



Sustainability Report 2021

A responsible
present for a
sustainable future

LETTER BY THE CHAIRMAN

Every radical change is born of a fundamental awareness: ours, which has been ongoing for years, is based on the profound awareness of the social, environmental and economic responsibility of **Elettronica** towards the country and the world, a path towards a sustainable future full of opportunity.

Beginning last year, our vision has shown its qualities of resilience and the ability to adapt and respond to the challenge of the pandemic. We have been able to deal with this by making the health of our employees a priority and adopting innovative solutions.

The **70th anniversary** of the company, a watershed in our history, was testimony to Elettronica's ability not only to keep up with the continuing developments in the world we live in but to act as its rudder and set its direction.

For seventy years, the company has been able to hold a significant position on the market: Elettronica is a virtuous example of a working and successful European company, an undoubted point of excellence in electronic defence, driven by **its own technologies**.

We have made the electromagnetic spectrum our sphere of skill and excellence, also demonstrating its centrality in sectors other than defence and security. We have begun ahead of time to focus on cyberspace, and currently space as well, showing a forward vision towards future scenarios.

Our foundations will also be our compass: **Innovation and technological independence**.

These elements are the foundation of Elettronica's conduct, and are necessary in order to anticipate and respond punctually and with technological independence to the needs of our country and our partners worldwide, also during emergencies in terms of national and international defence.

Innovation will enable this. We have invested and will continue to invest to the benefit of the company and the community surrounding us, hoping that our work will translate increasingly into opportunities for growth and improvement beyond the company's business perimeter.

We will continue to observe the world surrounding us and understanding its meaning, predicting its movements and being inspired by the future. In doing so, we are confident we have a valuable resource: our people.



The Chairman
Ing. Enzo Benigni

LETTER TO THE STAKEHOLDER

Sustainable development and Social responsibility are our guiding lights in the world and on the market.

Being sustainable and responsible means creating value for everyone. In recent years, the civil community has become aware of the major importance of these issues in the present and near future, also on the basis of the commitment towards the United Nations 2030 Agenda.

Always keeping environmental, social and governance (ESG) responsibilities in mind, Elettronica is publishing the **2021 Sustainability Report**, detailing its commitment and policies, translated into planned and reported, concrete and measurable social responsibility actions.

The last two years have been characterised by a major focus on corporate welfare and ensuring the health and psycho-physical wellbeing of employees, searching for methods that are increasingly suited to their needs and aligning them to the company's commitments and goals. These objectives have been fully achieved.

Elettronica has continued in its aspiration to becoming a completely Green company, not only through the ecological transition of its production process, which has been going on for decades now, but also by orienting innovation and the development of technologies towards solutions capable of reducing waste and environmental impact.

The company has concentrated on the respect of diversity, focusing on equal opportunities, the training of its corporate workforce, with particular regard to the very young and new generations of employees, hired directly from the academic world and included in a working context of European and worldwide excellence.

But above all, there has been one bulwark for Elettronica. During these difficult years, we have always believed in, and especially pursued, **innovation**, in order to find new technological solutions: initially because of the Covid-19 pandemic and then for the new challenges of the future in terms of defence and security, but also with an eye on the civil world, where our search for concrete solutions to emerging problems has found an application.

The profound digital transformation has made us more effective and quicker but also more vulnerable. The need for security is once again on the political agenda of governments and in the mind of citizens. These two factors together require the utmost commitment of the nation and Europe in terms of studying defence and security solutions in line with the values of our democracies. This is also the sense of responsibility that we feel: we are continuing in our vocation towards security, achieving it in respect of the principles of the country we belong to. Technology is our ally in this mission, because it enables us to look forward and far into the future and think about what could be useful tomorrow.

Machine learning, artificial intelligence and digital twin: new technologies and sovereign skills. Elettronica has invested in avant-garde engineering skills and prestigious technological designs, increasingly marked by sustainability and the engagement of all of its stakeholders, with which it hopes to have transparent and durable relations this year as well.



CEO & COO
Ing. Domitilla Benigni



Sustainability Report 2021

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Methodological note

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Thanks

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Our business is consolidated in terms of dimensions and credibility and has become the leader of an international Group committed towards the Defence, Security and Cyber sectors

01

COMPANY PROFILE

A story made on future

1951

Foundation

2021

70th Anniversary

5

Permanent representations worldwide

€ 275.280.763

Returns in 2021

1.1

History and presence in the world



Elettronica is a company with a **70 year history** and a worldwide leader in avant-garde technological solutions for **Electronic Warfare** and Electronic Defence. In this context, it produces systems with a very high proportion of its own technology in support of the Armed Forces of more than 30 countries worldwide.

The growth of the company in both dimensional and technological terms is linked in particular to the constant focus on a European model of Defence, which has been achieved through participation in the main European consortiums in the sector and in the research programs of the European Defence Agency. In addition to the now consolidated EFA, FREMM, PPA and NH90 programs, the company is involved, with a view to the future, in the Tempest program, a super system and emblem of the net-centric characteristics of future weapons systems.

Today, 70 years after its foundation, the Company is consolidated in terms of dimensions and credibility and is the leader of an international Group and integrated in the Defence, Security and Cyber sectors.

During the course of this long history, the core business has been enriched by the new skills of two subsidiary

companies: **Elt GmbH** – the fully-owned German subsidiary recognised as a point of excellence in the Homeland Security sector, and **CY4GATE** – listed on the Italian stock exchange since June 2020 – specialising in the domain of Cyber Intelligence and cyber security. This enhancement of the offer is in line with the complexity and unpredictability of new scenarios, in particular the convergence between the Electronic Warfare and cyber sectors.

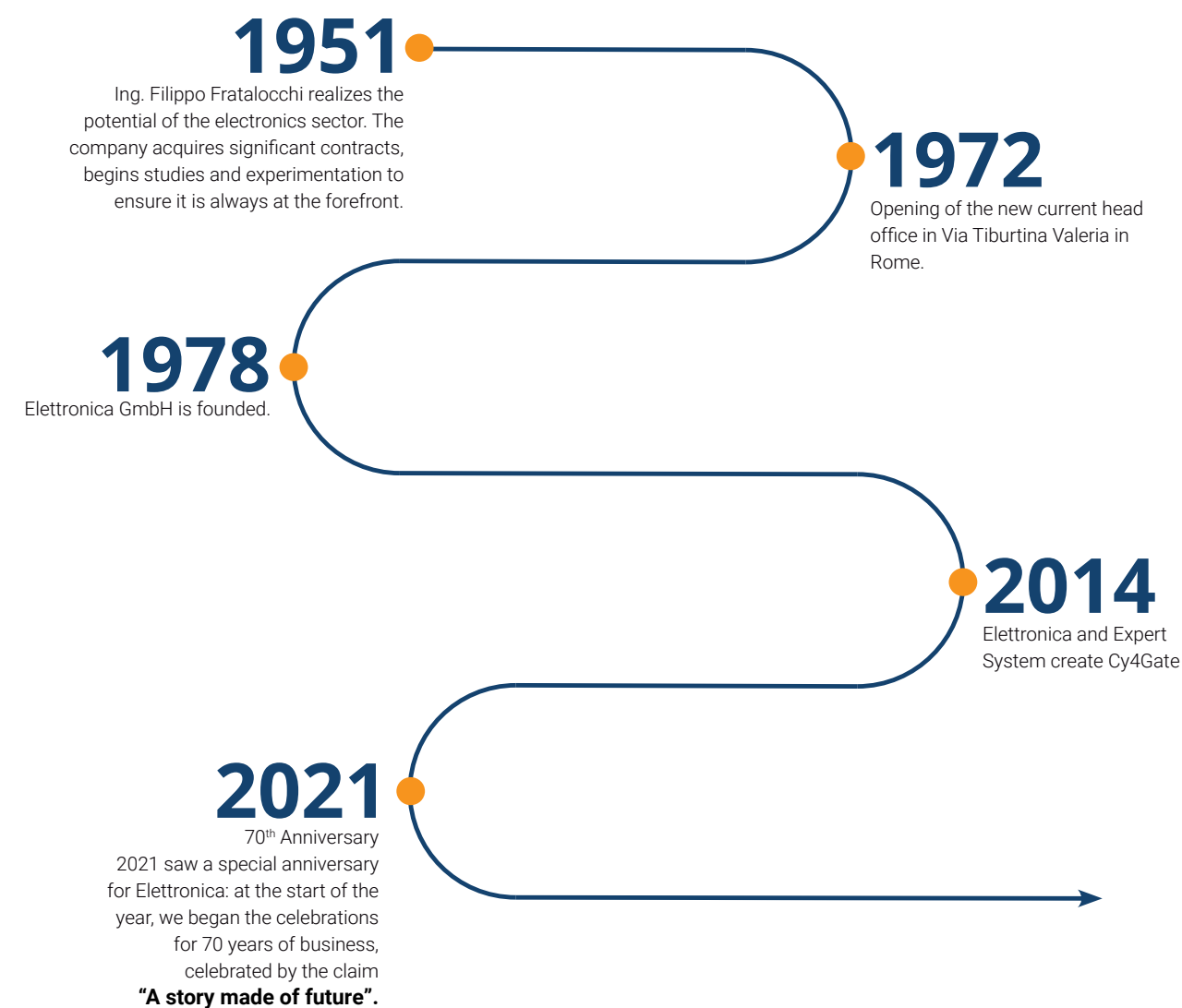
In this context, Elettronica represents, and intends to continue to do so, a reference point in the management of the Electromagnetic Spectrum for security and defence purposes. This skill is becoming increasingly strategic, given that the EMSO has become an enabling dimension in itself, transversal with respect to the traditional aeronautics, space, naval and terrestrial domains, but also with respect to the emerging ones of cyber and space, and capable of dealing with threats in contexts bordering on the civil, such as the Internet of Things and the Internet of Drone things.

The constant search for innovation is one of the company's bulwarks, ensured by the vision of emerging technological trends and the capacity to foresee future

challenges through intensive research and development, to which about 11 million Euros are allocated voluntarily every year. This momentum and the need to satisfy emerging market requirements has led to the creation in recent years of innovative solutions for the security of cities and critical infrastructures and even in service of civil society.

The company focuses its efforts in research on sovereign technologies using the main enabling solutions, especially the considerable family of Artificial

Intelligence algorithms, which enable problems to be dealt with and solved using evolved paradigms supporting the Decision Making Process. Also, in recent years, Elettronica has successfully continued its process of digital transformation, which envisages in the development of the Digital Twin, in other words the creation of a "digital twin" for its products, one of the most promising applications to increase the efficiency of the integration, test and validation activities and make them more sustainable, with advantages in terms of efficiency, cost and security.



The Elettronica Group

Elettronica S.p.A.
Benigni S.r.l. 35,34%, Leonardo S.p.A. 31,33% e Thales S.A. 33,33%



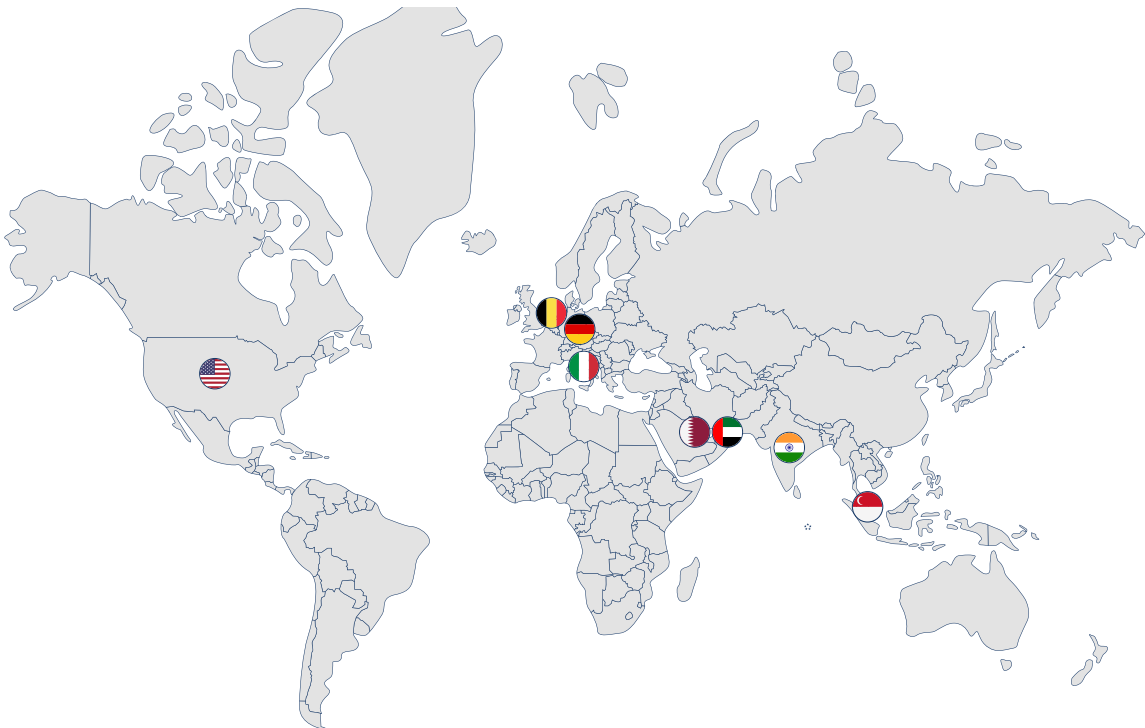
Elettronica GmbH: Founded in 1978 and active in the field of Homeland Security. Its head office is in Meckenheim, Germany (100% subsidiary).



Cy4gate: Deals with Cyber Electronic Warfare, founded in 2014 when Elettronica decided to expand its sphere of competence, together with the company Expert System. Its head office is in Rome. Listed on the Italian stock exchange since June 2020 (38.8% subsidiary).

Elettronica is present worldwide through 5 branches and permanent representations and has a holding in the capital of the United States based company Solynx, specialising in the supply and management of materials to European high-tech businesses.

THE GROUP	Italy Germany
Elettronica Elettronica GmbH Cy4gate	
HOLDINGS	USA
Solynx	
PERMANENT REPRESENTATIONS	Belgium Qatar UAE Singapore India



1.2

Mission, Vision and Values

MISSION

To propose the most innovative technological solutions to guarantee the safety of men, means and information in the most complex operating scenarios: this is Elettronica's mission, which it innovates by adding, on a daily basis, research, creativity in solutions, skill, flexibility, intuition and foresight to anticipate market needs. Representing an international excellence which creates "tailor-made" solutions, with professionals who adapt the best technologies according to customers' needs.

VISION

In a changing world, Elettronica is the point of reference for technological evolution, rewarded by the timeliness of our strategic thinking, our focus on sustainability towards all of the stakeholders and the reference communities and an innovative portfolio of solutions, as a unique whole: excellent in the domain of the electromagnetic spectrum and cyberspace, inspired by an ambitious vision that projects us towards the future.

VALUES

"Our values are in what we are and what we build, our products and our relations, at all levels. For us, this means Consistency. Sharing this system of values is a reason for unity, strength and pride which guides us together towards a more aware future".



INNOVATION The experience gained together with our customers makes us concrete innovators, capable of anticipating the challenges of tomorrow, through continuous research and the development of technologically advanced solutions. The enthusiasm with which we explore reality, the ability to integrate scientific and industrial collaboration and methods and processes are the hallmark of the constant evolution of our work.



RELIABILITY In our sector, excellence is absolutely vital. Design, production and assistance follow rigorous control procedures and continuous improvement processes, with the aim of ensuring timely compliance with the specific needs of each customer and the maximum reliability of our products, in any operating scenario.



BELONGING Our most important asset is people. We believe in sharing and integration, in diversity, in constant professional updating, in growth based on merit that passes through the appreciation of commitment and talent. We work so that each of us can express our potential in the best way possible, being an active part of our business and our own lives.



CORRECTNESS We firmly believe that respecting the community and all of our stakeholders is a guarantee of shared benefits and stable and durable working relations. Honesty, transparency and responsibility are fundamental prerequisites for our way of working, both internally and in the interaction with our partners and our customers, because for us reciprocal trust is a primary benefit to be cultivated and protected.



DYNAMISM We combine our respect of rules and procedures with initiative, flexibility and resourcefulness, balancing rapid decision-making processes with effective control mechanisms. Because of the fluidity of the contexts of reference and our propensity for innovation, our work organization systems are always streamlined and our relationships with partners and customers are always pro-active. Ours is a dynamic equilibrium, based on coordination and movement.

1.3

Reference market, products and solutions



The company's DNA

Elettronica's approach is based on the excellence of its solutions. The company studies, develops and produces electronic defence systems for the aviation, naval, land, cyber and space sectors and urban security solutions, using technologies it has developed and owns or in coordination with a supply chain of excellence.

The development of solutions is in a perpetual motion of technological improvement, increasingly focused on the management of complex systems and emerging domains.

These new challenges are dealt with through a Solution Provider/Capability Integrator approach realised in the last 10 years in which the company is primarily focused on its expertise in the management of the integrated architectures of the EMSO. The complexity of these architectures and their management enables the best possible use of the synergies between the various functions, optimizing the operating result and performance on the new generation platforms.

The evolution towards increasingly net-centric platforms and interconnected and distributed intelligent weapons systems emphasises the necessity of cross-platform command and control systems and for "Information Superiority".

The capacity of the business covers all of the aspects of Electronic Defence – the radar and infrared bandwidths

and COMM – in a naval, aviation and terrestrial context, including Cyber EW, Cyber Security and Cyber Intelligence applications and the relative operating support for logistics and disposal, including training and the Academy.

Following profitable and constant research and development, Elettronica has made a further technological step forward in the characteristics of its Self-Protection systems. The most recent solutions regard the ADRIAN Anti Drone system, created to combat the new threat of mini and micro-drones, including the mobile version of the Snow Leopard and the civil Nadir version, the Tactical EW Suite (TEWS) for border surveillance and protection and the new systems for manned and unmanned submarines. Thanks to the Zenithal Jammer, the company is also entering the Space EW segment for the first time, a true technological innovation in support of military operations.

HISTORICAL CORE BUSINESS

Electronic defence in radar band is our historical core business, a field in which we are proud of our extensive, worldwide-recognized experience. Elettronica designs, develops and produces:

ESM - Electronic Support Measures: systems capable of intercepting, identifying and locating radar emitters, accurately measuring their parameters.

ELINT - Electronic Intelligence: systems capable of carrying out in-depth analyses on the emitters of interest, detecting every detail.

RWR - Radar Warning Receiver: tools designed to promptly discover and identify broadcasters which represent a potential threat.

ECM - Electronic Countermeasures: systems capable of contrasting the radar emitters present in the electromagnetic spectrum.

INFRARED AND COMMUNICATIONS

Since 2007, Elettronica has expanded and enhanced its portfolio of solutions in the electromagnetic domain, covering infrared and Communications.

CYBER E SPACE EW

In close collaboration with CY4GATE, Elettronica has also developed for its customers a specific capacity of intelligence and operations in the cyber domain, using the electromagnetic spectrum as a vector and orienting all of its systems towards cyber resilience. Regarding the fifth domain, space, solutions are being studied for communications, pursuing the objective of monitoring the electromagnetic spectrum by satellite.

ECONOMIC FIGURES

DESCRIPTION	2019 VALUE	2020 VALUE	2021 VALUE
Volume of orders	290,624,211 €	113,377,335 €	292,662,066 €
by geographical origin (Italy, EU and non-EU) - volume and %	Italy: 23,414,059 € (8%) EU: 111,681,286 € (38%) Non EU: 155,528,866 € (54%)	Italy: 43,216,087 € (38%) EU: 37,454,920 € (33%) Non EU: 32,706,328 € (29%)	Italy 105,106,863 € (36%) EU 154,408,099 € (53%) Non-EU 33,147,105 € (11%)
Total expenditure in research and development	12,073,913 €	13,127,075 €	10,979,015 €
of which self-financed	12,073,913 €	13,127,075 €	10,979,015 €
Value of payments to suppliers	162,544,000 €	164,680,000 €	158,392,000 €
Production value	268,289,087 €	233,085,281 €	259,292,907 €
Dividends distributed during the course of the year	14,007,000 €	13,906,000 €	11,175,000 €
Net result	18,541,588 €	14,910,830 €	15,052,393 €
Net available resources (debts)	23,532,042 €	-9,817,062 €	22,225,740 €

The available resources have increased by 32 million Euros compared to last year, returning to the pre-Covid levels of 2018-2019. The Company remains financially solid and has also procured from banks the short and medium-term financial resources required for its business operations.



02

OUR SUSTAINABILITY
A commitment of value

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We integrate the principles and objectives of Social Responsibility with our business model: transparency, clear responsibilities, involvement and ESG vision

€ 261.214.467

Economic Value Created

€ 257.442.074

Economic Value Distributed

5

SDG's pursued

14

Material issues

2.1

Our Social Responsibility policy

Orientation towards social responsibility means asking which sectors of economic, social and environmental sustainability the Company can affect, managing the positive and negative impacts that its decisions and actions may determine.

Contributing towards Sustainable Development requires the structured and systemic vision and management of the three dimensions and a commitment to contribute concretely towards the achievement of the SDGs.

In 2018, Elettronica began a process of recognition of its social responsibility and its contribution towards the 2030 Agenda for Sustainable Development, through the engagement of the stakeholders, and the formalization and integration of the sustainability commitments into the company strategy and mentality, through an approach aimed at continuous improvement.

2018-2019

Stakeholder engagement (internal and external) to discuss sustainability needs and priorities. Identification of material issues

2019-2020

Approval of the Social Responsibility Policy and SDG contribution Integration of the social responsibility commitments into the corporate strategy and the planning and control tools

2020-2021

Consolidation of social responsibility in the Corporate Mindset and Strategy Updating of the material issues and new planning in the in the light of a more decisive commitment towards sustainability

Statement of Social Responsibility and Sustainable Development

GOVERNANCE



We have provided ourselves with processes and tools that allow us to integrate the principles of social responsibility into our business strategies. The internal decision-making process is guided by rules that guarantee transparency, clear responsibilities, involvement and the traceability of information.

