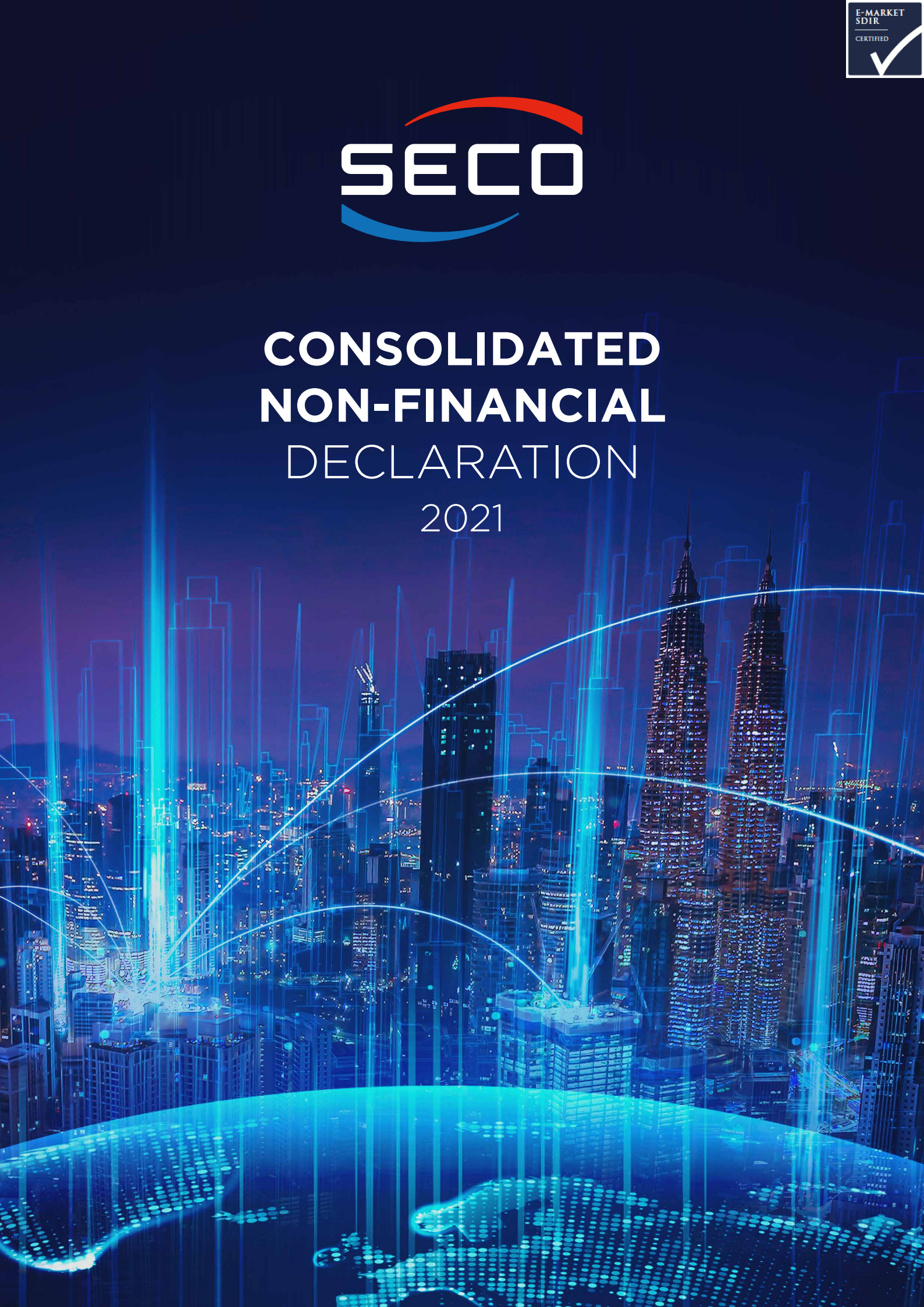




**CONSOLIDATED
NON-FINANCIAL
DECLARATION**
2021





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DECLARATION**

2021

Contents

<i>How to interpret this document</i>	7	4 Dynamism: Anticipating change	59
<i>Letter to the Stakeholders</i>	10		
1 Immersed in an Ever-Changing Environment	15		
		4.1 Research, development and innovation.....	61
1.1 Context.....	16	4.2 Process quality and safety.....	74
1.2 Sustainability is Strategy.....	20	4.3 Our Operations: striving for excellence for our customers.....	77
2 Translating Ideas Into Action	29	5 Passion: Giving our all	83
2.1 From new beginnings to change.....	30	5.1 People	85
2.2 Business Sectors.....	35	5.2 Customers	101
2.3 Our Business Model.....	40	5.3 Suppliers	104
3 Respect: Corporate Governance and Generating Value	45	5.4 The local community	112
		6 Protecting the Environment	115
3.1 Group Governance.....	46		
3.2 Value sharing.....	55	6.1 Management	117
		6.2 Performance and commitments	128
		7 Annex	131
		7.1 Methodological Note	131
		7.2 Technical insights	137
		7.3 GRI Content Index	151

How to interpret this document

This guide will explain how to best use and understand this document.

After publishing a Sustainability Report in 2020, we have prepared our first ever **Consolidated Non-Financial Declaration** (hereinafter also the “NFD”). The SECO Group (hereinafter also “Group” or “SECO”) is governed by **Legislative Decree No. 254/2016**, which implements Directive 2014/95/EU of the European Parliament and Council on the disclosure of non-financial and diversity information by large undertakings defined as “public-interest entities”.

In line with the specific requirements of **Articles 4 and 5** of Legislative Decree No. 254/2016, this NFD discusses the SECO Group’s performance during the three-year period from 2019 to 2021, in relation to topics concerning the **environment, society, personnel, human rights, and combatting active and passive corruption**. Specifically, this document analyzes the management policies implemented by the Group in reference to these topics, in addition to the results achieved, current and future risks, and the management approach adopted. It also discusses the non-financial performance indicators that are most relevant to the Group’s business activities.

This document has been prepared in accordance with the reporting principles of the Global Reporting Initiative (GRI)¹ to ensure that the information provided is high in quality, and that stakeholders can reasonably assess the Group’s performance. As such, data is reported in a **balanced, accurate, clear, reliable, and comparable** manner. More methodological information is available in the “Methodological Note” section of this document.

This NFD therefore opens with this guide, followed by a **Letter to the Stakeholders**.

The main body of the document is subsequently organized into **six chapters**. Each chapter has a cover page that **summarizes** the Group’s key achievements, the **material topics** covered², the relevant **GRI Standards**³ and their connection to the **2030 Agenda for Sustainable Development Goals**⁴, and finally, the **risks**

1 | The Global Reporting Initiative (GRI) is a non-profit organization established to help companies and entities of all sizes around the world report on their sustainability performance and measure the environmental, social, and economic impact of their business activities. The GRI Standards – which are both universal and specific in nature, i.e., relevant to the various dimensions of sustainability – are voluntary and are recognized globally as the gold standard for non-financial reporting.

2 | More information is provided in the “Sustainability is strategy” section of this document.

3 | More information is available in the “Methodological Note” section of this document.

4 | The agenda was adopted by the 193 Member States of the United Nations at the Sustainable Development Summit in September 2015. It includes a list of 17 Sustainable Development Goals (SDGs) divided into 169 targets, and an action plan for people, the planet, and prosperity.

and opportunities associated with the material topics covered in each chapter. Each chapter contains **text boxes** that provide further information on certain topics.

0 | Chapter

HIGHLIGHTS

MATERIAL TOPICS COVERED

RISKS

OPPORTUNITIES

GRI

SDGs



Certain words and phrases have been **highlighted** to emphasize key qualitative and quantitative information.

Technical focus

Focus on some relevant projects developed by SECO

We also wanted to link our performance to our corporate values and as such, we have named chapters (3, 4 and 5) of this document after **our guiding values**, namely “*Respect*”, “*Dynamism*” and “*Passion*”.

In the first chapter, “*Immersed in an Ever-Changing Environment*”, we discuss macro trends in the sector in which the Group operates, in addition to our sustainability journey, and the process that led us to publish this report.

In the second chapter, “*Translating Ideas Into Action*”, we take a look back at the Group’s history and the key stages of its development, including in relation to product innovation, the sectors with which we collaborate, and the markets in which we operate.

The third chapter “*Respect: Corporate Governance and Generating Value*” talks about our governance model and the economic value we generate and share with key stakeholders.

The fourth chapter, “*Dynamism: Anticipating Change*” focuses on our commitment to research, development, and product innovation – which have always been key drivers for the Group’s business – and the attention we pay to the quality and safety of our products for customers.

The fifth chapter, “*Passion: Giving Our All*” focuses on management and social impacts, paying particular attention to our employees, customers, suppliers, and the local community.

In the sixth chapter “*Protecting the Environment*”, we report on how we are handling the environmental impact of our business in terms of energy resources, water, waste, and atmospheric emissions.

Lastly, the “*Annex*” at the end of this document contains a “*Methodological Note*”, in which the report’s technical details are explored in further detail, as well as a “*Technical Details*” section containing quantitative data tables, and, finally, an Independent Auditors’ Report.

All corporate entities coordinated by the Investor Relations department have helped write this document, demonstrating their utmost dedication and responsibility in doing so.

We hope you enjoy the report.

Letter to the Stakeholders

Dear Stakeholders,

2021 was a difficult year, but it was also made incredibly rewarding by the results we achieved.

This year, we have witnessed digitalization transform consumer and business habits at a speed that would have seemed impossible just a few years ago.

We are on the cusp of a digital revolution. New needs and new, sizeable markets are emerging, thanks to technologies such as edge computing, artificial intelligence (AI), and 5G. An increasing number of devices are becoming smart, capable of generating data and performing actions with the help of miniaturized computers, human-machine interfaces, data analytics, and machine learning. Over time, these new developments will help to improve the efficiency of industrial processes, safety, and our overall quality of life.

We have been presented with an incredible opportunity for growth: in just a few years' time, the market will exceed Euro 500 billion in value and over 10 billion devices will be connected and linked to AI algorithms.

2021 proved to be an eventful yet satisfying year for SECO, and we continued to accelerate our strategic development, expand, and grow our presence abroad. In 2021, we reported revenues of over Euro 112 million, up more than 47% on 2020, with a more than proportional improvement in margins. Despite difficulties linked to the pandemic and other factors beyond our control (including the component shortage), the results we achieved this past year are proof that we are moving in the right direction, thanks in part to the important strategic decisions we made in 2021.

In May, we successfully listed on the Euronext STAR Milan segment of the Italian Stock Exchange, raising approximately Euro 100 million and taking steps towards achieving our long-term goal of becoming a global industry leader even more quickly than we had anticipated.

SECO Mind draws on the expertise of the companies we acquired in IoT, data orchestration, and data analytics in recent years to develop software solutions for the Internet of Things (IoT) using AI. At SECO MIND, a team of over 100 highly specialized engineers has used its expertise to create CLEA, an innovative IoT and AI platform that allows customers to extract data from devices and turn their enormous potential into something concrete. CLEA users can now analyze data in real time to increase profit margins and launch new business models based on value-added services.

We have also continued to make investments that will allow us to take full advantage of opportunities for growth in the coming years. During 2021, we strengthened our industrial infrastructure and our presence in Europe (in the DACH area, in particular) by acquiring the Garz & Fricke Group. We have also improved our ability to penetrate the US market, as well as our expertise in developing AI algorithms by acquiring ORO Networks (now SECO Mind USA). In addition, we have continued to invest in industrial processes at all of our production facilities, guided by the concept of lean production and the make-to-stock strategy, so that we can provide our customers with even quicker delivery times.

Today, more than ever before, business sustainability is closely tied to the impact we have on the planet and the well-being of current and future generations. That is why, in 2021, we are continuing to undertake a series of initiatives to further reduce our impact on the environment, people, and local communities.

The process began at our Arezzo and Tregozzano plants, which have been powered exclusively by renewable energy since 2021. We intend to extend the practice to all of our facilities around the globe while also redesigning our production processes so that we can achieve net-zero carbon dioxide emissions (carbon neutrality).

Over 450 people joined SECO in 2021. We continued to strengthen our senior management team and roll out performance data collection and reporting systems so that we can monitor business performance in real time and introduce performance-based reward schemes for our employees.

Last but not least, we have drafted SECO's very first Non-Financial Declaration, which follows the Sustainability Reports we published voluntarily in 2019 and 2020. By doing so, we will be able to express our commitment to ESG topics even more comprehensively and transparently, with the intention of making a more decisive contribution.

With an order portfolio that has grown significantly since last year, we are starting 2022 stronger than ever before, determined to accelerate our growth and develop AI algorithms using the CLEA platform across several vertical sectors. This year, we will also be focusing on generating high value-added solutions for our customers to improve our service levels.

It is truly thrilling to be a part of this project and we would like to take the opportunity to thank all of our customers, shareholders, and stakeholders for their unwavering support, and also our employees, who channel their creativity, passion, and daily commitment into making SECO the successful, internationally recognised company that it is today.

The future holds countless exciting opportunities, and we are doing everything in our power to be ready for them; an amazing digital revolution has just begun!

Daniele Conti e Massimo Mauri

(Chairperson and Chief Executive Officer)



1



1 | Immersed in an Ever-Changing Environment

GRI STANDARDS

GRI 102-21, GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44, GRI 102-47



1.1| Context

Digital technologies have become key to business development due to the unexpected global events of the past two years. These technologies have significantly accelerated **organizational changes** and generated numerous opportunities for development, aided by innovative business models with a focus on digitalization. In fact, estimates suggest that 75% of organizations around the globe will have comprehensive digital transformation road maps in place by 2023¹.

We are currently living through a **digital revolution** that is redefining the requirements of the B2B sphere and which is driven by consumer needs, behaviors, and functionalities. It is becoming increasingly important for B2B companies to integrate real-time analysis into their decision-making processes so that they can become even more competitive by optimizing their cost structures and launching new business models based on digitalization. Although it has already disrupted several industrial sectors, this trend is still in its infancy in sectors such as utilities, smart cities, and sustainable transport.

Companies wishing to respond to these demands will need to digitalize an increasing number of physical objects, equipping them with **new features** and enabling them to **generate data** and **interact with other smart devices**. In addition, technologies such as 5G and AI can now facilitate real-time analytics, thus helping organizations to make better-informed decisions.

As a consequence, embracing digital products and services will not only give companies a competitive edge, but will also be key to their survival, regardless of the sector in which they operate. In fact, it will no longer suffice for companies to focus on the “historical” aspects of their core business. Instead, they will need to **rethink their services and operations** to include elements such as:

- The miniaturization of computers and their integration with technologies such as hardware and software interfaces used for human-computer interaction, connectivity devices, and mechanical components;
- Making the data from the edge to the cloud;
- Aggregating and managing large datasets extracted from physical devices;
- Incorporating AI algorithms into the decision-making processes of companies and their stakeholders.

Incorporating the above operations into corporate business models is no mean feat, and requires significant expertise in technology and supply chain management. As such, companies will need to rely on **highly specialized technology partners** who offer comprehensive, customized hardware-software solutions (**one-stop shops**). This will allow customers to benefit from cutting-edge technologies while minimizing time-to-market and the execution risks linked to technology investments.

The widespread uptake of digital technologies is beckoning in an era of interconnected devices, analytics, and artificial intelligence. The increasing number of intelligent devices

- which can process data at the source (edge computing) and are connected to the cloud - is opening the door to **new business models**, creating major **development opportunities**, and helping to improve people’s overall **safety** and **quality of life**. In addition, digitalization can help companies make the transition to a sustainable business model by monitoring their energy consumption, optimizing logistics, reducing production waste, and reporting or preventing machine malfunctions.

Against this backdrop, the global demand for hardware components for connected devices (IoT endpoints) amounted to USD 366 billion in 2021, up 21% from 2020, while demand is expected to increase by 13% a year over the four-year period from 2022 to 2024. At that point, demand will equal more than USD 533 billion². In addition, the **IoT Platforms as a Service (PaaS) market** is estimated to have generated an annual global turnover of approx. USD 2.7 billion in 2020, and is expected to **grow approximately 33.5% a year over the four-year period from 2021 to 2024**, ultimately reaching a value of more than USD 11 billion³.

In addition, major programs devised to stimulate and encourage investments in technology are being implemented by numerous countries around the world (including Italy) and are expected to make further contributions.

2021 saw **investments in ICT pick up pace** in Italy’s digital market, leading to sector growth of 5.7% on the previous year⁴. This growth is expected to continue over the three-year period from 2022 to 2024, driven primarily by high value-added technologies such as cloud computing, big data, AI, IoT, and cybersecurity. Specifically⁵:

- The use of **cloud computing** services - which have been employed by an increasing number of medium-to-large enterprises in recent years - is expected to further increase. The cloud market is expected to reach nearly Euro 7 billion by 2024, with an average annual growth rate of **18%** from 2021 to 2024;
- **Big data** will also increase its market share, which is expected to reach Euro 2 billion by 2024, with an average annual growth of **12%** between 2022 and 2024;
- **Artificial intelligence** systems will grow an average of **22%** per year over the three-year period from 2022 to 2024;
- Despite shrinking 3% in 2020 (primarily due to the COVID-19 pandemic), the **IoT** segment will grow at an average annual rate of around **10%** between 2022 and 2024.

2 | Gartner: Forecast: Internet of Things, Endpoints and Communications, Worldwide, 2020-2030, 4Q21 Update, published on January 18, 2022.

3 | Gartner: Forecast Analysis: Enterprise and Automotive IoT Platforms, Worldwide, published on August 9, 2021.

4 | Report “Digital Italy 2021. 2021-2024 forecasts and policy” November 2021 by Anitec-Assinform, Confindustria Digitale, Net Consulting.

5 | Gartner: Forecast Analysis: Enterprise and Automotive IoT Platforms, Worldwide, published on August 9, 2021. Gartner: Forecast Analysis: Enterprise and Automotive IoT Platforms, Worldwide, published on August 9, 2021.

1 | IDC FutureScape Worldwide IT Industry 2021 Predictions.

The **National Recovery and Resilience Plan (NRRP)** also has a part to play and will represent an important means of funding for new investments and reforms oriented towards innovation and digitalization.

Thanks to the NRRP investments, the market of digital solutions should grow, according to the most optimistic scenario, by a further **5,5%** in 2022; **(2,8%** in the least optimistic scenario)

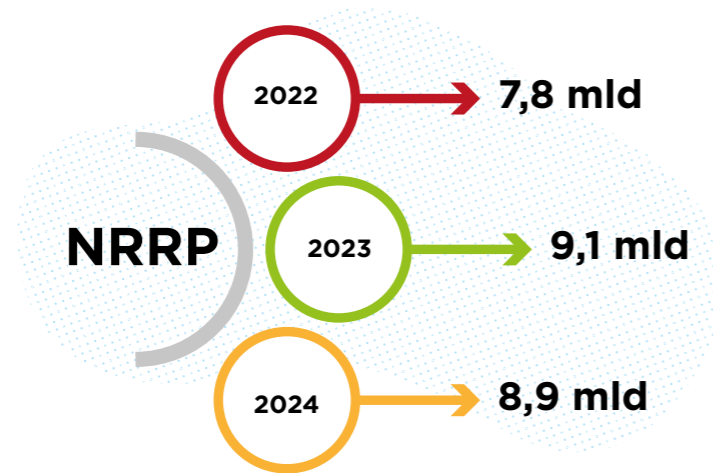


Figure 1: Technology and Digitalization investments

As we have seen, digital innovation can help enact positive change in society and on the environment and business models.

The **Green Deal** views technologies as having the potential to tackle climate change and **environmental** challenges in general, by improving energy efficiency, circularity, and sustainable mobility solutions.

In addition, digital innovation can contribute significantly to the creation of equitable societies.

The National Recovery and Resilience Plan (“NRRP”)

The NRRP belongs to the “Next Generation EU” program, which is a Euro 750 billion package put together by the European Union in response to the pandemic. The program provides for a series of investment measures and a comprehensive reforms package, of which Euro 191.5 billion of resources have been allocated to Italy.

The plan focuses on three strategic pillars in Europe: digitalization and innovation, ecological transition, and social inclusion, and has six missions

- Digitisation, innovation, competitiveness, culture
- Green revolution and ecological transition
- Infrastructure for sustainable mobility
- Education and research
- Inclusion and cohesion
- Health

In particular, if used properly, innovation can help provide an increasing number of people with access to digital tools, allowing them to consume more informative and educational content as a result.

Thanks to their computing power, edge computing and AI technologies can accelerate innovation in numerous sectors, including healthcare, food & beverage, industrial automation, transportation, fintech, smart buildings, smart cities, and many more.

Technology also plays an important role in the **economic** sphere as it can optimize production processes, allowing us to use natural resources more efficiently while streamlining the corporate value chain as a whole.

That being said, it is important to emphasize that the widespread adoption of new technologies also poses **new challenges that are influencing the sector**, highlighting the need to use digital tools to enact positive change in society while also protecting the environment. Specifically:

- 1. Energy efficiency:** it is estimated that the technology industry will be responsible for approximately 14%⁶ of total global GHG emissions by 2040. Innovative solutions such as edge computing and AI can be effective ways to monitor the proper functioning of devices in the field, thus limiting energy consumption, optimizing logistics, and reducing production waste.
- 2. Electronic waste:** an estimated 57.4 million tons of electronic/electrical waste was generated globally in 2021⁷. The circular use of devices and circular production processes could help limit the production of e-waste and allow us to develop innovative solutions with a view to consuming fewer resources.
- 3. Data security:** cyber attacks on businesses increased by 40% in 2021 compared to 2020⁸. As a result, IT system security needs to be a key focus of management and investment policies if IT sources are to be successfully protected from unauthorised access and sensitive information and data are to remain confidential.
- 4. Ethics:** though more companies are actively using innovative technologies such as AI, few have concrete plans in place to guarantee the ethical integrity of their solutions. Issues

6 | According to forecasts published by the WEEE Forum in its Global Report on Electrical and Electronic Waste in October 2021.

7 | Ibidem.

8 | Check Point Research, 2021 Report.

Focus - The Green Deal

The **Green Deal** was unveiled by the European Commission on December 11, 2019, and summarizes the EU’s new strategy for growth towards a green transition.

The Green Deal envisions a range of different initiatives – primarily new laws and investments – which will transform the EU’s climate, energy, transport and taxation policies, with the end goal of making Europe the first climate-neutral continent by 2050.

The strategy also sets an ambitious interim goal of reducing net GHG emissions by at least -55% by 2030 (compared to the levels recorded in 1990).

such as user protection, human rights, equitable access, and environmental sustainability should play a key role in the development and use of new technologies to ensure that they are used successfully in complex scenarios.

5. Professional development: in the near future, nine out of ten jobs will require digital skills⁹. While the digital sector may help to create jobs requiring new skills, other job roles will become obsolete as more processes are automated. As a consequence, companies will need to upskill and reskill their employees.

When drafting this NFD, we first analyzed the context and industry in which SECO operates. This document highlights the direction taken by the SECO Group to tackle these challenges.

1.2| Sustainability is Strategy

We believe that we have a duty as an organization and as individuals to behave **in full respect of our surroundings**. As such, we are committed to developing and conducting our business activities while staying true to the **principles of sustainability**.

We are therefore making it a priority to create a detailed plan on how to integrate sustainability into our business activities and processes, be they strategic, organizational, or productive. This plan will also neutralize our impact, maximizing the positive aspects and minimizing any negative ones, while also responding proactively to potential challenges and embracing every available opportunity.

The following section describes the steps taken by the Group to define material topics for its 2021 NFD. These topics reflect the economic, environmental, social, and other impacts that have the potential to substantially influence stakeholder assessments and decisions.

1.2.1| Taking the first step towards publishing an NFD: the stakeholder engagement process and updating materiality analysis

Continuing on from our achievements in 2020, all of the Group's internal and external stakeholders have helped define the contents of this 2021 NFD, in line with the reporting principles of the GRI Standards¹⁰.

Specifically, the process is divided into the following phases:



Context analysis – the outcome of which is explained in the “Context” section of this document – was performed with the twofold objective of **providing information on the SECO Group's** business sector and the international macro-trends on corporate sustainability, and **identifying a list of relevant topics**, which have been merged and categorized according to the three pillars of sustainability: the environment, society, and economics/governance.

To this end, we closely analyzed aspects both internal and external to the Company to give stakeholders a **voice** and to allow them to share their **point of view**, including international bodies, trade associations, standard setters, academics, shareholders and investors, and the media. This initial phase allowed us to identify a list of relevant topics to be submitted to the opinion of the Group's stakeholders.



The first phase of the **stakeholder engagement** process saw us update the stakeholder map following a targeted survey, which was sent to the Group's senior management team in order to:

- mapping and identifying stakeholders;
- assess the degree of relevance for the Group so that an outline could be created for the stakeholder engagement plan.

The results of said analysis are shown in the infographic below. The size of the bubble indicates the relevance assigned by panel participants to each stakeholder category, using the methods described above.

9 | “The Future of Jobs Report 2020”, World Economic Forum.

10 | More information is available in the “Methodological Note” section.

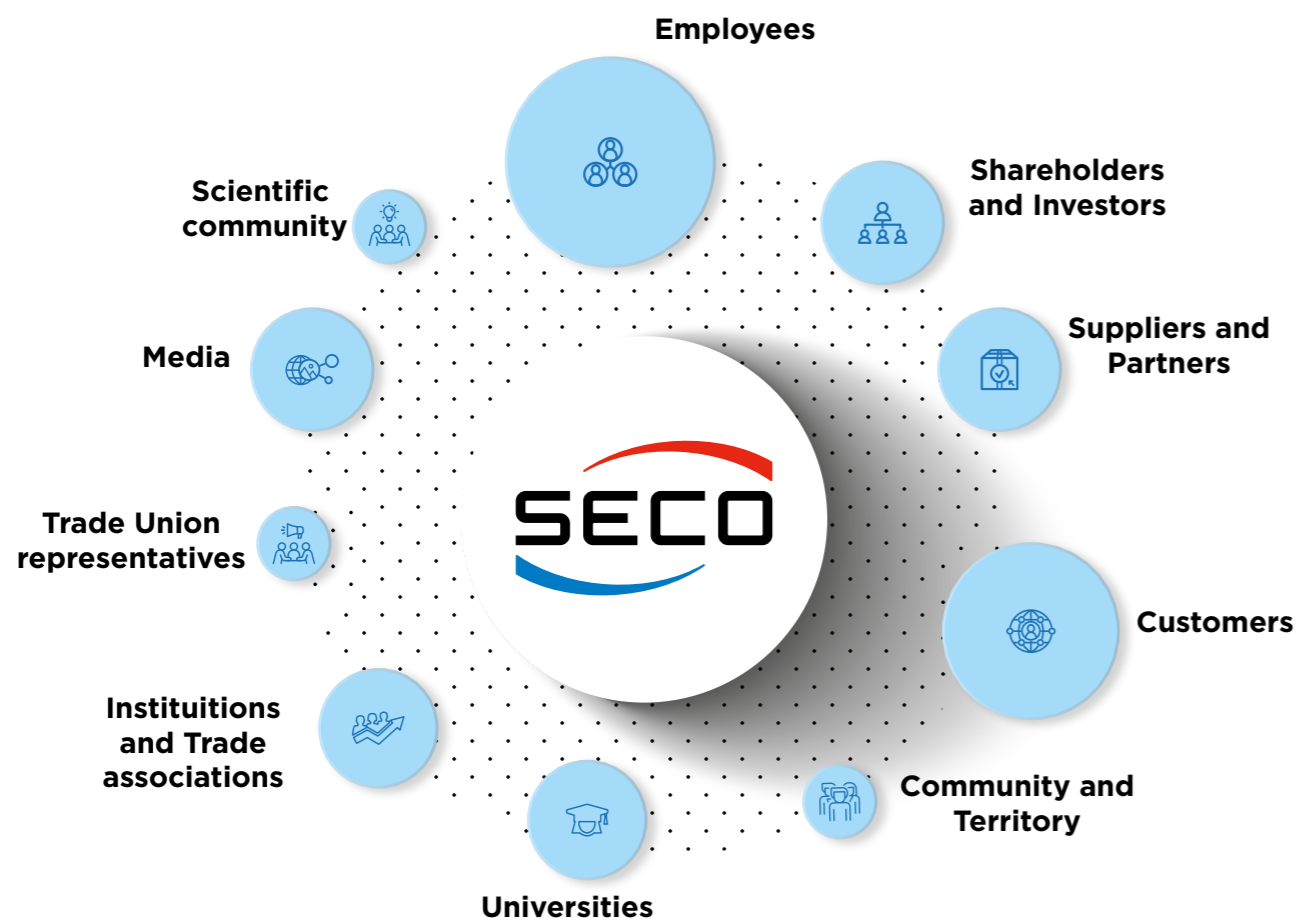


Figure 2: SECO Stakeholder's map

A survey was then sent out to approximately 300 internal and external stakeholders to assess elements such as: the **usability** of the 2020 Sustainability Report, opportunities for dialogue and discussion with the Group, the perception of the **Group's identity** and the topic of sustainability, and the **assessment of material topics** for the year 2021.

We believe that it is vital to maintain a dialogue with all of our stakeholders and we use dedicated communication tools and methods throughout the year to do so.

The table below lists the tools and communication channels used by the Group for each stakeholder category, in addition to the frequency of interaction and the ways in which SECO interacts with them.

Stakeholder	Tools and channels for dialogue and frequency of interaction	Communication channels
Employees	<ul style="list-style-type: none"> - IT portal (as needed) - Team meetings (weekly/monthly) - Stakeholder satisfaction surveys (yearly) - Annual performance review (yearly) - Internal communication activities (newsletter) - Training (as per training plans) - Ethics Code (as needed) 	Listening, informing, collaborating, monitoring, and engaging
Shareholders and investors	<ul style="list-style-type: none"> - Economic-financial and governance reports (once every quarter, six months, or year) - Company website and press releases (as needed) - Meetings held periodically (once every quarter, six months, or year) or following a special company event such as a corporate transaction, strategic partnership presentation, etc. - One-to-one, one-to-few, and one-to-many meetings 	Listening, informing, collaborating, monitoring, and engaging
Suppliers and partners	<ul style="list-style-type: none"> - Ethics Code (at the beginning of the employment relationship) - Qualification survey (at the beginning of the employment relationship and then once a year) - Supplier regulatory compliance (at the beginning of the business relationship) - Frequently Asked Questions (FAQs) section on the company website 	Listening, informing, collaborating, monitoring, and engaging
Customers	<ul style="list-style-type: none"> - Surveys and calls with third-party consultants to gather feedback (yearly) - Customer service (as needed) - Frequently Asked Questions (FAQs) section on the company website 	Listening, informing, collaborating, monitoring, and engaging
The community and local area	<ul style="list-style-type: none"> - Sponsorship of sports and cultural activities, and social community projects (yearly) 	Listening, collaboration, and involvement
Schools and universities	<ul style="list-style-type: none"> - Roundtables, partnerships, and project development (yearly) 	Collaboration and involvement
Trade institutions and associations	<ul style="list-style-type: none"> - Roundtables, regular meetings 	Listening, collaboration, and involvement
Union representatives	<ul style="list-style-type: none"> - Roundtables, regular meetings 	Listening, collaboration, and involvement
Media	<ul style="list-style-type: none"> - Website (as needed) - Press conferences (as needed) 	Listening, collaboration, and involvement
Scientific community	<ul style="list-style-type: none"> - Roundtables, partnerships, and project development (yearly) 	Collaboration and involvement



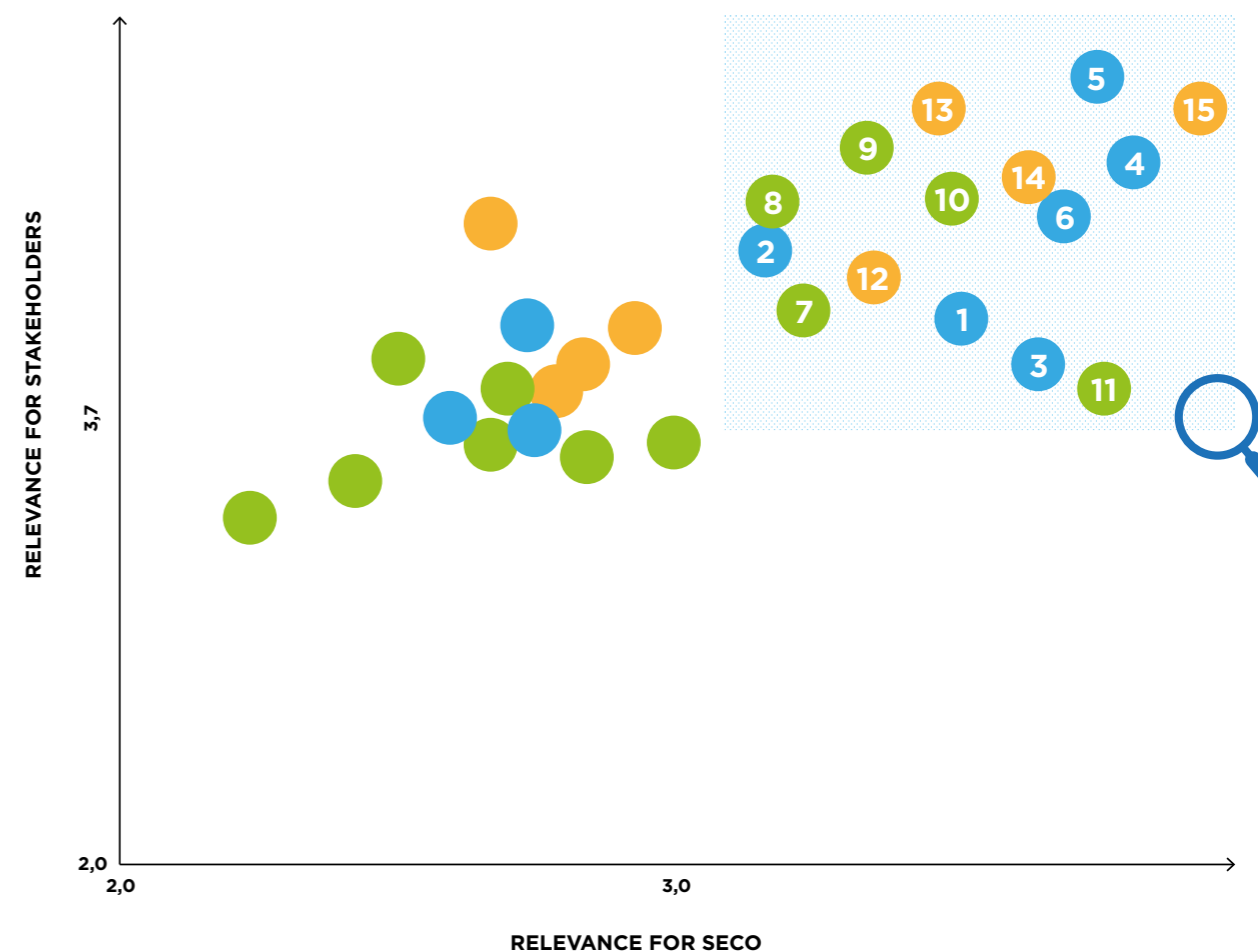
We conducted interviews with the Company's senior management team to **validate the material topics** that emerged from the stakeholder survey, **identify the risks and opportunities** associated with said topics, analyze **management methods** and **safeguards**, and gather information on any related **projects**.



The materiality matrix – as it emerged following the steps described above – was submitted on December 21, 2021 to the Chief Executive Officer, who validated the matrix and added “Emissions” as a material topic, in line with the net-zero emissions objectives related to the business processes SECO intends to undertake.

The **2021 materiality matrix** is presented below.

