



**CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE REPORT**

**SECO S.P.A.**

**2021**

**(Traditional Administration and Control Model)**

**Prepared pursuant to Article 123-*bis* of Legislative Decree No. 58/1998**

**Approved by the Board of Directors on March 21, 2022**

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## GLOSSARY

**Meeting or Shareholders' Meeting:** the Shareholders' Meeting of SECO S.p.A.

**Code/CG Code:** the Corporate Governance Code for listed companies approved in January 2020 by the Corporate Governance Committee.

**Civil Code/Civ. Cod./C.C.:** the Italian Civil Code.

**Board of Statutory Auditors:** The Board of Statutory Auditors of SECO S.p.A.

**Committee/CG Committee/Corporate Governance Committee:** The Italian Committee for the Corporate Governance of listed companies, promoted by Borsa Italiana S.p.A., ABI, ANIA, Assogestioni, Assonime and Confindustria.

**Board of Directors or Board:** the Board of Directors of SECO S.p.A.

**Reporting Date:** the date of approval of this Report by the Board of Directors of SECO S.p.A.

**Trading Commencement Date:** the date of May 5, 2021, the first day the shares of SECO S.p.A. were traded on the Euronext STAR Milan exchange.

**Issuer or Company or SECO:** SECO S.p.A.

**Year:** the year covered by the Report, i.e. fiscal year 2021.

**Euronext STAR Milan:** The Italian Stock Exchange organized and managed by Borsa Italiana S.p.A.

**SECO Group or Group:** collectively, SECO S.p.A. and the companies directly or indirectly controlled by it pursuant to Article 93 of the CFA.

**Stock Exchange Regulation:** the Regulation for markets organized and managed by Borsa Italiana S.p.A.

**Consob Issuers' Regulation or Issuers' Regulation:** the Regulation issued by Consob Resolution No. 11971 of 1999 (as subsequently amended).

**Consob Market Regulation:** the Market Regulation issued by Consob Resolution No. 20249 of December 28, 2017.

**RPT Regulation:** the Regulation issued by Consob Resolution No. 17221 of March 12, 2010 (as subsequently amended) regarding related party transactions.

**Report:** this Corporate Governance and Ownership Structure Report that companies are required to prepare in accordance with Article 123-*bis* of the CFA (as defined above).

**Remuneration Report:** the Remuneration Policy and Report that companies are required to prepare and publish in accordance with Article 123-*ter* of the CFA and Article 84-*quater* of the Consob Issuers' Regulation.

**CFA:** Legislative Decree No. 58 of February 24, 1998 (Consolidated Finance Act) in force at the Reporting Date.

## INTRODUCTION

SECO S.p.A. (the "**Company**", the "**Issuer**" or "**SECO**") is a company with shares traded since May 5, 2021 (the "**Trading Commencement Date**") on Euronext STAR Milan, the stock market organized and managed by Borsa Italiana S.p.A. (the "**Listing**").

We note that the Company's shares were not previously traded on any regulated market and it had therefore adopted corporate governance measures appropriate to its characteristics. As of the Trading Commencement Date, the Company introduced the corporate governance structure described in this Report.

This Report therefore highlights the differences in the corporate governance structure before and after the Trading Commencement Date.

SECO adopts the provisions of the CG Code as a reference model for its corporate governance.

The Report was prepared with reference to the "Format for the Corporate Governance and Ownership Structure Report" issued by Borsa Italiana in January 2022 and approved by the Board of Directors at its meeting on March 21, 2022. It can be consulted on the Company's website in the *Investor Relations* Section.

### 1. ISSUER PROFILE

#### Description of the Issuer's activity

The Issuer was incorporated in 1979 as a general partnership under the name of "SE.CO. Elettronica S.n.c." and transformed in 2018 into a joint-stock company with the current name of "SECO S.p.A.". It has been operating for over 40 years in the high-tech market, designing, developing and creating cutting-edge technological solutions, from miniaturized computers to complex systems integrating hardware and software components. SECO also offers CLEA, an end-to-end, internally developed IoT and AI analytics software platform that returns high-value information to users in real time based on data generated by on-field devices. SECO's major customers are active in heterogeneous industries, including the Medical, Industrial Automation, Aerospace, Fitness, Vending sectors and many others. SECO's R&S capabilities are further strengthened by long-standing strategic partnerships with leading tech giants and collaboration with universities, research centers and innovative start-ups. SECO has an ongoing commitment to corporate social responsibility, undertaking several initiatives to reduce its environmental footprint and improve its impact on people and local communities.

With more than 800 employees at December 31, 2021, the SECO Group is present in Italy and worldwide through companies that enable it to monitor the European, American and Asian markets.

#### Governance model adopted by the Issuer

SECO's corporate governance system, which adopts the traditional system of administration and control, comprises the following corporate boards:

- (i) the Board of Directors, which manages the Company;
- (ii) the Board of Statutory Auditors, appointed to oversee (i) compliance with law and the By-Laws and adherence to the principles of correct governance, (ii) the adequacy of the internal control system and of the administrative-accounting system and its reliability in correctly reflecting operating events, (iii) the effective actuation of the corporate governance rules under the CG Code, (iv) the adequacy of instructions to subsidiaries regarding the obligations to communicate inside information, and (iv) the financial disclosure process, the efficacy of the systems for internal control, internal audit, and risk management, the legal audit of the annual accounts and the consolidated accounts and the independence of the audit firm.
- (iii) The Shareholders' Meeting considers motions on the matters reserved to it in accordance with law and the By-Laws.

The Board of Directors guides the Issuer in pursuit of sustainable success based on the creation of long-term value for shareholders, taking into account the interests of the other relevant stakeholders, as further explained in paragraphs 4.1 and 9 below.

#### **Consolidated Non-Financial Statement**

Since its inception, the Group has directed its strategy towards a sustainable business model, capable of creating competitive advantages for the Company by integrating economic and financial objectives with social and environmental aspects. The innovative process seeks to guarantee sustainable growth that ensures respect for the environment and for people's rights in business development and along the entire value chain. For further information on the sustainability policy adopted by the Issuer and the Group, please refer to the Ethics Code and the "Non-Financial Statement" prepared on a mandatory basis in accordance with the provisions of Legislative Decree No. 254/2016 and the Regulation adopted by Consob Resolution No. 20267/2018, both published by the Company and available at [www.seco.com/it](http://www.seco.com/it), respectively in the Investor Relations/Financial Documents Section and in the Investor Relations/Corporate Governance Section.

#### **Statement on the SME nature of the Issuer**

At the Reporting Date, the Issuer does not qualify as an SME pursuant to Article 1, paragraph 1, letter w-*quater*.1) of the CFA and Article 2-*ter* of the Consob Issuers' Regulation; in fact, on January 27, 2022, SECO notified the public that it had exceeded the market capitalization threshold of Euro 500 million set out in the aforementioned regulations.

#### **Whether the Company qualifies as a "large" and "concentrated ownership" company under the Code**

The Issuer does not fall within the Code's definition of a "large company," while it does fall within the definition of a "concentrated ownership company."

On February 9, 2021, and in accordance with Article 70, paragraph 8, and Article 71, paragraph 1-*bis* of the Issuers' Regulation, the Board of Directors of the Company decided (effective from the Trading Commencement Date) to opt out of publishing the disclosure documents provided for in Annex 3B to the Issuers' Regulation in the event of significant merger, spin-off, share capital increase through conferment of assets in kind, acquisition, and sales transactions.

## **2. INFORMATION ON THE OWNERSHIP STRUCTURE (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 1, CFA) AT DECEMBER 31, 2021.**

### **A. Share capital (pursuant to Article 123-*bis*, paragraph 1, letter a), CFA)**

At December 31, 2021 and at the Reporting Date, SECO's fully subscribed and paid-in share capital amounts to Euro 1,073,934.31 and is divided into a total of 110,451,131 shares, with no indication of par value, of which (i) 110,447,631 are ordinary shares, corresponding, pursuant to Article 120, paragraph 1, of the CFA and Article 6 of the By-Laws, to 166,108,338 voting rights (we note that SECO's By-Laws provide for the mechanism of increased voting rights [Article 7 of the By-Laws] [cf. paragraph 2.D of the Report]) (ii) 2,500 Management '20 Shares; and (iii) 1,000 Management Performance Shares.

The characteristics of the special unlisted Management '20 Shares and Management Performance Shares are set out below:

- the Management '20 Shares: (i) do not grant the right to vote at either the Ordinary or Extraordinary Shareholders' Meetings of the Company, except in the cases provided for by law and the By-Laws and in any case in which a motion affecting the rights of the Management '20 Shares must be passed; (ii) until May 11, 2030, do not confer the right to distribute dividends of the Company; (iii) grant the right of conversion into ordinary shares according to what is set out in the By-Laws (and in particular for 33% as from the first anniversary of the Trading Commencement Date and up to 100% as from the third anniversary of the Trading Commencement Date) upon fulfilment of the conditions and according to the terms and in compliance with the formula set out in Section 8.2 of the By-Laws, it being understood that the conversion right shall automatically lapse in case of transfer *inter vivos* (while it shall remain with the heirs in case of transfer *mortis causa*). The conversion right may be exercised in advance in the case of a public tender and/or exchange offer (from the date of communication to Consob pursuant to Article 102 of the CFA) and will concern 100% (and not less) of the Management '20 Shares;
- the Management Performance Shares: (i) do not grant the right to vote at either the Ordinary or Extraordinary Shareholders' Meetings of the Company, except in the cases provided for by law and the By-Laws and in any case in which a motion affecting the rights of the Management Performance Shares must be passed; (ii) until May 11, 2030, do not confer the right to distribute dividends of the Company; (iii) grant the right of conversion into ordinary shares after three years from the Trading Commencement Date according to the conditions and the formula set out in Article 8.3 of the By-Laws and grant the right, at the same time



as the conversion, to subscribe a certain number of ordinary shares according to the terms and the formula set out in Article 8.3 of the By-Laws, it being understood that the conversion right shall automatically lapse in case of transfer *inter vivos* (while it shall remain with the heirs in case of transfer *mortis causa*). The conversion right may be exercised in advance in case of (i) submission of public tender offer and/or exchange offer (from the date of communication to Consob pursuant to Article 102 of the CFA) and/or (ii) interruption of employment relationship or administration for reasons/circumstances other than death and such as not to qualify as a bad leaver (as defined in the By-Laws).

For completeness, we note that as disclosed to the market on December 15, 2021, in 2021 the Company converted all of the unlisted special Management '19 Shares (governed by the By-Laws) and a portion (2,500) of the Management '20 Shares into ordinary shares. For further information, reference should be made to the aforementioned press release available on the Issuer's website [www.seco.it/com](http://www.seco.it/com) investor Relations" section.

The issue and circulation of ordinary shares is regulated by current legislation.

SECO's share capital structure is detailed in the table below.

SHARE CAPITAL STRUCTURE					
	No. of shares	% of share capital	No. of voting rights	Listed	Rights and obligations
Ordinary shares	110,447,631	99.997	166,108,338	Euronext STAR Milan	Rights and obligations as per law and By-Laws
Other categories of shares without voting rights	Management '20 Shares 2,500	0.002	-	Non-listed	Rights and obligations pursuant to the By-Laws
	Management Performance Shares 1,000	0.001	-	Non-listed	Rights and obligations pursuant to the By-Laws

We note that the capital increase approved by the SECO Extraordinary Shareholders'



Meeting of March 1, 2021 to activate the "SECO S.p.A. Stock Option Plan" (to be carried out by the deadline of December 31, 2024) had not taken place as of the Reporting Date. For further information on the above capital increase, reference should be made to paragraph I below.

For information on the current incentive plan adopted by SECO, which involves an increase in the Issuer's capital - the "SECO S.p.A. Stock Option Plan" - please refer to the Section Part One of Section II of the Remuneration Report, available on the Issuer's website in the Investor Relations Section.

For the sake of completeness, we also note that SECO's Extraordinary Shareholders' Meeting of March 1, 2021 resolved, subject to the Trading Commencement Date, to carry out a free capital increase pursuant to Article 2349 of the Civil Code for a maximum nominal amount of Euro 2,000, by issuing a maximum of 200,000 ordinary shares, with a view to granting, free of charge, ordinary shares to employees of the Company and its Italian subsidiaries Aidilab S.r.l., Hopenly S.r.l., Ispirata S.r.l. and PSM Tech S.r.l.

**B. Restriction on the transfer of shares (pursuant to Article 123-bis, paragraph 1, letter b), CFA)**

Pursuant to Article 7.2 of the By-Laws, SECO's shares are freely transferable. The issue and circulation of shares is regulated by current legislation.

At the Reporting Date there are no restrictions on the transfer of shares.

For the sake of completeness, we note that the SECO Shareholder Agreement (as defined in paragraph 2.G below) prohibits the transfer of shares granted in the SECO Shareholder Agreement which stipulates that, for the entire term of the SECO Shareholder Agreement, no party to the Agreement may transfer any syndicated shares. The non-transferability restriction shall not apply if the transfer is carried out: (i) within the scope of the parties to the SECO Shareholder Agreement; and/or (ii) in favor of a company in which one or more parties hold at least 80% of the share capital, provided that it signs the same SECO Shareholder Agreement and formally undertakes to do so before the transfer becomes effective.

The SECO Shareholder Agreement also contains provisions relating to (i) purchases of SECO shares and (ii) remedies in the event of a takeover bid. Specifically, as regards (i) the parties to the Shareholder Agreement have acknowledged that any incremental purchases made by each party to the Shareholder Agreement or other transactions that would lead to an increase in the shareholding and/or voting rights of parties to the Shareholder Agreement in the Company's capital represented by shares and securities granting voting rights that would exceed a total of 30% of the Company's share capital, or the different threshold(s) established by the applicable legislation ("**Relevant Threshold**"), shall oblige the parties to the Shareholder Agreement jointly to promote a mandatory public tender offer ("**PTO**") for all the remaining shares of the Company pursuant to Articles 106 and 109 of the CFA. The parties to the Shareholder Agreement therefore undertake to inform each other in advance of any purchases of SECO shares that each of them intends to make and which would lead to an increase in their respective shareholding and/or voting rights in the Company. To this end, account must also be taken of the voting rights to which the parties to the Shareholder Agreement are entitled

under the provisions of the Issuer's By-Laws regulating increased voting rights. As regards point (ii), on the other hand, the parties to the Shareholder Agreement undertake not to carry out transactions that entail or may entail the obligation to promote a mandatory (including residual) PTO on the Company's shares pursuant to the applicable legislation. Therefore, each party to the Shareholder Agreement undertakes vis-à-vis the others to ensure that any increase in their respective shareholdings shall take place in compliance with the CFA and any other applicable provision of law, regulation, or by-law that regulates the obligation to promote the PTO and, therefore, in a manner and time frame that excludes the application of such an obligation. In the event of the exceeding by one or by all the parties to the Shareholder Agreement, of a relevant threshold for the purposes of the obligation to launch a full PTO pursuant to Articles 106 and 109 of the CFA which is the consequence of a voluntary purchase made by a party to the Shareholder Agreement that has the effect of determining the obligation to make a public offer, the party to the Shareholder Agreement who has contributed to the launch of a PTO (either on its own or through subsidiaries or in concert with others pursuant to Article 93 CFA) shall be obliged: (a) to sell without delay a number of shares such as to reduce the total number held to a level below the relevant thresholds or to reduce the related excess voting rights and at any rate not to exercise the same rights pursuant to Article 49, paragraph 1, letter e), of the Issuers' Regulation; and (b) to hold the other parties to the Shareholder Agreement harmless and indemnified from any obligation, charges and/or costs arising from or in any case connected to the launch and execution of the aforementioned mandatory PTO. With regard to the aforementioned SECO Shareholder Agreement, reference should be made to the relevant essential information published on the Issuer's website [www.seco.com/it](http://www.seco.com/it), in the "Corporate Governance/Documents and Procedures/Documents" section.

**C. Significant holdings (pursuant to Article 123-bis, paragraph 1, letter c), CFA)**

On the basis of the information received pursuant to the applicable legislation (and, in particular, pursuant to Article 120 of the CFA) and the entries in the shareholders' register, shareholders who directly or indirectly hold more than 3% of the voting rights in SECO are as follows:

SIGNIFICANT SHAREHOLDINGS					
Shareholder	Direct shareholder	Number of Shares	% of Share Capital (*)	Number of voting rights (**)	Percentage of voting rights
Daniele Conti	DSA S.r.l. (***)	22,195,000	20.095	43,110,000	25.953
Luciano Secciani	HSE S.r.l. (***)	22,195,000	20.095	43,110,000	25.953

HCS S.r.l.	HCS S.r.l. (***)	10,124,300	9.167	18,012,650	10.844
Telecom Italia S.p.A.	Olivetti S.p.A.	10,276,669	9.305	10,276,669	6.187
Fondo Italiano di Investimento SGR S.p.A.	Fondo Italiano di Investimento SGR S.p.A. (***)	5,942,357	5.380	11,884,714	7.155

(\*) The share capital consists of 110,447,631 ordinary shares, with no indication of nominal value.

(\*\*) The total number of voting rights at December 31, 2021, unchanged as of the Reporting Date, is 166,108,338.

(\*\*\*) Shareholder who has held increased voting rights since May 5, 2021 (Trading Commencement Date).

**D. Shares which confer special rights (pursuant to Article 123-bis, paragraph 1, letter d), CFA)**

As per the provisions of Article 6.8 of the By-Laws, the Company has the right to issue other classes of shares and financial instruments, including - if the conditions required by law are present and by means of the amendments to the By-Laws - preference shares, savings shares, warrants and bonds, including convertible bonds; shares may also be issued through the conversion of other classes of shares or other securities, if permitted by law.

At the Reporting Date, the Company has issued common stock and special non-voting shares (referred to in paragraph 2.A); there are no shares that confer special rights of control.

On March 1, 2021, the Company's Extraordinary Shareholders' Meeting approved the By-Laws of the Issuer, in force as from the Trading Commencement Date. Article 7.5 of these By-Laws provides for increased voting rights pursuant to Article 127-*quinquies*, CFA.

More specifically, the By-Laws provide that - as an exception to the general rule according to which each share confers the right to one vote, pursuant to Article 127-*quinquies* of the CFA - each share belonging to the same person for a continuous period of at least 24 months starting from the date of its registration on a specific list (the "**List**") kept by the Company is assigned 2 (two) votes.

Pursuant to Article 7.5.1 of the By-Laws, the assessment of the requirements for increased voting rights is carried out by the Company on the basis of the List, in which the shareholder intending to benefit from increased voting rights must enroll, according

to the following provisions:

- (a) any shareholder intending to enroll on the List must apply to the Company in the manner and within the terms provided for by specific regulations published on the Company's website;
- (b) once the necessary conditions have been verified, the Company will enter the shareholder's name on the List by the 15<sup>th</sup> day of the calendar month following the month in which the shareholder's request was received, accompanied by the aforementioned documentation;
- (c) following the application for enrolment, the owner of the shares for which registration on the List has been sought - or the owner of the real right conferring the right to vote - must promptly notify the Company, directly or through its broker, of any probability of termination of the increased voting rights or of the related conditions.

Pursuant to Article 127-*quinquies*, paragraph 7 of the CFA, shares held prior to the Trading Commencement Date - and therefore prior to the date of enrolment in the List - are also to be considered for the purpose of completing the period of continuous ownership required for multi-voting rights.

At December 31, 2021, there 55,660,707 had accrued increased voting rights. This figure is unchanged at the Reporting Date. Total voting rights amount to 166,108,338 (see paragraph 2, letter A).

The list of shareholders who are enrolled on the List at the Reporting Date is published on the Issuer's website ([www.seco.com/it](http://www.seco.com/it), in the *Corporate Governance/Increased Rating* section).

