



2023 Sustainability Report

Disclaimer: this is an English translation of the original Italian document. In cases of conflict between the English language document and the Italian document, the interpretation of the Italian language document prevails.

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LETTER TO STAKEHOLDERS

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Dear Stakeholders,

In 2023, we saw a year marked by the consequences of wars, geopolitical rivalries and the fight against inflation. However, by managing uncertainty in the short term, we have strengthened ourselves by seizing business opportunities and forging long-term alliances in areas where we can make a difference.

Excellent results were achieved in all business areas. They reflect our constant focus on operational excellence, careful cost management, continuous innovation and the creation of strategic alliances.

These factors contributed to the significant development of Civitanavi Systems, maintaining relevant levels of margins and cash generation, confirming expectations in the upper range of the Guidance communicated to the market at the approval of the 2023 Budget.

Civitanavi has achieved important milestones through continuous **investment in innovation and the search for new solutions**. We grew in size through strategic new openings in the domestic and international markets.

Our team has also grown. Our **183 people** (as of 31 December 2023), characterised by dedication and determination, use their **skills and experience** to contribute to our ambitious strategic agenda and make Civitanavi stronger and better positioned.

The centrality of people has always been a value for our company and early 2023, we adopted a **corporate welfare system that promotes the well-being of our collaborators**, for whom it has entered into a group policy with a leading Italian bank to protect employees from the economic consequences that can occur as a result of serious illnesses. With the aim of strengthening team spirit, in February 2023, Civitanavi Systems Ltd, the majority shareholder, changed the option rights granted to employees. The exercise of the stock option plan for shares in Civitanavi Systems S.p.A. allowed, in line with our commitment to have employees participate in the success of the company. Civitanavi Systems S.p.A. has also implemented a new stock option plan, which aligns incentives with strategic business objectives. During the third quarter of 2023, the Group obtained two loan agreements for a total of Euro 5 million, one of which provides for compliance with **covenants related to ESG topics** that can guarantee a spread advantage on interest rates. The funds will be used to support ongoing projects such as the renovation of the new headquarters in Porto Sant'Elpidio, which will be operational from the second quarter of 2024.

Our commitment has not neglected ESG aspects and we are proud of the path we are also taking with respect to **environmental goals, through energy transition and adoption of renewable energy sources, and social goals with employee development plans, attention to diversity, inclusion and involvement of the local community**.

Finally, this year we will again distribute dividends in the amount of Euro 4 million (0.13 per share), compared to a profit available for distribution of Euro 5 million (Euro 1 million allocated to the extraordinary reserve), which is the result of the ability to generate cash from core business. All these developments demonstrate an ongoing commitment to innovation, sustainability and value creation for its stakeholders. Thank you for your trust and support that enable us to continue to face interesting opportunities and new challenges.

Among the most significant partnerships was certainly the collaboration with Honeywell, with whom we launched the HG2800 inertial measurement unit, helping to improve targeting capabilities and stabilisation accuracy. This tactical level system improves accuracy in electro-optical surveillance applications worldwide.

On 27 March 2024, Honeywell announced its intention to acquire the entire share capital of Civitanavi Systems S.p.A. Honeywell will launch a voluntary tender offer to acquire all the outstanding shares of Civitanavi. The purchase price is Euro 6.17 per share in cash (an equity value of approximately Euro 200 million at closing, including dividend). The acquisition will further strengthen Honeywell's capabilities to help its customers create autonomous operations in aircraft and other vehicles, and will support Honeywell's alignment of its portfolio around three compelling megatrends, including the future of aviation and automation. Together with Civitanavi, Honeywell will be able to offer a broader set of technologies

to its customers worldwide, whether they are traditional operators seeking to increase the autonomous capacity of their existing fleets or new entrants into the Advanced Air Mobility space.

Mr Andrea Pizzarulli

Chairman of the Board of Directors and Chief Executive Officer

2023 Highlights

Economic	
Total Revenues - Million Euro	46,2
Economic value distributed - Million Euro	45,5
Investment in Development 2023 - Million Euro	2,2
Governance & Policies	
Management systems Quality EN 9100:2018 and UNI EN ISO 9001:2015 - Occupational Health and Safety UNI EN ISO 45001:2018 - Data and Information Security UNI EN ISO 27001 - Model 231 Leg. Decree 231/2001 Authorisations Production Organisation Approvals (POA) - Alternative Procedures to Design Organisation Approval (ADOA)	
Human Resources	
Number of employees at 31 December 2023	183
Employment and positive turnover - Staff increase 2021-2023 ¹	31,1
Gender diversity - female gender share (% of total employees)	17.5%
Gender diversity - female gender percentage in managerial positions (% of total managers)	50%
New generations/Age diversity – percentage of employees under 30 years of age (% of total)	35%
Average hours of training per employee – year	51,4
Health and Safety – Accidents	None
Environment	
Percentage of waste for recovery	94%
Total direct energy consumption - GJoule	2,684
Electricity from renewable sources - percentage share of total energy consumption	21%
Total direct (GHG Scope 1) and indirect (GHG Scope 2 market-based) emissions/t CO _{2e}	222

¹The figure refers to the three-year period: 01 January 2021 - 31 December 2023.

Methodological note

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The Sustainability Report of Civitanavi Systems S.p.A. and its subsidiary (hereinafter also referred to as "Civitanavi", "Civitanavi Systems" or the "Group"), published annually, aims to provide stakeholders with a complete picture of the Group's most significant impacts on the economy, the environment and people, including human rights, and how the Company manages these impacts.

Civitanavi Systems is listed on the Euronext Milan market of the Italian Stock Exchange, but is not subject to the obligations to prepare the Non-Financial Statement ("NFS") pursuant to Legislative Decree No. 254/2016 as it does not exceed the applicable size parameters. This Sustainability Report has been drawn up on a voluntary basis and is therefore not a NFS.

The Sustainability Report was prepared according to the methods and principles envisaged by the GRI Sustainability Reporting Standards published by the Global Reporting Initiative (the "GRI Standards"), according to the "with reference to the GRI Standards" option, reporting on those selected GRI Standards, or parts of their content, indicated in the various paragraphs of the document and summarised in the GRI Content Index, an integral part of this document. The GRI Content Index allows traceability of the indicators and other quantitative and qualitative information presented.

Note that within the limits of the "with reference to GRI Standards" reporting option, the general standards published in 2021 were applied, which updated the drafting process, the general disclosure and the process for identifying and assessing material topics: GRI 1 Foundation; GRI 2 General disclosures; GRI 3 Material topics.

In order to ensure the level of quality required by the GRI Standards, sustainability reporting is prepared in accordance with the general principles set out in the GRI Standards (GRI 1 Foundation 2021 - Reporting principles): accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability. The GRI Standards and related selected reported performance indicators are those representative of the relevant sustainability topics (material topics) analysed, consistent with Civitanavi's activities and impacts. The process applied to the analysis, identification, assessment and prioritisation of material topics was carried out as required by the GRI Standards.

The reporting scope of the qualitative and quantitative data and information refers to the entire financial year, for the period 01 January 2023 - 31 December 2023, and relates to the performance of the Civitanavi Systems Group. It should be noted that the environmental data refers to Civitanavi Systems S.p.A. only and does not include the data of the subsidiary Civitanavi Systems UK LTD, which should be considered insignificant in terms of the impacts generated.

In order to allow for the comparison of data over time and the assessment of Civitanavi Systems' business performance, comparison data from the two previous financial years are presented. Quantitative information for which estimates have been used is directly referred to in the various chapters and paragraphs of this document. Any corrections to data provided in previous reports are indicated and justified when the updated data is submitted.

The process of drafting the sustainability report involved the heads of Civitanavi's various functions. The Sustainability Report was approved by the Civitanavi Systems S.p.A. Board of Directors on 23 May 2024 and was not audited by an independent auditor.

The Sustainability Report is available on the Group's institutional website at <https://www.civitanavi.com/>. More information on this can be obtained at: esg@civitanavi.com.

Civitanavi Systems S.p.A. has notified GRI (Global Reporting Initiative) of its use of the GRI Standards and of its Statement of Use.

1 Civitanavi Systems

We care - we perform - we deliver!

Profile

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Civitanavi Systems S.p.A. (hereinafter also referred to as “Civitanavi Systems”, “Civitanavi” or the “Group”) is a company that operates in the **design, development and production of advanced guidance, control, stabilisation and inertial navigation systems with applications in the Aerospace & Defence** (in the aeronautical, space, land and naval markets) and **Industrial segment** (with solutions for mining, oil & gas, tunnelling and horizontal drilling applications). It also provides consulting services to companies operating in the same divisions. The Group provides **systems** designed and produced using methods, techniques and algorithms based on **FOG** (Fibre Optic Gyroscope) and **MEMS** (Micro Electro Mechanical Systems) **technologies**, potentially integrated with satellite navigation (GPS) devices. The systems developed enable autonomous, high-precision inertial navigation (without GPS), stabilisation, and precise orientation (direction relative to the geographic north) of the devices/vehicles on which they are mounted.

The Group has a team of highly-qualified experts, world leaders in inertial technology, with vast experience in the design and development of inertial sensors, navigation software, certification and production processes. Thanks to this know-how, Civitanavi has been able to rapidly penetrate national and international industrial and defence markets.

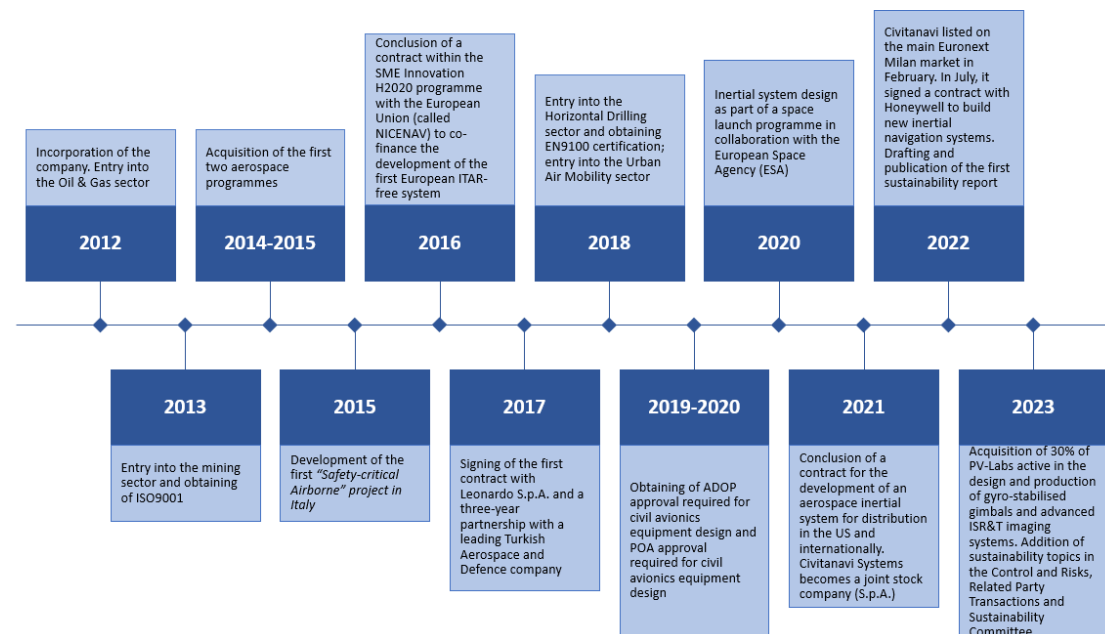
In FY 2023, Civitanavi generated **total consolidated revenues of Euro 46.2 million**. The Group's shareholders' equity as of 31 December 2023 was Euro 52 million. At the same date, **Civitanavi had 183 employees** (179 in Italy and 4 in the UK).

Recently, the design and development of GNSS (Global Navigation Satellite System) algorithms and technologies has also been introduced by a working party with decades of experience in the field of satellite navigation. Having the availability of a proprietary GNSS receiver makes it possible to design navigation systems in the country that are highly integrated with the inertial sensors already produced by the company in line with the trend set by recent scientific research. The aim is to exploit the complementarity of different technologies according to tight and ultra-tight architectures and to bring new solutions in the PNT (Position, Navigation, and Time) technology domain to the market. In this sense, the aim is to propose new solutions capable of meeting requirements dictated by real applications, where security is a key factor.

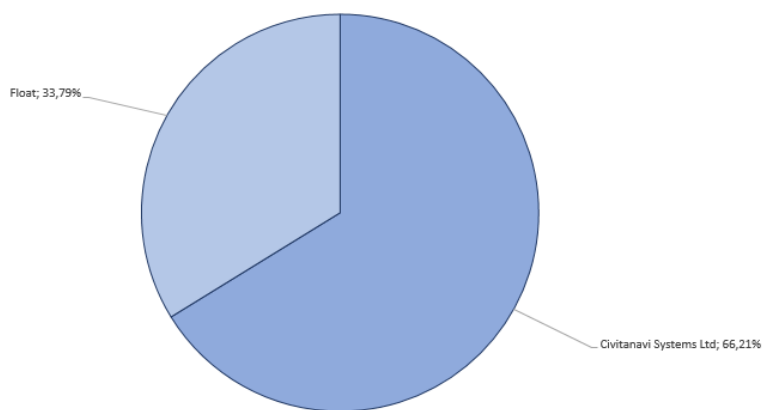
In 2023, the UK subsidiary Civitanavi Systems UK LTD, a company dedicated to both business and design activities and with the future goal of becoming a production unit as well, employed a number of engineers mainly dedicated to design activities at the company's new headquarters located in Filton, Bristol. This project is part of the objectives presented at the IPO, allocating part of the funding to increasing production capacity (also by opening new locations abroad) in order to strengthen its competitiveness in the UK, which is relevant for current and potential customers.

History

Civitanavi was founded in 2012 with the aim of becoming a major player in the **supply of high-tech solutions for inertial navigation, geo-referencing and stabilisation, both for industrial and defence use (dual-use)**.



As of February 2022, Civitanavi Systems S.p.A. is a Group listed on **Euronext Milan** and the majority shareholder is Civitanavi Systems Ltd, which directly holds 66.21% of the share capital. The partners and co-founders are Andrea Pizzarulli and Mike Perlmutter, and an investor, who was also a member of the Board of Directors of Civitanavi Systems S.p.A. until 24 April 2024. The free float is 33.79% of the share capital, of which 5.09% is held by ATHENA FH S.p.A.. Each ordinary share of the Group confers the right to one vote at ordinary and extraordinary general meetings of the Group, as well as the other administrative rights provided for by the applicable provisions of the law and the Articles of Association.



The Group carries out its activities at its registered office and its production site in Pedaso (FM) and at further locations in Pomezia (RM), Casoria (NA), Turin (TO) and Milan (MI). The administrative structure, the commercial structure, the main research and development division as well as the plants for prototyping and industrial production are located at the Pedaso (FM) facility.

On 9 May 2024, a resolution was passed to **move the registered office from Pedaso (FM) to Porto Sant'Elpidio (FM)**. At the locations of Pomezia, Casoria and Turin, which fall within an area that is particularly dedicated to design and development in the aero-space field, design activities are carried out complementary to those performed at the headquarters. In the Pomezia (RM) office, commercial activities are also concentrated and addressed to operators in the Rome area. In Turin, Civitanavi is currently working on improving countermeasures against 'interfering signals', which, as demonstrated by the increasing number of jamming attacks against GNSS systems, especially in war scenarios, continue to present themselves as a current problem to be solved.

It is specified that the company has entered into a joint research contract with the Polytechnic University of **Milan**, which provides areas and laboratories for the project.

	<p>In 2023, Civitanavi announced the opening of a new state-of-the-art facility at the heart of the aerospace and defence industry in Filton, Bristol, UK. The new facility boasts laboratories, meeting rooms and offices, as well as a start-up 'manufacturing facility', to create a modern hub for advanced navigation technologies and techniques in the UK. This strategic expansion marks an important milestone in the Group's growth direction and commitment to provide unrivalled assured position, navigation and timing (A-PNT) systems to its civil and defence customers.</p> <p>Civitanavi Systems UK Ltd., based in the new Filton facility, will provide UK customers with long-awaited UK capability and experienced personnel in high-level inertial and GNSS systems, using the aforementioned proprietary FOG and MEMS technologies, complemented by next-generation advanced fusion algorithms. Next-generation motion simulators and a localised fibre optic gyro supply chain will enable Civitanavi Systems UK Ltd to design and manufacture almost 100% UK-made inertial solutions in the country.</p>
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Segment and markets

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The business of Civitanavi Systems

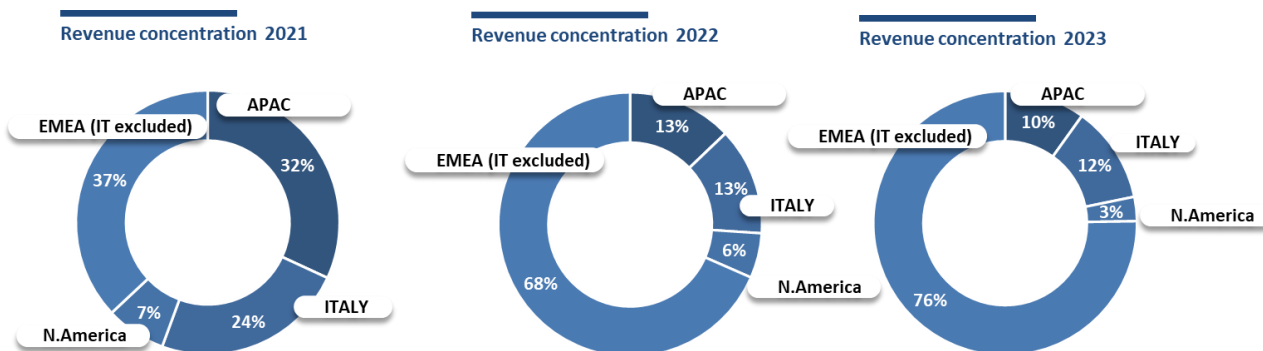
Civitanavi Systems is one of the leading players in the **design and production of inertial navigation and stabilisation systems** used in various sectors.

<p style="text-align: center;">Aerospace and Defence</p> <hr/> <p>Aeronautics Space Terrestrial Naval</p>	<p style="text-align: center;">Industrial</p> <hr/> <p>Mining Oil & Gas Tunneling & Horizontal Directional Drilling</p>
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The Group recorded solid performance in all business divisions, consolidating its position in the Aerospace and Defence sector (82% of the total) and at the same time assuring a constant presence in the Industrial division (17% of the total).

Revenues in millions of Euro	2023	% of 2023 total	2022	% of 2022 total
Aeronautics	5,003	11%	6,598	20%
Terrestrial	3,458	8%	1,342	4%
Space	11,448	26%	7,743	24%
Other (Naval, Submarine, Guidance)	15,857	36%	10,632	32%
Total Aerospace and Defence	35,767	82%	26,315	80%
Industrial	7,424	17%	5,953	18%
Other	0,643	1%	0,758	2%

Below is a breakdown of revenues for the last three years by geographic region:



Civitanavi Systems intends to establish itself as a **technological benchmark for stabilisation and navigation solutions**, playing a leading role in the future of **mobility**. In recent years, Civitanavi has strengthened its presence in international markets. The Group's development plan is strongly oriented towards increasing its market share in high-potential markets and in geographic areas of high strategic interest, according to the following lines of action:

- **Increased production capacity** and global competitive positioning by achieving economies of scale and **greater international presence**;
- **Vertical integration** along the value chain, with particular reference to the emerging **Urban Air Mobility** market, and consequent enhancement of **R&D investments** to consolidate proprietary technologies;
- **Innovation** and marketing of **new products**, through gradual but substantial enhancements in terms of accuracy, size, weight and power;
- Consolidation and development of a **competitive company structure** based on a significant increase in the workforce, in the medium to long term, and the simultaneous maintenance of a competitive and flexible work team;
- Strengthening and development of new **business partnerships** with major OEMs (Original Equipment Manufacturers) and evaluating possible business acquisitions;
- Implementation of a marketing strategy aimed at consolidating **brand awareness** and improving standing.

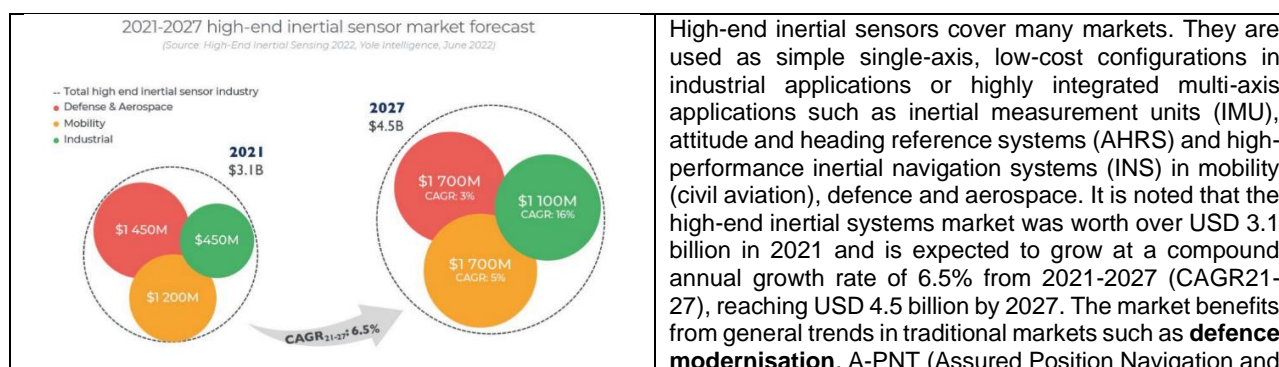
Market scenarios and trends

Sector and business areas of operations

- Civitanavi Systems operates in a **technologically innovative sector** (inertial navigation).

Within the inertial navigation sensor market, Civitanavi is positioned in the high-end segment, thanks to the accuracy of its products, which ranks it as a Tier 2 operator. The goal in the medium to long term is to assume the role of Tier 1 supplier, through an investment plan aimed at innovation and streamlining of production processes, in order to **achieve vertical integration of the entire value chain**.

Significant trends in the relevant sectors in the market context in which the Group operates, namely Aerospace and Defence (Avionics, Space, Land and Naval/Other) and Industrial (Mining, Oil & Gas and Horizontal Directional Drilling).



High-end inertial sensors cover many markets. They are used as simple single-axis, low-cost configurations in industrial applications or highly integrated multi-axis applications such as inertial measurement units (IMU), attitude and heading reference systems (AHRS) and high-performance inertial navigation systems (INS) in mobility (civil aviation), defence and aerospace. It is noted that the high-end inertial systems market was worth over USD 3.1 billion in 2021 and is expected to grow at a compound annual growth rate of 6.5% from 2021-2027 (CAGR21-27), reaching USD 4.5 billion by 2027. The market benefits from general trends in traditional markets such as **defence modernisation**, A-PNT (Assured Position Navigation and

	Timing) in the absence of GPS in civil and defence applications, and emerging trends in new markets such as new space applications, robotics, logistics, automation and mobility .
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Since the Group has ITAR-FREE (International Traffic in Arms Regulations from USA State Department) technology, the focus on business development activities remains on customers with ITAR-FREE or USA content free requirements.


There are numerous gyroscope technologies on the market and each is used for specific applications, depending on the requirements of the application. The market is very wary of new technologies for legacy and strategic applications that have not been field-proven for many years. This leads to a long delay in the adoption of the new sensor technology. Naturally, the situation is different for new, more commercial applications with lower performance requirements.

Two strong trends in the inertial technology market are pushing towards: 1) a better balance of size, weight and power and cost (SWaP-C - Size Weight and Power-Cost) mainly on MEMS and PIC (Photonic Integrated Circuit) technology; 2) A-PNT (Assured Position Navigation and Timing) solutions to ensure navigation and time reference even in the absence of GNSS. In the latter case, inertial sensors offering higher performance (but not better SWaP-C) remain the best choice as they guarantee higher accuracy in the absence of satellite navigation.

The eVTOL market - sustainable mobility

The Advanced Air Mobility market for passenger and goods transport concerns sustainable vertical mobility solutions, based on short- to medium-distance point-to-point vertical take-off and landing flights by electrically powered aircraft (eVTOL - electrical Vertical Take Off and Landing).

Advanced air mobility (AAM) is an emerging field of aviation that aims to offer safe, efficient and environmentally friendly transport using electric vertical take-off and landing (eVTOL) aircraft. These vehicles are designed for short distance flights, transporting passengers and goods between city centres, suburbs and remote areas. As the number of flights in congested metropolitan areas is expected to increase significantly, a digital ecosystem is needed to support the AAM platform. This ecosystem requires seamless integration of air traffic management systems, ground control systems and communication networks, enabling effective communication between AAM vehicles and ground systems to ensure safe and efficient operations [Al-Rubaye, Tsourdos, Namuduri, "[Advanced Air Mobility Operation and Infrastructure for Sustainable Connected eVTOL Vehicles](#)", 2023].

<p>The market for eVTOLs (electric vertical take-off and landing aircraft) represents a big opportunity for manufacturers of high-end inertial sensors.</p> <p>Several manufacturers are investing in the development of complex technologies such as situational awareness systems, collision detection and avoidance systems, and others.</p>	
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eVTOL - Driving factors Urban population growth in developing economies, such as China and India, has led to increased traffic congestion. Due to increasing surface traffic congestion, the urban transport system is investing in alternative solutions such as urban air mobility, air taxi services and other sustainable and environmentally friendly solutions. Several aircraft manufacturers such as Airbus SE, Joby Aviation and others are developing and testing prototypes of electric vertical take-off and landing aircraft. At the same time, automotive giants such as Toyota, Hyundai, Daimler AG and others have invested and are collaborating in the development of their own eVTOL projects. Strong investments from various sectors are therefore expected to accelerate the growth of the eVTOL aircraft market. Marketing of air taxis is expected to begin by the end of this year [[Fortune Business Insights - eVTOL aircraft market](#)].

