

## Social Sustainability

### SIT Group personnel

SIT Group strives for excellence by continuously working to improve its professionalism and the engagement of personnel at all levels. All those that contribute to the Group's activities constitute a strategic and valuable resource. For this reason, the Group is committed to guaranteeing respect for diversity, the rights of individuals, general well-being and professional growth.

The SIT Group invests in the development of people's skills on a daily basis through a variety of tools, including proactive management of internal mobility.

#### Characteristics of SIT employees

At December 31, 2018, SIT Group's employees numbered 2,019. The number of Group's employees and external workers in 2018 totalled 2,264.

Approximately 78% of Group employees work in offices and facilities in Italy and Romania.

| Total SIT Group workforce at December 31 <sup>21</sup> |            |            |              |              |              |              |
|--|------------|------------|--------------|--------------|--------------|--------------|
| No. people   | Male       |            | Female       |              | Total        |              |
|  | 2017       | 2018       | 2017         | 2018         | 2017         | 2018         |
| Employees  | 730        | 781        | 1,264        | 1,238        | 1,994        | 2,019        |
| External workers                                       | 62         | 69         | 209          | 176          | 271          | 245          |
| <b>Total</b>   | <b>792</b> | <b>850</b> | <b>1,473</b> | <b>1,414</b> | <b>2,265</b> | <b>2,264</b> |

| SIT Group employees by gender and contract type at December 31 |            |            |              |              |              |              |
|--|------------|------------|--------------|--------------|--------------|--------------|
| No. people   | Male       |            | Female       |              | Total        |              |
|  | 2017       | 2018       | 2017         | 2018         | 2017         | 2018         |
| Permanent  | 631        | 728        | 1,052        | 1,122        | 1,683        | 1,850        |
| Temporary  | 99         | 53         | 212          | 116          | 311          | 169          |
| <b>Total</b>   | <b>730</b> | <b>781</b> | <b>1,264</b> | <b>1,238</b> | <b>1,994</b> | <b>2,019</b> |

| SIT Group employees by region and contract type at December 31 |            |            |            |            |              |            |              |           |              |
|--|------------|------------|------------|------------|--------------|------------|--------------|-----------|--------------|
| No. people   | Italy      |            | Europe     |            | The Americas |            | Asia/Pacific |           | Total        |
|  | 2017       | 2018       | 2017       | 2018       | 2017         | 2018       | 2017         | 2018      |              |
| Permanent  | 773        | 857        | 577        | 596        | 251          | 318        | 82           | 79        | 1,683        |
| Temporary  | 14         | 20         | 297        | 149        | -            | -          | -            | -         | 311          |
| <b>Total</b>   | <b>787</b> | <b>877</b> | <b>874</b> | <b>745</b> | <b>251</b>   | <b>318</b> | <b>82</b>    | <b>79</b> | <b>1,994</b> |

<sup>21</sup> The total workforce reported here includes SIT Group's employees and external workers. External workers take into account interns, project-based and contracted workers. The number differs from the Consolidated Financial Statement, in which only interns are considered.

| SIT Group employees by gender and type of employment at December 31 |            |            |              |              |              |              |
|---|------------|------------|--------------|--------------|--------------|--------------|
| No. people  | Male       |            | Female       |              | Total        |              |
|   | 2017       | 2018       | 2017         | 2018         | 2017         | 2018         |
| Full-time   | 722        | 774        | 1,194        | 1,165        | 1,916        | 1,939        |
| Part-time   | 8          | 7          | 70           | 73           | 78           | 80           |
| <b>Total</b>  | <b>730</b> | <b>781</b> | <b>1,264</b> | <b>1,238</b> | <b>1,994</b> | <b>2,019</b> |

| SIT Group employees by region and type of employment at December 31 |            |            |            |            |              |            |              |           |              |              |
|---|------------|------------|------------|------------|--------------|------------|--------------|-----------|--------------|--------------|
| No. people  | Italy      |            | Europe     |            | The Americas |            | Asia/Pacific |           | Total        |              |
|   | 2017       | 2018       | 2017       | 2018       | 2017         | 2018       | 2017         | 2018      | 2017         | 2018         |
| Full-time   | 736        | 821        | 850        | 720        | 251          | 318        | 79           | 77        | 1,916        | 1936         |
| Part-time   | 51         | 56         | 24         | 25         | -            | -          | 3            | 2         | 78           | 83           |
| <b>Total</b>  | <b>787</b> | <b>877</b> | <b>874</b> | <b>745</b> | <b>251</b>   | <b>318</b> | <b>82</b>    | <b>79</b> | <b>1,994</b> | <b>2,019</b> |

