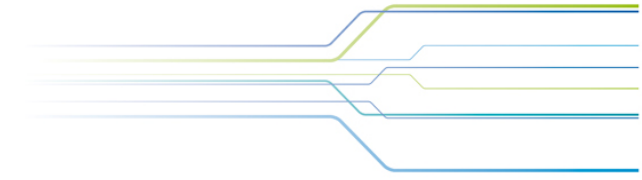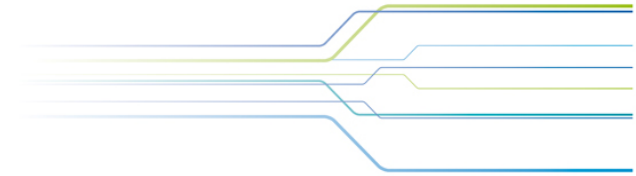# EUROTECH
Imagine. Build. Succeed.

Eurotech UN Global Compact Communication On Progress
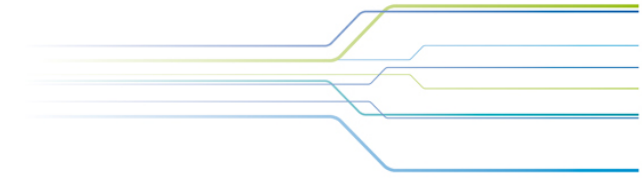
Reporting Period: January - December 2018

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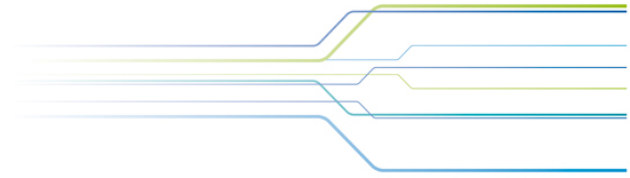
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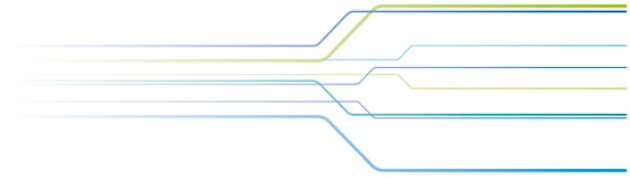[this page intentionally left blank]

INTRODUCTION

It is no coincidence that the year 2000, which saw the inauguration of the UN's Global Compact, was also named the International Year for the Culture of Peace. Perhaps it was the hype of Y2K and the fear that computer glitches would be responsible for malfunctions and disruptions, with some extremists even proposing apocalyptic doomsday scenarios. Its expected impact was so strong that John Hamre, US Deputy Secretary of Defense stated, "The Y2K problem is the electronic equivalent of the El Nino and there will be nasty surprises around the globe." Or perhaps it was the recognition that when the private sector unites with the public sector much more can be achieved. Initiatives are advanced by the innovative, entrepreneurial spirit of the private sector while the public sector offers well defined infrastructures and communication networks. As early as 1985 computer experts had identified the millennium bug as a threat to computer security. By 1995 people were actively working to update and correct computer programs to avoid Y2K disasters. Most governments around the world established task forces to look at the problem and evaluate the risk posed. However one of the most effective strategies was the establishment of The International Y2K Cooperation Center (IY2KCC) at the request of national Y2K coordinators from over 120 countries. The UN hosted the First Global Meeting of National Y2K Coordinators at the United Nations in December 1988. IY2KCC's mission was to "promote increased strategic cooperation and action among governments, peoples, and the private sector to minimize adverse Y2K effects on the global society and economy."

The greatest proof that an alliance between the public and private sectors is the best, most efficient and effective way to combat the ills our planet faces is to consider the success of the IY2KCC. Across the globe no serious breakdowns, malfunctions or interruptions were reported across any system or service. A problem was identified, a coalition was formed, solutions were studied and, the problem was solved.

At Eurotech we believe in the Global Compact. It is our conviction that we must work together and we all must do our part. We are all stakeholders and it is in all of our

interest. Here we present our Communication on Progress and we are proud to share what we do for sustainability.

This COP document contains:

- A statement from our CEO expressing Eurotech's continued support of the Global Compact
- An illustration of Eurotech's actions to promote Sustainable Development and specific response to each of the principles of the Global Compact
- Future goals and conclusions

The 10 Principles of the Global Compact

SECTION: Human Rights

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

Principle 2 Make sure that they are not complicit in human rights abuses.

SECTION: Labour

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

Principle 4 The elimination of all forms of forced and compulsory labour;

Principle 5 The effective abolition of child labour; and

Principle 6 The elimination of discrimination in respect of employment and occupation.

SECTION: Environment

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

Principle 8 Undertake initiatives to promote greater environmental responsibility; and

Principle 9 Encourage the development and diffusion of environmentally friendly technologies.

SECTION: Anti-corruption

Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.
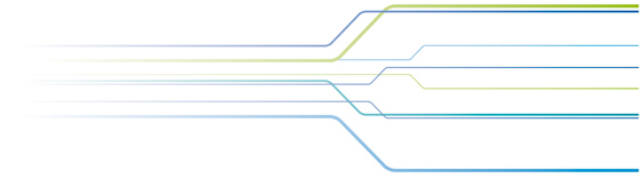
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STATEMENT FROM EUROTECH CEO

2019 has just gotten underway and our thoughts are focused on the challenges and opportunities that the digital transformation is posing to all organizations. With these thoughts in mind it's the perfect time to renew our commitment to the United Nations' Global Compact as we find ourselves armed with ambition and purpose thanks to the optimism generated by this new phase of 'digital production', as opposed to conventional 'industrial production'.

Last year hope was high thanks to the widespread acceptance of Industry 4.0 as the next revolution, capable of disrupting the status-quo and the power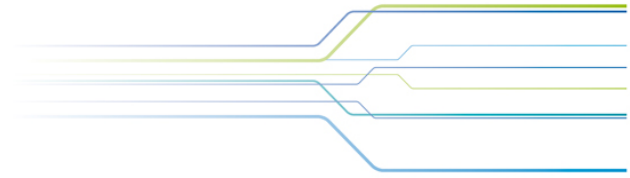 to create new sustainable business models. And a year later there are more reasons for optimism. Many companies, especially the large ones, are putting their resources towards this transformation that will provide efficiencies, sustainability and wealth the planet has never enjoyed before. Thus, to even the most cynical and skeptical, the 30SDGs of the UNGC look feasible. Finally, it is becoming clear to most that digital technology allows humanity, the environment and businesses to all win. This is possible thanks to the fundamental transition that digital technologies are enabling. We are moving from the economy of tangible needs to the economy of intangible needs or in other words to the performance and outcome economy.