The Charter of Values and the Code of Ethics guide the behaviour of the Company and of those who work on our behalf, creating an environment in which visions and principles are shared. We promote an organizational mentality oriented towards social responsibility with initiatives of awareness and internal involvement.

HUMAN RIGHTS



We are committed to respecting human rights, which are also recognized in our Code of Ethics, based on the principles expressed in the United Nations Universal Declaration of Human Rights, in the Conventions of the International Labour Organization (ILO), in the OECD guidelines and in the European Union's Charter of Fundamental Rights.

We are committed to the management of people, relations with suppliers and aspects relating to the sale and distribution of products, taking into account the Company's specific characteristics. In our capacity as an employer, in our operations we recognise as an essential value the protection and promotion of workers' rights, and we also guarantee the right to personal data protection and to informational self-determination.

RELATIONSHIPS AND WORKING CONDITIONS



In employment relationships, we encourage the establishment of positive and lasting relationships, we guarantee equal opportunities and fair treatment for all workers and we condemn all forms of discrimination of any kind. We ensure working conditions that comply with the standards of reference, we comply with the provisions of collective agreements, and we guarantee the workers' safety, health and physical, mental and social well-being.

We also make corporate welfare tools available to people which also include better conditions than those provided for by law and by the National Collective Labour Agreement (CCNL).

In the management of human resources, we are guided by principles of sharing and involvement, creating areas for socialising and strengthening the sense of belonging, planning paths of development for them to enhance their skills.

ENVIRONMENT



We plan and put in place practical measures to reduce the environmental impact generated by our activities and raise awareness among our employees and those who act within our sphere of influence; we direct our efforts towards the responsible management of energy resources in order to reduce consumption and emissions into the air, using renewable sources whenever possible, giving importance to the water cycle and to waste management and promoting forms of sustainable mobility within the Company.

Environmental risks are included in the Risk Management system and their impacts are measured, recorded and reported in a structured and continuous manner.

CORRECT MANAGEMENT PRACTICES



We maintain relationships with other organisations and with our stakeholders based on principles of correctness and transparency. We have adopted rules, systems and processes that allow us to pursue our objectives in compliance with the law, and put in place initiatives to ensure consistency between what is declared and what is actually carried out, with full respect for rules and standards, ensuring compliance with them.

We encourage a mentality focused on legality by including specific clauses in contracts and agreements with suppliers and in the definition of correct conduct and integrity in the Code of Ethics.

Through procurement and supply chain management policies, we promote economic, social and environmental sustainability in the value chain. We foster continuous improvement on the part of our suppliers and encourage their active participation in innovation processes, giving value to their skills and promoting the achievement of excellence. Putting tools and solutions in the field is imperative, aimed at supporting our suppliers' growth and economic stability and at facilitating the creation of a network of collaboration between them.

RESPONSIBILITY TOWARDS CUSTOMERS



In relations with our customers, we establish a partnership based on profound and fruitful collaboration and, at the same time, we protect the security and the confidentiality of the information regarding them. The customer is supported throughout the entire life cycle of the product, from the offer to the definition of the contract, ensuring operating support and careful and punctual customer service, also transferring know-how and skills through activities and training initiatives.

We also constantly strive to promote innovation, in order to offer concrete solutions for the defence and security of people and the country, defining scenarios, anticipating needs and ensuring that real requirements and needs emerge.

We encourage sustainability in technologies, processes and production methods aimed at reducing waste, polluting materials and energy resources.

COMMUNITY INVOLVEMENT



We share interests, needs and objectives with the community in the area in which we operate. We direct our efforts towards building networks with other local players to create projects that improve the conditions of the context of reference, facilitate interaction and create opportunities and mutually beneficial synergies between the world of industry, universities and schools.

We foster an engineering mentality between youngsters and women, in order to encourage equal opportunities in education and professional development, at the same time contributing towards the development of the STEM skills needed to ensure the processes of innovation and technological sovereignty in the country system.

We contribute to the well-being of the community through voluntary and charity initiatives.

The 2022-2024 Sustainable Development Plan

Contributing towards sustainable development requires structured and systemic vision and management of the three dimensions and a commitments towards contributing actively towards achieving the SDGs.

What trajectories is the company orienting its strategies and commitments on?

Enhancing governance methods and tools, in order to favour th integrated and exhaustive vision and management of the risks, opportunities and impacts that the company may cause through its decisions and actions, in each dimension of sustainability and in the terms of upholding human rights. This commitment also contributes towards consolidating the management procedures and practices and the methods of combating all forms of corruption in relations with suppliers and customers.

Encouraging a mentality of equal opportunities, continuing its commitment towards valuing people and adopting welfare and conciliation measures and enhancing actions aimed at favouring the value and participation of female resources.

More than ten years ago, Elettronica began the transformation of its internal processes to minimise the environmental impacts and achieve energy efficiency and ecological goals. Its commitment in this direction is continuing, investigating the further possibilities of applying the circular economy to the defence sector and technological development to achieve the reduction of the impacts and environmental and biodiversity protection.

Actively participating in building relations with the world of education, training and research to contribute towards the encouragement of a STEM mentality, through the creation of the skills needed to ensure sustainable technological and economic development, supporting women and youth in training and professional development programs in sectors with a high level of scientific and technological know-how.



To ensure inclusive and equitable quality education and lifelong learning opportunities for all
"We establish collaboration with universities, schools and other organizations, aimed at developing and transferring scientific and technological skills, without distinction in terms of gender"



To favour gender equality and equal opportunities for more sustainable economic and social growth.
"We concretely encourage gender equality, the valorisation of women and female empowerment within the company, orienting towards professional careers in the defence sector and STEM sector"



To promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
"With our own business, we support economic growth, produce innovation and generate technological progress. As an employer, we protect the right to work and promote a healthy and safe working environment for all"



To build resilient infrastructure, and to promote inclusive and sustainable industrialization and foster innovation
"We invest in research and innovation and improving the technological capabilities of the industrial sector in which we operate. We offer our employees stimulating opportunities in the field of research and technological development"



Ensure sustainable production and consumption patterns
"We put into practice energy efficiency initiatives, reduce emissions and paper consumption and focus on the management of water resources. Whenever possible, we use renewable sources and do not use substances that are harmful to the environment and use technological solutions for the reduction of waste and environmental impacts"

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The commitments declared contribute towards the achievement of 5 of the Sustainable Development Goals (SDGs) in the UN 2030 Agenda

THE POLICY IN ACTION: COMMITMENTS AND RESULTS

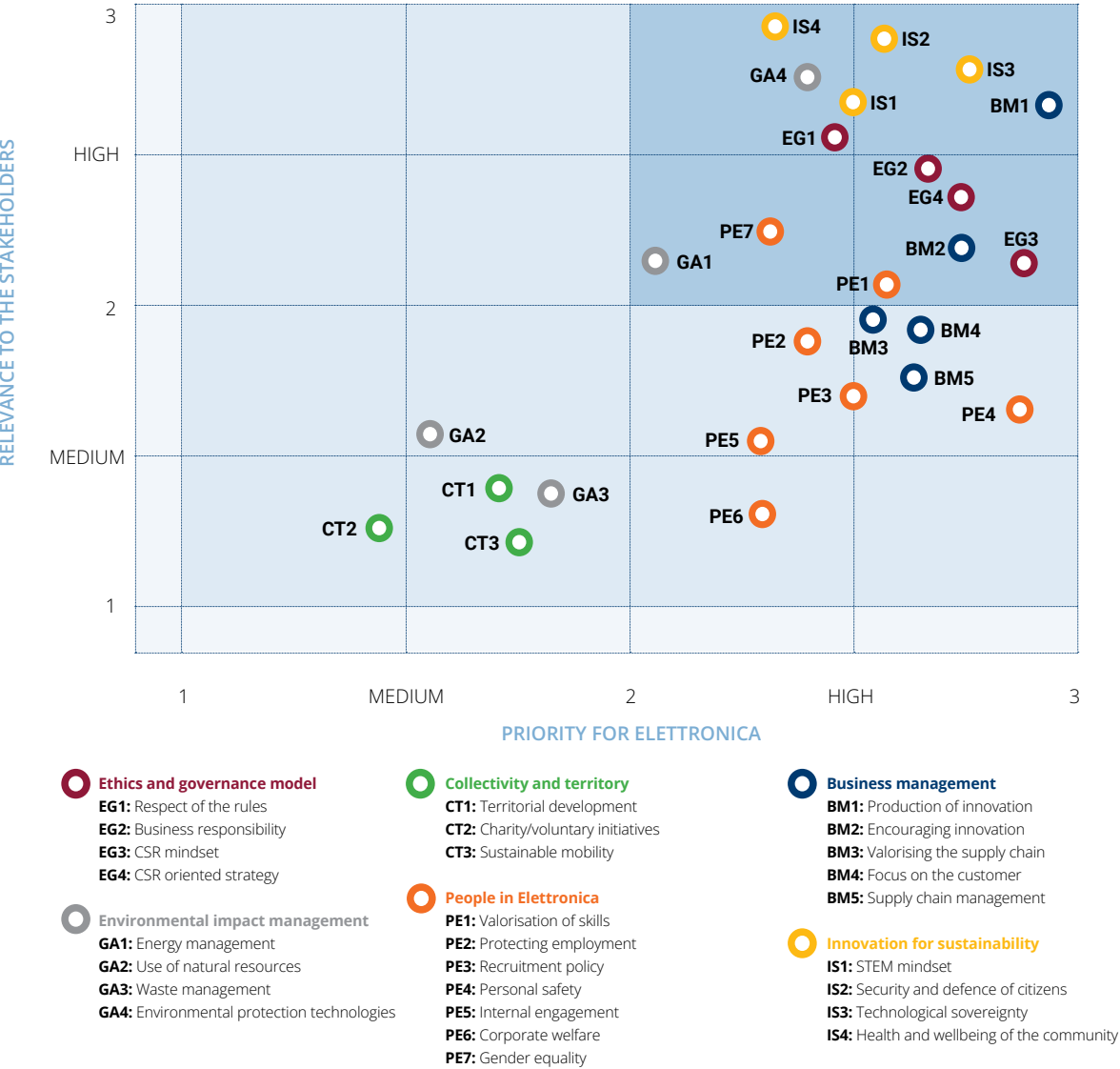
2021 COMMITMENTS	2021 RESULTS
Planning social responsibility	<ul style="list-style-type: none">• integration of goals and KPI in the BSC
Consolidating the corporate reporting system	<ul style="list-style-type: none">• Expansion of company references for the Sustainability Report, to discuss and share issues, events and data to be reported
Continuing to engage stakeholders on the material issues	<ul style="list-style-type: none">• Scheduling started of multi-stakeholder engagement actions on the issues of the circular economy in the defence sector and encouraging the STEM mindset between women and youth.
Spreading the Social Responsibility Mentality within the Company	<ul style="list-style-type: none">• Planning and realisation of the FELT editorial plan with social responsibility contents• Social responsibility training actions aimed at new recruits in their insertion path, available on platform for all employees in e-learning mode
Enhancing environmental sustainability	<ul style="list-style-type: none">• Currently implementing the Green ELT Program• Refurbishment of the heat and refrigeration cells• Investment in columns for recharging electric cars for sustainable mobility• Energy Monitoring
Valorising the Supply Chain	<ul style="list-style-type: none">• Planning of the Supplier Innovation Award• Supplier evaluation: expansion and monitoring of suppliers included in monitoring activities• Technological Table: thematic workshops to respond to the cognitive requirements of suppliers in terms of development and emerging technologies

2.2

Our material issues

The recent events and changes of context that have marked the last two years, and also the new national and European development policies, such as the PNRR, the Green Deal the overall European strategy and the relative financing programs, have generated new priorities in corporate policies and actions and the expectations of the stakeholders, illustrated in the Company's materiality matrix.

Materiality matrix



All the issues indicated in the matrix are important for Elettronica and are the subject of attention and targeted actions. The issues that our stakeholders consider high priority issues become material issues to which we will give greater attention not only as regards reporting, but also as regards design and investments.

MATERIAL ISSUES

The **Production of Innovation** represents the cornerstone of the Company's business: the constant monitoring of development trends in innovation, **customer focus**, collaboration and enhancement of its technological suppliers and universities, research centres and all of the actors in the innovation process enables us to propose technological solutions that are always avant-garde, orienting and stimulating the other economic actors in the development of innovation and generating added value for all the stakeholders involved and society in general. This drive to innovate is combined with focusing on sustainable production, aimed at **increasing the efficiency of the production processes and properly using resources**, in order to reduce the environmental impacts.

An Innovation oriented especially towards the **Development of Technological Sovereignty**, in other words national and European technological autonomy and independence, in order to ensure resilient and sustainable economic growth. An innovation which, through the solutions developed and sharing of its own know-how with other researchers, ensures the **security and defence of the people**, and also the **protection of health**, through the monitoring and supervision of critical infrastructures and progress in the diagnosis and biomedical sectors. Lastly, an innovation serving environmental sustainability, through the development and use of **Technologies for environmental protection** by reducing the impacts and the use and waste of natural resources.



The **Promotion of Innovation** is generated by powering an innovation ecosystem capable of responding to the challenges of global change, also through the involvement of the players of the education-training system, promoting "Centres of competence" to encourage the popularity of the **STEM Mentality** among younger people and women and to create skills in innovation pioneering disciplines.



The capacity to innovate and ensure quality is also the result of a strategic and management approach involving employees, customers and suppliers. A careful and constant **Enhancement of skills**, of **Gender equality** and of the **Supply chain**, aimed at favouring growth, sustainability and continuous improvement.



Compliance with the law is an essential element in ensuring reliability, protecting the credibility of the country, public safety and military and civil security:

- the implementation of the “Governmental Security and Trade Compliance Management System” ensures that the company can constantly verify and monitor compliance with the international and national laws governing the sale of products, protecting all of the stakeholders involved;
- focus on the issues of legality and anti-corruption ensures a healthy and durable development of the company in its own sector. The rules defined and the management and control systems implemented enable illegal acts to be prevented;
- the management of the security of both corporate information and that of others and the data processed also enables the protection of the intellectual capital of the company and to ensure the security of civil society and the State



For Elettronica, **Responsibility in business** is a must that requires the sharing of value frameworks, of rules or conduct, of decision-making and of management procedures, in order to guarantee the achievement of goals and the generation of value for the Company and for all its stakeholders .

This responsibility also involves the formalisation of a **CSR Strategy** through the adoption of a social responsibility policy and the integration of the principles and social responsibility issues in the strategies, goals and business activities .

Integration and interiorisation also move from the creation of a widespread **CSR mindset** within the Company, but also among its stakeholders.



2.3

Our stakeholders and their engagement

Elettronica’s orientation towards Social Responsibility also involves the identification of its stakeholders and their interests and expectations. In 2016, when the corporate reporting process was implemented, the Company mapped its stakeholders and their requirements, initially involving all of the relevant business departments and management, which through various channels maintain constant relations with the reference stakeholders.

STAKEHOLDER CATEGORIES	WHO THEY ARE	ENGAGEMENT METHODS
Company	Subjects interested in Elettronica's ability to create value and face challenges	The shareholders' general meeting; Consolidated Financial Statements and the Management Report; Specific meetings
Governance and control bodies	Subjects which guide and direct Elettronica's actions which allow it to strengthen its leadership	Board of Directors' meetings; the General Management Meeting
Employees	Subjects whose daily work guarantees Elettronica the creation of value and the production of satisfactory results	I - ELT; Intranet; House Organ; Surveys; Lean Life Style; Volunteer work
Customers	Subjects whose needs Elettronica is committed to satisfying in an excellent way	Advertising campaigns; Claims management; Customer satisfaction surveys; Workshops
Suppliers	Subjects with which to grow together in the pursuit of excellence	Suppliers' portal; Suppliers quality committee; Framework contracts; Surveys; Workshops
Defence organizations	Subjects that Elettronica addresses mainly offering innovative products	Advertising campaigns; Promotion and participation in events/initiatives
World of research and education	Subjects with which Elettronica exchanges knowledge, experience and visions	Collaboration, participation in conferences
Credit sector	Subjects that offer Elettronica essential services	Consolidated Financial Statements and Management Report; Information on request
Representative bodies	Subjects with which Elettronica shares plans and actions	Participation at work tables; Meetings within the sphere of trade union relations
External controllers	Subjects that accompany Elettronica to guarantee compliance with the various regulatory provisions	Reporting; Information on request
Public institutions	Subjects which, as regulators or subsidizers, influence the development of Elettronica's business	Reporting; Promotion of, and participation in events/initiatives; Authorization applications
Other sectors	Beneficiaries or partners of charity and cultural activities carried out by Elettronica	The organization of events/initiatives
Territorial context	Subjects which, in various capacities, interact with the Company and are close to it.	Participation in territorial technical tables;
Media	Subjects which convey information on the activities carried out by the Company	Press releases, Social networks

This process led to the company taking specific action in 2019 for the direct engagement of the stakeholders in the Sustainability Report and, more generally, on the themes of social responsibility and sustainability and which in 2021 launched the planning of multi-stakeholder engagement on some key issues, Environment and STEM Mindset.

2.4

The economic value generated and distributed

The values shown are the result of processing on the basis of the principle of competence .

	2019 DATA	2020 DATA	2021 DATA
Economic value generated (EVG)	€ 268,993,323	€ 243,436,092	€ 261,214,467
Economic value distributed (EVD) of which	€ 264,357,735	€ 233,599,343	€ 257,442,074
Operating costs	€ 177,414,762	€ 160,556,480	€ 172,327,555
Structure Costs	€ 26,280,329	€ 22,090,530	€ 25,386,826
Production Costs	€ 139,060,521	€ 125,338,875	€ 135,961,714
R&D Costs	€ 12,073,913	€ 13,127,075	€ 10,979,015
Employees' salaries of which	€ 68,559,333	€ 64,773,417	€ 68,213,687
Physician	€ 72,000	€ 94,716	€ 83,086
Nurse	€ 36,600	€ 36,600	€ 65,756
First Aid Kit	€ 10,187	€ 6,353	€ 3,505
Covid-19 health emergency		€ 216,597	€ 121,473
Lenders' fees of which	€ 13,914,721	€ 5,170,469	€ 11,367,746
Dividends	€ 13,906,000	€ 5,074,081*	€ 11,280,000
Financial institutes	€ 8,721	€ 96,387	€ 87,746
Remuneration of the P.A.	€ 4,318,022	€ 2,977,573	€ 5,421,470
Contributions to the community	€ 150,896	€ 121,403	€ 150,465
Economic Value Retained (EVG-EVD)	€ 4,635,588	€ 9,836,749	€ 3,772,393

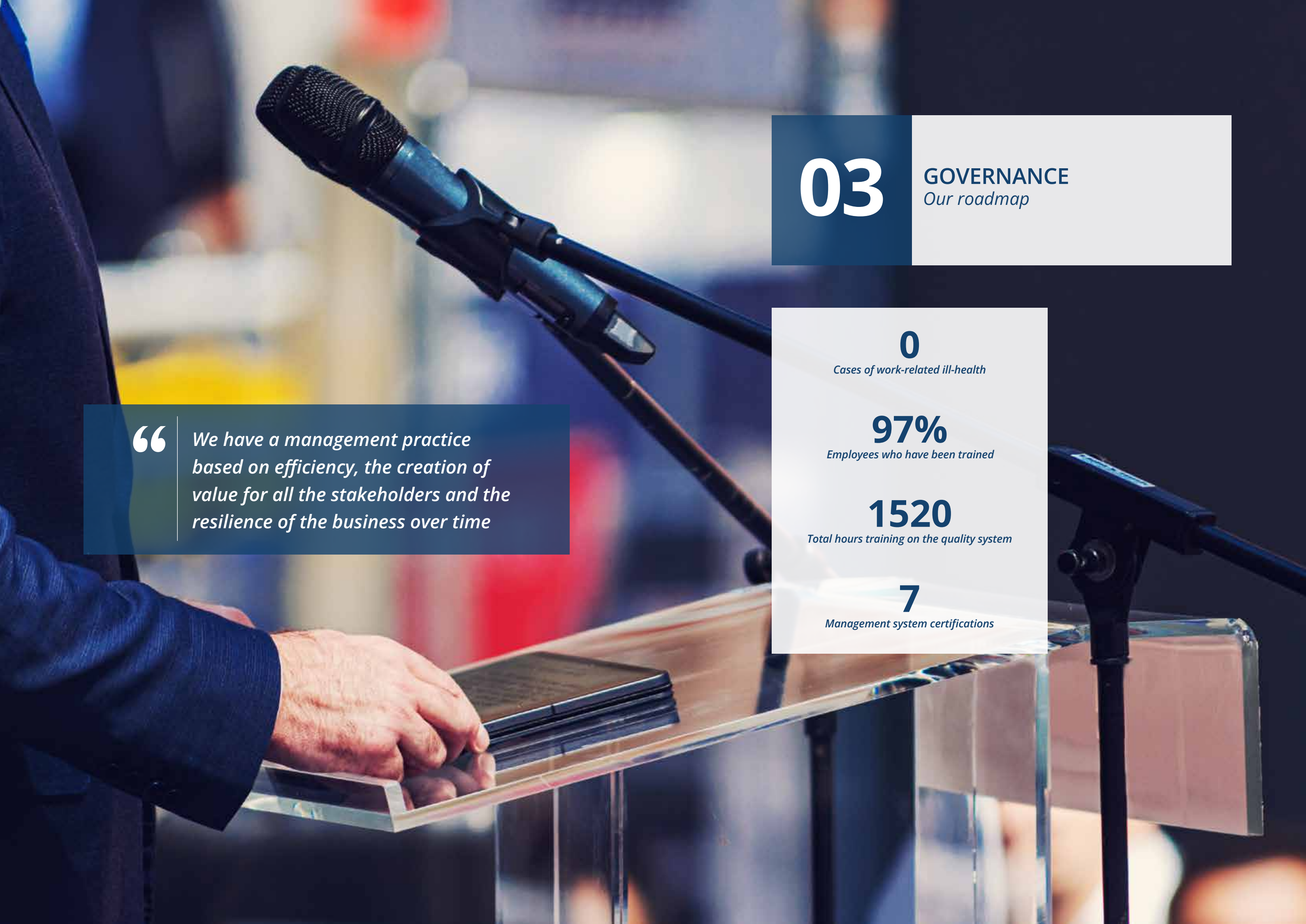
(*) An additional amount of € 6,100,918 was distributed, taken from previous years' reserves.



