



CONSOLIDATED NON-FINANCIAL STATEMENT

PURSUANT TO ITALIAN LEGISLATIVE DECREE NO. 254 OF 30 DECEMBER 2016

FINANCIAL YEAR 2017

The present is an English translation of the Italian official report. In the event of any discrepancies between the two texts, the Italian text shall prevail.

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Letter to the stakeholders

In 2017, SAES achieved record results.

Therefore, 2017 was a year full of important results that were desired, sought and obtained with a spirit of sacrifice. The new dimensions and challenges that we have set ourselves, with a view to continuous improvement and enrichment, stem from a constant drive for innovation and initiatives to achieve lasting and sustainable growth in the value of the company.

We are proud of these results, but they also make us feel more responsible for our people, customers, partners and the communities in which we operate. For us, in fact, the challenge is to grow, but to grow sustainably and build relationships based on fairness, integrity and transparency.

Starting from this financial year, sustainability becomes an integral part of the Group's governance and a tool to create value.

We have put the effort that characterises our daily activities into preparing this document, involving different functions and the majority of Group companies across the board, in an exceptional team working exercise.

We have achieved this by thinking of those who have to read it with the intent of meeting the knowledge expectations of all our stakeholders and making goals and results accessible. Only transparency and integrity make it possible to build a relationship of trust with all stakeholders.

We are aware that our new orientation towards sustainability represents a major challenge for the Group, requiring new information and monitoring. Much has been done and much remains to be done, but the challenges are part of our DNA and do not frighten us!

Lainate, March 14, 2018

The Chairman of the Board of Directors

Massimo della Porta

Methodological note

SAES Getters S.p.A. falls within the scope of application of Italian Legislative Decree no. 254 of 30 December 2016, in implementation of Directive 2014/95/EU, which requires the annual preparation of a non-financial statement aimed at ensuring understanding of the company's business, its performance, results and impact, covering environmental, social, personnel, human rights and the fight against active and passive corruption. Therefore, this document represents the first Consolidated non-financial statement (or also "Non-Financial Statement") related to the companies belonging to the group consisting of SAES Getters S.p.A. and its subsidiaries (hereinafter also referred to as the "SAES Group" or the "Group"), describing their main results in terms of sustainability performance achieved during 2017 (from 1 January to 31 December). The figures relating to the previous financial year are shown, where available, only for comparative purposes so as to facilitate the evaluation of the performance of the business.

As envisaged by Article 5 of Italian Legislative Decree No. 254/16, this document constitutes a separate report marked with a specific wording in order to refer it to the Consolidated Non-Financial Statement required by law.

This Non-Financial Statement was prepared in accordance with the new "GRI Sustainability Reporting Standards" (2016) published by the Global Reporting Initiative (GRI), «in accordance» under the «Core» option»; the European Commission Guidelines on disclosure of non-financial information have also been taken into account, where appropriate.

The selection of topics and indicators for defining the contents to be reported, which are relevant for the Group and stakeholders, was carried out on the basis of a structured materiality analysis process described in Paragraph "1.3 Group Stakeholders and Materiality Analysis".

For the purposes of a correct representation of the Group's performance and to ensure the data reliability, the use of estimates was limited as much as possible. The estimates, if any, are based on the best available and duly reported methods. The data collection and control process was coordinated by the Consolidated Function, using a special package sent to the heads of all departments in charge, local offices and companies falling within the boundary of reference. The frequency of reporting of non-financial information and publication of the Non-Financial Statement is set on an annual basis.

BOUNDARY

The boundary of the figures and economic and financial information is the same as that of the Group's Consolidated Financial Statements. With regard to qualitative information and quantitative data relating to social and environmental topics, the reporting boundary includes the line-by-line consolidated companies in the Consolidated financial statements of the SAES Group¹ except for Memry GmbH that started, at the end of the 2016, preparatory activities for the closure of the company and for the transfer of production and commercial activities to other Group companies. Following the completion of the transfers of business units, which took place at the beginning of the second half of 2017, liquidation of the company began as of 1

¹ For the list of line-by-line consolidated companies, please refer to Note 1 – Scope of consolidation of the consolidated financial statements of SAES Getter S.p.A. as at 31 December 2017.

October 2017. For these reasons, the above boundary limit concerns only the residual activities that remained with the company in 2017, whereas the transferred social and environmental impacts of production and commercial activities are reported within the other companies to which the business units have been transferred. Therefore, the exclusion of Memry GmbH does not affect the understanding of the Group's business and the impact it has.

In particular, qualitative information and quantitative data on environmental topics include Group companies that manage production sites; on the other hand, companies with only commercial offices are excluded as they are not considered relevant to ensure the understanding of the Group's business and the impact it has.

With reference to the significant changes that occurred in the Group's structure in the reporting year, the subsidiary E.T.C. S.r.l. was also put into liquidation, approved in November 2017.

Considering that the 2016 figures were provided for comparative purposes only, it should be noted that the figures of Metalvuoto S.p.A. were reported for the entire 2016 financial year so as to facilitate a uniform comparison with the 2017 financial year even if the consolidation in the Group took place from October 2016.

CALCULATION METHODS - GREENHOUSE GAS EMISSIONS

For the calculation of CO₂ emissions of Scope 2, both methods provided by the GRI Sustainability Reporting Standards have been used: the "Location-based method" and the "Market-based method". For the calculation according to the "Location-based method", the emission factors DEFRA 2017 were used, both for Italy and for the United States. For the calculation according to the "Market-based method", the emission factor related to the "residual mix" was used for Italy², and the emission factor related to the sGRID 2016 data was used for the United States.

This Non-Financial Statement was approved by the Board of Directors of SAES Getters S.p.A. on March 14, 2018; this Non-Financial Statement is also subject to limited audit ("limited assurance engagement" according to the criteria indicated by the ISAE 3000 Revised standard) by the independent auditors Deloitte & Touche S.p.A. that, at the end of the work carried out, will issue a specific report on the conformity of the information provided in the Consolidated Non-financial Statement prepared by SAES Getters S.p.A. pursuant to Legislative Decree no. 254/16.

² Source: AIB: 2016 European Residual Mix.

The Group envisaged a continuous improvement on sustainability topics in order to comply more and more virtuously with the best practices in the sector. In particular, the activities and related areas that will be developed starting from 2018 are listed below:

- **Regulation defining the Non-Financial Statement reporting process:**
In view of the growing importance of sustainability issues and following the regulatory requirements introduced by Decree 254/16, the SAES Group undertakes to define a specific regulation that formalises the roles, timing and responsibilities of the Group's Non-Financial Statement reporting and definition process, already set up in 2017.
- **Fight against active and passive corruption:**
For some time now, the fight against active and passive corruption has been monitored by the Organisation, Management and Control Model pursuant to Legislative Decree 231/01 adopted by SAES Getters S.p.A.; in Italy, preliminary work began on the preparation of the Organisational, management and control model pursuant to Legislative Decree 231/01, also for Metalvuoto S.p.A.. With the aim of monitoring at Group level, in 2018 activities will be launched to define an anti-corruption policy to be extended to foreign companies to confirm the commitment undertaken in the prevention of unlawful practices, as well as providing specific training on these issues.
- **Supplier selection process and respect for Human Rights:**
The Group requires its suppliers to sign the Code of Ethics and suppliers dealing with specific categories of minerals (gold, tin, tantalum, tungsten) to sign the Conflict Minerals Policy. Thanks to these two instruments, the Group is committed to safeguarding human rights along the entire value chain. Moreover, SAES Getters S.p.A. will undertake to define the guidelines that integrate environmental and social aspects in the assessment process of suppliers, of all subsidiaries.
- **Sustainability Risk Management:**
The Group has a special ERM (Enterprise Risk Management) process developed on the basis of the COSO ERM framework and, for this first edition of the Consolidated Non-financial Statement, it has made an initial identification of the main risks associated with material aspects of sustainability for the Group, as represented at the beginning of the chapters of this document. With the aim of aligning itself with best industry practices, the Group will undertake to analyse more in-depth the risks generated and suffered, integrated within the ERM process.

The development and implementation of such a planned project could reasonably require, considering the size and operational characteristics of the SAES Group, a period of approximately 18-24 months of activity (completion by December 2019).

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The SAES Group, a constantly evolving story

THE SAES GROUP AT A GLANCE



231,078 (thousands of Euro) of Consolidated Net Turnover

16,102 (thousands of Euro) used in R&D equal to 7% of turnover



6 ISO 9001 certified companies

1 ISO 14001 certified company

The SAES Group invents, produces and markets new families and new compounds of "functional" materials with unique characteristics, which are used in various sectors, such as:

- **consumer electronics;**
- **home automation;**
- **automotive;**
- **medical;**
- **particle accelerators;**
- **gas purification;**
- **advanced packaging.**

The Group has a consolidated know-how, great experience and knowledge in the field of **Materials science**, which translates into an activity of continuous development of innovative and radical ideas of the R&D department.

WHAT IS MATERIALS SCIENCE?

Materials science is the discipline that studies and invents new molecules and defines new production protocols that can be applied in various supply chains and products. Materials Science is a sector that is changing the world around us and will help change it even further in the future.

The Group is divided in 3 Business Units and 1 Business Development Unit that includes basic research projects or those under development, aimed at diversification into innovative businesses³. The structure is shown below:



INDUSTRIAL APPLICATION

- Security & Defense
- Electronic Devices
- Healthcare Diagnostics
- Thermal Insulation
- Getters & Dispensers for Lamps
- Systems for UH Vacuum
- Sintered Components for Electronic
- Systems for gas purification and handling



SHAPE MEMORY ALLOY

- Nitinol for Medical Devices
- SMAs for Thermal & Electro Mechanical Devices



SOLUTIONS FOR ADVANCED PACKAGING

- Solutions for Advanced Packaging



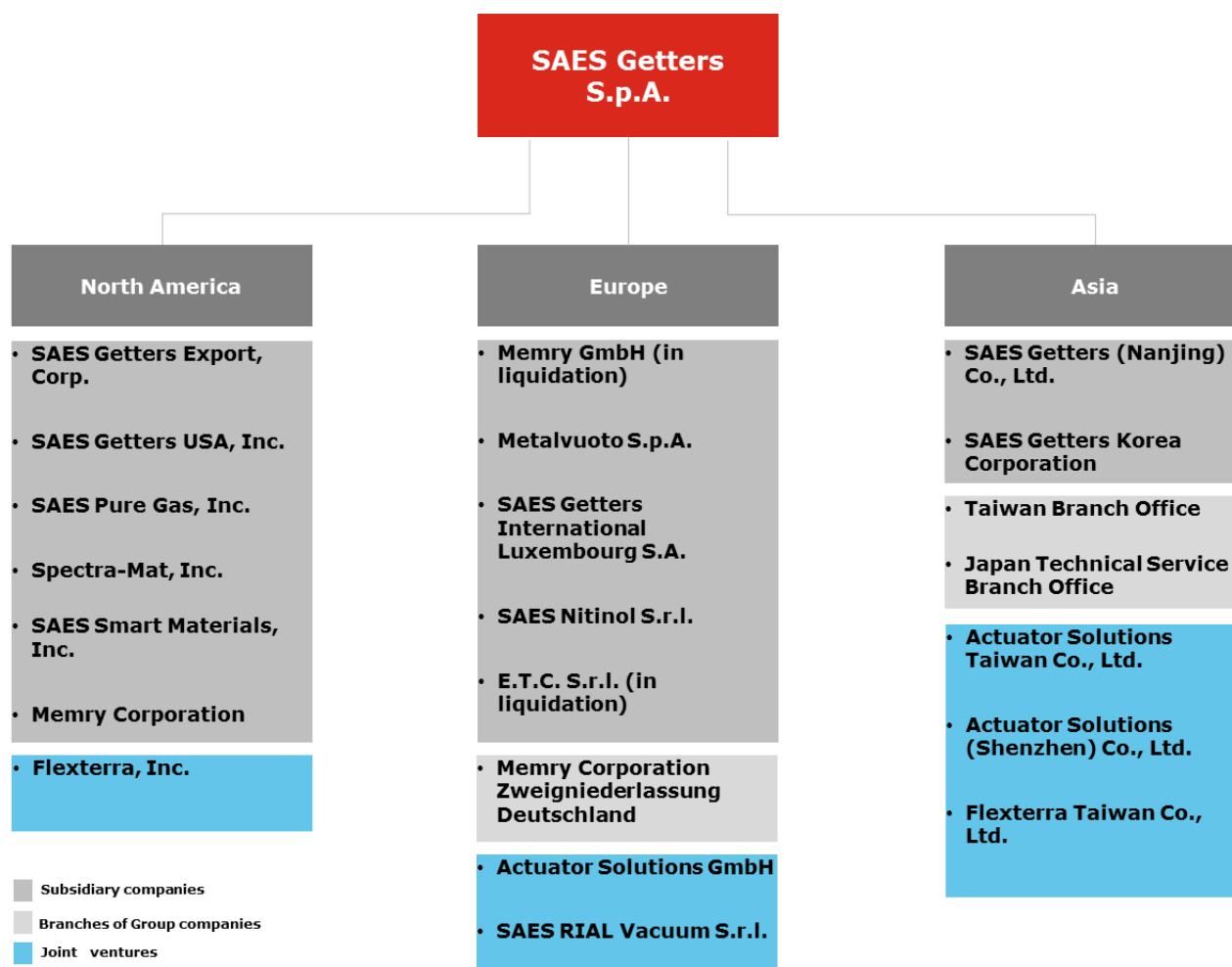
BUSINESS DEVELOPMENT UNIT

- Organic Electronics

³ For a description of the businesses and their economic and financial data, please refer to 2017 Report on operations of SAES Group.

THE STRUCTURE OF THE SAES GROUP

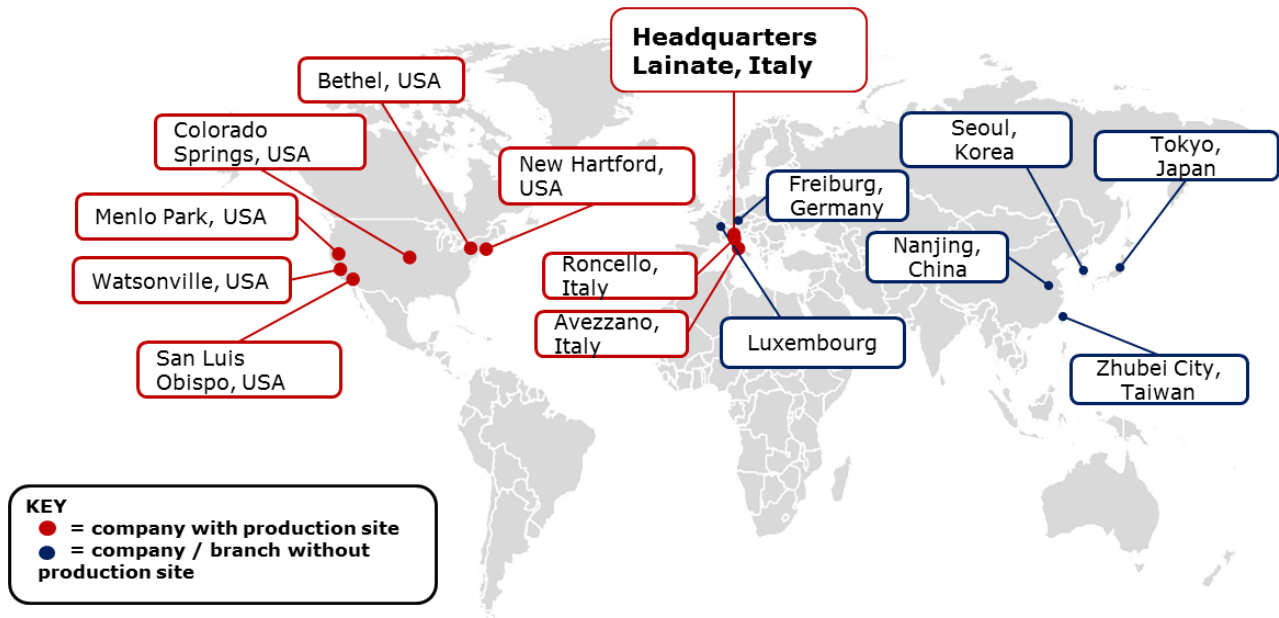
The following table shows the companies belonging to the Group⁴:



⁴ For a description of the individual Group companies and the related economic and financial data, please refer to 2017 Report on operations of SAES Group.