Sustainability has been a part of our long-term strategy and daily operations for several years. We are well aware of the importance our actions have for the health of the planet and the well-being of current and future generations. For this reason, continuing on from the activities we have conducted over the past two years, we will be launching several new initiatives in 2022 to reduce the emissions and waste generated by our production processes. Specifically, we will initiate a carbon footprint measurement process to: i) calculate the extent to which our production processes contribute to climate change, in terms of CO₂-eq emissions; and ii) define an emissions-reduction strategy based on measurable short- and medium-term targets.



GOVERNANCE-ECONOMIC TOPICS

- 1. Business ethics and integrity
- 2. Privacy and data protection
- 3. Sustainable supply chain management
- 4. Product quality and safety
- 5. Research, development and innovation
- 6. Relationships with customers and partners

ENVIRONMENTAL TOPICS

- 7. Energy consumption
- 8. Products free of hazardous materials
- 9. Waste management
- 10. Environmental compliance
- 11. Emissions

SOCIAL TOPICS

- 12. Diversity and inclusion
- 13. People's health and safety
- 14. Human Resources management
- 15. Training and development

Figure 3: SECO Group materiality matrix

1.2.2| Which areas are most relevant to the achievement of shared sustainability?

To measure our contribution to the achievement of shared sustainability, we carefully analyzed¹¹ the 17 **United Nations Sustainable Development Goals** (SDGs). We used the material topics we had previously identified as a starting point to map out and link SDGs with the GRI Standards referred to in this document, thus identifying 5 SDGs to which SECO contributes directly through its business activities:

- SDG #3 – Good health and well-being (Target 3.8)¹²
- SDG #8 – Decent work and economic growth (Target 8.2, 8.3)¹³
- SDG #9 – Industry, Innovation and Infrastructure (Target 9.5)¹⁴
- SDG #12 – Responsible consumption and production (Target 12.2)¹⁵
- SDG #13 – Take action to combat climate change (Target 13.1)¹⁶

Finally, we believe we can contribute indirectly to SDG #7 - Affordable, reliable, sustainable, and modern energy systems (Target 7.2)¹⁷.



Figure 4: The SDG objectives to which SECO contributes

11 | Our analysis also involved taking into consideration the latest version of the “Linking the SDGs and the GRI Standards” report published by the Global Reporting Initiative in January 2021. In fact, said report provides a breakdown of the 2030 Agenda Goals and maps out how they correlate with the GRI Standards, including the most recent version.

12 | Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

13 | Target 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors.

Target 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

14 | Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.

15 | By 2030, achieve the sustainable management and efficient use of natural resources..

16 | Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

17 | By 2030, increase substantially the share of renewable energy in the global energy mix.

Focus – Sustainable Development and the 17 United Nations Goals

The **2030 Agenda** for Sustainable Development – which was unanimously approved and agreed by the 193 Member States of the United Nations on September 25, 2015 – is a universal action plan for **people, the planet, and prosperity** based on the principle of shared responsibility, which calls all countries and players to action.

The Agenda has defined **17 Sustainable Development Goals** (SDGs) to be achieved by 2030, which are divided into **169 targets** to guide Italy and the world as a whole in the direction of sustainability.



2| Translating Ideas Into Action



40+ years in the business



9 countries



5 production facilities

GRI STANDARDS

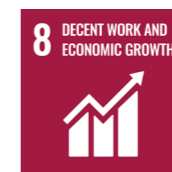
GRI 102-1, GRI 102-2, GRI 102-3, GRI 102-4, GRI 102-6, GRI 102-7, 102-16

SDG

SDG #8 - Decent work and economic growth (Targets 8.2, 8.3)

SDG #9 - Industry, Innovation and Infrastructure (Target 9.5)

SDG #12 - Responsible consumption and production (Target 12.2)



2



2.1| From new beginnings to change

SECO's story begins in a garage in Arezzo, Italy. It was the 1970s, and Daniele Conti and Luciano Secciani had just turned twenty when – unbeknownst to them – they embarked on a journey that would change the world as they knew it.

They had shared an innate passion for electronics and a keen entrepreneurial spirit since they were children. As they grew up together, surrounded by circuit boards and schoolbooks, they realized they could turn their hobby into something much bigger. Daniele and Luciano's very first creation was an electronic car ignition kit, which they sold to a local mechanic. Then came their big revelation: there was a market out there for electronic solutions, and it was an opportunity just waiting to be seized. This led to the birth of the very first SECO electronics laboratory, which opened its doors in April 1979. Arezzo was in the midst of an economic boom and offered them an excellent opportunity in the jewelry sector. The two friends began making small systems for manufacturers of jewelry-making machines, but Daniele and Luciano simply could not contain their ambition, and began to look into expanding their operations beyond the local area. In an effort to expand and improve their knowledge and expertise, they decided to venture into the world of transportation.

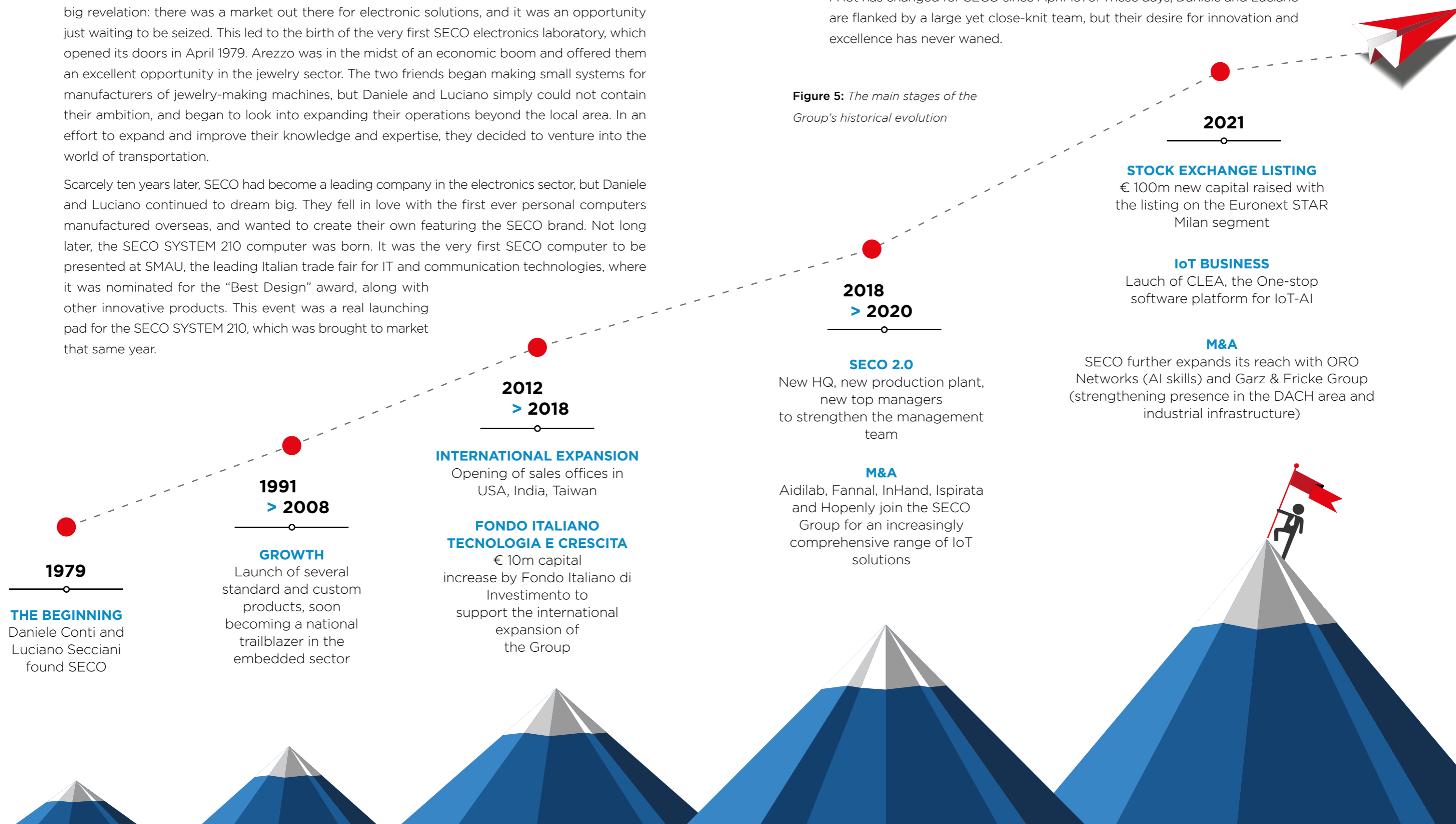
Scarcely ten years later, SECO had become a leading company in the electronics sector, but Daniele and Luciano continued to dream big. They fell in love with the first ever personal computers manufactured overseas, and wanted to create their own featuring the SECO brand. Not long later, the SECO SYSTEM 210 computer was born. It was the very first SECO computer to be presented at SMAU, the leading Italian trade fair for IT and communication technologies, where it was nominated for the "Best Design" award, along with other innovative products. This event was a real launching pad for the SECO SYSTEM 210, which was brought to market that same year.

They soon had the idea to branch out and apply their experience with PCs to the industrial sector. Before long, they had created the world's very first industrial PC containing a Eurocard circuit board.

SECO's has come a long way since the days of its very first PC, becoming a key player in the high-tech, computer miniaturization and IoT sectors of today. These days, SECO is an international company with production facilities in nine countries and a strong industrial vocation. In fact, the majority of its products are manufactured at five plants in Italy, Germany, and China. A winning business decision that allows SECO to provide its customers with quick turnaround times, high quality products, and superior customer service levels.

A lot has changed for SECO since April 1979. These days, Daniele and Luciano are flanked by a large yet close-knit team, but their desire for innovation and excellence has never waned.

Figure 5: The main stages of the Group's historical evolution





Identity

For over 40 years, SECO has been guided by the curiosity for tomorrow, a thirst for exploration, and the desire to offer the best to its customers



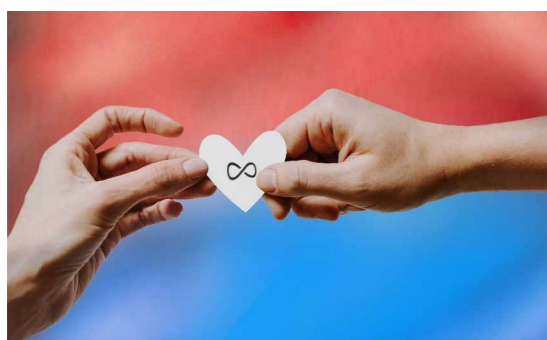
Vision

We exist to open up the world to innovation



Mission

We bring together technologies and skills to answer new needs and opportunities



Promise

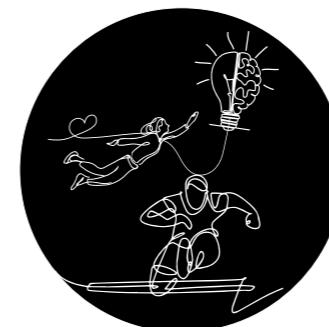
End-to-end technologies that transform possibilities into concrete innovation

Our values



PASSION

We always give our best.
We turn our ideas into action.



DYNAMISM

We are always looking for new ideas.
We anticipate change.



RESPECT

We are driven by loyalty, honesty and integrity.
We work to ensure the highest quality standards.



Our commitment



Respect for Colleagues

We believe in the value of diversity, and in getting the most out of each individual's uniqueness



Professionalism

We are committed to knowing and applying the SECO standards of excellence



Communicating with a Smile

We express passion, motivation, and enthusiasm, and always show respect for those with whom we are communicating



Respect for the Environment by Example

We respect the environment, setting a good example with even the smallest daily gestures



Team

We achieve success thanks to the people who work alongside us every day



Excellence

We try to anticipate our customers' needs and exceed their most ambitious expectations

2.2| Business Sectors

We are constantly seeking to **increase the value we generate for our stakeholders** by integrating technology into our consumer products. We help make devices smart by equipping them with cutting-edge technologies and allowing our partners to focus on their core business without having to worry about complex technology.

This is all made possible thanks to **comprehensive, custom solutions** that use miniaturized computers, human-machine interfaces, and IoT-ready, plug-and-play software solutions and AI algorithms. We use technology to connect devices, enabling them to transfer high value-added information to users, who can process data in real time.

Our solutions can be customized to suit customer needs and applied to a wide range of industries, including the **medical, industrial automation, aerospace, defense, fitness, and vending** sectors.

Figure 6: SECO markets of reference



In recent years, we have successfully harnessed the potential of analyzing data generated by devices in the field in real time. Thanks to our cleverly constructed AI algorithms, these data can prevent components and machines from being damaged or shutting down or even send users alerts about faults, thus rendering energy consumption more efficient while customizing services and products to suit customer usage habits.

In this regard, algorithms that can process a large amount of data from different sources, analyze them in real time, and return a set of customized KPIs to customers, are incredibly valuable and give users a significant competitive advantage.

This is why we have decided to launch **CLEA**, to further expand our product range along the value chain: CLEA is a Platform as a Service (PaaS). It is essentially a cloud computing and AI solution that users can use to develop, run, and manage applications without having to build the infrastructures and platforms required to run said processes from scratch¹.

¹ | More information is available in the "Research, development and innovation" section of this document.

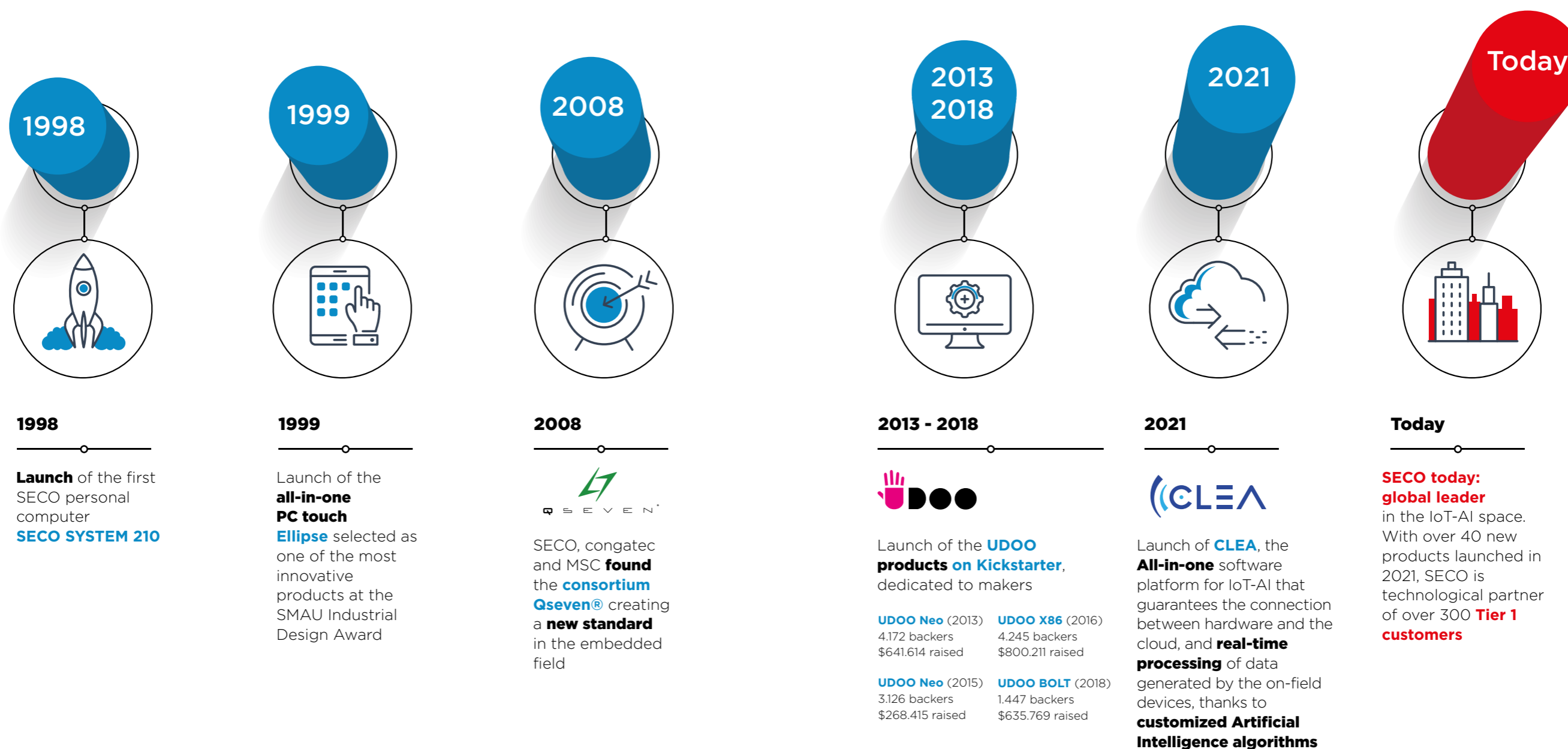


Figure 7: The evolution over time of the SECO offer

2.2.2| Our Technology Solutions by Industry

Healthcare

Manufacturing devices for the healthcare sector² involves complying with stringent safety standards and ensuring technology is available over the long term so that products can be used for over ten years. SECO has been working with customers in the biomedical industry for over 20 years, and its Quality Management System is³ ISO:13485 ⁴ certified for the supply of medical devices.

Industrial Automation

Automation plays a key role in modern manufacturing industries, where it is used to implement processes that maximize product quality, improve efficiency, and ensure worker safety. We design products that help companies achieve these goals. Our solutions are based on comprehensive systems and customizable and connected platforms. These platforms respond to the technical and size-based requirements of our customers, boasting excellent performance and ease of use. We help customers innovate their products, services, and business models by setting up production facilities equipped with intelligent machinery and sensors whose data can help predict malfunctions and maintenance requirements and render production more efficient.

Transport

The transport sector requires excellent reliability, continuity of service, and long-term assistance. As such, we offer our transport customers a wide range of comprehensive and modular solutions designed to suit a range of needs: from on-board computers to black boxes and passenger infotainment/communication systems.

Digital Signage

Marketing products and services using video posters and digital signs in public spaces or buildings is becoming increasingly popular. Together with our customers, we work to make user interfaces increasingly intuitive, to enable the collection and transmission of high-value data, and to integrate new features such as voice and facial recognition into devices.

Coffee & Vending

The Coffee & Vending sector is expanding rapidly and requires constant innovation, increasingly intuitive interfaces, and ever more engaging user experiences. The challenge is to provide an uninterrupted service, whatever the conditions may be. Our customers also need to be able to update installed machines remotely and monitor how they are running in real time using geolocation and predictive maintenance features. We develop solutions using intelligent and modular touch interfaces for our Coffee & Vending customers, which we manufacture according to their specific technical, operational and visual needs. We also provide a quick and comprehensive shopping experience by integrating the latest generation of payment

systems into our machines.

Smart building & Smart Cities

The technology we use to make our buildings and cities “smart” has almost unlimited potential. It can be integrated into electric car charging stations, or used to run devices that automatically regulate temperature and brightness for greater energy efficiency. It can also be used to improve road safety, control traffic, and detect emissions. We work closely with our customers to develop smart devices and custom IoT and AI solutions that can do all of the above, and more.

Energy & Utilities

The Oil & Gas sector requires highly specialized expertise and product engineering skills due to its relative complexity. Companies in this sector use a wide range of plants and machinery, which have been built and installed over time and are equipped with a broad spectrum of technological devices. Our solutions allow different systems and machines to communicate with each other, ensuring that there is a constant flow of data between devices and sensors at production facilities and operations centers, installing powerful new monitoring tools that can detect faults, predict the need for maintenance, and detect gas leaks.

2 | We note that SECO operates in the market as a contract manufacturer and not as a legal manufacturer.

3 | PSM S.r.l. has been ISO:13485 certified since 2008. The company was merged into SECO S.p.A. in 2020.

4 | Certification involves complying with a series of (ISO 9000) quality management standards covering the development, implementation, and maintenance of a quality management system. It is intended for medical device designers, manufacturers, and distributors.

2.3| Our Business Model

Our business model seeks to **create added value for our customers**. By designing innovative solutions and engaging in ongoing research and trials, we hope to create technological tools as part of a shared journey with our customers, one that meets their specific needs and offers plenty of room for customization.

As shown in the infographic below, the Group's business model centers around its **core values**, which are "passion, dynamism and respect". SECO's business model is also linked to the **R&D activities** it conducts both in house and through its partnerships with Italian technology companies, research institutes, and university hubs⁵.

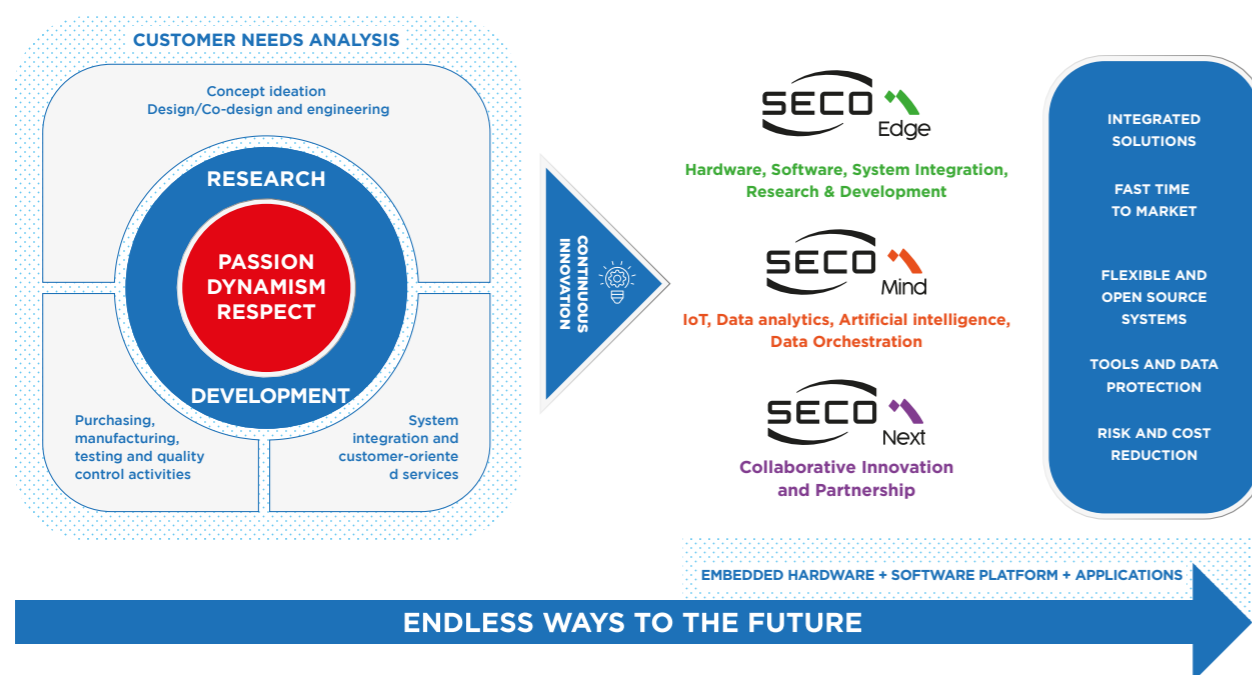


Figure 8: SECO's business model

The **value chain** comprises three main strategic and operational phases, which are supervised and monitored by our in-house teams⁶.

The first phase is of high strategic value and involves **designing** or **co-designing** (1) customer solutions. We listen to our customers in order to better understand their needs, anticipate them, and create solutions that best fit their requirements.

Once we have agreed on the preliminary specifications with our customers (**design win**), we move on to the **engineering** phase, which comes after product design and before manufacturing. During this phase, we industrialize the product, develop a workable and customizable solution, and weigh up different variables, such as design standards, form factors, technical and dimensional requirements, and the materials and manufacturing technologies we need to use.

5 | More information is available in the "Research, development and innovation" and "The local community" sections.

6 | SECO began outsourcing some hardware manufacture activities to certified external manufacturers in 2020. We made this decision to make our production processes more flexible while maintaining full control over quality levels during the manufacturing phases that generate the most value for end customers.

Once this phase is complete, we directly oversee the operations cycle and supply chain management (2) phases, from the purchase of **raw materials and components** to product **manufacture**, which comprises the integral phrases of **testing** and **quality control**. We are committed to complying with high-quality standards, our own objectives, legal regulations, and all applicable certification standards (such as compliance with ISO 13485 certification for the manufacture of biomedical devices).

The final phase involves **system integration and customer assistance activities**, which we perform through dedicated services designed to meet customer needs (3). We manufacture plug-and-play hardware solutions that are already equipped with HMI touch screens and are ready to be connected to CLEA. By doing so, our products can be quickly and efficiently integrated with our customers' solutions, thus minimizing the effort required to get them up and running. We are also able to help check and assess signal strength and certification pre-compliance, develop custom BIOS and firmware, and coat hardware to ensure our customers

SECO is divided into the following **business units to respond to various market demands**:

- **SECO EDGE**, which is dedicated to developing integrated edge computing solutions to transform consumer products into "smart" devices, thus enabling them to generate data and make human-machine interaction possible;
- **SECO MIND**, which specializes in developing IoT and AI software solutions that can transform data collected by devices into high value-added information in real time using data orchestration⁷ and data analytics;
- **SECO NEXT**, established recently to monitor state-of-the-art technologies with the highest growth potential and to develop sustainable business models in collaboration with our partnership ecosystem.

To summarize, our business model has a **competitive advantage** because it offers customers **integrated**, customized, end-to-end, and **secure solutions**. By overseeing each step of the process, we can **optimize costs** and significantly reduce **time-to-market**. We support and promote open innovation and collaborate with our peers and partners to respond to the needs of public and private companies and institutions, using technology to improve people's quality of life.

7 | Management of disaggregated data (including from multiple sources) using a customized algorithm so that they can be organized into a valid format for data analysis purposes.



SECO Next: creating more sustainable business models

Our desire to create more sustainable business models led us to found **SECO Next**, which acts as a bridge between cutting-edge research and the business world, with the goal of encouraging **digital transformations based on sustainability**.

SECO Next is a new business unit created in December 2021, which seeks to generate value for companies using an **Open Sustainability Innovation** approach. SECO Next will do this using a laboratory that will ask an **open ecosystem of stakeholders** (customers, suppliers, technology partners, start-ups, universities, and research centers) to contribute their experience and expertise to the **co-design of innovative solutions using cutting-edge technologies, thus allowing companies to contribute to people's well-being while generating sustainable value**. The end goal is to develop innovative technologies, such as edge AI, machine vision, the metaverse, VR, AR, cybersecurity, 5G and quantum computing and integrate them into new solutions using an industrial development model based on sustainability and improving people's quality of life.

VR systems, city pollution prediction algorithms, and IoT sensors that can detect and predict gas leaks – which will also be used for hydrogen in the future – are just some of the solutions currently being researched by the SECO Next partnership ecosystem.

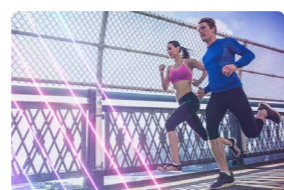
Collaborate with customers to design and develop project ideas at low cost and with a quick time-to-market. Test the new solution and gather feedback from users. Turn it into a scalable, mass production-ready solution. These are SECO Next's end goals



Ecosystem



Diversity



Dynamicity



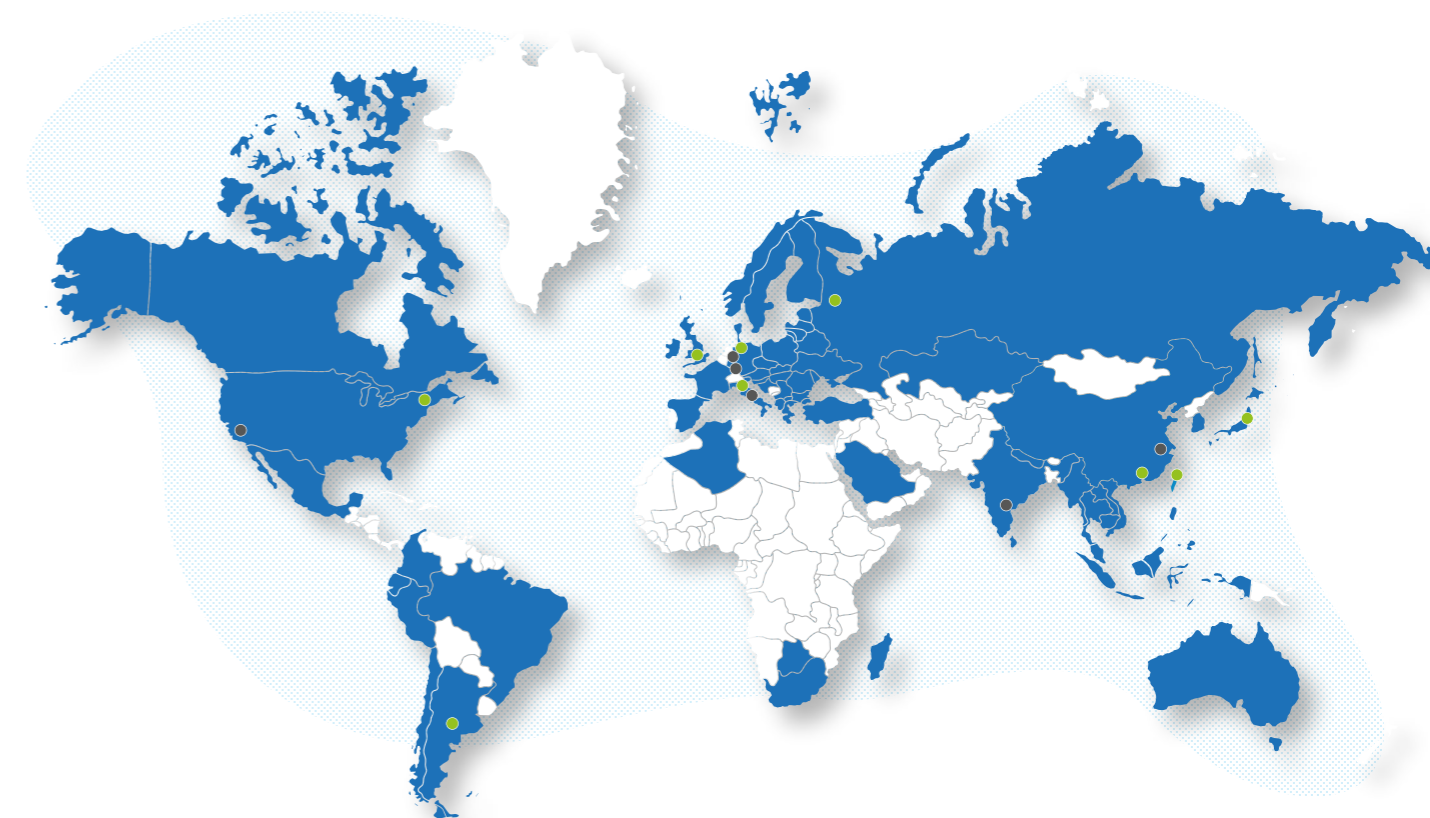
Exchange



Comparison



Cooperation



■ Covered by SECO □ Not covered ● Sales department ● R&D Production, Purchasing department

Figure 9: Global presence and markets served



3 | Respect: Corporate Governance and Generating Value



Listing on the Italian Stock Exchange (Euronext STAR Milan segment) in 2021



Risk management and oversight system in compliance with ISO 9001:2015, ISO 14001:2015, ISO 13485:2016, ISO 27001:2013 e ISO 45001:2018



2 acquisitions in 2021



Economic value generated is Euro 116 million, of which 97% is distributed to our stakeholders

MATERIAL TOPICS COVERED

Business ethics and integrity

ASSOCIATED RISKS

Potential discrepancies in company conduct and implementation of the Group's organizational model with respect to national, EU, and international regulations.

RELATED OPPORTUNITIES AND MAIN ACTIONS

Identification and effective introduction of the best methods to improve oversight of ethical and integrity topics; Adoption of solutions to prevent potential critical issues; Business continuity; Compliance with national, EU and international regulations.

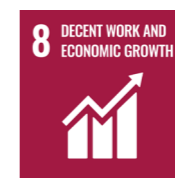
GRI STANDARDS

GRI 102-5, GRI 102-7, GRI 102-11, GRI 102-15, GRI 102-16, GRI 102-18, GRI 102-19, GRI 102-22, GRI 102-23, GRI 102-24, GRI 102-26, GRI 102-32, GRI 201-1, GRI 205-2, GRI 207-1, GRI 207-2, GRI 207-3, GRI 405-1

SDGs

SDG #8 - Decent work and economic growth (Targets 8.2, 8.3)

SDG #9 - Industry, Innovation and Infrastructure (Target 9.5)



3



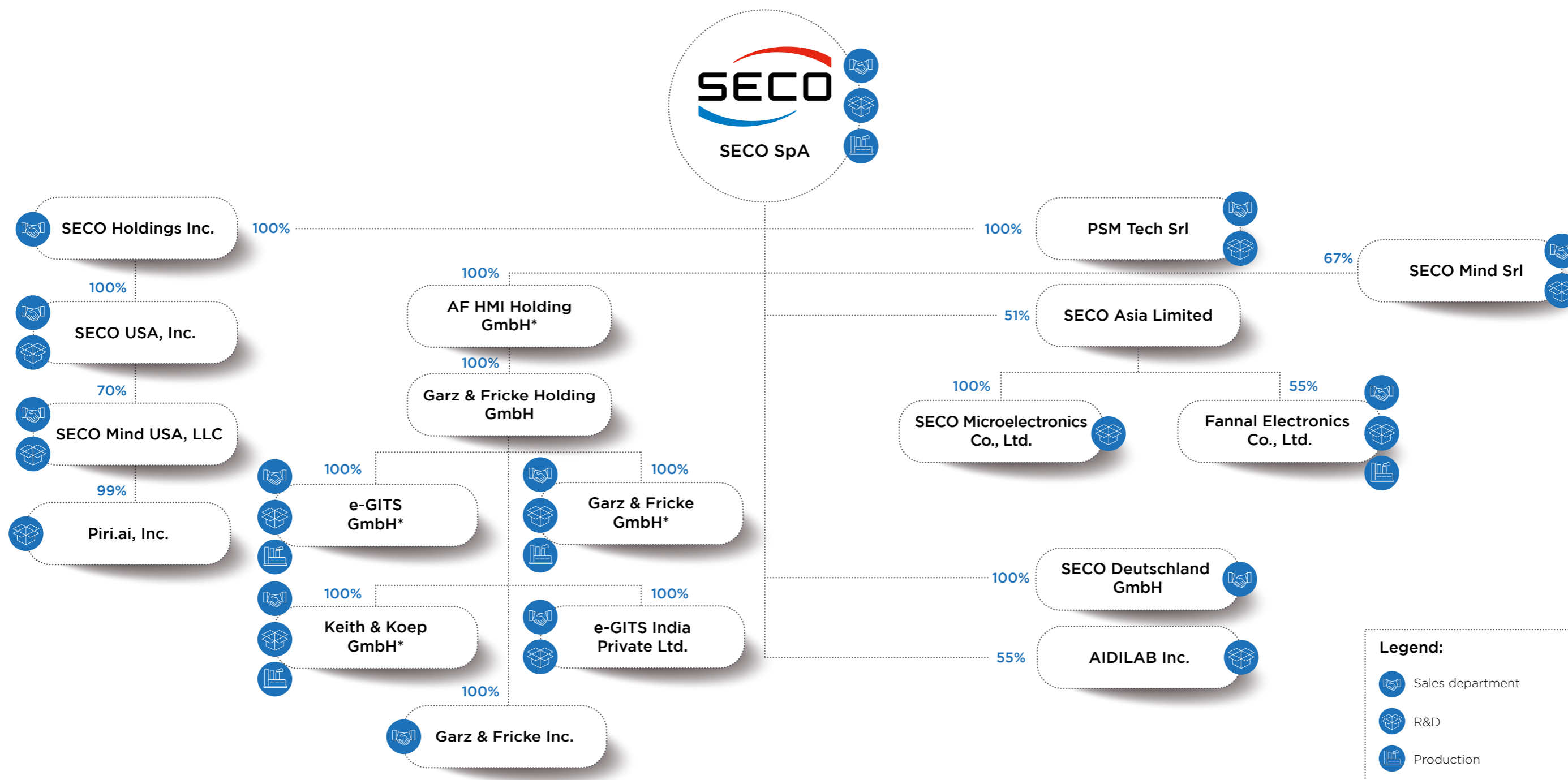
3.1| Group Governance

3.1.1| Corporate Governance

The SECO Group comprises the parent company SECO S.p.A. and its subsidiaries, as shown in the following table.