This is good news for everyone, because these new business models are not only more sustainable but, they are also permitting more customers to benefit from the innovations that are vastly improving quality of life. Industry 4.0 and digitalization are the means by which we

will fulfill the goals of the Global Compact and provide a more equitable distribution of the wealth while preserving the resources on our planet. Although poverty and all its associated ills still exist, we are finally armed with the means to combat them in a meaningful, and sustainable way. Technology is the key that will free the remaining segment of the world's population still trapped in a cycle of poverty and underdevelopment. New business models piloted by advanced digital technologies are not only democratizing the access to intangible needs but also enabling the circular economy and therefore, pave the way to planet sustainability.
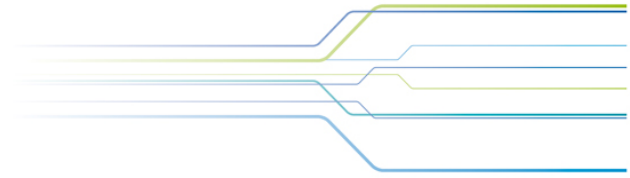
We must remember that every Industrial Revolution was a godsend that provided improvements in health and welfare through scientific discoveries like, the discovery of bacteria and the invention of medicines, improvements in housing thanks to sewage and sanitation efforts, education increased, transportation was transformed, and they also spurred immense social progress including the recognition of women and minority groups.

The really exciting news is that the problems we currently face will be overcome with an efficiency and ferocity history has never seen. The exponential power of technology suspends all limits on what we can achieve. With these advances in mind we must support and adapt new technologies not just because of the scientific breakthroughs they provide but, as all the Industrial Revolutions demonstrated, because of the social repercussions they produce.

The idea of a world politically, socially and economically unified is a utopian dream that throughout time we have imagined but has yet to fully materialize. H.G. Wells foretold just such a world in, The Open Conspiracy which recounts a world community that emerges, thanks to scientific progress, for universal peace, welfare and "happy activity." We must all share his vision such that his prophecy from 1928 may reach fruition: "A time will come when men will sit with history before them or with some old newspaper before them and ask incredulously, "Was there ever such a world?".

June 24th, 2019

Signed by

Roberto Siagri

CEO

SECTION: HUMAN RIGHTS

Human rights are the moral principles or norms that describe certain standards of human behavior and are nearly universally recognized and protected in both national and international laws. Moreover, they are fundamental and egalitarian, guaranteed to everyone regardless of their religion, gender, age, national or any other status. Eurotech has always appreciated the importance of not just respecting the spectrum of rights of others, but publicly declaring their support. Eurotech's Code of Ethics, which was updated in 2018, clearly states their support of human rights throughout the document.

Principle 1   Businesses should support and respect the protection of internationally recognized proclaimed human rights; and
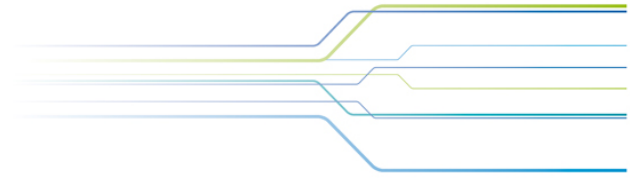
Principle 2   Make sure that they are not complicit in human rights abuses.

Company commitments:

- Eurotech has never and pledges to never employ children at any of its worldwide facilities, in any capacity.
- In its support of women and young girls Eurotech continues to condemn the practice of female genital mutilation.
- Eurotech operates within the full extent of local and international labor laws. It would never employ forced labor in the production of its products and services.
- Eurotech spent the last part of 2018 evaluating private and public projects designed for women empowerment and equality. The hopes are to find a project that will offer a series of workshops that will address the most important issues to woman right now including, safety and security, discrimination and equal opportunity and make them available for employees.
- Eurotech demonstrates its commitment to human rights in its non-discriminatory practices which extend from its direct employees to its consultants, suppliers as well as its customers.

Company Example

Eurotech's mission statement proudly boasts to, "improve everyday life, making it simpler, safer and more pleasant through the use of technology." It is clear that protecting and promoting human rights is a premise for the mission. A fundamental right that modern life and even digitalization have made vulnerable, is the right to privacy. To guarantee protection and remain in-line with Italian and European privacy laws, Eurotech has invested in external

consultants to help navigate the muddy waters relating to new and changing laws. Following months of consultation and the creation of new internal procedures, the policy was explained in detail to employees at Eurotech in Amaro through a seminar which allowed participants to ask questions and resolve any doubts or uncertainties. The lessons learned and policies adopted have been shared with all Eurotech global companies.

Company Example

Eurotech proves its support of its employees and their rights every time it negotiates on behalf of their wellness. For example, as a part of the national contract workers could choose one of three gift certificates which could be used for groceries, gas or leisure activities. Eurotech recognized that the limited choice effectively diminished the value of the certificates and for 2019 promises to negotiate new terms to expand services providers and add real value to the benefit. Our HR manager affirms, "Making the benefits meaningful, such that they truly contribute to employee wellness, a prerequisite of basic human rights, is fundamental if the effort is meant to have an impact".

SECTION: LABOUR

Principles 3-6 discuss labor and the basic fair treatment of employees. The right to work for many is a right as basic as the right to liberty or equality under the law. Eurotech agrees wholeheartedly and has always supported its employees. We have long recognized that a well-protected, satisfied workforce is motivated and more productive and absent less. Our employees are important stakeholders and it is our obligation to create a stimulating environment where they feel respected, protected and there are opportunities for professional growth. Moreover, Eurotech understands that in order to produce the best products it must employ the best people. Having the best people means having the largest pool to choose from without regard to nationality, race, gender, age or sexual orientation. Since its inception Eurotech has sought out the highest quality workforce, experts in their field that will create the solutions for the challenges today's world presents.
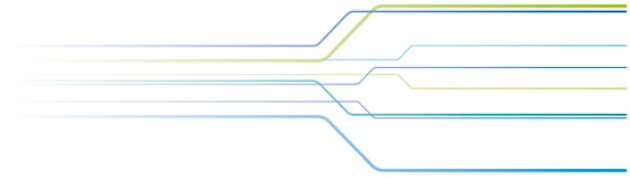
Eurotech's interest in its employees does not end with recruitment. Eurotech does much to maintain a high level of satisfaction and offer support.