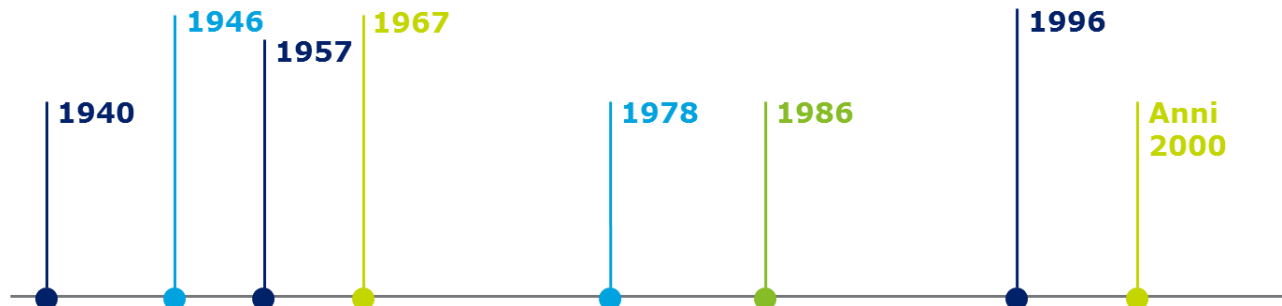
OUR PRESENCE IN THE WORLD

The SAES Group is headquartered in Lainate (Milan), Italy and is present worldwide with both production and commercial subsidiaries located in Europe, the USA and Asia⁵.



⁵ The geographical offices of Group companies that do not fall within the relevant boundary for the purposes of this Non-Financial Statement as described in the Methodological Note of this document, to which reference should be made.

HISTORY OF THE SAES GROUP



1940: S.A.E.S. (Società Apparecchi Elettrici e Scientifici, Electric and Scientific Equipment Company) was established in Florence on the initiative of Ernesto Gabrielli.

1946: The della Porta and Canale families joined the company, in which they still currently play a leading role.

1957, S.A.E.S. patented the getter for the cathode-ray tubes of television sets, which started production on an industrial scale.

1967: New getter configurations were presented, a technology that allows the production of new products such as non evaporable getters (NEGs) and getter pumps.

1978: After redefining the corporate structure, acquiring new companies and reaching 300 employees, S.A.E.S. became SAES Getters.

1986: SAES Getters S.p.A. was listed on the Stock Exchange.

1996: The head office of Lainate was established, currently the headquarters of the Group.

2000s: the Group's current structure was defined thanks to significant acquisitions and expansion of new markets, which gave the Group its current structure.

1. Group business management

Material aspects	Description	Sustainability risk factors	Management procedures (MA)
ANTI-CORRUPTION	Group commitment to combat active and passive corruption through the application of policies, procedures and mechanisms for reporting potential irregularities or unlawful behaviour and specific training activities on the matter; the aspects also includes the Group's transparency in relations with Political Organisations.	Correctness and transparency in the management of relations with public and private subjects, in the carrying-on of business activities	The Group also pays attention to monitoring all behaviour and negligence that, if put in place, would create the conditions constituting the risks of crime punished by the aforementioned external regulations and undertakes to provide its employees with targeted training in this area.
ETHICS, BUSINESS INTEGRITY AND COMPLIANCE	Integrity and transparency in business activities and compliance with laws and regulations; the issue includes the adoption of an Organisational, management and control model pursuant to 231/01 for SAES Getters S.p.A., a Code of Ethics, compliance with national and international principles and guidelines, compliance with current regulations and any specific regulations (e.g. anti-trust, monopoly, anti-competitive behaviour) where the Group operates or related to the business activity.	<ul style="list-style-type: none"> - Compliance with regulations and laws of reference - Integrity in running the business activities 	The Group pays attention to principles such as business ethics and integrity thanks to the adoption of the Code of Ethics and of the Organisational, management and control model adopted by SAES Getters S.p.A. (pursuant to Italian Legislative Decree no. 231/2001). The Group adopts and promotes among its stakeholders a healthy, correct and consistent approach with the strategic and operational objectives so as to comply with applicable laws and regulations.

1.1. Governance and Organisation

The Board of Directors (BoD) of the SAES Group consists of 11 members, including eight men and three women with an average age of 60 and ranging from 77 for the oldest member to 45 for the youngest member. The composition of the BoD as at 31 December 2017 is shown in the following table:

JOB TITLE	NAME	GENDER	YEAR OF BIRTH	EXECUTIVE (E) – NON-EXECUTIVE (NE)	CODE IND.	TUF CODE	AUDIT AND RISK COMMITTEE	APPOINTMENT AND REM. COMMITTEE
Chairman	Massimo della Porta	M	1960	E	-	-	-	-
Deputy Chairman, Managing Director and CFO	Giulio Canale	M	1961	E	-	-	-	-
Director	Adriano De Maio	M	1941	NE	-	X	-	M
Director	Alessandra della Porta	F	1963	NE	-	-	-	-
Director	Luigi Lorenzo della Porta	M	1954	NE	-	-	-	-
Director	Andrea Dogliotti	M	1950	NE	-	-	-	-
Director	Gaudiana Giusti	F	1962	NE	X	X	M	P
Director	Pietro Mazzola	M	1960	NE	-	-	-	-
Director	Stefano Proverbio	M	1956	NE	X	X	M	-
Director	Roberto Orecchia	M	1952	NE	X	X	P	-
Director	Luciana Rovelli	F	1973	NE	X	X	-	M

Directors/gender	Average age		
	30-50 years old	>50 years old	Total
Men	-	8	8
Women	1	2	3

THE COMMITTEES OF THE SAES GROUP⁶

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is responsible for outlining the guidelines that can reduce and mitigate risk, providing opinions to the Board of Directors on risk management and identification.

APPOINTMENT AND REMUNERATION COMMITTEE

The Appointment and Remuneration Committee is one of the internal committees of the Board of Directors; it is responsible for preparing the Remuneration Policy pursuant to Article 123-ter of the TUF (Consolidated Law on Finance); moreover, it is the body that assesses the adequacy and correctness of the Group Policy, identifying any proposals for change or improvement and monitoring its correct application.

COMMITTEE FOR TRANSACTIONS WITH RELATED PARTIES

The Committee for transactions with related parties is formed by directors who meet the independence requirements. It is chaired by the Lead Independent Director. The committee meets whenever related party transactions need to be assessed and submitted to the Committee for its opinion.

ETHICS AND INTEGRITY

The SAES Group, aware of the importance of Governance in the planning of objectives and performances of both an economic and financial nature and in terms of sustainability, undertakes to achieve a correct corporate and entrepreneurial management that makes it possible to create value for stakeholders and increase investor confidence and interest. The Corporate Governance system of the Group is in line with the recommendations contained in the Code of Self-Regulation of the Listed Companies, promoted by Borsa Italiana S.p.A. The tools used are the Code of Ethics and the Organisational, Management and Control model according to the requirements of Italian Legislative Decree 231/2001 (hereinafter also referred to as "Model 231" or "Model")⁷.

The **Code of Ethics** of SAES Getters S.p.A with which all the Group companies are required to comply, was updated in 2014 and aims to define a set of rules of behaviour that makes it possible to disseminate among the employees a corporate culture aimed at legality, defining the principles of the SAES activity. The Code defines certain values such as: legality, fairness, transparency, impartiality, diligence and professionalism, information confidentiality, environmental protection and sustainable development and competition. Moreover, it is also envisaged that, in case of violation of the principles of the Code of Ethics by temporary Workers, Suppliers, Consultants and Commercial partners it is possible, when required, the termination of the service contract.

⁶ For a more detailed description of the Committees of the SAES Group, please refer to the other sections of the 2017 Annual Financial Report, the 2017 Report on Corporate Governance and the Ownership Structure, in particular.

⁷ The Code of Ethics of the SAES Group is available and can be downloaded at www.saesgetters.com both in English and in Italian.

THE CODE OF ETHICS AND RELATIONS WITH STAKEHOLDERS

The Code of Ethics of the SAES Group pays particular attention to the relations that the Group has with some of its key stakeholders, in particular:

- **requires** relations with **customers, suppliers and external collaborators** to be transparent and non-discriminatory;
- **commits** the Group to maintain a proactive and constant collaboration in compliance with the laws and regulations in force towards the *Public Administration, Supervisory Bodies, Trade Associations and Judicial Authorities*;
- **protects equal opportunities in the selection of personnel.**

The **Organisational, management and control model pursuant to Italian Legislative Decree 231/2001** is the document that describes the organisational model of SAES Getters S.p.A. The adoption of Model 231, which reached its tenth update in 2017, expresses the willingness to:

- determine, in all parties involved, the awareness of being able to incur disciplinary consequences and/or penalties in case of violation of the Model;
- reassert that the unlawful behaviour deriving from any violations of the Model are strongly condemned by SAES Getters S.p.A.;
- allow SAES Getters S.p.A. to prevent unlawful behaviour by monitoring risk areas.

SAES Getters S.p.A., as from 2017, opted for a Model 231 structured by process and no longer by category of offence, as it was originally, and composed of a general part known as descriptive, and a special part which, in turn, consists of 25 protocols. The decision to change the structure of Model 231 was made in response to the need and desire to make the Model increasingly usable and more effective in terms of "risk analysis" and identification of "risk mitigation areas", as well as control measures.

Thanks to Model 231, SAES Getters S.p.A. condemns all forms of **corruption**, also arranging for this purpose a special Supervisory Body with its own functions indicated in the Model.

COMMITMENT AGAINST CORRUPTION

The SAES Group is actively engaged in combating corruption, both public and private, as provided for by national legislation. In particular, the Group actively prevents any attempt at corruption, unlawful favours, collusive behaviour and requests for personal benefits as described in the Code of Ethics that, together with Model 231 are the tools for monitoring the occurrence of corruptive phenomena.

The Code of Ethics refers to specific duties of behaviour, also in relation to corruptive practices, potentially present in various areas of company operations. In particular, when carrying out relations with customers and

suppliers, it must be considered that gifts, contributions and entertainment expenses are allowed when of modest value and without being interpreted as aimed at obtaining improper advantages. There are also company procedures that govern relations, both institutional and commercial, with national or EU public bodies, Supervisory Authorities, public officials and public servants.

THE INTEGRATED APPROACH OF THE SAES GROUP: QUALITY, ENVIRONMENT, SAFETY & ETHICS

The SAES Group aims to achieve technological excellence in full compliance with economic, social, environmental and ethical sustainability. The Group is constantly committed to improving its production and management processes by adopting a responsible management that combines quality and efficiency in business development with attention to its employees and the environment. Currently, there are 6 companies of the Group with **ISO 9001**⁸ Certification, **2 plants**⁹ of the Group with **ISO14001** certification and **3 plants**¹⁰ with sector-specific certifications.

SAES has adopted a "Group Integrated Policy for quality, environment, safety and ethics" (hereinafter referred to as the "Group Integrated Policy"). Each subsidiary derives its own local policy from this Group Integrated Policy.

The Group Integrated Policy is illustrated below:

in order to guarantee continuous progress and maintain its leadership in the field of vacuum technology for scientific and industrial applications, special metallurgy and materials science, as well as reaffirming its total loyalty to its traditional "core values", the SAES Group is committed to implementing an Integrated Quality, Environment, Safety and Ethics Management System based on compliance with the following principles:

- consider a fundamental element of the Group's global strategy to be the constant commitment to research and development of innovative products with a high technological content, through the adoption of modern and well-structured methods, so as to be able to satisfy and anticipate customer expectations and needs, guaranteeing respect for the environment and safety in use;
- concentrate its efforts on profitable businesses through actions aimed at improving economic results and maximising profits, also through the introduction of diversified products;
- combine the scientific knowledge and technical skills available within the SAES Group with those acquired through collaboration with external customers and centres of excellence, with the aim of developing "enabling" products capable of promptly and effectively meeting the demands of a market in constant development;

⁸ The ISO 9001 certified companies of the Group are: SAES Getters S.p.A., Metalvuoto S.p.A., Memry Corp., SAES Smart Materials, Inc., SAES Pure Gas, Inc., SAES Getters USA, Inc.

⁹ SAES Getters S.p.A. is ISO14001 certified for the plants of Lainate and Avezzano.

¹⁰ The Company SAES Getters S.p.A. is ISO-TS16949:2009 certified for the Factory of Lainate; Memry Corp. is 13485:2003 certified for the Factories of Bethel (CT) and MenloPark (CA); for further details, please refer to Chapter 3, "Technology at the service of innovation".

- adopt the most advanced international regulations and standards on quality, environment and safety, by promoting at the same time the application and diffusion among all Group companies of a corporate culture that respects human rights and ethical principles;
- constantly enhance and promote the professional and human growth of all Group employees, involving them, informing them regularly about company objectives and programmes and ensuring safe and peaceful working conditions;
- develop a corporate culture oriented towards continuous improvement, achieved through structured processes, whose performance is constantly monitored by indicators able to measure efficiency and effectiveness in a timely manner.

CORPORATE SOCIAL RESPONSIBILITY AND HUMAN RIGHTS

The Group has the following policies on human rights and corporate social responsibility:

- **Policy on Corporate Social Responsibility (CSR):** with this policy, the Group is committed to upholding human rights without any discrimination on the grounds of gender, religion or age and to ensuring that for no operation or worker there is child and/or forced labour. These values and principles apply to all workers including students, migrants, temporary staff, employees and all other types of workers.
- **Conflict Minerals:** with this policy, the Group requires suppliers dealing with specific categories of minerals (Gold, Tin, Tantalum, Tungsten) to sign the Conflict Minerals policy aimed at ensuring that such materials do not come from areas where there is a high risk of human rights violations and environmental degradation.

1.2 Opportunities and risks

THE CONTEXT OF REFERENCE

Sustainability issues, such as the fight against climate change, environmental protection and the adoption of policies for the development and sustainable management of material resources, have become increasingly interesting for institutions and organisations around the world in recent years. In particular, in 2015, the 21st United Nations Climate Change Conference (known as COP21) aimed at regulating greenhouse gas emissions and was ratified in 2016. The climate agreement will enter into force from 2020 and represents an important step forward in defining a global strategy to combat climate change and the increase in the temperature of the Planet Earth. In 2015, the United Nations adopted a new policy for the dissemination of sustainable development issues: the Sustainable Development Goals (17 SDGs). The 17 goals, valid for the period from 2015 to 2030, involve the public and private sector in ensuring the achievement of common objectives, such as peace, security, justice, social inclusion and environmental responsibility. In 2016, by means of Italian Law Decree no. 256, the Italian legal system adopted European Directive 2014/95 - Barnier on "Non-financial statement", which requires public-interest Companies that meet certain criteria to provide, starting from 2017, information on the management of social and environmental issues. Therefore, organisations are increasingly called upon to carefully assess the



development of specific scenarios and the new challenges that these present, in order to be able to seize opportunities and manage the risks involved. The SAES Group operates in a dynamic environment in continuous development, both in terms of market trends and in terms of complexity and high technological content of the sector in which it operates. It is essential for the Group to properly manage and control the risks to which

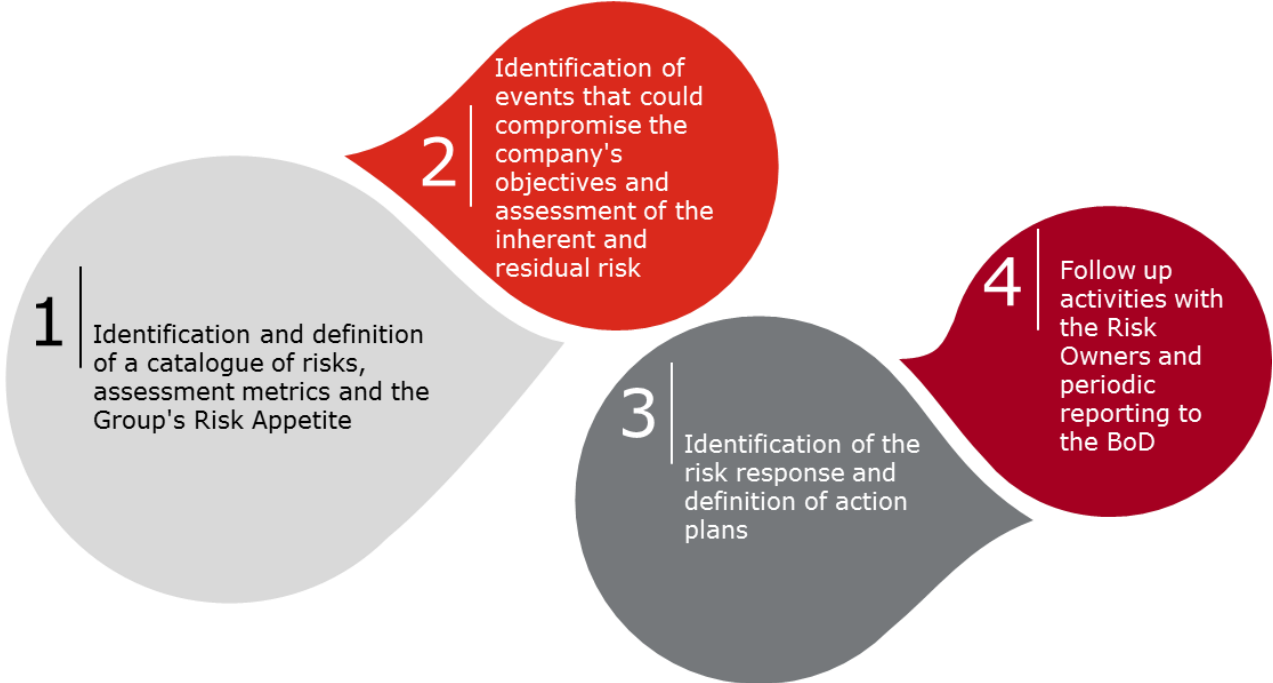
it is exposed during its business activities so as to ensure stability and balance over time and maintain lasting relations with its stakeholders.

