

TXT e-solutions S.p.A.

CONSOLIDATED

NON-FINANCIAL STATEMENT

as at 31 December 2022

pursuant to Italian Legislative Decree 254/2016

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1 REFERENCE CONTEXT

a) Message from the Chair of the Board of Directors

The introduction of the Consolidated Statement of a non-financial nature (hereinafter also "NFS" or "Non-Financial Statement"), in implementation of Italian Legislative Decree 254/2016, has encouraged the directors and company management to pay even more attention to the impacts that the Group's business generates in the short and long term on the economy, environment and people, including impacts on human rights.

The year 2022 was characterised by global economic recovery thanks to the lightening of restrictive measures related to Covid-19; for 2023, the International Monetary Fund predicts a slowdown compared to 2022, but global growth estimates still stand at 2.9%. Despite the growth of the economy, also favoured by national support plans, there has been a significant increase in the prices of raw materials and energy and a contraction in the supply chains, which have generated a strong inflationary pressure exacerbated by the current military tensions on Ukrainian territory. However, the price increases are slowing down, thanks in part to the central banks having raised interest rates.

The changed national and international social and economic scenarios require all operators to have a strategic vision which is increasingly inclusive of the three dimensions - economy, environment and social - in order to safeguard the expectations of all stakeholders and ensure continuity.

The TXT Group's development plan is therefore focused, in addition to its responsible business conduct, to its active contribution to the prosperity of the environment in which it operates, to the benefit of all its stakeholders.

(Enrico Magni - Chair of the Board of Directors)

b) Introduction

Italian Legislative Decree 254/2016 implements Directive 2014/95/EU of the European Parliament and Council of 22 October 2014 governing the “disclosure of non-financial and diversity information by certain companies and large groups”.¹

TXT e-solutions S.p.A. (hereinafter "TXT"), according to that which is defined by Italian Legislative Decree 254/2016, is the subject required to prepare the Consolidated Non-Financial Statement for the year 2022, in that it is the:

- “Parent company” of a “large group” listed on the Milan Stock Exchange (Star segment) and therefore classifiable as a Public Interest Entity (PIE);
- During the current financial year the TXT Group (TXT e-solutions S.p.A. and integrally consolidated companies) has had an average number of employees exceeding 500; at 31 December 2022 it had total balance sheet assets of more than € 20 million.

This Non-Financial Statement has been prepared in compliance with Italian Legislative Decree 254/2016 and subsequent integrations. The methodological note (section 5.a) illustrates the principles adopted for the preparation of this document in compliance with the *GRI Standards* published by the *Global Reporting Initiative* (hereinafter “GRI”) and updated in 2021.

c) The year in brief

In 2022 the TXT Group operated through two Divisions:

- **TXT Aerospace, Aviation & Automotive:** focused on software for the aerospace, aeronautics and automotive industry and the digitalisation of industrial production processes, where it offers specific products and specialist engineering services;
- **TXT Fintech:** offers software testing and quality services for banking companies, as well as compliance and digital payment products.

¹ On 28 November 2022, the new European *Corporate Sustainability Reporting Directive* (CSRD) was approved, amending and supplementing existing reporting obligations. The application of the CSRD for companies already subject to the Non-Financial Reporting Directive 2014/95/EU will take place from the reporting year 2024 (publication 2025).

TXT e-solutions is an international leader in the provision of software products and strategic solutions in dynamic markets that require a high degree of specialisation and a capacity for innovation. TXT is focused on software for the aerospace, aeronautics and automotive sectors, where it offers specific products and specialist engineering services, and for the banking sector, where it focuses on software testing and quality services. Listed on the Milan Stock Exchange since July 2000 and inserted in the Star segment, TXT has its head office in Milan and offices in Italy, Germany, France, the UK, Switzerland and the United States.

In 2022, the economy recovered globally, despite the sharp increase in commodity prices and contractions in supply chains that led, together with the war in Ukraine, to strong inflationary pressure.

On 29 June 2022, TXT e-solutions S.p.A. signed the contract for the acquisition of 78.56% of the share capital of the company Ennova S.p.A. The data will be consolidated from 1 October 2022. On 3 October 2022, the acquisition of the remaining 21.44% from the minority shareholders and managers of Ennova S.p.A. was finalised.

On 19 July 2022, a contract was signed for the acquisition of 100% of the share capital of DM Management & Consulting S.r.l. TXT e-solutions S.p.A. has consolidated the results from 20 July 2022.

On 3 October 2022, the contract for the acquisition of 100% of the share capital of Soluzioni Prodotti e Sistemi S.r.l. was signed. TXT e-solutions S.p.A. has consolidated the results from 3 October 2022.

On 14 November 2022, a contract was signed for the acquisition of 100% of the share capital of PGMD S.r.l. The data were consolidated by TXT e-solutions S.p.A. from 1 November 2022.

On 21 November 2022, a contract was signed for the acquisition of 100% of the share capital of TLOGOS S.r.l. TXT e-solutions S.p.A. has consolidated the results from 1 December 2022.

On 22 November 2022, following the signing of the investment contract on 4 November 2022, the capital increase in the Dutch company ProSim Training Solutions was subscribed, by virtue of which TXT e-solutions S.p.A. holds 40% of the company's capital.

Detailed information on the activities carried out by TXT and its subsidiaries, on the performance for the year and on the results achieved in terms of economic and financial performance and the new corporate structure is provided in the section of the Annual Financial Report.

d) Corporate Information

The parent company TXT e-solutions S.p.A. is a legal entity organised according to Italian Law. The ordinary shares of TXT are listed on the electronic circuit of the Milan Stock Exchange - MTA - STAR segment. The registered office of TXT e-solutions S.p.A. is in Cologno Monzese, via Milano 150.

TXT and its German subsidiary PACE participate and collaborate with leading industry associations and their activities, which support and guide the future growth of the aerospace, aeronautics, defence and automotive industries. More specifically, these include:

- ABI Lab, Centro di Ricerca e Innovazione per la Banca
- Aerospace cluster Lombardia
- Associazione Tecnica dell'Automobile
- Associazione Fabbrica Intelligente (AFIL) Lombardia
- Cluster Tecnologico Nazionale "Fabbrica Intelligente"
- Berlin-Brandenburg Aerospace Allianz
- German Aerospace Industries Association
- Hanse-Aerospace
- Hamburg Aviation
- VR/AR Association

e) Reporting scope

The reporting scope of the Non-Financial Statement coincides with that of the Consolidated Financial Statements for the year ended 31 December 2021 (except as detailed below), thus not including figures related to acquisitions made in 2022.

The following are therefore included in the scope: the parent company TXT e-solutions S.p.A. and the subsidiaries PACE GmbH (Germany), TXT Next Sarl (France), TXT Next Ltd (UK), TXT e-solutions Sagl (Switzerland), PACE America Inc. (USA), Cheleo S.r.l. (Italy), Txt Risk Solution S.r.l. (Italy), Assioma.Net srl (Italy), Assiopay S.r.l. (Italy), HSPI S.p.A. (Italy), MAC

Solutions SA (Switzerland), TXT Working Capital Solutions S.r.l. (Italy), Quence S.r.l. (Italy)², TeraTron GmbH (Germany)³, Novigo Consulting S.r.l. (Italy)⁴ and LBA Consulting S.r.l. (Italy)⁵.

The companies TXT Next Sarl, TXT Next Ltd, TXT e-solutions Sagl and PACE America Inc. were excluded from the scope of environmental reporting, consistent with the provisions of art 4 of Italian Legislative Decree no. 254/2016, according to which the Consolidated Statement can exclude from the Statement those companies which, even if included in the consolidated financial reporting, are not necessary for an understanding of the Group's business, its development, its results and the impact produced by the business itself. In fact the socio-economic and environmental impacts of these companies are considered insignificant because of their low impact in terms of the number of employees (36 total) and type of business (non-productive).

f) Stakeholders

Stakeholders are the people and organisations recognised as such in TXT's economic and other initiatives: they fall within the company's orbit and are interested in its services and the effects of its production activities. TXT has identified the following stakeholder groups as relevant:

- **Customers**

They constitute the Group's main asset, and include aeronautical companies, aircraft component manufacturers, airlines, car companies, high-tech companies, banks and national and international financial companies.

² Quence S.r.l. a company acquired by the TXT Group at the end of 2021, has been included in the reporting scope since 1/1/2022.

³ TeraTron GmbH, a company acquired by the TXT Group in the second half of 2021, has been included in the reporting scope as of 1/1/2022.

⁴ Novigo Consulting S.r.l., a company acquired by the TXT Group at the end of 2021, has been included in the reporting scope as of 1/1/2022.

⁵ LBA Consulting S.r.l., a company acquired by the TXT Group at the end of 2021, has been included in the reporting scope as of 1/1/2022.

