



**DNF**

**CONSOLIDATED DECLARATION OF A  
NON-FINANCIAL NATURE  
AT 31-12-2017**

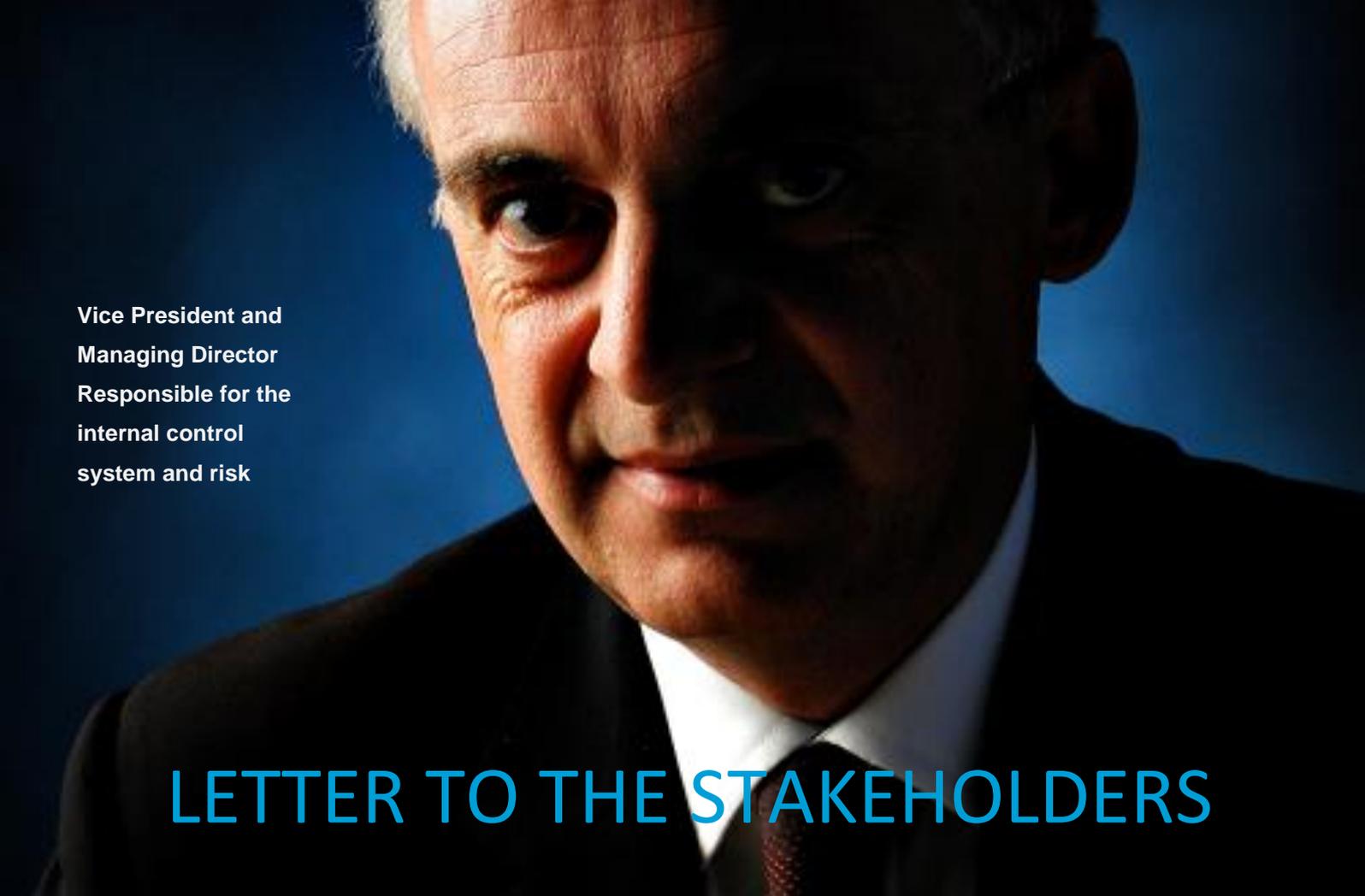
Pursuant to Leg. Decree no. 254/2016

This document has been translated into English for the convenience of readers outside of Italy.  
The original Italian version remains the definitive and authoritative document.



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A close-up portrait of a middle-aged man with grey hair, wearing a dark suit, white shirt, and a patterned tie. He is looking slightly to the right of the camera with a neutral expression. The background is a solid blue color.

**Vice President and  
Managing Director  
Responsible for the  
internal control  
system and risk**

# LETTER TO THE STAKEHOLDERS

This document is CAD IT Group's first Non-Financial Declaration, drafted following the activation of our organization of the directive relating to non-financial information. It represents an important step in acquiring a better understanding of the impacts on sustainability as well as the actions that can be taken to make the company's activities even more sustainable.

The report provides information on the more relevant impacts that the Group generates on the environment, society and economy, with the aim to represent the performances and results obtained and the initiatives undertaken in terms of sustainability in those environments that are more significant for the stakeholders, all in the logic of transparency, clarity and completeness.

This information may therefore be used to assess opportunities and risks, favour a more aware decisional process, both within the company and for its stakeholders, as well as favour change and innovation management.

The document confirms CAD IT Group's commitment to conducting responsible business, which is strengthened by integrating sustainability into its development plans, intended as the Group's ability to contribute to the prosperity of the environment in which it operates and to the benefit of all its stakeholders.

# INTRODUCTION AND METHODOLOGICAL NOTE

Below is an outline of the methodology used in drafting the 2017 DNF-Consolidated Declaration of a Non-Financial nature and a description of the process to determine the terms that have considerable influence on the Group's capacity to create value over time (materiality analysis) at both business and main stakeholder expectation levels.

The 2017 Non-Financial Declaration is published in the Investor Relations section in the company website ([www.caditgroup.com](http://www.caditgroup.com)) and in the authorized information storage mechanism governed by "eMarket STORAGE" at [www.emarketstorage.com](http://www.emarketstorage.com) and is available to anyone who should so request it at CAD IT S.p.A. registered offices and at Borsa Italiana S.p.A..

Our organization of EU directive 2014/95 on the subject of non-financial information and information on diversity was activated with Leg. Dec. no. 254 of 30<sup>th</sup> December 2016. The new standard obliges listed companies to draft and publish a declaration that contains a series of information on environmental and social themes as well as questions concerning staff, human rights and the fight against active and passive corruption

As of the 2017 financial period, CAD IT has provided itself with an inter-disciplinary Corporate Social Responsibility Team consisting of human resources that represent various business divisions (balances and control, administration and finance, legal and corporate affairs, human resource management, information quality and safety management systems, marketing) whose duty it is to coordinate the process of defining and generating reporting.

The CAD IT S.p.A. parent company contacts for any information on relation to the content of this Non-Financial Declaration are as follows:

**CSR Team**

e-mail: [csrteam@caditgroup.com](mailto:csrteam@caditgroup.com)

or

**Investor Relations Office**

e-mail: [investor@cadit.it](mailto:investor@cadit.it)

**Registered and administration offices**

Via Torricelli, 44/A 37136 Verona - ITALY

Tel.: +39 045 8211111

Fax: +39 045 8211110

[www.caditgroup.com](http://www.caditgroup.com)

Considering their widespread diffusion, the "G4 - Sustainability Reporting Guidelines", defined in 2013 by the GRI - Global Reporting Initiative, according to the "in accordance core" reporting option, were chosen as the reference standard since they were deemed the most appropriate to the reporting objectives and were integrated with the themes contained in Legislative Decree 254/2016.

The document refers to the year 2017 with a comparison of the values of the 2 previous periods (2016 and 2015) and was approved by the CAD IT S.p.A. Board of Directors on 15<sup>th</sup> March 2018.

The reporting perimeter corresponds to that of the consolidated annual declaration at 31<sup>st</sup> December 2017, and, besides the parent company CAD IT S.p.A., includes, unless otherwise specified, its consolidated subsidiaries: CAD S.r.l., CeSBE S.r.l., Datafox S.r.l., SMART Line S.r.l., EliData S.r.l., Tecsit S.r.l..

The process of defining the content is based on principles of relevance, stakeholder inclusiveness, the context of sustainability and completeness. In regard to the quality of the information provided, principles of equilibrium, comparability, accuracy, promptness, clarity and reliability were implemented.

With specific reference to the principle of relevance, the depth at which the different topics were examined was determined, by means of an organized process of priority analysis, on the basis of their gross weight in CAD IT Group objectives and strategies as well as their relevance for the stakeholders.

The 2017 Non-Financial Declaration was submitted for limited assurance engagement to PKF ITALIA S.p.A., an independent third party company, whose statement is reported in attachment.

# MATERIALITY ANALYSIS

The Non-Financial Declaration focuses on themes of greater importance (materials) for the Group's activities and for the stakeholders.

For the purposes of defining the reporting process, the CSR Team initially organized and held meetings to involve the management in the process, to identify potentially relevant sustainability themes and the main stakeholders, to programme the stages of the process, to assess and process the level of conformity to the standards of reference, to evaluate and propose the layout of the document, to define the expected contributions of the various company divisions in the different reporting process stages.

Later, with the help of the organizational unit in direct contact with the stakeholders, the materiality analysis was initiated and a summary of the themes identified by internal and external sources was formulated.

The sources used to identify the themes were the subjects indicated in the GRI, integrated with the analyses of other companies in the sector and with the themes included in the Group's existing sustainability policies.

Once the aspects had been identified, opinions and useful points of view for defining the importance of the themes for the Group and for the stakeholders, were collected, involving the various company functions.

The analysis result is shown in the following tables.

CONTEXT	STAKEHOLDERS	INTERACTION, LISTENING AND INVOLVEMENT MODALITY
OPERATIVE/BUSINESS	Employees, Collaborators	Internal events for employees, individual and group meetings.  Constant interaction with Human Resources Management in company branches.  Intranet portal and internal communication instruments (e-mail, company social networks).  Periodical meetings with company union representatives.
	Customers	Workshops, Seminars, Focus Groups.
	Suppliers	Continual relations with the Purchasing departments and the respective company functions implementing the activities supplied.
	Partners	Supply of services and development of products in partnership.
FINANCIAL	Shareholders, Investors, Analysts	Individual and group meetings, telephone contacts.  Shareholders' meetings.
	Banks and Credit Institutes that finance the Group's investments/activities	Meetings with group top Management.
SOCIAL	Category associations, Research Institutes	Event participation and promotion, market research.
	Universities, Educational institutes	Training and in company work experiences, school-work alternation.
	Non-profit organizations	Sponsoring, liberal distribution of money or goods, Social Media.

MATERIAL THEME DESCRIPTION	INTERNAL RELEVANCE	EXTERNAL RELEVANCE	EXTERNAL IMPACTS	ASSOCIATED GRI-G4 ASPECTS
Skill development and resource training	High	High		Employment, training and education
Attraction and retention of talents	High	High		Employment, training and education
Governance, compliance and company ethics	High	High	Customers	Governance, Anti-corruption, Anti-collusion, Compliance
System security and data privacy	High	High	Customers	Customer privacy
Health and safety at work	High	Average		Health and safety at work
Energy consumption efficiency	Low	Average		Energy
Innovation and product personalization (R&D)	High	High	Customers	Economic performance
Equal opportunity and diversity	High	High		Diversity and equal opportunity, non-discrimination, equal pay for men and women
Financial efficiency and stability	High	High	Customers, Suppliers, Shareholders, Financers	Economic performance
Employee welfare	High	Average		Employment, freedom of association and collective bargaining
Relations with the territory	Average	Average	Community	Employment, freedom of association and collective bargaining

*Material themes refer to all the operating areas within the Group*

The data shown in the paragraphs below refer to the indicators foreseen in the “G4 Sustainability Reporting Guidelines” and to the other indicators that CAD IT considers important to publish in order to provide an illustration of its performances in the field of corporate social responsibility

# PROFILE

CAD IT S.p.A. (hereinafter “Company” or CAD IT) is the head company of a group that is one of the most dynamic organizations in Europe in the Information Technology sector, with a leadership position in the Italian market for the supply of financial software solutions.

The CAD IT Group deals in the banking and insurance market, the business world and public administration and has been offering software solutions, maintenance activities, personalization, integration and other correlated services, from application management to outsourcing, consultancy and training, for over 40 years.

CAD IT is composed of joint stock companies and is governed on the basis of Italian law. Its registered premises are in Verona, at via Torricelli no. 44/a, where its administrative and main operational offices are also located.