According to autonomy, the market is divided into 0-200 km and 200-500 km. The 200-500 km segment is expected to dominate the global market during the forecast period. The growth of the segment is due to the increasing demand for long-haul vertical take-off and landing aircraft for intercity travel. The 0-200 km segment is also expected to see significant growth due to the increasing adoption of short-range drones for deliveries. In addition, the growing demand for urban air travel for intercity travel is expected to fuel market growth.

There is a threefold classification according to the type of propulsion of eVTOLs: battery-electric, hybrid-electric and hydrogen-electric. The battery-electric segment is expected to lead the market over the projection period.

The dynamics of this market segment are driven by the growing demand for all-electric aircraft to **reduce the transport system's carbon footprint and operating costs**. The hybrid-electric segment is expected to see significant growth during the forecast period due to the strong adoption of hybrid-electric technology for long-haul aircraft [[Fortune Business Insights - eVTOL aircraft market](#)].

European Union - Urban Air Mobility

The European market is expected to grow significantly as several European cities have joined the UAM (Urban Air Mobility) initiative, part of the European Innovation Partnership on Smart Cities and Communities (EIP-SCC).

As stated by the European Union Aviation Safety Agency (EASA), new technologies, such as enhanced batteries and electric propulsion, and major investments in start-ups, are enabling the development of new vertical take-off and landing aircraft for Urban Air Mobility (UAM). Therefore, Urban Air Mobility - defined as an air transport system for passengers and freight in and around urban environments - could be widespread in Europe in the coming years, **offering the potential for greener and faster mobility solutions** [[EASA - Urban Air Mobility UAM](#)].

Several pilot projects are under way and some European manufacturers have already applied for certification, also for piloted passenger vehicles. EASA is working with them on the airworthiness of the vehicles. The European Union, and EASA in particular, has an important role to play in enabling this breakthrough and thus helping the European industry to take the lead worldwide.

The "Smart and Sustainable Mobility Strategy" adopted in December 2020 by the European Commission emphasises support for the deployment of drones as part of the ongoing transition towards a sustainable, smart and resilient mobility sector. The use of drones in urban areas as part of advanced logistics systems was also highlighted in the Commission's new urban mobility framework, adopted in December 2021. Subsequently, the European Commission adopted the "Drone Strategy 2.0 for an intelligent and sustainable ecosystem of unmanned aircraft in Europe" [European Commission, "[Latest developments and social acceptance of drone as part of Urban Air Mobility](#)", 2023].

In a study conducted by the European Aviation Safety Agency in 2021 [EASA, [Study on the societal acceptance of Urban Air Mobility in Europe](#), 19 May 2021], a positive outlook and interest in urban air mobility on the part of EU citizens have emerged: it is seen as a new and attractive means of mobility and the majority declare themselves ready to try it.

The UAM is also seen as a valuable opportunity to improve the local environmental footprint by reducing urban traffic congestion and improving local air quality; at the same time, however, citizens express strong concerns about the impact of the UAM on wildlife, noise and, above all, in terms of safety. Regarding the latter, the study also shows that citizens seem to have confidence in current aviation safety levels and would be reassured if these levels were applied equally to urban air travel.

This includes the AURORA programmes and the HISENSE project, the latter financed by the Ministry of Enterprise and Made in Italy, as part of the interventions for the development and increased competitiveness of industries operating in the aerospace sector - Law 808/85. More details in the section "Partnerships".

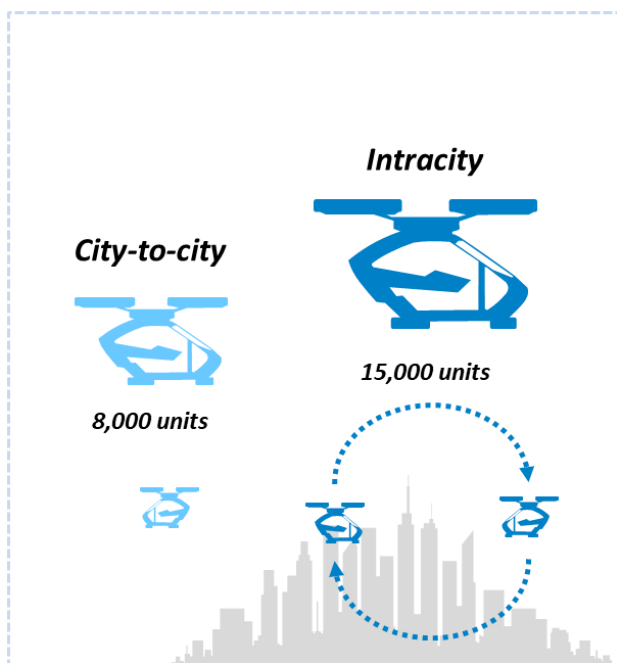
Prospects

By 2035, the **market size is expected to be close to USD 21 billion**. In relative terms, the expected average annual growth is about 35.6% (CAGR 2025-2035).

Civitanavi Systems in this sector (and for drones in general) is developing a highly integrated system that not only provides navigation (inertial and satellite) but also includes stabilisation (Flight Control Computer) and aircraft management (Vehicle Management System) functions. The graph below shows the growth figures for this sector.

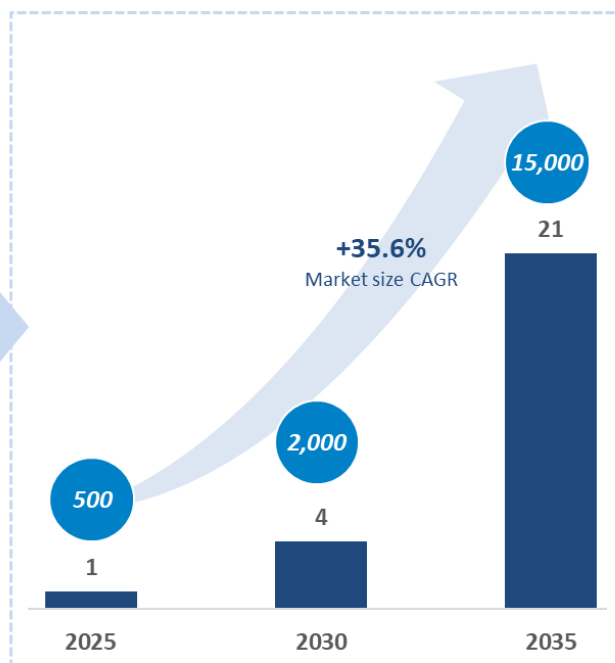
Snapshot of eVTOL⁽²⁾ market in 2035⁽³⁾

Visualising high volume commercialisation



Forecasted intracity eVTOL market growth⁽²⁾

■ Market size in \$bn ● Number of eVTOL aircrafts



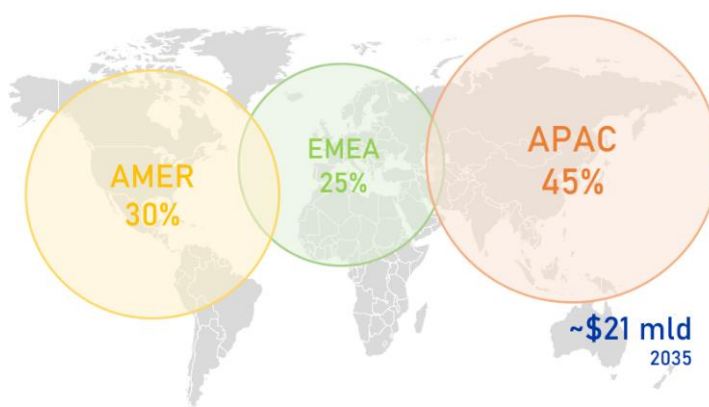
Note(s): (1) Total Addressable Market defines the revenue opportunity available; (2) Electric Vertical Takeoff and Landing (eVTOL) aircraft; (3) Porsche-Consulting

Areas of application

City-to-city aircraft (i.e. means of transport covering long distances and with greater energy autonomy) and intra-city aircraft (i.e. means of transport covering short distances within metropolitan areas). It is estimated that around two-thirds of the market will be focusing on the intra-city sub-segment (within the same city), with the remainder relating to city-to-city aircraft.

At the geographical level, the APAC region is estimated to have the highest number of eVTOLs in the long term (45%), followed by the Americas (30%) and EMEA (25%).

Expected geographical breakdown of the eVTOL market in 2035



[Source: Porsche Consulting, "The future of vertical mobility: Sizing the market for passenger, inspection, and goods services until 2035"]

Legal and regulatory framework

Civitanavi Systems operates in an extremely complex regulated sector. The Group's products are generally subject to the application of dual-use legislation (EU Regulation 821/2021, as amended) which requires specific authorisation to be

obtained for the export of products and services intended for both civil and military applications outside the European Union.

Civitanavi Systems products, with one exception, do not include ITAR (International Traffic in Arms Regulations) classified components. The inapplicability of the ITAR (International Traffic in Arms Regulations) restrictions represents a significant competitive advantage, allowing the Issuer the possibility to market its products globally without having to obtain prior authorisation from the US authorities. The issuance of said authorisations usually takes an average of 12-24 months.

In addition to the above, it should be noted that some products specifically designed for military use, which may also include ITAR (International Traffic in Arms Regulations) components, are subject to the application of the Italian law on the export of armament materials (Law 185/90).

In addition, the Group's products do not include any components classified under EAR (Export Administration Regulations) with an economic value exceeding 25% of the selling price, and do not generally entail any requirement to apply for authorisation from the US authorities (BIS - Bureau of Industry and Security), which is necessary for the use outside the US territory of components produced in the US.

Civitanavi Systems S.p.A. holds EN9100 and UNI ISO 9001 quality certifications for the design and production of inertial sensors and navigation systems (gyroscopes, attitude control systems, inertial measurement systems) for maritime, land, mining, aerospace, military and civil applications and has obtained Production Organisation Approvals (POA) and Alternative Procedures to Design Organisation Approval (ADOA) from ENAC (Italian Civil Aviation Authority) and EASA (European Union Aviation Safety Agency), necessary to acquire ETSO (European Technical Standard Order) authorisation for civil aeronautical equipment.

Golden Power regulations

Civitanavi Systems - in consideration of the provisions of Prime Ministerial Decree 108/2014 and Articles 10 and 12 of Prime Ministerial Decree 179/2020, and considering the relevance of its activities to the defence and national security sectors, dual-use technologies and non-military aerospace infrastructures and technologies - believes that it falls within the sectors of strategic importance to which the Golden Power regulations apply.

Dual-use Regulations

Civitanavi Systems is also subject to and complies with the so-called dual-use regulations, under Regulation (EU) 2021/821 issued to repeal and replace the previous Regulation (EC) 428/2009 on brokering, technical assistance, transit and transfer of dual-use products (the "Dual-Use Regulation").

The Dual-Use Regulation defines dual-use products as "*products, including software and technologies, which can have both civil and military use and include products that can be used for the design, development, production or use of nuclear, chemical or biological weapons or their means of delivery, including all products that can have both a non-explosive use and any use in the manufacture of nuclear weapons or other nuclear explosive devices*". The Group holds 3 European Union General Authorisations (AGEU) and 1 National General Authorisation (NGA).

Law 185/90

Civitanavi Systems, for some products, is subject to compliance with Law 185/90 on the handling of "armament materials". The performance of export, import, transit and brokering operations concerning defence-related products is subject to prior registration in the national Register of Companies and Consortia of Companies operating in the field of design, manufacturing, import, export, intra-Community transfer, brokering, maintenance and processing in any way related to armament equipment established at the Secretariat-General of Defence and governed by Article 44 of Legislative Decree no. 66 of 15 March 2010 (the "Code of Military Regulations") (the National Business Register or 'RNI').

Under the Minutes No. 06/2019, Civitanavi Systems was registered with RNI number 00800, for the activity of exporting, importing, transiting and brokering of armament equipment which are included, in whole or in part, in category 11a0 00, i.e. "Electronic equipment specifically designed for military use, and specifically designed components thereof" and more specifically in the sub-category g, "Guidance and navigation equipment".

Impact of international events on the Civitanavi Systems' activities

The geopolitical framework and the international economic system, already severely tested by the Covid19 pandemic, has further deteriorated as a consequence of the Russian-Ukrainian conflict and, albeit to a lesser extent, the more recent tensions in the Middle East, which have resulted in an increase in critical supply chains and macroeconomic impacts, from the dimension of protectionist policies to a resurgence of inflation, albeit, for now, of a temporary nature. In addition, growing geopolitical and economic tensions in the Indo-Pacific region, as well as the worsening climate crisis, threaten to further disrupt the global scenario. These conditions confirm the profound and lasting alteration of the pre-existing balances,

entailing an epochal paradigm shift at a technological, cultural, social and economic level, the effects of which will continue for a long time to come.

In light of the continuing discontinuity in the international geopolitical balance (Russia - Ukraine crisis), the Group continues to constantly monitor the situation to mitigate the short and medium-term effects. In particular, considering the instability and uncertainty of logistics chains, the Group promptly implemented a meticulous planning of its material and component requirements, ensuring adequate supply conditions in good time.

The business model and value chain

GRI	2-6 2-7 2-8 2-30
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The value chain

The diagram below briefly illustrates the value chain that characterises the complete production-distribution chain of Civitanavi Systems products.



Phase	Description
Marketing	Market monitoring activities (existing and potential customers) and identification of partnership opportunities: (i) contact with customers for operational requests or needs; (ii) market exploration . Participation in events to promote the company brand , the various products and the research and development roadmap (trade fairs, conventions and conferences) is a relevant factor for new opportunities and partnerships with both potential customers and specialised suppliers .
Business Development	Interaction with customer for: a) understanding requirements and development of a product and/or system according to the demands; b) understanding the broader requirements of the target sectors and markets (roadmap). Prototype development for customer support takes a relatively short time (2 to 4 months) and includes: (i) specification analysis; (ii) design/creation of the prototype; (iii) ordering of the specific components to be used; (iv) prototype assembly.
Technology Development	Definition of the most suitable technology to be used for the required product and defined in the product roadmap. Technological development requires long lead times that must, in turn, be based on appropriate strategies and technological choices for growth over several years.
Sale	Alongside the sale of the “ catalogue ” product is the design and support activity associated with the development of customised products within the framework of a specific programme, which may be a new project based on customer requirements or a modification of a catalogue product. Sales contracts for customised product development refer to development programmes involving the modification of a catalogue product. Mass production products, on the other hand, are developed within a programme commissioned by customers or by in-house research and or development.
Product Development	Development according to specifications and the defined design path. Specific software, hardware, navigation algorithms and calibration algorithms , tailored to the result to be achieved, are used. This phase is carried out by design engineering.

Purchasing and Product Engineering	Product engineering, together with design engineering, follows a well-defined procedure through incremental steps, from configuration management to procurement of the necessary materials, to specialised manufacturing. This includes design engineering support in the so-called "Design for Manufacturing" and "Design for testability" (Design for testing of systems and subsystems). All required final system qualification tests are also carried out at this stage.
Production	The product is released to the production area, which takes care of mass production , guaranteeing the quality of the products and processes involved. Civitanavi Systems buys raw materials from suppliers (usually qualified distributors), electronic assembly services and mechanical parts manufacturing services from qualified subcontractors, and then performs the other steps in-house (Pedaso site).
Calibrations and Verifications	Operations to adjust the representative coefficients of inertial sensors using specialised machinery. With the same specialised machinery, performance and functional checks are carried out on the processed system, in order to understand the actual functioning of the product and manage, if necessary, any non-conformities with respect to what is required.
Logistics and Product Support	Services related to the distribution of the product to the end customer, the management of repairs, and the verification of the conformity of purchased materials by means of inspection of components. The logistical and product support cycle is simple (products of limited size and weight). Civitanavi Systems handles the shipment or return in case of service directly with the customer and uses couriers chosen by the customer or by Civitanavi, depending on pre-defined commercial agreements.

Technologies, products and solutions

Inertial systems for navigation and stabilisation

Inertial navigation, stabilisation and geo-referencing systems are motion-measuring devices based on inertial sensors (i.e. Gyroscopes and Accelerometers within an IMU - Inertial Measurement Unit), capable of providing precise indications of position, attitude control (roll and pitch), orientation with respect to geographic north, angular velocity and linear accelerations of vehicles (such as ships, aircraft and spacecraft), without the need for external references such as satellite navigation devices or based on the earth's magnetic field.

Full ownership of the know-how developed in-house guarantees Civitanavi higher quality and reliability of its systems, making the Company highly competitive against larger international market players. The solutions offered are characterised precisely by the **versatility of the technologies and methods used in their design and subsequent production**, as well as a high degree of **customisation** to best meet the customers' needs. Thanks to the application of FOG (Fibre Optic Gyroscope) and MEMS (Micro Electrical Mechanical Systems) technologies, Civitanavi's sensors enable **high-precision, autonomous inertial navigation, stabilisation** and precise **orientation** of the mobile device to which they are applied.

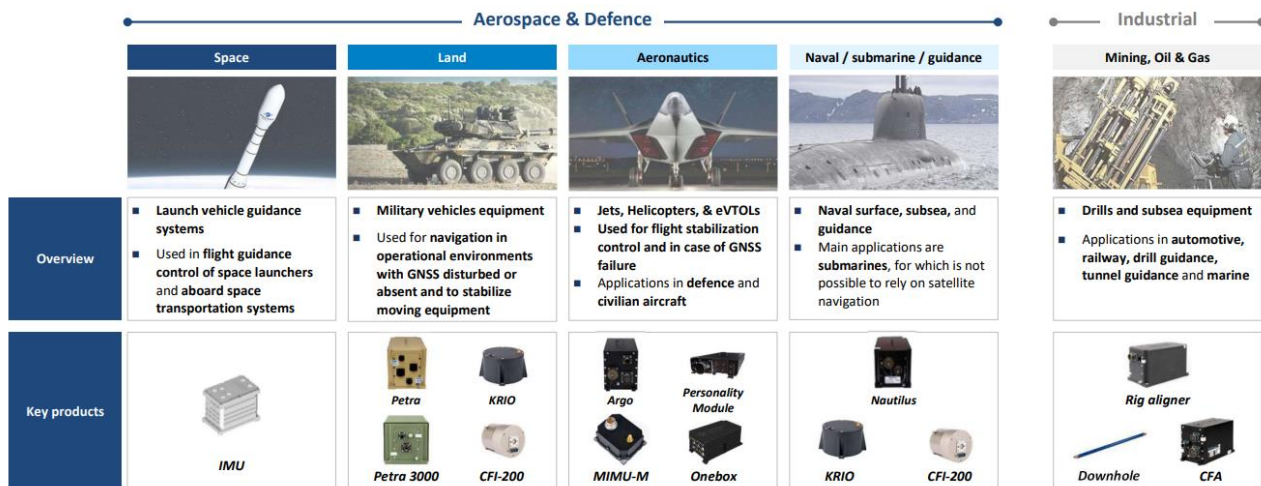
Technologies: versatility of use and customisation

Versatility of the technologies used - The technologies developed and used by Civitanavi Systems enable it to support highly complex development programmes and serve a large number of end-use applications (from defence to aerospace to civil).

By offering products that can be used in a variety of application areas, important benefits can be achieved, including:

- reduction of overall development costs;
- higher quality and reliability of the systems through the use of proven technologies in multiple application areas;
- increased efficiency in respect of inventories.

Highly customisable solutions - Civitanavi Systems designs and produces highly customised solutions that are particularly flexible and adaptable to different requirements.



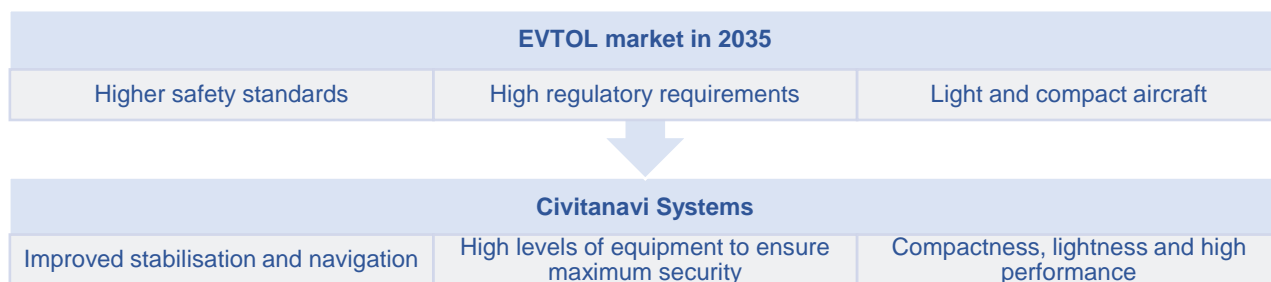
Below are the main product categories:

IMU	System used for "mission critical" applications for the positioning of satellites in earth orbit for several uses (earth observation, communication, etc.) and on board space transportation systems (including unmanned).
PETRA	System applied to ground and moving vehicles to stabilise them during adverse weather events.
ARGO	ARGO System used for "safety critical" applications to ensure flight or navigation stabilisation in the event of a global navigation satellite system (GNSS) failure.
NAUTILUS	NAUTILUS System applied on oil platforms for stabilising them or on vessels suitable for monitoring the seabed.
CFA100IC	System used for long tunnelling operations where it is necessary to drill through the mountain from two opposite directions.
CFA100M	System applied on drilling rigs that allows the alignment of the drill in drilling operations in underground quarries.
KRIO	Stabilisation system applied on naval and submarine exploration or inspection devices, such as ROVs (Remotely Operated Underwater Vehicle).
DOWNHOLE	A miniaturised system, necessary for small diameters, which makes it possible to determine geographic north in an underground borehole with a horizontal bore.

Solutions for the eVTOL market

In view of the expected growth in transport demand, the Net Zero Scenario calls for a reduction in transport sector emissions by about 20% to less than 6 Gt by 2030 [[Transport - Analysis - IEA](#)]. For example, and in support of this, sales in the car-electric market are expected to continue to increase in Europe, especially following the recent policy developments of the "Fit for 55" package. The new regulations set stricter CO₂ emission standards for the period 2030-2034 and aim for a 100% reduction in CO₂ emissions for new cars and vans from 2035 compared to 2021 levels.

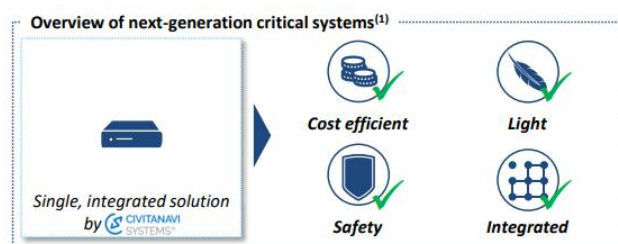
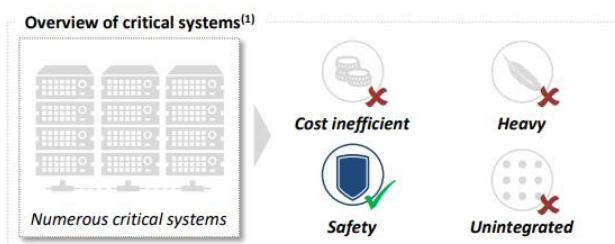
At this juncture, funding for eVTOLs increased (for more details see the section [The eVTOL market - sustainable mobility](#) above). Also called UAM (Urban Air Mobility) and AAM (Advanced Air Mobility), countless international start-ups and big players in the industry are working on a completely new operating model with more silent, zero-emission aircraft.



Conventional installation of critical systems for flight
Commercial aircraft



Overcoming requirements with a single, highly-integrated solution
eVTOL



The production process: vertical integration and gold standard design

Integrated and flexible design and production

Civitanavi Systems uses an **agile organisational model** and a **vertically integrated and flexible design and production structure**, which oversees all value-added phases of the production process and combines the need to control the entire production chain - so as to ensure product quality - with the need to make the production and distribution phases efficient for customer satisfaction (delivery time and product development cycle).

Civitanavi **designs in-house the inertial systems** which it markets, and it ensures product control (in terms of quality and support). It outsources to highly specialised and qualified external suppliers the processing stages related to the production and assembly of electronic boards, mechanical parts and wiring.

The products marketed by Civitanavi are mainly manufactured through the **use of so-called off-the-shelf components**, i.e. readily available on the market, of industrial origin, especially from the automotive and telecommunications sectors. These components are characterised by a high degree of **reliability**, low cost and rapid availability, elements that represent an important added value for the Group, guaranteeing a so-called capex light approach, i.e. characterised by a lower level of investment.

Process Stages and Components

Software - Proprietary software, developed in-house, which translates the algorithm in the process embedded code into the processor embedded code.

Algorithm - An INS consists of a group of inertial sensors and a complex navigation algorithm, developed by Civitanavi Systems' in-house team of mathematicians, and implemented in software and firmware designed according to safety standards.

