





CORPORATE SOCIAL RESPONSIBILITY  
REPORT  
2014

## INTRODUCTION

### by Giulio Sapelli

The company is a social formation present in all latitudes and longitudes. There is no part of the terraqueous globe in which it is not traceable. When we talk of social formation we underline the fact that it is obviously a product of society, and not vice versa, as is commonly believed. The proof of this lies in many factors. It is only worth mentioning a few here. The first is the most important: it incorporates various forms of allocation of property rights. As recently mentioned also by *Caritas in Veritate*, there are capitalist enterprises, cooperatives, non-profit businesses. This is the polyphony of the forms of exchange that are manifest in the company and are found also throughout the terraqueous globe. This diversity is built around a universal principle that is consubstantial with the venture. This principle is proven by the fact that whatever the proprietary form, it is articulated through an organizational system designed to produce a surplus relative to the amount of goods and values attached to these goods, appropriated by the company to give life to its operation. This surplus is profit, which can be capitalistic, cooperative or which may be relinquished as soon as it is formed by redistributing it entirely within the company to enable it to operate rather than make a profit for owners who in this case do not exist, at least in monetary terms. From what I have said, it seems to me that it is clear that the objective of the firm is not profit, but the attainment of the objectives attributed to the firm by those who, I repeat, under various forms

of property, exercise control over it. This explains why there can be economically gifted companies with equal amounts of both fixed and variable capital stocks, techniques and technologies, which at the same time can have completely different performances. The reason lies in the fact that companies are social constructions and, thus, the element that determines their operation consists of the relationships between people. These are relations between people who in turn determine the relationships between people and the techniques and technologies, the relationships between the goods and the products and the customers and markets, the relations of the whole company with non-market environments as the vital spheres of institutions and therefore of the *polis*.

If all this is true, it is easy to understand because I define the company a social-historical product and how its own action can radically change the stratification between ranks and classes and contribute not only to the transformation of markets and technologies, but also to non market environments, such as the same institutions of the *polis* and the *polis* itself, understood as citizens' participation in the decisions of public life. This extraordinarily rich and interesting nature of the firm has for a long time been debarred from neoclassical economic schools, i.e. those academic schools of thought that hypothesize the permanent existence of a perfect market always in balance and that have unfortunately profoundly influenced even the common sense of simple souls.

Those academic schools do not possess a theory of the firm because the very essence of the company is the breakdown of equilibria, relentless change, the transformation of the human person and of society and its modeling can therefore not coexist with theories of perfect markets.

Nothing is perfect in companies...

To introduce a corporate social responsibility report with awareness and intellectual transparency it is necessary to recall these theoretical issues that have deep social and spiritual consequences.

Only since some thirty years, and the writer has with great humility contributed at international level to this discovery, people have begun to consider this social nature of the company.

From here the ever-increasing spread, simultaneously with the economic budget of the company, of the corporate social responsibility report, such as this that Engineering, with great simplicity and clarity, presents to the people that work at and for the company, to its customers, its suppliers, its competitors, the political and social institutions.

It is a corporate social responsibility report devoid of frills, non-emphatic, not stilted. Rich in figures, data, achievements, rightly highlighted records. Among these I would like to mention two.

The first is the exceptional level of good governance. Good governance, for which I have always fought, as a member of the board of directors or as a business consultant to a wide variety of businesses, often defeated, except on rare occasions. Engineering, on the other hand, is a particularly virtuous case due to the exceptional importance of the independent directors on its board, with really relevant consequences at the level of ethics and transparency.

The second record is that of the exceptional youthfulness of its people.

It is true: organizations are founded not on conflict, but on intergenerational relationships. For this reason the old are all the more useful if they can speak to many more young people and this is not the least charm that Engineering has also for someone old like me, writing this note with gratitude today.

Gratitude for hope that this social responsibility report gives me.

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## LETTER TO STAKEHOLDERS

*The second edition of Engineering's Corporate Social Responsibility Report is important for the Group because it confirms and at the same time launches a commitment and a choice.*

*The commitment is to update annually the stakeholders on the development of our performance and results in both economic and social and environmental terms, providing information in this report with analysis and detail of a non-financial nature.*

*The choice is to create value for shareholders and the public, following the principles expressed in the Code of Ethics and through an approach "sustainable" to our business model and organization of work.*

*2014 has been another positive year for the company, which has generated 853 million in revenues and a net profit of 42.7 million euros, employing 7,390 employees and 3,200 subcontracted suppliers of intellectual services, and continuing to develop solutions and services with a high impact on the quality of life of citizens.*

*Within the context of the Social Responsibility linked to our services we want to increase our commitment to promote and share with customers (over 1,000 including institutions, companies and organizations from all productive sectors) the development of business plans that have greater social and environmental impact in order to maximize the positive potential that ICT can generate for the community, and the modernization of the Country.*

*The design, reporting and the publication of the 2013 and 2014 Reports has enriched the internal debate stimulating the development of initiatives on the part of all the corporate structures and has strengthened our internal culture around the themes of Corporate Social Responsibility.*

*These issues, however, have always been inherent to the managerial style and values that have characterized Engineering since 1980, the year of its foundation.*

*Our objective for the next few years, is the full involvement of the whole business population in the new approach integrated to sustainability.*

*The propensity for innovation has always been a strategic lever for encouraging the development of IT solutions with a key role in tackling many of the challenges of contemporary society. We mention only by way of example, the development of the cities of the future (the Smart Cities), the creation of intelligent grids (Smart Grid), the support of industrial processes and the computing*



**MICHELE CINAGLIA**

*Chairman*

*infrastructure of customer organizations, for greater sustainability.*

*To us, Corporate Social Responsibility is a new way of looking at the internal and external scenario; a paradigm to integrate the business model and the complexity of the business organization according to social, environmental and economic ethics.*




**Paolo Pandozy**

*Chief Executive Officer*



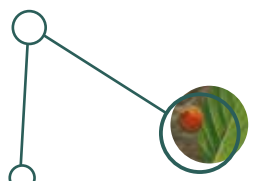
## HIGHLIGHTS 2014



**7,390** employees  
**3,200** subcontracted suppliers  
Over **1,000** customers

A new **research and development** laboratory was inaugurated in Lecce in the DHITECH Technological District in partnership with local partners and major research institutions such as the **Universities in Puglia** and the **CNR**

**853 million euros** in revenue in 2014 with a market share in the ICT sector in Italy of about 8%

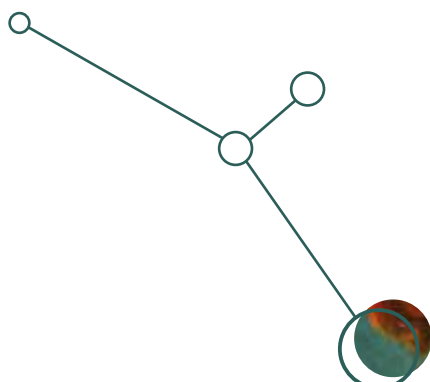


**From 2008 to 2014** there were approximately **2,390 Engineering people** who received information on the Code of Ethics

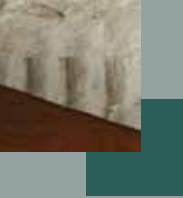


**Research and Innovation**  
investments amounted to  
**33 million euros**

Training and skill  
development of **human  
resources** for about **7  
million euros** a year



**Power Usage Effectiveness** of  
the Data Center in Pont-Saint  
-Martin (AO), the parameter  
that measures the energy  
sustainability of the Data  
Centers, it was equal to 1.53;  
a "Green Data Center" is a  
plant that reaches levels of  
energy efficiency with PUE  
less than 1.6



## 1. GROUP PROFILE

Italian roots and global vocation for a company leader in Information Technology.

The Engineering Group is the Italian leader in the field of Information Technology at global level with over 40 office locations in the Italian regions, in Belgium, in the Republic of Serbia, in Latin America, a branch in the U.S. and a company incorporated in Norway in March 2015. The company produces about 15% of turnover abroad and manages IT initiatives in over 20 countries, with projects for the industry, telecommunications, finance and for the Public Administration.

It is a leader in outsourcing and cloud computing, via an integrated network of 6 Data Centers located in Pont-Saint-Martin (AO), Turin, Padua, Vicenza, Milan and Rome, with an infrastructure that is aligned with the best technological, qualitative and security standards.

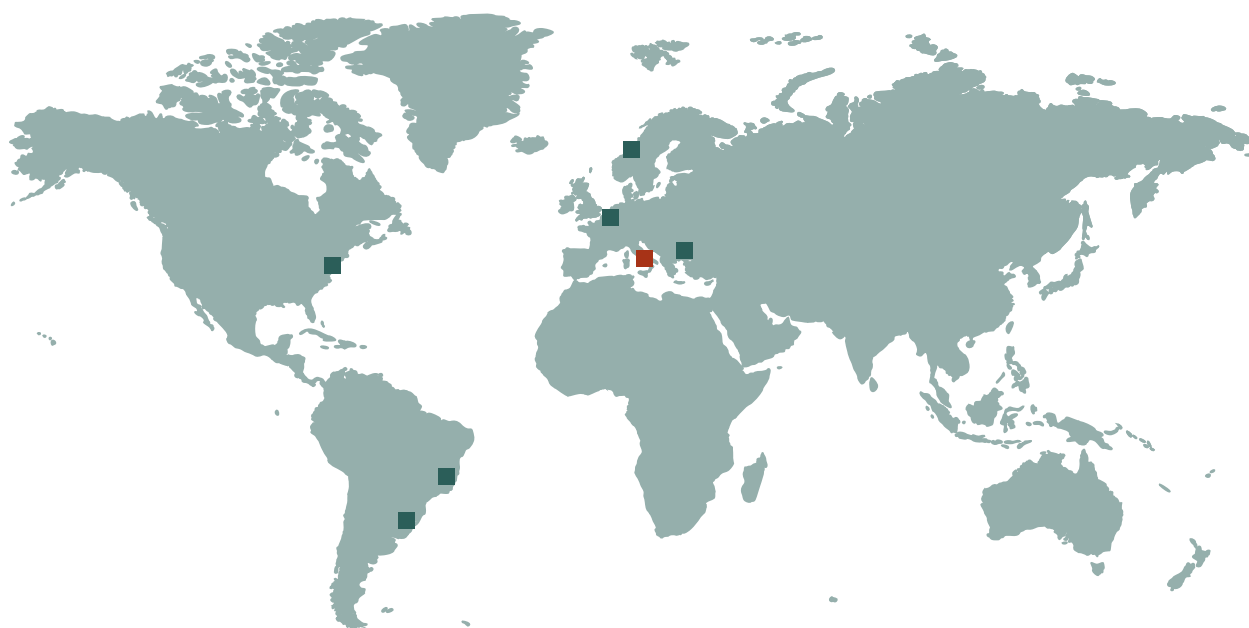
The Engineering market consists of over 1,000 medium-sized and large customers, both private (banks, insurance, industry, services, and

telecommunications) and public (Health, Local and Central Government and defense), as well as SMEs and small municipalities to which the Group directs dedicated offer lines, respectively in tax collection and ERP-CRM (Enterprise Resource Planning - Customer Relationship Management).

The Group represents a model of reference in the panorama of IT research with more than 70 national and international projects carried out in collaboration with a network of scientific partners and universities throughout Europe, and invests an amount equal to about 4% of its revenue in research and innovation. The Company is active in the development of Cloud and Big Data solutions, as well as in open source.

The Group operates in the software and IT services area with a market share in Italy of about 7.2% and a leading position in several vertical sectors, thanks to a wide portfolio of

## PRESENCE IN THE WORLD



■ USA, Brazil, Argentina, Belgium, Norway and the Republic of Serbia

■ Italy

proprietary solutions, from banking compliance (SISBA, ELISE), to billing and CRM in the field of utilities (NET@ Suite); integrated diagnostic and administration solutions in Healthcare (AREAS®), WFM systems (OverIT) and mobile platforms for the Telco area.

The Group's market share in Italy for system integration, application management and outsourcing is over 10%.

### The profile of the Parent Company

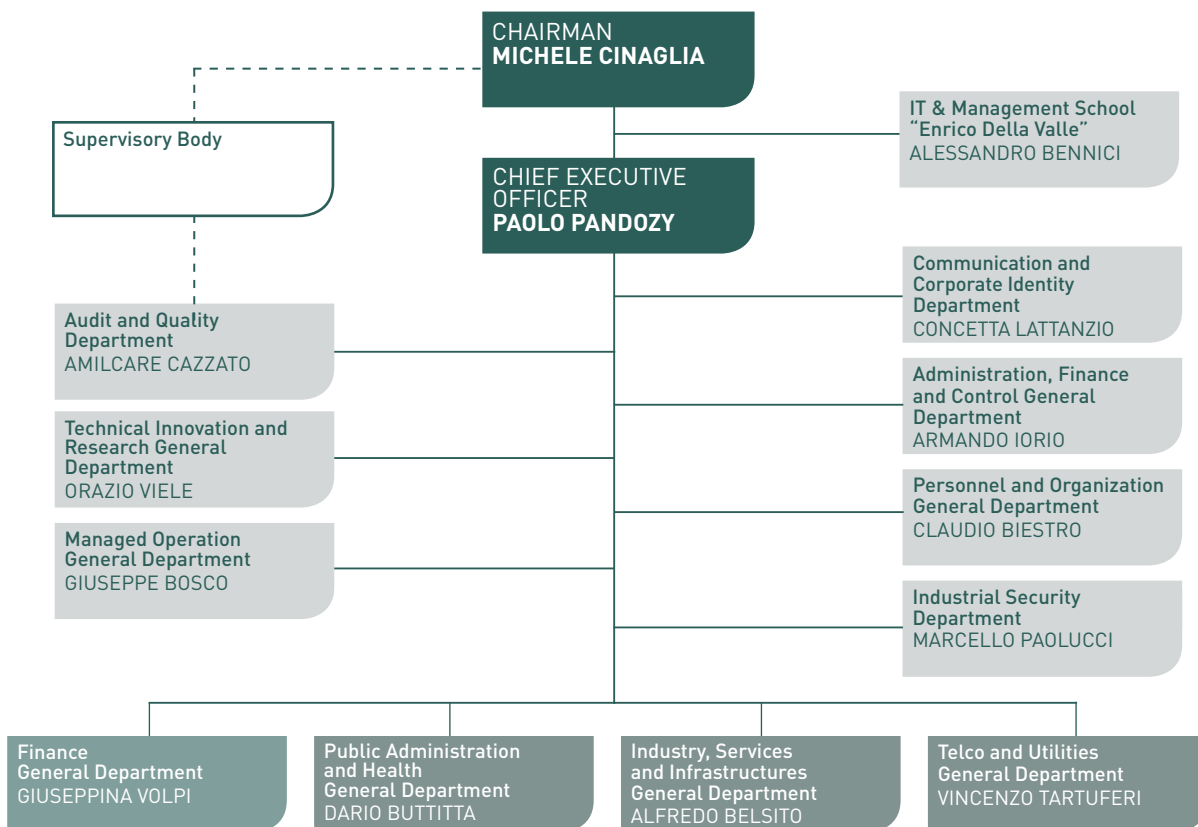
The Parent Company, Engineering Ingegneria Informatica SpA, has been listed in FTSE Italy STAR segment of the Italian Stock Exchange since December 2000; it capitalizes over 738 million euros<sup>1</sup> and it exercises coordination

and managerial activities on 13 other companies.

The Holding company's organization model is structured as follows:

- the staff departments offer their services to most of the Group's companies, in order to guarantee efficiency and homogeneity in rules and procedures.
- four General Departments oversee the vertical markets (Public Administration and Healthcare, Industry, Services and Infrastructures, Finance, Telco and Utilities).
- The Technical, Research and Innovation General Department coordinates the execution of the process of software production through the

#### ORGANIZATION CHART AS AT MAY 1, 2015



<sup>1</sup> Value on April 24, 2015

Engineering Software Labs (ESL); the activities of research through Research Laboratories; the development of both technical and application skills across many different markets, through the Centers of Competence

- The Managed Operation Department provides infrastructure services to all Engineering Group customers, numbering over 320 including entities and companies; it operates with an integrated network of 6 Data Centers, an asset of specialized skills and focused on hardware, OS/DB and middleware, app
- The Training General Department, reporting directly to the President, delivers professional courses intended for the growth of managerial, technological and behavioral skills, two-thirds of which are intended for Engineering employees and a third for employees of client companies.

### The main subsidiaries in Italy

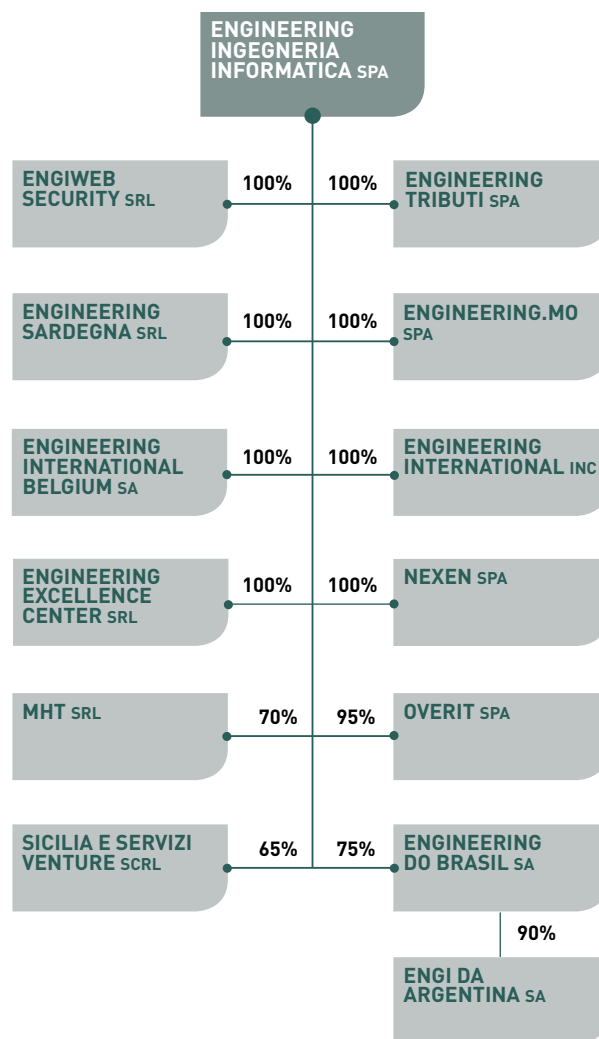
**Engineering.mo:** a reference partner for application and infrastructural outsourcing services, offers state-of-the-art technological standards and a thorough knowledge of business processes in the various market sectors.

**Nexen:** focused on managerial consultancy and conception, planning and realization of organizational models to support commercial, management and governance activities in companies.

**OverIT:** specialized in Mobile Business solutions, Workforce Management, Sales Force Automation and Geographical Information Systems (GIS), via the application platform Geocall.

**MHT:** acquired in 2014, a reference company in Italy in the field of ERP and CRM management

### CONSOLIDATION AREA ON DECEMBER 31, 2014<sup>2</sup>



systems and Microsoft partner with Gold ERP competence, with a focus on Microsoft Dynamics solutions.

**Engineering Excellence Center:** acquired in May 2014, specializing in innovative solutions in ERP, with a focus on new advanced solutions for SAP in the area of logistics, sustainability, and accounting.

<sup>2</sup> On January 28, 2015 51% of the share capital of WebResults S.r.l. was acquired.

On January 28, 2015 Sicilia e Servizi Venture S.c.r.l. was placed in liquidation and subsequently the entire investor's share of Sicilia e-Servizi S.p.A. was sold to the Region of Sicily.

On March 24, 2015 EngNor A.S. was incorporated.

On April 16, 2015 a further 15% of MHT was acquired raising its stake to 85%.

**Engiweb Security:** an integral part of the organizational structure of the parent company called Engineering Software Lab, consisting of a network of laboratories located throughout Italy in charge of software design and development within system integration projects. The laboratory of Engiweb Security provides specialized know-how on the most widespread market application platforms and on the most innovative methodologies for software design, development and testing.

**WebResults:** acquired in 2015, certified partner of Microsoft, Salesforce.com and Marketo for designing and implementing CRM solutions (sales, marketing, services, and social) and cloud.

## Subsidiaries abroad

**Engineering International Belgium:** a technological partner for the European Community and active in international organizations and in the public and private market in the Benelux area and more generally in the EMEA.

**Engineering do Brasil:** with offices in San Paolo, Curitiba, Belo Horizonte, Recife, Rio de Janeiro, and in Buenos Aires with **Engi da Argentina**, was born to support the internationalization of markets with high potential for growth and development in innovative areas.

**Engineering International:** based in Wilmington (Delaware) and New York via a Center of Competence on open source, for clients and operators who use the business intelligence suite SpagoBI.

**EngNor:** formed in March of 2015 to promote its own services in the Scandinavian area and in North Europe.

## Laboratories and Centers of Competence: the map of innovation

The **Technical, Research and Innovation General Department** coordinates the implementation of the software production process through Engineering Software Labs (ESL); the research activities through Research Laboratories; the development of specialized skills, both technical and in the context of applications transversal to different markets, through the Centers of Competence

The **Business Intelligence and DataWarehouse Center of Competence** is composed of a team of specialists in different technologies that design and manufacture end-to-end solutions for Business Intelligence (BI), with the use of proprietary products and open source. The center also addresses innovative issues such as self-service BI, Big Data, in-memory analysis and use of columnar databases, mobile BI, data mining, data science services, working in synergy with the Center of Competence Open Source, the SpagoBI Labs and the Center of Competence Big Data.

The **Big Data Center of Competence** operates through the coordination of the various initiatives and project activities developed with Big Data skills and technologies in different operational units of the Company.

The Center uses the skills acquired in the Open Data context, such as "The Open Data Choosing framework", and enhances them as it takes the Open Data (whether this data is available on the network, or publicly issued by public authorities, organizations or companies) and combines it with corporate data, allowing us to widen the traditional information vision regarding "what relates to the organization", "what is said about the organization" and "what revolves around the organization".



