



# SUSTAINABILITY REPORT

2020

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# AD MAIORA

## Our first Sustainability Report

After a challenging year aimed at guaranteeing the safety of our employees, the smooth running of activities, the delivery service and the support to communities in difficulty, we feel the need to tell our stakeholders what Ellena is besides its economic results and what it does in addition to producing machining chips.

We are very proud to present our first Sustainability Report, which aims to be an instrument of transparent sharing of the path we are following according to the ESG (Environmental, Social and Corporate Governance) criteria.

Our Family has grown up according to the values of integrity, perseverance and respect. The first generation taught us what responsibility means: feeling morally involved to commit to changing what can be improved. And we have learnt that there is no limit to improvement.

That is why we never stop: we want to be true to our identity and values. We work hard to make these virtues the style of our Company, a common and distinctive Code of Conduct that aims at inclusion and awareness.

We have focussed our energy on ethical and sustainable growth, thus developing an economic, social and environmental responsibility, which involves Ellena, but which spreads to the surrounding area and to the rest of the world, because we want to be a Company that creates and drives change.

We know we are not a “big” company, but we do have experience, skills and strength to make the difference. Mother Teresa of Calcutta said: “What we are doing is nothing more than a drop in the ocean. But if the drop were not there, the ocean would be missing something”. We want to be that drop: small but essential.



Emanuela Ellena – Silvio Ellena – Paolo Torasso



# METHODOLOGY

- Methodological Note
- Material Issues
- GRI Index

## Methodological Note

This report has been drawn up in a free and voluntary form, therefore the Company does not certify its compliance with Legislative Decree 254/2016. The document has been prepared in accordance with GRI Standards, drawn up by the Global Reporting Initiative with the aim of creating a useful support for reporting on the sustainable performance of organisations. GRI Standards, which currently represent the most widely used method of non-financial reporting at international level, provide guidelines for reporting on economic, environmental and social performance.

This Report lists the results achieved to date. The reporting period corresponds to the Fiscal Year ending 31<sup>st</sup> December 2020.

<b>PRINCIPLES OF ACCOUNTABILITY</b>	
STAKEHOLDER ENGAGEMENT	Ellena is committed to identify and openly dialogue with the people and / or entities that, for different reasons, participate in the Company's activities, influencing their results or being influenced by them.
CONTEXT OF SUSTAINABILITY	The Report shows the performance of the Company and any impact that this may have at a global and local level.
MATERIALITY	The economic, social and environmental aspects reported were defined as being of greatest interest due to their respective internal and external impacts.
COMPLETENESS	The economic, social and environmental aspects have been analysed and reported in detail and in their entirety.
COMPARABILITY	Unless otherwise indicated, data refer to the year 2020 and are compared with those of the previous two years (2018-2019).
ACCURACY	Preference was given to directly measurable quantities, avoiding the use of estimates as much as possible.
TIMELINESS	The reporting cycle will be annual, coinciding with the closing of the Fiscal Year.
CLARITY	Descriptions and graphs contain information that is as clear and usable as possible by any stakeholder.
RELIABILITY	The collection and control of data requires the involvement of many corporate functions and the support of computerised data collection systems. The document is not subject to verification by an external Company. The responsibility for the data and information in the report is entirely attributable to Ellena's Managers who verify their reliability.

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## Material Issues

When drawing up the Sustainability Report, the aspects considered to have the greatest economic, environmental and social impact were analysed.

The following table shows the material issues dealt with and their effects.

MATERIAL ISSUES	ECONOMIC IMPACT	ENVIRONMENTAL IMPACT	SOCIAL IMPACT
Our identity	●	●	●
Figures	●		
People	●		●
Health & Safety	●		●
Business Ethics	●	●	●
Supply Chain	●	●	●
Environment	●	●	
Social Commitment			●

## GRI Index

The following table shows the list of GRI indicators included in the financial statements, with reference to the chapters and paragraphs of this Report.

GRI STANDARDS	DESCRIPTION INDICATOR	CHAPTER	PARAGRAPH
<b>101</b>	<b>Principles of accountability</b>	The Methodology	Methodological Note
<b>102</b>	<b>Policy</b>		
102-1	Name of the organization	Who we are	History
102-2	Activities, brands, products and services	Who we are	History
102-5	Ownership and legal form	Who we are	History
102-6	Markets served	The Numbers	Market Sectors
102-7	Size of the organization	The Numbers	Plants
		The Numbers	Turnover and Investments
		The People	Diversity and Turnover
102-8	Information about employees and other workers	The People	Anagraphic and Company Age
		The People	Agreements and Levels
		The People	Local Footprint
102-9	The Supply Chain	The Supply Chain	The Geographical Distribution
			Supply Management System
			Supplies
			Materials
102-14	Statement by a senior executive	Ad Maiora	
102-16	Values, principles, standards and rules of conduct	Who we are	Mission
102-17	Mechanisms for seeking advice and reporting ethical concerns	L'impresa etica	D. Lgs. 231/2001
102-40	List of stakeholder groups	Social Responsibility	D. Lgs. 231/2001
102-47	List of material topics	The Methodology	Material Issues
102-50	Reporting period	The Methodology	Methodological Note
102-52	Frequency of reporting	The Methodology	Methodological Note
102-54	Reporting statement in accordance with GRI Standards	The Methodology	Methodological Note
102-55	Index of contents GRI	The Methodology	GRI Index
<b>201</b>	<b>Economic performance</b>		
201-1	Directly generated and distributed economic value	The Numbers	Turnover and Investments
201-4	Financial assistance received by the government	Research & Development	
<b>204</b>	<b>Sourcing practices</b>		
204-1	Proportion of expenditure towards local suppliers	The Supply Chain	The Geographical Distribution
<b>205</b>	<b>Anti-corruption</b>	Social Responsibility	D. Lgs. 231/2001
205-1	Operations assessed for corruption risks	Social Responsibility	D. Lgs. 231/2001
205-2	Communication and training on anti-corruption policies and procedures	Social Responsibility	D. Lgs. 231/2001
<b>301</b>	<b>Materials</b>		
301-1	Materials used by weight or volume	The Supply Chain	Materials
301-3	Recovered or reclaimed products and related packaging materials	The Environment	Packaging
<b>302</b>	<b>Energy</b>		
302-1	Energy consumed inside the organization	The Environment	Consumption
302-4	Reduction of energy consumption	The Environment	Clean Energy Project
			Solar Power System
			Heat Pump System
<b>305</b>	<b>Emissions</b>	The Environment	Emissions in Production Departments
<b>306</b>	<b>Waste</b>		
306-1	Generation of waste and significant impacts related to waste	The Environment	Waste
306-2	Management of significant impacts related to waste	The Environment	Recovery of Emulsive Water
306-3	Waste produced	The Environment	Waste
306-4	Waste not intended for disposal	The Environment	Waste
306-5	Waste intended for disposal	The Environment	Waste
<b>401</b>	<b>Employment</b>		
401-2	Benefits provided for full-time employees, but not for part-time employees or with fixed-term employees	The People	Welfare Services
<b>403</b>	<b>Health and safety at work</b>		
403-1	Occupational health and safety management system	Who we are	The Certifications
403-2	Danger identification, risk assessment and accident investigation	Health & Safety	Trend of the Accidents
403-4	Participation and consultation of workers and communication on health and safety	Health & Safety	Trend of the Accidents
403-5	Training of workers in occupational health and safety	Health & Safety	Security Costs
403-9	Work accidents	Health & Safety	Trend of the Accidents
<b>404</b>	<b>Training and education</b>		
404-1	Average annual training hours of each employee	The People	Training
404-2	Employee skills update programmes	The People	Training
<b>405</b>	<b>Diversity and equal opportunities</b>		
405-1	Diversity in government and among employees	The People	Diversity and Turnover
<b>413</b>	<b>Local community</b>		
413-1	Activities involving local communities	Social Responsibility	



## ABOUT US

- Our History
- Our Mission
- Reference Standards and Certifications

## Our History

Ellena Spa is a non-listed family business founded in 1944 by two enterprising brothers: Pietro and Giuseppe Ellena. During the post-war period, their courage and the desire to face new challenges turned the Company into a small industrial estate.

The same principles inspired the founders' sons who, in the 1980s, introduced modern management policies for employees and production and invested in high-tech, high-precision machining centres.

In 1993, a new and functional industrial building was inaugurated to meet the increasing demand for space. The company was growing and exploring new international markets.



The third generation joined in 2010 to keep the perfect combination of tradition and innovation according to the principles of continuous improvement. In over 75 years of work and more than 20 years of design, high-level expertise has been reached in the processing and assembly of all types of raw and semi-finished materials.

Our production process guarantees flexibility for quick and effective responses with a high level of quality. The assembly department is able to assemble mechatronic, pneumatic and hydraulic units. In 2014 a new 1,000 sq.m plant was set up, which is equipped with a Clean Room for special assembly, ultrasonic cleaning and automatic test chambers for hydraulic tests up to 2,000 bar.

A new Additive Manufacturing facility was commissioned in 2019, with two metal 3D printing machines and one polymer 3D printer.

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## Our Mission

Our values are summarised in what we call “3Ps”:

People. The development and success of the Company are based on the commitment of all our employees, who pursue the Company’s objectives with determination on a daily basis. People are the beating heart of the Company and they must be cared for, supported and rewarded: we constantly work on loyalty and meritocracy, developing a welfare system that meets everyone's needs. We want to create a workplace in which you can feel at home, a safe and secure place where everyone can enjoy essential rights, but also where they choose to take their responsibilities to be an active part of the system.

# PEOPLE – PASSION – PROCESSES

Passion. We are in love with our work, we are passionate about what we do. This is why we work with dedication every day, we treat our products with care and we are always looking for better solutions to perfect processes and to propose new ideas to our customers, putting our diversified know-how at their service, with a view to co-design.

Processes. We work as a team, according to the principles of internal customer orientation and with a unity of purpose towards a common goal. We believe that sharing strategies and goals allows us to join forces and skills to achieve results faster. The foundations of Lean Thinking allow us to be quick and flexible, responding adequately to the needs of both internal and external customers.

In addition to the 3Ps, there is also Social Accountability, i.e. an ethical way of doing business where efforts are particularly directed towards:

- Employees: we take care of the health and safety of workers
- Territory: we want to remain local to create jobs in our area
- Supply Chain Missions: we redistribute wealth where concrete help is needed
- Environment: we reduce our environmental impact to ensure a better future for the planet

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## Reference Standards and Certifications

We want to be leaders in high-tech manufacturing with small to medium volumes, creating an uncompromising level of quality. This is why we are constantly interested in the various globally recognised standards, as models with which we can compare ourselves for continuous improvement and as a stimulus to open ourselves up to increasingly challenging objectives.

Our certification process began in 1995 with ISO 9001, followed by ISO TS 16949 in 2005 that taught us to think in terms of processes. However, a few years later, in 2010, we obtained the new EN 9100 certification, that is specific to the aerospace sector.

In 2002, we certified our environmental management system to ISO 14001, while in 2013 we got the ISO 45001 for the management of health and safety, confirming that people and the environment at the heart of our values.



Even when it is not in our interest to obtain other specific certifications, international standards are a fundamental point of reference for us, as their guidelines facilitate our strategic choices. Examples are ISO 27001 for the modernisation of our IT structure for processing, transformation and transmission of information, and ISO 50001 for the photovoltaic and air conditioning project.

In 2020, for the energy sector, we began the qualification process to obtain the monogram licence in accordance with the American Petroleum Institute specifications, which are the most important qualifications in the Oil & Gas sector, for which we supply safety actuators.

The monogram is intended to identify organisations that demonstrate the ability to design and manufacture equipment that meets the stringent requirements of API products.