The risk-aware management is carried out through the progressive implementation of a system that makes it possible to identify, assess and, where possible, mitigate and monitor business risks according to a precautionary approach.

In order to correctly define its risk profile, SAES Group has adopted an Enterprise Risk Assessment process since 2012, defining and updating a risk catalogue; this operation was carried out following the requirements of the COSO Framework international standard.

The method for assessing the identified risks follows the COSO ERM framework and involves all the identified Risk Owners. The Group's objective is to ensure that the ERM strategy becomes an integral part of the assessment of decision-making processes in business planning.

THE RISK MANAGEMENT MODEL OF THE SAES GROUP



For further information on the main risk factors for the sustainability of the SAES Group and related management methods, please refer to the tables at the beginning of each chapter of this document.

1.3 Stakeholders of the Group and materiality analysis

The SAES Group recognises the importance and the need to create a transparent, two-way and constructive dialogue with its customers, suppliers, shareholders, employees and all those involved in the life of the organisation concerning sustainability. The correct approach to sustainability is one of the Group's fundamental objectives, both from a strategic point of view and in relation to the subjects with whom it interacts.

The Group pursues its interests with a view to sustainable development and environmental protection, striving for a continuous balance among economic initiatives, safety of operations from a corporate point of view and prevention of environmental risks. With this in mind, the Group decided to undertake a process that integrates into its business the assessment of all positive and negative events, through a constructive dialogue with its stakeholders.

The Group has already launched a materiality analysis process in 2016 aimed at identifying the areas of greatest interest also for the purpose of developing the company business and creating value for stakeholders, with a view to long-term sustainability. On the basis of material or relevant aspects, priority indicators through which to monitor and communicate the Group's sustainability performance were identified.

STAKEHOLDER IDENTIFICATION

The Group implemented a process for mapping, identifying and prioritising the main categories of stakeholders, which has made it possible to define the Group's stakeholder map, by also identifying the level of dependence and influence on the Group.

THE MAP OF THE STAKEHOLDERS OF THE SAES GROUP



MAIN TOOLS FOR DIALOGUE WITH THE STAKEHOLDERS OF THE SAES GROUP



Company Intranet

Organisational communications

Information articles on values / products / people ("SAES In touch")



Institutional website : www.saesgetters.com

Social network

Events and trade fairs

Online / web advertising, paper advertising in trade magazines, product brochures

Telephone contacts / via email / meetings



Institutional website : www.saesgetters.com

Telephone contacts / via email / meetings



Financial reports

Information on request

Communications to be provided



Institutional website : www.saesgetters.com

Conferences and seminars

Scientific communities

Social network

Telephone contacts / via email / meetings



Institutional website : www.saesgetters.com



Institutional website : www.saesgetters.com

Press releases

Shareholders' Meeting

Presentations of financial results

Financial reports

Meetings with the financial community



Institutional website : www.saesgetters.com

Social network

Telephone contacts / via email / meetings

MATERIALITY ANALYSIS

The Materiality Analysis made it possible to identify the main issues that have a significant economic, social and environmental impact on the Group's activities, by affecting their assessments and decisions vis-à-vis stakeholders and by determining their needs and requirements.

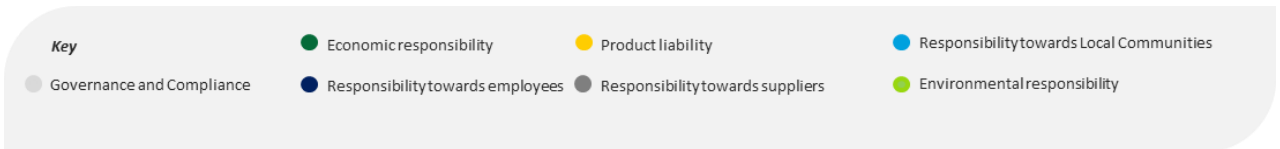
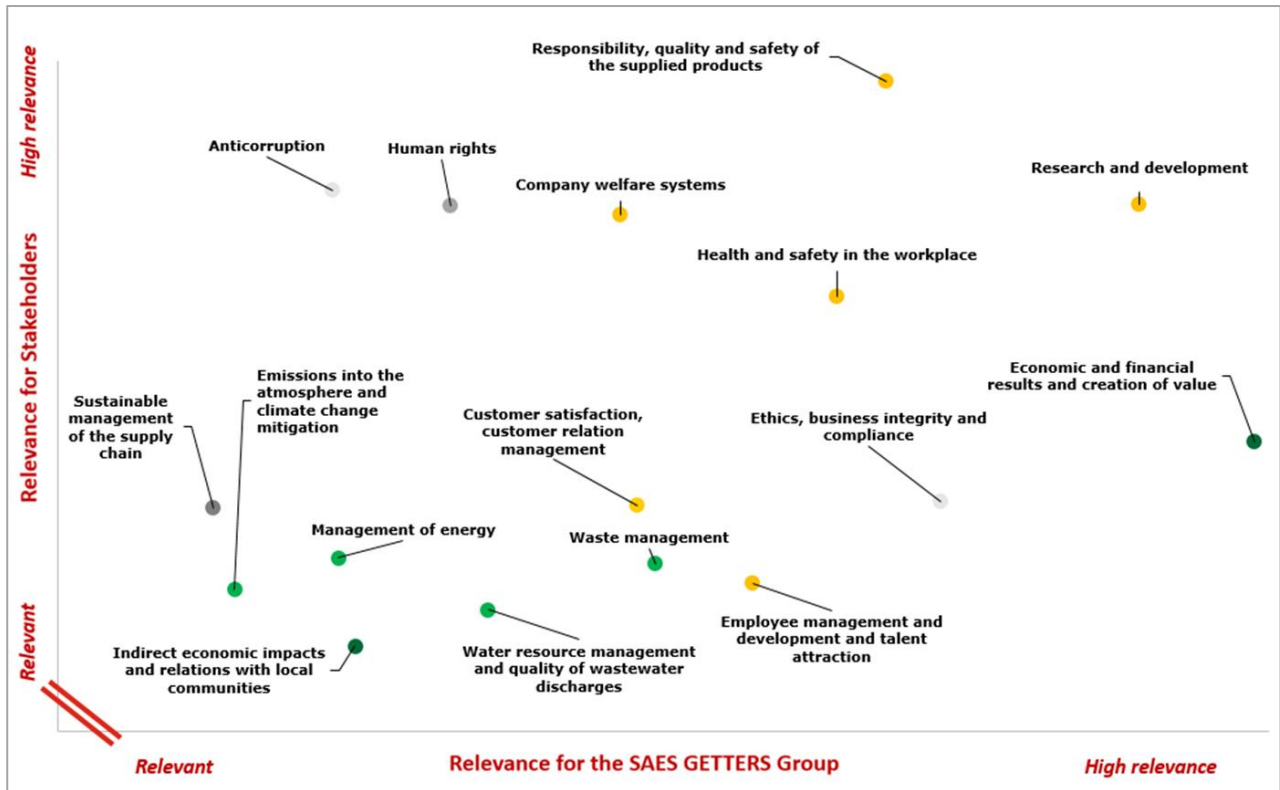
The SAES Group carried out its own materiality analysis, with the aim of identifying priority issues, in that they are more strategic and crucial. The representation of the materiality analysis offered the management of the Group the opportunity to reflect more deeply on the effects that specific issues may have on its activities, as well as an assessment of the consistency of the actions undertaken with the Group's mission.

The process of identifying the material aspects envisaged initially the identification of a list of possible topics to be assessed, based on the:

- analysis of the impacts of the SAES Group;
- benchmark with comparable operators;
- reporting guidelines and standards.

The list of aspects was subsequently subjected to an internal analysis with the aim of identifying the relevance of each topic according to the point of view of the SAES Group and that of its stakeholders. The final result is the materiality matrix shown below.

THE MATERIALITY ANALYSIS OF THE SAES GROUP



2. Economic performance and business development

Material aspects	Description	Sustainability risk factors	Management procedures (MA)
ECONOMIC AND FINANCIAL RESULTS AND CREATION OF VALUE	Economic and financial performance of the Group, financial stability, protection of profitability and generated economic value; creation of value in the short, medium and long term also thanks to the efficient management of tangible and intangible assets (e.g. patents, production technologies, specific know-how).	<ul style="list-style-type: none"> - Enhancement of company assets - Achievement of growth targets defined by the Management 	The Group is committed to managing its business activities responsibly by achieving sustainable profitability and growth targets, in order to generate long-term economic value that can be distributed among all Stakeholders.
INDIRECT ECONOMIC IMPACTS AND RELATIONS WITH LOCAL COMMUNITIES	Group involvement in the local company in which it operates by defining specific hiring, remuneration and management policies of local employed personnel. Analysis and management of indirect economic impacts generated by business activities.	<ul style="list-style-type: none"> - Timely and complete communication with the Group's stakeholders 	The Group develops its business activities considering the needs and expectations of the communities in which it operates, through a progressive assimilation of culture and values, favouring the hiring of local personnel and undertaking the development of lasting relations capable of creating value for the territories.
SUSTAINABLE MANAGEMENT OF THE SUPPLY CHAIN	Responsible management of procurement processes throughout the Group's supply chain; assessment and screening of suppliers on the basis of social and environmental performance, and promotion of behaviour and social responsibilities that encourage suppliers to adopt sustainable behaviour.	<ul style="list-style-type: none"> - Availability of raw materials - Quality of supplies and financial stability of suppliers 	The Group develops correct, clear and transparent relations with all its suppliers based on compliance with principles of quality and cost-effectiveness in choosing them and favouring suppliers belonging to countries and communities in which it operates.
HUMAN RIGHTS	Management of activities, also along the value chain (suppliers and customers), which present significant risks in the field of human rights (forced labour, child labour, freedom of association and collective bargaining, discrimination at work) and any actions undertaken (e.g. training plans on issues related to Human Rights, Codes of Business Conduct and auditing activities).	<ul style="list-style-type: none"> - Respect for human rights by employees, suppliers, customers and partners 	The Group has a policy on corporate social responsibility and a specific policy on the aspect of "Conflict Minerals". With these instruments, the Group supports universal human principles such as: human rights and labour rights, committing itself to their integration into its business strategy and to their observance throughout the entire value chain.

HIGHLIGHTS



Revenues of Euro 231.1 million, up by 22.2% compared to Euro 189 million in FY2016

Strong growth in operating results and EBITDA of just under Euro 50 million



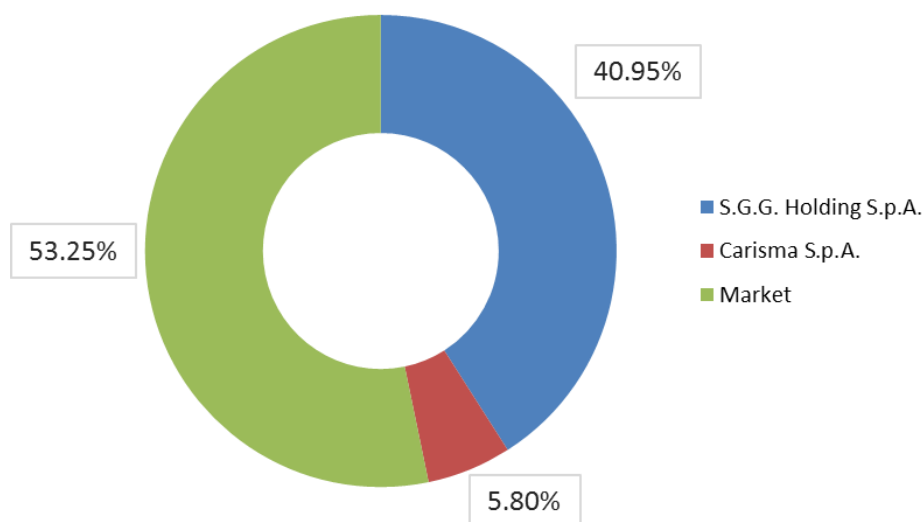
Consolidated EBITDA at Euro 50 million (21.6% of turnover), up sharply (+40.9%) from Euro 35 million (18.8% of turnover) in FY 2016

Net financial position of Euro -17.7 million, a marked improvement on Euro -33.8 million of 2016, thanks to the strong generation of operating cash

2.1 Communication with the financial community

The share capital of SAES Getters S.p.A. as at 31 December 2017 amounted to Euro 12,220,000, consisting of 22,049,969 shares, of which 14,671,350 ordinary shares and 7,378,619 savings shares, with an implicit par value of Euro 0.554196 each. The shareholding structure is represented below, with regard to the ordinary shares with voting power in the shareholders' meeting.

SHAREHOLDING STRUCTURE OF THE SAES GROUP AS AT 31 DECEMBER 2017



As at 31 December 2017, the majority shareholder is S.G.G. Holding S.p.A., which holds more than 40% of the ordinary shares whereas more than half of the ordinary shares (53.25%) are free-floating shares on the market.

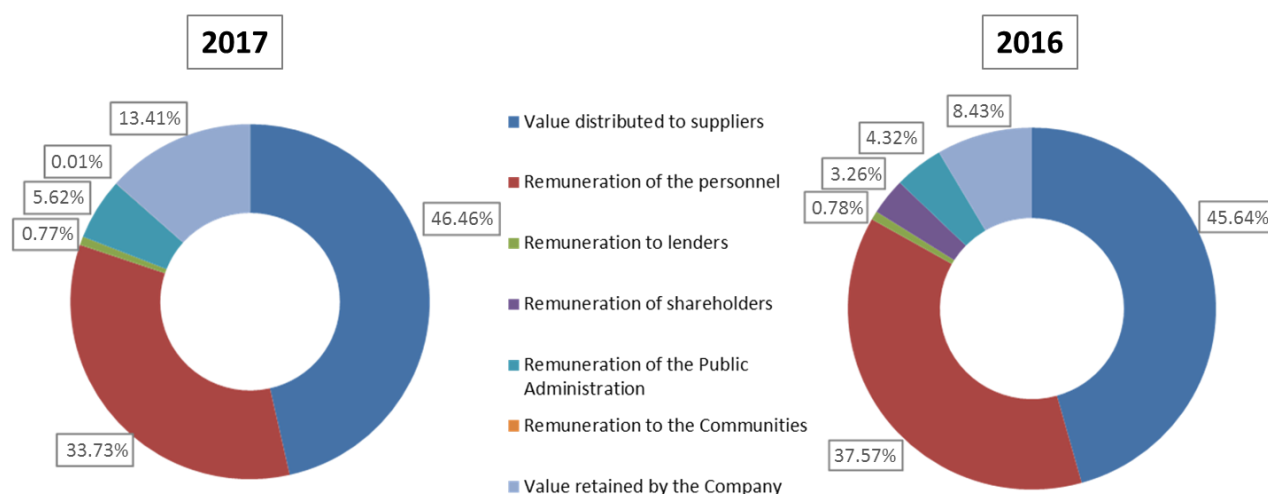
INVESTOR RELATIONS

The creation of value for the shareholders also requires a transparent and fair relation with the financial community, which for the Group is an important element in the process of business management and development. In this regard, during 2017, the Group attended two **STAR conferences** in Milan and London. Moreover, to confirm the transparency and importance that external communication assumes for the Group, 11 **press releases** were issued during the year in addition to regular financial reporting and presentations. Presentations to the financial community, corporate documents, press releases and all information concerning the Group are available on the Investor Relations section of the website: **www.saesgetters.com**, both in Italian and English. Shareholders' Meeting documents, the Code of Ethics and the contacts of analysts following the security are also available.