The **e-learning Center of Competence** can design and manage learning processes in the context of continuous training, leveraging on teaching methodologies and innovative communication in support of the main processes of organizational change: technological, behavioral, legislation, specialist and organizational training.

The **ERP Excellence Center** (Enterprise Resource Planning) is mainly focused on the solutions of the SAP family Business Suite and SAP BOBJ, the enterprise software that boasts the highest turnover in the world and 40 years of history and innovation. The Center, one of the largest in Italy to operate with SAP, involves approximately 450 consultants in Italy and 200 in Brazil, which govern the entire life cycle of the ERP in the following stages:

- definition of solutions (process consultancy, software selection, BPR, change management)
- development of projects for first implementation, upgrade & EhP, roll-out, merge & spin-off, evolution of existing solutions
- on-going project management.

The experience, gained with over 180 projects of full ERP implementation, allows the Center of Competence to work with various product sectors, from Industry to Telecommunications and the Energy and Utilities world, from Public Administration to the world of finance, banks and insurance.

The **Engineering Usability Lab** is involved in designing, building and testing the multidevice interfaces of sites and applications developed by the Company. Underlying each intervention, be it ex-novo design or re-design, the approach adopted is that of the User Centred Design, which the Center of Competence applies according to a methodology based on practices, tools and measures consolidated over the years. The activities of the Usability Lab engage

in normal phases of management in a development project, through encoded activities and deliverables: user research, benchmark, information architecture, wireframe, visual design, prototyping, HTML/CSS assembly of main pages, development guide lines. Each activity is reviewed and monitored through the involvement of end users, with specific moments of attention in the issues of accessibility and security.

The **GIS Center of Competence** (Geographic Information System) of OverIT specializes in the design and creation of complex cartographic systems, integrating the geographic component into the main business processes.

The Group operates through the development and the management of data or heterogeneous events, geographical and not, correlating them strongly to the territorial aspect, in order to obtain dynamic and flexible tools useful for resource optimization and to support decision-making.

The **Mobile Center of Competence**: for over 20 years OverIT has dealt with solutions in the context of mobility. With its highly specialized staff, the Competence Center concentrates and makes available its experience in the design and development of solutions in support of business done in mobility.

The Center of Competence provides innovative solutions, fully cross-platform, allowing for quickly and cost-effectively implementing solutions built both on the proprietary platform Geocall and through the main platforms on the market.

The **Open Source Center of Competence** operates through a number of initiatives and activities that develop or use open source solutions in various business divisions, stays in contact with the communities, participates in events and initiatives for the promotion of technologies and open

source development model and collaboration, and creates relationships with potential partners. The center also acts as a permanent observatory for the presence and evolution of solutions and open source projects and maintains a mapping of the actual skills and experiences in the Company for the purpose of directing the colleagues who require support. The Engineering open source offer for Business Intelligence is the SpagoBI suite, developed and managed by SpagoBI Labs. SpagoBI makes available a wide range of analytical tools to cover all the typical Business Intelligence requirements and offers solutions for the most innovative issues: georeferenced analysis, self-service BI, ad-hoc reporting, Big Data, dashboard, in-memory interactive dashboards, real-time and mobility BI, use of Open Data. The suite is available as free/open source software in a single industrial level version designed to adapt to a wide range of users, according to the "pure open-source" model which does not impose any lock-in on users.

### **Ethics and business, a perfect synthesis**

The awareness of the social implications that accompany the activities and the importance of a transparent and cooperative approach with the stakeholders but also of a good (internal and external) reputation, have led Engineering to adopt a Group Code of Ethics since 2004. The Code provides for precise commitments in relation to the mode of operation in the market, by adjusting and aligning business conduct on standards based on maximum transparency and fairness toward all stakeholders.

The Code provides guidelines and standards that Engineering employees and all those who operate in the interest of the company are required to comply with for compliance with the principles and the general values and to prevent the risk of non-ethical conduct. It is thus binding for

employees, managers, directors and members of the Management Control and Risk Control Committee, members of the Supervisory Body, temporary or permanent external collaborators, partners, suppliers and customers.

The Internal Audit function is entrusted with the task of verifying the application and enforcement of the Code of Ethics, through specific activities to establish and promote continuous improvement through the analysis and evaluation of risk control processes, and to receive and analyze reports of violation of the Code itself. These activities are carried out with the support of the business functions involved.

The Code of Ethics is also an integral and substantial part of the organizational model that the Company has adopted in accordance with the provisions of Legislative Decree No. 231/2001 that governs administrative responsibility for legal entities, companies and associations also without any legal status and ratifies the principle whereby legal entities respond, in the modes and terms indicated, for crimes committed by their staff within the company structure, in the interest or for the advantage of the company (crimes specifically indicated by the decree).

The Code of Ethics is applied consistently and made "live" through:

- periodic revisions and updates, for the purpose of ensuring that it is in line with the evolution of the Company and the Group, as well as always compliant with the regulations in force
- publication on the company website
- illustration of the content and delivery of a copy to all new recruits
- a periodic information and training program on the content and meaning of the Code of Ethics for employees of the Company
- constant supervision of correct application
- a channel of communication to report violations.

### Specific training

Between 2008 and 2014, Engineering delivered specific classroom training courses on ethics in business conduct (Code of Ethics and Model 231) to 322 people.

Since 2011, there is an active on-line course attended by a total of 2,068 persons to date, in Executive, Managerial and Super-Managerial positions. From 2015 the course is also provided for all employees of level 6 and 7.

From 2008 to 2014 about 2,390 people received information on the content of the Code of Ethics, the Model 231 and its corporate controls to protect against risks.

### The history

Engineering was founded in 1980 on the initiative of several managers of Cerved, the computer company of the Chambers of Commerce, with whom close proprietary and business relations were maintained in the early years. Originally, the corporate mission consisted primarily of software production intended for the private market, with particular attention to industry, which for many years represented the Company's reference market.

The stability of the shareholding structure which remained essentially unchanged for more than 30 years (it only changed in 2013 with the entry of the One Equity Partners fund with a shareholding of 29.19 % of the share capital, now transferred to OEP Secondary Fund), was accompanied by management continuity and cohesion in decision-making processes.

The result of this strategy was a growth in the market and the important solutions in the context of the Italian Information Technology.

The growth of the Group in time did not occur only through internal lines, but also through a series of acquisitions that confirm a development strategy geared to seizing the best opportunities offered by the market: opportunities that do not only mean extending the customer base but also incorporating solutions and know-how, and which confirm the specific evaluation and integration culture and skills.

### Corporate Governance

The Governance of the Engineering Group derives its principles specifically from adherence to the Self-Governance Code for companies listed on the Borsa Italiana. The Parent Company, Engineering Ingegneria Informatica SpA, is listed in the STAR segment since December 2000, and all the subsidiaries adapt their governance to Stock Exchange regulations and the codes adopted as a precise and intentional business choice to develop with all its stakeholders relationships based on transparency, trust and loyalty.

The Parent Company is unique among listed companies in the segment FTSE Italia STAR<sup>3</sup> to have adopted a single-tier system, i.e. providing for the Management Control and Risk Control Committee - constituted within the Board of Directors - to be formed exclusively by independent Directors.<sup>4</sup> This is evidence of the intention of the Group to manage its activities so as to provide the best system of guarantees to its stakeholders.

Specifically, compliance with the Self-Governance Code promoted by Borsa Italiana means:

<sup>3</sup>"The STAR segment of the MTA - Mercato Telematico Azionario of the Italian Stock Exchange is dedicated to medium-sized enterprises, with a market capitalization of between 40 million and \$1 billion euros, which undertake to comply with requirements of excellence in terms of: high transparency and high communicative vocation; high liquidity (35% minimum of floating); Corporate Governance (the set of rules that determine the management of the Company) aligned with international standards".  
[www.borsaitaliana.it/azioni/mercati/star/segmento-star.htm](http://www.borsaitaliana.it/azioni/mercati/star/segmento-star.htm)

<sup>4</sup>Non-executive and independent directors have the characteristics of independent Directors pursuant to paragraph 3.C.1. of the Self-Governance Code.

- not foreseeing any possible exception to the system of rules and guidelines provided
- the effective independence of a large share of directors
- careful organization of the meetings of the Board of Directors, to give members the possibility of fully examining all the items on the agenda
- the high capacity of the Board of Directors and of its members in the management and control of the Company.

All of this means not just legislation and regulatory compliance, but also the alignment of the business management model to international best-practices, allowing Engineering to be recognizable in foreign markets, which represent a more and more significant development threshold.

The Corporate Governance model adopted is also an efficient tool for the management and control of business activities, since it is oriented to strong and ongoing sharing of strategies and operations, with the internal structures responsible for control, with its shareholders, with top management.

The Group's Corporate Governance system is based on the utmost equilibrium between the needs for flexibility and promptness in decisions, the search for the clearest transparency in relations between the different centers of responsibility and external bodies, clear identification of roles and consequent responsibilities.

The Board of Directors, jointly with the Chairmanship, CEO, CFO and the General Managers, represents the bond between the Company (people, models, codes of conduct, performance) and the outside (Control and Compliance bodies, community of shareholders and stakeholders).

In Engineering the proportion of independent Directors is greater than provided by article 3 of

the Self-Governance Code (6 out of 10 instead of the required 3 out of 10).

The company publicly supplies all the documentation regarding its annual report on Governance, Code of Ethics, organizational model, regulations, protocols and prospectuses in the Investor Relations/Corporate Governance section on the website [www.eng.it](http://www.eng.it).

Financial communication represents an important activity for listed companies. As it is in the STAR segment, Engineering has devoted an internal function to this activity that manages information with shareholders and, more generally, with the investor community. The goal is to provide timely, clear, complete and correct communication on the activities of the Company, so that financial operators can have information for their assessments at all times.

For more detailed reading, the link to the Report on Corporate Governance 2014: [www.eng.it / investor-relations/corporate-governance.dot](http://www.eng.it/investor-relations/corporate-governance.dot) is provided as well.

### The 2014 results: another year of growth

In 2014 as well, the Engineering Group closed with extremely positive economic and capital results. The most significant data is as follows:

- total revenues of 853 million euros, with an increase of 3.7% over the previous year
- further growth of the industrial margin, with an EBITDA of nearly 110 million euros and a 9% improvement relative to the year 2013, reaching 13.4% of net revenues
- a strong increase in EBIT (+48% approximately)
- a substantial net profit, which exceeds 5% of net revenues and a significant part of which is reinvested in core activities
- net equity worth over 400 million euros
- an extremely positive financial position and strong growth compared to the previous year, exceeding 120 million euros.

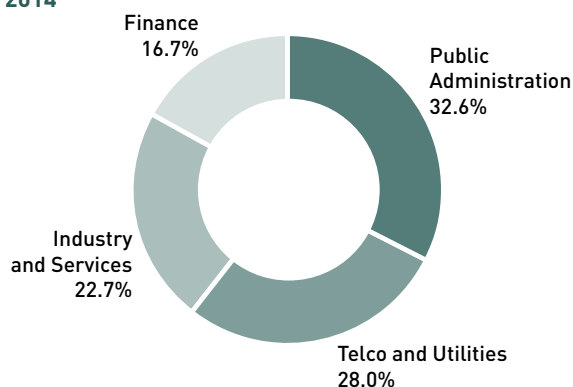
**SUMMARY OF ECONOMIC RESULTS IN THE THREE-YEAR PERIOD 2012-2014**

(amounts in millions of Euro)

Description	2014 31.12	2013 31.12	2012 31.12
<b>TOTAL REVENUES</b>	<b>853.0</b>	<b>822.8</b>	<b>770.0</b>
<b>Net Revenues</b>	<b>817.3</b>	<b>800.1</b>	<b>754.5</b>
<b>EBITDA</b>	<b>109.9</b>	<b>100.8</b>	<b>92.6</b>
% of net revenues	13.4	12.6	12.3
<b>EBIT</b>	<b>78.5</b>	<b>53.0</b>	<b>64.1</b>
% of net revenues	9.6	6.6	8.5
<b>Net Profit</b>	<b>42.7</b>	<b>53.0*</b>	<b>42.2</b>
% of net revenues	5.2	6.6	5.6
<b>Net Equity</b>	<b>417.2</b>	<b>394.1</b>	<b>342.4</b>
<b>Net financial assets</b>	<b>121.4</b>	<b>39.0</b>	<b>-28.6</b>

\* Includes 33.2 million of non-recurring income arising from badwill connected to the acquisition of T-Systems Italia.

The 2014 performance reinforces the soundness and the positioning of the Group in the domestic market and puts it in the best conditions to continue in the processes of internationalization and acquisition, which represent a strategic target for Engineering. In this regard, it is useful to highlight a growth in net revenues of 2.1% compared to 2013. The composition of net revenues for the last year by sector, as shown in the graph below, confirms for 2014 the prevalence of the Public Administration, with a slightly higher share over the previous year. The Industry and Services market now nearly represents 23% of Group revenues.

**PERCENTAGE COMPOSITION OF NET REVENUES - 2014****Management control**

Over the years the Engineering management control system evolved constantly and now allows for monitoring the performance of the Directions and the efficiency of all operational activity, to measure the degree of achievement of the goals set, to analyze in a timely manner any deviations to get to know the causes, and identify actions needed to ensure the achievement of business objectives.

The system adopted by Engineering was prepared by integrating the information of an accounting nature which feeds the consolidated financial statements with those of a non-accounting nature, intended for drafting the management Budget, so as to ensure the alignment at each closing, at the level of the net result, of the two accounts (general and analytical). All the analysis and information that the system produces guarantee reliability and are constantly updated.

The companies of the Group were progressively incorporated into the control system, allowing management to have a homogeneous and transparent disclosure on the industrial development of the entire Group.

One of the strengths of the management control of Engineering is the speed with which the information that allows the management to intervene are made available, if necessary, with adjustments in real time.

The second strength of the system is the flexibility with which management control allows reporting to be evolved or adjusted, without investment, depending on company needs and updates of the national and international legislation.

Management control has been structured operatively by integrating the SAP accounts system with the proprietary analytical accounts system (SIAL - Work Progress Integrated System).

The reporting is produced and made available to management in six progressive closures during a financial year, with different levels of aggregation as a function of the level of responsibility.

Currently, Engineering management control allows the fragmentation and the monitoring of costs and revenues of about 19,000 orders aggregated in turn in about 1,200 cost centers,

ensuring the correctness of the data stream both under operational and accounting profiles. Orders and cost centers are under the direct responsibility of a manager, who ensures the quality and reliability of the data entered in the system.

In the last months of 2014 a Business Intelligence project was initiated that provides for the integration, in a single Data Warehouse, of information from the various management systems. This will allow for further improving the processing and analysis capacity of the results of the Group.

### We create value for the Country

The economic value that the Engineering Group generates grows in time and makes an important contribution to the wealth of the country, of its employees and not just of shareholders.

On December 31, 2014 the direct economic value generated by the Group exceeded 858 million euros, 93.8% of which was distributed (a higher level than the previous year). In particular, the share given to the State now exceeds 5%, with an absolute amount of nearly 46 million euros per annum.

#### DIRECT ECONOMIC VALUE

(amounts in thousand of euros)

Description	2014		2013		2012	
	Absolute V.	%	Absolute V.	%	Absolute V.	%
<b>DIRECT ECONOMIC VALUE GENERATED</b>	<b>858,120</b>	<b>100.00</b>	<b>825,614</b>	<b>100.00</b>	<b>772,206</b>	<b>100.00</b>
<b>DIRECT ECONOMIC VALUE DISTRIBUTED</b>	<b>804,712</b>	<b>93.78</b>	<b>766,083</b>	<b>92.79</b>	<b>706,774</b>	<b>91.53</b>
Suppliers (operating costs)	312,992	36.47	310,576	37.62	301,523	39.05
Employees	420,862	49.04	403,477	48.87	370,281	47.95
Lenders	4,569	0.53	8,572	1.04	5,842	0.72
Shareholders and members	20,000	2.33	8,000	0.97	6,500	0.84
State	45,692	5.32	35,087	4.25	22,261	2.88
Community	597	0.07	370	0.04	368	0.05
<b>DIRECT ECONOMIC VALUE RETAINED</b>	<b>53,408</b>	<b>6.22</b>	<b>59,532</b>	<b>7.21</b>	<b>65,432</b>	<b>8.47</b>

### Suppliers: ethics and territory

The suppliers are an essential production factor for Engineering that, in compliance with free market conditions, commits to a fair and homogeneous treatment, also in terms of payment conditions.

The Group suppliers are selected via a qualification procedure and are continuously evaluated.

The company's policy on purchases requires for each supplier to register on the Engineering portal and, also in the course of assignment of the contract, to provide information of a technical and economic-financial nature relating to aspects mandatory by law in Italy but still relevant to the context of Corporate Social Responsibility, in particular related to the issue of the proper management of the staff, such as:

- DURC: Single Document Certifying Payment of Contributions
- DUVRI: Single Document for the Evaluation of Interfering Risks
- DURT: Single Document Certifying Payment of Contributions i.e. the certification of the fulfillment, on the part of the company, of legislative and contractual obligations vis-à-vis the Insurance Institutes INPS, INAIL and Cassa Edile
- INPS and INAIL position: contributory position of the company or the individual freelancer
- Employer's Liability and Third Party Liability Insurance Policy, Civil Liability Insurance toward Third parties and Contractors (R.T.C. [Third Party Liability]/R.C.O. [Employer's Liability]).

Engineering also requires each business partner to read the Code of Ethics adopted by the Group with the subscription of a specific clause in all contracts.

The purchase process and the selection of suppliers are generally linked to the specific characteristics of internal and external clients'

requests, on behalf of whom purchases are often made (think, for example, of software licenses or the servers required for outsourcing). The degree of loyalty among suppliers is very high, as is also the choice to use companies consolidated in the same territories as our business locations wherever possible.

Engineering does not have a real supply chain since its business does not provide for any manufacturing process but only for the provision of consultancy services and services related to the management and storage of customer data at the 6 Group Data Centers.

The purchases managed by Engineering mainly concern:

- instrumental goods (specifically basic hardware and software, middleware destined both for internal use and for resale or for providing outsourcing services to clients)
- the fleet of company cars (more than 1,100 cars)
- telecommunications
- travel
- real estate management and maintenance.

### Purchases of professional services

A separate chapter concerns the purchase of professional services, i.e., highly specialized personnel which, from time to time, collaborates on several projects with Engineering employees; in 2014 there were on average 3,200 people per day. From the end of 2011 purchases of professional services were centralized in a function (DACI - IT Consulting Purchases Department) reporting directly to the Administration, Finance and Control General Department.

It is a strategic choice that has substantially changed the system of relationships with numerous Engineering suppliers, improving the efficiency of the purchasing process: consider, indeed, that to this day, the Group companies purchase services on the market for about

190 million euros per annum from over 1,000 enterprises and professionals.

The goals of the purchase centralization process include:

- improving the bargaining power of the Company, achieving economies of scope
- optimizing the use of internal professional resources
- guaranteeing conditions for the treatment and application of homogeneous rules on the whole national territory
- progressively reducing the fragmentation of suppliers, concentrating - albeit relatively - the number of external actors in order to simplify administrative processes.

Even in the case of purchases of computer services, each supplier undertakes to adhere to the Code of Ethics of the Group.

### Quality, the secret to a happy customer

The Engineering Group invests significantly in quality, which affects all Group companies, organizationally governed by the Audit and Quality Department, which on the basis of the Self-Governance Code reports to the Board of Directors, and is therefore in staff to the CEO. The importance of the investment in Group Quality is proven by an expenditure of about 1.9 million euros per annum which is in constant growth. The Quality Department currently has 19 full-time employees, and in 2014 contributed over 3,800 working days.

The Engineering Quality Management System is structured on the basis of the following guiding principles:

- customer orientation, in the sense of a constant attention to the satisfaction of their requirements
- continuous improvement for "progressive" objectives, achieved by adopting new initiatives and setting new objectives

- centrality of the process, on which the efforts of improvement focus since this strongly influences the quality of the result and can be controlled during the whole cycle
- involvement of the entire corporate structure, which cooperates to achieve their preset objectives.

Engineering's Quality Management System is an organizational and procedural support system for staff engaged in the production process, and expresses the corporate values.

The document qualifying the entire process is the Project or Service Plan, which is drawn up at the beginning of the work by the Project Manager or by the Service Manager. This includes all the components of the Quality Plan integrated with the aspects of Project/Service Management. The actual application of the Quality Management System and, more generally, of business procedures, is controlled by the Auditing and Quality Department through a series of scheduled audits by the same Department, which have a dual purpose:

- to ascertain whether the Quality Management System is correctly and effectively applied in different areas or business activities
- to constantly evaluate the level of updating of the System to the business and the level of compliance with the standards of reference.

The impartiality of the audit process is ensured by the fact that staff assigned to the conduct of auditing activities report hierarchically, and functionally to the person responsible for the Auditing and Quality Department, whose position in the organization is independent of the functions that are subject to verification.

In 2014, 245 audits were conducted, compared to 221 of the previous year, on the following areas:

- orders completed for customers, which also involves monitoring the status and progress of projects and/or services



- centers of production, i.e. the homogeneous organizational units that manage the orders completed for customers or for the other functions of the Group
- service centers, i.e. the structures that deliver centralized services to customers and to all other corporate structures.

From the analysis of the data collected in the course of each year during audits, the Auditing and Quality Department can identify ideas for improvement to propose. The proposals are illustrated and discussed at an annual meeting with corporate heads, from which elements and signs emerge for the business plan for the following year.

Customer's satisfaction is monitored continuously through direct interviews with the customers themselves, carried out by the Quality Department. The assessments obtained are examined, highlighting the results to production, commercial and technical structures, in order to implement corrective or improvement actions.

The interview questionnaire, drawn up and containing closed questions in order to guarantee the homogeneity of information collection, contains 41 questions referring to the following assessment factors:

- communication, commercial relations and offer
- operating staff
- solutions based on projects/products
- solutions based on ICT services other than Managed Operations
- solutions based on Managed Operation services
- overall evaluation of the Company
- current activities and critical factors.