Further, Eurotech continues each year to recognize its employees with awards and honors throughout its facilities. Formation is a key component of job satisfaction and Eurotech encourages its employees to participate in formation activities for their personal and professional growth.

Every company in the Group is encouraged to find ways to further involve workers and demonstrate Eurotech's engagement.

In addition, collective bargaining is a powerful tool for workers to negotiate issues like salary and safety and a variety of other issues important to employees. Eurotech direction continues to support these activities and works closely with these organizations to guarantee its employees their protection under the law and give them a voice to express their views or concerns.

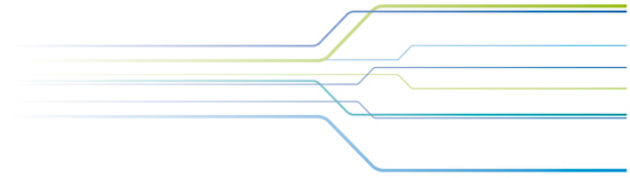|	
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4	The elimination of all forms of forced and compulsory labor
Principle 5	The effective abolition of child labor; and
Principle 6	The elimination of discrimination in respect of employment and occupation.

Company commitments:

- Eurotech continues to recognize organized labor as an important force in protecting workers' rights and not only allows its employees to meet, it rigorously respects any conditions negotiated on behalf of the workers.
- Eurotech has never employed forced labor and it even opts to pay some of its interns in recognition of their hard work.
- Eurotech has never employed minors at any of its facilities.
- Eurotech pledges its non-discriminatory practices in its employment will continue and wishes to expand its policies to cover its suppliers and customers, to hold them to the highest standards.
- Eurotech confirms its commitment to formation for all its global professionals at all levels of employment. In Amaro this year, our Technical Support Manager had the opportunity to participate in an extensive Project Management course to prepare her for bigger projects and increased responsibility in the department. This is also on-target with Direction's desire to increase the number of women in managerial and technical positions.

Company Example

- *Eurotech pledged to increase the number of female employees at all its facilities, especially in technical positions. One of the most important functions to fill was Project Manager at headquarters, our primary design center. After a long selection process, Eurotech unanimously decided the most qualified candidate and the best person for the job was a female engineer. It is a great source of pride to not only have another woman in R&D but also a native to the area whose interest includes the local territory and will work on its behalf.*
- *Advanet, our Japanese division, heeded the call to inclusivity and non-discrimination and has done much to change the corporate culture that has kept women in a subordinate position despite global advances towards equality:*
  - *A female HR Manager was recently confirmed and, in an even more bold move, a female Senior Engineer has joined the ranks of their largely all male R&D.*
  - *A numeric system that was in place and served to identify employees has been updated to improve perceptions within the company and foster a greater sense of equality among employees. The antiquated system ranked employees such that the lower the number, the higher the perceived importance within the organization. The system was not only random but openly discriminatory as all numbers through to 10,000 were reserved for men, thereby guaranteeing lesser status for women. However, as an organization with nearly 150 employees, a system to easily identify employees is not*

only useful but often necessary to comply with changing Japanese labor policies and bureaucracy. The system remains so that Direction and HR can fluidly access files and information, but changes made mean that all new employees will receive an identification number that is simply successive to the last new employee's number and will not be determined by their gender. The updated identification system also serves to identify part time employees, full time employees as well as temporary workers employed through agencies but the changes are a welcome initiative meant to bring parity and recognition to Advanet's female employees.
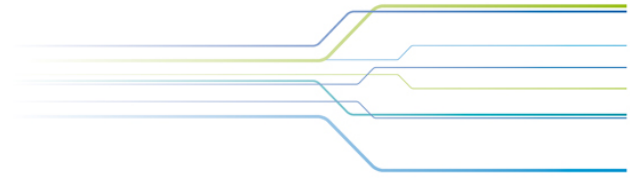
o *In another small but culturally profound step, mandatory uniforms were eliminated at both Eurotech sites in Japan. This marks an important victory for women as men had always been allowed to wear regular street clothing while women were required to wear a uniform.*

Company Example

2018 saw the arrival of new leadership at Eurotech Inc. with the appointment of a new Vice President Sales. Since his assignment in April new policies have been outlined in order to highlight employee engagement while maintaining emphasis on sales and margin. A new open-door policy invites employees to share their ideas and concerns knowing they will be listened to and given consideration. In addition to the open-door policy, other initiatives undertaken include:

o *Among the initiatives defined under new management is a brief survey for employees to gauge their satisfaction and their sense of value within the company. The surveys will be evaluated and then working groups will be formed to address specific issues that emerge in the surveys. In order to emphasize the importance of the project, employees will be again asked to participate at the end of the year in another survey to see if their needs and concerns have been addressed.*

o *The company designed a system to recognize employees and their contributions, it also serves to strengthen a sense of team spirit and collective value. Employees will receive "cards" in recognition of accomplishments and to reward performance. These cards will become a part of an employee's permanent record within the company. They will be a talking point and source of pride for those who receive them.*

o *In keeping with Eurotech headquarters' goal to recruit more women, particularly in specialized positions, Eurotech Inc. is pleased to share they filled two technical positions, one an important senior role, with qualified women.*

We like to think of our catalog of products and services as a concrete means to combat the challenges facing our planet and promote sustainable processes. Our solutions are increasingly employed in factories and around cities and the results are evident in the efficiencies created and the reduction of resources consumed. However, our products and service benefit more
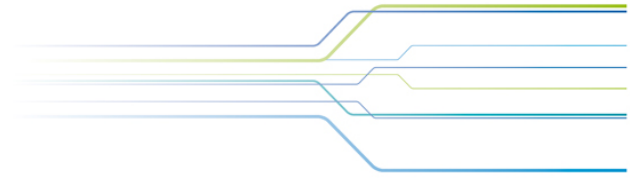
Global Compact – Communication On Progress 2018

than just the environment. Our products improve quality of life and this enhancement is felt in the workplace as well.
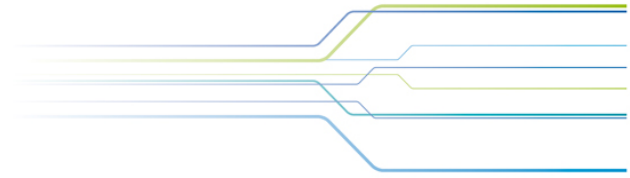
People counters: PCN-1001/DynaPCN 10-20

Eurotech people and passenger counting systems are compact and autonomous devices designed to be installed above doorways of buses, trains, buildings and any other area where access monitoring is required. Incorporating IoT and cloud infrastructures allows integration with people management applications such as fleet and public transport optimization, allowing train or bus lines and schedules to be adjusted according to the passenger flow. Based on a stereoscopic vision system, our people counting devices ensure reliable and precision performance while their rugged design makes them suitable to the most demanding environments.