- **Employees and external staff**

They represent the Group's strength and excellence, being the source of the professional, technical and operational resources that are the subject of the Company's activities. TXT recognises the importance of establishing and maintaining long-term relationships based on loyalty and trust.

- **Lenders (banks and shareholders)**

The Group's primary objective is to create value for the Company and its shareholders by pursuing long-term growth in profits.

- **Local communities**

TXT considers the local community an important stakeholder, as it is affected by the positive and negative impacts of its business. This is why TXT seeks to reduce any negative impact as far as possible and to increase positive impacts through technological progress, the development of knowledge and skills, growth in jobs and financial support for certain social activities.

- **Sectoral or local interest groups**

TXT is committed to providing its stakeholders with timely, clear, complete and transparent information on its activities and performance, without favouring any interest group or individual, thus guaranteeing fair competition and complying with current regulations.

- **Suppliers**

The high value of TXT's services is also based on selected relationships with suppliers, based on the pursuit of maximum competitive advantage. Suppliers are selected for their ability to provide high-quality goods and services.

The Code of Ethics available online (<https://www.txtgroup.com/it/governance/statuto-regolamenti-e-politiche/>) describes in detail and complements the relations between TXT, its subsidiaries and its stakeholders.

TXT considers it important to understand the needs, demands and expectations of stakeholders and to respond appropriately. The company has implemented a structured process to classify stakeholders according to their level of interest in the organisation's activities and their ability to influence company decision making.

The company has therefore constructed a matrix and positioned each stakeholder on a scale of importance from 1 to 5, with respect to two variables: *influence on the company* and *interest in the company*.

No special issues were highlighted by the stakeholders relative to the Group in 2022.

g) Materiality analysis

The Materiality Analysis guides TXT in choosing the topics to be reported in order to provide a full, clear representation of the relevance of the economic, environmental and social impacts of the Group's activities. For the reporting of the year ending 31 December 2022, the materiality analysis was updated in accordance with the new requirements of the GRI Standards 2021.

The identification of material topics for the company is linked, according to the Standard's requirements, to the identification of current and potential significant impacts generated or likely to be generated by the company on the economy, the environment and people, including impacts on human rights, through all of the organisation's activities and business relationships. These impacts may be negative or positive, actual or only potential, short-term or long-term, intentional or unintentional, reversible or irreversible impacts.

The new process for the materiality analysis is structured in four steps:

1. Understanding the context in which the Group operates: analysis of the sector in which TXT operates, taking into consideration different categories of sources, both inside and outside the company.
2. Identification of TXT's actual and potential impacts: actual impacts are those that have occurred over time, while potential impacts may occur in the future.
3. Evaluation of the significance and materiality of the impacts: all impacts were evaluated based on the degree of significance developed in line with the criteria indicated by the Standard (i.e., according to their severity and likelihood of occurrence).
4. Prioritisation of the most significant impacts: the most significant impacts for TXT were prioritised and those considered most relevant guided the identification of the material topics included in this NFS.

In the materiality analysis process, TXT also considered the topics referred to in Italian Legislative Decree 254/2016 and followed the new provisions of the reporting framework used (GRI Standards 2021).

The Group conducted a materiality analysis based on the identification of the actual and potential impacts generated on the economy, the environment, and people with respect to the entire value chain, considering possible human rights violations in relation to negative impacts, and assessing the contribution to sustainable development in relation to positive impacts. The assessment of each positive impact considered the Group's direct and indirect contribution, for the assessment of potential negative impacts all policies, procedures and activities implemented by the company to prevent and mitigate the identified negative impact were considered.

The prioritisation activity allowed the Company to determine the material topics for reporting. At the methodological level, the main negative and positive impacts identified were prioritised and evaluated according to their degree of severity and likelihood of occurrence, respectively. The significance of an actual negative impact is determined by its severity, while the significance of a potential negative impact is determined by the severity and likelihood of the impact.

In particular, the severity of a negative impact was assessed by taking into account three aspects:

- Severity scale: how severe the impact is and the external context in which the impact occurs, including geography;
- Scope: how widespread it is and can be measured in terms of its impact on the value chain;
- Irremediable character⁶: how difficult it is to repair the damage caused by the impact.

The following is a list of the topics found to be material following the identification and aggregation of the relevant impacts, associating the relevant GRI disclosures with each

⁶ Irremediability was considered only for the assessment of negative impacts, as indicated by the GRI Standards 2021.

material topic. The materiality analysis confirmed the priority topics listed in the published matrix for 2021.

MATERIAL TOPIC	DESCRIPTION OF THE IMPACT	GRI DISCLOSURE
Responsible business management	Ensuring transparency and fairness in business practices is a fundamental aspect that can have an impact on the relationship with customers and suppliers. Corruption along the value chain could lead to the misallocation of resources and revenues, environmental damage and human rights abuses. Anticompetitive behaviour could result in collusion with other companies in the sector, abuse of a dominant position or exclusion of potential competitors from the market, while the lack of tax compliance could lead to negative impacts on the community through the non-distribution of generated value.	205
		206
		207
Fighting climate change	The use of energy - especially electricity - is crucial in the development of application and technical software by the Group, but also downstream in the use of solutions by customers and upstream for the production of the necessary electronic components. All these energy-consuming processes generate greenhouse gas emissions (in particular due to the production, transport and use of hardware, as well as the production and use of software solutions).	302
		305
Protection and development of human capital	Attracting the best talent in an environment where specialist skills are scarce on the market, retaining specialised staff and enabling staff to develop their skills are key issues in supporting the company's growth objectives and ensuring market competitiveness.	401
		404
Discrimination	A company's activities must be conducted with respect for diversity and guarantee equal opportunities and equal treatment for all employees. Should incidents of discrimination occur, the negative impact in terms of reputation and image for the company can be significant.	405
		406
Health and Safety	Due to the inherent risks associated with the work of the value chain as a whole, poor safety management in the workplace leads to damage to the health and safety of workers.	403
Political contributions	Direct or indirect contributions to political causes may pose corruption risks, as they can be used to exert undue influence on the political process.	415
Privacy and IT security	The protection of personal and confidential business data is a key issue; a lack of controls and preventive measures by the company can lead to the occurrence of cyber attacks, resulting in the violation of customers' privacy and the loss of their sensitive data. Mismanagement can lead to significant image, economic and	418

	regulatory compliance impacts.	
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The issues identified relating to these areas are monitored not only for reporting purposes within the Non-Financial Statement, but are pre-existing in the corporate governance system. In this regard, please refer to the documents available on the TXT Group website (www.txtgroup.com), namely:

- Report on corporate governance and ownership structure
- Code of Ethics
- Corruption Prevention Policy
- Organisational Model 231/2001
- Environmental Policy

We have focused our attention on the value chain, as the products and services sold by TXT are mainly the result of activities carried out by internal staff. The supply chain is also represented, to a large extent, by commodities/utilities suppliers, in particular providers of connectivity and hardware/software services. TXT has no strategic suppliers such as to significantly influence its choices or business model. This assumption has led management not to consider the GRI reporting aspects closely linked to the supply chain as relevant. Downstream activities, on the other hand, are limited to outbound logistics for the transport of equipment and customers using the hardware and software services provided by TXT.

2 RISK ANALYSIS

TXT e-solutions S.p.A. has a Control and Risks Committee that operates autonomously and independently so as to safeguard the company's integrity.

Among the functions performed, the Committee supports the Board of Directors in the activities relating to the Internal Control and Risk Management System. It periodically checks the adequacy of the System and its functioning, ensuring that the main corporate risks are identified and managed adequately and that they are compatible with the Company's strategic objectives.

Every year TXT prepares a compliance, financial, operational and strategic risk analysis within the company departments and related thematic areas which highlights the areas at risk and defines the necessary monitoring and control activities.

In addition, in light of Italian Legislative Decree no. 231/2001 on the administrative liability of companies, in 2008 TXT approved the "Organisational, Management and Control Model 231" to make the controls and procedures adopted within the Group as efficient and consistent as possible. The document also includes the Code of Ethics with binding rules and principles for directors, employees, consultants, external staff and suppliers.

The structure of the Organisational Model was fully updated in 2019 to be more effective in consulting and communicating with stakeholders, while the latest version of the Code of Ethics was published in 2021.

The activities carried out by the Control and Risk Committee are supplemented by further activities, analyses, procedures and actions performed by other departments in the environmental and social field, as described below.

a) Definition of risks

TXT identifies and analyses the following non-financial risks within its business activities:



b) Environmental risk

TXT develops software and IT services to help improve its effectiveness in relation to environmental issues and applicable environmental regulations in order to prevent pollution and minimise negative impacts on the environment. TXT has identified the following environmental aspects and the risks connected with them as significant: energy consumption, atmospheric emissions and environmental compliance.