## OUR FIGURES

- Plants
- Turnover and Investments
- Market Sectors
- Research & Development

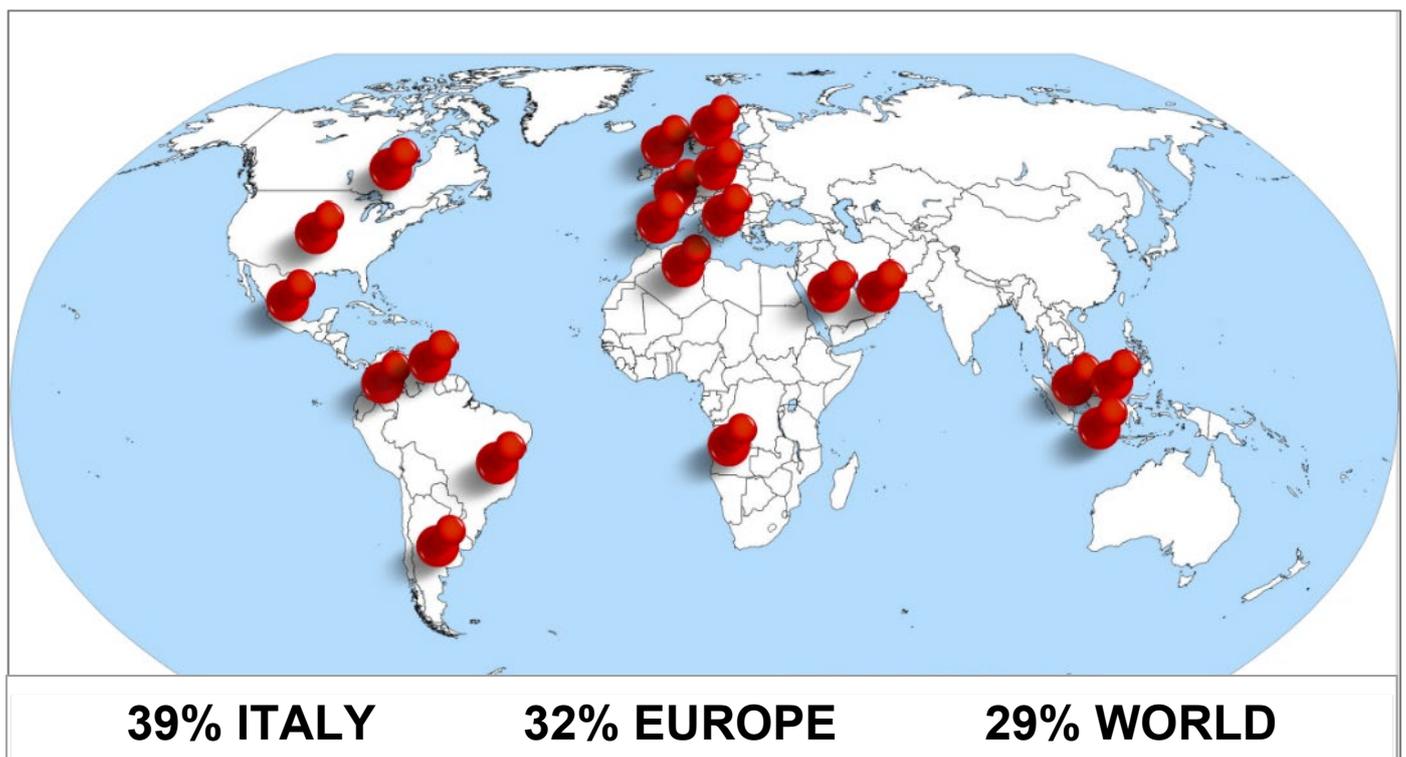
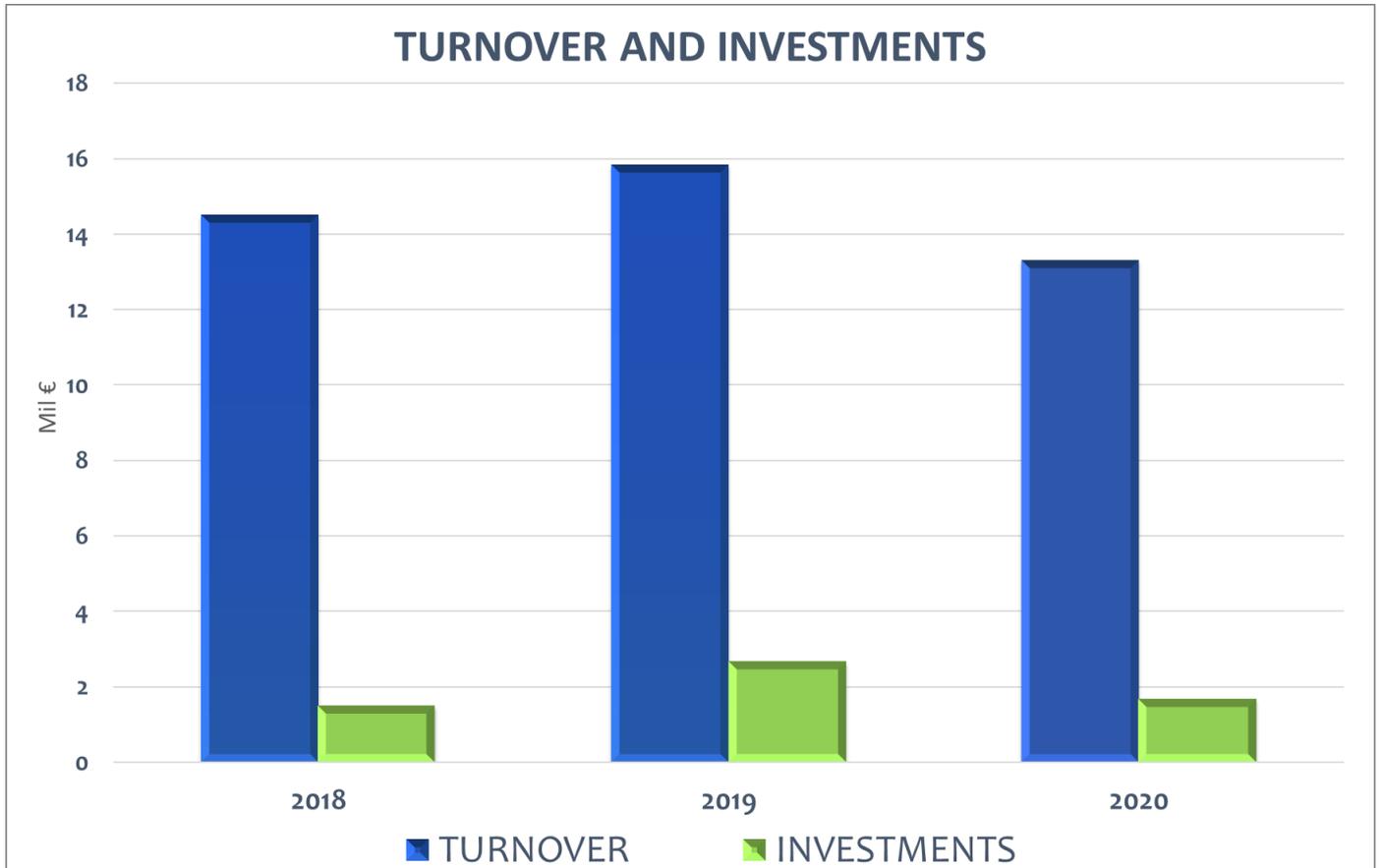
## Plants



- 16,500 sq. m in total
- 9,000 sq. m indoor
- 5 Plants:
  - Building 1 – Year 1993 → Mechanical Machining
  - Building 3 – Year 2014 → Assembly and Test
  - Building 4 – Year 2018 → Additive Manufacturing
  - Building 2 and 5 – Years 2004 & 2020 → Warehouse
- More than 20 machine tools:
  - Multitasking Lathes – Dual spindle 7 to 9 axis lathes
  - Horizontal and Vertical Machine tools up to 5 axis
- Over 1,300 solar panels

## Turnover and Investments

Turnover remains global: we export over 60% of our turnover all over the world. Investments (in the graph, as a % of turnover) are aimed at continuous technological, structural, IT and intellectual updating.



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## Market Sectors



**Energy  
Surface**



**Aerospace**



**Energy  
Subsea**



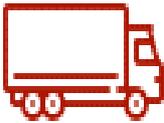
**Printing  
Machines**



**Alternative  
Energy**



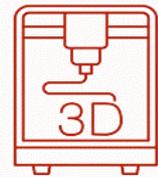
**Mechatronics  
Components**



**Trucks**



**Earth  
Moving**



**Additive  
Manufacturing**

Sector diversification has always been one of our main guidelines, with an average of over 1,000 part numbers sold annually. On the one hand, this strategy allows us to adequately manage the risks due to possible market downturns. On the other hand, it naturally increases our technological know-how, which we make available to our customers by transferring skills from one sector to another.

# DIVERSIFICATION & EXCLUSIVITY

We guarantee each customer exclusivity and confidentiality: we never supply the same product to different customers. The resulting double advantage is both the total protection of the project and the one-to-one service we offer to focus on the customer and their specific needs.

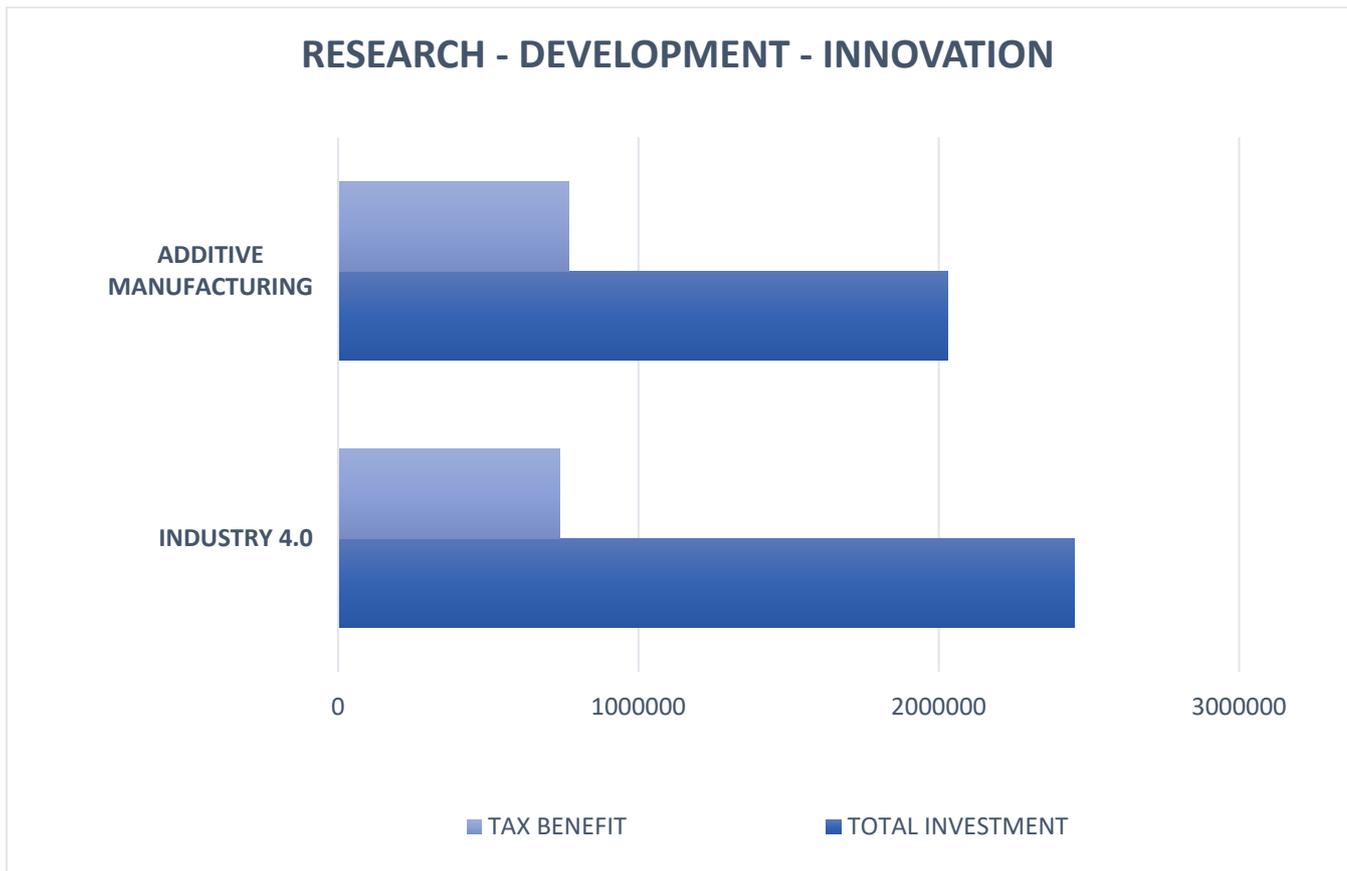
## Research & Development

Our Research, Development and Technological and Digital Innovation activities are developed in different projects that we can group into two macro-sectors:

- Projects related to Factory 4.0 → human-machine interaction, traceability and automated document storage, computerisation and virtualisation of data, virtual simulations;
- Projects related to Additive Manufacturing (of metals) → integration of additive technology with mechanical machining processes, industrialisation of research results, technological development of the additive process, specific projects for the aerospace sector in collaboration with the Politecnico of Turin and the innovative start-up Spem.

For both project types, we can access tax benefits thanks to the recognition of tax credit or to non-repayable grants, which are awarded through national and European tenders.

Below are the total figures for the three-year period 2018-2020:





## PEOPLE

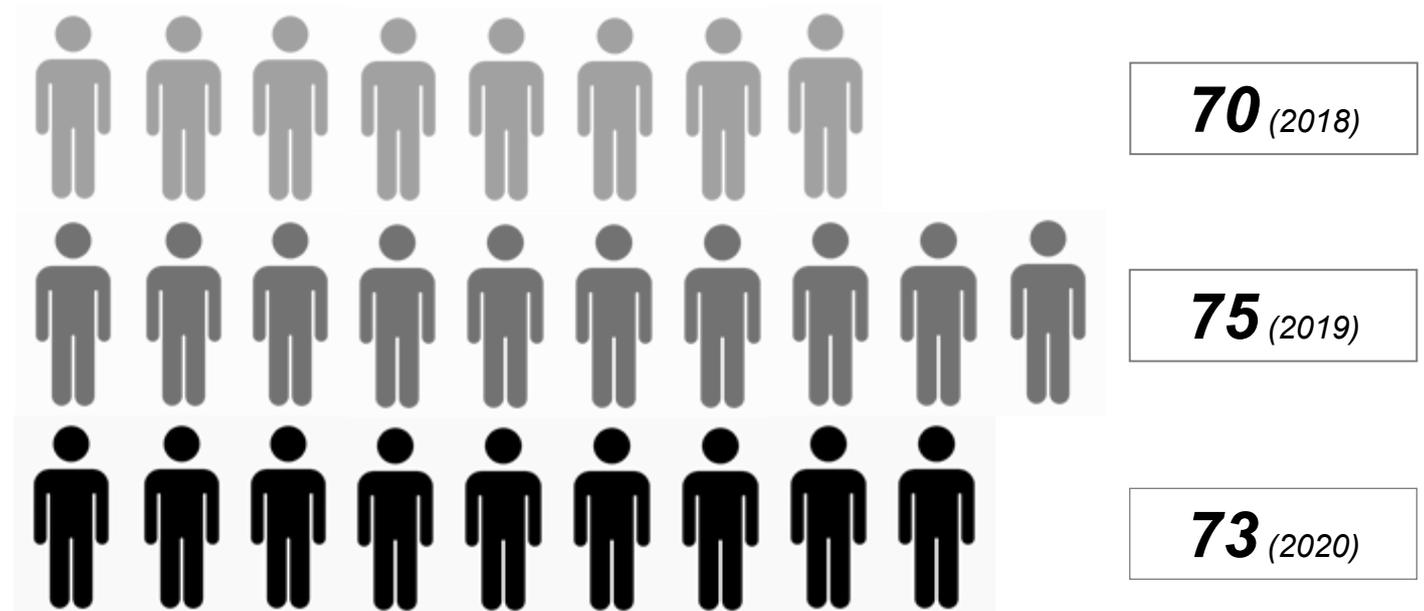
- Diversity and Turnover
- Age and Seniority
- Focus on Young Talents
- Contracts and Levels
- Local Footprint
- Training
- Excellence
- Welfare Services

## Diversity and Turnover

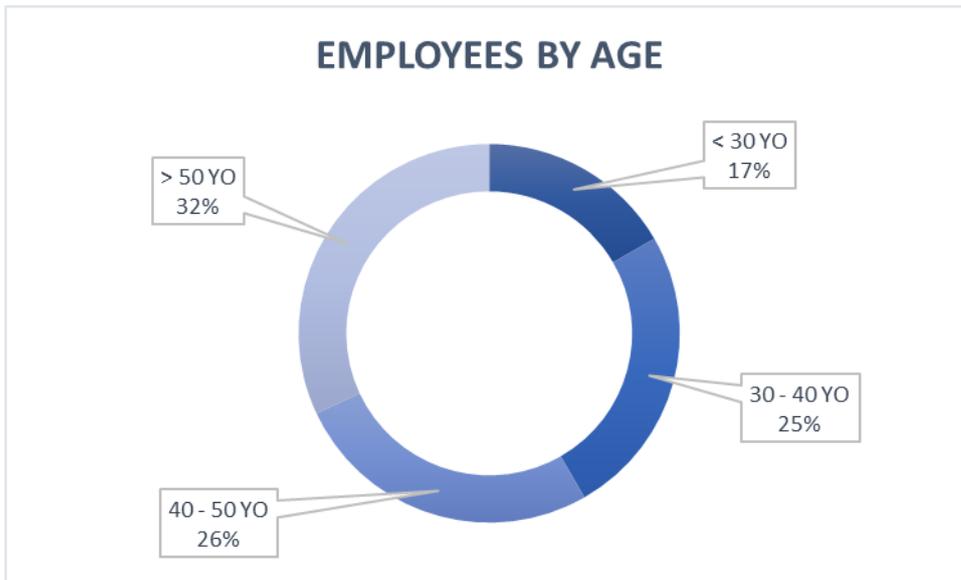
All employees, in the context of their role and duties, contribute to the creation of added value within the Company. This is why we pay close attention to loyalty continuously investing in the professional development and in the involvement of individuals at all levels.