**E. Employee shareholdings: voting mechanism (pursuant to Article 123-bis, paragraph 1, letter e), CFA)**

As at the Reporting Date, there is no employee share ownership system that provides for a mechanism to exercise voting rights other than the one in operation for all shareholders.

**F. Voting rights restrictions (pursuant to Article 123-bis, paragraph 1, letter f), CFA)**

At the Reporting Date there are no restrictions on voting rights.

**G. Shareholder agreements (pursuant to Article 123-bis, paragraph 1, letter g), CFA)**

The Issuer is aware of the existence of a relevant shareholder agreement concerning SECO shares pursuant to Article 122, paragraphs 1 and 5, letters a) and b) of the CFA in force at the Reporting Date and (the "**SECO Shareholder Agreement**").

The SECO Shareholder Agreement was signed on March 26, 2021 (effective as of the Trading Commencement Date) by DSA S.r.l. ("**DSA**"), HSE S.r.l. ("**HSE**") and Fondo Italiano d'Investimento SGR S.p.A. on behalf of "Fondo Italiano Tecnologia e Crescita - FITEC" ("**FII**") (jointly, the "**Parties**"), and provides for a voting syndicate, prior consultation commitments and limits on the transfer of syndicated shares.

Specifically, we note that (i) DSA conferred 16,900,000 shares with increased voting

rights to the Agreement; (ii) HSE conferred 16,900,000 shares to the Agreement with increased voting rights and (iii) FII conferred 5,942,357 shares with increased voting rights to the Agreement.

We also highlight that DSA's share capital is entirely held by the Chairperson of the Board of Directors, Daniele Conti, while HSE's share capital is entirely held by the Issuer's shareholder Luciano Secciani (see paragraph 2, letter C).

For further information on the SECO Shareholder Agreement, reference should be made to the related key information published on the Issuer's website [www.seco.com/it](http://www.seco.com/it) in the *Corporate Governance/Documents and Procedures/Documents* section.

#### **H. Change of control clauses (pursuant to Article 123-bis, paragraph 1, letter h), CFA) and statutory provisions concerning Public Tender Offers (pursuant to Article 104, paragraph 1-ter and 104-bis, paragraph 1, CFA)**

At the Reporting Date, the Issuer has signed loan agreements which contain change of control clauses, as is normal in financial transactions of this type. More specifically:

- (i) on August 1, 2019, the Issuer entered into a loan agreement with Banca Nazionale del Lavoro S.p.A. for an original amount of Euro 5,000 thousand, of which Euro 3,500 thousand was disbursed on August 1, 2019 and expanded on January 14, 2020 to Euro 5,000 thousand through an additional disbursement of Euro 1,500 thousand, subsequently renegotiated on November 26, 2020 and on November 11, 2021. The contract is for 60 months (i.e. through August 1, 2024). This loan agreement also contains change of control clauses, according to which the occurrence of an event that causes the Issuer's current controlling shareholders to reduce their stake in the Issuer's share capital below a relative majority of the Company's Shares shall constitute grounds for the bank to terminate the agreement.
- (ii) On October 11, 2021, SECO entered into a medium/long-term loan agreement with Intesa Sanpaolo S.p.A., Unicredit S.p.A., Banca Nazionale del Lavoro S.p.A., Banco BPM S.p.A. (where Intesa Sanpaolo S.p.A. and Unicredit S.p.A. acted as Co-underwriters and Bookrunners, while Banco BPM S.p.A. and Banca Nazionale del Lavoro S.p.A. acted as Mandate Lead Arrangers) for a total of Euro 120,000,000 (120) million, comprising an amortizing credit line for Euro 48,000,000 (48) million and a bullet credit line for Euro 72,000,000 (72 million) with a duration of 6 and 7 years respectively. This loan agreement also contains change of control clauses, according to which the occurrence of an event resulting in a change in the shareholding structure with regard to the shareholders specifically indicated in the agreement shall constitute the possible basis for compulsory prepayment of the loan.

#### **By-Law provision on public tender offers**

The By-Laws do not provide for exceptions to the “passivity rule” pursuant to Article 104, paragraphs 1 and 1-bis of the CFA, nor to the application of the neutralization rules pursuant to Article 104-bis, paragraphs 2 and 3 of the CFA.

**I. Power to increase the share capital and authorization to purchase treasury shares (pursuant to Article 123-bis, paragraph 1, letter m), CFA)**

As highlighted in Article 6.4 of the By-Laws, the Extraordinary Shareholders' Meeting of March 1, 2021 resolved to increase the share capital for cash, on a divisible basis, by a maximum nominal amount of Euro 54,000 (fifty-four thousand) by issuing a maximum of 5,400,000 (five million four hundred thousand) ordinary shares to service the "SECO S.p.A. Stock Option Plan", to be executed at the latest by December 31 (thirty-first), 2024 (two thousand and twenty-four), providing that the effectiveness of this capital increase is subject to the commencement of trading of shares on the stock market.

Pursuant to Article 6.10 of the By-Laws, the Extraordinary Shareholders' Meeting of November 19, 2021 resolved to grant the Board of Directors a proxy to be exercised within 5 years from the date of the shareholders' resolution, containing powers: (i) pursuant to Article 2443 of the Civil Code, to increase the share capital for payment, and in divisible way, in one or more periods, through the issue of ordinary shares, with the exclusion of the option right pursuant to paragraph 5 of Article 2441 of the Civil Code and/or pursuant to paragraph 4, first sentence, of Article 2441 of the Civil Code, to be offered, at the choice of the Board of Directors, to persons identified by the Board of Directors itself; and/or (ii) pursuant to Article 2420-ter of the Civil Code, to issue convertible bonds (with the option of conversion also in advance at the initiative of the Company's Board of Directors) and/or convert into ordinary shares (the "**Bonds**") for a maximum total amount of Euro 200,000,000.00 (two hundred million), resulting in a capital increase to service the conversion by issuing ordinary shares with the same characteristics as those in circulation, to be offered, at the choice of the Board of Directors, to parties identified by the same, with the exclusion of the option right pursuant to Article 2441, paragraph 5 of the Civil Code, granting the Board of Directors all the powers needed to define the contents of the regulation of the bond loan, including the right, in the regulation the characteristics of the Bonds, to grant any request for admission to listing of the same and/or any other deed and/or document necessary for this purpose; all this provided that the total maximum amount, including any share premium, of the capital increase against payment and in a divisible way, on one or more occasions, consequent to the issues or conversions referred to in the previous points (i) and (ii) will be Euro 200,000,000.00 (two hundred million), according to the following rules:

- a) the motions for the share capital increase (or related individual tranches) pursuant to Article 2443 of the Civil Code, which provide for the exclusion of the option right pursuant to Article 2441, paragraph 5, of the Civil Code, shall (a) establish that the newly issued shares - which shall be ordinary shares - are offered to qualifying investors, pursuant to Article 34-ter, paragraph 1, letter b) of the Issuers' Regulation and/or commercial, financial and/or strategic partners identified from time to time, and (b) establish the issue price of the shares (or the parameters to determine it during execution) in compliance with the procedures and criteria provided for under the applicable regulations, as detailed in the Board of Directors' explanatory report prepared for the Shareholders' Meeting of November 19, 2021;
- b) the motions for the share capital increase (or related individual tranches) pursuant to



Article 2443 of the Civil Code in relation to in-kind transfer operations pursuant to Article 2441, paragraph 4, first sentence of the Civil Code, shall (a) establish that the newly issued shares - which shall be ordinary shares - are offered to parties identified by the Board of Directors in the context of transactions that provide for the contribution in kind (wholly or in part) of equity investments, companies, company branches and/or industrial activities of interest to the Company, as part of the Group's development and growth strategy for external lines, and (b) establish the issue price of the shares (or the parameters to determine it during execution) in compliance with the procedures and criteria provided for under the applicable regulations, as detailed in the Board of Directors' explanatory report prepared for the Shareholders' Meeting of November 19, 2021;

c) the motions to issue the Bonds pursuant to Article 2420-ter of the Civil Code, with the exclusion of the option right pursuant to Article 2441, paragraph 5, of the Civil Code, shall (a) establish that said Bonds are offered, in whole or in part, to qualifying investors, pursuant to Article 34-ter, paragraph 1, letter b) of Consob Regulation No. 11971, of May 14, 1999, as amended, and/or to commercial, financial and/or strategic partners identified as appropriate and (b) establish the issue price of the aforementioned Bonds and of the shares to be issued as part of the capital increase executed to service the conversion of the same (or the parameters for determining said prices during the execution) in compliance with the procedures and criteria provided for under the applicable regulations, as detailed in the Board of Directors' explanatory report prepared for the Shareholders' Meeting of November 19, 2021;

d) the motion or motions to increase capital shall establish the portion of the share issue price offered to be charged to capital and the portion of the issue price, if any, to be charged to share premium.

On March 1, 2021, the Issuer's Ordinary Shareholders' Meeting approved a new plan for the purchase and disposal of the Company's ordinary shares with the following purposes:

- i. supporting liquidity and market efficiency;
- ii. to service compensation plans based on financial instruments pursuant to Article 114-bis of the CFA in favor of Directors, employees or collaborators of the Company and/or its subsidiaries;
- iii. preservation and subsequent use, including: as consideration in corporate transactions, including the exchange or sale of shareholdings, with other parties to be carried out by exchange, contribution or other act of disposal and/or use, with other parties, including the servicing of bonds convertible into Company shares or mandatory loans with warrants.

On December 1, 2021, the Company launched the treasury share buyback program approved by the aforementioned Shareholders' Meeting, concerning a maximum of 3,500,000 (three million five hundred thousand) treasury shares, corresponding to approximately 3.3% of the total number of SECO shares in circulation, and the maximum value of which has been established at Euro 32,000,000 (thirty two million), with a deadline of May 1, 2022.



For this purpose:

- the purchase will be carried out in compliance with the law and in particular Articles 2357 and 2357-ter of the Civil Code, Article 132 of Legislative Decree No. 58/1998, the applicable provisions of Consob Regulation No. 11971/1999, and Delegated Regulation (EU) No. 1052 of March 8, 2016;
- for a consideration not exceeding the highest price between the price of the last independent transaction and the price of the highest current independent bid in the trading venues where the purchase is made, it being understood that the unit price may not in any case be lower than a minimum of 10% (ten percent) or higher than a maximum of 10% (ten percent) with respect to the official price recorded by the Company's ordinary shares on Euronext Milan on the trading day preceding each individual purchase transaction, in compliance with the conditions and the restrictions relating to trading established in Articles 3 and 4 of the Delegated Regulation (EU) 2016/1052;
- within the limits of a maximum daily volume of purchases not exceeding 25% of the average daily volume of shares in the trading venue where the purchase is made, determined in accordance with applicable provisions;
- the purchases may be made - including in several tranches - within the limits of the distributable profits and/or available reserves as per the most recent financial statements duly approved at the time of the transaction, by setting up a reserve for treasury shares and, in any case, making the necessary accounting entries according to the methods and within the limits set out by law;
- only fully paid-up shares may be purchased.

At December 31, 2021, the Company held 430,000 treasury shares in portfolio, equal to 0.39% of the share capital.

**L. Direction and coordination activities (pursuant to Article 2497 and subsequent of the Civil Code)**

The Issuer is not directly or indirectly controlled by any company or entity individually considered pursuant to Article 93 of the CFA.

\* \* \*

For information on any agreements between the Company and the Directors providing for indemnities in the event of resignation or dismissal without just cause, or if the employment relationship terminates following a PTO (Article 123-bis, paragraph 1, letter i)), please refer to the Remuneration Report, available on the Issuer's website at [www.seco.com/it](http://www.seco.com/it) in the *Investor Relations/Corporate Governance* section.

For information on the appointment and replacement of Directors (Article 123-bis, paragraph 1, letter l)), see paragraph 4.1 below.

**3. COMPLIANCE (pursuant to Article 123-bis, paragraph 2, letter a), CFA)**

The Board of Directors has adopted the CG Code.

The CG Code is available for public consultation on Borsa Italiana's website at the following address <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>.

Some strategically important subsidiaries of the Issuer are subject to non-Italian legal provisions which do not, however, affect the corporate governance structure of the Company.

#### **4. BOARD OF DIRECTORS**

##### **4.1 ROLE OF THE BOARD OF DIRECTORS**

The Board of Directors has a central role in operating activities, overseeing the various functions. It is responsible for the organizational and strategic guidelines and for verifying the existence of the necessary controls to monitor the performance of the Issuer and the Group companies.

The Board of Directors shall have the widest powers of administration of the Company, without exception, and may carry out any and all acts deemed appropriate in attaining the corporate purpose, with the sole exclusion of those attributed by law to the Shareholders' Meeting.

Pursuant to Article 19 of the By-Laws, the Board of Directors has the power, subject to compliance with Article 2436 of the Civil Code, to resolve on: (a) mergers and demergers, in the cases provided for by law; (b) the establishment or closure of secondary offices; (c) the designation of Directors to represent the Company; (d) the reduction of the share capital in the event of withdrawal of one or more shareholders; (e) the adaptation of the By-Laws to regulatory provisions; (f) the transfer of the registered office to another premises in Italy. The allocation of these powers to the Board of Directors does not exclude the co-existing competence of the Shareholders' Meeting on such matters.

The Board of Directors guides the Company by pursuing its sustainable success and, in accordance with the provisions of the CG Code, carries out the following activities:

(a) defines the strategic guidelines, examines and approves the multi-year business plan of the Company and the Group, including on based on analysis of issues of long-term value creation.

(b) periodically monitors the implementation of the business plan and assesses the general operating performance, periodically comparing the results achieved with those planned;

(c) defines the nature and level of risk compatible with the strategic objectives of the Company, including in its assessments every element considered significant with regard to the sustainable success of the Company;

(d) defines the Company's corporate governance system and the structure of the Group, evaluating the adequacy of the Company's organizational, administration and accounting system and that of its strategically significant subsidiaries, with particular reference to the Internal Control and Risk Management System (see Section 9);

(e) resolves on transactions carried out by the Company and its subsidiaries when these

have a significant impact on the Company's strategy, profitability, assets, liabilities or financial position. The Board of Directors has not established any general criteria for identifying transactions that have a significant impact on the Company's strategy, profitability, assets, liabilities or financial position, as it deems it more appropriate to assess the significance of the transactions carried out on a case-by-case basis;

(f) on the proposal of the Chairperson in conjunction with the Chief Executive Officer, adopts a procedure for the internal management and external communication of documents and information relating to the Company, with particular regard to inside information (see Section 5).

The Board of Directors meeting of March 21, 2022 assessed the adequacy of the organizational, administrative and accounting structure of the Issuer prepared by the Chief Executive Officers, with particular regard to the Internal Control and Risk Management System. During 2022, the Issuer will reserve the right to assess the criteria for identifying subsidiaries with strategic importance.

In view of our recent Listing, the Board of Directors did not make any specific proposals to the Shareholders' Meeting during the course of the year for the definition of a corporate governance system that is even more functional to the Company's needs.

At the Reporting Date, and considering the recent Listing, the Board of Directors has not adopted a shareholder communication policy and reserves the right to carry out the relevant and necessary in-depth studies in this regard during FY 2022.

For information on: (i) the composition, functioning, appointment and self-assessment of the Board of Directors, reference should be made to Sections 4.2, 4.3 and 4.4 of the Report; (ii) the Internal Control and Risk Management System, reference should be made to Section 9 of the Report.

For a description of the Issuer's remuneration policy, please refer to Section I of the Remuneration Report available on the Issuer's website at [www.seco.com/it](http://www.seco.com/it), in the Investor Relations/Corporate Governance Section.

#### **4.2 APPOINTMENT AND REPLACEMENT (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 1, LETTER L), CFA)**

In accordance with Article 22 of the By-Laws, the Company is administered by a Board of Directors comprising a minimum of 5 (five) and a maximum of 11 (eleven) members.

The Directors remain in office for 3 (three) years and may be re-elected. Their mandate expires at the date of the Shareholders' Meeting called to approve the financial statements relating to their third year of office. Directors need not be shareholders.

Pursuant to Article 16 of the By-Laws, the Directors are appointed by the Shareholders' Meeting on the basis of slates of candidates submitted by the shareholders and filed at the Company's registered office within the terms of and in compliance with applicable laws and regulations.

Only those shareholders who, individually or jointly with others, at the time of submitting the slate hold shares with voting rights representing a percentage that is no lower than the one set for the Company under applicable laws and regulations, are entitled to submit slates. The call notice for the Shareholders' Meeting to appoint the members of the Board of Directors indicates the shareholding required for the presentation of the slate of candidates.

In this regard we note that as at the Reporting Date, Consob has set the shareholding required for the right to submit slates for the election of the Company's Board of Statutory Auditors at 2.50% of the share capital (see the Executive Determination of the Head of the Corporate Governance Division of Consob of January 28, 2022).

Each shareholder, shareholders who are members of a shareholder agreement pursuant to Article 122 of the CFA, the parent company, the subsidiaries and those subject to joint control and any other party among which there is a connection, even indirectly, pursuant to the applicable law and regulations, may not submit or take part in the submission of more than one slate or vote for different slates, either directly or through a nominee or trust company.

Each candidate may run on one slate only, subject to ineligibility.

The candidates included on the slates must be listed in sequential order and in compliance with the applicable regulations concerning Directors who meet the requirements of independence and gender balance.

In order to ensure gender balance, each slate containing a number of candidates equal to or higher than 3 (three) must also include candidates belonging to both genders (male and female), so that at least the portion of the members of the Board of Directors set out by Article 147-ter, paragraph 1-ter of the CFA, and by the other applicable provisions, belongs to the under-represented gender, rounding off in the case of a fractional number, according to the criterion set out by said provisions.

The slates shall be accompanied by: (a) information concerning the identity of the shareholders submitting the slates, with an indication of the total percentage of the shareholding with voting rights at the Shareholders' Meeting, together with certification issued by an intermediary authorized by law proving said ownership, it being understood that this certificate may be presented also after the slates have been filed, provided this is within the deadline set for the publication of the slates by the Company; (b) a statement by shareholders other than those who hold, including jointly, a controlling interest or a relative majority, certifying the absence of any connection, even indirect, with the latter, pursuant to applicable law and regulations; (c) exhaustive information on the personal and professional characteristics of the candidates, with an indication of their eligibility for the role of Independent Director, in addition to a declaration by those candidates certifying that they are in possession of the requisites provided for by the law and other applicable regulations and by these By-Laws, including those of good standing, professionalism, and - where required - independence, and their acceptance of the nomination and of the position, if elected; (d) any other or differing statement, information and/or document provided for by the applicable law or regulations.

The slates submitted shall be filed at the Company's registered office, including by remote communication means as indicated in the call notice, and made available to the public according to the terms and methods provided for under the applicable laws and regulations.

In the event of failure to comply with the aforementioned obligations set out in Article 16 of the By-Laws, the slate shall be deemed not to have been submitted. However, lack of documentation relating to individual candidates on a slate does not imply the automatic exclusion of the entire slate, but only of those candidates who do not meet the requirements.

Pursuant to Article 16 of the By-Laws, the appointment of the Board of Directors takes place in accordance with the following provisions:

- a) from the slate that obtains the majority of the votes, the number of Directors to be appointed to the Board are elected, less 1 (one), in the numerical order presented on the slate;
- b) the remaining Director shall be the first candidate - according to the order in which candidates are indicated on the slate - drawn from the slate that obtained the second highest number of votes at the Meeting after the slate referred to in letter a) above, which was not submitted by the Board of Directors and which is not connected in any way, even indirectly, with those who submitted or voted for the slate that obtained the highest number of votes.

In case of parity between slates: (i) if a slate is submitted by the Board of Directors, a fresh round of balloting shall take place; (ii) otherwise, the slate submitted by the shareholders holding the largest equity investment or, alternatively, by the largest number of shareholders, shall prevail.