Applications of Italian Legislative Decree no. 254/2016	Risk identified	Description of the risk
Environment	POTENTIAL RISK LINKED TO THE GROUP'S LIMITED LEVEL OF CONTROL OVER ENERGY EFFICIENCY MEASURES	Energy consumption is the main aspect of TXT activities with environmental implications. The absence of a programme to improve consumption efficiency, due in part to the inability to act in depth on buildings as tenants, may not allow the Group to benefit from a reduction in operating costs and in its atmospheric emissions.
	POTENTIAL RISK LINKED TO THE ABSENCE OF MANAGEMENT AND REDUCTION PROGRAMMES FOR GREENHOUSE GAS EMISSIONS	For the TXT Group, greenhouse gas emissions are mainly linked to energy consumption and business travel. Increasing national and international pressures on this issue ensure that this risk is adequately managed through a careful analysis of the energy consumption responsible for greenhouse gas emissions.
	POTENTIAL RISK LINKED TO THE NON-TRANSPOSITION OF ENVIRONMENTAL LEGISLATION	In a constantly evolving context, companies are required to perform regular monitoring and to comply with environmental regulations. The absence of a specific department and/or designated contact person for environmental compliance could lead the TXT Group to run the risk of non-compliance with its obligations.

The company protects the environment by encouraging all employees to behave responsibly, at all levels, monitoring and continuously improving their environmental protection activities and reducing the various forms of pollution. TXT intends to prevent, mitigate and manage the above risks by defining and applying the Environmental Policy through the following actions:

Actions
<ul style="list-style-type: none"> • Responsible management of electricity, gas and water consumption in order to reduce consumption. • Use of teleconferencing and videoconferencing technologies where feasible as an alternative to travel, to help reduce CO₂ emissions. • Promotion of the use of recycled materials, as far as possible in the course of activities. • Paying attention to paper consumption by reducing or eliminating printing whenever possible. • Integrating environmental considerations into procurement processes. • Paying attention to new opportunities for waste reduction, optimisation, recycling and reuse. • Gradually replacing the company fleet cars with diesel engines with other cars with low climate-altering emissions, for example hybrid or electric. • Adoption of the Environmental Policy.

TXT is committed to the success of this policy and has set up an environmental supervisory and promotional department to ensure compliance with environmental laws and regulations in force in all countries where the Group operates and that requires employees to report any non-compliance to implement an appropriate follow-up.

c) Social risk - staff-related - respect for human rights

Social risks vary according to social class, gender and age, but also depending on the context. Within the TXT Group, the protection of people from social risks is the main objective of the welfare policies and projects pursued.

TXT has identified the following social issues and related risks as relevant: employment, training and education, respect for diversity and equal opportunities, non-discriminatory behaviour, health and safety at work, anti-competitive behaviour, social and economic compliance, political contributions.

Applications of Italian Legislative Decree no. 254/2016	Risk identified	Description of the risk

Personnel Management	POTENTIAL RISK LINKED TO THE INABILITY TO ATTRACT QUALIFIED AND COMPETENT STAFF	It is crucial for the TXT Group to attract qualified and updated staff in order to provide quality software products and services and to ensure professional and high-quality employee behaviour. The inability to attract and retain qualified resources could have negative effects on the Group's current and future performance.
	POTENTIAL RISK LINKED TO A DETERIORATION IN STAFF SKILLS AND QUALITY LEVEL	The TXT Group considers it essential to ensure that its staff are constantly updated, both technically and professionally. The effectiveness of training plans is therefore very important for the Group. A reduction in the quality level of output and inadequate training programmes could have negative effects on the Group's current and future performance.
	POTENTIAL RISK LINKED TO THE POSSIBILITY OF THE GROUP FAILING TO COMPLY WITH DIVERSITY LAWS AND/OR REGULATIONS (INCLUDING FUTURE ONES)	An inadequate Group focus on diversity in the company could cause TXT to fail to take advantage of the wealth brought by the contribution of resources with diverse experiences, professional profiles, cultures and genders and be unready to comply with any legislation or regulation in this field.
	POTENTIAL RISK LINKED TO DISCRIMINATORY PRACTICES COMMITTED BY EMPLOYEES	The Group's limited level of control over the management of any episodes of discrimination could increase the risk of discriminatory behaviour among employees, with negative operational and reputational consequences for the Group.
	POTENTIAL RISK LINKED TO NON-COMPLIANCE WITH EXISTING HEALTH AND SAFETY LEGISLATION	The failure to comply with applicable regulations on health and safety at work could entail risks for the health of its employees and external staff and regulatory non-compliance, with negative effects on the Group, also in financial and reputational terms.
Social	POTENTIAL RISK LINKED TO THE ADOPTION OF UNFAIR COMPETITIVE PRACTICES	By operating in a highly competitive market, the TXT Group is potentially exposed to anti-competitive actions and behaviour by its competitors. At the same time, any reputational and financial damage for the Group could arise from commercial practices that are not in line with the company's ethical values or with regulations governing unfair competition.

Monitoring, management and mitigation of social risks are implemented through the following actions:

Actions

- Partnership with local universities for the training of students and their integration into the working world.
- Adoption of the Diversity Policy for Board of Directors and Statutory Auditors.
- Breaking down architectural barriers.
- Università Cattolica project for the integration of students with disabilities into the working world.
- Funding for the development of curricula and partnerships with universities in the IT sector.
- Welfare programmes guaranteed by the National Collective Labour Agreement (CCNL) for the Metalworking Industry.
- Additional health policies extended to the family.
- Promoting the sense of belonging and well-being of workers.
- Recreational events.
- Work-related stress prevention.
- Smart working.
- Flexible hours.

d) Corruption risk

TXT adopts an approach of firm and absolute prohibition of any form of corruption. The Anti-Corruption Policy applies to all personnel of the various TXT Group companies who are required to follow the highest standards of proper behaviour and moral integrity to avoid situations in which both top management and partners are, or may appear to be, in conflict with their interests, with respect to the contractual or fiduciary obligations related to their position.

Approved by the Board of Directors, the company's Code of Ethics clearly and transparently defines the principles of corporate ethics considered of key importance for the Group's proper functioning, reliability and reputation, and therefore for the success of the company itself. The prevention of conflicts of interest is the subject of a specific focus within the Code of Ethics, which delegates prevention to the safeguards provided by the governance structure in place.

Following the application of Italian Legislative Decree no. 231 of 2001, TXT has adopted its own Organisational and Management Model in order to clearly and transparently outline the specific organisational, management and control structure, as well as to make it compliant with the provisions contained in the Decree and suitable for preventing the

commission of crimes. A "Supervisory Body" has also been designated to supervise the application of the Model.

Every recipient of the Code of Ethics and the Organisational Model is responsible for the fight against corruption, not only to avoid any illegal act or crime, but also to ensure the highest quality and fair compensation as regards the services and goods provided and/or requested. This is why TXT's relations with customers, suppliers, Public Institutions and every Public Administration are based on the principles of fairness, transparency and cooperation. Any conduct that could be considered collusive or that could compromise the principles expressed in the Code of Ethics is rejected.

Applications of Italian Legislative Decree no. 254/2016	Risk identified	Description of the risk
Fight against corruption	POTENTIAL RISK LINKED TO THE OCCURRENCE OF EPISODES OF CORRUPTION (BOTH ACTIVE AND PASSIVE)	The TXT Group regularly engages in commercial relations with other companies. This can represent a potential risk of exposure of its employees to both active and passive corruption.

Monitoring, management and mitigation of social risks are implemented through the following actions:

Actions
<ul style="list-style-type: none"> • Benefits of any kind (money, promises of employment, etc.) should not be granted to representatives of the Italian or foreign Public Administration, Partners, or their close relatives, in order to acquire favourable treatment in any business activity or that may in any case influence independence of judgement or result in any advantage for the company. • It is forbidden to distribute gifts and to perform acts of courtesy and hospitality to representatives of public officials and public employees, public service employees and employees of Partners, except when of modest value and in any case that do not compromise the integrity or reputation of one of the parties and that cannot be interpreted, by an impartial observer, as seeking to gain an improper advantage. • Money, gifts or any other benefit or the promise of such should not be accepted from anyone seeking to enter into a relationship with the company and who wishes to improperly obtain unduly favourable treatment.

- The company may not hire employees of the public administration, of the State or of the European Communities, of any qualification or level, their spouse and their relatives, or their ascendants, descendants, brothers, sisters, uncles, aunts, nephews, nieces, or former employees, for three years following the performance of an act within the competence of one of the above-mentioned persons from which the Company has derived a benefit, if this is intended to obtain an unfair profit for the company.
- Any commercial incentive must comply with standard market practices in the country of reference, must not exceed the permitted value limits and must have been approved in accordance with internal rules. The granting of any commission, discount, credit and rebate must conform to current regulations and be officially awarded to corporate entities upon presentation of supporting documentation. It is forbidden to promise or provide benefits or other similar incentives commensurate with the achievement of objectives based on performance targets that are clearly unjustified and unattainable.
- It is forbidden to provide services to external staff and partners that are not adequately justified by the contractual relationship established with them, or to make payments to them that are not adequately justified by the type of task to be performed and applicable local practices.
- No payment over € 1,000 can be made in cash in Italy or abroad.
- Any document describing an event that has occurred and/or an assessment made in the context of operations that fall within the sensitive areas for the purposes of the Anti-Corruption Policy, must be signed by or attributable to the person who drafted it. All documents must comply with current legislation.