We do not tolerate any form of discrimination or exclusion. On the contrary, we encourage teamwork to facilitate integration between different generations, cultures, nationalities and religions. We work carefully to ensure that personal and professional respect is never lacking.

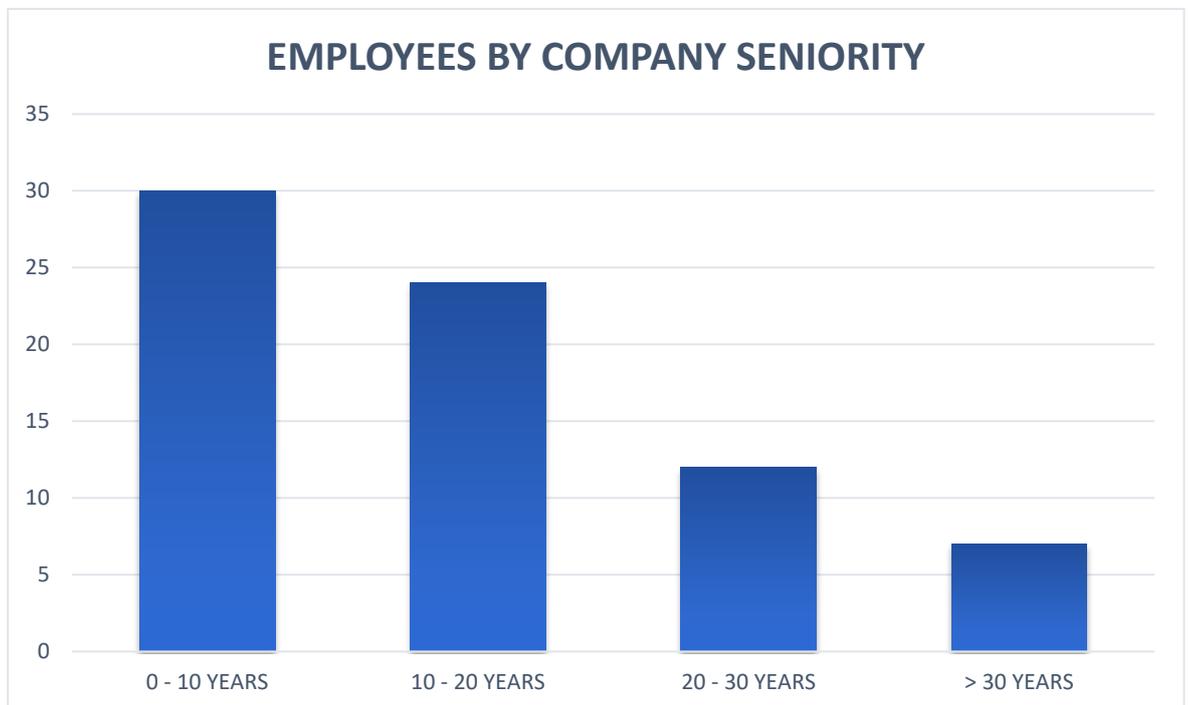
	BOARD OF DIRECTORS	WHITE COLLARS	BLUE COLLARS	TOT	DISABLED PEOPLE	FOREIGN WORKERS
WOMEN	1	5	0	6	0	0
MEN	2	20	45	67	2	6
TOT	3	25	45	73	2	6



## Age and Seniority



We maintain a sound generational balance, which allows us to enhance the skills of veterans and to take advantage of the open-mindedness of the newcomers. The former bring practical knowledge, tricks of the trade and wisdom from their personal and professional experience within the Company. The latter bring enthusiasm and a new point of view thanks to the theory learned at school or from previous experiences.



## Focus on Young Talents

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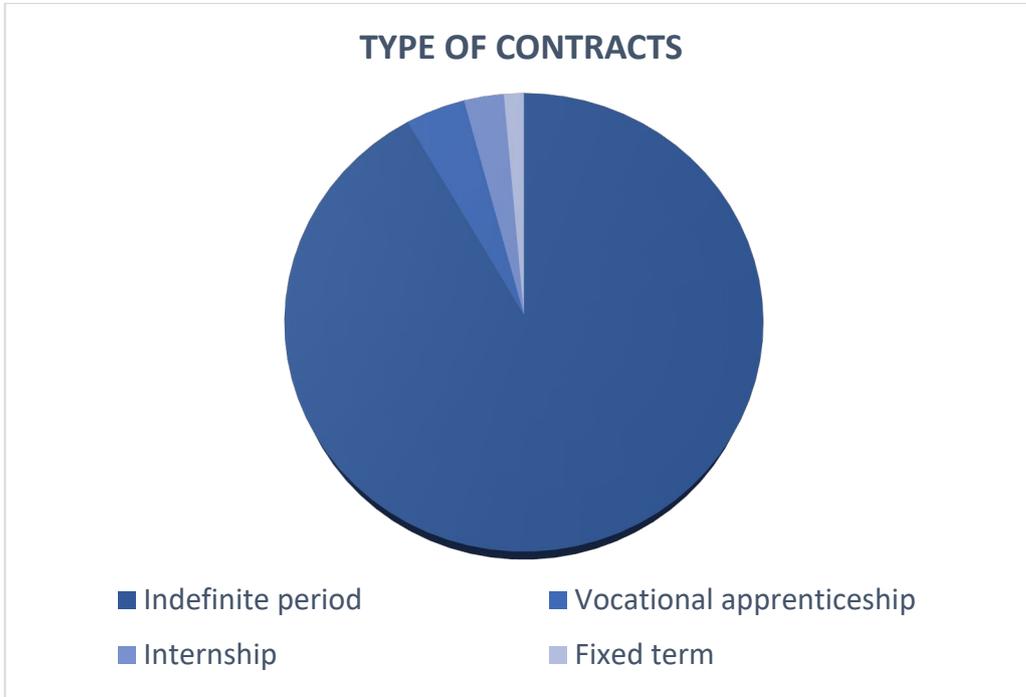


In the last few years, we have promoted, together with other large companies in the area, the launch of 2<sup>nd</sup> level Master Courses in Additive Manufacturing at the Politecnico di Torino. We hired three new graduates with High Apprenticeship contracts. With the Politecnico, we have financed three Research Grants relating to our Research and Development projects, followed by permanent recruitment.

For more operational roles, we draw on the Higher Technical Institutes (ITS) specialising in Mechatronics, Aerospace and Additive Manufacturing, offering final-year students professional apprenticeship contracts for on-the-job training with the aim of subsequent recruitment.

## Contracts and Levels

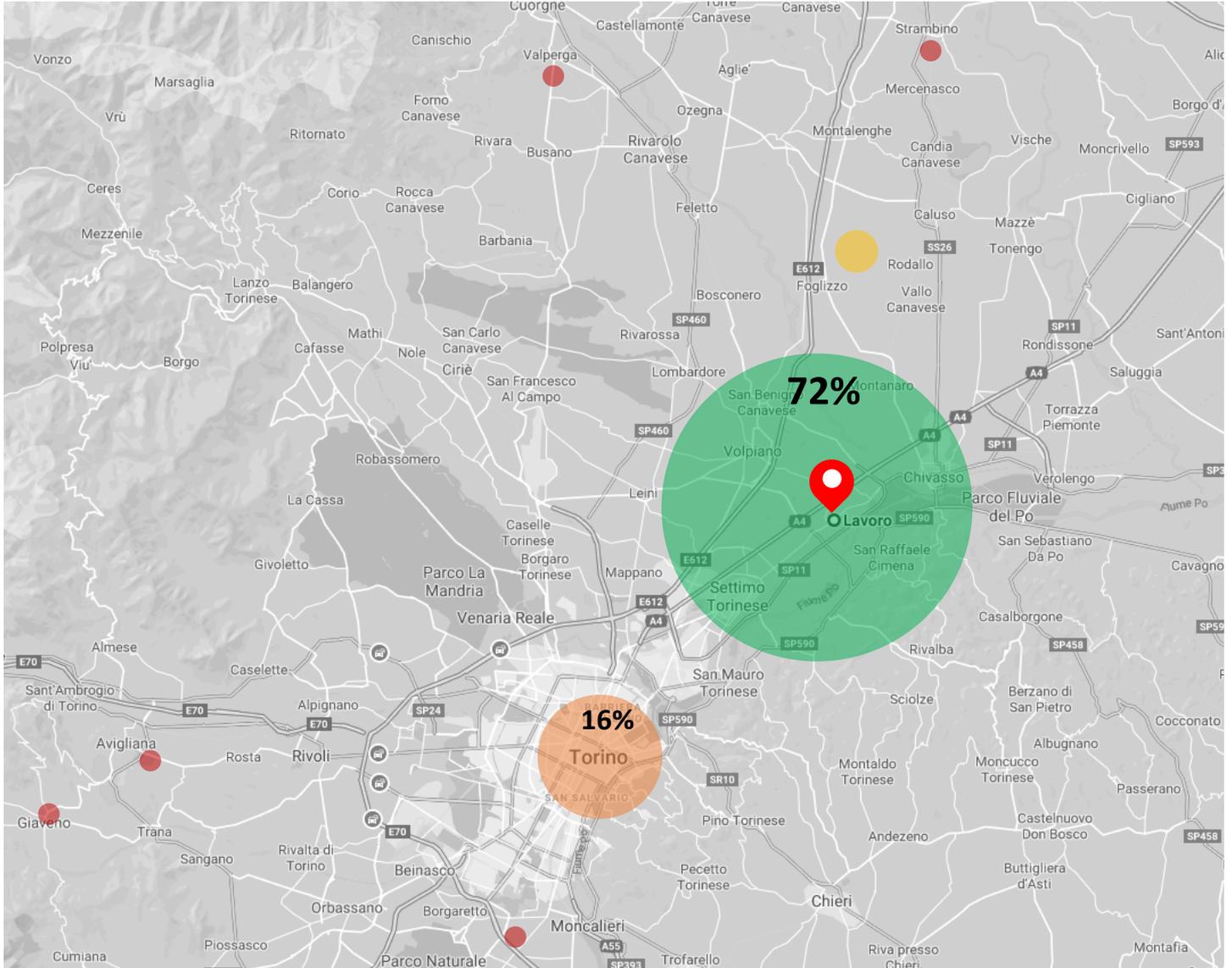
We are a small Company, which is why our efforts to recruit new people and train them internally are aimed at signing permanent employment contracts and the professional development of our people. With this in mind, vocational apprenticeship contracts, fixed-term contracts and internships are intended as an intermediate step.



## Local Footprint

Our philosophy is to remain local while exporting all over the world to the biggest international players in the sector. We want to create jobs for the local area and enrich our country of origin by focussing on the professional growth of our employees.

Being geographically close to our workers also leads to a social benefit, favouring a work-life balance, and to an environmental benefit, limiting CO<sub>2</sub> emissions produced by car travel.



Over 70% of employees only need between 10 and 15 minutes to reach their workplace. About 30% live in Brandizzo and usually walk or cycle to work, also taking advantage of the possibility to go home for lunch.

Only 16% live in the city of Turin and less than 10% need more than half an hour to drive between home and work.

## Training

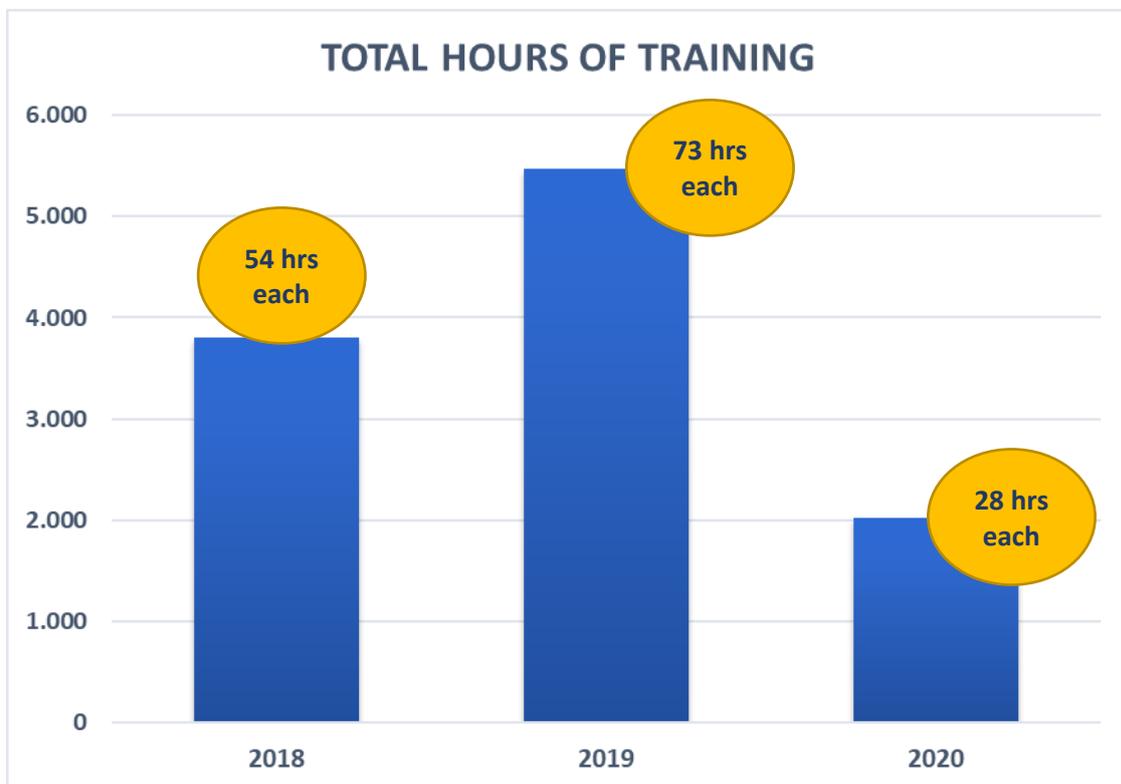
Since 2019 we are pleased to be a Company without bosses, where everyone is aware of the activities to be performed and works according to their responsibilities and abilities. For this type of structure to function, training becomes a fundamental and indispensable pillar, fitting into a mutual Master-Student logic and taking into account that everyone can teach something and, at the same time, learn something new.

