audits	10 non-compliances 19 observations

Balancing time at home and work

The **second level Trade Union agreements** are witness to the willingness to make certain contractual clauses more modern and to develop new ones, thought up on the basis of the needs of the employees, to be realised in a climate of reciprocal trust between Company and collaborators.

Also in consideration of the location of the company offices in Via Tiburtina, Elettronica has provided some conditions effectively **balancing the time at home and work** of employees also by making their working hours more flexible.

Specific measures have also been implemented to encourage the employees as members of a **family nucleus**. The company understands the difficulty in being parents in a major city and the need to be present at important times in family life.

Possibility of responding to needs in personal/family life	2018 results
Maternity absences	7 - 18,8 ore (media pro capite)
Absences due to illness	2 - 48,35 ore (media pro capite)
INPS absences (Law 104, donating blood)	8 – 13,35 ore (media pro capite)
Miscellaneous absences (study, bereavement, marriage leave, etc.)	25 - 21,9 ore (media pro capite)
Absences for taking children to preschool	23 – 2,47 ore (media pro capite)
Internal bank cashier	1 (tutti i giorni lavorativi 12.00/14.00)

For pregnant employees

To support female colleagues during a very delicate phase of their life and work, Elettronica has gone beyond specific provisions of the law on pregnancy and mothering.

Our colleagues are supported right from the initial phase of informing the company of their pregnancy in all of the formal, administrative and bureaucratic aspects and receive nursing and medical assistance if required.
Specific attention is given to the prevention and protection measures to be adopted at this particular time, and also to information on specific risks.
They may also use reserved parking spaces within the company to reach their work stations more easily.

Time saving/stress reduction	2018 results
Parking spaces reserved for pregnant workers	5
Pregnant workers given orientation/support	1

Benefits

Enjoy Life Time is a flexible benefits plan, created in 2014 in order to increase staff satisfaction (manual workers, office workers, management) and improve their working climate and quality of life.
This is basically an on-line platform where employees can acquire goods and services for themselves and their family, spending the electronic coins made available to them.

Optimisation in the use of resources	2018 results
Total overall cost of the initiative (portal management + electronic coins)	28.500 € + 760 € * no. of employees)
Amount of welfare per employee	760 € On top plan + 150 € CCNL

Improvement of the working climate	
Level of satisfaction of each initiative	84%

Electronic coins	Number	Services/products that can be purchased using the electronic coins
Services/ products that can be purchased using the electronic coins	15	• On Demand Conventions: 95 • Purchase Coupons: 1,189 • Health Fund: 125 • Cinema and Entertainment:192 • Funding and loans: 67 (reimbursement of interest due on mortgages) • Training: 4 • Gymnasiums and Fitness Centers: 122 • Theme parks: 15 • Supplementary social security • Reimbursement of expenses: 27 transport passes • Health Services and Performances: 6 (+3 non-self-sufficient family members) • Free time: 296 • Travel and Weekends: 336 • Children's education: 635 • Cometa: 209

Supplementary social security

Pension fund for managers

The Managers CCNL for Companies Producing goods and services provides for the possibility for managers to subscribe to a pension fund with the aim of benefitting from pension treatment complementary to the public system. After evaluating the funds available on the insurance market, Elettronica has subscribed to the PreviGen Pension Fund, the supplementary social security fund for the employees

of member companies, collecting the contributions and investing them in policies of the Generali Group which, in addition to being of a profitable nature, bases its own investment strategies on environmental, social and corporate governance (ESG) criteria as well.

Pension Fund	2018 results	Triennial values 2016-2018
No. of managers subscribing to the Fund	72	-
Performance index of the Fund	3,44	3,68 - 3,45

It should also be taken into consideration that the company has always been actively involved, playing an important part in the corporate bodies of the Fund. Specifically, thanks to the appointment of an Elettronica manager as a standing member of the Board of Auditors for 2017-2019, the management staff can benefit from the updated and timely reporting on the performance of the Fund.

3.8 TERRITORY, CULTURE, SOLIDARITY

Elettronica is a company which knows how to combine the national and international dimension with that of proximity to the territory in which it is located, sharing requirements, vision and planning.

The company combines the spirit of innovation in producing solutions of excellence with increasing the awareness of new generations of the STEM, disciplines and creating a bridge between universities and the business world.

It is a company that melts the culture of progress with the culture of solidarity and art, to drive the social and cultural value needed for sustainable growth.