For each argument, the interviewee can state both the importance in relation to the examined context (ponderation factor) and the "score" which expresses the degree of satisfaction.

In the course of 2014, 87 customers were interviewed, with 92 interviews (for some

customers interviews were with different interviewees) while in 2013, 76 interviews were carried out. The choice of the sample of customers is based on the criteria of representativeness of the various business divisions, taking into account the volume of business they completed and any special situations encountered in the previous period. The panel of customers whose satisfaction was reported in 2014 covered over 27% of corporate revenue.

Around 95% of customer responses are in the area of satisfaction, and the area of dissatisfaction is progressively reduced.

### **Sensitive Data: imperative on security**

Data Security means safeguarding privacy, integrity and availability of information.

Engineering stores and manages a great deal of information of various kinds at its Data Centers, a large volume of the data of the National Health System, the Central and Local Public Administrations and customers of all the productive sectors of the Country.

Data security is for this reason of primary importance. All the business locations equipped with Data Centers which deliver outsourcing services to customers have implemented a management system for the safety of data, certified externally as prescribed by the ISO 27001:2013 international certification standard (Information security management systems). These locations are the ones in Pont-Saint-Martin (AO), Turin, Milan, Vicenza and Rome. The ISO/IEC 27001 standard, from which Engineering has developed its own management system, is the only international standard subject to verification and certifiable that defines the requirements for a management system for the security of information.

Engineering has implemented a management system for appropriate and proportionate security

controls to protect the information and give confidence to customers.

Since February 2005, Engineering has also held the CMMI (Capability Maturity Model Integration) certification for the processes, procedures and internal controls of software production. Since October 2007, the level achieved corresponds to the Maturity 3 standard of the CMMI-SE/SW model v. 1.2, subsequently updated to version CMMI-DEV v. 1.3 in 2010.

The acquisition of T-Systems Italia has brought with it ISO 20000:2011 certification for the provision of ICT services in outsourcing, which will be extended to the entire scope of the activities provided by the Group. The 3 Data Centers acquired, in Vicenza, Milan and Rome, respond to the Uptime TIER II standards and together with the 3 Engineering Data Centers that were already active (Pont-Saint-Martin, Padua and Turin, all TIER III) they contribute to one of the most advanced and reliable technological infrastructures in Italy for the delivery of Managed Operation, business continuity and disaster recovery services. In recent years, no penalties have been received nor has litigation been established, nor has the Company received requests for compensation by the customers for whom Engineering manages the data.

## Big Data

The amount of data available and potentially collectable worldwide is taking on volumes that were unimaginable until a few years ago, and it is subject to an exponential growth under the thrust of the latest ICT developments such as digital and mobile technologies, the Internet of Things and interaction models of Smart Cities. Public organizations and companies produce an enormous amount of information - structured and not - coming from heterogeneous sources

(Internet, email, sms, social networks) and in different formats. Many others are available as public or open data. This large amount of information represents an asset that can enable organizations to make informed decisions, in real-time at every level of its decision-making chain.

It is easy to understand how the collection and interpretation of data currently constitute a forecasting and prescriptive lever for the scope of businesses and organizations in every industry, to enhance or regain competitiveness, change the supply of products and services in a manner more suited to meet the specific needs of the application, obtaining competitive advantages, recovering marginality, creating new services and rationalizing and streamlining operations.

The Engineering Group is the direct protagonist and active subject of the transformation underway in Business Intelligence (BI) technologies as a function of the centrality of the data for business competitiveness. The management of Engineering is responding in good time and relevantly to the high demands of firms on BI and Business Analytics solutions and has engaged the challenge of the Big Data by providing modern architectures and increasingly advanced collection and management of large quantities of data. The architectures designed by Engineering are not only oriented to the management of structured data but have the ability to accommodate multi-format data (video, text, documents, streaming data, geographic data etc.), summary capacity (i.e., able to establish a correlation between data formats extrapolated from very different worlds, especially through techniques of data-federation but even more of mash-up) and, finally, they allow for effectively presenting the results.

Engineering consultants support their corporate customers firstly in focusing the initiative linked to the management of the data and try to check, jointly with the latter, the feasibility of a path in the reality of existing data, identifying a result in terms of benefit to the Company's business.

What Engineering usually proposes to its customers in this phase is an instrument based on open source and on the cloud infrastructure. This combination allows an approach that is agile, as well as economically sustainable, for corporate customers that look on the world of Big Data for the first time, and flexible, because it enables subsequent modifications and restructuring. Finally, the measurement of the real effectiveness of the initiative is carried out, from the estimation of business impacts and not of technological impact, and that is measurable in terms of performance and success of the business case.

In summary, the scope of the services offered by Engineering with reference to the three main dimensions, the so-called "three V" (volume, velocity, variety) that characterize Big Data, is as follows:

- volume, with management of large volumes of data using db-based solutions and analytical databases, appliances, db machines and in-memory solutions
- velocity in the consultation of data, via real/near time solutions and stream processing
- variety in form, content and in the meaning of data, via db-based solutions, NoSQL, document and graph databases, multi-structure data, text analysis and text mining technologies, semantic techniques and ontologies.

The volume, velocity and variety make information management more and more demanding, leading to new technologies and the need for new skills. The market linked to Big Data is undergoing great development and the Engineering Group, which has always been a pioneer in supporting its customers in the management of platforms and solutions oriented to the management of large volumes of data, has decided to set up its own Center of Competence for the Big Data, that uses the resources made available by the Data Center of Pont-Saint-Martin to carry out a constant scouting action and observation of existing open source and trade solutions and that leverages all the projects already carried out.

The Center of Competence is responsible for:

- definition of architectures (scenarios, use of open source and proprietary products)
- start up of systems (application installation, set-up and monitoring, Hadoop clusters, databases in their various forms)
- technologies and developments (Hadoop eco-system, stream processing, open source solutions)
- data analysis, predictive analysis, sentiment analysis, text & data mining, semantic web, ontologies.

Engineering's recipe is therefore based on the balance of two essential elements: the agility and flexibility of the tool, guaranteed by the open source and its integration with the cloud infrastructure, and the competence of professionals: Big Data Analyst, Big Data Architect, Developer, Data Scientist and Research Scientist.





## 2. ENGINEERING'S CONTRIBUTION TO THE MODERNIZATION OF THE COUNTRY

Reading the market trends, interpreting the research from an industrial viewpoint, being competitive, producing value for the Company and for the Country. In a word, to innovate.

## INNOVATION, RESEARCH AND DEVELOPMENT

### The engines of growth

Innovating means being in step with the times, sensing the needs and trends of the market, and constantly looking for the added value that allows for differentiating oneself from market competitors.

ICT has a decisive impact on everyday life: it affects styles and quality of life, communication between individuals and steers public policies.

This inherent vocation to innovate is written in the very nature of the Company, one of the few in the IT industry to have equipped itself with its own Research and Development structure.

The potential of ICT is explored within the Group, and expressed, transforming the resources offered by information technologies into real opportunities for growth and sustainability for customers.

Also thanks to this commitment, the Group is 25<sup>th</sup> overall among all European companies in terms of capacity to attract EU funding, in addition to having established its role as national leader in the IT industry for several years.

Since its foundation, Engineering has collaborated with the most important scientific organizations in the country and with top industrial businesses. It is a leader in the field of software research, coordinating numerous national and international projects through a network of scientific and university partners throughout Europe.

At national level, the Company is engaged on various areas of business integration, in compliance with the European standards, on two

different projects dedicated to the Smart City theme, from innovation of document treatment processes in the judicial context to an e-learning project. It is also active in the development of cloud solutions and in the open source community.

Engineering's innovation, research and development activities encompass various challenges linked to the future of the internet. Those in the context of technology allow for staying updated on the state-of-the-art of skills through a laboratory for testing technologies, supported both internally and through funding projects, also in a consortium with partners.

The projects regarding the vertical market areas, mainly healthcare, cultural heritage, energy, security (cyber security and solutions for combating cyber attacks or phenomena with a high social impact such as cyber bullying), logistics and transversally, Smart Cities, connect to e-government projects.

The consolidation of research, production and innovation activities has determined an organizational transformation which in 2014 led to the formulation of a budget structurally dedicated to innovation (parallel to the general budget) that marks a change in inner perspective aimed at establishing a closer collaboration between innovation activities and the production process. The close correlation between innovation and market needs is shown in the fact that currently about 80% of active projects concern application areas rather than technological ones, therefore

involving the use of the application on the market and enablement of the consequent organizational model.

The first research laboratory was opened in 1987 and currently, in collaboration with companies, universities and national and international research centers, Engineering can rely on 250 researchers, over 70 ongoing national and European projects, 6 development labs and a significant investment plan (about 4% of revenues) which in 2014 amounted to about 33 million euros (18 million of which come from EU funding obtained by Engineering within the context of the FP7 and Horizon 2020 programs and from national and regional funding granted by the Italian Ministry of Education, University and Research under various research programs).

2014 is the year of the beginning of the new European programming called Horizon 2020. The Engineering Group has put forward several significant project proposals in various areas of research. In the face of these proposals, 7 new research projects were approved for an expected funding of approximately 4 million euros. Still at European level, activities related to the Future Internet program, and more specifically on the FIWARE initiative have continued and been strengthened with the provision of a technological infrastructure dedicated to the FI-Lab initiative, housed in our Data Center. The European Commission aims to make FIWARE become the standard platform for the Internet of Things (IoT) and Smart Cities. To this end, it has invited Engineering to form, with other major players in Europe (Telefonica, Orange, Atos), a foundation that promotes the adoption of the platform in all EU countries.

During the year, initiatives to transfer research results on the market have been strengthened, proposing solutions where the innovation elements are a significant part of the offer, increasingly

involving customers in the experimentation. Concurrently, activities within technological districts are continuing and national cluster activities have been launched.

A strengthening is expected in the short term for all these activities, even in light of the imminent launch of the new national programs.

The Company has also committed to completing the activities for the establishment of the new technology districts, that still see the regions of Southern Italy and in particular Campania, Calabria and Sicilia, as protagonists. During the year a new research and development laboratory opened in Lecce, located in the DHITECH technological district, of which the Engineering Group is a co-founder. These new spaces are immersed in a cutting edge technological reality, which sees the participation of different national and local players (AVIO, STMicroelectronics), as well as important research institutions such as universities in Puglia, the Nanotechnology Laboratory and the CNR.

Alongside these initiatives, contacts have been initiated with different Italian Universities to activate the "high apprenticeship scholarships", a new form of collaboration between private companies and the academic world, that provides for the activation of a work training contract and a scholarship for the PhD student.

This new approach allows young people participating in the project to work in the Company on research topics and, at the end of the three-year course, even to attain the title of PhD. Finally, it is important to emphasize that many of Engineering's research activities have also been conducted in collaboration with several local SMEs, and thanks to their specific know-how, they have helped to pursue the objectives that the Group had set for 2014 more effectively. This procedure will be implemented and possibly also strengthened in the course of 2015.



### **“ALL4ALL” project: services for citizens**

ALL4ALL is a research and social inclusion project, funded by the Region of Piedmont and coordinated by Engineering.

The project aims to identify the real demand for social assistance services of the territory, with the targeted and intelligent aid of currently available technology.

In particular, ALL4ALL aims to offer an “integrated environment” for the delivery of social assistance and health services for the benefit of the weaker segments of the population.

A Living Lab provides the vital spark to the ecosystem as a whole, giving ideas, content, and useful information, and leveraging social technologies and the Smartdatanet platform, provided by the Region of Piedmont.

The project takes account of several lines of action dictated by the territory, by innovative methods and assistance models, and technology tools. Specifically a bottom-up type service definition and delivery paradigm is being developed, in which users themselves and the community around them (families, friends, volunteers, specialist providers) become an active part of an integral and sustainable ecosystem.

Among the services and the distinctive technological components developed by ALL4ALL there are:

- a social network video based on the concept of crowdsourcing through which programs for entertainment, interactive programs for learning and a service for the remote monitoring of assisted persons that detects the main physiological and risk parameters are provided
- an Idea Management system capable of collecting the best ideas coming directly from all the players involved in the socio-welfare chain; the users themselves define the services they would like to be activated. Third parties

will thus have a pool from which to draw for the identification of possible services to implement

- a geolocalized Gaming platform enabling game mechanisms within the local community which, through the spirit of competitiveness and incentive, are able to involve all the possible players in social challenges with the ultimate goal to support and help the weak.

Together, these textual and multimedia data, which will be made available at the time of platform delivery in July 2015, according to the rules laid down on the issue of sensitive data and privacy, will populate the SmartDataNet regional platform, providing functions for the collection and processing of user data (e.g. parameters from personal devices) and for the management of video streams.

The initiative was launched in the summer of 2014 with a focused pilot project, with limited size in space (community around the town of Ivrea), time (up to 10 months of overall duration) and in the number of users of the solution developed so as to achieve specific and measurable goals on a small scale, with a view to scalability and sustainability in all dimensions (economic, technological, social).

Alongside the Living Lab, the activation of a Service Center is provided which will have a significant impact on the perception that users will have of the validity of the project and which will determine much of the success of the initiative. The laboratory, in addition to the technological facilities, will break down the barriers introduced by technology in human and social relations, especially in subjects who are weak and not computer literate.

Engineering, as coordinator, will play the role of system integrator of the project and will bring specific expertise in the implementation and operation of Living Lab. Within the project, it

will make available its experience relating to approaches and tools for social innovation and social inclusion. Also through its Data Center, located a few kilometers from the pilot site, it will experiment the execution/provision mode of the ALL4ALL environment from a cloud perspective.

#### **DiCeT project - Culture and Tourism Laboratory**

The DiCeT project intends to combine the possibilities offered by technology with the innovation requirements in the cultural tourism sector, studying and providing software components (SaaS and app services), to:

- improve the attractiveness, and the online marketing of territories and tourist destinations
- offer travelers tools to choose, experience and then share tourist and cultural experiences, making use of enriched, thrilling and integrated natural beauties, events, tourist services and the cultural heritage which characterize the experience of a territory and make it unique.

The DiCeT project aims to contribute to make portals more dynamic, mobile and social with the information provided by the entities of Public Administrations and the Destination Management Offices in the field of tourism, improving communication performances with dynamic, attractive content and with lower drafting costs. Digital services cover the whole course for tourist use:

- before the visit they facilitate the choice and the planning of the trip and the stay
- during the visit they enrich and facilitate the experience
- after the visit they foster the development and enhancement of memories and their sharing.

These services are developed in the logic of the Mobile First (software usable from mobile devices possibly but not exclusively native) and Social Networking, with a focus on people and

their social relations, along with the capability to innovate this information and to combine quality and accuracy with the interests of the public at large.

In summary, the project contributes to improving the capacity of the country to present its own cultural and scenic endowment to the general public worldwide.

The mobile use of the territory function is in the test phase and the mobile use function of stories relating to the territories is in the process of development.

#### **Smart Health 2.0 project - Health and wellness**

The goal of the research project Smart Health 2.0, carried out with joint-funding from the Italian Ministry of Education, University and Research, is to create a technological infrastructure that can integrate the various healthcare services for the citizen/patient, sharing all the medical/healthcare information on the second generation Electronic Healthcare File.

The project will develop several services, also on mobile devices, working at various levels to improve the capacity to control diseases, thus reducing the frequency of admittances to hospital and the duration of sick-leave from work, and to improve integration between territorial facilities and hospital facilities, thus reducing the costs of healthcare assistance.

The project consortium consists of 27 entities, including industrial partners, research institutes, universities and medical facilities.

Among others, Noemalife (coordinator together with Engineering), Telecom, CNR, the University "Aldo Moro" of Bari, the University of Catanzaro, the University "Federico II" of Naples, the University of Palermo, IRCCS Cancer Institute "Giovanni Paolo II" of Bari and Hospital Consulting SpA.

The Engineering Group is the technical-scientific project coordinator, and is directly involved in the ICT line of research on the following objectives:

- development of a platform for monitoring the lifestyles and well-being of citizens aimed at determining risk propensity and prevention
- definition and prototyping of a platform for cloud acquisition and storage and the treatment of biomedical sensor data and context data.

Both platforms have been identified as project assets. The “wellness & lifestyle” prevention platform will also be subject to experimentation at some local public administrations. The reference context wherein the wellness system will have to operate is that of prevention applied in self-care mode directly by citizens, without medical staff assistance.

The solution consists of an app suite, in an Android environment, for the monitoring and maintenance of a correct lifestyle, aimed at preventing some diseases:

- app for type 2 diabetes mellitus (developed by Engineering)
- app for migraine (developed by Engineering)
- app for dysphonias
- app for wellness (wellness at 360 degrees: nutrition and physical activity).

The citizen, in good health or predisposed to the diseases monitored due to familiarity or incorrect lifestyle, has a set of simple applications available, capable of monitoring biomedical parameters, motor activities, eating and behavioral habits, in self-care mode and with the help of “wearable” sensors connected to their smartphone.

The applications, on the basis of appropriate rules of application logic (formalized in collaboration with the medical members of the

partnership) are able to suggest in a specific way healthy behaviors and lifestyles in order to prevent the emergence of specific target diseases listed above and to promote attitudes oriented to wellness (healthy eating, physical activity).

The distinctive feature of the app suite is the context of cooperation and sharing of the information in which it operates. Based on requirements, the user can choose the exclusive use of a single app in the suite, or of several apps, that share information and objectives through a central wellness server (entirely developed by Engineering) that provides an API layer through which the app may also request more complex processing, such as custom wellness objectives.

Following the study, experimentation and analysis activities in 2013, the main activities carried out until the beginning of 2015 were the design and development of both platforms (a demonstrator for the sensor data platform and a prototype for the wellness system). In order to verify the quality of the results obtained, Engineering, together with other partners, will experiment the platform for the monitoring of lifestyles and wellness with the relevant apps at several Urban Centers of the Region of Calabria, in the period from March to June 2015.

The population that could benefit from the wellness solution potentially includes everyone from teens to the elderly without gender distinction.

In particular, based on clinical trials, diabetes mellitus 2 (DM2) showed that mere dietary intervention and appropriate changes in lifestyle, on the whole, based on a program of diet and physical activity, can contribute to reducing the risk of contracting the disease in a percentage that varies from 33% to 50%.



## ENGINEERING FOR THE PUBLIC ADMINISTRATION

### **Our knowledge at the service of the citizens**

For over thirty years Engineering has flanked and supported the Public Administration in its path of modernization that passes through both organizational and technological renewal.

Engineering contributes with its thorough knowledge of the workings of the "public machine" and functional competence together with the Group's technological innovation capacities to the evolution of the main information systems that regulate the country's life, such as those for public finance, healthcare and justice. The Group has always been a strategic partner in the design, development and evolution of information systems linked to the different management and thematic realms that cover a key role in the functioning of the country.

Application cooperation, dematerialization of procedures, sophistication of cognitive and decision-making analyses are some of the topics that characterize progressive evolution of information systems, in line with the deep-rooted organizational and legislative innovations that accompany the Public Administration.

### **For a more efficient State**

In Italy, Engineering collaborates regularly with the Ministry of the Economy and Finance (MEF) on fundamental finance, public accounting and personnel management systems, with the Court of Auditors and several other Bodies.

The company also offers its contribution to the Ministry of Justice and the State Council (in particular online and cooperation services).

Among the long-time projects developed entirely by Engineering for the Ministry of the Economy and Finance it is useful to mention the IGRUE Information System, concerning efficiency and transparency in financial relations with the European Union.

The Group works alongside the Public Administration as a partner also in the area of the Authorities, such as the National Anti-Corruption Authority (ANAC).

Social security is the context in which the contribution in innovation that Engineering is able to offer to the Central Public Administration is most clear, a field in which the national public system meets the demand of the citizen, and in which Engineering intervenes through projects oriented to changing the consolidated operating mode (for example INAIL's system for computerized protocol and document management).

### **Platform for Certification of Credits**

Engineering's thorough functional competence, together with its capacity for technological innovation, contributes to the creation of highly innovative systems in line with administrative and legislative evolutions.

The payment of PA suppliers is one of the most

current topics that requires technological management that can rapidly and efficiently place essential financial resources in circulation for companies and the country system.

One of the most significant initiatives in this regard is the PCC-platform for the credit certification of the Ministry of the Economy and Finance (MEF).

The Platform, initially founded to enable suppliers (companies, individual entrepreneurs, professionals, entities other than companies) that claim a credit toward the Public Administration to obtain a certification of their credit rating, has been evolved with the advent of electronic invoicing to receive all invoices issued by any creditor of the Public Administration directly from the SDI Interexchange system. This allows both the supplier and the Public Administration to monitor the progress of billing and payments and, where the credit linked to invoices is certified, to be able to process it to carry out operations of:

- compensation of debts with Equitalia
- anticipation of credit by banks or financial intermediaries
- assignment of credit to banks or financial intermediaries
- redefining the Public Administration debt with banks or financial intermediaries and, ultimately, with Cassa Depositi e Prestiti.

At the end of 2014, over 20,000 businesses were recorded on the Platform built with the technological contribution of Engineering, for a number of certification instances submitted exceeding 90,000, corresponding to a total amount of 9.7 billion euros.

The platform interfaces with several bodies and institutions, such as the Revenue Department (Entratel), ABI (Consorzio CBI), DigitPA - Index of Public Administration, Telecom, Chamber of Commerce (Infocamere), Cassa Depositi e Prestiti (CDP).

In addition to the administrative management of procedures, the platform makes a Business Intelligence component available for decision-makers and subjects in charge of monitoring activities for the "free", multi-dimensional analysis of the data referring to the various aspects managed: certifications, operations, companies, instances, invoices, accounts, payments.

The Business Intelligence component implemented in the Platform also provides a series of pre-established reports and dashboards containing the indicators required by specific ministerial memorandums, in order to allow a faster, more efficient monitoring of the process and of the financial resources allocated or freed up.

### Technology in support of local authorities

The challenges that Engineering decides to address each year alongside the Local Public Administration are also numerous and always new. The priorities certainly include the attainment of the objectives defined by the Digital Agenda and the transformation of technological proposals in real services available to citizens.