SECO S.p.A. has been **listed on the Italian Stock Exchange (Euronext STAR Milan segment)** since May 5, 2021. This listing has enabled the Company to raise approximately Euro 100 million in share capital increases, which will allow the company to finalize acquisition transactions and accelerate its expansion, thus increasing the Group's international presence and technology solutions portfolio

Figure 10: SECO Group structure



* | Starting from January 1, 2022, these companies operate under the following names: AF HMI Holding GmbH as "SECO Northern Europe GmbH", e-GITS GmbH as "SECO Mind Germany GmbH", Garz & Fricke GmbH as "SECO Northern Europe GmbH (Hamburg)", Keith & Koep GmbH as "SECO Northern Europe GmbH (Wuppertal)".

In 2021, SECO also completed the following **mergers and acquisitions**:

- In June, the ORO Networks LLC business unit responsible for corporate IoT and AI (now SECO Mind USA LLC) and Piri.ai INC (now a subsidiary of the latter);
- On July 1, 2021, the companies Aidilab S.r.l. and Hopenly S.r.l. were merged by incorporation into SECO Mind S.r.l. (previously Ispirata S.r.l.), with accounting effects back-dated to January 1, 2021.
- In October, the Garz & Fricke GmbH Group and its subsidiaries (Keith & Koep GmbH and e-GITS GmbH), which develops and implements hardware and software solutions for the Industrial Internet of Things. The company has operated under the name SECO Northern Europe GmbH since January 1, 2022.

SECO's share capital amounts to Euro 1,073,934.31, divided into 110,451,131 ordinary shares.

SECO's shareholders are depicted in the following pie chart.

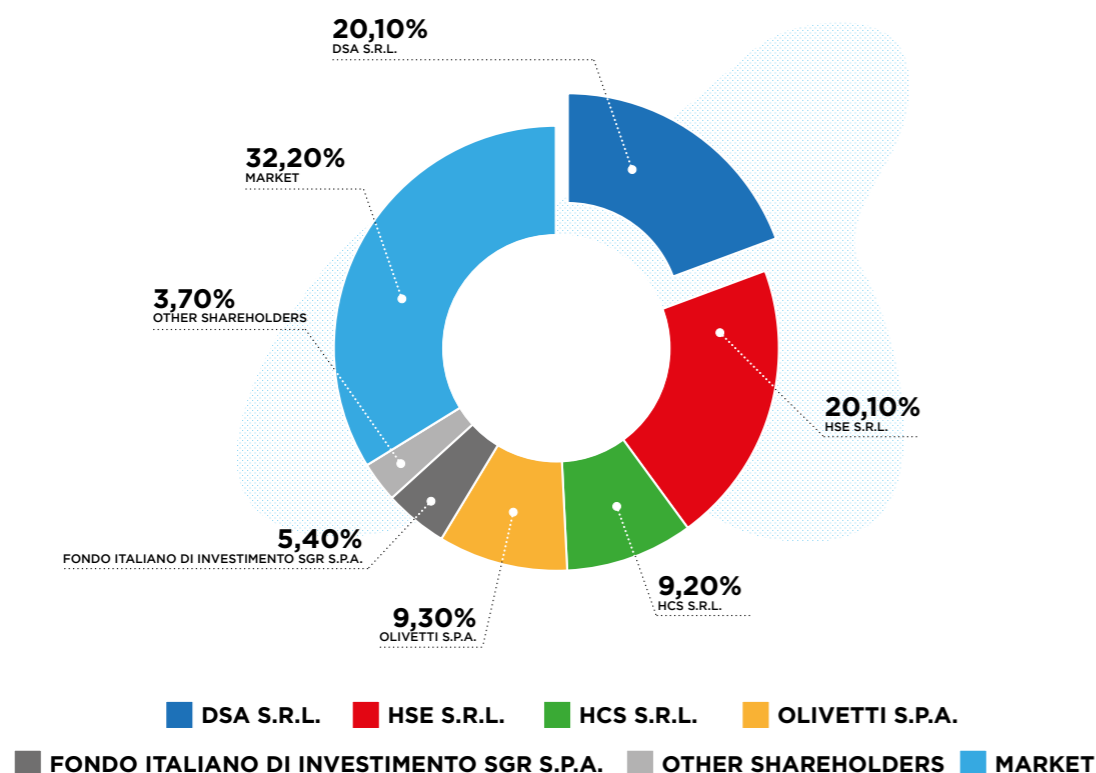


Figure 11: SECO shareholder base

The Group's corporate governance system is based on a traditional corporate governance model, which is structured according to legal provisions and the recommendations of the Self-Governance Code for Listed Companies issued by Borsa Italiana S.p.A., with which the Company complies.

The Company's governance is as follows.

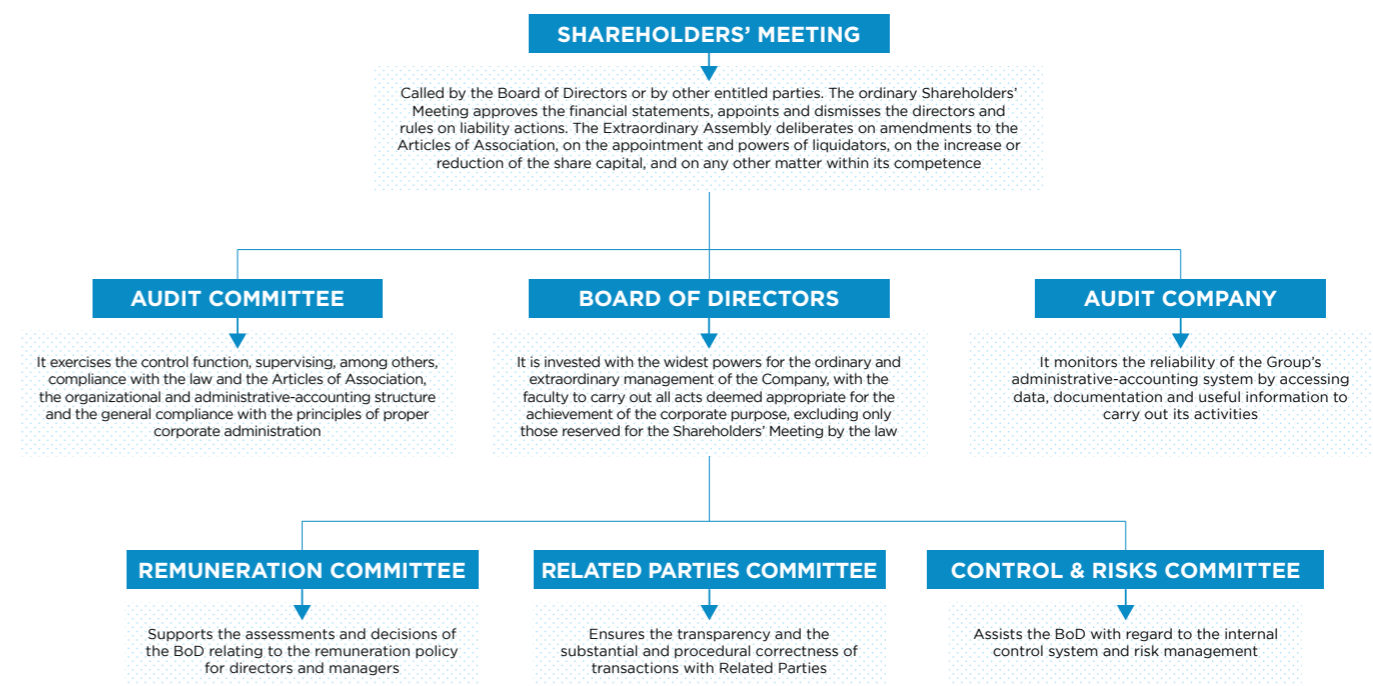


Figure 12: Corporate governance structure

SECO is governed by a Board of Directors (BoD), consisting of ten members: the Chairperson, the Chief Executive Officer (CEO), and eight Directors, five of whom are non-executive and three of whom are independent¹.

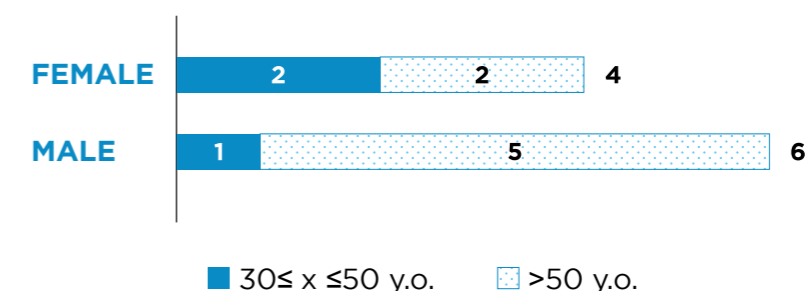


Figure 13: Composition of the Board of Directors by gender and age bracket - 2021

The appointment of the Board of Directors takes place on the basis of slates², in compliance with the applicable regulations in force concerning gender balance and the need for Directors to meet independence requirements. Directors must meet the eligibility requirements of professionalism and integrity, are appointed for a period of three financial years and may be re-elected.

¹ | Independence is defined in Article 147-ter of Legislative Decree No. 58/1998 and in the Self-Governance Code for Listed Companies issued by Borsa Italiana S.p.A.

² | For further information, please refer to the Group By-Laws. It should be noted that the Board of Directors was appointed by the Shareholders' Meeting in 2021, and will remain in office until the date of approval of the financial statements at December 31, 2023.

If the Shareholders' Meeting has not so provided, the Board of Directors shall elect a Chairperson from among its members, who in turn may elect a Vice-Chairperson to replace him/her in the event of absence or impediment. The **Chairperson** exercises the functions provided for under the applicable laws, regulations and By-Laws³. On the proposal of the Chairperson, the Board of Directors also appoints a **Secretary**, who need not be an employee of the Company.

The **Board of Statutory Auditors** has three standing members, including a Chairperson and two Statutory Auditors, plus two Alternate Auditors, who may be re-elected and who are appointed and operate in accordance with the law. The members of the Board of Statutory Auditors shall remain in office for three years until the date of the Shareholders' Meeting called to approve the financial statements for the third year following their appointment.

3.1.2| Business ethics and integrity

Our corporate culture is inspired and driven by the observance of **ethical principles, fairness and transparency**. Conscious of the need to continuously improve our internal and external controls, we have therefore adopted the following tools⁴:



Figure 14: Our tools to guarantee business integrity

We have adopted an **Organization and Management Model** pursuant to **Legislative Decree No. 231/2001**, updated in November 2020, to prevent the commission of offences under the Decree and, consequently, any administrative liability for the Company. The Model contains a "General Section" which describes the contents of the Decree, the objectives and functioning of the Model and the tasks of the Supervisory Board, and indicates the measures put in place to protect the Model. Conversely, the "Special Section" identifies the processes that are sensitive to the risk of offences being committed and defines the preventive protocols for mitigating the relative level of risk, divided according to the type of offence.

The **Supervisory Board** is appointed by the Board of Directors, which also defines its term of office (renewable) and its remuneration. The Supervisory Board, which is guaranteed hierarchical-functional independence from top management in order to ensure its maximum effectiveness and impartiality of judgement, is entrusted with the task of supervising the operation, implementation, effectiveness and compliance of the Model pursuant to Legislative Decree No. 231/2001.

³ | For further information, please refer to the Group's By-Laws.

⁴ | For additional information and more in-depth analysis, the documents can be consulted in their entirety in the section Corporate Governance on the SECO Group website.

The Supervisory Board must be informed by the recipients of the Model of any circumstance relating to the implementation of and/or compliance with the Model or, at any rate, with regard to any and all events that could, even potentially, render SECO liable under the Decree. Therefore, and in order to facilitate the flow of information between the recipients of the Model and the Supervisory Board, **special dedicated lines of communication** have been set up through which recipients can send information, data, documents and reports, including in anonymous form (see the section "Whistleblowing Procedure" of this document).

3.1.3| The Ethics Code

The Ethics Code (hereinafter also referred to as the "Code") was approved by the Board of Directors on December 11, 2018 and is an integral and substantial part of the system of values and rules detailed in the Model. It sets down the lines of conduct for compliance with the Group's ethical and legal requirements.

We are committed to disseminating the Code and making it easily available to all recipients in order to guarantee that anyone operating on behalf of and/or in the interest of SECO observes and makes sure that their interlocutors, whether internal or external to the Company, conduct themselves in a manner that complies with the principles of **integrity, fairness and impartiality** and which ensures **transparency** of their actions⁵.

The Code also regulates issues such as the protection of personal safety and respect for human rights; the right of employees to equal employment opportunities; health and safety at work; the protection of company assets; respect for the environment; relations with suppliers, customers and the public administration; anti-corruption; money laundering; conflicts of interest; internal controls; traceability of transactions; confidentiality of information and transparency and truthfulness in communications; the protection of data to safeguard confidentiality and, finally, the disciplinary system that regulates violations of the Code and the channels for reporting any breaches thereof.

As regards the **promotion and adoption of rules and internal controls targeted at preventing and minimizing the risk of corruption**, in compliance with current anti-corruption regulations and rulings, all members of the Board of Directors, Executives and employees of the Group, are required, at the beginning of their relationship with SECO and during the course thereof, to disclose any family or kinship ties (including spouses and cohabitants) existing with senior managers and/or employees of the Public Administration.

We promote the adoption of specific measures to combat and prevent the performance of work, in any form, by former employees or collaborators of the Public Administration who, in the last three years of service and prior to the termination of their relationship with the same, have held positions of authority or negotiating power in relation to SECO ("Pantouflage").

Other measures implemented to counter any form of active and passive corruption include disclosure and communication of the organisation's anti-corruption policies and procedures, dissemination of the Ethics Code and anti-corruption training.

⁵ | The Ethics Code is available on SECO's website at the following link: <https://corporate.seco.com/Investors/en/corporate-governance/articles-of-incorporation-and-by-laws/10.29/>

In the three-year period, **every member of the Board of Directors of the parent company was informed about the policies and procedures adopted by the Group in relation to anti-corruption.** Specifically, the updated versions of the Organizational Model and the Ethics Code were shared. No training on this topic was provided during 2021. However, we note that four of the ten Directors currently serving were already members of the Board in 2019 and 2020, and that 100% of that Board received training on the topic.

With reference to the parent company SECO S.p.A., we note that in the three-year period, 100% of employees received communication on the policies and procedures adopted by the Group regarding anti-corruption. As regards training activities, please refer to the specific information in the “Technical Details” section.

3.1.4| Whistleblowing procedure

In order to ensure that all stakeholders can report any unlawful conduct or offence, a **Whistleblowing Procedure** has been established.

As part of this process, the procedure for dealing with the report is regulated in such a way as to ensure the confidentiality of the whistleblower, including in compliance with the procedures and policies adopted by SECO on the protection of personal data. Compliance with this process in accordance with the provisions of the Decree, and so as to prevent any abuse, is guaranteed by the application of specific sanctions against anyone who violates the measures aimed at protecting the whistleblower.

It is the task of the Supervisory Board to receive, appraise and verify the reports, including with support from the company functions and departments deemed competent on a case by case basis.

The channels through which reports can be sent are alternatively:

- e-mail at whistleblowing@seco.com;
- registered mail with return receipt marked for the attention of the Supervisory Board c/o SECO S.p.A., Via A. Grandi, 20 - Arezzo (AR) - 52100 - IT.

3.1.5| The Internal Control and Risk Management System

We devote the utmost care in defining internal organizational structures and operating procedures to ensure **efficiency, effectiveness** and **maximum transparency** in the management of business activities and in the allocation of operational and top management responsibilities. We have set up internal control systems consisting of rules, procedures, protocols and organizational structures that aim to ensure compliance with company policies and the proper functioning of SECO S.p.A. and PSM Tech S.r.l., in accordance with the Company’s strategies and objectives and with the goal of detecting, verifying and analyzing the typical risks associated with the Group’s activities.

Our activity is bolstered by a certified and integrated Quality Management System⁶, based

6 | More information is available in the “Process quality and safety” section of this document.

on a risk-based mindset and developed in accordance with the requirements of ISO 9001:2015⁷, ISO 14001:2015⁸, ISO 13485:2016⁹ and ISO 27001:2013¹⁰ and ISO 45001:2018¹¹ standards.

Specifically, SECO S.p.A. has developed an Integrated Quality Manual that identifies, among other things, the methods for the context analysis and the content of the risk assessment document.

Risk assessment is based on an **analysis of the context** in which the Group operates, taking **seven dimensions** into account. These are economic-financial, internal social, technological-infrastructure, organisational-operational, regulatory, competitive and market-related. For each of these we conduct an in-depth analysis to identify its **main contents** in relation to the Group’s information and data, the **internal and external stakeholders** involved in the scope of the context, their expectations and, finally, the **risks and opportunities**.



Figure 15: Stages of the risk assessment procedure

Each risk is assigned an impact ratio determined on the basis of the perceived scale of severity (level of loss in terms of money and/or time) and probability (0%-100%) of the phenomenon occurring. Management controls and actions already in place or that could be introduced to mitigate the impact are then identified..

Constant updates to the analysis on the basis of the changing market environment and the evolution of the corporate structure, make it possible to compare impact ratios and to verify trends, be they upwards or downwards, in the level of risk and consequently take the most appropriate measures.

We therefore carried out an analysis targeted at identifying the related risks and opportunities for each material topic. The management methods for these are dealt with in the relevant chapters. In addition, visibility was given to the risks and opportunities associated with material topics on the title page of each chapter.

7 | Obtained in 2004 for SECO S.p.A. and broadened to the subsidiaries SECO Deutschland GmbH and SECO USA, Inc. in 2020, limited to commercial and customer management procedures. Certification acquired by PSM Tech S.r.l. in 2018.

8 | Obtained in 2020 for SECO S.p.A. and in 2019 by Fannal Electronics Co., Ltd.

9 | Obtained in 2020 for SECO S.p.A.

10 | Obtained in 2021 for SECO S.p.A., corporate certificate broadened to PSM Tech S.r.l.

11 | The first step in the certification process for SECO S.p.A. was completed in November, and the final audit is scheduled for March 2022.

Protection and safeguarding of human rights

The protection of and respect for human rights are among the principles set out in our Ethics Code and guide the conduct of our business. We are committed to protecting the personal safety of all individuals who work for and/or collaborate with SECO.

The following infographic shows the main dimensions to universal human rights monitored by the Group. More information can be found in the relevant chapters.



Figure 16: Our actions for the human rights protection

3.2| Value sharing

The continuous development of new technologies has progressively driven the digital transformation of objects, production lines and business models. This trend, which had already been underway for several years, accelerated further with the spread of the COVID-19 pandemic.

The acquisition and partnership initiatives we have undertaken over the last few years form part of a broader strategy adopted to increase value for all our stakeholders: for our customers, through a wide range of highly innovative, integrated and customized hardware and software solutions; for our suppliers, by strengthening our collaborative and procurement relationships; for our employees, by ensuring the seamless opportunity for professional growth and specialization in our business sectors; and for our shareholders, who benefit from the market expansion and the growth in earnings per share.

During the year, we continued to invest in research and development, new production technologies and skilled personnel. In addition, during 2021 we invested approximately Euro 3.5 million¹² in equipment to increase our production efficiency, the quality of our products and the digitalization of our processes.

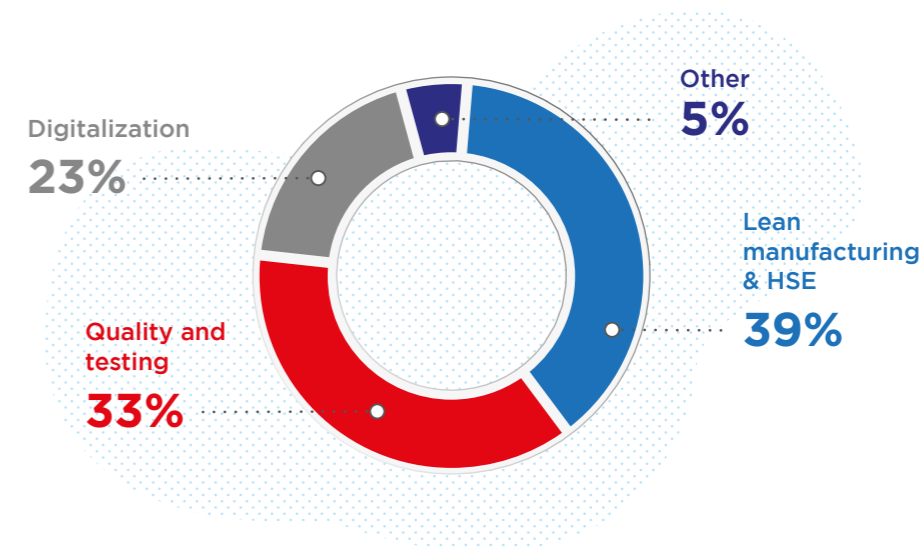


Figure 17: Ready for tomorrow's challenges: our investments

2021 ended with revenues totaling Euro 112 million (up 47% from 2020), while Adjusted EBITDA was Euro 25.3 (22.5% of revenues), up 59% from 2020. Profit for the year amounted to Euro 6.5 million, up 19% on the previous year.

Economic value generated in 2021 was Euro 116 million, of which 94% was distributed to our stakeholders. The remainder is retained internally in order to continue funding the Group's further acceleration due to the attractive growth opportunities offered by the sector.

¹² | The information refers to SECO S.p.A.

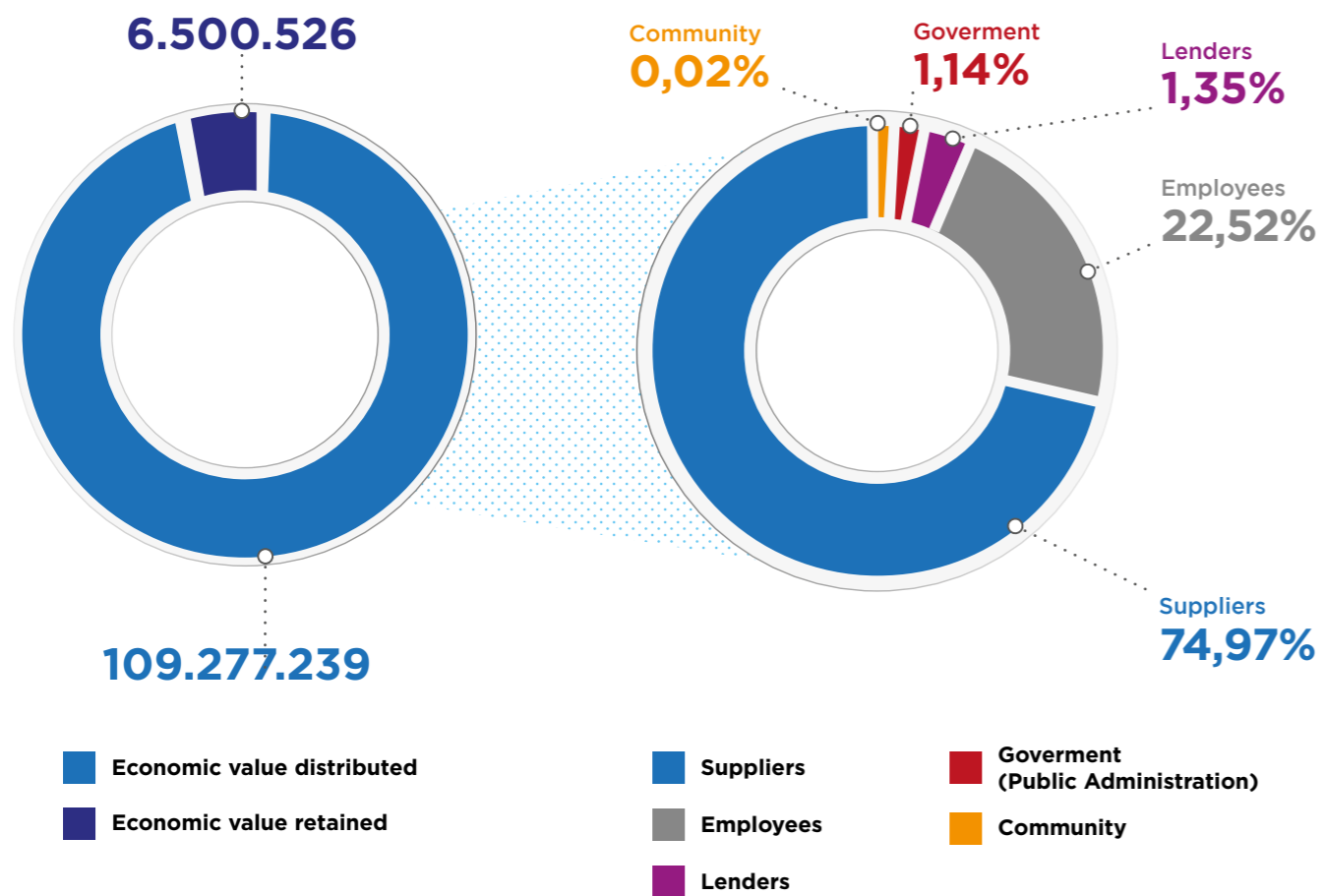


Figure 18: Direct economic value generated and distributed

Below is a graphical reclassification of the economic value generated that illustrates the breakdown between the value distributed to the different categories of stakeholders and the value retained internally

In addition, we were keen for all our employees to partake in the achievement of an important milestone in May 2021 with SECO S.p.A's listing on the Italian stock exchange. In this regard, we allocated around 200,000 free shares to more than 350 employees of the Group's Italian companies, up to approximately Euro 2,065 each, i.e. the amount not subject to personal income tax under Italian law.

3.2.1| Taxation

Management of the Group's fiscal strategy is the responsibility of the Chief Financial Officer (CFO), to whom the Chief Administrative Officer, the Controller and the CFOs of the subsidiaries report. This strategy aims to ensure **maximum transparency and correctness** in relations with the tax authorities and is based on **formal and substantial compliance with all applicable laws and regulations**. The Group adopts a series of actions to minimize tax-related risk. Indeed, every transaction performed outside the Group's normal core business activities is initially monitored by the local CFO and subsequently brought to the attention of the Group's CFO and legal advisors.

Moreover, in order to guarantee maximum accuracy regarding taxation on international inter-Company transactions, a **Group transfer pricing policy** has been implemented and forwarded to the Italian authorities. In this regard, it is the responsibility of the CFO to provide area managers with information regarding transfer pricing, the criteria adopted and any analysis supporting the transfer pricing policies adopted. Finally, beginning 2021, to ensure greater efficiency the Group adhered to the national tax consolidation scheme¹³.

¹³ | More quantitative information can be found in the "Technical Details" section of this document.



4| Dynamism: Anticipating change



46
products launched
in 2021



2 strategic partnerships
launched in 2021



10%
of revenues dedicated
to R&D



2 corporate acquisitions to
expand the Group's portfolio of
technological expertise



30% of employees
dedicated to R&D activities

MATERIAL TOPICS COVERED

Product quality and safety; Research, development and innovation

ASSOCIATED RISKS

Defects, failures due to experimentation with new technologies; Loss of technological-innovative competitiveness in the sector in which the Group operates; Failure to meet product requirements.

RELATED OPPORTUNITIES AND MAIN ACTIONS

Knowledge of international product standards; Anticipation of technological trends; Direct contact with silicon vendors to anticipate potential risks and criticalities of new technologies and mitigate their impact on mass production; Participation in working groups; Development of new products; Time to market

MATERIAL TOPICS COVERED

Customer and partner relations

ASSOCIATED RISKS

Failure to meet customer needs; Loss of competitive advantage

RELATED OPPORTUNITIES AND MAIN ACTIONS

Ability to anticipate and respond to customer needs; New product development; Time to market; Development of long-lasting partnership relationships; Development of custom solutions in synergy between SECO and customer R&D functions.

4



GRI STANDARDS

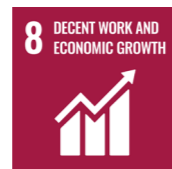
102-15

SDGs

SDG #3 - Good health and well-being (Target 3.8)

SDG #8 - Decent work and economic growth (Target 8.2, 8.3)

SDG #9 - Industry, Innovation and Infrastructure (Target 9.5)



4.1| Research, development and innovation

For us, “dynamism” means directing actions towards the achievement of the set objective beyond our own role, being constantly on the lookout for **new ideas**, pursuing them and experimenting to provide **cutting-edge** solutions and, finally, facing **challenges** with the creativity needed to generate innovation.

Our primary goal is to **anticipate the needs of our customers using state-of-the-art technologies**, and supporting them in the **digital transition** of their businesses.



We **invest continually** in our **research and development processes** and in our people, and we collaborate **with some of the leading players in the Edge computing and Artificial Intelligence industry**, helping to sustain technological progress in the area in which we operate. We have also accelerated our path to growth by completing **corporate acquisitions** and entering into **strategic partnerships** in order to integrate our expertise and develop increasingly high-level technological solutions.

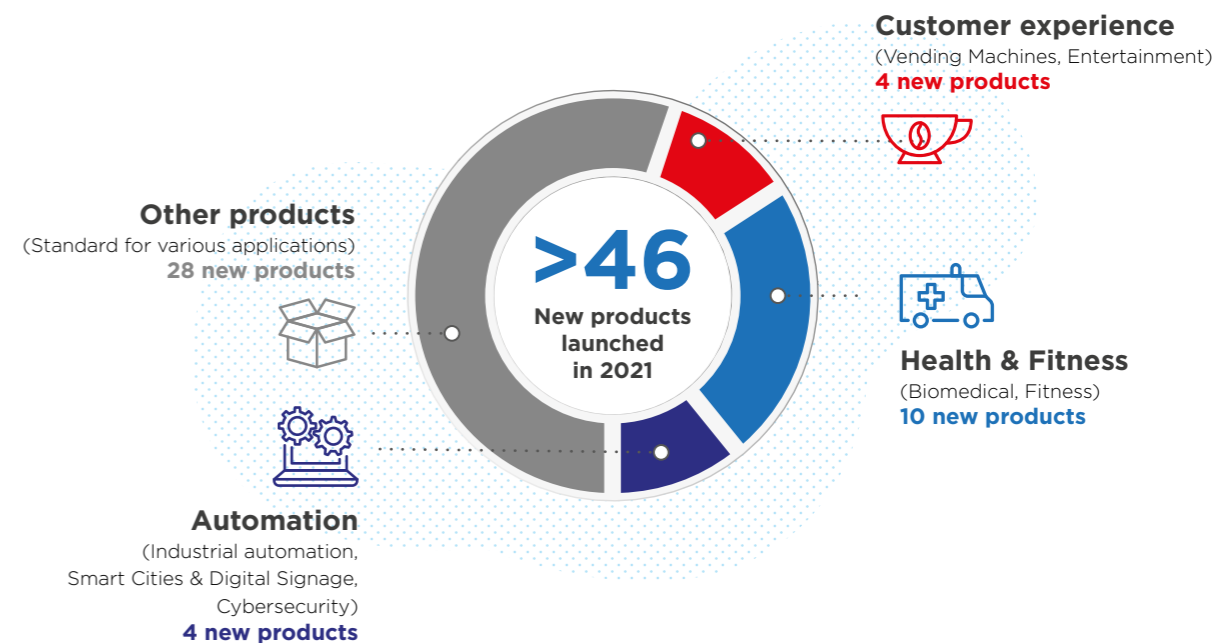


Figure 19: Products launched in 2021 by area of application



9 R&D hubs located in Italy, Germany, the United States, India and China
 € 10.9m invested in research and development, equal to 9.7% of turnover

The market in which we operate features a continuous drive for innovation by all players in the industry. The rapid pace at which our industry moves can quickly render obsolete that which had recently constituted an ingredient of competitive advantage. To remain at the cutting edge of technological innovation, we continuously invest in research and development infrastructure and in personnel with highly specialized skills.

During 2021, we allocated approximately 10% of our revenue and devoted **approximately 30% of our employees to research and development activities**. Working closely with our customers, we have invested in designing, co-developing and co-engineering new products and solutions for the market. Specifically, roughly 140 of our people work daily on developing AI technologies and solutions.

Thanks to the **integration** and **coordinated work** of the different functions within the Group, and to our **highly specialized know-how**, we can handle all phases of a project with promptness and efficiency. Specifically, with regard to the research and development phase, in order to formalise the different stages of the process and the contribution of each stakeholder involved, we have defined **“New Product Development” procedures** which, according to the type of product (standard, semi-customized or customized), **establish responsibilities and interactions** between internal stakeholders (such as the departments which oversee each phase of the project), and external stakeholders (such as customers or suppliers). The procedure is accompanied by **operating instructions**, including details for each activity, enabling each of us to maximize our contribution and ensure high levels of efficiency and time-to-market.



Standard products are based on the most widely used design standards in the market, ensuring continuity in terms of design, engineering, dimensions and form factors. In this way, users are assured of **long-term** product availability and **high scalability** R&D investments made by the customer. These solutions can be integrated within more complex, plug-and-play systems ready to be incorporated into the customer’s final product.

Design standards and form factors

SECO helped co-found, and actively participates in, some of the leading standardization bodies for form factors used in the marketplace today.

Form factor concerns the hardware design specifications of devices, particularly electronic boards, defining and prescribing their size and shape, in addition to other specific physical design rules for the components used.

These rules are codified and standardized by standardization bodies. Among the world’s leading bodies are SGET (Standardization Group for Embedded Technologies) and PICMG (PCI Industrial Computer Manufacturers Group), of which SECO is a founding member, and to which we owe the emergence of some of the most widely used standards worldwide, including COM-EXPRESS, COM-HPC, QSeven and SMARC

On the other hand, as far as **customized or semi-customized products** are concerned, the process is usually based on **synergic work between SECO’s R&D team and that of our customer**. The two teams work in tandem to define the technical, performance, dimensional and design features of the solution. Through our innovation and integration capabilities, combined with many years of experience in customisation in numerous industries, we can significantly **reduce** the **time-to-market** of the solution developed and designed to meet the specific needs of the customer. The result is a long-term **win-win** relationship that generates value for both parties.

COM-HPC Solutions



COM+HPC®

COM-HPC (High Performance Computer) modules meet the technical standard launched by PICMG, the standardization consortium of which SECO is a founding member.

COM-HPCs are based on technologies that enable:

- Response to complex computational needs, exploiting the potential of parallel processing algorithms and systems
- High performance in processing large amounts of data or in the management of video streams with a resolution of up to 8K
- High computation and low-latency capabilities, representing the hardware answer for the most demanding high-power computing applications

AREAS OF APPLICATION



IoT devices



Smart Factories



5G network traffic



Robotics

EASY EDGE



Thanks to Easy Edge, any non “IoT-ready” device can be connected to CLEA and benefit from all its features.

- A quick and easy integration process enables the retrofit of legacy devices, even those developed by third parties, enabling their plug-and-play compatibility with CLEA.
- Equipped with integrated connectivity, Easy Edge guarantees high performance features and low energy consumption
- Even legacy devices can thus benefit from the high value-added data analytics and Artificial Intelligence services offered by CLEA

AREAS OF APPLICATION



Coffee & Vending



Health & Fitness



Medical



Automotive



Industrial automation



Smart buildings & Smart cities



...and many more



Our desire to be the driving force behind technological advances has led us to develop an increasingly broad portfolio of products suitable for the most diverse applications.