Valorising territorial skills

Competence centers with the Universities of Rome

In 2018, Elettronica entered into a collaboration agreement with Tor Vergata University of Rome for technical, scientific and educational activities. This collaboration is aimed at generating excellence in research and in educating on frontier topics. with a view to internationalisation, but at the same time retaining strong links to the local economic and production context. The collaboration will involve Elettronica in joint Research and Development projects, in spreading the scientific and technological culture in the area, in meetings with academic start-ups, activities supporting the production of dissertations, Master's activities and training courses.

School –work alternation and internships

To facilitate exchange and interaction among schools, universities and the business world, Elettronica has started school-work alternation courses and curricular and extra-curricular internships with institutes in the area.

The objective is to facilitate the understanding of an industrial reality organised according to modern principles, by active experimentation on specific projects or tasks aimed at applying the knowledge acquired during studies. The interns working for Elettronica are monitored by expert tutors and have the possibility of interacting with the various company interlocutors, in order to acquire skills transversal to their own sphere of expertise and to be able to consolidate or orient their own motivation and interest towards specific sectors.

Possibility of interaction with the business world	2018 results
Universities involved	4
Curricular internships started	8
Extra-curricular internships started	4
Interns hired by ELT	1
School-work alternation courses started	4

Mobility in the Tiburtina industrial area

Elettronica has adhered to the **"Tiburtina sostenibile"** project promoted by the Industrial Unions and sponsored by Rome Capitale, aimed at improving the accessibility of the Tiburtina industrial area, one of the main production areas not only of Rome but of all of Central Italy.
The company shares the priorities assigned to the matter of viability and the need to take into account the requirements of the stakeholders in terms of:

- the psycho-physical welfare of the people who live and work there
- the competitiveness of the companies working there

- the capacity of the area to attract new businesses.

The project involves an initial phase of analysing movements and consequently identifying problem areas, in terms of the lack of services, infrastructural shortcomings or criticalities in terms of safety and decorum.
Elettronica has contributed by distributing the questionnaire to all of its employees, recording a response rate of about 40%. The project will continue with a second phase aimed at identifying the interventions to be undertaken.
Elettronica is in turn a stakeholder of associations and entities with which it actively collaborates, with the aim of improving the quality of life of individuals and the community.

Solidarity and culture

Charity Work

Elettronica focuses on charity work every year, during events such as Christmas, when it prefers to choose gifts and greetings cards, or supporting associations, non-profit-making organizations and local entities. It organises donations and collects funds, sometimes also giving employees the chance to participate by devolving a portion of their salary.

Volunteer Work

Since 1965, and also on initiative by the founder of Elettronica Ing. Fratalocchi, the Blood Donors Group has been open not only to employees but also to their families and friends. The group is linked to AVIS and has 217 subscribers. Elettronica offers breakfast to all participants on donation day and on the day of absence provided by the law.

Group of donors	2018 results
Employee donors	65
Frequency of donations	3 per year

Art in the workplace

Working in a pleasant environment is important, because the welfare of employees also depends on the beauty of the location. This explains why the ownership has donated more than 200 works of art to enrich the company premises, an expression of young and talented artists.

Possibility of interaction with the business world	2018 results
Works displayed	148
Artists involved	5

Editorial and methodological note

Elettronica started the orientation of its corporate reporting procedure in 2017, through the recognition and description of the activities traceable to Corporate Social Responsibility, reaching the point of preparing a storytelling of CSR within the company: "Th**E** Socia**L** Portrai**T**".

This process has enabled the emergence and organisation of an orientation towards CSR that was already part of the business: from expressed and shared corporate values, to internal regulations, the different methods of managing processes and people, and focus, not only economic, on suppliers and the surrounding territory.

The passage from storytelling to the Social Report occurred in 2018, with the awareness that corporate social responsibility not only needs to be told but needs to be measured and evaluated, not only on the basis of what the company wants, but especially on the basis of the interests of the many stakeholders the company interacts with or directly and indirectly affects.

This is a necessary evolution, which has enabled Elettronica to accurately map its stakeholders, identify their informative needs, on the basis of their interests, expectations and specific values, to review its own CSR activities and, in a wider-ranging manner, its own actions, questioning itself on the intensity of its relations with the stakeholders, defined by the capacity and/or willingness to positively (or even negatively) influence and affect their reciprocal interests.