| SIT Group new hired by gender and age in 2018 |               |              |              |              |              |
|---|---------------|--------------|--------------|--------------|--------------|
|   | < 30          | 30-50        | >50          | Total        | Rate         |
| Male  | 241           | 145          | 40           | 426          | 54.5%        |
| Female  | 276           | 317          | 39           | 632          | 51.1%        |
| <b>Total</b>                                  | <b>517</b>    | <b>462</b>   | <b>79</b>    | <b>1,058</b> | <b>52.4%</b> |
| <b>Rate</b>                                   | <b>164.6%</b> | <b>37.7%</b> | <b>16.5%</b> | <b>52.4%</b> |              |

| SIT Group terminations by gender and age in 2018 |               |              |              |              |              |
|--|---------------|--------------|--------------|--------------|--------------|
|  | < 30          | 30-50        | >50          | Total        | Rate         |
| Male   | 231           | 118          | 26           | 375          | 48.0%        |
| Female   | 282           | 307          | 69           | 658          | 53.2%        |
| <b>Total</b>                                     | <b>513</b>    | <b>425</b>   | <b>95</b>    | <b>1,033</b> | <b>51.1%</b> |
| <b>Rate</b>                                      | <b>163.4%</b> | <b>34.6%</b> | <b>19.9%</b> | <b>51.1%</b> |              |

| SIT Group new hired by gender and age in 2018 (Italy) |              |              |             |              |              |
|---|--------------|--------------|-------------|--------------|--------------|
|   | < 30         | 30-50        | >50         | Total        | Rate         |
| Male  | 12           | 38           | 9           | 59           | 12.2%        |
| Female  | 5            | 22           | 2           | 29           | 8.1%         |
| <b>Total</b>  | <b>17</b>    | <b>60</b>    | <b>11</b>   | <b>88</b>    | <b>10.5%</b> |
| <b>Rate</b>   | <b>56.7%</b> | <b>10.7%</b> | <b>4.4%</b> | <b>10.5%</b> |              |

| SIT Group terminations by gender and age in 2018 (Italy) |              |             |             |             |             |
|--|--------------|-------------|-------------|-------------|-------------|
|  | < 30         | 30-50       | >50         | Total       | Rate        |
| Male   | 3            | 9           | 4           | 16          | 3.3%        |
| Female   | 4            | 5           | 6           | 15          | 4.2%        |
| <b>Total</b>   | <b>7</b>     | <b>14</b>   | <b>10</b>   | <b>31</b>   | <b>3.7%</b> |
| <b>Rate</b>  | <b>23.3%</b> | <b>2.5%</b> | <b>4.0%</b> | <b>3.7%</b> |             |

| SIT Group new hired by gender and age in 2018 (Europe)          |        |        |       |        |        |
|---|--------|--------|-------|--------|--------|
|   | < 30   | 30-50  | >50   | Total  | Rate   |
| Male  | 84     | 49     | 28    | 161    | 100.0% |
| Female  | 67     | 137    | 27    | 231    | 37.1%  |
| <b>Total</b>  | 151    | 186    | 55    | 392    | 50.1%  |
| <b>Rate</b>   | 108.6% | 42.2%  | 27.1% | 50.1%  |        |
| SIT Group terminations by gender and age in 2018 (Europe)       |        |        |       |        |        |
|   | < 30   | 30-50  | >50   | Total  | Rate   |
| Male  | 107    | 56     | 20    | 183    | 113.7% |
| Female  | 97     | 151    | 54    | 302    | 48.6%  |
| <b>Total</b>  | 204    | 207    | 74    | 485    | 61.9%  |
| <b>Rate</b>   | 147.8% | 46.9%  | 36.5% | 61.9%  |        |
| SIT Group new hired by gender and age in 2018 (The Americas)    |        |        |       |        |        |
|   | < 30   | 30-50  | >50   | Total  | Rate   |
| Male  | 142    | 54     | 3     | 199    | 170.1% |
| Female  | 191    | 140    | 10    | 341    | 169.7% |
| <b>Total</b>  | 333    | 194    | 13    | 540    | 169.8% |
| <b>Rate</b>   | 262.2% | 117.6% | 50.0% | 169.8% |        |
| SIT Group terminations by gender and age in 2018 (The Americas) |        |        |       |        |        |
|   | < 30   | 30-50  | >50   | Total  | Rate   |
| Male  | 119    | 47     | 2     | 168    | 143.6% |
| Female  | 169    | 129    | 9     | 307    | 152.7% |
| <b>Total</b>  | 288    | 176    | 11    | 475    | 149.4% |
| <b>Rate</b>   | 226.8% | 106.7% | 42.3% | 149.4% |        |
| SIT Group new hired by gender and age in 2018 (Asia/Pacific)    |        |        |       |        |        |
|   | < 30   | 30-50  | >50   | Total  | Rate   |
| Male  | 3      | 4      | -     | 7      | 33.3%  |
| Female  | 13     | 18     | -     | 31     | 53.4%  |
| <b>Total</b>  | 16     | 22     | -     | 38     | 48.1%  |
| <b>Rate</b>   | 88.9%  | 36.7%  | 0.0%  | 48.1%  |        |
| SIT Group terminations by gender and age in 2018 (Asia/Pacific) |        |        |       |        |        |
|   | < 30   | 30-50  | >50   | Total  | Rate   |
| Male  | 2      | 6      | -     | 8      | 38.1%  |
| Female  | 12     | 22     | -     | 34     | 58.6%  |
| <b>Total</b>  | 14     | 28     | -     | 42     | 53.2%  |
| <b>Rate</b>   | 77.8%  | 46.7%  | 0.0%  | 53.2%  |        |