One of the main innovations of 2021 was **CLEA**¹, an “as-a-service” solution, which is to say an integrated suite of IoT, data orchestration and Artificial Intelligence functionalities that enables our customers to leverage the enormous potential of the data contained in their devices. CLEA users can in fact analyze this data in real time to increase their margins and launch new business models based on value-added services, developing, executing and managing applications, designed in-house or with SECO support, without having to create and oversee the infrastructure or platform normally associated with such processes.



1 | The launch of CLEA was accompanied by the creation of SECO Mind S.r.l., resulting from the merger of the three companies acquired by SECO between 2018 and 2020 to enhance its IoT offering: Aidilab S.r.l., a creative laboratory of Interaction Design; Ispirata S.r.l., a start-up specializing in middleware solutions and open source software for Data Orchestration applications in the Embedded, IoT and Industry 4.0 fields; and Hopenly S.r.l., specializing in machine learning and Artificial Intelligence. This merger took place on July 1, 2021, with retroactive accounting from January 1, 2021.

CLEA is in fact an end-to-end software platform that combines **Artificial Intelligence, Internet of Things, Edge and Cloud computing** through a single Suite, thereby making it possible to collect data in the field, transfer it to the cloud and make it usable in real time in a highly customized way, to deliver information with high added value for our customers.

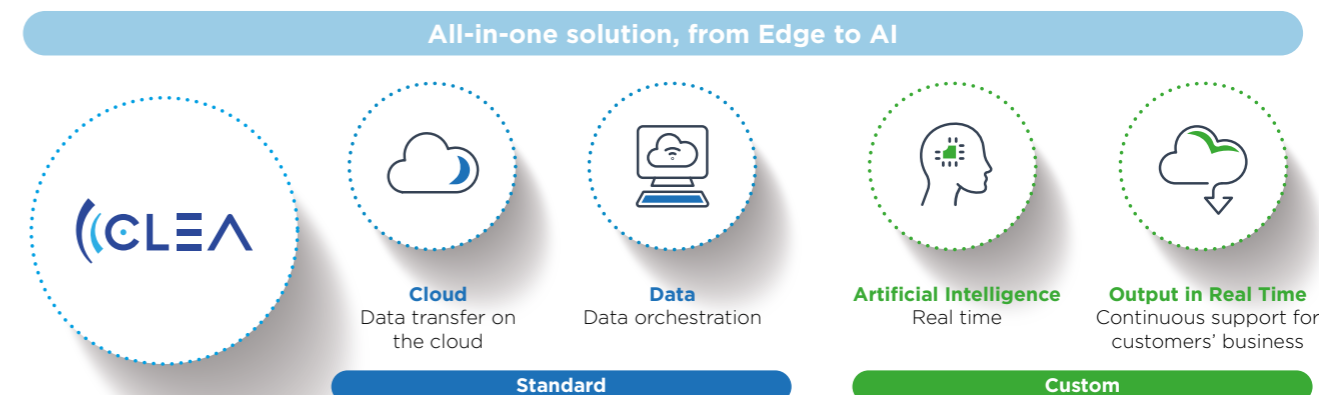


Figure 20: CLEA: proprietary, modular solution enabling Edge-to-AI offering

There are many possible application cases for CLEA: for example, the predictive maintenance of machinery can enable the advance planning of repairs, optimizing logistics flows for maintenance work, making energy consumption more efficient, and reducing the occurrence of malfunctions and risks for operators. Cross-referencing information from devices with external technologies and data sources (weather, temperature and atmospheric pressure, facial and voice recognition solutions, sensors etc.) can also enable the customer to offer customized high value-added content and services to end users.

Specifically, among the possible fields of application are vending (for example, to analyze sales trend forecasts), medical (monitoring of the clinical picture and vital parameters, flagging of anomalies), transport (connection between vehicle sensors and other devices available to the driver), industrial (identification of operating anomalies and predictive maintenance for the prevention of possible breakdowns).



Figure 21: Demo videos of some of the many CLEA applications



The **partnership with Microsoft** was announced in March 2021, with CLEA being natively hosted on the Microsoft Azure cloud platform to enable enterprises, customers and partners to accelerate the digital transformation of businesses and products, dramatically reducing the time required to deploy the CLEA platform digitally. The phase for establishing the pillars of the partnership saw close collaboration between the SECO Mind team and Microsoft, providing an opportunity for both sides to exchange feedback on the functionality of the platform and an important occasion for the professional growth for our team of developers.



Another strategic **partnership**, launched in August 2021, was signed **with Olivetti**, the Tim Group's digital farm for IoT solutions.

In addition to strengthening the industrial partnership for the supply to Olivetti of SECO hardware devices already in the catalogue, this agreement laid the foundations for the development and marketing of new hardware and software solutions to be distributed under the "**Olivetti powered by SECO**" brand. These solutions, complemented by SECO Mind's sharing of Artificial Intelligence and data analytics expertise, aim to cover a wide range of application fields, including smart cities, urban services, industrial automation and smart agriculture, digital payment systems and, more generally, the entire range of connected objects. It is a partnership designed to support the digitalization of large companies and SMEs, as well as the Public Administration, thanks also to the significant opportunities for digital and sustainable development offered by the Italian government's PNRR (National Recovery and Resilience Plan).

Our contribution to the partnership will be cross-sectoral, from monitoring compliance with quality standards and the efficiency of the product development and manufacturing cycle, to supply chain management and optimization of activities related to the production

process. By dealing not only with **research and development**, but also with the **simulation and testing** phases, we are able to provide Olivetti with faster time-to-market, minimizing the time needed for certification and market launch of new co-developed products.

In addition to the more recently developed partnerships mentioned above, we regularly participate in **Early Access programmes** organised by some of the world's leading processor manufacturers. This gives us access to the **latest technological solutions** designed several months before they hit the mass market.

Thanks to this "priority access", we are able to carry out tests and preliminary developments on the use of technologies that will be applied in our products in the future, studying the best solutions in collaboration with our partners, in a spirit of mutual benefit.

Indeed, through testing we support our partners in the identification of any criticalities and, at the same time, we acquire in-depth knowledge of new products well in advance of our competitors. In this way, we gain experience and competence in integrating them into our solutions, with significant time-to-market benefits for customers who adopt these solutions.

With UDOO Lab, SECO participates in the Artificial Intelligence research network of the University of Siena

UDOO Lab, born out of the partnership between the University of Siena, SECO and AIDILAB (now merged into SECO Mind), is a laboratory where multidisciplinary competences intertwine to give life to new projects and promote innovation.

Entering the network "Unis-IA", through UDOO Lab, SECO is taking a leading role in making a contribution to an ecosystem that unites a number of organizations dedicated to promoting **technological innovation**, especially in the field of Artificial Intelligence. The goal of the network is in fact coordination and collaboration between the participating groups to facilitate the attraction of students, researchers, companies, funding and the design of **research activities** and **technology transfer** in the field of AI.

Thanks to the network "Unis-IA", it will be possible over time to develop and disseminate effective teaching and research models on the subject of Artificial Intelligence based on interactivity and a research-action approach, in order to encourage the **circulation of knowledge**, develop and exercise cutting-edge technologies and promote their transfer to the industrial sector.



Innovation and safety: SECO and Intel together for Functional Safety



Artificial Intelligence is drastically increasing human-machine interactions in the industrial space, and it is increasingly necessary to raise the level of safety in integrated applications to prevent harmful situations from occurring in a mixed robot-human environment.

For this reason, in September 2020 SECO launched the first SMARC module **specifically designed for Functional Safety (FuSa)* applications** using Intel Atom x6000E, Intel Pentium and Celeron N and J Series processors.

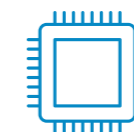
- Functionalities: detection, monitoring and prevention of systematic failures or anomalies in software, hardware, design and tools and hardware failures that occur while using the system
- Applications: sectors requiring high levels of reliability and excellent fault tolerance, from healthcare to industrial automation, through robotics and human-machine interface (HMI)

* Functional Safety (FuSa) is the ability of a system to identify, diagnose and mitigate the risk of failures, preventing the occurrence of damage to people and the surrounding environment through the automatic implementation of a series of protection actions

CHARACTERISTICS



Certifications
IEC 61508/ISO 13489**



Safety island
Integrated IP for self-test and diagnostics



Mixed criticality
Safe and non-safe workloads processed in a single unit

BENEFITS



Certification costs reduction



Lower development costs
FuSa-specific functionality already integrated



Lower time-to-market
Simplicity of design for high computing power

** | IEC 61508 defines the contents of the Company Quality System with respect to the Functional Safety (FuSa) of products, the methods for determining the probability that a device or system is unable to provide the required safety function, and the degree of reliability of components, equipment and systems used in safety applications to express the level of integrity of the safety device/system. ISO 13849 certification specifies safety requirements and guidelines on the principles of design and integration of safety-related parts of control systems, including software design.

SECO's Off Grid project for water and energy self-sufficiency

In 2021, SECO continued its support for **La Fabbrica del Sole**, a leading manufacturer of Off Grid Boxes, a solution designed to ensure water and energy self-sufficiency in isolated contexts or in climatic/health emergency situations. Carried out in collaboration with MADE (a public-private consortium including the Politecnico di Milano and STMicroelectronics), the project saw SECO engaged, along with La Fabbrica del Sole, in the development of Off Grid Boxes. This is an innovative **plug-and-play product that makes electricity and drinking water** (or at any rate water suitable for domestic use) available **even in places not reached by the grid**. This solution is designed to operate in remote areas that are not connected to the energy or water supply grid, such as deserts, mountain areas and, in general, any area that is isolated, either for geographical reasons or due to natural disasters.

An Off Grid Box is a container capable of producing **3-8 kWp** of electricity (thanks to a roof area of 20 m² for hosting photovoltaic panels) and **5,000 litres of drinking water per day**.



Figure 22: A box from La Fabbrica del Sole with SECO solutions installed in Somalia

In the contexts in which an Off Grid Box operates, maintenance and remote interventions on the system are always very costly, both in economic terms and as regards time (one need only think of the difficulties associated with reaching a box located in war zones).

The connectivity platforms provided by SECO make it possible to **connect the machines installed by Fabbrica del Sole** to the cloud, instantly and with a modest initial investment, while at the same time guaranteeing:

- real-time collection of operating data for each unit installed;
- that this data can be shared within the CLEA cloud and managed through a highly user-friendly interface;
- remote management of Off Grid Box solutions, limiting the need for on-site interventions

by skilled personnel;

- the possibility of elaborating machine-learning-based forecasts starting from the information collected by each machine, optimising the energy and water supply modes according to the specific needs of the user, the atmospheric forecasts, the local calendar (it should be remembered that festivities and local customs influence consumption), and the specific characteristics of the area of intervention;
- implementation of a predictive machine maintenance functionality.

SECO began development in April 2021, assigning a dedicated team of hardware, mechanical and software experts to the project. The first prototype is expected by July 2022. A mini-Off Grid Box is also planned for 2022 in order to achieve a device that is more manageable than the current one.

SECO in the working group for the development of Oniro, an Eclipse Foundation project

In a world where devices will be able to communicate with each other in increasingly rapid ways, thanks to technologies such as edge computing, cloud, 5G and Artificial Intelligence, SECO wants to work alongside our partners to facilitate device **interoperability**.

In other words, we aim to foster the emergence of an infrastructure that allows different devices to communicate with each other in an unhindered way, thus ensuring increasingly smooth, easy, intuitive and secure collaboration for end users.

Together with Huawei and other partners, we are contributing members of the **Eclipse Foundation**, which has given birth to **Oniro**, an open source platform featuring multi-kernel architecture, which seeks to enable companies to deploy a variety of features and services across their devices that can benefit from the platform's modular approach. Thus the different software components, ways in which they can be integrated and configured based on runtimes and supported programming languages and, finally, the kernels and hardware appliances.

Oniro aims to ensure **freedom, accessibility, transparency and collaboration** among technology players, to create an all-encompassing and open interoperability environment that can reduce fragmentation in the client and IoT device sector. It provides a common technology that can power devices regardless of brand or model, making it easier and more intuitive for them to operate harmoniously. Oniro represents an approach to technology that gives the final consumer full freedom to choose what they prefer and what is most functional for their needs or budgets, enabled by easy, fast and intuitive communication between devices. All this is done in total security while respecting the privacy of the individual, since data is only exchanged between devices and not with third-party cloud providers, all to the considerable benefit of performance and response times.



4.2| Process quality and safety

The production activity is divided into **five plants**, two of which are in Italy (Tregozzano and Arezzo), two in Germany (Hamburg and Wuppertal) and one in China (Hangzhou).

Specifically, the plant located in Tregozzano is dedicated to the **production of boards**, while the production site in Arezzo is given over to **System Integration** and to the assembly of the various components and subsystems required to create the finished hardware device. SECO also adopts a very similar industrial model in Germany, where board production is mainly concentrated in the Wuppertal plant, while system integration and assembly activities take place in Hamburg. Finally, design and production of customised touch display solutions are carried out in Hangzhou.

In recent years, the Group's investments in its production sites in Italy have been directed towards the continuous improvement of manufacturing processes with a view to obtaining **lean production**, and pursuing excellence in operating processes, automation and the consistent improvement of quality standards and product time-to-market.

Our product and service development cycle is mapped by the **Integrated Management System²**, which is correlated with procedures describing the Company's processes, including the design and manufacture of products and services (inputs, phases, outputs, responsibilities, etc.), and work instructions detailing the stages of work, to ensure that the process meets internal and regulatory standards of quality and safety that are constantly evolving and improving.

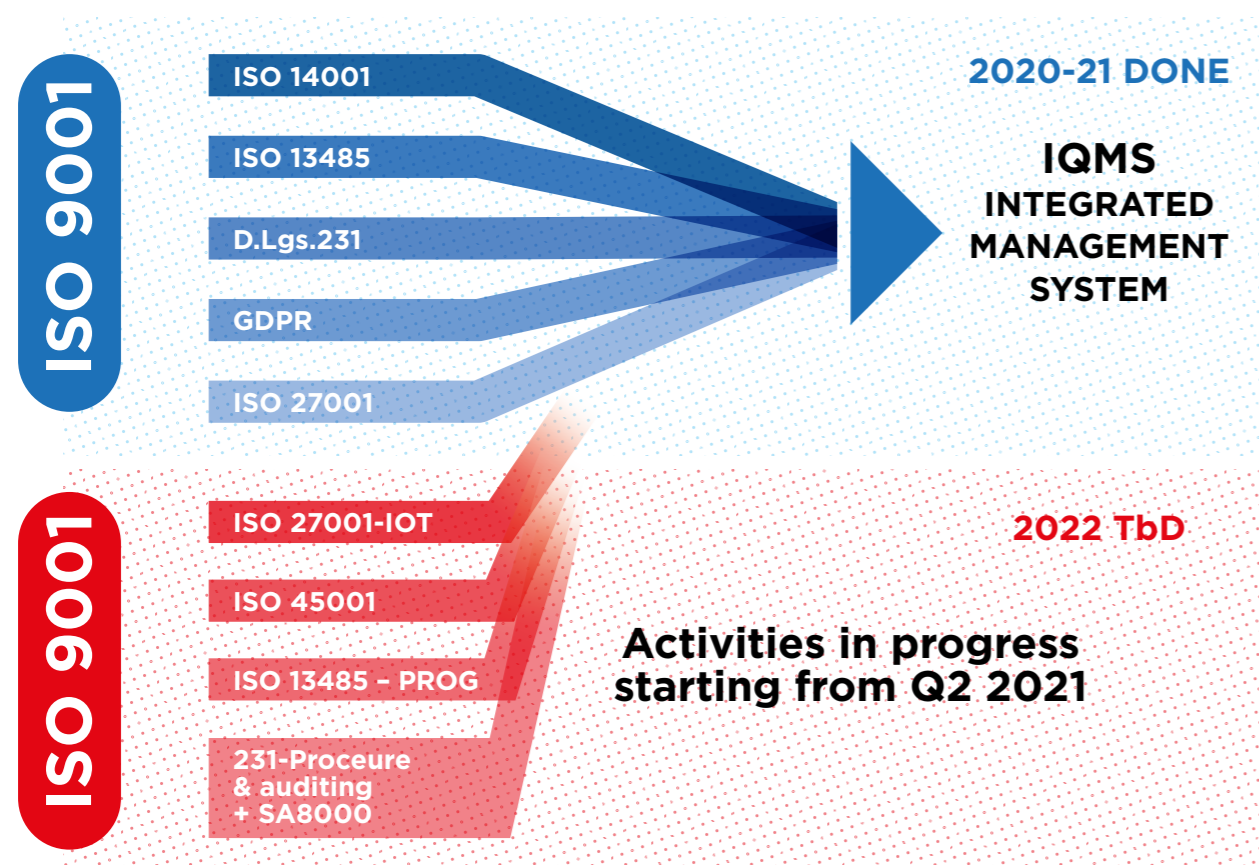
The Quality Department gives substance to and harmonizes all the operational areas in which the Company conducts its business. The documentary system of procedures, the monitoring tools provided by the System and compliance with ISO standards are fundamental elements to support the entire organization and its strategic business choices. Our goal is to continue the process of strengthening the concept of **"quality" as a managerial tool flanking the business**. Given the Group's extreme dynamism, this vision is today as valid as ever.

The Quality function is headed by the Chief Quality Officer (CQO) who has specific authority to ensure that the Integrated Management System is set up, applied and maintained.

Additionally, attention to quality and safety standards of products and services is ensured across Company functions, with different levels of responsibility according to the phases of a project: "Responsible" (whoever carries out the activity at an operational level), "Accountable" (whoever is responsible for carrying out the task), "Consulted" (whoever needs to be consulted in order for the activity to be carried out), "Informed" (whoever needs to be informed about the activity).

ARCHITECTURE OF THE INTEGRATED SYSTEM

THREE-YEAR TERM TARGET 2020-2022



² | Drawn up in accordance with the requirements of the certifications held by the SECO Group: ISO 9001:2015, ISO 14001:2015, ISO 13485:2016 and ISO 27001:2013, and ISO 45001:2018 (application being assessed as at December 31, 2021).

The following infographic depicts the process for ensuring the quality and safety of SECO products and/or services.

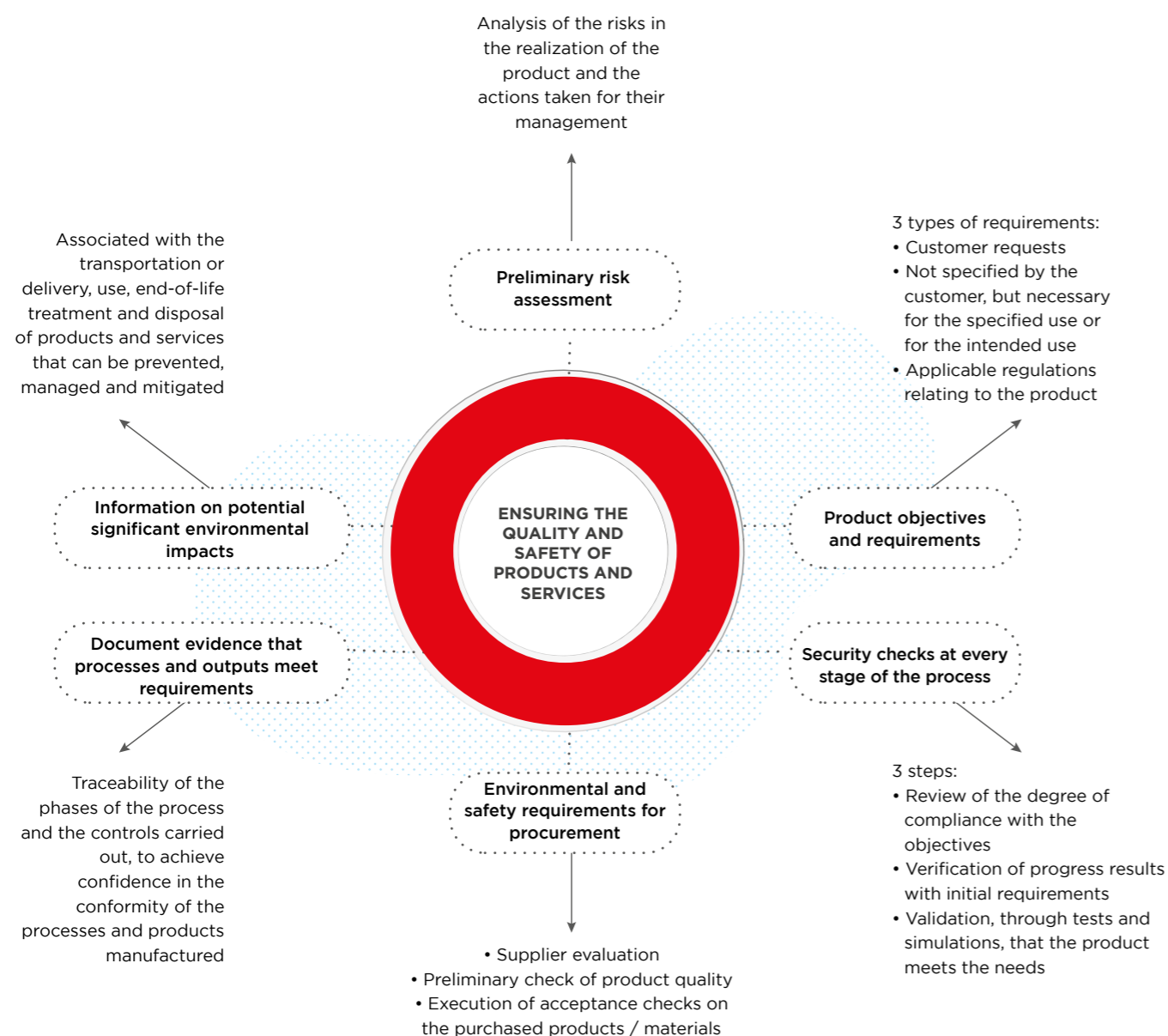


Figure 23: Map of the process to guarantee the quality and safety of SECO's products and/or services

4.3| Our Operations: striving for excellence for our customers

Since our inception, we have been committed to seeking out the best technological and production solutions to ensure the highest quality standards for our customers. For this reason, in-house production is a strategic element of our business model, allowing us direct oversight of all stages of the production process that can impact the quality of our products.

To date, our industrial infrastructure consists of **five manufacturing facilities around the world**: two in Italy (Arezzo, Tregozzano), two in Germany (Hamburg, Wuppertal) and one in China (Hangzhou).

The **Arezzo facility**, a building of over 9,000 m², was completed in 2019 and houses over **30 system integration lines** and **20 testing lines**.

Located at SECO's new headquarters in Arezzo and operational since 2019, the plant was designed according to the most advanced principles of lean production, with the goal of ensuring maximum process efficiency, minimizing waste and production time and ensuring the best quality standards for our customers.



Figure 24: Arezzo plant, view of a System Integration line

Conformal coating

In 2020, we introduced a **conformal coating** station for coating boards intended to operate in particularly hot or humid conditions.

This process involves the application of a transparent protective film that adheres perfectly to the components of the assembled board.

We are thus able to provide our customers with an additional service, ensuring that the boards continue to operate in highly challenging environments, while maintaining their technical and performance characteristics.

An **anechoic chamber** has been installed in the same building. This is laboratory environment structured and designed from an acoustic point of view, in such a way as to stop reflections of sound or electromagnetic waves, thanks to isolation from outside noise. It is here that we carry out validation and signal integrity tests on our boards and systems before they go into production. These checks make it possible to immediately identify any problems on the board and resolve them before the mass production phase, thus preventing losses in line efficiency or product quality.

In addition, in May 2021, we installed a **clean room**, a laboratory with a controlled atmosphere and particle concentration that facilitates testing and assembly in a clean environment. This prevents interference from airborne particles that could damage the micro-photoengravings in the circuits or affect the successful bonding processes of the touch displays, constituting a possible cause of product failure and preventing proper functioning. In this way, we can manufacture products that, by ensuring high quality standards, can be used in critical areas, such as the medical and transportation sectors and for many other applications.

We have also acquired **3D printers** to further accelerate prototyping, so as to ensure even shorter development and delivery times for our customers.

The production workers are complemented by **three different teams of support operators** to achieve constant improvements in output by eliminating discards, wastage of materials and production inefficiencies:

- Logistics, for the provision of the raw materials necessary for the execution of the various stages of production;
- Technical support, alongside Production for any technical assistance needs;
- Scheduling, for timely planning and control over the progress of projects.

The **Tregozzano plant** is equipped with production lines that use Surface Mounting Technology (SMT), which involves assembling the electronic components of a printed circuit board on its surface. Quality control of the boards takes place directly on the production lines, at the end of which AOI (Automated Optical Inspection) machines are positioned, an automated three-dimensional inspection technology that scans each production batch passing through the line. In addition, any processing requiring the assembly of components through the surface of the board can be completed using special lines equipped with TH (Through-Hole) technology.

In recent years we have been working on a reorganization of prototyping and quality control activities, with the goal of optimizing the use of materials and components, reducing waste and improving process efficiency and time-to-market of our products. To do this, we have specifically allocated one SMT line to **prototyping activities**, with a major improvement in planning and efficiency for the other SMT lines intended for production.

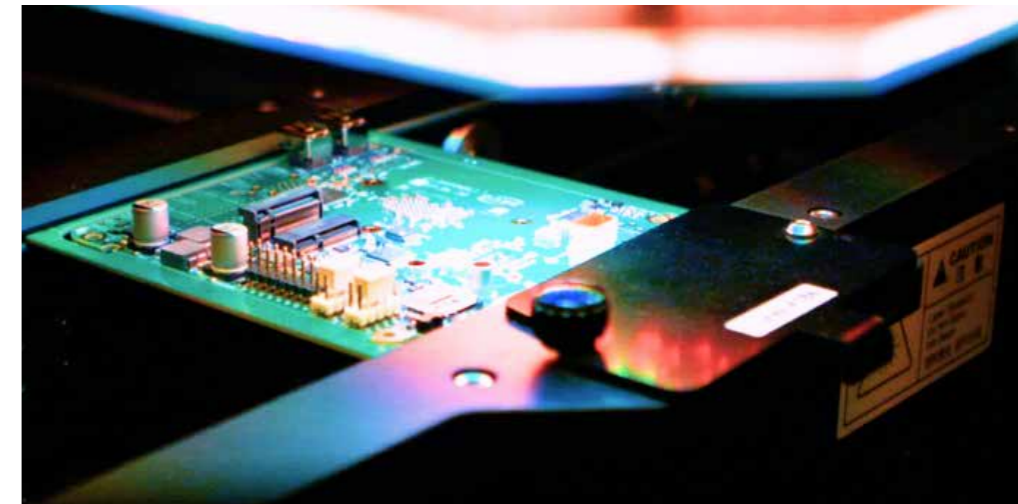


Figure 25: Tregozzano plant, detail of a board being processed

In addition, we aim to prevent as far as possible the occurrence of failures or quality problems with our products by carrying out numerous **product and process tests** as early as the prototype stage. In 2020 we acquired a **flying probe machine** for the advanced testing of prototypes. Using a series of constantly moving probes, this machine checks that all board components are correctly positioned and connected, identifying any defects before the board goes into production.

Similar processes are carried out in the plants in Germany, both for the manufacture of boards (in Wuppertal) and for system integration and assembly operations (in Hamburg).



Figure 26: Interior views of the Hamburg plant

Furthermore, with a view to verifying the quality of our products in an even more granular manner, in April 2021 we introduced an innovative **X-ray spectrometry machine** that allows us to inspect images of the board in 360°, making it possible to observe any defects that are invisible even to AOI (Automated Optical Inspection) technologies. Once image acquisition is complete, the machine reproduces a detailed 3D model which, using dedicated software, can be analyzed by the operator at any level and aid in **carrying out targeted repairs** that reduce production waste. This allows us to prevent any structural defects as early as prototyping

phase and means we are able to verify, by means of spot checks during mass production, the integrity of all the solder joints of our boards, thus ensuring the maintenance of the quality standards we have set for ourselves.

The data resulting from the checks and from the final tests carried out on every single card or system are recorded and stored on the computer system so that they are always accessible for any subsequent checks.

Furthermore, in order to add value to the solutions we create for our customers, we produce the touch displays in-house and then integrate them into our systems. Manufacture of these components takes place at the Hangzhou plant, a production area of over 2,500 m². In this facility we carry out all activities to produce a wide range of multi-sized products for design, stamping, laser cutting, air and optical bonding (carried out in a clean room), and testing and delivery operations.



Figure 27: *Interior views of the Hangzhou plant*



5 | Passion: Giving our all



835
employees in 2021



98%
customer retention rate over
the last three years



+463
employees in 2021



ISO 27001:2013
certification obtained in 2021



100%
of the employees of the
Italy-based companies are
covered by a health and
safety management system



52,4%
of procurement spending was
on domestic suppliers in 2021

MATERIAL TOPICS COVERED

Human resource management; Training and development; Diversity and inclusion; Employee health and safety

ASSOCIATED RISKS

Possible high turnover of staff; Inadequate staff training systems; Possible occurrence of discrimination Possible impact on workers' health as a result of accidents in the workplace

RELATED OPPORTUNITIES AND MAIN ACTIONS

Implementation of a new procedure (HR); Use of the Learning Object portal; Presence of a corporate welfare system for employee loyalty; Development of an employer branding strategy; Implementation of talent development paths; Sharing of the Ethics Code; Strong corporate culture; Achievement of SA 8000 certification expected by the end of 2022; Health and safety management system (pursuant to Legislative Decree No. 81/08); Health and safety training courses; Obtaining ISO 45001:2018 certification by 2022

5



MATERIAL TOPICS COVERED

Customer and partner relationships; Privacy and data protection; Sustainable supply chain management

ASSOCIATED RISKS

Failure to align with customer needs; Loss of competitive advantage; Possible exposure to privacy breaches via IoT services; Failure of suppliers to align with Group standards.

RELATED OPPORTUNITIES AND MAIN ACTIONS

Ability to anticipate and respond to customer needs; New product development; Time to market; Development of long-lasting partnership relationships; Development of custom solutions in synergy between SECO and customer R&D functions; Activation of Open innovation processes; Increased transparency and traceability in the supply chain; Protecting the Group's reputation.

GRI STANDARDS

GRI 102-8, GRI 102-9, GRI 102-10, GRI 102-13, GRI 102-41, GRI 204-1, GRI 308-1, GRI 401-1, GRI 401-2, GRI 403-1, GRI 403-2, GRI 403-3, GRI 403-4, GRI 403-5, GRI 403-6, GRI 403-7, GRI 403-9, GRI 404-1, GRI 405-1, GRI 414-1

SDGs

SDG #3 - Good health and well-being (Target 3.8)

SDG #8 - Decent work and economic growth (Targets 8.2, 8.3)

SDG #9 - Industry, Innovation and Infrastructure (Target 9.5)

SDG #12 - Responsible consumption and production (Target 12.2)



5.1| People

People represent one of our main resources, an essential element of the company organization and of **our success**. We are a growing international group with offices in nine countries, each with its own culture. We are actively committed to sharing a **common corporate culture**, which aims to develop and enhance everyone's **talent**, foster **continuous interaction** between work teams and relationships based on trust and respect for **equal opportunities**.

Our HR model, as shown in the infographic below, is developed in full support of the business strategy to achieve the growth objectives defined by the Group. Hereunder the different phases of the model will be explored in detail, giving evidence of the Group's management policies, implemented projects and defined objectives.

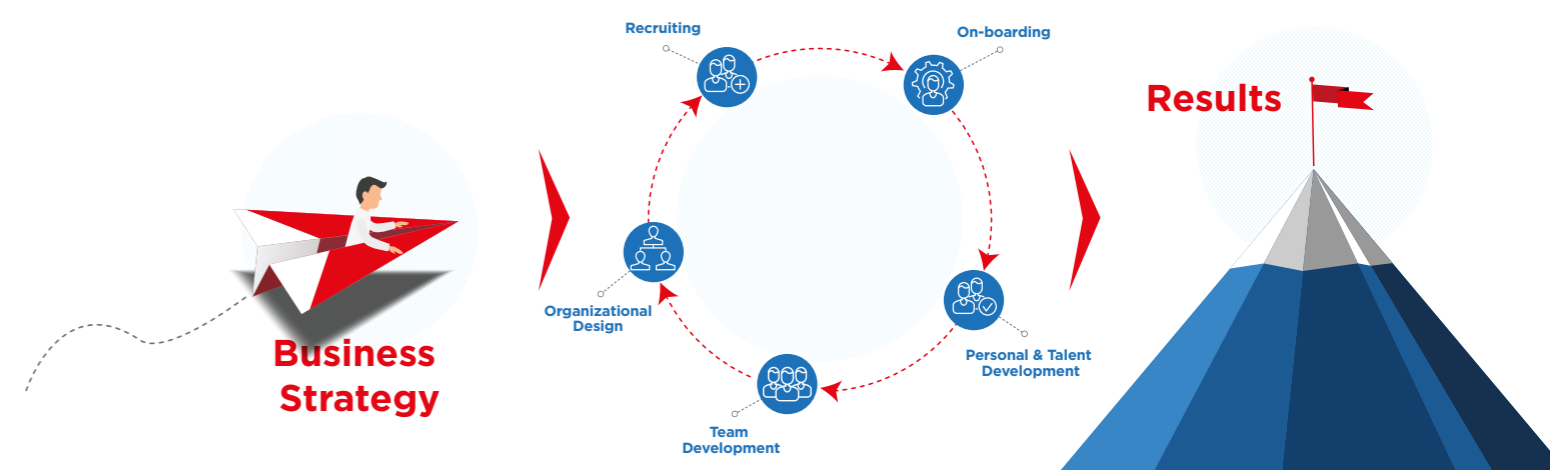


Figure 28: SECO's HR model

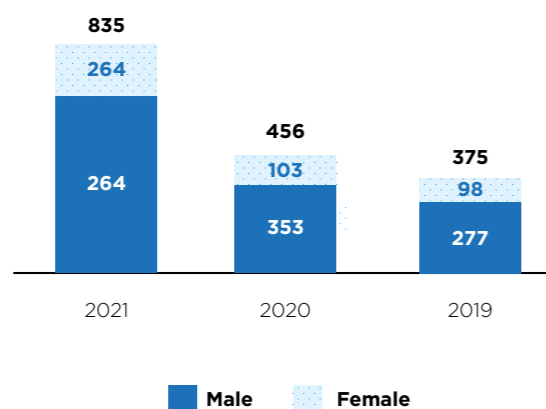
During 2021, we began work on several aspects related to personnel management. Specifically, best practices in the field of HR have been analyzed with the aim of integrating them within the SECO Group; the operations of the Human Resources function have been harmonized for all Group companies in order to ensure full integration between Group companies, with particular reference to newly acquired companies; a system for collecting and processing information for a data-driven approach to HR has been implemented.

Our Group consists of **835 employees**, an 83% increase over last year (456 employees), due to the recent acquisitions, in particular of the Garz & Fricke Group and its subsidiaries and the companies Oro Networks and PIRI.ai, which contributed to the growth of the workforce with 172 and 59 employees respectively¹.

The employees of all the Group's Italian companies (44% of the total workforce) are covered by the National Collective Bargaining Agreement for the metal-working sector.

¹ | These figures refer to the number of people in these companies on the dates they joined the SECO Group.