Engineering responds to all Local Public Administration's requirements through an integrated proposal of services, consultancy and software solutions, in support of every Information Technology project, from a single vertical information system to development strategies for Smart Government and Smart Cities.

With Engineering's approach, Smart Cities are built around the needs of the user who accesses local public services univocally and centrally, in digital and multi-channel form: both to exercise the rights of the digital citizenship and to simplify and facilitate business activity.

Currently, the Group has a great number of large customers, for whom it has created and manages

150 projects of considerable size thanks to over 500 exclusively dedicated resources.

The main ones include: the municipalities of Rome, Milan, Bologna and Naples, the Regions of Lombardy, Veneto, Emilia Romagna, Lazio, Campania and Sardinia.

In this sector the company differentiates itself, in particular, for implementing local taxation management projects oriented to the use of services and systems to enhance the relationship between citizens and public administration while improving the revenue of entities with the maximum effectiveness and fairness.

This service ensures valid support for the Public Administrations in preventing tax evasion and today there are several municipal councils that use the Engineering solutions for spending control, revenue management and correct functioning of tax services.

By setting up a Records office for Local Services and Taxation, Engineering helps the local bodies to achieve three fundamental objectives: fiscal equity, planning and control of economic and human resources, the possibility of placing the citizen at the center of the system, providing services and aiding fulfillment of obligations.

The last goal is to prevent tax evasion rather than prosecute it, placing the municipalities in the condition to tell the citizens about how much tax they must pay.

Through a coordination action and the promotion of dialogue between administrations, Engineering finally and significantly contributes to the reutilization of technological and organizational solutions. This mode accelerates the introduction of innovation in the various local authorities, thanks to the transfer of best-practices of some virtuous administrations to other entities, which can allocate investments in innovation on frontier issues, saving resources through the use of the expertise of others.

### **New Smart-Government portals of the Municipality of Milan**

The new portals of the Municipality of Milan - Institutional, Tourism and the brand new Infomobility - are a real revolution compared with the first e-government portals. The project is globally innovative, and the needs of the citizen and the tourist-visitors to Expo 2015 are always at the center of services.

This is a unique system that is expressed in three portals and represents the immediately visible part of the new face of Milan as a Smart City, in which new technologies are a means, not an end to improve and simplify the lives of citizens and of the production system and to facilitate the relationship with the Public Administration.

Among the major news there are services customizable by citizens through the section myMilano, which allows registered users to create their own custom homepage by selecting the services they are interested in from a catalogue. On the same page every citizen will thus receive the notifications that concern him or her, such as upcoming deadlines, appointments at offices and contacts to create a direct line with the Administration.

The CRM system for identity and user's profile management is at the heart of innovation because it allows for managing all contact channels and digital relationships between the user and Public Administration in just one place and using a single method: mail, physical offices, social, web form, 020202 Call Center.

The personalization and profiling of on-line services, available with just an access PIN, represent the start of the Citizen File, through the new "house of the citizen and of the digital enterprise", which implements what provided for in the Italian and European Digital Agenda. The content and the services of the new

portals adapt to the navigation tool chosen by the user (desktop PC, smartphones and tablets, phablets and also smart TVs), they are available in 6 different languages, accessible through a powerful search engine that, from the homepage, can function as the privileged access tool to the digital resources of interest. They are also available on the calendar interface and can be synchronized with one's own organizer, and may be added to the list of favorites of the custom area and shared on all the social networks. These contents can finally be viewed on digital map, becoming points of interest (POI) navigable by proximity, on a temporal scale and by tag.

The "calculate route" services exploit reports in real-time of the Infomobility portal (*muoversi.milano.it*), a project that brings together all information and "live and real time" reports on the state of the entire mobility system of the metropolitan city (traffic, accidents, road maintenance).

With this project, all the services related to mobility in the City of Milan converge into a single information system that gives the user the state of all public transport services and all the useful information for the planning of private transport.

The new portals of the Municipality of Milan aim to represent a national and international benchmark of Smart-Government services.

The renewed Tourism Portal (*turismo.milano.it*), via an interactive map, will allow the Milanese people and tourists to visit the art treasures and the most suggestive corners of Milan and find tips and tricks on the large cultural heritage: 70 itineraries guide the visitor to discover the city and its vast schedule of events, which can be accessed via the calendar function.

In addition, information on the main tourist services, guides and downloadable maps are available in several languages in the two apps

"EventiMilano" and "MilanoItinerari" guiding tourists through the city streets. The content is available in Italian and in English, while a targeted selection of pages is available in Russian, German and Spanish (soon also in Chinese, French and Portuguese).

### **A strategic partner for the healthcare system**

Engineering is Italian healthcare's historical partner, and it operates with the aim of improving quality of services and making them safer, more efficient, more effective and accessible to everyone.

The Group is the first national center for an integrated offer of products, services and consultancy for electronic healthcare, with a presence in 60% of the Italian healthcare organizations (more than 170 clients and 500 dedicated resources) and twenty years' experience in the sector. Engineering's support for the Italian healthcare service includes the entire organizational process, starting with the new health information system of the Ministry of Health (NSIS), and continuing with regional electronic healthcare projects, and supporting local health authorities (ASL) and hospitals. This area of intervention concerns the use of technologies for improving citizens' health. A purpose that is obtained by planning and implementing architectures for the integration of complementary healthcare processes, management, integration and evaluation of healthcare data, extraction and analysis of healthcare Big Data, increasing the citizen's control over the use and privacy of his/her data, innovative monitoring, prevention and prediction services.

AREAS, an H-ERP (Healthcare Enterprise Resource Planning) platform, is at the center of the application offer for healthcare, designed in web technology, exclusively for responding to the needs of health organizations in hospitals and in the local area. The platform, born from



the healthcare development laboratories of the Group, is firmly established as a best brand on the market; it supports the performance and the integration of clinical and administrative processes.

### **EMR 2.0 project - Medical record bedside mobility**

Engineering has set up a multi-disciplinary and multi-profession work group jointly with the Clinical Advisory Board that includes health authorities and hospitals, supported by Engineering's technological healthcare expertise. As a first project entrusted to the Clinical Advisory Board, Engineering has identified the analysis and prototype development tasks of the new AREAS® medical record, through the EMR 2.0 project, motivated by the continuation of obvious difficulties in the broad diffusion of electronic medical records (EMR Electronic Medical Record).

#### **COMPOSITION OF THE CLINICAL ADVISORY BOARD**

<b>Professional profiles</b>	
11	doctors
16	nurses
3	medical direction members
3	organizational consultants
6	product specialists
8	developers
<b>Hospitals</b>	
"San Luigi Gonzaga" University Hospital in Orbassano	
"Sant'Andrea" Hospital in Rome	
"Tor Vergata" Polyclinic in Rome	
"Rizzoli" Orthopedic Institute in Bagheria	
"Fatebenefratelli" Hospital in Rome	
<b>Specialist areas</b>	
Cardiology	
Oncology	
Orthopedics	
Neurology	
Respiratory medicine	

One of the reasons of these resistances is the poor usability of the existing solutions in mobility in situations where it is necessary to process specific information (for example, at the patient's bedside). This project centers on the Clinical User Experience Design, summed up as a bottom-up approach focused on the real needs of healthcare operators and on their perceptions of aspects such as utility, simplicity of use and efficiency of the system. A different way of developing applications, that is based on a greater, direct and continuous involvement of medical operators, during the planning, development and testing phases.

Thanks to the technological, methodological and operational approach, the functions of the new application are rapidly developed and tested by the operators in the field, and subsequently are jointly analyzed during the revision and continuous improvement process, until the users are completely satisfied.

The medical board's activities for the development of the EMR 2.0 have been actively ongoing since July 2013 and saw the release of the working prototype in the spring of 2014.

### **Operating Center 118 Emilia-Romagna Project**

Engineering has been a software developer and system integrator for 118 emergency number since 1994, currently it is present with its own solutions for the management of medical emergencies in 5 regional networks. It therefore serves over 16 million people.

The service 118 of Bologna was among the first in Italy to be fully computerized already at the beginning of the nineties and for many years, Engineering has been the technological partner of the Operational Center of Bologna and of the regional project.

Currently, the service is included in the regional emergency management department 118ER, a reference model at national level in terms of organization, technology and quality.

The regional healthcare emergency network in the Region of Emilia-Romagna has experienced a profound revision: thanks to the support of Engineering and other technological partners, in 2014, the number of healthcare Operation Centers was reduced from 7 with provincial competency to 3 with competence on “vast areas”.

The regional system manages a pool of about 4.5 million inhabitants and a major motorway network. Thanks to technology integrations, the system is a real network, capable, if necessary, of dealing with any difficulties that may arise on any of the vast area centers. Even under normal operation, the macro-centers can exchange information, data, telephone calls, resources and operational measures for mutual support.

The EMS system from the Engineering AREAS® application platform is at the center of the integration and governance of the entire intervention process, which has allowed for the creation of a management network and improved efficiency in healthcare emergencies.

Thanks to AREAS® EMS the location of the emergency and that of the caller are identified immediately: the most suitable vehicle is alerted and guided along the fastest route. The most suitable Emergency Room is also identified and notified.

In this complex process, telecommunications and data transmission systems, geo-referencing and navigation systems and emergency vehicles' mobile devices are integrated and coordinated by an Engineering solution, that supports the Center operators in decision-making and operational processes.

The Operative Center of Bologna, currently called Emilia EST, is the heart of the Emilia-Romagna regional network and is entirely managed on EMS AREAS® that, many years after its launch, continues to be one of the main national reference points for the management of medical emergencies. The Vast Area Center currently covers the provinces of Modena, Ferrara and Bologna, with a population of 2.5 million inhabitants that generates 250,000 operations a year. The management of health emergencies, currently the service 118, will be part of the Single European Project 112 (NUE 112).

The quality and speed of the service provided can make a difference in the lives of people. On these matters, Engineering finds the perfect combination of technological innovation and competence in healthcare processes, supporting the organizational model for emergencies in Italy, which is renowned for being one of the best worldwide.

## TELECOMMUNICATIONS AND ENERGY: GEARS OF DEVELOPMENT

### Winning the energy challenges of the future

Deregulations, company mergers, loss of monopoly power, the need to compete through complex, flexible offers: the Energy & Utilities market has undergone thorough changes in recent years and has been subject to increasing competitive pressure. IT technologies play a key role in this sector.

Energy is the fuel that moves many levers of the development of the country. It is a fuel that in the context of the Italian mix of energy generation is increasingly green also thanks to the enormous progress made in the differentiation of sources and implementation of new facilities for the production of energy from renewable sources. In a context of total production reduction, the growth of electricity production from renewable sources is very sustained (+17% between 2012 and 2013), by virtue of the increase in wind generation (+12%), photovoltaics (+19%) and energy from biomass and waste (+12%), but especially for the significant contribution, between 2012 and 2013, of the production of hydroelectric energy (+21%).

This is an important change in the Italian production mix, which in order to be exploited to the full must necessarily go hand in hand with a change in the design, management and connection of the Italian electricity grid towards an approach currently called Smart Grid; but

it must also concurrently design a new role for end users within the market and for their suppliers.

In this context, the Engineering Group has for years been an agent for change in the design and implementation of innovative solutions for Smart Grids, intended as intelligent infrastructure, enabled by innovative applications of ICT to support the new vision of the cities of the future: the Smart Cities. These technologies can combine freedom of individual conduct and system efficiency, integration with distributed energy resources and security of supply, priority use of renewable sources and programming of grid conditions.

Since 2006, Engineering has also successfully implemented Smart Grid solutions applied to the water sector; the objective is to minimize the network losses and to improve service quality. The issue of the overall efficiency of the water system is particularly sensitive in the world, especially in countries like Brazil where the Company has operated for years.

Engineering plays a key role in the project INERTIA, gradually transforming the electricity user (customers and appliances) into active subjects within the market, who can interact constantly with the network. The project envisages the identification of business requirements, and consequently the definition of the role and positioning of INERTIA within the current business energy model.

The Company is also called on to define the energy, business, comfort and flexibility indicators (KPI) that determine the energy budget at both a local (single building) and aggregated level (Virtual Power Plant). The active role of the user will inevitably increase the request of a custom offer from suppliers: self-caring projects that see the convergence between issues typical of the Energy world with consolidated instruments from the telecommunications world are going in this direction.

The convergence between the Energy world and Telco has led Engineering to invest in initiatives related to the use of energy in mobility, thus actually reducing any physical limitation on electricity use and allowing end customers to have it at their disposal in absolute freedom, in the wake of the experience already consolidated in cellular telephony.

Indeed, the project, which will enable users to take advantage of electricity in places other than the traditional home, will be operative in 2015, thanks to a mobile phone app and a special electric appliance that will enable use within certain limits of maximum flow.

In the Oil & Gas sector as well, Engineering has consolidated several partnerships, with the sector leaders and with several institutional players and the academic-scientific world, to develop joint strategic initiatives that favor the deregulation of the energy market.

Engineering, as business integrator, is the partner of IT initiatives in Italy and abroad in some of the main oil and energy groups worldwide in activities with high technological, productive, and competitive impact: billing, measurement management, front-office, metering, settlement and plant management of networks for the transport of electrical energy,

solutions verticalized on SAP platform, design and development of Internet and Intranet portals.

#### **Remote reading of gas consumption**

The ICT market is transforming many sectors such as Utilities, to allow industrial operators to receive and manage information in real time and thus obtain greater consumption control and greater efficiency.

In recent years, the European Union has been promoting the introduction of intelligent systems of measurement through numerous legislative measures. In Italy, the Authority for the Electricity, Gas and Water System (AEEG) has established that 60% of the residential gas meters and 100% of the industrial gas meters will have to be remotely controlled by the end of 2018.

Ahead of the times, Italgas has already collaborated with Engineering and Ericsson to build and integrate their Advanced Meter Management and Reading (AMM/R) and Meter Data Management (MDM) systems with existing systems for approximately 160,000 large industrial customers.

The final aim of the project is the remote reading of gas consumption actually incurred by customers through the use of a smart meter, capable of remotely transmitting the information for gas consumed and the operating parameters.

Italgas chose the Net@MDM solution developed by Engineering after a market study for the Meter Data Management products with the objective to find a product capable of supporting the process of smart metering and remote management of gas meters of the "Large User" class (meters of class G10 or higher) and Mass Market (meters of class G4 and G6) that fulfills

the timing indicated by the legislation (Act AEEG 155/08 and related subsequent ones).

The Net@MDM solution handles both the large-caliber meters as well as domestic ones, both "intelligent" (smart meters, precisely) and traditional with collection of auto/manual reading (meter inspectors) allowing Italgas to manage the measurement through a single instrument.

The start in production of the Net@MDM implementation for Italgas dates back to August 2013 and manages the measurement of 160,000 large industrial users representing 60% of the total turnover. About half of them adopt intelligent apparatuses and benefit from a better quality of service offered by remote meter reading thanks to the availability of daily real (not estimated) and constantly updated consumption data.

On the remaining half, which still uses the conventional technology, the plan for the installation of smart metering is proceeding apace.

The second phase of the project, which includes the extension of smart metering to households, was launched in early 2015. Smart meters intended for the household market are equipped with a solenoid valve for shutting off the flow of gas which can be operated both locally and remotely.

With the start of the mass market phase the concept of smart metering will be extended and remote management will start.

Another 7,000,000 home users will be added to the current 160,000 large users in the course of the next few months, with the objective of remotely reading/checking 4,000,000 by 2018. With remote meter reading, the consumption invoiced and that actually indicated by the meter will match. Thus, it will no longer be necessary

to physically access the meter to read it. In addition, thanks to remote management, it will be possible to block the flow of gas from a remote location. This technology will reduce the environmental impact related to the movements necessary to read consumption or close the meters and will reduce missed readings due to the absence of the final customer.

### **Information Technology for waste sorting**

Issues related to waste management cyclically come to the attention of the public and relate to the most disparate areas: from correct environmental management to the local taxation of its citizens, from the cost of disposal services to social responsibility, to the possible infiltration of organized crime.

Engineering has been active for years in the provision of advanced solutions to support local service companies that, under the legislative thrust, need to evolve the services offered to the users. An example is a project to develop an information platform for SEAB, the company of the town of Bolzano that manages the gas distribution services, water distribution and sale and environmental hygiene, including the management of waste sorting for the municipalities of Bolzano and Laives (BZ).

The Municipality of Laives has been chosen for a pilot-project the objective of which is to ensure the adoption of an incentive system for the collection of waste and the achievement of objectives of waste sorting not only in quantitative but also qualitative terms, without prejudice to the fundamental principles underlying any organizational choice of waste collection services like those of efficiency, effectiveness, affordability, reduction of the environmental impact in terms of pollution from traffic, noise, air pollution and CO<sub>2</sub> emissions per ton of waste collected.

The solution provided by Engineering has represented the key technological factor that has enabled:

- the implementation of a metering system (custom box or electronic card) to record waste transfers in a timely manner, giving each individual citizen or company the amount of waste measured by several detection systems, for example: on board systems installed on the collection vehicle in the territory, island systems, Pöttinger and Press-Container systems. This has allowed the application of a tariff model with incentives that has progressively stimulated the user to carry out waste sorting (combining the concept of “polluter pays” with “if everyone pays, everyone pays less”)
- the development and application of the tariff lever through billing, understood as a dynamic tool that also acts as “interested” psychological leverage to activate virtuous conduct and the proactive collaboration of users
- managing the relationship with citizen

using processes and tools for contact management similar to those already in use for the management of the integrated water cycle. A systematic and structural approach of communication and sharing of choices encourages a widespread and active collaboration (strengthening the objectives that the tariff model seeks to achieve) in the interest of improving the results obtained in terms of waste sorting over time.

The introduction of the punctual tariff has sensitized citizens to increasing waste sorting. According to the data collected by SEAB, the information recorded in the period 2012-2013 showed:

- -5% of waste products: both due to the ongoing economic crisis, and to the better interception of special illegal waste in the similar waste system
- -13% of waste disposed
- +4.2% of waste sorting (total value 57%)
- -24.5% average tariff reduction for citizens (with a greater reduction for large families).

## A HIGHER GEAR FOR ENTERPRISES AND INFRASTRUCTURES

The needs of businesses change every day and at the same speed as the radical transformations that pass through the national and international economic fabric. A growing demand that revolves around innovation, efficiency and effectiveness of business processes and systems: these are the keywords to compete successfully on the global market. Thanks to the service experience of System & Business Integration gained by Engineering with its over 450 company clients, the Company provides the essential innovations to meet these challenges.

The services and the ICT solutions provided by Engineering to companies, allow for improving business performance in the most important stages of the value chain: they provide quality support, guaranteed by intervening on the effectiveness of sales and marketing processes; they promote innovation of processes and products and the design of applications for plant automation; they streamline the management of internal logistics, of the supply chain and energy management; they facilitate the process of optimization of the costs of Information Technology, project management, personnel and business asset management.

The skills offer is structured by sector and enhances the experience, models and technologies to resolve a plurality of business needs in an integrated manner, both in Italy and abroad and thus to be able to better assist businesses in the processes of modernization

and globalization. This range of interlocutors and needs allows for systematizing a portfolio of cross-market skills that enable to generate innovation and provide better efficiency to Engineering's offer for companies.

### **Transport and infrastructure**

A new vertical organizational area dedicated to customers working in the field of transport and logistics infrastructure, aimed at the efficiency of the services offered, was created in early 2015. In this regard, to improve network efficiency, safety and performance, specific infomobility (Smart Cities) and intelligent transportation system (ITS) solutions are offered to customers.

The Company took these transformations by pursuing a strategy based on product and market skills, delivered by over 440 professionals with functional and business consulting skills, supported by the Centers of Competence cross-cutting to the Market Departments. The goal is to improve clients' capacity for comprehension: this allows for more efficient support for the ICT functions, as the demand generated by the business functions acquires increasing importance in companies and the understanding of vertical markets allows for improving clients' technological choices. Alongside, there is the new offer of services of IT Governance, ICT Cost Optimization and Project & Portfolio Management addressed to the CIO and the offer of Application Selection services aimed

at business stakeholders.

In manufacturing, the portfolio of Manufacturing Execution (establishment management) instruments is assisted by methodological skills in World Class Manufacturing. Indeed, Engineering has the capacity to govern production processes in end-to-end mode, from presence on the field to the ability to optimize the use of productive assets, planning applications and continuous improvement. The automotive, food, transport and pharmaceuticals sectors are the main users of these capabilities.

Integrated logistics is one of the areas with the potential for significant improvements: Engineering can activate a full digitalization and dematerialization of the supply chain, from the collection of web based multi-channel orders, the increase of the potential sales force with mobile sales, to the customer relationship, for the optimization of the movement of goods, through to electronic data interchange and the dematerialization of documents. The entire business-to-consumer sector, from large-scale distribution to consumer products, will reap significant benefits from greater digitalization.

Facility Management and Data Center Outsourcing (cloud computing, application-as-a-service and infrastructure-as-a-service) services play an important role in the industrial market; they allow for better control and reduction of operational costs and investments for companies, and also a simplification of managerial burdens and availability of a modular processing capacity. Great efforts are made in research and selection of state-of-the-art solutions in technological terms, which can provide a real competitive advantage with clients, such as Big Data, digital marketing and CRM solutions, and MES applications, GIS solutions and mobility.

### **Save energy, boost the company**

For years Engineering has been engaged in the research for innovative solutions that can guide customers toward efficiency in the use of resources, through numerous solutions in the area of energy control and saving.

The Company offers its experience in the energy sector, both in consultancy terms and in terms of solutions with the project Energy Monitoring & Targeting Management Application, which allows for collecting evidence on energy consumption.

The Energy Monitoring & Targeting Management Application solution was launched to measure and monitor energy efficiency. It makes available applications and dashboards to collect data in real time and to create the reporting essential to take optimization actions and gather energy information in accordance with ISO 50001 for energy management for industrial plants, commercial structures or organizations. It is estimated that the use and implementation of a control and energy management tool can affect up to 60% of energy consumption, while ensuring a high level of compatibility with ISO 9001 (quality management) and ISO 14001 (environmental management).