2.2 Generated and distributed economic value

The creation and distribution of value for its stakeholders is a constant commitment of the SAES Group. The following chart represents the wealth produced by the Group and distributed among stakeholders in the following manner: **value distributed to suppliers** (reclassified operating expenses), **remuneration of the personnel** (direct remuneration consisting of wages, salaries, employee severance indemnity and indirect remuneration consisting of social security contributions), **remuneration of lenders** (interest expense), **remuneration of shareholders** (distributed dividends), **remuneration of the Public Administration**, (total taxes paid). The **value retained by the SAES Group** is represented by the result for the year net of the profits distributed to the shareholders.

DISTRIBUTION OF THE VALUE GENERATED BY THE SAES GROUP



The table determining and distributing the economic value generated by the SAES Group was prepared on the basis of the items shown in the income statement. The **economic value generated** by the SAES Group in 2017, net of reclassified costs, amounted to approximately **Euro 234 million**, up 24% on the previous year. Most of this value is represented by the **remuneration to suppliers** (approximately **Euro 109 million**, compared to approximately Euro 86 million in 2016), followed by the **remuneration of the personnel** (approximately **Euro 79 million**, slightly higher than the figure for 2016, which was around Euro 71 million). The **remuneration of the Public Administration** amounted to approximately **Euro 13 million** (up compared to 2016, equal to approximately Euro 8 million), while the **remuneration to lenders** amounted to **Euro 1.8 million** (up 23% compared to 2016). The **value retained by the Company** was approximately **Euro 31 million** (almost double the amount recorded in 2016). In 2017, the **remuneration to the Communities** was Euro 33 thousand compared to Euro 4 thousand of 2016 whereas the **remuneration of shareholders** was **zero** (unlike 2016, when the remuneration was about Euro 6 million) since the Parent Company closed the current year at a loss and, therefore, no distribution of profits to shareholders by the latter was possible. The Board of Directors proposed to the Shareholders' Meeting the distribution of Retained earnings and the Share premium reserve for a total amount of Euro 15.4 million.

2.3 The supply chain of the SAES Group

All procurement and distribution activities for the numerous SAES products are based on the essential research and development activities that characterise the Group's technological offer.

Only after defining the specific technological solution for its customers, the Group supplies raw materials, semi-finished products and finished products to make the requested product.

FROM PRODUCT RESEARCH AND DEVELOPMENT TO DELIVERY TO THE CUSTOMERS OF THE GROUP



To carry out its activities, the SAES Group collaborates with its suppliers to obtain the best products and services essential for maintaining high standards of excellence.

Responsible sales management

In order to prevent and manage possible situations at risk, the Group has implemented specific rules regarding the sale of its own products with new business partners.

When acquiring a new customer, the Group has special procedures both in case of calls for tenders with Public Administration Bodies and with private individuals.

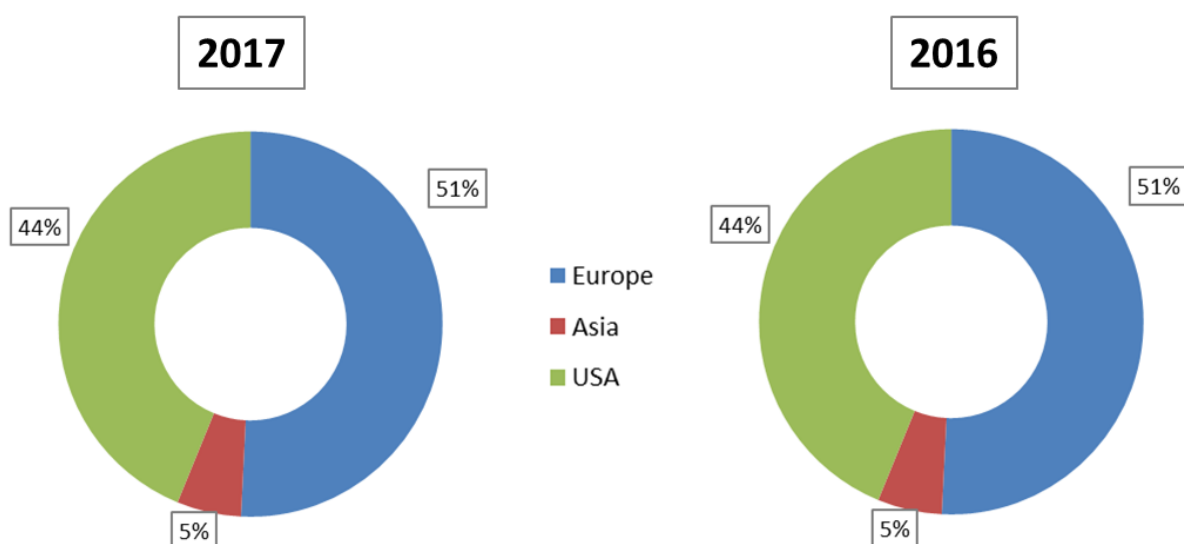
In particular, in the event that the Group interfaces with a potential distributor of products, a Due Diligence process involving reputational surveys and assessment of the counterparty's reliability based on financial, commercial and solvency information is envisaged. Moreover, the Customer Relations Management Office may request / collect and analyse specific documentation according to the type of distributor, such as, for example, in order to identify whether the countries that the distributor supplies are at risk of terrorism, the UIF reference lists or in the case of Italian distributors, the anti-mafia declaration.

The Group's four main categories of purchases range from raw materials and semi-finished products to support services for business activities. In particular, to confirm the strong drive for innovation, the expenditure for the protection of intellectual property - a decisive asset of the SAES Group - is significant.

NUMBER OF SUPPLIERS AND TOTAL EXPENDITURE BY CATEGORY OF PURCHASES

Product segment	2017		2016	
	No. of Suppliers	Value of total annual expenditure [€]	No. of Suppliers	Value of total annual expenditure [€]
Raw materials, semi-finished and finished products, outsourced work	930	75,265,442	903	56,350,743
Utilities, facilities, canteen, clothing, services, rentals, fairs, events, marketing, travels, books, printed matter	1,798	30,776,428	1,729	25,714,181
Consultancy	227	5,533,089	198	5,242,646
Patent expenses	12	1,158,681	13	1,273,846
Total	2,967	112,733,640	2,843	88,581,416

DISTRIBUTION OF SUPPLIERS BY GEOGRAPHICAL AREA



In order to contribute to the creation of value in the local communities where it operates, the SAES Group focuses on the purchase of goods and services from local suppliers. In particular, in 2017, **80.8%** of the Group's **total purchases were made locally**.

In particular, the entire expenditure made by the companies present in Asia is related to Asian suppliers, 91.4% of the purchases of US companies refer to suppliers in the USA and finally, 61.9% of the expenditure in Europe is focused on Italian suppliers.

PERCENTAGE OF EXPENDITURE CARRIED OUT ON LOCAL SUPPLIERS

Geographical area	Percentage of expenditure on 2017 local suppliers	Percentage of expenditure on 2016 local suppliers
Europe	61.9%	64%
USA	91.4%	90.7%
Asia	100 %	100 %
Group	80.8%	79.5%

3. Technology at the service of innovation

Material aspects	Description	Sustainability risk factors	Management procedures (MA)
RESPONSIBILITY, QUALITY AND SAFETY OF THE SUPPLIED PRODUCTS	Production and sale of high quality products through actions aimed at improving the performance, durability and safety of the products manufactured.	- Compliance with specific product standards and/or standards requested by the Customer and with law regulations.	The Group pursues the objective of continuously improving the quality and safety of its products by adopting the most advanced technological solutions.
RESEARCH AND DEVELOPMENT	Research and Development activities aimed at designing products with high technological content with a special attention to innovative solutions and sustainable applications capable of generating positive externalities for the environment, society and customers; the theme includes the implementation of eco-design criteria and the use of cutting-edge technologies, patents and know-how.	- Adequacy of the product research and development process - Retention and attraction of talents and highly qualified personnel - Product innovation - Investments in research, development	The Group continuously supports and implements research and innovation initiatives, paying particular attention to the hiring of highly qualified personnel.
CUSTOMER SATISFACTION, CUSTOMER RELATION MANAGEMENT	Monitoring of the level of customer satisfaction and implementation of a customer relation management system capable of providing indications for the development and improvement of the design, implementation and marketing of products.	- Adequate structure of the process for obtaining customer feedback - Adoption of adequate data collection tools	The innovation in production processes is closely related to the supply of cutting-edge products. The Group monitors and collects complaints relating to any problems found by its customers, paying full attention in listening to and promptly resolving any problems.

HIGHLIGHTS



2 ISO 13485 certified production facilities

1 ISO 16949 certified production facility



More than 300 inventions over the last 70 years

243 scientific articles published in conference papers

3.1 Customers and markets served

Over time, the SAES Group has become a world leader in hi-tech solutions for scientific and industrial applications requiring ultra pure vacuum or gas conditions, shape memory products and functional polymeric compounds. The Group developed a high level of know-how in component and system engineering, offering a wide range of innovative solutions for more than 2000 customers in over 100 different markets. The Group develops and customises the functions of the materials according to the requests of its Customers, such as: blue chips, start-ups, universities and research centres, using a vertical approach in production: from raw materials to the finished product, capable of meeting the specific requirements of each Customer.

THE MAIN MARKETS SERVED BY THE SAES GROUP



Healthcare



Automotive



Consumer Electronics



Scientific research areas



Advanced Packaging



Other industrial



Security e defense

TECHNOLOGY IS OUR PRODUCT: SOLUTIONS FOR EVERY REQUIREMENT

THE MAIN FUNCTIONS OF OUR PRODUCTS





ACTUATE



RECOVER

Actuate: moving parts of different mechanical devices and equipment

Recover: return to the stored shape of a device, recovering it even after large deformations

Shape Memory Alloys (SMA) are special materials that by their nature have two very special characteristics:

- the ability to return to their original shape even after considerable deformation (shape memory);
- considerable resistance to breakage under stress (super-elasticity).

Nitinol is one of the materials that presents these two characteristics and the SAES Group has been engaged for years in the development and production of this innovative alloy and the products made with it, ensuring internal control of the entire production chain: from alloy casting to finished components.

The exploitation of Nitinol's super elasticity property, together with its proven biocompatibility, is primarily used in medical applications, minimally invasive surgery and self-expanding medical devices such as aortic stents or heart valves, while form memory is primarily used in actuators in industrial applications.

The latter can be used where closing, opening or regulating actions are required, such as in thermo valves, thermostatic actuators or dosing systems. Thanks to their compactness, silent movement and light weight, they are particularly appreciated in sectors such as automotive, home automation and consumer electronics.



CAPTURE

Capture: absorb and capture steam and gaseous elements inside hermetically sealed devices

The getter materials of the SAES Group are able, through a chemical reaction, to capture molecules of active gases such as oxygen, carbon dioxide, nitrogen, etc. in hermetically sealed devices, thus making it possible to improve and maintain the vacuum level required inside them.

The main families of metallic getters are shown below:

- **Getter Film** – application of getter technology in small devices due to their reduced thickness and customised mouldability on different substrates. For example, the main uses are image intensifiers and photomultipliers, gyroscopes and other micro devices (MEMS -Micro Electro-Mechanical Systems).
- **Hydrogen Getter:** solutions applicable to cryogenic tanks for storage of liquid gases, vacuum insulated cryogenic tubes, small-volume dewars and hermetic storage containers for hydrogen-sensitive products.
- **Non evaporable getters (NEG)** – the dimensional constraints of the devices that need to maintain the vacuum, the special process temperature conditions, the need for capacity or rate of gas absorption at different temperatures etc. have led to the development of a variety of getter alloys and components, with different sizes and configurations, used in devices ranging from lamps, X-ray tubes, solar collectors, sensors, insulated panels and much more.



DISSIPATE

Dissipate: managing heat transfer and dissipation

Components in sintered materials allow good heat dissipation, a factor of great importance in small or very sophisticated devices. These components (cathode bases and special filaments) are used in the production of gas lasers, high brightness LEDs, microwave power amplifiers for radar transmitters, medical X-ray therapy, photovoltaics, etc.

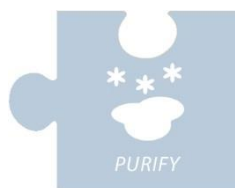


PROTECT & SEAL

Protect and seal: apply highly innovative materials to absorb gas or seal

The SAES Group provides innovative materials and solutions for the flexible packaging of products and devices in which the management of the composition of the atmosphere in contact with the product is essential for durability and correct operation. Through a solid technological base, the Group provides advanced functional chemical composites that enable it to capture water vapour, oxygen and other harmful gases and contaminants at the right time.

These materials are used in sectors ranging from food packaging, to home & personal care, nutraceuticals, the pharmaceutical industry up to consumer electronics.



PURIFY

Purify: remove and monitor impurities from gases to be used at high and very high purity levels

In the microelectronics market, the Group is active with solutions for the development and sale of **gas purification systems** for the semiconductor, display and LED industries. The purification of gases, which occurs through the removal and monitoring of impurities, is obtained through products such as **Bulk Gas Purifiers** and **Point of Use Purifiers**, and is applicable in all industrial sectors where the use of ultra-pure gases is necessary.



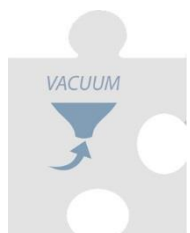
RELEASE

Release: emit, weigh out and deposit controlled quantities and qualities of metallic vapours, gases

The Group produces components and devices capable of releasing small doses of metallic vapours for specific applications. The products of this division include certain types of getters and **dispensers** capable of emitting, distributing and depositing precise quantities of metal or gas vapour, such as mercury, alkaline metals and oxygen.

Some products are also designed to ensure the emission of a stable, constant and controlled electron current necessary for the operation of some electronic devices.

The main applications for these products are in electronic and photonic devices, sensors and fluorescent lamps.



VACUUM

Vacuum: Obtain and maintain vacuum, high or ultra-high vacuum in a specific volume or chamber

The SAES Group pumps, based on getter materials, are able to create very high **vacuum** conditions in particle accelerators and advanced analytical equipment, where space constraints limit the adoption of vacuum technologies other than getter technologies. The most important fields of use concern analytical instrumentation, vacuum systems and particle accelerators.

Other less sophisticated products are also used in vacuum thermal insulation solutions.

3.2 Innovation, research and development

The identity of the SAES Group has always been oriented towards a natural propensity to research, development and innovation of new solutions that could have commercial, technological and global value for the Group and its main Stakeholders. The technological diversification that the Group proposes, both from a production point of view and in the different sectors served, is the result of a precise strategic choice, aimed at consolidating its leadership position in the high-tech products market. In fact, more than **12%** of the employees and temporary workers of the Group are employed in R&D activities and in this context, the Group protects:

- the intellectual property of strategic importance;
- the selection of qualified personnel with the necessary know-how;
- the updating of design and production technologies.

The Corporate Research & Development area, in synergy with the other Companies of the Group, invests in the development of the most functional and specific technical aspects for the various subsidiaries, constantly involving the partners present at a global level. To support the strong drive for innovation, in 2017 the Group dedicated Euro 16,102 thousand to R&D activities, equal in percentage terms to approximately 7% of consolidated net turnover.

NUMBER OF PATENTS REGISTERED BY THE SAES GROUP BY GEOGRAPHICAL AREA

Geographical area	Number of registered patents
Europe	100
China	97
Japan	80
Korea	60
USA	126
Total	463

The results of this approach allowed the Group to achieve significant results with more than **300 inventions** developed in about **70 years** of activity, about **8-10 inventions** per year protected by the registration of patent applications.

Since the fifties, the Group has linked its commercial success to the ability to continuously innovate, developing its products according to customer requirements and courageously entering cutting-edge sectors. During its history, the SAES Group perfected a series of patents that have become real milestones for the development and identity that the Group still holds today. These include patents that contributed to the development of gas purification applications in the eighties and metal alloys dedicated to advanced applications in the nineties.

Today, the SAES Group can count on a broad technological portfolio, developed over decades of research and know-how transfers, which actively supports a large number of high-tech applications and new products.

SAFETY AND QUALITY OF PRODUCTS

The Group carries out analyses and provides health and safety assessments of its products. All the products manufactured are labelled in accordance with current regulations¹¹. These are then in accordance with the Safety Data Sheets (SDS) issued at the head office in the language of the country of use, in compliance with the local laws of the areas of use and production, and in particular with the REACH regulation in EU. The Group also adopts a restrictive policy regarding the use of hazardous substances in its products and production processes and promotes green design (Design for Environment methodology). A careful analysis of possible safety impacts on designed and manufactured products is also carried out.

QUALITY MANAGEMENT OF PRODUCTION PROCESSES

The presence of certifications attesting the Group's commitment to implementing a quality management system is considered a fundamental element in the SAES Group strategy. With regard to the quality of its production processes, the Group can boast:

- **ISO/TS 16949 Certification** for shape memory alloys at the Lainate factory;
- **ISO 13485 Certification** for Nitinol-based products for use in medical devices at the factories of Memry Corp.