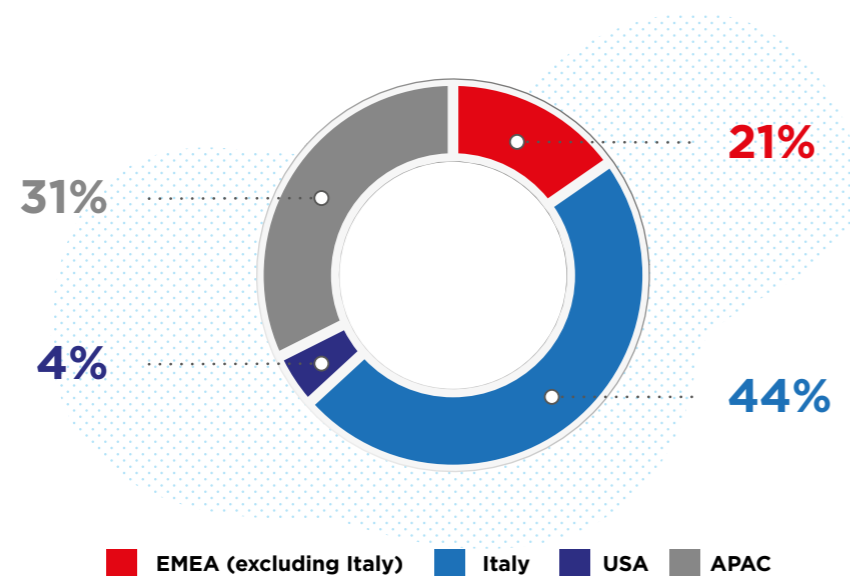
Change in Group personnel²



In 2021, the number of employees belonging to vulnerable categories is confirmed in line with the previous year, with a total of 16 among the various professional classes³.

In 2021, **Executives/Managers** made up 4% of the corporate population (42% in Italy), **white-collar workers** constituted 59% (40% in Italy) and 37% of staff were **blue-collar workers** (50% in Italy), in line with the previous year.

Geographical distribution of employees in 2021

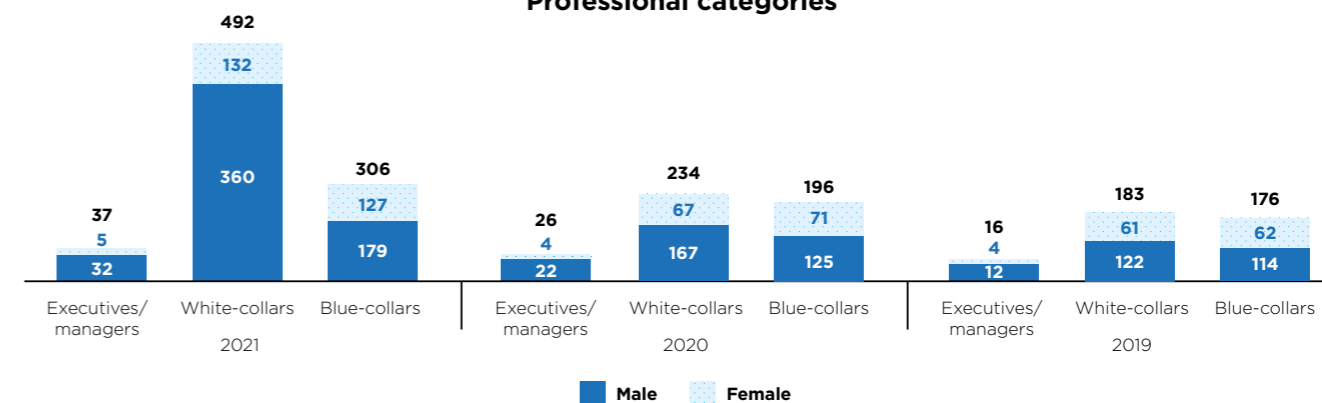


² | We note that, thanks to refinements in the data gathering and consolidation process, the 2020 and 2019 headcount figures have been restated compared to last year's report.

³ | The figure refers to SECO S.p.A. and PSM Tech.

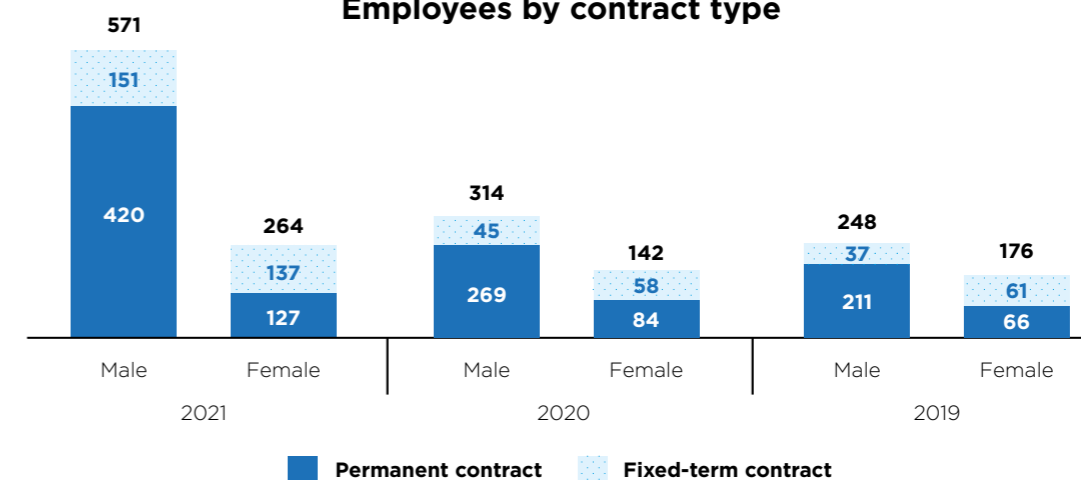
We also rely on the support of a number of non-employee workers: 52 in 2021, an increase from 2020 (23).

Professional categories

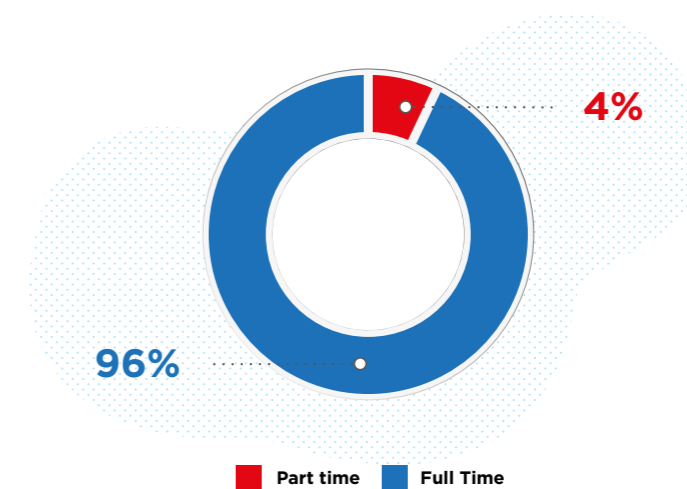


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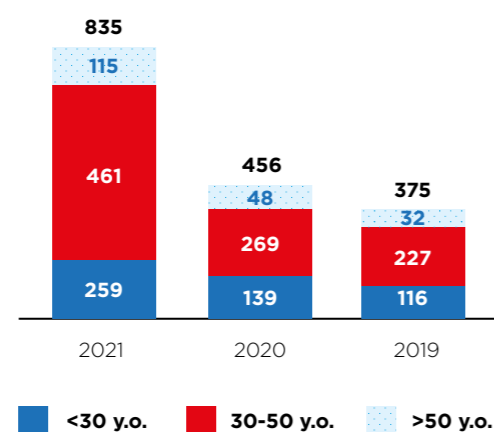
Employees by contract type



Type of employment in 2021



Evolution of the workforce by age group



In line with 2020, 55% of the business population in 2021 is between the ages of 30 and 50, 31% is under 30 and 14% is in the over 50 range.

5.1.1| Selection and onboarding

Transparency, equality and non-discrimination are the principles that guide the way we conduct our working relationships and, consequently, also our recruiting activities. In fact, we ensure that we select our employees with respect for **equal opportunities**, rejecting any form of discrimination.



Recruiting

Every personnel recruitment and selection process is subject to checking the maximum correspondence of the candidates with the necessary professional requisites based on specific company needs, thus enhancing the unique qualities of our people with a view to the continuous enrichment of the Group.

To ensure these principles, we have established a **recruitment procedure** that defines the key steps for hiring new staff, such as the reason for the application and the people involved in the process, i.e. the area Executive or manager, the human resources (HR) department and the finance department.

In addition, in 2020 we introduced **Job assessment**, a tool that defines the behavioral requirements and critical success factors of a specific position, establishing objective benchmarks.

Before activating an external selection of profiles, the HR department evaluates the current Group employees to identify those that could potentially fill the new position, considering both the skills already consolidated by the person and the vertical and horizontal growth prospects.

The main external channels through which we seek new employees are:

- Jobs posted on the LinkedIn pages of SECO S.p.A. and its Group companies
- Headhunters, for the identification of specific figures to be included in the management team
- Relationships with local universities for the placement of recent graduates

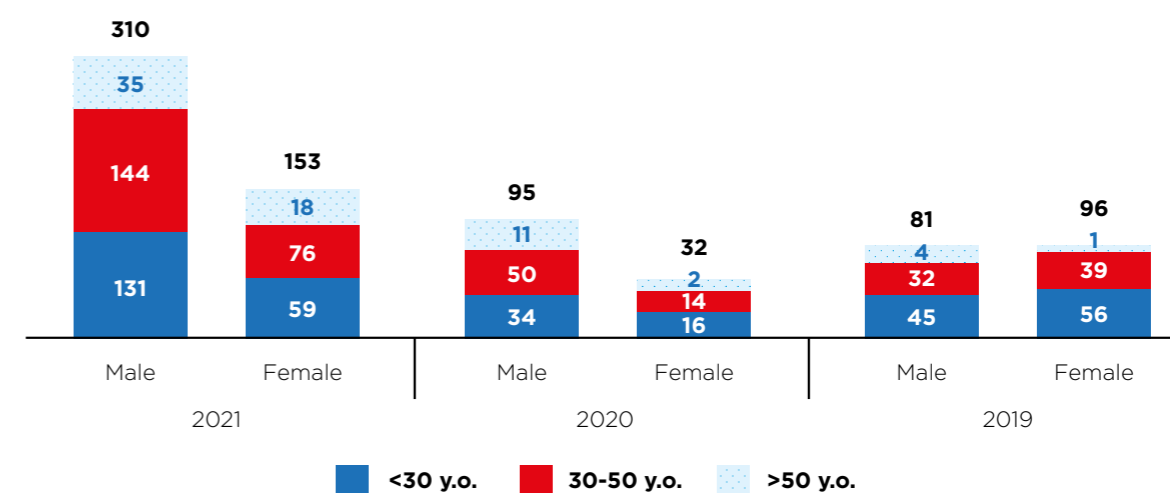
In 2021, 463 employees joined the Group, 41% of whom were under the age of 30. Of these, there was a significant increase due to recent acquisitions completed by the Group in 2021, which contributed a total of 231 new hires.

49% of recruitments in the EMEA region

48% in the APAC region

In 2021, the new hire rate⁴ is 55% (28% in 2020).

Hires in the three-year period

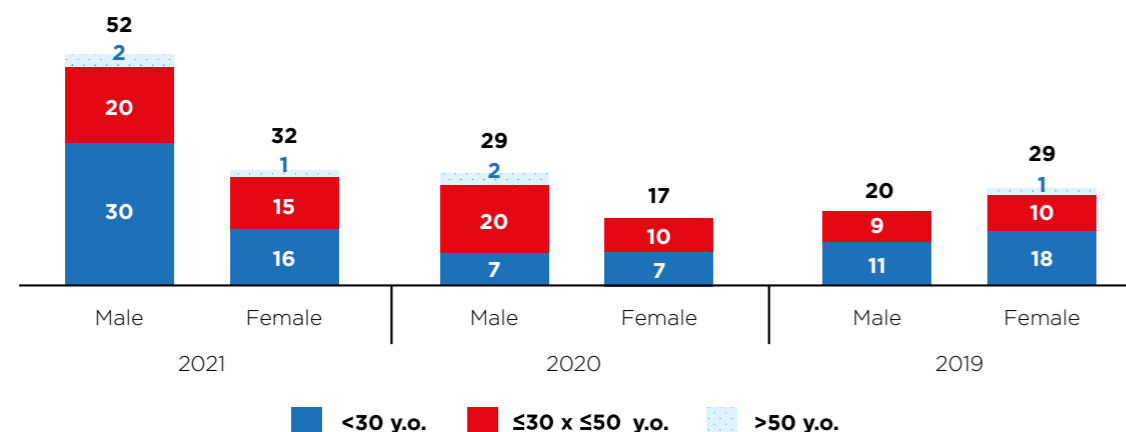


⁴ | Inbound turnover is calculated as the ratio of total new hires to December 31 of the year under review to the total number of employees at that date.

There were also 84 employment terminations; up from the previous year. Of these, the majority (around 70%) are concentrated in the APAC area, historically characterized by turnover rates that are much higher than those observed in the other geographical areas in which SECO operates.

In 2021, outgoing turnover⁵ stood at 10%, in line with 2020.

Exits in the three-year period

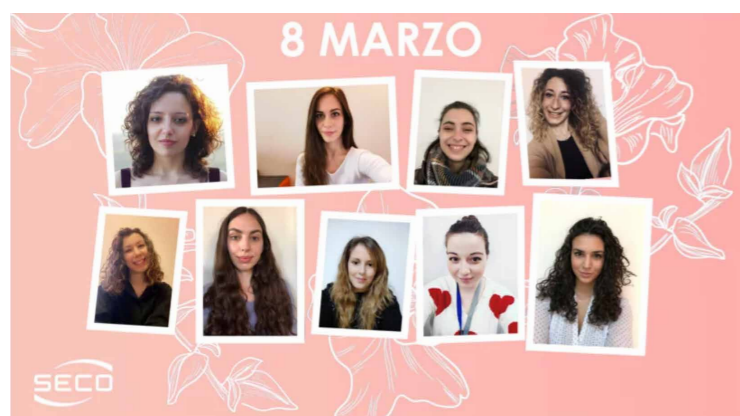


5 | Outgoing turnover is given by the ratio of total terminations to December 31 of the year under review to the total number of employees at that date.

Talented women; a great resource for SECO.

Cold, hostile, masculine? Just prejudices; gender stereotypes are still widespread, but already overcome in organisations such as SECO.

On the occasion of Women's Day, we wanted to celebrate the talents of our female colleagues in the R&D team, who told us how their passion for science and the strength to break down gender stereotypes were the necessary driving force to achieve their professional goals.



"The worry of not being good enough or not being able to compete with colleagues cannot, and should not prevent women from pursuing their career in the scientific field, always aiming for the best result."



On-boarding

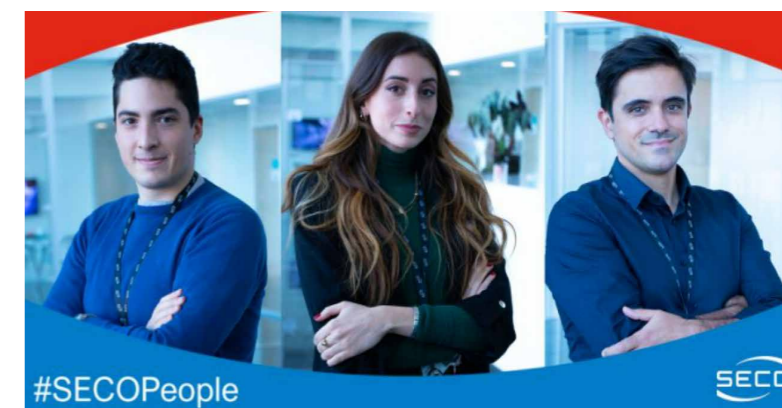
Considering the progressive expansion and internationalization of the Group, including the consequent growth in the workforce, we have shared a **manual** among all our employees, which defines the **corporate organizational chart** in a clear, readable and usable way, for each Company and function, supporting colleagues to understand the organization, and build it together at the same time. The manual was disseminated through the employee portal in 2021, so that all staff, current or future, can consult it at any time. There is also an **initial section containing information on the Company** as a whole, including the countries in which it operates, the companies of which it is composed, and the number of Group employees by gender and generation; to be expanded over time.

For all new recruits, there are opportunities to get to **know and talk** to the key colleagues with whom they will be interfacing: on these occasions, the department manager and team colleagues inform new recruits about the work methods and expected objectives, as well as the figures within the company or the Group with whom they will be working most frequently.



Figure 29: A meeting between new employees and the Group's Chief Executive Officer

Starting in 2021, we embarked on an **employer branding** campaign that, through our LinkedIn page with the hashtag **#SECO PEOPLE**, highlights the Group's new recruits, their career path and the goals they expect to achieve while working at SECO. We believe that sharing these aspects with all our Stakeholders can bring them to the heart of our company identity and make our characteristic corporate culture even more tangible. There are plans to use other social networks to dialogue with the different generations that interface with our Group in order to encourage continuous and direct interaction.



5.1.2| Personal Development and Talent



Personal & Talent Development

We are driven by the ambition to build a working environment where innovation and continuous improvement are realized through the **sharing of ideas** and the construction of **common project**.

For this reason we are committed to developing and promoting the **professionalism** and **competence** of each employee, also encouraging their professional growth via **training and updating programs**.

The Group's increased growth and the structuring of the HR department since 2020 have led to a review of our HR model, which has seen the introduction of two important new tools: the **Behavioral assessment** and the **Cognitive assessment** that enable, via a structured analysis of needs, professional requirements and technical and cognitive skills, the identification and placement of the best people within our teams.

Tool	Operation and Output
<p>Behavioural assessment</p>	<p>Measures an individual's motivations and needs, providing the elements to interpret their conduct at work and help managers create more productive teams</p>
<p>Cognitive assessment</p>	<p>Measures the individual's learning speed or ability to learn, adapt and understand new and complex concepts</p>

Moreover, in order to proactively respond to the changes and challenges the Group is going through in terms of growth, the **Speed Up program**, our first **Talent Development Program**, was launched at the end of 2020 for the Italian headquarters, which aims to enhance internal talent through listening, observation, knowledge and trust.

The program, which includes a leadership development path, and will take place every year for some of the Company's best young talents, is in fact designed for people who, while not yet in managerial roles, have achieved excellent performance results and show the potential to grow further and become direct reports to the Chief Executive Officer.

OBJECTIVES OF THE SPEED-UP PROGRAM

<p>1</p> <p>Improve the management and professional development of colleagues through strategic planning, coordination and effective communication</p>	<p>2</p> <p>Accelerate organizational effectiveness by building cross-functional teams that enjoy, to mobilize the organization horizontally</p>	<p>3</p> <p>Transfer SECO's commitment for talent development to the entire corporate population and involve people in achieving the Group's objectives</p>
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Selected participants are provided with various tools to achieve the objectives defined at the beginning of their journey, including: **individual sessions** of learning and skills-development, **group meetings** to promote a common vision across different business functions, **on-the-job training**, visits to Group offices and **mentorship** by senior Group figures and specialized coaches. The first edition of the program was launched in 2021, with 5 people selected from the Marketing, Operations, and Quality divisions.

Individual Coaching	Group Coaching	Experiential Training	Field Visit	Mentorship
<p>3 individual session</p>	<p>4 group meetings to review Cross Functional Project Work</p>	<p>Hands-on skill transfer in 4 trainings</p>	<p>US, China, EU</p>	<p>President & CEO</p>

Figure 30: The training path of the Speed Up program

Considering the absolute centrality of research, development and innovation within our organization and the need for highly specialized professionals, we have structured a **career development program dedicated to the employees of the R&D team**. The goal is to build a future-proof R&D team, ready to support the development of new technologies that proactively respond to market demands and to create a model of technical and managerial skills. **Career steps** were then defined, which frame the possible

internal growth path, depending on individual skills. The pilot project started with the R&D team and will be expanded to the other teams from 2022.

Alongside career development paths, employees participate in training sessions that include technical and organizational-behavioral focuses.

In December 2021 we opened learn.seco.com, a training portal to involve employees in **training activities in “capsules”**, at the end of which they are required to complete a short questionnaire to check the level of learning achieved. A cybersecurity course was activated during 2021, but plans are to populate the portal with other topics during 2022.



Figure 31: SECO's e-learning platform

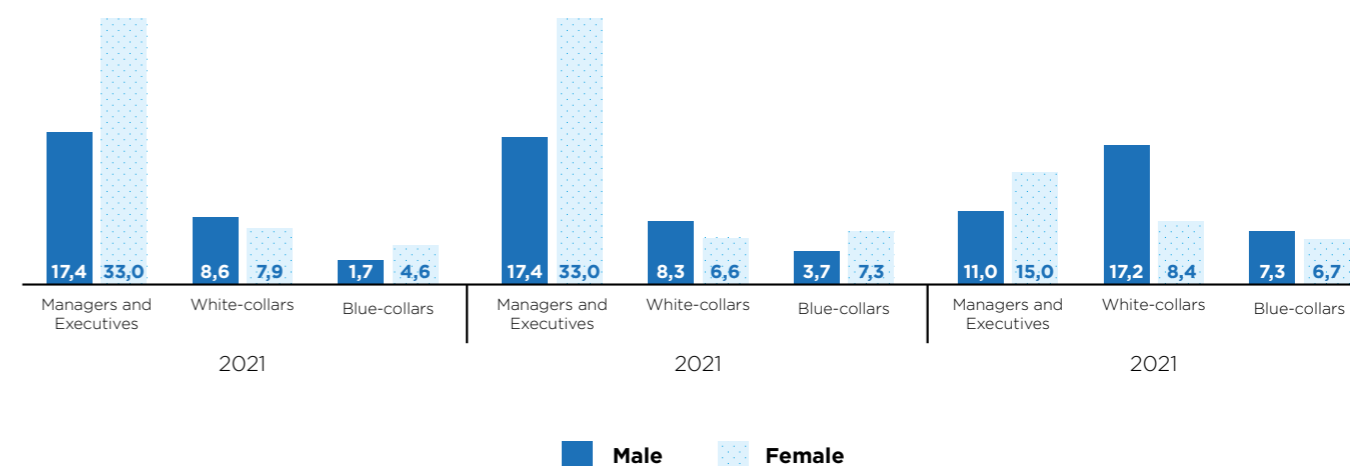
Specifically, **4,559 total hours** of training were provided to employees in 2021⁶, a **37% increase on 2020**.

We note that in the current year, 62% of total training hours were provided to employees based in Italy.

8.7 average hours of training in 2021 (vs. 7.6 n 2020)

6 | We note that the data presented include the companies SECO S.p.A., PSM TECH S.r.l., SECO Mind S.r.l. and Fannal Electronics Co. Ltd. We also note that the figures for SECO Mind S.r.l. and Fannal Electronics Co are estimates. With regard to non-employee workers, 20 hours of training (during an internship) were also provided by SECO Mind S.r.l. in 2020 and 44 hours of training by SECO S.p.A in 2019, to 4 workers hired through an outside agency.

Average training hours by category and gender



Considering the internationality of the Group and the need to be able to communicate effectively between the different companies, we launched English courses for the entire management team and some of their staff in 2019.

96 participants in language training courses during 2019-2021, totaling 2,615 hours

Beginning in 2020, we began certifying the training courses provided to employees by issuing certificates of attendance at the end of the course.



Management coaching program: soft skills and gentle leadership at the core!

During 2021, following the introduction of the Behavioral Assessment tool, we involved the first and second lines of the management team (around 30 people) in workshops dedicated to strengthening soft skills. Thematic focuses included: the importance of effective communication, the ability to convey constructive feedback to team colleagues and to consciously use gentle leadership to enhance one's team, the development of greater coordination and cooperation in order to create trusting and lasting relationships. Drills and team games were performed with simulations of different situations that might arise on a daily basis.

5.1.3| Well-being and enhancement

Respect for diversity, protecting inclusion and promotion of equal opportunities accompany our world on a daily basis, also thanks to the international spirit that permeates our Group.

We relate daily with colleagues who operate in different countries and for this reason, **intercultural awareness** is necessary to ensure full understanding between colleagues and to find the right way to relate and cooperate in the best way, increasingly looking in the same direction.

Following recent acquisitions, we launched on our LinkedIn page, with hashtag **#SECOintegration** to tell the story of meetings between the management of the different companies.



Figure 32: *SECOintegration: meeting between the Marketing Directors of SECO and Garz & Fricke*

For more than three years, we have defined a welfare plan comprising various services among which all employees, regardless of their contractual type⁷, can distribute the amount due as they wish⁸.

The services offered regard, among other things, health care, reimbursement of school-related expenses (enrolment and fees for nursery schools, schools, purchase of school books, etc.), reimbursement of expenses linked to assistance for family members, public transport travel passes, supplementary pensions, vouchers for the purchase of goods in kind (supermarket vouchers, e-commerce vouchers, fuel vouchers, etc.), services linked to leisure time (cinema and theater tickets, subscriptions, etc.), sports (gyms, sports events, etc.) and travel (travel packages, vacations, hotels, etc.)⁹.

In addition, we are working on more welfare projects that will be operational from 2022, including one linked to a preventive **medicine pathway** to protect the health and well-being of our employees, encouraging annual medical check-ups and disease prevention campaigns.

⁷ It should be noted that all employees with a contract in progress as of June 1 or, in any case, hired by December 31 of each year, are eligible for the welfare platform, provided that they have passed the probationary period and are not on unpaid leave or on indemnified leave for the entire period from June 1 to December 31. Workers hired on a fixed-term contract also need to have accrued a length of service totaling at least three months during each calendar year (January 1 - December 31).

⁸ | The contribution is equal to Euro 200 as provided for by the national metalworking contract.

⁹ | Further information on the benefits provided by individual Group companies can be found in the "Technical Details" section of this document.



Figure 33: *Possible categories of expenditure on the corporate welfare platform*

5.1.4| Health and safety

We protect the health and safety of our employees and collaborators, ensuring that all work activities are carried out in a healthy and safe environment, in full compliance with **internal and regulatory standards** on prevention and protection, with the aim of pursuing continuous improvement. The construction of the new headquarters in Arezzo, built according to the most modern health and safety standards, also falls within this perspective.

We also believe it is essential to spread a **culture of safety** at every organizational level, promoting responsible behavior by all those involved, directly or indirectly, in production processes. For this reason, in addition to organizing **training sessions**, we are committed to making visible and usable all relevant information on the subject, installing **ad hoc signs** in the various work areas and making summary **documents** available to workers, depending on each individual's specific work environment, business section and tasks.

The **health and safety management system** for the Italian sites is developed in accordance with Legislative Decree No. 81/08¹⁰ and provides that:

- a risk assessment document (DVR) in which for each work phase, all the connected dangers and derived risks are reported, the prevention measures prepared, including the person responsible for implementation and planning;
- a plan for dealing with detected non-conformities and improvement actions;
- a risk-monitoring system;
- an employee training program.

During 2021, we embarked on an **improvement pathway** to achieve **ISO 45001:2018**¹¹ certification, by completing the first step of the certification process in November¹². This pathway has enabled us to incorporate health and safety issues into other management systems and business procedures, such as those based on ISO 9001:2015 and ISO 14001:2015 standards, in order to improve the level of integration of the various control tools.

In particular, health and safety assessments have been incorporated into the risk-management document and in the internal audit system with new **procedures and operating instructions**. While at Group level, we are preparing **guidelines** to bring our foreign offices into line with the standards defined by the head office.

The occupational health and safety management system, subject to internal and external audits, covers 100% of the workers, both employees and non-employees, at the Italian sites¹³.

Considering the different activities carried out by the remaining companies belonging to the Group, it should be noted that only USA, Inc. has implemented an occupational health and safety management system subject to internal audit that covers 100% of workers.

From an organizational point of view, the health and safety of workers is overseen by the following figures¹⁴: The **Delegated Executive**, who implements the directives of the employer by organizing the work activity and supervising it; the **Company Doctor**, who collaborates with the employer for the purposes of risk assessment and carries out health surveillance on workers; the **Employee Health and Safety Representative (EHSR)**, elected by the workers in the union assembly, who represents them with regard to health and safety aspects during the work activity and participates in a formal event “Annual Safety Meeting”, in which the main issues on health and safety management and ideas for improvement are discussed; the **Prevention and Protection Manager (PPM)**, who coordinates the risk prevention and protection service, and five **Supervisors** with the function of verifying

the implementation of directives received; finally, **the fire-fighting and first-aid teams**, composed of workers belonging to different business functions to ensure widespread and continuous supervision.

In addition, a **protection and prevention service** for workplace safety and hygiene has been set up, which also provides periodic **medical examinations** and those linked to the specific task or type of risk, which take place every two years, except for any special requirements.

Through the Human Resources function and the EHSR roles, each worker has the right to request a consultation with the company doctor, as well as an extraordinary medical examination, which will be carried out if it is deemed necessary by the doctor in relation to the worker’s occupational hazards or health conditions.

From January 2022, the company doctor will be on the premises every month to start a **cyclical and targeted medical examinations process** for each employee, with respect to the risk exposure of their individual role.

In order to reinforce health and safety measures in the workplace, periodic **updating** of detection and alarm devices and infrastructures takes place in the various establishments. This is supported by a **procedure** that, for each establishment, identifies the methods for managing and training **emergency** teams, the meeting areas, the figures assigned in case of emergency and the methods for carrying out evacuation drills.

Any worker may use the EHSR and the whistleblowing procedure, at any time and in expectation of maximum confidentiality, to report any dangerous workplace situations. Reports are then handed directly to the Supervisory Board. In addition, to respond to any reports of dangerous situations related to the pandemic, a dedicated email address has been set up for the Covid Committee.

In addition to the mandatory training managed by an external body, all new employees receive a **specific training session and introduction** by the Executive Director regarding the organization chart, the health and safety risks connected to the job, the health protocol and the personal protective equipment necessary to carry out their work.

1,647 hours of health and safety training during 2019-2021

In 2021, there was only one work-related injury, of a non-serious nature, in continuity with what was recorded in 2019 (one injury) and 2020 (three injuries). Of these, three incidents occurred during the course of production activities and two during the home-work commute¹⁵. We note that during the three-year period in question there were no accidents involving workers not employed by the Group.

10 | The management system covers all workers in the Italian offices. The offices of the Group’s foreign companies are aligned with applicable local regulations.

11 | ISO 45001:2018 certification has, as its scope, all locations and all workers in Italy. The offices of the Group’s foreign companies follow the respective local regulations.

12 | The final audit is scheduled for March 2022.

13 | We note that SECO Mind S.r.l. introduced an occupational health and safety management system in 2021.

14 | This model applies to the Group’s Italian companies; similar organizational models are also applied in the other offices, according to the regulations in force in the other countries.

15 | The data presented refer to SECO S.p.A., PSM TECH S.r.l., SECO Mind S.r.l. and Fannal Electronics Co., Ltd. For the remaining companies belonging to the SECO Group, we note that no injuries occurred during the three-year period.

Management of the COVID-19 emergency

Since the outbreak of the COVID-19 pandemic in March 2020, in order to cope with the extraordinary circumstances caused by the health emergency, we have done our best to ensure that the period had as little negative impact as possible, seeking to protect the health of workers and their families, and continue production activities at a time of extreme complexity, as a contribution to the well-being of the entire national system.

Commitment to our employees

We promoted **prompt and timely** actions and prevention measures to protect the health and safety of our employees. In the first phase of the COVID-19 emergency, a **Covid Committee** was set up. This consists of the Prevention and Protection Service Manager (PPSR), the Workers' Safety Representatives (EHSR) of the Arezzo and Tregozzano sites and the General Workers' Representative Body (RSU) to monitor, jointly with the Company's top management, the evolution of the pandemic phenomenon and coordinate the initiatives to be taken to reduce the risk of infection among employees. An operational **protocol** was then adopted which, as the health emergency evolved, was updated several times to ensure compliance with ministerial provisions.

More than half of the workforce was scheduled to work remotely. We promptly took action to ensure that all work activities could continue on a proper basis, providing company PCs to our employees.

For workers unable to perform their duties remotely, homogeneous groups have been established to minimize contact between different groups of people in the Company.

We have **reorganized** the production and logistics functions into multiple shifts, in order to decrease the number of workers present at the same time, and defined a 20-minute interval between shifts to avoid the concurrent presence of workers assigned to different shifts.

Initially, washable masks with a filtering capacity of over 90% were provided both for time spent on the company premises and the home-work journey, with gloves for working in mixed workstations, while in the later stages of the health emergency we distributed FFP2 masks to all employees on a daily basis.

Temperature measurement stations, equipped with a facial recognition system to detect the presence of a mask on the face, have been installed at the entrance to each location. We have also taken **rigorous measures** to sanitize work environments, with particular attention to common areas and meeting rooms where extraordinary sanitation and hygiene measures are undertaken by third-party cleaning organizations.

The importance of respecting anti-contagion rules has been communicated in the headquarters, by using posters, as an explicit reminder of the behavioral rules to be applied.

During the course of 2021, the maximum capacity of the Company's premises was repeatedly and promptly adjusted, taking into account the continuous evolution of the status of the pandemic in Italy; it was thus ensured, depending on the contingent situation, that the percentage of personnel allowed in our offices at any time was suitable to the changing circumstances.

5.2| Customers

We work in **synergy** with our customers to bring Intelligence to our machines, enabling data processing at the source and making information accessible and secure. **In collaboration with them we develop** solutions to **add value** to the final products, creating increasingly complete and integrated products¹⁶. The production processes based on lean production and make-to-stock principles, guarantee **short delivery times** and **high levels of efficiency**, in order to best respond to our customers' needs.

In order to improve our performance, we collect **feedback** from customers regarding the satisfaction of expectations, both in the course of daily activities and via structured methods.

In particular, customer **satisfaction** is monitored in two ways to ensure maximum flexibility, depending on the systems they use.

If a customer has a **vendor rating** system, agreements are made to define the achievement of performance targets, monitoring methods and permanent plans for improving processes and products that are supervised periodically.

If this option is not available, the survey is conducted through a **dedicated survey** mediated by the sales team. Our evaluation activity involved the first 20 customers by turnover: excluding the 4 customers already subject to direct monitoring through vendor rating, 16 customers were reached by the aforementioned survey. During the administration of the questionnaire, the main themes that are explored concern Sales & Marketing, Technical, Products & Quality, as well as questions that allow for an evaluation of the Overall Experience.

The collection and monitoring of this information is one of the measures of the effectiveness of the Integrated Management System. In addition to these direct indicators, we monitor other indirect indicators such as analysis on sales, repair work, delivery delays and complaints received.

Our customers appreciate:

- Short development time and time-to-market
- Effectiveness of our solutions
- Level of service



98%
Retention rate
of Top customers over the past 3 years

The management of any **complaints, returns or support** is carried out through the Ticketing platform that customers can access directly from the company website. Using the same platform it is possible to check the progress of the request.

To this end, in order to ensure adequate monitoring of reports and provide for actions to continuously improve the quality offered, we have developed a **problem solving procedure** that defines the responsibilities and interactions between the various business

¹⁶ | More information can be found in the "Research, development and innovation" section of this document.

functions and assigns 3 different levels of non-compliance that result in specific actions for their resolution. These actions can range from modifying the production process to improving it, based on the impacts detected. The procedure has **specific operating instructions** detailing the task of each function.

In 2021, 92% of support tickets received during the year were closed.

5.2.1| Privacy protection

We are committed to guaranteeing customer data privacy and security, whether it concerns commercial or technical data, or personal data entered in website forms¹⁷.

To safeguard the fundamental right to privacy of all data subjects, we process data in full compliance with the current personal data protection legislation and EU Regulation 2016/679 (“GDPR”).

We have adopted suitable and preventive **security measures of a technical and organizational nature** to avoid the risk of data destruction, loss, unauthorized access or unauthorized processing. To this end, **specific internal policies and procedures** have been introduced to guarantee the protection and security of all information and personal data that is processed. In this regard, the Company’s Legal Department represents a further safeguard for the correct application of provisions and procedures required by certification and regulations.

In 2020, we decided to make a formal commitment to the most stringent international standards in this respect, starting the **ISO 27001** certification process in February of the following year.

This periodically verified certification defines the requirements of an **Information Security Management System** (ISMS), concerning information technology, security techniques, information security management, business risk assessment according to different data categories, and the highlighting of areas for improvement.