Engineering offers not just the design but also the implementation and the start of production of the system, which, in the customer's environment, provides the support required for the attainment of environmental and energy sustainability objectives. The methodology is based on the identification of key elements, such as physical and productive parameters, processing plants and related energy carriers.

The presence of real, or in some cases virtual, meters provides for knowing the actual consumption at the level of the individual department, formulating a mathematical model that, once the energy drivers responsible for consumption have been determined, can characterize the system.



The potential of the system culminates in determining an energy budget, allowing for combining energy analysis with business management control.

The result is the ability, for the company, not to suffer energy expenditure passively on different cost centers, but to define, for each of these objectives, energy efficiency programs and reduce management costs and consequently increase business performance.

The last part of the monitoring is the analysis activity of deviations, detecting and intervening on the causes of deviations from the initial forecast. Everything is consistently based on GRI standards for the definition of consumption and emissions from the perspective of an ISO 50001 management and control system.

In more detail, the solution enables the activation of the following features:

1. Consumption monitoring and related costs (energy carriers/control areas)
  - monitoring direct energy consumption divided by the different sources of primary energy
  - monitoring indirect energy consumption separated by the different sources of secondary energy
  - calculation of CO<sub>2</sub> derived from energy consumption
  - calculation of environmental and energy KPIs
2. Statistical correlation analysis between consumption and production parameters (energy drivers)
  - the basic functionality consists of associating consumption at different granularity with respect to the totality of the plant, relating them to the various “secondary” production parameters, including items produced, shifts worked, ambient temperature and observing how consumptions vary with changes in production. This provides a good forecast of the budget for the subsequent year and enables to forecast expected consumption also during the year (forecast). The levels of machine control can be hourly, daily, monthly, or yearly, with different intervention objectives.
3. Management of nominal capacity
  - assessment of the percentage of use of the installations and their saturation
4. Budget management
  - investment control, i.e. controlling the evolution of plants, with planned variants of use that may be efficiency-related or technical
5. Registration and management of final budget data
6. Forecast management
  - re-forecast check during the year following a change in production on the basis of sales or implementation of interventions to improve efficiency with a strong impact on consumption/costs
7. Printing of summary reports.
  - detailed reports for precise control on the single carrier/control area
  - summary reports for the control of environmental KPI
  - interactive dashboards for monitoring business objectives
  - ongoing reports by single production unit and aggregates at the company/line of business level for reporting in the Corporate Social Responsibility Report of the Company according to the GRI standards for reporting energy/environmental indicators.

## SOLUTIONS FOR FINANCE

In the course of 2014, the market continues to be significantly influenced by the continuing situation of uncertainty that relates, in particular, to the European economies, and by the consequences of adverse events related to specific situations, as in the case of the recapitalization requirement of some important national banks as a result of the outcome of the stress tests conducted by the ECB.

Concurrently, customers in the finance market have had to meet important regulatory deadlines which have affected different operational areas, including:

- the consolidated statistical reporting and those relating to historically recorded losses on default positions of financial institutions
- customer due diligence and recording of the same on the part of insurance companies and intermediaries.

With reference to the market scenario outlined, it is helpful to examine the results and the main peculiarity of the activities in 2014.

The main activities are related to the following types:

- projects aimed at System Integration of proprietary or third-party product solutions
- custom development projects of application solutions
- sale of licenses and ordinary maintenance services with reference to proprietary product solutions
- Application Maintenance services with reference, preferentially, to areas governed by proprietary solutions

- outsourcing services, relating to the supply of technological infrastructures and the implementation of operating activities of the customer's business
- Test Factory services specializing in the Insurance market
- consultancy support of a methodological, technological and application nature
- both technical and managerial training services.

2014 confirmed the growing centrality of the role of specialist expertise, with particular reference to the sale of licenses of proprietary solutions, services and projects referred to the same fields of application and to consultancy support provided to customers.

In this context, the capillary distribution on the Italian territory of the laboratories (with multidisciplinary skills) which on the one hand helps to better support customers, also allowing the optimal management of workloads, and on the other hand confirms the vocation of Engineering towards a strong relationship and integration with the territory, assumes particular significance.

The Compliance & Governance area is characterized by the soundness of proprietary solutions, which is also confirmed by the review of the latest regulatory requirements. Indeed, data quality management, and the traceability of events, which represent addresses characterizing the new regulatory framework, are peculiar features of the solutions

proposed by Engineering and of the guidelines underlying investments started for the construction of the GRaCE (Governance, Risk Management and Compliance of Engineering) platform.

This platform, which allows for managing the governance of banks through modern tools and processes, has already obtained important positive feedback in international contexts. Therefore, it is thought that it may represent a strategic asset in the context of the internationalization plan that is a major challenge of the Group in the coming years.

### **The potential of Big Data in the banking sector**

On the theme of Big Data it is significant to report an important project in collaboration with the Research and Innovation Department for a major Banking Group.

The solution provides an architecture based on Big Data technologies and, in its current configuration, it focuses on standardization of the information assets of some banks, belonging to a primary international group and located in various countries of the European Union. The main purpose of the project is to provide Business Managers of the banks with a platform to support activities aimed at the identification of new business opportunities, through detailed analysis based on the segmentation of corporate customers.

The current solution uses structured data originated from the banks themselves and represents the first step toward the development of a Big Data platform designed to process, even in real time, a large amount of data in the

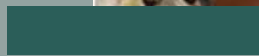
context of optimization of the management of self-produced content, of social media and Open Data in order to develop sophisticated predictive analytics.

A further critical success factor is represented by the strong attention to issues related to digital transformation, understood as application of digital technologies to redesigning the offer of several players in the market from the perspective of competitiveness and adherence to customers' expectations. With particular reference to their areas of specialization, Engineering operates in the dual role of:

- supplier of Customer & Credit solutions/ products, as enablers of process innovation in the context of an omnichannel strategy, providing the flexibility to respond to market dynamics in a timely fashion
- promoter of innovation through cutting edge technologies (including Big Data, Business Intelligence, Business Rules Engine and Workflow Management) to support new business models based on the integration between traditional information assets and rules relating to user behavior on the digital channels.

In 2014, the interest of the market toward outsourcing services grew as well, confirming the quality of the strategic choice to specialize the offer on areas (Compliance & Governance, Asset Management, Back-Office in Financing and Guarantees) covered with strong internal functional skills and proprietary solutions, often supplemented by substantial synergies with the corporate offer of technological infrastructures.





### 3. THE PEOPLE

Innovation comes from people and their genius.  
Investing in resources means creating value  
and safeguarding the path of development.

## The secret to our success

Through the years, the Engineering Group has managed to change, adapting to new business models and new markets and has always done so with great attention to the needs of the customer and the quality of the proposed solutions and services offered.

Underlying this success there are the thousands of coordinated and intelligent actions undertaken each day by the people of Engineering: a community of professionals working for the achievement of a shared goal of development and innovation. Each person contributes to the creation of value and the company is working to ensure that each member of the community can best express the spirit of entrepreneurship and development of which he or she is capable.

Nowadays, all this has a deeper meaning: the character of the Group is gradually changing because of its continued internationalization, which favors the heterogeneous composition of collaborators from all over the world, interacting frequently and fruitfully.

Engineering's employees are the Company itself and fuel the engine of its success. And if the success of the company is connected so strongly to its people's spirit of initiative and resourcefulness, talent-spotting on the market, training and retaining people is the basis for an industrial strategy that focuses on individual excellence, on skill, but also on the spirit of cooperation.

The Company promotes the values of solidarity, security and rewarding of merit as the basic ingredients for corporate cohesion. Ensuring the good and the equality of rights among people means strengthening the bonds between the members of the Group, promoting transparency and fairness of employment relationships and

consolidating the foundations of stability of the business itself.

It is with this deep awareness that Engineering has built a transversal model of human resource management and, within the limits imposed by the laws of the countries in which it operates, replicated across all the national and international sites of the Group, with the goal to gain the loyalty of company staff and increase the sense of belonging.

## A compact team

The Engineering workforce comprises 7,390 people, spread throughout Italy, in European (Belgium and the Republic of Serbia and, since 2015, Norway) and non-European (Brazil, Argentina and the United States) offices.

These are highly educated (55.5% are graduates) and specialized men and women.

The Company recently continued its policy of growth and as of 2014, the staff increased by 107 units of which 37 in Italy (essentially linked to the acquisition of MHT) and 70 at foreign locations, in particular in Brazil with 52 new entries in Engineering Do Brasil.

The Group's staff abroad has undergone a substantial increase (+20%) and on December 31, 2014 the number of foreign subsidiary employees was: Engineering Do Brasil 387 staff members (compared to 325 of the previous year), Engineering International Belgium 18 staff members (compared to 17 of the previous year); in addition, the acquisition of MHT also increased the Group's international presence, as 7 of its employees work in the Republic of Serbia. In conclusion, the combined total number of employees abroad is 412 (compared to 342 in the previous year); in addition to 54 Italians employed by the parent company Engineering Ingegneria Informatica who work abroad. In addition to these, in Italy, there is a total of approximately 3,200 employees a year used by the

suppliers engaged in the provision of intellectual services.

In this context of staff growth, the process of restructuring of Engineering.mo is also still in progress. As the collective labor agreements (inherited from the previous ownership) that provided for maintaining employment levels ceased to be effective at the end of 2014, in the month of January 2015, Engineering.mo implemented a mobility procedure for the collective reduction of staff for 63 employees (relative to 206 total staff members), of which 2 executives, 30 middle managers and 31 employees.

There were essentially three reasons for this procedure:

- the need to optimize staff structures, especially for functions overlapping with those of the Parent Company
- the need to outsource tasks with lower value added
- the need to adapt staff to the expected revenues volumes for 2015, reduced due to the conclusion of some important orders.

The Group has nevertheless proven the recognized value of the workforce, investing in stabilization processes. On average, in recent years, over 90% of apprenticeship contracts have been converted into permanent contracts, the umpteenth proof of the attention given to recruitment processes and the integration of staff.

The turnover, referred only to Italian companies, net of intragroup passages and apart from the acquisition of MHT, was stable, with the exception of layoffs of employees over the 50 years of age, ascribed mainly to the redundancy management program of Engineering.mo, which was developed through staff leaving under incentive schemes. The percentage of women is equal to 31%, a significant proportion considering that most of the

workforce is composed of technical graduates and software engineers, male historically professions, as also confirmed by recent new graduates trends.

Engineering manages employee relationship following an approach of closeness, even physical, which transmits presence and support by the Company to its employees and collaborators.

The company's strategy has focused on the local and capillary presence of Staff and Organization Department with a physical presence in all the main offices of the Group: 5 in the north (Pont-Saint-Martin, Turin, Milan, Brescia, Padua) and 5 in the Center-South (Florence, Ancona, Rome, Naples, Palermo).

Even where it is not present territorially with an office, the Staff Department ensures at least a weekly presence, which allows a direct relationship of its representatives with employees at all Italian locations.

More generally, the level of dialogue and listening between people belonging at different hierarchical levels is high; as is that among new recruits and the rest of the Company is strongly facilitated, also thanks to an "open door" policy that has provided for the elimination of office doors.

The informality, consistently with the focus on the essentiality and the concreteness of the results, can be seen even by the general climate of cooperation and respect among people.

### **The enhancement of work**

Human resources are an indispensable element for the existence of Engineering and a critical factor for competing successfully on the market. Honesty, reliability, transparency, and the promotion of capacity and professionalism are essential values and conditions for achieving the objectives of Engineering.

Rewarding merit, for Engineering, is not only a



good proposal but it is a vital principle practiced by the group in the management of human resources to guarantee the growth of the Company. Enhancing professionalism and competence means ensuring the capacity for the innovation and development of products and services offered on the market and, of course, value creation.

This approach is delivered through the remuneration policy implemented by Engineering and the decision to enrich many salaries with a variable component tied to individual performance. The same principle has also inspired the establishment of a result bonus, which promotes the individual according to the overall results obtained by the Group.

The company is engaged in the exact definition of the professional profiles assigned to each employee to build a homogenous and transparent career development with each staff member. This process was launched with the conviction that the professional development of the individual proceeds in parallel with the success of the Group.

Based on profile development needs, the Company defines the training of employees and collaborators, with the intent to identify, through debates, clear and motivating growth objectives. The path for the evaluation of employees implemented annually by the company aims to define, for the subsequent year, both the performance and growth objectives of the skills and development of the professional profile starting from the individual professional characteristics. Within this framework, the importance of profile evolution and the close correlation between the job profile and its evolution

through the tools offered by the training is clear. In 2014, this relationship became even closer since the computer system to request training courses filters access based on job requirements consistent with the characteristics of the course itself.

The evaluation process started in 2006 has progressively expanded, and now reaches about 75% of the staff<sup>5</sup>.

Engineering strongly wanted the institution of the MEM (Master in Engineering Management), a master for talent, i.e. for persons identified by the various Directorates as figures with high potential, on which the Group chooses to invest in a targeted manner, in the context of the continuous growth of the skills of human resources.

A CV management tool was designed in 2014, and made operational by 2015, which is capable, thanks to a complex architectural system, to crosscheck information on individual people, regarding skills but also experiences and references in specific projects. The tool therefore makes it possible to enrich the mapping of competencies and the full appreciation, at global enterprise level, of the human capital of each individual.

As for the integration of workers belonging to protected categories, multi-annual employment programs are defined and often the company is ahead of the plan. Placement quality receives much attention and employee participation in working groups and in educational processes that will enhance and lead to highly successful paths for integration are top priorities.

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<sup>5</sup> A percentage share of persons remains physiologically out of the evaluation process due to missions abroad, unavailability of the employee for the period, maternity, etc.

## The safety of our people

Engineering considers the health and safety of its own staff in all countries where it operates to be of vital importance.

This is why management systems, investments and professional training are considered essential, in order to minimize the possibility of accidents inside the Group's offices and at the Data Centers.

The activities carried out regularly by the company are:

- constant updating of risk and danger types for health and safety linked to employees' activities
- proper management, updating and communication of internal policies and procedures drawn up and approved by top management, published in the company intranet and sent to all collaborators for the correct carrying out of working activities in terms of accident prevention
- specific training activity in the classroom and in the field for the prevention of risks in the workplace
- internal, periodical verifications on the correct implementation of procedures.

Engineering has established, within the Administrative Personnel Department, the Accident Observatory which deals in particular with activating and operating a flow of news to receive the information and analyze all incidents that occur in the company.

The Observatory also carries out all the appropriate tests for the detection of any failure of the safety management system in the area of programming, training, insufficient

## ACCIDENTS BY TYPE

	2012	2013	2014
Women	n.a.	n.a.	31
Men	n.a.	n.a.	53
Total	99	73	84

## ACCIDENT RATES

	2012	2013	2014
Index of Frequency <sup>6</sup>	7.97	5.09	6.83
Index of Severity <sup>7</sup>	0.11	0.07	0.12

operating instructions, weaknesses in checks and working procedures, inappropriate tools, machinery or equipment.

In 2014, as in previous years, there were no fatal employee accidents at work. Given the nature of Engineering's business, employee injuries occur mainly on the way from home to work or on the way to customer sites.

## The initiatives in favor of employees

In 2014 as well, despite an unfavorable general economic context, Engineering confirmed its staff non-work-related support policies implemented in recent years.

Among these, it is certainly worth mentioning in terms of absolute relevance in the health chapter, the membership of the E.F.I.S. (Engineering Internal Fund of Solidarity Association)<sup>8</sup>, covering about 90% of employees. Membership allows staff and their families to have access to an important solidarity, support and health care instrument, with the aim to

<sup>6</sup> **INAIL frequency index:** ratio between the number of accidents and a measure of the duration of risk exposure, both homogeneously delimited in time and space (territory, establishment, department, work area, etc.). Formula = total No. of accidents x 1,000,000/ No. of hours worked.

<sup>7</sup> **INAIL severity index:** relationship between a measure of the debilitating consequences of accidents and a measure of the duration of risk exposure, both homogeneously delimited in time and space (territory, establishment, department, work area, etc.). Formula = [days of absence (excluding the one when the accident happened) + days of permanent disability x convention / No. of hours worked] x 1,000.

<sup>8</sup> Following the trade union agreement in February 2010 and in implementation of one of the most qualifying and significant points of the Supplementary Contract of July 28, 2009.

provide supplementary National Health Service treatments and the reimbursement of costs incurred by members for healthcare services under the terms provided by the Regulations of the Fund. Remaining on the topic of company support, Engineering has signed a number of agreements and concessions for all workers to have access to various types of agreements for personal purchases in financial and consumer areas.

In 2014, through an integrative agreement covering almost all the companies of the Group (approximately 6,000 families), contributions for the purchase of school books have been extended on the basis of a given school average.

The work-life balance is supported, at the formal level, with the practice of part-time which is always and widely granted to female employees who are new mothers.

### **We support participation and involvement**

Through its Communication and Corporate Image Department, Engineering encourages and promotes the involvement and participation of its employees in cultural and sporting events through a series of initiatives such as the SkiChALLENGe, the corporate ski tournament in Pila (AO), where the participants are employees of the Group, their family and friends.

Also, at given times throughout the year, such as the Christmas holidays, initiatives are organized in all the branches for families, with particular attention to children. At the end of 2014 a new campaign aimed at employees' children was launched: *A wish for the world*. The initiative was very popular and received a contribution of 250 videos made by children and young people, all rewarded with a Christmas present. The videos were broadcast by the

screens at all Engineering locations, on the company website and on the Intranet.

Engineering has worked for ten years on the Culture Project, an initiative aimed at all the Group's employees who have personal passions linked to literature, music, theatre, painting. In recent years it has supported the preparation of exhibitions and theater performances, as well as the publication of 20 volumes of prose and poetry, donated to the authors.

Support for culture also comprises publication activity that Engineering dedicates to the diffusion of EngZine, a video press review with news regarding the world of technology, extrapolated from worldwide media. Diffusion of the video-newsletter is on a daily basis, sent to all employees via email and broadcast on the monitors in the reception areas of Engineering offices.

### **Continuous training, a strategic factor**

In a scenario such as the ICT sector, where knowledge and skills have become strategic factors of production for companies, training and continuous updating of skills are essential. Training is a priority issue within the Engineering Group, and it has led to the establishment of a dedicated Department, that reports directly to the Chairman.

Special attention is also given to listening and the collection of individual training requirements expressed by employees, and the planning of the development path of professional skills consistently with the professional profile of each individual employee.

With this vision, Engineering invests approximately 7 million euros per year on the training and development of the professional skills of its staff.

## The IT & Management School "Enrico Della Valle"

The IT & Management School of Engineering was born to respond to the internal request for managerial and technical training.

The School, named after "Enrico Della Valle", one of its founders, was inaugurated in 2000 in Ferentino, near Rome, in a building surrounded by greenery with 16 computerized methodological classrooms, one Great Hall that can hold up to 140 people, a specialized library and reading rooms.

Over the years, within the School, a diverse and constantly updated educational program has been developed, based on a didactic methodology that can be adapted to the specific needs of the staff in training: mainly managers and Information Technology specialists.

The quality of the training intervention offered by the School is assured from the initial planning stage of the educational process. Starting from the study of general features of the market in which the trainee works or will work, passing through the analysis of his or her current or future responsibilities, until the identification of objectives arising from his or her present or future classification, each training path is designed to be tailored to specific needs of the subject involved in the path of learning and the objectives of the organization to which he or she belongs in a preliminary analysis of the core business drivers on the subject of talent management.

The training paths, thus customized, cast solid foundations for the development of effective growth plans of personnel within specific and organizational business contexts. The training offerings of the School is rich, heterogeneous in terms of both content and method.

The objectives of the courses delivered go from the certification of technological and specialized expertise to the acquisition of integrated technical and behavioral skills. Underlying the methodological presuppositions of the School lies the idea that the term "learning" means the internalizing of theoretical knowledge, practical skills but also attitudes: three elements necessary to form specialists who fit operationally within projects and who can be more effective in their own business context, in the role for which they were trained.

In line with this articulated vision of learning, the courses based on content of a technical and specialized nature have been gradually combined with further courses targeted both at the development of managerial and entrepreneurial skills and at the acquisition of intangible skills (so-called soft skills) intimately connected to the practice of daily work at whatever level or profile and capable of strongly influencing the standards of performance (e.g.: self-empowerment courses, time management).

With over 186 courses in the catalog, 200 certified trainers, 16,950 days/person including internal education and training for customers, 40 paths of professional certification, a Scientific Committee consisting of academics and managers of IT professions who contribute to the didactics organization and participate in training events, the Engineering's School can now be fully recognized as one of the most important training schools on Information Technology at national level, providing one of the most comprehensive educational offerings in IT.

The Group constantly invests in the School to broaden its educational projects and structure.

Among the ambitious projects linked to the School we should certainly include the residential campus.

In 2014, the project had some bureaucratic-administrative difficulties that slowed the start, but in 2015 and in 2016, the company is strongly determined to pursue the goal of starting the building work.

### Networking knowledge

By 2009, the commitment of Engineering also opened externally: since then, managerial and specialist training is no longer just “from the inside for the inside” but is available on the market using multi-channel delivery of training proposals tailored to meet the professional updating needs and the evolution of the business of any clients who are interested in the growth of IT skills.

The IT & Management School has opened its catalog and expertise to the market, and this has become an opportunity for the Engineering Group to share the several experiences matured over the years in training.

The School assists public and private organizations in all areas of training in the ICT sector, delivering insights on issues related to methodologies, project management, technology, products, managerial and soft

skills, and offering support in the area of change management and assistance in access to funding for training itself.

The educational offer is organized following the traditional principle of differentiated, structured educational paths in relation to the level of access, roles and objectives to be achieved, analysis of the reference market, areas of specialization of the customers receiving training.

This yields a strengthened training proposal, firmly anchored to the trends and needs of the market and the demands of individual business processes, and effectively diversified in the delivery channels.