Case study:

People counters have been employed in airports in Italy and Europe initially as a safety and security measure. Knowing the precise number of people in a given space helps first responders in case of emergencies. It can help estimate the number of evacuees or casualties in a crisis situation. Use of people counters has expanded as we have begun to see the potential to create efficiencies and savings and generally improve customer services. For example, some UK airports are using Eurotech People Counting systems to improve services inside the airport. People counters were used to study bathroom traffic within new Terminals to determine patterns and peak use times. Once the People Counters gathered the information it was studied in order to optimize cleaning personnel and scheduled maintenance. Now that usage patterns have been established, the staff cleaning schedule is in-line with passenger and airport employee use. First, this eliminates patrons finding a messy bathroom that is also lacking necessary supplies like soap or hand towels, thus improving the overall travelling experience. Next, efficiencies are gained by improving the flow of the service, the airport's strategy to manage and reduce costs, in this case with a non-targeted maintenance plan that did not take actual use into consideration, raised total costs by creating what is known as *failure demand*. Eliminating failure demand increases customer satisfaction, reduces costs and most important, increases employee satisfaction. According to an article by Implement Consulting Group, "To employees, a considerable benefit is spending less time

dealing with frustrated customers or colleagues. It is energy draining having to deal with the same type of complaints from customers who cannot find the right information, have received unclear instructions or do not know how to use the product or service they just bought. As an additional benefit, involving the employees in improvement initiatives to improve customer satisfaction will create engagement and a sense of purpose, since the employees in fact make their own work easier in the future. Delegating responsibility and ensuring project involvement will further boost the employees' feeling of ownership of the solution."
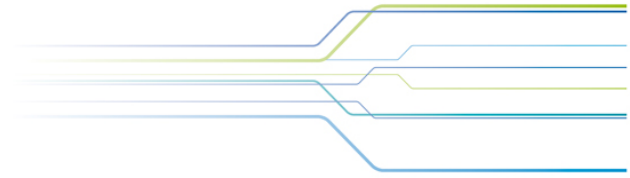
SECTION: ENVIRONMENT

The Environment and its protection is the subject of principles 7, 8 and 9. Eurotech must not boast that it is technology leader and pioneer in M2M and Cloud Computing if it does not apply these technologies and this innovation in its own operations. Eurotech states proudly and clearly in its Code of Ethics that it is constantly seeking new ways to lessen its environmental impact and to adopt measures to avoid pollution and accidents detrimental to the environment. To keep this promise Eurotech uses renewable sources of energy whenever possible at all its facilities. Recycling is an important aspect of our environmental policies. Systems exist throughout our sites that help monitor facility use in order to avoid wasteful and needless energy consumption for heating and lighting. Our travel policies, our new web-based formation program, and our company vehicle fleet management all confirm our commitment to the environment and sustainability.

Eurotech's most important contribution towards sustainability lies in its product catalog. Our products and services offer solutions that will help companies, both large and small, limit waste and pollution while at the same time increasing efficiency, quality and customer satisfaction.

Principle 7	Businesses should support a precautionary approach to environmental challenges;
Principle 8	Undertake initiatives to promote greater environmental responsibility; and
Principle 9	Encourage the development and diffusion of environmentally friendly technologies

Company commitments:

- Our Code of Ethics, which was updated this year, promises to protect the environment where we are present and sustainability is at the core of our operations.
- The Code specifically states that the Company, "continuously seeks solutions permitting reduction of the environmental impact of its activities, products and services."

- Eurotech regularly opens its doors to schools and organizations, both private and public, to share the latest technology to demystify, encourage, and promote sustainable practices.
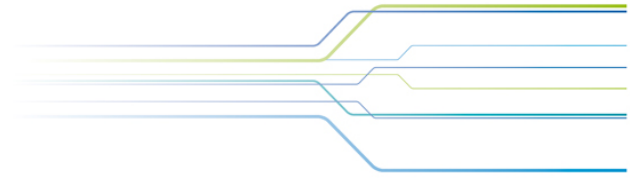
Company Example

Eurotech understands the devastating effect plastics are having in our landfills and in our oceans and is determined to do its part to reduce its use. Designers of our new Development Kits at headquarters in Italy have adopted an all cardboard policy for its product packaging and permits its use only in certain packaging for electro-static protection. The effort has proven very successful and the goal is to expand the plastic ban to all our product packaging, safety permitting.

Company Example

In Advanet mandatory factory closures were introduced. Operating in a society where emphasis is placed on one's career and professional life, relegating family to a near auxiliary role, vacation and holiday time have been considered a gratuitous and unproductive activity and production sites are rarely closed. Instead, Advanet direction recognized not only the value but the necessity of closing facilities and giving workers time off. It was an unusual step for a company as it did not serve the company's primary interest to halt production in favor of giving employees time off. To further emphasize the importance of this measure it should be noted that Japanese labor laws mandate that employees lose their benefits if they do not use them. Therefore, Advanet did not risk monetary payouts to its employees if they opted out of vacation time. The first to benefit was the environment. Three one-week closures were introduced and immediately results were visible in the reduction of operating costs due to reduced energy expenditures. Next were the employees to benefit as they had time to spend with their families as the closures coincide with local school holidays.

Company Example

Another example of Advanet's commitment to the environment and responsible operation is receiving Mitsubishi Electric's Green Accreditation this January. Certification comes after months of work on Corporate Social Responsibility at the company. Mitsubishi Electric's system, which was launched in 2006 allows them to evaluate if their suppliers meet their tough standards. It began as a means to guarantee suppliers were complying with chemical substances regulations and has since expanded; now Mitsubishi Electric also considers a supplier's actions on human rights, labor practices, health and safety, legal compliance and product safety among the long list of standards companies must satisfy for certification. Advanet is proud to announce that its policies qualified it to receive an A rating, the highest ranking given.