In conjunction with ISO 27001 certification, we have launched a dedicated procedure to monitor privacy protection and data management performance that places IT system security at the center of a corporate **three-year improvement plan**. The monitoring is carried out via specific forms, also drawn up to provide evidence for the certification compliance and maintenance process. The integrated management system goals are planned and reviewed by company management at periodic meetings, in compliance with the ISO regulations. The ISO 27001 certification three-year plan for 2020-2022 includes, for example, comprehensive vulnerability and penetration testing, as well as a Company-wide training program on cybersecurity and the specific procedures applied in SECO.

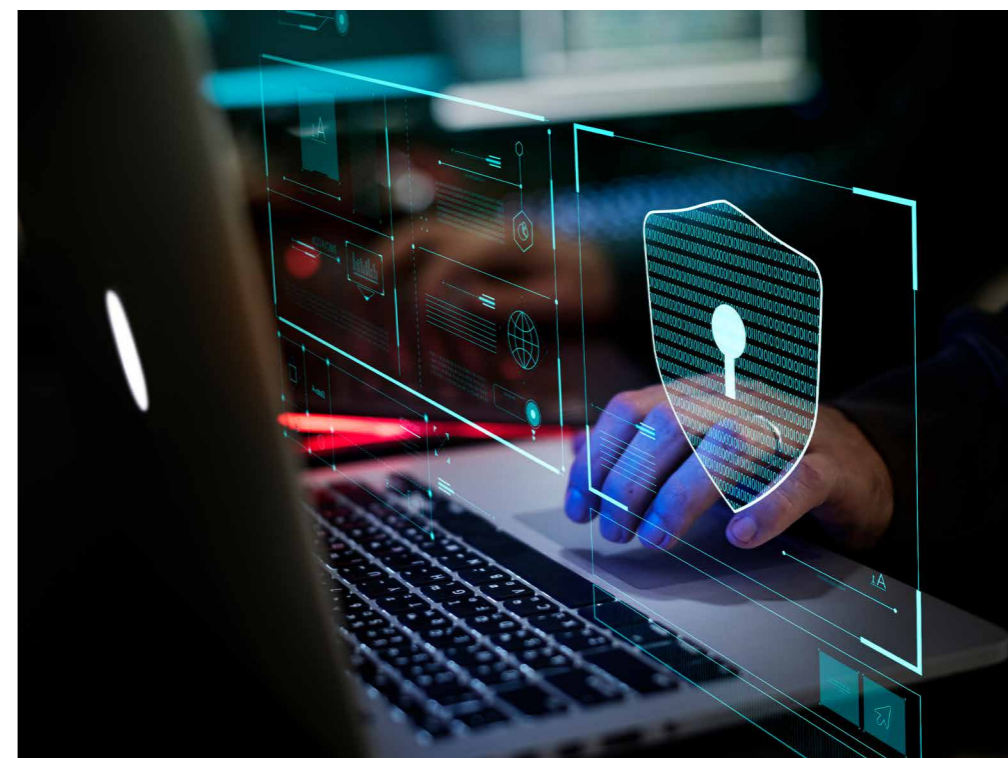
¹⁷ | The data generated by the devices produced by the Group is owned by the customer, and, therefore, managed according to the methods defined by the counterparty.

Cybersecurity: a commitment for both SECO and its customers

Regarding the protection of systems, networks and software from digital attacks, we have provided a special list of activities monitored through KPIs, to minimize or eliminate the risk of specific threats.

Monitoring areas include:

- Access logs, to monitor accesses from external servers
- Physical access attempts to the server hosting system
- Internal security incidents, such as ransomware, phishing, and social engineering
- Successful and unsuccessful external attacks
- Spyware monitoring of any malicious software that might infect devices in order to collect sensitive data
- Malware infections
- Firewall management, for perimeter security monitoring

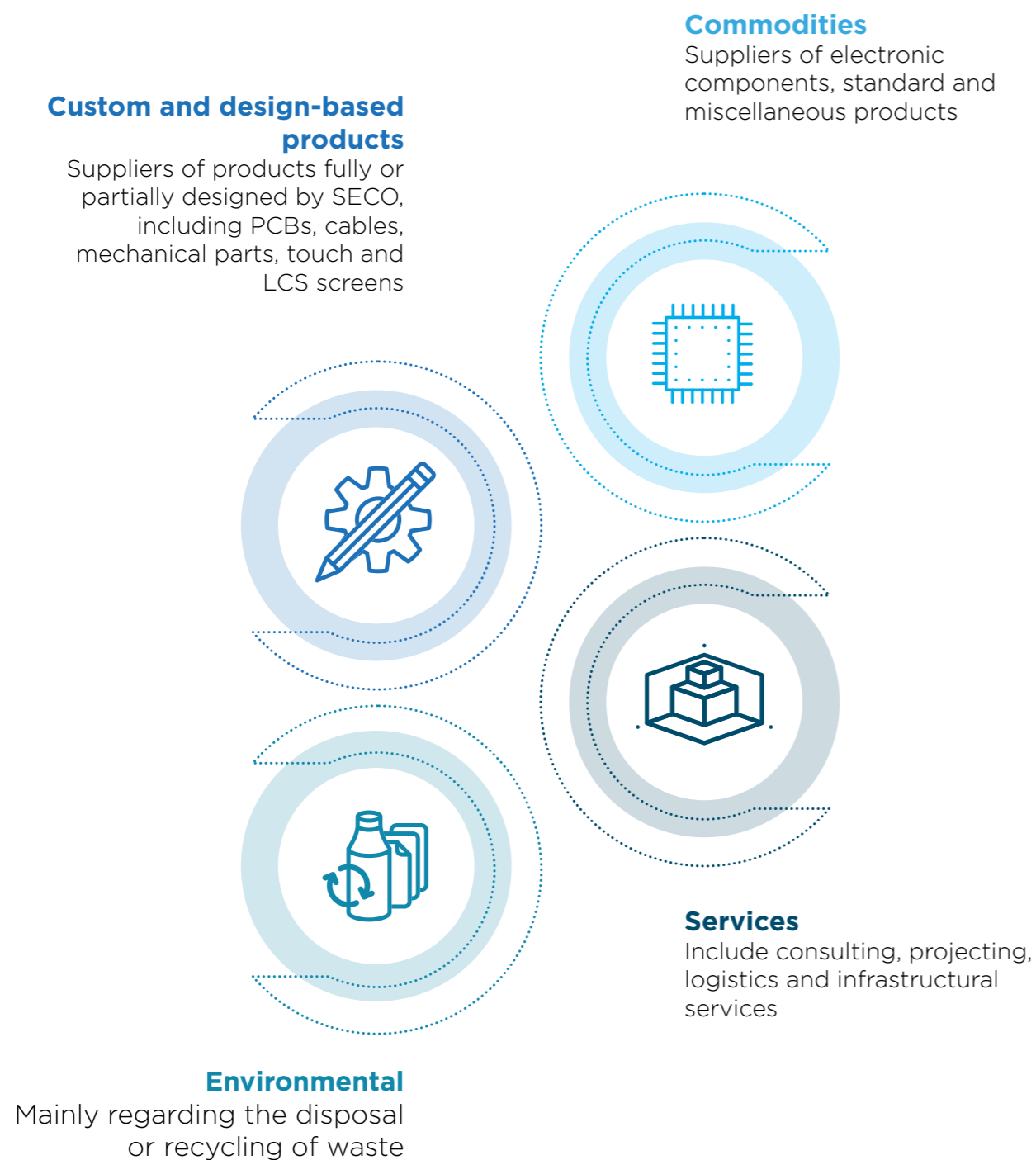


5.3| Suppliers

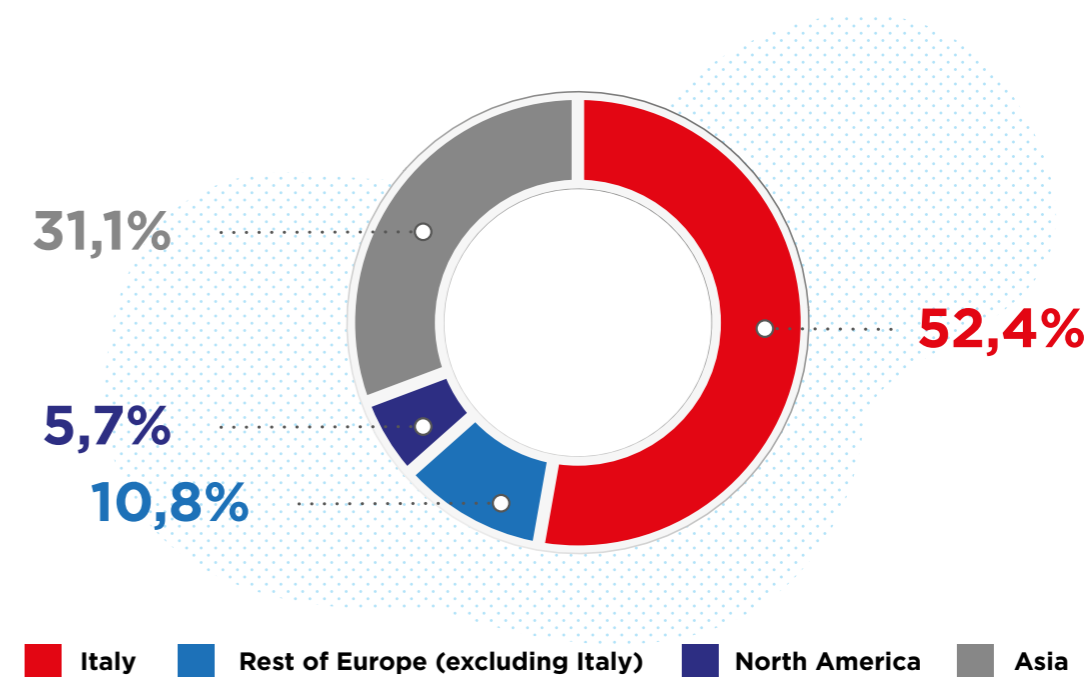
The selection of and relations with suppliers are founded on principles of correctness, professionalism, efficiency and reliability, as well as on compliance with current regulations and the other specific principles that inspire the Group.

We pursue **close partnerships** that allow us to forge **lasting, strategic business relationships**, in order to meet the highest quality and efficiency standards demanded by our customers.

We are committed to maintaining the shortest possible **supply chain**, with a strategy that cultivates close relations with local communities and companies, supports the local and national economy, and guarantees service continuity and direct quality control.



Procurement in 2021 by geographical area



In 2021, expenditure on raw material supplies amounted to Euro 54.652.398¹⁸, of which **52.4% was on national suppliers**, and 3.6% on local suppliers based in Tuscany.

Figure 34: SECO Group suppliers

¹⁸ | The geographical procurement data refers to the companies SECO S.p.A. and PSM Tech S.r.l. only.

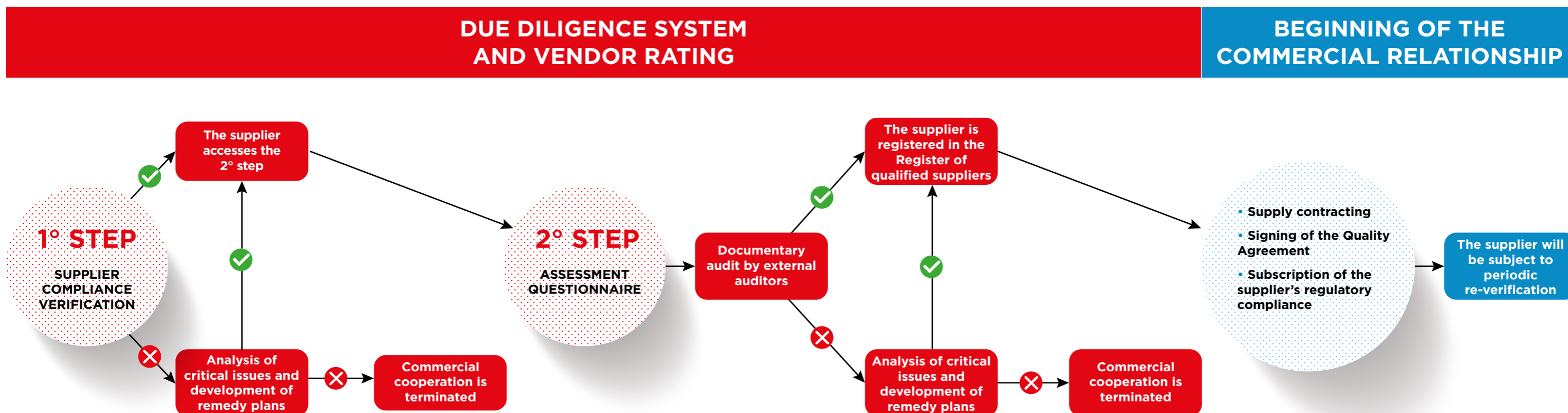
5.3.1| Selection and assessment of suppliers

The procurement process is managed by the Purchasing Area. Supplier initial selection, qualification, assessment and product evaluation methods and criteria are governed by the integrated Quality Management System and the **Procurement Procedure**. Furthermore, as part of the general terms and conditions, Group suppliers are required to sign a “**Supplier regulatory compliance**” document declaring acceptance of the **SECO Ethics Code**.

With a view to business continuity and the strategic importance of the supply chain, at the end of 2020, we launched an ambitious Group supplier **due diligence and vendor rating** project. These tools allow us to measure, analyze and monitor the performance of our suppliers, and remedy any supply chain criticalities.

The **first phase** in the selection and assessment process is compliance screening of aspects such as terrorism, corruption, legal and financial sanctions, and ESGs in relation to ISO 14001, ISO 45001 and SA 8000 certification requirements, based on an analysis of the data provided by the supplier. This provides an initial result leading on to a performance evaluation, or the need to initiate a discussion with the supplier about any critical issues and the possibility of taking remedial measures. We have therefore planned to further strengthen the assessment of ESG aspects right from the pre-qualification phase.

Figure 35: Supplier selection and assessment process



Suppliers found to be suitable during the first phase must then complete a questionnaire containing around **200 questions** organized into **13 thematic areas**. These areas include the **company organization, project management, work phase processes and procedures, IT security, and environmental, social and governance sustainability**, some of which are presented in the following infographic.



Figure 36: Main ESG aspects, by topic, analyzed in the assessment of custom suppliers

The answers are internally audited with the acquisition of documentary evidence.

Following the analysis, an **Assessment Report** is prepared, identifying any critical issues and corrective actions. In case requested corrective actions are not taken, SECO reserves the right to then terminate the commercial relationship.

During 2021, the questionnaire was filled out by **12% of our Custom Suppliers**, though, over **the next 24 months, we plan to extend the assessment to as much as 70% of our Custom Suppliers**. Corrective and Preventive Actions (CAPAs) depend on the type of measure, supplier, context and risk assessment, and are agreed between the parties on a case by case basis.

5.3.2| Quality of the supply chain

Another key element in the commercial relationship is the **Quality Agreement**, specifying general quality requirements for goods and services.

The document optimizes cooperation between the partners by outlining **responsibilities and mutual expectations** between the supplier and SECO regarding product quality, in order to meet the growing market demand for safety, performance and compliance.

In 2020, we introduced a **Supplier Management Policy** to analyze the supply chain and define an action plan. First, we **mapped the suppliers** according to strategy, historical relations, turnover, goods and services, and geographical location. **50 suppliers** were thus identified, who were subsequently assessed for quality performance, considering any identified product or service non-conformities. **Ad hoc improvement programs** were then planned with these suppliers, involving the use of various tools, including:

- System and process audits at production sites
- Monthly monitoring, and regular weekly, fortnightly or monthly meetings with suppliers involved in ongoing corrective and preventive action (CAPA) agreements.
- Review and adaptation of supply specifications to align them to the state-of-the-art and SECO design requirements.
- Second source scouting, to identify and qualify alternative suppliers to those we currently rely on.

A monthly in-company **“Quality Day”** meeting was also established, so that **various company functions**, including Operations, Procurement and Quality, can discuss supply criticalities and the maintenance and monitoring of the highest quality standards.

External processing suppliers must not only pass the general acceptance checks, with sample documentary and operational audits on products, but also **specific audits by the Quality Area** focused on analyzing performance and cooperation and support in the continuous improvement of products and services. In addition to product quality, these audits also verify the company organization, efficiency of machinery and work tools and the competence of personnel, as well as environmental and safety aspects.

In 2021, we carried out 12 audits, three of which on site, and nine of which remotely, due to the restrictions imposed by COVID-19 measures.

In 2020, we donated several Biorespira ventilators to hospitals in Desenzano del Garda, Bologna and Arezzo, to support the facilities and health workers in coping with the evolving situation.

During 2020, we made an additional donation of Euro 15,000 to the San Donato Hospital in Arezzo, to support the Infectious Diseases Department there during the most acute months of the COVID-19 pandemic.

Facing the health emergency together with our customers, suppliers, partners and the community



Our commitment to tackling the COVID-19 pandemic did not merely stop at the company gates. Indeed, we established a continuous dialog with Group stakeholders, also creating a dedicated section on our website of “**Frequently Asked Questions**”, to actively inform our **customers, partners, suppliers** and other stakeholders of the COVID-19 situation, its effects on the Company, and our efforts to combat its spread.

The page was constantly updated during the most difficult months of the emergency, to help all those concerned to find answers to the most frequently asked questions, and direct information on the progress of our efforts.

Thanks to this section, we were able, especially at the beginning of the health emergency, to explain measures to prevent the spread of the virus in the Company, and to give updates on procurement, production, and shipments.

Despite some delays in the supply of certain materials, we did not record any significant impacts, since, in addition to the Group owning its own production facilities, operational continuity was also assured by the lasting, strategic relationships we have built with our partners over the years.

We also wanted to actively support our **local community** through our professional skills, as well as economic resources.

Combining our technological capabilities with our knowledge and experience in the medical sector, through IBD, an innovative Italian biomedical SME, we created the product **Biorespira**. This is a compact, portable, non-invasive, high-flow, pulmonary ventilator, with an easy-to-use 10-inch touchscreen interface, designed specifically to treat COVID-19 patients. The development of the prototype was completed in just 5 weeks, and the industrialized product obtained certification for commercialization in Europe as early as July 2020.

biorespira

Biorespira is a non-invasive pulmonary ventilator (NIV) developed to respond to the current Covid-19 pandemic health emergency. It offers an innovative and versatile approach to assisted pulmonary ventilation, both in a clinical and daily context.



Biorespira is equipped with the latest technology:

- High-flow generator for non-invasive **pulmonary ventilation** for adult patients suffering from respiratory failure, who are able to breathe independently.
- Isolated system that **prevents the risk of infecting** other people in the room due to the aerosol effect of the gases exhaled by the patient.
- An easy-to-use and flexible clinical solution for a wide range of applications in **sub-intensive care, post-operative care, emergency rooms, assisted living facilities and home care.**

AREAS OF USE



Hospitals

Biorespira prevents congestion in intensive care departments. Patients can heal in general medical units



Nursing homes

Biorespira helps treat the elderly without having to transfer them to the hospital in the event of Covid-19 pneumonia



Homes

Biorespira helps combat oxygen deficiency while staying at home

USE CASES AND MAIN BENEFITS



When intubation is not necessary

- Portable, non-invasive oxygenation device
- Can be used in the hospital, at home and in nursing homes



In case of oxygen deficiency in the blood

- Improves patient oxygenation
- Isolated system to prevent the spread of the virus



To relieve hospital overload

- Pre-hospitalisation, to prevent the need for intensive care treatment
- Post-intensive treatment or hospitalisation, to reduce the need for a new intubation



For easy, immediate use

- User-friendly touchscreen interface
- Cost-effective innovative solution

5.4| The local community

Over the years, we have supported and sponsored various local and national initiatives of a cultural, social, economic nature, in order to **enhance our local area and its communities**.

Some of the main initiatives undertaken during the year are presented below.



Since 2019, we have been a **Corporate Golden Donor of FAI**, the Italian Environmental Fund, as a commitment to safeguarding our heritage, as a factor of individual well-being, social cohesion, and economic development.



Since 2020, we have supported the **Arezzo Wave Foundation**, and its event for the promotion of musical and artistic expression from a perspective of solidarity and multiculturalism. This year, in particular, we contributed to the creation of its 2022 calendar.



Since 2017, we have supported **Telethon**, a non-profit organization created to help fund rare disease researchers and research institutes. This year, in particular, we purchased 350 Telethon chocolate hearts, to distribute among our employees.



From 2020 to 2021, we donated UDOO cards, notepads and stationery material to **Ale per Sempre**, an association that promotes technological, cultural, sporting and social projects through a technology club in the municipality of Subbiano.



This year, we have also decided to support the **Arezzo White Cross**, to thank them for all the work done in our community.



Since 2017, we have supported the Polignano Arezzo Athletics Sports Club as a sponsor of athletics and running events.

The total of the aforementioned donations in 2021 amounted to approximately Euro 24,000.

Over the years, we have also developed close relations with the **academic world**. We believe that synergies between the educational and business worlds can bring great added value to the development of new skills, potential, perspectives, and the contribution of younger generations.

Specifically in October 2020, we signed a **“Digital Innovation”** partnership with Milan’s **SDA Bocconi School of Management** to promote innovative and high-tech startups, both nationally and internationally. The project aims to build an accelerator platform for the development of entrepreneurship, talent and market relevance.

Since November 2020, we have also been part of the Steering Committee of the university foundation **Polo Universitario Aretino**¹⁹, as part of a project to promote contamination between the academic world and businesses, and new local growth and employment opportunities for young people. The partnership aims to bring educational and training courses closer to the actual needs of companies, encouraging the development of new professional figures with highly specialized technical and technological skills in electronics, digitalization and mechanical engineering.

Furthermore, the collaboration between Hopenly (now SECO Mind S.r.l.) and the University of Siena continued in 2021, involving, in particular, the Department of Biotechnology, Chemistry and Pharmacy in the study of alkaptonuria²⁰, a genetic disease that affects approximately one in every 1,000,000 people. Part of the Hopenly research team worked on the development of an Artificial Intelligence algorithm to analyze patient data and find a more objective method for measuring the course of the disease and patient quality of life. This analysis made it possible to find a correlation between the development of the disease and the use of 8 drugs, out of 33 identified at the beginning of the experiment.

19 | Other major companies in the Arezzo area are joining SECO in the initiative, including Abb Evi, Aruba, Borri, Fimer, MB Elettronica, Saima, Visia Imaging, and Zucchetti Centro Sistemi.

20 | The body of a person affected by AKU has trouble disposing of homogentisic acid (HGA), which accumulates in joints, the heart and connective tissues. This can cause a blackening of the nose and ears, joint pain and movement difficulties, and heart problems. There is no cure, but supportive therapy with painkillers and anti-inflammatory drugs can help patients.

Informing and sharing

We organize and participate in webinars and conferences to support the **dissemination of knowledge on digital innovation**.

In 2021, we participated in 29 different events concerning the Internet of Things and Artificial Intelligence technologies.



6 | Protecting the Environment



Since early 2021, our Arezzo and Tregozzano sites have been powered by electricity from renewable sources



Collaborative project with suppliers on returnable and reusable packaging solutions



Introduction of the Integrated Management System



Project to encourage the use of reusable or recyclable packaging and materials



ISO 14001:2015 certification in 2020



Implementation of a work plan in 2022 to reduce the Group's emissions

MATERIAL TOPICS COVERED

Energy consumption; Hazardous substance free products; Waste management; Environmental compliance; Emissions.

ASSOCIATED RISKS

Significant environmental impacts; Failure to comply with environmental regulations; Failure of the Group to adapt to emerging trends; Economic damage due to product RoHs non-compliances.

RELATED OPPORTUNITIES AND MAIN ACTIONS

Energy supply from renewable sources (Arezzo sites); Installation of solar power systems (Arezzo sites); Energy efficient design and construction of the Via Grandi plant; ISO 14001 certification for Italian sites, and expansion of the scope; Development of structured internal procedures; Development of a dedicated product compliance resource; Collaborations with external laboratories concerning exports to countries with more stringent product requirements than those of EU legislation; Full Material Declaration Project; Products made with recycled components; Development of a carbon footprint project

GRI STANDARDS

GRI 301-1, GRI 302-1, GRI 302-3, GRI 303-1, GRI 303-2, GRI 303-3, GRI 305-1, GRI 305-2, GRI 305-4, GRI 306-1, GRI 306-2, GRI 306-3, GRI 306-4, GRI 306-5

SDGs

SDG #12 - Responsible consumption and production (Target 12.2)

SDG #13 - Take action to combat climate change (Target 13.1)

SDG #7 - Affordable, reliable, sustainable, and modern energy systems (Target 7.2)



6.1| Management

We conduct our business with great attention to **the environment** in which we operate. We have set ourselves the goal of **continuously improving** our performance through periodic analyses of environmental risks associated with our activities, and the planning of prevention and mitigation measures.

For a number of years we have operated in compliance with the Integrated Management System (ref. “The Internal Control and Risk Management System”, “Product quality and safety”) which in 2020, following the achievement of **ISO 14001:2015** certification for SECO S.p.A.’s production plants in Arezzo and Tregozzano, was updated and reinforced by integrating the provisions of the Standard.

Starting in mid-2020, we began work on an **Environmental Analysis Integration Plan** (later revised in early 2021 following the various corporate acquisitions), targeted at developing a **life-cycle** analytical approach in the Group’s products, services or activities (ref. “Performance and commitments”).

A key activity in this process was a preliminary analysis of the **direct and indirect environmental impacts** connected with the activities carried out¹, of the applicable regulatory framework and of the implementation status of the relevant obligations.

This process made it possible to designate each element of analysis an impact class - “significant” or “not significant” - determined on the basis of regulatory aspects, reflecting the significance of the activity carried out for the local area, the population and management efficiency. The analysis was carried out in scenarios featuring both normal conditions and emergency situations.

Specifically, the dimensions considered - which are in part derived from ISO:14001 - are: energy consumption, water consumption, atmospheric emissions, waste produced, hazardous substances, external noise, electromagnetic fields, ozone-depleting substances and greenhouse gases, chemical compounds such as polychlorinated biphenyls and polychlorinated terphenyls, visual impact, soil contamination and fire risk.

¹ | We note that the analysis was conducted on the plants of Arezzo and Tregozzano.

The need to update this analysis is assessed on the basis not only of changes in SECO's operating context, but also - and in particular - of analyses of the actual and specific risks associated with our business processes.

As regards **impacts directly related to SECO's work**, the analysis revealed the following results.

Environmental aspect	Normal conditions		Abnormal conditions/emergency	
	Arezzo site	Tregozzano site	Arezzo site	Tregozzano site
Energy consumption	✘	✘	✔	✔
Water consumption	✔	✔	✔	✔
Atmospheric emissions	✘	✘	✘	✘
Water discharges	✔	✔	✔	✔
Waste produced	✘	✘	✔	✘
Hazardous substances	✔	✔	✔	✔
External noise	✔	✘	✔	✔
Electromagnetic fields	✔	✔	✔	✔
Ozone-depleting substances/greenhouse gases	✘	✘	✘	✘
PCB/PCT	✔	✔	✔	✔
Visual impact	✔	✔	✔	✔
Soil contamination	⊖	⊖	✔	✔
Fire risk	⊖	⊖	✘	✘

✔ Not significant ✘ Significant ⊖ Not considered

Table 1: Direct environmental aspects monitored by SECO

For **indirect impacts**, i.e. those generated by activities carried out by third parties within the Company (e.g. maintenance activities on plants, cleaning services, etc.), the level of significance attributed to each aspect has been defined considering the importance and the degree of management control over the activity analyzed.

The results of the analysis are set out below.

Environmental aspect	
Maintenance technicians (energy consumption, atmospheric emissions, waste production)	✔
Waste transport companies (energy consumption, atmospheric emissions)	✘
Waste disposal plants (energy and water consumption, atmospheric emissions, waste generation, potential soil contamination)	✘
Outsourced activities (energy consumption, water consumption and waste, waste production, hazardous substances, etc.)	✘
Product and design aspects	✘

✔ Not significant ✘ Significant ⊖ Not considered

Table 2: Indirect environmental aspects monitored by SECO

In order to manage and above all to prevent indirect impacts, we are committed to spreading the contents of our environmental policy, along with the operating procedures for the environmental management with which all parties working on behalf of SECO are required to comply².

2 | In relation to product design, we have introduced the controls as required by Rohs regulations (2002/95/EC) regarding restrictions on the use of certain hazardous substances in the construction of electrical and electronic equipment, and WEEE (Legislative Decree No. 49/2014) for the proper management of waste electrical and electronic equipment.

Shared responsibility that comes from small daily actions

We believe that attention to environmental issues should be a shared responsibility and an object of attention for all our employees and collaborators during their time at the Company. We have therefore initiated a number of projects to support informed choices during office life.



To limit the use of disposable plastic water bottles, we provide all our employees with a personalized aluminum water bottle and installed 10 drinking water dispensers at the Arezzo and Tregozzano offices in 2020.



To spread a responsible culture of waste management, we have provided, both at production sites and in the common areas of the Arezzo and Tregozzano sites, points for the separate collection of paper, plastic, glass and organic waste.



A project has been launched in collaboration with food and beverage suppliers to restock vending machines by minimizing the amount of plastic in the containers, replacing plastic wrappers with recyclable paper or aluminum equivalents where possible.

6.2 | Performance and commitments

6.2.1 | Materials

The materials used by the Group fall mainly into two macro-categories:



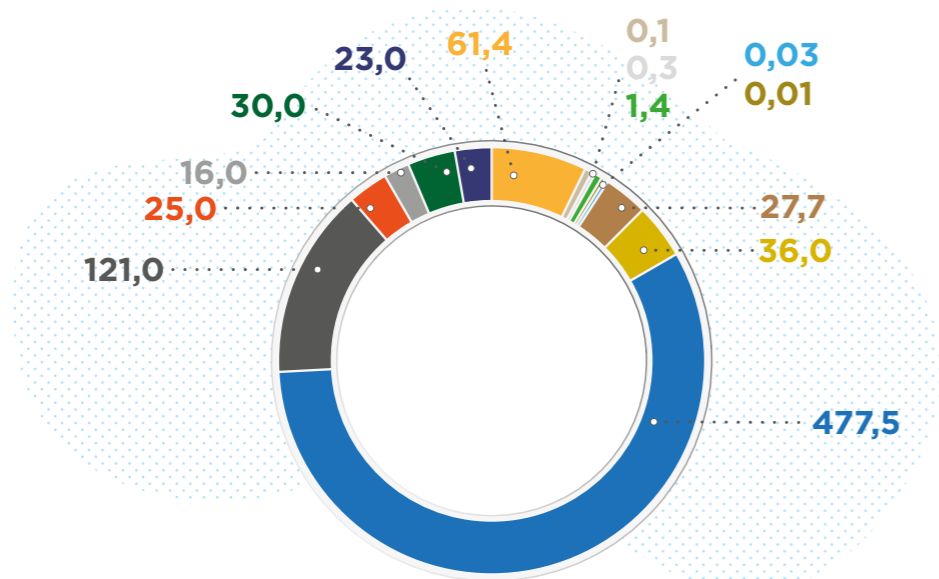
1) the **raw materials** used to **manufacture the products**, including FR4³, glass, steel, copper, silver aluminum and gold found within the semi-finished materials purchased by the Group;



2) **packaging material**, paper/cardboard, plastic and absorbent material to protect products from possible impacts.

3 | Composite material made by impregnating a glass fiber fabric with a flame retardant epoxy resin matrix..

Materials used in 2021 (ton)



- Cardboard
- Bioplastic
- Silver
- Silver pulp
- Gold
- Tray
- Wooden pallet
- FR4
- Glass
- Steel
- Copper
- Aluminum
- Plastic
- Electrostatic bags

The chart shows the materials used by the Group in 2021⁴ for production activities and product packaging. The total is 819 tons, of which 11% is renewable.

Glass (58%), steel (15%) and cardboard (7%) are among the most commonly used materials.

Specifically, in 2021⁵ there was an increase in the materials used in activities compared to the previous year⁶, relating mainly to the increase of wooden pallets for warehouse management (+203%), glass used in production processes (+171%) and electrostatic bags that contain electronic components, isolating them from any potential damaging electrostatic field (+130%).

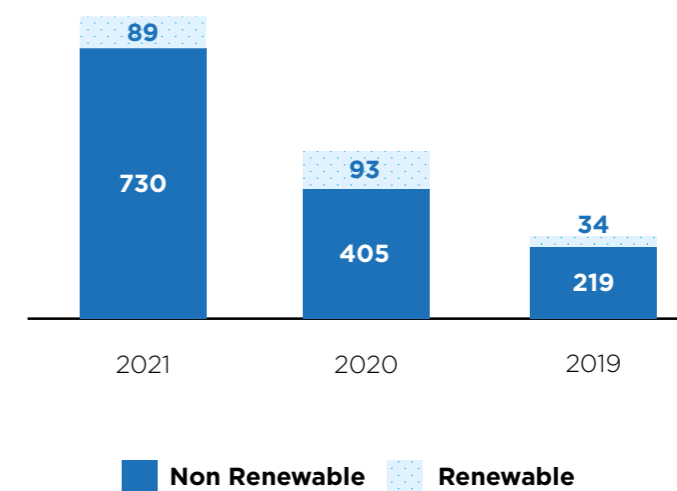
We note that the quantities of materials reported, net of cardboard, bioplastics, wooden pallets and electrostatic bags, were obtained following a detailed analysis of the various components present in the semi-finished products used by the Group.

4 | We note that the data presented does not include the company SECO Mind USA LLC or its subsidiary Piri.ai INC due to the nature of the activity carried out, namely software programming and development of AI algorithms, which do not involve any production activity; also excluded is the company SECO Mind S.r.l., which does not carry out any production activity, but develops AI software solutions. In addition, the Garz & Fricke Group and the subsidiaries Keith & Koep and e-GITS are excluded from the scope as they were acquired in October 2021. Data on the materials used by Fannal Electronics Co., Ltd., (wooden pallets, cardboard, glass, silver paste, silicone, and electrostatic bags) were partially gathered, and an average weight was then estimated for each product category.

5 | Ibidem.

6 | We note that, thanks to refinements in the data gathering and consolidation process, the 2020 and 2019 figures have been restated compared to last year's report.

Materials used in the three-year period 2021-2019 (ton)



We are currently studying a number of improvement plans to reduce resource use and waste. Specifically, we have worked with our suppliers to adopt **returnable** and **reusable packaging** solutions. With regard to the methods adopted for our customers, a project has been launched to encourage the use of **multiple and palletized packaging** instead of single-use **packaging, reusable or recyclable packaging** and **materials** and the use of scheduled shipments managed directly with the customer's courier, so as to optimize the route taken. In collaboration with some customers we have studied special returnable packaging modules to make the process more efficient and reduce the generation of waste as far as possible

Chemicals and hazardous substances

Hazardous substances are not used to any significant extent within the manufacturing processes, but only in ancillary activities, such as washing and cleaning of card production stations.

In addition to ensuring maximum compliance with the regulations in force, in order to manage the use of these substances we have defined specific procedures for the management of waste, chemicals and atmospheric emissions, and to monitor the level of energy absorption of the buildings.

In the interests of health and safety, a risk assessment system is in place based on company processes and the type of substances used. This system is compliant with both the compulsory sector regulations (Legislative Decree No. 81/2008) and the international voluntary ISO reference standard (ISO:45001).

We also conduct REACH and RoHS analysis of purchased components through professional databases and through specific certification requests to suppliers.

6.2.2| Energy consumption



Over the last few years we have embarked on a path of energy efficiency in the Group's plants. The construction of the new headquarters in Arezzo has been designed according to the highest standards of **energy efficiency** and is equipped with a photovoltaic system consisting of 232 panels, which can reach a maximum power of 69,600 kW and an annual production of energy corresponding to about 83,500 kWh, capable of meeting about 12% of the energy needs of the building.

