

EUROTECH UN GLOBAL COMPACT COMMUNICATION ON PROGRESS

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Index

Statement from Eurotech CEO	5
1. Strategic Management of Sustainability	7
2. Products Development and Commercialization	8
3. Business and Operations Management	10
4. Infrastructures, Energy, Water, Waste Management	11
5. Employees Management	12
6. Sustainability Culture Development	13
7. Community Involvement	13
8. Governance	14
9. Supporting the UN Millennium Development Goals	14
10. ANNEXES	16



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Statement from Eurotech CEO

I am pleased to present Eurotech's COP 2015 to the UN Global Compact.

It's six years now since we joined the UN Global Compact because we felt it was the right complement to our path of integration of social and environmental sustainability into our strategy and into the daily operating of our Company. Today we still look at our participation to this initiative in the same way and we want to keep going in the same direction.

At the core of its business, Eurotech is natively supporting environmental sustainability. In fact, Eurotech has always believed on the capability of digital technologies to reducing the need and to optimizing the use of energy, space and materials in industrial and service activities.

If we want to make infrastructures and tools greener, we have to make them smarter, which means maximizing their output efficiency for minimizing their need of input resources. For doing so, we have to rely on computing technology for optimizing their operational processes and functioning. The more computers are pervading our infrastructures and tools, the more we will succeed in making them environmentally sustainable.

Since many years now, Eurotech fair acting towards all our stakeholders has been assured by our Code of Ethics and the continuous monitoring activity of our auditing and counseling bodies: the Remuneration Committee, the Internal Control Committee, the Related Parties Committee and the Supervisory Body.

Our objective has always been to combine competitiveness and honesty. In pursuing growth, innovation and business results, we also dedicate the utmost attention to promoting quality of life and employment standards for our people. Our management encourages creativity and innovation and adopts operating approaches based on the ethics of relations. We invest in people, in enhancement of their skills and capabilities, and in their continuous training and development. We cultivate and champion creation of a work environment based on reciprocal respect and trust and on the safeguarding of health and safety in the workplace. We believe our tasks include that of assuring all workers the same job and professional opportunities, and equitable treatment based on merit. We recognise and encourage development of each employee's ability together with teamwork, so that the energy and creativity of individuals is fully expressed in achievement of shared, group-wide successes.



As a member of the community, we have always contributed to social development by supporting cultural, educational, sporting activities in the communities we are acting in.

We keep providing full support to the Universal Declaration of Human Rights, The International Labour Organization's Declaration on Fundamental Principles and



Rights at Work, The Rio Declaration on Environment and Development, The United Nations Convention Against Corruption and the UN Millennium Development Goals.

During 2015 we have continued our work towards the sustainable development of our Company, and this meant also integrating the Principles of the UN Global Compact in our business activity and in advancing them within our sphere of influence. Going forward, we renew our commitment to such an important Corporate Citizenship initiative.

As we continue foresighting the future, in our work we encapsulate a natural attention to the social dimension: we imagine how to use digital technology to make systems smarter, infrastructures greener and key services available for a wider group of people; in other words, to create a better world.

My Best Regards,

Signed by

Roberto Siagri

President & CEO



1. Strategic Management of Sustainability

We consider sustainability not an activity parallel to business management, but a commitment embedded in our identity, which acts as inspiration for business innovation and management optimization, in a virtuous circle of effects on the society, on the environment, on the strategy and business development of the company, and on its financial performance.

Starting from our core business activity, we defined in a more explicit way the Sustainability Mission of the Company:

Eurotech Sustainability Mission

By enabling smarter infrastructure and tools through our pervasive computing solutions and by acting according to social and environmental sustainability

- We allow our clients to run their business effectively, efficiently and sustainably
- We contribute to mankind sustainable footprint.

From this mission we derived also three main Sustainability Commitments

- Minimizing waste of any kind produced by our acting
- Maximizing use of renewable energy
- Assuring a positive impact on society

Since 2011 we have focused on identifying and implementing a number of projects for improving our sustainability performance along the three directions/commitments above identified. In the following sections you can find the progress of our acting along the different directions

- Products development and Commercialization
- Business and Operations Management
- Infrastructures, energy, water, waste management
- Employees Management
- Sustainability Culture Development
- Community Engagement
- Governance



2. Products Development and Commercialization

At the core of its business, Eurotech is natively supporting environmental sustainability. From moving bits instead of atoms, to enabling optimized resource management through Information Technology, to minimizing the use of resources during their production and use, Eurotech products – boards, systems, ‘ready-to-use’ devices, machine-2-machine integration platforms, HPCs – make infrastructures and tools smarter, maximizing their output efficiency for minimizing their need of input resources and reduce the need of energy and space, materials in industrial activities, making the Plant greener.