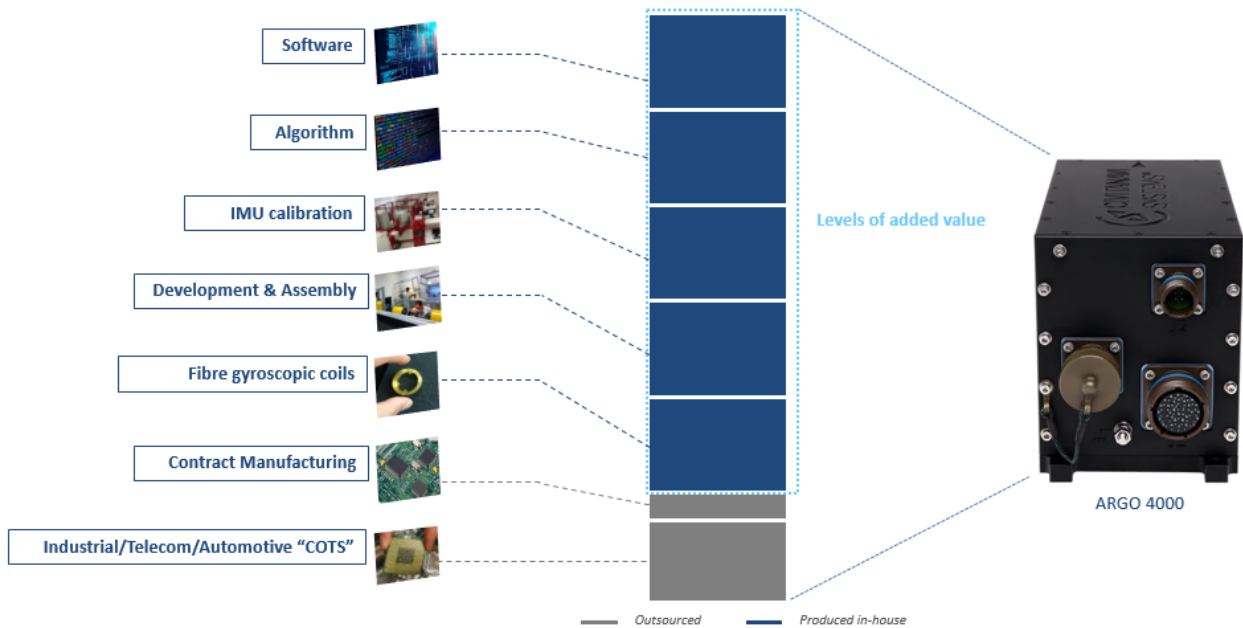
IMU calibration - The assembled inertial sensors are calibrated with a sophisticated algorithm and state-of-the-art motion simulators.

Development and assembly - Civitanavi Systems is the assembler and developer of the product with additional enhancement costs.

Fibre gyrosopic coils - The fibre coil is the heart of the gyrosopic sensor and represents a technological advantage in the production process and scalability.

Contract manufacturing - Outsourcing of customised mechanical parts and electronic boards, all designed in-house. Outsourcing includes the assembly of Printed Circuit Boards (PCBs) and related Surface Mounting Devices (SMDs).

COTS industrial/telecommunications/automotive - Most of the electronic and optoelectronic components used in inertial systems are COTS (Commercially Available Off-the-Shelf) from large-scale industries such as automotive, consumer electronics or telecommunications.



Design

Design and engineering	Production process design	Key production processes	Automatic calibration	Testing
<p>1 Box</p> <p>2 Software</p> <p>3 Algorithm</p>				
<p>Design and engineering <i>A deliberate and bespoke process</i></p> <p>Full in-house engineering capabilities to design cutting-edge products using fully developed, proprietary, and patented technologies. Civitanavi Systems also holds Alternative Design Organisation Approval (DOA) from EASA⁽¹⁾ for safety critical certifications</p>	<p>Production process design <i>Flexible and capex-light</i></p> <p>Intense use of fibre optic telecommunication manufacturing capabilities. Process designed to allow maximum production flexibility on large variety of product types</p>	<p>Production <i>Control of our destiny</i></p> <p>Key production processes done in-house to maintain control over production of key components, enabling inertial systems manufacturing and manufacturing technology to control and scale the production with outstanding margins</p>	<p>Calibration <i>Advanced calibration process</i></p> <p>Cutting-edge calibration facility with more than 5 highest-accuracy motion simulators. Proprietary calibration algorithm to ensure maximum performance of the Inertial Navigation Units and Systems</p>	<p>Testing <i>Ensuring highest quality on each shipment</i></p> <p>Civitanavi Systems holds EN9100 Quality standard certification for aerospace and defence. In addition, Civitanavi Systems also holds Production Order Approval (POA) from ENAC⁽²⁾ for production of safety-critical systems</p>

Employees and other workers

GRI	2-7 2-8 2-30
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As at 31 December 2023, Civitanavi Systems had **183 employees** (179 Civitanavi Systems and 4 for Civitanavi Systems UK Ltd). There are no employees seconded from other companies and there are no employees seconded from Civitanavi.

As at 31 December 2023, 100% of the employees of Civitanavi Systems S.p.A. in Italy are covered by a national collective labour agreement (Metalmeccanico Industria – CCNL per i dipendenti delle Industrie Metalmeccaniche private e della Installazione di impianti [employees of Private Metalworking and Plant Installation Industries] of 5 February 2021 with a regulatory expiry date of 30 June 2024), while the two managers are covered by the CCNL Dirigenti Aziende Industriali [Industrial Company Executives]. With regard to the English-registered company, Civitanavi Systems UK Ltd, employees are employed in accordance with the law.

	2021	2022	2023
Number of employees at the end of the period	120	148	183

The Group has always been committed to creating stable, long-term employment relationships with its employees, and contracts are predominantly open-ended (99%). 22% of them are apprenticeship contracts.

The male gender is more represented (83% of the total workforce). This figure, affected by the characteristics of the sector, has nevertheless seen an increase in the presence of the female gender over time (17% at 31 December 2023, +1% compared with the previous year).

Total number of employees by gender / type of contract	2021			2022			2023		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
fixed-term	1	4	5	3	3	6	1	2	3
permanent	15	74	89	17	95	112	23	118	141
Interns	1	25	26	4	26	30	8	31	39
Total	17	103	120	24	124	148	32	151	183
Total employees by type of employment / by gender									
Full-time	16	102	118	21	124	145	29	151	180
Part-time	1	1	2	3		3	3		3
Total	17	103	120	24	124	148	32	151	183

It should be noted that, with regard to the GRI 2-7 disclosure, as of 31 December 2023, Civitanavi Systems has not formalised an internal communication procedure for employees who do not identify themselves within the male or female gender categories.

Other workers

GRI	2-8
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Civitanavi uses internship programmes as a commitment to the involvement of the younger generation in early career paths and vocational training. In 2023, there were a total of 25 trainees and of these, 88% either joined the organisation with a fixed-term or permanent contract, or continued with a traineeship contract.

The table shows the active internships as at 31 December of each reporting period.

Other workers	2021			2022			2023		
Total at the end of the period / by gender	Women	Men	Total	Women	Men	Total	Women	Men	Total
Interns	-	6	6	-	6	6	2	5	7

The supply chain

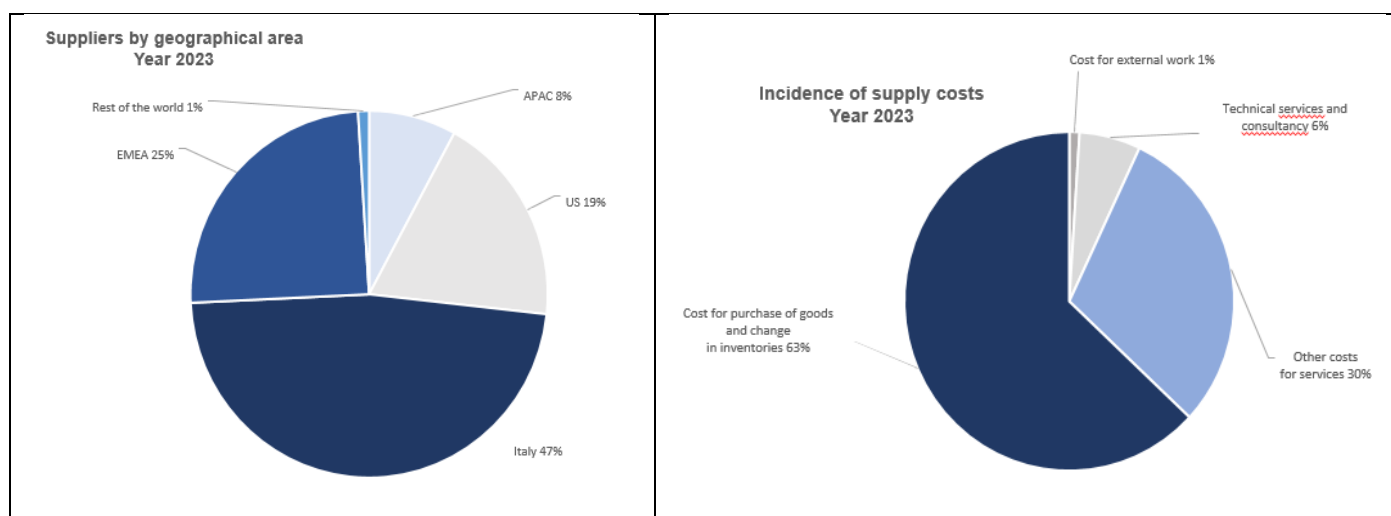
GRI	2-6
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Suppliers of raw materials and other services

Civitanavi Systems uses qualified suppliers for the procurement of raw materials but also for services of various kinds, purchase of equipment or production machinery; long-term agreements are signed with these suppliers. Raw material suppliers are mainly from the European Union, predominantly Italian (48%). Raw materials are mainly procured on the basis of individual purchase orders, governed by general terms and conditions negotiated on a case-by-case basis with the supplier.

Raw material suppliers by geographical area

EMEA (Europe, Middle East and Africa), excluding Italy; APAC (Asia Pacific and Australia); US (United States of America), Rest of the World (Canada)



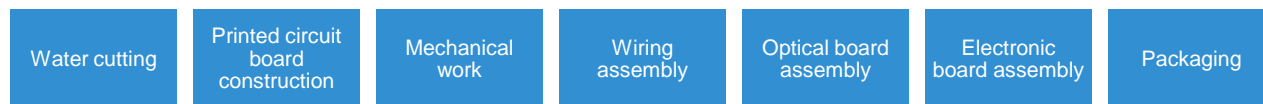
Procurement of materials with related product class

Product class	Category description	Incidence 2022%	Incidence 2023 %
EBA	Assembled board (printed circuit board with assembled electronic and mechanical parts)	19%	28%
OET000001 (Opto-electronics components)	Object of purchase referring to opto-electronic components	19%	13%
ELC000553 (COTS Electronics Parts)	The ELC article is combined with electronic purchase components classified as either discrete, active or passive.	12%	12%
ELC (COTS Electronics Parts)	The ELC article is combined with electronic purchase components classified as either discrete, active or passive	11%	13%
OPT (Optical components)	Object of purchase: coil from a manufacturer outside Civitanavi, passive optic components or fibre optics	8%	9%
EQP	Equipment & Instruments (HWP)	8%	2%
MPC (Custom mechanics)	Purchase mechanical parts made to internal specifications and used in CNS products shipped to the customer	6%	7%
OET000078 (Opto-electronics components)	Object of purchase referring to opto-electronic components	5%	7%
Other	Other components/materials	12%	9%
Total		100%	100%

Suppliers of external machining

There were 35 suppliers for external machining registered as at 31 December 2023, of which: 28 Italian suppliers (constituting 80%), 2 British and the remaining five are Danish, French, US, Chinese and Indian.

The types of work are summarised below.



For strategic suppliers of such products and services, Civitanavi Systems usually seeks, where possible, an alternative supplier which is approved in advance by the quality control system, in order to reduce concentration risks.

Customers

GRI	2-6
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Civitanavi Systems is a global player in the inertial navigation systems market and supplies its products to customers operating in both the Industrial and Aerospace and Defence markets. Civitanavi offers its solutions to two major classes of customers:

<p>OEM Original equipment manufacturer – a customer segment that purchases specially designed components from third-party manufacturers to be incorporated into sold products/finished products, marketed under their own brand name;</p> <p>Tier 1 - the direct suppliers of the OEMs and, typically, system integrators to be included in more complex platforms developed by the OEMs;</p> <p>Within the inertial navigation sensor market, Civitanavi Systems operates as a “Tier 2” supplier (supplier of Tier 1 or OEM equipment and instrumentation).</p>	
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Innovation: Research & development & partnerships

GRI	2-6 3-3
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Research & Development (R&D) activities are essential for Civitanavi Systems as they are aimed at product development, from the conception and definition of the prototype to the first stages of production, as well as improvement of production processes.

R&D process



Conceptual design

The objective is to demonstrate the feasibility of a requirement - customer or internal - and to identify the best solution in terms of technical, cost and time, at the lowest level of risk, to provide elements for estimating the effort required and, consequently, the overall cost and duration. To this end, a range of potential solutions must be defined and analysed in detail in order to identify which one will be chosen for the new project.

Alternative design solutions are evaluated by analysing and, if necessary, performing specific tests on already available equipment to support the selection of the candidate solution, gathering as many elements as possible to perform a trade-off analysis. Design alternatives must be analysed considering measurable units to support a cost-benefit analysis. Once the candidate solution has been identified, an architectural drawing of the project is developed and the Technical Proposal is drawn up and issued.

Preliminary design

The architecture, defined during the conceptual phase, is developed in detail by defining the requirements applicable to each system component, the interface requirements and the preliminary bill of materials. The system is assigned a prototype part number (P/N) to be used for identification until the Test Readiness Review (TRR). The preliminary design is evaluated by checking the traceability of requirements to ensure that higher-level requirements have been addressed: any low-level requirement must be traceable to at least one high-level requirement and vice versa.

Detail design

The detailed design of all configuration elements (CI) that make up the system is carried out: mechanical parts, electronic boards, software. A first version of the design data package is generated to be used for the manufacturing of the first sets of ships. Analyses, simulations and test results supporting design solutions are used as validation tests or archived in the development folder.

Prototype creation

The prototypes needed to support laboratory tests and software development are created. For this reason, it is not necessary that prototypes are made according to manufacturing standards, but that they are "fit-for-purpose", i.e. representative of the functionality for the tests that will be performed; it is therefore possible that different types of prototypes will be made depending on their intended use.

Testing

The system is integrated, verifying the behaviour of its components and making them work together incrementally. The tests start with the circuit boards, the hardware is assembled, the software integrated with the relevant hardware and the first prototype devices are produced for the ATP (Acceptance Test Procedure).

Qualification

Qualification is the phase in which all the tests are performed and all the evidence is produced to prove that the system complies with the applicable requirements, both in terms of functions and performance, throughout its operational environment. This formal activity requires the attestation of Quality Assurance, which is responsible to the customer for the correct application of all relevant procedures and standards, recording the result of each test as pass/fail.

R&D expenditure

The development costs incurred during the three-year period are shown below.

<i>(Amounts in millions of Euro)</i>	2021	2022	2023
Development costs	0,8	1,6	2,2
Margin on revenue (%)	3.2%	4.6%	4.7%

The main projects

The Group continued its intensive research and development activities; the main projects implemented during the year 2023 are listed below:

New highly integrated architectures

Project dedicated to the research, conception, design and prototyping of innovative technologies for highly integrated, modular and intrinsically redundant architectures for inertial navigation, as well as to the definition of the related hardware and software certification processes.

The new and rapidly expanding field of Unmanned Aircraft Systems (UAS) with vertical take-off and landing, electric Vertical Take-off and Landing (eVTOL), requires new, simpler and more compact avionics for flight control, navigation and vehicle management. The avionic equipment on the market (state of the art) is not suitable to meet all the requirements for UAS.

The activities carried out and the innovative technical solutions of this experimental development project (product innovation) have successfully defined new architectures and solutions to significantly evolve inertial platforms in the direction of ever greater compactness and integration, while also maintaining a particular focus on “safety” features (advantages for the entire reference sector) and certification.

This project is preparatory to the development of new applications in order to acquire new customers or to sell them from scratch to existing customers.

High Performance INS Self-Calibration Algorithms and Tools (submarine applications)

The project consists in the search for a technical solution for inertial navigation systems in the naval sector, in particular for installations on board of submarines that would overcome some critical issues that were limiting the achievement of high performance in terms of accuracy on geographical position estimation over long periods of navigation without the availability of aid from satellite navigation systems (GNSS/GPS).

The main critical issue is related to the fact that the inertial navigation system, in order to improve the accuracy of the data provided, requires a long period of navigation and movement in different directions, with the help of the GNSS receiver, in order to be able to estimate the errors of the sensors on the different axes.

The technical solution underpinning this project makes it possible to autonomously perform the rotations required to estimate position measurement errors and then compensate for them in order to achieve improved performance.

High-performance accelerometers in MEMS technology

Study and prototyping of a newly developed miniaturised accelerometer in MEMS (Micro Electrical Mechanical System) technology, with such accuracy that, in combination with Project FOG-PIC, dedicated to Fibre Optic Gyro (FOG) based technology, it creates competitive advantages and enabling solutions for more reliable, more accurate and more compact navigation systems with reduced weight and power consumption.

This project relates to a transversal technology that will replace the one currently used on existing customers.

TIGHTLY COUPLED

The project concerns the development of an innovative architecture for the tight integration of GNSS with an inertial navigation system, using complex lower-level data received from GNSS receivers, and the development of a simulation environment to verify the functioning of such advanced systems in all possible operational cases.

This project relates to the development of new applications in order to acquire new customers or to sell them from scratch to existing customers.

FOG-PIC

The project concerns the experimental development of a sub-assembly, called “FOG-PIC” (Fibre Optic Gyroscope Photonic Integrated Circuit), and consists of the technological development, design, prototyping and testing of an innovative photonic device to be used as a strategic component within a triad of gyroscopic sensors, for avionic applications in advanced aerospace sectors. These devices are used within the Inertial Measurement Unit (IMU) and Inertial Navigation System (INS) for stabilisation and inertial navigation.

The project has led to the filing of a patent (still being verified by the relevant authorities) and involves two generations of devices based on completely different technologies:

- the first-generation FOG-PIC device provides for the integration of critical optical components on a traditional optical substrate and was partly co-funded by Law No. 808 of 24 December 1985, with funds from the MISE for aerospace, defence and security industry.
- the second-generation FOG-PIC device involves the integration of critical optical components on an exotic optical substrate, was co-financed by funds from the General Secretariat of Defence within the National Military Research Plan (PNRM).

This project relates to a transversal technology that will replace the one currently used on existing customers.

Mining product evolution #1 and #2

The project aims to innovate and improve the technologies and solutions available for the instrumentation sector to support mining and oil exploration.

The aim is to meet customers' needs in order to offer systems with increasingly high degrees of reliability and repeatability that perfectly meet their operational requirements. One of the objectives is to create a new family of inertial products that are easier to use, that can be powered by batteries and no longer through power cables, with obvious advantages in portability and usability on the market, thanks to greater lightness, reliability and lower running costs.

Global Navigation Satellite System (GNSS) receiver

The project concerns the development of a proprietary GNSS satellite receiver to be integrated with the inertial systems already produced by Civitanavi Systems.

The integration between inertial sensor measurements and those of GNSS receivers allows the construction of navigation systems robust to two critical situations that routinely occur in aeronautical applications, namely high-dynamic conditions and the presence of interfering signals.

The most advantageous integration architecture cannot be achieved with discrete modules because it requires access to GNSS baseband signal processing, which is usually not available in commercial receivers produced by third parties. For this, the entire GNSS signal processing chain must be developed and controlled, from the signal reception at the antenna to the calculation of Position, Velocity and Time (PVT).

The development of these GNSS products, “intimately” integrated with inertial systems (INS) already developed by the Group, are crucial to leverage on the growing trend of A-PNT (Assured Position Navigation and Timing) in contexts where GNSS is not always available and when available can be disturbed or falsified: it is crucial to understand when GNSS can be used reliably (thanks to the intimate integration with INS) and to eventually use only INS in case GNSS is compromised.

Partnerships

Hanwha Systems

In September 2023, Civitanavi Systems signed a letter of intent to collaborate with Hanwha Systems Co., Ltd., (“HSC”), a Korean company active in the design, development, manufacture and sale of electro-optical systems for aerial, naval and land platforms. The collaboration aims to develop cutting-edge products that integrate Civitanavi’s expertise in GNSS and inertial navigation systems with HSC’s products. The need for products based on inertial navigation systems is essential in modern platforms and Civitanavi’s product line can provide advanced solutions to HSC for both stabilisation and navigation.

Honeywell

Civitanavi Systems has established a partnership with US-based Honeywell, a trusted leader with decades of experience in the design and production of high-performance navigation and sensor products for commercial, defence, industrial and space applications. The partnership aims to develop new inertial navigation solutions, attitude heading reference systems and inertial navigation systems for commercial and defence (dual-use) customers. The high-performance, tactical-grade Inertial Measurement Unit (IMU) HG2800 will be the first product launched under this partnership and will be used on a wide range of commercial and military aircraft, along with other applications. The IMU HG2800 includes gyroscopes with fibre-optic technology (FOG) and micro-electromechanical system (MEMS) accelerometers designed to improve pointing, stabilisation and short-duration navigation with low power and low noise. With regard to the recent events with Honeywell, please refer to the explanations given in the letter to shareholders.

European Project: GAUSSIAN, Galileo authentication and GNSS/INS platforms for security in air navigation and mobility.

In December 2023, an agreement was signed with the European Union Agency for Space Programmes within the framework of the Horizon 2.4 - Digital, Industry and Space programme for the realisation of the Galileo Authentication and GNSS/INS Platforms for Safety in Air Navigation and Mobility project. Civitanavi Systems is the coordinator of a consortium of 6 European players, including research institutions and universities. A total contribution of Euro 2.1 million is planned, of which Euro 0.6 million is earmarked for Civitanavi Systems.

The project is part of the growing interest in Urban Air Mobility (UAM) and related technologies driving the development of electric vertical take-off and landing (eVTOL) aircraft. These aircraft are expected to be safer, quieter, greener and more economical than conventional vertical take-off and landing aircraft. Despite their simpler aerodynamic structure, their avionics systems for flight control and navigation remain complex, requiring integration solutions. GAUSSIAN addresses security concerns in UAM by exploiting authenticated Galileo E1 signals and integrated GNSS/INS platforms to improve robustness against spoofing and ensure continuous availability of Position, Navigation and Time (PNT) data. The project aims to mitigate security risks by improving the accuracy of PNT data through PPP-RTK corrections from the Galileo High Precision Service (HAS), with a focus on the development of integrated and certified products for the emerging air mobility market.

European Defence Fund research group to demonstrate a quantum vector inertial and gravimetric navigation system (Q-SING)

In August 2022, Civitanavi Systems joined the European Defence Fund research team for the demonstration of a quantum-based simultaneous inertial navigator and vector gravimeter system (Q-SING). The European Defence Fund has selected 61 research and development projects in the field of Aerospace and Defence that will be eligible for the Euro 1.2 billion in funding made available by the European Union, with Euro 900 thousand earmarked for Civitanavi. The contribution is targeting all high-level initiatives in the defence sector, such as the design of future-generation combat aircraft, tanks and ships, as well as critical defence technologies such as military cloud, artificial intelligence, semiconductors, space, cyber or medical countermeasures. The programme promotes the most advanced technologies, in particular quantum technologies and new materials, and makes use of the innovative capacity of SMEs and start-ups with high growth potential. As part of the programme, the Group became part of the Q-SiNG project, “Quantum-based Simultaneous inertial Navigator and vector Gravimeter” which aims to achieve a high-precision free-inertial navigation system capable of operating in GNSS-denied areas (areas where the satellite signal is compromised) on all types of military vehicles, from submarines to aircraft.

Aurora Project - Urban Air Mobility

Civitanavi Systems participates in the “AURORA” project which is part of the framework “Creation of an Italian ecosystem for AAM”, organised and promoted by ENAC, the Italian Civil Aviation Authority, to provide an effective and reliable Positioning, Navigation and Timing (PNT) service for AAM (Advanced Air Mobility). The AURORA project analyses the specific needs of each Italian region, as well as the opportunities offered by PNT technologies integrated between space and ground-based networks and systems, with the objectives of defining PNT operational and performance requirements for the Urban Air Mobility industry, designing a distributed national research, development and certification facility for UAM, called “UAM National Test Facility”, and studying new emerging technologies for UAM applications.



As part of the project, Civitanavi Systems will contribute to the analysis of technological enablers for future Advanced Air Mobility (AAM) operations, including services for urban, suburban and inter-city transport of both people and freight by means of vertical take-off and landing aircraft. In particular, enablers must ensure the availability of PNT measurement, in a more robust and resilient manner than current GNSS-based solutions. Civitanavi is engaged in the development of a hybrid GNSS/inertial system for the validation of algorithms and technologies that enhance the accuracy, reliability, continuity and safety of navigation in AAM environments as part of the AURORA project.

The management of the AURORA project is supervised by ENAC, the Italian Civil Aviation Authority, with the technical coordination of Telespazio, and the contribution of CIRA - Italian Aerospace Research Centre, DTA - Aerospace Technology District of the Apulia Region, and companies, together with Civitanavi Systems: D-Flight (ENAV group), Exprivia, Planetek Italia. The project started on 31 January 2023 and will last 18 months.

CIRA Italian Aerospace Research Centre

Civitanavi Systems designs, develops and produces high-tech navigation, geo-referencing and stabilisation systems, with solutions for air navigation (with/without pilot) and intelligent transport, providing significant capabilities in A-PNT (Assured Positioning, Navigation, and Timing) technologies, essential for both military and civil aerospace and future Advanced Air Mobility (AAM) domains. In this area, close collaborations are developed with research institutions that have specific expertise for distinctive solutions in the integration of inertial and GNSS technologies:

CIRA (Centro Italiano Ricerca Aerospaziale - Italian Aerospace Research Centre) is one of the partners in ESA-funded research projects such as the AURORA project, coordinated and promoted by ENAC, which is part of the “Creation of an Italian ecosystem for AAM” context, to provide an effective and reliable PNT GNSS service for AAMs in urban and intra-urban environments, considering new and alternative PNT technologies integrated with space and ground-based networks and systems within the UAM as well as the application of appropriate technical standards and regulations for navigation solutions, including hybrid inertial and GNSS.

Polytechnic University of Milan

In parallel, Civitanavi Systems is active in the design of inertial sensors in MEMS (Micro ElectroMechanical Systems) technology through R&D programmes. As of 2021, it has executed a joint research contract with **Polytechnic University of Milan**. This partnership with PoliMi was chosen as an all-round support for MEMS development activities, based on the decades of experience of Prof. Giacomo Langfelder and his research group, the Laboratory of Microsensors and Microsystems, in the field of inertial sensors in MEMS technology.