If, at the end of the vote, not enough Directors with the independence requirements are elected, the candidate who does not comply with these requirements and who was elected last in numerical order from the slate that obtained the highest number of votes shall be excluded and shall be replaced by the first unelected candidate in numerical order on the same slate who complies with said independence requirements. If necessary, this procedure will be repeated until the number of Directors meeting the independence requirements is reached. If, following this replacement procedure, the composition of the Board of Directors makes it impossible to comply with the minimum number of Directors meeting the independence requirements, the replacement shall be carried out by means of a motion passed by the Shareholders' Meeting by majority of the votes therein, subject to the presentation of candidates who meet the independence requisites.

If, following the voting and the application of the above, the elected candidates do not ensure compliance of the composition of the Board of Directors with the rules on gender balance pursuant to Article 147-ter, paragraph 1-ter of the CFA and with the other applicable provisions (with rounding off in case of fractional number in accordance with the criterion set out in said provisions) the candidate of the over-represented gender elected last in numerical order on the slate which obtained the highest number of votes shall be excluded and replaced by the first unelected candidate of the under-represented gender from the same slate, according to the numerical order. This replacement

procedure shall continue until the composition of the Board of Directors complies with the aforementioned rules on gender balance, it being understood that if - upon completion of this replacement procedure - the composition of the Board of Directors still does not comply with said rules, the replacement shall be made by means of a motion passed by the Shareholders' Meeting with a majority of the votes represented therein, subject to the submission of candidates belonging to the under-represented gender.

If the number of candidates elected on the basis of the slates submitted is lower than the number of Directors to be elected, the remaining Directors are elected by the Shareholders' Meeting, which resolves with the majority of the votes represented therein and, in any case, in such a way as to ensure (i) the presence of the minimum number of Directors who meet the independence requirements, and (ii) gender balance. In the event of a tie between several candidates, a further ballot shall take place and the candidate who obtains the highest number of votes shall be elected.

If only one slate is submitted, the Shareholders' Meeting shall vote on it and, if that slate obtains the majority of votes cast, all members of the Board of Directors shall be taken from this slate, in compliance with the independence requirements and those concerning gender balance. In the event that no slate is submitted, or if only one slate is submitted and does not obtain the majority of votes at the Meeting, or if the whole Board of Directors is not to be renewed, or if it is not possible for any reason to appoint the Board of Directors according to the procedures set out above, the members of the Board of Directors shall be appointed by the Shareholders' Meeting according to the ordinary procedures and the majority of the votes cast, without application of the slate voting mechanism, and in any case so as to ensure the presence of a number of Directors who meet the independence requirements and who comply with the minimum requisites of gender balance provided for by the law and applicable regulations, and without prejudice to the provisions set out below.

If, during the year, one or more Directors cease to hold office for any reason, the Board of Directors shall replace them by co-opting the first unelected candidate (if available) from the same slate to which the outgoing Director belonged. If it is not possible to complete the Board of Directors pursuant to this Paragraph, the Board of Directors shall co-opt replacements by legal majority without slate restrictions. At any rate, the Board of Directors and the Shareholders' Meeting shall respectively co-opt and appoint the aforementioned Directors in such a way as to ensure the presence of a number of Directors who meet the independence requirements and who comply with the minimum requisites of gender balance provided for by the law and applicable regulations. The co-opted Directors remain in office until the next Shareholders' Meeting and those appointed by the Shareholders' Meeting remain in office for the period that the Directors they replace would have remained in office. The Shareholders' Meeting retains the right to resolve to reduce the number of members of the Board of Directors rather than replace the Director who has left office.



Should, for any reason, the majority of the Directors appointed by the Shareholders' Meeting no longer be in office, the entire Board is dissolved as of the subsequent reconstitution of this Board. In such cases, the Directors still in office shall convene an urgent Shareholders' Meeting to appoint a new Board of Directors, as described above.

The loss of the Director's independence requirements as set out by law and/or applicable regulations does not provide grounds for his/her removal from office, provided that the minimum number of members required under applicable law meeting said independence requirements remain in office.

The Issuer's By-Laws do not allow for an outgoing Board of Directors to submit a slate.

For information on the role of the Board of Directors and of Board committees in the processes of Director self-assessment, nomination and succession, please refer to Section 7.

#### **4.3 COMPOSITION (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER D) AND D-BIS), CFA)**

The Board of Directors of the Issuer in office at the Reporting Date comprises ten members and was appointed by the Ordinary Shareholders' Meeting on March 1, 2021 (based on the provisions contained in the By-Laws in force at the date of appointment and, therefore, before the Trading Commencement Date, without application of slate voting<sup>1</sup>) and shall remain in office for three financial years, i.e. until the approval of the financial statements at December 31, 2023.

The Board of Directors is composed of Executive and Non-Executive Directors, all of whom have the professionalism and skills appropriate to the tasks entrusted to them. Moreover, given the presence of eight (out of ten) Non-Executive Directors, three of whom are independent pursuant to Article 148, paragraph 3 of the CFA (as referred to in Article 147-ter, paragraph 4 of the CFA) and Article 2 of the CG Code, it is believed that (i) the number and powers of the non-executive members are such as to ensure that they have a significant weight in the adoption of the Board's motions and guarantee effective monitoring of management activities, and that (ii) a significant component of Non-Executive Directors is independent.

At the Reporting Date, the Board of Directors comprises the following members:

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<sup>1</sup> The provisions on slate voting contained in the By-Laws (which reserve the appointment of a member to be elected from the slate that obtained the second highest number of votes after the majority slate and which is not connected in any way, even indirectly, with the shareholders who submitted or voted for the Majority Slate) shall apply from the first renewal of the Board of Directors following the Trading Commencement Date.



Name	Office
<b>Daniele Conti</b>	Executive Chairperson
<b>Massimo Mauri</b>	Chief Executive Officer
<b>Claudio Catania</b>	Non-Executive Director
<b>Luciano Lomarini</b>	Non-Executive Director
<b>Emanuela Sala</b>	Non-Executive Director
<b>Luca Tufarelli</b>	Non-Executive Director
<b>Michele Secciani</b>	Non-Executive Director
<b>Elisa Crotti</b>	Independent Director pursuant to the CFA and the CG Code
<b>Giovanna Mariani (*)</b>	Independent Director pursuant to the CFA and the CG Code
<b>Diva Tommei</b>	Independent Director pursuant to the CFA and the CG Code

(\*) *Lead Independent Director*

There were no further changes in the composition of the Board between the end of the year and the Reporting Date beyond those described above.

Additional information regarding the composition of the Board of Directors at the end of the financial year can be found in Table 2 included in Annex 1 of the Report.

**Diversity criteria and policies for the Board and organization**

The provisions concerning gender requirements pursuant to Article 147-ter, paragraph 1-ter of the CFA shall apply to the Issuer from the first renewal of corporate boards following the Trading Commencement Date. At the Reporting Date, the Board already consists of Directors of both genders. Specifically, since four Directors out of ten belong to the under-represented gender (Emanuela Sala, Elisa Crotti, Giovanna Mariani and Diva Tommei), the composition of the Board of Directors already complies with the rules on gender balance pursuant to the provisions for newly listed companies<sup>2</sup>.

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<sup>2</sup> Pursuant to Article 1 of Law No. 160 of December 27, 2019, "the allocation criterion of at least one-fifth provided for in Article 2 of Law No. 120 of July 12, 2011 for the first renewal following the date on which trading commences", remains unaffected.

Taking into account the fact that the management and audit bodies were appointed before the Trading Commencement Date and even of the recent Listing, at the Reporting Date the Issuer has not adopted a diversity policy in terms of age, gender, and educational and professional background, with regard to the composition of the Board of Directors currently in office. However, the Board of Directors reserves the right to adopt such policies and/or practices at a later date.

That said, the qualitative and quantitative composition of the Board of Board of Directors in office is deemed to ensure sufficient diversity in terms of skills, age and experience.

Indeed, as regards the composition of the Company's Board of Directors currently in office, we note that: (i) it includes four Directors belonging to the under-represented gender; (ii) the Board features diversity of its members, given that the age of the Directors is between 38 and 67; (iii) the training and professional background of the Directors currently in office ensures a balanced combination of profiles and experience within the administrative body, suitable for ensuring the correct performance of the functions assigned to it, along with significant international experience, not to mention skills and heterogeneous professional experiences.

For further information, reference should be made to the Registration Document published on 21 April 2021, where the CVs of the Directors are available, illustrating their professional and personal backgrounds, and which can be consulted on the Issuer's website at [www.seco.com/it](http://www.seco.com/it), in the *Investor Relations/IPO* section.

We note that the Company promotes gender inclusiveness and equal treatment and opportunities within the whole corporate organization, and monitors its actual implementation, as set out in its Ethics Code and in the Sustainability Report (both available on the Issuer's website [www.seco.com/it](http://www.seco.com/it), in the *Corporate Governance/Code of Ethics* and *Sustainability* sections).

#### **Maximum number of offices held in other companies**

Also considering the fact that the CG Code recommends that the Board of Directors of only "large companies" should express a guideline regarding the maximum number of positions on the Boards of Directors or of Statutory Auditors in other listed companies or companies of significant size that may be considered compatible with effective performance as a Director of the Company, the Board of Directors did not consider it necessary to define general criteria for its Directors.

Each Director is responsible for assessing the compatibility of any offices held in other companies with the diligent performance of the tasks undertaken as a Director of the Issuer. Every member of the Board of Directors is obliged to take decisions independently and in full knowledge of the facts, pursuing the objective of creating value for the shareholders, and undertakes to devote the appropriate amount of time to the diligent fulfilment of the tasks associated with the office held in the Issuer, regardless of the positions held outside the SECO Group, with full awareness of the responsibilities entailed by the office held.

At December 31, 2021, the list of administration and control offices held by the members of the Board of Directors in other companies listed on regulated markets or that are of significant size (with evidence of whether the company in which the office is held is part of the Group or not) is contained in Table 5 in Annex 1 of the Report.

### **Induction Program**

During the procedure leading to our Listing, the members of the Board of Directors, together with the members of the Board of Statutory Auditors participated in initiatives targeted at increasing their knowledge of the business sector in which the Issuer and the Group operate, of corporate dynamics and their evolution, the principles of proper risk management, and the reference regulatory and self-regulatory framework. In the context of the Listing procedure, the Board of Directors of the Company and the Board of Statutory Auditors, also with the assistance of external advisors, have also been informed about the regulations applicable to companies listed on regulated markets.

In 2022, the Chairperson of the Board of Directors, with the assistance of the Secretary of the Board, will consider appropriate actions to be taken under the Induction Program for the purposes set out in Recommendation 12(d) of the CG Code.

#### **4.4 FUNCTIONING OF THE BOARD OF DIRECTORS (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER D), CFA)**

The Company is managed exclusively by the Directors, who carry out the necessary operations to achieve the corporate objectives.

As per the By-Laws, the Board of Directors meets (including outside the registered office, provided that it is within the European Union) whenever the Chairperson or the Vice-Chairperson (if appointed) deems it necessary, and when a meeting is requested by a Director with delegated powers, by the Executive Committee (if appointed), or by at least two other Directors in office, without prejudice to the powers to call meetings granted to other parties pursuant to law.

The Board of Directors is convened by the Chairperson or, in his/her absence or impediment, by the Vice-Chairperson (if appointed), by means of a notice containing the items on the Agenda sent by post or e-mail at least 3 (three) days before the meeting or, in case of urgency, at least 24 (twenty-four) hours before the meeting. The notice shall state the place, day, and time of the meeting and the items on the Agenda.

The meetings of the Board of Directors may also be held by audio or video conference, provided that: (a) the Chairperson and the Secretary, if appointed, are present in the same location and write and sign the minutes, verifying that the meeting was held in that location; (b) the Chairperson of the meeting may verify the identity of the participants, direct the course of the meeting and witness and announce the results of the voting; (c) the person taking the minutes may adequately observe the events of the meeting to be recorded in the minutes; and (d) participants may take part in the discussion and the simultaneous voting on the matters on the Agenda, and view, receive or transmit documents.

All Board of Directors' motions shall require the effective presence of a majority of the Directors in office and the favorable vote of a majority of the Directors present.

The meeting of the Board of Directors is validly constituted if, even if not called in the form and manner described above, all the Directors in office and all the members of the Board of Statutory Auditors are present, or if the majority of both Directors and Statutory Auditors in office are present and the absent Directors have been adequately informed in advance of the meeting and have not opposed discussion of the issues.

The Chairperson of the Board of Directors shall ensure that adequate information regarding the items on the Agenda is provided to all Directors. Specifically, this information is at all times provided in such a way as to allow the Directors to express their opinion on the matters submitted to them, providing them with drafts of the documents to be approved well in advance, with the sole exception of cases of particular and demonstrable urgency. The period of notice generally considered adequate for sending the documentation is at least 5 (five) days prior to the meeting, and this deadline has normally been respected.

At the Reporting Date, and taking into account the recent Listing, the Board has not yet approved a regulation to define the operating rules of the Board or of its committees with the exception of the rules on the functioning of the Control and Risks Committee. The Board does, however, reserve the right to define such regulations during the 2022 financial year.

The Directors accept the appointment when they deem themselves capable of devoting the necessary time to the diligent performance of their tasks, also taking into account the commitment related to their working and professional activities and the number of offices they hold in other companies or bodies (including foreign ones). During the year, the Directors ensured that they had sufficient time available to carry out their duties as part of their role within the Company.

During the year, the Board of Directors met 14 times following the Listing. Board meetings averaged 1 hour in length.

As of the Listing, Board meetings have also been attended by members of the Board of Statutory Auditors. More specifically, the following attended and provided information on the issues under their responsibility: (i) the Executive Officer for Financial Reporting, if requested, in order to provide adequate information on the Internal Control and Risk Management System; (ii) the heads of the corporate departments responsible for the different issues on the Agenda; (iii) the external consultants involved from time to time on issues on the agenda.

Table 2 of Annex 1 of the Report gives the number of attendances of each member at the meetings of the Board of Directors during the year.

In the current year and up to the Reporting Date, the Board of Directors has met twice and three more meetings are planned in 2022, listed in the calendar of major corporate events for 2022:

- May 12, 2022: approval of the consolidated Q1 report;
- September 12, 2022: approval of the consolidated half-year report at June 30, 2022;
- November 10, 2022: approval of the quarterly consolidated financial report at September 30, 2022.

#### **4.5 ROLE OF THE CHAIRPERSON OF THE BOARD OF DIRECTORS**

If the Shareholders' Meeting has not done so, the Board of Directors shall elect a Chairperson from among its members, and may elect a Vice-Chairperson to replace the Chairperson in the event of absence or impediment. In the absence of the latter, Board meetings shall be chaired by the Director appointed by those present.

On the proposal of the Chairperson, the Board of Directors also appoints a Secretary, who need not be an employee of the Company.

Meetings of the Board of Directors shall be chaired by its Chairperson or, in his/her absence or unavailability, by the Vice-Chairperson, if one has been appointed.

The Board of Directors is called by the Chairperson in accordance with Article 18 of the By-Laws. In accordance with the provisions of Article 21 of the By-Laws, the Chairperson of the Board of Directors and the Vice-Chairperson and any Chief Executive Officers appointed, represent the Company before third parties and in court (the Chief Executive Officers within the limits of the powers conferred on them).

Moreover, in line with the provisions contained in the CG Code, the Chairperson of the Board acts as liaison between the Executive Directors and the Non-Executive Directors and ensures the effective execution of the Board's duties. In this regard, we note that since the Trading Commencement Date the Chairperson has been responsible for:

- (a) ensuring that the pre-meeting briefing and additional information provided at meetings is adequate to enable Directors to carry out their roles in an informed manner (see paragraph 4.4 of the Report);
- (b) ensuring that the activities of the Board committees are coordinated with the activities of the Board (see paragraph 4.4 of the Report);
- (c) in agreement with the Chief Executive Officer, ensuring that Board meetings are also attended by Executives of the Company and of the Group companies in charge of the corporate departments responsible for the relevant issues, also upon request of individual Directors, in order to provide any necessary information or clarifications on the issues on the Agenda (see paragraph 4.4 of the Report);

(d) ensuring that all members of the Board of Directors and the Board of Statutory Auditors may take part, after their appointment and during their term of office, in initiatives aimed at providing them with adequate knowledge of the business sectors in which the Company operates, of corporate dynamics and changes therein, including as regards the Company's sustainable success, in addition to the principles of proper risk management and of the reference regulatory and self-regulatory framework (see paragraph 4.3 of the Report).

In view of the recent Listing, the Board has not had an opportunity to make an assessment of the functioning of the Board itself and its committees, or their size and composition (see paragraph 7.1 of the Report).

\* \* \*

#### **Secretary to the Board of Directors**

Pursuant to Article 17 of the By-Laws, on the proposal of the Chairperson the Board of Directors also appoints a Secretary, who need not be an employee of the Company.

On March 15, 2022, the Board of Directors appointed, upon proposal of the Chairperson, the Director of Legal and Corporate Affairs, Mr. Alessandro Guido, Secretary of the Board until the date of approval of the 2023 Annual Accounts, reserving the right to decide on any early revocation.

The Secretary has adequate requirements of professionalism, experience, independence of judgement and is not in a situation of conflict of interest.

The Secretary collaborates with the Chairperson and provides impartial assistance and advice to the Board of Directors on any aspect relevant to the proper functioning of the corporate governance system.

\* \* \*

#### **4.6 EXECUTIVE DIRECTORS**

Pursuant to Article 20 of the By-Laws, within the limits of the law and the By-Laws, the Board of Directors may delegate its powers to one or more of its members and/or to an Executive Committee, determining the content, limits and any methods for exercising said delegation. Upon the proposal of the Chairperson and in agreement with the delegated bodies (where appointed), the Board may delegate powers to its members for single acts or classes of acts. At the Reporting Date, the Board of Directors has not established an Executive Committee.

At the Reporting Date, the Directors Daniele Conti (who also holds the position of Chairperson) and Massimo Mauri (who also holds the position of Chief Executive Officer) hold the position of Executive Directors of the Company, as detailed below.

On March 10, 2021, the Company's Board of Directors granted the Executive Directors the powers and duties set out below, effective as of the Trading Commencement Date.

### Chief Executive Officer

The Chief Executive Officer, Massimo Mauri, has the following powers:

#### 1. Representation:

- of the Company before any third party;
- of the Company with foreign subsidiaries or affiliates, with representatives and customers abroad, and with foreign entities and authorities in general;
- active and passive representation of the Company in all relations and dealings with the fiscal, financial, administrative, political, military, trade union and judicial offices of the State and of dependent, local or parastatal administrations, social security, insurance or mutual benefit institutions, providing for all that is required by the applicable provisions regarding employment, with the power to agree on incomes, issue attestations and certificates, promote judgments before all the administrative and judicial authorities of the Italian Republic, lodge complaints, file lawsuits, make claims against any measure of the aforementioned authorities and offices and sign the relative documents and/or consequent deeds.

#### Legal representation:

- represent the Company in legal proceedings before all the authorities of the Italian Republic and of foreign states and supranational authorities, appoint attorneys, prosecutors for disputes and partisan experts, initiate complaints, take out a civil action, including for arbitration, for appeals, revocation, Cassation judgments and hearings before the Constitutional Court;
- interrupt or terminate a legal action, settle and reconcile any pending or disputed matter of the Company with third parties, including pending or disputed matters with managers, Executives, employees and workers, appoint arbitrators, including amicable arbitrators, and sign the relative settlement deeds, provided that such deeds refer to disputes or pending matters which have arisen or are arising with a value not exceeding Euro 250,000.00 (two hundred and fifty thousand) if signed individually and Euro 500,000.00 (five hundred thousand) if signed jointly;
- represent the Company in any bankruptcy proceedings with all the necessary powers, promote and/or request declarations of bankruptcy, attend meetings of creditors, accept and exercise the office of member of the creditors' committee, if the appointment falls on the Company; declare credits, affirming their reality and existence; accept and reject proposals for agreements and do whatever else is necessary and/or useful for the procedures themselves;



- issue executive and preventative deeds, obtaining injunctions, enforcements, sequestrations and attachments, filing forced mortgages and laying claim to goods - including from third parties - and the withdrawal of such deeds.