PRODUCTS AND SERVICES: FINDING SOLUTIONS FOR TOMORROW'S CHALLENGES

As a technology company our footprint is low when compared to other industries, like agriculture or transportation which rely heavily on fossil fuels and polluting. Our ultimate goal is to help everyone reduce their impact, decrease their use of resources while at the same time enjoying the same level of service and comfort. We can achieve this through Eurotech IoT products and services. The focus has been on Industry 4.0 and what that can do for business. We know that M2M technologies along with the cloud have the power to revolutionize production offering efficiencies and increasing capacities. The impact on the environment is reduced as internal procedures are improved allowing for automation like data retrieval and remote action as well scheduled maintenance. Industry 4.0 technologies applied in the factory are so game changing that is considered the fourth Industrial Revolution.
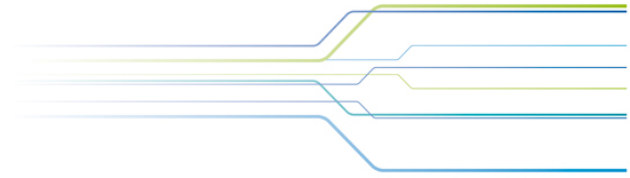
The impact of these technologies on cities is just as significant. It is said their application in factories renders factories "smart" then it follows that their application in cities renders them inclusive, social and centers of well-being.

ReliaSENS

Eurotech environmental monitoring systems collect and analyze data related to air quality and pollution, electromagnetic fields, ionizing radiation levels, and sound pollution. Environmental monitoring is for every private and public entity that needs real-time, 24/7 reliable data to monitor air conditions in open and closed environments such as industrial, chemical and pharmaceutical plants, urban and traffic areas, construction sites, greenhouses, and breeding farms. Environmental monitoring data collected from Eurotech devices can be sent to the cloud for remote access and management, and to perform more sophisticated statistical analysis.
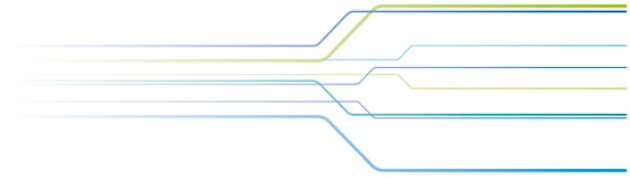
Case study:

Eurotech SpA, in partnership with Legambiente FVG, (environmental association active in the Friuli Venezia Giulia region) ALPI, (Association for the Research of Allergies and Lung disorders) and Technical Institute I.S.I.S. "Arturo" Malignani, supported project GENKI, Global

Environment Network, Knowledge and Involvement) to monitor external air quality in sensitive locations in urban contexts. Eurotech donated some of its ReliaSENS devices which were installed within the perimeter of the school, adjacent to a major intersection. Measurements were taken daily at one minute intervals to determine small dust particle levels and the presence of various toxic gasses. In addition to monitoring the air, Malignani students drafted a questionnaire which looked at people's ecological habits including, water use, transportation and eating and smoking habits. This was followed by a select group of students receiving medical check-ups which took various biomedical measurements, allergy tests, as well as a spirometry test, a pulmonary functions test that measures the breath. This exam is especially useful in identifying conditions such as asthma and other respiratory illnesses. In June students shared their findings in an open forum in Malignani's Aula Magna to, not only showcase what they learned but, more importantly, to promote healthy living and encourage sustainable practices with regards to the environment. The sustainable nature of the project was so multifaceted that Eurotech felt an obligation to lend its products and expertise. Its aim, to monitor air quality in an urban context is a first step in determining and more significantly, easing pollution's impact on health, which directly affects our quality of life. Moreover, students involved in the project were given an opportunity to visit Eurotech labs and work alongside our engineers and our Technical Director even took this on as a personal pet project. They were given the tools and the knowledge to gather, process and interpret the data the project generated, providing them not only a valuable first-hand experience in a professional environment but, the project also served to further sensitize them to the issue of sustainability. This partnership is a perfect example of both why the Global Compact was introduced and what it can achieve. It captures exactly what it aims to do, bring the private sector and the public sector together to solve problems that we share as global citizens.

Gateway

Eurotech provides hardware and software IoT solutions under the brand name of "Everyware IoT". "Everyware IoT" is an integrated platform for the Internet of Things which provides IoT gateways for any industry vertical, an open edge framework and a modular cloud infrastructure to connect field devices to business analytics and enterprise applications. Based
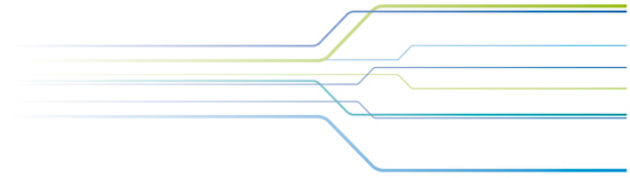
on open source and standards, "Everyware IoT" accelerates IoT application development and project deployment while avoiding vendor lock-in.

Eurotech's Multi-service IoT Edge Gateways are a family of edge computing devices that offer a wide range of performance, networking and ruggedness options in order to best fit today's IoT applications. Eurotech Multi-service IoT Edge Gateways come certified for various industry verticals including Industrial, Automotive, and Railway and are globally certified for cellular connectivity.

Case study:

Eurotech Inc. expanded their collaboration with a long-time customer, experts in waste and recycling, this year when they began a new project for waste management. Using Eurotech's ReliaGATE 10-12 they developed a system to monitor waste levels in large supermarket and home improvement supply stores' dumpsters to ensure that pick-up service was coordinated with their actual need. The gateway and the sensors in the system alert the store when the dumpster has reached its maximum capacity and calls for a waste removal truck to be deployed to empty the dumpster. The system's design guarantees that the efficiencies and savings are threefold. First, items that are placed in the container are pressed in order to occupy the smallest volume so that if the waste is destined for landfills, the space used is reduced to a minimum. Next, the motor and mechanisms responsible for breaking down the boxes and waste are rendered "smart" such that energy used matches the required job. Small, lightweight waste does not require heavy action and thus the system uses less energy while, larger trash and fuller dumpsters require more force to reduce the waste and more energy is supplied. Finally, the most sustainable aspect of the system is reducing road traffic and fossil fuel use. Before the system trash removal schedules were arbitrary and did not always meet the users requirements. For example, garbage trucks were sent to empty the dumpsters before they reached maximum capacity increasing traffic on the roads and the unnecessary consumption of non-renewable energy which also contributes to pollution. Conversely, during high-peak times like the holidays or summer months, dumpsters fill quickly and scheduled removal is not sufficient. Trash overflows the dumpster and is blown around the surrounding area, creating an eyesore as well as potential damage to the environment. The new system contributes to significantly to a business' sustainability because it helps them manage their waste efficiently.