¹¹In particular, the products of the SAES Group are subject to CLP 1272/2008 regulation for the Italian and European markets, and to Hazcom 2012 for the USA markets on finished and intermediate products.

CUSTOMER CARE: COMPLAINT HANDLING¹²

Customer care and complaint handling are areas that the SAES Group supervises and manages on a daily basis with care. The commercial function directly manages the reports that are subsequently included in the online platform Customer Support Application: this tool makes it possible to manage all the steps of the process for checking and solving complaints. The Quality function manages the reports, carrying out analyses and issuing any technical report in case of need. In 2017, **65 complaints** were received, mainly for non-compliant products, up on the 54 of the previous year.

¹² The calculation of complaints refers to SAES Getters S.p.A. as it is the only one to have the CSA tracking system.

4. The people of the SAES Group

Material aspects	Description	Sustainability risk factors	Management procedures (MA)
EMPLOYEE MANAGEMENT AND DEVELOPMENT AND TALENT MANAGEMENT	<p>Professional growth and retention of talents; development and training activities aimed at strengthening the technical, managerial and organisational skills of employees and consolidating the professionalism required by the covered role.</p> <p>Plans and actions aimed at attracting qualified and specialised personnel with specific technical skills related to the Group's business activities.</p> <p>Development of a constructive dialogue with the trade unions.</p>	<ul style="list-style-type: none"> - Adequacy of the recruitment process - Retention and attraction of talents - Adequacy of personnel development and training plans - Adequacy of agreements and relations with trade union representatives and other labour organisations 	<p>The SAES Group is committed to defining professional growth objectives for all its employees, recognising the achieved merits and goals. The Group supports and encourages the carrying out of growth activities for all employees by encouraging the involvement and sharing of the Group's growth objectives among all employees.</p> <p>The Group is committed to establishing constructive and responsible relations with trade unions in order to develop a positive dialogue.</p>
COMPANY WELFARE SYSTEMS	<p>Policies, benefits (economic and non-economic), actions to improve the well-being of employees and to create a comfortable working environment that meets the requirements and expectations of employees.</p>	<ul style="list-style-type: none"> - Adequacy of welfare policies and convergence with regard to the personnel requirements and expectations. 	<p>The Group is committed to reconciling the working and personal lives of its employees. The SAES Group encourages the development of policies, projects and benefits that can contribute to meeting the expectations and requirements of employees.</p>
HEALTH AND SAFETY IN THE WORKPLACE	<p>Development of practices and programmes to promote safety in the workplace; promotion of specific training on health and safety of employees, monitoring and prevention of workplace injuries in order to reduce their number.</p>	<ul style="list-style-type: none"> - Compliance with regulations on health and safety at work - Protection of workers' health - Adequacy of investments and training plans in health and safety matters 	<p>The Group is committed to reducing the number of injuries by engaging itself in improving the working environment and reducing the personnel absences.</p>

HIGHLIGHTS



1,073 Group employees as at 31 December 2017

12 average hours of training per capita



89% of senior managers are employed in their country of origin

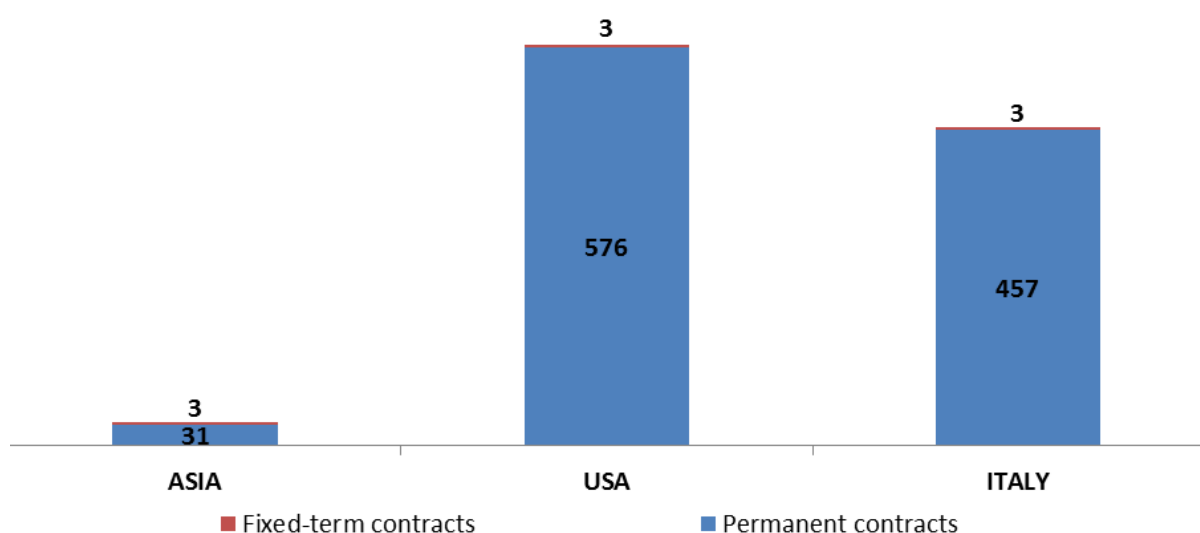
4.1 Our people

The SAES Group considers the management of its human resources to be of paramount importance as a key factor for the company success. For this reason, the Group is active in the implementation of policies that can enhance the contribution provided by employees, developing their potential and, at the same time, the skills that can bring added value to the organisation.

As at 31 December 2017, the Group total workforce amounted to **1,073 employees, up by 3.9%** over the previous year (1,033 employees).

The Group headcount is largely concentrated in the USA (**54%**) and Italy (**43%**). The remaining portion (**3%**) is employed in the offices located in Korea, China, Taiwan and Japan, hereinafter referred to as “Asia”.

DISTRIBUTION OF EMPLOYEES BY GEOGRAPHICAL AREA AS AT 31 DECEMBER 2017



The SAES Group strongly believes in the professionalism of its employees. As a demonstration of the Group's desire to create strong and long-lasting professional relations, in 2017, **99.2% of the total workforce** consisted of employees with **permanent contracts**¹³.

As at 31 December 2017, the Group employed **65 temporary workers** (mainly contract workers) up on 31 temporary workers in the previous year. It also offered **5 internship opportunities** in 2017 to support its commitment to develop new talents.

Compared to the professional categories, **most employees** (621) are part of **blue collars**, one of the key roles for achieving the high quality standards of the SAES Group's products. **White Collars**, on the other hand, represent approximately **34%** of employees and, finally, the category of managers, which includes key executives and managers, corresponds to approximately **8% of the total**.

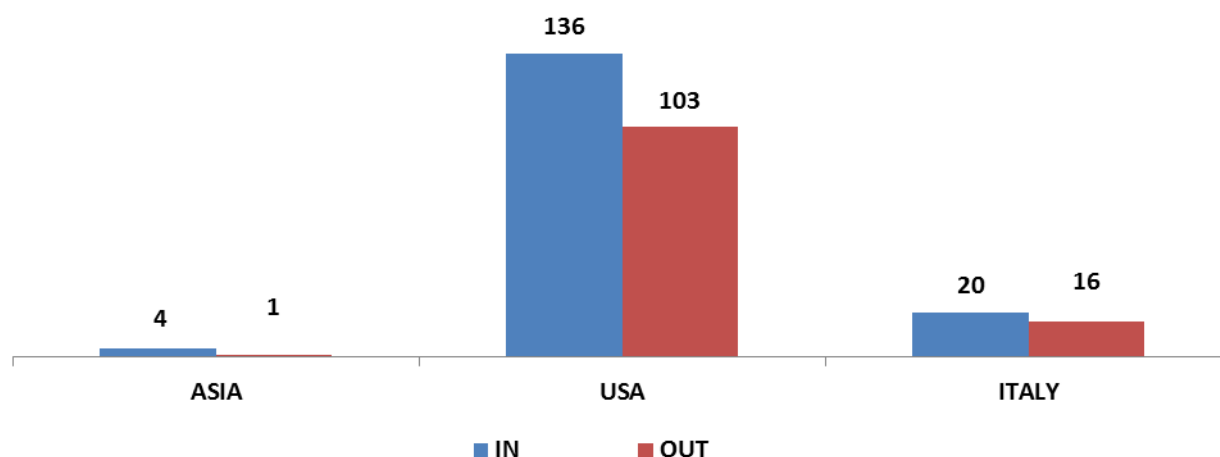
DISTRIBUTION OF EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER

	2017			2016		
	Men	Women	Total	Men	Women	Total
Manager	77	11	88	73	12	85
White Collars	249	115	364	251	104	355
Blue collars	462	159	621	439	154	593
Total	788	285	1,073	763	270	1,033

With regard to turnover within the Group, **160 new employees** were recruited in 2017, compared to **120 who left** the Group.

¹³ Employees hired by SAES Getters USA, Inc. signed an at-will contract that, in the representation of the Group data, was classified as "permanent" because the contractual agreement does not establish a time limit for the employment relationship.

GEOGRAPHICAL DISTRIBUTION OF EMPLOYEES WHO JOINED AND LEFT THE GROUP IN 2017



As a result of the hires made in 2017, the **hires rate** (that is the ratio between the number of hires and the total number of employees as at December 31) was **0.15**.

HIRES AND HIRES RATE

	2017				2016			
	<30	30-50	>50	Rate	<30	30-50	>50	Rate
Men	48	53	21	15%	64	54	9	17%
Women	15	15	8	13%	17	14	5	13%
Total	63	68	29	15%	81	68	14	16%

Referring to the **outgoing turnover rate** (that is the ratio between the number of outgoing employees and the total number of employees as at December 31), the value was **0.11** in 2017.

OUTGOING AND TURNOVER RATE

	2017				2016			
	<30	30-50	>50	Rate	<30	30-50	>50	Rate
Men	32	43	17	12%	34	21	8	8%
Women	10	13	5	10%	6	8	2	6%
Total	42	56	22	11%	40	29	10	8%

In all Group companies, minimum notice periods for significant operational changes in the activities comply with current laws, regulations and collective bargaining agreements.

4.2 Resource development and talent management

The SAES Group recognises the importance of developing and training its own resources so that they become the added value necessary to achieve a leadership position in the markets in which the Group operates. Since it is present in dynamic markets influenced by rapid technological changes, the SAES Group invests a lot of funds in research activities, which could not be carried out without the presence of highly qualified and constantly trained personnel.

The management and retention of human capital is guaranteed by the training activities provided for the staff development, which amounted to approximately **12,700 hours** in 2017, with a per **capita average** of approximately **12 hours**.

AVERAGE HOURS OF TRAINING PER EMPLOYEE BY GENDER AND EMPLOYMENT CATEGORY (2017)

	Man		Woman		Total	
	No. of hours	Average hours	No. of hours	Average hours	No. of hours	Average hours
Manager	1,042	14	237	22	1,278	15
White Collars	4,169	17	1,610	14	5,779	16
Blue collars	4,618	10	1,032	6	5,649	9
Total	9,828	12	2,878	10	12,707	12

The importance of personnel training is certainly a milestone for the Group, in order to achieve excellence in the development and marketing of its products. In particular, **technical training** within R&D Dept. is considered a **strategic asset**, because of the peculiarities and the innovation that characterise the products of the SAES Group. But also at a more general level, the Group objective is **ensuring that all employees are qualified** to perform their duties in order to guarantee the economic efficiency of processes, the product quality and to keep under control the significant environmental and safety impacts.

Every year, Each function manager identifies the specific training needs of his own staff in order to reach, maintain and improve adequate skills in the carryingout of the assigned tasks.

When identifying training needs, each manager takes into account any changes made to company processes, the level of development of the personnel, the requirements and expectations of internal and external customers.

2017 was mainly characterised by the adoption of a methodological approach, always attentive to resources, with a particular focus on external training, economic investment in managerial and Young Potential roles, through tools such as MBA experience, Development Centre projects and Light Assessment sessions, in line with the company strategy and the business long-term needs.

The most significant initiatives by subject area undertaken during the year of reporting are the following:

- **Research & Development:** MBA, in-depth analysis and studies of specialist topics relevant to research and development activities (such as, for example, Study of metal corrosion by E.I.S., Potentiostat, Microencapsulation, Industrial Powder Mixing), internal training of new employees.
- **Health, safety and quality:** technical training of the fire prevention team and first aid team, Safety and business risks, training and awareness raising on issues of quality management system certification (ISO 9001:2015 new standards, ISO 9001:2015 Risk Based Thinking, ISO 9001:2015 Leadership, IATF 16949:2016 Automotive, Auditor Training), training of new employees.
- **Environment:** training on the ISO 14001:2015 environmental management system certification aspects, technical updating of hazardous substances and environmental impact, emission of discharges and waste, training of new employees.
- **Technical training:** internal and external training courses in the areas of Intellectual Property, Operations, Tax, Administrative, Legal and Labour.

In addition to the activities outlined in the training plan, in continuity with the activities of the previous years, each function took an active part in the organization of **on-the-job training**, in terms of instruction or coaching. The objective is also sharing company know-how with the company youngest resources .

In the training area, the planning of activities concerning health and safety, prevention and quality is confirmed for the next reporting year, as are updates on tax, legal, administrative and labour law issues and training sessions for new employees.

Alongside these, the Group will plan actions aimed at developing technical (with a specific focus on emerging priority themes for the Research & Development area) and managerial skills (such as, for example, leadership, feedback and coaching), as well as the definition and the implementation of individual development plans. Finally, knowledge and awareness raising initiatives will be identified on the theme of Active Ageing.

In addition to ongoing training, the Group is committed to creating a merit-based and non-discriminatory working environment that is appropriate for the development and well-being of its employees. Please note that at SAES Pure Gas, Inc. a series of training activities related to the prevention of discriminatory behaviour such as bullying or harassment were provided, for a total of **26 hours of training**.

Moreover, **77%** of workers **receive regular evaluation of their performance** and **career** development opportunities. The continuous comparison among the resources of the SAES Group contributes to the continuous improvement of the organisation.

EMPLOYEES RECEIVING A REGULAR PERFORMANCE AND CAREER EVALUATION (2017)

	Men	Men %	Women	Women %	Total	Total %
Manager	73	95%	11	100 %	84	95%
White Collars	204	82%	90	78%	294	81%
Blue collars	326	71%	122	77%	448	72%
Total	603	77%	223	78%	826	77%

INCENTIVES AND REMUNERATION

In order to attract, motivate and retain resources with the professional qualities and skills required to pursue its objectives, the SAES Group annually approves the "Remuneration Policy" that envisages fixed and variable remuneration systems not only for directors but also for key management personnel (to be understood as those resources that hold organisational positions relating to the Group planning, management and control activities). Therefore, the most important aspect in determining remuneration is the creation of mechanisms that create a strong identification with the company and are appropriate to the reality of the global reference market and ensure organisational stability.

The remuneration package of key management personnel consists of:

- a **gross annual fixed component** (RAL), defined taking into account different factors, such as: labour market trends, organizational roles and related responsibilities, equity between the different internal salary levels, benchmarks of comparable companies for similar positions and experience, length of service, competences potential and career growth prospects of individual managers;
- a **variable component with annual disbursement** (called PfS or "Partnership for success") that can be obtained upon the achievement of previously defined company/role objectives, verified on the basis of two main characteristics: measurability and consistency with the Group general planning.
- a **medium/long-term variable component** (LTI plan) linked to specific objectives, with deferred payment with a maximum limit of one year on the basic salary at the time of assignment.

4.3 Company welfare

With the aim of guaranteeing its employees a high degree of flexibility and the possibility of balancing work requirements with private life, the SAES Group offers its personnel various concrete initiatives to ensure good company welfare, such as **part-time** contracts, which benefited **25 people** in 2017, a slight increase compared to the previous year.

To confirm the support to employees in managing the work-life balance, the Group also offers, in some of its premises, the possibility of flexible working hours, both in and out.

The Group's constant commitment to guaranteeing cutting-edge policies, in terms of working conditions, made it possible to achieve a favourable internal climate and low levels of work-related stress, thus guaranteeing Group employees a quiet place to work.

Moreover, for both full-time workers and part-time or temporary workers, the SAES Group envisages a series of benefits that vary according to the specific requirements of employees working in the various countries where the Group operates. Some of the company welfare solutions proposed by the various companies are shown below:

- **life insurance/injuries;**
- **company health insurance** that envisages different levels of coverage based on the company's role and contract applied;
- **parental leave** guaranteed on the base of local legislation;
- **social security system to support employees**, in Italy in particular, white collars, blue collars and executives are covered both by the INPS social security system and by the supplementary scheme - COMETA (for white collars and blue collars) and PREVINDAI (for executives) - whose registration is optional;
- **medical examinations**, such as annual check-ups for key executives and regular check-ups at the company, including annual gynaecologist visits, eye tests and flu vaccines;
- **internal gym** to support the physical well-being of employees.