The economic value created and distributed in 2021 highlights a recovery to pre-Covid levels, with the operating costs remaining fairly stable over the three years, amounting to about 66% of the EVG and 67% of the EVD.

The operating costs represent the costs incurred for managing the structure, for the realisation of research and development activities, the purchase of materials and product components and goods and services, and highlight the value distributed to all of the suppliers contributing towards the functioning of the company and innovation and production activities.

The economic value distributed to the employees represents another of the important items of distribution of the economic value of the business. In 2021, this item continued to highlight the commitment of the company towards managing the health and safety of its workers.



03

GOVERNANCE
Our roadmap

“

We have a management practice based on efficiency, the creation of value for all the stakeholders and the resilience of the business over time

0

Cases of work-related ill-health

97%

Employees who have been trained

1520

Total hours training on the quality system

7

Management system certifications

3.1

The governance model and the organizational structure

The complexity of the global scenario and the new technological and geopolitical challenges have guided the choice of the new organizational model, inaugurated in 2021, **capable of supporting changes and grasping new opportunities**. A strategic plan has also been defined which targets 2030 and sees Elettronica deal with new lines of business, setting increasingly challenging and sustainable targets.

The Board of Directors of Elettronica, composed of 12 members, 9 of them men and 3 women, has an executive role and wide-ranging independence, with mandate conferred by the shareholders on appointment. The position of President and Executive Officer is entrusted to Ing. Enzo Benigni, supported by Ing. Domitilla Benigni as Executive Officer and General Manager. Mr. Roberto Turco is Vice-President and Financial Director. The other Board members do not have operational powers. The Board of Auditors is composed of 3 standing and 2 alternate members, appointed for the 2020, 2021 and 2022 financial statements, and their three-year term of office will end on approval of the 2022 financial statements. The independent auditing firm EY is responsible for legal auditing and control for the three years 2020-2022, according to art. 2049 bis of the Civil Code and Legislative Decree 39/2010.

THE TOP MANAGEMENT

Headed by the President and Executive Officer **Enzo Benigni**, the Vice President **Roberto Turco** and the Executive Officer **Domitilla Benigni**, with specific proxies for long-term strategies, innovation, sustainability and the profitability of the company. With a view to the intensification of top management interlocutions with Italian and international institutions, the Governmental & Institutional Relation department has been established, headed by **Lorenzo Benigni**.

DEPARTMENTS AND TOP MANAGEMENT

Operations are managed by 10 business departments reporting directly to the Executive Officer and General Manager.

- **Operational Excellence & Process Improvement**, headed by **Maria Giovanna Addario Chieco**, represents and protects the Customer requirements for all contractual activities, the supply of products and services and the related internal processes.
- **Engineering & Operations**, under the management of **Simone Astasio**, ensures the development of a more incisive capacity for increasing the efficiency of the main corporate operating flows, thanks to a new integrated and systemic vision of all operating areas.
- **Administration & Control**, headed by **Amaury Choppin**, supports the General Management in strategic and management choices regarding the economic, financial and accounting policies, ensuring short, medium and long-term planning.
- **Future business - Tempest, EFA, EVO & Public Financing**, gheaded by **Alberto De Arcangelis**, coordinates the actions aimed at achieving the objectives in the main consortium programmes and Italian and international Funds.
- **People, Communication & Asset Management**, under the management of **Massimo de Bari**, presides over the personnel administration, management and development activities, health and safety in the workplace and external and internal company communications, supporting it in spreading the mindset of Social Responsibility and Sustainability.
- **Global Sales & Business Development**, headed by **Paolo Izzo**, proposes and implements strategies for insertion in new markets and consolidation in those already active, promoting agreements and collaborations and valorising the activities of the overseas representations.
- **Strategy, Innovation & Trasformation**, headed by **Gianni Maratta**, has the aim of constructing the corporate strategy plan, integrating it with the medium and long-term technological plan, aiming at the development of disruptive innovation.
- **Programs**, headed by **Luciano Notarantonio**, ensures the respect of the contractual commitments through the effective end-to-end management of the programs, ensuring results and profits in line with the company objectives and with full Customer satisfaction.
- **Legal, Corporate Affairs & Security**, headed by **Lavinio Perotti**, presides over and protects the corporate interests by analysing the agreements and contracts and also the respect of the laws in force concerning national security and trade compliance.
- **Planning & Risk Management**, headed by **Ermanno Petricca**, deals with the corporate planning process, on the basis of innovative work methods, thanks to the ongoing digital transformation and presides over the process of corporate risk analysis and management according to methodological best practices.

3.2

Responsible business conduct

Elettronica operates in a complex and regulated system and has relations with various institutional and economic actors, at a national and international level. In this context, guaranteeing a compliant and correct behaviour to protect the company interests, and also those of its stakeholders, requires the ability to orient the behaviour of the workforce and of each individual employee and those operating on their behalf. To this end, the Company has implemented effective and compliant management practices aimed at increasing effectiveness and efficiency and also preventing non-compliant conduct and managing risks, thereby ensuring the achievement of the objectives, the creation of added value for the stakeholders and the resilience of the company over time.

RULES

Guiding everyone towards ethical behaviour and respect of the rules, in order to ensure stable and durable relations, to the benefit of the company and its stakeholders.

THE CODE OF ETHICS

Through the Charter of Values and the Charter of Commitments, the Elettronica **Code of Ethics** defines the rules of conduct, the general ethical principles and the social responsibilities of the company and those of the people who work on its behalf, ensuring fair and effective decisions, action and conduct. It was approved by the Company's Board of Directors in 2017 and is distributed to all personnel when they are recruited. New recruits are introduced to the Code and made aware of the principles contained therein during the induction sessions. The Company has also promoted the adoption of the Code of Ethics by all of its subsidiaries.

CLAUSES IN CONTRACTS AND AGREEMENTS FOR THE PREVENTION OF ILLICIT ACTS

In order to encourage behaviour based on the values and principles laid down in the Code of Ethics, specific clauses focusing on integrity and on respect for the Company's Code of Ethics are included in contracts and agreements with suppliers and partners. This orientation is the same as that for the selection criteria and the management of relations with the professionals responsible for promoting the business in a specific overseas territory.

PROCEDURES

Elettronica has adopted a set of internal procedures in order to promote, also through the traceability of documents, processes and operations, the principle of effective accountability of the Company, the integrity and correctness of decision-making processes and compliance with sector and general laws.

DECISION MAKING RULES AND SYSTEM OF DELEGATIONS

The **internal decision making process** is governed by internal rules which, through the involvement of different subjects in the corporate decision making process, are aimed at ensuring the effectiveness, efficiency and correctness of decisions regarding the company.

The rules distinguish internal decisions on the basis of the type of business operation (procurement of goods and services, transfer of assets, financial documents and contracts, tenders, commercial offers, etc.) and the economic value of each operation.

All documents to be submitted to the decision making process contain a separate indication, in addition to the individuals responsible for authorising their issue, of all those involved in preparation and approval, listing their responsibilities. The objective of the rules is to avoid the more significant and sensitive decisions from being made through a line of responsibility residing in a single Department and to therefore allow authorisations which involve the managers of several different Departments with equal rank.

The rules for the internal decision making process are reviewed and updated periodically, on the basis of changes to the organizational structure and/or new corporate processes.

With regard to Governmental Security, Safety, Information Security, Privacy and Quality, by a **system of delegations** to specific corporate data, Elettronica guarantees operations also externally and governance in line with Company policies.

ACCOUNTING MANAGEMENT AND TAX TRANSPARENCY

In order to ensure the correct administrative and tax accounting of its activities according to the civil, accounting and tax laws in force, Elettronica operates as follows:

- **The President and Executive Officer**, and also the second Executive Officer, with powers of corporate signature and legal representation, individually exercise all of the powers of the management body, excluding those matters requiring a majority vote, with a specific majority, by the Board of Directors (Major decisions).
- **The Vice President**, a position conferred by the Board of Directors (BoD) with powers of corporate signature and legal representation, has the powers conferred upon the President in the event of their absence or impediment and the Vice President has also been appointed as Senior Financial Manager by the BoD, and as such deals with relations with the stakeholders, directors and the professionals who audit the financial statements and provide legal and tax assistance. Being an executive, they are responsible for the keeping of the civil and tax accounts and the compulsory company books. They may also adopt any measure to ensure the observance of the laws governing the above activities, including internal departmental directives.
- **The Director of the Administration & Control department**, reporting directly to the General Management, ensures the proper application of the civil, accounting and tax laws regarding the financial statements and corporate activities, working with the Accounting & Taxes department and their collaborators.
- **The Board of Auditors**, appointed by the Stakeholders’ Meeting, presides over the observance of the laws and Statutes, in respect of the principals of proper administration.
- **The independent auditing firm** entrusted by the Stakeholders’ Meeting certifies the annual and consolidated financial statements of the Company and signs the tax and contributions returns of the Company.

GOVERNMENTAL SECURITY AND TRADE COMPLIANCE MANAGEMENT SYSTEM (GS&TC)

The aim is to satisfy the binding requirements of **Governmental Security** (GS) and **Trade Compliance** (TC) applicable to the Processes, Products and Services offered and/or procured by the company.

This Management System, adopted in 2020, guarantees compliance with the legislation on the management, use and handling of classified information for **Governmental Security** - national security, NATO, EU and OCCAR and that of the other countries which the company has contractual relations - as well as with the European Union and national legislation concerning the offer, supply and handling of both military materials (**Munition Goods**) and **Dual Use Goods** – so-called **Trade Compliance** - thus contributing to the protection of national security and of the corporate assets, in compliance with regulation **UNI – 10459**.

This has ensured the monitoring and auditing of all of the corporate processes, together with the Management Review. Also, the implementation in the company IT systems (PLM - ERP - CRM), aimed at putting in place the opportune automatic verifications and checks, enables the interception and tracing of any non-compliances before they occur and become breaches of the laws in force, thus enabling them to be resolved in a timely manner. Each core business process is thus compliant with the principles of the Management System in question and implemented in respect of the relative sector laws and regulations.

In January and February every year, the General Manager states the specific objectives to be achieved in the framework of the corporate Governmental Security and Trade Compliance Policy.

An annual GS and TC training campaign was started in 2018, which has involved all of the company workforce, with training modules made available and usable on the company intranet site and also through specific in-hall sessions.

On 21 December of the same year, the application for obtaining European Certification pursuant to art. 9 of Directive 2009/43/EC, as applied by art. 10-sexies of Law no. 185/1990, was submitted to the Ministry of Foreign Affairs and International Cooperation. This certification establishes the reliability of the business in terms of its capacity to respect the restrictions in place on the export of armament materials.

DEGREE OF COVERAGE AND OF SYSTEM EFFECTIVENESS	2019 DATA	2020 DATA	2021 DATA
Standards/procedures included in and/or modified by the system to guarantee compliance	7	26	9
Contractual measures adopted to minimize the risks of the breach of sector regulations	8	9	9

MANAGEMENT PROCESSES

Elettronica uses administration, management and control systems and tools to ensure the creation of value for the company and for its stakeholders: defining strategies, translating them into objectives and concrete action, managing risks, and at the same time grasping opportunities, guiding the employees in the achievement of the objectives with responsibility and motivation and ensuring the quality and reliability of its processes and products.

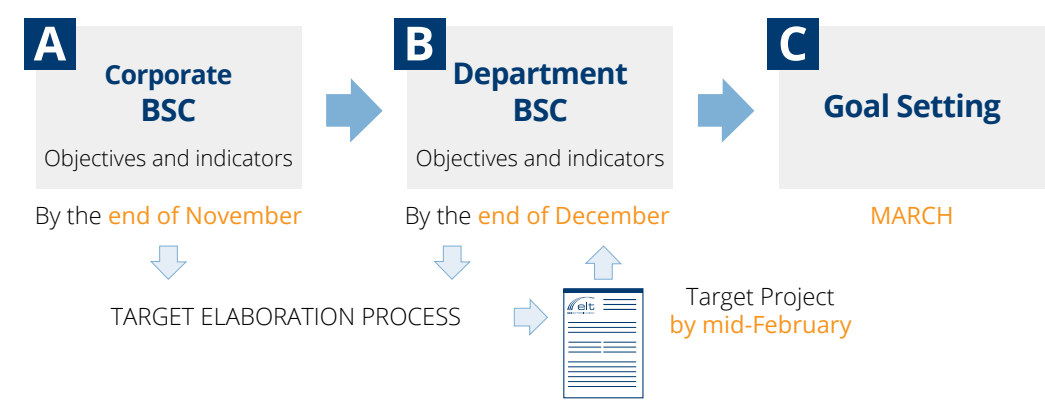
BALANCED SCORECARD

The Elettronica Performance Management System is built on the basis of the Balanced Scorecard (BSC) Model, a tool in support of strategic management, which enables the mission and strategy of the company to be translated into a consistent grouping of performance measures, encouraging measurability and ensuring a balance between the short and long-term performance and the financial and non-financial dimensions regarding the strategic assets, such as the corporate processes, the management of individuals and the enhancement and valorisation of skills, the management of services and customer relations, and organizational enhancement and development, in order to lead the business to more competitive performance levels sustainable over time.

The integrated vision of the financial and non-financial dimensions of the BSC has facilitated the integration of the dimensions and sustainability objectives at a strategic level.

The BSC model adopted by Elettronica is structured on a dual level: the **Corporate BSC**, which represents the strategic objectives for each perspective; and the **Departmental BSCs**, which translate the strategic objectives at an operational level, attaching them to the organization.

Having structured the various BSCs and ensured the criterion of vertical consistency, between Corporate BSC and the Departmental BSCs, and horizontal consistency between the Departmental BSCs in sharing a common commitment, the targets are formulated for each indicator selected. The output of this action is the realisation of the **“Target Project”** document, which is vital in assigning the individual targets to the resources in the goal setting phase.



SHARING TARGETS	2019 DATA	2020 DATA	2021 DATA
High performance KPI (target reached or exceeded)	25 (67,5%)	14 (35,9%)	21 (42,9%)
Medium performance KPI (target not reached, but tolerance level reached)	7 (19%)	3 (7,7%)	7 (14,3%)
Low performance KPI (target not reached, and tolerance level not reached)	5 (13,5%)	22 (56,4%)	21 (42,8%)

RISK MANAGEMENT

The Risk Management department of Elettronica was created in 2015. Its tasks include spreading a common corporate mindset, in order to improve corporate economic results, customer satisfaction and the work atmosphere. In this context, activities are planned for the identification, monitoring and control of the risks which require an active contribution on the part of all of the actors involved, stimulating their participation in the entire management process.

The Company manages and monitors 20 types of risk involving the examination of economic, financial, operational, social and environmental aspects. Threats and opportunities are identified for each type of risk: in 2021, 101 risks were identified falling within 17 risk categories and 23 opportunities falling within 8 categories. The expected effectiveness of risk reduction in 2021, after the de-risking action, was 24.1%, compared to a target of 25%. A target of 25% has been set for 2022. FMEA (Failure Mode Effect Analysis) methodology was introduced on all of the core processes and 3 support ones in 2021. This has enabled not only to have a single methodological approach in support of the risk analysis of the corporate processes, but also to obtain an overall reliability index value which will guide the improvement actions for 2022.

QUALITY MANAGEMENT SYSTEM (QMS)

The **Quality Management System**, created to support and continuously orient the achievement of results, is a process which involves the entire Company and takes into account the needs of the various stakeholders: from Company personnel, to create a suitable work environment which also allows for a satisfactory private life, to the integration of Company processes and the management of the supply chain, up to the satisfaction of the end customer.

Control of the compliance of the Company's Quality Management System is guaranteed by an internal auditing activity, carried out by qualified auditors of accredited bodies, subjected to continuous training and updating, and **through supplier verification and approval**. This also allows the spread throughout the Company of the knowledge of the corporate certification standards and increases awareness of how individual behaviour influences the compliance of products and services.

Elettronica's commitment thus includes some vital aspects among the various activities:

- Ensuring the achievement of a **Social Responsibility approach** that is integrated within the organization and is committed to undertake initiatives to generate awareness of the Interested Parties, also through their direct engagement, listening to their expectations and reporting the results achieved.
- **Promoting the values of the Code of Ethics** to consolidate the reputation of the company, construct an image founded on integrity, improve internal cohesion and ensure the principle of effective responsibility towards Institutions and society as a whole.
- **Creating a pleasant working environment** through work-life balance initiatives and corporate welfare policies aimed at employees and their families.

As regards the orientation towards results, **Elettronica** focuses on:

- Providing products and services within the agreed deadlines which respond to the binding requirements, those of the customer and the applicable standards.
- Identifying risks and opportunities at all operating levels to orient the actions required to increase the effectiveness of the **Management System** and prevent negative effects on the business.
- Pursuing a level of **technological innovation** that is state-of-the art in order to maintain its competitive position in the reference sector.

Much attention is focused on the corporate organization:

- Promoting the continuous development and the integration of the processes for managing the lifecycle of products and for corporate governance, also through a process of **Digital Transformation** and the adoption of digital management systems for documented information.
- Supporting the mindset of **Continuous Improvement** to ensure the achievement of the corporate targets, minimising the costs and maximising the effectiveness of the processes in terms of time and quality.
- Pursuing **business continuity** through the implementation of means of safeguarding the data and information required to carry out business operations.
- Controlling the integrity of the products produced internally and on the **Supply Chain** throughout their lifecycle, in order to ensure the absence of alterations that may compromise their security and uses.

On its own supply chain, Elettronica:

- Transfers the requirements applicable to the Supply Chain so as to pursue and achieve common and durable targets.
- Begins cooperation relations on the national and international development programmes in order to improve the links and synergies in the reference sector.

- Monitors the activities to ensure the respect of the product requirements and compliance.

Regarding its own Resources, the company is responsible for:

- Ensuring the level of skill and technical knowledge required by the evolution of its business, the markets and technologies, through the implementation of adequate educational and training programmes.
- Adopting a process of evaluating Human Resources (Performance Appraisal) in line with the corporate targets and those of personal and professional growth.
- Providing the tools and technological supports required for the processes to operate and with a view to continuous improvement.
- Maintaining the working environment required for the processes to operate and with a view to continuous improvement, taking social, psychological and physical factors into account.

The activities involved in continuous training and the updating of qualified auditors include:

- Monitoring the compliance of the Company's Quality Management System.
- Approving the suppliers to be included in the Register of Approved Suppliers.
- Spreading throughout the company the knowledge of the corporate certification standards and awareness of the impact of individual conduct on the compliance of the products and services provided by the organization.
- Participating in training courses offered by accredited Training Bodies and conducted on location with the release of attestations of the quality achieved.

RELIABILITY OF THE QMS	2019 DATA	2020 DATA	2021 DATA
ISO 9001:2015 quality certified processes	100%	100%	100%
Non-conformities reported	10	29	13
Supplier non-conformities reported	4	5	13
No. of corrective actions and % of corrective actions closed	4 (100 %)	5 (100%)	(100%)
QUALITY RECORDED	2019 DATA	2020 DATA	2021 DATA
Customer survey - Product	7,9/10	8,2/10	8,3/10
Customer survey - Sales	8,3/10	8,8/10	8,9/10
Customer survey - Logistics	8,2/10	8,3/10	8,4/10
Vendor rating (% of quality requisites)	98%	98%	99%
Product Quality Index (percentage of products delivered without waivers)	Performance 99,21% (overall 96,73% with target 97,5%)	Performance 109,00% (overall 98,57%)	Performance 103% (overall 97,95% with target 97,5%)
INTERNAL AUDITOR SKILLS	2019 DATA	2020 DATA	2021 DATA
Participants in training courses for internal auditors	3	10	9
Training hours provided to internal auditors	72	400	360
Certified auditing personnel	3	10	9
INTERNAL KNOWLEDGE AND AWARENESS	2019 DATA	2020 DATA	2021 DATA
Total training hours on the Quality System	50	50	1520
Courses provided on certified quality processes and procedures	6	2	4
Course participants	35	20	98

3.3

Company and business data security

MANAGEMENT PROCESSES

In carrying out its business activities that involve the security of the State, Elettronica respects and ensures the respect of special laws on the protection of national security, which are often prevalent over the Privacy laws in force.

However, the General Management of Elettronica believes that the protection of people is a priority and does not ignore the safeguarding of personal data and the fundamental rights and liberties, such as informative self-determination and combating discrimination.

During the course of 2021, the company continued the actions undertaken relating to the Covid pandemic. From a privacy and security viewpoint, the measures adopted to contain the spread of Sars-Cov2 were carefully assessed to ensure the constant updating of the procedural, organizational and IT security measures.

In the context of the policy of continuous improvement aimed at the improvement of a model of industrial excellence, the company encourages the integration of the Privacy Management System with the other Corporate Management Systems, such as that for the Management of Information Security. The result of this policy has been the **maintenance in 2021 of the extension of the ISO 27001 Certification with the ISO 27701 controls regarding Privacy.**

Lastly, the effectiveness of the Privacy Management System is subjected to an annual audit by Privacy experts recognised at a national and European level.