SECTION: ANTI-CORRUPTION

The final principle tackles corruption in business. Eurotech believes strongly in transparency and operating ethically and honestly. Not only are production processes subject to regular audits and inspections but, also financial reporting is subject to periodic examination and represents one more way Eurotech demonstrates its unfeigned efforts to combat corruption and guarantee transparency to all its stakeholders. In addition, it subscribes to a wide variety of certification standards to confirm their commitment to anticorruption and their dedication to moral and fair practices.
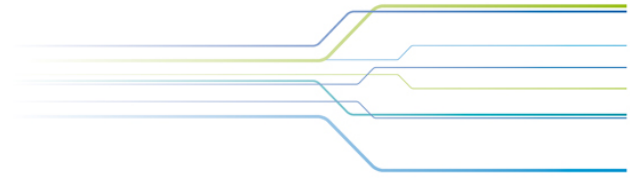
Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery

Company commitments:

- Eurotech counts on its Supervisory committee, which includes members of its Board of Directors, to remain updated and in-line with current regulations regarding Management and Control. It regularly meets to review company compliance and it also schedules regular external audits to find any weaknesses and guarantee compliance.

Company Example

Corruption in business is as dangerous as political corruption because it can produce the same results: damage to the environment, it undermines the rule of law and, it violates basic human rights. Eurotech underlines the importance of transparency in its practices as a fundamental obligation to its stakeholders and holds its employees to the highest standards, allowing them to play a role in vigilance. In fact, Eurotech SpA required all of its employees to attend a one day course designed to remind employees of legislative Decree 231/01 which regards administrative liability. As this law is applicable abroad, its principles and expectations are shared with all Eurotech companies. Protecting whistleblowers is essential to assure abuses will be reported and while, there have never been any recorded violations, Eurotech reiterates the employee's right to remain anonymous while reporting any wrongdoing.

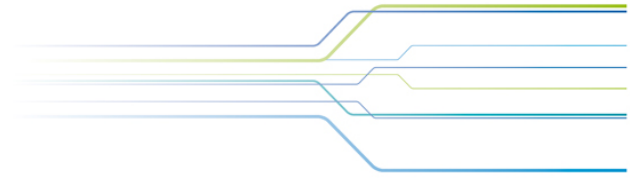# RESEARCH, COMMUNITY INVOLVEMENT AND RECOGNITIONS

Eurotech has always been committed to supporting research. It does so by investing in its own R&D department so that its product catalog boasts the highest technologies and newest innovations. In addition. it also supports and helps fund research and lends its expertise in collaboration with other companies, universities and European projects. In fact, about 30% of the Group staff is dedicated to research activities. Eurotech works in close collaboration with Universities in the areas in which it has facilities . The fruits of our labor lie first in our cutting edge products and services but numerous prizes and our partnerships prove and augment their value.

RESEARCH ACTIVITIES

Research is a necessary step to achieve the technological innovations which can then lead to new products and services that expand a company's product catalog and widen its customer base. It is logical that the time and effort spent on these activities would have its just recompense when newly developed products are sold and companies reap the fruits of their labor. However, Strategy&'s, a division of PWC, annual reports continue to demonstrate that there is no statistically significant relationship between R&D spending and sustained financial performance.

Research is not an activity which a company undertakes in order to increase its revenues in either the short term or even the long term. Our goal, however, is not to waste money and resources to the chagrin of our stakeholders. We study not only the technological feasibility but also the marketability of a new product or service. We must have a deep understanding of both our customers and the challenges they face in order to conduct activities that have future value.

It is our profound understanding that motivates us to invest in research and development activities. Our sense of duty to use our resources and know-how to overcome the challenges of our modern, globalized world. Our mission statement proudly and boldly captures our intent, "To improve everyday life; making it simpler, safer and more pleasant through the use of
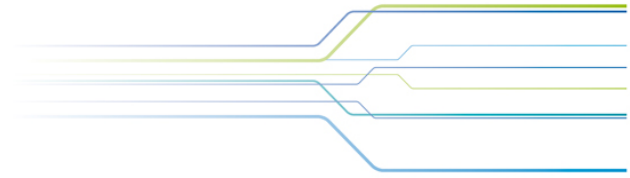
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technology". By joining the Global Compact, we have found a partner and vehicle for our altruism and ambition. The biggest beneficiary of our endeavors may well be the planet and sustainability.

Agile: is a modular hardware and software gateway for the Internet of Things with support for protocol interoperability, device and data management, IoT apps execution, and external Cloud communication, featuring diverse pilot activities, Open Calls & Community building. It will deliver a modular IoT gateway for enabling various types of devices (wearables, home appliances, sensors and actuators, etc.) to be connected with each other and to the internet. The modularity will enable the support of various networking interfaces and technologies for communication with a wide range of devices and the support of different connection mechanisms to the internet based on user needs and the different use cases. AGILE will create an ecosystem of IoT applications that can be shared between users and developers leveraging existing initiatives by key stakeholders in this domain. AGILE users will be able to install IoT applications that run on the gateway and allow the management of connected devices the processing of data, as well as the communication with external services.

Arrowhead Project Began in 2013 and addresses efficiency and flexibility at the global scale by means of collaborative automation for five application verticals. That means production (manufacturing, process, energy), smart buildings and infrastructures, electro-mobility and virtual market of energy. The Arrowhead Framework provides an architecture for building IoT based Automation systems. The architecture features a local cloud approach where real time automation, IT security, system scalability and engineering simplicity are critical requirements. A local Arrowhead Framework can provide improvements and guarantees in the areas of real time data handling, data and system security, automation system engineering, and scalability of automation systems when compared to a global cloud.

Arrowhead tools to be launched in 2019, it is a continuation of the Arrowhead project. The Arrowhead Tools project aims for digitalisation and automation solutions for the European industry, which will close the gaps that hinder the IT/OT integration by introducing new technologies in an open source platform for the design and run-time engineering of IoT and System of Systems. Innovations resulting from the project aim to substantially reduce the engineering costs for digitalisation/automation solutions and will address key aspects
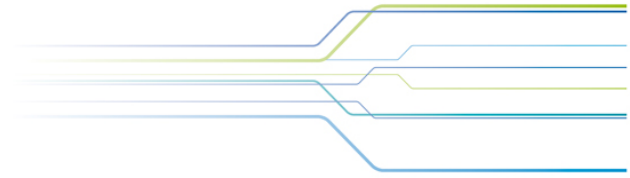
businesses face as they seek to adopt digital solutions in their pursuit of sustainability. Benefits will include, reduced digitalisation investment cost, reduced time to operation of large digitalisation solutions, flexible, manageable and secure solutions, long-term availability of skilled labor and, European standardisation lead.