HISENSE Project

The Civitanavi's strategy aimed at technological and industrial evolution, linked to being at the forefront of the state of the art for the manufacturing of avionic navigation equipment, which can be used in current and emerging markets, according to the guidelines of products with reduced dimensions and weights, as well as at the increased accuracy and updated functionality of navigation systems even in the absence of GNSS (Global Navigation Satellite System), is framed by the continuous partnership with academic excellence of universities such as the **University of Naples Federico II**. In particular, the university's department of Industrial Engineering – with its distinctive activities in the fields of aeronautics and expertise in research on Sense and Avoid systems for UAS, multi-UAS cooperative planning, guidance, navigation and control, autonomous flight in GNSS challenging environments (vision-based, LIDAR and radar), innovative sensors for small UAS – provides added value to the advancement of Civitanavi's technology and products to meet the growing demand for accurate navigation and control in safety-critical environments. In this framework, the Group, with the financial support granted by the Ministry of Enterprise and of the Made in Italy, which is part of the interventions for the development and increase of competitiveness of industries operating in the aerospace sector (ref. Law 808 of 1985), is advancing, through the HISENSE (“Highly Integrated System for Enhanced Navigation in Safety-critical Environments”) project, which will be completed in 2025, in the development of a continuous and accurate navigation solution, integrating high-performance inertial units and exteroceptive sensors (cameras, LiDAR, and radar), also for the purpose of serving flight control systems (Flight Control System, FCS).

Patents

Civitanavi Systems holds the following patents:

Patent title	Type	Date granted	Maturity date
Fibre optic gyroscope - interferometric I-FOG	Patent for Industrial Invention	30 January 2019	26 February 2036
Optical phase modulation scheme of an interferometric fibre gyroscope MIOC	Patent for Industrial Invention	4 November 2019	7 August 2037
Method for configuring an isolation system from the vibration of an inertial measurement unit (IMU)	Patent for Industrial Invention	6 March 2020	29 December 2037
Semi-finished product for the construction of a gyroscope and gyroscope including the semi-finished product	Patent for Industrial Invention	13 April 2022	18 March 2040

2 Governance

Corporate bodies and governance model

GRI	2-9 2-10 2-11 2-12 2-17 405-1
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The corporate governance structure adopted by Civitanavi Systems is based on the traditional organisational model and consists of the following corporate bodies:

Corporate Bodies	Functions - Role
Shareholders' Meeting	Responsible for passing resolutions on matters provided for by law and the Articles of Association.
Board of Directors	Entrusted with the management of the Group and the performance of the necessary activities, in line with the set out strategic objectives.
Board of Statutory Auditors	Supervisory functions to ensure compliance with the law, the Articles of Association and proper administration.

The statutory audit is entrusted to BDO S.p.A. for the financial years 2021 to 2029.

Civitanavi has formally adhered, effective as of the Trading Starting Date, to the Corporate Governance Code of Borsa Italiana, accessible to the public on the Corporate Governance Committee's website at <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>.

The Board of Directors has resolved to adopt the principles contained in the Code, aligning its governance system to the regulatory provisions.

Board of Directors

Civitanavi is governed by a Board of Directors consisting of no less than 5 (five) and no more than 11 (eleven) members, determined by resolution of the Ordinary Shareholders' Meeting when appointing the Board of Directors or amended by subsequent resolution of the Shareholders' Meeting.

The appointment and replacement of Directors is governed by the Articles of Association of Civitanavi Systems. Directors must meet the requirements of eligibility, professionalism and honourableness required by law or any other requirement provided for by the applicable regulations. Of these, a minimum number of members of the Board, as required by the pro tempore regulations in force, must meet the independence requirements laid down by law.

The Directors are appointed for a period of three (3) financial years, or for the period, however not exceeding three (3) financial years, established at the time of their appointment, and are eligible for re-election. The Directors' terms of office expire on the date of the Shareholders' Meeting called to approve the financial statements for the last year of their office, except for any cause of termination and disqualification provided for by law and by Civitanavi's Articles of Association. The Directors are appointed by the Shareholders' Meeting on the basis of the lists of candidates, in which the candidates must be indicated in a number no greater than 11 (eleven), each coupled with a consecutive number, submitted by the Shareholders and filed at Civitanavi's registered office within the terms and in compliance with the law and regulations in force at the time. Only those Shareholders who, alone or jointly with others, at the time of submitting the list, hold at least the minimum share amount of the share capital with voting rights at the Ordinary Shareholders' Meeting established by Consob, which will in any case be indicated in the notice of call, are entitled to submit lists.

The Board of Directors of Civitanavi Systems is responsible for the strategic management and has the role of performing all acts it deems appropriate to achieve the Group's strategic objectives. Appointed on 13 October 2021 and 21 December 2021, it consists of seven members, three of whom are independent, and remained in office until the 24 April 2024 approval of the financial statements as at 31 December 2023.

Andrea Pizzarulli	Chairman of the Board of Directors and Chief Executive Officer
Michael Perlmutter	Executive Director
Thomas W. Jung	Non-Executive Director
Mario Damiani	Non-Executive Director
Maria Serena Chiucchi	Independent Director
Laura Guazzoni	Independent Director
Tullio Rozzi	Independent Director

The three **independent directors** are the members of the Board of Directors who meet the independence requirements laid down in Article 148, paragraph 3 of the Consolidated Law on Finance and Recommendation 7 of the Corporate Governance Code. The number of independent directors and their powers are appropriate to the needs of the Group and the functioning of the Board of Directors, as well as to the establishment of the relevant committees.

The members of the Board of Directors are appointed on the basis of their managerial and professional skills and experience. Directors have relevant knowledge of the Group's specific target markets, contributing to the determination of strategic objectives and ensuring their achievement. On the page [Board of Directors » Civitanavi Systems - We care. We perform. We deliver!](#) of the Civitanavi Systems website you will find profiles, specific expertise of the members of the Board of Directors and information on other important positions held and commitments undertaken by each member.

The current Articles of Association provide for the Board of Directors to be appointed on the basis of lists. In this regard, it should be noted that the Board of Directors was appointed prior to the entry into force of the new Articles of Association and that, therefore, the provisions on list voting and gender equality will apply as of the first renewal of the governing body following the listing of the shares.

The **Chairman of the Board of Directors** is vested with active and passive legal and procedural representation of the Group, as well as all powers of ordinary and extraordinary administration, with the exclusion of those powers that the law and the Articles of Association reserve to the Board of Directors, as well as with the **express exclusion** of some powers, which remain the exclusive competence of the governing body in collegiate composition.

The **Chief Executive Officer** is responsible for carrying out all the functions to directly and autonomously provide whatever is deemed necessary and useful for the constant, full compliance with, adaptation to and updating of the regulations and rules of good practice in the area of safety and hygiene at work, environmental protection and fire prevention, and waste management, with reference to all the regulations in force and their scope of application. In particular, the Chief Executive Officer, Andrea Pizzarulli, who holds the title of Employer pursuant to Article 2, Paragraph 1, Letter b) of Legislative Decree 81/2008, is entrusted with matters concerning safety at work, accident prevention, environmental protection and waste management.

The Board of Directors has also granted Director Michael S. Perlmutter, severally and with single signature, the following powers: signing of company contracts of a commercial nature with a unit value, or in the aggregate where they relate to the same case, of less than Euro 5,000,000.00 (five million/00); appointing special attorneys *ad negotia* for specific deeds or categories of deeds within the scope of the powers granted.

The Board of Directors, taking into account that the Chairman of the Board of Directors holds significant management powers, appointed independent Director Laura Guazzoni as "Lead Independent Director", to perform the functions set forth in Article 3, Recommendation 14 of the Corporate Governance Code.

Board of Directors – Diversity (gender - age groups)					
Women		Men		Total	
No.	%	No.	%	No.	%
2	28.57%	5	71.43%	7	100.0%
Under 30 years of age		Between 30-50 years of age		Over 50 years of age	
No.	%	No.	%	No.	%
-	-	1	14.29%	6	85.71%

The Board of Directors of Civitanavi Systems is committed to ensuring constant updating of its knowledge, stakeholder engagement for the **management of impacts** and supervision of the sustainability reporting process, and in particular the identification and management of potential or actual negative economic, environmental and social impacts.

The Committees

In accordance with the Corporate Governance Code, which recommends that listed companies have internal committees within the Board of Directors, with responsibility for specific matters, Article 21.4 of the Articles of Association grants the

Board of Directors the power to establish internal committees with advisory, proposal-making or control functions in accordance with applicable laws and regulations.

On 13 October 2021, the Board of Directors resolved to establish the following Board committees with advisory and proposal-making functions:

Control, Risks, Related Party Transactions and Sustainability Committee

The Control and Risk Committee, made up of the three independent directors: Laura Guazzoni (Chair), Maria Serena Chiucchi (Committee Member), Tullio Rozzi (Committee Member). The Control and Risk Committee is a body with advisory and proposing functions that has the task of **supporting the Board of Directors' assessments and decisions** relating to the internal control and risk management system, as well as those relating to periodic financial and non-financial approvals.

Consistent with Civitanavi Systems' focus on this topic, on 27 June 2023 this Committee was renamed as the "Control, Risks, Related Party Transactions and Sustainability Committee" and the related Committee Regulation was updated. The Committee has been adapted to also include proposal and advisory functions vis-à-vis the Board of Directors, with the main aim being: (i) to promote the continuous integration of national and international best practices in the corporate governance of Civitanavi Systems and of environmental, social and governance factors in corporate strategies, as well as (ii) to create value for the generality of shareholders and stakeholders in the medium to long term, in compliance with the principles of sustainable development.

Remuneration and Appointments Committee

The Remuneration and Appointments Committee consists of three independent directors: Laura Guazzoni (Chair) Maria Serena Chiucchi (Committee Member) and Tullio Rozzi (Committee Member). The Remuneration and Appointments Committee is an advisory and proposing body with the main task of making proposals to the Board of Directors (i) for the **definition of the policy for the remuneration of directors and key managers** and (ii) for **appointments**.

Board of Statutory Auditors

Entrusted with the supervisory functions of Civitanavi Systems, the Board of Statutory Auditors checks that the activities of the Directors and the management of the Group are carried out in compliance with the law, as provided for by Italian law. It consists of three standing auditors and two alternate auditors.

Marco Donadio	Chairman of the Board of Auditors
Cesare Tomassetti	Standing Auditor
Eleonora Mori	Standing Auditor
Giuseppe Mogliani	Alternate Auditor
Daniele Angeloni	Alternate Auditor

Organisational structure & sustainability governance

GRI	2-13 2-14 2-15 2-16 2-26
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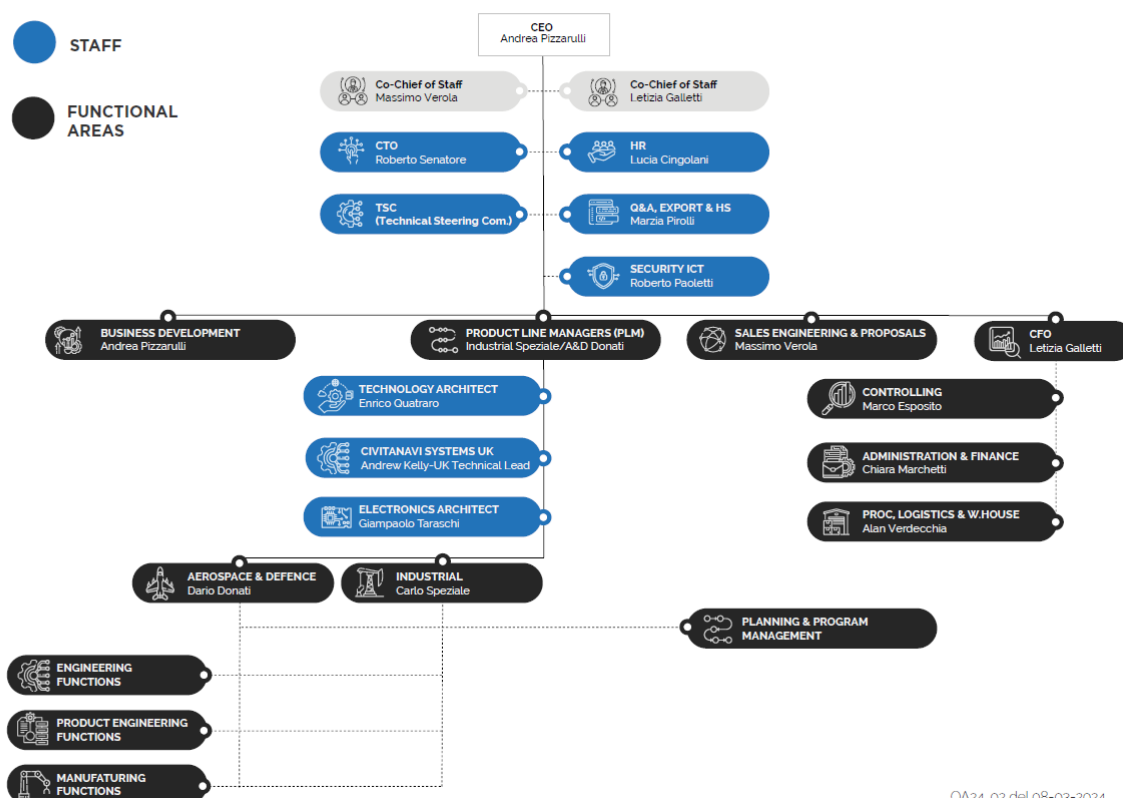
Organisational structure - The process of delegation of responsibilities

In order to respond to the company's growth and the new challenges this brings, the company chose to adopt a new organisational structure, by product lines, during the year.

Two Product Lines were therefore created, represented by two Product Line Managers, one for the Industrial product, the other for the Aerospace & Defence product. Groups with staff responsibilities and groups with a technical focus were identified to support the two product lines according to a matrix scheme, i.e. the Engineering Function, the Product Engineering Function and the Manufacturing group.

The aim of the new organisational structure is to concentrate decision-making functions, distribute responsibilities, monitor process efficiency, increase knowledge transfer and maintain and increase the efficiency of products common to several production lines

Organigramma



OA24_02 del 08-03-2024

Sustainability reporting

The Board of Directors approves the Sustainability Report and the related material topics resulting from the impact assessment and prioritisation phases.

Conflicts of Interest and Related Parties

In accordance with the Articles of Association, the delegated bodies promptly report to the Board of Directors and the Board of Statutory Auditors – or, in the absence of delegated bodies, the Directors promptly report to the Board of Statutory Auditors – on the activities carried out, on the general management trend and its foreseeable development, as well as on the most important transactions from an economic, financial and equity perspective or due to their specific characteristics, carried out by the Group. In particular, they report on transactions in which the Directors have an interest, either on their own behalf or on behalf of third parties, or which are affected by the party who may exercise management and coordination activities. The communication may be made at the Board meetings or in writing. Communication may be made promptly and in any case at least quarterly.

Civitanavi Systems has adopted a specific "**Procedure for Related Party Transactions**" pursuant to Article 2391-bis of the Italian Civil Code and the "Regulations containing provisions on related party transactions" issued by Consob with resolution no. 17221 of 12 March 2010 (as subsequently amended and supplemented) containing principles and rules to which the boards of directors of companies that make use of the risk capital market must adopt "*in order to ensure the transparency and substantive and procedural correctness of transactions with related parties carried out directly or through subsidiaries*".

The Procedure, available in the *Documents and Procedures* section on the Civitanavi Systems website (www.civitanavi.com<http://www.civitanavi.com/>, Governance area), therefore governs the procedures for the approval and execution of transactions with Related Parties carried out by Civitanavi Systems S.p.A. directly or through its subsidiaries.

Furthermore, as expressly governed by the Code of Ethics of Civitanavi Systems, in the conduct of company activities, situations where the persons involved are, or may even only appear to be, in conflict of interest, must always be avoided.

Therefore, both situations in which an Addressee pursues an interest other than the Group's directives or voluntarily obtains a personal advantage when carrying out activities in the interest of the Group, and situations in which the representatives of external stakeholders act in conflict with the fiduciary or institutional duties proper to the position they hold, must be avoided.

Any situation potentially likely to generate a conflict of interest or in any case to prejudice the ability of the corporate functions to make decisions in the best interests of Civitanavi, must be immediately communicated to the relevant manager or contact person and results in the obligation to refrain from performing acts connected or related to such situation, unless expressly authorised by the same manager or contact person. Where necessary, the Manager or contact person may refer the case to the Supervisory Board for assessment.

Reports and Communications

Civitanavi Systems S.p.A. has adopted an Organisational and Control Model (Leg. Decree 231/01) and has defined precise procedures for complying with information and communication obligations vis-à-vis the body responsible for supervising the application of and compliance with the Model.

The management of these communications is ensured by the organisation through general rules, procedures and specific instructions aimed at regulating both the information flows coming from the offices and operating units and directed to the SB (Supervisory Board), and those from the SB and directed to the governing and control bodies. In accordance with the principle of traceability, these communications are written down and stored by the Supervisory Board itself. The Group has set up an appropriate channel to enable the flow of information (odv231@civitanavi.com).

In compliance with the provisions of the General Part of the Organisation and Management Model of Civitanavi Systems, the Supervisory Board, during the investigation activity that follows the reporting of any violations, acts in such a way as to guarantee that the persons involved are not subject to retaliation, discrimination or penalisation, ensuring the confidentiality of the person making the report, without prejudice to legal obligations.

In order to ensure full autonomy and independence in the performance of its functions, the Supervisory Board reports directly to the Board of Directors. In particular, the Supervisory Board sends to the Board of Directors:

- at least once a year an information report on the activities carried out;
- upon the occurrence of ascertained violations of the Model, with presumed commission of offences, a communication under its area of competence.

However, the Supervisory Board has the right to request a hearing before the Board of Directors, should it deem it necessary. For its part, the Board of Directors is entitled to convene the Supervisory Board if it deems it appropriate.

The following aspects are highlighted in periodic reporting:

- the controls and checks carried out by the Supervisory Board and their outcome;
- any critical issues that have emerged;
- the state of progress of any corrective and improvement measures to the Model;
- any legislative innovations or organisational changes that require updates in the identification of risks or changes to the Model;
- any disciplinary sanctions imposed by the competent bodies as a result of violations of the Model;
- any reports received from internal and external parties during the period concerning alleged violations of the 231 Model or the Code of Ethics;
- other information deemed significant.

Meetings with corporate bodies to which the Supervisory Board reports must be documented. The Supervisory Board takes care of the archiving of the relevant documentation.

Apart from the relations with the Board of Directors, following communications received from the Supervisory Board, the corporate functions concerned take action to eliminate the identified critical issues by amending or updating the parts of the Model concerned, if necessary. They then promptly notify the Supervisory Board of the solutions adopted.

In the event that the investigations carried out by the Supervisory Board reveal elements that may lead to the commission or attempted commission of the offence by one or more directors, the Supervisory Board shall promptly report to the Control and Risk Committee, and through it to the Board of Directors, and to the Board of Statutory Auditors.

Supervisory Board

On 4 July 2022, the Board of Directors appointed the Supervisory Board, composed of one member, Antonio Francesco Morone, in office until the approval of the Financial Statements as at 31 December 2023. On 24 April 2024, the appointment was renewed until the approval of the annual financial statements as at 31 December 2026.

Whistleblowing

Civitanavi Systems has a communication tool (Whistleblowing) dedicated to any reporting that guarantees the confidentiality of the data and the identity of the whistleblower using computerised and encrypted methods. The Organisational, Management and Control Model and the Code of Ethics also provide that all those who become aware of information relating to the commission of offences or of facts and/or conduct that do not comply with the rules of conduct drawn up by Civitanavi Systems S.p.A. pursuant to Legislative Decree No. 231/2001, may make spontaneous reports to the Supervisory Board through the following channels:

- the e-mail address odv231@civitanavi.com;
- by mail to the attention of: CIVITANAVI SYSTEMS S.p.a., Via del Progresso n 5, Pedaso 63827 (FM);
- if the subject of the report concerns the Supervisory Board, the report shall be addressed exclusively by mail to CIVITANAVI SYSTEMS S.p.a., Board of Directors, Via del Progresso 5, Pedaso 63827 (FM).

Pursuant to article 6, para. 2 bis Legislative Decree 231/2001, all corporate functions and all those working for the Group are required to ensure the confidentiality of the identity of corporate subjects who report unlawful conduct relevant under Legislative Decree 231/2001 or violations of the Model. This confidentiality must be ensured during all stages of the handling of the report, in order to prevent any act of retaliation or discrimination, direct or indirect, against the whistleblower for reasons directly or indirectly related to the report.

In compliance with the duty of confidentiality, the information acquired by the Supervisory Board shall be treated in such a way as to ensure:

- respect for the confidentiality of the identity of the reporting person and the report submitted;
- non-occurrence of acts of retaliation, penalisation or discrimination against the whistleblowers;
- protection of the rights of persons in relation to whom reports have been sent.

The Supervisory Board assesses reports received with discretion and responsibility, handling the reported data and documents in compliance with data protection regulations.

On 15 July 2023, the Legislative Decree came into force, transposing Directive (EU) 2019/1937 of the European Parliament and the Council, the so-called “Whistleblowing Directive”. Civitanavi Systems has complied with the new whistleblowing obligations according to the time-frame indicated by the legislation.

Within the framework of the regulatory provisions, Civitanavi has set up a dedicated platform, available to internal and external stakeholders, for sending such reports (<https://civitanavi.integrityline.com/>) and suitable for guaranteeing the confidentiality of the whistleblower, the person involved in the report or the person in any case mentioned in the report, as well as the content of the report and the related documentation.

No reports were received through this channel in 2023.

Remuneration policies

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The remuneration and performance evaluation policies of the Board of Directors

Civitanavi Systems publishes the Report on Remuneration Policy and Compensation Paid once a year, pursuant to Art. 123-ter Consolidated Law on Finance and 84-quater Consob Issuers' Regulations on the website www.civitanavi.com, “Governance” section. This policy may be updated by the Board of Directors, at the proposal of the Remuneration and Appointments Committee, which is responsible for periodically assessing its adequacy, overall consistency and concrete application.

The Remuneration Policy defines the principles and guidelines which Civitanavi Systems has adopted in determining the remuneration of the members of the Board of Directors, Managers with Strategic Responsibilities and, without prejudice to the provisions of Article 2402 of the Italian Civil Code, the members of the Control Bodies, as well as the procedures used for the adoption and implementation of this Policy.

The Remuneration Policy is defined in such a way as to ensure an overall remuneration structure that recognises the managerial value of the individuals involved and their contribution to the company's growth in relation to their respective skills. In particular, the aims pursued by the Remuneration Policy, which is valid for one year, are to meet the objective of establishing remuneration that meets the following requirements:

- be sufficient to attract, retain and motivate managers with the professional qualities required to successfully manage the organisational and management complexity of the Company and the Group;
- align their interests with the pursuit of the overriding objective of creating value for shareholders in the medium to long term, contributing to the pursuit of corporate strategy and medium to long-term interests as well as to the sustainability of the Company;
- leave a significant portion of the overall remuneration related to the achievement of specific performance targets, both qualitative and quantitative, determined in advance and in line with the development lines of the Company and the Group.

In addition, the Remuneration Policy is based on the following principles and is defined consistently with the following criteria:

- facilitate the pursuit of the sustainable success of the Company;
- provide for a balance between the fixed component and the variable component that is appropriate and consistent with the Company's strategic objectives and risk management policy, taking into account the characteristics of the Company's business and the sector in which it operates, and in any case providing that the variable component represents a significant part of the overall remuneration;
- set maximum limits for variable components, linking them to performance objectives, both qualitative and quantitative, predetermined, measurable and linked to the creation of value for shareholders in both the short and medium to long term;
- fostering the loyalty and protection of the Group's key resources by encouraging their retention.

At the Board meeting of 8 May 2024, the Remuneration and Appointments Committee approved the MBO plan for executive directors and strategic managers. Alongside targets directly linked to economic and financial performance, a sustainability target was also evaluated and introduced. This decision reflects the importance Civitanavi Systems attaches to ESG (environmental, social and governance) topics. The indicator relates in particular to the construction of a photovoltaic plant for the production of electricity for self-consumption and sale to the grid.

Annual total remuneration ratio

For 2023, the ratio of the annual total remuneration of the highest paid person to the median annual total remuneration of all employees is 3.51.

3 Strategy, policies and commitment for sustainable development

Sustainable development: the commitment and contribution of Civitanavi Systems

GRI	2-23 2-24 2-25
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At the same time as publication of the first 2022 Sustainability Report, Civitanavi Systems has initiated its sustainability reporting in order to highlight and progressively strengthen its commitment to sustainable development. Civitanavi is committed to promoting and integrating, into its strategic and operational guidelines, the contents of the United Nations 2030 Agenda and the Sustainable Development Goals (SDGs) which are an integral part thereof.

Civitanavi Systems' commitment was defined according to objectives and activities based on 3 main themes: **Compliance - Innovation - Social and environmental responsibility.**

Civitanavi Systems' commitment and contribution to the Sustainable Development Goals (SDGs)	
Environmental	
Social	
Governance	

Responsible business conduct

GRI	2-23 2-24 2-25
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Company core values

Teamwork: "It is a joint effort" - Communication, openness and shared goals are the keys to success. The interests of the employees are the interests of the company and the interests of the company are the interests of the employees.

Goal orientation: "We take things seriously" - We treat problems like gold and understand that the only way to grow successfully is to solve problems that arise. We have a lot of passion and the right amount of "craziness": we don't stop until we have achieved our goal. Always!

Technology: "Devoted to innovation" - We focus on developing technology to create innovation, with a clear path from research and development to products for the market. The purpose of innovation is to achieve better products in the eyes of our customers.