Correspondence:

sign all company correspondence;

- receive from post and telegraph offices, and from any other transport company, letters and parcels, both ordinary and registered and/or insured;
- issue, sign and endorse invoices and debit and credit notes and receive them;
- sign and issue delivery notes and shipping documents, and receive them.

Administrative and fiscal representation:

- deal with and define any administrative practice with any authority and administration, ministry or State body in representation of the Company, signing petitions and appeals and requesting and collecting refunds; make any communication or report that the Company is legally bound to produce; sign and submit declarations and reports for taxes and duties;
- sign and present petitions, appeals, oppositions and reservations against assessments; reach agreements and settle all tax matters; request and collect refunds;
- attend inspections carried out by the tax police and any other authority, signing the relevant reports; make any communication or report that the Company is legally bound to produce;
- apply to any competent authority for administrative and public safety licenses, in particular trade licenses, including under his/her own name as *pro tempore* representative of the Company;
- represent the Company for all practices relating to the filing, registration and cancellation of patent rights, trademarks and utility models;
- carry out customs clearance transactions by making and withdrawing the prescribed deposits and any other practice with Customs Offices by signing any appropriate document;
- represent the Company before any authority and body, signing any file relating to the legal status of means of transport and granting authorizations to employees or third parties to drive vehicles owned by the Company.

Representation at Consob and Borsa Italiana S.p.A.:

- represent the Company vis-à-vis Consob and the stock exchange authorities (Borsa Italiana, London Stock Exchange), including in any proceedings instituted before the same, with the power to draw up communications, complaints and/or any other deed or document pursuant to the provisions of the law and regulations; represent the Company in dealings with the global coordinator, sponsors and advisors during the Listing process;

1. Management powers

- activate the strategies of the Company and of the SECO Group within the framework of the directives set by the Board of Directors, and exercise the powers delegated, in particular those listed here, in accordance with these strategies and directives;
- propose to the Board of Directors all the initiatives it deems useful in the interest of the Company and of the SECO Group and make proposals on matters reserved for the competence of the Board of Directors itself;
- prepare periodic quarterly reports on the business performance of the Company and the SECO Group;
- take any urgent action necessary for the administration, preservation and protection of the Company's assets, reporting promptly to the Board of Directors on the activity performed;
- within the limits of their powers, issue employees of the Company and third parties with special mandates and proxies enabling them to carry out, in the name and on behalf of the Company, specific transactions and categories of transactions, using the Company's signatures for these purposes, and revoke such mandates where necessary;
- enter into, amend and terminate contracts, both with third parties and within the Group, concerning the sale of goods and/or the provision of services that are the purpose of the Company's business, provided that the unit value does not exceed Euro 1,000,000.00 (one million) if signed individually and Euro 2,000,000.00 (two million) if signed jointly;
- enter into, amend and terminate contracts, both with third parties and within the Group, for the purchase of goods and/or services that are the purpose of the Company's business, with a unit value of no more than Euro 1,000,000.00 (one million) and no more than Euro 2,000,000.00 (two million) to be signed jointly;
- divest and transfer assets, capital goods, plant, property and equipment and intangible fixed assets for a value individually below Euro 150,000.00 and overall below Euro 500,000.00 per financial year;
- enter into, amend and terminate agreements for the purchase, sale, exchange, transfer and any other act of acquisition or disposal of goods, rights or services, the assumption in general of obligations, commitments and liabilities of any nature whatsoever, the value of which - individually or jointly with other related transactions - does not exceed Euro 1,000,000 (one million) if signed individually and does not exceed Euro 2,000,000 (two million) if signed jointly; amend such agreements, contracts, transactions, obligations, commitments or assumptions of liability that entail economic effects of an amount not exceeding the aforementioned figures;
- examine, amend, approve, enter into and terminate leasing agreements, including financial leases, commercial leases and subleases involving the concession of the

use of assets for an amount of up to Euro 1,000,000.00 (one million) if signed individually and not exceeding Euro 2,000,000.00 (two million) if signed jointly, and with a duration of up to nine years;

- participate in tenders called by the State Administrations, by public and private entities, in Italy and abroad, for the supply of goods and services in general, submit bids and - in the event of an award - sign or give mandate to sign the relevant contracts for each individual tender or bid for an amount up to Euro 1,000,000.00 (one million) if signed individually and up to Euro 2,000,000.00 (two million) if signed jointly;
- examine, amend, approve, enter into and terminate supply contracts, tenders in general, including service contracts, works contracts or similar services, contracts for goods and any inherent and consequent act for an amount equal to or less than Euro 1,000,000.00 (one million) if signed individually and Euro 2,000,000.00 (two million) if signed jointly;
- carry out registrations and filings relating to intellectual property rights, including software, patents of invention for ornamental utility and industrial models, trademarks and trade names, both national and international, defend them in administrative proceedings, carrying out all the necessary acts according to applicable laws, appointing correspondents and consultants for this purpose and granting them the necessary powers;
- examine, modify, approve, sign and terminate partnership contracts with Universities and Research Institutes;
- review, amend, approve, enter into and terminate agency, franchise or sub-grant, commission and depository agreements;
- enter into, amend and terminate contracts for the purchase of advertising space and/or media for advertising services and materials, sponsorship, promotion and experimentation, in addition to contracts relating to the Company's advertising and market research, in the interest of the Company and the SECO Group, up to Euro 50,000.00 (fifty thousand).

2. Guarantees and financial and banking relationships:

- assume financial indebtedness, including leases, within the annual budget and in any case below Euro 1,000,000.00 (one million) if signed individually and Euro 2,000,000.00 (two million) if signed jointly;
- make extraordinary repayments of loans and finance leases of up to Euro 250,000;
- carry out any transaction with factoring companies, including the signing of contracts, the assignment of receivables and/or the acceptance of assignments by suppliers, the setting up of guarantees, warrants for collection, discounting transactions and anything else concerning factoring relationships;
- define guidelines and execute treasury/liquidity management operations such as, by way of example only, opening/closing of deposit accounts, repurchase agreements, interest rate negotiations, commencement and termination of

management mandates and, in general, all similar operations;

- enter into, amend and terminate bank and loan agreements in any form, with the exception of the renewal of existing agreements (specifically credit facilities, mortgages, safe-deposit boxes, advances on securities, invoices and goods, discounts), provided that such agreements do not entail obligations for the Company, for each individual agreement and on an annual basis, exceeding Euro 1,000,000.00 (one million) if signed individually and Euro 2,000,000.00 (two million) if signed jointly;
- carry out all financial transactions for the ordinary administration of the Company, open current bank accounts, make withdrawals, issue payment instructions, sign checks against such current accounts, including overdrafts (within the limits of the credit lines granted), verify such current accounts and approve their statements;
- sign payment orders and checks up to the maximum amount, for each individual check or payment order, of Euro 1,000,000.00 (one million) if signed individually and Euro 2,000,000.00 (two million) if signed jointly, tied to payments to suppliers for each individual beneficiary;
- carry out any transaction, within the limits of the agreed credit lines, in debit and credit on the Company's current accounts, with banks and post offices in Italy and abroad, with the exception of countries included in the Ministry of the Economy's black list; issue, endorse and cash bank checks and issue, endorse and cash bank drafts;
- make or release security deposits in cash or securities;
- deposit public or private securities and valuables in general with credit institutions for safekeeping, administration or pledging; withdraw them by issuing a receipt;
- lease and cancel safe deposit boxes, with authority to open and withdraw their contents;
- issue bills of exchange and endorsements only to suppliers and on regular transactions; accept bills of exchange only from suppliers and if issued against regular orders;
- receive, set up and release deposits, also as security or guarantee, and allow bonds of any kind with a unit value of no more than Euro 250,000.00 (two hundred and fifty thousand) if signed individually and no more than Euro 500,000.00 (five hundred thousand) if signed jointly;
- demand and collect any sum due to the Company from anyone for any reason whatsoever (State, public and private bodies, companies and natural and/or legal persons), issuing the relative receipts;
- negotiate, sign and collect bills of exchange (drafts and promissory notes), checks, and any other trade title or effect, signing the relative documents, endorsements and receipts;

- endorse bills, checks and other securities on order for collection;
- arrange for the issuance of drafts both on customers and on debtors for other reasons
- issue deeds of formal notice and overdue payment complaints.

3. Powers in labor matters:

- hire, suspend and dismiss employees, with the exception of Executives, signing the relevant contracts and agreements, establishing remuneration, duties and any deposits, and providing for any fulfilment inherent in and consequent to the administration of the employment relationship, provided that such contracts do not entail a cost to the Company - for each individual contract, and on an annual basis - in excess of Euro 100,000.00 (one hundred thousand) and Euro 200,000.00 (two hundred thousand) if signed jointly;
- enter into, amend and terminate contracts with collaborators, consultants and self-employed workers, provided they do not entail payment to the Company of gross fees - for each individual contract and on an annual basis - in excess of Euro 100,000.00 (one hundred thousand) if signed individually and Euro 200,000.00 (two hundred thousand) if signed jointly;
- grant bonuses or other extraordinary emoluments or consideration to employees, collaborators and consultants of up to Euro 20,000 (twenty thousand);
- be responsible for the HR transformation process, which will include the development of managerial skills of key figures, the identification of skill gaps and areas for improvement at managerial level, the proposal to the Board of Directors of talented professional figures from the external market to be appointed to key positions within the organization.

4. Capital transactions:

- represent the Company in the Shareholders Meetings of the companies, consortia or other entities in which it holds an interest, including by granting proxies to third parties, without prejudice to the powers of the Board of Directors on the exercise of voting rights in the companies in which SECO holds an interest, and within the limits of the relevant decisions.

5. Other powers:

- be responsible for the Listing process and assist the Company and its shareholders and coordinate intermediaries in connection with all legal, contractual and regulatory matters related to the Listing;
- supervise the organization of communication programs, including participation in events and trade fairs, and anything else deemed useful for the purpose of promoting the Company's image;
- carry out any activity deemed necessary to fulfil the function of liaison with investors, the national and international press and the market.

The Chief Executive Officer Massimo Mauri is primarily responsible for the

management of the Company.

**Chairperson of the Board of Directors**

The Chairperson of the Board of Directors, Daniele Conti, was granted the powers described below, which include management powers in view of the Group's structure and the Company's operational complexity.

**1. Representation:**

- of the Company before any third party;
- of the Company with foreign subsidiaries or affiliates, with representatives and customers abroad, and with foreign entities and authorities in general;
- active and passive representation of the Company in all relations and dealings with the fiscal, financial, administrative, political, military, trade union and judicial offices of the State and of dependent, local or parastatal administrations, social security, insurance or mutual benefit institutions, providing for all that is required by the applicable provisions regarding employment, with the power to agree on incomes, issue attestations and certificates, promote judgments before all the administrative and judicial authorities of the Italian Republic, lodge complaints, file lawsuits, make claims against any measure of the aforementioned authorities and offices and sign the relative documents and/or consequent deeds.

**Legal representation:**

- represent the Company in legal proceedings before all the authorities of the Italian Republic and of foreign states and supranational authorities, appoint attorneys, prosecutors for disputes and partisan experts, initiate complaints, take out a civil action, including for arbitration, for appeals, revocation, Cassation judgments and hearings before the Constitutional Court;
- interrupt or terminate a legal action, settle and reconcile any pending or disputed matter of the Company with third parties, including pending or disputed matters with managers, Executives, employees and workers, appoint arbitrators, including amicable arbitrators, and sign the relative settlement deeds, provided that such deeds refer to disputes or pending matters which have arisen or are arising with a value not exceeding Euro 250,000.00 (two hundred and fifty thousand) if signed individually and Euro 500,000.00 (five hundred thousand) if signed jointly;
- represent the Company in any bankruptcy proceedings with all the necessary powers, promote and/or request declarations of bankruptcy, attend meetings of creditors, accept and exercise the office of member of the creditors' committee, if the appointment falls on the Company; declare credits, affirming their reality and existence; accept and reject proposals for agreements and do whatever else is necessary and/or useful for the procedures themselves;
- issue executive and preventative deeds, obtaining injunctions, enforcements, sequestrations and attachments, filing forced mortgages and laying claim to

goods - including from third parties - and the withdrawal of such deeds.

Correspondence:

- sign all company correspondence;
- receive from post and telegraph offices, and from any other transport company, letters and parcels, both
- ordinary and registered and/or insured;
- issue, sign and endorse invoices and debit and credit notes and receive them;
- sign and issue delivery notes and shipping documents, and receive them.

Administrative and fiscal representation:

- deal with and define any administrative practice with any authority and administration, ministry or State body in representation of the Company, signing petitions and appeals and requesting and collecting refunds; make any communication or report that the Company is legally bound to produce; sign and submit declarations and reports for taxes and duties;
- sign and present petitions, appeals, oppositions and reservations against assessments; reach agreements and settle all tax matters; request and collect refunds;
- attend inspections carried out by the tax police and any other authority, signing the relevant reports; make any communication or report that the Company is legally bound to produce;
- apply to any competent authority for administrative and public safety licenses, in particular trade licenses, including under his/her own name as *pro tempore* representative of the Company;
- represent the Company for all practices relating to the filing, registration and cancellation of patent rights, trademarks and utility models;
- carry out customs clearance transactions by making and withdrawing the prescribed deposits and any other practice with Customs Offices by signing any appropriate document;
- represent the Company before any authority and body, signing any file relating to the legal status of means of transport and granting authorizations to employees or third parties to drive vehicles owned by the Company.
- Representation at Consob and Borsa Italiana S.p.A.
- represent the Company vis-à-vis Consob and the stock exchange authorities (Borsa Italiana, London Stock Exchange), including in any proceedings instituted before the same, with the power to draw up communications, complaints and/or any other deed or document pursuant to the provisions of the law and regulations; represent the Company in dealings with the global coordinator, sponsors and advisors during the Listing process.



2. Management powers

- take any urgent action necessary for the administration, preservation and protection of the Company's assets, reporting promptly to the Board of Directors on the activity performed;
- within the limits of their powers, issue employees of the Company and third parties with special mandates and proxies enabling them to carry out, in the name and on behalf of the Company, specific transactions and categories of transactions, using the Company's signatures for these purposes, and revoke such mandates where necessary;
- enter into, amend and terminate contracts, both with third parties and within the Group, concerning the sale of goods and/or the provision of services that are the purpose of the Company's business, provided that the unit value does not exceed Euro 1,000,000.00 (one million) if signed individually and Euro 2,000,000.00 (two million) if signed jointly;
- enter into, amend and terminate contracts, both with third parties and within the Group, for the purchase of goods and/or services that are the purpose of the Company's business, with a unit value of no more than Euro 1,000,000.00 (one million) and no more than Euro 2,000,000.00 (two million) to be signed jointly;
- divest and transfer assets, capital goods, plant, property and equipment and intangible fixed assets for a value individually below Euro 150,000.00 and overall below Euro 500,000.00 per financial year;
- enter into, amend and terminate agreements for the purchase, sale, exchange, transfer and any other act of acquisition or disposal of goods, rights or services, the assumption in general of obligations, commitments and liabilities of any nature whatsoever, the value of which - individually or jointly with other related transactions - does not exceed Euro 1,000,000.00 (one million); amend such agreements, contracts, transactions, obligations, commitments or assumptions of liability that entail economic effects of an amount not exceeding the aforementioned figures;
- examine, amend, approve, enter into and terminate leasing agreements, including financial leases, commercial leases and subleases involving the concession of the use of assets for an amount of up to Euro 1,000,000.00 (one million) if signed individually and not exceeding Euro 2,000,000.00 (two million) if signed jointly, and with a duration of up to nine years;
- participate in tenders called by the State Administrations, by public and private entities, in Italy and abroad, for the supply of goods and services in general, submit bids and - in the event of an award - sign or give mandate to sign the relevant contracts for each individual tender or bid for an amount up to Euro 1,000,000.00 (one million) if signed individually and up to Euro 2,000,000.00 (two million) if signed jointly;
- examine, amend, approve, enter into and terminate supply contracts, tenders in general, including service contracts, works contracts or similar services, contracts

for goods and any inherent and consequent act for an amount equal to or less than Euro 1,000,000.00 (one million) if signed individually and Euro 2,000,000.00 (two million) if signed jointly;

- carry out registrations and filings relating to intellectual property rights, including software, patents of invention for ornamental utility and industrial models, trademarks and trade names, both national and international, defend them in administrative proceedings, carrying out all the necessary acts according to applicable laws, appointing correspondents and consultants for this purpose and granting them the necessary powers;
- examine, modify, approve, sign and terminate partnership contracts with Universities and Research Institutes;
- review, amend, approve, enter into and terminate agency, franchise or sub-grant, commission and depository agreements.

3. Guarantees and financial and banking relationships:

- assume financial indebtedness, including leases, within the annual budget and in any case below Euro 1,000,000.00 (one million) if signed individually and Euro 2,000,000.00 (two million) if signed jointly;
- make extraordinary repayments of loans and finance leases of up to Euro 250,000;
- carry out any transaction with factoring companies, including the signing of contracts, the assignment of receivables and/or the acceptance of assignments by suppliers, the setting up of guarantees, warrants for collection, discounting transactions and anything else concerning factoring relationships;
- define guidelines and execute treasury/liquidity management operations such as, by way of example only, opening/closing of deposit accounts, repurchase agreements, interest rate negotiations, commencement and termination of management mandates and, in general, all similar operations;
- enter into, amend and terminate bank and loan agreements in any form, with the exception of the renewal of existing agreements (specifically credit facilities, mortgages, safe-deposit boxes, advances on securities, invoices and goods, discounts), provided that such agreements do not entail obligations for the Company, for each individual agreement and on an annual basis, exceeding Euro 1,000,000.00 (one million) if signed individually and Euro 2,000,000.00 (two million) if signed jointly;
- carry out all financial transactions for the ordinary administration of the Company, open current bank accounts, make withdrawals, issue payment instructions, sign checks against such current accounts, including overdrafts (within the limits of the credit lines granted), verify such current accounts and approve their statements;
- sign payment orders and checks up to the maximum amount, for each individual check or payment order, of Euro 1,000,000.00 (one million) if signed individually and Euro 2,000,000.00 (two million) if signed jointly, tied to payments to

suppliers for each individual beneficiary;

- carry out any transaction, within the limits of the agreed credit lines, in debit and credit on the Company's current accounts, with banks and post offices in Italy and abroad, with the exception of countries included in the Ministry of the Economy's black list; issue, endorse and cash bank checks and issue, endorse and cash bank drafts;
- make or release security deposits in cash or securities;
- deposit public or private securities and valuables in general with credit institutions for safekeeping, administration or pledging; withdraw them by issuing a receipt;
- lease and cancel safe deposit boxes, with authority to open and withdraw their contents;
- issue bills of exchange and endorsements only to suppliers and on regular transactions; accept bills of exchange only from suppliers and if issued against regular orders;
- receive, set up and release deposits, also as security or guarantee, and allow bonds of any kind with a unit value of no more than Euro 250,000.00 (two hundred and fifty thousand) if signed individually and no more than Euro 500,000.00 (five hundred thousand) if signed jointly;
- demand and collect any sum due to the Company from anyone for any reason whatsoever (State, public and private bodies, companies and natural and/or legal persons), issuing the relative receipts;
- negotiate, sign and collect bills of exchange (drafts and promissory notes), checks, and any other trade title or effect, signing the relative documents, endorsements and receipts;
- endorse bills, checks and other securities on order for collection;
- arrange for the issuance of drafts both on customers and on debtors for other reasons
- issue deeds of formal notice and overdue payment complaints.