CPS4EU In recent years, Cyber Physical Systems (CPS) technologies have become a game changer in strategic sectors such as Automotive, Energy and Industry Automation, where Europe is a world leader. In fact, CPS is a key driver for the innovation capacity of European industries, large and small, generating economic growth and supporting meaningful jobs for citizens. CPS4EU aims to arm Europe with extensive value chain across key sectors in four broad steps. First, strengthening CPS Technology providers, mainly European SMEs, to increase their market share and their competitiveness to become world leaders. Second, improve design efficiency and productivity and enable secure certification. Next, enable the creation of innovative European CPS products that will strengthen the leadership and competitiveness of Europe by both large groups and SMEs. Last through the large Dissemination of CPS technologies. Project leaders have outlined four key strategies to achieve their goals. Including, Developing 4 key enabling technologies (computing, connectivity, sensing, cooperative systems), incorporating these CPS modules through pre-integrated architectures and design tools, integrating these architectures in dedicated use cases from strategic application: automotive, smart grid and industry automation and, improving CPS awareness and usage for all industrial sectors.

CPS4EU gathers major large companies (BMW, VALEO, THALES, TRUMPF, RTE, ABENGOA, LEONARDO, and SCHNEIDER ELECTRIC), a large set of innovative SMEs and world-class research centres (FHG, CEA, DLR, INRIA, KIT, CNRS) to significantly reduce the development time and certification efforts through pan European collaboration, knowledge exchange and access to the strong value chain in strategic markets.

CPS4EU builds on a strong foundation in European and national initiatives. It will enable the European industry to lead strategic markets thanks to high level sharing of CPS technologies across sectors all along the value chain.
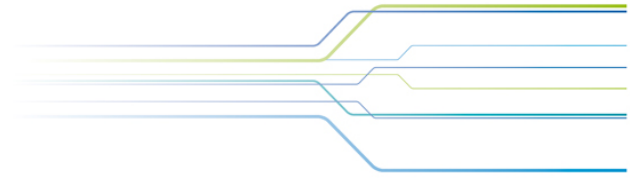
COMMUNITY ENGAGEMENT

- **Open Factory -** Eurotech headquarters participated this fall in the fourth annual Open Factory when it evolved from a regional experiment to a national initiative. Several factors motivated Eurotech direction to participate. Opening the facility was an obvious way to entice recruits but it also served to highlight that each employee has an important role within the organization and their individual skills are an invaluable asset to the company. For employees, it was a unique occasion to share their occupational environment with families and friends and express their professional pride as members of an exclusive and innovative team. The event also underlined the importance of our presence within the territory and our desire to contribute and have a positive impact.

AWARDS AND RECOGNITIONS

- **Excellence of the Year Innovation and Leadership High Performance Computing and IoT Solutions 2018 -** Eurotech received the "Excellence of the Year – Innovation and Leadership – High Performance Computing and IoT Solutions" by Le Fonti Group. The gala ceremony took place on May 31st, 2018 in Milan. The Award recognizes the company's leading role in providing Embedded systems, Machine-to-Machine (M2M) platforms and Internet of Things (IoT) solutions for innovative Industry 4.0 projects. Eurotech becomes a partner of excellence for its customers, being able to provide real competitive advantage and value-added services.

- **2018 Global Frost Radar Growth, Innovation Leadership (GIL) Award** - Eurotech received the honor for being one of the leaders in the industry leveraging innovation to deliver best-in-class solutions to its customers. Frost & Sullivan's global team of analysts and consultants continuously research a wide range of markets across multiple sectors and geographies. As part of this ongoing research, they identify companies that consistently develop new growth strategies based on a visionary understanding of the future, and thus, more effectively address new challenges and opportunities. This involves extensive primary and secondary research across the entire value chain of specific products. The GIL best practice Award is bestowed upon companies that are market leaders at the forefront of innovation. These companies
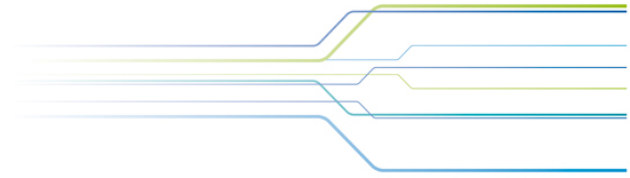
consolidate or grow their leadership position by continuously innovating and creating new products and solutions that serve the evolving needs of the customer base. These companies are also best positioned to expand the market by strategically broadening their product portfolio. Every company that finds itself on the Frost Radar has been chosen by Frost & Sullivan because it has proven itself worthy of being on the Radar; demonstrating excellence in either growth, innovation, or both, and able to translate that into proven solutions that benefit its clients. At times, companies with high market share may not place on the Radar. Companies are chosen because they are already doing great things, or because they are poised to do great things.
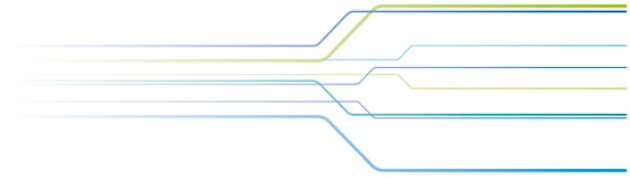
- Crisp Research Recognizes Eurotech as Top Vendor in IoT Edge and IoT Cloud Technologies - Crisp Research has recently recognized Eurotech, a long-time leading provider of industrial embedded hardware such as gateways, servers, control systems and boards, as well as high-performance computing systems and software solutions, one of the pioneers and leader in Internet of Things (IoT) enablement, as a top vendor in IoT Edge Technologies and IoT Cloud Technologies. The report highlights Eurotech's very complete, modular but integrated device and software portfolio: the company's expertise in application optimized hardware and software at the edge makes it attractive to users within as diverse verticals as *Industry 4.0*, *smart energy* or *transportation*. Being built on a scalable infrastructure, *Eurotech Everyware Cloud* provides an integrated solution for data, device, security and embedded application lifecycle management in the field, regardless whether leveraged on premise or in the cloud. Crisp Research provides comparisons of many aspects of IIoT solutions, to help companies to find the right technology vendors and service providers for their IoT applications. As a result, the report offers great benefits to the organizations and individuals that are challenged by the inherit complexities and risks associated with the implementation of IIoT solutions.