The Company is listed in the STAR segment of Borsa Italiana's MTA Market, a segment specifically for medium-sized enterprises that are committed to respecting top quality requirements in terms of transparency, communication, liquidity of shares and corporate governance aligned to the international standards.

CAD IT is not subject to the control of other companies, as defined in art. 2359 of the Italian Civil Code, and is fully autonomous in determining its own general and operational strategies.

CAD IT manages and coordinates its own direct subsidiaries.

The CAD IT Group's mission is to support its customers in the design and start up of strategic changes by providing ideas, skills and advanced technology and producing rapid, tangible and measurable results.

The CAD IT Group is committed to pursuing its mission by maintaining and developing trustful relations with the staff, customers, suppliers and institutions. It is, in fact, well aware that trust favours customer loyalty, attracts the best human resources, supplier serenity, reliability towards creditors and the development of the sense of state and institution.

The CAD IT Group has developed tried, tested and approved technological solutions that are largely used on the market and are subdivided into 3 main business areas:



## FINANCE AREA

**Finance**, where CAD IT occupies a position of leadership in the Italian financial software market through the sale of its Finance Area application suite, used by the majority of Italian Financial Institutions (which, according to CAD IT estimates, represent about 90% of Italian banking outlets). The Suite totally manages the trading, settlement and administration of securities, bonds and derivatives (in any currency).

Finance Area offers total automation of processes relating to financial instruments in the following macro areas: Position Keeping, Security Custodianship and Administration, Corporate Actions, Order Management, Trading Rooms, Financial Instrument Master Data, Settlement, Asset Management, Reconciliations, REPOs, Know Your Customer, Financial Consultancy and Reporting.



## PUBLIC ADMINISTRATION AREA

**Public Administration**, whose solutions capitalize the Group's historical skills, such as its over twenty years' experience in developing information technology systems for public authorities.

CAD IT holds a leading position in the offer of software solutions for Tax Collecting in Italy.

In particular, its Tax Collection System (SET) is the national information technology solution used by companies that manage public tax collection.

Moreover, in preparation for the decentralization of local tax collection, CAD IT has invested heavily in the development of its FE suite specifically designed for managing Tax Systems for Authorities.



## INDUSTRY AREA

**Industry**, a historical sector of business for the Group which goes hand in hand with the financial segment offering constantly evolving solutions for credit and industrial companies (especially in the Made in Italy sectors of fashion, food & beverage) through its ERP solutions that cover every aspect of company management (accounting, production, management control, workflow management, quality systems, design and Supply Chain Management procedures) by means of various platforms, including outsourcing (SaaS).

# THE NETWORK

*The Group operates through a network of specialized companies. Below is a short description of CAD IT S.p.A. subsidiaries:*

**CAD S.r.l.** with head offices in Verona is 100% controlled by CAD IT S.p.A. The company was set up in Verona in 1977. CAD S.r.l. was founded with the aim of providing the financial and business sectors with highly specialized software products and correlated services.

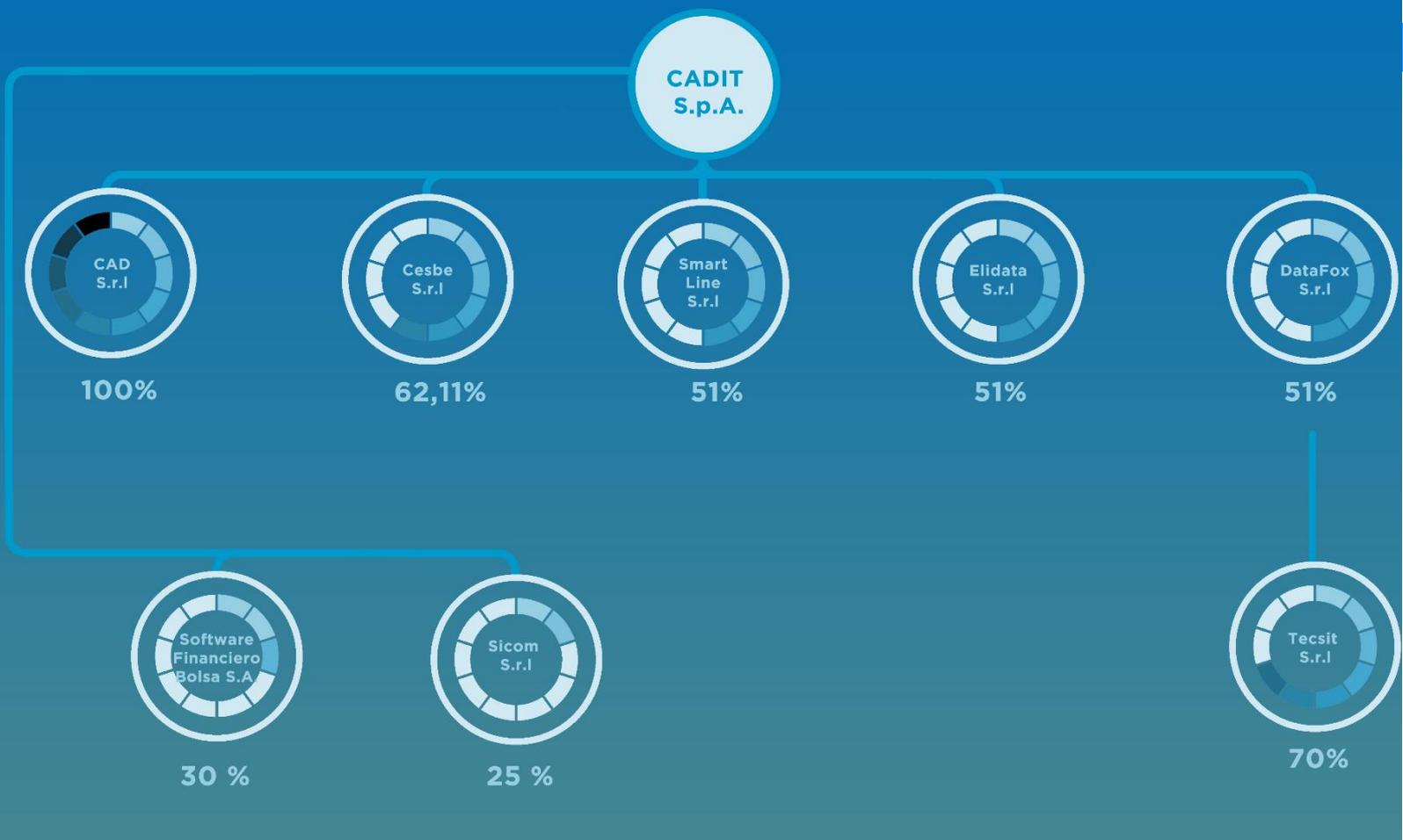
**Smart Line S.r.l.** with registered offices in Verona and operational headquarters in Prato, became a CAD IT Group subsidiary in June 2001 with a 51% controlling share. Smart-Line has been a partner of CAD IT in the designing of procedures for the collectorship sector since the very beginning.

**Cesbe S.r.l.** (Centro Studi Bancari Europei - European Banking Study Centre) was established in 1998 and CAD IT S.p.A. has a 62.11% controlling share. CESBE S.r.l. operates in the banking and private and public enterprise sector, providing consultancy activities and managerial training. It intervenes in companies, organizations and financial institutions that are tasked with organizational change procedures and support the management in defining the most appropriate intervention plans, together with the supply of software, organizational consultancy and training services. Among its top products is the platform for trading on line offered to credit institutions through an agreement with Class Editori Group.

**Datafox S.r.l.** with head offices in Verona, is the Group's mobile company in which CAD IT S.p.A. has a 51% controlling share. It also specializes in consultancy, information technology installation and assistance and in the development of systems for e-commerce and web applications. The remaining 49% of the company ownership is held by the founding management.

**EliData S.r.l.** The Group acquired 51% of this Milanese software house in June 2002. EliData specializes in the development of trading and order routing applications and Enterprise Data Management solutions for banks, brokers and financial institutions, and particularly in the transfer, management and consolidated analysis of cross-asset data generated by Front and Back Office systems.

**Tecsit S.r.l.** with registered offices in Rome is indirectly controlled by CAD IT through CAD S.r.l., which holds a 70% share of the company.



Since October 2000, CAD IT has been listed in the STAR segment of Borsa Italiana's MTA Market.

During 2005, Xchanging, a multi-national company (with registered offices in London) and leader in the supply of Business Process Outsourcing services, acquired 10% of CAD IT in blocks from the founding partner families, thus drawing up a strategic alliance.

In 2006, CAD IT set off on the road to internationalization with important customers in Germany, the United Kingdom, Switzerland, Luxembourg and the Czech Republic, while in 2016, it strengthened its presence on the European market by acquiring 30% of the capital of Software Financiero Bolsa (SFB), a company leader in Spain in the supply of front, middle and back office solutions for financial institutions.

**CAD IT Group was founded** by 4 Veronese entrepreneurs, some of whom are still the main shareholders and directors

1977



**CAD IT** is listed in **Borsa Italiana's STAR** segment (ex New Market)

2000



CAD IT embarks on the road to **Internationalization** with important customers in Germany, the United Kingdom, Switzerland, Luxembourg and the Czech Republic

2006



1999

**Strategic acquisitions** begin so that CAD IT can create every possible synergy within the Group in order to widen the range and quality of the offer as well as to activate cross-selling strategies

2005

**Xchanging**, the British multinational in the Business Process Outsourcing sector, **acquires 10% of CAD IT**, thus drawing up a **strategic alliance**

2016

CAD IT strengthens its presence on the European market by **acquiring 30% of the capital of Software Financiero Bolsa (SFB)**, a company leader in Spain in the supply of front, middle and back office solutions for financial institutions

The CAD IT Group operates in Italy with its own branches and companies in **Verona, Milan, Rome** and **Prato** with solutions to support customers and end users in: **Switzerland, Germany, United Kingdom, Czech Republic, Spain, Portugal, Austria, Saudi Arabia and China.**



# SERVICES

The service offer is one of CAD IT Group's most strategic areas.

In its markets of reference and in relation to its own and its partners' software solutions, the offer is wide and includes the following activities:

- *project management;*
- *system integration;*
- consultancy and training;
- personalization and *change management;*
- maintenance and support using agreed SLAs;
- *multi-lingual 24\*7 Help Desk;*
- regulatory support;
- joint implementation of specific components;
- *IT Outsourcing;*
- *business processing.*

Guidelines, checks and specific tools guarantee the qualitative control of every aspect linked to defining the requirements, planning, release and support of software solutions and all the connected services.

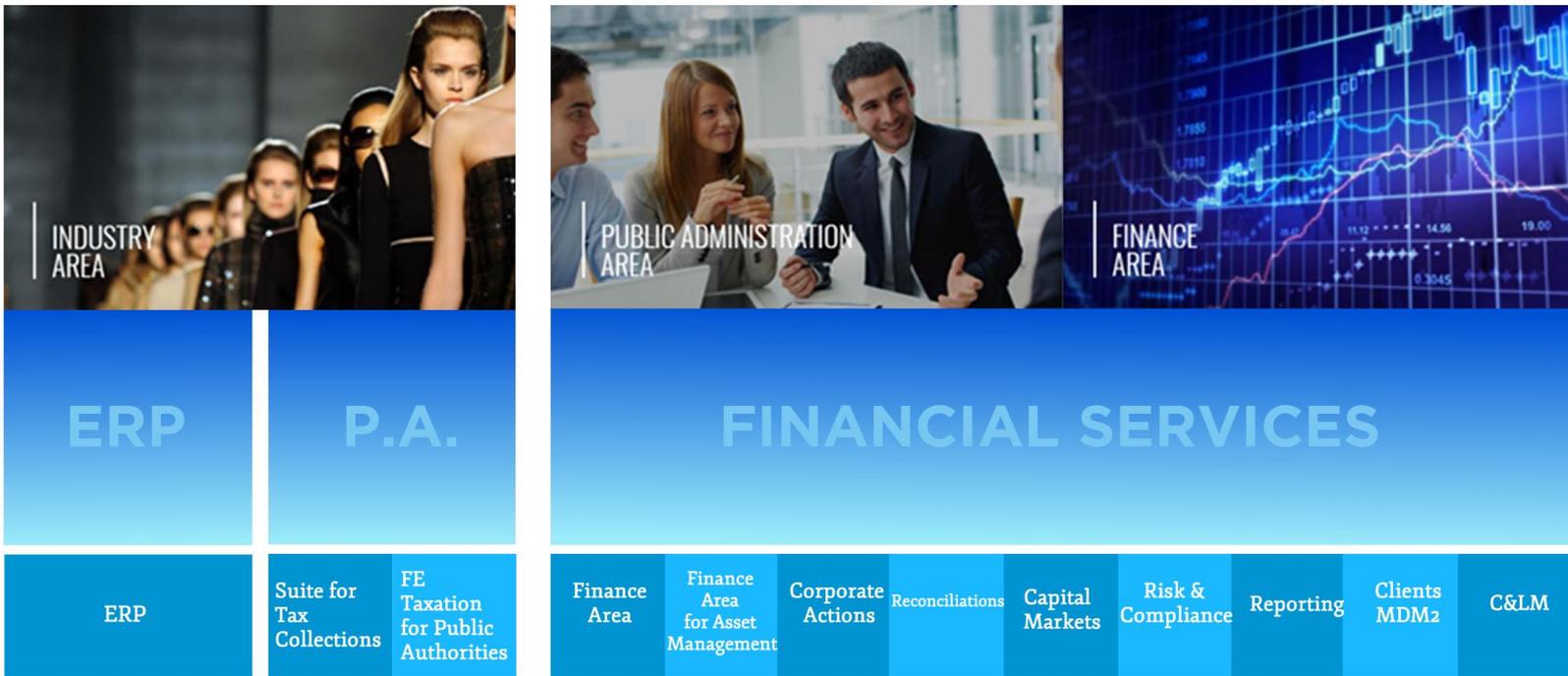
CAD IT's Software Factory is equipped with tools to support software release activities and the relative documentation that makes operability simpler for its customers.