Within the product development and successful commercialization carried on during 2015, we like to recall here:

Eurotech Joins Lora Alliance As Adopter Member

In 2015 Eurotech announced that it became Adopter Member of the LoRa Alliance, an open, non-profit organization created by industry leaders with the mission to standardize LPWAN networks (Low Power Wide Area Networks) used throughout the world to enable Internet of Things, machine-to-machine, smart city and industrial applications. Association members collaborate to guide the global success of the LoRa (LoRaWAN) protocol by sharing knowledge and experience to guarantee the interoperability between the actors within an open global standard.

Eurotech Receives The Prize For The Best Iot Application On The Market At Santa Clara’s (CA) Idtechex Show

IDTechEX’s prize recognizes innovation, comprehensiveness and the value generated by Eurotech’s solution for Ariston Thermo Group, which includes the ESF software platform, Everyware Cloud and a set of web and mobile applications that allow real time connections between devices installed and distributed throughout a territory and the people involved in their use. Eurotech solutions offer benefits that go beyond a customer certified 25% energy savings in fact, the advantages customers receive are noted in three different areas

- for the end customer, the possibility to check their devices from remote and receive real time alerts and notifications.



- for the technicians that provide technical support, the possibility to diagnose and reconfigure devices providing a high level of preventative maintenance thereby avoiding bothersome system failures and blockages

- For Ariston Thermo Group, an effective and efficient implementation of strategic marketing policies and of investments allocated for Research and Development for new the generation of products.

Frost & Sullivan Recognizes Eurotech For Revolutionizing Communications Between Systems With The Advanced Integration Platform M2M For Internet Of Industrial Things (IIoT) Applications

Frost & Sullivan explained their reason for acknowledging Eurotech, “Thanks to more than 20 years of experience, Eurotech has developed a best-in-class M2M platform that favors the interconnection of embedded devices and offers a wide range of solutions. All Eurotech M2M solutions integrate hardware, software and services, offering the best return on investment (ROI). Customer expectations are exceeded by the platform’s perfect flexibility and it represents a valid solution in a highly competitive market. Thanks to its complex advanced performance, Eurotech won Frost & Sullivan’s Product Line Strategy 2015 prize. Everyware Cloud™ helps connect, configure, and manage devices for the duration of the product’s life. Shortening the time-to-market and a “pay as you use” payment scheme offer considerable financial benefits and above all, the solution is flexible enough to be implemented in both the public cloud as well as private cloud.

Eurotech Launches Reliagate 10-11, A New IIoT Gateway Based On The ARM Platform For Industrial And Automotive Applications

ReliaGATE 10-11 is a compact IIoT gateway for industrial and light rugged applications. It is the newest addition to the IIoT gateway family, configurable via software and its design guarantees products with the right balance of performance, function and price for the most common IIoT applications.

Based on the TI AM335X Cortex-A8 (Sitara) processor family, with 512MB of RAM, 4GB of eMMC and a user accessible microSD slot, ReliaGATE 10-11 is a low power gateway (typically 2W) ideal for intense workloads in industrial and automotive applications: it supports two protected RS485 serial ports, two CAN bus interfaces, two noise and surge protected USB ports, and four isolated digital interfaces.



ReliaGATE 10-11 offers a wide range of connectivity capabilities including: Wi-Fi, Bluetooth Low Energy and two Fast Ethernet ports.

ReliaGATE 10-11 is part of the Gateway M2M product line, and with a Cloud platform, is designed to integrate and connect devices and sensors distributed throughout the field where data is collected, stored and then ready for use by company applications and existing company information systems. Multiple models are available for diverse vertical applications; the gateways offer numerous connectivity options and varying levels of robustness and feature low energy consumption.