In addition, TXT mainly carries out activities with private companies in Western countries and with a high rate of industrialisation.

TXT monitors and manages the risk of corruption, conflict of interest and other corporate governance offences by defining its own policy for the prevention of corruption, conflicts of interest and other corporate governance offences and by providing for the establishment of a procedure and implementation of training and information activities. TXT makes it possible to report unlawful conduct or critical issues in the corporate organisation through corporate whistleblowing channels; the Supervisory Body is responsible for managing the reports received.

The Anti-Corruption Policy aims to protect the company's assets, people and objectives through a broader approach, which:

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- provides indications to identify the offices different levels of exposure to the risk of corruption and illegality and indicates the organisational interventions aimed at preventing the same risk;
 - indicates the implementation and control rules for the respect of legality and integrity;
 - invites employees to review all their conduct and procedures;
 - recognises the corruption prevention plan as an essential piece of policy.

No incidents of corruption were reported in the three-year period 2020- 2022.

3 COMPANY MODEL FOR THE MANAGEMENT AND ORGANISATION OF ACTIVITIES

a) The company model

As described in detail in the 2021 Report on corporate governance and ownership structure, TXT has drawn up a complex and standardised system of rules of conduct governing both its organisational structure and relations with stakeholders, in particular shareholders, which complies with the most advanced standards of Corporate Governance.

The Board has adopted a Corporate Governance Model in line with the principles contained in the Code of Conduct issued by the Italian Corporate Governance Committee and to international best practices, with the objective of ensuring correct and transparent corporate information and creating value for shareholders through the proper functioning of the company.

The Group's corporate bodies are listed below:

- Shareholders' Meeting
- Board of Directors
- Remuneration Committee
- Risks and Internal Controls Committee
- Related Parties Committee
- Board of Statutory Auditors

The Shareholders' Meeting ("Meeting"), duly constituted, is the body that expresses the Company's will through its resolutions. Resolutions passed by the Shareholders' Meeting in accordance with law and the Articles of Association are binding on all shareholders, including absent and dissenting shareholders.

The Board of Directors ("Board") is the collective management body of the company with powers relating to the ordinary and extraordinary administration of the company. The Board of Directors approves the Code of Ethics, which governs and regulates the Group's behaviour in its relations with customers and suppliers and with stakeholders in general. The Board of Directors delegates responsibility for the management of the Group's impacts to the various responsible departments according to the procedures and criteria specified in the Corporate Governance Report. Appointed every three years by the Shareholders' Meeting, the Board appoints a Chair and CEO from among its members, whose powers it determines. In accordance with the Company's Articles of Association, the Board of Directors has a minimum of three and a maximum of 14 members, according to what is established by the Ordinary Shareholders' Meeting upon appointment. Board members' term of office lasts for three financial years; afterwards they may be re-elected. The director's position is subject to compliance with the respectability, professionalism and independence requirements pursuant to the provisions applicable to the Company, and with those provided for by the codes of conduct issued by the company managing regulated markets. The Company applies diversity criteria, also with regard to gender, in the composition of the Board of Directors, in observance of the priority objective of ensuring adequate expertise and professionalism of its members. The current Board includes 7 members, of whom 2 are executive directors, 1 is a non-executive director and 4 are independent directors. Pursuant to Article 3 of the Code, they do not have any economic relations with the Company, its subsidiaries, executive directors or shareholders such as to prejudice their judgement. In addition, they do not hold, directly or indirectly, any controlling interests and they do not enter in any shareholders' agreements to control the Company.

In 2020 the TXT Board of Directors adopted Policies relating to the diversity of the Board itself and the Board of Statutory Auditors. They describe the optimal characteristics of the composition of the Board of Directors and the Board of Statutory Auditors so that they can exercise their tasks in the most effective manner, making decisions that may concretely exploit the contribution of a plurality of qualified points of view able to examine the issues under discussion from different perspectives.

The Remuneration Committee is constituted by Board members and has consultative and advisory functions. In particular, it expresses opinions and makes proposals to the Board of Directors regarding the determination of the remuneration of executive directors and managers with strategic responsibilities. The Committee performs its task in a completely autonomous and independent manner vis-à-vis the managing directors, and

if it intends to make use of a consultant, it verifies their independence in advance. The policy the company has adopted for the remuneration of executive directors or directors holding special offices sets out guidelines consistent with the criteria listed below:

- the fixed and the variable components are properly balanced according to the Company's strategic objectives and risk management policy;
- the variable components are capped at a certain amount;
- the fixed component is sufficient to reward the director should the variable component not be paid because of the failure to achieve the performance objectives specified by the Board of Directors;
- performance objectives are predetermined, measurable, and linked to the creation of value for shareholders in the medium-to-long term;
- the payment of a portion of the medium-to-long term variable compensation is deferred by a reasonable period with reference to its accrual; measurement of this portion and duration of the postponement are consistent with the characteristics of the business activity carried out and with the associated risk profiles;
- contractual agreements are in place whereby the company may request the restitution, in whole or in part, of variable portions of the remuneration paid (or withhold amounts that have been deferred), determined based on data that subsequently proved to be clearly inaccurate;
- no compensation is provided following directors' early end of term of office or for failure to be reappointed.

As for the remuneration of the Group's employees, the ratio of the annual total remuneration of the Group's highest-paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual) with the corresponding percentage increase is shown in the following table, for the three-year period 2020-2022.

Annual total remuneration ratio ⁷	2020	2021	2022 ⁸
Ratio of the salary of the highest-paid individual in the Group to the median total salary	7.26	8.81	19.66
Ratio of the percentage increase in the salary of the highest-paid individual in the group to the percentage increase in the median total salary	N/A	-33.18	137.31

The Risks and Internal Controls Committee is a committee of the Board that assesses the adequacy of the internal control and risk management system and expresses its opinion on the control procedures.

The Related Parties Committee is a committee of the Board that assesses the Company's interest in carrying out Transactions with Related parties, as well as the convenience and substantial correctness of the related conditions.

The Board of Statutory Auditors is a supervisory body responsible for ensuring compliance with the law and the Company's Articles of Association as well as management controls. It is not assigned with the task of auditing Company accounts, which is the responsibility of Independent Auditors named on a specific Register, which is the control entity external to the Company. The latter are vested with the power to verify, during the reporting period, that company books are properly managed, accounting items are correctly recorded, and statutory and consolidated financial statements are in line with accounting entries and audits performed, and that all accounting documents are compliant with the relevant regulations.

⁷ The median annual total remuneration for all employees was calculated excluding the highest-paid individual. The amounts for the different countries were converted from the local currency into euros using the exchange rate of the reference year.

The following contributions were included in the salary calculation: Gross annual salary, bonuses, welfare and stock options.

⁸ The deviation in the year 2022 is due to the company TeraTron, which was acquired by the TXT Group in the second half of 2021 and included in the reporting scope as of 1/1/2022.

The corporate bodies' powers and tasks comply with the law, the Company's Articles of Association and bodies' resolutions passed from time to time. A copy of the annual report is available at the Company's registered office and on the website www.txtgroup.com under the "governance/corporate-governance-reports" section.

b) The corporate bodies

Shareholders (with shareholdings of more than 3% as at 31 December 2022):

- Laserline SpA
- Market

Board of Directors at 31/12/2022:

- Enrico Magni: Chair of the BoD
- Daniele Misani: Chief Executive Officer
- Matteo Magni: Director
- Paola Generali: Independent Director
- Antonella Sutti: Independent Director
- Carlo Gotta: Independent director
- Stefania Saviolo: Independent Director

Of the aforementioned members, 57% are in the age group over 50 years of age, while the remaining part is in the age group between 30 and 50 years of age. The chair of the BoD is not a senior manager of the organisation.

Board of Statutory Auditors:

- Mario Basilico: Chair
- Luisa Cameretti: Standing auditor
- Franco Vergani: Standing auditor
- Massimiliano Alberto Tonarini: Alternate auditor
- Giada d'Onofrio: Alternate auditor
- Fabio Maria Palmieri: Alternate auditor

Independent Auditors:

- Crowe Bompani S.p.A.

c) Mission and values

The principle mission of the Group is to offer quality products and services at competitive conditions and in compliance with the rules protecting fair competition. TXT targets

extremely dynamic markets that require cutting-edge technological solutions; markets where technology and innovation are key elements for growth and competitiveness.