Customer satisfaction: "We want to solve our customers' problems" - Their problem is always OUR problem: we don't care if it is our problem or that of our customers, we want to make them satisfied by providing the right solution.

Loyalty and integrity: "Whatever you do, do it right" - Doing the right thing requires honesty and truthfulness in all our corporate and individual actions. We employ professionals who can always be relied on to do the right thing, wherever they are.



Engagement Policy

Civitanavi Systems has adopted an Engagement Policy aimed at promoting and regulating opportunities for meetings and discussions with financial stakeholders ("Policy for managing dialogue with the general public of Civitanavi Systems S.p.A."), available in the *Documents and Procedures* section of the Civitanavi website.

The objective of the Policy, as well as of all Dialogue management activities, is to foster Civitanavi's transparency towards the financial community and the markets, by building, maintaining and developing an active relationship of trust with the Investors. It also aims to safeguard, at all times, its legitimate interests and requests, which the Board of Directors shall take into account in the pursuit of its role of strategic guidance and monitoring of management performance, with the ultimate goal of leading the Group towards its sustainable success.

The topics discussed in the Dialogue with Investors concern matters falling under the Board of Directors' area of competence, also through its Committees, with particular regard to the following issues: corporate governance, such as aspects relating to the corporate governance system, the appointment and composition of the Board of Directors, also in terms of size, professionalism, integrity, independence and diversity, the composition, duties and functions of the Board Committees; social and environmental sustainability; policies on the remuneration of directors and managers with strategic responsibilities and their implementation; internal control system and risk management.

Organisational, management and control model Legislative Decree 231/2001

Civitanavi Systems S.p.A. has adopted an Organisational, Management and Control Model pursuant to Legislative Decree No. 231 of 8 June 2001 (hereinafter also referred to as "Legislative Decree. 231/01" or "Decree"). The Organisational, Management and Control Model (hereinafter also referred to as "Model 231") represents a coherent set of principles and operating rules that govern the internal functioning of Civitanavi Systems and the manner in which it relates to the outside world, and regulate the control system of sensitive activities, in order to prevent the commission or attempted commission of the offences referred to in Legislative Decree 231/2001.

The adoption of Model 231 therefore enables the Group:

- to prevent and counteract the commission of offences 231 and to sanction the conduct of company departments contrary to the law and company rules, thanks to a monitoring action on sensitive activities;
- to raise the awareness of corporate functions and stakeholders (customers, suppliers, collaborators, partners, etc.) to behave properly and transparently in the conduct of their activities, in line with the ethical-social values of the Group and such as to prevent the risk of commission of offences as per the Model 231;
- to make such persons aware that unlawful conduct may also entail administrative sanctions against the Company and is therefore contrary to the interests of the Group even when it might apparently benefit from it;
- to verify, rationalise, review and integrate the decision-making and operational processes, as well as the control systems, of the Group;
- to promote awareness among the corporate functions of the respect and application of the behavioural rules and prevention protocols adopted by the Company, also raising awareness that, in the event of violation of the provisions contained in this document, an offence liable to penal, civil and disciplinary sanctions may be committed.

The Model 231 of Civitanavi Systems consists of a General Section and a Special Section: the first describes the function of the Model 231, the reference regulatory framework, the structure of the Model 231 adopted by the Group, briefly illustrates the methods for identifying risks and analysing any preventive measures, the Management and Control System

in force in the Company, the functions and activities of the Supervisory Board and the disciplinary system in force; while the second identifies, in relation to the relevant types of offence, the corporate processes potentially at "risk 231". It also contains an example of the hypothetical ways in which offences may be committed and defines the conduct principles to comply with as well as the reference control systems in place for risk prevention.

The following are also to be considered an integral and substantial part of Model 231: the Code of Ethics, which defines the general ethical values and principles with which all corporate functions must comply; and the Management and Control System in place within the Group.

As provided for by the reference legislation, a Supervisory Board (SB) was appointed, which is vested with the powers of initiative and control necessary to ensure effective and efficient supervision of the operation of and compliance with the Model 231 in accordance with Article 6 of Legislative Decree 231/2001.

Code of ethics

The Code of Ethics of Civitanavi Systems defines the values and ethical principles by which the Group inspires its entrepreneurial action, both in internal relations within the Group and in relations with external subjects, public or private, with the aim of ensuring the transparency, propriety and integrity of the work and services provided by the Group.

The Code of Ethics affirms, as a founding principle of the Company's operations, the **strict observance of the laws and regulations applicable to the Company's areas of operation**, and ratifies the **standards of conduct** to which all addressees must adhere in the daily performance of their work activities and duties. The Code of Ethics is an integral and substantial part of this Model 231.

Compliance with the principles and guidelines set out in the Code of Ethics is required of all those who have any form of employment or commercial relationship with the Group or, more generally, are stakeholders in the Group. This obligation is to be regarded as an essential element of work performance.

General Principles of the Code of Ethics

- Legal
- Physical and moral integrity of the person and prohibition of discrimination
- Transparency and fairness
- Conflicts of interest
- Confidentiality, privacy and use of information systems
- Value enhancement of Human Resources
- Diligence and Responsibility
- Worker health and safety
- Environmental Protection and Sustainability
- Criteria of conduct relating to corporate, governing or financial activities
- Prevention of corruption: gifts, benefits and other advantages
- External relations and communications
- Insider information
- Prohibition of Money Laundering operations

For their part, the members of the **Board of Directors are guided by the principles of the Group's Code of Ethics when setting business objectives**. Since the observance by all Recipients of Model 231, within the scope of their functions and responsibilities, of the rules of conduct contained in the Code of Ethics is of fundamental importance, both for the proper functioning and reliability of the Group, and for the protection of its reputation and image, **the Group ensures full knowledge and understanding of the Code of Ethics by all Recipients** through the adoption of **procedures for training and raising awareness of its contents**. All employees of the Group take note of the Code of Ethics, which they sign for acceptance.

The Group requires its business partners (suppliers, partners, commercial or financial partners, consultants, proxies), who have relations with the Group, to comply with the principles set out in the Code of Ethics itself, requiring them to sign specific contractual clauses. Violation of the Code of Ethics by corporate functions constitutes a disciplinary offence on a par with violation of the provisions of this Model 231.

The "Code of Ethic" and the "Organisational, Management and Control Model" are available on the Group's website at [Documents and Procedures » Civitanavi Systems - We care, We perform, We deliver!](#) in the Governance section.

Policies and Management Systems

GRI	2-23 2-24 2-25
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Civitanavi's primary objective is the production of inertial navigation sensors and systems characterised by parameters that guarantee a high standard of quality and safety levels suitable for long life. In order to reinforce this commitment, Civitanavi Systems has obtained the following certifications:

Management Methods	Description	Website
ISO 9001	Quality management system	Civitanavi Systems S.p.A. - Via del Progresso 5, 63827 Pedaso (FM), Italy
EN 9100:2018	Aerospace Quality Management System (relating to the design and production of inertial sensors and navigation systems for maritime, land, mining, aerospace, military and civil applications).	Civitanavi Systems S.p.A. - Via del Progresso 5, 63827 Pedaso (FM), Italy
ISO 45001:2015	Occupational health and safety management	Civitanavi Systems S.p.A. - Via del Progresso 5, 63827 Pedaso (FM), Italy - Via Pontina Vecchia, Km 34, 00040 Ardea (RM), Italy - Via Giovanni Pascoli 7, 80026 Casoria (NA), Italy
ISO/IEC 27001:2013	Information Security Management System	Civitanavi Systems S.p.A. - Via del Progresso 5, 63827 Pedaso (FM), Italy
Cyber Essentials	<p>The Cyber Essentials scheme is a framework promoted by the UK government and supported by the NCSC (National Cyber Security Centre). It defines five basic security controls that can protect organisations from 80 per cent of common cyber attacks.</p> <p>The scheme is designed to help organisations of any size demonstrate their commitment to IT security while maintaining a simple approach and low cost.</p> <p>The certification process is managed by the IASME Consortium, which authorises certification bodies to carry out Cyber Essentials and Cyber Essentials Plus certifications.</p>	Civitanavi Systems S.p.A. - Via del Progresso 5, 63827 Pedaso (FM), Italy

ENAC authorisations

Civitanavi Systems has also obtained the **Production Organisation Approvals (POA)** and the **Alternative Procedures to Design Organisation Approval (ADOA)** from **ENAC** (Italian Civil Aviation Authority) and **EASA** (European Union Aviation Safety Agency), which are necessary to obtain the **ETSO** (European Technical Standard Order) authorisation for civil aeronautical equipment.

Compliance with standards

GRI	2-27
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As stated in its Code of Ethics, Civitanavi Systems' activity is oriented towards strict compliance with laws and regulations, in all the countries in which it operates.

Environment

No environmental disputes have occurred during the reporting period (2021-2023). At the time of drafting this document, there are no environmental disputes that have given rise to significant penalties for non-compliance with environmental laws, rules, or regulations.

Civitanavi Systems also issues an annual Environmental Legal Compliance Analysis that defines its strategy in relation to the environmental impact of its activities.

Non-compliance with laws and regulations in social and economic areas

During the reporting period, no disputes or cases of violation of relevant laws and/or regulations relating to social and economic provisions arose. No sanctions of this nature were received in 2023 and no significant proceedings were reported in this regard.

With the exception of the foregoing and up to the date of publication of this document, Civitanavi Systems has not been the subject of other findings or inspections, nor has it been the recipient of requests for corrective action, nor has it been subject to the imposition of sanctions by any judicial authority or other authority in charge of controlling and supervising its activities.

Membership of associations

GRI	2-28
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Civitanavi Systems has been an AIAD member company since 2015. AIAD is the Federation, member of Confindustria, representing Italian Aerospace, Defence and Security Companies. It encompasses almost all national high-technology companies involved in design, production, research and services in the civil and military aerospace, naval and military ground sectors and related electronic systems.

The Federation maintains close and constant relations with national, international and NATO bodies and institutions in order to promote, represent and guarantee the interests of the industry it represents. A close working relationship is consolidated with the Defence Administration and General Secretariat, as well as with other Ministries such as Foreign Affairs, Economic Development, Universities and Scientific Research, or Bodies and Institutions such as ENAC, ASI, CNR, etc.

It is also the driving force behind an intense promotional activity abroad to coordinate the Italian participation in the most important international events and to organise and coordinate the mission abroad of our companies but also the visit of foreign delegations to Italy. In this context, Civitanavi Systems participates in the most important international events in the sector, such as the International Aeronautics and Space Show in Paris-Le Bourget and the Farnborough International Airshow in the UK.

Since 2019, Civitanavi Systems has been part of the network of Endeavor Italia, an organisation that promotes the economic growth of scale-ups, fostering access to global markets, talent and capital development programmes, with a view to accelerating the company's international expansion.

In the same year, the company was selected from more than 2,700 national companies and became part of the Elite Leonardo Lounge programme, a project aimed at strengthening companies in the Aerospace and Defence sector according to the guidelines of the Leonardo Empowering Advanced Partnership - LEAP2020 programme.

Stakeholder relations

GRI	2-29 3-1
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Role of stakeholders and modes of engagement

Stakeholders are persons, entities or groups that have an interest (expression of values) and expectations towards a company, who could be significantly affected by its activities, products and/or services.

Companies create and develop relationships with their stakeholders over time, through a system of tools aimed at strengthening relationships, which translates into improving the ability to generate and distribute value, over time.

Involvement and discussion with the stakeholders (stakeholder engagement) is an essential activity aimed at understanding their interests, expectations and demands. This approach promotes effective and informed decision-making, proper strategic planning as well as the achievement of business objectives. Furthermore, stakeholder involvement helps the company to identify and manage positive and negative impacts.

Civitanavi System's stakeholders were identified by taking into account the sector they belong to, their business model and existing relationship system, as well as their geographical presence. The system of means through which Civitanavi manages relations with its stakeholders is outlined below. The means are broken down according to the different categories of stakeholders.

Stakeholder	Engagement Activities Projects – Initiatives – Reports
Shareholders	Shareholders' Meeting – Board of Directors – Press releases - Website - Financial statements
Financial Community	
Banks and lenders	Dedicated meetings and periodic events - Financial Statements - ESG topics questionnaire
Employees and collaborators	Relations and dialogue with HR functions and contacts - Training programmes and meetings - Career growth and development paths - Welfare initiatives - Company management - Performance appraisal process - Newsletter and internal communication - Multimedia channels for sharing and communication (chat, videocall, video streaming) - Website and social channels - Company climate survey - Regular meetings with the Workers' Safety Representative (RLS) and the Prevention and Protection Service Manager (RSPP)
External machining suppliers – Other suppliers	Technical/commercial meetings and visits - Social media and website - Events, trade shows and other marketing activities - Audits and inspections - Supplier Qualification System and dedicated platforms for assessment - Correspondence
Customers	Technical/commercial meetings and visits - Social media and website - Marketing activities - Publications - Events, trade shows and other marketing activities - Evaluation tools and questionnaires - Audits and inspections - Coordination and planning meetings - Correspondence - Pre-Qualification/Supplier Register qualification and evaluation processes - Participation in Expressions of Interest - Participation in tenders - ESG topic questionnaire
National and local Institutions and Control Bodies	Technical meetings and visits - Audits and inspections - Correspondence
Research centres - Universities	Research projects, Collaborations, Partnerships - Career Days

ESG topics questionnaire

In the course of 2023, Civitanavi System decided to actively involve some of its most relevant stakeholders through the administration of questionnaires on ESG topics, particularly to employees, investors and customers.

Employees, in particular, represent the company's human assets; their involvement is crucial. Following the presentation of the first Sustainability Report, in order to understand which ESG aspects they considered most important, they were asked to complete a short survey of 15 questions. The questionnaire recorded 155 feedback and a **very high response rate (87% of the company population)**. The results showed that the three topics considered most important in relation to their impacts are: Employment and people development; Energy consumption and efficiency; and Technological innovation.

Commitment to the region and the community

Civitanavi is strongly rooted in its territory and actively supports the activities of the local community. In 2023, donations were made to the Valdaso Green Cross, engaged in health emergencies and assistance in medical and disabled transport, and to the Marche Polytechnic University for the establishment of scholarships, as indicated in the paragraph below.

Also for 2024, Civitanavi continues its commitment to the territory and the community. In April 2024, the company chose to support the INFINITAE-DRAGON BOAT project, proposed by the INFINITAE-ODV association in Fermo, with a donation. The project is aimed at women going through cancer treatment following a diagnosis of breast cancer in the post-surgical phase.

Relations with schools and universities

In 2023, the close relationship with local universities and technical institutes continued, aimed at helping young people enter the world of work and strengthening relations with the region. More specifically, the company organised meetings at the G. e M. Montani Technological Institute in Fermo, and hosted three curricular internships. In June, it joined the sponsorship initiative of the Master's Degree in Electronic Engineering, awarding a financial contribution to the Marche Polytechnic University for the purpose of setting up scholarships with an exhaustive list for students in the Master's Degree in Electronic Engineering.

In order to collect and communicate the company's initiatives, results and contribution to environmental or social improvement projects in the community in a more accessible way, a "[Sustainability](#)" section has been created on the Civitanavi Systems website.

4 Material Topics

The material topics of Civitanavi Systems

GRI	3-2
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Material impacts and topics

According to the GRI Standards, impacts refer to the economic, environmental and social, including human rights, effects a company has or could have as a consequence of its activities or business and trade relations. Impacts can be actual or potential, negative or positive, short or long term, intentional or unintentional, reversible or irreversible, and can represent the organisation's positive or negative contribution to sustainable development. The most significant impacts represent Material Topics.

The impacts of a company's activities and business relationships on the economy, the environment and people can also have positive and negative consequences on the company's operations or reputation, and therefore, in many cases, these consequences are also financial or could become so in the medium and long term, affecting the value of the company, relations with stakeholders and the competitive position in the reference market.

The EU Directive 2022/2464 (CSRD Corporate Sustainability Reporting Directive) approved by the European Parliament in November 2022 and coming into force with the reporting for the financial year 2024, supplemented the definition of material topics by introducing the concept of dual materiality. According to this approach, material topics are a) governance, environmental and social areas and issues on which the company, through its activities, has a significant impact (Impact Materiality); b) aspects that can have significant impacts on the development, performance and, consequently, the financial value of a company (Financial Materiality).

It should be noted that since EU Directive 2022/2464 has not yet come into force, this document is drafted in accordance with the GRI Standards, adopting the definition of material topics as per GRI Standards. As already pointed out, the two types of materiality are obviously closely interconnected.

The results of the activities carried out are summarised in the following table, which highlights **the material topics**, the underlying impact areas (descriptions and reasons for the relevance of the selected topics), the characteristics of the material topic, and the specific indicators (GRI Standards) used for reporting, which are specified in detail in the GRI Content Index, an integral part of this document. The material topics are grouped according to the ESG (Environmental, Social, Governance) classification, also provided for in EU Directive 2022/2464 (CSRD).

Material topic	Impacts		GRI Topic Standards	Chapter Ref
	Summary	Characteristics		
E Environmental				
1	Energy consumption and efficiency	Impacts related to energy consumption for Civitanavi Systems' production activities and related actions aimed at energy efficiency and transition to renewable sources. [Negative]	Actual: Energy consumption of Civitanavi Systems Direct: related to direct activities only Short-medium-long term (structural with respect to the business model) Required as it relates to current production processes	GRI 302 Energy Chapter 5 - Environment
2	Emissions	Negative impacts from emissions generated by production activities and projects/plans to reduce them for climate change mitigation. [Negative]	Actual: emissions resulting from Civitanavi Systems' activities Directly and through business relations Short-medium-long term (structural with	GRI 305 Emissions Chapter 5 - Environment

Material topic		Impacts		GRI Topic Standards	Chapter Ref
		Summary	Characteristics		
			respect to the business model) Required as it relates to current production processes		
3	Waste and circular economy	Impacts resulting from direct production from Civitanavi's production activities/processes and actions to optimise the cycle of waste generated. [Negative]	Actual: waste generated and/or recovered by Civitanavi Systems Directly and through business relations Short-medium-long term (structural with respect to the business model) Required as it relates to current production processes	GRI 306 Waste	Chapter 5 - Environment
S Social					
4	Employment and people skill development	Ability to attract and retain talent and provide all employees with the necessary support in their professional growth/development through training plans and skills development. [Positive]	Actual: ability to attract staff, quality of working environment and training programmes aimed at maintaining and developing skills Direct: related to direct activities only Short-medium-long term (structural with respect to the business model) Expected as it relates to business	GRI 401 Employment GRI 404 Training and education	Chapter 7 - The people
5	Diversity, inclusion and equal opportunities	Ability to ensure a stimulating work environment that guarantees respect, equal opportunities, diversity and inclusion for all workers. [Positive]	Effective: protection through welfare initiatives, Code of Ethics and company policies Direct: related to direct activities only Short-medium-long term (structural with respect to the business model) Expected as it relates to business	GRI 405 Diversity and equal opportunities GRI 406 Non-discrimination	Chapter 7 - The people
6	Worker health and safety	Occupational health and safety policies, monitoring of accidents or other incidents in the workplace; in the event of an accident, potential negative consequences for the health and safety of all persons working within Civitanavi Systems. [Negative]	Potential: possible occupational injuries Directly and through business relations Short-medium-long term (structural with respect to the business model) Unintentional	GRI 403 Occupational health and safety	Chapter 7 - The people
7	Responsible supply chain management	Any negative impacts related to the procurement of goods and services from suppliers, in particular the social and environmental impacts generated by them (human rights, health and safety of workers and environmental impacts related to energy consumption and emissions). [Negative]	Actual: supply chain management and monitoring according to ESG criteria Direct and through business relations (structural with respect to the business model) Short-medium-long term (structural with	GRI 308 Supplier environmental assessment GRI 414 Supplier social assessment	Chapter 6 – Product Quality, Compliance and Safety

Material topic	Impacts		GRI Topic Standards	Chapter Ref
	Summary	Characteristics		
			respect to the business model) Unintentional	
8	Quality/compliance and safety of products and services	Cases of non-compliance in the area of health and safety of products and end consumers. [Negative]	Potential: conformity of products offered by Civitanavi Systems and consumer safety Direct and through business relations (structural with respect to the business model) Short-medium-long term (structural with respect to the business model) Unintentional	GRI 416 Customer health and safety GRI 417 Marketing and labelling Chapter 6 – Product Quality, Compliance and Safety
9	Cybersecurity and Data Privacy	Corporate security management and measures to protect customers and employees from data breaches. [Negative]	Potential: cases of data breach/company and customer data breaches Direct and through business relations (structural with respect to the business model) Short-medium-long term (structural with respect to the business model) Unintentional	GRI 418 Customer privacy Chapter 6 – Product Quality, Compliance and Safety
G Governance / Economics				
10	Economic and financial performance	Ability to generate positive economic results that ensure the economic sustainability of the enterprise and the distribution of the generated value to all stakeholders. [Positive]	Actual: creation of generated and distributed economic value Direct and through business relations (structural with respect to the business model) Short-medium-long term (structural with respect to the business model) Expected as it relates to business	GRI 201 Economic performance Chapter 8 Integrity and sustainable value creation
11	Technological Innovation	Investment in research, development and innovation of products and services - drivers for the economic development of the company and positive environmental and social impacts for both the company and the community. [Positive]	Actual: positive impacts from R&D and co-design investments Direct and through business relations (structural with respect to the business model) Short-medium-long term (structural with respect to the business model) Required as it relates to current production processes	GRI 201-4 Theme Reported with GRI 2 General Disclosure Chapter 8 Integrity and sustainable value creation
12	Ethics and integrity in business conduct	Potential negative impacts from unaccountable business conduct through regulatory non-compliance, lack of fiscal transparency and	Potential: supervision guaranteed through procedures and Model 231	GRI 205 Anti-Corruption Chapter 8 Integrity and sustainable value creation

Material topic	Impacts		GRI Topic Standards	Chapter Ref
	Summary	Characteristics		
	integrity in managing business relationships. [Negative]	Directly and through business relations Short-medium-long term (structural with respect to the business model) Unintentional	GRI 206 Anti-competitive behaviour	Chapter 8 Integrity and sustainable value creation

The identification and assessment process

GRI	3-1
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Understanding the context of the organisation

The **Civitanavi Systems'** background and frame of reference, business model, activities and business relations, as well as the sustainability context and stakeholder analysis, are given in Chapter 2 above.

Identification of actual and potential impacts

The identification of actual and potential impacts on the economy, the environment and people, including human rights impacts, in the context of **Civitanavi Systems'** activities and business relations was carried out on the basis of the analysis of external and internal sources, taking into account the elements that have emerged from the reports and involvement of stakeholders in the management of the business. In particular, questionnaires distributed to employees, customers and investors were taken into account when defining the material topics.

Main external sources analysed
Sector studies and research: <ul style="list-style-type: none"> - A review of CSR assessment reporting techniques in the aviation industry [2019] - IRAD - Impact Factors on Defence Technology Innovation and Dual-use Capability Development
Reference regulatory framework: <ul style="list-style-type: none"> - Law 185/90 - Regulation (EU) EC 428/2009 - Regulation (EU) 2021/821 - US ITAR/EAR - EU Green Deal - EU Regulation No. 748/2012, Annex I, Sec. A Part G (POA) - EU Regulation No. 748/2012, 21A. 602B(b)(2) (ADOA)
World Economic Forum - The Global Risk Report 2024
OECD (Organisation for Economic Co-operation and Development) Due Diligence Guidance for Responsible Business Conduct
United Nations Human Rights (UNHR), 2011. Guiding Principles on Business and Human Rights. Implementing the United Nations "Protect, Respect and Remedy" Framework
World Economic Forum - Diversity Equity and Inclusion Lighthouses 2024
Global Business Initiative - Integrating Human rights into company climate action: insights from business practitioners
Reports from local/national/international government agencies: - MIMS - Ministry of Infrastructure and Transport / - EASA - European Aviation Environmental Report 2022 / - Italian Space Agency PIAO 2023-2025 / - EU Sanctions Map
SASB - Sustainability Accounting Standards - Materiality Finder
ESRS – European Sustainability Reporting Standards
IFRS-S – International Financial Reporting Standards – Sustainability
Benchmark for comparison with main peers and strategic partners of Civitanavi Systems S.p.A. on the subject: Management of Material Issues/Policies, Management Systems, Certifications/Risk Management
Main internal sources analysed
Organisational, Management and Control Model pursuant to Legislative Decree no. 231/01
Code of Ethics of Civitanavi Systems S.p.A.
Management systems and certifications

Risk Assessment Document (DVR - Documento di Valutazione dei Rischi)
Information Prospectus (IPO) of Civitanavi Systems
ESG questionnaires banks/lenders
Civitanavi Systems_2022 Sustainability Report
Civitanavi Systems Website - News Section

Assessment of the relevance and prioritisation of impacts

The stage of assessing the significance of identified impacts is aimed at prioritising them. Prioritisation allows the company to determine the material topics to be reported, but, above all, to define more effectively and according to a logic of relevance the commitments and actions needed to address the impacts. The significance of an impact depends on the specific conditions of a company, the sector in which it operates and its business model. The significance of an actual negative impact depends on the severity of the impact, while that of a potential negative impact depends on the severity and likelihood of the impact. Severity is defined by the GRI Standards on the basis of three parameters: a) Scale: how severe is the impact; b) Scope: how widespread is the impact; c) Irremediable character.

The significance of an actual positive impact depends on the scale and scope of the impact, while the magnitude of a potential positive impact depends on both the scale and scope and the likelihood of the impact. In the case of positive impacts, the scale of an impact refers to the actual and/or potential benefits of the impact, while the scope refers to its actual or possible magnitude.

The conclusion of the process has involved the prioritisation of the identified and assessed impacts, in relation to their importance and on the basis of a threshold, defined for this purpose. The impacts that have been identified as most relevant are reported in this document.