The Ellena Academy was born to implement the Skill Matrix of each worker's expertise, increasing their technical and transversal professionalism.

# COMPANY WITHOUT BOSSES

Ellena Academy provides different types of training:

- On the job: training in the field, according to best practice rules
- In the classroom: theoretical courses, internally organised or in cooperation with specialised institutions
- Coaching: individual and group dynamics



## Excellence

For over 20 years, we have been rewarding merit, both as a team and individually, according to a dense network of annual goals so that everyone's responsibilities are transformed into concrete results by working together. We are aware that we are demanding with our employees, as the targets are undoubtedly challenging, but we also believe that commitment, effort and performance must be adequately recognised, regardless of turnover and financial results.

Every three years, in cooperation with the trade unions, we define the annual targets and related bonuses. The items listed below remain unchanged.

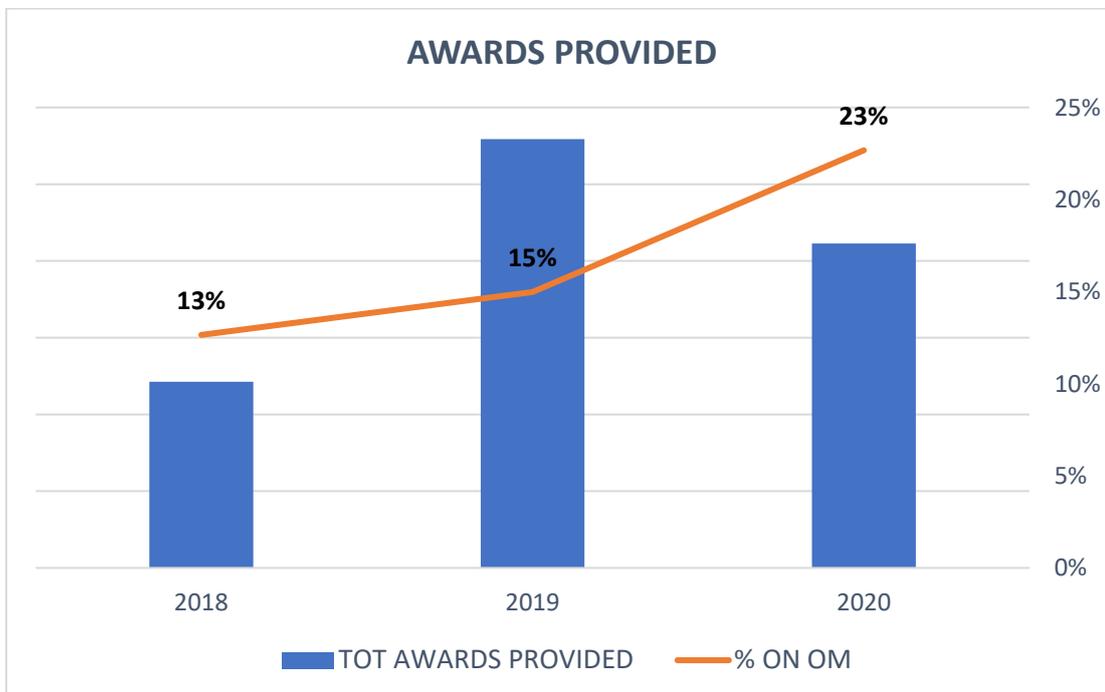
Team bonuses:

- Production performance
- Quality performance
- Internal customer satisfaction
- Improvement Ideas - Quick Kaizen
- Management Staff Goals

Individual bonuses:

- Presence at the workplace
- Standards of importance

In the last three years, bonuses equivalent to almost two months' salary per person have been paid every year.



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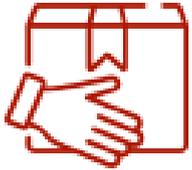
## Welfare Services

The initiatives, goods and services that we make available to employees touch on different areas of their work and private life. We aim at supporting our workers thoroughly, so that they can find a comfortable environment full of opportunities within the Company. Our offer is intended to be an expression of a "cura personalis" which, on the one hand, focusses on individual needs, while, on the other, is a sign appreciation. Both are effects of a relationship of mutual knowledge.



### Company Restaurant

Despite the small number of employees, eating a fresh meal in a friendly environment makes for a more relaxing break.



### Receipt of mail and parcels

Allowing parcels and registered mail to be delivered to the Company address is a way to make employees' daily life easier.



### Birthday Gift

A small gift that is a sign of our care for every single person.



### Shopping Vouchers

A financial aid to buy fuel, food or other products that employees' families need.



### Religious Breaks

We ensure total respect for all faiths and forms of worship, guaranteeing the freedom to profess one's own religion (e.g. with regard to holidays that do not coincide with Christian holidays).



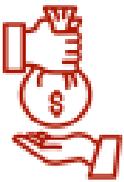
### **Health Insurance**

In 2020, we took out an insurance policy for each employee to cover any hospitalisation caused by Covid-19.



### **Financial Advice**

We provide useful information to make investment choices and to recommend the most appropriate operations in relation to the economic situation.



### **Interest-free Loans**

In addition to possible advances on severance pay, we are committed to defending employees from falling into the net of excessively expensive loans or, worse still, from becoming victims of usury.



### **Legal Advice**

In case of legal difficulties, we offer a free initial orientation meeting with our external professional.

Last year we had to use the Covid lay-off fund, although not on a massive scale. We tried to put as little strain as possible on our people's family economies, alternating ordinary Covid-19 redundancy fund with unused holidays and leaves. In addition to this, we more than doubled the annual Welfare fund provided for by the National Collective Agreement, in recognition of the flexibility and efforts made. These provisions allowed not to stop our work and to meet the deadlines.

In addition to the above, we make our knowledge and resources available by creating a kind of "On Demand Welfare" to assist everyone in their most personal needs, especially in the medical and health fields.



## HEALTH & SAFETY

- Trend of Accidents at Work
- Safety Costs
- Maintenance

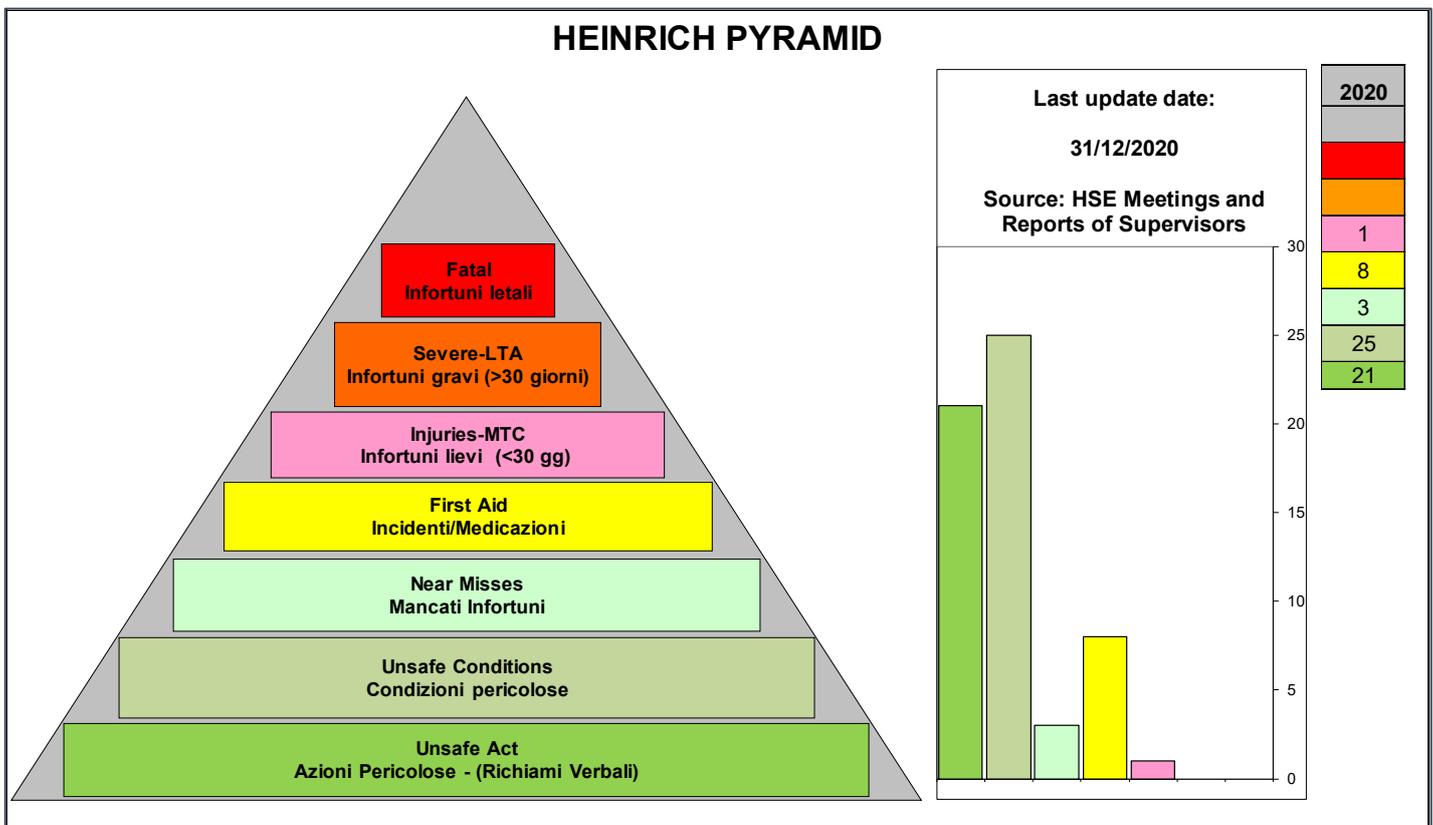
## Trend of Accidents at Work

We want to ensure a safe and healthy environment in the workplace, primarily by involving people in the development of a critical vision to continuously improve the current conditions. Employees are involved through:

- Weekly meetings with the Supervisors
- Safety Observation Tour
- HSE moment

We encourage staff at all levels to report near misses and dangerous conditions, so that preventive actions can be taken, including implementing specific training, according to the Plan-Do-Check-Act method.

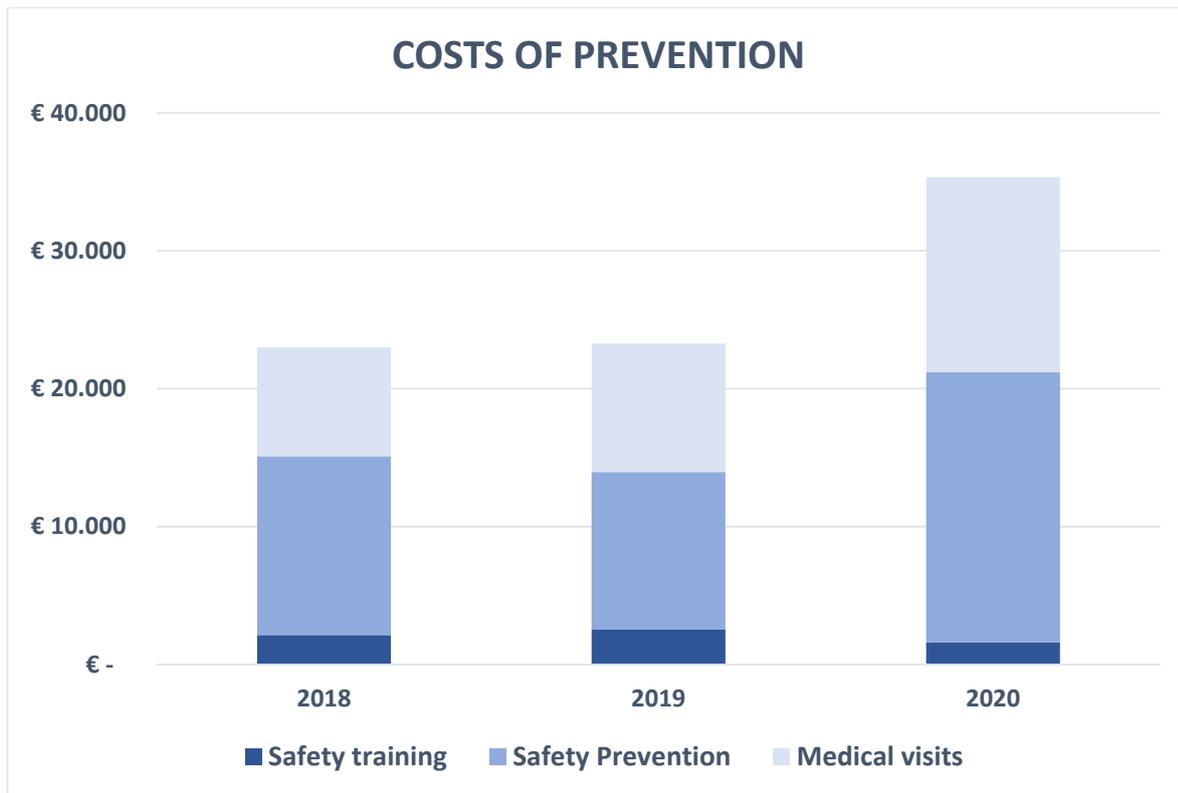
We use the Heinrich Pyramid to analyse the reports received:



Thanks to our commitment, we achieved a record of 1,261 accident-free days.

	2018	2019	2020
<b>N ° OF INJURIES</b>	0	0	1
<b>INCIDENCE</b> (# injuries / # employees) x 1.000	0	0	14
<b>FREQUENCY</b> (# injuries / hh worked) x 1.000.000	0	0	11
<b>SEVERITY</b> (# days absence / hh worked) x 1.000	0,00	0,00	0,06

## Safety Costs



In 2020 prevention costs increased by 42% compared to the previous year. Efforts to protect our employees from the spread of the SARS-CoV-2 virus have been remarkable; in addition to complying with the provisions of the competent authorities, we have worked to ensure maximum safety and peace of mind.