As regards the Elettronica Privacy Policy and the system of authorisations and appointment agreements, all of the organizational measures concerning the system of authorisation for accessing data, the appointment of the data controllers, the performance of the assessment of the impact on data protection (through the DPIA – Data Protection Impact Assessment), monitoring of the access itself and all of the additional organizational measures aimed at protecting and controlling data are included therein.

PRIVACY MANAGEMENT SYSTEM

The control and continuous improvement of the corporate Privacy Management System (PMS) is continuing through the definition of the combined audit plan, which has been drawn up in synergy with the similar audits in the other corporate Management Systems (Information Security Management System – ISMS; Quality Management System – QMS; Work Security Management System – WSMS; Governmental Security & Trade Compliance Management System – GS & TC).

The advice of the EDPD and the Italian controlling authority was heeded in 2021, as regards the transfer of personal data to countries outside the EU, and, together with S&SM, the contractual Terms & Conditions were modified, integrating the new Standard Contractual Clauses, which have become the corporate tool for properly managing such cases.

PRIVACY TRAINING IN E-LEARNING AND TRADITIONAL MODE

To improve the widespread awareness of Data Protection issues, Elettronica is continuing E-learning activities, diversified according to role and activity. At the same time, traditional training has also been carried in hall on specific issues (System Administrators, Management of the Supply Chain, etc.) and video training on accountability and the status of the corporate Privacy management system.

PMS AND DPO CERTIFICATION

The maturity of the SGP and SGSI Management Systems – already structured in line with the new ISO HLS model – has enabled the easier adjustment of the Information Security Management System to ISO 27701 standard, which extends the privacy framework of ISO 27001, for which the Elettronica ISMS is already certified. The certification issued by the Certification Authority DNV in 2020 was confirmed in 2021.

Maintenance of the Tüv Certification of the company Data Protection Officer (DPO).

PRIVACY MANAGEMENT SYSTEM (PMS) AND KPI

Maintenance of the highest levels of efficiency and effectiveness of the Privacy Management System, continuously keeping it in line with the implementation instructions of the GDPR and Privacy Code introduced by Legislative Decree 101/2018. The definition of significant KPI enables the effective governance of the system and the implementation of improvement processes.

Elettronica achieved all of the KPI in 2021: all of the privacy-related incidents were resolved and contained within 3 days of being reported, in an estimated average time of 4.5 hours, bringing forward training and information campaigns on the significant issues in the GDPR, in hall and on-line. Constant adjustment to the sector best practices has integrated into the Privacy Management System the controls envisaged by the recent standard ISO 27701 and has enabled the TUV certifications of the company's Data Protection Officer to be maintained.

PRIVACY MANAGEMENT SYSTEM RELIABILITY	2019 DATA	2020 DATA	2021 DATA
Average time for closing privacy incidents	10,4 h	14,2 h	4,5h
% of corrective and improvement actions implemented according to the Plan	100%	100%	100%



3.4

The health and safety of people

THE OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM (OHSMS)

Elettronica has adopted an Occupational Health and Safety Management System (OHSMS) pursuant to the new international standard UNI ISO 45001 in order to ensure the integrated and organic management of Safety aspects in all corporate departments and to achieve continuous improvement.

The OHSMS is designed, updated and modified by the H&S Department, with the assistance of a specialised external consultancy firm if necessary, is implemented with the contribution of all of the business departments and is certified by an external accredited authority in order to ensure compliance with the requirements of the reference standard UNI ISO 45001.

The adoption of an OHSMS has enabled the company to improve health and safety levels in the workplace compared to the mere fulfilment of the legal requirements, defining rules for the management of safety aspects by all individuals, through the procedures implemented.

The System also enables the identification of tools, timeframes and methods of communication, registration and control of performance in terms of Safety in order to identify any gaps and find organizational and/or technical measures to overcome them.

COVERAGE OF THE OHSMS AND PRODUCT SAFETY

The System ensures that all workers are covered by some contractual form, including student workers and trainees, as well as consultants and suppliers who operate at the plant or on behalf of Elettronica at other sites.

The personnel who work on transfer are managed through a Travel Security Management system. The H&S function also ensures product safety, also with regard to products purchased and sold, involving a careful analysis of compliance with the applicable binding regulations.

RISK ASSESSMENT (RA) AND ACCIDENT INVESTIGATION

The RA is carried out according to the provisions of Legislative Decree 81/08, by suitable personnel on the basis of the skills and training required by the law itself. In Risk Management, the risks are identified (by category) with the H&S controls provided by the System in use.

The workers are trained on internal rules in case of and on how to alert rescuers and expert personnel and are recommended not to work in situations of serious and imminent danger. The system provides for specific forms to be compiled to report anomalies and non-compliances and the possibility of contacting the PPSM.

WORKERS' PARTICIPATION AND COMMUNICATIONS

Legislative Decree 81/08 provides for the consultation of the Workers' Safety Representatives (WSR) on all OHS issues as well as on access to corporate documents.

The WSR are requested to express their opinion on system objectives, performance and audits, in accordance with the specific procedures. Formal meetings are held at least once a year on specific issues that come to light.

Workers are given training on health and safety in the workplace, in accordance with Legislative Decree 81/08 and the State/Regions Agreement Act 221/CSR of 21/12/2011, in order to increase their awareness and prevention of the risks.

EFFECTIVENESS OF THE OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM - OHSMS	2019 DATA	2020 DATA	2021 DATA
Number of deaths due to accidents in the workplace	0	0	0
Number of serious accidents in the workplace (excluding deaths)	0	1	2
Number of accidents at work	4	7	15
Number of days lost due to accidents at work	17	216	303
Main types of accidents at work	Falls during transfers inside the premises	Cutting with cutters Covid-19 accidents	Covid-19 infections
Occupational accident severity index F = $\frac{\text{N° of accidents} \times 1000000}{\text{Hours worked}}$	2,04	2,04	11,71
Occupational accident severity ratio G = $\frac{\text{N° of days lost} \times 1000000}{\text{Hours worked}}$	0,116	0,166	0,24
Occupational accident severity ratio	0.02	0.29	0.4
Number of hours worked	1,471,248	1,301,822	1,280,797
Work-related hazards involving a high injury risk	Work at height or on transfer	Work at height or on transfer	Work at height or on transfer
Accidents caused by high injury risk hazards	0	0	1
Number of victims of occupational disease	0	0	0
Number of cases of recordable occupational disease	0	0	0

KNOWLEDGE OF THE OHSMS AND OF RISKS IN THE WORKPLACE	2019 DATA	2020 DATA	2021 DATA
Number of employees who have received training	734	1.087	1.108
% of employees who have received training	98,5%	98%	97%
Average annual hours per employee of training on prevention and protection	2,2	4,1	6,4
Total annual hours of training on prevention and protection	n.d	1,498	1,126

COVID-19 PREVENTION AND CONTAINMENT

To ensure a safe workplace and business continuity during the Coronavirus health emergency, Elettronica organized prevention and support activities for all of the workers, in addition to the specific Health & Safety provisions laid down by the law and the application of the provisions of the **shared protocol for the regulation of measures for contrasting and containing the spread of the Covid-19 virus in the workplace.**

Prevention, support and consultancy activities for all workers

- Screening campaigns for detecting the presence of Sars-Cov-2 antibodies through blood tests
- Rapid tests (swab) in the company infirmary to detect any positive tests among workers who may be infected
- Tests to be carried out privately available in the day hospital
- Contact tracing of all positive cases and support during illness/precautionary isolation of the workers involved
- Management of cases among vulnerable workers
- Purchase and distribution of surgical/FFP2 facemasks on the basis of the specific activities to be carried out to all workers/trainees
- Specific assessment of each transfer on the basis of the effective need and the correlated risks, together with the preparation of a file, in order to authorise all work travel in advance or otherwise
- Molecular swab tests required for travel purposes, initially carried out on a Drive-In basis or in private structures in other regions and subsequently by partners in their laboratories, and then also in the company day hospital
- Analysis and assessment of obligations/bans for specific work-related travel with useful practical advice in order to travel safely and a detailed analysis of the rules and regulations in force at the time
- Specific support in the event of infection outside Italy to ensure the proper management of the criticalities, through partners/official bodies/local structures until return to Italy on a specific medical flight.

PREVENTION AND PROTECTION ACTIVITIES TO FACE THE HEALTH EMERGENCY	2020 DATA	2021 DATA
N° of surgical masks assigned	111,520	145,000
N° of serological tests	1,323	952
N° swabs	300	482

SECURE MANAGEMENT OF PERSONNEL ON WORK-RELATED TRAVEL

Elettronica ensures the best possible protection of its workers on work-related travel throughout the world, in order to achieve the objectives of the corporate business.
The Company uses the technical coordination of a Travel Security Manager, assisted by a Travel Security Specialist with the support of as Travel Security Provider, called Proger.

The measures regarding work-related travel and events provide that:

- Within 24 hours of their departure, the travelling worker receives the Country Profile by e-mail; this is an informative report with the main data of the country they are going to, enabling an overall risk assessment based on an analysis of criminality and terrorism, and also the examination of the political, ethical, environmental and health situation;
- On departure, the Real-Time Alert Service is activated; this is a real-time informative service by e-mail which informs the traveller of the risks linked to a specific travel itinerary (for example terrorist attacks, political trouble, criminality, natural disasters, health emergencies, etc.);
- A “24/7 assistance” service is ensured for all travelling workers to request support from the operations centre of the Provider in the event of an emergency (theft, kidnapping, attacks, need for an escort, etc.) worldwide by telephone;
- Threat Assessment sheets are provided on a quarterly basis with the relative mitigation measures and also the maps of the countries and the areas involved for the countries of most interest to the corporate business and subject to constant monitoring because of the frequent changing of the geopolitical conditions;
- A 24/7 assistance service is provided through the insurance company EuropAssistance, with which the Company interfaces through the Broker Mizar; this insurance covers medical expenses, the cost of return travel in the event of crises arising in the country where they are on work-related travel and also other specific travel costs, such as the cancellation of travel and the costs of cars, family members and accommodation. The Civil Liability and Legal Protection of Elettronica employees on work-related travel is also covered.

15 employees on work-related travel received support in 2021



ELETTRONICA'S CERTIFICATIONS

In addition to the legal authorizations, Elettronica has obtained and maintains specific certifications of its management systems, which ensure compliance with current standards, favouring more effectiveness and efficiency within the management system.

AER(EP). P-145 certificate

Approved Maintenance Organisation for the maintenance of products in Capability List and the issuing of the certificates for readmission into service

EN 9100:2018 certificate

Quality Management System in the Aerospace sector

ISO/IEC 27001:2013 certificate

- Planning, preparation and provision of services for: technical management, operating management and monitoring of ICT systems, ICT services and ICT Infrastructures
- ICT Security services using a Security Operation Center (SOC) and Computer Security Incident Response Team (CSIRT), through the application of the ISO/IEC 27035-1:2016 and ISO/IEC 27035-2:2016 guidelines and the ISO/IEC 27701:2019 (Privacy Information Management System) requirements and guidelines

CYBER ESSENTIALS

UNI EN ISO 9001:2015 certificate

Quality Management System

UNI ISO 45001:2018 certificate

Occupational Health and Safety Management System

Authorized Economic Operator - AEO

Issued by the Customs and Monopolies Agency

Public Security Licence

Management of armament materials, issued by the Prefecture of Rome

Registration in the National Companies Register (SeRNI)

At the Secretariat General of the Italian Ministry of Defence, for importing and exporting armament materials

NOSI

Nulla Osta di Sicurezza Industriale (Industrial Security Authorization) – issued by the Prime Minister's Office

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The accumulated know-how and the constant tension towards innovation makes us a company capable of anticipating challenges of tomorrow, to ensure sustainable economic, social and environmental development

04

INNOVATION

We create value for progress and sustainability

€ 10,979,015

Invested in Research and Development

8

Emerging technologies developed in the last three years

9

Projects with universities and research centres and spin offs in the last three years

€ 736,000

Technological contracts with universities

14

Participations in European tenders in the last three years

4.1

Innovation for economic sustainability

We are in the middle of a new digital revolution in which more than at any other time in history, the progress of humanity is guided by innovation, the potential of research applied to life science, industry and our everyday lives. In this sense, being a sustainable business means first and foremost participating in the collective effort of growth by innovation. As an industry involved in the Defence and Security sector, Elettronica has always made a significant contribution to the country in terms of technological sovereignty, in other words the development of proprietary technologies which enhance strategic autonomy and economic independence, for Italy and for Europe, creating an ecosystem of innovation to the benefit of the development and security of the country and of life sciences.

For 70 years, Elettronica has made its contribution by producing and promoting innovation through the study and use of the electromagnetic spectrum, creating nationally strategic technologies on the basis of this skill.

In the Defence and Security sector, the dominance of the electromagnetic spectrum has become a qualifying and transversal factor to the aeronautical, naval, terrestrial, cyber and even space domains and has become increasingly relevant in an increasingly complex and digitalised operating context, in which the inter-operability between domains becomes vital. In this regard, it will become a vital component in the construction of so-called sixth-generation super systems, such as **TEMPEST**, which overcome the concept of a traditional platform, replacing it with a network of intelligent manned and unmanned devices governed by complex algorithms. The connective fabric of this network is the electromagnetic spectrum itself.

THE ELECTROMAGNETIC SPECTRUM: WHAT IT IS AND WHY IT IS IMPORTANT

The capacity to best comprehend and use electromagnetic fields has been found to be equally important in the civil sector. We are surrounded by electromagnetic fields which vehicle and aid our daily actions, radio and telephone communications and the Internet of Things, a connective fabric on which all human communications travel, be they military or civil.

Knowledge of the electromagnetic spectrum has enabled Elettronica and its defence systems to become central to operations in the field and in urban security activities, but also to make progress in the wider-ranging field of personal security, to the benefit of economic and social development.

THE NEW QUALIFYING TECHNOLOGIES

FOR AUTONOMY IN THE PRODUCTION OF MICROCHIPS

European System on Chip – EXCEED Project

CAs a result of the trends in geopolitics, the lack of rare earth elements in Europe is generating considerable problems in terms of procuring microchips, in other words the quintessence of all technological components. This necessity has led to the European EXCEED Project (trustED and fleXible system-on-Chip for EuropEan Defence), a European project of the Preparatory Action for Defence Research (PADR-EDT-02-2018).

The objective of the project is to lay the foundations for European technological independence through the creation of a European chain of trusted suppliers for the production of flexible, re-configurable and secure

System-on-Chip (SoC) devices. This objective will be achieved with the production of a family of SoC devices. The EXCEED family of SoC devices has been conceived to satisfy challenging requirements based on complex applications in the defence sector, but also benefitting other national and European industrial sectors, such as the automotive, telecommunications, industrial and medical markets, with significant advantages for the community. EXCEED is a three-year project managed by a consortium constituted by 19 companies (including ST Microelectronics, Indra Sistemas, Leonardo, MBDA, NanoXplore and Thales SIX/DIS) in 7 European countries (Italy, France, Spain, Germany, Poland, Greece and Norway).

FOR SECURE GEO-LOCALISATION

Solutions for the Protection of Localisation and Navigation Systems – GEODE Project

The GEODE (Galileo for EU Defence) project is a European project of the European Defence Industrial Development Programme (EDIDP PNTSCC-2019).

The project has the objective of increasing European industrial competitiveness in the strategic domain of localisation, navigation, temporisation and synchronisation devices, through the realisation of secure modules for receiving/processing/decoding geo-localisation signals from the Galileo (European system) and GPS (US system) constellations and reception antennas protected (if not immune) from intentional disturbance signals.

The development of the European know-how that will be generated by the realisation of the receiver and antenna prototypes will be very important in terms of the competitiveness of European firms which will use these high-performance and secure technologies for the production of next-generation geo-localisation systems in many civil contexts, such as, for example: transport and systems for tracing moving devices (land, sea, air and remotely guided), public security, scientific analysis and measurement, supporting farming activities, etc.

GEODE is a six-year project managed by a consortium constituted by 18 companies (including: FDC, Thales AVS/SIX, Airbus, Leonardo, CY4GATE, Thales Alenia Space and Telespazio) in 5 European countries (Italy, France, Spain, Germany and Belgium).

AN ALGORITHM FOR URBAN SECURITY

The CASTA system: an artificial intelligence algorithm against malicious drones

The increase in the scope for using drones for any sort of human activity (from the production of videos to the delivery of pharmaceuticals and use in agriculture) has seen an increase in the potential threats linked to their use for malicious purposes and to threaten the security of individuals and infrastructures. This risk has led to an increase in the demand for efficient and reliable products for defence against such threats.

The CASTA electronics system is part of this context, which by video streaming in the visible and infrared domain, through the use of advanced Artificial Intelligence techniques, enables the detection and tracking of UAV (Unmanned Aerial Vehicles) systems in order to be able to distinguish between authorised and unauthorised devices.

The peculiarity of this system is its versatility in the civil domain. The CASTA system provides the possibility of classifying a vast range of potentially dangerous targets not limited to radio-mobile systems.

This technology represents an optimal solution for public and private security; just think of military zones, government buildings and nuclear plants and major public locations at risk, such as stadiums, airports, stations, squares and markets.

SATELLITE MONITORING OF THE ELECTROMAGNETIC SPECTRUM

In the 21st century, the use of LEO (Low Earth Orbit, between 300 and 1,000 km) for satellites has increased at the same rate as the development of space technology. These satellites are now popular for telecommunications, weather forecasting, images of Earth, surveillance, digital mapping, environmental monitoring, scientific research and so on.

Elettronica is developing technological solutions with which it will be possible to monitor the electromagnetic spectrum from space and, in particular, from the stratosphere and mini and micro LEO satellites (Low Orbit Satellites). These “space qualified” integrated technologies will be vital for monitoring, planning and optimising the use of communication and navigation signals in the presence of electromagnetic disturbances.

CYBER AS A STRATEGIC NATIONAL SKILL

Digitalisation, the enormous advantages of which are before our eyes in terms of effectiveness and efficiency of activities and processes, has however enormously increased vulnerability. The possession of national skills and technologies to combat the danger of cyber-attacks today represents a strategic asset in both military and civil terms. Through its subsidiary Cy4Gate, Elettronica has focused in advance on the most dangerous threat in conflict and in civil and economic terms.

For Elettronica, innovation is the fruit of a company organization that is capable of forecasting technological trends, valorising skills and also stimulating research processes and constructing an ecosystem for innovation.

Elettronica has an internal **Research and Innovation (R&I)** department, the scope of which is the development of an applied research capable of incorporating new functions and technologies in products offered to the market in good time and that are efficient.

The entire process of developing and maturing an idea occurs following the **Design Thinking** model, a user-centred method of innovation focusing the strategy on the requirements and demands of customers. Downriver of the prototyping and test phase, a peer review is conducted which defines the results obtained and the gap analysis and discusses what is missing in achieving the initial specifications. In the last phase, the idea is handed over to the **Product Lines**, the aim of which is to mature – in terms of integration and industrialisation – the idea towards the final product, as defined in the **Roadmap of the Strategic Technological Plan**.

With a view to divulging, gathering and proposing activities and innovation suggestions effectively within the organization, the figure of **Innovation Builder** was instituted in June 2019 to harmonise and collect together the various company minds: *Research & Innovation, Product Line, the Common Core SW and EWCC, Design Solutions, System Analysis and Verification & Validation*.

INTERNAL PROMOTION OF INNOVATION	2019 DATA	2020 DATA	2021 DATA
N° of innovation builders	6	6	6
N° of meetings held	15	18	10

The central body that contributes proactively to the development of the Elettronica technological plan through constant and effective monitoring of the technology market and products is Technology Scouting Management. The main activities assigned to the structure include market assessment, but there are many other activities carried out by the structure: from gathering the requirements of technological evolution from the various company departments to exploring the market in search of both new technologies realised and innovative ideas to focus on.

THE ECOSYSTEM OF INNOVATION



Innovation is the fruit of continuous contamination. Elettronica's collaboration with research bodies and university design centres and research financing are qualifying elements of the company's innovation process, which triggers a virtuous exchange due to both the high level of knowledge and skills provided by the partners and because of the opportunity given by Elettronica to the research world to develop innovative ideas applicable to the company's core business. This benefits not only growth in terms of research, but also the opportunity to meet with attractive talents, contribute towards the growth of technological standards and stimulate the development and prestige of the universities involved.

Elettronica collaborates with La Sapienza, Roma Tor Vergata, Roma Tre and LUISS for internships and with the CNIT in Pisa - Scuola Sant'Anna and the CNIT of Federico II University of Naples.

RESOURCES EMPLOYED IN PARTNERSHIPS AND RESEARCH	2019 DATA	2020 DATA	2021 DATA
Value of the funding for research activities (value of technological orders in partnership with universities and research centres)	908 K€	611 K€	736 K€
Value of the funding provided to universities for partnership research development (RdA to universities for technological research activities)	139 K€	20 K€	155 K€

APPLICABILITY OF RESEARCH	2019 DATA	2020 DATA	2021 DATA
Emerging technologies acquired/developed	3 (Machine Learning, RF SoC, EO integrate)	2 (High Energy Fiber Laser, Vircator)	3 (Metamaterial Cloaking, Vircator, SiP)

CREATION OF AN INNOVATION NETWORK	2019 DATA	2020 DATA	2021 DATA
Projects started/in progress/concluded with universities and research centres and spin offs	4	2	3
Universities involved	3	2	3
Research centres involved	1	0	2
Spin offs involved	2	0	0
Researchers involved	18	4	5
Theses developed on commission/in collaboration	3	2	4

REPUTATION/VISIBILITY	2019 DATA	2020 DATA	2021 DATA
N° of articles/papers that have given visibility to the research	6	8	4
N° of conferences for the divulgation of the innovation developed	6	2	2

RESEARCH, EUROPE AND THE CONTRIBUTION TO THE 2030 AGENDA

For a company with a strong European vocation, contributing towards technological sovereignty also means being a part of European Union networks and projects, working with the main partners and players in innovation on all trajectories of research to be ready for the challenges in coming years.