The classroom is the center of gravity of the training intervention and sharing of experiences. The School structure can nevertheless respond to any diverse customers' needs through the design of training activities in traditional mode at the customers' premises or the structuring of distance training courses (e-learning) and blended training courses that make total or partial use of the most innovative interactive and multimedia channels made available by the technology for the exchange of off-site knowledge, of innovative technological

### THE NUMBERS OF INTERNAL TRAINING

Days of annual training by gender	Italy 2014	Abroad 2014	Total 2014
Total days	11,618	72	11,690
Women	2,791	34	2,825
Men	8,827	38	8,865

Days of annual training by professional category	Italy 2014	Abroad 2014	Total 2014
Executives	269	0	269
Middle management	2,202	14	2,216
Employees	9,147	58	9,205

platforms for e-learning, edutainment and remote cooperative learning.

These modes of delivery offer advanced knowledge management environments with the lowest economic and environmental impact, since they reduce emissions to a minimum level of CO<sub>2</sub> resulting from the movement of trainers and trainees. They allow for extending the range of action of the training intervention and are particularly suitable for the creation of groups (e.g.: initial training for junior profiles or for re-training of senior staff members).

The flexibility of the method, the *ad hoc* definition of educational strategy, the wide availability of courses in the catalog, the diversification of the delivery channels, allow the IT & Management School "Enrico Della Valle" to offer client-oriented training solutions, profiled on the basis of the evidence that emerged during the preliminary analysis of the educational requirements.

Among the case histories of success, we mention two training projects carried out as part of a three-year framework agreement with the UN. The first concerns training for IT professionals on the use and certification of the various sub-products of Symantec technology in the various UN peace missions worldwide.

The second focuses on the development of leadership skills and soft skills and is aimed at United Nations managers in European, American and African headquarters.

Finally, the School is active since 2013, in technical training to EFSA-European Food Safety Authority professionals, to train all the employees in the IT area on SAS, Web Center and Microstrategy.

Specifically, the provision of courses on Microstrategy continued in 2014.

### **Knowledge, know-how, knowing how to be**

The definition of professional profiles aims at declining three levels of skills: knowledge (technical and specialized skills), know-how (practical skills, application of technical-specialist know-how) and knowing how to be (behavioral skills).

The training course of the School, developed with the collaboration of internal and external trainers, follows the development of three main areas of professional learning:

- Technology: programming, analysis and design of hardware and software systems
- Methodology: capacity relating to the functional area (e.g. Service and Project Management)
- Behavioral and Managerial Development: transversal skills (soft skills).

The training activity represents the instrument through which these skills strengthen and integrate with the final goal to align the performance of professional employees and collaborators to quality, technical, methodological and process standards required by the Italian and international markets. Special importance is given, in this perspective, also to the skill certification policies of the employees in the Group.

One of the standards of the highest international level, particularly widespread and appreciated within the company, is the methodological certification Project Management Professional (PMP), which has become a fundamental point of reference for the internal staff entrusted with the management of projects, from the planning phase to conclusion.

The PMP® certification is issued by the Project Management Institute (PMI), founded in 1969 and is currently present in 104 countries with 272 accredited representation offices and locations.

In recent years, the Engineering Group has promoted the diffusion of the PMP® certification among its employees through targeted training campaigns, achieving consistent results: 454 certified PMP® company employees (+124 PM certifications, including PMP® and Prince 2, in 2014).

The commitment on Project Management is also confirmed by the recognition received by the same Project Management Institute (also following intensive certification activities promoted within the Company) which, since 2007, has included the Engineering's School in the list of facilities (R.E.P. – Registered Education Partner) authorized to issue credits for the maintenance of PMP® certification.

Aware that the professional specialist certification of staff guarantees customers qualitative standards always aligned with developments in the technological context of reference, the Engineering's School prepares and constantly updates its courses aimed at obtaining the most prestigious international certifications in the world of Information Technology, with particular reference to software design and development, database implementation and administration activities.

The School is also accredited as a Testing Center at the main international certification bodies and, every year, it organizes preparation courses for the achievement of the most popular certifications such as Oracle, Microsoft, Red Hat, VMware, SAP and many others.

### RESKILL Project

In the course of 2014, jointly with the Technical Innovation and Research Department, the School started a retraining program of professional competencies considered superseded. In particular, the focus of the year was the upgrading of Host Developer skills.

In the reskill program, 4 technological areas of intervention for retraining were identified with different numbers of classroom hours:

- PL/SQL (classroom training duration: 1 week)
- Java (classroom training duration: 4 weeks)
- Dot.net (classroom training duration: 4 weeks)
- Business Intelligence (classroom training duration: 3 weeks).

About 50 people were involved in the training course; they were selected among staff members hired as Developer Hosts, and their Host activity was expected to end at the conclusion of ongoing activities.

### SCHOOL FIGURES

	2014	2013	2012
Lecturers with several years of training experience	200	170	160
Total participants	4,932	6,550	6,250
Internal participants	3,472	4,367	4,166
External participants	1,460	2,183	2,084
Total person/training days	16,950	20,200	19,200
Person/training days internal learners	11,700	13,437	14,127
Person/training days external learners	5,250	6,763	5,073
Methodology and computerized classrooms	16	16	15
Certified internal learners	757	674	553
Certifications attained by internal learners	757	788	688

After the classroom session, a phase of on-the-job training was initiated with the goal of putting into practice the skills acquired.

With the support of the market Departments, productive activities were identified where staff members were assigned to carry out learning activities in the field; each of them was assigned to a tutor.

The on-the-job training stage, lasting three months, was monitored with reports and intermediate interviews to assess progress.

### Close to the community

Consistently with the desire to contribute to the community in which it operates, in 2014, Engineering confirmed its support for initiatives in academic-scientific, music, art, culture, sport contexts through sponsorships and donations, with a budget of 597,000 euros.

### Reporter for the Earth 2015

In May 2015, Engineering decided to continue the collaboration with Earth Day Italy, by establishing the "Reporter for the Earth" award to emphasize its focus on environmental issues. "Reporter for the Earth" is a prize that aims to reward the best journalistic and photo-journalistic contributions offered by the vast Italian panorama of environmental information in the period between Earth Day 2014 and Earth Day 2015.

Objectives of the award: the creation of opportunities for meeting some of the media and of the most authoritative mastheads of the country; focus attention on the environmental dynamics that are affecting Italy and the planet; reward the role of information in awareness-raising processes to protect the Planet and our territory.

The final awarding ceremony was inserted in the framework of the celebrations for the 43<sup>rd</sup> World Environment Day that Earth Day Italy organized for June 5.

### Program the Future

Engineering is one of the partners in the project "Program the Future", sponsored by the Ministry of Education, University and Research (MIUR), in collaboration with CINI (National Inter-University IT Consortium), for the structural introduction of computational thinking in Italian schools. "Program the Future" was launched for the school year 2014/2015; its objective is to promote the adoption in schools of a series of simple, fun and easily accessible tools to train students on the basic concepts necessary to address the digital evolution.

In 2010 the United States launched a massive campaign for the introduction of computational thinking in schools of all types and levels. The campaign, called *code.org*, was very successful not only in the USA, so much so that in 2014 it saw the participation of about 15 million students (of which 10 million girls) and teachers from all over the world in the initiative Hour of Code<sup>9</sup>. In Italy, thanks to the initiative "Program the Future", partner companies will assist CINI and MIUR in a global experimentation of the structural introduction in schools of the basic concepts of information technology through games and easy-to-use tools. The initiative comes at a critical time for Italian schools and for the future of our children and future generations.

In perspective, an appropriate education in computational thinking inserted as a pervasive element in education in the various Italian school

<sup>9</sup> [www.hourofcode.com/it](http://www.hourofcode.com/it) - The first experiment held in European Week of the Hour of Code from October 11 to 17, 2014 - 1,176 classes involved, 22,464 participating students, 16,166 of whom completed at least one hour of programming - saw Italy in first place for the number of events organized in schools; at the subsequent appointment, the Worldwide Week of the Hour of Code held from December 8 to 14, 2014, Italy was the first nation in the world, apart from the USA. At the end of the week more than 180,000 students and teachers throughout Italy had done at least one hour of real computing.



systems, will be essential to ensuring that the new generations of citizens grow up with the awareness that the digital element can be considered a “friend” and support tool for professional and private life.

An essential aspect for the success of the project is the provision on the part of partner companies of technology expert volunteers, to support teachers in the planning and provision of introductory events and training. Engineering is part of this network, with the qualification of “benefactor” and with approximately 40 volunteer employees throughout Italy<sup>10</sup>.

#### **At coding school with the NAO robot**

Engineering is investing on a further project aimed at stimulating the diffusion of knowledge of Information Technology among the very young.

In 2015, it decided to support the activities related to the teaching of robotics at the Liceo Scientifico “Enrico Fermi” in Padua, a school at the forefront in coding<sup>11</sup>, contributing to the creation of a Robotic Lab within the school, a computer lab transformed into a “knowledge gym” where students will be able to collaboratively expand their knowledge on these issues.

The support for the project was given concrete expression in the last year, through a sponsorship for the purchase of a NAO, the famous humanoid programmable robot. The Liceo “Enrico Fermi” develops educational courses to stimulate students to learn a culture of innovation through social and civic, as well as personal, education and is already participating with a team of youths in

NaoChallenge 2015, an international student competition whose goal is to motivate high school students in the world to learning ICT, with particular reference to technical and programming aspects.

The presence of the robot NAO in the school, purchased with the help of Engineering, has allowed students to practice coding “on the field”, to study programming and robotics, developing applications also in the social sphere.

#### **Supporting Doctors Without Borders**

Recycling while preserving the environment and continuing along the path of solidarity. This is the meaning of the initiative taken by Engineering combining recovery of old mobile phones with the support to “Doctors without Borders”.

The starting point are the so-called WEEE (Waste Electrical and Electronic Equipment), a family that includes all waste from large and small appliances such as mobile phones. These devices can be reused in whole or in part because they are composed of recyclable or high-grade raw materials.

Thus, business phones that employees return are delivered from Engineering to a company for the disposal of special waste which, on the basis of an assessment for type, technology, state of the use and conservation, proceeds to economic exploitation of old phones or of single usable components and emits a transfer in favor of “Doctors Without Borders” (not for profit organization that provides medical assistance to populations affected by conflict, epidemics, natural disasters or excluded from the healthcare).

<sup>10</sup> Partner companies contribute to this project both financially as well as providing resources in terms of products and services.

<sup>11</sup> For two consecutive years, the school held the first place in Europe in the international competition NASA - MIT “ZeroRobotic” and launched a collaboration with the Department of Pediatrics of the University of Padua for the Baby-Goldrake Project which aims to insert pediatric and educational robotics in school from the school year 2015-2016, promoting applications usable by hospitalized children.





## 4. THE ENVIRONMENT

The environment needs intelligent technologies to better manage both traditional and renewable energy. A challenge for everyone and a business model for the Company.

## Environmental impacts of the business

Engineering's business does not have a manufacturing process and the environmental impact of about 30 Italian Group offices on waste, light and water are similar to those of urban consumers. However, the company has also implemented an environmental management system which has been awarded certification according to the international standard ISO 14001 for the offices in Naples and Palermo, which were added to the subsidiaries Engineering Tributi, Engineering.mo and Engiweb Security headquartered in Naples, Palermo and Rome in 2015.

The main environmental impacts that can be traced to the Engineering group are composed of electronic waste production and electricity consumption required to maintain the Group's 6 Data Centers (Pont-Saint-Martin, Turin, Milan, Padua, Vicenza, Rome) which also ensure the management of the technological information on which the 30 Italian Group Offices rely for their remote activities; and of atmospheric emissions from staff mobility.

The main energy consumption items in a Data Center come from computer equipment, ranging from cooling systems to ventilation systems and electricity distribution.

The Pont-Saint-Martin Data Center is one example of a state-of-the-art system in Italy in terms of environmental sustainability, thanks to the geothermic system that supports the cooling systems.

For the year 2015, Engineering plans to double the geothermal plant with the objective to reach a PUE value lower than 1.4.

PUE (Power Usage Effectiveness) is the measure of the energy sustainability; for the Pont-Saint-Martin Data Center, in 2014, it had a value of 1.53.

Experts define "Green Data Center" those plants that reach levels of energy efficiency with PUE lower than 1.6.

According to the standard definition by the international body, The Green Grid, the Power Usage Effectiveness (PUE) parameter indicates the ratio of the overall electrical consumption of a Data Center (air-conditioning, ventilation) and the consumption of the IT equipment alone. To have an excellent level of consumption, the PUE of a Data Center must be below 3.0. A value of 2.0 represents a high level of efficiency, while values below 1.5 are considered to be excellent.

In the course of 2015, 2 new state-of-the-art UPS (equipment necessary to ensure the continuity of the Data Center Infrastructure) will be installed with over 98% efficiency.

The technological and business evolution of next generation Data Centers will also have an impact on the energy efficiency process of the cities of the future.

In this context, Engineering is the prime contractor of the GEYSER consortium composed of 10 top level European industrial, academic and institutional partners, from Italy, Germany, Ireland, Greece, Spain, Switzerland, the Netherlands and Romania, and its objective is the creation of a technological and business framework that allows the Data Centers of the future to interact with the energy infrastructure of the Smart Cities, such as electrical and district heating grids, through exchanges of thermal and electric energy.

The main objective of the GEYSER project is to enable the Data Centers of the future to communicate and collaborate with energy distribution grids (Smart Grids) to modulate their own energy absorption in the course of the day and in different time periods exploiting their own

**Pont-Saint-Martin: savings and excellence**

The Pont-Saint-Martin Data Center in Valle d'Aosta was created in 1998. It employs about 350 resources and houses the main service and governance pole of the Engineering Group's IT activities. In 2011, an innovative geothermal energy system was inaugurated in support of the intern cooling of hosted systems, which the company plans to further expand in 2015.

The site houses and manages more than 2,500 systems from about a hundred Italian and international clients inside its 6,400 sqm, 2,400 of which are in bunkers.

The geothermal plant provides for the use of low-temperature water, taken at a temperature of 13 degrees from two wells specially built at 40 meters depth, which is then cooled at about 7 degrees. The plant sends water to the Data Center cooling systems, with effects on energy saving, quantified in a 12% reduction, i.e. 1.2 GWh in 2012 and 1.3 GWh in 2013 and 2014.

The building has a control room, bunkers and several utilities: electricity, geothermal, refrigeration plants, management and control system of plants (fire, safety, electrical, technological), fire extinguishing plant for technological systems.

With reference to the enlargement project, Engineering has recently been awarded a concession to increase the collection and discharge of the aquifer.

Taking into account that the water collected is not subjected to any industrial process in addition to the change in temperature, the increase in the flow rate has no significant impact on the environment.

The return temperature of the water in the Lys river complies with the regulations stipulated in the disciplinary rules of the concession of the Region of Valle d'Aosta.

This enlargement of the geothermal plant will allow, in the course of 2015, to avoid the use of refrigerator groups, with consequent further energy savings.

elements of flexibility such as the transfer of the computational load (workload), the activation of back-up electricity generators and the use of energy accumulation systems. Another expected result is the ability to reuse part of the heat produced by the Data Centers that would otherwise be lost, by sending it to district heating grids.

**ELECTRICITY CONSUMPTION AND EMISSIONS**

<b>Electric energy offices<sup>12</sup></b>	<b>2014</b>
Electricity consumption (KWh)	6,183,417
Electricity consumption (GWh)	6,183
Electricity consumption (GJ)	22,260
CO <sub>2</sub> emissions (t) <sup>13</sup>	2,517

<sup>12</sup> The data calculated precisely from this year does not include all the sites, just the main offices in Italy. Reported KWh value does not include the few "temporary offices" where all inclusive services are offered (including electric energy).

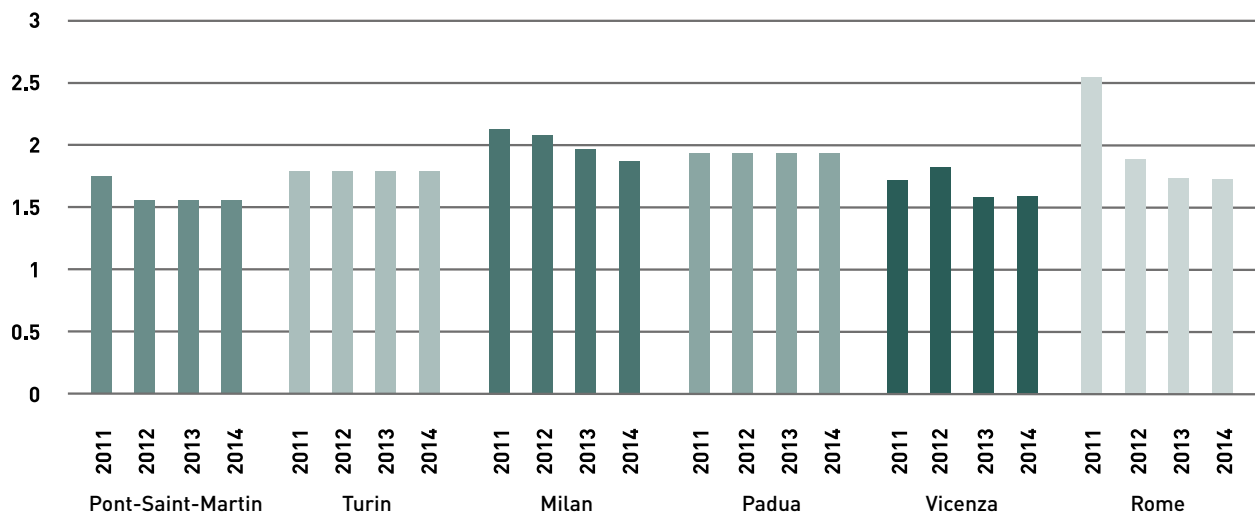
<sup>13</sup> Conversion factor: 407gr CO<sub>2</sub> x KWh [Source: Terna 2012 "International comparison: CO<sub>2</sub> atmosphere emission factors"].

ELECTRICITY CONSUMPTION LOG OF ENGINEERING DATA CENTERS<sup>14</sup>

Data Center	Pont-Saint-Martin				Turin				Milan			
Year	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
Electricity consumption GWh	9.7	10	10.9	12.5	2.2	2.4	2.3	2.1	12.3	14.1	13.8	10.6
Electricity consumption KWh	9,700,000	10,000,000	10,900,000	12,500,000	2,200,000	2,400,000	2,300,000	2,100,000	12,300,000	14,100,000	13,800,000	10,600,000
Electricity consumption GigaJoule	34,900	36,000	39,100	44,800	8,000	8,600	8,400	7,700	44,094	50,547	49,700	38,000
Power Usage Effectiveness (PUE)	1.71	1.54	1.53	1.53	1.8	1.81	1.8	1.8	2.16	2.09	1.99	1.9

Data Center	Padua				Vicenza				Rome			
Year	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
Electricity consumption GWh	1.6	1.7	1.6	1.5	4.2	4	3.8	3.47	1.7	1.8	1.6	1.2
Electricity consumption KWh	1,600,000	1,700,000	1,600,000	1,500,000	4,200,000	4,000,000	3,800,000	3,470,000	1,700,000	1,800,000	1,600,000	1,200,000
Electricity consumption GigaJoule	5,800	5,900	5,800	5,500	15,057	14,340	13,800	12,500	6,094	6,453	5,900	4,300
Power Usage Effectiveness (PUE)	1.97	1.97	1.96	1.96	1.74	1.84	1.61	1.6	2.58	1.91	1.74	1.74

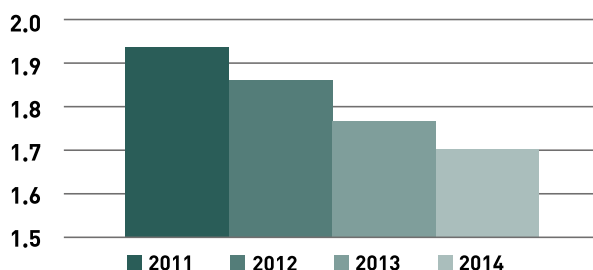
## PUE TREND BY DATA CENTER



<sup>14</sup> The 2011-2012 data for Milan, Rome and Vicenza were managed and provided by the previous manager (T-Systems Italia).

**DATA CENTER ELECTRIC ENERGY<sup>15</sup>**

	2011	2012	2013	2014
Electricity consumption GWh	31.7	34	34	31.37
Electricity consumption KWh	31,700,000	34,000,000	34,000,000	31,370,000
Electricity consumption (GJ)	114,120	122,400	122,400	112,932
CO <sub>2</sub> emissions (t) <sup>16</sup>	12,902	13,838	13,838	12,768

**GLOBAL PUE\***

\*PUE weighted average compared to electricity consumption GWh

**TOTAL EMISSIONS AND ENERGY (ITALY)**

	2014
Consumption (GJ)	219,546
CO <sub>2</sub> emissions scope 1 (Ton)	5,900
CO <sub>2</sub> emissions scope 2 (Ton)	15,285

**Waste: a proper management**

The most significant item in this context, is represented by electronic waste products from the management of the 6 Group Data Centers and is due to the replacement of plant components, which in 2014 was equal to about 29 tons. 100% of electronic waste produced is firstly analyzed at the two storage centers of the Group in Rome and Pont-Saint-Martin and then transferred to specialized and certified firms for the proper recovery (code R13) of materials (code 160214).

Data Center electronic waste is “sustainable” because it is for the most part reused in other industrial sectors.

A second type of electronic waste generated at the Group offices is represented by PCs.

In this context, Engineering has implemented a virtuous system in Italian offices that on the one

hand allows to contain the costs of purchasing new PCs and on the other hand determines a more contained impact on the environment with a lower average standard production of electronic waste related to PC replacement.

For many years, thanks also to the acquisition of specific skills and by reason of the high number of PCs in use at the Company in Italy, Engineering’s Technological Infrastructure Services (SIT) office has created a dense and efficient network for the purpose of restoring damaged computers by simply substituting components, just as might happen within a mechanical workshop. This is an example of how an approach to sustainability can, in most cases, also generate a containment or a reduction of business costs.

Waste generated by the Engineering offices are of minor importance, where waste sorting is active

<sup>15</sup> The apparent contradiction between the introduction of the geothermic plant at Pont-Saint-Martin and an increase in GWh consumption between 2011 and 2014 is motivated by the high number of clients who entered in that period; without geothermics, the increase would have been much higher.