Risk management

GRI	3-1 3-3 d
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The significance and subsequent prioritisation scale of an actual negative impact depends on the severity of the impact, while that of a potential negative impact depends on the severity and likelihood of the impact. The combination of the severity and probability of a negative impact defines the risk. The risk management systems adopted by companies identify and assess the different areas and categories of risk, economic, environmental and human impacts.

Civitanavi Systems initiates a process to identify, assess and manage key risks. This process, which sees the involvement of Civitanavi's management, leads to the identification of several main risks, for which a qualitative assessment was carried out and a rating (high, medium or low) was assigned, with a subsequent identification of risk response.

Governance of Risk Management

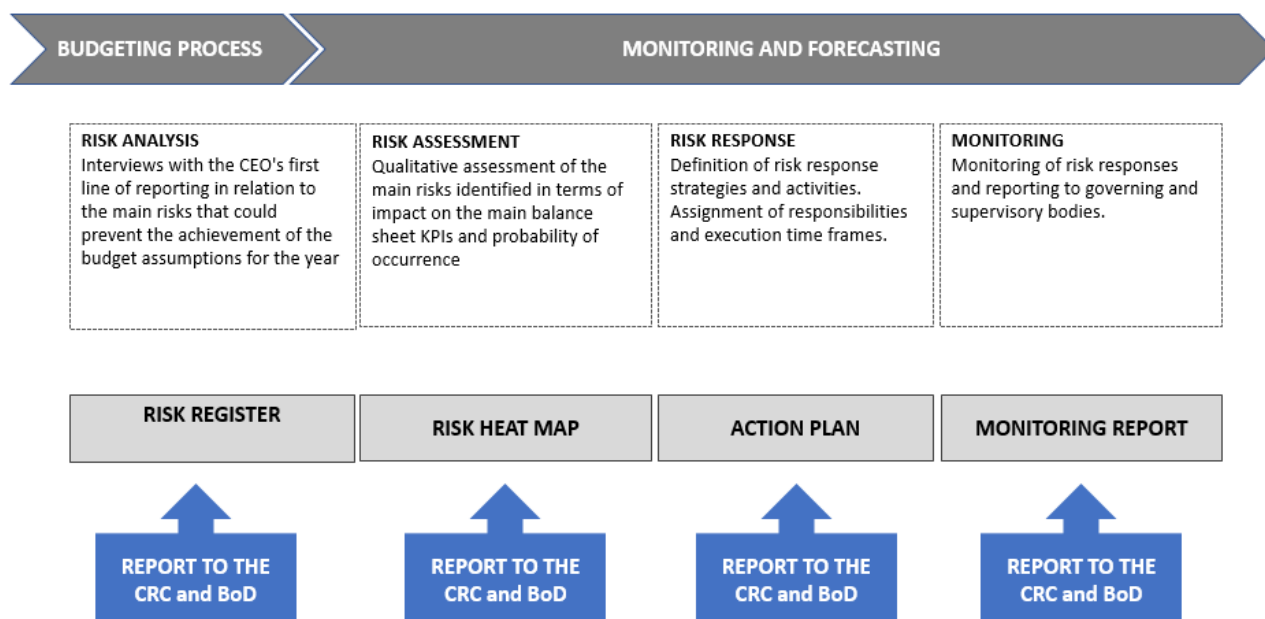
Board of Directors - Plays a steering role in the Group's pursuit of sustainable success, defines the strategies of the company and the group and monitors their implementation. It defines the company's corporate governance system and group structure and assesses the adequacy of the organisational, administrative and accounting structure of the Group and its strategically important subsidiaries, with particular reference to the internal control and risk management system. It defines the guidelines of the internal control and risk management system in line with the Group's strategies and assesses, at least once a year, the adequacy of the system in relation to the characteristics of the company and the risk profile assumed, as well as its effectiveness.

Internal Control Committee - Reviews the content of periodic non-financial information relevant to the internal control and risk management system. It formulates opinions on specific aspects relating to the identification of the main corporate risks, reports to the Board, at least every six months, at the time of approval of the annual and half-year financial report, [...] on the adequacy of the internal control and risk management system.

Chief Executive Officer – CEO - Oversees the identification of the main corporate risks, taking into account the characteristics of the activities carried out by the issuer and its subsidiaries, and submits them periodically to the Board of Directors for review. It deals with the adaptation of this system to the dynamics of operational conditions and the legislative and regulatory landscape. It promptly reports to the control and risk committee on problems and critical issues that have arisen in the course of its work or of which it has otherwise become aware, so that the committee can take appropriate action.

Management - Identifies the main risks in its areas of responsibility and contributes to the risk assessment of the issuer and its subsidiaries. It submits these risks and the measures taken to reduce and manage them for review by the CEO on a regular basis.

Risk identification, assessment and management process



Civitanavi Systems S.p.A.'s risk analysis is updated at least annually, and in 2022, particular account was taken of the ESMA (European Securities and Markets Authority) publication of 13 May 2022 "Implications of Russia's invasion of Ukraine on half-yearly financial reports", and the "Consob Attention Notice No. 3/22" of 19 May 2022 "Re: Conflict in Ukraine - Supervised issuers attention notice on financial reporting and compliance with restrictive measures taken by the European Union against Russia". Management, with the constant supervision of the Board of Directors and control bodies, has in fact worked to ensure full compliance with the restrictions, integrating ad hoc commercial, export and supplier selection procedures.

The table below shows the current configuration, approved in March 2024, of the identification, assessment and management of risks classified in the four categories: **compliance, strategic, operational, reporting**, and with respect to which ESG aspects are to be considered transversal.

	Risk identification	Categories/risk areas	Risk analysis	Risk Assessment/Management and Mitigation - Action Plan	Related material topic
1	Risks related to the actual achievement of the Industrial/Business Plan objectives	Strategic Reporting	The Group prepares forecast data for the preparation of the Business Plan. There is a risk that the growth forecast in the Business Plan will not take place in line with expectations, with consequent negative effects on the economic, equity and financial situation.	Management/mitigation actions: sector/product/market differentiation and partnerships – strategic alliances.	Transversal to the different ESG topics
2	Risks associated with the availability and costs of materials and components needed to perform the activity	Strategic Operational	Civitanavi Systems is exposed to the risk of having to delay and/or interrupt its production process due to the impossibility/difficulty of procuring the necessary components and materials or due to their unavailability.	Forecast-based procurement model for critical components and use of qualified providers.	7 Responsible Supply Chain Management 1 Energy consumption and energy efficiency 2 Emissions [Availability of energy sources and climate strategies]

	Risk identification	Categories/risk areas	Risk analysis	Risk Assessment/Management and Mitigation - Action Plan	Related material topic
					3 Waste and the Circular Economy [choice of components]
3	Risks associated with maintaining registration in special sectoral lists	Compliance	Entry into the national business register (Ref. Art. 127 of Presidential Decree No. 90 of 15 March 2010, "RNI"). Civitanavi Systems requires an export licence for most of the products it exports.	Internal export management system and allocation of some automatic functions to the company's ERP to avoid the risk of unauthorised shipments due to negligence or human error. The Group does not export armament material but only "dual-use" and such licences are issued on a case-by-case basis.	12. Ethics and integrity in business conduct
4	Risks associated with the type of customers and the degree of concentration of customer relationships	Strategic Operational	Civitanavi Systems is exposed to the risk of a high level of concentration of its customer base.	Risk mitigated by diversification of customer base and product applications.	10 Economic and financial performance
5	Risks associated with the Group's international activity	Strategic	The international operations (accounting for about 85%-80% of operating revenues) of changing export rules to countries that may be subject to sanctions expose the Group to risks related to, among other things, the geo-political and macroeconomic conditions of the countries where it markets its products.	Risk mitigation is possible through sector diversification (A&D and industrial) and customer diversification into foreign target markets.	12. Ethics and integrity in business conduct
6	Risks associated with the non-fulfilment of contractual commitments relating to product quality and order execution and delivery times	Operational Compliance	Civitanavi Systems is exposed to risks arising from the non-fulfilment of contractual commitments relating to the quality of its products and execution times.	Design systems (simulation) and test machines for internal verification of their equipment. In-house training of highly specialised personnel.	8 Quality/conformity and safety of products and services 4 Employment and people development 11 Technological Innovation
7	Risks related to manufacturing defects, non-compliance with contractual specifications and product liability. Risks related to potential future litigation, damage to image and reputation	Compliance Operational Strategic Reporting	Civitanavi Systems contractually guarantees its customers against manufacturing flaws and defects in each product. The Group is exposed to the risk of involvement in ordinary court or arbitration proceedings against it, from which compensation and payment obligations could arise.	Risk mitigated through highly advanced and certified design and production processes (ENAC POA and EASA ADOA) that minimise the risk of defects in the field - please refer to Risk Mitigation 6.	8 Quality/conformity and safety of products and services 11 Technological Innovation
8	Risks associated with trade receivables	Strategic Reporting	Civitanavi Systems is exposed to the risk that its customers may delay or fail to fulfil their payment obligations	The Group has put in place internal procedures to assess and monitor the creditworthiness and solvency of its customers.	10 Economic and financial performance
9	Risks associated with exchange rate fluctuations	Reporting	Civitanavi Systems is partially exposed to the risk of fluctuations in currency exchange rates.	The Group adopts both a natural hedging policy for currency purchases and sales, and ad hoc derivative instruments.	10 Economic and financial performance
10	Risks associated with key management figures and qualified personnel	Strategic	Civitanavi Systems is exposed to the risk of possible termination of employment with some key management figures and highly qualified personnel.	Civitanavi has a 2-level management structure which increases the recruitment of personnel with high levels of specialisation and reduces the risk of key and cross-functional personnel who could generate significant dependencies.	4 Employment and people skill development. 5 Diversity, inclusion and equal opportunities. 6 Worker health and safety [quality working environment – safety]

	Risk identification	Categories/risk areas	Risk analysis	Risk Assessment/Management and Mitigation - Action Plan	Related material topic
11	Risk associated with "Implications of Russia's invasion of Ukraine on half-yearly financial reports"	Compliance	Conflict in Ukraine/Compliance with EU restrictive measures against Russia	Specifically, the interventions are as follows: (i) system blocks; (ii) the "Export Management and Compliance Programme" procedure is provided for prior checking for compliance with all regulatory restrictions in place on the date.	12. Ethics and integrity in business conduct. 7 Responsible Supply Chain Management.
12	Information security risk	Strategic Compliance	Civitanavi Systems is exposed to Cyber Risk, a risk related to the handling of information on the computer system (databases, hardware, software).	The company has set up an IT security management system in accordance with ISO/IEC 27001:2013.	9 Cybersecurity and Data Privacy
13	Risk associated with opening new foreign companies	Strategic Compliance	Civitanavi Systems is exposed to the risk of incurring significant costs associated with setting up legal offices abroad.	Civitanavi sets up a subsidiary company on foreign territory following market assessments and analyses of concrete business opportunities. The investment is gradual and resources are deployed across projects throughout the group thanks to diversified knowledge.	10 Economic and financial performance 12. Ethics and integrity in business conduct
14	M&A transaction risk	Strategic	Civitanavi Systems is exposed to the risk of incurring significant costs associated with the total and partial acquisition of existing companies	M&A activity is part of the strategic objectives and is aimed at (i) smaller companies with R&D activities complementary to that of Civitanavi (ii) medium-sized companies for the acquisition of market shares.	10 Economic and financial performance 12. Ethics and integrity in business conduct
15	Risk related to return on investment in M&A transactions	Strategic Operational	Civitanavi Systems is exposed to the risk of being unable to recover the carrying amount of equity investments.	Civitanavi Systems puts in place actions to mitigate risk: in terms of governance, monitoring periodic reports, periodic audits and business combined for synergy opportunities.	10 Economic and financial performance 12. Ethics and integrity in business conduct









Material Topics - Objectives and Actions









GRI	2-24 3-3
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The commitments of Civitanavi Systems with respect to the material themes identified are shown in the following graphic, which also shows their correlation and consistency with the UN Agenda 2030 and the SDGs - Sustainable Development Goals - 17 Goals and 164 targets identified by the Agenda.

The objectives identified were developed from an initial in-house development activity in July 2022, which led to the identification of a series of actions related to 3 themes: **Compliance, Innovation and Social and Environmental Responsibility**.

The objectives, actions and related impacts, as well as the processes and procedures adopted to monitor performance and the effectiveness of actions, are discussed in more detail in the respective chapters of this document, where said topics are addressed and reported on.

	Material topic	Objectives			SDGs Sustainable Development Goals	
		Action	Progress	Time span	#	Target (abstract)
E	Environmental					
1	Energy consumption and energy efficiency	Construction of a photovoltaic system for electricity production (self-consumption).	Achieved	2023-2024	 	7.2 7.3 13.2
2	Emissions					
3	Waste and circular economy	Adoption of an automatic trade compliance tool for analysing products in terms of REACH compliance and RhOS compliance.	Ongoing	2023-2024		12.4
		Implementation of a non-conformity management plan for electronic boards in order to reduce the rejection of these components, also by means of rework done in accordance with IPC with suitably qualified personnel.	Ongoing	2023-2024		
		Increased purchase of recycled paper with a target of 100%.	Achieved	2023		
S	Social					
4	Employment and people skill development	Presentation of Civitanavi Systems' Sustainability Report 2022 to all personnel during a dedicated training event.	Achieved	2023	 	4.4 8.4 8.6
		Dedicated training plan for all staff and employees on sustainability and environmental and social impacts generated by the company.	Achieved	2023		
		Adoption of an employee appraisal system with objectives and development of skills and awareness generation also on ESG issues.	To be implemented	2024		
		Organisation of meetings with schools and universities aimed at facilitating entry into the world of work and at strengthening relations with the local area.	Ongoing	2023-2024-2025		
5	Diversity, inclusion and equal opportunities	Acquisition of ISO 26000 - Guidelines on Corporate Social Responsibility certification.	Ongoing	2024	  	5.5 8.5 8.6 8.7 8.8 10.2 10.4
		Adoption of a company policy on Diversity, Equity and Inclusion.	To be implemented	2024		
6	Worker health and safety	Adoption of a company attendance recording system for safety purposes.	Achieved	2024		8.8

	Material topic	Objectives			SDGs Sustainable Development Goals	
		Action	Progress	Time span	#	Target (abstract)
7	Responsible supply chain management	Expanding the mapping and qualification system of suppliers taking ESG topics into account, in conjunction with the mapping that is already carried out of suppliers located in countries considered to be at risk of "modern slavery". Adoption of an automated trade compliance tool to monitor and map supplies related to Conflict Minerals.	Ongoing Ongoing	2024 2024	 	8.7 8.8 12.2
8	Quality/compliance and safety of products and services	Implementation of EC marking and user manuals on Civitanavi Systems products.	Ongoing	2024		9.1
9	Cybersecurity and Data Privacy	Ensure specific training in IT security and data privacy for all Civitanavi Systems personnel.	Achieved	2023		
G	Governance					
10	Economic and financial performance	Economic and financial performance to ensure business continuity and the distribution of value among stakeholders.	Ongoing	2023-2025		8.1
11	Technological Innovation	Expansion in terms of digitisation of internal business processes. Continue to ensure research and development of innovative projects. Expand partnerships and research projects with educational institutions, universities and research centres.	Ongoing Ongoing Ongoing	2023-2024 2023-2024 2023-2024	 	8.2 9.5
12	Ethics and integrity in business conduct	Creation of a "Sustainability" section on the Civitanavi Systems website in order to collect and communicate in a more accessible way the company's initiatives, results and contribution to environmental or social improvement projects in the community. Adoption of the Legality Rating issued by the Italian Antitrust Authority. Strengthening of the integration of ESG aspects into the risk identification system (ERM).	Achieved To be implemented Achieved	2023 2024 2024		16.5 16.6

5 Environment

Environmental Policy

GRI	3-3
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Civitanavi Systems is committed to complying with applicable environmental laws and regulations and implementing preventive measures to minimise environmental impact. Civitanavi Systems issues an annual Environmental Legal Compliance Analysis in accordance with ISO 14001 that defines its strategy in relation to the environmental impact of its activities.

Energy - Emissions and Climate Change

GRI	3-3 302-1 302-3 305-1 305-2 305-4
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Energy consumption

Civitanavi Systems monitors electricity and water consumption on a monthly basis to keep any waste under control.

In 2022, Civitanavi System entered into agreements with Guarantees of Origin (GO) for the purchase of electricity from renewable sources, certifying that the origin of the sources used for energy production is renewable.

In spring 2024, the photovoltaic system installed on the roof of the new headquarters building in Porto Sant'Elpidio went into operation, with a nominal output of 130 kW/h with 318 photovoltaic panels.

Energy consumption - shown in GJoules in accordance with GRI Standards - is the energy used for the operation of equipment, in production facilities, and for activities carried out at the operational and business premises. Methane is used exclusively for water heating. Energy consumption figures for 2023 show a slight increase in methane consumption compared to 2022, but the level remains lower than the consumption of 2021.

Overall, total energy consumption increased slightly compared to previous years due to a number of factors, such as the increase in production capacity and employees and the consequent expansion of work space. Two charging points for the company's two electric cars were installed at the Pedaso plant in 2022.

In 2023, the share of renewables in the total energy consumed is 21%. Compared to 2022, the figure for the consumption of electricity purchased with Guarantee of Origin contracts decreased by about 50% due to the change of supplier, which did not guarantee 100% coverage for a period of time. However, the Company has re-established a contract with its electricity supplier for supply from renewable sources certified by a Guarantee of Origin, which will therefore allow for a return to consumption in line with 2022.

In addition, it is expected that the share of electricity supply from renewable sources will also be increased by the installation of the photovoltaic system in the new building.

Energy consumed – GJ	2021	2022	2023
Electricity			
Electricity purchased from the grid	1,498	507	1,443
Electricity purchased with Guarantee of Origin contracts	-	1,130	563
Total energy consumed	1,498	1,636	2,006
Of which from renewable sources	-	1,130	563
Natural Gas			
Methane	746	616	677
Total	746	616	677
Total energy consumption - GJ	2,244	2,252	2,684
Renewable percentage	0%	50%	21%

Sources

- Electricity – Enea [Agenzia nazionale per le nuove tecnologie, l'energia e lo sviluppo economico sostenibile](#)
- Methane Ministry of Environment Italy – National Parameters [EU ETS - Italy:News \(minambiente.it\)](#)

Energy intensity

Below are the indicators for measuring energy intensity calculated on the basis of two different parameters: number of employees and hours worked. As shown in the table below, from 2022, the emission intensity index shows an improving trend. In 2023, the number of employees indicated refers to Italy only.

Energy intensity index - Number of employees	2021	2022	2023
Energy consumption - GJ	2,244	2,252	2,684
Number of employees at the end of the period	120	148	179
Intensity index – GJ/no. employees	18,70	15,21	14,506,16

Energy intensity index - Hours worked	2021	2022	2023
Energy consumption - GJ	2,244	2,252	2,684
Number of hours worked	195,765	234,782	275,286
Intensity index* – GJ/kh	11,46	9,59	9,75

*The index shows the emissions (t CO₂e) per thousand hours worked

Emissions

Direct and indirect emissions: GHG Scope 1 - Scope 2

Carbon dioxide emissions and equivalents (tCO₂e) are reported in tonnes equivalent. The tables show data on direct emissions (GHG Scope 1 - Greenhouse Gas), together with indirect emissions associated with the consumption of electricity purchased from the grid (GHG Scope 2).

As already mentioned, since 2022, Civitanavi Systems has signed specific supply contracts with Guarantee of Origin (GO), an electronic certification attesting to the renewable origin of the sources used to produce electricity. The calculation of indirect emissions from electricity consumption (GHG - Scope 2) was carried out according to both the location-based and market-based approaches:

The **market-based** method determines the GHG – Scope 2 emissions from the purchase of electricity, considering the specific emission factors reported by the suppliers. If electricity is purchased from renewable sources, the tCO₂e emission factor is zero.

The **location-based** method considers emissions from electricity consumption by applying national average emission factors for the different countries where electricity is purchased.

Emissions CO ₂ - Scope 1 (tCO ₂ e)	2021	2022	2023
Methane			
Methane for Heating	42	35	38
Total - Scope 1 emissions	42	35	38

Sources and Notes

- Methane Ministry of Environment Italy – National Parameters [EU ETS - Italy:News \(minambiente.it\)](#).
- F-gas (refrigerant gases dispersed in the atmosphere - air conditioning systems): emissions not present in significant quantities.

Emissions / CO ₂ - Scope 2 Location-based (tCO ₂ e)	2021	2022	2023
Purchased electricity	111	121	149
Emissions / CO ₂ - Scope 2 Market based (tCO ₂ e)	2021	2022	2023
Purchased electricity	190	64	183

Sources and notes

The values for energy consumption 2021 and 2022 have been changed to an insignificant extent compared to the figure published in the 2022 Sustainability Report due to marginal changes in conversion factors, as a result of data becoming available in 2023.

Location-based method - source:

- Italy - ISPRA Efficiency & decarbonisation indicators ITA Europe 366-2022 Tab A 2 20 - Emission factors in the electricity sector for electricity production.

Market-based method - source:

- Italy - European Residual Mix | AIB (aib-net.org) [2021] Table 2: Residual Mixes g/CO₂/kWh

Thanks to the supply of electricity from renewable sources, 2023 market-based emissions are 4.5% lower than in 2021.

GHG / CO ₂ emissions - Scope 1 + Scope 2 (t CO ₂ e) Market based	2021	2022	2023
Total GHG CO ₂ Emissions - Scope 1 + Scope 2	232	99	222

In 2023, the total Scope 1 + Scope 2 emissions increased due to the change of electricity supplier with whom, as mentioned above, no Guarantee of Origin contract was concluded. This implies that the Scope 2 - Market Based emissions figure is higher than the 2022 figure.

Emissions intensity - Number of employees*	Unit	2021	2022	2023
Emissions Scope 1 + Scope 2 Market based	t CO ₂ e	153	156	187
Number of employees at the end of the period		120	148	179
Intensity index		1,273	1,053	1,044

Emissions intensity - Hours worked*	Unit	2021	2022	2023
Emissions Scope 1 + Scope 2 Market based	t CO ₂ e	153	156	187
Number of hours worked		195,765	234,782	275,286
Intensity index**		0,78	0,66	0,68

Notes

The values for energy consumption 2021 and 2022 have been changed to an insignificant extent compared to the figure published in the 2022 Sustainability Report due to marginal changes in conversion factors, as a result of data becoming available in 2023.

** The index shows the emissions (t CO₂e) per thousand hours worked

Resource use and waste management

GRI	3-3 303-3 306-3
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Waste

In accordance with the D.P.C.M. of 23 December 2020, Civitanavi Systems annually submits the Single Environmental Declaration (MUD - Modello Unico di Dichiarazione Ambientale), a communication that entities and companies must submit every year, in which they indicate the quantity and type of waste they produced and/or managed during the previous year. The MUD consists of six communications identifying the types of waste for which the form must be submitted, namely (i) waste; (ii) end-of-life vehicles; (iii) packaging; (iv) municipal, assimilated and collected waste; (v) waste from electrical and electronic equipment; and (vi) manufacturers of electrical and electronic equipment.

The waste produced by Civitanavi may originate from the following activities: a) Administrative and office activities; b) Manufacturing activities. For office activities, 100% recycled paper was purchased in 2023.

The tables show the data for the period 2021-2023 of waste generated, with the quantities of hazardous and non-hazardous special waste disposed of or recovered, broken down by type. Quantities are expressed in tonnes (t).

In general, the total amount of waste is in line with 2022. In 2023, there was a decrease in hazardous waste compared to the previous year due to a reduction in the disposal of end-of-life equipment. In contrast, there was an increase in non-hazardous waste resulting from the opening of new sites. Confirming the 2022 figure, 94% of the total waste produced by Civitanavi was destined for recovery in 2023.

Waste by category (t)	2021			2022			2023		
	Recovery	Disposal	Total	Recovery	Disposal	Total	Recovery	Disposal	Total
Hazardous waste									
Packaging	-	0,012	0,012	-	0,018	0,018	-	0,046	0,046
Paints and varnishes	-	-	-	0,013	-	0,013	0,030	-	0,030
Adhesives and sealants	-	-	-	-	0,002	0,002	-	0,020	0,020
Discontinued equipment with hazardous components	-	-	-	0,010	-	0,010	0,005	-	0,005
Discontinued equipment, containing chlorofluorocarbons, HCFCs, HFCs	-	-	-	0,940	-	0,940	-	-	-
Other insulation materials	-	-	-	-	0,040	0,040	-	-	-
Metal packaging containing hazardous solid porous matrices	-	-	-	-	-	-	-	0,005	0,005
Other insulation materials containing or consisting of hazardous substances, mineral wool	-	-	-	-	-	-	0,015	-	0,015
Total hazardous waste	-	0,012	0,012	0,963	0,060	1,023	0,050	0,071	0,121
Non-hazardous waste									
Discontinued equipment	0,080	-	0,080	0,084	-	0,084	0,960	-	0,960
Aluminium	0,097	-	0,097	0,070	-	0,070	0,070	-	0,070
Wood	0,250	-	0,250	-	-	-	-	-	-
Iron and steel	0,040	-	0,040	-	-	-	-	-	-
Mixed waste from construction and demolition activities	0,380	-	0,380	-	-	-	-	-	-
Waste containing silicon	0,001	-	0,001	0,050	-	0,050	-	-	-
Aqueous suspensions containing paints and varnishes	-	0,004	0,004	-	0,011	0,011	-	-	-
Components removed from discontinued equipment	-	-	-	0,005	-	0,005	0,045	-	0,045
Waste adhesives and sealants (other than item 08 or 09)	-	-	-	-	0,002	0,002	-	0,007	0,007
Alkaline batteries	-	-	-	-	-	-	0,020	-	0,020
Used printer toner	-	-	-	-	-	-	0,025	-	0,025
Total non-hazardous waste	0,847	0,004	0,851	0,209	0,013	0,222	1,120	0,007	1,1
Total	0,847	0,016	0,863	1,172	0,073	1,245	1,170	0,078	1,2
% waste for recovery			98%			94%			94%

Water

The reporting standard for water resources (GRI 303) is consistent with the SDGs/Sustainable Development Goals of the UN Agenda 2030, in particular Objective 6, which defines objectives related to, among others, the sustainability of water resources worldwide. The standard requires reporting on an organisation's water use, associated impacts and how to address them. Civitanavi Systems' water withdrawals are from the public aqueduct network and mainly concern sanitary uses.