The high turnover is due to the use of fixed contracts in facility production departments. This allows the company to respond dynamically to variability in customer orders.

In 2018, a project was launched to revise personnel management processes from the perspective of standardization and digitization. In particular, a new IT tool was developed and implemented across the world in order to improve the management of HR processes. In 2019, modules will be

implemented to create a unified data registry, and to enable online MBO workflow management. 2020 will see the introduction of a “Learning” module to foster the development of key competences contributing to the success of the company, in addition to a “Performance Management” module to support the professional development of SIT Group’s white-collar employees.

The Group carries out recruitment activities without any prejudice on the basis of gender, religion, beliefs, race, ethnic origin, disability, age, sexual orientation or political persuasion.

Stable and long-lasting employment relationships are considered fundamental in fostering the growth of the company, as well as constituting a significant motivational factor. In 2018, around 60 people were hired on open-ended contracts for the various departments of SIT S.p.A. and Metersit S.r.l.

Attracting new talent is critical in guaranteeing the innovation that distinguishes the Group and maintaining its market leading position.

Accordingly, in recruitment activities, the Human Resources department also motivates current SIT Group employees through two internal initiatives, the Internal Job Posting and Referral programmes. Through the Internal Job Posting programme, SIT Group communicates open positions to all Italian and foreign employees, allowing those interested in changing roles to submit candidacies for careful consideration, thus facilitating professional development in personnel motivated to enrich their careers with different experiences.

SIT Group’s Referral programme, on the other hand, offers bonuses to employees who help identify candidates for the profiles sought by the company.

For all new hires, SIT provides a Customized Induction programme aimed at immediately transmitting corporate values and product and process knowledge. The induction programme is customized in a targeted manner according to the future role of the incoming resource.

| <b>Locally hired executives at 31/12/2018<sup>22</sup></b> |             |               |              |
|--|-------------|---------------|--------------|
|  | <b>Male</b> | <b>Female</b> | <b>Total</b> |
| Total executives   | 31          | 5             | 36           |
| Locally hired executives                                   | 30          | 4             | 34           |
| <b>Percentage of executives hired locally</b>              | 97%         | 80.0%         | 94.4%        |

<sup>22</sup> These are executives hired with the same nationality as that of the country in which they work. The location of operations considers all countries in which the Group operates.

## Health & Safety

With a commitment to constantly improve its performance, SIT Group pays utmost attention to the occupational health and safety of its personnel and third parties. Safety is one of the eight core values of the Group, influencing both the design, production and sale of its safety devices and system products, and its focus on safeguarding workers' health and safety. The assessment and management of safety risks cover both the internal and external workforce according to the health and safety aspects of individual roles.

In 2018, SIT Group continued a series of initiatives aimed at safeguarding the health and safety of workers in all workplace environments, especially within production facilities.

On a half-yearly basis, the Safety Plan is drawn up which describes for each Italian industrial site the activities carried out in relation to the existing regulations and establishes objectives to be achieved in the subsequent three-year period. Contemporaneously, for the Italian facilities, the Safety Audit document is also issued concerning the previous half-year. Workers are trained and required to report all risks, faults and anomalies to facility supervisors (the Prevention and Protection Officer, Safety Officer, First Aid Officer or Safety Manager).

All Group facilities, including those out of Italy, constantly perform activities to monitor risks, assess accidents, and maintain and adapt facilities, machinery, equipment and processes to the various regulatory frameworks of each country.

Instruction and training are critically important. In 2018, numerous training courses were held for all direct and indirect personnel in Italy and in Group facilities in other countries, not only on safety, but also on emergency situation management, including first aid and fire prevention.

The Group maintains constant collaboration with workers' representatives through regular scheduled meetings aimed at the joint assessment of health and safety risks and organizational changes to implement agreed improvement actions.

The SIT Group's low incidence of work related injuries confirms the attention it pays to workers' health and safety. For many years, the Group has worked hard to reduce occupational accidents and illnesses through technical measures, such as increased automation and improved workstation design, through specific training on the main risks of certain roles, and through internal assessments of accidents in order to prevent their repetition.