4.4 Health and safety of employees

The SAES Group considers the safeguarding of the safety and health of its workers to be of primary importance and has the objective of complying not only with all the specific regulations on the matter but also of implementing an effective action aimed at prevention and continuous improvement of working conditions.

The focus of this objective is on assessing the health and safety risks associated with company activities in order to implement an effective risk prevention and management programme. These activities are carried out throughout the Group in accordance with the requirements and peculiarities of applicable local regulations.

In particular, through the "Risk Assessment Document", it identified the appropriate prevention and protection measures and planned their implementation with the support of specialised figures.

The risk assessment was translated into a document containing:

- a report on risk assessment for safety and health at work that specifies the assessing methods used;
- identification of protection and prevention measures;
- personal protective equipment;
- the programme of the measures considered appropriate to ensure that safety levels are improved over time.

In addition to the Risk Assessment Document, a detailed environmental and safety emergency management plan, which establishes and explains the rules of behaviour to be used in the event of fire, injury, spill of hazardous substances, natural disasters and machinery/plant malfunctions, was prepared.

TRAINING ON ISSUES OF HEALTH AND SAFETY IN THE WORKPLACE

Within the scope of their specific duties and competences, each worker will receive continuous and adequate information and training on the procedures concerning first aid, fire-fighting, evacuation of workplaces and on the names of the workers responsible for applying first aid and fire prevention measures.

For Italian companies, information is provided through meetings with the Workers' Safety Representatives (RLS) at regular intervals depending on the risk assessment.

During 2017, the Group recorded 26 injuries at work, 21 of which related to men and the remaining 5 to women; data on temporary staff is also monitored and it should be noted that no injuries or cases of occupational diseases were recorded in 2017.

	2017			2016		
	Man	Woman	Total	Man	Woman	Total
Injury rate ¹⁴	14.78	10.38	13.67	10.08	6.00	9.05
Severity index ¹⁵	0.06	0.0002	0.09	0.36	0.0002	0.33

Injury rate has increased due to more minor injuries in the USA (only one injury occurred in Italy in 2017), while the severity index returned to very low values following the occurrence of a single injury that in 2016 contributed to more than 60% of the total days of absence.

With regard to **absenteeism**, the value recorded in 2017 was **1%**, downward compared to the previous year.

	2017			2016		
	Man	Woman	Average value	Man	Woman	Average value
Absentee rate ¹⁶	1%	2%	1%	1%	3%	2%

¹⁴ The injury rate was calculated according to the following formula: (injuries at work/working hours)*1,000,000. It should be noted that the hours worked by temporary workers were not included in the calculation (total number of external collaborators 65 in 2017).

¹⁵ The severity index was calculated according to the following formula: (Lost days to injuries/working hours)*1,000. It should be noted that the hours worked by temporary workers were not included in the calculation (total number of external collaborators 65 in 2017).

¹⁶ The absentee rate was calculated according to the following formula: (days of absence/working days)%. It should be noted that the hours worked by temporary workers were not included in the calculation (total number of external collaborators 65 in 2017).

4.5 Diversity and non-discrimination

As described in its Code of Ethics, the SAES Group condemns all forms of discrimination, whether internal or external, based on age, sex, sexual orientation, health, race, nationality, religious affiliation and political opinion. The commitment promoted by the Group is also based on the decision to employ **285 women** in its business activities, equal to 27% of the total. The figure, upward compared to 2016, shows the willingness of management to invest in a process of diversity, despite the characteristics of the industrial sector that has always been characterised by an accentuated male presence.

From the point of view of remuneration, the Group is also committed to providing fair remuneration for all its employees.

The gross minimum entry wage paid to new employees (blue collars) and temporary workers is higher than the local minimum wage envisaged by national law both for men and for women. In the Italian companies of the Group, in line with the previous year, the ratio stands at **1.01**, that means the minimum starting wage is on average 10% higher than the minimum legal requirement. On the other hand, the value reached **1.09** in 2017 in the companies operating in the United States.

The personnel of the Group is also more concentrated in the age group that includes employees aged between 30 and 50 (49%). The other brackets contains 37% (more than 50 years old) and 14% (less than 30 years old), respectively.

DISTRIBUTION OF EMPLOYEES BY AGE GROUP

	2017				2016			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Manager	0	34	54	88	2	33	50	85
White Collars	41	206	117	364	38	213	104	355
Blue collars	106	288	227	621	101	278	214	593
Total	147	528	398	1073	141	524	368	1,033

Although investing in the promotion of diversity and internationalisation as a strategy for cultural growth, the Group recognises the importance of a management class that is able to guarantee proper business management in line with local needs. For this reason, **89%** of **managers** are **employed in their country of origin**, in line with 2016 data. In particular, all women managers are hired locally.

5. Our commitment to the environment¹⁷

Material aspects	Description	Sustainability risk factors	Management procedures (MA)
MANAGEMENT OF ENERGY	Efficient energy management through actions, programmes and management systems; decrease in energy consumption from fossil fuels and promotion of the production and purchase of energy from renewable sources.	<ul style="list-style-type: none"> - Adequacy of plants and of energy production and management technologies - Compliance with local laws and regulations 	The Group is committed to complying with the current national and international regulations in force by promoting the monitoring and reducing energy consumption of production processes through initiatives to reduce energy consumption (e.g. Assessment of life cycle cost and environmental impact of civil and industrial plants, Corporate Environmental Indicators)
EMISSIONS INTO ATMOSPHERE AND CLIMATE CHANGE MITIGATION	Monitoring, prevention and reduction of greenhouse gas (GHG) emissions from production, logistics and business travel activities; other pollutant emissions such as: NOx, SOx and VOC.	<ul style="list-style-type: none"> - Compliance with environmental laws and regulations - Maintenance and upgrading of plants at production sites 	The atmospheric emissions generated by the activities of the Group are monitored and limited in compliance with the relevant environmental regulations. The Group is committed to monitoring micropollutants emitted into the atmosphere and defines actions and measures to reduce greenhouse gas emissions.
WATER RESOURCE MANAGEMENT AND QUALITY OF WASTEWATER DISCHARGES	Responsible and efficient management of water resources; definition of strategies to increase efficiency in the use of water with particular attention to possible specific uses; monitoring the quality of wastewater discharges and implementing actions to improve the chemical, physical and biological quality of discharges.	<ul style="list-style-type: none"> - Compliance with environmental laws and regulations - Adequacy of periodic checks on wastewater discharges 	The Group develops projects and initiatives to optimise water consumption, also through initiatives that facilitate the reuse and recovery of water within production processes. Particular attention is paid to monitoring the chemical and biological quality of wastewater discharges and, where necessary, the adoption of special wastewater treatment systems in line with law provisions.

¹⁷ The environmental figures include all the Companies of the Group included in the reporting boundary where the production sites are located. On the other hand, companies with only commercial offices are excluded as they are not considered relevant.

Material aspects	Description	Sustainability risk factors	Management procedures (MA)
<p>WASTE MANAGEMENT</p>	<p>Responsible management of hazardous and non-hazardous waste associated with the business of the Group; dissemination of a corporate culture aimed at maximising the efficiency of waste management by promoting responsible management methods and practices such as: reuse, differentiation and recycling of produced waste.</p>	<ul style="list-style-type: none"> - Compliance with environmental laws and regulations - Adequacy of the waste delivery, transport and disposal service 	<p>The Group responsibly manages waste in full compliance with environmental laws and regulations, making all its employees aware of the proper delivery of waste in order to promote its recycling and recovery (e.g. waste classification and collection). Particular attention is paid to the proper management of waste from industrial processes (e.g. guidelines for the use of safer chemicals in SAES Group product and processes).</p>

HIGHLIGHTS



18 tons of CO2 saved through specific energy saving projects



50% of waste produced by the Group is recycled

2 certifications of the ISO 14001 Environmental Management System in the units of Lainate and Avezzano

5.1 Management of environmental impacts

“*Technological innovation to build the future and environmental sustainability to preserve it*”, this is the motto that characterises the strategy and actions of the SAES Group in relation to its business activities. In fact, the Group implemented the vertical integration of its production processes, allowing it to focus on technological excellence and on the inflexible responsibility for environmental sustainability.

Therefore, the **eco-friendly strategy** is guaranteed by the control of the entire life cycle of the products of the SAES Group and by the systematic approach adopted for the pursuit of environmental protection. This method of action, in line with the best practices of the **UNI EN ISO 9001 quality management system** certification obtained for the Group's main production sites¹⁸, is based on the following points:

- **measurement tools** of business performance to correctly assess the impact of the production of the organisation on environmental resources;
- **long-term planning** to define and implement work processes with low environmental impact, deeply innovative and based on the results of the analysis;
- **compliance** with the most important **international regulations**;
- development of **advanced products**, which have safe and environment-friendly features and limit the use of environmentally hazardous substances.

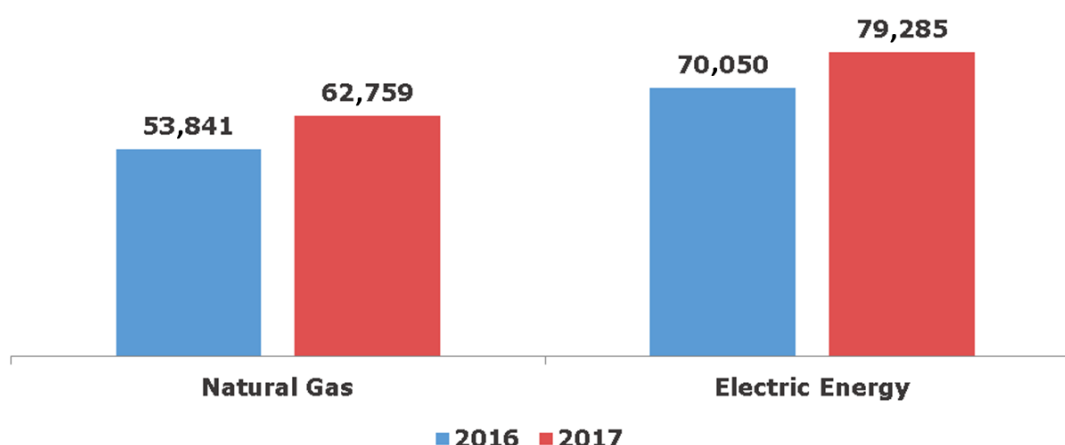
In order to strengthen its commitment to environmental issues, the SAES Group implemented an environmental management system capable of including the protection of the environment and the safety of future generations in the company's objectives. The Group's commitment is expressed through the **ISO 14001 environmental management system certification** obtained for the production sites of Lainate and Avezzano.

¹⁸ The ISO 9001 certified companies of the Group are: SAES Getters S.p.A., Memry Corp., SAES Smart Materials, Inc., SAES Pure Gas, Inc., SAES Getters USA, Inc.

5.2 Energy consumption

At the end of 2017, the Group's total energy consumption amounted to **142,729 GJ¹⁹**, slightly up compared to the previous year (+15%). The main consumption derives from the use of non-renewable fuel for heating (natural gas) and purchased electricity. The higher consumption is entirely due to an increase in the production of goods and services, as is evidenced by the substantial stability of energy intensity.

ENERGY CONSUMPTION BY TYPE OF SOURCE (in GJ)



The value of the **energy intensity deriving from direct consumption²⁰** amounts to **1.02** for 2017 and represents the energy efficiency of the organisation. The value is in line with the value of 1.02 in 2016.

With regard to the Group's commitment to reducing its energy consumption, in 2017 the organisation **saved 300 GJ (18 Ton of CO₂) through** the implementation of various programmes and initiatives to reduce consumption and/or improve efficiency. For example, the installation of timers and movement and twilight sensors in the corridors and bathrooms of the structure at the Lainate premises was completed and an autonomous environmental heating system was installed in some areas with shorter time use at the Avezzano premises.

¹⁹ **Conversion factors used to calculate energy consumption:**

- Electricity: 1 GJ = 277.78 kWh - Source: DEFRA 2016
- Natural gas: 1 MJ=28.1sm³ - Source: Norwegian Petroleum Directorate, 2017

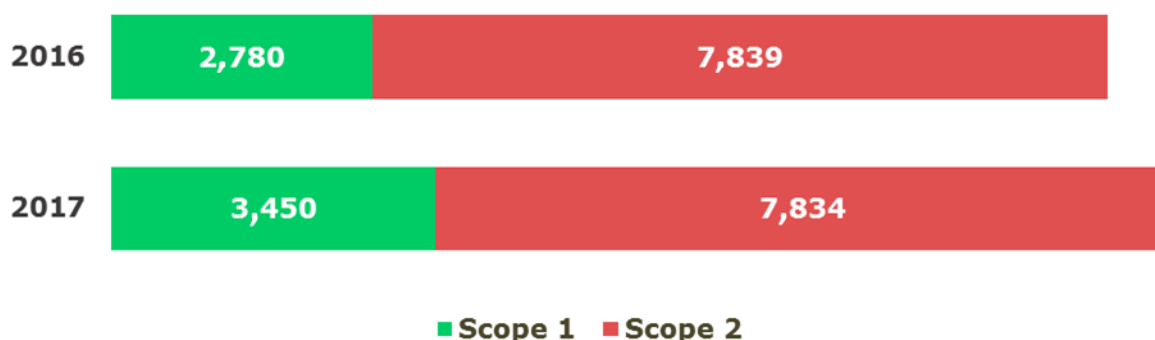
²⁰ **The energy intensity deriving from direct consumption** was obtained from the ratio between the value of energy consumption of natural gas and electricity by the organisation (in GJ) and the cost of goods sold (€), multiplied by one thousand.

5.3 Emissions into the atmosphere

During 2017, the SAES Group produced **11,284 tons of CO₂ equivalent²¹**, up 6% compared to 2016, related to an increase in goods and services produced. With reference to **direct emissions** (Scope 1), i.e. emissions from natural gas consumption, the 2017 figure is equal to **3,450 tons of CO₂ equivalent**, up by about 24% compared to 2016.

Indirect emissions (Scope 2) from the purchase of electricity remained substantially stable and amounted to **7,834 tons of CO₂ equivalent** in 2017²².

DIRECT EMISSIONS, SCOPE 1, AND INDIRECT EMISSIONS, SCOPE 2 (IN TONS OF CO₂EQ)



²¹ The figure relating to the Group's Co₂ emissions indicated in this section "emissions into the atmosphere" refers to emissions calculated using the Market-Based method.

Conversion factors used to calculate CO₂ emissions:

- Italy-USA Electricity: 0.3516 kg CO₂ e/kWh, Source: DEFRA 2017.
- Italy-USA Natural gas: 2.097 kg CO₂/m³, Source: DEFRA 2017.

²² The decrease is due to a change in conversion factors, against an increase in consumed kWh.

Other types of emissions released into the atmosphere by the SAES Group are mainly NOx (nitrogen oxides derived from combustion), SOx (Sulphur oxides) and Particulates, as shown in the following table.

OTHER TYPES OF EMISSIONS INTO THE ATMOSPHERE (TONS/YEAR)²³

	2017	2016
NOx	1.49	1.47
SOx	0.28	0.39
Particulate (PM)	0.38	0.43

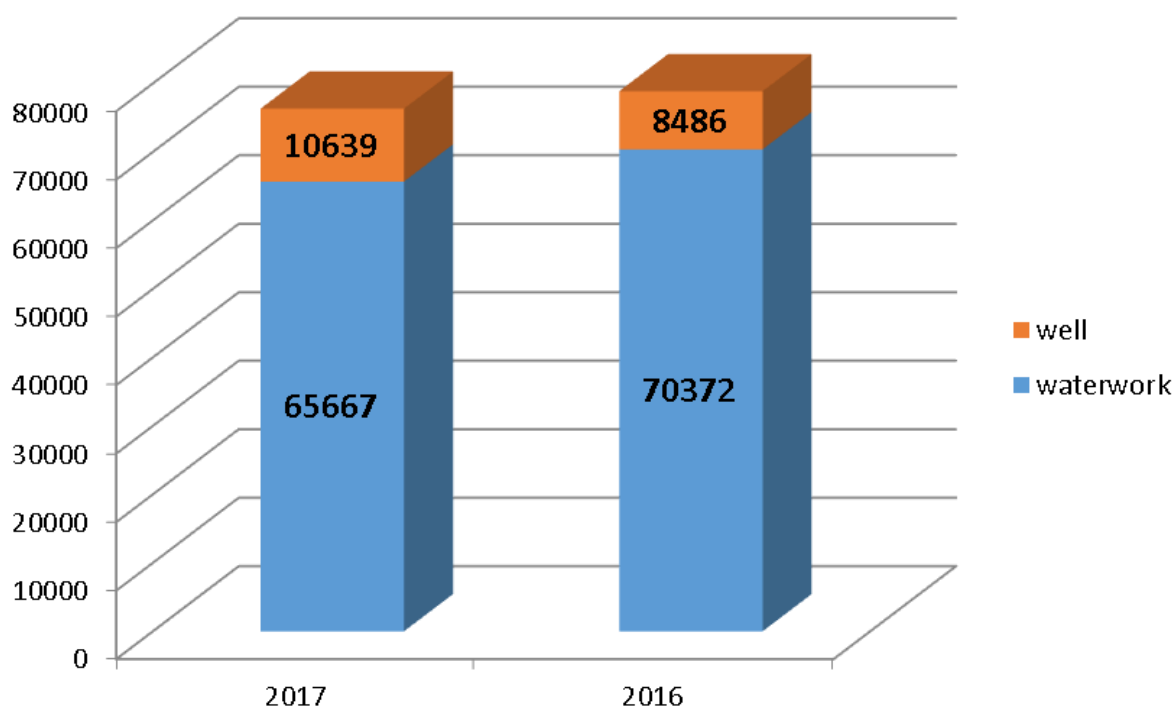
²³ The boundary refers only to those companies that envisage monitoring emissions into the atmosphere as required by current regulations and are: SAES Getters S.p.A. - Plant of Lainate and Avezzano, (excluding heating plants of Avezzano), SAES Smart Materials, Inc., considered relevant to ensure understanding of the impacts of the Group's activities.