This is why Elettronica has developed an internal organizational unit and skills to promote, implement and respond to the opportunities for European planning, grasping not only the investment opportunities but, especially, the opportunities to develop and enhance its own engineering heritage.

Elettronica, together with numerous industries in the Aerospace and Defence sector and the major national associations (including the AIAD, the Federation of Italian Companies in the Aerospace, Defence and Security sector), is fully committed to the **Pact for competences**, to be united in dealing with common challenges (pandemic crisis, green and digital transition, climate neutrality, Industry 4.0, employment of younger people and women). The company thus provides its contribution towards the realisation of the **2030 Agenda**: in particular, towards the achievement of goal n° 4 (**Providing quality, equitable and inclusive education and learning opportunities for all**) and goal n° 9 (**Building a resilient infrastructure and promoting equitable, responsible and sustainable innovation and industrialisation**), consolidating the company potential, in terms of sustainability and the creation of long-term value.

European tenders in which Elettronica participated in 2021

As part of the **EDF (European Defence Fund) WP2021** Elettronica participated in consortiums which submitted financing proposals for the following tenders:

1. **EDF-2021-SPACE-D-SGNS**

Scope: Space and ground-based NAVWAR surveillance. Development of European skills in Navigation Warfare

Status: Proposal being assessed.
- EDF2021-C4ISR-D-HAPS**

Scope: High-altitude platform systems (Development).

Status: Proposal being assessed.
2. **EDF-2021-AIR-R-NGRT: Next generation rotorcraft technologies**

Oggetto: Rotor Craft platform

Status: Proposal being assessed.
- EDF-2021-DIS-RDIS-QSENS: QUANTUM TECHNOLOGIES FOR DEFENCE**

Oggetto: Quantum Sensors

Status: Proposal being assessed.
3. **EDF-2021-MATCOMP-R-RF: Advanced RF components**

Oggetto: System Package on GaN technology

Status: Proposal being assessed.

4.2

Innovation for social sustainability

Security is a component of social sustainability because it concerns development and the protection of social wellbeing, and Elettronica has always focused its research and development activities in this direction, and on two sectors in particular:

- **The security and defence of the community**, through technological solutions favouring the protection of critical infrastructures, such as hospitals, water networks and electrical power stations and the security of urban centres in general;
- **Security in the context of life sciences**, through research and development agreements and the production of solutions for the progress of biomedicine and human sciences.

URBAN SECURITY AND DEFENCE

ANTI-DRONE TECHNOLOGIES

Drones are becoming an undoubted advantage to society, industry and individuals, enabling, either by individual or collective use, activities involving remote piloting to be carried out with greater efficiency and security; however, they may also represent an easily accessible threat in the wrong hands, due to their widespread availability.

Elettronica's anti-drone system was created more than 5 years ago with the awareness of the potential dangers of remotely piloted vehicles, in both operating and urban terms.

NADIR (Networked Anti Drone Interception Recognition) is dedicated to security in a civil context, and is the anti-drone system for the protection of urban areas, major events and critical infrastructures. It detects, recognises and neutralises a given threat through jamming technologies tested specifically for the urban environment, when allowed by the operating conditions and the laws in force. In an anti-drone context, Elettronica is also developing a new sensor to enhance the capacity of its systems for identifying and following UAV systems, including very small ones. The sensor is based on consolidated technologies in the automotive sector, and on the internal processing of the data acquired. This sensor thus contributes towards improving the efficiency and effectiveness of anti-drone systems for the protection of urban environments and civil infrastructures.

Elettronica's excellence in terms of combating threatening drones has also been used in the European **JEY-CUAS** (Joint European sYstem for CUAS) project for a European anti-drone configuration covering the detection, monitoring, classification, identification and evaluation of threats and, if necessary, the neutralisation of the threat in question. The system will be based on its modularity, scalability, and inter-operability in the scenarios of Urban Protection, moving asset protection and strategic asset protection.

TECHNOLOGIES FOR THE SECURITY OF SMART CITIES

Through its involvement in the MIND project, Elettronica is part of an innovation ecosystem and a catalyser of opportunities for the socio-economic growth of the country. The primary objective is to obtain a **sustainable ecosystem** capable of creating a new community and of representing an exemplary model for any future urban regeneration worldwide.

Through a 360° innovation project, MIND could well become a new factor of urban acceleration, capable of connecting not only with the community in the centre of Milan but also of constituting a strategic area for the whole country.

In the context of its involvement in the MIND project, Elettronica is making progress in experimentation for the development of control systems capable of ensuring the greater security of cities, through systems for the detection and monitoring of threats and anomalous situations.

In particular, through the use of combined Artificial Intelligence and Machine Learning technologies and the

Blockchain, work is being conducted on the possibility of analysing in real time and digitally the video streams collected from critical points in cities, enabling the recognition and classification of objects, human recognition and classification and the detection of any anomalous behaviour. The aim is to create an automated system which does not need any human intervention for the surveillance of large areas. This system is designed to provide alert signals in the event of anomalous situations and monitor and scan the scenarios to see if there are any criticalities present.

The ultimate goal is the creation of a centralised video surveillance system with minimised human effort which uses Artificial Intelligence techniques and is capable of simultaneously monitoring as many operating scenarios as possible.

Specifically, the study being conducted by Elettronica regards the use of Machine Learning techniques to identify specific critical actions, carried out by one or more individuals, on the basis of the data extracted from IoT sensor devices. This data can be extracted remotely, for example video, radar traces or other wireless methods, or recorded directly by anyone in possession of personalised hardware.

This technology will enable the operator to have as detailed a view as possible of the scenarios in question and enhanced by artificial graphics provided by Artificial Intelligence models.

The application of the blockchain would solve the problem of secure and reliable communications.

SECURITY FOR LIFE SCIENCES

ADJACENT AND BIOMEDICAL SECTORS

The skills in managing the electromagnetic spectrum are also being applied to numerous contexts in the civil sector, including the biomedical sector and public health and safety. To develop this potential, Elettronica has entered into an agreement with the UniCampus Biomedico (UCBM), making its own skills and technologies available to UCBM researchers and to conduct new joint research projects.

The agreement was created to benefit the sectors with most potential for innovation, from a scientific and technological viewpoint, playing a primary role in the technological growth of the country. Robotics, artificial intelligence and Cyber Security are the topics on which the agreement involving Elettronica and its subsidiary CY4GATE is based.

One of the experimentations involved regards the development of monitoring systems for biometrics and behavioural patterns in patients in a biomedical context, using advanced Data Analytics and Artificial Intelligence techniques.

These techniques have the objective of ensuring greater security and reactivity of intervention in the event of the health conditions of patients in hospitals worsening. This would imply a significant reduction in the human effort and the consequent increase in efficiency of the monitoring system. The idea is to classify the behavioural conditions of the patients in question through the video streams provided by fixed or mobile video cameras located in suitable critical points and using this information as the input for advanced Machine Learning models, so as to guarantee very short response times in the event of emergencies.

This approach could be further extended to aspects such as modern health assistance – assisting the interaction between patients and medical staff – and rehabilitation applications, guiding the patients through their rehabilitation programmes, potentially leading to a more rapid recovery, and guaranteeing the acquisition of accurate information as regards the response of the patients to their treatment.

Furthermore, in the civil biomedical sector, Elettronica is developing innovative technological solutions based on microwaves, with the aim of combating viral pathogen elements such as Sars-CoV-2. The objective is to provide a further tool for protection that is capable of inhibiting the viral load in suspension within Aerosols.

4.3

Innovation for the reduction of environmental impacts

For Elettronica, innovation means satisfying requirements of economic development, social wellbeing and also environmental protection, through the development and adoption of technologies capable of reducing the consumption of energy and natural resources and the production of waste material.

Technologies such as the Digital Twin and Swap are oriented towards this.

DIGITAL TWIN

The Digital Twin is a virtual representation of an object or of a system connected to it for its entire life cycle, from design and construction to customer support.

Elettronica has introduced into the product development process the realisation of the digital twin, which contains all of the information of the physical object at a mechanical, geometric and electronic level and is updated throughout the lifecycle of the product. Thanks to the digital twin, it is possible to develop experimental activities without having to build an expensive physical prototype, or to make predictions (based on Artificial Intelligence algorithms) which enable anomalous behaviour, risks and errors to be detected. Elettronica began the development of the Digital Twin in a pilot project, introducing a development environment which enables the integration of various specialist tools for design, construction and product support.

In addition to improving the quality of the product and minimising the time to market, the use of the Digital Twin has a significant impact on environmental protection. Experimentation is conducted by analysing the behaviour of the virtual prototype, thus avoiding the construction of physical prototypes that then have to be disposed of. The predictive activities enable anomalous behaviour and system errors to be minimised, avoiding the production of defective objects which need replacing and then disposing of as waste material.

SWAP APPROACH - Size Weight And Power

Technological development in recent years has led to the availability of smaller chips on the market, which do not need much power to work and which contain a multitude of functions inside them, for example the components of smartphones, or IoT (Internet of Things) sensors.

Elettronica uses these technologies to realise complex systems which use a limited number of hardware resources, and are thus lighter and consume less power in order to work.

The environmental impact of SWAP (Size, Weight And Power) systems, in other words systems which aim to minimise size, weight and power used, can be identified in the reduction of energy consumption and the reduction of the natural resources used in the electronic components (the systems are constituted by a limited number of components compared to previous generation systems).



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*Engineering knowledge and culture:
we are a centre for the promotion
and spreading of skills and equal
opportunities*

05

THE STEM MINDSET

*Science and technology
for the development of the country*

3

Participation in STEM competence centres

12

Universities involved in internship programs

40%

Interns hired

5.1

Innovation promotion

Knowledge is the fruit of an incremental process based on sharing: this is why Elettronica has always passionately cultivated the engineering culture, in order to both train its employees and to spread the culture and use it in service of the country.

Skills must never be kept locked away, but shared with all of the players involved. This is the only way to keep updated and remain competitive.

Innovation is promoted within the company through numerous initiatives.

PARTICIPATION IN COMPETENCE CENTRES

COMPETENCE CENTRE OF ROME

The Competence Centre of Rome is the result of the opportunities provided by the Industry 4.0 Plan for the opening of nationwide hubs with the duty of transferring technological knowledge to the world of business.

It is a guidance and training centre for companies, as well as giving support in the implementation of innovation projects, industrial research and experimental development. It focuses on the general aspects of Cyber security and its various specific applications: Cybersecurity; Cybersecurity – Space; Cybersecurity – Automotive; Cybersecurity – e-Health.

In each of the listed fields, the systems are increasingly software-based and net-centric: the growing complexity that derives from systems makes it necessary to take into account cyber security in order to increase the resilience of the systems and to protect information.

HIGHLY SPECIALIZED COMPETENCE CENTRE DEDICATED TO CYBER-SECURITY

Through the subsidiary Cy4Gate, Elettronica is one of the 37 private enterprises (businesses and foundations) and 9 public research enterprises participating in the Cyber 4.0 Association, headed by La Sapienza University.

The Association has been recognised by the Ministry of Economic Development as a national Competence Centre for Cybersecurity. The Centre was founded during the course of 2020 and was selected, in the same year, by the Ministry of Economic Development to participate in the 2021 European tender for qualification as a European Digital Hub.

Elettronica, which participates directly in the activity in progress through its own representative on the Board of Coordination and Management of Cyber 4.0, is thus part of the only Competence Centre in the region of Lazio and offers its own contribution to the country system by making available its own research capacities in this field.

PARTICIPATION IN CONFERENCES AND EVENTS

In Elettronica, dialogue and debate with the institutions and other companies operating in the sector represent an important opportunity to contribute towards reflection on issues deemed crucial for the development and growth of the entire sector. To this end, we participate in conferences and events in which the theme of innovation has a crucial role.

2021 was a very special year for Elettronica: the 70th anniversary of its foundation, a story made of future.

Since its foundation, our story has always had a view to the future, a future that began when the company was

founded and has always been present in its people, technologies and innovation.

It was an important year, full of significance, marked by the complexity of an unstable geopolitical scenario and a global pandemic that is still ongoing.

This led a company such as ours, always careful in anticipating scenarios, to organize an important event to celebrate its 70th anniversary, focusing on the foundations of its own nature, continuous innovation and predicting the future, offering a reflection in which Technology and Geopolitics crossed each other's paths.

The event focused on the main directions of the ongoing changes, anticipating the tapering of the traditional distinctions between Defence and Security, the emergence of new opportunities linked to our data-based society, and also new cyber vulnerabilities. A wave of innovation is changing the profile of the entire world that we are used to calling Security and Defence. This is a complex context of factors that are drawing what our President, in his introduction to the event, called a "Great Future": the technological and material revolutions such as 5G and rare earth elements which are also becoming political elements; the increasing relevance of the electromagnetic spectrum as an enabling vector for all activities in the civil and security world; the dynamics of geopolitics, which have rekindled the need and role of European Defence; the great opportunities generated by a stable political context and the resources allocated in the PNRR.

The objective has been to reward ourselves and our stakeholders with tools to understand this Great Future, and we have achieved this through the exclusive testimonies of the major observers and protagonists of the ongoing changes: Giancarlo Giorgetti, Minister for Economic Development, Lorenzo Guerini, Defence Minister, Claudio Graziano, President of the Military Committee of the European Union, David H. Petraeus, Partner of KKR and President of the KKR Global Institute, Roberto Baldoni, Director of the Italian Cybersecurity Agency, Gianni Letta, former Undersecretary to the Prime Minister's Office, Franco Bernabè, President of Acciaierie Italia S.p.A., Kevin Ashton, expert in technology and Digital Transformation and inventor of the Internet of Things, and Dov Moran, expert in technology and inventor of the USB flash drive. The Minister of Foreign Affairs and Cooperation Luigi Di Maio and the French Economy and Finance Minister Bruno Le Maire also intervened in the initiative by videoconference.

The EMSOpedia project

Elettronica has launched EMSOpedia (Electro Magnetic Spectrum Operations), the first digital encyclopaedic glossary in the world regarding the electromagnetic spectrum, the knowledge of its doctrine and its domains of application (naval, terrestrial, avionics, space and cyber).

Elettronica has employed its internal skills to produce, in collaboration with other qualified military contributors, an important legacy for the international community of insiders.

Main characteristics

- Preparation of texts in English and international horizon
- Solid base through the excellence skills present in Elettronica
- Work open to qualified external contributions in the Armed Forces and academic and research centres
- Updated continuously
- Optimisation of the contents for search engines
- Development of contents according to standard network practices
- Loading of as much sector information as possible.

5.2

Women, younger people and STEM

The company, with a workforce based primarily on engineers, has always been at the forefront of the constitution of a solid social and national fabric in terms of STEM skills. Elettronica’s wealth of experience, skills and professionalism is transferred to the new generations with a viewpoint of equal opportunities and expression of their full potential. The company invests continuously in training, in line with the requirements of the market and the career paths and personal development of the employees and also potential candidates, through educational internships.

COLLABORATIONS WITH SCHOOLS AND UNIVERSITIES

Elettronica has relations and collaboration agreements ongoing with the main Universities and Research Centres in the area, making the know-how of the company available as a valuable asset for all.

These include the **Tor Vergata University of Rome**, with which Elettronica signed a three-year collaboration agreement in 2018 for technical-scientific and training activities, in joint Research and Development projects, in the diffusion of scientific and technological culture in the area, in meetings with academic start-ups, supporting students in preparing their thesis and in the organisation of master’s degrees and training courses.

Federico II University of Naples, to support a mixture of knowledge and encourage new forms of learning, and also new processes of innovation. Specifically, the agreement with the University is aimed at graduates and undergraduates in IT Engineering, providing opportunities for curricular and extra-curricular internships. The ultimate goals is to make progress in the fields of Machine Learning and Augmented Reality.

INTERNSHIPS AND SCHOOL-WORK COURSES

To create a point of contact between the world of work and local Universities, Elettronica offers interns and researchers the chance to get to know the industrial reality from up close, so as to understand the functioning of a business and apply the knowledge gained during the course of their studies, through curricular internships (aimed at completing their University thesis) or extra-curricular internships, aimed at encouraging their entrance into the world of work. The interns and researchers are from the universities of Tor Vergata, La Sapienza, Roma Tre and LUISS.

The extra-curricular internships are aimed at graduates who are in search of their first jobs or individuals who have taken a Master’s Degree course for whom the internship is needed to both complete the course and as a method of approaching work.

As part of alternating school-work courses, Elettronica enables the Technical Schools to provide a work experience of two weeks in the production departments (especially in the Microelectronics and Digital Video Departments) during the academic year.

The main schools involved in the Rome area are: I.T.I.S Enrico Fermi – I.T.I.S Armellini – I.T.I.S G. Cardano – I.T.I.S Piazza della Resistenza (Monterotondo).

POSSIBILITY OF INTERACTION WITH THE BUSINESS WORLD	2019 DATA	2020 DATA	2021 DATA
Universities involved	8	12	12
Curricular training periods	8	8	9
Extra-curricular training periods	12	7	8
Trainees employed by ELT	25%	53%	40%
Alternating study-work courses held	4	0	3

WOMEN4CYBER

The promotion of the cyber culture as a training and professional opportunity for women is the base of the activities of Women4Cyber Italia, the Italian branch of the European foundation of the same name launched in 2019 by the ECSO (European Cyber Security Organization), with the active support of 31 high-level founder members – European female leaders as ambassadors – and in particular the European Commission, aimed at promoting, encouraging and supporting greater gender inclusivity in the Cybersecurity sector.

The creation of the Italian branch is the result of the effort and willingness of the Executive Officer and General Manager of Elettronica, Ing. Domitilla Benigni, who is its President, and Cy4Gate as founding partner together with Rita Forzi and Selene Giupponi.

Specifically, the project aims to achieve four goals:

- **identify and gather together a strong community of women in Cybersecurity**
- **support the awareness, education, training and employment of women in the Cyber sector**
- **support and model EU and national policies in line with the messages of Cyber4Women**

Around its mission, the project has been granted prestigious contributions, such as that of Professor Paola Severino, Honorary President, and Professor Roberto Baldoni, Director of the national cybersecurity agency, who has been made an honorary partner.

Women4Cyber Italia intends to accept the challenge of the inclusion of women in the world of cyber disciplines and professions, regarding both those more closely linked to a STEM training (engineering and IT) and those of a more humanistic nature (psychology, international relations, law, political science, etc.), which can be given a new boost by the acquisition of cyber skills. The objective of this initiative is to valorise female talent and reduce the gap in skill level to the benefit of the entire community and to respond to the significant requirement for professionals in this sector, created by digitalisation and by the increase in threats to cybersecurity.



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Elettronica has launched an important project for the evolution of its international model, aimed at enhancing and expanding its presence in the market areas, enhancing its overseas offices, employing more staff and expanding its business

06

CUSTOMERS
A true partnership

7

*International collaboration agreements
initiated since 2020*

5

International presence with 5 overseas offices

350

Participants in EW Academy courses

8.5 su 10

Perceived quality level

6.1

Global customer support

Being a strategic and technological partner of one’s customers means focusing on the quality and content requirements of the technological solutions offered and also anticipating and guiding these requirements, orienting customers towards the new paths of innovation and supporting them during this change. Elettronica responds to the demands of its customers with an increasingly articulated commitment, structured, complete and personalised, in line with their operating and geopolitical needs, the complexity of which is continuously increasing.

The international pandemic emergency in 2020 and 2021 has also accelerated changes in the procurement policies in many overseas countries, forcing Elettronica to focus on cooperation agreements which, through the transfer of know-how, enable new markets to be opened and collaborations with companies in the sector to be developed and in some cases enhanced in the countries of origin. 4 international collaboration agreements were initiated in 2020 and a further 3 in 2021. Also, our physical presence in some overseas countries has enabled us to keep in constant contact with local customers and those in surrounding areas, improve the quality of communications, solve the problems linked to geographical distance and cultural differences and thus to offer an enhanced capability to identify new requirements and respond to them in quick time.

In response to Customers’ requests to accompany the supply of systems with the so-called Industrial compensation/offset plans, we have finalised solutions for the transfer to Customers’ countries of knowledge or part of the production or post-sales activities or, in general terms, creating jobs, for a value of up to 100% of the contractual value.

Following on from that described above, Elettronica has launched an important project for the evolution of its international sales model aimed at enhancing and expanding its presence in the market areas and expanding the overseas offices by hiring more staff and increasing responsibilities, and also opening new facilities.

ELT is also implementing the possibility of transforming these projects into opportunities of technological and business growth, creating realities specialising in the development of technologies which use the skills of the local universities and industry, and also grasping greater business opportunities in the country and other nations in the same geopolitical context.

Another area of commitment for Elettronica is the supervision of and participation in the National Military Research Plan (PNRM) and the European Defence Industrial Development Programme (EDIDP). By participating in the relative tenders, Elettronica offers its skills in developing new technologies and capabilities for the evolution of both the national Defence strategy and the joint European projects, in which companies use their know-how and skills in the construction of the future clusters of Electronic Defence, Self-Protection Systems and Intelligence.

From a national viewpoint, Elettronica has focused on partnerships. It signed two agreements in 2020 with other companies in the sector at a national level and worked together with the Italian Armed Forces in various capacities.

The company is part of several NATO Groups which determine the technological and operating scenario trends that Customers will have to confront, providing global support to the interlocutors. In order to best support activities with its Customers, Elettronica’s offer is also supplemented by specific educational and training services, through simulators and equipment capable of ensuring full knowledge and proper use of the systems aimed not only at their optimal use during missions, but also true operating autonomy and independence.

EW Academy

This is the structure created for Elettronica customers which contains the **Battle Lab** used to simulate complex scenarios aimed at multi-role operational training in order to provide different levels of training through a complete reproduction of the scenario in which the customer will be operating.