To meet the needs of its customers, TXT has always focused on innovation, whether technological, process or business, making it one of the values on which to build its success. The Group excels in offering business-critical solutions, exclusively designed for the business of its customers and their processes. One of TXT's primary objectives is to create value for all stakeholders.

For the Group, therefore, the baseline requirements are: the professionalism of the stakeholder, the availability of means, structures and know-how and the existence of quality, safety and environmental systems.

d) Group Ethics

The values that guide the internal and external life of TXT are governed by the Code of Ethics, formalised in 2010 and applicable to all Group Companies. The recipients of this Code are the directors, employees, external staff, customers, suppliers, lenders (banks and shareholders), residents of areas surrounding the company or interest groups in the sector or locally.

To ensure that the Code is applied and respected, each Group company undertakes to disseminate it to all interested parties. In addition, the Board of Directors of TXT has set up a "Supervisory Body" pursuant to Italian Legislative Decree no. 231/2001 whose task, among others, is to oversee the application of the Code.

The Code of Ethics is a set of principles that constantly guide daily action and from which all company policies and business principles derive, that is:

- ***Legality, honesty and fairness***

The Group operates in compliance with applicable laws and pursues its interests following a policy of conduct in accordance with the principles of legality, fairness and honesty. The same parameters are applied in relations with Group stakeholders. The Group undertakes to ensure that the provisions of the Code are adopted and practised by all its recipients.

- ***Compliance with laws and regulations***

The Group ensures that it is adequately informed and made aware of issues relating to the Code of Ethics in order to comply with current laws and regulations.

Any doubts or uncertainties are resolved by its own direct managers and by the Supervisory Body.

- ***Transparency and completeness of information***

The Group ensures that all stakeholders are provided with clear and transparent information about their situation and performance, without favouring any interest group or individual. Shareholders and competent bodies are informed about significant events concerning the Group's corporate and accounting management.

- ***Confidentiality of information***

The Group ensures that it has procedures in place to guarantee the confidentiality of the information in its possession and refrains from seeking confidential information using illegal means. The Group ensures that it is forbidden to use confidential information for purposes not related to the exercise of its professional activity.

- ***Respect for the individual and fairness***

The Group is committed to ensuring respect for the physical and cultural integrity of the individual, for relations with others and fair treatment. In support of this, the Group checks the existence of a context of safety and respect for individual dignity.

- ***Impartiality and equal opportunities***

TXT avoids any discrimination based on age, gender, sexuality, health, race, nationality, political opinions or religious beliefs in all decisions that affect relations with its stakeholders.

- ***Conflicts of interest***

The Group undertakes to prevent situations of conflict of interest, by prohibiting the recipients from pursuing interests other than the Group's mission or from personally benefiting from business opportunities.

- ***Protection of competition***

The Group believes in free and fair competition, and consequently its actions are oriented towards obtaining competitive results that reward ability and efficiency. Any action that could alter the conditions of fair competition is contrary to company policy and is prohibited.

With regard to the management of the aspects linked to the five areas referred to in the Decree, reference should be made to Chapter 2, RISK ANALYSIS, in relation to the actions

implemented in response to the risks identified, and Chapter 5, THE POLICIES APPLIED AND THE RESULTS ACHIEVED.

4 EU ENVIRONMENTAL TAXONOMY REGULATION

The taxonomy disclosure introduced with Regulation 2020/852, and made mandatory in Italy for companies publishing an NFS from 2022, aims to identify the 'degree of eco-sustainability' of an investment, increasing market transparency for the benefit of consumers and investors. The Taxonomy introduces a unique EU-wide classification system for the identification of environmentally sustainable economic activities. In fact, the legislation stipulates that in order to determine whether an activity is environmentally sustainable, it must contribute to one or more of the six environmental objectives that the European Union has set itself:

- climate change mitigation
- climate change adaptation
- sustainable use and protection of water and marine resources
- transition to the circular economy
- pollution prevention and reduction
- protection and restoration of biodiversity and ecosystem health

In 2021, the European Commission adopted the "*Climate Delegated Act*⁹", which regulates the first two climate objectives (mitigation and adaptation), defining which economic activities can contribute substantially to their achievement and under which conditions, without causing significant damage to the remaining environmental objectives. Today, the Taxonomy identifies 13 sectors encompassing a total of more than 100 economic activities, among which several concern the TXT Group and its subsidiaries.

In relation to the financial year 2022, non-financial enterprises subject to the Regulation are required to publish the proportion in terms of turnover, capital expenditure (CapEx) and operating expenditure (OpEx) of eligible Taxonomy-aligned economic activities, with

⁹ Delegated Regulation 2021/2139.

reference to the first two climate objectives. The Regulation defines as eligible the activity covered by the *Climate Delegated Act*, without any additional verification, while an aligned activity means an eligible activity that complies with three types of criteria:

- **substantial contribution criteria:** which make explicit the conditions under which the activity can actually contribute to achieving the mitigation and/or adaptation objective;
- **"Do No Significant Harm" (DNSH) criteria:** consisting of the technical and regulatory requirements to ensure that the activity, in addition to contributing to at least one objective, does not cause significant harm to the other environmental objectives;
- **minimum safeguards:** to ensure that the activity is carried out in compliance with the minimum social safeguards set out in Article 18 of the Human and Labour Rights Regulations.

a) Eligibility and alignment analysis

The scope of the analysis of Taxonomy eligibility and alignment carried out by the TXT Group is consistent with that defined for this non-financial statement.

In the light of a review of the mapping process of eligible activities, for the year under review the Group has updated the eligibility analysis carried out last year, identifying a match with activity 8.2, among those able to contribute to the climate change adaptation objective i.e., "*Programming, computer consultancy and related activities*", described as "*provision of information technology skills: writing, editing, testing and servicing software; planning and design of computer systems integrating hardware, software and communication technologies; on-site management of clients' computer systems or data processing facilities; and other technical and professional computer-related activities*".

For this activity, the *Climate Delegated Act* requires, for the purposes of alignment, the presence of a robust assessment of the physical climate risks of the assets where the eligible activity is carried out, and the implementation of appropriate adaptation solutions (substantial contribution criterion). Since no such analysis is in place at Group

level, the activity is considered non-aligned¹⁰. On the other hand, as far as the DNSH criteria are concerned, the Regulation do not provide for any additional analysis to be carried out with regard to activity 8.2.

In addition to the core-business activity, the Regulation also allow reporting on all expenses and investments incurred by the Group to make its assets more efficient and to reduce related greenhouse gas emissions. Specifically, in 2022 the TXT Group incurred expenses related to the following activities, which can therefore be considered eligible with respect to the climate change mitigation objective:

- 6.5 Transport by motorbikes, passenger cars and light commercial vehicles, with reference to the leasing of cars.
- 7.2 Renovation of existing buildings, with reference to work carried out on Group buildings.
- 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings), with reference to the purchase and installation of two charging stations for electric cars.

Similarly to what was reported for activity 8.2, also for the activities referring to the eligible expenses above, the Group, not having all the necessary data and evidence to verify the fulfilment of the criteria of substantial contribution and DNSH by the providers of these services, prefers to adopt a conservative approach and therefore not to declare their alignment with the Taxonomy.

Lastly, the Group has analysed its degree of adherence to the mentioned principles of Article 18 of the Regulation, also based on the indications provided by the Platform on Sustainable Finance¹¹ and prudentially considers its current supply chain practices as not fully aligned with the minimum safeguard criteria.

¹⁰ It is specified that for activity 8.2, since it cannot be considered as "enabling", i.e., capable of "directly enabling other activities to make a substantial contribution to one or more of those objectives" (Art. 16 of the Regulation), the turnover-related KPI is not published.

¹¹ *Final Report on Minimum Safeguards*, October 2022

b) Contextual information and KPI calculation methodology (Accounting Policy)

TURNOVER

The denominator was calculated by analysing the revenues from ordinary operations reported in the consolidated financial statements, resulting in a total value of € 99,716,815.

As far as the numerator is concerned, it has not been valorised, as activity 8.2 in relation to the climate change adaptation objective is not considered "enabling" in the sense of Article 16 of the Regulation.

CAPEX

For the purpose of determining the denominator of the CapEx KPI, an analysis of the asset additions during the year was carried out, identifying a value of € 3,747,501.

Investments relating to activity 8.2 are included in this amount, and no asset additions were recognised for the year under review. In addition, investments aimed at reducing the Group's greenhouse gas emissions were included, specifically:

- 6.5 - Transport by motorcycles, passenger cars and commercial vehicles (1.98%) For this activity, additions of leased cars were identified, accounted for in accordance with IFRS 16.
- 7.2 - Renovation of existing buildings (5.01%) *described as 'Building and civil engineering works or their preparation'.*
- 7.4 - Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings (0.31%). For this activity, additions of electric charging stations for employees' cars were identified and accounted for in accordance with IAS 16.

The extraction of the data associated with the aforementioned categories was carried out in a timely manner when made possible by the information available in the management systems currently in use within the legal entities falling within the scope under analysis.