5.4 Water consumption

The use of water resources is managed with the utmost responsibility, also through the development of policies to reduce consumption and, where possible, recirculate the water already used.

During 2017, the SAES Group consumed **76,307 m³** of water supplied mainly by waterworks and wells.

COMPARISON OF 2016 AND 2017 WATER CONSUMPTION



In particular, it should be noted that the main water withdrawals are attributable to the withdrawal from waterworks (86%) and the remaining part from well (14%).

Global water consumption decreased by 3.2% from 2016 to 2017.

5.5 Management of waste and wastewater discharges

The waste produced by the Group amounted to **2026 tons**, a value higher than the previous year, mainly due to an increase in non-hazardous waste for disposal. The waste was divided by specific families, assigning them a specific hazard according to the classification in this regard regardless of the Country of origin. In line with Group policy, waste is recycled whenever possible; if recycling or re-use is not possible, they are disposed of according to the type of waste. For the SAES Group, responsible management of hazardous and non-hazardous waste is one of the most important points of the environmental protection policies.

The largest portion of waste produced is for recycling (50%) and, following this, the most commonly used methods are disposal (48%), a residual portion for incineration (1%) and (0.01%) landfill. With regard to the division between hazardous and non-hazardous waste, the former amounts to 341 tons (17% of the total), while the non-hazardous waste amounts to 1685 tons, or 83% of the total.

WASTE DISPOSED BY TYPE (TONS)

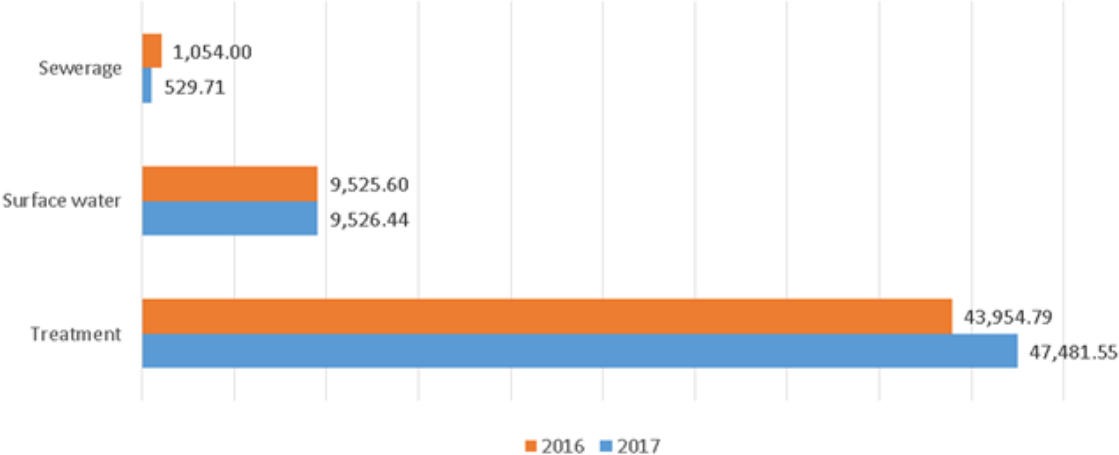
	2017			2016		
	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total
Disposal	330.2	649.0	979	392.7	335.7	728
Recycling	8.4	1,013.0	1,021	14.2	993.2	1,007
Incineration	2.6	23.0	26	44.3	23.0	67
Landfill	0.2	0.0	0.16	0.2	0.0	0
Total	341.2	1,685	2,026	451	1352	1,803

Also with regard to wastewater discharge practices, the Group applies the most advanced management practices, respecting the environment and the territory. Where wastewater treatment plants are present, the SAES Group ensures continuous maintenance of the plants and internal and external periodic analysis to check the quality of wastewater, which therefore does not present a risk to the environment.

For example, the factory of the company SAES Smart Materials, Inc., uses wastewater to cool the incinerator instead of clean water, and the Lainate factory has a closed cooling circuit as well.

During 2017, the Group discharged **57,537 m³** of water, up by about 6% compared to 2016. The main destination of the Group's wastewater discharge is sewerage (83%) followed by surface water (e.g. rivers and lakes) where 17% of wastewater and wastewater treatment plants (1%) are used.

WASTEWATER DISCHARGE BY DESTINATION (m³)



Attachments

CHAPTER 1: Group business management

MATERIALITY ANALYSIS – DEFINITION OF MATERIAL ASPECTS

Material aspect	Area	Boundary		Topic GRI Reconciliation
		Where the impact occurs	Type of impact	
Ethics, business integrity and compliance	Governance and Compliance	Group	Direct	Environmental compliance; socio-economic compliance.
Anti-corruption	Governance and Compliance	Group	Direct	Anti-corruption
Economic and financial results and creation of value	Economic responsibility	Group	Direct	Economic performance
Indirect economic impacts and relations with local communities	Economic responsibility	Group	Direct/Indirect	Presence on the market
Employee management and development and talent attraction	Responsibility towards employees	Group	Direct	Employment; industrial relations; training and education; diversity and equal opportunities;
Occupational health and safety	Responsibility towards employees	Employees of Group companies with production sites	Direct/Indirect	Occupational Health and Safety;
Company welfare systems	Responsibility towards employees	Group	Direct	Employment
Responsibility, quality and safety of the supplied products	Product liability	Group	Direct	Customer Health and Safety; marketing and labelling;
Research and development	Product liability	Group production sites; Universities and Research Centres	Direct/Contribution	N.A.

Material aspect	Area	Boundary		Topic GRI Reconciliation
		Where the impact occurs	Type of impact	
Customer satisfaction, customer relation management	Product liability	Group	Direct/Indirect	N.A.
Sustainable management of the supply chain	Responsibility towards suppliers	Group / suppliers, business partners	Direct/Indirect/ contribution	Procurement practices; supplier environmental assessment; supplier social assessment;
Human rights	Responsibilities towards Local Communities	Group / suppliers, business partners	Direct/ Contribution	Child labour; forced or compulsory labour;
Waste management	Environmental responsibility	Group production sites	Direct	Discharges and waste
Water resource management and quality of wastewater discharges	Environmental responsibility	Group production sites	Direct	Water; discharges and waste
Emissions into the atmosphere and climate change mitigation	Environmental responsibility	Group production sites	Direct	Emissions
Management of energy	Environmental responsibility	Group production sites	Direct/Indirect	Energy

CHAPTER 2: Economic performance and business development

201 – 1 Table of distribution of the economic value generated by the SAES Group

<i>Table of the Generated Value</i>		
Determination of the Generated Value	2017	2016
	<i>(thousands of euro)</i>	<i>(thousands of euro)</i>
Directly generated economic value	234,092	188,670

Distribution of the Generated Value	2017	2016
	<i>(thousands of euro)</i>	<i>(thousands of euro)</i>
Value distributed to suppliers	108,742	86,103
Remuneration of the personnel	78,966	70,877
Remuneration of lenders	1,811	1,470
Remuneration of shareholders	0	6,152
Remuneration of the Public Administration	13,145	8,158
Remuneration of the community	33	4
Value retained by the Company	31,395	15,906
Generated economic value	234,092	188,670

Distribution of suppliers by geographical area (SAES Group)

Geographical area	Suppliers			
	2017		2016	
	No. of suppliers by category	Value of total annual expenditure by category [€]	No. of suppliers by category	Value of total annual expenditure by category [€]
Europe	1,513	33,613,302	1,444	32,756,893
Asia	135	6,184,928	154	6,650,824
America	1,318	71,560,410	1,245	49,173,699
North Africa	1	1,375,000	-	-
Total	2,967	112,733,640	2,843	88,581,416

GRI 408-1: Identification of operations and main suppliers at significant risk for incidents of child labour and measures undertaken²⁴ and GRI 409-1 Identification of operations and main suppliers for incidents of forced or compulsory labour and measures undertaken²⁵

Transactions for which the Conflict Minerals Policy has been requested to be signed						
Geographical area	2017			2016		
	Conflict Minerals Compliance transactions	Total transactions	%	Conflict Minerals Compliance transactions	Total transactions	%
Italy	3	410	0.7	1	360	0.3
USA	2	270	0.7	7	543	1.3

²⁴ and ²⁶ The total number of transactions indicated relates only to suppliers of raw materials, semi-finished and finished products, external processing.

GRI 204-1 Proportion of spending on local suppliers

SAES GROUP						
Local / foreign suppliers	2017			2016		
	No. of Suppliers	Value of total annual expenditure [€]	% of expenditure	No. of Suppliers	Value of total annual expenditure [€]	% expenditure
Purchases from the country of origin (local suppliers)	2,537	91,104,230	80.8%	2,444	70,413,439	79.5%
Purchases from countries outside the country of origin	430	21,629,410	19.2%	399	18,167,977	20.5%
Total	2,967	112,733,640	100.0%	2,843	88,581,416	100.0%

Europe						
Local / foreign suppliers	2017			2016		
	No. of suppliers	Value of total annual expenditure [€]	% of expenditure	No. of Suppliers	Value of total annual expenditure [€]	% expenditure
Purchases from the country of origin (local suppliers)	1,248	25,078,394	61.9%	1,207	23,910,053	64.0%
Purchases from countries outside the country of origin	340	15,446,122	38.1%	334	13,455,997	36.0%
Total	1,588	40,524,516	100.0%	1,541	37,366,050	100.0%

ASIA						
Local / foreign suppliers	2017			2016		
	No. of suppliers	Value of total annual expenditure [€]	% of expenditure	No. of Suppliers	Value of total annual expenditure [€]	% expenditure
Purchases from the country of origin (local suppliers)	95	477,266	100.0%	102	477,394	100.0%
Purchases from countries outside the country of origin	-	-	0.0%	-	-	0.0%
Total	95	477,266	100.0%	102	477,394	100.0%

Non-Financial Statement of the SAES Group

USA						
Local / foreign suppliers	2017			2016		
	No. of suppliers	Value of total annual expenditure [€]	% of expenditure	No. of Suppliers	Value of total annual expenditure [€]	% expenditure
Purchases from the country of origin (local suppliers)	1,194	65,548,570	91.4%	1,135	46,025,992	90.7%
Purchases from countries outside the country of origin	90	6,183,288	8.6%	65	4,711,980	9.3%
Total	1,284	71,731,858	100.0%	1,200	50,737,972	100.0%

CHAPTER 3: Technology at the service of innovation

Number of Complaints by product type²⁶

Complaints		
	2017	2016
Getters	29	18
Shape Memory alloy	4	5
Vacuum Pump	27	24
Dispenser	2	7
Dryers	3	
Total	65	54

Number of complaints by type²⁷

Complaints		
	2017	2016
Non-compliant product (products with functional or dimensional problems)	61	47
Logistics (Problems related to transport, invoicing, shipping documentation)	1	3
Packaging (problems related to primary or secondary packaging)	3	4
Total	65	54

²⁶ and ²¹ The figure refers exclusively to SAES Getters S.p.A.

CHAPTER 4: The people of the SAES Group

GRI 102-8 Information on employees

SAES GROUP						
Total number of employees by type of contract and gender						
Type of employment contract	as at 31 December 2017			as at 31 December 2016		
	Men	Women	Total	Men	Women	Total
Permanent	782	282	1064	757	267	1024
Fixed term	6	3	9	6	3	9
Total	788	285	1073	763	270	1,033

ITALY						
Total number of employees by type of contract and gender						
Type of employment contract	as at 31 December 2017			as at 31 December 2016		
	Men	Women	Total	Men	Women	Total
Permanent	340	117	457	333	118	451
Fixed term	3	0	3	3	2	5
Total	343	117	460	336	120	456

ASIA						
Total number of employees by type of contract and gender						
Type of employment contract	as at 31 December 2017			as at 31 December 2016		
	Men	Women	Total	Men	Women	Total
Permanent	22	9	31	21	8	29
Fixed term	1	2	3	1	1	2
Total	23	11	34	22	9	31

USA						
Total number of employees by type of contract and gender						
Type of employment contract	as at 31 December 2017			as at 31 December 2016		
	Men	Women	Total	Men	Women	Total
Permanent	420	156	576	403	141	544
Fixed term	2	1	3	2	0	2
Total	422	157	579	405	141	546

SAES GROUP						
Total number of employees broken down by full-time and part-time employees						
Full Time / Part Time	as at 31 December 2017			as at 31 December 2016		
	Men	Women	Total	Men	Women	Total
Full-Time	779	269	1,048	759	253	1,012
Part-time	9	16	25	4	17	21
Total	788	285	1,073	763	269	1,033

GRI 102-41 Collective bargaining agreements

Percentage of the total number of employees covered by collective bargaining agreements		
	As at 31 December 2017	As at 31 December 2016
Group percentage	43%	44%
Group percentage excluding USA and Asia data ²⁸	100 %	100 %

GRI 202-1 Ratios of standard entry level wage by gender compared to local minimum wage, by most significant operating premises

ITALY				
New employees	as at 31 December 2017		as at 31 December 2016	
	Men	Women	Men	Women
Ratio of standard entry level wage compared to local minimum wage, by gender	1.01	1.01	1.01	1.01

USA				
New employees	as at 31 December 2017		as at 31 December 2016	
	Men	Women	Men	Women
Ratio of standard entry level wage compared to local minimum wage, by gender	1.09	1.09	1.52	1.52

²⁸ Excluding USA and Asia since there are no national collective bargaining agreements.

GRI 202-2 Proportion of senior management hired from the local community, by most significant operating premises

Percentage of senior management hired from the local community						
	as at 31 December 2017			as at 31 December 2016		
	Men	Women	Total	Men	Women	Total
Group	91%	100 %	89%	88%	100 %	89%
Percentage of senior management hired from the local community, by most significant operating premises						
Italy	88%	100 %	84%	86%	100 %	88%
USA	93%	100 %	93%	93%	100 %	94%
Asia	100 %	100 %	100 %	78%	100 %	80%

GRI 205-2 Communication and training about anti-corruption policies and procedures

Communication and training about anti-corruption policies and procedures (2017) ²⁹			
Type of training	No. of attendees	Total hours	% of trained employees
Organisational Model 231/01	416	850	95%

GRI 401-1 New employee hires and employee turnover

SAES GROUP										
IN										
Number of persons	From 1 January to 31 December 2017					From 1 January to 31 December 2016				
	<30 years	30-50 years	>50 years	Total	Rate	<30 years	30-50 years	>50 years	Total	Rate
Men	48	53	21	122	15%	64	54	9	127	17%
Women	15	15	8	38	13%	17	14	5	36	13%
Total	63	68	29	160	15%	81	68	14	163	16%

²⁹ The figure refers exclusively to SAES Getters S.p.A. (Lainate and Avezzano).