4. *Powers in labor matters:*

- hire, suspend and dismiss employees, with the exception of Executives, signing the relevant contracts and agreements, establishing remuneration, duties and any deposits, and providing for any fulfilment inherent in and consequent to the administration of the employment relationship, provided that such contracts do not entail a cost to the Company - for each individual contract, and on an annual basis - in excess of Euro 100,000.00 (one hundred thousand) and Euro 200,000.00 (two hundred thousand) if signed jointly;
- enter into, amend and terminate contracts with collaborators, consultants and self-employed workers, provided they do not entail payment to the Company of gross fees - for each individual contract and on an annual basis - in excess of Euro

100,000.00 (one hundred thousand) if signed individually and Euro 200,000.00 (two hundred thousand) if signed jointly;

- grant bonuses or other extraordinary emoluments or consideration to employees, collaborators and consultants of up to Euro 20,000 (twenty thousand).

5. Capital transactions:

- represent the Company in the Shareholders Meetings of the companies, consortia or other entities in which it holds an interest, including by granting proxies to third parties, without prejudice to the powers of the Board of Directors on the exercise of voting rights in the companies in which SECO holds an interest, and within the limits of the relevant decisions.

Disclosure to the Board by delegated Directors

During the year, the Executive Directors reported to the Board on the activities carried out with regard to the powers granted to them on a monthly basis at the next upcoming meeting and in such a way as to enable the Directors to express their opinion on the issues under assessment.

Other Executive Directors

Other than as set out in paragraph 4.6. above, there are no other Executive Directors.

**4.7 INDEPENDENT DIRECTORS AND LEAD INDEPENDENT DIRECTOR**

Pursuant to the combined provisions of Articles 147-ter, paragraph 4, and Article 148, paragraph 3 of the CFA and in compliance with the provisions contained in Article 2.2.3, paragraph 3, letter m) of the Stock Exchange Regulation and Article IA.2.10.6 of the Stock Exchange Instruction Regulation and in compliance with Article 2 of the CG Code, the Issuer's Board of Directors currently includes three Directors who meet the independence requirements, i.e. Giovanna Mariani, Elisa Crotti and Diva Tommei.

In this regard, we highlight that since there are three (out of ten) Independent Directors pursuant to Article 148, paragraph 3 of the CFA (as referred to in Article 147-ter, paragraph 4 of the CFA), in compliance with the provisions of Article 2.2.3, paragraph 3, letter m) of the Stock Exchange Regulation and Article IA.2.10.6 of the Stock Exchange Instruction Regulation, and pursuant to Article 2 of the CG Code, it is considered that their number and competences are adequate for the needs of the Company and the functioning of the Board, and also for the establishment of the related committees.

The Board of Directors assesses the independence of its non-executive members at the time of their appointment, during their term of office when circumstances relevant to independence arise and, in any case, at least once a year, in order to detect the possible existence of circumstances that compromise, or appear to compromise, their independence of judgement. The result of this assessment shall be disclosed to the market immediately after the appointment by means of a specific press release and, subsequently, in the "Corporate Governance and Ownership Structure Report" prepared pursuant to Article 123-bis of the CFA and the CG Code. The Board's assessment is verified by the Board of Statutory Auditors.

Pursuant to Article 15.4 of the By-Laws, the loss of a Director's independence requirements as set out by law and/or applicable regulations does not provide grounds for his/her removal from office, provided that the minimum number of members required under applicable law meeting said independence requirements remain in office.

It should be noted that the Chairperson of the Board did not qualify as independent.

The Board of Directors will assess the possible adoption, in 2022, of quantitative and/or qualitative criteria to be used to evaluate the significance of the relationships under review with regard to the independence of the Directors, in compliance with the provisions of the CFA and the Recommendations of the Corporate Governance Code.

The Board of Directors appointed by the Shareholders' Meeting on March 1, 2021 met on March 5, 2021 and ascertained, on the basis of the information available and the statements made by the persons concerned, that all Directors comply with the requirements of integrity and the absence of causes of ineligibility and incompatibility, as required by current legislation, and verified the existence of the independence requirements set out in the applicable provisions of the CFA and the Corporate Governance Code of listed companies with regard to the Directors Giovanna Mariani, Elisa Crotti and Diva Tommei.

At its meeting of March 15 2022, considering all the information available and the statements issued by the persons concerned, assessing all the circumstances that appear to compromise the independence identified by the CFA and the Code, and applying all the criteria set out in the Code with regard to the independence of the Directors, the Board of Directors assessed the independence of its Directors pursuant to and for the purposes of Article 148, paragraph 3 of the CFA (as referred to in Article 147-ter, paragraph 4 of the CFA), the provisions of Article 2.2.3, paragraph 3, letter m) of the Stock Exchange Regulation and Article IA.2.10.6 of the Stock Exchange Instruction Regulation and Article 2 of the CG Code, verifying the presence of an adequate number of Non-Executive and Independent Directors in order to comply with the recommendations of the CG Code. In this regard, we underline that each Non-Executive Director provided all the elements necessary or useful for the Board's assessments.

On February 28, 2022, the Board of Statutory Auditors verified that the assessment criteria and procedures adopted by the Board to evaluate the independence requirements have been correctly applied.

#### **4.8 Lead Independent Director**

As noted in paragraph 4.5 above, since the Chairperson of the Board of Directors holds management powers, on March 25, 2021 the Board of Directors appointed the Independent Director Giovanna Mariani as Lead Independent Director.

The *Lead Independent Director* also serves as Chairperson of the Control and Risk Committee and of the Related Party Transactions Committee and (a) represents a point of reference and coordination of the requests and contributions of the Non-Executive Directors and, in particular, of the Independent Directors, and (b) coordinates the meetings of the Independent Directors.

## 5. MANAGEMENT OF CORPORATE INFORMATION

At the Reporting Date, the following procedures are in force with respect to the management of inside information, the insider register and internal dealing (i) "*Procedure for the maintenance, management and updating of registers of persons having access to Relevant and Inside Information*"; (ii) "*Procedure for the management and disclosure of Relevant and Inside Information*"; (iii) "*Internal Dealing Procedure*"; as approved by the Board of Directors of the Company at its meeting of March 10, 2021 in view of the Listing and in force as of the date of submission to Borsa Italiana of the application for admission to trading of the Company's shares.

For further information, please refer to the text of the procedures available on the website [www.seco.com/it](http://www.seco.com/it), in the "*Investor Relations/Corporate Governance/Documents and Procedures/Procedures*" section.

## 6. INTERNAL BOARD COMMITTEES (pursuant to Article 123-bis, paragraph 2, letter d) CFA)

In compliance with the provisions contained in the Code, the Board of Directors may establish internal committees with investigative, proposal and advisory functions, with regard to appointments, remuneration and control and risks, and in other areas deemed important for the Company, which are entrusted with the task of supporting the Board in the performance of its duties.

On March 10, 2021, the Board of Directors resolved to establish the following internal committees, effective as of the Trading Commencement Date, with investigative, proposal and advisory functions, with a term of office equal to that of the Board of Directors and, therefore, until the approval of the financial statements for the year ended December 31, 2023:

- (i) the Appointments and Remuneration Committee (which combines the functions of the Remuneration Committee and the Appointments Committee), comprising three Directors, the majority of whom are independent, in the persons of the Directors Diva Tommei (Chairperson), Elisa Crotti and Claudio Catania (see Section 7 of the Report);
- (ii) the Control and Risk Committee, consisting of three Non-Executive Directors, the majority of whom are independent, in the persons of the Directors Giovanna Mariani (Chairperson), Luca Tufarelli and Elisa Crotti (see Section 8 of the Report);
- (iii) the Related Party Transactions Committee, consisting of three Independent Directors, in the persons of the Independent Directors Giovanna Mariani (Chairperson), Elisa Crotti and Diva Tommei (see Section 10 of the Report).

In determining the composition of the committees, the Board gave priority to the expertise and experience of their members and avoided an excessive concentration of positions.

At the Reporting Date, taking into account the recent Listing, the Board of Directors has adopted and approved the regulations for the functioning of the Control and Risks Committee, while it reserves the right to adopt and approve the regulations for the functioning of the other committees and during the 2022 financial year.



At the Reporting Date, the Board of Directors has not reserved any of the functions that the Code attributes to committees.

**Additional committees (other than those required by regulation or recommended by the Code)**

At the Reporting Date, no committees other than those envisaged by the regulations or the CG Code have been set up.

**7. SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS. APPOINTMENTS AND REMUNERATION COMMITTEE**

**7.1 Self-assessment and succession of Directors**

In view of the recent Listing, the Board has not had an opportunity to make an assessment of the functioning of the Board itself and its committees, or their size and composition.

**7.2 APPOINTMENTS AND REMUNERATION COMMITTEE**

**Composition and functioning of the Appointments and Remuneration Committee in its capacity as Appointments Committee (pursuant to Article 123-bis, paragraph 2, letter d) of the CFA)**

On March 10, 2021, the Board of Directors of the Issuer appointed as members of the Appointments and Remuneration Committee - with effect from the Trading Commencement Date - the Directors Diva Tommei, Elisa Crotti and Claudio Catania, as illustrated in the following table.

<b>Member</b>	<b>Category</b>
Diva Tommei - Chairperson	Non-Executive and Independent
Elisa Crotti	Non-Executive and Independent
Claudio Catania	Non-Executive

At the time of their appointment, the Board of Directors ascertained that the Directors Elisa Crotti and Claudio Catania had adequate knowledge and experience in financial matters and remuneration policies, in compliance with Recommendation 26 of the CG Code.

The meetings were coordinated by the Chairperson and minutes were regularly taken; during the year the Chairperson regularly reported to the Board of Directors at the next available meeting on the activities carried out.

The meetings of the Appointments and Remuneration Committee lasted an average one hour. Table 3 in Annex 1 of the Report shows each member's attendance at the Appointments and Remuneration Committee meetings.

In addition, at least 4 meetings are scheduled during the current year, 2 of which have already been held as of the Reporting Date, on March 4, 2022 and March 14, 2022.

There have been no changes in the composition of the Appointments and Remuneration Committee since the close of the financial year.

As specified above, the Appointments and Remuneration Committee was composed of a majority of Independent Directors.

Appointments and Remuneration Committee meetings were attended, as appropriate, by the Director of Human Resources and certain outside consultants at the invitation of the Committee Chairperson, after informing the Chief Executive Officer.

The Appointments and Remuneration Committee is charged with the duties set out in Recommendations 19 and 25 of the CG Code.

In view of the fact that the same committee is responsible for both remuneration and the appointment of Directors, it is necessary to distinguish the functions it performs when acting in one capacity or the other.

Specifically, this committee has been assigned the following functions regarding remuneration:

- (i) assist the Board of Directors in developing remuneration policy;
- (ii) present proposals or express opinions to the Board of Directors on the remuneration of the Executive Directors and Senior Directors in addition to establishing the performance objectives related to the variable component of this remuneration;
- (iii) monitor the concrete application of the remuneration policy, verifying, in particular, the effective achievement of the performance objectives;
- (iv) periodically assesses the adequacy and overall consistency of the policy adopted for the remuneration of Directors and Senior Management.

Pursuant to Recommendation 26 of the CG Code, Directors are required to abstain from attending committee meetings at which proposals are made to the Board regarding their own compensation.

This Committee has been assigned the following functions with regard to appointments; more specifically, the Committee supports the Board of Directors:

- (i) in the self-assessment of the Board and its committees;
- (ii) in defining the optimal composition of the Board of Directors and its committees;
- (iii) in identifying candidates for the position of Director in the event of co-option;
- (iv) in the presentation of a slate by the outgoing Board of Directors, to be carried out according to methods that ensure its transparent formation and presentation.

The Appointments and Remuneration Committee carries out its activities by making ordinary use of the information provided by the Board of Directors and the support of the Legal and Corporate Affairs, Finance and Control and Human Resources Departments.

In performing its functions, the Appointments and Remuneration Committee has access

to the company functions necessary for the undertaking of their duties, and may draw on financial resources and utilize external consultants, according to the terms established by the Board of Directors.

Although the Listing took place recently, for completeness we note that from the Trading Commencement Date until the Reporting Date, the Appointments and Remuneration Committee met four times with the regular participation of its members. The meetings focused on:

- (i) review and approval of the Remuneration Report;
- (ii) review of the annual report on the application of the CG Code, presented by the Italian Corporate Governance Committee for 2021 (insofar as it is the responsibility of the Appointments and Remuneration Committee);
- (iii) an examination of the market benchmarks of comparable companies with reference to the remuneration of the Chief Executive Officer;
- (iv) the assessment and verification of the criteria for the allocation of the 2021 variable bonus in favor of the Chief Executive Officer, and the related proposal to the Board of Directors.

## **8. REMUNERATION OF DIRECTORS - REMUNERATION COMMITTEE**

### **8.1 REMUNERATION OF DIRECTORS**

The Company's Board of Directors will submit to the Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2021 the remuneration policy governing the remuneration of the members of the Board of Directors, General Managers and other Executives with strategic responsibilities and, without prejudice to the provisions of Article 2402 of the Civil Code, the members of the Board of Statutory Auditors, in compliance with Article 123-ter of the CFA and on which, on March 14, 2022, the Appointments and Remuneration Committee expressed its favorable opinion.

The Remuneration Report, in Section I of which SECO's remuneration policy is described, is the first prepared by the Issuer in compliance with the regulations applicable to companies with financial instruments listed on a regulated market and with the involvement of the Appointments and Remuneration Committee.

Section II of the Remuneration Report includes information on any agreements between the Company and the members of the Board of Directors providing for indemnities in the event of resignation or dismissal without just cause, or termination of employment following a public tender offer.

For a description of the Issuer's remuneration policy and the fees paid during the year, please refer to the Remuneration Report available on the Issuer's website at [www.seco.com/it](http://www.seco.com/it) in the *Investor Relations/Corporate Governance* Section.

### **8.2 REMUNERATION COMMITTEE**

For information on the composition and functioning, and the functions of the Appointments and Remuneration Committee in its role as Remuneration Committee, reference should be made to paragraph 7.2 of the Report.

Additional information about the Appointments and Remuneration Committee is contained in Table 3 of Annex 1 of the Report.

## **9. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM - CONTROL AND RISK COMMITTEE**

The Board - which is responsible for the Internal Control and Risk Management System as a whole (i.e. the set of rules, procedures, organizational structures and processes targeted at monitoring the efficiency of corporate transactions, the reliability of the information provided to the corporate boards and the market, the compliance with laws and regulations and the safeguard of corporate assets) - defines, also with the support of the Control and Risk Committee, the guidelines of the Internal Control and Risk Management System, so that the main risks of the Company and the Group - including those which may be relevant for the medium/long-term sustainability of the Company's activities - are identified, measured, managed and monitored in line with national and international reference models.

In defining the guidelines of the internal control and risk management system, the Board has adopted an Internal Control and Risk Management System that complies with the indications of the CG Code and is aligned with the reference best practices, and is defined in line with the "Internal Controls – Integrated Framework" and "Enterprise Risk Management - *Integrated Framework*" models issued by the Committee of Sponsoring Organizations of the Treadway Commission (so-called CoSo Report).

The Board of Directors, in drafting the strategic, business and financial plans, defined the nature and level of risk compatible with the strategic objectives of the Issuer, including in their assessments all risks considered significant with regard to the sustainability of the medium/long-term operations of the Issuer and of the companies of the Group.

### **Features of the Internal Control and Risk Management System Coordination between parties involved.**

The Internal Control and Risk Management System is an integrated system of rules, procedures and organizational structures aimed at identifying, measuring, managing and monitoring the main corporate risks, in which a number of corporate bodies and organizational units take part, and whose components are coordinated and interdependent and characterized by complementarity in terms of the aims pursued, the characteristics of the system and the operating rules. More specifically, the various parties involved in the Internal Control and Risk Management System are: (i) the Board of Directors; (ii) the Control and Risk Committee; (iii) the Chief Executive Officer as the Director in charge of the Internal Control and Risk Management System; (iv) the Board of Statutory Auditors; (v) the independent audit firm; (vi) the Supervisory Board; (vii) the Executive Officer for Financial Reporting; (viii) the Internal Audit Manager.

### **Main characteristics of the existing risk management and internal control system in place in relation to financial disclosure (pursuant to Article 123-bis, paragraph 2, letter b) of the CFA)**

In relation to the financial disclosure process, the internal control system is integral to

and forms part of the wider context of the Internal Control and Risk Management System. In general, the internal control system put in place by the Company seeks to guarantee the safeguard of corporate assets, compliance with laws and regulations, efficiency and effectiveness in corporate operations and the reliability, accuracy and timeliness of financial disclosure. The internal control system on financial disclosure is designed to identify and assess the events that, if they were to occur, would compromise the reliability, accuracy and timeliness of the financial disclosure and the capacity of the financial reporting process as a whole to produce financial information in compliance with the reference accounting standards. The control model for the financial reporting process was inspired by international standards and industry best practices. The administrative-accounting procedures for preparing the financial statements and any other financial communication are prepared under the responsibility of the Executive Officer for Financial Reporting, who, together with the Chief Executive Officer, certifies their adequacy and effective application on the occasion of the Company's annual and consolidated financial statements and half-yearly financial report.

#### **a) Phases of the Internal Control and Risk Management System regarding financial disclosure**

In general, the control objectives for the financial reporting process are related to typical financial statement assertions, such as existence, completeness, accuracy of accounting records, rights and obligations and valuation of transactions, and presentation of disclosures. The objectives are also linked to other elements that characterize the internal control environment and company organization such as, for example, the separation of duties, compliance with rules of conduct and authorization limits, the physical security of assets, documentation and traceability of transactions. The analysis of the scope of and risks related to financial disclosure provides for periodic updating in order to identify the principal amendments made to the administrative-accounting processes with the natural development of the business and the organization of the Group. After the identification of the matrix of processes and controls, the Company defines the approach to be adopted in the verification phase to ensure the adequacy and operation of key controls in order to contain and/or reduce the risk to a residual level deemed acceptable. The approach takes into account how the control is performed, dividing it into manual controls, automated controls at the application systems level and general controls of IT structures, and the frequency of the controls themselves.

#### **b) Role and functions involved**

The financial disclosure management and control system is overseen by the Executive Officer for Financial Reporting, who coordinates the various phases, such as its design, implementation, monitoring and updating over time. In particular, the role and the responsibilities of the Executive Officer for Financial Reporting include the internal checking of the correct functioning of the accounting processes/flows within their management responsibility, the completeness and reliability of information flows, in addition to the adequacy and effective application of the controls; the Executive Officer for Financial Reporting undertakes verifications on the set of documents and summary accounting data concerning the equity, economic and financial position.

The Executive Officer for Financial Reporting shall periodically report to the Control and Risk Committee, to the Board of Statutory Auditors and to the Supervisory Board concerning the means to undertake the internal control system assessment process, and also regarding the results of the assessments carried out in support of the declarations issued.

The monitoring process on the existing risk management and internal control system in relation to financial reporting consists of the following steps:

- (i) risk assessment, aimed at identifying and assessing the main risks;
- (ii) assessment of the possible impact that the occurrence of the risks previously identified could have on existing processes and consequent preparation of an audit plan;
- (iii) performance of audits;
- (iv) evaluation of any problems/anomalies detected.

The Executive Officer for Financial Reporting periodically reports to the Director in charge of the ICRMS, the Control and Risk Committee and the Board of Statutory Auditors.