The Group has developed a framework (SPOC: Single Point of Contact) able to manage maintenance and support processes: service desk, incident and problem management, change and release management.

The main purpose of SPOC is:

- to act as a single point of contact between CAD IT platform users and the assistance service;
- to totally manage the entire life cycle of a problem's resolution or a service request;
- to guarantee pre-established service levels;
- to organize and oversee every activity according to priorities and requirements;
- to update users on activity progress.

# BUSINESS MODEL



- SOFTWARE LICENSE
- MAINTENANCE
- SERVICE: CUSTOMIZATION IMPLEMENTATION SYSTEM INTEGRATION
- APPLICATION MANAGEMENT & 24x7 SUPPORT
- CONSULTING TRAINING
- BPO-ITO

# GOVERNANCE & RISK MANAGEMENT

The structure of CAD IT's corporate governance consists of a set of standards and procedures which are the essence of the Company and Group's management system.

In order to constantly guarantee operational transparency, CAD IT has progressively implemented and adapted an articulate system of rules of conduct relating to its internal organizational structure as well as its relations with third parties.

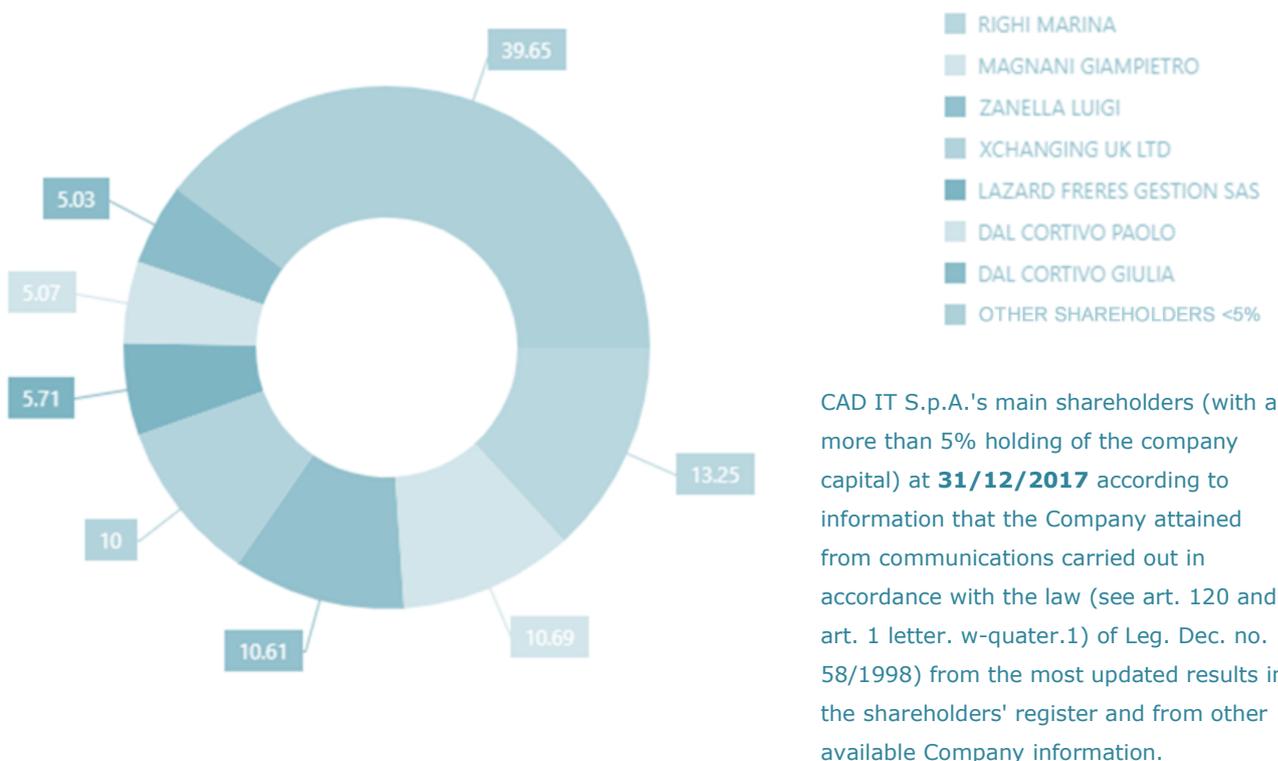
The Company has therefore adhered voluntarily to the Corporate Governance Code for listed companies, acknowledging, in its own statute, the standards suggested by the Code for a correct corporate governance and has also adopted a Code of Ethics and Organizational and Management Model pursuant to Leg. Dec. 231/2001 and subsequent modifications and integrations.

CAD IT's internal control and risk management system aims at identifying the main risks and to ensure that they are adequately assessed, managed and monitored in order to make them compatible with a healthy and correct business management, including in its assessment, every risk that could be significant in terms of sustainability over a medium-long period of time.

# CORPORATE GOVERNANCE OVERVIEW

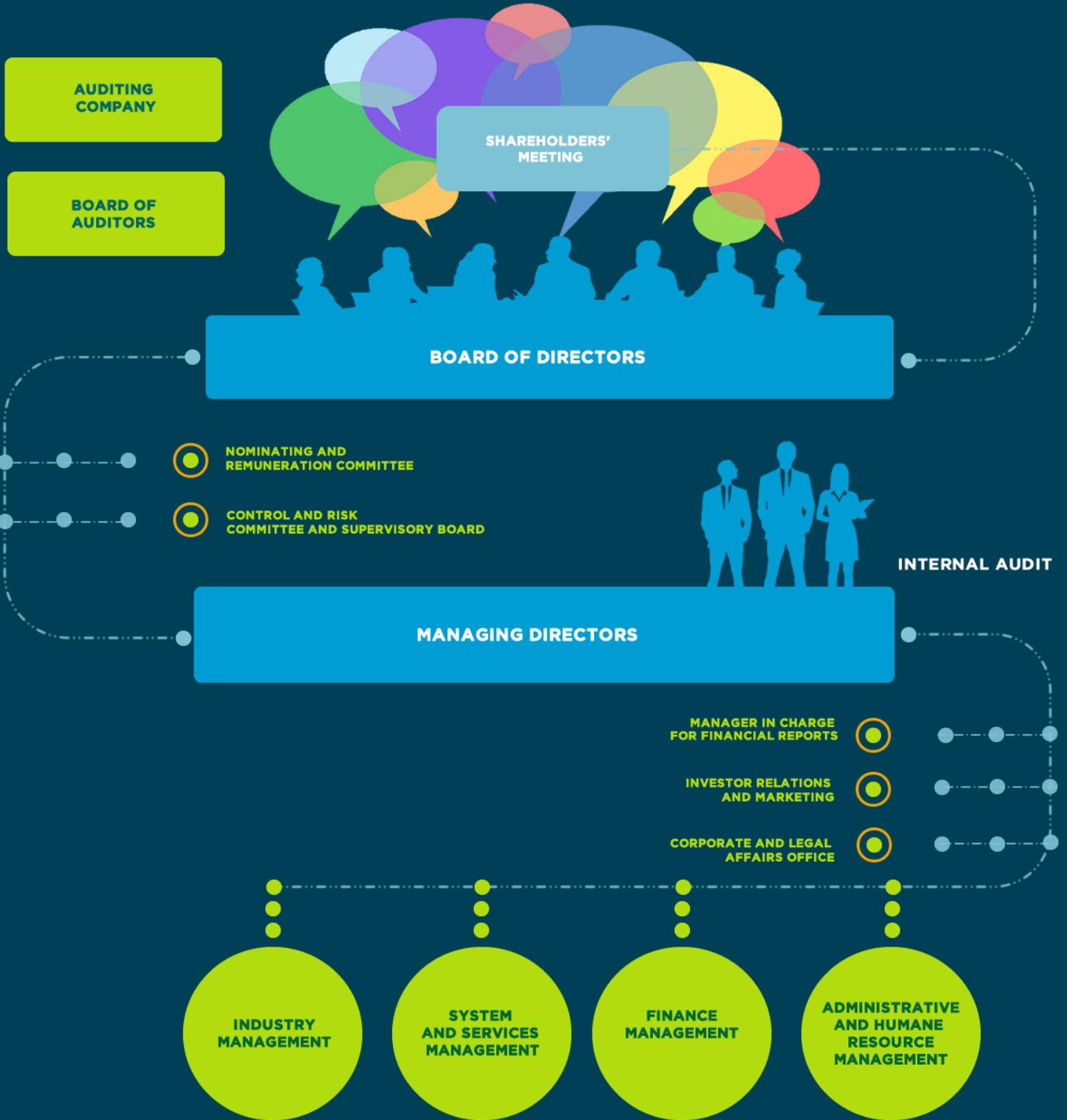
CAD IT's company capital, entirely subscribed and paid up and unaltered throughout the period, stands at Euro 4,669,600, subdivided into 8,980,000 ordinary shares of a nominal value of Euro 0.52 each, all with equal rights.

The ordinary shares are nominative and indivisible and each one gives the right to a vote at ordinary and extraordinary shareholder meetings as well as to exercise other company and patrimonial rights according to the law and the statute.



In respect of the statute, the administration and control model adopted by the Company is the traditional one and consists of the following organs:

- Shareholders' Meeting;
- Board of Directors;
- Board of Auditors;
- Auditing Company.



The **Shareholders' Meeting** is the organ that, with its own deliberations, expresses the will of the shareholders. The shareholders' meeting approves the balance; nominates the Board of Directors, Board of Auditors, Auditing Company; determines Director and Auditor remunerations and modifies the statute.

The **Board of Directors** defines the Company and Group's strategic policies and is responsible for governing the management. To this end, it has the widest powers for carrying out all the acts, including acts of disposal, it may deem opportune for achieving corporate aims, with the sole exclusion of those which the law reserves explicitly to the shareholders' meeting.

The **Board of Auditors** verifies observance of the law and statute and has management control functions. In particular, the Board of Auditors oversees respect of the principles of good administration; the adequacy of the Company's organizational structure; the correctness of transactions with correlated parties; the appropriateness of instructions given to subsidiaries in relation to obligations to communicate confidential information to the market

The **Auditing Company** checks that the accounting is kept correctly and that the management facts are correctly reported in the accounting as well as checking that the financial period balance and consolidated balance correspond to the results in the accounting reports and the verifications executed.

The Board of Directors has set up the following **committees**, defining the composition and duties:

- the remuneration and nomination proposal committee;
- the control and risk management committee.

The control and risk management committee is also tasked with **Supervisory Organism** functions pursuant to Leg. Dec. 231/2001 as well as the committee functions outlined in art. 7 of CONSOB Deliberation no. 17221/2010, as modified by CONSOB Deliberation no. 17389/2010, on matters of approval of transactions with correlated parties.

The committees cover proposal and consultancy functions and assist the Board of Directors in activities regarding its respective duties, operating in conformity with the indications in the Corporate Governance Code.

During 2017, CAD IT undertook an initiative aimed at effectively integrating non-financial themes connected to the company business.