Eurotech Claims Trento's Green Week Radical Green Prize

The common denominator shared by every “radical green” company can be described as the special union of people and environment and a strong corporate vision. Among the winners a special mention goes to Eurotech SpA for the production of one of the most “green” calculators in the world thanks to the fact that it does not require traditional air conditioning and it is partially powered by solar energy. President Roberto Siagri stated that an event like this serves as a reminder that a company must not be disconnected from its employees and profit can not be pursued at all costs. It must be “sustainable.”

Eurotech earned this prestigious recognition for the installation of two new supercomputers, the DEEP and QPACE2 systems.

Eurotech Delivers The DEEP Supercomputer And The QSPACE2 Supercomputer. The Future Of HPC Is Now.

In 2015 Eurotech has completed the installation of 2 new supercomputers, both located in Germany, one at Jülich Supercomputing Center and one at the University of Regensburg. The two systems are a concrete and bold step towards the possibility to see, in the near future, technologically viable and affordable Exascale systems. Such an ambitious goal is only reachable if energy efficiency and green computing are taken into account as a key factor during the design process – and that is precisely what Eurotech has been doing with the DEEP and QPACE2 systems.

The DEEP Supercomputer, installed at the Jülich Supercomputing Center, is the outcome of an advanced collaboration and features a highly innovative and modular architecture, with specialized “islands” for different



parts of the workload, namely a general purpose HPC Cluster, and an accelerated HPC Booster, both of which using Eurotech's patented hot water cooling technology, to achieve maximum energy efficiency.

QPACE2, installed at the Uni Regensburg, employs the same architecture that is at the core of the Aurora HiVe systems, which are highly modular, flexible and efficient. One system module can host a combination of ARM-64 or x86 CPUs, plus up to 5 other PCIe components, which can be both accelerators and/or Network Interface Cards. The Aurora HiVe systems are entirely hot water cooled, allowing the highest energy efficiency not only at machine, but also at datacenter level.

The QPACE2 system has 64 nodes connected via Infiniband, with a total peak performance of 310 TFlop/s in double precision. It also has a very high density: 8 nodes fit in 3 height units of a 19-inch rack. Each node of the system has 4 Intel® Xeon Phi™ coprocessors version 7120X, a dual-port FDR Infiniband card (Mellanox Connect-IB), and a low-power Intel Xeon CPU (E3-1230L v3). In QPACE2 the coprocessors perform all calculations leaving to the CPUs only the system management services task: this is one of the unique characteristics of the system and one that significantly reduces cost and energy consumption. The QPACE 2 system employs a novel liquid-cooling concept developed by Eurotech, the Aurora Direct Hot Liquid Cooling Gen 2, based on lighter and thinner cold plates. This new technology allows for year-round free cooling in any climate zone, significantly cutting cooling costs and increasing the density of the system.

The system has entered both the June and the November 2015 Top500 list (which ranks the 500 most powerful supercomputers in the world) and, most importantly, has achieved position nr. 15 in the Green500 list, which ranks worldwide HPC systems on the basis of their energy efficiency levels. QPACE2 is the most energy efficient system in the world employing Intel Xeon Phi co-processors. Such a stunning result demonstrates once again how concepts like energy efficiency, attention to energy consumption and green computing stand at the very core of Eurotech values in terms of both design and deployment of HPC machines.



3. Business and Operations Management

Eurotech Baseline Assessment

In July 2011, starting from the sustainability mission and commitments we have adopted, we conducted a Baseline Assessment of Eurotech business and operations acting, which confirmed us our positive positioning in terms of our sustainability performance and management practices within the sector we are working.

Starting from this Baseline Assessment, we started to address some areas of improvement, typically working on the specific processes involved in order to create better practices. For us this is a continuous improvement activity that alternates the establishment of specific new projects and small incremental steps on the existing ones.

Travels' carbon footprint reduction

During 2011 we adopted in all our subsidiaries internet web conference technology allowing us to effectively organize clients and internal meetings, webinars, and trainings on the web, thus reducing time, and energy consumption of travelling. Since then, we continue to use and exploit the advantages of web conferences. On top of that, in 2012 Eurotech has also been encouraging to limit travels to the minimum, also reducing the number of attendees to the same meeting/event to the rock bottom and having additional participants available on demand through "virtual presence" tools like web conferencing ones. In 2015 we continued to use such approach and we consolidated it as a common behavior within the Group.