During the meeting held on March 21, 2022, the Issuer's Board of Directors - having taken into account the information provided by the Control and Risk Committee - expressed its opinion on the adequacy of the Internal Control and Risk Management System with regard to the Company and the risk profile, in addition to its effectiveness and functioning. This assessment was carried out by analyzing the results of various controls aimed at verifying the actual reliability, accuracy and timeliness of the financial disclosure and did not reveal any critical aspects.

#### **9.1 CHIEF EXECUTIVE OFFICER**

On March 5, 2021, the Board appointed as Chief Executive Officer Massimo Mauri, effective as of the Listing, responsible for establishing and maintaining the Internal Control and Risk Management System.

During the year, the Chief Executive Officer, as the person responsible for establishing and maintaining the Internal Control and Risk Management System:

- (i) identified the main business risks, taking into account the characteristics of the activities undertaken by the Company and by its subsidiaries, and periodically presented them for examination to the Board of Directors;
- (ii) introduced the guidelines defined by the Board, supervising the planning, realization and management of the Internal Control and Risk Management System, constantly verifying its adequacy and efficiency, and adapting it to changes in operating conditions and legal and regulatory frameworks.

In addition, the Chief Executive Officer entrusted the Internal Audit Function with verifying specific operational areas and with compliance of internal procedures and rules in the execution of business operations, simultaneously communicating such to the Chairperson of the Board of Directors, the Chairperson of the Control and Risk



Committee and to the Chairperson of the Board of Statutory Auditors. The Chief Executive Officer did not exercise this power during the year.

Lastly, if problems and critical issues should arise in the performance of his activities, or of which he has become aware, the Chief Executive Officer shall promptly inform the Control and Risk Committee so that it can take the appropriate initiatives.

## 9.2 CONTROL AND RISK COMMITTEE

### Composition and functioning of the Control and Risk Committee

On March 10, 2021, the Board of Directors of the Issuer appointed as members of the Control and Risk Committee - with effect from the Trading Commencement Date - the Directors Giovanna Mariani, Luca Tufarelli and Elisa Crotti, as illustrated in the following table.

Member	Category
Giovanna Mariani - Chairperson	Non-Executive and Independent
Luca Tufarelli	Non-Executive
Elisa Crotti	Non-Executive and Independent

The meetings were coordinated by the Chairperson and minutes were regularly taken; during the year the Chairperson regularly reported to the Board of Directors at the next available meeting on the activities carried out.

The meetings of the Control and Risk Committee lasted an average of 1 hour and 30 minutes. Table 3 in Annex 1 of the Report shows the attendance of each member at the Control and Risk Committee meeting.

In addition, 4 meetings are scheduled for the current year, of which 2 have already been held as of the Reporting Date.

There have been no changes in the composition of the Control and Risk Committee since the close of the financial year.

As specified above, the Control and Risk Committee was made up of Non-Executive Directors, the majority of whom were independent.

At the time of their appointment, the Board of Directors ascertained that the Directors Elisa Crotti and Luca Tufarelli have adequate experience in accounting, finance and risk management.

The meetings of the Control and Risk Committee were attended by the members of the Board of Statutory Auditors, as well as (i) the *Chief Executive Officer* pursuant to the CG Code (ii) the heads of the Legal and Corporate Affairs, Finance and Control, and Internal Audit Departments; and (iii) the Independent Auditors, at the invitation of the Committee's Chairperson and informing the Chief Executive Officer pursuant to the CG Code.

The Control and Risk Committee is tasked with the control and risk duties set out in

Recommendations 33 and 35 of the CG Code.

More specifically, this Committee has been assigned the following control and risk functions:

- (i) defining the guidelines for the Internal Control and Risk Management System in line with the Company's strategy and assessing, at least annually, the adequacy of the system considering the particular characteristics of the Company, the risk profile assumed, and its efficacy;
- (ii) appointing and dismissing the Internal Audit Manager, defining his or her remuneration in line with corporate policies, ensuring that s/he is provided with adequate resources to carry out his or her tasks. Should the Internal Audit Function, as a whole or in segments, be entrusted to an entity external to the Company, this external entity must meet the appropriate requirements of professionalism, independence and organization and adequate justification for this choice must be provided in the Corporate Governance Report;
- (iii) approving, at least annually, the work plan drawn up by the Internal Audit Manager, after consultation with the control board and the Chief Executive Officer;
- (iv) assessing the appropriateness of adopting measures to ensure the effectiveness and impartiality of judgement of the other corporate functions involved in the internal audits, verifying that they possess adequate levels of professionalism and resources;
- (v) performing the supervisory functions pursuant to Article 6, paragraph 1, letter b) of Legislative Decree No. 231/2001;
- (vi) following consultation with the control body, assessing the conclusions set out by the legal auditor in any letter of recommendations and in the additional report addressed to the control body;
- (vii) describing, in the Corporate Governance Report, the main features of the Internal Control and Risk Management System and the methods of coordination between the parties involved in it, indicating the models and national and international reference best practices, expressing its overall assessment of the adequacy of the system and outlining the choices made in relation to the composition of the Supervisory Board as per point (v) above.

In addition, the Committee supports the Board of Directors in:

- (i) defining the guidelines for the Internal Control and Risk Management System in line with the Company's strategy and assessing, at least annually, the adequacy of the system considering the particular characteristics of the Company, the risk profile assumed, and its efficacy;
- (ii) appointing and dismissing the Internal Audit Manager, defining his or her remuneration in line with corporate policies, ensuring that s/he is provided with adequate resources to carry out his or her tasks. Should the Internal Audit Function, as a whole or in segments, be entrusted to an entity external to the Company, this external entity must meet the appropriate requirements of professionalism,

independence and organization and adequate justification for this choice must be provided in the Corporate Governance Report;

- (iii) approving, at least annually, the work plan drawn up by the Internal Audit Manager, after consultation with the Board of Statutory Auditors and the Chief Executive Officer;
- (iv) assessing the appropriateness of adopting measures to ensure the effectiveness and impartiality of judgement of the other corporate functions involved in the audits, verifying that they possess adequate levels of professionalism and resources;
- (v) assigning to the Board of Statutory Auditors or to a body specifically set up for this purpose the supervisory functions pursuant to Article 6, paragraph 1, letter b) of Legislative Decree No. 231/2001 (the **Supervisory Board**");
- (vi) following consultation with the Board of Statutory Auditors, evaluates the results of the legal auditor's (or independent audit firm's) letter of recommendations and of the additional report on fundamental questions arising during the audit of the accounts, addressed to the Board of Statutory Auditors;
- (vii) describing, in the Corporate Governance Report, the main features of the Internal Control and Risk Management System and the methods of coordination between the parties involved in it, indicating the models and national and international reference best practices, expressing its overall assessment of the adequacy of the system and outlining the choices made in relation to the composition of the Supervisory Board.

Pursuant to the provisions of Article 19, Paragraph 2 of Legislative Decree No. 39/2010, as amended, the Board of Statutory Auditors has also been assigned the functions of Internal Control and Audit Committee.

The Control and Risk Committee: (i) carries out its activities by making ordinary use of the information provided by the Board of Directors, the Chief Executive Officer, the Internal Audit Manager, the Executive Officer for Financial Reporting, the Supervisory Board and the representatives of the independent audit firm; (ii) may also activate, through the Chief Executive Officer and the Internal Audit Manager, any further information channel necessary for the performance of its activities and is supported by the Legal and Corporate Affairs Department.

The Control and Risk Committee and the Board of Statutory Auditors promptly exchange relevant information for the execution of their respective duties.

Although the Listing took place recently, for completeness we note that from the Trading Commencement Date until the Reporting Date, the Control and Risk Committee met four times with the regular participation of its members.

The meetings focused on:

- (i) the correct application of the accounting standards and their uniformity in the preparation of the consolidated financial statements (together with the Executive Officer for Financial Reporting and following the approval of the independent audit firm and

the Board of Statutory Auditors);

(ii) assessing the suitability of periodic financial and non-financial information to correctly represent the Company's business model, strategies, and the impact of its activities and performance;

(iii) examining the periodic non-financial information relevant to the Internal Control and Risk Management System;

(iv) reviewing the audit plan and periodic reporting prepared by the Internal Audit Manager;

(v) examining the draft of this Report, with particular reference to the section concerning the main features of the Internal Control and Risk Management System (see Section 9 of the Report) and the methods of coordination between the subjects involved;

(vi) approving the report to the Board of Directors by the Control and Risk Committee on the activities carried out and the adequacy of the Internal Control and Risk Management System;

(vii) reviewing the annual report on the application of the CG Code, presented by the Italian Corporate Governance Committee for 2021 (insofar as it is the responsibility of the Control and Risk Committee);

In performing its functions, the Committee has access to the information and corporate functions required to carry out its work, and may draw on financial resources and utilize external consultants, according to the terms established by the Board of Directors.

### 9.3 INTERNAL AUDIT MANAGER

On March 25, 2021, the Board resolved, upon proposal of the *Chief Executive Officer*, subject to and as from the date of the Listing, to outsource the *Internal Audit* function to PricewaterhouseCoopers Business Services S.r.l., by conferring the role of *Internal Audit* Manager to Mr. Giuseppe Garzillo, partner of the aforementioned company, who has adequate professional standing and independence and has gained extensive experience in the field of *Internal Auditing* and *compliance* activities also on behalf of listed companies.

The Board also approved the remuneration of the Internal Audit Manager and ensured that s/he is provided with the necessary and appropriate resources to carry out his/her duties.

The Internal Audit Manager, who is not responsible for any of the Issuer's operational areas and reports directly to the Board of Directors with regard to the activities carried out, has direct access to all information needed to carry out his/her duties.

During the year, the Issuer adopted the work plan prepared by the Internal Audit Manager. In addition, on March 21, 2022, the Board of Directors approved the work plan prepared by the Internal Audit Manager in relation to fiscal year 2022, having consulted with the Control and Risk Committee, the Board of Statutory Auditors and the Chief Executive Officer.

During the year, the Internal Audit Manager:

- verified, on an ongoing basis and in relation to specific needs and in compliance with international standards, the operation and suitability of the Internal Control and Risk Management System, through an audit plan, approved by the Board of Directors, based on a structured analysis process and prioritization of principal risks;
- prepared periodic reports containing appropriate information on its activities, the methods with which risk management is conducted and compliance with the plans established for reducing risk, and an assessment of the suitability of the Internal Control and Risk Management System and sent them to the Chairpersons of the Board of Statutory Auditors, the Control and Risk Committee and the Board of Directors, and to the Chief Executive Officer, except where the reports specifically covered the work of these people;
- prepared reports on particularly significant events in a timely manner, including at the request of the Board of Statutory Auditors, and transmitted them to the Chairpersons of the Board of Statutory Auditors, the Control and Risk Committee and the Board of Directors, and to the Chief Executive Officer, except in cases where the subject of such reports specifically concerned the activities of such parties
- verified the reliability of the IT accounting systems that are part of the audit plan, including accounting systems.

#### **9.4 ORGANIZATION MODEL PURSUANT TO LEGISLATIVE DECREE NO. 231/2001**

By Board of Directors' motion of December 11, 2018, as last amended on November 30, 2020, the Issuer adopted an Organization, Management and Control Model (the "**Model**") targeted at creating a system of rules to prevent the commission of unlawful conduct by senior management, Executives or otherwise persons with decision-making powers and by persons subject to the management and supervision of persons in senior positions, in accordance with the provisions of Legislative Decree No. 231.

The Model is available on the Issuer's website [www.seco.com/it](http://www.seco.com/it) in the Investor Relations/Corporate Governance/Organizational Model Section.

On December 11, 2018, the Company's "*Code of Ethics and Conduct*" was also adopted, available on the Issuer's website [www.seco.com/it](http://www.seco.com/it) in the Investor Relations/Corporate Governance/Code of Ethics Section.

The Issuer's Supervisory Board currently in office was appointed by Board of Directors' motion on March 5, 2021 (it will remain in office for three years), subject to the favorable opinion of the Board of Statutory Auditors, and is composed of Eleonora Necci (Chairperson), Fabio Rossi and Marco Pascucci. The Supervisory Board has autonomous powers of initiative and control as provided for by Legislative Decree No. 231. The Issuer's Board of Directors evaluated whether to appoint to the Board at least one internal Company figure, i.e. the Statutory Auditor Fabio Rossi, in order to ensure coordination among the different subjects involved in the Internal Control and Risk Management System.

## 9.5 INDEPENDENT AUDIT FIRM

The legal audit of the Company's accounts for the financial years 2021-2029 was assigned, with effect subject to the Trading Commencement Date, to the company Deloitte & Touche S.p.A., with registered office at Via Tortona 25, Milan, enrolled in the register of legal auditors pursuant to Legislative Decree No. 39/2010, as amended, with registration number 132587. The appointment was conferred, pursuant to Legislative Decree No. 39/2010, by the Shareholders' Meeting on March 1, 2021, upon justified proposal of the Board of Statutory Auditors. The appointment concludes with the approval of the 2029 Annual Accounts.

During the year, and having consulted the Board of Statutory Auditors, the Board assessed the results set out by the independent audit firm in their letter of suggestions and in the additional report addressed to the Board of Statutory Auditors.

## 9.6 EXECUTIVE OFFICER FOR FINANCIAL REPORTING AND OTHER CORPORATE ROLES AND FUNCTIONS

On March 5, 2021, and having consulted the Board of Statutory Auditors, the Board of Directors appointed Lorenzo Mazzini (Chief Financial Officer of the Company) as Executive Officer for Financial Reporting, effective from the Listing, in view of his knowledge of the Company and his experience and professional profile. Moreover, the Board assigned the powers and functions set out in Article 154-*bis* of the CFA and in the applicable legal and regulatory provisions, in addition to the means necessary to carry out the tasks assigned.

As per Article 23 of the By-Laws, the Executive Officer for Financial Reporting is appointed by the Board of Directors (with the obligatory opinion of the Board of Statutory Auditors), and the Board establishes his/her remuneration and may revoke his/her appointment. The Executive Officer for Financial Reporting must have, in addition to the integrity prescribed by the applicable law and regulations for those who carry out administrative and management functions, good professional standing demonstrated by specific expertise in administrative and accounting matters. Such expertise, to be ascertained by the Board of Directors, must be acquired through experience in a position of similar responsibility for an appropriate period of time. The Executive Officer for Financial Reporting has the powers and functions established by law and by other applicable provisions, in addition to those set down by the Board of Directors at the time of his/her appointment or by a subsequent vote.

## 9.7 COORDINATION OF THE PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

In order to ensure continuous coordination between the various parties involved in the Internal Control and Risk Management System, the Issuer has specified that all periodic meetings shall be held at the same time and jointly between the Control and Risk Committee, the Internal Audit Manager, the Board of Statutory Auditors, the Executive Officer for Financial Reporting and the Supervisory Board. This makes it possible to optimize the efficiency of the Issuer's Internal Control and Risk Management System, including with a view to ensuring the timely exchange of information between all parties involved, while reducing the risk of any duplication of activities.



It should be noted that the Issuer has adopted measures to comply with the provisions of Article 15 of the Consob Market Regulation. More specifically, the Issuer (i) makes available to the public the accounting records prepared for the purpose of drawing up the consolidated financial statements of the subsidiaries incorporated and regulated by the law of non-EU countries of significant importance; (ii) has acquired the By-Laws from the aforementioned companies, in addition to the composition and powers of the corporate boards; and (iii) has ascertained that these companies provide the independent audit firm with the information it requires to carry out the audit of annual and interim reports and that they have an administrative and accounting system suitable to provide the management of SECO and the independent audit firm with the economic and financial data needed on a regular basis to prepare the consolidated financial statements. These measures adopted by the Issuer specifically concern the following subsidiaries established and regulated by the laws of non-EU countries of significant importance, as identified pursuant to the provisions of Title VI, Chapter II, of the Issuers' Regulation: (i) Fannal Electronics Co. Ltd and (ii) SECO USA Inc. (previously InHand Electronics Inc.).

#### **10. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS**

On March 10, 2021, and in consideration of the Listing, the Board of Directors of the Issuer resolved to adopt a preliminary "Related Party Transactions Procedure" (the "**RPT Procedure**") by way of implementation of Article 2391-*bis* of the Civil Code, the RPT Regulation and Consob Communication No. DEM/10078683 of September 24, 2010, containing indications and guidelines for application of the Consob Regulation, effective at the Trading Commencement Date. The same Board also established that, after the Trading Commencement Date, the RPT Procedure should be submitted for final approval to SECO's Board of Directors, subject to the opinion of the Related Party Transactions Committee.

On May 13, 2021, and with the favorable opinion of the Related Party Transactions Committee, the Board of Directors of the Issuer voted in favor of the final version of the RPT Procedure.

As indicated in paragraph 6 above, as from the Trading Commencement Date, the Issuer set up a Related Party Transactions Committee consisting of three Independent Directors, Giovanni Mariani (Chairperson), Elisa Crotti and Diva Tommei. This Committee is tasked with the functions set out in the RPT Procedure.

No meetings of the Related Party Transactions Committee were held during the year, as shown in Table 3 in Annex 1 of the Report. In addition, at least 2 (two) meetings are scheduled during the current year, of which 1 (one) have already been held as of the Reporting Date, on 14 March 2022.

The meetings are generally coordinated by the Chairperson and minutes are regularly taken; the Chairperson reports to the Board of Directors at the next available meeting on the activities carried out.

There have been no changes in the composition of the Related Party Transactions Committee since the close of the financial year.

Where the nature, size and characteristics of the transaction requires, the Related Party Transactions Committee - or, where applicable, the parties replacing it - may appoint one or more independent experts of their own choice, at the expense of the Company, in order to obtain specific expert reports and/or fairness and/or legal opinions.

The RPT Procedure sets out the rules governing the procedures for identifying, approving and managing the Company's related party transactions in order to ensure the transparency and substantive and procedural fairness of transactions with related parties, whether carried out directly or through subsidiaries pursuant to Article 93 of the CFA or otherwise subject to management and coordination by SECO.

We also note that the Company, as a recently listed company as per Article 3 of the RPT Regulation, applies to related party transactions - including significant transactions (as identified as per Annex 3 of the RPT Regulation) and as an exemption to Article 8 of the RPT Regulation - a procedure which takes into account the principles and rules of Article 7 of the same RPT Regulation.

For further information on the RPT Procedure, reference should be made to the procedure available on the website [www.seco.com/it](http://www.seco.com/it), in the Corporate Governance/Documents and Procedures/Procedures section.

The Board did not deem it necessary to adopt specific operational solutions to facilitate the identification and adequate management of situations in which a Director has an interest on his/her own behalf or on behalf of third parties. In this regard, the Board considered the existing controls adequate by virtue of the provisions under Article 2391 of the Civil Code ("Directors' interests"), which provides that each Director "*must inform the other Directors and the Board of Statutory Auditors of any interest that s/he may have, on his/her own behalf or on behalf of third parties, in a certain company transaction, specifying its nature, terms, origin and scope*".

## **11. BOARD OF STATUTORY AUDITORS**

### **11.1 Appointment and replacement of Statutory Auditors**

Pursuant to Article 24 of the By-Laws, the Board of Statutory Auditors consists of three Statutory Auditors and two Alternate Auditors.

The Statutory Auditors are appointed for a period of three years. Their mandate expires on the date of the Shareholders' Meeting called for the approval of the financial statements relating to the third year in office. These are eligible for re-election. The powers and duties of the Board of Statutory Auditors and of the Auditors are those laid down by law.

Persons who exceed the limits for the accumulation of offices, or for whom there are grounds for ineligibility or disqualification, or who do not comply with the requirements of independence, integrity and professionalism established by current legislation and regulations, cannot be elected as Auditors and, if elected, lapse from office. Pursuant to Article 24.2 of the By-Laws, for the purpose of determining the requirements of professionalism and good standing, matters relating to commercial law, corporate law, tax law, business economics, corporate finance, disciplines with a similar or comparable purpose, and matters and sectors pertaining to the Company's field of activity, are

considered as strictly related to the Company's business.