In calculating the denominator of the CapEx KPI, the Group considered the additions incurred in the reporting period related to tangible assets (development and restructuring of corporate assets), intangible assets (patents, software and capitalised research and development costs) and right-of-use assets (RoU). The approach used for the extraction of the above-mentioned figures involved a detailed analysis of

management reports showing the investments made during the year by all the companies within the scope of the analysis. In line with international accounting standards and the provisions of the Annex to the *Disclosure Delegated Act*, the Group considered tangible assets accounted for in accordance with IAS 16, intangible assets (excluding goodwill) accounted for in accordance with IAS 38, and leasing accounted for in accordance with IFRS 16.

OPEX

With reference to the OpEx KPI, the Group identified a denominator value of € 1,894,136. Following the indications of § 1.1.3.2 of Annex I to the "*Disclosure Delegated Act*" and the clarifications provided by the European Commission¹², it was assessed that the amount identified - constructed by taking into consideration only the categories mentioned by Annex I of the Delegated Act - is equal to 2% of the consolidated operating expenses incurred during the financial year and therefore not material for the purposes of a valid representation for the purposes of the Taxonomy.

The operating expenditure considered in the denominator include non-capitalised direct costs related to maintenance and repair, short term leases, cleaning, expenses incurred for building renovation measures and non-capitalised R&D costs. In detail, for those operating expenses for which a timely extraction of data from management systems was not possible, allocation drivers based on the percentage weight of expenses in relation to total operating expenditure were used.

For the calculation of the denominator of the OpEx KPI, the approach used was to proceed with a point-by-point analysis of the Group's chart of accounts, taking into account the share of costs falling specifically into the categories indicated by the *Disclosure Delegated Act*. Specifically:

- Non-capitalised R&D costs related to internal and external projects, from which the cost component related to the management of R&D projects carried out has been

¹² Clarification provided by the answer to question 13 of the FAQ published by the European Commission on 12.12.2022.

eliminated, as per the recommendations of the European Commission¹³. As expenses related to project management activities, all costs incurred during the year related to project managers were identified and eliminated from the calculation;

- Short-term leases, for which all items in the chart of accounts relating to leases recognised in the Income Statement were considered, as they relate to contracts with a duration of less than 12 months and are therefore exempt from recognition in the Balance Sheet, in accordance with IFRS 16;
- Costs related to maintenance and repairs, incurred during the financial year, on buildings and IT equipment. Costs related to employees involved in maintenance and repair activities were considered for this category, together with maintenance commissioned to third-party companies. Within the accounts for maintenance and repairs, building renovations were also taken into account.

Table 1 (summary table KPI Turnover Values €)

Economic activities	Code	Absolute turnover (€ in xxx)	Proportion of Turnover (%)	Substantial Contribution				DNSH Criteria				Minimum social safeguards	Proportion of Taxonomy-aligned turnover, FY 22	Proportion of Taxonomy-aligned turnover, FY 21	Category (enabling activity)	Category (transitional activity)	
				Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Circular economy	Pollution prevention and control	Protection and restoration of biodiversity and ecosystem health	Climate change mitigation	Climate change adaptation						Sustainable use and protection of water and marine resources

¹³ Clarification provided by the answer to question 12 of the FAQ published by the European Commission on 02.02.2022.

Total (A1 + A2)		-	0%		0%
B. NON-ELIGIBLE ACTIVITIES					
OpEx of non-eligible activities (B)		1,894,136	100%		
Total (A + B)		1,894,136	100%		

5 THE POLICIES APPLIED AND THE RESULTS ACHIEVED

It should be noted that 100% of employees in Italy, Germany and France are covered by collective labour agreements. For employees of companies in other countries, the relevant national legislation applies.

With the exception of the areas relating to the environment and the fight against active and passive corruption (for which reference should be made to the "RISK ANALYSIS" section), the Group did not deem it necessary to adopt official policies for the other areas mentioned in the Decree, also in light of the good functioning of long-established practices and the high degree of central control.

The Group integrates its commitments into its corporate policies and practices in order to ensure responsible business conduct in all its activities and business relations.

a) People as resources of TXT

The TXT Group had 1,334 employees at 31 December 2022, of which:

- 579 employees (123 women and 456 men) of the Italian parent company TXT e-Solutions S.p.A.;
- 81 employees (15 women and 66 men) of the German subsidiary Pace GmbH;
- 7 employees (2 women and 5 men) of the US subsidiary PACE America, Inc.;
- 15 employees (1 woman and 14 men) of the Swiss subsidiary TXT e-solutions Sagl;
- 8 employees (all men) of the UK subsidiary TXT NEXT Ltd;
- 6 employees (all men) of the French subsidiary TXT NEXT Sarl;
- 48 employees (3 women and 45 men) MAC Solutions SA;
- 12 employees (4 women and 8 men) of the subsidiary Txt Risk Solutions s.r.l.;
- 26 employees (7 women and 19 men) of the subsidiary Cheleo s.r.l.;
- 220 employees (80 women and 140 men) of the subsidiary Assioma.Net s.r.l.;
- 8 employees (1 woman and 7 men) of the subsidiary Assiopay s.r.l.;
- 169 employees (63 women and 106 men) of the subsidiary HSPI S.p.A.;
- 1 employee (man) of the subsidiary TXT Working Capital Solutions s.r.l.;

- 45 employees (11 women and 34 men) of the subsidiary Quence s.r.l.;
- 31 employees (5 women and 26 men) of the subsidiary Novigo Consulting s.r.l.;
- 22 employees (3 women and 19 men) of the subsidiary LBA Consulting S.r.l.;
- 56 employees (22 women and 34 men) of the subsidiary TeraTron GmbH.

TXT e-solutions S.p.A., Txt Risk Solutions srl, Pace GmbH, Assioma.Net srl, Assiopay srl, HSPI S.p.A., Cheleo srl, Novigo Consulting srl and Quence srl also make use of the contribution of a number of freelancers and interns. The number of non-employees in curricular and extracurricular internships active on the companies as at 31.12.2022 was 51 (it was 44 in 2021 and 31 in 2020), while the number of freelance non-employees consulting on specific technologies/products as at 31.12.2022 in the IT and engineering area was 78 (it was 49 in 2021 and 18 in 2020).

Italy

In 2022, 99% (1,102/1,113) of Italian employees worked with permanent contracts (including interns) and only 1% (11/1,113) had fixed-term contracts. Part-time workers accounted for 3% (29/1,113) and only 6 are men.

During the year, 301 people were recruited in Italy (89 women and 212 men), accounting for 27% of the total workforce.

In 2022, 222 employees resigned, of whom 55 were women. Turnover¹⁴ was 19.9% (222/1,113). The rate of resignations remains high, as in 2021, in line however with the current Italian IT market trends.

Recruitment and resignations were distributed in age groups and by gender as shown in the following table (the percentages shown in the table are related to the workforce):

¹⁴ Turnover: (total resigned region/total active 31/12/2022 per region) x 100

ITALY, RECRUITED												
Age groups	2020				2021				2022			
	W		M		W		M		W		M	
	no.	Incoming turnover rate	no.	Incoming turnover rate	no.	Incoming turnover rate	no.	Incoming turnover rate	no.	Incoming turnover rate	no.	Incoming turnover rate
<30	20	3%	101	14%	36	3.9%	134	14.5%	56	5.0%	138	12.4%
30-50	12	2%	30	4%	24	2.6%	50	5.4%	31	2.8%	72	6.5%
>50	2	0%	2	0%	2	0%	13	1.4%	2	0.2%	2	0.2%
TOTAL ¹⁵	34	5%	133	19%	62	6.7%	197	21.4%	89	8.0%	212	19.0%

ITALY, RESIGNATIONS												
Age groups	2020				2021				2022			
	W		M		W		M		W		M	
	no.	Outgoing turnover rate	no.	Outgoing turnover rate	no.	Outgoing turnover rate	no.	Outgoing turnover rate	no.	Outgoing turnover rate	no.	Outgoing turnover rate
<30	19	3%	39	6%	24	2.6%	57	6.2%	23	2.1%	75	6.7%
30-50	19	3%	40	6%	28	3%	57	6.2%	32	2.9%	84	7.5%
>50	0	0%	6	1%	3	0%	11	1.1%	0	0%	8	0.7%
TOTAL	28	5%	85	12%	55	5.9%	125	13.6%	55	4.9%	167	15.0%

Germany

¹⁵ The totals may differ due to rounding. The same applies to the subsequent tables.

In Germany, 95% (130/137) of employees were on permanent contracts and 5% (7/137) on fixed-term contracts. Part-time workers accounted for 19% (26/137), of which 13 women and 13 men.

During 2022, 16 people were recruited (3 women and 13 men), accounting for a hiring rate of 11.7% of the total workforce.