<sup>16</sup> Conversion factor: 407gr CO<sub>2</sub> x KWh [Source: Terna 2012 “International comparison: CO<sub>2</sub> atmosphere emission factors”].



in all Italian locations, sometimes in advance of the municipal local regulations, and where currently, for every 300 workstations there is on average one collection point for plastic, paper and unsorted waste. Also, each individual workstation has a container for paper.

Used toners, for example, are disposed of by specialized companies or, in the case of leased printers, they are disposed of directly by the leasing company, while fluorescent lamps are collected and disposed of by companies in charge of site maintenance.

#### ELECTRONIC WASTE

Description	2012	2013	2014
Tons produced	24.03	50.35	32.54
of which transferred to specialized and certified companies for correct disposal	24.03	50.35	32.54

#### CORPORATE FLEET (ITALY)

	2012	2013	2014
Mileage <sup>17</sup>	35,730,000	37,320,000	38,890,000
Diesel consumption (Ton) <sup>18</sup>	1,862	1,898	1,947
Diesel consumption (GJ)	80,680	82,253	84,354
CO <sub>2</sub> (Ton) <sup>19</sup>	5,800	5,912	6,064
gr CO <sub>2</sub> /Km	162.3	158.4	155.9

<sup>17</sup> Mileage estimated based on average annual mileage bands provided by the rental company.

<sup>18</sup> Data calculated by using fuel costs per year divided by the average price of diesel (2012-2014) provided by the Ministry of Economic Development.

<sup>19</sup> Diesel emission factor 3.115 t CO<sub>2</sub>/t fuel. Source: Ministry of the Environment "Table of standard national parameters"

#### For a more sustainable mobility

In 2014 Engineering staff made numerous journeys to the offices of over 1,000 customers throughout the Italian territory; they traveled about 39 million kilometers. The fleet of company cars is composed of 1,133 vehicles (all diesel powered), of which a good percentage (602 cars) records CO<sub>2</sub> emissions under 120 gr/km.

The company's policy on staff movements places special emphasis on fuel consumption and emission limits. Since early 2013, a new hiring policy was approved, which foresees an obligation for the first band of cars (for middle management and employees) to limit consumption to below 4.2 liters of fuel per 100 kilometers on the combined cycle. For the second band (super managerial and executive staff) the limit is set to 4.6 liters per 100 kilometers.

The replacement of cars in the course of time has determined a progressive efficiency improvement (gr CO<sub>2</sub>/Km) of the fleet, proven by the energy efficiency and emissions data related to the kilometers travelled, reported in the data table of the company fleet.

Finally, an important contribution to the environment is guaranteed by the efficient company video-conference system, which manages over 3,000 virtual meetings annually, allowing physical movements to be reduced to the essential.

### Information Technology for renewable energy

The change in climate conditions and the limited fossil fuel resources require the preparation of an intelligent energy system, that can efficiently manage as many traditional energy sources as renewable energy source, in addition to patenting new ways to use energy, for example electric vehicles.

The path to follow is represented by the so-called Smart Grids, applications that allow the provision of reliable services for electric energy and guarantee a permanent balance between energy generation and demand, via the integration of advanced Information and Communication Technology (ICT) systems, as well as trying to solve the volatility of energy produced by renewable services.

In this sense, ICT is the only glue possible between supply and demand within the Energy & Utilities Smart Market. Indeed, the integration of ICT in the energy distribution infrastructure makes it possible to cope, in real time and in an efficient, capillary, personalized, proactive manner, the volatility of the load on the networks and energy generated through the use of communication systems.

Placing the skills and means guaranteed by Information Technology at the service of renewable energies is one of the challenges that Engineering has embraced together with other big players in the sector such as Telecom Italia and Enel Green Power, joined within the FINESCE

(Future INternet for Smart ENergy Services) Consortium.

The Consortium's research activities identify the ICT requisites for Smart Grids, developing a reference architecture and contributing at the same time to the development of industrial standards. These elements will favor the widespread adoption of the solutions for Smart Grids in Europe and beyond.

These standards form the basis for the intelligent grid of the future, which will be required to manage the charging of electric vehicles, offer systems for the management of energy saving for domestic and commercial buildings and, more generally, enable demand-response mechanisms in delivery, all this making the most of the energy produced from renewable sources.

In recent years, in Italy, there has been a considerable increase in the use of distributed energy generation. Photovoltaic energy is pushing beyond the niche phase and has already surpassed the significant level of 11 GW of total installed power, with more than 250,000 small systems already installed.

Legambiente's "Renewable Municipalities Report 2015" says that Italy is the first country in the world in the production of solar energy, which accounted for over 11% of total Italian electricity production in April 2015.

Overall, in 2014, renewables helped meet 38.2% of electricity consumption requirements for the country as a whole, with production going from 84.8 to 118 TWh over three years.

This important phenomenon yields the need to enable a process of structural transformation of every stage of the energy cycle, from generation to accumulation, transportation, distribution, sale and, especially, to the intelligent consumption of energy.

All too often, to date, stationary blades can

sometimes be seen during windy days.

The Italian electricity grid is still having problems exploiting plants powered by renewable energy fully, where balancing energy continues to be the main obstacle.

Engineering is involved in the project INGRID for the creation of a 39 MWh demonstrator plant located in Puglia, for balancing electric energy through hydrogen-rich magnesium units to accumulate excess electricity and, subsequently, supply it back to the network when required. The system proposed by INGRID represents an innovative solution for addressing issues related to the saturation of the capacity of the electric

grid, allowing for accumulating the electricity surplus that would otherwise be lost in the form of hydrogen, and to reintroduce it with appropriate methods and timing in the same electric grid or use it in contexts where energy transportation is difficult.

The experiment promises significant results with an improvement in the performance of the wind park in the town of Troia (FG) in Puglia, which, thanks to the implemented solution, will now be able to make the most of the plants at a 30% higher level compared with average current industry standards. The objective is for these technologies to be replicated also on a large scale and at market level over the next 5-10 years.





## REPORTER FOR THE EARTH 2015 AWARD



**Reporter for the Earth** is an award that was created to give prominence to the best journalistic contributions and photo-journalistic coverage offered by the vast Italian panorama of environmental information.

The reference period is the year starting on Earth Day 2014 to Earth Day 2015.

Contributions have been selected for their ability to stimulate public opinion to protect the Planet.

The selection therefore aims to offer a social, cultural and territorial Italian cross-section, but without excluding the global dimension of the environmental issue, which makes the Planet a single, large climatic region.

The initiative, implemented in collaboration with Earth Day Italy and the Italian Ministry for the Environment in the framework of the celebrations of the 43<sup>rd</sup> World Environment Day, was supported by Engineering to emphasize attention to environmental issues and to put the spotlight on the centrality of good information, required to spread a new environmental culture.

The winners of the 2015 edition are Rosy Battaglia, Emanuele Bompan and Sergio Ferraris for the journalistic section and Federico Bernini for the photographic section.

The special prize was awarded to Marcello Masi for the Rai 2 program "I Signori del Vino".

## MARCO SECCHI, Getty Images

### July 22, 2014 - The large cruise ships in the lagoon in Venice

The “monsters of the sea” pass in front to the byzantine wonders of the ancient and contemporary heart of Venice. It is a spectacle that offends environmentalists and others, all over the world. A few days after this shot, for the ships that exceed 96,000 tons another path was chosen, but the controversy did not end there: the lagoon ecosystem is at risk.





MARCO BARTORELLO, Getty Images

**July 27, 2014 - The Costa Concordia left Isola del Giglio**

A wreck 290 meters long and 72,500 tons heavy. Two and a half years after the tragic shipwreck in which 32 people lost their lives, the Costa Concordia driven by four tugs left Isola del Giglio. It arrived in Genoa five days later to be demolished.







DANIELE LEONE, LaPresse

**September 25, 2014 - The Bilotti Museum flooded after a storm**

After a night of thunders, lightning and rain, torrents of water run along the roads of Rome. The Carlo Bilotti Museum, in Villa Borghese, which was partly flooded, is at risk. There is plenty of damage to be repaired, but the De Chirico masterpieces preserved on the ground floor were saved, fortunately.



TIZIANA FABI, Getty Images

**September 29, x2014 - Sustainable mobility: the installation of the Chinese artist Ai Weiwei at the Venice Architecture Biennale**

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The Chinese artist Ai Weiwei paid homage to bicycles and filled the courtyard of the Venetian Palazzo Cavalli-Franchetti with a structure ten meters high composed of 1,179 bicycles. This is "Forever", which is an original portrait of a timeless protagonist of sustainable mobility.





FEDERICO BERNINI, LaPresse

October 15, 2014 - the Genoa flood and the “mud angels”

They go where they are needed, like angels. They are hundreds of girls, and boys, in front of Genoa submerged again by water and mud, flocking from all over Italy to offer assistance. Armed with spades, boots and energy, they clean shops, roads, basements, cavity walls and garages. Showing the real face of generosity.





CIRO FUSCO, Ansa

**November 30, 2014 - The blasting of the eco monster on the beach of Alimuri in Vico Equense (Naples)**

1,200 explosive charges of 50 grams each made the Alimuri eco monster collapse after 50 years. Thus what should have been a great luxury hotel and represented instead a symbol of a total lack of respect for our beauty was demolished. The heart of one of the most beautiful locations of the coast of Campania between Vico Equense and Meta di Sorrento started beating again.



FRANCESCO GUARDASCIONE, LaPresse  
January 26, 2014 - The illegal landfill of Barra in Naples

Mattresses, toys, household appliances: 300 meters in the open air of wastes of any kind, from urban to industrial ones. The illegal landfill is located near a school, in the immediate vicinity of which an asbestos beam was abandoned, for a very long time.



ALFONSO DI VINCENZO, Getty Images

March 18, 2014 - Taranto, between dioxin and the future

Taranto and Ilva, Ilva and Taranto. The tragedy of a city (and country) forced to choose between the right to health and the right to work.

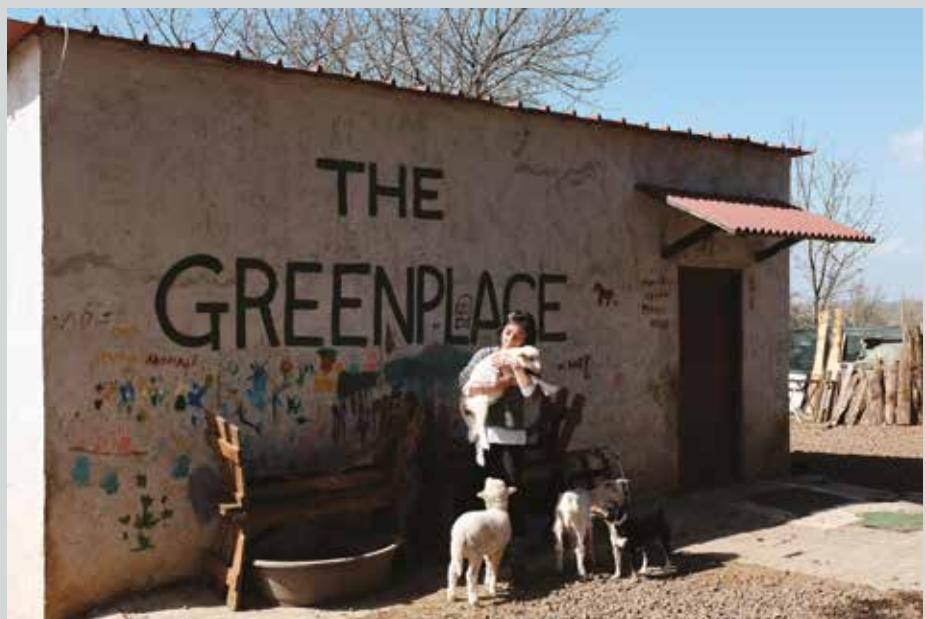


## ALBERTO PIZZOLI, Getty Images

**March 31, 2014 - The Green Place: a refuge for animals...and people**

A refuge for animals liberated from human exploitation. This is The Green Place, a place created by the photographer Marco Biondi, near Nepi (Rome), when LAV entrusted him with the care of a flock that the forces of law and order saved from serious ill-treatment.

Since then over 100 animals of different species have been welcomed and treated, including some lambs saved by the organization Animal Equality following a shocking investigation on the transport of animals, carried out for the national campaign "Save a Lamb".





VINCENZO LIVIERI, LaPresse

**April 1, 2014 - Street art and nature in the Roman suburbs**

Bringing color, art and beauty where color, art and beauty lack. Murals, even very beautiful ones, are invading often difficult popular Roman neighborhood, like San Basilio, Torpignattara and Tor Marancia. The urban and cultural regeneration is also activated like this, without trickling from the top down.







# APPENDIX

## METHODOLOGICAL NOTE

### G4-17 G4-18 G4-22 G4-23

Engineering's second Corporate Social Responsibility Report 2014 was drafted in accordance with the *Core* level of the "G4 Sustainability reporting guidelines" published by the Global Reporting Initiative (GRI).

On p. 97, there is a correlation table between the material topics, the GRI indicators and the contents of the document.

In accordance with the provisions of the new G4 guidelines, the process of drafting the report provided for the identification of the most significant aspects to report in accordance with the "materiality principle".

This approach is also reflected in the structure of the report, the core of which: "Modernization of the country, the People and the Environment" includes the main Corporate Social Responsibility challenges related to the ICT sector.

Engineering's Corporate Social Responsibility Report refers to data, projects and services provided by the organization in 2014 and reports the main impacts arising from Engineering projects, with a special focus on Italy, where the company carries out most of the operations and where its revenue is largely concentrated.

The Report also contains information about foreign subsidiaries in terms of mission, activities, staff composition, while the environmental data only refers to Italy. The economic-financial data presented in this Corporate Social Responsibility Report are the same as those published in the Consolidated Financial Statements and Financial Statements for the year 2014, the audit of which was carried out by Deloitte according to the principles and criteria recommended by CONSOB.

## MATERIALITY ANALYSIS

### G4-18

Accepting the solicitations from the new G4 guidelines, which foresee a focus on reporting of material topics, Engineering has launched an internal and external review process and sector benchmarking activities to identify the most important topics, in order to draw up this Report.

The contents and G4 indicators of the 2014 Report were consequently defined based on the results of the materiality analysis involving top management in the definition of the most important questions and challenges in the economic, social and environmental context related to the activities and services provided, with particular focus on the Information Technology (IT) sector.

The list of topics that emerged as material was then connected to the indicators proposed by the GRI-G4 guidelines (see paragraph: Material topics and connection with the indicators of the GRI-G4 standard).

The materiality analysis aims to orient the structure and the content of the social/ sustainability reports to bring out the issues on which the reporting process should focus as well as commitments and future projects on which the Company must invest more strongly.

#### **The G4-18 analysis process**

The materiality analysis started from the discovery of the issues generally recognized as important because they have been reported by frameworks

recognized at international level, such as the ISO 26000 guidelines and the GRI-G4 standard, generally considered to be representative of the perspective external to the company as identified in the context of multi-stakeholders discussions and debates at international level.

We then went on to assessing the sustainability issues treated within business documents such as policies, internal procedures, the Code of Ethics, the first Corporate Social Responsibility Report.

The second phase for the identification of material topics has aimed at identifying the aspects of sustainability more closely related to the business of Engineering and relevant to the field of Information Technology and the reference scenario.

With this objective, the following were analyzed:

- the 2013 sustainability reports of the main companies in the ICT sector at international level: Indra, Accenture, Capgemini, HP, Cisco, IBM
- the main news published in the national media
- the main documents developed by associations for the promotion of CSR in the Information Technology sector: EICC (Electronic Industry Citizenship Coalition), GeSi (Global e-Sustainability Initiative)
- the documents drawn up by the leading sustainability rating agencies (SAM, EIRIS and Vigeo) and associations for the promotion of socially responsible investments.

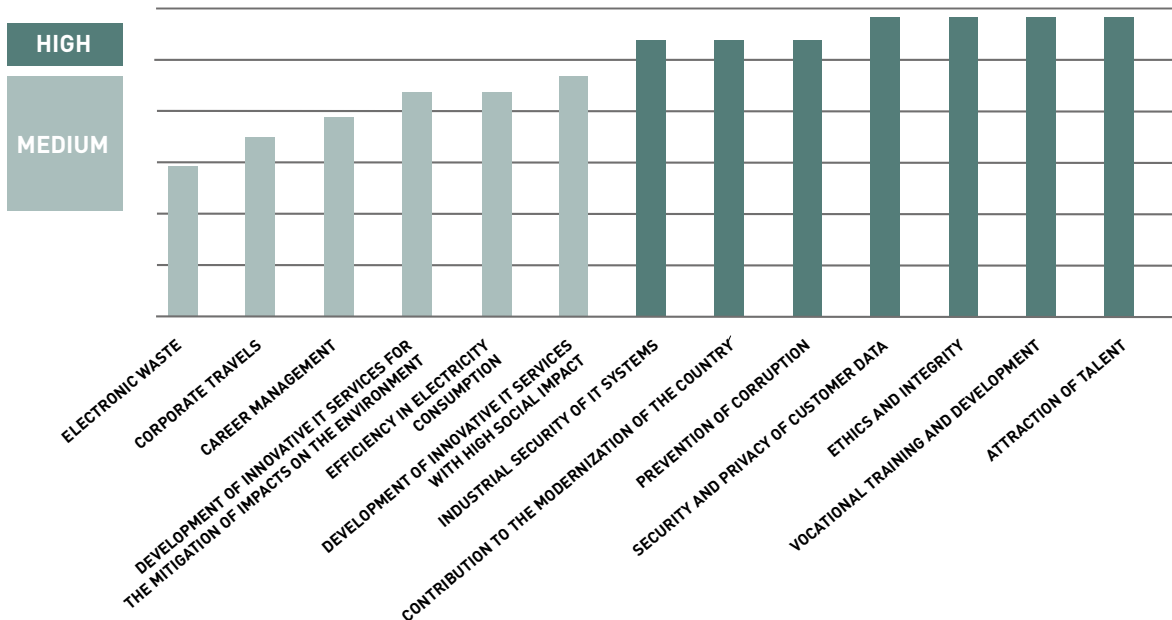
The list of topics that emerged in the course of the preliminary analysis were discussed, analyzed, and weighed during the dedicated focus group which involved all the Group’s first lines (executive positions).

In particular, a risk self-assessment approach was adopted that has allowed top management to evaluate each Corporate Social Responsibility issue based on two “weighted” variables: potential impact on business and on reputation.

**THE RESULTS OF THE FIRST G4-19 MATERIALITY ANALYSIS**

Material Topics	Priority
Attraction of talent	High
Vocational training and development	High
Ethics and integrity	High
Security and privacy of customer data	High
Prevention of Corruption	High
Contribution to the modernization of the Country	High
Industrial security of IT systems	High
Development of innovative IT services with high social impact	Medium
Efficiency in electricity consumption	Medium
Development of innovative IT services for the mitigation of impacts on the environment	Medium
Career management	Medium
Corporate travel	Medium
Electronic waste	Medium

**PRIORITY DETECTED IN THE FACTORS OF MATERIALITY**



## OUR STAKEHOLDERS

G4-24 G4-25 G4-26

The table shows the major categories of Engineering stakeholders and the main forms of involvement, the frequency and types of activities, whereby the company communicates and interacts on the basis of an approach that considers the legitimacy of relation, closeness, and power to influence and impacts related to the activities of the Group.