Water abstraction data, as required by the GRI Standards, are shown in Mega Litres (1 Mega litre = 1000 cubic metres). Water consumption increased in 2023 compared to previous years due to the growth of the company.

Water withdrawals (ML)	2021	2022	2023
Third-party water resources (aqueduct - network)	0,6	0,9	1,3
Total	0,6	0,9	1,3

Water stress - Water stress refers to the ability or inability to meet the demand for water, both from humans and from ecosystems as a whole, i.e. the ratio of total water withdrawal to the available renewable supply from surface and groundwater sources. Water withdrawals include domestic, industrial, irrigation, livestock and non-consumption uses. Higher values indicate more *competition* between users. The Aqueduct Water Risk Atlas [Aqueduct | World Resources Institute \(wri.org\)](#) of the World Resources Institute was used as a tool for assessing water stress areas.

Civitanavi Systems' sites are all located in Italy (specifically, in the Marche, Lazio and Campania regions) in areas characterised by water stress classified as high/very high. This characteristic is motivated, as indicated by ISPRA, by a statistically significant increase in the percentage of Italian territory subject to extreme drought conditions on an annual time scale.

6 Quality, conformity and safety of products

Quality Policy

GRI	3-3
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Civitanavi Systems aims to become a major player in the global market for Inertial Measurement Units (IMU), Orientation and Stabilisation Systems (AHRS) and georeferencing solutions based on Inertial Navigation Systems (INS), both for industrial and Aerospace and Defence applications.

To achieve this goal, the company considers product Quality, respect for the Environment and Workers' Health and Safety as fundamental requirements, so much so that it designs and implements an integrated "Quality - Workers' Health and Safety - Environment" management system in compliance with EN 9100 and ISO 45001 and in accordance with ISO 14001.

The key elements that Civitanavi Systems considers essential to guarantee and develop the policy for quality, the environment and workers' health and safety are:

COMPLIANCE - Managing one's activities in compliance with applicable rules and regulations, with the understanding that the ability and speed to react and adapt to regulatory changes is a competitive advantage. This is the foundation of the corporate principle.

Product quality, including performance, reliability and safety, is what makes the difference in the world market.

The activities of Civitanavi Systems are subject to compliance with environmental protection laws, rules and regulations that imply specific actions to ensure the correct storage and use of chemical or hazardous substances in accordance with the REACH Regulation and RoHS Directive, as well as the correct management and disposal of waste.

The company has identified the hazardous substances used in production processes and plans to improve the management of these substances, starting with the implementation of an automated system that allows their complete traceability within the Civitanavi Systems product.

INNOVATION AND CONTINUOUS IMPROVEMENT - The aim is to create unique products, through innovative research and production processes, using our own technologies, aware that what makes this process interesting is the passion for research, the ability to break pre-existing paradigms, and to explore new territories far from the disciplinary walls of tradition. This is evident in the business principle: Civitanavi Systems believes in innovation and therefore constantly invests in research and development projects.

RESOURCES - In compliance with the equality principle, Civitanavi Systems values human resources through their personal and professional development, ensuring that all personnel have the necessary skills in relation to their assigned role, favouring processes of discussion and consultation as well as involvement in the achievement of environmental, sustainability, occupational health and safety and quality objectives as defined by Management.

Among the tools to ensure compliance with appropriate standards, health and safety audits, both internal and external, are mainly aimed at maintaining Management System certification, compliance audits, health and safety audits.

SUSTAINABILITY - This is the 'engine' driving a continuous improvement process, which guarantees results over time and the strengthening of economic performance, reputation, the health and safety of workers as well as the achievement of environmental and social goals. Civitanavi Systems believes that there can be no innovation without sustainability

Conformity and safety

GRI	3-3 416-2 417-2
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Civitanavi Systems contractually guarantees its customers against manufacturing flaws and defects in each product for a period usually between 12 and 24 months after delivery.

In the course of its work, it also implements "safety critical" applications, i.e. systems whose failure could be such that they cause serious and potentially irreversible damage to the product to which they are applied.

Civitanavi guarantees highly advanced and certified design and production processes (ENAC POA and EASA ADOA), which minimise the risk of defects in the field of application.

It is specified that the complaints received and handled, it being an ordinary part of the activities carried out, did not in any way involve safety components that could lead to risks for the end user. In the 2023 reporting period, as in the previous years reported, no significant cases have occurred concerning: a) non-compliance with standards, regulations or voluntary codes regarding the health and safety impacts of products and services; b) cases of non-compliance with regulations and/or self-regulatory codes regarding information on products and services.

Supply chain management

GRI	2-6 3-3 308-1 414-1
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Civitanavi Systems designs inertial systems in-house and outsources, through highly specialised and qualified suppliers, the **manufacturing and assembly processing phases of electronic boards, mechanical parts and wiring**.

The products marketed are mainly manufactured through the use of **so-called off-the-shelf components, i.e. readily available on the market, of industrial derivation**, especially from the automotive and telecommunications sectors. These components are characterised by a high degree of reliability, low cost and rapid availability.

Supplier selection and evaluation processes

Civitanavi makes sure that suppliers meet all the requirements regarding not only convenience, efficiency and competence, but also the principles that inspire the Code of Ethics of Civitanavi Systems.

In selecting suppliers or partners, the Group applies the following **principles**:

- not using suppliers or partners who are known to have well-founded direct or indirect links to organisations of a criminal or illegal nature;
- avoiding, at any degree and level, the inappropriate exchange of favours and gifts, so as not to undermine the transparency and fairness of the relations that the Group has with its suppliers and partners;
- raising the awareness of suppliers and partners to comply with this Code of Ethics.

The Procurement Management Procedure was updated in November 2023. Potential Civitanavi suppliers are subjected to a **prior evaluation** of their capabilities and reliability in terms of production, quality, organisational, economic and financial potential, as well as assessments on their compliance with legal requirements. The positive outcome of this evaluation authorises and qualifies the supplier, resulting in its inclusion in the authorised/qualified supplier list.

The organisation keeps an up-to-date **register of its suppliers**, indicating the status of the authorisation/qualification process and the scope of supply.

In the process of qualifying the potential supplier, Civitanavi Systems also **verifies the supplier's possession of third-party QMS (Quality Management System) certifications** issued by accredited Certification Bodies according to the ISO 17011 standard for the specific supply activity. If yes, this allows a quick and successful completion of the supplier's evaluation.

If the potential supplier has not obtained QMS certification (UNI EN 9100 or civil or military aeronautical certification for the matters being the object of the supply), Civitanavi Systems activates a further qualification process for the potential supplier by organising a **qualification audit**.

If the results of the audit are judged to be negative or partially positive, the supplier is identified as "Non-Qualified". However, should the company's interest in the potential supplier persist, Civitanavi Systems may ask the supplier for an adjustment plan, based on the implementation of which, it will be possible to include the supplier in the "Authorised/Qualified Supplier List". If the requested improvements are judged by the Evaluation Committee to be minor (requiring no major interventions), the supplier can be listed immediately as "**Partial qualification**". Otherwise, such an act may only take place after objective evidence that the supplier has made the required adjustments.

Some of the products, materials and processes that are procured are classified as "**Critical Products**" and are, specifically, the **materials, processes and instrumentation** for which Civitanavi indicates to the supplier a **technical specification** to be followed for the manufacture of the product itself.

At present, the procedure described does not include a formal, structured evaluation of suppliers according to environmental and social (ESG) parameters identified and applied in the process. However, Civitanavi Systems aims to improve this by integrating these aspects in the evaluation and qualification of suppliers.

The performance of suppliers is constantly monitored and reviewed at least annually. Civitanavi also reserves the right to carry out checks at the supplier company's production units or operating sites to verify compliance with these requirements.

At the date of approval of this document, there were **426 suppliers** on the Civitanavi Systems **Vendor List**. Of these: a) **327 are Authorised**, i.e. they do not need qualification audits (they can be suppliers of commercial off the shelf components); b) 64 are qualified, i.e. they have been appropriately audited in order to be included in the supplier register; c) 18 have qualification in progress: by 2024 they will have to be verified with Quality audits; d) for 17 the authorisation process is in progress (preliminary screening (commercial, technical and quality)).

Data Security and Privacy

GRI	3-3 418-1
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Civitanavi considers the protection of information to be fundamental, especially with regard to aspects of security, integrity and confidentiality. Compliance with confidentiality and privacy requirements and proper use of information systems is one of the general ethical principles of Civitanavi's Code of Ethics.

The company treats all data and information coming into its possession with the utmost confidentiality, in accordance with the provisions of current privacy legislation, such as Regulation (EU) No 2016/679 (or GDPR, General Data Protection Regulation).

In cases of a personal data breach, the GDPR requires the data controller to notify the breach to the competent supervisory authority (for Italy, the Personal Data Protection Authority) within 72 hours of becoming aware of it, unless the personal data breach is unlikely to present a risk to the rights and freedoms of natural persons.

In general, all Recipients of the Code of Ethics are bound to maintain the utmost confidentiality on documents, know-how, internal organisation and management of the Group's tangible and intangible assets, on corporate and commercial transactions carried out by the Group, on judicial and administrative procedures involving it and, in general, on all information learnt by reason of or in connection with the performance of their work or contractual relations, the dissemination or use of which may cause a danger or damage to the Group or even only an undue gain for the Recipient.

Civitanavi adopts appropriate measures to ensure that access to telematic and computerised data takes place in full compliance with the laws in force and with the privacy of any persons involved, guaranteeing that they are processed by persons expressly authorised to do so without undue interference.

In October 2022, Civitanavi Systems also adopted the **ISO:27001:2023** information security management system. The standard enables a comprehensive approach to information security in all the areas concerned: from documents in digital format to those in paper format, from hardware equipment (computers and networks) to personnel skills.

In 2023 and the previous reporting periods, there were no data loss events (data breaches) and subsequent substantiated complaints regarding breaches of customer privacy and loss of customer data.

Each employee is committed to ensuring such compliance and is familiar with Civitanavi's compliance and export management programme. As per procedure, all Civitanavi employees receive periodically specific basic training on export control and individual responsibilities regarding the Export Compliance and Management Programme.

There is also an Export Compliance Officer (ECO), who is responsible for the final decisions on all questions or issues related to this programme, in particular, and on export compliance, in general, and has the ability to perform its duties in the best interests of the company, without undue influence.

Any employee who becomes aware of facts or incidents, which may violate export regulations or this programme, is required to promptly report the fact to the ECO. Civitanavi has specifically set up an anonymous reporting system ("incident reporting form") for any employee who suspects a violation or incident. Each incident is reviewed by the ECO (or its designate).

7 People

Value of human resources

GRI	3-3 401-2 406-1
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Civitanavi Systems has always been committed to enhancing the value of its resources, favouring the conditions that allow people who, in various capacities, work in and for the Group, to best express their skills and personality, to being offered the same opportunities for professional growth without any discrimination, and to contribute to the Company's decision-making processes within the scope of their own attributions and according to their abilities and skills.

In contractual and organisational relationships involving the establishment of hierarchical relations within the Group, anyone in a hierarchically superior position undertakes to ensure that authority is exercised fairly and properly, avoiding any abuse. In particular, the Group ensures that authority does not turn into the exercise of power detrimental to the dignity and autonomy of the employees and that work organisation choices safeguard the value of the employees.

All staff are employed under regular employment contracts. The employment relationship is conducted in accordance with the collective bargaining regulations of the sector and social security, tax and insurance regulations. The lines of conduct are dictated primarily by the Code of Ethics and Model 231, which are available and can be consulted by employees.

With reference to the reporting periods, it should be noted that no cases of discrimination in the management of human resources relations occurred or no occurrences of human rights violations were reported. As indicated in the Code of Ethics, Civitanavi is committed to ensuring equal opportunities within the work environment and in the professional development process of its employees.

Furthermore, in accordance with current legislation (Art. 46 of Legislative Decree No. 198 of 11 April 2006, so-called Equal Opportunities Code, as amended by Law No. 162 of 5 November 2021), Civitanavi Systems prepares a report on the gender ratio of its employees every two years.

Welfare - working environment and employee welfare

Civitanavi Systems confirms the centrality of people and the importance of a corporate welfare system that promotes the well-being of its employees, for whom, in 2022 and then again in January 2023, it entered into a group policy with Intesa Sanpaolo to protect employees from the economic consequences that can occur as a result of serious illnesses. This provides employees with economic support and coverage of healthcare expenses for specialist and check-ups, by offering welfare solutions provided by Intesa Sanpaolo, thus guaranteeing assistance in dealing with moments of particular need arising from the onset of serious illness and which shares the ethical and social values of doing business.

In addition, Civitanavi has taken further measures to increase the well-being of its employees, also following the provisions of the CCNL for the relevant sector (Metalmechanical Industry). This contribution is distributed through: fuel vouchers, contracted canteens, and a cafeteria area where employees can enjoy the service fully subsidised by the Group. Civitanavi also provided for further welfare measures:

Smartworking

The Covid 19 pandemic made it essential to adopt remote working arrangements. Civitanavi Systems, with a view to continuous improvement, decided to optimise the work and personal life times of its employees by extending the adoption of smart working, in order to achieve a better reconciliation of workers' personal demands and professional obligations.

The definition of smart working, defined by Article 18 Law 81/2017, aims to increase competitiveness and facilitate the reconciliation of work and personal life times, promoting agile working as a mode of execution of the employment relationship, in compliance with the agreement entered into by the parties, also with forms of organisation broken down by phases, cycles and objectives and without precise constraints of time or place of work, with the possible use of technological tools for the performance of work activities.

Following the end of the health emergency, and after assessing the level of acceptance by employees, Civitanavi has regulated the use of agile working, offering this opportunity to all those who are able to work outside the production site.

Smart working has been regulated by a specific Agreement, in which it is established that agile work can be enjoyed, while maintaining standards of efficiency and productivity and after coordination with one's supervisors, for two days a week, and, for those who live in regions other than the one in which they work, depending on their functional role in the organisation and to the authorisation of their supervisor, for more than two days a week. Although the total number of working hours remains unchanged, workers who choose to take advantage of this option are given greater organisational flexibility in terms of working hours, with the possibility of working from 8 a.m. to 8 p.m. on the basis of their choice.

All those who take advantage of the possibility of working in smart working mode are fully guaranteed the rights granted during work in presence. In particular, with regard to safety in the workplace, the worker is required to prefer safe places that do not entail a high exposure to risk. To facilitate the proper performance of work tasks, the company provides a laptop PC.

Work is performed partly on company premises and partly outside without a fixed workstation, within the maximum working hours set by law or by the CCNL labour agreement.

Stock Option Plan implemented by Civitanavi Systems LTD

Civitanavi Systems Ltd, the majority shareholder of Civitanavi Systems SpA, which now owns 66.2% of the share capital, had implemented a stock option plan for the benefit of Civitanavi Systems' employees, which provided for the assignment of option rights to be subscribed for Civitanavi Systems Ltd shares at a symbolic strike price of CHF 1. On 1 February 2023, Civitanavi Systems Ltd signed an addendum with the employees beneficiary of the original Plan, in which the Parties mutually agreed to modify the option rights assigned - free of charge - to the employees, providing for the assignment, after the relative exercise of the options, of Civitanavi Systems S.p.A. shares, instead of the shares of the parent company Civitanavi Systems Ltd. The beneficiary employees, on 1 February 2023, therefore exercised the option rights assigned to them, at the closing stock market price on 31 January 2023 of Euro 3.45.

Stock Option Plan implemented by Civitanavi Systems S.p.A.

On 27 April 2023, the Shareholders' Meeting approved the adoption of an incentive and loyalty plan for the members of the Board of Directors and employees of Civitanavi Systems S.p.A. and/or its subsidiaries, which provides for the free allocation of a maximum total of 1,300,000 options attributing the right to subscribe and purchase the Company's ordinary shares at a ratio of 1 (one) ordinary share for every 1 (one) option exercised.

The plan has been implemented in order to adopt an effective incentive and loyalty-building tool for individuals in strategic roles that are decisive for success, and for employees of the Group and its subsidiaries.

Survey of employees' occupational well-being

Civitanavi's Human Resources function is in charge of managing the annual survey of employees' perceived well-being at work. The survey is conducted on an annual basis, by administering an anonymous questionnaire to all company employees hired on permanent, fixed-term and professional apprenticeship contracts. The questionnaire comprises four survey areas, each focusing on a particular aspect of work activity:



A new employee survey was conducted for 2023. It consisted in filling out a questionnaire delivered electronically and anonymously. The only personal information requested from the workers was to indicate their age group. The survey was structured to assess four areas of reference:

- Corporate management
- Organisational efficiency
- Perceived well-being
- Health, safety and perceived comfort.

A total of 175 employees (98% of the total workforce) participated in filling out the questionnaire, showing the high degree of interest in the initiative. Among Civitanavi's strengths, in addition to the appreciation for the standards applied for Health, Safety and Corporate Comfort, was the attachment of the people who said they were loyal to the company, involved, interested and motivated to do their work.

Employment, diversity and equal opportunities

GRI	3-3 401-1 401-3 405-1
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Turnover

Civitanavi, since its inception, also thanks to company policies aimed at developing the human and professional expertise of its employees through training courses, has recorded a 100% employee retention rate.

The table below shows the turnover figures for Civitanavi over the three-year reporting period.

During 2023, Civitanavi Systems recorded an overall turnover of 23.6%. Over the past three years, the value of overall turnover has remained consistently positive.

New employee hires and turnover	2021			2022			2023		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Hires									
Up to 29 years of age	3	14	17	4	20	24	4	21	25
From 30 to 50 years of age	1	15	16	2	15	17	4	13	17
Over 50 years of age	-	1	1	1	1	2	-	4	4
Total	4	30	34	7	36	43	8	38	46
Terminations									
Up to 29 years of age	1	1	2	-	6	6	-	1	1
From 30 to 50 years of age	-	6	6	-	7	7	-	7	7
Over 50 years of age	-	-	-	-	2	2	-	3	3
Total	1	7	8	-	15	15	-	11	11
Reason for termination									
Voluntary departures	1	7	8	-	15	15	-	11	11
Retirement	-	-	-	-	-	-	-	-	-
Total	1	7	8	-	15	15	-	-	11
Turnover									
Positive turnover - hires	28.6%	37.5%	36.2%	41.2%	35%	35.8%	33.3%	30.6%	31.1%
Negative turnover - terminations	7.1%	8.8%	8.5%	0.0%	14.6%	12.5%	0.0%	8.9%	7.4%
Overall turnover	21.4%	28.8%	27.7%	41.2%	20.4%	23.3%	33.3%	21.8%	23.6%

Diversity

As already mentioned, the majority of Civitanavi Systems' employees are men. In relation to the type of activity of Civitanavi, most female employees are office workers (75%). The figure has remained constant over the whole of the three-year period. Managerial figures are represented in a ratio of 1 woman to 1 man.

Employee Diversity	2021			2022			2023		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Employees by category/gender									
Managers	1	1	2	1	1	2	1	1	2
Middle managers	1	6	7	1	8	9	2	9	11
White collars	14	61	75	19	67	86	24	86	110
Blue collars	1	35	36	3	48	51	5	55	60
Total	17	103	120	24	124	148	32	151	183
%									
Managers	0.8%	0.8%	1.7%	0.7%	0.7%	1.4%	0.5%	0.5%	1.1%
Middle managers	0.8%	5.0%	5.8%	0.7%	5.4%	6.1%	1.1%	4.9%	6.0%
White collars	11.7%	50.8%	62.5%	12.8%	45.3%	58.1%	13.1%	47.0%	60.1%
Blue collars	0.8%	29.2%	30.0%	2.0%	32.4%	34.5%	2.7%	30.1%	32.8%
Total	14.2%	85.8%	100.0%	16.2%	83.8%	100.0%	17.5%	82.5%	100.0%

In terms of age groups, Civitanavi Systems is characterised by a high presence of young people. Specifically, the company consists of: **35% employees under 30 years of age**, 53.6% employees between 30 and 50 years of age and 11.5% employees over 50 years of age.

Employee Diversity	2021			2022			2023		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Employees by age/gender									
Up to 29 years of age	4	40	44	5	50	55	8	56	644
From 30 to 50 years of age	11	50	61	15	61	76	21	77	98
Over 50 years of age	2	13	15	4	13	17	3	18	21
Total	17	103	120	24	124	148	32	151	183
%									
Up to 29 years of age	3.3%	33.3%	36.7%	3.4%	33.8%	37.2%	4.4%	30.6%	35.0%
From 30 to 50 years of age	9.2%	41.7%	50.8%	10.1%	41.2%	51.4%	11.5%	42.1%	53.6%
Over 50 years of age	1.7%	10.8%	12.5%	2.7%	8.8%	11.5%	1.6%	9.8%	11.5%
Total	14.2%	85.8%	100.0%	16.2%	83.8%	100.0%	17.5%	82.5%	100.0%

Employees up to the age of 29 are distributed in the categories of white collars (16.9%) and blue collars (18%). Employees in the 30-50 age group are concentrated more among white collars (35.5%).

Employee Diversity	2021				2022				2023			
	Up to 29 years of age	From 30 to 50 years of age	Over 50 years of age	Total	Up to 29 years of age	From 30 to 50 years of age	Over 50 years of age	Total	Up to 29 years of age	From 30 to 50 years of age	Over 50 years of age	Total
Employees by category/age												
Managers	-	1	1	2	-	1	1	2	-	1	1	2
Middle managers	-	5	2	7	-	6	3	9	-	7	4	11
White collars	19	45	11	75	25	50	11	86	31	65	14	110
Blue collars	25	10	1	36	30	19	2	51	33	25	2	60
Total	44	61	15	120	55	76	17	148	64	98	21	183
%												
Managers	0.0%	0.8%	0.8%	1.7%	0.0%	0.7%	0.7%	1.4%	0.0%	0.5%	0.5%	1.1%
Middle managers	0.0%	4.2%	1.7%	5.8%	0.0%	4.1%	2.0%	6.1%	0.0%	3.8%	2.2%	6.0%
White collars	15.8%	37.5%	9.2%	62.5%	16.9%	33.8%	7.4%	58.1%	16.9%	35.5%	7.7%	60.1%
Blue collars	20.8%	8.3%	0.8%	30.0%	20.3%	12.8%	1.4%	34.5%	18.0%	13.7%	1.1%	32.8%
Total	36.7%	50.8%	12.5%	100.0%	37.2%	51.4%	11.5%	100.0%	35.0%	53.6%	11.5%	100.0%

All Civitanavi Systems employees are entitled to maternity and paternity leave. In 2023, 5 employees, 2 men and 3 women, took leave.

Maternity/paternity leave	2021			2022			2023		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Number of employees entitled to maternity/paternity leave, by gender	17	103	120	24	124	148	32	151	183
Number of employees who took maternity/paternity leave, by gender	-	2	2	1	1	2	3	2	5
Days	-	14	14	85	10	95	174	21	195
Number of employees who returned to work during the reporting period after taking maternity/paternity leave, by gender	-	2	2	-	1	1	2	2	4
Number of employees who returned to work after taking maternity/paternity leave and who are still employed at the Company in the 12 months following their return, by gender	-	2	2	-	1	1	2	2	4
Rate of return to work	-	100%	100%	-	100%	50%	67%	100%	80%
Retention rate	-	100%	50%	-	50%	50%	-	100%	100%

Training

GRI	3-3 404-1 404-2
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Civitanavi Systems is committed to ensuring its employees' professional growth and development through training activities. In compliance with the equality principle, people are in fact valued through their personal and professional development, ensuring that all personnel have the necessary skills in relation to their assigned role through targeted training, favouring processes of discussion and consultation as well as involvement in the achievement of environmental, sustainability, occupational health and safety and quality objectives as defined by Management.

On the whole, the HR function and manager are responsible for planning and coordinating training activities, both internal and external, in relation to specific requirements, possibly also regulatory, recommended by the function managers or according general evaluations for the purpose of Human Resources development.

Training activities are planned on an annual basis, subject to revision during the year to adjust to new requirements. This planning is formalised through a specific training plan.

At the end of each course, there is the possibility of carrying out an evaluation of the effectiveness of the training, through one or more of the following methods: a special test; forms of direct or indirect verification (e.g. audit, operational verification, interview, practical test).

Training and monitoring for specific technical skills - For personnel who are required to undergo technical training, also specific to special processes, the function manager has the task of identifying the necessary technical skills, recording them in a Skill Matrix table: within this, for each resource, the levels of knowledge acquired during the training period are recorded punctually. The Human Resources function monitors the correct and regular updating of the table and, if necessary, organises further internal and/or external training.

During the reporting period, the average training hours of Civitanavi Systems have increased. Analysing the data for average hours of training, it can be seen that the overall number of training hours stands at **over 50 per capita per year**.