With Board of Director deliberation of 21<sup>st</sup> September 2017, the Control and Risk Management Committee was entrusted with the role of guiding committee in the drafting of the non-financial declaration, with the duty to assess - together with the competent company offices and statutory auditor - the correct use of the standards adopted for the purpose of drafting the non-financial declaration and to assess its completeness and credibility. The assignment was granted to the committee even though the Corporate Governance Code suggests setting up a committee within the Board of Directors merely for companies belonging to the FTSE MIB index.

Further information on the description of the corporate governance adopted, information on property assets and adherence to the instructions in the Corporate Governance Code can be found in the Corporate governance and property asset report, pursuant to arts. 123 bis and 124 ter TUF (Consolidated law on financial intermediation) and 89 bis Consob Issuer Regulations, approved annually by the Board of Directors. This report is published together with information of a financial character and is available to the public in the Investor Relations section in the Company's website: [www.caditgroup.com](http://www.caditgroup.com).

# BOARD OF DIRECTORS COMPOSITION

Through a self-assessment process, the Board annually assesses the size, composition and function of itself and the committees within it.

The Company Board of Directors is appointed until the shareholders' meeting held to approve the balance of the financial period ending 31<sup>st</sup> December 2017.

At the date of this declaration, the Board of Directors is thus composed:

**Paolo Dal Cortivo**

Chairman and managing  
director

**Giulia Dal Cortivo**

Managing director

**Luigi Zanella**

Vice chairman and managing  
director

**Maurizio Rizzoli**

Non-executive director

**Thomas Burkhart**

Non-executive director

**Lamberto  
Lambertini**

Non-executive Independent  
director

**Alessandra  
Pedrollo**

Non-executive Independent  
director

**Debora Cremasco**

Non-executive Independent  
director

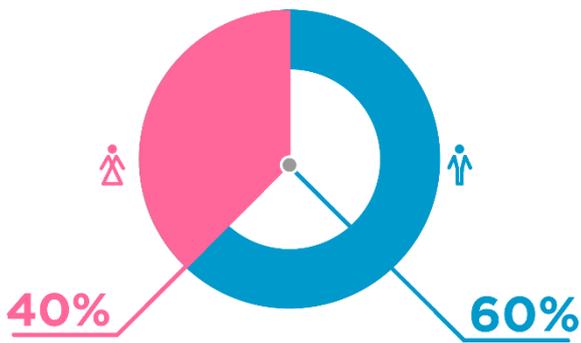
**Gian Paolo Tosoni**

Non-executive Independent  
director

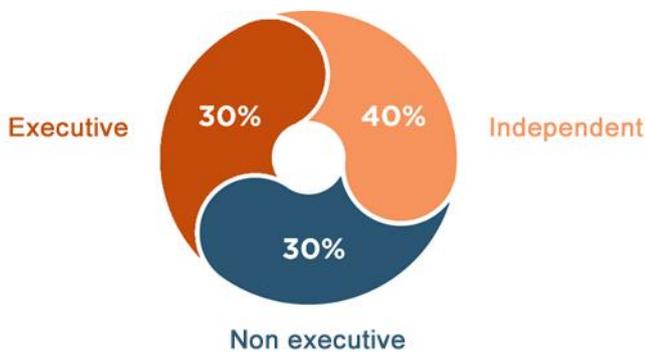
**Cecilia Rossignoli**

Non-executive director

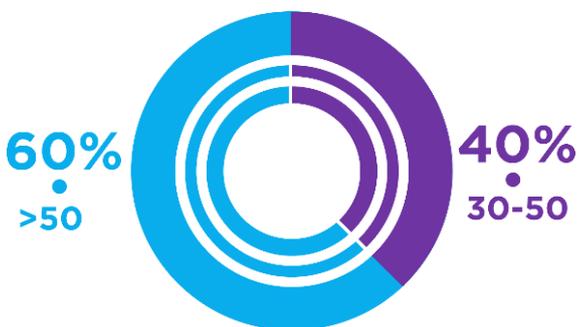
## COMPOSITION BY GENDER



## COMPOSITION BY CHARGE



## AVERAGE AGE



Data calculated regarding to the composition of the Board of Directors at the date of the Non-Financial Declaration presentation.

All the Board members have the necessary professional and respectability requirements; 40% also have the independence requirements foreseen by art. 148, paragraph 3 of the TUF (applicable to Directors pursuant to art. 147-ter, paragraph 4, of the TUF) and by Borsa Italiana S.p.A.'s Corporate Governance Code.

With deliberation of 29<sup>th</sup> April 2015, the Board of Directors nominated the Independent Director and lawyer Lamberto Lambertini as the "lead independent director", in order to give further prominence to the role of independent directors in terms of their positive skill and experience contribution to Board of Director activities.

During the 2017 financial period, the lead independent director acted as the reference and coordination point for the instances and contributions of non-executive and independent Directors, as well as for the purpose of identifying any arguments to submit to the Board's scrutiny.

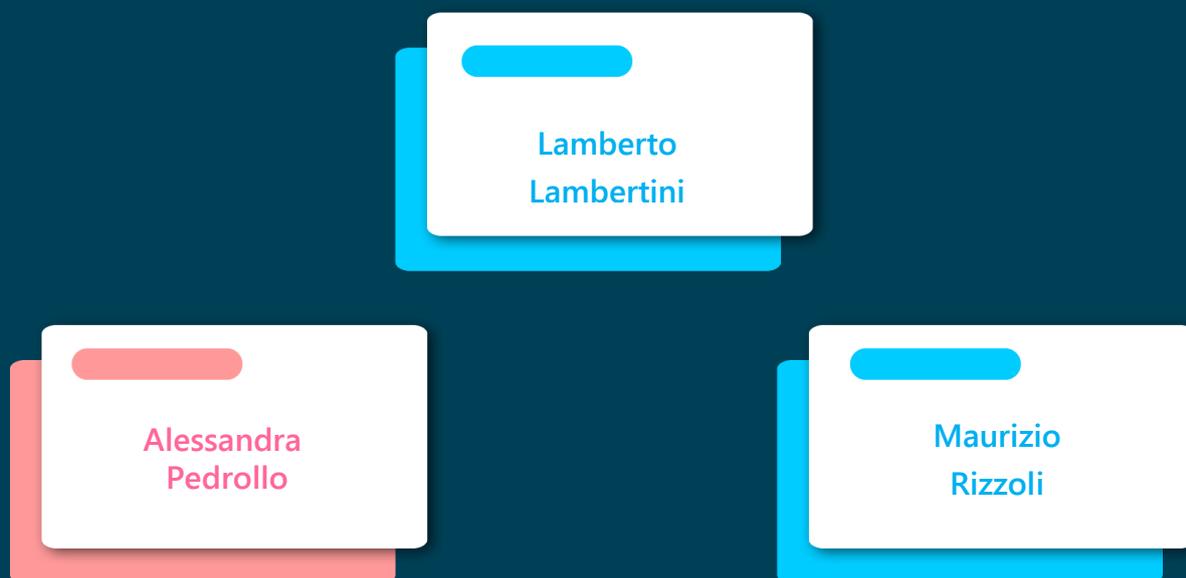
# BOARD OF AUDITORS COMPOSITION



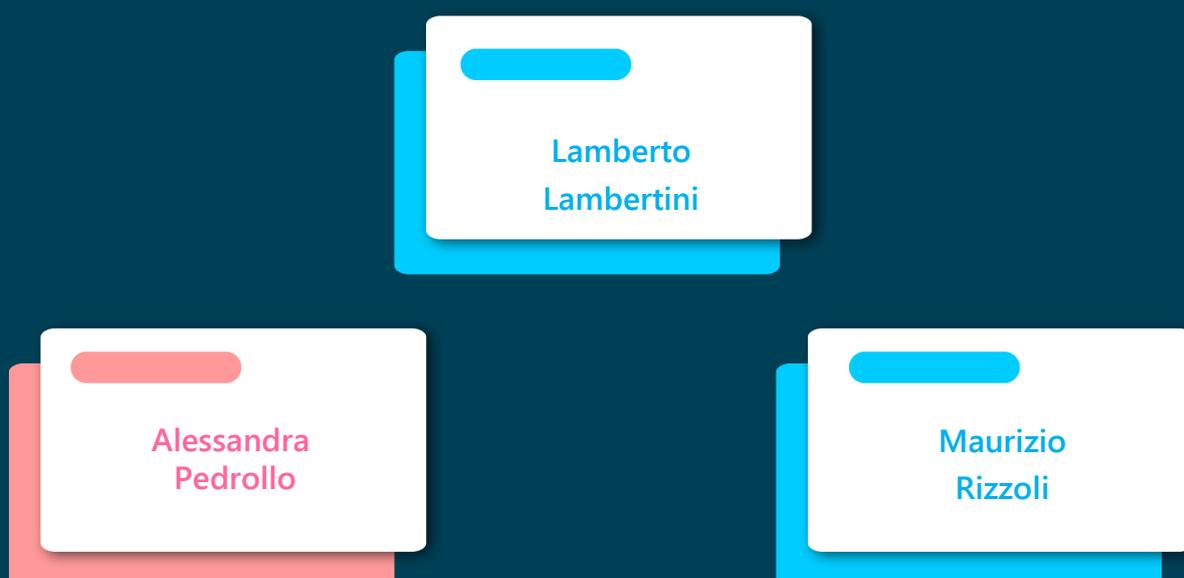
## In the course of its activity in 2017, the Board of Auditors:

- 1 oversaw the Auditing Company's independence;
- 2 coordinated with the internal audit office and with the control and risk management committee in its activities through specific meetings;
- 3 met with the Auditing Company to verify the regular keeping of the company accounts as well as the correct reporting of the facts of management in the accounting documents.

**REMUNERATION AND NOMINATION PROPOSAL COMMITTEE  
COMPOSITION**



**CONTROL AND RISK MANAGEMENT COMMITTEE COMPOSITION**



# MANAGEMENT REMUNERATION

The remuneration for CAD IT directors and managers with strategic responsibilities (i.e. the manager responsible for drafting the Company's accounting documents) is established on the basis of policies that are coherent with the governance model and in conformity with the recommendations in the Corporate Governance Code for listed companies.

The remuneration policies are defined by the Board of Directors on the Remuneration and Nomination Committee's proposal and are described and communicated to all stakeholders by means of the Remuneration Report, available in the Investor Relations section in the Company website at: [www.caditgroup.com](http://www.caditgroup.com).

# CONTROL SYSTEM AND COMPANY MANAGEMENT ORGANIZATIONAL MODEL

The internal control system is the mainstay on which corporate governance is based and is the catalyzing element of all the subjects and functions that, each in its own manner, contribute to managing the business in a healthy and correct way, coherent with the objective of granting maximum sustainable value to all the Company's activities.

The internal control and risk management system affects the entire Company, involving the following, each with their own duties:

- board of directors, whose role is to guide and assess the adequacy of the system;
- director in charge of the internal control and risk management system who institutes and maintains an efficient internal control and risk management system;
- control and risk management committee, made up of three members, the majority of whom are independent directors, which supports, through adequate investigation activities, the board of directors' assessments regarding the internal control and risk management system;
- person in charge of the internal audit, summoned to check that the internal control and risk management system is adequate and functional;
- board of auditors, which oversees the effectiveness of the internal control and risk management system, also in its role as the internal control and accounts audit committee;

- manager responsible for drafting the Company's accounting documents, appointed to draft the administrative and accounting procedures for formulating the financial period balance, the consolidated balance and all other communications of a financial nature.

The Company has established the modalities by which the above-listed subjects are to coordinate in order to maximize internal control and risk management efficiency and to reduce activity duplication.

1

These modalities are based on coordination meetings between the various players in the internal control system for the purpose of sharing the main findings and aligning the work of each subject involved.

In planning, implementing, monitoring and updating the internal control and risk management system, the Company also took into consideration, as a reference model, the “CoSo Report”, deemed internationally as a best practice.

2

3

To ensure the effective application of the system and a high standard of information reliability, numerous company procedures have been formalized, including administrative and accounting procedures, which are periodically updated in accordance with organizational and regulatory changes.

Essential parts of the internal control system are the Code of ethics and Organizational Model, adopted by the Board of Directors on activating the regulation that governs the "Administrative responsibility of organizations regulation" pursuant to Leg. Dec. no. 231/2001 and subsequent modifications. The Management and Control Organizational Model, pursuant to Leg. Dec. no. 231/01, includes the **Health and safety at work management system** (with the relative manual and procedures) in accordance with UNI/INAIL guidelines, which represents a best practice standard of reference for conforming to the provisions in Leg. Dec. 81/08.