Rigorous compliance with normatives and main certifications

Eurotech adopts globally the highest certification and normative standards. We are certified to be fully compliant with the following

- ISO 9001
- ISO 14001
- ISO 27001
- ROHS
- REACH



- *Sustainable Value chain*

- Sourcing our components globally, we cannot restrict ourselves to our immediate sphere of influence when considering social and environmental sustainability.
- While optimizing our acting in the immediate sphere of responsibility, we have also to look upstream and downstream in order to foster a systemic improvement of the sustainability performance of the whole value chain we are participating in.
- In particular, we are in the process of defining the criteria and the evaluation methodology of the sustainability of our suppliers.



4. Infrastructures, energy, water, waste management

Our infrastructures are conceived for minimizing the environmental impact of our activities.

In terms of energy management, in most of our subsidiaries we have adopted the most advanced conditioning system with high efficiency, we have laid the most advanced 'energy-saving' led-lighting system, we have thermal isolation of buildings, we have partial use of alternative energy in our energy sourcing, we encourage employees to display a careful use of energy.

In terms of waste management, besides fully complying with environmental norms of electronic and electric waste disposal, we are carrying on material recycling.

As far as production of toxic substances, our products are fully Rhos- Pb free or Lead free- compliant.

While our activity is not intensive in terms of water-consumption, we encourage employees to display a careful use of water.

As far as it concerns product deliveries, we have been working for continuous improvement in packaging and for adopting smarter policies for our shipments in order to optimize the use of express couriers and hence reduce our impact on their carbon footprint.



5. Employees Management

In our Code of Ethics, Eurotech full respect of labour rights and universally accepted rules of employment legislation is declared and detailed. Employees are requested to report to the company any infringement of our Code of Ethics.

Eurotech rejects any form of forced labour, child labour and discrimination of any kind.

Eurotech support diversity in the work environment, guarantees equal employment opportunities, fair treatment, promotions on merit, freedom to join unions and to conduct collective negotiations.

Eurotech promotes the continuous development and enhancement of its employees skills and knowledge, which throughout the years has always been an essential component of our ability of value creation and a cornerstone of our competitive advantage. Moreover, through our intranet, we make sure that our employees can access the rich source of knowledge and inspiration that its global and diverse workforce represent.

As a global employer, Eurotech guarantees high standards for health preservation and security of its personnel. In all its subsidiaries, depending on the specific activity, safety management measures are taken in strict observance of local legislation and employees' trainings on safety legislation and management are regularly held.



6. Sustainability Culture Development

We keep sharing information within the different Eurotech subsidiaries about the sustainability mission and commitments Eurotech has engaged in and the projects we are working on, and we count to set up a sustainability working group in each subsidiary in order to continue to pursue locally sustainability-related projects within the path indicated by Eurotech commitments.



7. Community Involvement

As a member of the communities where we are acting in, we have a tradition of supporting cultural, educational, and sporting activities of positive social relevance to the community.

Throughout 2015 Eurotech has sponsored such type of activities and we would like here to highlight the followings:

12 To Many The Project Sounds Like Wood, Corporate Networks Model, Bringing The Forest To The Market

First business network in the forestry industry in Italy – PEFC certified wood - in 2015 brought an ambitious project to life: to raise the social value of the territory without impacting the environment. The association, “Sa di Legno - 12 TO MANY”, through the help and support of Eurotech , which strongly believes in the creation of local networks that promote the environment and the development of the territory, was present at EXPO 2015 in the Kipling pavilion, dedicated to innovation. Through this initiative Eurotech plans to enhance and promote the development of networks in those areas considered attractive, like Carnia, where the association’s leader and Eurotech are headquartered. Development in these areas is finally sustainable through the transformation of local raw materials, wood in this case, for the environment, society and the economy. The association’s goal is to join forces and experience to strengthen the social resources which focus more and more on sustainability, by establishing an active network that operates within a small radius and near the forest where the wood is sourced thereby substantially limiting CO2 emissions.

All products produced by this network are subject to:

- LCA (Life Cycle Assessment) to improve their environmental performance
- QFD (Quality Function Deployment) to improve overall quality

Digital Learning

This year Eurotech became partner and active supporter of Digital Learning. The technical vocation, natural innovation and their mission to create a new generation of young people who are both prepared and aware found a common denominator in this project. The Digital Learning Research Center was born in March 2012



to promote the development of innovative teaching methods that allow Italian and European schools to significantly benefit from the introduction of digital technology.