A total of 20 work related injuries occurred across the Group's facilities during 2018, of which 13 are commuting incidents occurred with a company transport vehicle. Injuries were predominantly due to accidents involving impacts, crushing and efforts to lift and move loads. It should be noted that, in the whole of 2018, no work related injury occurred caused serious consequence for workers.

The total number of recorded work related injuries does not include commuting incidents with workers' own vehicles (8 in 2018, and 11 in 2017), since such accidents did not involve company cars, company fleets or transport organized by Group companies. Note that high consequence work related injuries are considered those work related injuries causing more than 180 days of absence.

| Total number of employee work related injuries at SIT Group in 2017 |      |        |       |
|---|------|--------|-------|
|   | Male | Female | Total |
| Work related injuries   | 5    | 4      | 9     |
| <i>Fatalities</i>   | -    | -      | -     |
| <i>High consequence work related injuries</i>                       | -    | -      | -     |

| Total number of employee work related injuries at SIT Group in 2018 |      |        |       |
|---|------|--------|-------|
|   | Male | Female | Total |
| Work related injuries   | 8    | 12     | 20    |
| <i>Fatalities</i>   | -    | -      | -     |
| <i>High consequence work related injuries</i>                       | -    | -      | -     |

| Rate of SIT Group employee work related injuries in 2017     |      |        |       |
|--|------|--------|-------|
|  | Male | Female | Total |
| Rate of recordable work-related injuries <sup>23</sup>       | 4.37 | 1.81   | 2.69  |
| <i>Rate of fatalities as a result of work-related injury</i> | -    | -      | -     |
| <i>Rate of high-consequence work-related injuries</i>        | -    | -      | -     |

| Rate of SIT Group employee work related injuries in 2018     |      |        |       |
|--|------|--------|-------|
|  | Male | Female | Total |
| Rate of recordable work-related injuries <sup>24</sup>       | 5.34 | 5.22   | 5.27  |
| <i>Rate of fatalities as a result of work-related injury</i> | -    | -      | -     |
| <i>Rate of high-consequence work-related injuries</i>        | -    | -      | -     |

| SIT Group employees hours worked |           |           |           |           |           |           |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                  | 2017      |           |           | 2018      |           |           |
|                                  | Male      | Female    | Total     | Male      | Female    | Total     |
| Hours worked <sup>25</sup>       | 1,143,107 | 2,204,455 | 3,347,562 | 1,498,822 | 2,298,007 | 3,796,828 |

<sup>23</sup> The Frequency Index represents the ratio between the total number of accidents and the total number of days worked during the same period, multiplied by 1,000,000.

<sup>24</sup> The Frequency Index represents the ratio between the total number of accidents and the total number of days worked during the same period, multiplied by 1,000,000.

<sup>25</sup> The total number of hours worked has been partially estimated from the number hours contracted and the number of employees at 31.12.

| Total number of work related injuries involving SIT Group external workers in 2017 |      |        |       |
|--|------|--------|-------|
|  | Male | Female | Total |
| Work related injuries  | -    | -      | -     |
| <i>Fatalities</i>  | -    | -      | -     |
| <i>High consequence work related injuries</i>                                      | -    | -      | -     |

| Total number of work related injuries involving SIT Group external workers in 2018 |      |        |       |
|--|------|--------|-------|
|  | Male | Female | Total |
| Work related injuries  | -    | 1      | 1     |
| <i>Fatalities</i>  | -    | -      | -     |
| <i>High consequence work related injuries</i>                                      | -    | -      | -     |

| Rate of external worker work related injuries at SIT Group in 2017 |      |        |       |
|--|------|--------|-------|
|  | Male | Female | Total |
| Rate of recordable work-related injuries <sup>26</sup>             | -    | -      | -     |
| <i>Rate of fatalities as a result of work-related injury</i>       | -    | -      | -     |
| <i>Rate of high-consequence work-related injuries</i>              | -    | -      | -     |

| Rate of external worker work related injuries at SIT Group in 2018 |      |        |       |
|--|------|--------|-------|
|  | Male | Female | Total |
| Rate of recordable work-related injuries <sup>27</sup>             | -    | 3.11   | 2.22  |
| <i>Rate of fatalities as a result of work-related injury</i>       | -    | -      | -     |
| <i>Rate of high-consequence work-related injuries</i>              | -    | -      | -     |

| Hours worked by SIT Group outside workers |        |         |         |         |         |         |
|---|--------|---------|---------|---------|---------|---------|
|   | 2017   |         |         | 2018    |         |         |
|   | Male   | Female  | Total   | Male    | Female  | Total   |
| Hours worked                              | 72,053 | 164,084 | 236,137 | 129,741 | 321,236 | 450,977 |

<sup>26</sup> The Frequency Index represents the ratio between the total number of accidents and the total number of days worked during the same period, multiplied by 1,000,000.