Non-Financial Statement of the SAES Group

OUT										
Number of persons	From 1 January to 31 December 2017					From 1 January to 31 December 2016				
	<30 years	30-50 years	>50 years	Total	Rate	<30 years	30-50 years	>50 years	Total	Rate
Men	32	43	17	92	12%	34	21	8	63	8%
Women	10	13	5	28	10%	6	8	2	16	6%
Total	42	56	22	120	11%	40	29	10	79	8%

ITALY										
IN										
Number of persons	From 1 January to 31 December 2017					From 1 January to 31 December 2016				
	<30 years	30-50 years	>50 years	Total	Rate	<30 years	30-50 years	>50 years	Total	Rate
Men	8	8	2	18	5%	6	7	0	12	4%
Women	1	1	0	2	2%	2	2	0	4	3%
Total	9	9	2	20	4%	8	9	0	17	4%

OUT										
Number of persons	From 1 January to 31 December 2017					From 1 January to 31 December 2016				
	<30 years	30-50 years	>50 years	Total	Rate	<30 years	30-50 years	>50 years	Total	Rate
Men	0	8	2	10	3%	2	6	1	9	3%
Women	0	3	3	6	5%	0	3	0	3	3%
Total	0	11	5	16	3%	2	9	1	12	3%

ASIA										
IN										
Number of persons	From 1 January to 31 December 2017					From 1 January to 31 December 2016				
	<30 years	30-50 years	>50 years	Total	Rate	<30 years	30-50 years	>50 years	Total	Rate
Men	1	1	0	2	9%	1	0	0	1	5%
Women	1	1	0	2	18%	0	1	0	1	11%
Total	2	2	0	4	12%	1	1	0	2	6%

Non-Financial Statement of the SAES Group

OUT										
Number of persons	From 1 January to 31 December 2017					From 1 January to 31 December 2016				
	<30 years	30-50 years	>50 years	Total	Rate	<30 years	30-50 years	>50 years	Total	Rate
Men	0	0	1	1	4%	0	1	0	1	5%
Women	0	0	0	0	0%	0	1	0	1	11%
Total	0	0	1	1	3%	0	2	0	2	6%

USA										
IN										
	From 1 January to 31 December 2017					From 1 January to 31 December 2016				
	<30 years	30-50 years	>50 years	Total	Rate	<30 years	30-50 years	>50 years	Total	Rate
Men	39	44	19	102	24%	57	47	9	113	28%
Women	13	13	8	34	22%	15	11	5	31	22%
Total	52	57	27	136	23%	72	58	14	144	26%
OUT										
	From 1 January to 31 December 2017					From 1 January to 31 December 2016				
	<30 years	30-50 years	>50 years	Total	Rate	<30 years	30-50 years	>50 years	Total	Rate
Men	32	35	14	81	19 %	32	14	7	53	13 %
Women	10	10	2	22	14 %	6	4	2	12	9%
Total	42	45	16	103	18%	38	18	9	65	12%

GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism and number of work-related fatalities, broken down by gender

SAES GROUP						
	2017			2016		
	Men	Women	Average value	Men	Women	Average value
Absentee rate	1%	2%	1%	1%	3%	2%

ITALY						
	2017			2016		
	Men	Women	Average Value	Men	Women	Average value
Absentee rate	3%	6%	3%	2%	5%	3%

Non-Financial Statement of the SAES Group

ASIA						
	2017			2016		
	Men	Women	Average value	Men	Women	Average value
Absentee rate	0%	3%	1%	0%	9%	3%

USA						
	2017			2016 ³⁰		
	Men	Women	Average value	Men	Women	Average value
Absentee rate	0%	0%	0%	1%	1%	1%

SAES GROUP						
no. of days	2017			2016		
	Men	Women	Total	Men	Women	Total
Lost days due to injuries	82	85	167	575	133	708
Injuries and occupational disease						
no. of cases	2017			2016		
	Men	Women	Total	Men	Women	Total
Occupational disease		-		2	-	2
Injuries	21	5	26	15	3	18
of which fatal	-	-	-	-	-	-
Type of injuries						
no. of cases	2017			2016		
	Men	Women	Total	Men	Women	Total
Injuries at work	21	5	26	15	3	18
Injuries while travelling to/from work	-	-	-	-	-	-
Health and safety indicators						
	2017			2016		
	Men	Women	Total	Men	Women	Total
Severity index	0.06	0.0002	0.09	0.36	0.0002	0.33
Injury rate	14.78	10.38	13.67	10.08	6.00	9.05

³⁰It is excluded from the Memry, Corp. calculation due to lack of data.

Non-Financial Statement of the SAES Group

ITALY						
no. of days	2017			2016		
	Men	Women	Total	Men	Women	Total
Lost days due to injuries	5	-	5	114	-	114
Injuries and occupational disease						
no. of cases	2017			2016		
	Men	Women	Total	Men	Women	Total
Occupational disease	-	-	-	-	-	-
Injuries	1	-	1	-4	-	4
of which fatal	-	-	-	-	-	-
Type of injuries						
no. of cases	2017			2016		
	Men	Women	Total	Men	Women	Total
Injuries at work	1	-	1	-4	-	4
Injuries while travelling to/from work	-	-	-	-	-	-
Type of injuries						
no. of days	2017			2016		
	Men	Women	Total	Men	Women	Total
Severity index	0.009	-	0.006	0.188	-	0.140
Injury rate	1.84	-	1.40	8.19	-	6.16

USA						
no. of days	2017			2016		
	Men	Women	Total	Men	Women	Total
Lost days due to injuries	77	85	162	461	133	594
Injuries and occupational disease						
no. of cases	2017			2016		
	Men	Women	Total	Men	Women	Total
Occupational disease	0	-	0	2	-	2
Injuries	20	5	25	11	3	14
of which fatal	-	-	-	-	-	-
Type of injuries						
no. of cases	2017			2016		
	Men	Women	Total	Men	Women	Total
Injuries at work	20	5	25	11	3	14
Injuries while travelling to/from work	-	-	-	-	-	-
Health and safety indicators						
no. of days	2017			2016		
	Men	Women	Total	Men	Women	Total
Severity index	0.09	0.27	0.14	0.46	0.39	0.44
Injury rate	22.82	16.01	21.03	11.00	8.84	10.45

Calculation method of health and safety indexes

The injury rate was calculated according to the following formula: (injuries at work/worked hours)*1,000,000. It should be noted that the hours worked by temporary workers were not included in the calculation (total number of consultants 65 in 2017).

The severity index was calculated according to the following formula: (Lost days to injuries/working hours)*1,000. It should be noted that the hours worked by temporary workers were not included in the calculation (total number of consultants 65 in 2017).

The absentee rate was calculated according to the following formula: (days of absence/working days)*100. It should be noted that the hours worked by temporary workers were not included in the calculation (total number of consultants 65 in 2017).

GRI 404-1 Average hours of training per employee, broken down by gender and category

Hours of training as at 31 December 2017						
	Hours per men	Average hours/men	Hours per Women	Average hours/women	Total Hours	Average hours/category
Manager	1,042	14	237	22	1,278	15
White Collars	4,169	17	1,610	14	5,779	16
Blue collars	4,618	10	1,032	6	5,649	9
Total	9,828	12	2,878	10	12,707	12

Hours of training as at 31 December 2016						
	Hours per men	Average hours/men	Hours per Women	Average hours/women	Total Hours	Average hours/category
Manager	1,063	15	235	20	1,298	15
White Collars	3,140	13	1,021	10	4,161	12
Blue collars	5,130	12	1,594	10	6,724	11
Total	9,334	12	2,850	11	12,183	12

GRI 404-3 Percentage of employees receiving regular performance and career development evaluation

SAES GROUP						
Employees receiving regular performance and career development evaluation						
Number of persons	as at 31 December 2017					
	Men	Men %	Women	Women %	Total	Total %
Manager	73	95%	11	100 %	84	95%
White Collars	204	82%	90	78%	294	81%
Blue collars	326	71%	122	77%	448	72%
Total	603	77%	223	78%	826	77%
Number of persons	as at 31 December 2016					
	Men	Men %	Women	Women %	Total	Total %
Manager	70	96%	12	100 %	82	96%
White Collars	201	80%	72	69%	273	77%
Blue collars	293	67%	120	78%	413	70%
Total	564	74%	204	76%	768	74%

GRI 405-1 Diversity of governance bodies and employees

SAES GROUP						
Personnel of the Group by professional category and gender						
	as at 31 December 2017			as at 31 December 2016		
	Men	Women	Total	Men	Women	Total
Manager	77	11	88	73	12	85
White Collars	249	115	364	251	104	355
Blue collars	462	159	621	439	154	593
Total	788	285	1073	763	270	1033

SAES GROUP								
Personnel of the Group by professional category and age								
Number of persons	as at 31 December 2017				as at 31 December 2016			
	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
Manager	0	34	54	88	2	33	50	85
White Collars	41	206	117	364	38	213	104	355
Blue collars	106	288	227	621	101	278	214	593
Total	147	528	398	1073	141	524	368	1033

SAES GROUP				
Personnel of the Group by professional category and gender				
	as at 31 December 2017		as at 31 December 2016	
	Men	Women	Men	Women
Manager	87%	13 %	86%	14 %
White Collars	68%	32%	71%	29%
Blue collars	74%	26%	74%	26%
Total	73%	27%	74%	26%

SAES GROUP						
Personnel of the Group by professional category and age						
	as at 31 December 2017			as at 31 December 2016		
	<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years
Manager	0%	39%	61%	2%	39%	59%
White Collars	11%	57%	32%	11%	60%	29%
Blue collars	17 %	46 %	37 %	17 %	47%	36%
Total	14 %	49%	37 %	14 %	50%	36%

CHAPTER 5: Our commitment to the environment

GRI 302-1 / GRI 301-2 Energy consumption within and outside the organisation

Energy consumption					
Type	Unit of measurement	2017		2016	
		Total	Total GJ	Total	Total GJ
Heating					
Natural Gas	m ³	1,651,547	62,759	1,416,861	53,841
Electricity					
Purchased electricity	kWh	22,023,679	79,285	19,458,394	70,050

Total energy consumption				
Energy consumption	Unit of measurement	2017		2016
		Total	Total GJ	Total
Natural Gas	GJ		62,759	53,841
Purchased electricity	GJ		79,285	70,050
Total	GJ		142,044	123,891

GRI 302-4 Reduction of energy consumption

SAES Getters S.p.A. – Unit of Lainate

Initiatives to reduce energy consumption			
Initiative	Unit of measurement	Year of reference	Estimate of savings achieved
Installation of twilight controls in bathrooms and corridors	kWh	2017	1,000
Total energy savings			1,000 kWh

SAES Getters S.p.A. – Unit of Avezzano

Initiatives to reduce energy consumption			
Initiative	Unit of measurement	Year of reference	Estimate of savings achieved
Installation of self-contained air conditioner dept. IQC, building F5, independent from the general plant of the offices in order to manage the different operating hours (IQC 24 hours, offices 8 hours)	Sm3 Natural gas	2017	7,282
Total energy savings			7,282 Sm3

SAES Smart Materials, Inc.

Initiatives to reduce energy consumption			
Initiative	Unit of measurement	Year of reference	Estimate of savings achieved
Expansion of high efficiency LED systems installed in 2016	kWh	2017	72,770
Total energy savings			72,770 kWh

GRI 303-1 Water withdrawal by source

Withdrawals of water resources			
Source	Unit of measurement	2017	2016
		Volume	
Waterworks	m ³	65,667	70,372
Wells	m ³	10,639	8,486
Total	m³	76,307	78,858

305 -1 / 305 – 2 Direct (scope 1) and indirect (scope 2) greenhouse gas emissions

Scope	Unit of measurement	2017	2016
Scope 1	Tons CO ₂ eq.	3,450	2,780
Scope 2	Tons CO ₂ eq.	7,834	7,839
Total	Tons CO₂eq.	11,284	10,619

Emissions, Scope 2 (2017)	
Location-based method	Market-based method
Tons CO ₂ eq.	Tons CO ₂ eq
7,834	10,333

Location-based electricity emission factors		
Country	kg CO ₂ /kWh	Source
USA	0.3516	DEFRA 2017
Italy	0.3516	DEFRA 2017
Market based electricity emission factors		
Country	kg CO ₂ /kWh	
USA	0.452	eGRID summary tables
Italy	0.471	AIB - 2016 European Residual Mix
Natural gas emission factors		
Country	kg CO ₂ /m ³	Source
USA	2.097	DEFRA 2017
Italy	2.097	DEFRA 2017

305-7 NOx, SOx, and other types of emissions into the atmosphere

Other gas emissions				
	2017		2016	
	Unit of measurement	Global mass balance	Unit of measurement	Global mass balance
NOx	Ton/year	1.49	Ton/year	1.47
Particulate (PM)	Ton/year	0.38	Ton/year	0.47
SOx	Ton/year	0.28	Ton/year	0.39

GRI 306-1 Water discharge by quality and destination

Wastewater discharges			
	Unit of measurement	2017	2016
		Total	Total
Sewage	m ³	47,481.55	43,954.79
Surface waters	m ³	9,526.44	9,525.60
Purification	m ³	529.71	1,054.00
Total	m³	57,537.70	54,534.39

GRI 306-2 Waste by type and disposal method

Waste by type and disposal method									
Method of disposal	2017					2016			
	Unit of measurement	Hazardous	Non-hazardous	Total	%	Hazardous	Non-hazardous	Total	%
Disposal	Ton	330.2	649.0	979	48.32%	147.7	335.7	483	26.8%
Recycling	Ton	8.4	1,013.0	1,021	50.41%	14.2	993.2	1,007	55.9%
Incineration	Ton	2.6	23.0	26	1.3%	44.3	23.0	67	3.7%
Landfill	Ton	0.2	0.0	0.16	0.01%	245.2	0.0	245	13.6%
Total	Ton	341.2	1,685	2,026	100.0%	451	1,352	1,803	100.0%

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103-2	The management approach and its components	43	
103-3	Evaluation of the management approach	43	
Diversity and equal opportunities			
405-1	Diversity of governance bodies and employees	14; 53; 78-79	

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CHILD LABOUR			
Management approach			
103-1	Explanation of the material topic and its Boundary	26	
103-2	The management approach and its components	26	
103-3	Evaluation of the management approach	26	
Child Labour			
408-1	Operations and suppliers at significant risk for incidents of child labor	66	
FORCED OR COMPULSORY LABOUR			
Management approach			
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103-2	The management approach and its components	26	
103-3	Evaluation of the management approach	26	
Forced or compulsory labour			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	66	
ASSESSMENT OF SUPPLIERS IN SOCIAL MATTERS			
Management approach			
103-1	Explanation of the material topic and its Boundary	26	
103-2	The management approach and its components	26	
103-3	Evaluation of the management approach	26	
Supplier Social Assessment			
414-1	New suppliers that were screened using social criteria	The Group does not adopt policies for assessing suppliers on the basis of social criteria	

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CUSTOMER HEALTH AND SAFETY			
Management approach			
103-1	Explanation of the material topic and its Boundary	33	
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Customer Health and Safety			
416-1	Assessment of the health and safety impacts of product and service categories	41-42	
MARKETING AND LABELLING			
Management approach			
103-1	Explanation of the material topic and its Boundary	33	
103-2	The management approach and its components	33	
103-3	Evaluation of the management approach	33	
Marketing and labelling			
417-1	Requirements for product and service information and labelling	41-42	
SOCIO-ECONOMIC COMPLIANCE			
Management approach			
103-1	Explanation of the material topic and its Boundary	13	
103-2	The management approach and its components.	13	
103-3	Evaluation of the management approach	13	
Socio-economic compliance			
419-1	Non-compliance with laws and regulations in the social and economic area	No fines and/or sanctions are reported for violations of laws and regulations on the matter	

RESEARCH AND DEVELOPMENT			
Management approach			
103-1	Explanation of the material topic and its Boundary.	33	
103-2	The management approach and its components	33	
103-3	Evaluation of the management approach.	33	
CUSTOMER SATISFACTION, CUSTOMER RELATION MANAGEMENT			
Management approach			
103-1	Explanation of the material topic and its Boundary.	33	
103-2	The management approach and its components	33	
103-3	Evaluation of the management approach.	33	

Independent Auditors' Report

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**INDEPENDENT AUDITOR'S REPORT
ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,
PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND
ART. 5 OF CONSOB REGULATION N. 20267**

**To the Board of Directors of
Saes Getters S.p.A.**

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter the "Decree") and to article 5 of the CONSOB Regulation n. 20267, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Saes Getters Group (the "Group") as of December 31, 2017 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on March 14, 2018 (hereinafter the "NFS").

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" established in 2016 by GRI – Global Reporting Initiative (hereinafter "GRI Standards"), which they have identified as reporting framework.

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

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

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

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

Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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Auditor's responsibility

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

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

Specifically we carried out the following procedures:

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

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

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

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



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

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

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Saes Getters Group as of December 31, 2017 is not prepared, in all material aspects, in accordance with article 3 and 4 of the Decree and the selected GRI Standards.

Other Matter

The data for the year ended December 31, 2016 presented for comparative purposes in the NFS have not been subject to a limited or to a reasonable assurance engagement.

DELOITTE & TOUCHE S.p.A.

Signed by
Giovanni Gasperini
Partner

Milan, Italy
March 30, 2018

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