- Creation of a Pandemic Committee
- Information and Training about:
  - Provisions of Prime Ministerial Decrees
  - Distancing rules
  - Personal hygiene rules
  - Workplace cleaning rules
  - Rules for the use of canteen and changing rooms
  - Psychological support
- Individual interviews with people with pre-existing medical conditions
- Re-organisation of offices and opportunity to work from home
- Purchase of PPE
- Certified sanitation of the whole Company every two weeks
- Purchase and performance of serological tests
- Purchase and performance of rapid tests
- Performance of molecular tests in a medical facility

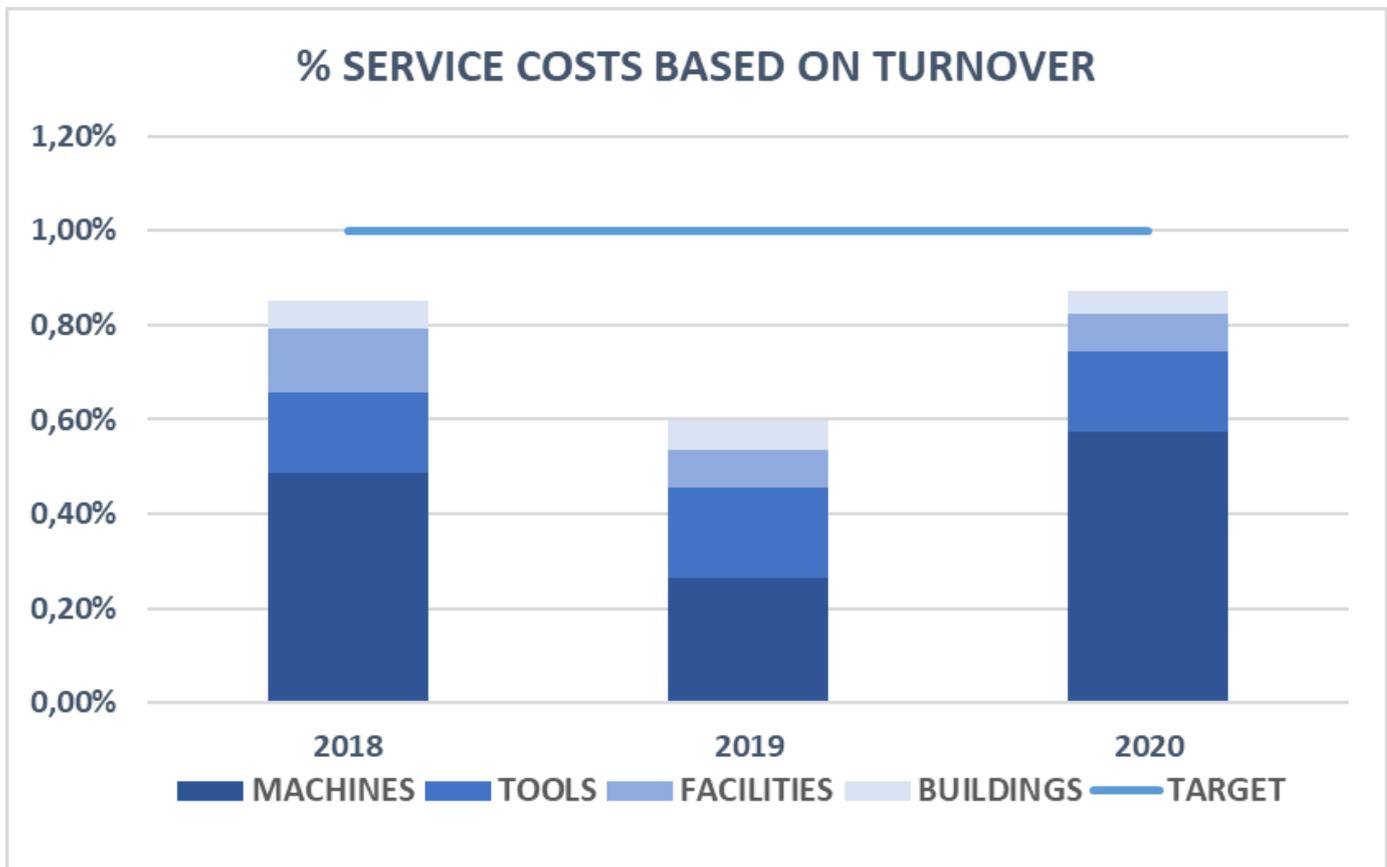
## Maintenance

The average age of our machines is about 6 years: the strategic turnover allows us to use “young” machine tools, which require little extraordinary maintenance.

Preventive maintenance is carried out according to a precise schedule. Predictive maintenance is guaranteed by the 5S method, which aims to improve operating performance and standardise any optimisation achieved.

Maintenance of machinery is complemented by the maintenance of equipment, installations and buildings.

We have set a target for total maintenance costs of a maximum of 1% of annual turnover, which is reasonably necessary to ensure the smooth operation and safety of the above.





## BUSINESS ETHICS

- 231 Organisational Model
- Legality Ratings

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## 231 Organisational Model

Since 2016 we have adopted the Organizational Model pursuant to Legislative Decree 231/2001, as a privileged tool for drawing up a set of protocols aimed at regulating and defining the corporate structure and the management of the most sensitive processes, thus reducing the risk of criminal offenses being committed.

The goal is to respect the expectations of our stakeholders, who have significant relationships with the Company, but also to regulate relations with these parties according to criteria of fairness, collaboration, loyalty and mutual respect.



In this context, the Code of Ethics is the primary document for expressing and disseminating the commitments and ethical responsibilities in the conduct of business and Company activities. It is the compass that promotes the virtuous behaviour of people who work within or on behalf of our Company.

Respect for and adherence to the principles of the Code of Ethics are promoted through specific training and dissemination plans, and are guaranteed by periodic audits by an external Supervisory Board, which any stakeholder can contact to report critical issues relating to unethical or illegal conduct, as well as organisational integrity.

The Code of Ethics is also shared with customers and suppliers and represents the Company's reference in terms of anti-corruption, as it defines all the measures necessary to prevent and avoid corruption and extortion, in compliance with the applicable laws.

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## Legality Ratings

In 2020, we applied for a legality rating from AGCM, the Italian Competition and Market Authority. The score, which ranges from a minimum of one to a maximum of three stars, is an indicator of compliance with high standards of legality and ethical behaviour within the Company and, more generally, of the degree of attention paid to the proper management of its business.

The AGCM awarded us two stars for having responded positively to the following conditions:

- Use of payment traceability systems even for amounts lower than those set by law
- Adoption of an organisational function or structure, even outsourced, to check the compliance of Company activities with the regulatory provisions applicable to the Company or an organisational model pursuant to Legislative Decree no. 231 of 8<sup>th</sup> June 2001
- Adoption of organisational models to prevent and fight corruption



# RATING LEGALITÀ





# SUPPLY CHAIN

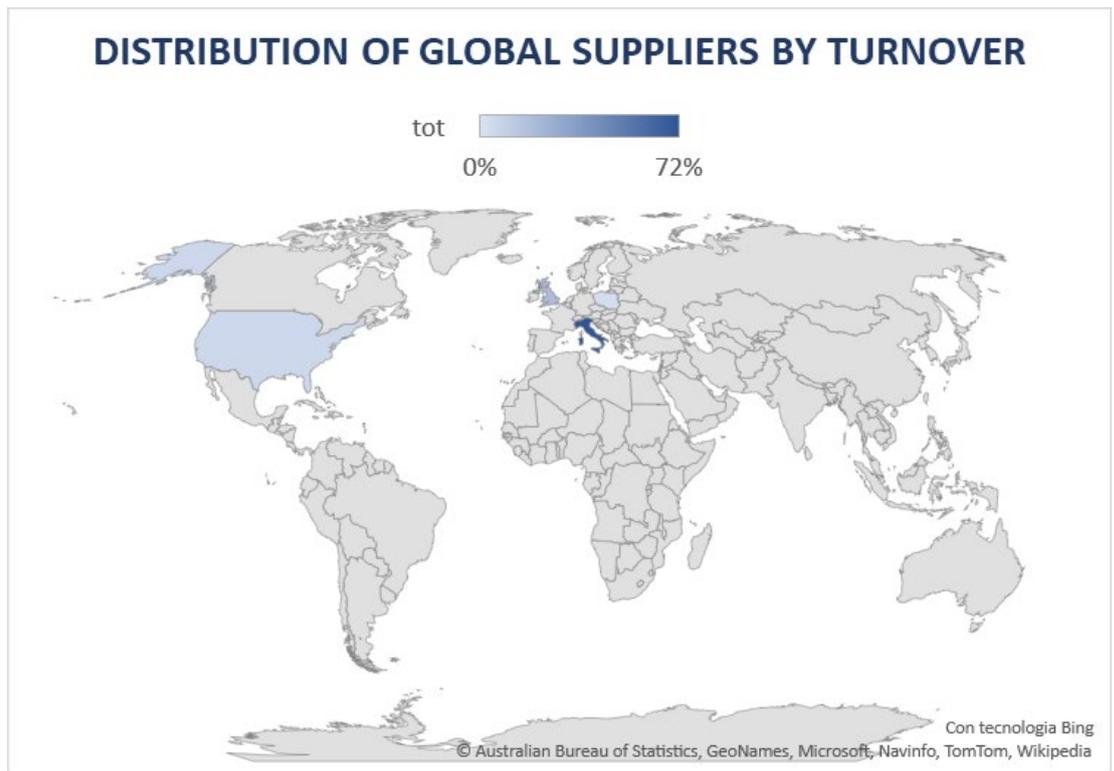
- Geographical Distribution
- Supply Chain Management System
- Supplies
- Materials

## Geographical Distribution

Building partnerships with our suppliers and contractors is one of our goals, as each of them is an integral and essential part of the products and services we provide.

All suppliers are subjected to an accurate selection and validation process, which guarantees compliance with applicable standards, laws and regulations, in accordance with our management systems, Integrated Policy and Code of Ethics.

We favour local suppliers in order to support the economy of Piedmont Region and Italy as a whole. We are also able to purchase goods and services abroad, especially for availability reasons or when suppliers are already qualified by our own customers.



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## Supply Chain Management System

We choose our suppliers on the basis on their technical skills and expertise and by making sure they comply with international or sector-specific standards. However, in the last few years we have witnessed an increased focus on health, safety and the environment as well.

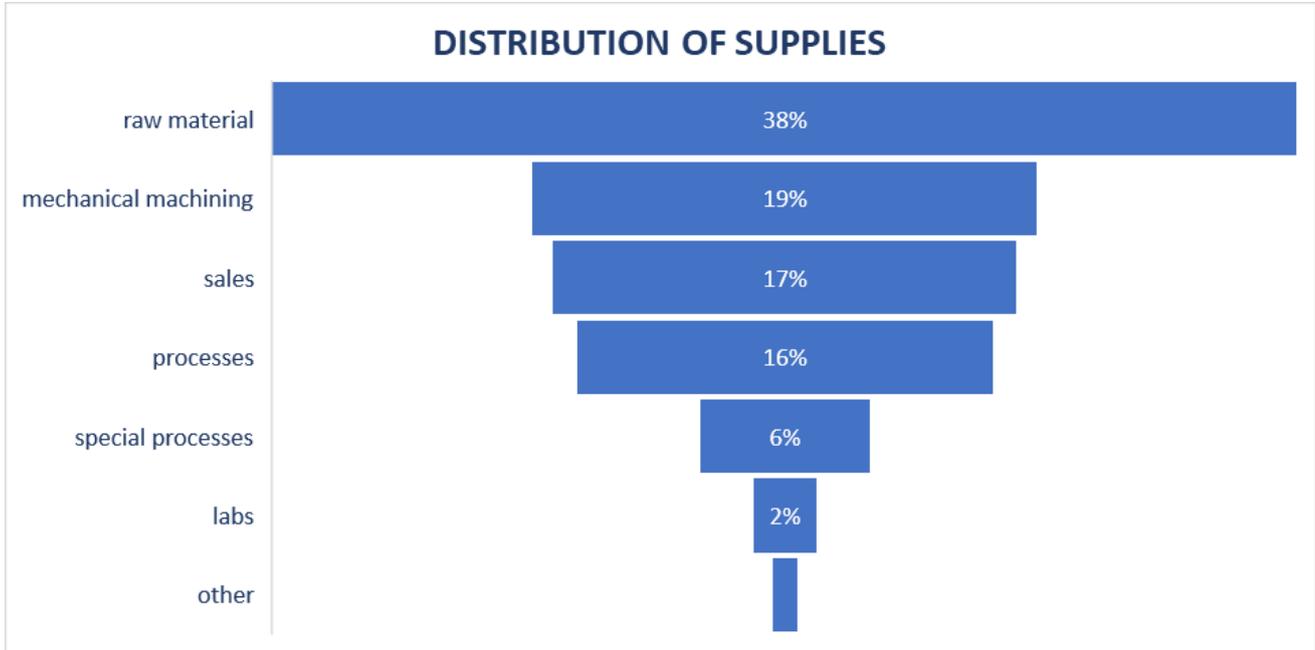


Regardless of their certifications, suppliers are subject to initial and periodic risk assessment, quarterly monitoring of quality performance and on-time delivery and scheduled audits depending on critical issues.

Audits also cover environmental and safety aspects, with a particular focus on jointly identifying opportunities for continuous improvement.

## Supplies

With a view to providing customers with a comprehensive service, our supply chain is very heterogeneous and the total value of purchases is divided as follows:



All suppliers operate according to technical specifications, which are necessary to guarantee high quality standards that meet our Customers' requirements. Supplies are accompanied by certificates of conformity or industry-specific documents and are subject to control plans implemented by our incoming goods department. Where our internal controls are not sufficient, we rely on high-level external laboratories.

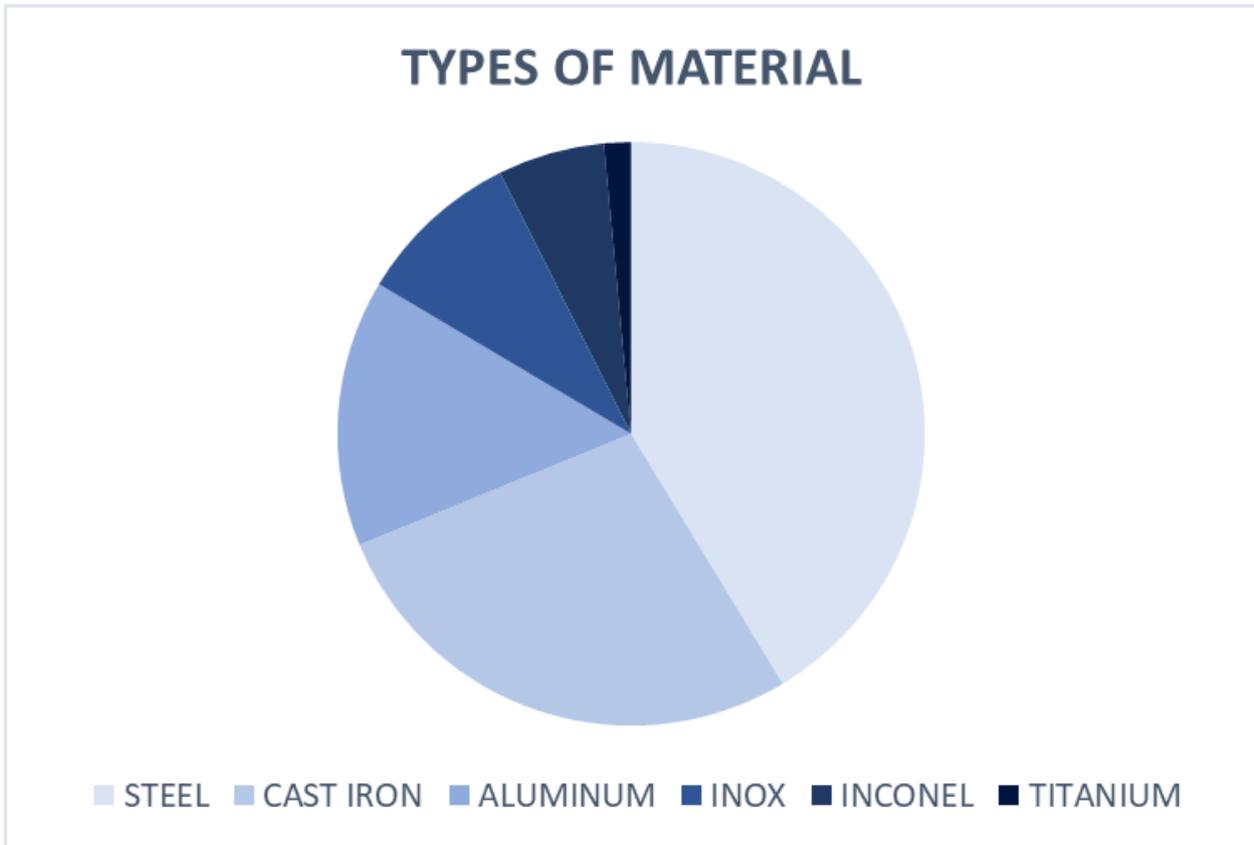
Products and documents are managed by a structured traceability system, that traces all processes from raw material procurement to production, processing, assembly and final testing, up to sales. Traceability allows for a full knowledge about when, where and by whom each product was manufactured.