In addition to the Health and safety at work system, CAD IT and some of the Group's companies, adopt and maintain the following management systems:

- quality management system in conformity with the UNI EN ISO 9001:2015 regulation for the design, production and sale of "component based" software and for after-sales assistance services and maintenance;
- information security management system in conformity with the UNI CEI ISO/IEC 27001:2014 regulation for management activities concerning information and data relating to the development, maintenance, personalization, integration, application management, consultancy and training of software solutions in the banking, financial, insurance, industrial and public administration fields.



UNI CEI ISO/IEC 27001:2014

SISTEMA DI GESTIONE  
PER LA SICUREZZA DELLE  
INFORMAZIONI CERTIFICATO

UNI EN ISO 9001:2015

SISTEMA DI GESTIONE  
QUALITÀ CERTIFICATOCERTIQUALITY  
È MEMBRO DELLA  
FEDERAZIONE CISQ

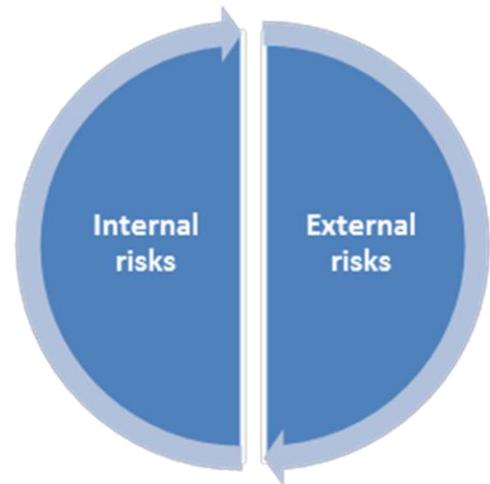
The Company is also in possession of the following governance tools:

- company statute;
- shareholders' meeting regulations;
- remuneration and nomination proposal committee regulations;
- control and risk management committee regulations;
- procedure for the management and processing of confidential information;
- procedure for internal dealing;
- procedure for registering persons who have access to confidential information;
- procedure for transactions with correlated parties.

CAD IT's corporate activities are activated by the management according to a responsible business conduct model in which legality, correctness and fairness are considered as indispensable elements for conducting business and for increasing the level of reliability and trust in the Company and in the Group, not only on behalf of customers and suppliers, but for every stakeholder.

# THE GROUP'S MAIN RISKS

This paragraph describes the risk factors and uncertainties connected to the regulatory, environmental and social context that could significantly affect the Company and Group's objectives and performance.



## Internal risks

### **RISKS RELATING TO DEPENDENCE ON KEY PERSONNEL**

The success of the Group depends appreciably on the ability of some key figures who have made a significant contribution to its development i.e. its own executive managers and other management components with many years of experience in the sector. The loss of one of the aforementioned key figures' services without an adequate replacement could have negative effects on the Group's prospects, activities and economic and financial results.

Moreover, the Group's business is strongly characterized by the extremely high technical skills of its staff. Therefore, the future success of its activities largely depends on the continuity of the functions carried out by the currently employed specialized technicians and collaborators as well as the ability to attract and maintain highly qualified staff.

In the Information Technology sector, staff costs are a critical development factor. Any difficulties that the Group may face in managing staff could produce a negative effect on its activities, its financial conditions and its operative results.

<p><b>RISKS CONNECTED TO INTERNATIONALIZATION</b></p>	<p>The Group has made significant efforts in recent years in terms of its own internationalization strategy and expects that an increasingly large part of its revenues will be generated from foreign customers. The Group could therefore be exposed to the risks related to internationalization as those relating to changes in their economic, political, fiscal and local law conditions, as well as variations in the domestic currency trend, should the country concerned be outside the Euro area. The occurrence of unfavorable development in these areas could have a negative effect on the Group's prospects and activities.</p>
<p><b>RISKS CONNECTED TO BREACHES OF CONTRACT AND POTENTIAL LIABILITIES TOWARDS CUSTOMERS</b></p>	<p>Highly complex software products like those offered by the Group can, even if duly tested, reveal some defects and anomalies during the installation phase and while integrating with the customer's information technology system. These circumstances can cause damage to the Company's image and its products and also expose the Company to claims for damages and the application of contractual penalties due to not respecting deadlines and/or the agreed qualitative standards.</p> <p>Furthermore, the Group could find itself having to invest considerable resources to carry out corrective interventions and be obliged to interrupt, postpone or cease the supply of its services to the customer.</p>

## External risks

<p><b>RISKS CONNECTED TO THE RAPID EVOLUTION IN TECHNOLOGIES, CUSTOMER NEEDS AND REFERENCE NORM</b></p>	<p>The sector in which the Group operates is characterized by fast and complicated technological changes and a constant development in skills and professionalism. Furthermore, an increase in customer needs, together with any changes in the laws, means that the software for the banking sector and other financial institutions has to be constantly updated.</p> <p>The Group makes substantial investments in the development of new projects and new technologies, not only in order to promptly satisfy market demand, but also to anticipate development lines by proposing a range of new products as a factor able to influence, in turn, the type of user demand. Therefore, a reduction in customer tendency towards buying the new technologies offered could expose the Group to the risk of not earning enough to cover the investments sustained.</p> <p>These investments cannot, however, guarantee that the Group will always be able to recognise and use innovative technological instruments, exclude the risk of the obsolescence of existing products or ensure the Group's ability to develop and introduce new products or renew existing ones in good time for the customer and adequately for the market. The above-described situations are a significant potential risk for the Group's activities and its economic and financial results.</p>
<p><b>RISKS CONNECTED TO THE HIGH COMPETITION IN THE SECTOR IN WHICH THE GROUP OPERATES</b></p>	<p>The Information Technology market is highly competitive. Some competitors could try to expand and damage the Group's market share. Moreover, the intensification of competition levels and the possible entry into the Group's reference sector of new subjects with good human resources, financial and technological backing that can offer more competitive prices, could influence the Group's activities and the possibility to consolidate or widen its own competitive position in the sector with consequent repercussions on the Group's activities and its economic, patrimonial and financial situation.</p>

<b>COMPLIANCE RISK</b>	<p>The risk of incurring reputational damages or sanctions due to not conforming to the regulations, codes or decisions of the supervisory authorities and any internal self-regulatory standards (Company Statute, Codes of Conduct).</p> <p>As a listed company, CAD IT's parent company is subject to the specific foreseen regulations.</p> <p>The Group is not subject to particular sector regulations.</p>
<b>REPUTATIONAL RISK</b>	<p>Risk associated to a negative perception of the Group's image on the part of customers, suppliers, partners, shareholders and other stakeholders, which could have a negative effect on company relations and business.</p> <p>The Group considers reputational risk to be of great importance in a context where investors, customers, suppliers and partners place greater attention of ethical, moral and environmental principles. The Group has adopted a Code of Ethics and other procedures to prevent and minimize possible negative events. The Company's values and conduct principles towards stakeholders, expressed by the Code of Ethics, are an important reference point for all its staff.</p> <p>The Group's Corporate Governance system foresees that risk management and mitigation is pursued through the vigilance of company staff and the constant updating of the impacts by means of Risk Assessment.</p>
<b>ENVIRONMENTAL AND SOCIAL RISK</b>	<p>The Group's operational management could generate impacts on the environment and on society.</p> <p>An environmental risk assessment is carried out as part of the Organizational and Management Model which aims at identifying the areas at risk and mitigating any commission of crimes against the environment.</p>

# CAD IT AND GENERATED VALUE

Generated economic value is calculated by re-classifying the items in the Consolidated profit and loss account of the annual consolidated financial declaration in the years from 2015 to 2017.

The generated economic value in the 2017 financial period was 63 million Euros and was made up of revenues from services and other operational revenues. The sum of the generated economic value expresses the value of the wealth produced and is distributed among the following main stakeholders:

- 61% to a total of Euro 38,342 thousand to the staff,
- 19% to a total of Euro 11,831 thousand to goods and services suppliers;
- 3% to a total of Euro 2,144 thousand to public administration (for taxes on income, assets and for services).

The remaining Euro 10,437 thousand (17%) is held by the Group as self-financing for business development purposes.

## ECONOMIC INDICATORS

Economic performances					Indicators by RFA
Main economic results of the Group (*)	unità	2017	2016	2015	
Production Value	€/000	62,821	57,175	59,819	
Income from sales and services	€/000	58,529	52,060	55,728	
EBITDA	€/000	12,456	7,787	7,458	
EBIT	€/000	6,120	1,681	1,815	
EBT	€/000	6,559	2,049	2,091	
Net profit attributable to owners of the parent	€/000	3,700	1,147	1,123	

(\*)Data relating to the Group's Re-classified Profit and Loss account shown in the Annual Financial Statements for 2017, 2016 and 2015.

Determination and distribution of added value	unit	2017	2016	2015	Indicator G4-EC1
Income from sales and services	€/000	58,529	52,060	55,728	
Other revenues	€/000	4,300	5,235	4,336	
<b>Economic value generated by the Group</b>	<b>€/000</b>	<b>62,829</b>	<b>57,295</b>	<b>60,064</b>	
Payments to suppliers (costs for the purchase of goods and services)	€/000	11,831	12,881	15,989	
Remuneration for employee wages and benefits	€/000	38,342	36,314	36,206	
Payments to providers of loans	€/000	45	52	33	
Payments to providers of capital	€/000	-	1,796	1,347	
Payments to government	€/000	2,144	986	806	
Liberality and sponsorship	€/000	31	7	13	
<b>Economic value distributed by the Group</b>	<b>€/000</b>	<b>52,392</b>	<b>52,035</b>	<b>54,393</b>	
<b>Economic value retained by the Group</b>	<b>€/000</b>	<b>10,437</b>	<b>5,260</b>	<b>5,671</b>	

## 2017 – year in stock exchange

### PREZZO UFFICIALE - Dati ultimi 12 mesi

MAX	21/09/2017	4.47 €
MEDIO		4.21 €
MIN	03/01/2017	3.62 €
Prezzo Medio Ponderato		4.23 €
Performance		+15.2%
Volatilità annua (ann-base 260gg)		20.81%

### GRAFICO PREZZO E VOLUMI ultimi 12 mesi



Source: UBI Banca Research

# CAD IT AND HUMAN CAPITAL

Focus on its own human resources, who CAD IT has always considered as its most valuable asset, is a central and critical factor for a Group that aims at innovation within constantly and rapidly changing scenarios.

The 2017 financial period featured a company strategy aimed at adjusting and rationalizing labour costs following a two-year period (2015-16) of considerable investment in inserting new resources. For this reason, the Group registered a reduction in its overall workforce.

In fact, the number of employees at the end of 2017 was 624 units, a 3.9% drop compared to the previous year and a 3.1% drop compared to 2015. The number of women in respect of the human resource total remained constant at around 29% in 2017 and 2016, with a slight decline compared to 2015 (the year in which this figure was 30%).

The policy of placing value on the Group's resources foresees that the employees are almost all employed with a permanent contract.

To meet the needs of the employees and favour a correct balance between their private and working lives, the companies in the Group resort largely to part-time contracts. 96% of the workers who take advantage of this reduction in the number of weekly working hours are women and part-time employees represent 15% of the overall labour force, a percentage which is greater favor than that foreseen by the CCNL national contract for the mechanical engineering sector (2%-4%).

The Group carries out an internal career policy within its organization promoting the search for figures required to cover responsible and/or coordination positions from among the resources that have gained experience within the Group itself.

The Group considers an apprenticeship contract as the ideal way to introduce young people into the Company.

After the 42 young people inserted into the Company in the 2015-2016 two-year period, 2017 marked a year of adjustment with a reduction in hiring due to the need to guarantee adequate training and tutoring activities for those resources who had already been taken on.

The number of people employed in 2017 was 14 representing the lower age bracket with 57% of the newly employed being under 30 years of age. The particularity of the

business and the difficulty in finding experienced resources in the employment market, inclines the Group towards employing mainly young, under 30-year-olds to train internally.

On the other hand, the resources that left the Group in 2017 were in the higher age brackets with 77% being older than 30 and 47% older than 50 years of age. The average age of the Group's resources is increasing and has now risen from 43 years to almost 44. The reason for this increase is due to the low turnover which is slightly compensated by the hiring of young graduates and diploma holders.

The Group's attention to matters concerning health and safety at work and respect of the corresponding regulations is guaranteed by the implementation of a management system that follows the UNI INAIL national welfare standards. This is confirmed by the absence of any registered cases of professional illnesses and serious accidents at work.