In addition, at the end of 2020, we entered into an agreement with the electricity supplier of the Arezzo and Tregozzano offices that stipulates the supply of **electricity exclusively from renewable sources**.

In 2021, the Group's total energy consumption was **10,774GJ⁷** (8,008 GJ in 2020) and the **energy mix** was composed as follows:

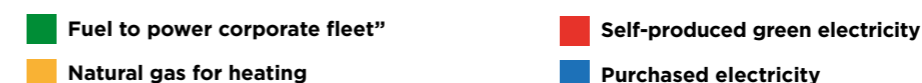
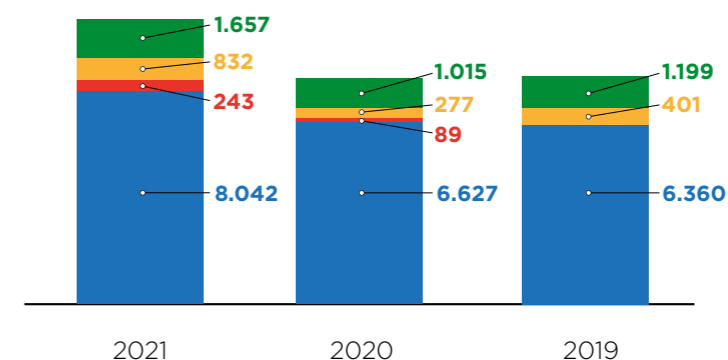
- 77% from electricity for **lighting** at sites and for the **operation of production facilities**. Specifically, 97% of the total electricity consumed comes **from electricity purchased entirely from renewable sources**. The remaining **3%** derives **from self-produced and self-consumed green electricity**, through the plant installed at our headquarters in Arezzo, for a total of 243 GJ.
- **8% from natural gas** for space heating;
- **15% from fuel (diesel and gasoline) and natural gas** to power the corporate fleet.

In the reporting year the Group's overall energy consumption rose compared with the previous year (up 35%), primarily due to increased use of electricity purchased by Fannal Electronics Co., Ltd. Fuel consumption for the corporate fleet - and diesel in particular - rose, following an increase in the number of company cars provided to certain Group employees.

0.00009 GJ/K€ energy intensity⁸ of the Group in 2021 - 9% compared to 2020 (0,00010 GJ/K€)

46% of energy from renewable sources in 2021

Group energy consumption in the three-year period 2021-2019 (in GJ), by type of source



6.2.3| Emissions



Awareness of the pressing need to take action on environmental trends and combating climate change has prompted us to make a commitment that will, in 2022, see us establish a work plan and measurable goals for reducing emissions from our processes.

Among the initiatives undertaken to mitigate the impact of emissions, in addition to the use of renewable sources and the installation of photovoltaic panels, is the modernization of the company fleet with the gradual replacement of cars with hybrid models. We plan to progressively replace the existing fleet of cars - which to date run mainly on petrol or diesel - with hybrid cars.

The⁹ CO₂ emissions generated by the Group come from the energy sources mentioned above. For the reporting of greenhouse gas emissions, the methodological reference is the Greenhouse Gas (GHG) Protocol¹⁰ which divides emissions into categories, or "Scope"¹¹, depending on whether the emissions qualify as "direct" or "indirect".

7 | We note that the source for conversion factors - from kWh, m3 and liters to GJ - is the "UK Government GHG Conversion Factors for Company Reporting" database in the specific versions for the years reported. The following companies are excluded from the figure presented: SECO Mind S.r.l. and Fannal Electronics Co., Ltd. for 2019 only; for the three-year period, SECO Mind USA LLC and its subsidiary Piri.ai INC are excluded due to the nature of the activity carried out, i.e. software programming and development of AI algorithms, which do not involve any production activity; SECO USA Inc for electricity alone as it does not own the building in which it carries out its activities; we note that for the data on fuel consumption for the corporate fleet, an estimate of average consumption was used. In addition, the Garz & Fricke Group and the subsidiaries Keith & Koep and e-GITS are excluded from the scope as they were acquired in October 2021. Thanks to refinements in the data gathering and consolidation process, the 2020 and 2019 figures have been restated compared to last year's report.

8 | Energy intensity is calculated as the ratio between the Group's total energy consumption volume in GJ and the Value of Production from the Consolidated Financial Statements for the three-year period under review.

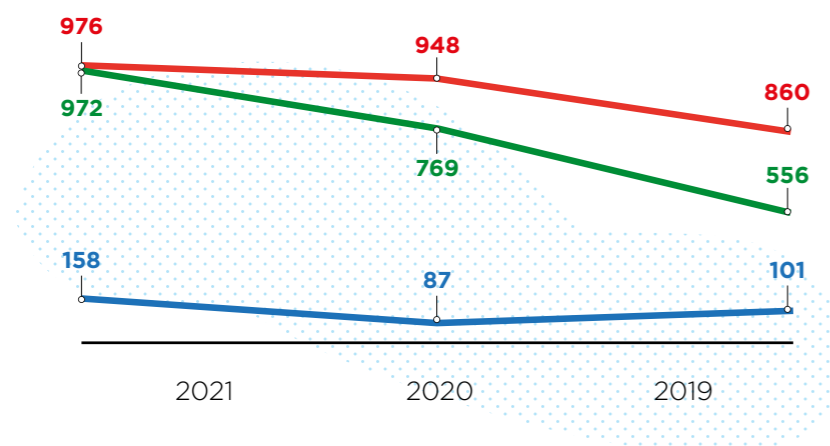
9 | We note that only CO₂ emissions are considered relevant. We also note that the Tregozzano plant has an Integrated Environmental Authorization for other emissions. The Authorization allows for the monitoring of NOx, COV, NH₃ and CO atmospheric emissions and their annual communication to the Competent Authorities. In the period no limit excesses were reported.

10 | The Greenhouse Gas (GHG) Protocol has been defined by the World Resources Institute and the World Business Council for Sustainable Development to provide public and private organizations with a globally shared framework for standards, guidelines, tools and training for reporting GHG emissions.

11 | Scope 1, where emissions are generated directly from a source owned or controlled by the Group. In our case, this refers to the emissions deriving from the consumption of natural gas for heating and to power company cars, in addition to fuel (diesel, gasoline and natural gas). To calculate these emissions, the emission factors defined by the "UK Government GHG Conversion Factors for Company Reporting" were used in the specific versions for the years being reported.

Scope 2, meaning the indirect emissions resulting from the use of electricity purchased by the Group for the lighting of buildings and the operation of production sites. For the calculation of these emissions, the procedure was as follows: for location-based emissions, the emission factors taken from "Terna international comparisons on Enerdata data", 2019 data, were used; for market-based emissions, on the other hand, reference was made to the residual mix set out by "AIB - European Residual Mixes 2020, V. 1.0, 31st May 2021", "AIB - European Residual Mixes 2019 - V. 1.1, 8th September 2020" and "AIB - European Residual Mixes 2018 - V. 1.1, 28th May 2019" respectively. Thanks to refinements in the data gathering and consolidation process, the 2020 and 2019 figures have been restated compared to last year's report.

Direct and indirect CO₂ emissions generated by the Group in the three-year period 2021-2019 (tCO₂eq) (tCO₂eq)



■ Direct emissions (Scope 1)
 ■ Indirect emissions (Scope 2 - Location based)
 ■ Indirect emissions (Scope 2 - Market based)

0,000010 tCO₂eq/K€ emissions intensity¹² in 2021 (0,000011 in 2020).

In 2021, the Group's total CO₂ emissions (Scope 1 and Scope 2 market based)¹³ of **1.134 tCO₂eq**, increased slightly from 2020 volumes (1,036 tCO₂eq) due to higher electricity and fuel use for the corporate fleet.

Specifically:

- Direct CO₂ emissions (Scope 1) of 158 tCO₂eq in 2021 (87tCO₂eq in 2020);
- Indirect CO₂ emissions:
 - Scope 2 location-based: these amount to 972 tCO₂eq; there was an increase on the value for the previous year (769 tCO₂eq) due to higher consumption of electricity in the production facilities;
 - Scope 2 market-based emission are 976 tCO₂eq, up slightly from 2020 (948 tCO₂eq).

¹² | Emission intensity is calculated as the ratio between the Group's total CO₂ emissions (Scope 1 and Scope 2 location-based) in tCO₂eq and the Value of Production from the Consolidated Financial Statements for the three-year reference period.

¹³ | We note that the data presented does not include the following companies:

- Scope 1: Fannal Electronics Co, Ltd, as it has no company cars; the Garz & Fricke Group and subsidiaries Keith & Koep and e-GITS, as they were acquired in October 2021.
- Scope 2: SECO USA Inc., as it does not own the building where it operates; the Garz & Fricke Group and subsidiaries Keith & Koep and e-GITS, as they were acquired in October 2021.

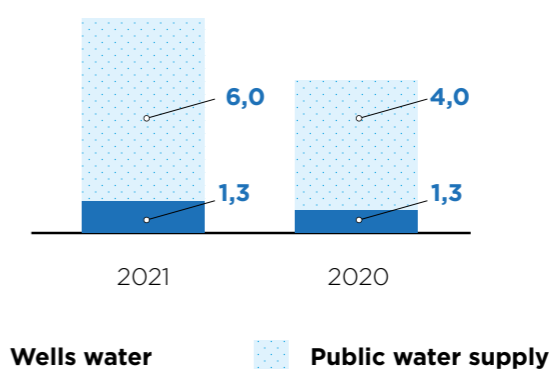
6.2.4 | Water



Although the analyses carried out as part of the ISO 14001 certification show that the use of water is not a material element in the management of the Group's environmental impacts, we recognize the importance of responsible consumption of water as an essential and shared primary resource.

The only phase of the production process in which water is used is during the card washing operations in the Tregozzano plant, where a closed water cycle is in place. The water is collected in a tank, used for several cycles and purified through filtering systems; finally, waste liquids are delivered to specialized companies for disposal as special waste. The remaining consumption is attributable to civilian use. The only water discharge, which derives from civil use, is adequately authorized and destined for public sewage.

Water withdrawals 2021-2020 (ML)



In 2021, the Group withdrew 7.3 megaliters of freshwater¹⁴ (≤1.000 mg/l total dissolved solids), all at locations in water-stressed areas¹⁵. Specifically, in 2021, 6.0 megaliters were drawn from the public water supply and 1.3 megaliters from wells. The slight increase between 2021 and 2020 is related to the increase in the manufacturing activities of Fannal Electronics Co., Ltd. as in 2020, the in-house sensor manufacturing process had only just come on line. In 2021, however, it was fully operational.

¹⁴ | We note that the data presented does not include the company SECO Mind USA LLC or its subsidiary Piri.ai INC due to the nature of the activity carried out, namely software programming and development of AI algorithms, which do not involve any production activity; also excluded is the company SECO Mind S.r.l., which does not carry out any production activity, but develops AI software solutions. In addition, the Garz & Fricke Group and the subsidiaries Keith & Koep and e-GITS are excluded from the scope as they were acquired in October 2021.

¹⁵ | Water stress areas are those regions considered to be more sensitive from a water resource perspective due to limited capacity or because they are at risk of failing to meet human and ecological demand for water, in terms of availability, quality, and accessibility. Through the database provided by the Aqueduct Water Risk Atlas of the World Resources Institute it was possible to define the level of water stress in the area of Arezzo and Tregozzano. This falls within the range ">80%" and is therefore considered "Very High".

6.2.5| Waste



It is our responsibility to ensure the efficient use of resources in order to prevent and limit the generation of waste. In pursuit of this goal, we have defined careful resource management processes, designed to minimize the production of waste at every stage of the value chain. We have involved our suppliers in this process since 2020, beginning preparations for a **Full Material Declaration** on the supply chain, the results of which will contribute to the definition of the supplier's rating.

The management and monitoring of waste production and its proper disposal are carried out in accordance with current regulations and the guidelines defined by the ISO 14001 certified Environmental Management System. Specifically, the sources of waste generation are:

- The **supply chain**, sourcing semi-finished products and components such as printed circuit boards, silicones, wiring harnesses and batteries;
- The **manufacturing process**, which gives rise to chemicals, toner, hazardous Waste Electrical and Electronic Equipment (WEEE);
- **End-of-life** management of outgoing products¹⁶;
- Waste from **office operations** is collected by the local municipal waste company.

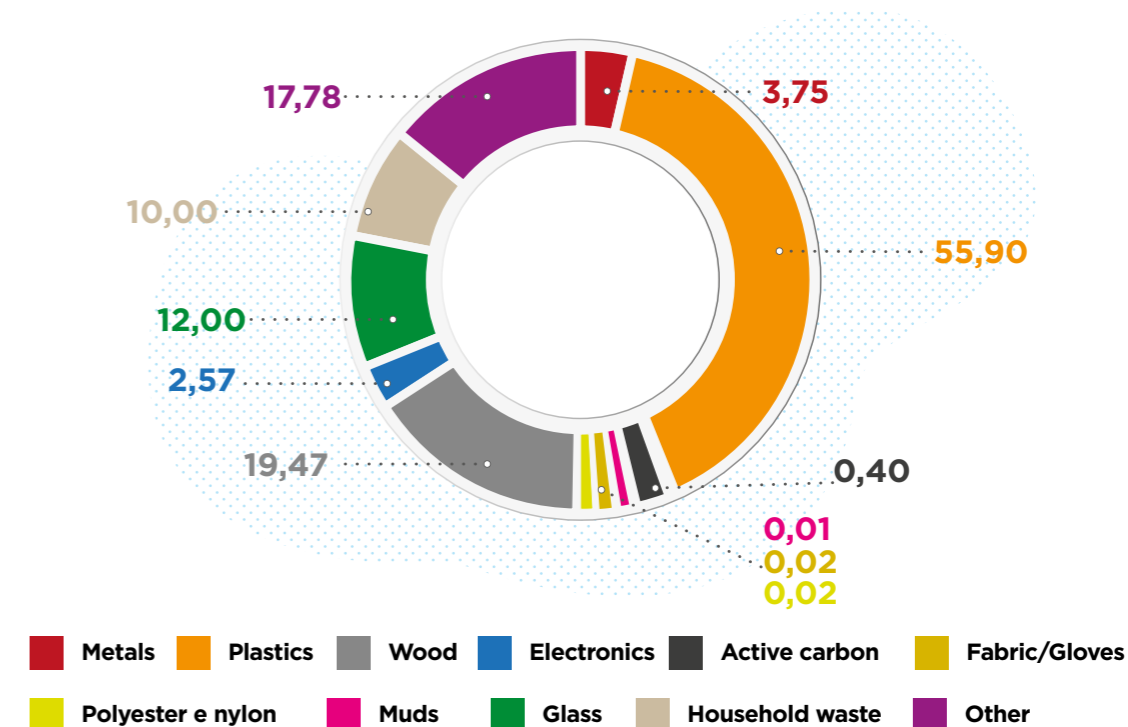
Total waste generated in 2021 was 122 tons, down approximately 18% from 2020 (145 tons)¹⁷. As shown in the graph below, almost all waste (96% of the total) was classified as non-hazardous during the three-year period

The composition of waste in the current year is predominantly plastics, wood, and other waste (other item) including filters; septic sludge and tanks; components removed from discarded equipment; spent printer toner; and waste aqueous solutions. In 2021, 22% of non-hazardous waste destined for disposal was sent for incineration with energy recovery, 18% for incineration without energy recovery, and the remainder destined for landfill.

¹⁶ | Where managed directly by the Group, SECO ensures compliance with international WEEE (Waste of Electric and Electronic Equipment) guidelines. As for finished products, however, disposal is the responsibility of the customer, who must comply with the protocol indicated in the product sheet.

¹⁷ | We note that the data presented does not include the company SECO Mind USA LLC or its subsidiary Piri.ai INC due to the nature of the activity carried out, namely software programming and development of AI algorithms, which do not involve any production activity; also excluded is the company SECO Mind S.r.l., which does not carry out any production activity, but develops AI software solutions. In addition, the Garz & Fricke Group and the subsidiaries Keith & Koep and e-GITS are excluded from the scope as they were acquired in October 2021. As regards the 2019 data, Fannal Electronics Co., Ltd. is excluded from the scope. Thanks to refinements in the data gathering and consolidation process, the 2020 and 2019 figures have been restated compared to last year's report

Waste breakdown in 2021 (ton)



Life cycle analysis of the Group's products, services or activities

Increasingly aware that environmental impacts are generated throughout the life cycle of the product/service, we have embarked on a path of analysis, with a **specific focus on the processes** of product and service development, and therefore on the analysis of the evaluation of energy, material and resource input and output flows involving heat and energy production, waste and the estimation of potential effects on the environment.

The work plan includes **5 key steps**:

1. **Mapping and modeling of the SECO S.p.A. system**, conducted in July 2021. The experience we gain will make it possible to define a standard method to be duplicated and extended to the other companies in the group in terms of data collection.
2. **The modeling of the corporate system** (December 2021).
3. Corporate system **data analysis**, based on available information (June 2022).
4. **Drill down of modeling**, through more extensive and formalized data collection; concurrent with the introduction of emission mitigation measures (December 2022).
5. Each Group company will also model the **life cycle of their respective products** (June 2023).

6.3| European Taxonomy

Within the institutional framework of the European Green Deal - the European development strategy approved in 2019 - one of the European Commission's areas of focus concerns the need to "finance the transition". The Commission has therefore developed a special classification system that allows an **unambiguous definition of economic activities - and investments - that can be considered environmentally sustainable**. This system was defined within **EU Regulation 2020/852 of the European Parliament and of the Council** of June 18, 2020, made effective as of July 12, 2020.

The European Taxonomy specifically includes six **environmental and climate goals**:

- climate change mitigation;
- climate change adaptation;
- sustainable use and protection of water and marine resources;
- transition to a circular economy;
- pollution prevention and control;
- protection and restoration of biodiversity and ecosystems.

In order to qualify as eligible based on the environmentally sustainable parameters defined by the Taxonomy, an economic activity must meet the following requirements:

1. must contribute substantially to the **achievement of one or more of the objectives** set out in the Taxonomy;
2. in contributing to one or more of the environmental objectives, **must not cause significant harm** to the others (the "Do No Significant Harm" principle);
3. must be carried out in **compliance with minimum safeguards**, i.e. carried out in line with the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the eight core ILO Conventions and the International Bill of Human Rights.

To date, the Technical Expert Group on Sustainable Finance (TEG), established ad hoc by the European Commission, has contributed to the development of the **first two Delegated Acts** of the Commission ("Taxonomy Climate Delegate Act") - approved on December 9 by the Council of the EU and in force since January 1, 2022 - which provide for the adoption of **technical screening** criteria with respect to climate change mitigation and adaptation objectives.

The European Taxonomy Regulation therefore envisages the obligation - as from January 1, 2022 - for all companies falling under the circumstances set out by Legislative Decree No. 254/204 to report the share of turnover, the percentage of capital expenditure (CAPEX) and the percentage of operating expenditure (OPEX) qualifying as environmentally sustainable on the basis of the defined eligibility criteria (assessment of alignment with the technical screening criteria is not currently required).

In order to respond to the disclosure requirements of the regulation, SECO first performed an eligibility analysis of its NACE code - 2612 Manufacture of Integrated

Electronic Boards - using the "Taxonomy Compass" tool made available by the European Commission. In the second instance, having found no correspondence points, it opted to proceed with a qualitative analysis of economic activities as defined in the Delegated Acts currently available.

In doing so, Section 8.2 "Data-driven solutions for GHG emissions reductions" emerged as a potential competency, as SECO's portfolio includes products and services that align with this functionality. Specifically, the solutions offered by the companies SECO Mind S.r.l, SECO Mind USA LLC and its subsidiary Piri.ai INC. fall under this scope. These applications, however, do not yet see this type of solution concretely implemented and offered on the market.

For this reason, this year it was not possible to provide evidence of the quantitative KPIs required (turnover, CAPEX and OPEX). This will be addressed throughout the year with the goal of conveying further updates in the 2022 report.



7| Annex

7.1| Methodological Note

The SECO Group publishes its Consolidated Non-Financial Declaration for the first time in 2021, and, from this financial year onwards, will publish it annually and in alignment with the Company's financial reporting.

The information contained herein refers to the time period January 1, 2021 through December 31, 2021. Similarly, where possible the topics covered are presented by providing a comparison with the previous two years in order to allow all SECO stakeholders to assess the Group's performance over time.

This document has been prepared in accordance with the GRI Sustainability Reporting Standards, published by GRI, under the "In accordance - Core"¹.

The drafting of this NFD is guided by the principles defined by the GRI Standard 101 Foundation as regards the level of content and quality of the document:

- *context analysis*: to identify the main sustainability-related trends that define the sector in which the Company operates;
- *stakeholder inclusiveness*, based on listening to the specific needs of the various categories of internal and external stakeholders with whom the Group interacts;
- *materiality*: to identify the issues that most reflect the Group's environmental, social and economic impacts and are able to significantly influence stakeholder expectations and decisions regarding the Group's activities. In this regard, it should be noted that, in line with the requirements of the Decree, and according to the principle of the significance of information disclosed in relation to the context and characteristics of the Company's business activities, in 2021 the SECO Group once again renewed its materiality analysis, with the goal of providing information that is at all times up-to-date and focused on key issues for the Company. The result of the analysis is proposed in the form of a list of 15 environmental, social and economic/governance issues;
- *completeness and balance of information*, in order to represent the Group's sustainability performance in the most appropriate manner and balance both its

¹ | We note that from next year this report will be aligned with the new GRI standards, published on October 5, 2021.

positive and, possibly, the negative aspects within the NFD;

- *clarity, accuracy, transparency and reliability* in the processing and presentation of the quantitative data and qualitative information collected, in addition to the calculation methods on which they are based, enabling all stakeholders to make an objective and sufficiently complete assessment of the Group's performance;
- *comparability* of data and information over time;
- *timeliness* of the drafting and publication of the NFD, which will be carried out on a yearly basis².

7.1.1| Materiality analysis and identification of material topics

Consistent with GRI Standard 101 - Foundation, the following were considered in carrying out the materiality analysis:

- **The context of the industry** in which the SECO Group operates, through a detailed analysis of operational, institutional, market and external dimensions ("The context");
- **The requests of internal and external stakeholders** that the Company has mapped on four occasions:
 - i. definition of the **stakeholder map** by means of a special **questionnaire targeted at top management**, to reflect on the degree of dependence and influence of the different categories of stakeholders ("Sustainability is Strategy");
 - ii. an in-depth **context analysis** to understand the main requests of external stakeholders and, in light of these, the Company's priorities as regards the areas identified under Legislative Decree No. 254/2016. Specifically, this study took the following sources into account:
 - International bodies including the European Institute of Innovation & Technology, the Organization for Economic Co-operation and Development and the United Nations - ITU (International Telecommunication Union);
 - Standard setters, including the World Economic Forum, the Global Reporting Initiative, and ISO 26000;
 - Investors, including by way of consultation of the MSCI - ESG Industry Materiality Map;
 - Trade associations, for a more in-depth understanding of the sector. These included IotItaly, Anitec-Assinform (National Association of Computer Industries) and AixiA (Italian Association for Artificial Intelligence);
 - Peers, specifically by consulting public documents and websites;
 - Academia, to gain a scientific insight into the application of sustainability issues in the industry;
 - The media, with reference to press releases and publications in the year under review;
 - In-house documents and the Company's website.
 - iii. A **questionnaire compiled by around 300 internal and external stakeholders** that made it possible for us to update the materiality analysis, in order to identify any further issues deemed relevant to the Group and to assess the usability aspects of the 2020 Sustainability Report and the perception of the Group's identity.
 - iv. Five **semi-structured interviews with top managers** to which potentially significant issues identified in the previous phases were submitted. Specifically, and with reference to the various topics proposed, these interview made it possible to investigate issues such as the Group's strategy and vision, including the objectives deemed most relevant to environmental, social and governance aspects from the point of view of the function represented by the interviewee; the related risks and opportunities; the expectations of the stakeholders with whom the specific function interacts or reports to in the context of its activities; the impacts generated along the value chain; the management and organizational controls in place and the initiatives introduced during the year

² | In the previous two years, the SECO Group prepared a Sustainability Report.

Top management was thus able to confirm, eliminate and aggregate the issues that emerged from the above analyses and thereby define specific strategic and reporting priorities for the Group. Finally, the materiality analysis was shared with the Chief Executive Officer for validation of the material topics.

The table below sets out the material topics dealt with in the NFD and relates them to the areas indicated in the Decree, to the aspects of the GRI Standards and to the SDGs to which the Group intends to contribute. The internal and external perimeter of the impact of the topics is also given.

The topics shown in gray in the table were not material according to the analysis performed. However, they are covered in this document by means of qualitative and quantitative information and by reporting the impacts generated by the Group.

We note that the discussion of “Ethics and Integrity in Business” also includes specific insights into “Risk Management” and “Sustainability Governance”. With regard to the latter, starting next year the Group will adopt a procedure for drawing up the NFD, identifying roles and responsibilities.

Material aspects	Scope Leg. Decree 254/2016	GRI aspect	Topic boundary		SDGs of reference
			Internal	External	
<ul style="list-style-type: none"> •Waste management •Products free of hazardous substances •Environmental compliance •Energy consumption •Emissions •Water resource management 	Environment	GRI 301 - Materials	Group	Suppliers and Partners	12
		GRI 302 - Energy		Communities and territory	13
		GRI 303 - Water and Effluents		Customers	7
		GRI 305 - Emissions		Shareholders and investors	
		GRI 306 - Waste			
		GRI 307 - Environmental compliance			
<ul style="list-style-type: none"> •Human resources management •Training and development •Occupational health and safety •Diversity and inclusion •Sustainable supply chain management •Human Rights protection •Community support 	Personnel management	GRI 204 - Procurement practices	Group	Employees	3
	Respect for human rights	GRI 308 - Supplier Environmental Assessment		Communities and territory	8
	Social aspects	GRI 401 - Employment		Suppliers and Partners	9
	Community support	GRI 403 - Occupational Health and Safety		Trade Unions representatives	
		GRI 404 - Training and education		Universities	
		GRI 405 - Diversity and Equal opportunity		Shareholders and investors	
		GRI 406 - Non-discrimination			
		GRI 408 - Child labor			
		GRI 409 - Forced or Compulsory Labor			
		GRI 414 - Supplier Social Assessment			
		GRI 417 - Marketing and Labeling			
		GRI 418 - Customer Privacy			
<ul style="list-style-type: none"> •Ethics and business integrity •Product quality and safety •Relationship with customers and partners •Privacy and data protection •Research, development and innovation 	Social aspects	GRI 102: General Disclosures	Group	Employees	8
	Anti-corruption	GRI 201 - Economic Performance		Suppliers and Partners	9
		GRI 205 - Anti-corruption		Customers	12
		GRI 207 - Tax		Scientific Community	
				Institutions and Trade Associations	
			Shareholders and investors		

7.1.2| The reporting scope and methodologies used for calculating

Consistent with Article 2, paragraph 2 of the Decree, the reporting scope coincides with that of the 2021 Consolidated Financial Statements.

The companies Garz & Fricke Group, ORO Networks and Piri.ai INC. are included in the reporting scope with reference to the following GRI 102-8, GRI 201-1, GRI 205-3, GRI 401-1, GRI 405-1 for the relevant months, having been acquired in October 2021

The qualitative information and quantitative data contained in the chapters of this document are reported in aggregate form at Group level and, where deemed necessary, specific details have been provided for the following geographical areas in which the Group operates:

- Italy: this includes the parent company SECO S.p.A., PSM Tech S.r.l. and SECO Mind S.r.l.;
- EMEA: includes Garz & Fricke and the subsidiaries Keith & Koep and e-GITS;
- USA: includes SECO USA, Inc.;
- APAC: includes SECO Mind USA LLC and the subsidiary Piri.ai INC and Fannal Electronics Co., Ltd;

We note that any changes in calculation methods, reference sources and the reporting scope are reported in the chapters under qualitative and quantitative data, in the section Technical Details, and in this Methodological Note.

7.2| Technical insights

7.2.1| “Respect: Corporate Governance and Generating Value” chapter

Name and surname	Charge	Role	Independence	Tenure on the governance body	Competencies relating to economic, environmental, and social topics	Stakeholders representation
Daniele Conti	Chairman	Executive	No	Three-year mandate	No	Yes
Massimo Mauri	CEO	Executive	No	Three-year mandate	No	Yes
Emanuela Sala	Board member	Non-executive	No	Three-year mandate	No	No
Michele Secciani	Board member	Non-executive	No	Three-year mandate	No	No
Claudio Catania	Board member	Non-executive	No	Three-year mandate	No	No
Luciano Lomarini	Board member	Non-executive	No	Three-year mandate	No	Yes
Luca Tufarelli	Board member	Non-executive	No	Three-year mandate	No	Yes
Elisa Crotti	Board member	Non-executive	Yes	Three-year mandate	No	No
Giovanna Mariani	Board member	Non-executive	Yes	Three-year mandate	No	No
Diva Tommei	Board member	Non-executive	Yes	Three-year mandate	No	No

GRI 102-18 - Governance structure
GRI 102-22 - Composition of the highest governance body and its committees

Name and surname	Charge	Role	Independence	Tenure on the governance body
Giovanna Mariani	Chairwoman	Non-executive	Yes	Three-year mandate
Luca Tufarelli	Committee member	Non-executive	No	Three-year mandate
Elisa Crotti	Committee member	Non-executive	Yes	Three-year mandate

GRI 102-18 - Governance structure - Control & Risks Committee

Name and surname	Charge	Role	Independence	Tenure on the governance body
Diva Tommei	Chairwoman	Non-executive	Yes	Three-year mandate
Claudio Catania	Committee member	Non-executive	No	Three-year mandate
Elisa Crotti	Committee member	Non-executive	Yes	Three-year mandate

GRI 102-18 - Governance structure - Remuneration Committee

Name and surname	Charge	Role	Independence	Tenure on the governance body
Giovanna Mariani	Chairwoman	Non-executive	Yes	Three-year mandate
Diva Tommei	Committee member	Non-executive	No	Three-year mandate
Elisa Crotti	Committee member	Non-executive	Yes	Three-year mandate

GRI 102-18 - Governance structure - Related Parties Committee

Members of the organization's Board of Directors by age and gender	2021			2020			2019		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
< 30 years old	-	-	-	-	-	-	-	-	-
30 ≤ x ≤ 50 years old	1	2	3	1	-	1	2	-	2
> 50 years old	5	2	7	4	-	4	3	-	3
Total members by gender	6	4	10	5	-	5	5	-	5

GRI 405-1 - Diversity of governance bodies

Total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to ³	2021	2020	2019
Governance body members that received communication on anti-corruption policies and procedures	10	5	5
Total Governance body members	10	5	5
%	100%	100%	100%

Total number and percentage of governance body members that have received training on the organization's anti-corruption policies and procedures ⁴	2021	2020	2019
Governance body members that have received training on anti-corruption	-	5	5
Total Governance body members	10	5	5
%	0%	100%	100%

3 | It is specified that the data presented refer to the parent company SECO S.p.A.

4 | Ibidem.

Total number and percentage of employees that have received training on the organization's anti-corruption policies and procedures ⁵	2021	2020	2019
Executives/managers who received training session	-	12	9
Total number of Executive/managers	24	23	15
%	0%	52%	60%
White-collars who received training session	-	153	128
Total number of White-collars	262	217	180
%	0%	70%	1%
Blue-collars who received training session	-	147	135
Total number of Blue-collars	237	196	176
%	0%	75%	77%

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

	2021	2020	2019
SECO Group tax reporting	SECO S.p.A., PSM Tech S.r.l., SECO Mind S.r.l.	SECO S.p.A., PSM Tech S.r.l., Aidilab S.r.l., Ispirata S.r.l., Hopenly S.r.l. ⁶	SECO S.p.A., PSM Tech S.r.l., Aidilab S.r.l. ⁷ , PSM S.r.l. ⁸
Primary activities of the organization	Production, R&D and marketing of edge computing hardware solutions (modules, standard and custom integrated systems) and IoT and data analytics software solutions		
Number of employees	364	339	277
Euro/000			
Revenues from third-party sales	73.306	60.574	62.426
Revenues from intra-group transactions with other tax jurisdictions	9.729	4.551	525
Profit/loss before tax	-1.314	2.580	7.249
Tangible assets other than cash and cash equivalents	11.802	12.608	12.289
Corporate income tax paid on a cash basis	330	1.102	1.886
Income taxes before taxes ⁹	-292	50	2.165

GRI 207-4 - Country-by-country reporting

5 | It is specified that the data here reported does not include the companies SECO USA, Inc., SECO Mind USA LLC and its subsidiary Piri.ai INC and the Garz & Fricke GmbH Group and its subsidiaries (Keith & Koep GmbH and e-GITS GmbH).

6 | Aidilab S.r.l., Ispirata S.r.l., Hopenly S.r.l. merged into SECO Mind S.r.l. starting from July 1, 2021, with retroactive accounting effects from January 1, 2021.

7 | Ibidem.

8 | Merged in SECO S.p.A. during the year 2020..

9 | Income taxes for the year are calculated on the pre-tax result, net of permanent or long-term tax changes, such as provisions for suspended tax reserves permitted by law. The difference between taxes calculated in this way and those on taxable income constitutes, depending on the case, either taxes deferred to future years, as a result of a tax concession and therefore recorded in the provision for taxes, or taxes prepaid with respect to the relevant year economic by express fiscal provision.