Governance, the economic and environmental choices and methods of managing personnel and suppliers implemented by the Company are going in the right direction. What and how much economic, social and environmental value have they created for the stakeholders and, especially, are they in line with their expectations? These are questions that the company has begun to address through the construction of a matrix to identify, for each stakeholder mapped in relation to each CSR activity considered, the level of interest and influence, the expectations to be addressed and the relevant indicators to measure results and impact, in other words the capacity to respond to the requirements and create value for them and for the company.

This is an information system constructed with the involvement of the organizational structure (or rather each unit for their sphere of intervention and their own activities) which has led to the emergence of several aspects of "for who", "what" and "how much" has been and may be realised in terms of CSR. All of this is summarised in Elettronica's first Social Report, for 2017.

With the help of the experience accrued, this course has led through this second Social Report (2018) to channelling the efforts of Elettronica towards the improvement of its own reporting process, through further comparison and updating.

Another step forward, towards the complete integration of social responsibility in the strategy and actions of the Company.

A structured course based on a methodological framework combining different standards:

- UNI ISO 26000: 2010, Guide to Social Responsibility: a guide that helps organizations understand and integrate social responsibility and contribute to sustainable development in their organizational actions
- “The Copenhagen Charter: a management guide to stakeholder reporting” - The House of Mandag Morgen, Copenhagen, 1999: a process-based approach in which the Social Report is the last step in a pathway with the ultimate goal, first and foremost, of producing a measurement, evaluation and communication system for CSR, oriented towards the stakeholders
- GRI Sustainability Reporting Standards 2016 and GBS Standard. Principles for the preparation of the Social Report 2013: and international standard and a domestic one taken as the reference points in identifying the indicators by sector of CSR and by stakeholder.

The aforementioned standards have guided the organization in understanding Social Responsibility with respect to its specificity, bringing out the areas of social responsibility relevant to the organization, in relation to the general principles of CSR (point 4 UNI ISO 26000), to the fundamental themes (point 6 UNI ISO 26000) and to its own stakeholders (point 5 UNI ISO 26000).

The verification and evaluation of the integration of CSR in the organization, of the tools, processes and activities that determine an orientation to the CSR, the results and impacts of this orientation, have been identified, measured and evaluated in the light of indications of the aforementioned standards (point 7 of UNI ISO 26000; Process of “The Copenhagen Charter”, indications contained in GRI 101,102,103).

Specifically, the CSR measurement system was developed considering the indicators proposed by the GRI (GRI 200,300,400), by the GBS and based on a management methodology for identifying critical success factors (relevant measurement dimensions in relation to the specific expectations of stakeholders). The Social Report document has been structured taking into account the indications contained in the GRI and GBS standards.

The standards have been used by Elettronica as a guide and not as a constraint, in order to ensure a framework of CSR and social reporting in line with the main international and national standards, but at the same time in line with the company specificity.

Stakeholder mapping

Stakeholder	Who they are
Company	• Shareholders
Governance and control bodies	• Chairman • Shareholders' meeting • Board of directors • Top management • Board of auditors • Independent auditing firm
Employees	• Employees by age • Employees by gender • Employees by seniority • Families of employees
Customers	• Private businesses • National public institutions • Overseas public institutions
Suppliers	• Intellectual property • Production materials • Business services • Building assets and assets in support of the staff • Information technology • Consultants and trainers
Defence sector	• Category associations • Businesses in the sector • Nato - EDA
Research and development sector	• Universities • Research centers • Schools • Interns
Credit sector	• Banks • Insurance firms • Export insurance firms
Representations	• Employment associations (Confindustria system) • Trade Unions
External controls	• Regulatory authorities • Certification entities • Privacy guarantors • Inspection authorities • Government entities

Public institutions	• Ministry of defence • Ministry of employment • Ministry of justice • Ministry of foreign affairs and international cooperation • Social security and welfare institutes • Ministry of economic development • Ministry of the environment • Prime minister's office (department of security information – dis) • National cert (computer emergency response team) • Ice (guarantor authority – institute for foreign trade) • European Union • State police • Carabinieri
Tertiary sector and cultural system	• Associations and foundations • Social cooperatives • Non-profit-making and non-government organizations • Operators in the cultural sector • Artists
Cultural context **Local and territorial authorities**	• Lazio region • City of rome metropolitan authority • Roma capitale • Roma capitale municipalities • Towns in the area • Hospitals • Subscribers • Other businesses in the area • Resident citizens • Collectivity
Media	• Sector • General

ELETTRONICA GROUP

CORPORATE SOCIAL RESPONSIBILITY

2018

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