<sup>27</sup> The Frequency Index represents the ratio between the total number of accidents and the total number of days worked during the same period, multiplied by 1,000,000.

## Employer Branding

With the aim of attracting the very best talent, the parent company collaborates with numerous Italian universities. In 2018, the company participated in 12 events sponsored by the career services of Italian universities, such as the University of Padua, the University of Trento and the Polytechnic University of Milan, as well as by professional consultancy companies operating nationally, in order to directly meet students interested in job offers or internships.

In total, relations channels were opened with another 11 Italian universities, around 200 curricula vitae were collected, and 5 people were selected for recruitment or internships.

For 2019, the company's goal is to strengthen its brand communications. Therefore, starting in December 2018, internal Focus Groups were launched to review the corporate image and study ways to raise brand awareness in order to attract the best candidates and better engage current employees.

## Development of human resources

SIT Group aspires to promote and develop the skills, abilities and knowledge of every employee through professional training and refresher programmes aimed at guaranteeing the achievement of corporate goals.

The annual training plan ensures that all company employees are equipped with technical, specialist and safety skills.

We highlight particularly the lean manufacturing skills courses among our projects, which globally involved approx. 90 blue-collar and white-collar employees across various departments, for a total of approx. 1,350 training hours.

Workplace safety training in 2018 involved approx. 400 staff, for a total of 3,700 hours. A further key training course was provided in-house, initiated in 2017, in continued support of training on the use of new IT tools introduced by the company. This training in 2018 involved approx. 480 employees at all levels. Company mission awareness training was also organised, focused on the main products and markets and involving approx. 420 employees, for a total of approx. 2,260 training hours.

More than 12,000 training hours were delivered to SIT S.p.A. and Metersit S.r.l. employees.

| Hours of training provided <sup>28</sup> |                  |                    |             |               |
|--|------------------|--------------------|-------------|---------------|
|  | Total hours male | Total hours female | Total hours | Average hours |
| Executives                               | 401              | 56                 | 457         | 12.7          |
| White-collar workers                     | 5,082            | 2,101              | 7,183       | 16.8          |
| Blue-collar workers                      | 8,442            | 33,455             | 41,897      | 26.9          |

<sup>28</sup> The total number of training hours has been partially estimated from training plans submitted by the various Group branches.



|                      |               |               |               |             |
|----------------------|---------------|---------------|---------------|-------------|
| <b>Total</b>         | <b>13,925</b> | <b>35,612</b> | <b>49,537</b> | <b>24.5</b> |
| <b>Average hours</b> | <b>17.8</b>   | <b>28.8</b>   | <b>24.5</b>   |             |

### Remuneration

The Group's remuneration policy is based on incentive systems designed to acknowledge the commitment and merits of its employees, to foster a sense of belonging, to attract talented resources and to align the interests of personnel with the goal of creating sustainable value for shareholders in the medium to long term.

To ensure fairness and transparency, the Group has aligned its remuneration system for executives and managers with the dimensional and organizational characteristics of the Group and with the market in

which it operates. This remuneration includes a fixed annual component and a variable component, linked to

the achievement of pre-set performance objectives, including non-financial. The variable component is paid when the economic or pre-set individual results are achieved, via a Management By Objectives (MBO) incentive mechanism providing for the award of annual bonuses for the achievement of quantitative and qualitative objectives.

| <b>Ratio of the standard entry level wage to the local minimum wage in significant countries for the Group<sup>29</sup></b> |             |             |
|---|-------------|-------------|
|   | <b>2017</b> | <b>2018</b> |
| Italy   | 1.03        | 1.04        |
| Romania   | 1.21        | 1.11        |
| Mexico  | 2.06        | 2.30        |
| Netherlands   | 1.19        | 1.19        |
| China   | 1.03        | 1.05        |

As evidenced by the above table, the SIT Group tends to position itself above the standard pay of the reference country in order to attract talent and maintain competitiveness. Furthermore, there are no gender differences in the standard wage and the local minimum wage.

In 2018, a Long-Term Incentive System (LTI) was also implemented for the top management of the Group, in line with the Corporate Governance Code guidelines for listed companies. This plan has the objective to align the performance objectives of management with the achievement of the objective of the creation of value for the shareholders in the medium-long term period.

As approved by Board of Directors' decision of April 26, 2018, the plan has a horizon of 3 years (2018-2020) and involves the award of performance shares according to SIT's cumulative 2018-2020 EBITDA and the market conditions at the end of the period. The plan involves 38 SIT team members.

<sup>29</sup> Significant countries are those in which the Group has at least one production facility. The local minimum wage was taken from collective bargaining agreements in the respective countries where the individual facilities are located.