7.2.2| “Passion: Giving our all” chapter

Euro	2021	2020	2019
Direct economic value generated	115.777.765	78.797.726	65.620.504
Revenues from sales and services	112.293.327	76.143.044	65.435.580
Other revenues and income	4.044.590	3.356.059	253.165
Other financial income and expenses	-560.153	-701.377	-68.241
Economic value distributed to suppliers	81.928.186	55.218.928	44.699.639
Economic value distributed to employees	24.610.125	16.704.880	12.277.387
Economic value distributed to providers of capital	1.472.724	577.528	534.849
Economic value distributed to government (Public Administration)	1.241.804	753.182	2.248.812
Economic value distributed to the community	24.400	67.121	33.307
Economic value distributed	109.277.293	73.321.638	59.793.995
Economic value retained	6.500.526	5.476.088	5.826.509
GRI 201-1 - Direct economic value generated and distributed			

Employees by employment contract	2021			2020			2019		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent contract	420	127	547	269	84	353	211	66	277
EMEA	363	118	481	250	82	332	207	64	271
of which Italy	242	81	323	250	82	332	207	64	271
USA	25	3	28	18	2	20	3	1	4
APAC	32	6	38	1	-	1	1	1	2
Temporary contract	151	137	288	45	58	103	37	61	98
EMEA	33	27	60	4	3	7	4	2	6
of which Italy	23	18	41	4	3	7	4	2	6
USA	3	1	4	-	-	-	-	-	-
APAC	115	109	224	41	55	96	33	59	92
Total	571	264	835	314	142	456	248	127	375
EMEA	396	145	541	254	85	339	211	66	277
of which Italy	265	99	364	254	85	339	211	66	277
USA	28	4	32	18	2	20	3	1	4
APAC	147	115	262	42	55	97	34	60	94

GRI 102-8 - Information on employees and other workers

Employees by employment type	2021			2020			2019		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Full-time	556	242	798	311	132	443	246	118	364
EMEA	382	123	505	252	75	327	209	57	266
of which Italy	264	92	356	252	75	327	209	57	266
USA	27	4	31	17	2	19	3	1	4
APAC	147	115	262	42	55	97	34	60	94
Part-time	15	22	37	3	10	13	2	9	11
EMEA	14	22	36	2	10	12	2	9	11
of which Italy	1	7	8	2	10	12	2	9	11
USA	1	-	1	1	-	1	-	-	-
APAC	-	-	-	-	-	-	-	-	-
Total	571	264	835	314	142	456	248	127	375

GRI 102-8 - Information on employees and other workers

New employee hires by age and gender	2021					2020					2019				
	< 30 years old	30-50 years old	>50 years old	Total	Turnover	< 30 years old	30-50 years old	>50 years old	Total	Turnover	< 30 years old	30-50 years old	>50 years old	Total	Turnover
Male	131	144	35	310	54%	34	50	11	95	30%	45	32	4	81	33%
EMEA	31	101	30	162	41%	21	32	3	56	22%	16	13	1	30	14%
of which Italy	16	14	1	31	12%	21	32	3	56	22%	16	13	1	30	14%
USA	5	4	3	12	43%	1	7	8	16	89%	-	-	2	2	67%
APAC	95	39	2	136	93%	12	11	-	23	55%	29	19	1	49	144%
Female	59	76	18	153	58%	16	14	2	32	23%	56	39	1	96	76%
EMEA	15	31	18	64	44%	10	8	1	19	22%	6	3	-	9	14%
of which Italy	10	7	1	18	18%	10	8	1	19	22%	6	3	-	9	14%
USA	1	1	-	2	50%	-	-	1	1	50%	-	-	-	-	0%
APAC	43	44	-	87	76%	6	6	-	12	22%	50	36	1	87	145%
Total new employee hires	190	220	53	463	55%	50	64	13	127	28%	101	71	5	177	47%
EMEA	46	132	48	226	42%	31	40	4	75	22%	22	16	1	39	14%
of which Italy	26	21	2	49	13%	31	40	4	75	22%	22	16	1	39	14%
USA	6	5	3	14	44%	1	7	9	17	85%	-	-	2	2	50%
APAC	138	83	2	223	85%	18	17	-	35	36%	79	55	2	136	145%
New entries rate	73%	48%	46%	55%		36%	24%	27%	28%		87%	31%	16%	47%	

GRI 401-1 - New employee hires

Employee terminations by age and gender	2021					2020					2019				
	< 30 years old	30-50 years old	>50 years old	Total	Turnover	< 30 years old	30-50 years old	>50 years old	Total	Turnover	< 30 years old	30-50 years old	>50 years old	Total	Turnover
Male	30	20	2	52	9%	7	20	2	29	9%	11	9	-	20	8%
EMEA	12	7	1	20	5%	7	18	2	27	11%	1	3	-	4	2%
of which Italy	12	7	1	20	8%	7	18	2	27	11%	1	3	-	4	2%
USA	-	1	1	2	7%	-	1	-	1	6%	-	1	-	1	33%
APAC	18	12	-	30	20%	-	1	-	1	2%	10	5	-	15	44%
Female	16	15	1	32	12%	7	10	-	17	12%	18	10	1	29	23%
EMEA	1	2	1	4	3%	7	9	-	16	19%	1	1	-	2	3%
of which Italy	1	2	1	4	4%	7	9	-	16	19%	1	1	-	2	3%
USA	-	-	-	-	0%	-	-	-	-	0%	-	-	-	-	0%
APAC	15	13	-	28	24%	-	1	-	1	2%	17	9	1	27	45%
Total employee terminations	46	35	3	84	10%	14	30	2	46	10%	29	19	1	49	13%
EMEA	13	9	2	24	4%	14	27	2	43	13%	2	4	-	6	2%
of which Italy	13	9	2	24	7%	14	27	2	43	13%	2	4	-	6	2%
USA	-	1	1	2	6%	-	1	-	1	5%	-	1	-	1	25%
APAC	33	25	-	58	22%	-	2	-	2	2%	27	14	1	42	45%
Exit turnover	18%	8%	3%	10%		10%	11%	4%	10%		25%	8%	3%	13%	

GRI 401-1 - Employee terminations

2021					
Type of benefit	Italy	Germany ¹⁰	USA	Cina	India
Executives/Managers					
Life insurance	x ¹¹	x	x	x	
Health care	x	x	x	x	x
Disability and invalidity coverage	x	x	x	x	
Parental leave	x	x		x	
Retirement provision	x	x	x	x	x
Stock ownership	x ¹²		x		
MBO	x				
Performance bonus	x	x	x	x	x
Company car	x	x			
Corporate welfare	x			x	x
Meal vouchers	x ¹³			x	
Other economic bonuses (e.g., integration for the purchase of tickets for public transport)		x			
Internet Reimbursement					x
White-collars					
Life insurance	x		x	x	x
Health care	x	x	x	x	x
Disability and invalidity coverage	x	x	x	x	
Parental leave	x	x		x	
Retirement provision	x	x	x	x	x
Stock ownership	x		x		
MBO					
Performance bonus	x	x	x	x	x
Company car	x	x ¹⁴			
Corporate welfare	x			x	x
Meal vouchers	x			x	
Other economic bonuses (e.g., integration for the purchase of tickets for public transport)		x			
Internet Reimbursement					x
Blue-collars					
Life insurance			x	x	x
Health care	x	x	x	x	
Disability and invalidity coverage	x	x	x	x	
Parental leave	x	x	x	x	
Retirement provision	x	x	x	x	
Stock ownership	x		x		
Performance bonus	x		x	x	
Corporate welfare	x			x	
Meal vouchers				x	
Other economic bonuses (e.g., integration for the purchase of tickets for public transport)		x			

GRI 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees

10 | With reference only to Garz & Fricke

11 | With reference only to SECO Mind S.r.l.

12 | Ibidem.

13 | Ibidem.

14 | Only for sales personnel.

	2021	2020	2019
Total number of recordable work-related injuries ¹⁵	1	4	1
of which injuries with 1 to 3 days of absence	-	3	-
of which injuries with more than 3 days of absence	1	1	1
of which high-consequence work-related injuries (excluding fatalities)	-	-	-
of which fatalities as a result of work-related injury	-	-	-
Worked hours	1.001.420	742.577	678.392
Rate of injuries with 1 to 3 days of absence ¹⁶	0,00000%	0,00040%	0,00000%
Rate of injuries with more than 3 days of absence ¹⁷	0,00010%	0,00013%	0,00015%
GRI 403-9 Work-related injuries			

Hours of training per employee category	2021			2020			2019		
	Italy	APAC	Total	Italy	APAC	Total	Italy	APAC	Total
Hours of training Executives/Managers	176	390	566	246	263	509	16	165	181
Male	134	300	434	174	203	377	16	105	121
Female	42	90	132	72	60	132	0	60	60
Average hours of training Executives/Managers	11,7	43,3	23,6	17,6	29,2	22,1	1,8	33,0	12,9
Hours of training White-collars	2.543	750	3.293	1.495	330	1.825	2.215	340	2.555
Male	2.101	300	2.401	1.203	180	1.383	1.930	120	2.050
Female	442	450	892	292	150	442	285	220	505
Average hours of training	13,0	11,2	12,6	8,4	8,5	8,4	17,3	7,1	14,5
Hours of training Blue-collars	100	600	700	386	600	986	852	400	1.252
Male	92	140	232	346	120	466	737	100	837
Female	8	460	468	40	480	520	115	300	415
Average hours of training	0,6	7,2	3,0	2,6	12,2	5,0	6,3	9,8	7,1
Total hours of training	2.819	1.740	4.559	2.127	1.193	3.320	3.083	905	3.988
Average hours of training (total)	7,7	10,9	8,7	6,3	12,3	7,6	11,3	9,6	10,9

GRI 404-1 - Average hours of training per year per employee

15 | The data presented refer to the companies SECO S.p.A., PSM TECH S.r.l., SECO Mind S.r.l. and Fannal Electronics Co., Ltd. For the remaining companies belonging to SECO Group, it should be noted that no accidents occurred in the three-year period.

16 | The injury rate is calculated as the ratio between the total number of work-related injuries and the total number of worked hours, multiplied by 1000.

17 | Ibidem.

Employees category by age and gender	2021						2020						2019					
	< 30 years old		30-50 years old		>50 years old		< 30 years old		30-50 years old		>50 years old		< 30 years old		30-50 years old		>50 years old	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
EMEA	75	31	253	84	68	30	66	20	161	56	27	9	53	11	137	47	21	8
Executives / managers	-	-	12	2	7	2	-	-	9	1	3	1	1	-	6	1	1	1
White-collars	32	15	151	50	35	12	27	10	90	33	12	6	15	6	73	24	10	4
Blue-collars	43	16	90	32	26	16	39	10	62	22	12	2	37	5	58	22	10	3
of which Italy	60	26	166	60	39	13	66	20	161	56	27	9	53	11	137	47	21	8
Executives / managers	-	-	9	1	3	2	-	-	9	1	3	1	1	-	6	1	1	1
White-collars	26	13	93	37	18	8	27	10	90	33	12	6	15	6	73	24	10	4
Blue-collars	34	13	64	22	18	3	39	10	62	22	12	2	37	5	58	22	10	3
USA	6	1	9	2	13	1	1	-	7	1	10	1	-	-	1	1	2	-
Executives / managers	-	-	1	-	4	-	-	-	1	-	2	-	-	-	1	-	-	-
White-collars	6	1	8	2	9	1	1	-	6	1	8	1	-	-	-	1	2	-
Blue-collars	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
APAC	93	53	51	62	3	-	23	29	19	25	-	1	19	33	14	27	1	-
Executives / managers	1	-	7	1	-	-	5	1	2	1	-	-	-	-	3	2	-	-
White-collars	78	21	39	30	2	-	11	7	12	9	-	-	12	12	9	14	1	-
Blue-collars	14	32	5	31	1	-	7	21	5	15	-	1	7	21	2	11	-	-
Total Executives/managers by gender	1	-	20	3	11	2	5	1	12	2	5	1	1	-	10	3	1	1
Total Executives/managers	1		23		13		6		14		6		1		13		2	
Total White-collars by gender	116	37	198	82	46	13	39	17	108	43	20	7	27	18	82	39	13	4
Total White-collars	153		280		59		56		151		27		45		121		17	
Total Blue-collars by gender	57	48	95	63	27	16	46	31	67	37	12	3	44	26	60	33	10	3
Total Blue-collars	105		158		43		77		104		15		70		93		13	
Total employees by gender	174	85	313	148	84	31	90	49	187	82	37	11	72	44	152	75	24	8
Total employees by age group	259		461		115		139		269		48		116		227		32	
GRI 405-1- Diversity of employees																		

7.2.3| “Protecting the Environment” chapter

Type of material (Ton)	2021	2020	2019
Renewable	89,2	92,6	33,7
Cardboard	61,4	83,4	30,9
of which renewable	0,1	0,1	0,1
Bioplastic	0,1	0,1	0,1
Wooden pallet	27,7	9,1	2,8
Non-renewable	730,2	405,0	219,2
FR4	36,0	35,0	30,0
Glass	477,5	176,2	30,0
Steel	121,0	115,0	100,0
Copper	25,0	24,0	21,0
Aluminum	16,0	15,0	13,0
Silver	0,3	0,3	0,2
Silver pulp	0,03	0,01	0,00
Gold	0,01	0,01	0,01
Plastic	30,0	29,0	25,0
Tray	1,4	0,6	0,0
Electrostatic bag	23,0	10,0	0,0
Total	819,4	497,6	252,9

GRI 301-1- Materials used by weight or volume

Consumption type (GJ)	2021	2020	2019
Purchased electricity	8.042	6.627	6.360
of which from renewable sources	4.750	10	0
Self-generated electricity from renewable sources	243	89	0
of which self-consumed	243	89	0
Natural Gas (for heating)	832	277	401
Fuel used for the company fleet	1.657	1.015	1.199
Diesel (100% mineral diesel)	1.508	892	1.089
Petrol (100% mineral petrol)	87	80	110
Natural gas	62	43	0
Total energy consumption	10.774	8.008	7.960
Renewable energy	4.993	99	0
Non renewable energy	5.780	7.909	7.960
% of renewable energy on total energy consumed	46,3%	1,2%	0,0%
Energy intensity (GJ/K€)	0,00009	0,00010	0,00012

GRI 302-1 -Energy consumption within the organization GRI 302-3 - Energy intensity

Direct and indirect emissions (tCO ₂ eq)	2021	2020	2019
Direct emissions Scope 1	158	87	101
from diesel consumption	107	67	81
from petrol consumption	6	5	7
from natural gas consumption	46	16	12
of which for heating	42	16	12
of which for automotive	4	0	0
Indirect emissions Scope 2 (location based)	972	769	556
from energy consumption	972	769	556
Indirect emissions Scope 2 (market based)	976	948	860
from energy consumption	976	948	860
Total emissions Scope 1 e Scope 2 (location based)	1.130	856	657
Emissions intensity (Scope 1 + Scope 2 - location based) (tCO ₂ eq/K€)	0,000010	0,000011	0,000010
Total emissions Scope 1 e Scope 2 (market based)	1.134	1.036	961
Emissions intensity (Scope 1 + Scope 2 - market based) (tCO ₂ eq/K€)	0,000010	0,000013	0,000015

GRI 305-1 - Direct (Scope 1) GHG emissions GRI 305-2 - Energy indirect (Scope 2) GHG emissions GRI 305-4 - GHG emissions intensity

Water withdrawal (ML)	2021	2020	2019
Groundwater	1,3	1,2	0,0
Third-party water	6,0	4,0	0,0
Total	7,3	5,3	0,0

GRI 303-3 - Water withdrawal

Waste diverted from disposal	2021	2020	2019
Hazardous Waste	1,66	1,09	0,81
Recycling	1,66	1,09	0,81
Nonhazardous Waste	61,81	127,72	81,06
Preparation for reuse	0,01	0,09	0,05
Recycling	61,80	77,63	81,02
Recovery	0,00	50,00	0,00
Total	63,47	128,81	81,88
GRI 306-4 - Waste diverted from disposal			

Waste directed to disposal	2021	2020	2019
Hazardous Waste	3,38	1,65	0,72
Landfill	3,38	1,65	0,72
Nonhazardous Waste	55,24	14,55	4,86
Incineration (with energy recovery)	12,00	0,00	0,00
Incineration (without energy recovery)	10,00	0,00	0,00
Landfill	33,24	14,55	4,86
Total	58,62	16,20	5,58
GRI 306-5 - Waste directed to disposal			

7.3| GRI Content Index

The following table highlights the GRI indicators used for the preparation of the 2021 NFD of the SECO Group. In accordance with the latest English version of the GRI Standards, the standards and individual indicators are reported with reference to the page of the document where they are treated. Any omissions, and related justifications, are explained on the side.

It is specified that the following GRI Standard versions were used: the 2018 version of GRI Standard 303 - Water and Effluents and GRI Standard 403 - Occupational Health and safety, the 2019 version of GRI Standard 207 - Tax and the 2020 version of GRI Standard 306 - Waste.

GRI Content Index		
GRI standard ¹⁸		
Disclosure	Page number	Comments/Omissions
GRI 101: Foundation - 2016		
GENERAL DISCLOSURES		
GRI 102 - General Disclosures 2016		
102-1: Name of the organization		Cover of this NFD
102-2: Activities, brands, products, and services	Pp. 30; 31; 35 - 42	
102-3: Location of headquarters	Pp. 30; 31; 77	
102-4: Location of operations	Pp. 31; 77	
102-5: Ownership and legal form	Pp. 46 - 49	
102-6: Markets served	P. 43	
102-7: Scale of the organization	Pp. 30; 31; 36; 37; 55; 56; 61; 62; 85	
102-8: Information on employees and other workers	Pp. 85 - 87	
102-9: Supply chain	P. 104	
102-10: Significant changes to the organization and its supply chain	Pp. 31; 47; 48; 110	
102-11: Precautionary Principle or approach	Pp. 45; 52 - 54; 59; 83; 84; 115	
102-12: External initiatives		2020 Self-discipline code for the companies listed on Borsa Italiana
102-13: Membership of associations	Pp. 36; 64; 73	

¹⁸ | For more information and a description of the GRI Standards in question, please refer to the following link <https://www.globalreporting.org/standards/download-the-standards/>

102-14: Statement from senior decision-maker	Pp. 10 - 12	
102-15: Key impacts, risks, and opportunities	Pp. 45; 59; 83; 84; 115	
102-16: Values, principles, standards, and norms of behavior	Pp. 32 - 34; 50 - 52	
102-18: Governance structure	Pp. 46 - 50	
102-19: Delegating authority	Pp. 48; 49	
102-21: Consulting stakeholders on economic, environmental, and social topics	Pp. 20 - 24	
102-22: Composition of the highest governance body and its committees	Pp. 48 - 50	
102-23: Chair of the highest governance body	Pp. 48 - 50	
102-24: Nominating and selecting the highest governance body	Pp. 48 - 50	
102-25: Conflicts of interest	Pp. 50; 51	
102-26: Role of highest governance body in setting purpose, values, and strategy	Pp. 49; 50	
102-32: Highest governance body's role in sustainability reporting	P. 24	
102-40: List of stakeholder groups	Pp. 22; 23	
102-41: Collective bargaining agreements	P. 85	
102-43: Approach to stakeholder engagement	Pp. 20 - 24	
102-44: Key topics and concerns raised	Pp. 22 - 24	
102-45: Entities included in the consolidated financial statements	Methodological note	
102-46: Defining report content and topic Boundaries	Methodological note	
102-47: List of material topics	Methodological note	
102-48: Restatements of information		This NFD reports the evidence relating to the reporting years 2021, 2020 and 2019. It is specified that any changes in the calculation methodologies, in the reference sources and in the reporting perimeter are highlighted in the Methodological note
102-49: Changes in reporting	Methodological note	
102-50: Reporting period	Methodological note	

102-51: Date of most recent report		The date of the most recent report is 2020, with the publication of the 2020 Sustainability Report.
102-52: Reporting cycle		Annual
102-53: Contact point for questions regarding the report		It is possible to contact the following email address: esg@seco.com
102-54: Claims of reporting in accordance with the GRI Standards	Methodological note	
102-55: GRI content index	Methodological note	
102-56: External assurance	P. 162	

MATERIAL ASPECTS

ECONOMIC PERFORMANCE

GRI 103 - Management Approach 2016

103-1: Explanation of the material topic and its Boundary	Pp. 25; 131 - 136	
103-2: The management approach and its components	Pp. 55; 56	
103-3: Evaluation of the management approach	Pp. 55; 56	

GRI 201 - Economic Performance 2016

201-1: Direct economic value generated and distributed	Pp. 55; 56; 140	
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PROCUREMENT PRACTICES

GRI 103 - Management Approach 2016

103-1: Explanation of the material topic and its Boundary	Pp. 25; 131 - 136	
103-2: The management approach and its components	Pp. 104 - 109	
103-3: Evaluation of the management approach	Pp. 104 - 109	

GRI 204 - Procurement Practices

204-1: Proportion of spending on local suppliers	P. 105	
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ANTI-CORRUPTION

GRI 103 - Management Approach 2016

103-1: Explanation of the material topic and its Boundary	Pp. 25; 131 - 136	
103-2: The management approach and its components	Pp. 50 - 52	
103-3: Evaluation of the management approach	Pp. 50 - 52	

GRI 205 - Anti-corruption 2016		
205-2: Communication and training about anti-corruption policies and procedures	Pp. 51; 52	
205-3: Confirmed incidents of corruption and actions taken		There were no episodes of corruption reported during the three-year period ¹⁹
TAX		
GRI 207 - Tax 2019		
207-1: Approach to tax	P. 57	
207-2: Tax governance, control, and risk management	P. 57	
207-3: Stakeholder engagement and management of concerns related to tax	P. 57	
207-4: Country-by-country reporting	P. 139	
MATERIALS		
GRI 103 - Management Approach 2016		
103-1: Explanation of the material topic and its Boundary	Pp. 25; 131 - 136	
103-2: The management approach and its components	Pp. 117 - 119; 121	
103-3: Evaluation of the management approach	Pp. 117 - 119; 121	
GRI 301 - Materials 2016		
301-1: Materials used by weight or volume	Pp. 120; 121; 148	
ENERGY		
GRI 103 - Management Approach 2016		
103-1: Explanation of the material topic and its Boundary	Pp. 25; 131 - 136	
103-2: The management approach and its components	Pp. 117; 118; 122	
103-3: Evaluation of the management approach	Pp. 117; 118; 122	
GRI 302 - Energy 2016		
302-1: Energy consumption within the organization	Pp. 122; 123; 148	
302-3: Energy intensity	Pp. 122; 148	
WATER AND EFFLUENTS		
GRI 103 - Management Approach 2016		
103-1: Explanation of the material topic and its Boundary	Pp. 25; 131 - 136	

¹⁹ | It is specified that for the companies SECO Mind USA LLC and the subsidiary Piri.ai Inc. the data relate only to the year 2021, the year of acquisition of the companies by the SECO Group.

103-2: The management approach and its components	Pp. 117; 118; 125	
103-3: Evaluation of the management approach	Pp. 117; 118; 125	
GRI 303 - Water and Effluents 2018		
303-1: Interactions with water as a shared resource	Pp. 117; 118; 125	
303-2: Management of water discharge-related impacts	Pp. 117; 118; 125	
303-3: Water withdrawal	Pp. 125; 149	
EMISSIONS		
GRI 103 - Management Approach 2016		
103-1: Explanation of the material topic and its Boundary	Pp. 25; 131 - 136	
103-2: The management approach and its components	Pp. 24; 117; 118; 123	
103-3: Evaluation of the management approach	Pp. 24; 117; 118; 123	
GRI 305 - Emissions 2016		
305-1: Direct (Scope 1) GHG emissions	Pp. 124; 149	
305-2: Energy indirect (Scope 2) GHG emissions	Pp. 124; 149	
305-4: GHG emissions intensity	Pp. 124; 149	
WASTE		
GRI 103 - Management Approach 2016		
103-1: Explanation of the material topic and its Boundary	Pp. 25; 131 - 136	
103-2: The management approach and its components	Pp. 117 - 119; 126; 127	
103-3: Evaluation of the management approach	Pp. 117 - 119; 126; 127	
GRI 306 - Waste 2020		
306-1: Waste generation and significant waste-related impacts	Pp. 117; 118; 126; 127	
306-2: Management of significant waste-related impacts	Pp. 117; 118; 126; 127	
306-3: Waste generated	Pp. 126; 127; 150	
306-4: Waste diverted from disposal	Pp. 126; 127; 150	
306-5: Waste directed to disposal	Pp. 126; 127; 150	

ENVIRONMENTAL COMPLIANCE		
GRI 103 – Management Approach 2016		
103-1: Explanation of the material topic and its Boundary	Pp. 25; 131 - 136	
103-2: The management approach and its components	Pp. 117; 118	
103-3: Evaluation of the management approach	Pp. 117; 118	
GRI 307 – Environmental Compliance 2016		
307-1: Non-compliance with environmental laws and regulations		During the three-year period 2019-2021 there were no cases of non-compliance with environmental laws and regulations.
SUPPLIER ENVIRONMENTAL ASSESSMENT		
GRI 103 – Management Approach 2016		
103-1: Explanation of the material topic and its Boundary	Pp. 25; 131 - 136	
103-2: The management approach and its components	Pp. 106 - 108	
103-3: Evaluation of the management approach	Pp. 106 - 108	
GRI 308 – Supplier Environmental Assessment 2016		
308-1: New suppliers that were screened using environmental criteria	P. 108	
EMPLOYMENT		
GRI 103 – Management Approach 2016		
103-1: Explanation of the material topic and its Boundary	Pp. 25; 131 - 136	
103-2: The management approach and its components	Pp. 85; 88; 89; 96	
103-3: Evaluation of the management approach	Pp. 85; 88; 89; 96	
GRI 401 – Employment 2016		
401-1: New employee hires and employee turnover	Pp. 89; 90; 142; 143	
401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pp. 96; 97; 144	
LABOR/MANAGEMENT RELATIONS		
GRI 103 – Management Approach 2016		
103-1: Explanation of the material topic and its Boundary	Pp. 25; 131 - 136	
103-2: The management approach and its components	P. 85	
103-3: Evaluation of the management approach	P. 85	

GRI 402 – Labor/Management Relations 2016		
402-1: Minimum notice periods regarding operational changes		The minimum notice period provided to workers and their representatives for the communication of organizational changes that could significantly affect them is established in compliance with current regulations and in the applied Collective Agreement ²⁰ .
OCCUPATIONAL HEALTH AND SAFETY		
GRI 103 – Management Approach 2016		
103-1: Explanation of the material topic and its Boundary	Pp. 25; 131 - 136	
103-2: The management approach and its components	Pp. 97 - 99	
103-3: Evaluation of the management approach	Pp. 97 - 99	
GRI 403 – Occupational Health and Safety 2018		
403-1: Occupational health and safety management system	Pp. 97; 98	
403-2: Hazard identification, risk assessment, and incident investigation	Pp. 97; 98; 100	
403-3: Occupational health services	Pp. 97 - 99	
403-4: Worker participation, consultation, and communication on occupational health and safety	P. 98	
403-5: Worker training on occupational health and safety	Pp. 97; 99	
403-6: Promotion of worker health	Pp. 97 - 100	
403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pp. 97 - 100	
403-8: Workers covered by an occupational health and safety management system	Pp. 97; 98	
403-9: Work-related injuries	Pp. 99; 145	
403-10: Work-related ill health		The Company operates a continuous monitoring of risk, although its probability is low. Over the period 2021-2019, there were no cases of work-related diseases.

²⁰ | The information reported refers to employees of the Italy-based companies of the Group.

TRAINING AND EDUCATION		
GRI 103 – Management Approach 2016		
103-1: Explanation of the material topic and its Boundary	Pp. 25; 131 - 136	
103-2: The management approach and its components	Pp. 85; 91 - 95	
103-3: Evaluation of the management approach	Pp. 85; 91 - 95	
GRI 404 – Training and Education 2016		
404-1: Average hours of training per year per employee	Pp. 95; 145	
DIVERSITY AND EQUAL OPPORTUNITY		
GRI 103 – Management Approach 2016		
103-1: Explanation of the material topic and its Boundary	Pp. 25; 131 - 136	
103-2: The management approach and its components	Pp. 51; 85; 88; 90	
103-3: Evaluation of the management approach	Pp. 51; 85; 88; 90	
GRI 405 – Diversity and Equal Opportunity 2016		
405-1: Diversity of governance bodies and employees	Pp. 49; 87; 88; 138; 146; 147	
NON-DISCRIMINATION		
GRI 103 – Management Approach 2016		
103-1: Explanation of the material topic and its Boundary	Pp. 25; 131 - 136	
103-2: The management approach and its components	Pp. 85; 88	
103-3: Evaluation of the management approach	Pp. 85; 88	
GRI 406 – Non-discrimination 2016		
406-1: Incidents of discrimination and corrective actions taken		Over the period 2019-2021, there have been no cases of discrimination within the SECO Group.
CHILD LABOR		
GRI 103 – Management Approach 2016		
103-1: Explanation of the material topic and its Boundary	Pp. 25; 131 - 136	
103-2: The management approach and its components	Pp. 52; 54; 108	
103-3: Evaluation of the management approach	Pp. 52; 54; 108	

GRI 408 – Child Labor 2016		
408-1: Operations and suppliers at significant risk for incidents of child labor		Over the period 2019-2021, no situations at risk of violation of child labor legislation have been identified within the Group.
FORCED OR COMPULSORY LABOR		
GRI 103 – Management Approach 2016		
103-1: Explanation of the material topic and its Boundary	Pp. 25; 131 - 136	
103-2: The management approach and its components	Pp. 52; 54; 108	
103-3: Evaluation of the management approach	Pp. 52; 54; 108	
GRI 409 – Forced or Compulsory Labor 2016		
409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor		Over the period 2019-2021, no situations at risk of violation of forced labor legislation have been identified within the Group.
SUPPLIER SOCIAL ASSESSMENT		
GRI 103 – Management Approach 2016		
103-1: Explanation of the material topic and its Boundary	Pp. 25; 131 - 136	
103-2: The management approach and its components	Pp. 106- 108	
103-3: Evaluation of the management approach	Pp. 106- 108	
GRI 414 Supplier Social Assessment 2016		
414-1 New suppliers that were screened using social criteria	P. 108	
CUSTOMER HEALTH AND SAFETY		
GRI 103 – Management Approach 2016		
103-1: Explanation of the material topic and its Boundary	Pp. 25; 131 - 136	
103-2: The management approach and its components	Pp. 74 - 80; 101 - 103	
103-3: Evaluation of the management approach	Pp. 74 - 80; 101 - 103	
GRI 416 – Salute e sicurezza dei clienti 2016		
GRI 416 Customer Health and Safety 2016		Over the period 2019-2021, there were no cases of non-compliance of any type of the SECO Group's products with consequences on health and/or safety for end users.

MARKETING AND LABELING		
GRI 103 – Management Approach 2016		
103-1: Explanation of the material topic and its Boundary	Pp. 25; 131 - 136	
103-2: The management approach and its components	Pp. 101; 102	
103-3: Evaluation of the management approach	Pp. 101; 102	
GRI 417 – Marketing and Labeling 2016		
417-3: Incidents of non-compliance concerning marketing communications		Over the period 2019-2021, no incidents of non-compliance with the current legislation have been identified on communication and advertising campaigns of the Group.
CUSTOMER PRIVACY		
GRI 103 – Management Approach 2016		
103-1: Explanation of the material topic and its Boundary	Pp. 25; 131 - 136	
103-2: The management approach and its components	Pp. 102; 103	
103-3: Evaluation of the management approach	Pp. 102; 103	
GRI 418 – Customer Privacy		
418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data		Over the period 2019-2021, there were no incidents that led to any type of violation of the privacy of the SECO Group's customers.
OTHER ASPECTS AND INDICATORS COVERED		
RESPECT FOR HUMAN RIGHTS		
GRI 103 – Management Approach 2016		
103-1: Explanation of the material topic and its Boundary	Pp. 25; 131 - 136	
103-2: The management approach and its components	Pp. 51; 54	
103-3: Evaluation of the management approach	Pp. 51; 54	
RESEARCH, DEVELOPMENT AND INNOVATION		
GRI 103 – Management Approach 2016		
103-1: Explanation of the material topic and its Boundary	Pp. 25; 131 - 136	
103-2: The management approach and its components	Pp. 40; 41; 61 - 73; 111	
103-3: Evaluation of the management approach	Pp. 40; 41; 61 - 73; 111	

COMMUNITY SUPPORT		
GRI 103 – Management Approach 2016		
103-1: Explanation of the material topic and its Boundary	Pp. 25; 131 - 136	
103-2: The management approach and its components	Pp. 110 - 113	
103-3: Evaluation of the management approach	Pp. 110 - 113	
PRODUCTS FREE OF HAZARDOUS SUBSTANCES		
GRI 103 – Management Approach 2016		
103-1: Explanation of the material topic and its Boundary	Pp. 25; 131 - 136	
103-2: The management approach and its components	Pp. 74 - 76; 117; 118; 121	
103-3: Evaluation of the management approach	Pp. 74 - 76; 117; 118; 121	

SECO S.P.A.

Independent auditor's report

on the consolidated non-financial report, pursuant to art. 3
par. 10 of Legislative Decree 245/2016 and to art. 5 of
Consob Regulation no. 20267 dated January 2018

Ref. no. RC130372021BD1066

This report has been translated into English from the original, that was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.

Independent auditor's report

on the consolidated non-financial report, pursuant to art. 3. par. 10 of Legislative Decree 245/2016 and to art. 5 of Consob Regulation no. 20267 dated January 2018

To the Board of Directors of
SECO S.p.A.

Pursuant to art. 3, par. 10, of Legislative Decree 30 December 2016, no. 254 (hereinafter "Decree") and to art. 5 of Consob Regulation 18 January 2018 no. 20267, we have been engaged to conduct a limited assurance engagement on the consolidated non-financial report of SECO S.p.A. and its subsidiaries (hereinafter "Group") for the year ended 31 December 2021, prepared in accordance with art. 4 of the Decree and approved by the Board of Directors on 21 March 2022 (hereinafter "NFR").

The limited assurance engagement performed by us does not extend to the data contained in paragraph "The European Taxonomy" of the NFR, required by art. 8 of the European Regulation 2020/852.

Responsibilities of the Directors and of the Audit Committee for the NFR

The Directors are responsible for the preparation of a NFR in accordance with art. 3 and 4 of the Decree and with "Global Reporting Initiative Sustainability Reporting Standards" issued in 2016 by GRI - Global Reporting Initiative, option "core" (hereinafter "GRI Standards"), identified by them as reporting standards.

The directors are also responsible, within the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFR that is free from material misstatement, whether due to fraud or unintentional behaviors or events.

In addition, the Directors are responsible for the identification of the content of the NFR, within the topics specified in art. 3, par. 1, of the Decree, taking into account the Group business and peculiarities, to the extent necessary to ensure an understanding of the Group business, performance, results and related impact.

Finally, the Directors are responsible for defining the business management model and for the organisation of the Group activity, as well as, with respect to topics identified and reported in the NFR, for the Group policies and for the identifying and managing the risks generated or undertaken by the Group.

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

Auditor's independence and quality control

We are independent in accordance with ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior.

Our audit firm applies International Standards on Quality Control 1 (ISQC Italia 1) and, consequently, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditor's responsibility

Our responsibility is to express, on the basis of procedures performed, a conclusion about compliance of the NFR with the requirements of the Decree and of GRI Standards. We conducted our work in accordance with principles included in the International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This standard requires planning and execution of procedures in order to obtain limited assurance that the NFR is free from material misstatement. Therefore, the scope of work of our exam was less than the work required for a full examination in accordance with ISAE 3000 Revised ("reasonable assurance engagement") and, accordingly, it does not provide assurance that we have become aware of all significant matters and events that would have been identified during a reasonable assurance engagement.

The procedures performed on the NFR were based on our professional judgement and included making inquiries, primarily of company's personnel responsible for the information included in the NFR, as well as, analysis of documents, recalculations and other procedures designed to obtain evidence considered appropriate.

In particular, we performed the following procedures:

1. analysis of relevant topics with respect to the business activities and peculiarities presented in the NFR, in order to assess the reasonableness of the selection process adopted in light of the provisions of art. 3 of the Decree and taking into account the reporting standard used;
2. analysis and assessment of the criteria to identify the consolidation area, in order to assess its compliance with the Decree;
3. comparison of data and financial-economic information presented in the NFR with those included in the SECO Group consolidated financial statements;
4. understanding of the following matters:
 - business management model and organization of the Group activity, with respect to managing the topics set out in art. 3 of the Decree;
 - policies adopted by the entity related to the topics set out in art. 3 of the Decree, results achieved and related key performance indicators;
 - main risks generated or undertaken in connection with the topics set out in art. 3 of the Decree.

With respect to these matters, we also compared them to the information presented in the NFR and carried out the procedures described in point 5, letter a) hereinafter.

5. Understanding processes that support generating, collecting and managing material qualitative and quantitative information presented in the NFR.

Specifically, we carried out interviews and discussions with the management of SECO S.p.A. and we carried out limited document checks in order to obtain information on the processes and procedures that support collecting, aggregating, processing and transmitting data and information of non-financial nature to the department responsible for preparing the NFR.

Furthermore, for significant information, taking into account the activities and peculiarities of the Group:

- at parent company's level:
 - a) with respect to qualitative information contained in the NFR, and specifically with reference to the business model, policies applied and main risks, we carried out interviews and acquired supporting documentation to verify consistency with available evidence;
 - b) with respect to quantitative information, we carried out both analytical procedures and limited checks to verify, on a sample basis, proper aggregation of data.



Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFR of the SECO Group for the year ended on 31 December 2021 was not prepared, in all material respects, in accordance with art. 3 and art. 4 of the Decree and with GRI Standards.

Our conclusion on the NDR of the SECO Group do not extend over the information contained in the paragraph “The European Taxonomy” thereof, required by art. 8 of European Regulation 2020/852.

Other matters

Comparative information for the year ended on 31 December 2019 and on 31 December 2020 presented in the NFR, has not been examined.

Firenze (Italy), 28 March 2022

BDO Italia S.p.A.

Signed by
Luigi Riccetti
Partner

This report has been translated into English from the original, that was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.



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