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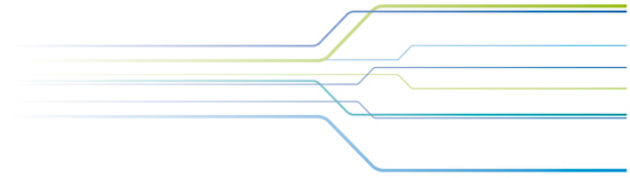
FUTURE GOALS SDGS 2030

The Global Compact at its inception combined 10 principles for business, governments and all global citizens to encourage responsible business and investment. Corporate collaboration is essential to affect the changes needed and reach the goals first defined by then UN Secretary-General Kofi Anan in 1999. Since then the Global Compact has become even more ambitious and expanded its 10 principles and, has now outlined 17 Sustainable Development Goals to be met by 2030.

We have little more than a decade to design strategies and take action to confront the alarming list of challenges that threaten global development and sustainability and given the scope, it's not much time. We see this as an opportunity to find new ways to better our internal processes so as not to further impact vulnerable institutions. It is also a chance for us as an organization to put our strengths, knowledge and experience to work and design products and undertake initiatives that will combat global developmental challenges. The daunting list includes eradicating hunger and poverty, reducing inequalities, promoting good health/well-being and education, providing clean water, affordable energy, decent work and, industry and innovation. Finally, sustainable cities, climate action and protecting life in both water and on land and not least, encouraging peace and justice while establishing partnerships for joint action, round out the catalog of goals for 2030.

Eurotech engineers and design teams consider these goals as they carry out research and develop new products and services.
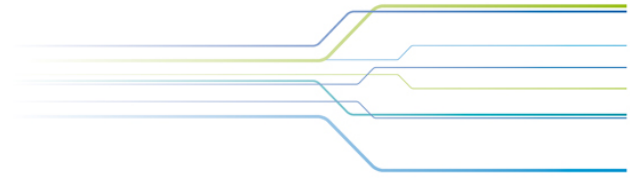
Internal Operations:

- Increase recycled materials used in packaging and gradually eliminate use of plastics
- Improve sustainability reporting and define standards for all Eurotech companies
- Evaluating the installation of electric car charging station at headquarters and other Eurotech locations
- Maintain its commitment to eliminating gender inequality by requiring that woman must be interviewed and considered for all open positions and by reviewing salary standards and ensuring there is no gender gap in pay.
- Advanet in Japan is studying a plan to make an on-site nursery school. Workers have expressed a need for more childcare in their area which is currently under served.

External Relations:

- Continue commitment to research and renew ongoing projects and look for new projects to lend our support through funding and expertise
- Continue to seek out partnerships with communities, local governments and organizations in order to spread sustainable technologies
  - Eurotech's support of Project Genki, a study of the air quality in an urban environment, was received with great interest and was expanded. This year the project will monitor internal air quality, which is already finding application on Chinese trains to determine pollution levels.
- Expand community involvement by finding programs and initiatives that unite business and the local community
  - In May Eurotech lent its expertise and resources to help sponsor Django Girls' one day, free workshop, to teach 40 women how to build websites. The initiative encourages women from all backgrounds to participate, not only teaching absolute beginners' skills but also offering an opportunity to meet people in the industry. Lunch was offered providing the women another opportunity to socialize and network with field experts.
- Continue to develop products that contribute not only to collective wellness but also personal wellness and safety
  - The Smart bracelet that was in the theoretical design phase last year found its deserved system design and architecture and, is currently under evaluation by industrial partners. The bracelet boasted several "smart" features such as tracking capabilities and SOS calls.
- Eurotech Inc. partnered with the world's largest farm equipment producer and is utilizing some of the same proprietary technology engineered for driver-less cars to enhance farming practices making them smart and efficient. Eradicating hunger is an important developmental goal and only improving agricultural production and making the most efficient use of the resources available will make this goal a reality.

There is much work to be done and fortunately Eurotech has the technology, the tools, and above all the determination to contribute to a world that is sustainable and equitable.

CONCLUSION

From surviving to thriving, Eurotech pushed through the global economic crisis of 2008 steadfast in its vision, to emerge as a leader in the latest industrial revolution, Industry 4.0. A revolution that promises to drastically transform manufacturing, commerce, and even healthcare. Production will be smarter and digitalization will contribute to a more efficient use of already limited resources. It will bring people together from urban centers to the most rural backcountry, overriding borders and divisions. It is not simply a competitive advantage, it is a philosophy and business strategy that must be adopted for a business or company to continue its activity in today's market. Customers are demanding added value to products and services that respect a sustainable philosophy. The 17 SDGs outlined in 2015, expanding the 10 principles of the GC, define what customers want and how they expect businesses to operate.

In fact, with its power to affect such a broad sector, across nearly all markets, The Business And Sustainable Development Commission reports that, "The SDGs are anticipated to generate at least US$12 trillion worth of market opportunities by 2030. By identifying and mitigating risks to people and the environment and by providing new products and services that support sustainable development, businesses can reap benefits. "Indubitably, the problem of sustainability in the past has been twofold: first, resources and the environment were treated as though they were neither limited nor liable and second, consumer's fear that sacrifices necessary to make a difference will cause them to lose services and thus enjoy a lower quality of life. The reality instead, is that today's technology allows us to enjoy the same level of services and comfort without the high cost to the environment or vulnerable groups and institutions.

With more than twenty-five years as innovator and pioneer in embedded products and software we are technology leaders, emboldened to make difference. It is our goal to improve everyday life, making it simpler, safer and more pleasant. And, through our technologies we can do this sustainably, thereby preserving our planet and bringing development to those most vulnerable and in need. We are feeling the woes of the greed-driven and short-sighted strategies of the past. In order to experience the weal that security, health and peaceful organizations operating in an uncompromised environment can provide, we must demand new sustainable business models and adopt technologies that will stimulate the desperately
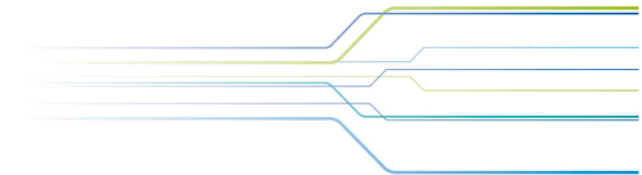
needed changes and offer hope for the future and the possibility to pursue our spiritual progress.

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