The Statutory Auditors and the Alternate Auditors are appointed by the Shareholders' Meeting on the basis of slates of candidates submitted by the shareholders and filed at the Company's registered office within the terms of and in compliance with the applicable legal and regulatory provisions. Candidates must be listed on slates in sequential order.

Slates may be submitted by shareholders who, at the time of submitting the slate, own shares, alone or with others, representing at least the minimum percentage of the share capital with voting rights at the Ordinary Shareholders' Meeting as set down Consob, and which in any case will be indicated in the call notice. In this regard, it should be noted that as at the Reporting Date Consob has set the shareholding required to submit slates for the election of the Company's Board of Statutory Auditors at 2.50% of the share capital (see the Executive Determination of the Head of the Corporate Governance Division of Consob No. 60 of January 28, 2022).

Each shareholder, shareholders who are members of a shareholder agreement pursuant to Article 122 of the CFA, the parent company, the subsidiaries and those subject to joint control and any other party among which there is a connection, even indirectly, pursuant to the applicable law and regulations, may not submit or take part in the submission of more than one slate or vote for different slates, either directly or through a nominee or trust company.

Each candidate may run on one slate only, subject to ineligibility.

Each slate bears the names, listed in sequential order, of a list of candidates not exceeding the number of members to be elected.

The slate is composed of 2 (two) sections: one for the candidates for the office of Statutory Auditor and the other for candidates for the office of Alternate Auditor.

The first candidate in each section must be a registered auditor and have practiced the profession of legal auditor for a period of no less than 3 (three) years. Should they not comply with this requirement, the other candidates must comply with the other professional requisites set out in the By-Laws and in the applicable legislation and regulations.

In order to ensure gender balance, the slates containing a number of candidates equal to or greater than 3 (three) must also include both males and females, so that, in accordance with Article 148, Paragraph 1-*bis* of the CFA, and with other relevant applicable provisions, a number of candidates belongs to the under-represented gender, with rounding off if there is a fractional number, according to the criterion specified by the same provisions.

The slates shall be accompanied by: (a) information concerning the identity of the shareholders who have submitted the slates, with an indication of the total percentage of the shareholding, together with certification issued by a broker authorized by law proving said ownership, it being understood that this certificate may be presented also after the slates have been filed, provided this is within the deadline set for the publication of the slates by the Company; (b) a statement by shareholders other than those who hold,

including jointly, a controlling interest or a relative majority, certifying the absence of any connection, even indirect, with the latter, pursuant to the applicable law and regulations; (c) exhaustive information on the personal and professional characteristics of the candidates, with an indication as to the positions of administration and control held in other companies, along with a declaration by those candidates certifying that they are in possession of the requisites, including those of good standing, professionalism, independence, and those relating to the accumulation of positions held, provided for by the law and other applicable regulations and by these By-Laws, and their acceptance of the nomination and of the position, if elected; (d) any other or differing statement, information and/or document provided for by the applicable law or regulations.

The slates submitted shall be filed at the Company's registered office, including by remote communication means as indicated in the call notice, and made available to the public according to the terms and methods provided for under the applicable laws and regulations.

If, on the expiry of the deadline set out under applicable legal and regulatory provisions for the presentation of the slates, only one slate, or only slates presented by shareholders who are connected with each other pursuant to the applicable legal and regulatory provisions, have been filed, then slates may still be presented until the subsequent deadline set out by the applicable regulations. In such event, the percentage of shareholding in the Company's share capital required for submitting slates pursuant to this provision of the By-Laws is reduced to half.

In the event of failure to comply with the obligations set out in this Article, the slate shall be deemed not to have been submitted. However, lack of documentation relating to individual candidates on a slate does not imply the automatic exclusion of the entire slate, but only of those candidates who do not meet the requirements.

The Board of Statutory Auditors is appointed in accordance with the following provisions:

- a) 2 (two) Statutory Auditors and 1 (one) Alternate Auditor are chosen from the slate that has obtained the highest number of votes, in the order in which they are listed in the corresponding sections of the slate;
- b) the remaining Statutory Auditor and the remaining Alternate Auditor are chosen based on the progressive order in which they were listed in the corresponding sections of the slate that has obtained the second highest number of votes after the slate referred to in letter a) above, votes cast by shareholders who are not connected in any way, either directly or indirectly, pursuant to the legislation and applicable regulations, with the shareholders who submitted or voted for the slate that obtained the highest number of votes.

In the event of parity between slates, the slate submitted by the shareholders holding the largest shareholding, or subordinately by the largest number of shareholders, shall prevail.

If, at the end of the vote and with the candidates duly elected, the composition of the Board of Statutory Auditors does not comply with applicable law and regulations on gender balance among the candidates for the position of Statutory Auditor, the candidate of the over-represented gender elected last in progressive order in the related section of the slate which obtained the highest number of votes shall be excluded, and replaced by the first unelected candidate of the same section of the under-represented gender according to the progressive order. At the end of this replacement procedure, should the composition of the Board of Statutory Auditors not comply with applicable law and regulations on gender balance, the replacement shall be carried out by means of a motion passed by the Shareholders' Meeting, subject to the presentation of candidates from the under-represented gender.

If the number of candidates elected on the basis of the slates submitted is lower than the number of Auditors to be elected, the remaining Auditors shall be elected by the Shareholders' Meeting with a majority of the votes cast and, in any case, in such a way as to ensure compliance with the applicable law and regulations on gender balance. In the event of a tie between multiple candidates, a further ballot shall take place and the candidate who obtains the highest number of votes shall be elected.

If only one slate is submitted, the Shareholders' Meeting shall vote on it and, if that slate obtains the majority of votes cast, all members of the Board of Statutory Auditors shall be taken from this slate, in compliance with the applicable law and regulations, including those concerning gender balance.

In the event that no slate is submitted, or if only one slate is submitted and does not obtain the majority of votes at the Meeting, or if the whole Board of Statutory Auditors is not to be renewed, or if it is not possible for any reason to appoint the Board of Statutory Auditors according to the procedures set out in this paragraph 25.6, the members of the Board of Statutory Auditors shall be appointed by the Shareholders' Meeting according to the ordinary procedures and the majority of the votes cast, without application of the slate voting mechanism, and in any case so as to ensure compliance with the applicable law and regulations on gender balance and without prejudice to the provisions set out below.

If, during the financial year, a member of the Board of Statutory Auditors elected from the slate that obtained the highest number of votes can no longer perform their role, s/he shall be replaced, until the next Shareholders' Meeting, by the next Alternate Auditor in line on the same slate. If, during the financial year, the member of the Board of Statutory Auditors taken from a slate other than the one which obtained the highest number of votes can no longer perform their role, s/he shall be replaced, including as Chairperson of the Board of Statutory Auditors, until the following Shareholders' Meeting, by the first Alternate Auditor taken from the same slate.

If the mechanism for the replacement of the Alternate Auditors described above does not allow compliance with the applicable regulatory provisions on gender balance, the Shareholders' Meeting must be called as soon as possible to ensure compliance with said provisions.

If the Shareholders' Meeting is required by law to appoint the Statutory Auditors needed to integrate the Board of Statutory Auditors following termination of office, it shall proceed in accordance with the provisions below. Should it become necessary to replace one or more members of the Board of Statutory Auditors taken from the slate that obtained the highest number of votes, the replacement shall be by the decision of the Ordinary Shareholders' Meeting, which shall decide by a majority of the votes represented therein, without any restrictions in the choice made from among the members of the slates submitted at the time.

Should it become necessary to replace a member of the Board of Statutory Auditors taken from a slate other than the one which obtained the highest number of votes, on the other hand, the Shareholders' Meeting shall select the replacement by means of a majority of votes cast therein, if possible from among the candidates indicated on the slate from which the Auditor to be replaced was nominated, and who confirmed his/her candidature in writing at least 20 (twenty) days prior to the date of the Meeting, accompanied by declarations confirming the absence of any reason for ineligibility or lapse of office, and confirming the existence of the requisites set out under applicable law and regulations or by the By-Laws with regard to the position in question. Should this replacement procedure not be possible, the Statutory Auditor is replaced by a motion passed with a majority of the votes represented at the Meeting, with due regard for the representation of minority shareholders. All of the above shall be in compliance with the applicable laws and regulations concerning gender balance.

Pursuant to Article 25.6, the Chairperson of the Board of Statutory Auditors is the Statutory Auditor elected from the Minority Slate referred to in letter b) above, unless only one slate is voted for or no slate is submitted. In such cases, the Chairperson of the Board of Statutory Auditors is appointed by the Shareholders' Meeting based on the majority of the votes represented therein.

Pursuant to Article 25.9 of the By-Laws, a member of the Board of Statutory Auditors ceases to hold office if s/he no longer meets the requirements of the law and the By-Laws.

#### **11.2 COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER D) AND D-BIS), CFA)**

The meetings of the Board of Statutory Auditors may be held through teleconference and/or video conference, on the condition that: (a) the Chairperson and the secretary of the meeting are in the same location; and (b) all of the participants may be identified and they can follow the discussion, receive, transmit and view documents, interact verbally and in real time on all matters. Where all of the aforementioned conditions are complied with, the meeting shall be deemed to have been held where the Chairperson and the secretary are present.



The Board of Statutory Auditors of the Issuer in office as at the Reporting Date was appointed by the Ordinary Shareholders' Meeting on March 1, 2021 and will be in office as from the Trading Commencement Date (based on the provisions contained in the By-Laws in force at the date of appointment and, therefore, before the Trading Commencement Date, without application of slate voting)<sup>3</sup> and shall remain in office for three financial years, i.e. until the date of the Shareholders' Meeting called to approve the financial statements at December 31, 2023.

For further information, reference should be made to the Registration Document published on April 21, 2021, along with the CVs of the Statutory Auditors, on the Issuer's website at [www.seco.com/it](http://www.seco.com/it), in the Investor Relations/IPO section.

The members of the Board of Statutory Auditors are indicated in the table below:

Name	Office
<b>Pierpaolo Guzzo</b>	Chairperson of the Board of Statutory Auditors
<b>Gino Faralli</b>	Statutory Auditor
<b>Fabio Rossi</b>	Statutory Auditor
<b>Marco Badiali</b>	Alternate Auditor
<b>Maurizio Baldassarini</b>	Alternate Auditor

Though our Listing took place recently, for the sake of completeness we note that during the financial year ended December 31, 2021, the Board of Statutory Auditors met 5 times with regular attendance by members. The meetings of the Board of Statutory Auditors lasted on average 2 hours. Table 4 of Annex 1 of the Report gives the number of attendances of each member at the meetings of the Board of Statutory Auditors during the year.

There have been no changes in the composition of the Board of Statutory Auditors since the close of the year.

In compliance with the principles of the new Code, the composition of the current Board of Statutory Auditors is adequate to ensure the independence and professionalism of its function. In fact, with regard to independence (as better specified in the following paragraph "Independence"), all members of the Board of Statutory Auditors comply with the independence requirements, as also verified during the year by the Board itself.

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<sup>3</sup> We highlight that the slate voting provisions contained in the By-Laws - which allow the Minority Slate that obtains the highest number of votes to appoint one Statutory Auditor and one Alternate Auditor and the Chairperson of the Board of Statutory Auditors to be appointed by the Shareholders' Meeting from among the Auditors elected by the minority, in compliance with the provisions of Article 148, Paragraphs 2 and 2-bis of the CFA - will apply starting only from the first renewal of the Board of Statutory Auditors following the Trading Commencement Date.

As regards professionalism, the By-Laws provide that Statutory Auditors be chosen from among those candidates who meet the legal and regulatory requirements, including those of professionalism. That the professionalism requirements are met is evident from the CVs referenced above.

#### *Diversity criteria and policies*

It should be stressed that the provisions on gender requirements pursuant to Article 148 of the CFA shall apply to the Issuer from the first renewal of corporate boards following the Trading Commencement Date.

Considering that the administration and control bodies were appointed before the Trading Commencement Date and also before the recent Listing, as at the Reporting Date the Issuer has not adopted a diversity policy in terms of age, gender and educational and professional background as regards the composition of the Board of Statutory Auditors currently in office. However, the Board of Directors reserves the right to adopt such policies and/or practices at a later date.

The qualitative and quantitative composition of the Board of Statutory Auditors in office is, however, considered adequate in ensuring sufficient diversity in terms of skills, age and experience.

In fact, as regards the composition of the Board of Statutory Auditors in office, we note that: (i) it features diversity of age, as its members range between the ages of 54 and 66; (ii) all of its members are Chartered Accountants and Auditors.

For further information, reference should be made to the Registration Document published on April 21, 2021, which provides the CV of each Statutory Auditor, illustrating their professional and personal backgrounds, and which can be consulted on the Issuer's website at [www.seco.com/it](http://www.seco.com/it), in the Investor Relations/IPO section.

With regard to the induction program, see paragraph 4.3 of this Report.

#### **Independence**

During the inaugural meeting held on March 24, 2021 (following its appointment by the Shareholders' Meeting on March 1, 2021), the Board of Statutory Auditors analyzed and acknowledged the statements submitted by each member of the Board with regard to the existence of the criteria set out in Article 148 of the CFA, in compliance with current legislation and Article 2 of the CG Code, and the fact that none of the members has any cause of ineligibility and disqualification provided for by current legislation and the Code.

The Board of Statutory Auditors assesses the independence of its members - also based on the criteria set out in the CG Code with regard to Directors - after their appointment and subsequently, during their term of office, on an annual basis. In this regard, it should be noted that the Company will assess the possible adoption, in 2022, of quantitative and/or qualitative criteria to be used to evaluate the significance of the relationships under review with regard to the independence of the Statutory Auditors, in compliance with the provisions of the CFA and the Recommendations of the CG Code.

The members of the Board of Statutory Auditors have declared that they meet the

independence requirements pursuant to applicable laws and regulations.

On February 14, 2022, the Board of Statutory Auditors verified that its members continue to meet the independence requirements pursuant to Recommendations No. 6 and 9 of the Code and Article 148, paragraph 3 of the CFA, and transmitted the results of these checks to the Board of Directors so that it could examine them before including the related information in the Report. It should be noted that, in carrying out the above assessments, all the information made available by each Statutory Auditor has been taken into account, by assessing all the circumstances that appear to compromise independence identified by the CFA and the CG Code and by applying all the criteria set out in the Code with regard to the independence of Directors.

The list of administration and control offices held by the members of the Board of Statutory Auditors, as at December 31, 2021, pursuant to Article 148-*bis* of the CFA and related implementing provisions (i.e. offices held in the companies referred to in Book V, Title V, Chapters V, VI and VII of the Civil Code), with evidence of whether or not the company in which the office is held is part of the Group contained in Table 6 attached as Annex 1 to the Report.

The complete list of offices held is published by Consob on its website pursuant to Article 144-*quinquiesdecies* of the Issuers' Regulation.

### **Remuneration**

We note that the remuneration of the Statutory Auditors is commensurate with the commitment required, the importance of the role covered, and the size and sector of the Company.

In compliance with Recommendation 30 of the Corporate Governance Code, the Company considers that the remuneration of the Statutory Auditors as determined by the Shareholders' Meeting of March 1, 2021 is appropriate with regard to the competence, professionalism and commitment required by the role held and the size and sector characteristics of the Company and its situation.

As regards the fees paid during the year to the supervisory bodies for any reason and in any form, reference should be made to Section II of the Remuneration Report.

### **Management of interests**

Inasmuch as it is deemed to be a deontological duty to inform the other Statutory Auditors and the Chairperson of the Board of Directors in the event that an Auditor, on his or her own behalf or on behalf of a third party, has an interest in a certain transaction of the Issuer, no specific obligation in this regard has been provided for. The Board reserves the right to adopt a procedure according to which any Statutory Auditor who, on his own account or on behalf of third parties, has an interest in a given transaction of the Issuer, shall promptly and exhaustively inform the other Statutory Auditors and the Chairperson of the Board about the nature, terms, origin and extent of his interest.

In carrying out its activities, with particular reference to the Internal Control and Risk Management System, the Board of Statutory Auditors has liaised with the Internal Audit Function and Control and Risk Committee. For more information on how this

coordination will take place, refer to Section 9 above.

Finally, it should be underlined that the Board of Statutory Auditors has not been assigned the functions of Internal Control and Audit Committee.

## **12. RELATIONS WITH SHAREHOLDERS**

### **Access to information**

In compliance with the Recommendations contained in the Corporate Governance Code, the Issuer has created a dedicated section on its website ([www.seco.com/it](http://www.seco.com/it)), where all information concerning the Issuer and the Group deemed relevant for its Shareholders and required under the rules and regulations applicable to companies listed on a regulated market is made available to the public.

It should be noted that the Board of Directors of the Company appointed Mr. Marco Parisi as Investor Relations Manager pursuant to Principle IV, Article 1 of the Corporate Governance Code.

The provision of information to investors is also ensured by making the most relevant documentation available on the Company's website ([www.seco.com/it](http://www.seco.com/it)), on a timely and ongoing basis.

### **Dialogue with Shareholders**

The Company recognizes that it is in its own specific interest, and also its duty towards the market, to establish constant and ongoing dialogue with all shareholders and institutional investors based on a mutual understanding of roles, all in compliance with the legal provisions applicable to listed companies for the external disclosure of corporate documents and information.

At the Reporting Date, and considering the recent Listing, the Board of Directors has not adopted a shareholder communication policy and reserves the right to carry out the relevant and necessary in-depth studies in this regard during FY 2022.

## **13. SHAREHOLDERS' MEETINGS**

In connection with the Listing, the Shareholders' Meeting of March 1, 2021 approved a new set of By-Laws effective at the Trading Commencement Date.

The Shareholders' Meeting shall be called whenever the Board of Directors deems it appropriate or when it is required by law. The Ordinary Shareholders' Meeting for the approval of the financial statements must be called at least once a year, within one hundred and twenty days of the end of the financial year, or within one hundred and eighty days of the events provided for under Article 2364, Paragraph 2, without prejudice to any further term provided for by the applicable regulations.

The Shareholders' Meeting is called by means of a notification containing the information required under the applicable regulations. This notification is published in accordance with the law on the Company's website and in the other ways provided for under the applicable regulations.

The Shareholders' Meeting may also be convened outside the registered office, provided that it is in a country of the European Union.

Ordinary and Extraordinary Shareholders' Meetings are normally held with a single call. However, the Board of Directors may decide that the Ordinary Shareholders' Meeting be held with two calls and the Extraordinary Shareholders' Meeting with two or three calls, applying the majorities respectively established by the applicable laws and regulations with reference to each of these cases. The decision taken in this regard shall be made known in the call notice.

The right to speak and be represented at the Shareholders' Meeting is regulated by the applicable laws and regulations.

The Shareholders' Meeting may be attended by those shareholders with voting rights and for whom the Company, in compliance with applicable laws and regulations, has received authorization from the intermediary pursuant to law. The Chairperson of the Meeting, who may be assisted by specially appointed persons, shall be responsible for ascertaining the rights of given parties to attend the Meeting and to resolve any disputes arising therefrom.

The Board of Directors may, where required, designate for each Meeting one or more individuals to whom those with voting rights may confer proxy pursuant to the applicable laws and regulations, providing information in accordance with said provisions.

The proxy for participation at the Meeting may be sent to the Company by certified e-mail in compliance with the applicable provisions.

Shareholders' Meetings are chaired by the Chairperson of the Board of Directors or, in his/her absence or impediment, by the Vice-Chairperson or one of the delegated Directors, if appointed and present. In their absence, the Shareholders' Meeting elects a Chairperson.