In particular, new training activities were introduced in 2023. Civitanavi Systems has created a professional environment based on respect and open to the inclusion and enhancement of the women and men who are part of its organisation, recognising as fundamental the social education of its employees and the dissemination of knowledge, necessary to eliminate discrimination, harassment, gender stereotypes and prejudice. For this reason, in November, the Group joined the national campaign promoted by the National Commission for **Equal Opportunities**, aimed at raising awareness in companies through training initiatives on the prevention of harassment in the workplace and gender-based violence, for the development of a culture of respect for women's dignity. Civitanavi then hosted Marta Cerioni, Associate Professor of Public Law Institutions at the Marche Polytechnic University and Director of OLed - Observatory on Economic Legality and

Fundamental Rights - at the Department of Management of the Marche Polytechnic University - DIMA, to hold a training session on issues related to gender equality, prevention of harassment in the workplace and gender-based violence.

In addition, the Group delivered an internal training session on **cybersecurity and data protection** addressed to all its employees, dedicated to Cybersecurity Awareness, as well as specific external training courses on Cybersecurity, Data protection evolution and Big data analytics.

In October 2023, Civitanavi Systems presented its 2022 Sustainability Report at a dedicated event for all staff and associates, delving into sustainability topics and environmental and social impacts caused by the Group.



In 2023, the Group significantly increased the number of training hours provided compared to previous years, reaching a total of **51.4 average training hours per employee**. In addition to compulsory **health and safety** training in the workplace, the figure that recorded the greatest increase is for training on **technical-specific subjects**. Indeed, a total of 4,034 hours of specific technical training were provided in 2022 compared to 8,769 hours in 2023.

Average hours of training per employee	2021			2022			2023		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Average training hours									
Managers	4,0	16,0	10,0	2,0	-	1,0	8	7	7,5
Middle managers	29,0	32,2	31,7	7,0	23,0	21,2	55	28,3	33,1
White collars	20,4	26,6	25,4	7,1	25,0	21,1	43,8	36,7	38,3
Blue collars	1,0	45,9	44,7	9,0	59,1	56,2	158,6	72,3	79,5
Total	18,8	33,4	31,3	7,1	37,9	32,9	61,3	49,3	51,4

Worker health and safety

GRI	<ul style="list-style-type: none"> 3-3 403-1 a,b 403-2 a,b,c,d 403-3 403-4 403-5 403-7 403-9 a, c 403-10 a
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Occupational health and safety system

Pursuant to Legislative Decree No. 81 of 9 April 2008, Civitanavi Systems is equipped with a Risk Assessment Document (DVR - Documento di valutazione dei rischi), the purpose of which is to carry out a comprehensive and documented assessment of all risks to the health and safety of workers present within the organisation in which they perform their activities, aimed at identifying the appropriate prevention and protection measures and drawing up the programme of measures to ensure the improvement of health and safety levels over time. Decree 81/2008 also provides for the identification within the company of specific figures, including the head of the prevention and protection service, the workers' representative, the competent doctor, and the employer; the latter must carry out an assessment of the risks present in the company, adopt prevention and protection measures that can eliminate or contain the risks, and ensure that each worker is adequately trained and informed.

Civitanavi Systems has adopted a Safety Management System and has obtained Occupational Health and Safety Certification in compliance with the requirements of the UNI ISO 45001:2018 specification in May 2021. Civitanavi implements the necessary actions to ensure the health and safety of employees and contractors.

In addition, at the new Porto Sant'Elpidio site, turnstiles have been installed at the entrance of the building, which, by means of personal badge recognition, give access to offices and production areas, allowing the registration of presences in the company for security purposes.

Hazard identification, risk assessment and incident investigation

All employees are provided with general and specific job-related training and supplied - where applicable - with the relevant personal protective equipment (PPE) as stipulated in the Risk Assessment Documents (DVR).

The risk assessment activity has been operationally carried out according to a dual criterion: (i) analysis of the specific risk in legal terms, topic by topic, for the purpose of verifying the legal compliance of the structure and consistent analysis and assessment of the specific risk; (ii) analysis of risks by homogeneous tasks within the company.

The assessment of individual risks is updated/assessed, where appropriate, where there is no statutory periodicity (e.g. carcinogenic risk and biological agents, every three years) under the following conditions:

- on the occasion of changes in the production process (communicated to the head of the prevention and protection service by the heads of the departments affected by the change, safety officers or in any case by company management);
- on the occasion of changes in the organisation of work that are significant for the health and safety of workers (communicated to the head of the prevention and protection service by the heads of the departments affected by the change, safety officers or in any case by company management);
- in relation to the degree of development of technology, prevention and protection;
- following significant accidents, or hazardous events (reported by workers/designated people/area managers to the head of the prevention and protection service through initial telephone contact and subsequent official communication);
- on the occasion of changes to the applicable legislation or to the conditions of the context in which the company operates;
- when the results of health surveillance require it.

Occupational health services

Civitanavi Systems appointed an appointed physician for all locations. There are also a health surveillance plan and periodic check-ups to which all employees are subjected to determine their fitness for the job. Civitanavi Systems S.p.A. complies with the obligations laid down in the regulations on health surveillance.

Worker training on occupational health and safety

During 2023, Civitanavi Systems recorded a total of 436 hours of mandatory occupational health and safety training for workers.

Hours of training for workers on occupational health and safety	2021			2022			2023		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Managers	4	8	12	-	-	-	-	-	-
Middle managers	1	23	24	-	24	24	4	12	16
White collars	34	331	365	1	213	214	60	136	196
Blue collars	1	276	277	26	250	276	32	192	224
Total	40	638	678	27	487	514	96	340	436

When hiring new staff, the Human Resources function monitors and arranges where necessary the following activities related to occupational health and safety:

- a. compulsory general training
- b. compulsory specific training provided in relation to the role (+4h and +12h)
- c. verification of the provision of the PPE required for the task;
- d. preventive check-up carried out by the competent doctor, or verification of suitability in connection with a possible change of job.

With regard to staff employed under a 'teleworking' contract, 8 employees had signed up by 31 December 2023. The company is required to provide training in occupational health and safety (General and Specific) but not specific training for fire-fighting or first aid. Furthermore, the home is not considered a place of work (pursuant to Article 62 of Legislative Decree 81/08). In addition to this protection, personnel are in any case subjected to medical examinations (where required by the job), provided with PPE (where necessary) and qualified according to normal company procedures so that they can also operate effectively in the Civitanavi Systems' workplaces.

Worker participation and consultation and communication on occupational health and safety

Civitanavi Systems' staff has appointed a workers' health and safety representative (RLS - Rappresentante Lavoratori Sicurezza), for whom the required training and updates have been provided, as per the applicable legislation. The RLS is consulted every time the Risk Assessment Document (DVR) is updated and is involved in the annual safety meeting.

Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

In addition to the adoption and periodic updating of the Risk Assessment Document (DVR), Civitanavi's quality management processes include, among others, controls carried out on products sold to customers, with specific reference to applicable regulations, including the CE marking, and a technical dossier with risk analysis.

Accidents

During the reporting period (2021-2023), no occupational accidents of any kind has occurred. Absence days by type were mainly due to illness and parental leave. Furthermore, no cases of occupational diseases have occurred in the reporting period, and in the previous years 2021 and 2022.

The total number of hours worked during the reporting period was as follows:

Total hours worked	2021	2022	2023	
	h	192,765	234,782	284,006

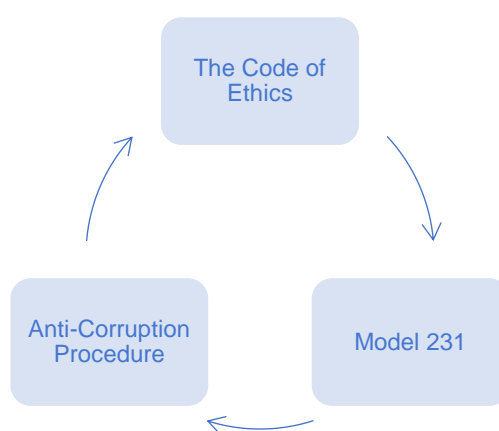
8 Integrity and sustainable value creation

Corruption prevention measures

GRI	3-3 205-2 and 205-3
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As reported in Chapter 3 Governance and Business Conduct above, to which reference is made, Civitanavi Systems has put in place tools, policies and systems that it considers adequate to counter potential risks in giving or receiving bribes. The system of applicable measures includes in particular:

- The Code of Ethics
- Organisational, management and control model pursuant to Legislative Decree 231/2001 (the “Model 231”);
- Specific procedure on Anti-Corruption (the procedure defines the responsibilities and operating methods functional to preventing the risk of commission of illegal acts in the broadest sense of corruption in relations with both public and private parties).



Specifically on the subject of anti-corruption, Civitanavi Systems' Model 231 includes a special ad hoc section on relations with the Public Administration, as well as two procedures on relations with the PA and the management of Financial Flows.

The Code of Ethics and the adoption of Model 231 and the Anti-Corruption System Procedure constitute a valid tool for raising the awareness of all those who come into contact with Civitanavi Systems S.p.A. in the performance of their activities. In 2023, Civitanavi has carried out training on the issues of compliance with Legislative Decree 231/01 and Whistleblowing, an activity addressed to all employees, carried out both in presence and in agile and recorded mode, in order to guarantee its use to resources that joined the workforce at a date subsequent to that of the training. Training and refresher activities will continue in 2024.

The table below summarises the training activities carried out during 2023.

Training Leg. Decree 231/01 and Anti-Corruption		2023
No. of people trained		179
Course duration (h)		1

For the management methods applied in the area of anti-corruption, see *Chapter 3 Governance and Business Conduct / Section Business Conduct*.

No episodes of given or received bribery involving directors or employees of Civitanavi Systems S.p.A. were ascertained for the reporting periods, as well as in previous reporting periods, including those subject to reporting.

Respect for competition

GRI	3-3 206-1
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During the reporting period, there were no incidents and/or initiation of proceedings or legal action against Civitanavi Systems S.p.A. in relation to violations of free competition, monopolistic practices, antitrust in 2023 or previous years.

Generated and distributed economic value

GRI	201-1 3-3
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The value generated and distributed, determined by reclassifying the Profit and Loss Account of Civitanavi Systems S.p.A., shows the economic value directly generated by Civitanavi and distributed to internal and external stakeholders. It is consequently a figure that can give a basic indication of the creation and distribution of economic value for stakeholders. Please refer to the Financial Statements, published on 5 April 2023 on Civitanavi Systems' website, which acts as a documental reference for in-depth information on performance and economic, financial and equity performance. (<https://www.civitanavi.com/investors/bilanci-e-relazioni/>).

The **value generated** corresponds, from an accounting point of view, to the net revenues of Civitanavi Systems (Revenues, Other operating revenues, net of credit losses, tax benefits), while the **distributed economic value** includes costs reclassified by stakeholder category. The amount of dividends is also added to the costs shown in the Consolidated Profit and Loss Account, if the Board of Directors had proposed the distribution of the profit to the shareholders during the year. Economic value retained relates to the difference between Economic value generated and distributed, and includes depreciation of tangible assets amortisation of intangible assets, provisions, receivable write-down and advance/deferred taxation.

In 2023, Civitanavi confirms its positive trend, rising from Euro 34.4 million in Total Revenues as of 31 December 2022 to Euro 46.2 million as of 31 December 2023, with growth in terms of Total Revenues of 34%.

Economic value directly generated and distributed (amounts in thousands of euro)

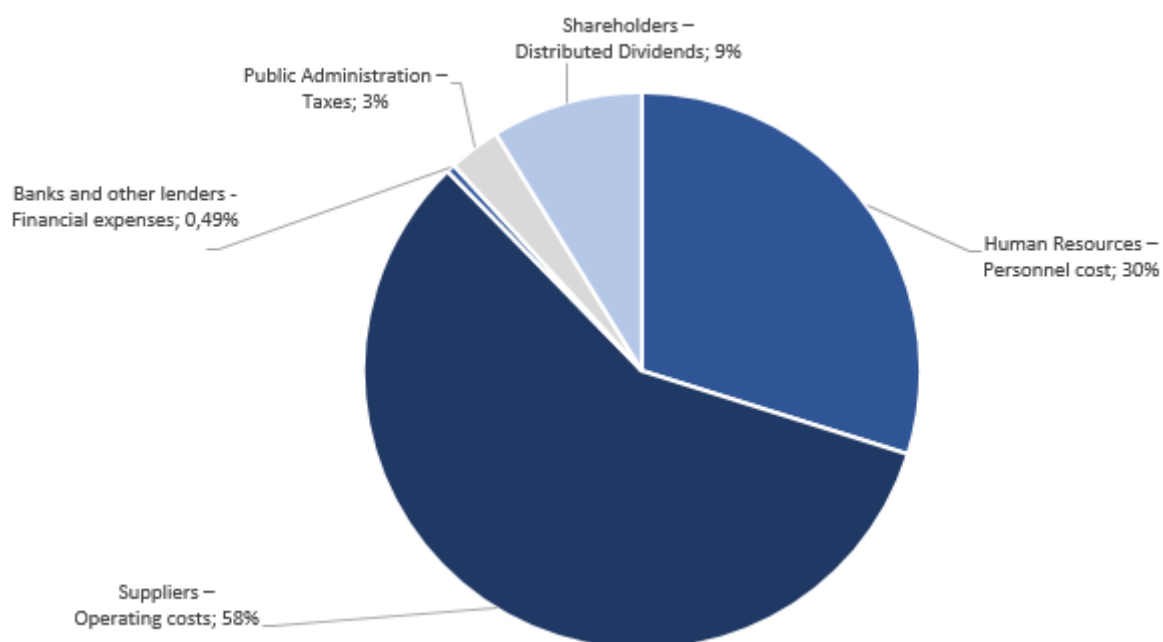
	2021*	2022*	2023
Generated economic value	25,177,791	34,380,289	46,264,503
Distributed economic value			
Suppliers - Operating costs	12,776,654	19,936,176	26,356,958
Human Resources - Personnel cost	5,419,144	7,000,065	13,586,092
Banks and other lenders - Financial expenses	166,958	271,605	225,347
Public Administration - Taxes	1,447,825	666,545	1,371,379
Shareholders - Distributed Dividends	-	27,874,391	41,539,776
Distributed economic value	19,810,582	27,874,391	45,538,576
Economic value retained	5,367,209	6,505,898	725,927

*Notes

It should be noted that a restatement of the 2021 and 2022 data has been made, which has not changed significantly compared to the figure published in the 2022 Sustainability Report.

In 2023, the major part of the distributed economic value, 63%, went to suppliers, as well as to employees (33%).

Distributed economic value - Year 2023



Financial assistance received from the government

GRI	201-4
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This paragraph shows the total monetary value of government financial assistance received by Civitanavi Systems during the reporting period. Relevant financial assistance received from a government, as compared to taxes paid, can be useful in developing a balanced picture of transactions between the organisation and the government. At country level, as the table below also shows, the contributions received by Civitanavi relate exclusively to Italy. There is no government in the shareholder structure.

Type	Description	Amount (Euro)	Reference year
Simest	As part of the subsidised financing from the PNRR resources, the Group was granted a "de minimis" soft loan with Simest amounting to 75% of the expenditure and a "Temporary Framework" non-repayable contribution amounting to 25% of the expenditure. Its objective is to support participation in a single event of an international nature to promote business activity in foreign markets. This event was identified by the Group as the "Farnborough International Airshow 2022 - Farnborough (UK)".	7,834.00	2023
Sabbatini Law Contribution	As a result of investments in new capital goods in 2018 and 2019, a loan and a non-repayable contribution related to the bank's financing were applied for.	40,673.81	2023
Tax relief	Tax credit for small and medium-sized enterprises that initiate a listing procedure on a regulated market or multilateral trading systems by the Ministry of Enterprise and Made in Italy - Department for Enterprise Policy - Directorate General for	500,000.00	2023

	Industrial Policy, Industrial Conversion and Crisis, Innovation, SMEs and Made in Italy (law no. 205 of 27 December 2017).		
Marche Region	Framework scheme of the Marche Region under Section 2.1 of the Communication from the Commission Temporary Crisis Framework for State aid measures to support the economy in the aftermath of Russia's aggression against Ukraine.	8,279.75	2023
Connectivity contribution	Contribution to support connectivity of small and medium-sized enterprises.	2,000.00	2023
Tax Credits	R&D Activities	317,029.27	2023
	Purchase of electricity and natural gas	32,560.90	2023
	Investment in new capital goods (other than the goods in Annexes a and b to Law No. 232/2016) - Article 1, paragraph 188, Law No. 160/2019 for purchases of goods made in 2020	184,914.26	2023

GRI Content Index

Statement of use	The Sustainability Report of Civitanavi Systems S.p.A. for the financial year 2023 [01 January – 31 December 2023] has been prepared according to the reporting option with reference to GRI Standards.
GRI 1 adopted	GRI 1 Foundation 2021

GRI Standards - General Disclosures

GRI Sustainability Reporting Standard		Chapter/Paragraph References	Standard application notes
GRI 2 - General Policy - version 2021			
	The organisation and its reporting practices		
2-1	Organisational details	Methodological note 1 Civitanavi Systems / Profile	
2-2	Entities included in the organisation's sustainability reporting	Methodological note 1 Civitanavi Systems / Profile	
2-3	Reporting period, frequency and contact point	Methodological note	
2-4	Restatements of information	Methodological note	
	Activities and workers		
2-6	Activities, value chain and other business relationships	1 Civitanavi Systems / Profile 1 Civitanavi Systems / Sector and Markets 1 Civitanavi Systems / The business model and value chain / The value chain 1 Civitanavi Systems / Innovation: Research & development & partnerships 1 Civitanavi Systems / The business model and value chain / Customers 6 Product Quality, Conformity and Safety / The Supply chain management	
2-7	Employees	1 Civitanavi Systems / The business model and value chain 1 Civitanavi Systems / The business model and value chain / Employees and other workers	
2-8	Workers who are not employees	1 Civitanavi Systems / The business model and value chain 1 Civitanavi Systems / The business model and value chain / Other workers	
	Governance		
2-9	Governance structure and composition	2 Governance / Corporate bodies and governance model	
2-10	Appointment and selection of the highest governing body	2 Governance / Corporate bodies and governance model	
2-11	Chair of the highest governance body	2 Governance / Corporate bodies and governance model	
2-12		2 Governance / Corporate bodies and governance model	
2-13	Delegation of responsibility for managing impacts	2 Governance / Organisational structure & sustainability governance	
2-14	Role of the highest governance body in sustainability reporting	2 Governance / Organisational structure & sustainability governance	
2-15	Conflicts of interest	2 Governance / Organisational structure & sustainability governance	
2-16	Communication of critical concerns	2 Governance / Organisational structure & sustainability governance	

2-17	Collective knowledge of the highest governance body	2 Governance / Corporate bodies and governance model	
2-18	Workers who are not employees	2 Governance / Remuneration policies	
2-19	Rules concerning remuneration	2 Governance / Remuneration policies	
2-20	Procedure for determining remuneration	2 Governance / Remuneration policies	
2-21	Annual total remuneration ratio	2 Governance / Remuneration policies	
Strategy, policies and practice			
2-22	Statement on sustainable development strategy	LETTER TO STAKEHOLDERS	
2-23	Policy commitments	3 Strategy, policies and commitment for sustainable development / Sustainable development: Civitanavi Systems' commitment and contribution	
		3 Strategy, policies and commitment for sustainable development / Responsible business conduct	
		3 Strategy, policies and commitment for sustainable development / Policies and management systems	
2-24	Integration of commitments in terms of Policy	3 Strategy, policies and commitment for sustainable development / Sustainable development: Civitanavi Systems' commitment and contribution	
		3 Strategy, policies and commitment for sustainable development / Responsible business conduct	
		3 Strategy, policies and commitment for sustainable development / Policies and management systems	
		4 Material topics / Material topics - Objectives and actions	
2-25	Processes to remedy negative impacts	3 Strategy, policies and commitment for sustainable development / Sustainable development: Civitanavi Systems' commitment and contribution	2-25 b
		3 Strategy, policies and commitment for sustainable development / Responsible business conduct	
		3 Strategy, policies and commitment for sustainable development / Policies and management systems	
2-26	Mechanisms for requesting clarification and raising concerns	2 Governance / Organisational structure & sustainability governance	
2-27	Compliance with laws and regulations	3 Strategy, policies and commitment for sustainable development / Compliance	
2-28	Membership associations	3 Strategy, policies and commitment for sustainable development / Memberships of associations	
Stakeholder engagement			
2-29	Approach to stakeholder engagement	3 Strategy, policies and commitment for sustainable development / Stakeholder relations	
2-30	Collective bargaining agreements	1 Civitanavi Systems / The business model and value chain	
		1 Civitanavi Systems / The business model and value chain / Employees and other workers	

GRI Standards - Disclosures Material Topics / Specific Indicators

Please note that unless otherwise specified, the GRI Standards published in 2016 were used. The GRI 301 Water and Discharges and GRI 403 Occupational Health and Safety Standards, published in 2018, were used for reporting on water usage and occupational health and safety, respectively. The GRI 306 Waste standard, published in 2020, was adopted with regard to waste reporting.

GRI 3 - Material Topics - version 2021			Standard application notes
3-1	Process to determine material topics	Methodological note	
		3 Strategy, policies and commitment for sustainable development / Stakeholder relations	
		4 Material topics / The material topics of Civitanavi Systems	
		4 Material Topics / The identification and assessment process	
		4 Material Topics / The risk management	
3-2	List of material topics	4 Material topics / The material topics of Civitanavi Systems	

3-3	Management of material topics	1 Civitanavi Systems / Innovation: Research & Development & Partnerships	
		4 Material Topics / The risk management	
		4 Material Topics / Objectives and actions	
		5 Environment / Environmental Policy	
		5 Environment / Energy – Emissions and climate change	
		5 Environment / Resource use and waste management	
		6 Product Quality, Conformity and Safety / The Quality policy	
		6 Product Quality, Conformity and Safety / Conformity and Safety	
		6 Product Quality, Conformity and Safety / The Supply chain management	
		6 Product quality, conformity and safety / Data security and privacy	
		7 The people / HR policies	
		7 The people / Employment, diversity and equal opportunities	
		7 The people / Training	
		7 The people / Occupational health and safety	
		8 Integrity and sustainable value creation / The corruption prevention measures	
		8 Integrity and sustainable value creation / Respect for competition	
		8 Integrity and sustainable value creation / Economic value generated and distributed	
GRI 200	ECONOMIC TOPICS		
201	ECONOMIC PERFORMANCE		
201-1	Economic value directly generated and distributed	8 Integrity and sustainable value creation / Economic value generated and distributed	
201-4	Financial assistance received from the government	8 Integrity and sustainable value creation / Economic value generated and distributed / Financial assistance received from the government	
205	ANTI-CORRUPTION		
205-2	Communication and training on anti-corruption regulations and procedures	8 Integrity and sustainable value creation / The corruption prevention measures	205-2 and
205-3	Confirmed incidents of corruption and actions taken	8 Integrity and sustainable value creation / The corruption prevention measures	
206	ANTI-COMPETITIVE BEHAVIOUR		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	8 Integrity and sustainable value creation / Respect for competition	
GRI 300	ENVIRONMENTAL TOPICS		
302	ENERGY		
302-1	Energy consumption within the organisation	5 Environment / Energy – Emissions and climate change	
302-3	Energy intensity	5 Environment / Energy – Emissions and climate change	
303	WATER AND WASTE WATER - 2018		
303-3	Water withdrawal	5 Environment / Resource use and waste management	
305	EMISSIONS		
305-1	Direct (Scope 1) GHG emissions	5 Environment / Energy – Emissions and climate change	
305-2	Energy indirect (Scope 2) GHG emissions	5 Environment / Energy – Emissions and climate change	
305-4	GHG emission intensity	5 Environment / Energy – Emissions and climate change	
306	WASTE		
306-3	Waste generated	5 Environment / Resource use and waste management	
308	SUPPLIER ENVIRONMENTAL ASSESSMENT		
308-1	New suppliers that were screened using environmental criteria	6 Product Quality, Conformity and Safety / The Supply chain management	
GRI 400	SOCIAL DISCLOSURES		
401	EMPLOYMENT		
401-1	New employee hires and turnover	7 The people / Employment, diversity and equal opportunities	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	7 The people / HR policies	
401-3	Parental leave	7 The people / Employment, diversity and equal opportunities	

403	OCCUPATIONAL HEALTH AND SAFETY - 2018		
403-1	Occupational health and safety management system	7 The people / Occupational health and safety	403-1 a, b
403-2	Hazard identification, risk assessment and incident investigation	7 The people / Occupational health and safety	403-2 a, b, c, d
403-3	Occupational health services	7 The people / Occupational health and safety	
403-4	Worker participation and consultation and communication on occupational health and safety	7 The people / Occupational health and safety	
403-5	Worker training on occupational health and safety	7 The people / Occupational health and safety	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	7 The people / Occupational health and safety	
403-9	Work-related injuries	7 The people / Occupational health and safety	403-9 a, c
403-10	Occupational Diseases	7 The people / Occupational health and safety	403-10 a
404	TRAINING AND EDUCATION		
404-1	Average hours of training per year per employee	7 The people / Training	
404-2	Employee skills updating and transition assistance programmes	7 The people / Training	404-2 a
405	DIVERSITY AND EQUAL OPPORTUNITY		
405-1	Diversity of governance bodies and employees	2 Governance / Corporate bodies and governance model	
		7 The people / Employment, diversity and equal opportunities	
406	NON-DISCRIMINATION		
406-1	Incidents of discrimination and corrective measures adopted	7 The people / HR policies	
414	SUPPLIER SOCIAL ASSESSMENT		
414-1	New suppliers that were screened using social criteria	6 Product Quality, Conformity and Safety / The Supply chain management	
416	CUSTOMER HEALTH AND SAFETY		
416-2	Incidents of non-compliance with health and safety impacts of products and services	6 Product Quality, Conformity and Safety / Conformity and Safety	
417	MARKETING AND LABELLING		
417-2	Cases of non-compliance regarding labelling and information on products and services	6 Product Quality, Conformity and Safety / Conformity and Safety	
418	CUSTOMER PRIVACY		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	6 Product quality, conformity and safety / Data security and privacy	