There were 15 resignations, of whom 2 were women. Turnover was 10.9%. The number of recruitments and resignations is broken down by age bracket as shown in the table below, with an indication of the percentage related to the total workforce at the end of the year:

GERMANY, RECRUITED												
Age groups	2020				2021				2022			
	W		M		W		M		W		M	
	no.	Incoming turnover rate	no.	Incoming turnover rate	no.	Incoming turnover rate	no.	Incoming turnover rate	no.	Incoming turnover rate	no.	Incoming turnover rate
<30	1	1%	0	0%	2	2.5%	4	5%	2	1.5%	6	4.4%
30-50	2	2%	6	7%	0	0%	8	10.2%	1	0.7%	6	4.4%
>50		0%	0	0%	0	0%	0	0%	0	0%	1	0.7%
TOTAL	3	4%	6	7%	2	2.5%	12	15.3%	3	2.2%	13	9.5%

GERMANY, RESIGNATIONS												
Age groups	2020				2021				2022			
	W		M		W		M		W		M	
	no.	Outgoing turnover rate	no.	Outgoing turnover rate	no.	Outgoing turnover rate	no.	Outgoing turnover rate	no.	Outgoing turnover rate	no.	Outgoing turnover rate
<30	0	0%	1	1%	2	2.5%	3	3.8%	0	0%	2	1.5%
30-50	1	1%	6	7%	1	1.2%	8	10.2%	1	0.7%	9	6.6%
>50	0	0%	1	1%	4	5%	4	5%	1	0.7%	2	1.5%
TOTAL	1	10%	8	1%	7	8.9%	15	19.2%	2	1.5%	13	9.5%

Switzerland (MAC and TXT e-solutions sagl)

As for staff in Switzerland, 100% (63/63) of employees were on permanent contracts. Part-time workers accounted for 6% (4/63), of which 2 women and 2 men.

During 2022, 16 people were recruited (3 women and 13 men), accounting for a hiring rate of 25.4% of the total workforce.

There were 26 resignations. Turnover was 41.3%.

The number of recruitments and resignations is broken down by age group as shown in the table below, with an indication of the percentage related to the total workforce at the end of the year:

SWITZERLAND RECRUITED								
Age groups	2021				2022			
	W		M		W		M	
	no.	Incoming turnover rate	no.	Incoming turnover rate	no.	Incoming turnover rate	no.	Incoming turnover rate
<30	1	1.3%	7	9.3%	2	3.2%	2	3.2%
30-50	0	%	18	24%	0	0%	9	14.3%
>50	0	%	3	4%	1	1.6%	2	3.2%
TOTAL	1	1.3%	28	37.3%	3	4.8%	13	20.6%

SWITZERLAND, RESIGNATIONS								
Age groups	2021				2022			
	W		M		W		M	
	no.	Outgoing turnover rate	no.	Outgoing turnover rate	no.	Outgoing turnover rate	no.	Outgoing turnover rate
<30	0	0%	4	5.3%	1	1.6%	2	3.2%
30-50	1	1.3%	15	20%	2	3.2%	14	22.2%
>50	0	%	3	4%	0	0%	7	11.1%
TOTAL	1	1.3%	22	29.3%	3	4.8%	23	36.5%

Other Regions

Concerning employees in the US, UK, France, all employees (21/21) are employed on a permanent basis. Part-time workers accounted for 10% (2/21), of which 1 woman and 1 man.

During 2022, 5 people were recruited (1 woman and 4 men), accounting for a hiring rate of 23.8% of the total workforce.

There were 2 resignations. Turnover was 9.6%. The number of recruitments and resignations is broken down by age group as shown in the table below, with an indication of the percentage related to the total workforce at the end of the year:

OTHER REGIONS, RECRUITED												
Age groups	2020				2021				2022			
	W		M		W		M		W		M	
	no.	Incoming turnover rate	no.	Incoming turnover rate	no.	Incoming turnover rate	no.	Incoming turnover rate	no.	Incoming turnover rate	no.	Incoming turnover rate
<30	0	0%	2	5%	0	0%	4	21%	0	0%	3	14.3%
30-50	1	3%	12	3%	0	0%	1	5.2%	1	4.8%	1	4.7%
>50	1	3%	2	5%	0	0%	0	0%	0	0%	0	0%
TOTAL	2	5%	16	4%	0	0%	5	26.3%	1	4.8%	4	19%

OTHER REGIONS, RESIGNATIONS												
Age groups	2020				2021				2022			
	W		M		W		M		W		M	
	no.	Outgoing turnover rate	no.	Outgoing turnover rate	no.	Outgoing turnover rate	no.	Outgoing turnover rate	no.	Outgoing turnover rate	no.	Outgoing turnover rate
<30	0	0%	0	0%	0	0%	2	10.5%	0	0%	1	4.8%
30-50	0	0%	1	3%	1	5.2%	4	21%	0	0%	1	4.8%
>50	0	0%	1	3%	0	0%	0	0%	0	0%	0	0%
TOTAL	0	0%	2	5%	1	5.2%	6	31.5%	0	0%	2	9.6%

The following table summarises all the information from 2020 to 2022.

GROUP	2020		2021		2022	
	Women	Men	Women	Men	Women	Men
Employees at 31.12	208	630	265	826	340	994
Fixed-term contract	16	34	6	19	6	12
Permanent contract	193	595	259	807	335	981
Full time	186	622	243	815	301	972
Part time	23	7	22	11	39	22
New recruits	39	156	65	242	96	242
Resignations	39	95	64	168	60	205

Human capital is TXT's main resource for the development of our services and products. The attention paid to every process related to the management of the Group's people represents our true distinctive competence. The new business acquisitions that have taken place over the past year have been supported by the harmonisation of all HR processes and tools across all the TXT Group's entities.

Staffing is the first strategic element for building a winning team, which is why the company pays particular attention to the continuous improvement of this process. The entire process is supported by technology platforms that can accompany the different stages of the work and monitor the state of the art in order to be able to effectively intervene at any time. The objective is to reduce the risk level in the selection of resources that do not meet company expectations. The HR staff are continuously trained in both technological and socio-cultural issues. Moreover, increasing attention is paid to identifying characteristics relating to soft skills in new resources, which are useful for being able to apply the best teamwork and problem solving.

The market in which TXT Group operates is characterised by a strong shortage of skills. People with the necessary skills are increasingly in demand from market competitors and therefore increasingly difficult to find in the labour market. For this reason, in order to find qualified human capital, the HR area and the corporate area dedicated to communication continue to collaborate more and more, focusing the marketing on both the corporate offer in terms of activities carried out (projects, products, services) and on professional development topics. The company area dedicated to communication and to brand growth is active on social networks and on all the communication channels most used by our potential candidates.

Given the extremely lively employment dynamics of the market in which it operates, the other challenge for TXT is maintaining a low level of turnover. The TXT Group is committed to increasingly becoming a company which offers potential employees a prospect of professional growth and skills year by year, where they can build their professional career.

In view of the health protection requirements resulting from the global pandemic, starting in 2020 TXT Group began to rethink its work paradigms and reorganised its remote work activities through an individual remote working agreement for each employee. To date, the model has proved to be strong and the results have been evident in terms of work performance and customer satisfaction, improving quality of life and optimising work-life balance.

Like every year, training and growth plans have been designed and implemented to develop the growth of human capital. Indeed, the TXT Group believes that the growth of people leads to the growth of the organisation. This is why there has been a strong focus on the growth of both project-specific skills and horizontal skills that allow us to evolve as professionals over the past two years.

The response from all the Group's employees has been extensive, and the responsible department worked to meet all the needs and requests that were received.

As in previous years, the Group's effort in 2022 was to use new tools and methods to provide training outside the classroom, thus taking advantage of video conferencing and e-learning platforms.

Starting with the training needs communicated by staff, an individual and team training course was designed and implemented in collaboration with the HR team and technical managers to improve behavioural and technical skills.

In order to successfully meet internal needs and those of the constant company internationalisation process, Italian courses for foreign employees and German and English language courses were also provided across the entire population.

In 2022, the *Managing the Future* training course was held, a training and development course for managers of the future, for a common reflection and in-depth study of managerial topics such as Positive Leadership, Assertive Communication, Negotiation, Self Leading and Work - Life Integration. The course was offered in two editions of 40 hours each and involved 50 participants, providing them with cognitive tools to support operational choices.

The *Training X Tech* course, on the other hand, involved 200 participants in a total of 410 hours of experience sharing on technical topics, divided into modules delivered every two weeks. The content was conceived and proposed by TXT Group employees who are familiar with the real situations encountered in the day-to-day and started from these requirements to prepare the modules they delivered as lecturers.