The Chairperson of the Shareholders' Meeting shall be assisted by a secretary (who need not be a shareholder) designated by the attendees, who may appoint one or more tellers. In the cases provided for by law, or when deemed appropriate by the Chairperson, the minutes shall be taken by a notary public chosen by the Chairperson, who shall act as secretary.

Those with the right to vote may submit questions regarding the matters on the Agenda, including before the Shareholders' Meeting, pursuant to Article 127-ter of the CFA. For questions submitted before the Shareholders' Meeting, responses will be given, at the latest, during the Meeting itself. The Company may provide a single reply to questions with the same subject matter. The call notice indicates the deadline by which questions submitted before the Shareholders' Meeting should reach the Company. The deadline may not be more than five trading days in advance of the Shareholders' Meeting in first or single call, or the record date pursuant to Article 83-sexies, paragraph 2 of the CFA (the end of the seventh trading day before the date of the Meeting) if the call notice stipulates that the Company provide a response before the Shareholders' Meeting to the questions received. In this latter case, the answers are provided at least two days prior to the Shareholders' Meeting, including by means of publication in a dedicated section of the Company's website. The voting right may also be certified after the submission of applications, provided that it is within the third day following the aforementioned

record date.

For the validity of the constitution and the motions of the Meeting, both ordinary and extraordinary, the provisions of the applicable law shall apply. All motions of the Meeting must be minuted and signed by the Chairperson and the Secretary or by a notary chosen by the Chairperson in those cases provided for by the law (Article 13.4 By-Laws).

For further information, please refer to the By-Laws available on the website [www.seco.com/it](http://www.seco.com/it) in the Corporate Governance/Articles of Incorporation and By-Laws section.

During the financial year, one Shareholders' Meeting was held on November 19, 2021, which was attended by all Directors. In view of the epidemiological emergency caused by the COVID-19 virus, in compliance with Article 106, Paragraph 4, of Decree-Law No. 18 of March 17, 2020, containing "Measures to strengthen the National Healthcare Service and economic support for families, workers and businesses related to the COVID-19 epidemiological emergency" (the "**Decree**"), as subsequently extended and in compliance with the fundamental principles of health protection, in the call notice for both Shareholders' Meetings provision was made for shareholders to attend the Shareholders' Meeting exclusively through the designated agent ("**Designated Agent**"), pursuant to Article 135-*undecies* of the CFA. Consequently, shareholders with voting rights were not able to submit motions to the Shareholders' Meeting concerning items that were already on the Agenda.

As allowed for by the Decree, and as an exception to Article 135-*undecies*, Paragraph 4 of the CFA, anyone who did not make use of the Designated Agent pursuant to Article 135-*undecies* of the CFA could, alternatively, take part exclusively by conferring on the Designated Agent a proxy or sub-delegation pursuant to Article 135-*novies* of the Consolidated Finance Act, using the specific ordinary proxy/sub-delegation form containing voting instructions on all or some of the items on the Agenda.

Moreover, in view of the limitations related to health and safety requirements, participation in the Meeting by the entitled parties (members of the corporate boards and the Designated Agent) was also carried out remotely, in compliance with the regulatory provisions applicable for such eventualities.

#### **14. FURTHER CORPORATE GOVERNANCE PRACTICES (pursuant to Article 123-*bis*, paragraph 2, letter a), second section, CFA)**

The Company has not adopted any corporate governance practices in addition to those required under applicable laws and regulations.

#### **15. CHANGES SUBSEQUENT TO THE YEAR-END.**

There were no changes in the corporate governance structure of the Company between the end of the financial year and the Reporting Date.

#### **16. CONSIDERATIONS ON THE LETTER OF DECEMBER 3, 2021 OF THE CHAIRPERSON OF THE CORPORATE GOVERNANCE COMMITTEE**

The letter dated December 3, 2021, from the Chairperson of the Corporate Governance



Committee to the Chairpersons of the Boards of Directors of Italian listed companies, was brought to the attention of the Board of Statutory Auditors, the Appointments and Remuneration Committee, the Control and Risk Committee, and the Board of Directors of the Issuer at the meeting held on March 15, 2021.

The Board of Directors noted the analysis and recommendations contained in the letter and noted:

- the overall adequacy of the inclusion of sustainability in the business activity, the Issuer is committed to improving the overall effectiveness of its operations by placing at the center of its structures and strategies a long-term sustainable development for the benefit and in the interest of shareholders and all other stakeholders;
- the Issuer's classification for the purposes of the Corporate Governance Code: the Issuer does not qualify as a large company, but as a company with concentrated ownership;
- the overall adequacy of the management of information flows to the Board of Directors, and believes that it distributes the Board's documents adequately and congruently in advance of the date set for meetings and that this deadline is generally observed during the financial year and up to the Reporting Date;
- the overall adequacy of the corporate organization with regard to gender equality and treatment; the Board acknowledged that the composition of corporate boards complies with applicable laws and regulations concerning gender quotas.
- the overall adequacy of the remuneration policy in defining clear and measurable rules for the disbursement of the variable component, as well as the consistency of the parameters identified for variable remuneration with the strategic objectives of the business and the pursuit of sustainable success (see Remuneration Report).

In consideration of the recent Listing, the Board of Directors also noted the additional recommendations in the letter related to the following issues, which it will take into account when making any appropriate determinations in 2022:

- adoption of a policy for dialogue with the Company's relevant stakeholders; in this regard, the Board will consider implementing a policy for managing interchange with shareholders in accordance with the principles and Recommendations of the Corporate Governance Code;
- application of the principles of independence of Directors and Statutory Auditors; in this regard, the Board will assess the possible provision, during 2022, of quantitative and/or qualitative criteria to be used to evaluate the significance of the relationships under review with regard to the independence of the Directors and Statutory Auditors, in compliance with the provisions of the CFA and the Recommendations of the Corporate Governance Code;
- adoption of a regulation defining the rules of operation of the Board and its committees, different from the regulation of the Risk Control Committee already adopted, including the procedures for taking minutes of meetings and the

procedures for managing information to Directors, the deadlines for sending prior information and the procedures for protecting the confidentiality of the data and information provided so as not to prejudice the timeliness and completeness of information flows, all in accordance with the recommendations of the CG Code.

\* \* \*

This Report was approved by the Board of Directors on March 21, 2022.

Arezzo, March 21, 2022

For the Board of Directors

The Chairperson

Daniele Conti

## **Annex 1**

### **Board of Directors, Board Committees and Board of Statutory Auditors**

Table 2 - Structure of the Board of Directors at year-end

Table 3 - Structure of the Internal Committees at year-end

Table 4 - Structure of the Board of Statutory Auditors at year-end

Table 5 - List of administration and control positions held by the members of the Board of Directors at year-end

Table 6 - List of administration and control positions held by the members of the Board of Statutory Auditors at year-end

**TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AT YEAR-END**

BOARD OF DIRECTORS													
Office	Member	Year of birth	Date of first appointment (*)	In office from	In office until	Slate (presented by) (**) (1)	Slate (M/m) (***) (1)	Exec.	Non Exec.	Ind. Code	Ind. CFA	No. other offices (****)	Attendance (*****)
Chairperson	Conti Daniele	17/02/1958	19/04/2018	1/03/2021	Approval 2023 Accounts			X				0	14/14
Chief Executive Officer	Massimo Mauri	09/04/1971	19/04/2018	1/03/2021	Approval 2023 Accounts			X				0	14/14
Director	Lomarini Luciano	15/07/1955	19/04/2018	1/03/2021	Approval 2023 Accounts				X			0	9/14
Director	Catania Claudio	25/05/1970	19/04/2018	1/03/2021	Approval 2023 Accounts				X			0	13/14
Director	Tufarelli Luca	14/06/1961	1/03/2021	1/03/2021	Approval 2023 Accounts				X			0	14/14

Director	Secciani Michele	25/06/1981	1/03/2021	1/03/2021	Approval 2023 Accounts				X			0	14/14
Director	Sala Emanuela	28/08/1960	1/03/2021	1/03/2021	Approval 2023 Accounts				X			0	14/14
Director	Crotti Elisa	25/09/1974	5/05/2021	5/05/2021	Approval 2023 Accounts				X	X	X	0	10/14
Director	Giovanna Mariani ◦	25/02/1962	5/05/2021	5/05/2021	Approval 2023 Accounts				X	X	X	0	8/14
Director	Diva Tommei	23/04/1984	5/05/2021	5/05/2021	Approval 2023 Accounts				X	X	X	0	10/14

**DIRECTORS LEAVING OFFICE DURING THE YEAR**

Directors	Name												
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**Indicate the number of meetings held in the year: 14**

**Quorum required for the presentation of slates by minority shareholders for the election of one or more members (pursuant to Article 147 CFA): 2.50% (see note 1 below)**

**NOTES**

The following symbols must be indicated in the "Office" column:

- This symbol indicates the Director in charge of the Internal Control and Risk Management System.
- This symbol indicates the Lead Independent Director (LID).

\* The first appointment of each Director refers to the date on which the Director was appointed for the first time to the Board of the Issuer.

(\*\*) This column indicates whether the slate from which each Director is selected was presented by shareholders (indicating "Shareholders") or by the BoD (indicating "BoD").

(\*\*\*) This column indicates whether the slate from which each Director is selected is a "majority" slate (indicating "M"), or a "minority" slate (indicating "m").

(\*\*\*\*) This column indicates the number of offices a Director or Statutory Auditor holds in other listed companies or large enterprises. In particular, for a list of the offices held, also in unlisted companies, reference should be made to Table 5 below.

(\*\*\*\*\*) This column indicates the percentage of attendance of the Director in relation to the number of BoD meeting (indicates the number of meetings attended compared to the amount they could have attended; e.g. 6/8; 8/8 etc.).

(1) The Board was appointed on March 1, 2021, prior to the Listing, in the absence of the application of the slate voting mechanism.

**TABLE 3: STRUCTURE OF THE INTERNAL COMMITTEES AT YEAR-END**

B.o.D.		Executive Committee		RPT Committee		Control and Risk Committee		Appointments and Remuneration Committee		Other Committee:		Other Committee:	
Office/Category	Member	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Chairperson of the BoD executive	Conti Daniele												
Chief Executive Officer	Massimo Mauri												
Non-Executive Director	Lomarini Luciano												
Non-Executive Director	Catania Claudio							2/2	M				
Non-Executive Director	Tufarelli Luca					2/2	M						
Non-Executive Director	Secciani Michele												
Non-Executive Director	Sala Emanuela												
Independent Director	Crotti Elisa			0	M	2/2	M	2/2	M				
Independent Director	Giovanna Mariani			0	P	2/2	P						
Independent Director	Diva Tommei			0	M			2/2	P				
Executive/Non-Executive Director - Independent pursuant to CFA and/or Code/Non-Independent	Name												
Executive of the Issuer/ Other	Name												
<b>Number of meetings held in the year:</b>				0		2 (22/07/2021; 14/09/2021)		2 (17/11/2021; 24/11/2021)					



**TABLE 4: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS AT YEAR-END**

Board of Statutory Auditors									
Office	Member	Year of birth	Date first appointment (*)	In office from	In office until	Slate (M/m) (**) (1)	Ind. Code	Attendance at Board meetings (***)	No. other offices (****)
Chairperson	Pierpaolo Guzzo	04/03/1968	19/04/2018	1/03/2021	Approval 2023 Accounts			5/5	25
Statutory Auditor	Gino Faralli	04/09/1956	1/03/2021	1/03/2021	Approval 2023 Accounts			5/5	15
Statutory Auditor	Fabio Rossi	19/02/1959	19/04/2018	1/03/2021	Approval 2023 Accounts			5/5	6
Alternate Auditor	Marco Badiali	12/05/1968	1/03/2021	1/03/2021	Approval 2023 Accounts				1
Alternate Auditor	Maurizio Baldassarini	21/12/1963	1/03/2021	1/03/2021	Approval 2023 Accounts				32
STATUTORY AUDITORS LEAVING OFFICE DURING THE YEAR									
	Name								

Indicate the number of meetings held in the year: 5

Quorum required for the presentation of slates by minority shareholders for the election of one or more members (pursuant to Article 148 CFA): 2.50% (see note 1 below)

**NOTES**

(\*) The first appointment of each Statutory Auditor refers to the date on which the Statutory Auditor was appointed for the first time to the Board of Statutory Auditors of the Issuer.

(\*\*) This column indicates whether the slate from which each Statutory Auditor is selected is a "majority" slate" (indicating "M"), or a "minority" slate (indicating "m").

(\*\*\*) This column indicates the percentage of attendance of the Statutory Auditors in relation to the number of meetings of the Board of Statutory Auditors (indicates the number of meetings attended compared to the amount they could have attended; e.g. 6/8; 8/8 etc.).

(\*\*\*\*) This column indicates the number of offices of Director or Statutory Auditor in accordance with Article 148-bis of the CFA and the relative enacting provisions in the Consob Issuers' Regulation. The complete list of offices held is published by Consob on its website pursuant to Article 144-quinquiesdecies of the Consob Issuers' Regulation.

(1) The Board was appointed on March 1, 2021, prior to the Listing, in the absence of the application of the slate voting mechanism.

**TABLE 5: LIST OF ADMINISTRATION AND CONTROL OFFICES HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS AT YEAR-END**

Name	Company	Administration and control positions
Daniele Conti	DSA S.r.l. Cubit Scarl SECO mind S.r.l. *	Sole Director Director Director
Massimo Mauri	Lae S.r.l. Peter Pan Holding S.r.l. SECO Northern Europe Holding GmbH * Garz & Fricke Holding GmbH * SECO Northern Europe GmbH (Hamburg) * SECO Asia Limited * PSM TECH S.r.l. * SECO Mind S.r.l. * Fannal Electronics Ltd * SECO Holdings USA Inc. * SECO USA Inc. * SECO Mind USA Llc. *	Sole Director Sole Director Managing Director Managing Director Managing Director Managing Director Chairperson Director Director Director Director
Lomarini Luciano	S.A.F.I.M. S.p.A. LOMARINI&LOMARINI CONSULTANT SRL Immobiliare Pisignano S.r.l. Kell S.r.l. HCS S.r.l. Spem S.r.l.	Chairperson of the Board of Statutory Auditors Sole Director Sole Director Sole Director Sole Director

		Sole Director
Claudio Catania	Fannal Electronics Ltd * Inxpect S.p.A Apparound S.p.A Team Fitec S.S. Team Fitec Lazio S.S.	Director Director Director Director Director
Luca Tufarelli		
Michele Secciani		
Emanuela Sala		
Elisa Crotti		
Giovanna Mariani		
Diva Tommei	Solenica, Inc.	CEO

(\*) SECO Group company

**TABLE 6: LIST OF ADMINISTRATION AND CONTROL POSITIONS HELD BY THE MEMBERS OF THE BOARD OF STATUTORY AUDITORS AT YEAR-END**

Name	Company	Administration and control positions
Pierpaolo Guzzo	Cassiopea S.p.A. - Listed SIX (Ch)	Chairperson BoD
	Elco S.p.A.	Chairperson BoD
	Agatos S.p.A. – Listed AIM	Independent Director
	Sistan Sgr	Independent Director
	Elco Group S.p.A.	Independent Director
	Femi S.p.A.	Director with delegated powers
	SEI S.r.l.	Director with delegated powers
	Hurry Italia S.r.l.	Independent Director
	Yape Srl	Independent Director
	IEN S.p.A.	Chairperson Board of Statutory Auditors
	CAM S.p.A.	Chairperson Board of Statutory Auditors
	Filmmaster Production S.p.A.	Chairperson Board of Statutory Auditors
	Second Effort S.p.A.	Chairperson Board of Statutory Auditors
	Golf Olgiata S.p.A.	Chairperson Board of Statutory Auditors
	Healthware S.p.A.	Chairperson Board of Statutory Auditors
	S'Astore S.r.l.	Chairperson Board of Statutory Auditors
	ACAP S.p.A.	Sole Statutory Auditor
Laboratori Farmaceutici Krymi S.p.A.	Sole Statutory Auditor	
Geico S.p.A.	Sole Statutory Auditor	
Lux Vide S.p.A.	Sole Statutory Auditor	
Filmauro S.p.A.	Statutory Auditor	
GGE Principals Srl	Statutory Auditor	

	<p>Filmmaster Events S.p.A.</p> <p>Security Fleet S.p.A.</p> <p>Fandango S.p.A.</p>	<p>Statutory Auditor</p> <p>Statutory Auditor</p> <p>Statutory Auditor</p> <p>Statutory Auditor</p> <p>Statutory Auditor</p> <p>Statutory Auditor</p>
Gino Faralli	<p>La Sorgente S.p.A.</p> <p>Costruzioni elettroniche Industriali Automatismi S.p.A. C.E.I.A S.p.A.</p> <p>Loto Preziosi S.p.A.</p> <p>AEC Illuminazioni S.r.l.</p> <p>Peruzzi S.p.A. in liquidazione</p> <p>Morini S.r.l.</p> <p>Etaf Immobiliare S.r.l.</p> <p>Impresa Group S.p.A.</p> <p>Commercimport Morini S.r.l.</p> <p>Fresh &amp; Vangelisti S.r.l.</p> <p>Oro Italia Trading S.p.A. in liquidation</p> <p>Society of Public Assistance and Mutual Aid the "White Cross" of Arezzo ODV</p> <p>Servizi Ecologici Integrati Toscana S.r.l.</p> <p>Palozzi Marconi Immobiliare S.r.l.</p> <p>Centrofidi Terziario Scpa</p>	<p>Chairperson Board of Statutory Auditors</p> <p>Chairperson Board of Statutory Auditors</p> <p>Statutory Auditor</p> <p>Chairperson Board of Statutory Auditors</p> <p>Statutory Auditor</p> <p>Alternate Auditor</p> <p>Chairperson Board of Statutory Auditors</p> <p>Chairperson Board of Statutory Auditors</p> <p>Chairperson Board of Statutory Auditors</p> <p>Statutory Auditor</p> <p>Alternate Auditor</p> <p>Statutory Auditor</p> <p>Chairperson Board of Statutory Auditors</p> <p>Member BoD</p>

		Alternate Auditor
Fabio Rossi	<p>Teghini S.p.A.</p> <p>AREFARMA S.r.l.</p> <p>FARMACISTI RIUNITI S.p.A.</p> <p>Infarma S.r.l.</p> <p>Pastificio Fabianelli S.p.A.</p> <p>Cecconi S.p.A.</p>	<p>Statutory Auditor</p> <p>Chairperson Board of Statutory Auditors</p> <p>Statutory Auditor</p> <p>Statutory Auditor</p> <p>Statutory Auditor</p> <p>Chairperson Board of Statutory Auditors</p>
Marco Badiali	Fior S.p.A.	Chairperson Board of Statutory Auditors
Maurizio Baldassarini	<p>Eqvalue S.r.l</p> <p>Cassiopeia S.p.A.</p> <p>Sotrade S.r.l</p> <p>SSC Napoli S.p.A.</p> <p>SSC Bari S.p.A.</p> <p>Lab.ri Farmaceutici Krymi S.p.A.</p> <p>Fantini Sud S.p.A.</p> <p>Golf Fleet S.p.A.</p> <p>FB &amp; Associati S.p.A.</p> <p>Elco S.p.A.</p> <p>Elco Group S.r.l.</p> <p>Vedrai S.p.A.</p> <p>Dibimm S.r.l.</p> <p>O2e S.r.l.</p>	<p>Director</p> <p>Director</p> <p>Director</p> <p>Chairperson of the Board of Statutory Auditors</p> <p>Chairperson of the Board of Statutory Auditors</p> <p>Chairperson of the Board of Statutory Auditors</p> <p>Chairperson of the Board of Statutory Auditors</p> <p>Chairperson of the Board of Statutory Auditors</p> <p>Chairperson of the Board of Statutory Auditors</p> <p>Chairperson of the Board of Statutory Auditors</p>