A special mention should be made for mechanical processing suppliers. External resources are considered by our management system as alternatives or complementary resources to internal ones (when allowed). This means we can plan with infinite capacity and extreme flexibility with respect to customer requests.

In addition, to facilitate partnership and collaboration, the machine tools we dispose of are sold or leased to our most trusted suppliers, including the transfer of part programmes, equipment and more, creating a true cloning of our production capacity.

## Materials

The raw materials purchasing value is divided into different types of materials:



Annually, we complete the Conflict Minerals Declaration, according to the US Dodd-Frank Law that regulates and prevents trade in conflict minerals, particularly tin, tantalum, tungsten and gold (also known as 3TG) from the Democratic Republic of Congo and neighbouring countries.

On some products intended for the Energy Subsea sector, customers require the application of tungsten carbide coatings, to ensure high hardness and wear resistance. Tungsten is therefore the only 3TG that we use and the coating is performed by a qualified external supplier.

According to the Conflict Minerals regulation, we are responsible for tracing the entire supply chain to ensure that the tungsten used does not come from politically unstable regions, where the trade in minerals can be used to fund armed groups, cause forced labour and other human rights violations, as well as promote corruption and money laundering.

Ensuring that armed groups and criminals cannot rely on the purchase of 3TG as a source of income is a way to:

- make it more difficult for them to continue their activities
- combat violations of human rights.

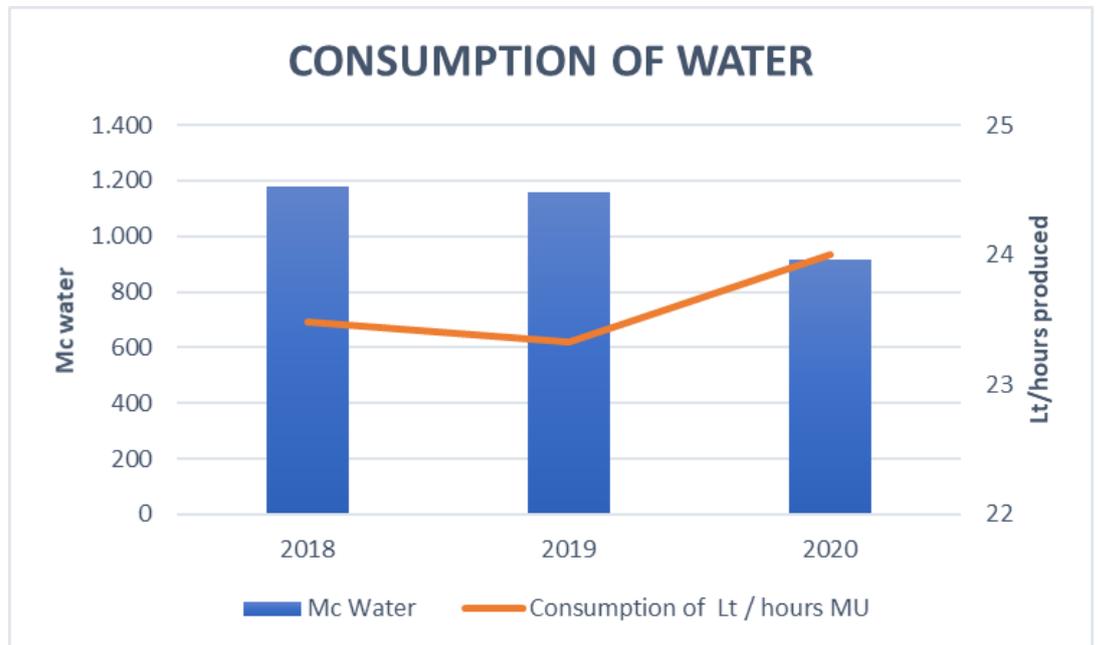
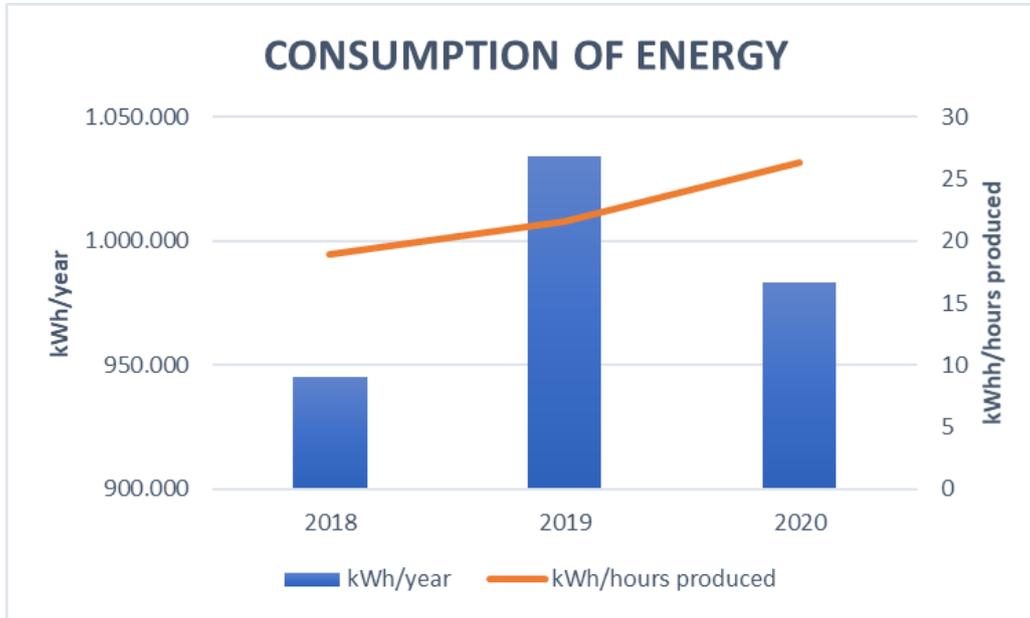


## ENVIRONMENT

- Energy Consumption
- Clean Energy Project
- Solar Power System
- Heat Pumps
- Paperless Documents
- Emissions from Production Departments
- Packaging
- Waste
- Recovery of Emulsive Water

## Energy Consumption

Focus on the environment and a responsible use of raw materials and energy sources actively translates into continuous monitoring of consumption, both in absolute terms and with respect to the hours of production.



The constant analysis of environmental KPIs periodically leads us to structure improvement plans aimed at reducing our environmental impact.

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## Clean Energy Project

The issue of the climate emergency concerns us all, so we want to do our part in protecting the environment, so that our ecological footprint can be reduced from a green business perspective.

In particular, we aim to reduce CO<sub>2</sub> emissions and improve energy efficiency, which began in 2016 with the insulation of the workshop roof and the transition to more performing windows.

In 2020 we started the "Clean Energy" project, which is divided into two action plans:

- Production of energy from renewable sources
- Increasing the energy efficiency of buildings

**-175 TONS/YEAR OF CO<sub>2</sub>**

A preliminary energy diagnosis was carried out which gave us a good understanding of our consumption profile and solutions were studied with experts to use clean energy sources and reduce gas emissions.

For the production of energy from renewable sources, solar panels have been installed on all plants (on four in 2020 and on one in 2021, after renovation) to harness solar energy. In order to increase energy efficiency and avoid the use of hydrocarbons, heat pumps have been installed in the production and storage departments (already present in the assembly and additive manufacturing buildings).

The photovoltaic system is estimated to reduce 156 tons per year, while the use of heat pumps provides for a reduction of 19 tons per year. These figures led us to step up our commitment to action, to show that none of us is too small to bring about real change and to demonstrate that a more sustainable world is possible.

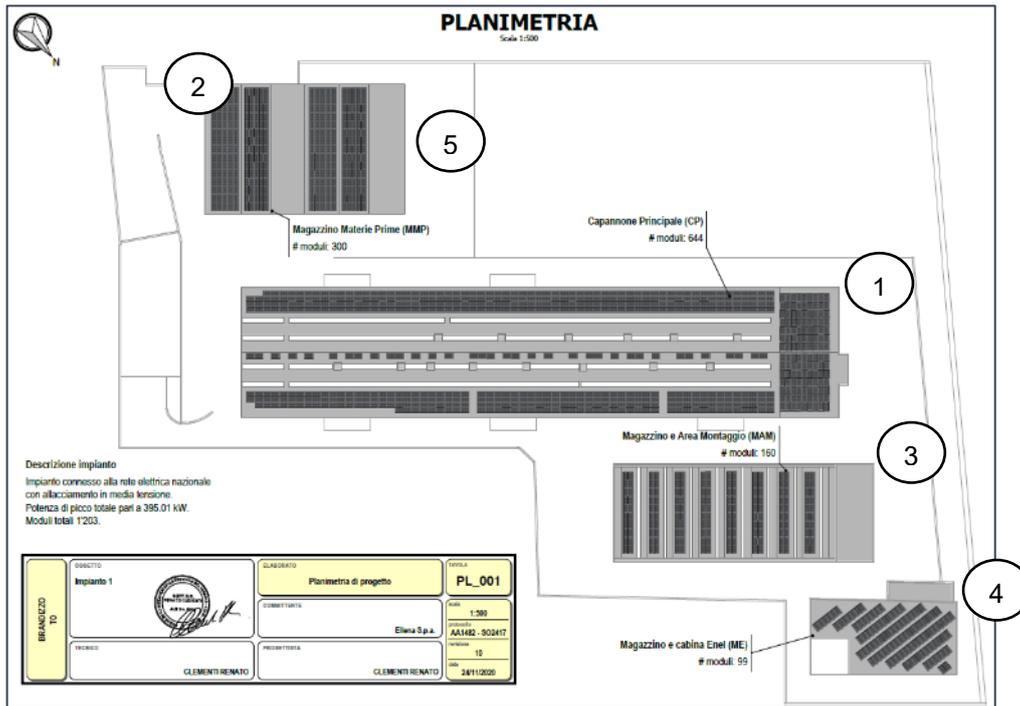
Below are the details of the "Clean Energy" project and other actions that we have supported in the past years and recently because we believe they can make the difference in conducting a responsible and eco-sustainable business.



## Solar Power System

Solar energy is a renewable energy, i.e. it is not subject to depletion. For this reason it is considered an alternative to fossil fuels, such as oil or coal, both because it is a type of clean energy that does not release pollutants into the atmosphere, and because the method through which electricity is obtained is sustainable, it does not deplete the primary energy source and, therefore, will also allow future generations to benefit from it.

Over 1,000 photovoltaic panels have been installed on the four factories; another 300 will be installed on building no. 5, which is currently undergoing renovation:



The plant can generate 360 MWh / year and, at its peak, with a power of 350 kW, enables energy autonomy to be achieved.





## Paperless Documents

Since 2013, we have adhered to the fundamental principles of what was later identified as "Factory 4.0"; in particular, we have focussed on human-machine interaction, equipping each machine tool with special tablets to exchange inputs and outputs with the system.



The use of tablets on the machine avoids errors and brings a number of advantages, including a significant reduction in paper printing, as several documents have been digitised:

INPUT	ADVANTAGES
Part program	Safe validation of latest revision
Technical drawings	Less paper
Data sheets (tools, tooling, packaging etc.)	Less paper

OUTPUT	ADVANTAGES
Declarations on board the machine	Avoid movements of Operators
Counting time and pieces	Real-time progress control
Computer Control Plan	Easier reading and less paper

At the same time, dematerialisation has also involved transactional documents (receipts, payments, invoices, etc.) and product certificates, organised according to a specific traceability system.