## **Welfare**

Also regarding welfare benefits, the Group has always been committed to guaranteeing transparency and clarity for its personnel. Assignment schemes do not vary according to different contractual forms (e.g. full-time, part-time, fixed-term or open-ended contract), but may vary according to different geographical areas, depending on reference standards that may include or exclude certain services.

The Group is attentive to the well-being and work-life balance of its employees. For this reason, it allows, where possible, flexitime schemes in Italian branches.

As for support for families, the Group provides new mothers and fathers with a baby welcome kit containing some useful baby care items. The main benefits include: Life Insurance, Health Insurance, Pension Plans, Luncheon Vouchers.

Starting in 2018, a corporate welfare plan was established in Italy. The corporate plan makes an annual amount available to beneficiaries that can be used on a welfare platform dedicated to SIT employees. The platform offers services and benefits for families, healthcare, leisure, culture and more, falling within applicable tax incentive categories. The platform collects welfare incentive allocations through the National Metalworking Collective Bargaining Agreement. Furthermore, from 2018, as per applicable bargaining, it has been possible for personnel to allocate part or all of the value of individual performance bonuses to corporate welfare, thus increasing the opportunities to use the available services. Approximately 10% of total performance bonuses were converted into welfare, and over 95% of the company population used their welfare benefits within the end-of-year deadline.

## **Relations with schools and Universities**

The SIT Group actively collaborates with various Italian universities with the aim of offering opportunities to students and recent graduates.

In particular, the Group participates in “Career Days” organized by universities, and directly organizes “Orienteering” events aimed at: creating a channel of preferential relations between students and recent graduates and the world of work; increasing young people’s awareness of today’s and tomorrow’s job opportunities regarding the skills that companies are looking for in the job market; and promoting an exchange of information, techniques and knowledge relating to the world of work and the expectations of companies and young people at the end of their studies.

Regarding research, a collaboration was launched in 2018 with the Department of Industrial Engineering of the University of Padua.

In 2018, in the various Italian branches, 36 curricular or extracurricular training courses were activated, of which 2 were aimed at the preparation of a degree thesis. In addition, SIT has stipulated a series of agreements with various higher education institutes for annual and biennial education-work alternation courses to facilitate the acquisition of specific professional skills while studying.

In the two-year periods 2017-18 and 2018-19, 22 education-work alternation courses were provided. One of these, at the end of the course, in 2018, resulted in employment at the company.

The constant and fruitful relationship between SIT Group and universities was recently acknowledged by two awards from the University of Padua for the “Best company for tutoring” and the “Best company for intern satisfaction”, in relation to the internships activated in 2018.

**Employee communication**

To promote internal communications and the engagement of resources, the Group distributes a monthly magazine entitled SIT&Talk to all branches worldwide. The magazine contains articles written exclusively by employees themselves aimed at disseminating information at all levels on corporate news, business performance, organizational changes, technical subjects, company products and general culture, and at engaging employees in the various activities of company facilities and offices.

## Diversity, equal opportunities and non-discrimination

### Non-discrimination

The “**Code of Non-discrimination and Diversity**”, drafted and approved in 2017, is a formal policy and a firm commitment by SIT Group to its employees, the recipients of its products, services and programmes and, in general, to any individual coming into contact in any way with the SIT Group.

The SIT Group has, since its inception, been firmly committed to creating an environment free of discrimination, in which:

- Responsible parties seek to guarantee equal opportunities;
- Diversity is considered a resource and never an impediment;
- Respect for the dignity, honour and freedom of individuals in their rights to self-determination is a natural logical and ethical prerequisite of daily actions.

Discrimination for the purposes of the Code is given to mean any treatment creating an intimidating, hostile, offensive, less favourable and/or less ideal environment for one party with respect to another based on any discriminatory conduct, whether, by way of non-exhaustive example, active or passive, direct or indirect, internal or external, or emerging as a result of any form of bullying, harassment, retaliation, intimidation or persecution.

SIT Group’s Human Resources department undertakes the responsibility to ensure compliance with such fundamental principles in the SIT Group’s activities, and to adequately resolve any cases of discrimination, failure to ensure equal opportunities, bullying, harassment, retaliation or intimidation.

The Group’s commitment to diversity can be noted in the significant percentages of women and younger employees in all professional categories.