Digital Learning's main goal is to create a teaching-method model for schools active in cloud computing through the use of personal and mobile technologies. The association performs research and experiments, and shares the lessons learned from the joint cooperation, developing a solid reference network at a national level.

Digital Learning aims to:

- Promote, develop and spread the concept that schools too must change in a new digital society
- Analyze the effectiveness of using technology for teaching purposes
- Study and create instruments and software platforms to support digital schools
- Organize and manage events, seminars and training courses
- Prepare and spread informative materials related to new teaching methods for digital schools
- Encourage the initiatives that contribute to new teaching methods thereby facilitating the exchange of information and experience

Eurotech enthusiastically supports research, training and the joint collaboration of multiple disciplines within the fields of education, technology, computers and IT, publishing, and regulatory agencies as they are essential elements for the innovation of school systems.

Celebrate Knowledge: Knowledge As The Center Of A Community's Agenda

Eurotech helped to create and continues to support "Celebrate knowledge" together with the University of Udine in the spirit to better the world by sharing knowledge, content, skills and experience.

Celebrate knowledge sparks the desire to understand and to re-discover the passion and love for learning or to regenerate the pleasure of teaching for those whose passion has stagnated. It arouses the impulse to become a better person in a better community.

Through this event knowledge is placed at the center of debate for the community and sends a clear message of revolution to everyone: students, teachers, educators, citizens and administrators.

The festival explores three story lines. Desire: how to ignite curiosity in knowledge, how to motivate learning; Methods: what is the current state regarding the creation, spread and transfer of knowledge; New knowledge:



what are the frontiers of knowledge, what must we learn as individuals, professionals and citizens to face the challenges of our times.



8. Governance

Eurotech has adopted since years a Code of Ethics which explicitly condemns any form of bribery or corruption in business management. Employees are requested to report to the company any case of actual or potential corruption.

Moreover, the risk of corruption and bribery is prevented by the activity of the following bodies:

The Internal Control Committee, in charge of monitoring Eurotech exposure to risk in the different business management areas. During 2015 the Internal Control Committee has not reported any anomaly or exposure to risk of corruption and bribery.

The Supervisory Body, in charge of monitoring Eurotech procedures and activities in order to avoid risk of mismanagement or law infringements in the areas of Relations with the Public Administration, Working Safety, and Intellectual Property. During 2015 the Supervisory Body has not reported any anomaly in the areas under monitoring.

The Related Parties Committee is in charge of monitoring business interactions between Eurotech and Eurotech managers, administrators or parties and companies related to them, in order to make sure these business interactions are not happening at conditions and value out of the market benchmarks. During 2015 no anomalies in business interactions were reported by the committee.



9. Supporting the UN Millennium Development Goals

Eurotech is fully supporting the Millennium Development Goals.

We think digital technology has an impressive potential in contributing to the fulfillment of the Millennium Development Goals, and we feel the responsibility of making this belief a tangible reality.

It has become evident how the development and adoption of innovative technology, together with the implementation of a market-driven business model addressing the needs of the developing countries, can make a difference in allowing the emerging layers of society to access energy, credit, medical care, material resources, etc with more and more equal possibilities compared to the ones of citizens of the already developed nations.

During 2015 Eurotech has continued its investments in bringing to the market solutions that can be used as-a-service, a model that removes the obstacle of big upfront spending for new IT projects aimed at making operating and logistics processes more efficient and effective. In other words, our aim is to be able to offer solutions that can pay themselves, i.e. sustainable solutions whose monthly cost can be covered by the returns from the use of the solution itself.



10. Annexes



The Ten Principles Of The UN Global Compact

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2: Businesses should make sure that they are not complicit in human rights abuses

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour

Principle 5: Businesses should uphold the effective abolition of child labour

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation

Principle 7: Businesses should support a precautionary approach to environmental challenges

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility

Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery



The Millennium Development Goals

Goal 1: Eradicate extreme poverty and hunger

Goal 2: Achieve universal primary education

Goal 3: Promote gender equality and empower women

Goal 4: Reduce child mortality rate

Goal 5: Improve maternal health

Goal 6: Combat HIV/AIDS, malaria, and other diseases

Goal 7: Ensure environmental sustainability

Goal 8: Develop a global partnership for development