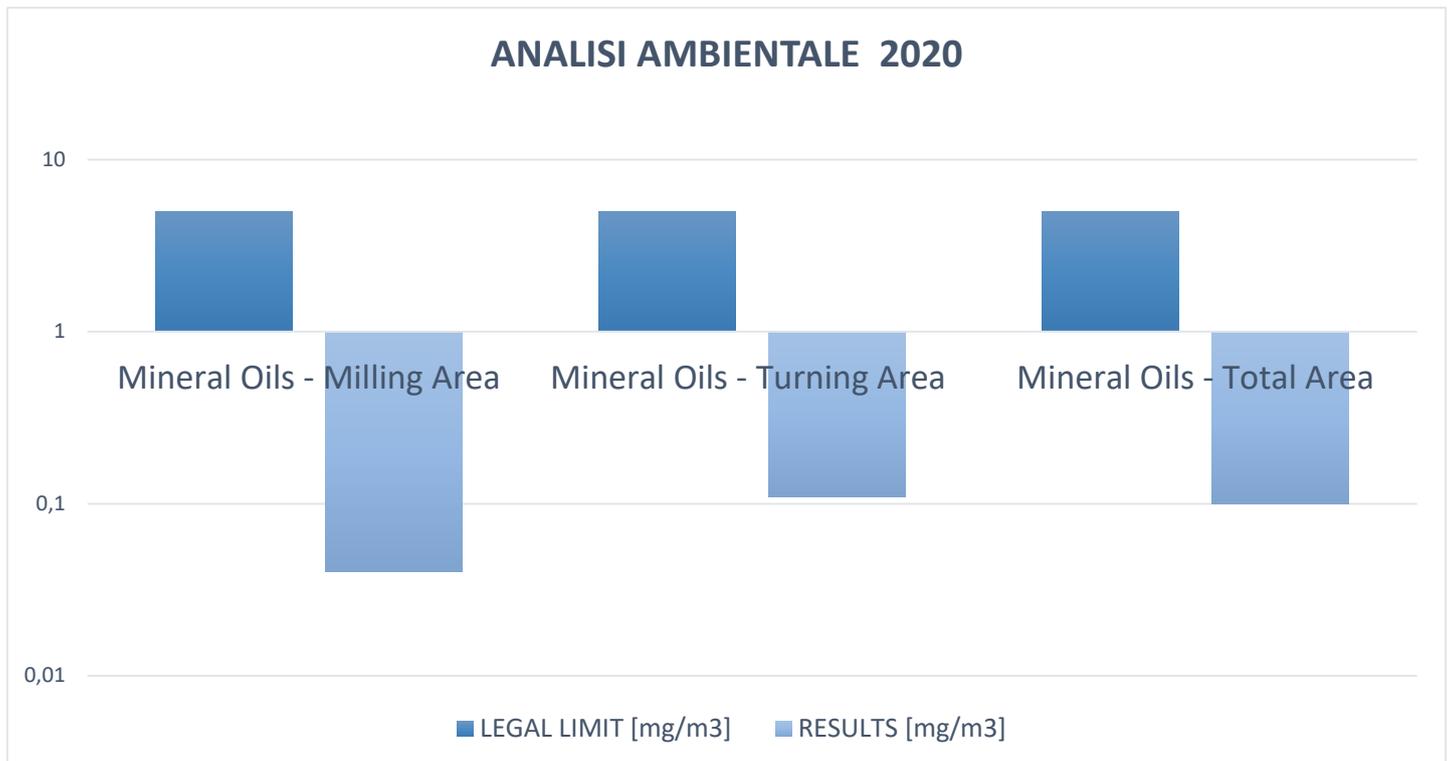
## Emissions from Production Departments

In the early 1990s, when the company moved to its current premises, a decision was taken to equip every single machine tool with HEPA filters (High Efficiency Particulate Air filter), certified for a filtering capacity of 99.9%. Over the years, we have repeated the choice of these filtration systems with the aim of achieving a triple advantage:

- Avoiding the collection of emissions produced by the production process and releasing them into the atmosphere
- Avoiding restrictions on machine repositioning in case a change in the layout is needed
- Maintain high standards of microclimate within the Company

Periodically, environmental air quality analyses are carried out by a specialised external company to measure the oil particles present in the production area. The analysis is performed according to different types of sampling:

- Personnel in the milling area
- Personnel in the lathes area
- Environmental test of the entire mechanical machining area



The graph clearly shows that the concentrations of agents harmful to the environment and to workers' health are significantly lower than the reference thresholds for the limit values provided for by current legislation.

## Packaging

We track the purchase of packaging annually, mostly in agreement with customers to ensure the safety of the products during transport.

The packaging allocated to customers consists for the most part of:

- Iron chests
- Fumigated wooden crates, mainly used for international shipments
- Special reusable packaging supplied by the customers

We prefer to use wooden platforms, also to and from our suppliers, as this is a reusable and recyclable material.

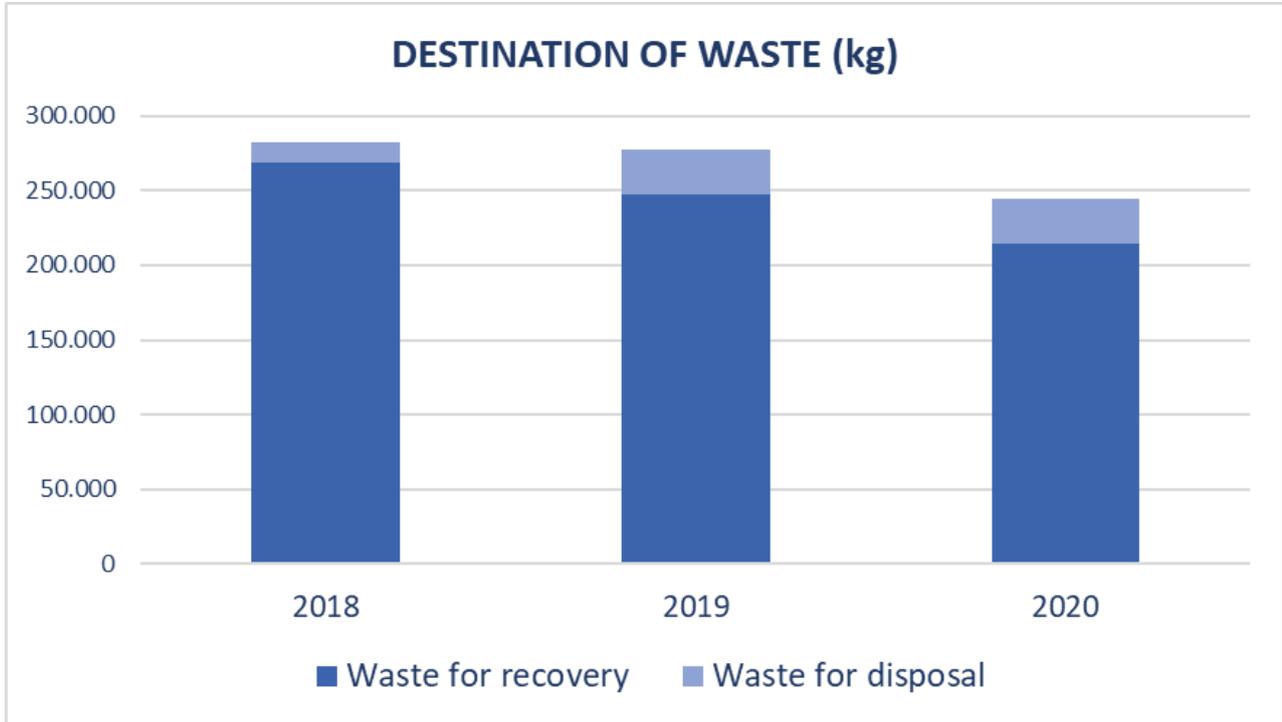


From 2020 non-reusable wooden materials are recycled by a specialised Company, in accordance with the requirements of the Ronchi law (Legislative Decree 22/97), with which we share the goal of:

- Reducing the amount of waste to be disposed of in landfills
- Checking, evaluating and reducing the environmental impact of our activities
- Recycling the waste produced

## Waste

As for waste, over 90% is waste for recovery (mostly chips and scrap), compared to a small amount of waste for disposal, which is mainly made of emulsions and solutions for machinery and some materials classified as hazardous waste (above all oil-contaminated materials).



For waste disposal, we carefully selected a specialised Company that not only complies with statutory regulations, but also focusses their efforts on environmental protection.

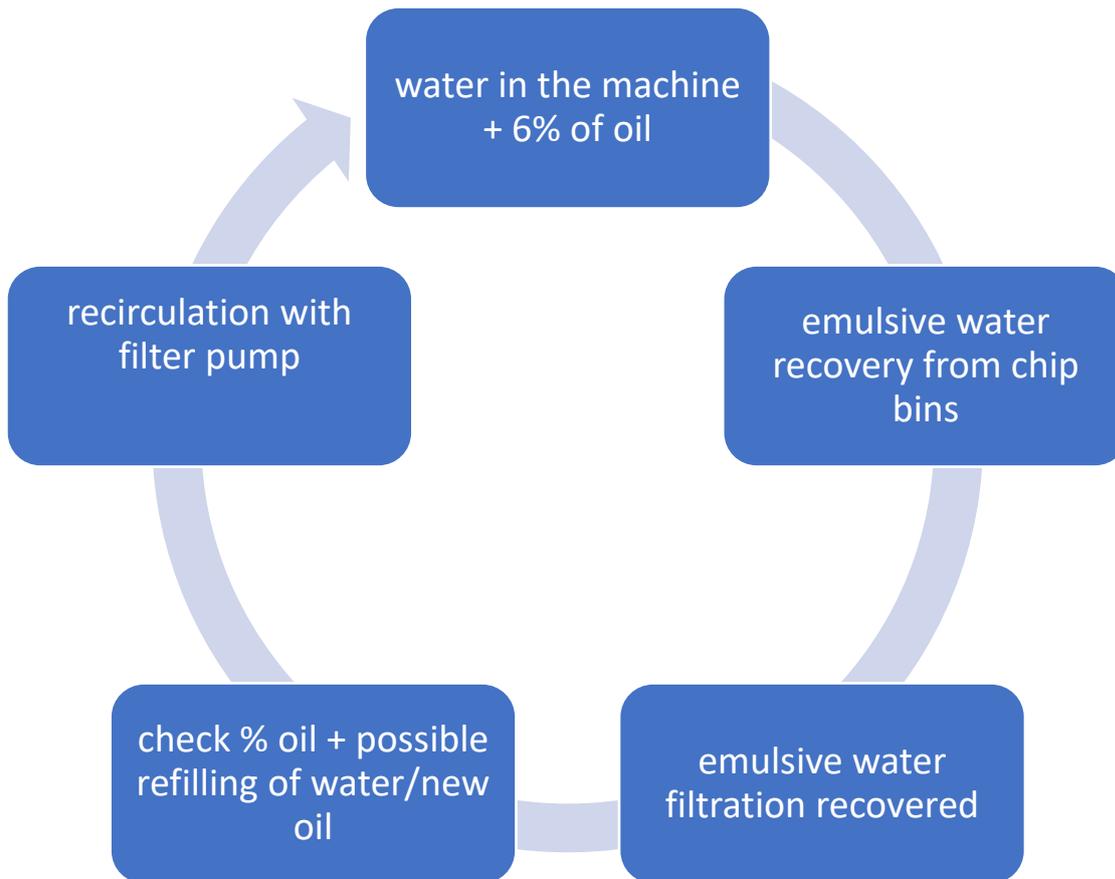
Our supplier is one of the few in the sector to have been awarded three stars for legality and to have a Code of Ethics. In addition, they have joined the European LIFE+ plan, with the aim of supporting projects concerning:

- Nature and Biodiversity: for the conservation and protection of natural habitats and animal and plant species
- Environmental Policies and Governance: for the development of innovative environmental policies
- Information and Communication: for the development of communication and awareness-raising campaigns on issues such as environmental conservation, nature or biodiversity protection, as well as forest fire prevention campaigns.

## Recovery of Emulsive Water

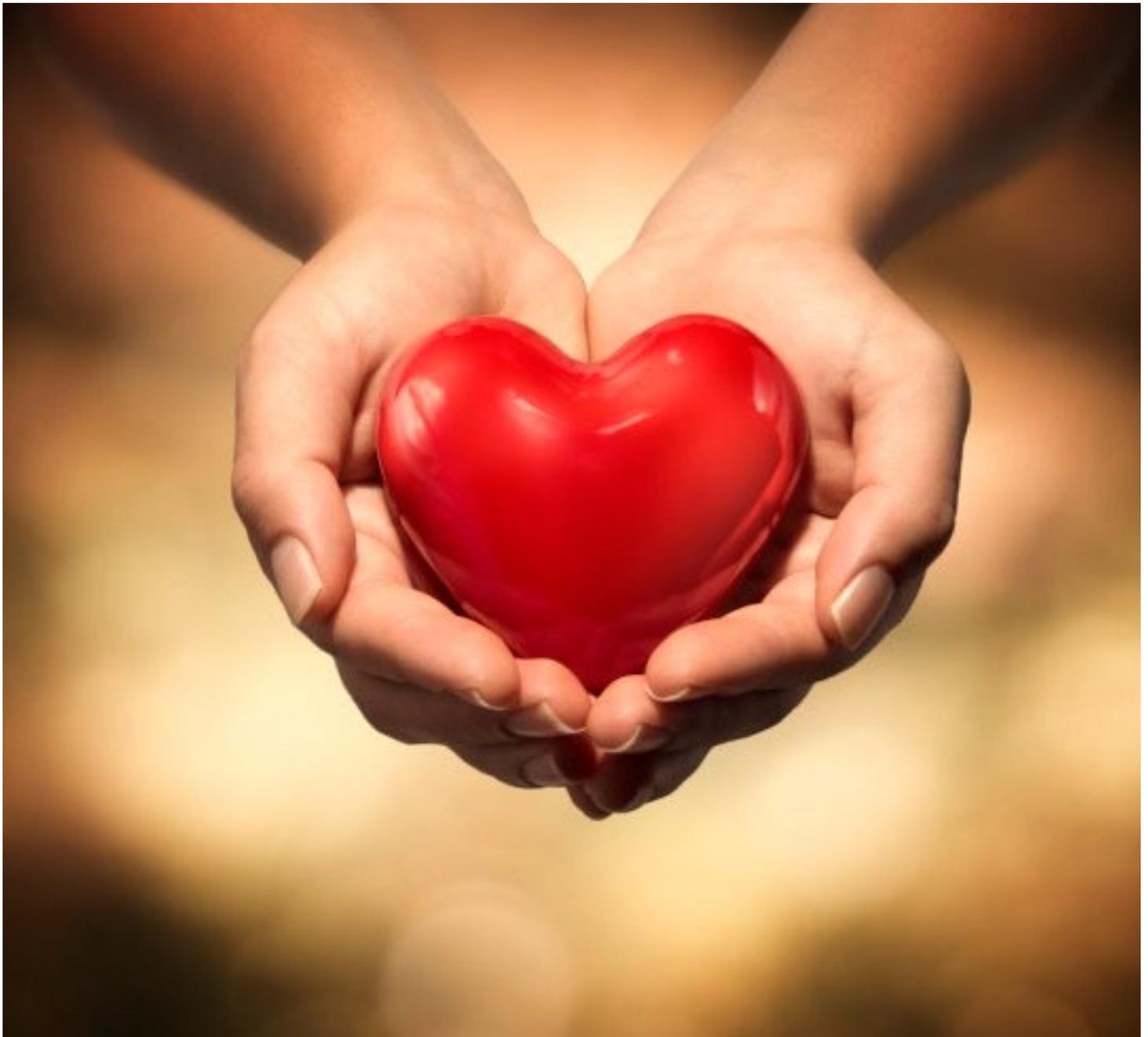
Several years ago, we implemented a system for the recovery of used emulsive water, so as to decrease the quantity to be disposed of and to reduce the purchase costs.

The solution used in machine tools is a 6% mixture of water and oil. Part of the emulsion used is conveyed to the chip boxes, from where it is recovered through a drainage system and recycled using a double filtering method to clean it from metal residues. The remaining % of oil is then checked and, if necessary, new oil and/or water is added to restore the desired % before the machine is put into operation.



This system allows to recover 1,000 litres of emulsive water per week which saves us money by reducing the costs of disposal and purchase of oil. Above all, it allows to reduce both our annual water consumption (over 45,000 litres less) and the amount of chemicals delivered to the Company (about 3,000 litres less oil).