| Percentage of Group employees by age, gender and employee category at 31/12/2017 |              |              |              |             |              |              |             |
|--|--------------|--------------|--------------|-------------|--------------|--------------|-------------|
|  | <30          | 30-50        | >50          | Total       | Male         | Female       | Total       |
| Executives   | 0.0%         | 40.0%        | 60.0%        | 100%        | 88.6%        | 11.4%        | 100%        |
| White-collar workers   | 7.3%         | 67.9%        | 24.7%        | 100%        | 69.4%        | 30.6%        | 100%        |
| Blue-collar workers  | 20.2%        | 60.0%        | 19.8%        | 100%        | 27.4%        | 72.6%        | 100%        |
| <b>Total</b>   | <b>17.3%</b> | <b>61.2%</b> | <b>21.5%</b> | <b>100%</b> | <b>36.8%</b> | <b>63.2%</b> | <b>100%</b> |

| Number of Group employees by age group, gender and employee category at 31/12/2017 |            |              |            |              |            |              |              |
|--|------------|--------------|------------|--------------|------------|--------------|--------------|
|  | <30        | 30-50        | >50        | Total        | Male       | Female       | Total        |
| Executives   | -          | 13           | 20         | 33           | 29         | 4            | 33           |
| White-collar workers   | 29         | 266          | 98         | 393          | 272        | 121          | 393          |
| Blue-collar workers  | 317        | 941          | 310        | 1,568        | 429        | 1,139        | 1,568        |
| <b>Total</b>   | <b>346</b> | <b>1,220</b> | <b>428</b> | <b>1,994</b> | <b>730</b> | <b>1,264</b> | <b>1,994</b> |

| Percentage of Group employees by age group, gender and employee category at 31/12/2018 |              |              |              |             |              |              |             |
|--|--------------|--------------|--------------|-------------|--------------|--------------|-------------|
|  | <30          | 30-50        | >50          | Total       | Male         | Female       | Total       |
| Executives   | 0.0%         | 38.9%        | 61.1%        | 100%        | 86.1%        | 13.9%        | 100%        |
| White-collar workers   | 8.2%         | 67.3%        | 24.5%        | 100%        | 68.5%        | 31.5%        | 100%        |
| Blue-collar workers  | 17.9%        | 59.5%        | 22.6%        | 100%        | 29.4%        | 70.6%        | 100%        |
| <b>Total</b>   | <b>15.6%</b> | <b>60.8%</b> | <b>23.7%</b> | <b>100%</b> | <b>38.7%</b> | <b>61.3%</b> | <b>100%</b> |

| Number of Group employees by age group, gender and employee category at 31/12/2018 |            |              |            |              |            |              |              |
|--|------------|--------------|------------|--------------|------------|--------------|--------------|
|  | <30        | 30-50        | >50        | Total        | Male       | Female       | Total        |
| Executives   | -          | 14           | 22         | 36           | 31         | 5            | 36           |
| White-collar workers   | 35         | 288          | 105        | 428          | 293        | 135          | 428          |
| Blue-collar workers  | 279        | 925          | 351        | 1,555        | 457        | 1,098        | 1,555        |
| <b>Total</b>   | <b>314</b> | <b>1,227</b> | <b>478</b> | <b>2,019</b> | <b>781</b> | <b>1,238</b> | <b>2,019</b> |

## Human Rights

Through specific procedures, practices and company policies, the SIT Group guarantees the observance and correct application of its codes of conduct. The guiding principles behind the Group's codes consist of and derive from the following international standards:

- The United Nations' Universal Declaration of Human Rights (which we are committed to in its entirety);
- The International Labour Organization's Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy;
- The European Convention on Human Rights, under the jurisprudence of the European Court of Human Rights;
- The Organisation for Economic Co-operation and Development's Guidelines for Multinational Enterprises.

Reference is also made to applicable national, regional and community legislation on labour law and human rights. These represent the underlying values which the company upholds and the basis of relations between the employer and its employees.

The SIT Group rejects and actively opposes all actions that may cause any form of physical, psychological or exploitative harm to individuals, such as **forced labour, child labour, human trafficking, harassment, discrimination or extortion**.

The SIT Group is committed to adopting policies to make every employment relationship at its facilities a positive and eco-sustainable experience that guarantees: **health and safety, environmental**

**protection and sustainability, fair working hours and compensation, the right to work, freedom of association, and collective bargaining.**

The SIT Group fully respects and guarantees the right to work and the freedom of association of employees at all its facilities. As much as 95.79% of Group employees are covered by collective bargaining agreements, and, in Italy, monthly meetings are held with organizational trade union representatives to discuss production and labour issues.

Following the publication of the Ethics Code, the SIT Group is committed to promoting the adoption of policies to guarantee its observance and correct application.

## SIT Group's support for local communities

The SIT Group has always been committed to maintaining relations with the local areas and communities in which it operates, in particular, by supporting local companies, sport associations, social assistance, and healthcare research, with a view to making a contribution to the well-being of present and future generations.

The SIT Group fosters initiatives that strengthen ties with the local area, assessing each time their social impact and economic sustainability. Such initiatives are promoted through corporate communications, also in order to engage employees and encourage their participation.

Furthermore, its commitment to local communities allows the SIT Group to strengthen ties with scientific institutions, schools, and young people, and to promote the culture of sports, education, solidarity and environmental protection.

The Group is committed to pursuing and developing a medium to long term policy of support for initiatives in the areas of research, culture, sport and youth training.