In the Academy programme, the company plays the role of Trusted Advisor, providing the tools and knowledge to “train” the trainers, in addition to the end users of the systems. To this end, a shared path is built so that the customer can reach full autonomy by achieving their training goals.

EW ACADEMY CUSTOMER TRAINING	2019 DATA	2020 DATA	2021 DATA
N° of courses	16	13	31
N° of programmes	10	6	11
N° of weeks training provided	36	32	110
N° of EW Academy participants	206	83	350



6.2

Customer satisfaction and customer support

CUSTOMER SATISFACTION

Elettronica gathers and analyses the perception of its customers regarding the quality of products and services, the performance of the processes and opportunities for improvement, to increase their trust, orient the business strategy and ensure business sustainability.

Briefly, the process ensures:

- 1. Enhancement of the business potential
- 2. Improvement of the company's image
- 3. Optimisation of the corporate processes

The activities involve the assessment and improvement of Customer satisfaction through:

- 1. **Direct surveys** ("face-to-face" or remote) divided into:
 - a. **Customer** Survey, conducted using a "Customer Satisfaction Questionnaire", which can be aimed at all National and Overseas customers (the Op&Ex Department is exclusively responsible for this type of survey);
 - b. **Product** Survey using a "Product Survey Questionnaire" focusing on the Product and associated services (the Op&Ex Department is exclusively responsible for this type of survey).
- 2. **Complaints management (direct and implicit claims)**
- 3. **Internal de-briefing** and specific actions required to limit/solve any non-satisfaction or complaint by the Customer.

The Surveys to be conducted during the year are selected on the basis of the following criteria:

- Deliveries forecast during the course of the year;
- Complaints and inconveniences reported;
- Product criticalities (in this case, the end users are asked to fill out the technical questionnaire prepared as part of the Product Survey);
- Results of previous interviews;
- Coverage of the phases of the lifecycle of the Product.

All of the information and data collected is analysed and assessed, shared during specific meetings involving all of the referents of all of the company departments involved, during which actions for continuing improvement are identified, planned and implemented.

PERCEIVED QUALITY	2019 DATA	2020 DATA	2021 DATA
Customer survey - Product	7,9	8,2	8,3
Customer survey - Sales	8,3	8,8	8,9
Customer survey - Logistics	8,2	8,2	8,4



They say of us

- *High level of technical and technological skills and professionalism*
- *ELT products are state-of-the-art*
- *Willing to acknowledge customer needs*
- *Capacity to translate customer needs and requirements into programmes*
- *Highly skilled in solving maintenance problems*
- *New Customer Satisfaction Survey (EW users oriented) is one of the best practices ever seen*
- *The strong point of the company is intellectual honesty.*

FOCUS ON THE CUSTOMER

- **Assessment** of all of the customer needs which ensure from the design and development phase (Design for Supportability) that the product will perform as specified for years.
- **Education and training** in the use and maintenance of products.
- **Definition and budgeting** of solutions to ensure the operating efficiency of the system and relative performance (In Service Support – ISS).
- **Definition and budgeting** of "keys in hand" integrated logistical support solutions during the initial supply phase.
- **Performance of Maintenance**, Repair and Overhaul activities with onsite support, in house maintenance and continuous enhancement of products on the basis of the feedback received.
- **Development of personalised solutions** for training.
- **Monitoring of the obsolescence management process**, in synergy with the other processes involved in the realisation of the product.
- **Onsite technical assistance** in the use and maintenance of the systems.

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We valorise people and skills in order to encourage the growth of employees and our business

07

PEOPLE

Our most valuable asset

30,000

Training hours provided

90

New hires in 2021

€205,503

Investments in the company infirmary in the last year

TOP MANAGEMENT	2019 DATA	2020 DATA	2021 DATA
Total	14	14	14
% male	86%	86%	86%
% female	14%	14%	14%
% < 30	0	0	0
% 30<>50	42%	29%	27%
% 50<>60	58%	50%	53%
% >60	0	21%	20%
EXECUTIVES	2019 DATA	2020 DATA	2021 DATA
Total	70	60	61
% male	89%	87%	87%
% female	11%	13%	13%
% < 30	0	0	0
% 30<>50	39%	33%	23%
% 50<>60	37%	40%	49%
% >60	24%	27%	28%
RAL average	21% RAL average women > men (not in the KPI)	20% RAL average women > men	23% RAL average women > men
MANAGERS	2019 DATA	2020 DATA	2021 DATA
Total	99	100	106
% male	83%	82%	83%
% female	17%	18%	17%
% < 30	0	0	0
% 30<>50	58%	61%	63%
% 50<>60	25%	25%	23%
% >60	17%	14%	14%
RAL average	1% RAL average women > men	2% RAL average women > men	1% RAL average women > men
COMPANY WORKFORCE	2019 DATA	2020 DATA	2021 DATA
Total	753	749	771
% male	81%	81%	81%
% female	19%	19%	19%
% < 30	5%	5%	7%
% 30<>50	59%	61%	63%
% 50<>60	36%	20%	17%
% >60	0	13%	13%
Total number of employees	530	523	545
Total number of manual workers	53	57	59
RAL average employees Male vs Female	5% RAL average female > male	4% RAL average female > male	4% RAL average female > male
RAL average manual workers Male vs Female	3% RAL average female > male	1.30% RAL average female > male	1% RAL average female > male
no. employees with Law 104 benefits	40	22	32
% male	80%	68%	75%
% female	20%	32%	25%
NEW HIRES	2019 DATA	2020 DATA	2021 DATA
Total	70	58	90
% male	74%	83%	83%
% female	26%	17%	17%
% < 30	69%	33%	30%
% 30<>60	31%	72%	70%
% >60	0	0	0
% by region of origin	78% Lazio 6% Campania 4% Abruzzo 3% Calabria, Puglia, Sicilia 1% Trentino, Molise, Umbria	70% Lazio 12% Campania 5% Abruzzo 4% Sicilia 2% Sardegna, Puglia, Marche, Lombardia, Umbria	75% Lazio 8% Campania 17% other

PERSONNEL TURNOVER	2019 DATA	2020 DATA	2021 DATA
% male < 30	n.d.	30%	0%
% male 30<>60	n.d.	43%	20%
% male >60	n.d.	0	10%
% female < 30	n.d.	0	0%
% female 30<>60	n.d.	33%	6%
% female >60	n.d.	0	10%
EMPLOYMENT TYPE	2019 DATA	2020 DATA	2021 DATA
Total full-time employees	740	734	758
Full-time executives male	n.d.	52	53
Full-time executives female	n.d.	8	8
Full-time managers male	n.d.	83	88
Full-time managers female	n.d.	17	18
Full-time employees male	n.d.	427	437
Full-time employees female	n.d.	95	99
Full-time manual workers male	n.d.	40	42
Full-time manual workers female	n.d.	12	13
Total part-time employees	13	15	13
Part-time employees male	n.d.	1	1
Part-time employees female	n.d.	9	8
Part-time manual workers male	n.d.	1	1
Part-time manual workers female	n.d.	4	3
CONTRACT TYPE	2019 DATA	2020 DATA	2021 DATA
Fixed-term employees	0	1	2
f-t male < 30	n.d.	1	1
f-t male 30<>60	n.d.	0	1
f-t male >60	n.d.	0	0
f-t female < 30	n.d.	0	0
f-t female 30<>60	n.d.	0	0
f-t female. >60	n.d.	0	0
Continuing employees	753	748	769
cont. male < 30	n.d.	29	46
cont. male 30<>60	n.d.	471	490
cont. male >60	n.d.	103	84
cont. female < 30	n.d.	9	11
cont. female 30<>60	n.d.	118	122
cont. female >60	n.d.	19	16

7.1

Giving value to people and skills

RECRUITMENT POLICY AND INDUCTION

The Recruiting & Selection process for Elettronica has the aim of identifying the individuals who, on the basis of their skills, motivation and attitude expressed and consistently with the main values and culture of the company, are capable of sustaining the evolution and realisation of the business in the long-term.

In order to pursue these objectives, the process focuses on two aspects: internal to the company, facilitating the corporate mobility system and ensuring the development and professional valorisation of individuals, offering growth possibilities for their skills; external to the company, contributing towards the expansion of the key skills necessary and capable of responding to the long-term needs of the company in terms of dealing with business requirements and commitments.

The careful evaluation of the requirements of resources is the starting point of the **Recruiting & Selection** process, and is based on three vital presuppositions:

1. The clear understanding of the quantitative/qualitative profile of the human resources on the workforce
2. A clear vision of the direction of the strategic development of the company in the short to medium and long-term
3. The identification of the most suitable actions to ensure the alignment between strategies and resources.

The preparation of the **annual requirements plan** must be based on a policy of managing the flow of Personnel, which uses three components: the management of incoming flows, the management of internal mobility and the management of outgoing flows due to retirement and resignation.

The more operative phases of the process are implemented after the finalisation of the Plan:

- **Recruiting:** represents the choice and definition of methodologies and tools aimed at the reference targets, ensuring the effectiveness and efficiency of the process in terms of time and output quality
- **Selection:** refers to the evaluation of the candidate profile in order to make the accurate definition of the skills, attitude and motivation in relation to the requirements for effectively covering a position
- **Induction:** is the moment when the individual becomes aware of their role, fostering a better understanding also of the workforce in wider terms.

I-ELT

"I-ELT" is an **induction training** process designed to guide new employees within the organization and functioning of the Company, giving them roles and duties of responsibility, encouraging correct and effective behaviour from the outset, but also spreading a sense of identity and of belonging.

The process of integration process starts on their very first day in Elettronica, when they are welcomed by the HR department which explains the internal procedures and the regulatory and administrative aspects of the employment relationship on what is known as the **Welcome Day**.

The process continues with the provision of assistance and informative material, and a series of meetings with the managers of each Company department and, last but not least, an opportunity to get to know the General Manager.

The induction process ends after about a year with a **period of assessment** to understand both the new employee's degree of satisfaction, and a final evaluation of the entire process by their direct manager.



SOCIAL RESPONSIBILITY TRAINING FOR NEW HIRES

Elettronica has for years been strongly committed to adopting policies and conduct which could have positive impacts in terms of Corporate Social Responsibility: this is why, with the intention of developing a greater awareness of these topics within its structure, it has decided to implement specific training courses and make them an integral and essential part of the training plan for all of those hired in 2020 and 2021.

Specifically, a teaser and 7 short videos have been produced in which the testimonials of the company departments have accompanied us on a journey through the dimensions of Elettronica's Social Responsibility to understand its meaning and common commitment.

128 new hires were involved and completed the training course, accessing the MyHr learning platform in order to certify their attendance. The training course was also loaded onto the company intranet site and all of the video shorts were distributed by e-mail to all of the workforce.

In brief, the video shorts, introduced by the CEO & COO, explain the importance of social responsibility and the training course: from the concept of social responsibility and sustainability to the relevant topics for Elettronica, to reading the annual financial statements from a stakeholder's viewpoint to the governance rules, from the risk management process to quality management, from the development and valorisation of people to innovation management, from the management of the supply chain to customer attention and safeguarding the environment.

This training plan has been shared with the company's trade union representation and financed by Fondimpresa.

PROCESSES, SYSTEMS AND TOOLS

In Elettronica, the clarity and sharing of employee performance, as well as the alignment between corporate and individual objectives, become central aspects in a responsible process of managing and developing people and skills.

For this reason we have adopted processes for defining and assessing objectives and skills, based on the involvement of the employees and on creating awareness through self-assessment steps. All of this is generated thanks to the digital transformation of the human resources management process, which has allowed the integrated management of personnel planning, assessment, training and growth.

SYSTEM OF DISTINCTIVE SKILLS

This need has arisen to highlight strong points and gaps with regard to the professional role of each resource.

The process of skill assessment is implemented by **E-Performance**, a process which begins with a self-assessment on the MyHr platform by each individual with regard to their own technical, professional and business skills. The actors in this process, in addition to the candidate, are their direct manager, the department director and HR.

After the completion of this analysis, a plan is formalised that is aimed at overcoming the skill gaps – through development tools such as training activities, internal mobility, enhancement processes – or, should all of the skills required for the role in question be exceeded, a professional growth plan is prepared.

THE PERFORMANCE MANAGEMENT SYSTEM

The process has the ultimate aim of **guiding people towards the results expected by the Company**, linking individual performance to wider business activities and giving relevance to the “cascade” assignment process. The process of assigning and assessing individual objectives through the **Balanced Scorecard**, involves two distinct steps in which the entire corporate population is involved. A first phase, **Goal Setting**, in which the manager assigns individual objectives to each recruit and a second phase, **Performance Appraisal**, also on the MyHr digital platform, in which the formal evaluation of the results takes place in a meeting between manager and recruit: 97% of employees underwent periodical performance and professional development appraisals. At the midway point of the year, a meeting is held for feedback and monitoring performance progress.

THE RESULT BONUS

The aim is to involve **the personnel in the achievement of the corporate objectives** and to participate in the Company results. It is agreed annually together with the representative trade unions and calculated on the basis of constantly monitored and verifiable indicators and parameters, summarised and redistributed to personnel the following year.

The bonus awarded, if in possession of the “incremental” requirement in terms of the results achieved, can also be converted into welfare benefits provided by the law. If so, the employee can choose to convert it into welfare and thus spend on the goods and services available within the **“Enjoy Life Time” Flexible Benefits Plan** adopted by the Company.

In 2021, despite the difficulties encountered in achieving the corporate targets set for 2020 because of the major impact of the pandemic on corporate business operations and the general business performance, **the Company decided as an exceptional measure to award the Result Bonus anyway**, also taking into account the results achieved that were below the minimum thresholds, **as a sign of thanks to the people who ensured business continuity** and showed that they were capable of responding together to any challenge immediately and promptly.

PARTICIPATION IN COMPANY RESULTS	2018 DATA	2019 DATA	2020 DATA	2021 DATA
average value of the result bonus	€2,505	€2,718	€2,470	€1,297
% amount of bonuses converted into welfare	n.r.	17,20%	12,67%	not applicable
No. of meetings with the representative trade union to monitor and identify corrective action in order to achieve results	3	3	3	3
weight of the result bonus within the Total Reward Statement	5%	5%	5%	3%

THE MYHR PLATFORM

The aim of the platform is to **digitalise all HR processes** and make them integrated and viewable by employees on a single platform. The **Performance Management** process takes place with the digital support of the MyHR platform, through specific feedback and development meetings organized between the manager and the employee.

In addition to improving the management of the processes it supports, it enables all Personnel to view the world of HR and that of the organization in a **simple and transparent** manner, as it has introduced from the beginning a personal page for each employee with all of their information and a complete visualisation of the Company through the organizational chart, complete with names, photos and positions. The first module is **Performance Appraisal**, which enables the individual annual objectives to be assigned by the managers to their collaborators; the managers can then insert continuous feedback throughout the year on the progress being made towards the objectives. At the end of the year, each employee can self-assess themselves, with the support of their manager and HR. The same module enables the **Skill assessment** to be managed, again by comparing the self-assessment of the employee and the assessment of their manager, with respect to a profile of expected skills, and is correlated to the development and training processes that were implemented subsequently. Within the sphere of the 360° management of development topics, the introduction of the **Learning Management System** module in 2016 has enabled the management of the entire corporate training process from the planning and programming of training activities. The management of training activities, and those regarding skills, is completed by means of the **Development** module, used to translate the increase in skills of employees into individual development plans, and the **Recruiting** module, which correlates the centralised management of external recruitment with the web solutions for brand image and valorisation (website and social media).

The final part of the project is the **Employee Central** module, which enables employees to access their data directly, both to modify some of them autonomously (IBAN, address, marital status, etc.) and to request that HR make opportune changes, and also to view their pay status transparently.

ELT PROFESSIONAL WORLD

This is a tool which provides a virtual overview of the workforce and all of the possible career paths within Elettronica. Equipped with “stellar” graphics and viewable in gaming mode, with each position being connected to a starting and end point, the tool provides a navigation map of all of the current positions, also enabling the job description to be viewed and interest to expressed, giving a like and contacting HR.

The tool is update constantly with the changes to the corporate workforce and ensures constant transparency to all employees. The solution is a valid tool for the spreading of a virtuous organizational culture within the company, capable of being transparent with respect to the possibilities of each employee and generating awareness of the opportunities that the company itself can offer.

ENHANCEMENT OF SKILLS AND SUPPORT IN PROFESSIONAL GROWTH	2018 DATA	2019 DATA	2020 DATA	2021 DATA
Total hours of training provided	n.d.	14,279	23,540	30,000
Average training hours per employee	n.d.	22,3	31,4	about 24
Assessments of specific skills every 18 months	114	133	65	45 resources assessed through external assessment – professional profiles and managers
N° of individual plans developed to bridge gaps in professional skills	114	131	65	0
N° of individual plans developed to bridge gaps in behavioural skills	78	146	65	45
Effectiveness of the training on key programs (score from 1 min to 6 max)	n.d.	n.d.	5,3	5,5
Learning test results for structured courses on professional skills	90% of participants (213) in the trade compliance course achieved their targets	All 110 participants obtained the EMAR 145 certification attestation; 93% of participants in language courses achieved their targets	16/16 people FMEA Design certified; 85/94 achieved the level of English language knowledge according to the European scale; 10/10 people recognised as auditors	14 people PMP certified; 15 resources IPC certified; 41 resources on EMAR skills; 95 resources achieved the target level in English; 9 people certified as ISO Auditors; 2 people H&SE certified
% of employees involved in the internal mobility plan	12%	10%	18%	9%

KEY POSITION ASSESSMENT

The system of **Key Position** assessment implemented in 2019, through the adoption of a recognized and shared model within the organization, allows for periodically identifying the current Key Positions of the Company and implementing the strategic planning of resources, to ensure alignment between what a position requires to be expressed and the skills of the individual filling that position.

105 critical positions were mapped by this system in 2019, 45 positions in 2020 and 35 nel 2021, considering the people holding the defined Key Positions, assessing their level of alignment in terms of skills possessed, experience accrued and “organizational expendability” (i.e. the possibility of holding other positions within the workforce).

LEAN LIFESTYLE

The **Lean Lifestyle** project was launched in 2018 and is still successfully ongoing today. It was created with the aim of promoting the pursuit of corporate results, of enabling employees to share scenarios and to become aware of their contribution and, at the same time, of seeking an optimal balance between personal and private life and of developing an effective individual/company relationship model.

The project made it possible to increase the level of information sharing and employee involvement, as can be seen in the **Great Place to Work** certification.

SKIP LEVEL MEETING

As part of the Engineering & Operations department, the orientation towards innovation is also the result of a continuous and structured sharing of information and the collection of feedback aimed at increasing the synergy and collaboration between the departments, through a two-way communication process that follows the logic of the **Skip Level Meeting**:

- **to communicate top-down** issues that are important for the Company on all fronts, with the primary objective of expressing a vision that is as transversal as possible and which increases collaboration between departments;
- **for bottom-up communicating** and to obtain direct feedback from resources, and for comments on and the analysis of different issues.

Specifically, the meetings involve about 300 people, divided into smaller groups of about 15.

MANAGEMENT ACADEMY

The Elettronica Corporate Academy was launched in 2018, as a tool to encourage Company training and learning by doing, rendering systematic and spreading specific knowledge of the business.

The project involved the implementation of **Train the Trainer** courses, training more than 20 employees, recognised experts in their fields, to become trainers themselves and following training processes based on forms of coaching, in which senior colleagues accompany their junior colleagues in a structured professional growth path, making available and transferring skills and experience.

Specifically, two faculties have developed over the years: Project Management – in 2019, 8 seniors trained 195 juniors, 145 juniors were trained in 2020 and about 100 in 2021 – and Electronic Warfare, in the framework of which courses for the transfer of engineering know-how were organised.



COMMUNICATION AND INVOLVEMENT

ELTnet & FELT



ELTNet is the company intranet site, the starting point for internal sharing of information regarding Elettronica in general, on which the news, videos and press articles of most relevance are **prioritised**.

Pages have been created on the Intranet site dedicated to the various company departments, each of them managed and updated by employees specifically assigned (ex. the Human Resources page contains links to the performance management system and welfare portal; Operational Excellence has an area dedicated to Privacy, etc.). There is also a page dedicated to the corporate CRAL, the Trade Union Representation and a marketplace (Portobello).

The Intranet site also contains all of the documentation useful to the everyday work of all employees (forms to request corporate services, for access by visitors/consultants, etc.) and manuals, regulations and internal communications.

FELT is the newsletter for internal communication, the informative house organ which gives voice to the enthusiasm of the generations working for the company, older and younger, and favours “meeting” through reading and writing. It provides information on the main events (fairs, exhibitions, technological novelties, internal events) and deals with company affairs favouring the spread of a single and shared workforce mindset.

In 2021, the staff were asked to participate actively in the Newsletter and the company thus managed to create an internal working group composed of colleagues working on subjects of different interest (cinema, photography, music, etc.).

The other companies (Cy4Gate and ELT GMBH) have now become permanently involved, in order to integrate the specificities of the individual companies and make them feel fully part of the Group.

INVOLVEMENT	2019 DATA	2020 DATA	2021 DATA
average number of employees contributing towards the publishing of each issue	6	15	15
total number of employees contributing toward the 4 issues in the reference year	24	62	60

ELTogether



ELTogether is the annual event aimed at creating sharing between the Top Management and Personnel and providing disclosure on the results in the past year and the corporate strategies for coming years

2021 saw an exceptional commitment undertaken in terms of organization, creativity and skill because the aim was to organize not only an event that has now reached its eighth edition, but also to celebrate the 70th anniversary of Elettronica, and more still the “return to being together” for all Personnel. The event was thus held in an imposing and suggestive structure, set up for the purpose in the company carpark, in respect of the stringent safety measures indicated by Health & Safety as a result of the ongoing health emergency.