The accident at work rate is 1.87% and the seriousness index is 0.15%, while the total sum of absence days remains substantially unaltered.

For the purposes of avoiding data misrepresentation in the conversion of hours to days, due to the high percentage of part-time contracts, absenteeism rate is calculated in hours rather than in days. The number used as the denominator is that of the workable hours calculated from the sum of hours worked and those of total absence.

The absenteeism rate was 2.2%, less than in the previous years.

The number of training hours in 2017 was 16,159, showing a slight reduction compared to 2016, but higher than in 2015. The 2016 value was very high due to refresher courses on the occupational health and safety themes which increased the total training hours by 3,140. Apprentices are the category that mainly attend training courses with a considerably greater average number of training hours than foreseen by contractual obligations.

The greater than 100% values in the ratio between the basic salary of women compared to that of men shows that, in the same professional category, women have higher contractual levels than men. This trend is further confirmed by an analysis of the ratio between effective manager and apprentice salaries, while it is the other way round for middle-management and office workers.

## PERSONNEL INDICATORS

Employment				
Total workforce divided by type of: employment, contract, gender and country	2017	2016	2015	Indicator G4-10
<b>Total employees</b>	<b>624</b>	<b>649</b>	<b>644</b>	
Women	179	188	194	
Men	445	461	450	
<b>Permanent contract</b>	<b>623</b>	<b>647</b>	<b>644</b>	
Women	179	188	194	
Men	444	459	450	
<b>Fixed term contract</b>	<b>1</b>	<b>2</b>	<b>0</b>	
Women	0	0	0	
Men	1	2	0	
<b>Full-time contract (permanent contract)</b>	<b>530</b>	<b>548</b>	<b>543</b>	
Women	89	93	98	
Men	441	455	445	
<b>Part-time contract (fixed term)</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Women	0	0	0	
Men	0	0	0	

Total workforce divided by type of employment and by gender	2017	2016	2015	Indicator G4-10
<b>Total employees</b>	<b>624</b>	<b>649</b>	<b>644</b>	
Women	179	188	194	
Men	445	461	450	
<b>Total supervised workers</b>	<b>10</b>	<b>10</b>	<b>10</b>	
Women	0	0	0	
Men	10	10	10	

Employees divided by type of category and by gender	2017	2016	2015	Indicator G4-10
<b>Management</b>	<b>19</b>	<b>20</b>	<b>19</b>	
Women	2	2	2	
Men	17	18	17	
<b>Cadres</b>	<b>80</b>	<b>77</b>	<b>76</b>	
Women	19	18	16	
Men	61	59	60	
<b>White-collars</b>	<b>489</b>	<b>499</b>	<b>509</b>	
Women	153	158	166	
Men	336	341	342	

Employees divided by type of category and by gender	2017	2016	2015	Indicator G4-10
<b>Blue-collars</b>	<b>1</b>	<b>1</b>	<b>1</b>	
Women	0	0	0	
Men	1	1	1	
<b>Apprentices</b>	<b>35</b>	<b>52</b>	<b>40</b>	
Women	5	10	10	
Men	30	42	30	

Percentage of total employees covered by collective bargaining agreements.	2017	2016	2015	Indicator G4-11
<b>Total employees covered</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	

Employees by type of country and gender	2017	2016	2015	Indicator G4-10
<b>Italy</b>	<b>624</b>	<b>649</b>	<b>644</b>	
Women	179	188	194	
Men	445	461	450	
<b>Foreign (Citizenship)</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Women	0	0	0	
Men	0	0	0	

Total number and rates of new employee hires and employee turnover by age group, gender and region	2017	2016	2015	Indicator G4-LA1
<b>Total number of new employee hires by gender</b>	<b>14</b>	<b>21</b>	<b>40</b>	
<b>% rates of new employee hires on total number of employees</b>	<b>2.24%</b>	<b>3.24%</b>	<b>6.21%</b>	
Women	3	1	11	
	0.48%	0.15%	1.71%	
Men	11	20	29	
	1.76%	3.08%	4.50%	
<b>Number and rates of new employee hires by age group</b>				
< 30 years	8	15	27	
	1.28%	2.31%	4.19%	
30-50 years	5	5	13	
	0.80%	0.77%	2.02%	
> 50 years	1	1	0	
	0.16%	0.15%	0.00%	
<b>Number and rates of new employee hires by region</b>				
Italy	14	21	40	
	2.24%	3.24%	6.21%	
Foreign	0	0	0	
	0%	0%	0%	

Total number and rates of new employee hires and employee turnover by age group, gender and region	2017	2016	2015	Indicator G4-LA1
<b>Total employee turnover by gender</b>	<b>39</b>	<b>16</b>	<b>16</b>	
<b>% total rates of employee turnover on total employees</b>	<b>6.25%</b>	<b>2.47%</b>	<b>2.48%</b>	
Women	12 1.92%	7 1.08%	7 1.09%	
Men	27 4.33%	9 1.39%	9 1.40%	
<b>Number and rates of employee turnover by age group</b>				
< 30 years	9 1.44%	2 0.31%	1 0.16%	
30-50 years	16 2.56%	10 1.54%	11 1.71%	
> 50 years	14 2.24%	4 0.62%	4 0.62%	
<b>Number and rates of employee turnover by region</b>				
Italy	39 6.25%	16 2.47%	18 2.48%	
Foreign	0 0.00%	0 0.00%	0 0.00%	

Return to work and retention rates after parental leave, by gender	2017	2016	2015	Indicator G4-LA3
<b>Rate of return to work after parental leave, by gender</b>	<b>100%</b>	<b>100%</b>	<b>96%</b>	
Women	100%	100%	96%	
Men	100%	100%	100%	
<b>Rate of retention at work divided by gender</b>	<b>100%</b>	<b>100%</b>	<b>96%</b>	
Women	100%	100%	96%	
Men	100%	100%	100%	
<b>Total number of employees that took parental leave during the reporting period, by gender</b>	<b>25</b>	<b>22</b>	<b>27</b>	
Women	19	18	24	
Men	6	4	3	
<b>Total number of employees who returned to work after parental leave ended, during the reporting period, by gender.</b>	<b>25</b>	<b>22</b>	<b>26</b>	
Women	19	18	23	
Men	6	4	3	
<b>Total number of employees who returned to work after parental leave ended who were still employed twelve months after their return to work, by gender.</b>	<b>25</b>	<b>22</b>	<b>26</b>	
Women	19	18	23	
Men	6	4	3	

## Occupational Health and Safety

Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	2017	2016	2015	Indicator G4-LA6
<b>Injury rate (IR)</b>	<b>1.87</b>	1.24	1.03	
Women	0.83	0.21	0.21	
Men	1.04	1.03	0.83	
<b>Occupational diseases rate (ODR)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	
Women	0.00	0.00	0.00	
Men	0.00	0.00	0.00	
<b>Severity index (working days lost due to injury) (SI)</b>	<b>0.15</b>	<b>0.14</b>	<b>0.09</b>	
Women	0.07	<b>0.02</b>	<b>0.01</b>	
Men	0.08	<b>0.11</b>	<b>0.08</b>	
<b>Fatalities</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Women	0	0	0	
Men	0	0	0	

Absentee rate, by gender	2017	2016	2015	Indicator G4-LA6
<b>Disease</b>	<b>1.7%</b>	<b>1.9%</b>	<b>1.6%</b>	
Women	0.5%	0.6%	0.5%	
Men	1.2%	1.3%	1.1%	
<b>Unpaid leave / leave</b>	<b>0.5%</b>	<b>0.8%</b>	<b>0.7%</b>	
Women	0.2%	0.2%	0.3%	
Men	0.3%	0.6%	0.5%	
<b>National strikes</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	
Women	0%	0%	0%	
Men	0%	0%	0%	
<b>Accidents</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	
Women	0%	0%	0%	
Men	0%	0%	0%	
<b>Total</b>	<b>2.2%</b>	<b>2.7%</b>	<b>2.3%</b>	

## Training and Education

Average hours of training per year per employee by gender, and by employee category	2017	2016	2015	Indicator G4-LA9
<b>By employee</b>	25.9	31.6	22.7	
Women	23.9	29.6	22.6	
Men	26.7	32.4	22.8	
<b>Management</b>	<b>17.1</b>	<b>22.7</b>	<b>24.7</b>	

Average hours of training per year per employee by gender, and by employee category	2017	2016	2015	Indicator G4-LA9
<b>Cadres</b>	<b>33.2</b>	<b>39.5</b>	<b>27.1</b>	
<b>White-collars</b>	<b>23.0</b>	<b>29.4</b>	<b>19.6</b>	
<b>Blue-collars</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
<b>Apprentices</b>	<b>55.7</b>	<b>45.0</b>	<b>53.5</b>	

## Diversity and Equal Opportunity

Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	2017	2016	2015	Indicator G4-LA12
<b>Composition of governance bodies</b>				
Women	30%	30%	20%	
Men	70%	70%	80%	
< 30 years	0%	0%	0%	
30-50 years	40%	40%	40%	
> 50 years	60%	60%	60%	
<b>Composition of employees per employee category according to gender</b>				
<b>Women</b>				
Management	1%	1%	1%	
Cadres	11%	10%	8%	
White-collars	85%	84%	88%	
Blue-collars	0%	0%	0%	
Apprentices	3%	5%	5%	
<b>Men</b>				
Management	4%	4%	4%	
Cadres	14%	13%	13%	
White-collars	76%	74%	76%	
Blue-collars	0%	0%	0%	
Apprentices	7%	9%	7%	
<b>Composition of employees per employee category according to age</b>				
<b>&lt; 30 years</b>				
Management	0%	0%	0%	
Cadres	0%	0%	0%	
White-collars	37%	20%	26%	
Blue-collars	0%	0%	0%	
Apprentices	63%	80%	74%	
<b>30-50 years</b>				
Management	1%	1%	1%	
Cadres	8%	8%	7%	

Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	2017	2016	2015	Indicator G4-LA12
White-collars	90%	89%	90%	
Blue-collars	0%	0%	0%	
Apprentices	0%	2%	2%	
<b>&gt; 50 years</b>				
Management	9%	10%	9%	
Cadres	31%	29%	31%	
White-collars	59%	60%	60%	
Blue-collars	1%	1%	1%	
Apprentices	0%	0%	0%	
<b>Composition of employees per employee category according to minority group membership</b>				
Management	0%	0%	0%	
Cadres	0%	0%	0%	
White-collars	0%	0%	0%	
Blue-collars	0%	0%	0%	
Apprentices	0%	0%	0%	

### Equal Remuneration for Women and Men

Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	2017	2016	2015	Indicator G4-LA13
<b>Ratio of basic salary</b>				
Management	100%	100%	100%	
Cadres	107%	99%	100%	
White-collars	105%	97%	98%	
Blue-collars	0%	0%	0%	
Apprentices	107%	103%	102%	
<b>Ratio of remuneration</b>				
Management	114%	115%	110%	
Cadres	95%	92%	92%	
White-collars	94%	95%	95%	
Blue-collars	0%	0%	0%	
Apprentices	107%	103%	102%	

# CAD IT AND THE ENVIRONMENT

One of CAD IT Group's own policies is to respect and protect the environment and, for many years, its Organizational and Management Model, in carrying out the provisions in Legislative Decree, no. 231 of 08.06.2001, has included a section on the prevention of committing crimes against the environment and the identification of areas of environmental risk. Procedures and general principles have therefore been adopted to govern the company structure, procedures and staff conduct.

CAD IT Group's environmental impact is mainly identified in the following two ways:

- directly through the consumption of energy for heating and cooling the work areas and the relative greenhouse effect gas emissions and the production of waste generated by using the production facilities;
- indirectly through the consumption of fuel in the vehicles that the Group uses during employee transfers and the relative greenhouse effect gas emissions.

In consideration of the type of activities that CAD IT and its subsidiary companies carry out, the impact on the environment is mainly ascribable to energy consumptions for maintaining suitable temperatures in the offices and for running the information technology system.

The Group's main premises are in Verona where 460 employees work and which absorb about 85% of the total energy consumptions. The building, built in 2000-2002 and which has no physical barriers, has three floors above ground covering approximately 6,800 square metres, as well as two underground levels mainly used for parking. Besides the main premises, the Group also has other branches in Italy (Rome, Milan, Prato, Trento).

The main sources of energy consumption refer to room cooling and heating so that the staff working in the offices at the Group's own or rented properties, are comfortable.

These consumptions that impact on the environment are comparable to those of urban and domestic use and refer specifically to the use of electricity, methane gas and drinking water acquired from local suppliers.