Described below are some of 2018's most significant projects, events and initiatives that demonstrate the SIT Group's commitment to local communities and its employees.

### **Family support initiatives**

- SIT&Kids: To strengthen ties with employee's families, the first edition of the SIT&Kids children's puzzle book was created and delivered to all Group employees to put under the Christmas tree for their children.

### **Youth training initiatives**

- Investing in Young People: Conceived with this goal in mind was the "*Orchestra of Padua and Veneto Summer Academy 2018*" initiative, with the collaboration of the Orchestra of Padua and Veneto, and the Friends of OPV Association, and with funding from Fondazione Cassa di Risparmio di Padova e Rovigo and SIT.

The initiative involved the re-launching of a successful Friends of OPV Association project to establish eight scholarships, worth Euro 1,000 each, for the very best students of the Veneto Region State Music Conservatories.

The selected "OPV Summer Academy 2018" students followed a specialist course under the guidance of the orchestra's leading players, concluding in a series of concerts in June and July 2018.

The scholarships were awarded to five violinists, one violist, one cellist, and a double bass player. One of the scholarships was offered entirely by SIT, and was dedicated to the memory of our founders, who were fond of classical music and encouraging of young musical talent.

- School in the Factory: In a well-established collaboration with the Ferruccio Viola Technical Institute of Rovigo, the Rovigo industrial site regularly welcomes classes of local students to introduce them to world of productive, industrial and organizational processes and of work in general.

- Similarly, also in 2018, SIT welcomed a group of students to its Padua site from the Faculty of Educational Sciences, in order to give them an example of the organization, roles and objectives of a multinational company's Human Resources department.

### **Sports initiatives**

- Always inspired by the world of sport due to the values it represents, SIT again supported the Lentigione Calcio football team of Brescello (Reggio Emilia), an amateur team competing in the Italian Serie D 2018-2019 Championship season.

The town of Brescello experienced a difficult challenge at the end of 2017, when a terrible flood invaded local inhabited, industrial and agricultural areas, causing significant damage and requiring considerable reconstruction efforts. Having overcome this great test, the town is even more united and determined to enjoy Sunday matches at the stadium, as a moment of leisure, euphoria and celebration.

"We have the task of creating a harmonious and constructive environment that celebrates the idea that sport is life", says Alfredo Amadei, who has always been involved in the world of sports and a committed patron of the team.

- **Padua Marathon.** The Sant'Antonio Marathon is one of the most popular sports events in the Veneto Region, with over 23,000 participants. SIT participated with a stand at the finish line for employees, family members and friends to whom it had also offered the race registration fee. It was a wonderful opportunity to spend a Sunday dedicated to sport and entertainment among relatives, friends and colleagues, and an opportunity to get to know each other, combine work and family life and celebrate common passions.

### **Local area and community impact initiatives**

- On September 28, SIT opened the planned extension works to the Rovigo production site with the event "Safety, Innovation and Technology at the Heart of the Polesine di Rovigo Area". The new site organisation will favour increases in the efficiency of production and product distribution processes.

The event presented the construction of the new Production Competence Centre and Integrated Component and Finished Product Logistics Centre. Various leading local and regional political figures and institutional representatives were there to participate in the ribbon-cutting ceremony.

- Internal distribution of the quadrilingual corporate magazine SIT&Talk promotes a shared culture and climate of participation across all Group companies, engaging and informing employees and their families.

In October 2018, a new periodic publication was launched featuring in-depth articles on environmental, social and governance issues, with the aim of raising engagement in and awareness of the Group's sustainability initiatives and goals.

### **Support initiatives**

- **Padua stands with Genoa:** In September, SIT joined the initiative promoted by the Mayor of Padua, Sergio Giordani, with a donation to support of the City of Genoa and families of the victims of the Morandi bridge collapse.



### **Initiatives to support medical research**

- For the Padua Marathon, SIT provided over 400 t-shirts to its participants in the competition. With the SIT logo, and that of the non-profit Luca Ometto Glioblastoma Association, the orange-coloured t-shirts added some welcome colour to the race start line. Indeed, SIT, through its participation in the marathon, once again supported the association founded by Valentina Ometto with the aim of raising funding for scientific glioblastoma research in order to improve the effectiveness of treatments and the quality of life of patients and their families.
- Christmas Panettone: To celebrate Christmas at the Padua, Rovigo, Montecassiano and Milan sites, a gift pack was given to all employees containing a panettone purchased from the Luca Ometto Association, which supports research into treatments for glioblastoma. As many as 1000 packages were delivered.

### **Environmental initiatives**

- The Monterrey facility in Mexico successfully concluded its initiative to plant 50 trees at two schools in the city in order to promote the culture of sustainability and respect for the environment among young students.

The above-mentioned community engagement programmes and initiatives were developed and promoted by approximately 13% of Group companies.