On this occasion, following the institutional part and the thanksgiving to all of the Personnel for contributing with commitment, passion and skill to the growth of the company in seventy years of history, a show was held by the two comics Lillo and Greg, an entertaining moment planned to have a laugh together with all of our colleagues before the Christmas festivities.

SENSE OF BELONGING	2019 DATA	2020 DATA	2021 DATA
% of employees who deem the initiative to be important	92%	85%	80%

SOCIALISING



Elettronica supports initiatives such as the **company CRAL**, which represents a meeting point for all those who wish to meet and share interests, during work breaks and in their free time. We have always welcomed all employees, enrolling them automatically and free of charge when they are hired.

The CRAL usually offers sports activities, organized trips, dinners and food and wine tastings and cultural activities and meetings also involving family members. Since 2015, it has also organized an internal company course in lifesaving paediatric techniques open to employees and their families, in collaboration with the **Red Cross**.

WORK MERIT STARS AND SENSE OF BELONGING



The Company candidates one or more employees to receive the **“Stars of Merit”** award. The employees who receive this honour are invited to the Quirinal Palace, where the ceremony during which the **“Masters of Work”** receive their awards every year in the presence of the President of the Republic.

In the days following the ceremony, the President of Elettronica also meets them to congratulate them in person. The Company celebrates this success, personal but also for the company, by distributing a specific communiqué to all employees.

Elettronica also organizes an internal celebration for those who have been working for the company for 40 years, handing over a medallion to celebrate this major landmark.

THE PHOTO CONTEST



This is an internal contest aimed at gathering together the employees, who can participate by submitting their own photographs. The methods of participation and prizes change every year, but participation is always very healthy in each of the categories involved: Nature, landscape and animals; Reporting and street photos; Macro. still life and portraits; Selfies and Videos.

71 employees participated in 2019 and in 2020, despite the pandemic, Elettronica was determined to continue this initiative, in 30 employees participated. In 2021, the jury assessed a total of 140 photos submitted by 65 colleagues and again divided into thematic categories.

CHARITY



Every year Elettronica pays attention to charitable works: at Christmas, for example, it chooses a gift box and charitable greeting cards, and on other occasions it supports non-profit organizations, local authorities or organizations related to Armed Forces.

We organize or participate in donations and fund-raising for research centres and associations, sometimes also extending to employees the possibility of joining such organisations by donating a share of their salary. We also support art and culture by funding academies and study centres in Italy and overseas.

VOLUNTEER WORK



Since 1965, also on the initiative of Elettronica’s founder Filippo Fratalocchi, the Blood Donors Group has been active, with the participation not only of employees, but also of their families and friends.

The group, with 217 members, is linked to AVIS. On the day dedicated to donation, in addition to the day of leave provided for by law, breakfast is offered to all participants.

BLOOD DONORS	2019 DATA	2020 DATA	2021 DATA
Employee donors	65	65	65
Donation frequency	3/year	3/year	3/year



7.2

Internal Diversity Management

Elettronica has been aware for years now that those working for the company are not only skilled and capable, but also have different characteristics (age, gender, ability, etc.), which it intends to recognise, valorise and include, so they can create value and make a significant contribution to the workforce.

This is why a Diversity & Inclusion course will be started in 2022 within the company, beginning with an analysis of the current situation (corporate culture, processes, human resource management, etc.) with specific focus on the theme of gender, defining the areas in which to intervene, the objectives and planning necessary action.

DISABILITY



One relevant aspect in Elettronica is linked to the physical or mental disabilities of individuals and often, finding ourselves facing different problems, we talk to managers and find solutions, always protecting the interests of the person as much as possible.

CULTURAL AND RELIGIOUS DIVERSITY



Elettronica adopts initiatives that foster the well-being and respect of people of different cultures who visit the Company or who are temporary members (customers, suppliers, foreign delegations, training groups, etc.).

For this purpose, it has created special spaces for prayer and refreshment points that take into account the different cultural and religious customs and the Company refectory prepares meals scrupulously following the dictates of the respective cultures and religions.

7.3

Conciliation policies

BALANCING PRIVATE AND WORK LIFE

The extreme attention of the Company towards work-life conciliation is also achieved through second-level contracting, aimed at making some contractual clauses more modern and developing new ones, on the basis of the needs of the people in a climate of reciprocal trust between company and workforce.

FLEXIBLE WORKING HOURS AND OTHERS

Especially in consideration of the location of the Company on Via Tiburtina, Elettronica has laid down conditions for the effective balancing of personal and work life by undertaking specific action in favour of the employees. These include:

- **flexibility in entering and leaving, for a total of 1.5 hours**, to give people the chance to make their working life more flexible, also in consideration of the logistical difficulties linked to the time take to travel from home to work and back
- **the creation of a total annual amount (72 hours) allocated for leave of absence for treatment, medical visits and diagnostic ascertainties** that employees can use for themselves or to benefit their children or family members who need assistance
- **the possibility of taking 3 days leave of absence** in the event of death or proven serious infirmity of their close relatives (parents-in-law and spouse's children)
- **the introduction of 2 days paid leave per year (usable in hours) for each child's first year in nursery school and their first year in pre-school**
- the recognition of **a payment of 50% of the entire overall remuneration during the first 6 months** of leave due to illness
- the possibility of asking for **an advance of their severance pay**, in addition to the cases allowed by the law, also for refurbishment work on their first home and their main residence.

SMART WORKING

In 2021, the Human Resources department, with a view to valorising the flexibility of the workforce and overcoming the pandemic emergency, began to study and analyse Smart Working, in order to make this form of working "structural" to the Company. From this viewpoint, after meeting with each corporate department to assess its feasibility and impact on specific activities, Elettronica entered into a Trade Union agreement with the corporate RSU and prepared a Regulation with the aim of experimenting with the possibility of Smart Working for **one day a week** from 1 March to 31 December 2022.

The experimental Smart Working project is voluntary and is open to all of those who, because of the nature of their work, are able to carry out their duties remotely.

The Regulation was prepared on the basis of that envisaged by Law no. 81/2017 and the recent national protocol on working from home between the Ministry of Employment and Social Parties of 7 December 2021 and the clauses therein include the right to disconnection and encouraging Smart Working, ensuring gender equality, with a view to encouraging the effective sharing of parental responsibilities and increasing in more general terms the division between home life and work life.

PARENTAL RESPONSIBILITY

Elettronica has implemented policies for parental responsibility to respond to the main needs of employees, both as individuals and as families, taking into account the difficulties of being a parent when living in a major city and the need to be present during the important moments of family life.
Parent employees are allowed **2 days of paid leave per year**, broken down into 4/8 hour segments, when their children begin their first year of nursery school and when they begin their first year of pre-school. They also have a **total of 72 hours annually** to be used for themselves or to the benefit of their **children** (and also their parents/spouse, or partner, who may require assistance because of treatment, diagnosis and medical visits).

MATERNITY



To support pregnant employees in a delicate phase of life and work, we have decided to go beyond the specific provisions of the law on the protection of pregnant women and mothers. Colleagues, already from the first phase of communication to the Company of their state of pregnancy, are supported in all formal, administrative and bureaucratic aspects and receive nursing and medical support, if necessary.

In 2019, 5 pregnant workers were assisted and 4 were assisted in 2020 and in 2021. They received information on the prevention and protection measures to be adopted at this particular moment and on specific risks. In addition, parking spaces have been reserved inside by the Company in the immediate vicinity of the entrances (**pink parking spaces**) to allow them to reach the workplace more easily.

INTERNAL BANK

At the end of December 2021, all Personnel were notified that the bank branch in the company's head office, which had been open every day from 12:00 to 14:00, will be closing due to the strategies and policies adopted by the Bank Group (the ATM service will continue to function as before).
In consideration of the above, in the framework of the welfare system that has been created with a view to continuing to provide services that may favour the life-work balance of everyone, the Company has already begun to assess some alternative solutions in order to being implementing them as soon as possible.

POSSIBILITY OF RESPONDING TO PERSONAL/ FAMILY LIFE REQUIREMENTS	2020 DATA	2021 DATA
Hours absence for child medical visits/illness:	12,495	14,648,56
Hours absence for marriage leave	446	1200
Hours absence for study	412	314,53
Hours absence for unforeseen circumstances	1159	0
Hours absence Law 53/2000	1041	1150,13
Hours absence for compulsory paternal leave	1336	1656
Hours absence for parental leave	3604	846
Hours absence for maternity leave	2872	2262
Hours absence rest for breast feeding	980	303
Hours absence Law 104/9	5749	3,563,33

7.4
Company welfare

ATTENTION TO HEALTH

THE HEALTH CARE PLAN

Elettronica has developed a totally free health care plan for all its employees and their families. In addition, the Company brought forward to 2019 the renewal of the sector National Collective Labour Contract, offering new retirees - and therefore after the end of their employment relationship - the opportunity to continue a supplementary health insurance, by joining Elettronica's special Health Plan.
In addition to the health insurance policy envisaged by the National Collective Labour Agreement for executives, the Company also plans the integration of the Previdir health insurance policy.

THE WELLNESS PROJECT

This consists of several initiatives aimed at the entire corporate population to promote healthy nutrition and health prevention through physical and mental well-being and health control.

The project involves a series of informative initiatives and activities to introduce correct eating habits linked to the "EAT_Educational" project, in partnership with the San Donato and Philips Group Foundation and the "Keep-in-form Dish" at the Company's refectory.

The quality of the service, which also intends to satisfy specific food needs, is constantly monitored through monthly audits carried out by an H&S team, supported by an expert HACCP consultant, by a member of the representative trade union and by an employee chosen from volunteer candidates.

ELT_Lab

Health control is guaranteed by the Company in collaboration with **Praxi DS** and specialist physicians, through "**ELT_Lab**", the service dedicated to all employees who can have private health tests and prevention packages, through Métasalute health insurance, at the in-house clinic.

THE COMPANY INFIRMARY

The service is available for 8 hours every day. It is also used by employees for general and specialist medical **examinations relative to disease, accidents, health problems or just for information**, facilitating those who, for occupational reasons, have difficulty in terms of time to go to other health facilities for minor ailments. In addition, every year, the infirmary administers the influenza vaccine, free of charge, to those who request it.

EMPLOYEES' HEALTH AND WELFARE	2019 DATA	2020 DATA	2021 DATA
Total investment for the Company's infirmary	€ 130,730,00	€142,000	€205,503
N° of outpatient health treatments/tests	335	335	340
N° of seasonal influenza vaccinations	114	9	140
N° of tetanus vaccinations	18	27	13
N° of accident cases treated	21	11	14
N° of cases of malaise treated	12	10	13
N° of maternity leave certifications	2	2	2
N° of ECG tests performed by the nursing staff	1	8	17
N° of hours nurses were on the premises	8 hours/day, 5 days/ week	8 hours/day, 5 days/ week	8 hours/day, 5 days/week
N° of hours the Company physician was on the premises	16 hours over 3 days	16 hours over 2 days	16 hours over 2 days
Type and number of services provided (by the ELT Lab)	Tests: 26 Prevention packages: 153	Private services: 90	Private services: 39 Private swab tests: 101 Services provided through insurance: 214

BENEFITS

To increase personnel motivation and satisfaction, improve the corporate environment (with positive effects on productivity) and improve the quality of personal life, in 2014 we launched Enjoy Life Time, a flexible benefits plan aimed at manual workers, employees and managers. In an on-line platform accessible everywhere, we offer employees an “electronic purse” (760 Euros in 2021) to spend on selected goods and services which constitute a shopping cart that is constantly improved and updated, also on the basis of the feedback received informally from the employees.

The goods and services available include areas such as children's education (it is possible to request reimbursements for school and education costs), free ctime (cinema, theatre, spa, gym, travel, language courses), supplementary social security and health insurance, gift cards (paper and electronic vouchers to be spent in the main supermarket and shopping chains, both on-line and non) and the family care area (babysitter, social workers). The portal also contains an area dedicated to conventions, which includes both those stipulated by the company and those obtained by our CRAL (especially in the areas of Art. Culture, Social Initiatives and conventions with local structures), thus creating synergy to the benefit of the employees.

IMPROVEMENT IN EMPLOYEES' QUALITY OF LIFE	2019 DATA	2020 DATA	2021 DATA
Amount spent on welfare per employee	€760 on top + 200 CCNL	€760 on top + 200 CCNL	€760 on top +200 CCNL
Degree of satisfaction of the initiative	85%	84%	80%

SERVICES/PRODUCTS AND % OF THE AMOUNT SPENT	2019 DATA	2020 DATA	2021 DATA
Special agreements on request	4,66%	3,2%	4,0%
Purchase vouchers	13,85%	28,8%	32,7%
Health Insurance Fund	1,18%	1,4%	0,2%
Cinema and shows	0,82%	0,1%	0,5%
Childcare	0,01%	0,0%	0,1%
Financing and loans	1,31%	1,3%	1,1%
Training	0,14%	0,8%	0,7%
Gymnasiums and Fitness Centres	5,41%	4,2%	2,8%
Theme parks	0,18%	0,1%	0,1%
Supplementary pensions	16,39%	16,6%	15,1%
Reimbursement of expenses	28,87%	26,4%	25%
Health services and treatment	0,28%	0,1%	0,2%
Free time	4,88%	2,6%	2,5%
Travel and weekend activities	22,01%	14,4%	15,3%

SUPPLEMENTARY PENSION FUND FOR EXECUTIVES AND EMPLOYEES

An additional benefit for both executives and employees, ensuring them a higher pension, by integrating that offered by the compulsory social security system. For employees, on recruitment, we hold a special meeting to explain the benefits of subscribing to Cometa, the National Supplementary Pension Fund for workers in the metalworking industry. For executives, after assessing the various opportunities of the different pension funds available on the insurance market, we opted for the PreviGen Pension Fund - a Supplementary Pension Fund for Employees of Affiliated Companies which invests the contribution in policies of the Generali Group, which not only offers yield but also bases its investment strategies on environmental, social and corporate governance (ESG) criteria.



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We have developed a collaborative approach with our suppliers in order to achieve high levels of reliability and excellence

08

THE SUPPLY CHAIN
Competitiveness and trust

604

Total number of suppliers

100%

Suppliers in possession of ISO 9001 certification

74%

National suppliers

63%

Suppliers in the High Reliability Class

ELETTRONICA'S SUPPLIERS

THE SUPPLY CHAIN IN NUMBERS	2019 DATA	2020 DATA	2021 DATA
Total number of suppliers	640	582	604
of which direct suppliers	240	203	216
of which indirect suppliers	400	379	388
Orders issued to suppliers	160 million	89,5 million	102 million
of which to direct suppliers	140 million	65,7 million	76 million
of which to indirect suppliers	20 million	23,8 million	26 million
N° of direct suppliers in the last 5 years	200	203	216
of which suppliers registered in the Suppliers Register (habitual suppliers)	163	168	160
N° of indirect suppliers in the last 5 years	900	800	800
of which habitual suppliers from which more than 5 supplies have been ordered	300	300	300

DIRECT SUPPLIERS

Provide materials and services necessary to design and manufacture the Elettronica product. Their work is closely monitored to ensure a high level of quality, which must be in line with the standards of the organization.

Direct Suppliers are further classified as:

- Suppliers of catalogue goods (COTS)
- Suppliers on Demand, in other words suppliers of products in compliance with certain technical specifications
- Project Suppliers, in other words suppliers of products or processes that follow manufacturing or processing instructions given by ELT
- Service Suppliers

INDIRECT SUPPLIERS

Supply materials and services required to ensure the functioning of the company business but are not directly part of the production cycle.

The main Indirect Goods purchased include tools, equipment, machinery, consumables and other goods in support of the company's business.

As regards the Indirect Services, these include consultancies, the maintenance and/or construction of civil, electrical and hydraulic engineering works, industrial cleaning and integrated waste management; services in support of personnel and other services of various natures functional to the company's business.

8.1

Supplier selection and responsible management

SUPPLIER PRE-QUALIFICATION AND QUALIFICATION

The procedure for a company to qualify as an Elettronica supplier assesses and checks the ethical, legal, economic and financial solidity aspects, as well as its capability (technical skills) and capacity (availability of resources and machines).

To begin the pre-qualification process, the potential supplier must accept the Code of Conduct, the Anti-corruption Code and the privacy disclosure policy. The assessment includes monitoring and constant assessment of the maintenance and improvement of the requirements for accreditation, as well as the supplier's dependence on existing contracts with Elettronica.

PRINCIPLES OF THE CODE OF CONDUCT FOR SUPPLIERS

Specifically, in dealing with their own social responsibilities, suppliers are bound to:

- Conduct their business in an ethically correct manner and act with integrity
- Protect the human rights of their employees, treating them with dignity and respect
- Provide a safe and healthy workplace and, if possible, safe and healthy company accommodation
- Operate responsibly and efficiently from an environmental viewpoint
- Integrate the quality of the business systems and implement management systems that favour the respect of the laws in force and promote continuous improvement in relation to the expectations described in Elettronica's Code of Conduct for Suppliers.

The **Code of Conduct** is made available for all suppliers on the Portal in order to enhance the reciprocal comprehension of how sustainability should be applied to everyday activities.

Furthermore, in 2017 Elettronica decided in the framework of the contracts for concessions and tenders for works and services, with specific regard to contracts involving a high level of manual work, to include in its tenders and/or requests for bids specific social clauses aimed at promoting the occupational stability of the personnel involved, providing for the application of collective sector contracts by the winning bidder.

ADHESION BY SUPPLIERS TO THE CODE OF ETHICS	2019 DATA	2020 DATA	2021 DATA
N° of suppliers that have subscribed to the code (registered in the portal)	304	268	160

THE SUPPLIERS' PORTAL

Sharing information

- Transparency in selection
- Transparency during sourcing and vendor selection
- Traceability of the results of audit, private tenders and purchase orders
- More competition, giving the suppliers of small and medium businesses the possibility of offering their services to Elettronica
- Traceability of all the documentation aimed at proving congruity with the laws in force, such as DURC. DUVRI, Chamber of Commerce certificate, etc.

SUPPLIER ACCREDITATION

Elettronica organizes the compilation of specific questionnaires for the product category for which the supplier applies, which reveal the possession of technical and operational requirements and compliance with requirements relating to the environment and health and safety, including those required by law.

Administrative and regula- tory compliance	Economic and financial requirements	Management requirements	Technical and operational requirements for specific supplies
Social security and welfare contributions	Winding up probability indicators (D&B Failure Score and D&B Delinquency Score)	Health and safety certifications (ISO 45001)	Execution of "special manufacturing processes" and their management
Clean criminal record declarations		Quality certifications	Project risk management
Privacy	Indicators relative to payment habits towards suppliers	Environmental certifications (ISO 14001 ecc.)	Special requirements management
Treatment of materials/ information/ services subject to government "Export Control" restrictions	Turnover of the past three years	Company Information Security certification (ISO 27001)	Structured application of Lean Manufacturing best practices
TULPS licence (Consolidated Public Law and Order Act)	Profit/loss of the past three years	Quality Assurance Manual	Use of a system for measuring internal and external performances
Industrial Security Clearance (NOSI)	Expenditure on Research & Development		
General conditions of the Supply Contracts – Security Requirements			

ENCOURAGEMENT TO ADAPT TOWARDS PROCESS/PRODUCT STANDARDS	2019 DATA	2020 DATA	2021 DATA
% of suppliers registered on the portal in possession of ISO 14001 certification	10%	10%	26%
% of suppliers registered on the portal who declare they hold certification or systems for health and safety management (BS OHSAS 18001)	9%	9%	9%
% of suppliers registered on the portal who declare they are in possession of ISO 9001 certification	100%	100%	100%

EVALUATION

During the self-evaluation phase of the questionnaire, the supplier is reminded to raise questions on its supply chain, its economic, financial and management status and its technical and operating capabilities, and is encouraged to adjust through the adoption of management systems and the relative certifications.

The qualification process may include, if necessary, an on-site assessment and possible follow-up action, or an inspection which may lead to corrective action in the case of any non-compliances.

COMBATING COUNTERFEITING

We pay great attention to combating counterfeiting; therefore during the qualification process, COTS (Commercial Off The Shelf) suppliers must accept Terms & Conditions which contain a paragraph dedicated to this subject, and there is a second anti-counterfeiting control when the material is delivered to Company, by means of a scrupulous and structured incoming procedure (entry test).

All supplies must be supplemented by a Certificate of Product Compliance, or otherwise the supplier assumes the responsibility of conducting controls and checks listed in a check list that is an appendix to the Terms & Conditions, to ensure that the goods supplied is not counterfeit and complies with that stated in the product datasheet.

MONITORING

Once the accreditation procedure has been completed, and as part of the services started and ongoing, suppliers undergo the monitoring and evaluation of their services, with on-site meetings and audits of products and services, in order to verify and guarantee the maintenance of the qualification requirements.

THE PROCUREMENT PROCESS

The procurement process is divided into two operational phases: Vendor Selection and Procurement, and, as have the other corporate processes, has been digitally transformed through the adoption of the Document Archive, to enable the reduction of the environmental impact and more efficient document management.

VENDOR SELECTION

1. Call for tenders
2. Analysis of the offers
3. Negotiation phase
4. Selection of the supplier



- Selected supplier for each merchandise category
- Offers and proposals received from suppliers

PROCUREMENT

1. The issue and release of purchase requests and purchase orders
2. The issue of the contracts
3. Management of relations between suppliers and departments
4. Monitoring and management of order changes
5. Obsolescence monitoring and the master data of punrching materials
6. Receipt of the supply, invoicing and inspection of the goods



- Purchase order and contract issued
- Purchase order schedule
- Purchase documents
- Receipt of goods
- Completion of performance/service

8.2

Development and enhancement of the supply chain

Maintaining competitiveness, using the available technology and developing new products and solutions have led the company to adopt an approach aimed at making the suppliers aware of their strengths and weaknesses and developing a collaboration to achieve adequate levels of reliability and, at the same time, excellence.