In 2016, the parent company carried out a re-vamping project to renew the cooling and heating system in the Verona building and make it more efficient. The work led, immediately as of the same period, not only to a better quality of air in the working areas, but also to energy savings, especially in terms of methane gas for heating.

Another item relating to energy consumptions is the purchase of diesel fuel for the company cars that employees necessarily use in order to go to customer premises.

## ENVIRONMENTAL INDICATORS

Energy					
Energy consumption by primary source	unit	2017	2016	2015	Indicator G4-EN3
Petrol for motor vehicles	GJ	0	0	0	
Diesel for vehicles	GJ	3,670	3,637	4,196	
Methane gas for heating	GJ	950	1,559	2,408	
Other (LPG)	GJ	0	0	0	
<b>Non-renewable energy consumed</b>	<b>GJ</b>	<b>4,620</b>	<b>5,196</b>	<b>6,604</b>	
Electricity from conventional sources	GJ	4,132	4,066	4,143	
Electricity from renewable sources	GJ	0	0	0	
District heating	GJ	0	0	0	
<b>Purchased energy for electricity and heating</b>	<b>GJ</b>	<b>4,132</b>	<b>4,066</b>	<b>4,143</b>	
<b>Self-produced energy</b>	<b>GJ</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Sold energy</b>	<b>GJ</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total energy consumption</b>	<b>GJ</b>	<b>8,752</b>	<b>9,262</b>	<b>10,747</b>	

Water					
Total water withdrawal by source	unit	2017	2016	2015	Indicator G4-EN8
Water withdrawal from aqueduct	thousands m3	3,135	3,977	3,825	
Water withdrawal from well	thousands m3	0	0	0	
Other water source supplies	thousands m3	0	0	0	
<b>Total water consumption</b>	<b>thousands m3</b>	<b>3,135</b>	<b>3,977</b>	<b>3,825</b>	

The transfers for long-distance journeys are mainly carried out by train and airplane. The Group also has a fleet of about 60 cars of which the majority are used for short-distance employee transfers (preferably in car pooling) to customer premises and a minority (about 20%) is assigned to staff for mixed usage. 95% of the car fleet was acquired through long-term leasing, while the rest are company-owned.

The Group favours the use of new communication technologies (video-conferences, telematic transfers and sharing) to reduce the need for workers to go to customer premises or to other company branches.

Another element to consider in calculating the environmental impact is emissions into the atmosphere. To be specific, emissions deriving from the energy consumption for vehicles used for staff mobility (Scope 1) and that used for offices (Scope 2).

<b>Emissions</b>					
<b>Total Direct Greenhouse gas (ghg) emissions (scope 1) and Energy indirect Greenhouse gas (ghg) emissions (scope 2)</b>	<b>unit</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>Indicators G4-EN15 / G4-EN16</b>
Direct emissions (Scope 1)*	Ton CO2	315	343	427	
Indirect emissions (Scope 2)**	Ton CO2	421	414	422	
<b>Total emissions</b>	<b>Ton CO2</b>	<b>736</b>	<b>757</b>	<b>849</b>	

\* Conversion factor for diesel fuel 3.155 tCO<sub>2</sub> /t (source: Ministry for the Environment).

\*\* Conversion factors: for electricity 367 g/KWh 216 (source: TERNA), for methane 1.964 X 1000 m<sup>3</sup> 2017 (source: Ministry for the Environment).

## **Waste**

Last but not least, is impact on the environment due to the production of solid urban waste and broken or obsolete electronic material (minimally dangerous). In terms of the former, since this type of waste is similar to normal urban waste, the Group carries out separate waste collection (dry and non-recyclable, organic, paper, plastic, glass, etc.) and disposal is carried out through direct collection by the municipal organizations. Electronic and dangerous materials (the latter mainly made up of CRT screens and worn out neon lights) are disposed of correctly by local specialized and certified companies.

<b>Waste by type and disposal method</b>	<b>unit</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>Indicator G4-EN23</b>
<b>Hazardous waste</b>	<b>Ton</b>	<b>0.304</b>	<b>0.313</b>	<b>0.781</b>	
Reuse	Ton	0	0	0	
Recycling	Ton	0	0	0	
Composting	Ton	0	0	0	
Recovery, including energy recovery	Ton	0	0	0	
Incineration (mass burn)	Ton	0	0	0	
Deep well injection	Ton	0	0	0	
Landfill	Ton	0.304	0.313	0.781	
On-site storage	Ton	0	0	0	
Other (to be specified)	Ton	0	0	0	
<b>Non-hazardous waste</b>	<b>Ton</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Reuse	Ton	0	0	0	

Waste by type and disposal method	unit	2017	2016	2015	Indicator G4-EN23
Recycling	Ton	0	0	0	
Composting	Ton	0	0	0	
Recovery, including energy recovery	Ton	0	0	0	
Incineration (mass burn)	Ton	0	0	0	
Deep well injection	Ton	0	0	0	
Landfill	Ton	0	0	0	
On-site storage	Ton	0	0	0	
Other (to be specified)	Ton	0	0	0	
<b>Total hazardous and non-hazardous waste</b>	<b>Ton</b>	<b>0.304</b>	<b>0.313</b>	<b>0.781</b>	

# CAD IT AND THE COMMUNITY

One aspect that CAD IT Group policies never neglect is social responsibility and solidarity.

Once again in 2017, following the orientations of the previous decades, the Company supported and promoted several social initiatives in the territory.

The main initiatives supported in recent years are as follows:

- support, through charitable donations to and the purchase of gifts at festivity periods from the non-profit organization "Voci e Volti", which creates and carries out international solidarity projects in under-developed countries, particularly operating in favour of education and training for children and young people, hospitality and assistance for sick, orphaned and poor children and the creation of self-determined development and growth strategies for poor families;
- support, through charitable donations to "LIFC Lega Italiana Fibrosi Cistica" (Italian Cystic Fibrosis League) which has been working for over 30 years throughout the national territory in collaboration with regional treatment centres in order to help all people afflicted with cystic fibrosis and guarantee improved treatment, social opportunities, rights and quality of life;
- other charitable donations to support the cultural, solidarity and humanitarian objectives of many other small local initiatives;
- for several years, CAD IT has sponsored the annual TEDx Verona event. TED (which stands for Technology, Entertainment and Design) is a non-profit organization whose aim is to share "ideas worth sharing". Initially a 4-day conference in California, TED's 'mission' has grown through multiple initiatives. At the annual TED Conference, top players in "thinking" and "doing" are invited to explain their ideas in short but enthralling presentations. The TEDxVerona annual event is one that has grown year on year, supported by a team of voluntary experts from different fields who aim to celebrate intellectual curiosity and use it as a lever for improving the future and for creating a community of creative and innovative thinkers who can offer inspiration and example;
- for many years, CAD IT has been working with technical secondary and high schools in the city and province of Verona in order to support initiatives that alternate school with work, work experiences and apprenticeships to prepare young students for the working world.

# CAD IT AND RESPECT FOR HUMAN RIGHTS

The protection of human rights is an important topic for the Group, together with the health and safety of its employees and the battle against corruption. The Group's activities and interests are developed within the Italian perimeter.

Therefore, within the scope of its mission and the pursuit of its corporate aims, CAD IT, as stated in the Code of Ethics, is committed to promoting and expecting respect of principles of equality and equal opportunities, legality, correctness, loyalty, honesty and particularly integrity in the physical and moral respect of its human resources, who are thus guaranteed with working conditions that respect the dignity of the individual and safe and healthy work areas. The application of the principle of integrity implies rejecting corruption and denying any delegation of its own ethics, which are necessary requirements for acting with honesty.

# CAD IT AND ANTI-CORRUPTION MEASURES

CAD IT Group expects its staff to conduct itself according to principles of integrity and honesty and condemns corruption. This statement is clearly indicated in the Code of Ethics, and delivered to internal staff and available to third party in the Group's internet website.

The Code of Ethics is one of the fundamental protocols of the Organizational and Management Model adopted by the Group pursuant to Leg. Dec. 231/2001 and is the document that defines the key principles for a healthy and complete business management.

In coherence with the Model and the Code of Ethics, CAD IT Group prohibits corruption with absolutely no exception and in any form whatsoever, whether active or passive, towards any subject, whether private or public.

To be specific, CAD IT Group forbids:

- offering, promising, giving, paying, authorizing anyone to give or pay, whether directly or indirectly, an economic advantage or other benefit to a public or private subject (active corruption);
- accepting requests or entreaties, or authorize anyone to accept or entreat, whether directly or indirectly, an economic advantage or other benefit from anyone whatsoever (passive corruption),

whenever the intention is to:

- induce a subject, whether public or private, to improperly exercise any function of a public nature, or carry out any activity associated to a business, or recompense that subject for having done so;
- influence an official action (or omission) by a public subject or any decision in violation of an official duty;
- influence or compensate a public or private subject for an official action;
- obtain, ensure or maintain a business or unfair advantage in relation to Company activities;
- in any case, violate the regulations in force.

In applying the above-mentioned Leg. Dec. 231/2001, the CAD IT Group has drafted specific protocols aimed at protecting the areas at risk from corruptive conduct in all its forms, active and passive, public and private. The practices and control measures identified are also required as an essential and constitutive element of any collaboration, supply and partnership relationship with external subjects.

The Organizational and Management Model and the relative protocols are subject to constant review in order to adjust them to any additions to the regulations and to adapt them to any changes in internal and structural organizational contexts within the company, and so that they are always an appropriate and updated control measure.

For the purpose of a greater and clearer distribution of the Company's anti-corruption policies, CAD IT Group is currently preparing an Anti-corruption Code which, inspired by the principles of conduct outlined in the Model and Code of Ethics, will provide the instructions to follow in order to guarantee that anti-corruption regulations regarding relations with public and private subjects are respected, as well as to give examples, specific procedures and/or concrete and easy-to-follow rules of conduct.

In addition to preparing the afore-mentioned Anti-corruption Code, CAD IT Group constantly carries out training activities, through specific sessions in the classroom and on e-learning platforms, aimed at spreading the knowledge of the principles and procedures outlined in the Organizational and Management Model. Particular attention is given to anti-corruption and, in the last quarter of 2017, a specific course was held to explain the content of the Organizational and Management Model with particular focus on anti-corruption conduct.

The Organizational and Management Model foresees that each person must notify the Supervisory Authority of anything that may lead to a violation and/or the inapplicability of the Model itself. To this purpose, the Group has set up specific communication channels that each person can use to send any notifications concerning the carrying out, management and control of the Model.

The Supervisory Authority acts in order to ensure the notifying persons against any kind of retaliation, including any action that may appear as discriminatory or penalizing. The notifying person is guaranteed confidentially and anonymity, except in the case of legal obligations, protection of Company rights or if the person has been erroneously or maliciously accused.

## ANTI-CORRUPTION INDICATORS

Confirmed incidents of corruption and actions taken	unit	2017	2016	2015	Indicator G4-SO5
Incidents of corruption reported	n.	0	0	0	
Ascertained incidents	n.	0	0	0	
Actions taken	n.	0	0	0	

In the three years from 2015 – 2017, no anti-corruption violations were ascertained.

# ATTACHMENTS

## GRI Content Index

The "GRI Content Index" table that refers to the "in accordance core" reporting option shows all the references to disclosure included in the Non-Financial Declaration, as foreseen by the Global Reporting Initiative (GRI) "G4 Sustainability Reporting Guidelines". Any omissions are shown as notes to single indicators, where foreseen.

The company documents cited in the references are published in the Investor Relations section of the Company website ([www.caditgroup.com](http://www.caditgroup.com)) and are available at the CAD IT S.p.A. registered offices.

The Auditing Company PKF ITALIA S.p.A. carried out a limited assessment ("limited assurance engagement") of CAD IT Group's Non-Financial Declaration at 31<sup>st</sup> December 2017, in its entirety. For more detailed information on the activities and procedures carried out, please refer to the independent Auditing Company Report attached. The information summarized in the "GRI Content Index" table is included in the limited assurance engagement. Any further information was not subject to auditing.