**€21,000/YEAR OF SAVINGS**



## SOCIAL RESPONSIBILITY

- Our Philosophy
- Covid-19 – Piccola Lourdes
- Covid-19 – Funding of Local Associations
- Covid-19 – Biocontainment Stretcher
- Compagnia del Perù – CAEF
- Compagnia del Perù – Charlotte Valves
- Democratic Republic of Congo (Don Bosco Missions)
- Karibuni
- Tanzania (Consolata Missions)
- Art & Culture

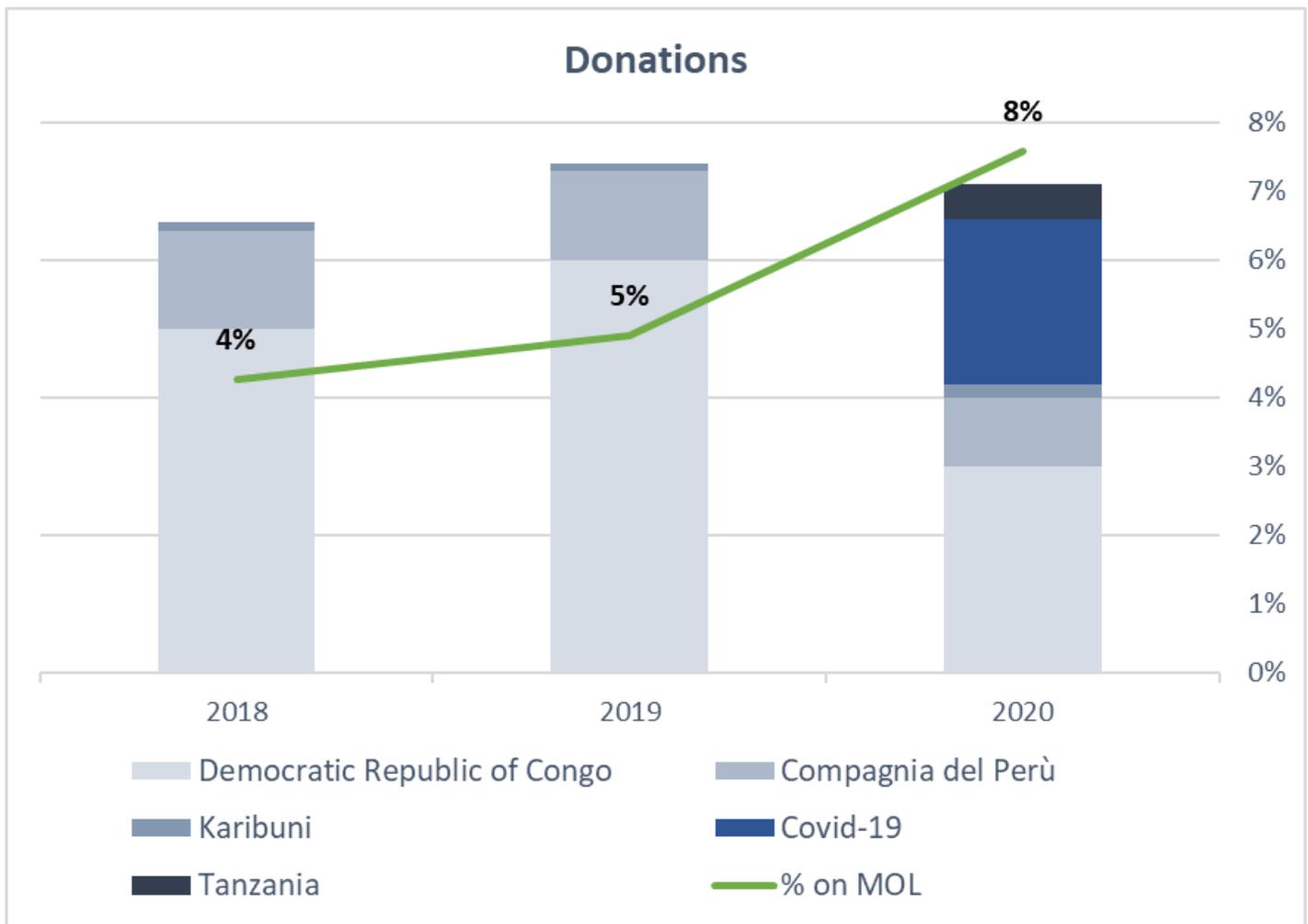
## Our Philosophy

The purpose of a Company is certainly to make profits, but we believe that this is not enough to truly be an integral part of society and the world in which we live. We have the need and the duty to take on ethical, cultural and solidarity responsibilities to generate a positive impact on the community around us.

Profit alone is not enough, it must stand side by side with human well-being, because only the latter can make sense of the former. We need a redistribution of wealth to those who need it, to the 'last', to those who have nothing, because we cannot wait for a better future to happen: we have to build it.

As a Company, we support many local and international organisations, making our employees aware of the importance of actively care for others and playing a role as educators as far as possible.

In 2020, we have diversified the recipients of our donations even more, in order to support organisations working to combat the spread of Covid-19.



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## Covid-19 – Piccola Lourdes

In the year 2020, we experienced an unprecedented global economic and health crisis. We believe that in such a situation it is extremely important to work together without empty rhetoric to help each other as much as possible.

In particular, we strove to support the people of Brandizzo, where our Company is based, and the area of Turin, thanks to several associations: e.g. Caritas and Civil Protection, parishes and non-profit organisations. They did their best to collect and distribute essential commodities to families in need.

In particular, we collaborated with the Retirement Home of Brandizzo ‘Piccola Lourdes Onlus’, where we designed and funded the ‘Room of Hugs’ to allow guests and their families to meet in a safe environment.



Our workers voluntarily spent part of the money they received thanks to the ‘Cura Italia’ decree to purchase PPE for the guests and the staff of Piccola Lourdes.

The staff of the retirement home made themselves available to perform rapid tests at our premises, if necessary. Thanks to them, it was easier to carry out individual and collective checks, thus giving our employees additional guarantees of protection.

## COVID-19 – Funding of Local Associations

Association "A Window on Brandizzo" for the purchase of face masks and basic food products.



"Astra Cooperativa" local organisation for the transportation of persons with disabilities and people at disadvantage.



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## Covid-19 – Biocontainment Stretcher

We collaborated with the Rotary Club of Settimo Torinese for the purchase of a special stretcher, suitable for biocontainment, which has been made available to S.O.G.IT.

The stretcher was used to prevent the spread of Coronavirus and installed on a resuscitation ambulance and made available to the Red Cross crisis unit.



The stretcher is a small mobile unit used for the isolation and safe transfer of patients with infectious diseases in order to reduce the possibility of contagion for healthcare personnel.

The stretcher has a double function: it creates a 'negative pressure' to protect the external environment from the infected patient. It can also create a 'positive pressure' to protect patients with a deficit of the immune system, who are potentially at risk of contracting an infection if exposed to contact with the external environment.

This device plays an important role both in the case of primary transport of a patient at high risk of infection and of a secondary transport of a patient affected by microbiological agents within a medical facility.

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## Compagnia del Perù – CAEF

We started cooperating with the non-profit organisation Compagnia del Perù in 2008. It was founded by the Jesuit Students' Missionary League of Turin. The goal is to support CAEF, a family home in the suburbs of Trujillo, which takes in children who have suffered abuse and violence within their families or who have been abandoned.



These children are looked after by a multidisciplinary team made up of local educators and psychologists, who help them to deal with their past; whenever possible, reintegration into the family is promoted, with a specific course of action that particularly concerns mothers.

The facility accommodates 20 children from 2 months to 16 years of age who live there 24 hours a day, and approximately ten children who spend their afternoons at CAEF, so they can receive at least one meal a day and the possibility of doing their homework with the help of educators.

Supporting Compagnia del Perù means helping increase the chances of children having adequate education and nutrition, safeguarding their physical and mental health, as well as an education that allows them to develop the knowledge and skills necessary for a healthy and productive life.

During this year of pandemic, our aid has been particularly directed to:

- the purchase of masks, the price of which has risen to 25 soles (compared to a basic salary of 800);
- the purchase of several PCs (there was only one) and the Wi-Fi network to ensure distance learning, which is planned until at least 2022.

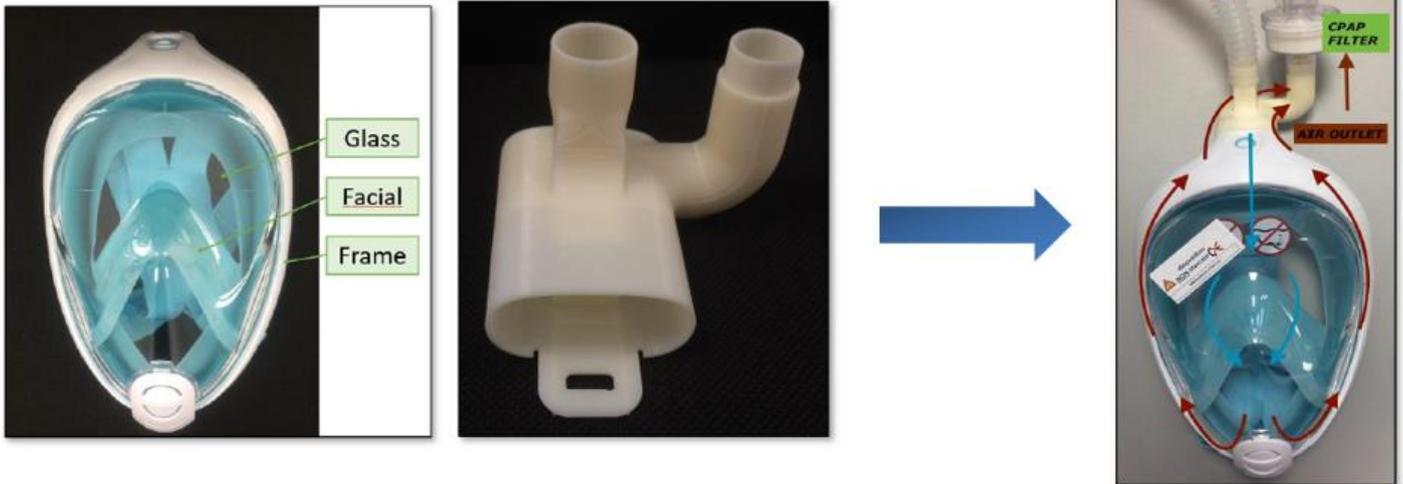


## Compagnia del Perù – Charlotte Valves

Since 2020 Peru has been experiencing a terrible situation due to the pandemic, ranking second among South American countries in terms of number of infections. The most critical issue was the shortage of oxygen masks in intensive care units.

We took advantage of the ISINNOVA project to re-purpose Decathlon snorkel masks into emergency C-PAP masks.

Using our polymer 3D printer, we made Charlotte valves, which are fittings that create a connection between the mask and the oxygen supply to allow Covid-19 patients to breathe.



In collaboration with Compagnia del Perù and the Peruvian Consulate in Turin, we sent 192 masks to hospitals in Arequipa and Moquegua, in the south of the country.



## Democratic Republic of Congo (Don Bosco Missions)

For almost 15 years we have been supporting the Mission of Mgr Gaston Ruwezi in the Democratic Republic of Congo and his ambitious project to build a centre in Kasumbalesa, a town on the Zambian border:

- a church
- a hospital
- a house for nuns
- a primary school

The Church was built first to bring the local population together and to counteract the spread of harmful religious sects, and to disseminate about subsequent achievements. Many residents of the district have moved closer to the mission, thanks to new job opportunities, health and future for their children.



In the Democratic Republic of the Congo there is no public health service, medical treatments are only available against payment and there are few hospitals in proportion to the number of residents. For this reason, the works have continued with the construction of a hospital and a house for nuns, who were given the task of managing the health facility.

The hospital has a dispensary, a maternity ward and five specialised clinics. The first ward to be inaugurated was the maternal-infant one, which is essential to combat the high birth and maternal mortality rate during childbirth. Women, young people and children are the main users, in terms of prevention as well as health intervention.

Finally, a kindergarten and a primary school was built.



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## Karibuni

For some years now, we have been supporting the non-profit organisation Karibuni, which focusses its efforts on the implementation of health and education projects in different areas of Kenya.

Over the years, Karibuni has built kindergartens and schools for over 5,000 students, and has created several dispensaries and paediatric and maternity wards. With the aim of enabling the locals to become self-sufficient, it has also opened farms with diversified crops and medium and small animal farms.

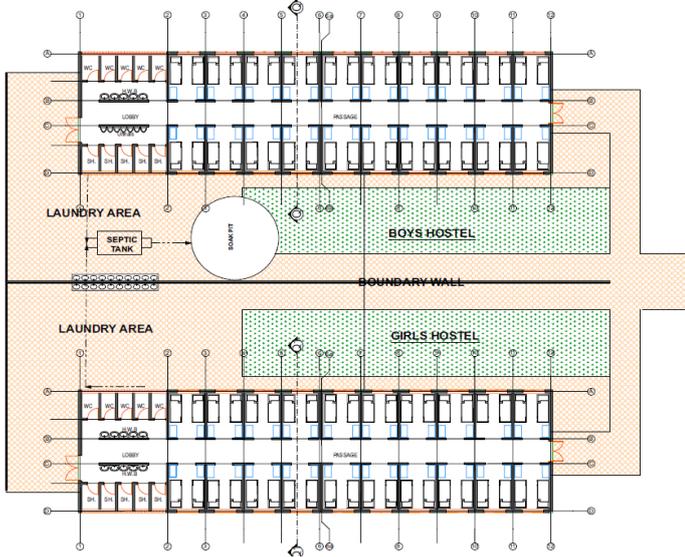


Every year, we buy Italian Easter and Christmas cakes for our employees and contractors. It is just a small gesture, but we believe that simple choices really do help big projects.



## Tanzania (Consolata Missions)

In 2020, we started to support Father Vedastus' project in the city of Manda in Tanzania, thanks to the Consolata Missions. The goal of the project is to build classrooms and dormitories for primary school students.



Separate dormitories are built for boys and girls, which are indispensable for younger children who live far from the village and would otherwise be forced to walk more than 18 km every day.

Distance has always caused many disadvantages: children are tired when they arrive at school and they are exposed to dangers along the way (especially girls, who risk being kidnapped or raped), they often start school only when they are old enough to make the journey, that becomes impossible during the rainy season.

Since the laying of the foundation stone at the end of 2019, work has progressed rapidly and was fully completed at the end of 2020.



2019  
Laying the first stone



2020  
Work in progress



2020 Work in progress



2020 Works completed

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## Art & Culture

Restoration of the painting of St James the Apostle, patron saint of Brandizzo, in the parish named after him.



Before



After



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