This approach begins in the accreditation phase and continues throughout the relationship with the suppliers, managed through **Supply Relationship Management – SRM** – which includes the selection and accreditation/qualification of the suppliers, the analysis of their reliability and consequent definition and management of de-risking actions and measuring and monitoring of performance levels, identifying areas for improvement and implementing corrective or improvement actions.



EVALUATION INDICES

The **supplier reliability analysis** is based on an analytical and quantitative risk assessment grid which attributes to each supplier a reliability score. Before the order is issued and then during the supply relationship, the score is reviewed and assessed by inspections carried out at the supplier's premises.

Tipologie di rischio gestite



RELIABILITY OF SUPPLIERS	2019 DATA	2020 DATA	2021 DATA
% of suppliers in the High Reliability class	54%	61,6%	63%
% of suppliers in the Medium Reliability class	39%	36,5%	23%
% of suppliers in the Low Reliability class	7%	1,9%	14%

SUPPLIER QUALITY COMMITTEE

This internal body has the duty of evaluating suppliers 360°, collecting feedback from the corporate structures that use a service or tangible assets and constituting part of the systemic approach of the company. In this way, Elettronica gives an active contribution to the supplier's improvement, and simplifies the monitoring of the corrective action agreed on together with the supplier.

ORIENTATION TOWARDS IMPROVEMENT	2019 DATA	2020 DATA	2021 DATA
% Suppliers who have obtained a VR/quality upgrade	35%	51%	43%
% Suppliers with which meetings aimed at improvement have been held	10%	10%	10%
% Suppliers that have improved their own processes subsequent to the Quality Committee's assessment	6%	5% (itinerant activity)	5% (itinerant activity)

COOPERATION WITH AND BETWEEN THE KEY SUPPLIERS

The project is aimed at increasing the number of framework contracts, an effective tool that allows the supplier to rise to the level of "partner", with which to share objectives, risks and results, thus contributing to their sustainability in the medium and long term. It also favours the creation of a network and of cooperation between suppliers who have been identified as excellent in their field. This allows a greater guarantee of results through the Supply Chain, less need for controls and, at the same time, the opportunity for suppliers to establish new relationships with other companies so that they themselves are less dependent on Elettronica's business, reducing the risk deriving from dependence on a single customer or from limited diversification.

UPGRADING OF THE SUPPLIER TO PARTNER	2019 DATA	2020 DATA	2021 DATA
% of suppliers with which Elettronica has a framework contract	16 Small: 31% Medium: 31% Large: 38%	10 Small: 50% Medium: 30% Large: 20%	9 Small: 50% Medium: 40% Large: 10%
% of regional suppliers with whom Elettronica has a framework contract	31%	70%	70%
% of national suppliers with whom Elettronica has a framework contract	100%	100%	100%

In this context, the technological coordination table is also active, as a tool for coordination between the internal departments of the Company on the opportunities and technological strategies to be pursued and an opportunity to share information with suppliers.

Thanks to this win-win approach, fair and clear relationships based on mutual trust have been built over time with all our suppliers, which look to the future by focusing on investments that can create value in the long term.

COOPERATION WITH AND BETWEEN THE KEY SUPPLIERS

STRENGTHENING THE NATIONAL AND REGIONAL SUPPLY CHAINS	2019 DATA	2020 DATA	2021 DATA
% Regional suppliers (Lazio)	33%	30%	33%
% National suppliers	76%	74%	75%
% Foreign suppliers	24%	26%	25%
% Volume of orders placed with regional suppliers	22%	30%	54%
% Volume of orders placed with national suppliers	48%	30%	46%

ORIENTING SUPPLIERS TOWARDS INNOVATION

Elettronica is aware of its leadership position on the theme of technological innovation, and stimulates its suppliers to types of activity responding to development trends and customer requirements. In 2021, we organised **4 workshops** on innovation themes of interest to our suppliers: **status of 'seeker simulators', status of Metamaterials and 2 workshops on the status of 5G.**



09

THE ENVIRONMENT

We support the green transition

588 Mwh

Energy savings due to the photovoltaic system

19,12 tCO₂/M€

Intensity of the CO₂ emission by the workforce

11,07 tep/M€

Energy intensity of the workforce

85%

Departments in which the management of machine shutdowns has been started

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We have undertaken a process of transformation that minimizes the impacts on the planet and aims to achieve energy saving and ecological objectives

9.1

Energy efficiency and reduction of emissions

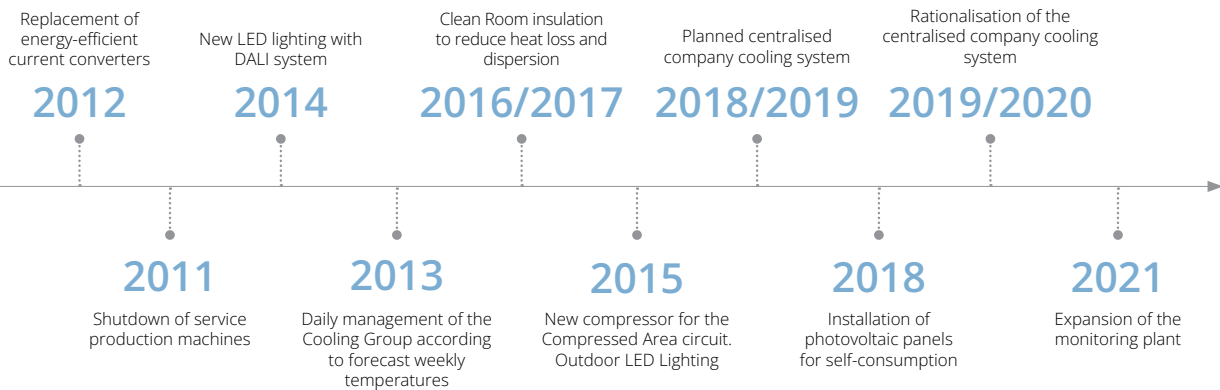
Elettronica has started a process of transformation of its internal processes, with the aim of minimising their impact on the planet and achieving energy efficiency and ecological objectives. The end objective of this process is to accredit the company as a “green company”, recognised in the framework of the market to which it belongs, by obtaining **ISO 14001** certification and subsequently **EMAS** certification.

In 2020, the process for the definition of the key points required to obtain these important certifications was started: Elettronica has thus identified the key parameters required to measure the environmental impact and defined the key projects scheduled in the three-year budget plan, with a specific commitment towards green investments.



During the course of 2021, Elettronica produced energy from renewable sources (photovoltaic system installed in 2019) totalling **230 MWh**.

In 2011 we started a more correct and responsible management of energy resources (electricity and natural gas, but also water, liquid nitrogen and technical gases).



MANAGEMENT OF MACHINE SHUTDOWNS AND LED LIGHTING DISTRIBUTION	2019 DATA	2020 DATA	2021 DATA
% of departments in which the management of machine shut-down has been started	80%	80%	85%
% of departments created by the upgrading of the premises, with LED lighting managed by digital control system (DALI)	40%	42%	45%

ENERGY SAVING

Since the day on which the **photovoltaic system** became fully operational (3 August 2019), electricity savings of 91 MWh (equal to € 13,400) have been achieved, which corresponds to 35,673 Kg of CO2 emissions avoided (equal to approximately 1,065 trees planted).

In 2020, electricity savings of 358 MWh – approximately € 53,100 – were achieved, which corresponds to 140,337 Kg of CO2 emissions avoided (equal to approximately 4,189 trees planted).
In 2021 the system enabled **electricity savings of 588 MWh** – equal to € 101,600 – which corresponds to **230,497 Kg of CO2 emissions avoided** (equal to **approximately 6,880 trees planted**).

The budget for the functioning of the plant confirms that a quantity of energy is generated which varies (according to the time of year) between 3 and 6% of the total energy requirements of the facility, entirely used for business activities.

The rationalisation of the efficiency increase in the company refrigeration plant was completed in 2021, although this will continue in 2022 with the construction of the water distribution lines.

During the same year, a significant expansion of the systems for monitoring energy consumption in the company was carried out, by installing Gas and Electricity meters, with a total of 22 reading points.

In 2021, new specific indicators to measure the environmental parameters of interest were included in the Departmental Balanced Scorecard:

- the energy intensity (or eco-efficiency) of the workforce, calculated as the ratio between the sum of the consumption of all of the company's energy indicators (electricity, natural gas, gasoline, petroleum and nitrogen, calculated in TEP – Tonnes equivalent petroleum – equivalents) and the added value. This parameter measures the efficiency in converting energy flow into added value. In 2021, our target was 11 TEP/M€ and we achieved a result of 11.07 TEP/M€, which was lower than the value achieved in 2020 (11.55 TEP/M€), while the value calculated in 2019 was 7.32 TEP/M€.
- the intensity of CO2 emissions, calculated as the ratio between the sum of all of the CO2 and equivalent emissions produced by the consumption of the various company commodities (direct and indirect) and the added value. In 2021, the target was 19 tCO2/M€ and we achieved a result of 18.33 tCO2/M€ a fine anno, which was lower than the value achieved in 2020 (19.48 tCO2/M€), while the value in 2019 was 12.67 tCO2/M€

The higher values in the energy intensity and emissions indices compared to 2019 are due to the variations in the added value and the impacts of the pandemic on energy management due to the need to aerate the working environments.

9.2

Use of resources and waste management

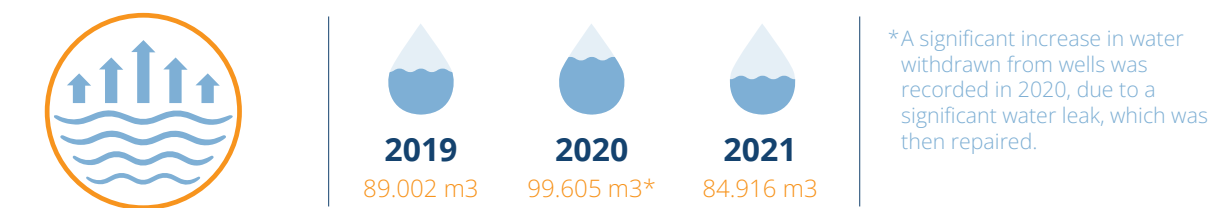
SUSTAINABLE CONSUMPTION

As of 2015, the progressive rationalization of the cooling circuits of environmental chambers and vibrators has made it possible to reduce the consumption of water taken from the wells as well as that taken from the municipal aqueduct.

In the framework of the initiatives undertaken with a view to increasing environmental sustainability, that suggested by the corporate workforce must be highlighted, which led to the adoption in 2020 of 80% of the charter with FSC (**Forest Stewardship Council**) International Environmental Certification, in order to reduce the environmental impact caused by the daily use of this resource.

In 2021, 84,916 m3 of water were used, a reduction of almost 15% compared to the previous year (99,605 m3, due to an undetected leak) and 4.5% compared to 2019 (89,002 m3).

Water withdrawal (Sum of the water withdrawal from aqueducts + water withdrawal from wells)



WASTE

In 2012 we introduced the **separate collection of waste** similar to urban waste, with the aim of minimizing the amount of unsorted waste produced. Around 150 collection points for paper and for multi-materials (plastics and metals) have been positioned throughout the Company (offices and open spaces), thus minimizing the production of unsorted waste. Non-hazardous urban type waste gathered in this way is taken daily to the ecological waste deposit built in 2016, for the intermediate collection of waste which is then disposed of by the municipal authority in charge of waste disposal.

PRODUCTION AND COLLECTION OF SPECIAL WASTE

Special waste is produced:

- within the sphere of the production processes, generated as the result of these processes
- consequent to technical obsolescence
- consequent to an expiry date that cannot be extended
- as a result of the ordinary and extraordinary maintenance of the Company's technical systems, such as lighting, air conditioning, heating, air treatment, etc.
- as a result of the ordinary and extraordinary maintenance of the machines on the production line.

Waste is disposed of according to the provisions of the law, using companies specialised in the recovery and treatment of special wastes.

In 2021, two specific indicators to measure the environmental sustainability of the company in the context of waste production (other than urban waste) were included in departmental Balanced Scorecard: one for special waste which is then recycled and the other on that which is disposed of. The target for the former was set at 2.00 kg/k€ and an encouraging value of 1.34 kg/k€ was achieved. For special waste which is then disposed of, a target of 40 kg/M€ was set and the excellent result of 24.1 kg/M€ achieved. The quantity of waste produced was recorded and reported by the Company in previous years as well: 7.61 kg/k€ of recyclable special waste produced in 2019 and 6.42 kg/k€ in 2020; 0.35 kg/k€ of special waste for disposal in 2019 and 0.29 kg/k€ in 2020. However, the 2021 data is not comparable with the data for the previous two years, given that the disposal of certain types of recyclable waste which had been managed by Elettronica until 2021 was taken over by other firms in 2021, which generated the waste through ordinary and extraordinary maintenance, while a different and more specific method of measuring was adopted for waste for disposal.

9.3

Sustainable mobility

In line with the **Roma 2024 Plan** which provides for mobility without diesel vehicles, Elettronica is finalising solutions for green mobility, progressively reconverting the corporate fleet of vehicles and supporting the green mobility of its employees.

SUSTAINABLE CAR FLEET	2019 DATA	2020 DATA	2021 DATA
Electric cars	3	3	2
Hybrid cars	4	12	10
km travelled by electric and hybrid cars	100,000 km annual total		hybrid: 436,512 km electric: 30,293 km

In 2022, 11 new recharging stations will be installed, bringing the total to 22 new recharging stations available to the employees.

COMUNI-CAR

Elettronica fosters a decreased use of private cars on the part of employees by offering a site dedicated to carpooling on the Company Intranet which allows them to identify colleagues who live near them and to arrange for lifts with one another to and from work.

METHODOLOGICAL NOTE

This report has been drawn up in accordance with the GRI Standards: Core option. With the 2021 social responsibility and sustainability report, Elettronica takes a further step forward along the continuous improvement of its social reporting and sustainability process, in compliance with the GRI standards. The information and data given meet the mandatory indications and disclosures of the Core option and take into account the material issues declared by the Company. For these data, the values of the year 2021 have been reported and, when available, the values of the previous two years (2019 and 2020). Further data and information have also been reported, both in relation to material issues, and in relation to issues not declared as material but in any case supervised by the Company. The additional data and information have been defined and reported taking into account the indications provided by the relevant GRI disclosures, based on a reporting process that the Company has followed for the past four years. This process has made it possible to develop, through a benchmarking activity, a dashboard of information and indicators thanks to the involvement of a group of managers and employees, with the analysis of the stakeholders' possible information expectations and of the expectations of the suppliers directly detected. The period of reference of this report is 2021 (calendar year) in compliance with the annual basis chosen for the reporting frequency. The scope of the social responsibility and sustainability report coincides with that of the consolidated financial statements of Elettronica S.p.A. at 31 December 2021, for the financial statement data relating only to Elettronica S.p.A, since the subsidiaries Elt GmbH and CY4Gate are not included in the social responsibility and sustainability report.

The process for defining the contents of the report

Elettronica started the reporting process and defined the contents of the 2021 report in compliance with GRI 101: Reporting principles 2016. More specifically, the report was drawn up in accordance with the principle of:

- the inclusion of the Stakeholders:** in 2016 Elettronica began the careful mapping and analysis of its stakeholders, which it has periodically updated. The stakeholders were identified by means of a vast network of representatives of the corporate functions. Thanks to the knowledge and experience of the members of the aforementioned network, it was possible to carry out the following activities:
 - the construction of the stakeholder map
 - the definition of the degree of interest and influence of each stakeholder with respect to the Elettronica's activities/processes and, in this way, to proceed to identify the key stakeholders for each social responsibility issue and for the relevant specific aspects that are significant for Elettronica;
 - the launch of a first survey on the channels and tools used by the Company to relate to stakeholders, taking into account the nature and intensity of the relationship, and the stakeholders' characteristics.
 - the explanation of the perception of Elettronica as regards their requirements, expectations and information needs, through the identification of Critical Success Factors (relevant measurement indices of the specific expectations of the stakeholders).
 - the identification of adequate performance indicators, in addition to those indicated by the GRI disclosure.

The process continued in 2017 and 2018 and, thanks to the involvement of the corporate departments, the persistent validity of the mapping and analysis already conducted was checked and revised when necessary, also on the level of depth and breadth. In 2019, the reporting process was fully developed and it was possible the direct involvement of the stakeholders in the social reporting process had become possible, involving the Suppliers as subjects of strategic importance to Elettronica in terms of creating value, taking into account the relevance of the supply chain in terms of attention to corporate responsibility. This involvement continued in 2020, by sending a questionnaire to all of the employees of the company. The involvement of the internal departments in planning a multi-stakeholder engagement on the issues of the STEM mindset, women and youngsters and environmental issues.

- Sustainability context:** in presenting the economic, social and environmental performance of the organization in the broader context of sustainability, Elettronica has examined the macro-issues relevant to the sector in which the Company operates, taking into account the actions and goals of the 2030 Agenda for Sustainable Development to which it can make its contribution in terms of the economic, social and environmental impact generated.
- Materiality:** In the preparation of this report, Elettronica has adopted the principle of materiality. Building on the experience gained in previous reporting cycles (in terms of the awareness of its impact, the emergence of its dimensions and the areas of Social Responsibility, and clarification of the stakeholders' needs and expectations), consistent with the Company's main values, policies and strategies, taking into account the indications of the ISO 26000:2010 Guide to Social Responsibility, as prescribed in the 2030 Agenda on Sustainable Development, and the results of a benchmarking activity, and thanks to the direct contribution of the Company's top management and its supply chain, Elettronica has defined its own material issues, i.e. those considered as priorities - among all the relevant accountable issues - inasmuch as they can reflect the Company's economic, environmental and social impact and can influence the stakeholders' decisions. From an operational point of view, the material issues emerged through the construction of a matrix that brought together the perspective of the stakeholders and that of the Company. In a first phase, a survey of the macro-issues relevant to the sector in which the Company operates was carried out as well as benchmarking in respect of similar companies, using as a guide the indications provided by ISO 26000:2010 on the fundamental issues of Social Responsibility.

For each relevant issue identified, we proceeded by comparing the stakeholders' perspective with the Company's perspective. The stakeholders' perspective was detected in three different ways:

- the first method, in continuity with the work carried out in the previous reports, was based on Elettronica's perception of the importance that stakeholders attribute to each issue - according to the representatives of the organisational structure involved in the reporting process and the information channels used by the Company for management purposes;
- the second method illustrated the perspective of the supplier-stakeholders (2019) and the employees (2020) directly, through actions aimed at getting them involved, through structured involvement actions;
- The third method identified the positions and interests of the stakeholders through surveys on specific issues provided by national institutions such as ASViS and ISTAT.

The Company's perspective was obtained by the creation of a focus group with the top management (early 2020), aimed at identifying the Social Responsibility issues with significance for Elettronica, on the basis of those already covered in the previous social reporting processes and the assessment of further issues to be considered on the basis of the ISO 26000:2010 guidelines, keeping in mind the areas and stakeholders which are influenced by the Company's decisions and actions, as well as the way in which these aspects contribute to sustainable development.

Subsequently, the company's priorities were also updated in terms of relationship to and consistency with the company strategies and the definition of the specific social responsibility commitments, formalised through the process of integrating them in the corporate BSC and those of the business departments.

The issues that are positioned in the materiality matrix quadrant delimited by assigned values greater than or equal to 2 (see para. 2.2 of the report). The materiality matrix was submitted to the General Management for validation, before the approval of the Sustainability Report by the Board of Directors.

The table below shows the list of material issues and their scope.

- Completeness:** in the 2021 Social Responsibility and Sustainability Report, Elettronica gives all useful information to allow stakeholders to assess the Company's performance. For each material issue, Elettronica's vision is illustrated as well as the importance of the issue within the Company, the management purpose and methods and - when available - the resources invested, the specific actions and the initiatives put in place, the subjects involved, the output produced, the results obtained, the impact generated and Elettronica's commitment on the issue in order to render its actions increasingly responsible and sustainable. If the material issue is contemplated by an existing GRI Standard, Elettronica reports the relative specific information; if the material issue is not covered by an existing GRI Standard, Elettronica, with the support of the entire network of internal contact persons, has identified appropriate and detailed information. In addition to the issues identified as material, Elettronica reports on other relevant, albeit minor, issues in the social responsibility and sustainability report.

For any further information on the report and its content write to: peoplecare@elt.it

MATERIAL ISSUE	SCOPE OF THE ISSUE			
	INTERNAL	EXTERNAL	DIRECT	INDIRECT
Innovation production	X	Universities, Research Centres; institutions and businesses in the Defence and Security sector	X	
Technological sovereignty	X	The community; Suppliers; Universities, Research Centres; institutions and businesses in the Defence and Security sector	X	
Security and defence of citizens	X	The community		X
Health and wellbeing of the community	X	The community		X
STEM mindset	X	Universities; Schools; Students; Interns	X	
Gender equality	X		X	
Respect of rules (for product sales)		The community; institutions and businesses in the Defence and Security sector		X
Respect of rules (Legality, anti-corruption, ITC Security and Privacy)	X	Customers; Suppliers; institutions in the Defence and Security sector	X	X
Responsibility in business	X	All the stakeholders of the Company	X	
CSR oriented strategy	X	All the stakeholders of the Company	X	
CSR mindset	X	All the stakeholders of the Company	X	
Innovation promotion	X	institutions and businesses in the Defence and Security sector; Employers' associations	X	
		Universities; Schools; Students; Interns		X
Enhancement of skills	X		X	
Attention to the customer	X	Customers; Suppliers	X	
Enhancement of the supply chain	X	Customers; Suppliers	X	
Energy Management	X	The community	X	X
Technologies for environmental protection	X	The community	X	X

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