## General Standard Disclosure

Indicators	Indicator description	References	Pages and notes
<b>STRATEGY AND ANALYSIS</b>			
G4-1	Statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	DNF	p. 4
G4-2	Description of key impacts, risks, and opportunities.	DNF	pp. 10-22
<b>ORGANIZATIONAL PROFILE</b>			
G4-3	Name of the organization.	DNF	p. 10
G4-4	Primary brands, products, and services.	DNF	pp. 12-18-19
G4-5	Location of the organization's headquarters.	DNF	p. 10
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	DNF	p. 16
G4-7	Nature of ownership and legal form.	DNF, RFA, RCG	DNF p. 10
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	DNF, RFA	DNF pp. 12-17-19

Indicators	Indicator description	References	Pages and notes
G4-9	Scale of the organization, including: total number of employees, total number of operations, net sales (for private sector organizations) or net revenues (for public sector organizations), total capitalization broken down in terms of debt and equity (for private sector organizations), quantity of products or services provided.	DNF	pp. 15-21-39-40-41
G4-10	a. Report the total number of employees by employment contract and gender.	DNF	p. 43
	b. Report the total number of permanent employees by employment type and gender.	DNF	p. 43
	c. Report the total workforce by employees and supervised workers and by gender.	DNF	pp. 43-44
	d. Report the total workforce by region and gender.	DNF	p. 44
	e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including	DNF	p. 41-42
	f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	DNF	p. 44
G4-11	Percentage of total employees covered by collective bargaining agreements.	DNF	p. 44
G4-12	Description of the organization's supply chain.	DNF	pp. 15-19
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	DNF	p. 16-17
	Changes in the location of, or changes in, operations, including facility openings, closings, and expansions.	DNF	p. 16-17
	Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations).	DNF	p. 16-17
	Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination.	DNF	p. 16-17
G4-14	How the precautionary approach or principle (risk management) is addressed by the organization.	DNF	pp. 20-34
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	DNF	pp. 20-34
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: holds a position on the governance body, participates in projects or committees, provides substantive funding beyond routine membership dues, views membership as strategic.	DNF	The Group does not participate in significant or strategic associations or organizations.

Indicators	Indicator description	References	Pages and notes
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>			
G4-17	List of all entities included in the organization's consolidated financial statements or equivalent documents and entities not covered by the sustainability report.	DNF	pp. 6-15-16
G4-18	Process for defining the report content and the Aspect Boundaries and how the organization has implemented the Reporting Principles for Defining Report Content.	DNF	pp. 5-6
G4-19	List of all the material Aspects identified in the process for defining report content.	DNF	p. 7-9
G4-20	For each material Aspect, report the Aspect Boundary within the organization.	DNF	p. 9
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	DNF	p. 9
G4-22	Description of the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	DNF	This report is the first one prepared by the Group.
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	DNF	This report is the first one prepared by the Group.
<b>STAKEHOLDER ENGAGEMENT</b>			
G4-24	List of stakeholder groups engaged by the organization.	DNF	p. 8
G4-25	Basis process for identification and selection of stakeholders with whom to engage.	DNF	pp. 7-8
G4-26	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	DNF	pp. 7-8
G4-27	key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns.	DNF	pp. 7-8
<b>REPORT PROFILE</b>			
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	DNF	p. 6
G4-29	Date of most recent previous report.	DNF	p. 6
G4-30	Reporting cycle (such as annual, biennial).	DNF	p. 6
G4-31	Contact point for questions regarding the report or its contents.	DNF	p. 5
G4-32	Indication of the 'in accordance' option chosen by the organization. GRI Content Index for the chosen option. Reference to the External Assurance Report.	DNF	pp. 6, 57
G4-33	External assurance report	DNF	p. 65
<b>GOVERNANCE</b>			
G4-34	Governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	DNF, RCG	DNF pp. 21-24

Indicators	Indicator description	References	Pages and notes
<b>ETHICS AND INTEGRITY</b>			
G4-56	Organization's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	DNF, CE	DNF pp. 20, 33, 34

## Specific Standard Disclosure

DMA and Indicators	Indicator description	References	Pages and notes
<b>CATEGORY: ECONOMIC</b>			
Material aspect: Economic Performance			
G4-DMA	Disclosure on management approach.	DNF	p. 39
G4-EC1	Direct economic value generated and distributed.	DNF	p. 40
<b>CATEGORY: ENVIRONMENTAL</b>			
<b>Material aspect: Energy</b>			
G4-DMA	Disclosure on management approach	DNF	p. 49
G4-EN3	Energy consumption within the organization.	DNF	p. 40
<b>Material aspect: Water</b>			
G4-DMA	Disclosure on management approach.	DNF	pp. 49-50
G4-EN8	Prelievo totale dell'acqua suddiviso per fonte.	DNF	p. 50
<b>Material aspect: Emissions</b>			
G4-DMA	Disclosure on management approach.	DNF	pp. 49-50-51
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1).	DNF	p. 51
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2).	DNF	p. 51
<b>Material aspect: Effluent and Waste</b>			
G4-DMA	Disclosure on management approach.	DNF	p. 51
G4-EN23	Total weight of waste by type and disposal method.	DNF	pp. 51-52
<b>Material aspect: Products and Services</b>			
G4-DMA	Disclosure on management approach.	DNF	p. 49
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	DNF	In the course of 2017 and the previous two-year period, in the CAD IT Group sites there weren't environmental accidents, spills of dangerous substances that could compromise human health, soil, vegetation, surface and underground water bodies; as a result, no disputes, sanctions or fines were found for failure to comply with environmental legislation.

DMA and Indicators	Indicator description	References	Pages and notes
<b>CATEGORY: SOCIAL</b>			
<b>Sub-category: Labor practices and Decent work</b>			
<b>Material aspect: Employment</b>			
G4-DMA	Disclosure on management approach.	DNF	p. 41
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	DNF	p. 45
G4-LA3	Return to work and retention rates after parental leave, by gender.	DNF	p. 45
<b>Material aspect: Labor/Management Relations</b>			
G4-DMA	Disclosure on management approach.	DNF	p. 41
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	DNF	All the notice periods applied in the employment relationships respect the days foreseen in the collective bargaining agreement.
<b>Material aspect: Occupational Health and Safety</b>			
G4-DMA	Disclosure on management approach.	DNF	p. 42
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	DNF	p. 46
<b>Material aspect: Training and Education</b>			
G4-DMA	Disclosure on management approach.	DNF, RFA	DNF p. 42, RFA p. 20
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	DNF	p. 47
<b>Material aspect: Diversity and Equal Opportunity</b>			
G4-DMA	Disclosure on management approach.	DNF	pp. 41-42
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	DNF	pp.26, 47
<b>Material aspect: Equal Remuneration for Women and Men</b>			
G4-DMA	Disclosure on management approach.	DNF	pp. 41-42
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	DNF	p. 48
<b>Sub-category: Human Rights</b>			
<b>Material aspect: Non discrimination</b>			
G4-DMA	Disclosure on management approach.	DNF	pp. 41-42
G4-HR3	Total number of incidents of discrimination and corrective actions taken.	DNF	During 2017 and the previous two years, no discrimination episode was reported to the Company.

DMA and Indicators	Indicator description	References	Pages and notes
<b>Material aspect: Freedom of Association and Collective Bargaining</b>			
G4-DMA	Disclosure on management approach.	DNF	
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	DNF	No supplier presents situations for which freedom of association and collective bargaining can be violated or exposed to significant risks.
<b>Material aspect: Child Labor</b>			
G4-DMA	Disclosure on management approach	DNF	
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	DNF	No supplier presents a high risk of recourse to child labor.
<b>Material aspect: Forced or Compulsory Labor</b>			
G4-DMA	Disclosure on management approach	DNF	
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	DNF	No supplier presents a high risk of recourse to forced or compulsory labor.
<b>Sub-category: Society</b>			
<b>Material aspect: Anti-corruption</b>			
G4-DMA	Disclosure on management approach	DNF, CE	p. 54
G4-SO5	Confirmed incidents of corruption and actions taken.	DNF	No cases of corruption detected in 2017.
<b>Material aspect: Anti-competitive Behavior</b>			
G4-DMA	Disclosure on management approach	DNF, CE	
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	DNF	No legal action detected in 2017.
<b>Material aspect: Compliance</b>			
G4-DMA	Disclosure on management approach	DNF	
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	DNF	For any proceedings and disputes in progress description, as well as the use / provision of funds, please refer to the Annual Financial Statements annual report.

DMA and Indicators	Indicator description	References	Pages and notes
<b>Sub-category: Product Responsibility</b>			
<b>Material aspect: Customer Privacy</b>			
G4-DMA	Disclosure on management approach.	DNF	
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	DNF	During 2017 there were no complaints about customer privacy violations.

**Reference legend:**

Acronym	Description
DNF	Non-Financial Declaration 2017
CE	Code of Ethics
MOG	Organizational and Management Model, drafted pursuant to Leg. Dec. no. 231/2001
RCG	Corporate Governance Report 2018 (relating to 2017)
RFA	Annual Financial Report 2017
RsR	Remuneration Report 2017

## Data table legend and indicators

The measures are usually calculated at 31<sup>st</sup> December of the period of reference and relate to the entire financial period. Below is a legend defining the measurement units in which the indicators are expressed.

Measurement unit	Description
€	Euro
€/000	Thousands of Euro
i	Rate
n.	Number
GJ	Giga Joule
GWh	Gigawatt/hour
Kg	Kilogramme
Km	Kilometre
KWh	Kilowatt/hour
MWh	Megawatt/hour
Ton	Ton
Ton CO <sub>2</sub>	Ton of carbon dioxide

**INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT  
PURSUANT TO ARTICLE 3, PARAGRAPH 10 OF LEGISLATIVE DECREE N. 254  
OF DECEMBER 30, 2016 AND OF ART. 5 OF CONSOB REGULATION N. 20267**

To the Board of Directors of  
CAD IT S.p.A.

Pursuant to article 3, paragraph 10 of the Legislative Decree n. 254 of December 30, 2016 ("Decree") and to article 5 of the CONSOB Regulation n. 20267, we have carried out a limited assurance engagement on the consolidated non-financial statement of CAD IT S.p.A. and subsidiaries (the "Group") as of December 31, 2017 prepared on the basis of article 4 of the Decree, and approved by the Board of Directors on February 14, 2018 (hereinafter the "NFS").

**Directors' and Board of Statutory Auditors' responsibility on the consolidated non-financial statement**

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with the "Sustainability Reporting Guidelines" version G4, established in 2013 by GRI – Global Reporting Initiative ("Guidelines GRI G4"), selected by them as reporting standards.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, compliance with the provisions set out in the Decree.

**Auditors' Independence and quality control**

Our independence is based on the principles of ethics and independence expressed within the Code of Ethics for Professional Accountants (the "Code"), which has been released by the International Ethics Standards Board for Accountants. The Code is based on the principles of integrity, objectivity, competency, confidentiality and professional behaviour. Our auditing firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and it maintains a system of quality control that includes directives and procedures concerning the compliance to ethics and professional principles and regulations of the applicable laws.

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## **Auditors' responsibility**

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the Guidelines GRI G4. We conducted our work in accordance with the criteria established in the "*International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" ("*ISAE 3000 Revised*"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires the compliance with ethical principles, including independence requirements, and that we plan and perform the engagements to obtain limited assurance whether the report is free from material misstatement. The procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with *ISAE 3000 Revised*, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgements and included inquiries, primarily with company personnel responsible for the preparation of NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

1. Analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the process in place for the selection process in the light of the provisions of article 3 of the Decree and taking into account the adopted reporting standard.
2. Analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance to the Decree.
3. Comparison between financial data and information included in the NFS and financial data and information included in the consolidated financial statements of CAD IT Group.
4. Understanding of the following matters:
  - Business management model of the Group's activity, with reference to the management of the topics specified by article 3 of the Decree;
  - Policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
  - Main risks, generated or undertaken, in connection with the topics specified by article 3 of the Decree.

With reference to the matters, we carried out a comparison, with the information contained in the NFS and the verifications described in the subsequent point 5, letter a) of this report.

5. Understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of CAD IT S.p.A. and with the employees of CAD S.r.l. and CeSBE S.r.l. We therefore carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at parent company's level:
  - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence.
  - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications to ensure, on a sample basis, the correct aggregation of data.
- for the following subsidiaries, divisions and sites, CAD S.r.l. and CeSBE S.r.l., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

**Conclusion**

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the CAD IT Group as of December 31, 2017 is not prepared, in all material respect, in accordance with article 3 and 4 of the Decree and Guidelines GRI G4.

**Other Matter**

The data referred to the years ended December 31, 2015 and December 31, 2016, included in the NFS for comparative purposes only, have not been reviewed.

Verona, March 27, 2018

PKF Italia S.p.A.  
*Signed on the original by*  
*Umberto Giacometti*  
*(Partner)*

*This report has been translated into the English language solely for the convenience of international readers.*





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