Main categories of Stakeholders	Engineering Map	Interaction modes, listening and involvement
<b>Employees</b>	7,390 employees located in 30 branches in Italy and overseas in Brazil, Argentina, Belgium, Republic of Serbia, Norway, USA	<ul style="list-style-type: none"> <li>• Internal communication tools (newsletters, intranet, mailing); internal and external events dedicated to employees</li> <li>• Constant presence of the Personnel and Organization Department at branch offices</li> </ul>
<b>Clients</b>	<p>More than 1,000 national and international clients in the following sectors:</p> <ul style="list-style-type: none"> <li>• Local and Central Public Administration (Municipalities, Regions, Ministries)</li> <li>• Healthcare (Hospitals, LHAs)</li> <li>• Finance (Large Banking and Insurance Groups)</li> <li>• Telecommunications (all the major Italian players)</li> <li>• Energy (energy Producers and Distributors)</li> <li>• Industry</li> <li>• European and international institutions</li> </ul>	<ul style="list-style-type: none"> <li>• Periodic satisfaction surveys</li> <li>• Continuous relations with our staff of consultants</li> </ul>
<b>Suppliers</b>	<p>More than 1,000 suppliers concentrated in following sectors:</p> <ul style="list-style-type: none"> <li>• instrumental goods (in particular hardware and software)</li> <li>• management and maintenance of real estate owned by Engineering</li> </ul>	<ul style="list-style-type: none"> <li>• Day-to-day relations with the Purchase Department and company functions involved in the activities carried out. Dialogue with the major associations of supplier representation</li> <li>• Portal for suppliers on the PAGE (Engineering Group Purchasing Portal) internet website <a href="http://page.eng.it">page.eng.it</a></li> </ul>

Main categories of Stakeholders	Engineering Map	Interaction modes, listening and involvement
<b>Sector and category Associations</b>	National associations of the computer, software, ICT industries	Periodic meetings, preparation and sharing of good practices, participation in the works of technical and representation commissions
<b>Financial institutions</b>	National and international banks and credit institutions that fund the Group's main investments	Meetings with top company management
<b>Non-profit world</b>	<ul style="list-style-type: none"> <li>• Associations for environment promotion</li> <li>• Cooperatives/Non-profit organizations</li> </ul>	Sponsorships, donations, sale of goods or services, projects in partnership, training and internships
<b>Trade unions</b>	Metalworkers' trade unions	<ul style="list-style-type: none"> <li>• Collective and territorial contracts</li> <li>• Meetings with company trade union representatives</li> </ul>
<b>Universities and Research Institutes</b>	National and European university and research institutes	<ul style="list-style-type: none"> <li>• Development of projects in partnerships, economic support for research, training and support for product research and development</li> <li>• Company testimonials at schools</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>• Newspapers, magazines, national radio and TV</li> <li>• Sector magazines</li> <li>• Newspapers and local radio and TV stations</li> <li>• Online publications</li> </ul>	Contacts on the occasion of the launch of important projects, publication of company documents, interviews, events
<b>Project partners</b>	<ul style="list-style-type: none"> <li>• Small and large Italian and European companies (e.g., energy sector, healthcare)</li> <li>• European hospitals</li> </ul>	<ul style="list-style-type: none"> <li>• Coordination within projects funded by public European and national bodies</li> <li>• Development of projects in partnerships</li> </ul>

## STAFF DATA

Composition of employee/dependent staff by type of contract and gender as at Dec. 31	MEN 2012	WOMEN 2012	TOTAL 2012	MEN 2013	WOMEN 2013	TOTAL 2013	MEN 2014	WOMEN 2014	TOTAL 2014
Permanent	4,593	2,155	6,748	4,955	2,232	7,187	5,025	2,247	7,272
Fixed-term	55	41	96	56	40	96	82	36	118
<b>TOTAL</b>	<b>4,648</b>	<b>2,196</b>	<b>6,844</b>	<b>5,011</b>	<b>2,272</b>	<b>7,283</b>	<b>5,107</b>	<b>2,283</b>	<b>7,390</b>

Total size of the labor force expressed as average staff/AWU by nature of the employment relationship and gender	MEN 2012	WOMEN 2012	TOTAL 2012	MEN 2013	WOMEN 2013	TOTAL 2013	MEN 2014	WOMEN 2014	TOTAL 2014
Employees	4,361.29	2,020.56	6,381.85	4,838.13	2,104.06	6,942.19	4,891.55	2,117.5	7,009.05
Consultants	/	/	/	/	/	3,500	/	/	3,200

Total size of the labor force expressed as average staff/AWU by geographic area and gender (includes employees and other types of non-employment contracts)	MEN 2012	WOMEN 2012	TOTAL 2012	MEN 2013	WOMEN 2013	TOTAL 2013	MEN 2014	WOMEN 2014	TOTAL 2014
Northern Italy	1,783.90	903.17	2,687.07	2,052.95	956.4	3,009.35	2,535.15	1,199.68	3,734.83
Central Italy	1,766.72	861.67	2,628.39	1,760.06	822.98	2,583.04	1,322.4	595.04	1,917.44
Southern Italy and Islands	721.60	208	929.60	818.01	252.57	1,070.58	741.92	229.57	971.49
Brazil	72.66	40.57	113.23	190.44	63.45	253.89	267.76	80.8	348.56
Belgium	12.41	7.15	19.56	13.67	8.66	22.33	15.82	10.66	26.48
Serbia	0.00	0	0	0	0	0	4.5	1.75	6.25
Argentina	4.00	0	4	2	0	2	3	0	3
Other Detroit	0.00	0	0	1	0	1	0	0	0
Other Germany	0.00	0	0	0	0	0	1	0	1
<b>GROUP TOTAL</b>	<b>4,361.29</b>	<b>2,020.56</b>	<b>6,381.85</b>	<b>4,838.13</b>	<b>2,104.06</b>	<b>6,942.19</b>	<b>4,891.55</b>	<b>2,117.5</b>	<b>7,009.05</b>

Composition of the employee staff of the Group by occupational status and gender as at Dec. 31	MEN 2012	WOMEN 2012	TOTAL 2012	MEN 2013	WOMEN 2013	TOTAL 2013	MEN 2014	WOMEN 2014	TOTAL 2014
Executives	269	40	309	285	42	327	284	40	324
Middle managers	1,030	335	1,365	1,188	381	1,569	1,234	392	1,626
Employees	3,349	1,821	5,170	3,536	1,848	5,384	3,589	1,851	5,440
Manual workers	0	0	0	2	1	3	0	0	0
<b>TOTAL</b>	<b>4,648</b>	<b>2,196</b>	<b>6,844</b>	<b>5,011</b>	<b>2,272</b>	<b>7,283</b>	<b>5,107</b>	<b>2,283</b>	<b>7,390</b>

Distribution of employees by age, gender, and geographic area as at Dec. 31	MEN 2012	WOMEN 2012	TOTAL 2012	MEN 2013	WOMEN 2013	TOTAL 2013	MEN 2014	WOMEN 2014	TOTAL 2014
<b>ITALY</b>									
Age < 30 years	379	184	563	294	131	425	287	112	399
Age 30 - 50 years	3,674	1,795	5,469	3,850	1,863	5,713	3,761	1,831	5,592
Age > 50 years	441	151	592	585	187	772	700	233	933
<b>ABROAD</b>									
Age < 30 years	37	22	59	79	28	107	109	32	141
Age 30 - 50 years	107	42	149	187	58	245	221	68	289
Age > 50 years	10	2	12	16	5	21	29	7	36



Composition of personnel who are protected categories as at Dec. 31	MEN 2012	WOMEN 2012	TOTAL 2012	MEN 2013	WOMEN 2013	TOTAL 2013	MEN 2014	WOMEN 2014	TOTAL 2014
ITALY	165	108	273	194	132	326	194	122	316
ABROAD	/	/	/	/	/	/	0	0	0

Composition of permanent employee staff by occupational status and gender as at Dec. 31	MEN 2012	WOMEN 2012	TOTAL 2012	MEN 2013	WOMEN 2013	TOTAL 2013	MEN 2014	WOMEN 2014	TOTAL 2014
Executives	267	40	307	281	42	323	279	40	319
Middle managers	1,030	335	1,365	1,185	380	1,565	1,230	391	1,621
Employees	3,296	1,780	5,076	3,487	1,809	5,296	3,516	1,816	5,332
Manual workers	0	0	0	2	1	3	0	0	0
<b>TOTAL</b>	<b>4,593</b>	<b>2,155</b>	<b>6,748</b>	<b>4,955</b>	<b>2,232</b>	<b>7,187</b>	<b>5,025</b>	<b>2,247</b>	<b>7,272</b>

Composition of permanent employee staff by employment category	MEN 2012	WOMEN 2012	TOTAL 2012	MEN 2013	WOMEN 2013	TOTAL 2013	MEN 2014	WOMEN 2014	TOTAL 2014
Full Time	1,781	4,584	6,365	1,852	4,936	6,788	1,847	5,006	6,853
Part Time	374	9	383	380	19	399	400	19	419

Recruitment of new employee staff by age, gender, and geographic area as at Dec. 31	MEN 2012	WOMEN 2012	TOTAL 2012	MEN 2013	WOMEN 2013	TOTAL 2013	MEN 2014	WOMEN 2014	TOTAL 2014
<b>ITALY</b>									
Age < 30 years	/	/	/	66	30	96	117	44	161
Age 30 - 50 years	/	/	/	360	150	510	209	74	283
Age > 50 years	/	/	/	79	12	91	27	8	35
<b>TOTAL</b>	<b>/</b>	<b>/</b>	<b>593</b>	<b>505</b>	<b>192</b>	<b>697</b>	<b>353</b>	<b>126</b>	<b>479</b>
<b>ABROAD</b>									
age < 30 years	/	/	/	/	/	/	/	/	/
Age 30 - 50 years	/	/	/	/	/	/	/	/	/
Age > 50 years	/	/	/	/	/	/	/	/	/
<b>TOTAL</b>	<b>/</b>	<b>/</b>	<b>134</b>	<b>/</b>	<b>/</b>	<b>247</b>	<b>/</b>	<b>/</b>	<b>176</b>

\* includes the acquisition of MHT staff

Employees leaving by age, gender, and geographic area as at Dec. 31	MEN 2012	WOMEN 2012	TOTAL 2012	MEN 2013	WOMEN 2013	TOTAL 2013	MEN 2014	WOMEN 2014	TOTAL 2014
<b>ITALY</b>									
Age < 30 years	/	/	/	30	15	45	40	13	53
Age 30 - 50 years	/	/	/	201	115	316	215	100	315
Age > 50 years	/	/	/	27	8	35	57	17	74
<b>TOTAL</b>	<b>/</b>	<b>/</b>	<b>296</b>	<b>258</b>	<b>138</b>	<b>396</b>	<b>312</b>	<b>130</b>	<b>442</b>
<b>ABROAD</b>									
age < 30 years	/	/	/	/	/	/	/	/	/
Age 30 - 50 years	/	/	/	/	/	/	/	/	/
Age > 50 years	/	/	/	/	/	/	/	/	/
<b>TOTAL</b>	<b>/</b>	<b>/</b>	<b>29</b>	<b>/</b>	<b>/</b>	<b>108</b>	<b>/</b>	<b>/</b>	<b>120</b>

Strikes and industrial disputes	2012	2013	2014
Hours lost due to strikes, pickets and sector industrial disputes	/	/	/
Hours lost due to strikes, pickets and national industrial disputes	/	/	/
Hours lost due to strikes, pickets and industrial disputes against the company	10,203	10,331	2,412
Hours of strike on total hours worked	0.0958%	0.0931%	0.0215%
Rate of trade unionism of employees	11.40%	13.25%	11.81%



## MATERIAL TOPICS AND CONNECTION WITH THE INDICATORS OF THE GRI-G4 STANDARD G4-20 G4-21

This connecting table indicates the correspondence between the topics emerging from the materiality analysis (including the scope), the indicators needed to reach the required level of Core application as required by the new “G4 Sustainability reporting guidelines” and the contents of the Corporate Social Responsibility Report.

Relevant aspects for Engineering	Scope		Indicator GRI-G4	Description	References, restrictions and notes
	Internal relevance	Relevance by stakeholders			
ATTRACTION OF TALENT	Engineering	Clients	LA11	Percentage of employees who receive regular performance evaluations and career development	The secret to our success A compact team The enhancement of work We support participation and involvement pp. 54-56; 58
			LA1	Total number of new recruits and turnover by age, gender, and geographical area	A compact team Staff data pp. 55; 96
VOCATIONAL TRAINING AND DEVELOPMENT	Engineering	Clients	LA9	Average hours of training per employee per year, broken down by gender and worker category	Continuous training, a strategic factor The IT & Management School “Enrico Della Valle” Networking knowledge Knowledge, know-how, knowing how to be pp. 58-62
			LA10	Programs for skills management and to promote a training/progressive update to support continuous employment of employees and for the management of the final stage of their careers	Continuous training, a strategic factor The IT & Management School “Enrico Della Valle” Networking knowledge Knowledge, know-how, knowing how to be pp. 58-62
ETHICS AND INTEGRITY	Engineering	Clients	G4-56s	Values, principles, standards and rules of conduct adopted by the organization, such as codes of conduct and codes of ethics	Ethics and business, a perfect synthesis pp. 17-18

Relevant aspects for Engineering	Scope		Indicator GRI-G4	Description	References, restrictions and notes
	Internal relevance	Relevance by stakeholders			
<i>Continued</i> <b>ETHICS AND INTEGRITY</b>	Engineering	Clients	G4-S08	Monetary value of major penalties for non-compliance with laws or regulations	In the course of the last two years (2012 and 2013) there were no sanctions, nor criminal convictions that have become res judicata or plea bargaining that imposed an obligation on Engineering "to do/not do" (e.g. inhibitions) for non-compliance with laws or regulations
			EN-29	Monetary value of Main monetary and non-monetary penalties for non-compliance with environmental laws or regulations	In the course of 2013 at offices and Data Centers of the Group, there were no environmental accidents nor spills of hazardous substances potentially harmful for human health, soil, vegetation, water and groundwater. In 2014 there were no disputes, fines or penalties for non-compliance with environmental laws and regulations
			G4-LA4	Minimum period of notice in the event of corporate restructuring/reorganization for offices and (if included) collective agreements	The minimum period of notice in the event of corporate restructuring/reorganization is determined on the basis of the law of the countries where the Group operates and of the requirements of the national industry contract and the trade union agreements of levels I and II
			S03	Percentage of workers who have received training on the anti-corruption policies and procedures of the organization	Ethics and business, a perfect synthesis pp. 17-18
			S04	Communication of policies and training of employees on anti-corruption	Ethics and business, a perfect synthesis pp. 17-18
			LA14	Percentage of new suppliers and partners analyzed in terms of work practices and actions taken	Suppliers: ethics and territory pp. 22-23
			LA6	Rate of workplace accidents, disease, lost work days, absenteeism, and total number of deaths, divided by geographic area	The safety of our people p. 57
<b>SECURITY AND PRIVACY OF CUSTOMER DATA</b>	Engineering	Clients	S08	Monetary value of significant penalties and total number of non-monetary penalties for non-compliance with laws or regulations	In recent years there have been no sanctions and litigations, nor requests for compensation payments made by customers on behalf of which Engineering manages data have been received by the company

Relevant aspects for Engineering	Scope		Indicator GRI-G4	Description	References, restrictions and notes
	Internal relevance	Relevance by stakeholders			
CONTRIBUTION TO THE MODERNIZATION OF THE COUNTRY	Engineering	Clients Community	EC1	Economic value generated directly and distributed, including revenues, operational costs, employee remuneration, donations and other investments in the community, non-distributed profit, payments to backers and to the Public Administration	We create value for the Country p. 21  Engineering's contribution to the modernization of the Country pp. 30-50
			EC7	Impacts of investment in infrastructure and services supported	
			EC8	Description of the main indirect economic impacts	
INDUSTRIAL SECURITY OF IT SYSTEMS	Engineering		G4-PR8	Number of documented complaints regarding breaches of customer privacy and loss of consumer data	Sensitive Data: imperative on security pp. 24-25
DEVELOPMENT OF INNOVATIVE IT SERVICES WITH A HIGH SOCIAL IMPACT	Engineering	Clients Community	EC7	Impacts of investment in infrastructure and services supported	Engineering's contribution to the modernization of the Country pp. 30-50
			EC8	Description of the main indirect economic impacts	
EFFICIENCY IN CONSUMPTION OF ELECTRICITY	Engineering	Environment Future generations	G4-DMA	General information on the managerial approach	Environmental impacts of the business pp. 68-69
			G4-EN3	Energy consumption within the organization	
			G4-EN16	Total indirect gas emissions with greenhouse effects (GHG)	
DEVELOPMENT OF INNOVATIVE IT SERVICES FOR THE MITIGATION OF IMPACTS ON THE ENVIRONMENT	Engineering	Clients Future generations Community	EC7	Impacts of investment in infrastructure and services supported	Engineering's contribution to the modernization of the Country pp. 30-50
			EC8	Description of the main indirect economic impacts	The environment pp. 67-74
CORPORATE TRAVELS	Engineering	Clients Future generations Community	G4-DMA	General information on the managerial approach	For a more sustainable mobility pp. 72-73
			G4-EN15	Total direct gas emissions with greenhouse effects (GHG)	
ELECTRONIC WASTE	Engineering	Future generations Local institutions Suppliers	G4-DMA	General information on the managerial approach	Waste: a proper management pp. 71-72
			G4-EN23	Total weight of waste by type and disposal method	
			G4-EN24	Number of spills and volume of leaks to the ground or in water by type of liquid	

**GRI-G4 PROFILE INDICATORS**

Code of the GRI-G4 indicator	Description of the indicator	References, restrictions and notes
G4-1	<p>Declaration of the highest authority of the decision-making process (for example, CEO, Chairman or equivalent position) on the importance of sustainability for the organization and its strategy, the strategic priorities and key topics in the short and medium term with regard to sustainability, including compliance with the internationally agreed standards and their relationship with long-term strategy and organizational success.</p> <p>Broader trends affecting the organization and influencing the priorities of sustainability.</p> <p>Significant events during the reference period.</p> <p>Results during the reference period.</p> <p>Errors during the reference period on performance with reference to the targets.</p> <p>Outlook of the key challenges of the organization, the objectives for the next year and the objectives for the next 3-5 years.</p> <p>Other articles relating to strategic approach of the organization</p>	Letter to stakeholders pp. 6-7
GA-2	Description of the main impacts, risks and opportunities	Letter to <i>stakeholders</i> pp. 6-7
<b>Profile of the organization</b>		<b>References, restrictions and notes</b>
G4-3	Name of organization	Methodological note p. 98
G4-4	Main brands, products and/or services	Group profile pp. 12-17
G4-5	Location where the organization's headquarters are based	Colophon
G4-6	Number of countries where the organization operates, name of the countries where the organization carries out most of its business or that are particularly important for the topics of sustainability referred to in the report	Group profile p. 12
G4-7	Ownership structure and legal form	Group profile pp. 13; 18-19
G4-8	Markets served (including geographical analysis, sectors served, type of consumers/beneficiaries)	Group profile pp. 12-14
G4-9	Size of the organization, including: number of employees; number of activities; net turnover (for private organizations) or net revenues (for public organizations); total capitalization divided into bonds/debts and shares (for private organizations); amount of products or services provided	Group profile pp. 13; 19-20  The people pp. 54-55
G4-10	<p>a) Shows the total number of employees by type of contract (fixed/permanent) and by gender</p> <hr/> <p>b) Shows the total number of permanent workers by employment type (part-time/full-time) and gender</p> <hr/> <p>c) Shows the number of workers by type of employment relationship (employee/non-employee) and gender</p>	The people Staff data pp. 54-55; 95-96

## Continued GRI-G4 PROFILE INDICATORS

	Profile of the organization	References, restrictions and notes
G4-10	<p>d) Shows the total labor force by nation and gender</p> <hr/> <p>e) Indicates whether a substantial part of the activities of the organization is performed by workers who are legally recognized as self-employed persons, or people who are not employees or supervisors, including employees and contractors supervised by contractors/ subcontractors</p> <hr/> <p>f) Indicates any significant variation in the number of employees [such as seasonal variations in employment in the tourism or agricultural sector]</p>	The people Staff data pp. 54-55; 95-96
G4-11	Indicates the percentage of employees covered by collective contract agreements	100%
G4-12	Describe the supply chain of the organization. Describe the main elements of the supply chain in relation to the primary activities of the organization, products and services	Group profile pp. 22-23; 25
G4-13	<p>Significant changes in the dimensions, structure or ownership setup that have occurred in the reporting period.</p> <ul style="list-style-type: none"> <li>- Changes in location, or changes in activities, including opening, closing or expansion</li> <li>- Changes in the structure of the share capital and other operations of capital formation, maintenance and change of activity (for private organizations)</li> </ul> <hr/> <p>Changes in localization of suppliers, of structure of the supply chain, or in relationships with suppliers, including their selection and termination</p>	
	Commitment to external initiatives	References, restrictions and notes
G4-14	Explanation of the possible modes of application of the precautionary principle or approach	Methodological note p. 90
G4-15	Subscription or adoption of codes of conduct, principles, and charters developed by external institutions/associations related to economic, social and environmental performance	Ethics and business, a perfect synthesis p. 17
G4-16	Participation in national and international trade associations in which the organization: holds a position at government bodies; participates in projects and committees; provides substantial funding beyond the normal membership fee; considers participation as strategic	Our stakeholders p. 93

Continued **GRI-G4 PROFILE INDICATORS**

	<b>Identification of the material aspects and scope</b>	<b>References, restrictions and notes</b>
<b>G4-17</b>	List all the companies included in the consolidated financial statements of the organization or equivalent documents. Report whether any entity included in the consolidated financial statements or equivalent document of the organization is not covered by the Report	Methodological note p. 90
<b>G4-18</b>	Explanation of the process for defining the contents of the financial statements and how the organization has implemented the relevant reporting principles	Methodological note p. 90
<b>G4-19</b>	List all material aspects identified in the process of defining the content of the report	Materiality analysis pp. 91-92
<b>G4-20</b>	For each material aspect, report the scope within the organization	Material topics and connection with the indicators of the GRI-G4 standard pp. 97-99
<b>G4-21</b>	For each material aspect, report the scope outside the organization	Material topics and connection with the indicators of the GRI-G4 standard pp. 97-99
<b>G4-22</b>	Explanations of the effects of any change of information entered in previous reports (re-statement) and reasons for such changes (for example: mergers/acquisitions, change in computation period, nature of the business, measurement methods)	Methodological note p. 90
<b>G4-23</b>	Significant changes in measurement objective, scope or methods used in the report, compared to the previous reporting period	Methodological note p. 90
<b>Stakeholder engagement</b>		<b>References, restrictions and notes</b>
<b>G4-24</b>	List of stakeholder groups with whom the organization is involved	Our stakeholders pp. 93-94
<b>G4-25</b>	Principles for identifying and selecting the main stakeholders with whom to undertake involvement activities	
<b>G4-26</b>	Approach to the stakeholder involvement activity, specifying the frequency by type of activity developed and by each group of stakeholders	
<b>G4-27</b>	Indicates the stakeholder groups that have raised key issues and reports.	No reports have been received other than in the context of industrial relations
<b>Report parameters</b>		<b>References, restrictions and notes</b>
<b>G4-28</b>	Reporting period of the information provided (For example tax year, calendar year)	Methodological note P. 90
<b>G4-29</b>	Date of publication of the most recent social responsibility report	
<b>G4-30</b>	Reporting interval (annual, two-yearly...)	
<b>G4-31</b>	Useful contacts and addresses for requesting information about the social responsibility report and its contents	

■ Key indicators highlighted (from G4-17 to G4-27) were not verified externally by auditing companies, but by the technical office of the Global Reporting Initiative that issued the certification "Materiality Disclosures".

*continued* **GRI-G4 PROFILE INDICATORS**

	<b>Table of contents</b>	<b>References, restrictions and notes</b>
<b>G4-32</b>	Explanatory table of the contents of the report	Material topics and connection with the indicators of the GRI-G4 standard pp. 97-99
	<b>External verification</b>	<b>References, restrictions and notes</b>
<b>G4-33</b>	Indicates the policy of the organization and current practices for the purpose of obtaining the external assurance report	This financial statement has not been subject to external review
	<b>Governance, commitments, stakeholder involvement</b>	<b>References, restrictions and notes</b>
<b>G4-34</b>	Indicates the structure of governance of the organization, including the Board of Directors Identifies any competent bodies for decision-making on economic, environmental and social impacts	Group profile pp. 18-19

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