In addition, the company Assioma organised a course of meetings with colleagues from the Fintech BU led by the Occupational Psychologist and HR Process Consultant, in order to get to know each other and experiment with team working activities, expand soft skills and bring team experiences to light to present to the HR staff. A total of 65 colleagues from the Fintech team were involved in these interesting training sessions for a total of 350 hours, delivered two hours every

fortnight to share and discuss professional issues. Training activities in workplace health and safety continued as usual, with regular training and updates in accordance with the law.

The numbers on the average training hours of the Group are shown below.

AVERAGE TRAINING HOURS ¹⁶	2020		2021		2022	
	Women	Men	Women	Men	Women	Men
Executives	0	8.7	0	12.22	-	6.04
Managers	4.7	10.2	11	12.53	19.60	24.71
Office workers	7.7	12.2	13.02	7.86	17.55	19.15
Factory Workers	-	-	-	-	-	-

TXT's relationship with trade unions is based on dialogue and full compliance with the employment contracts applied.

b) Diversity and inclusion

TXT recognises the importance of its human capital without distinction and undertakes to respect the equality of its employees. The benefits enjoyed by employees are awarded without distinction between part-time and full-time contracts and without gender distinctions.

No episodes of discrimination or monetary sanctions were observed or reported in the three-year period 2020- 2022, nor for inadequate treatment of ethnicity, gender, religion or opinion.

GROUP	2020						2021						2022					
	Women			Men			Women			Men			Women			Men		
	<30	30-	>50	<30	30-	>50	<30	30-	>50	<30	30-	>50	<30	30-	>50	<30	30-	>50

¹⁶ The data for the years 2020 and 2021 refer to the companies implementing a centralised training system (Txt e-solutions Spa and Assioma.net Srl). The figures for 2022 instead refer to all TXT Group companies included in the reporting scope.

		50			50			50			50			50			50	
Executives	0	1	1	0	8	2	0	0	2	0	13	9	0	0	3	0	16	10
Managers	0	5	6	1	21	12	0	7	8	0	32	27	0	6	8	0	47	30
Office workers	51	121	23	204	317	59	60	161	27	275	390	80	97	177	33	359	443	83
Factory Workers	-	-	-	-	-	-	-	-	-	-	-	-	2	11	3	0	6	0

Respect for human rights is fundamental to TXT and is implemented through compliance with the various national rules and regulations in the countries in which the Group operates. However, in consideration of the markets served (mainly in Western countries) and the type of activity carried out (high-tech services), no specific measures are adopted to prevent human rights violations or discriminatory behaviour, since the risk that such events may occur is considered remote.

c) Health and safety

Occupational health and safety are core principles of TXT's business management. For years now, the concept has been extended to psychological and physical health, whose indicators are:

- Low absenteeism and accident rates
- Moderate number of overtime hours
- Long period of stay in the company.

TXT routinely looks after the welfare of its employees not only through training programmes on "work-related stress" issues, but also by ensuring employees the option of working remotely, flexible hours, responsibility for and filling in their own time-sheet (i.e. no need to clock in and out) and by organising informal meetings between colleagues, also outside normal work activities, to build and improve relations between employees and the overall company atmosphere.

In 2022, one non-serious injury of an employee occurred in Italy.

In Germany, Switzerland and the other Regions there were no occupational injuries of employees.

	M.U.	2020	2021	2022
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Injuries at work¹⁷	No.	0	1	1
<i>of which serious accidents¹⁸</i>	No.	0	0	0
<i>of which fatal accidents</i>	No.	0	0	0
Annual hours worked¹⁹	hours	1,193,453	1,498,484	2,104,963
Injury rate²⁰	no./hours	0	0.6	0.5
Serious injury rate	no./hours	0	0	0
Injury rate	no./hours	0	0	0

In relation to workplace safety issues, in particular the assessment and mitigation of risks at work, the reporting of risks by employees, occupational health services, the consultation and training of personnel, in Italy TXT complies with the provisions of Italian Legislative Decree 81/2008 on the Safety and Health of Workers. Similarly in the other countries in which it operates, the TXT Group complies with the provisions of the relevant national legislation on these issues.

Generally speaking, the measures taken to mitigate the impact of risks on the health and safety of individuals effectively limit their extent in terms of probability of occurrence and severity.

d) Energy and emissions

Energy

¹⁷ In 2022, there were no occupational injuries involving non-employees (interns or freelancers).

¹⁸ The GRI standard defines injuries as serious if they result in an absence of more than six months.

¹⁹ In 2022, the hours worked by non-employees (interns or freelancers) amounted to 1,193,453 hours (in the absence of the exact figure, this value is the result of an estimate).

²⁰ Frequency index: (total number of injuries/total number of hours worked) x 1,000,000.

TXT carries out its activities both in its own offices and at the customer's premises. The energy vectors used by the Group are mainly natural gas, electricity and district heating. The consumption of diesel and petrol is due to the use of the company car fleet.

In the last months of 2021, TXT e-solutions S.p.A. changed its headquarters from Via Frigia 27 Milan to Via Milano 150 in Cologno Monzese.

The company perimeter considered for 2022 has changed from the previous year, with a consequent change in Group consumption and emissions.

The following table summarises the energy consumption, broken down by type.²¹

Type (TJ)	2020	2021	2022 ²²
Natural Gas	3.5	3.7	0.4
Diesel Fuel	1.9	2.0	2.7
Petrol	0.3	0.3	0.2
Electricity	1.5	1.7	2.2
District heating	0.2	0.2	0.1
Total	7.4	9.7	5.7

The drop in consumption in 2022 compared to 2021 is mainly due to the net reduction in natural gas consumption in the year 2022. This decrease is generated by the relocation of the parent company TXT e-solutions S.p.A. to its new headquarters at the end of 2021, which entailed switching from a natural gas heating system to an entirely electric system.

Emissions

The greenhouse gas emissions produced by the Group are subdivided into direct energy emissions (Scope 1) and indirect emissions (Scope 2 and Scope 3). The impact of other

²¹ For the methodology for calculating energy consumption, please refer to the methodological note

²² Furthermore, to date, the natural gas consumption data of the company Pace GmbH are not available and have therefore not been counted for the year 2022.

emissions is not considered significant due to the fact that the Group is mainly involved in service activities.

The following data, considering the activities carried out by TXT, reflect the greenhouse gas emissions generated:

- from the consumption of natural gas for heating offices (Scope 1);
- from the use of the company car fleet (Scope 1)
- from the use of electricity inside offices (Scope 2).
- from the use of district heating for heating offices (Scope 2).
- from journeys by train, plane and hired cars (Scope 3).

Emissions Scope 1

The impacts in terms of tonnes of CO₂ of the overall consumption of natural gas, diesel and petrol, broken down by year, are reported in the following table:

Source of emissions Scope 1 (t CO ₂)	2020	2021	2022
Natural Gas	198	126	24
Diesel Fuel	139	145	197
Petrol	23	40	15
Total	361	331	236

As a direct consequence of the decrease in energy consumption, there was a corresponding decrease in CO₂ emissions compared to 2021. The increasing emissions from the use of the company car fleet reflect a resumption of activities at headquarters and with customers following the Covid-19 pandemic. For those companies for which the fuel type data is not available, the highest emission scenario was considered, i.e., the entire car fleet consisting of diesel vehicles.

Emissions Scope 2

Another important aspect of TXT's environmental footprint in terms of indirect emissions (Scope 2) is the use of electricity and district heating in offices.

The following table gives details of electricity and district heating consumption for the three-year period 2020-2022 (the percentage of electricity produced from renewable sources depends on the individual national electricity mixes):

Source of emissions Scope 2 (t CO ₂)	2020	2021	2022
Electricity (Market Based)	213	240	309
Electricity (Location Based)	160	139	206
District heating	10	11	7
Total Market Based	223	251	316
Total Location Based	169	150	213

The increase in emissions in 2022 is due to an increasing consumption of electricity, which depends on several factors: an expansion of the perimeter of the analysis; having overcome the Covid-19 pandemic period with the consequent increase in the use of offices and their services; and, as anticipated, the switch from a natural gas heating system to an electric system to heat the headquarters of the parent company TXT e-solutions S.p.A., which alone accounts for almost half of the GHG emissions from electricity consumption.

Emissions Scope 3

In order to mitigate the impact resulting from business travel, TXT seeks to use teleconferencing and videoconferencing technologies as an alternative to travel wherever possible and records the miles travelled or the fuel used to monitor trends over time.

Group employees travel by air to distant destinations and by train and car to closer ones. Our service providers (travel/car rental agencies) track travel and the results are periodically communicated to the Facility department. In this way, TXT is able to monitor costs, consumption and related impacts over time.

The CO₂ emissions related to business travel, at Group level, are shown in the following table:

Source of emissions Scope 3 (t CO ₂)	2020	2021	2022
Plane	62	65	292
Train	2	9	15

Car	55	220	440
Total	119	294	746

The overall change in 2022 compared to the previous two-year period shows a marked increase for each category of transport and is due not only to the expansion of the company's perimeter, but above all to the resumption of travel by the entire Group post Covid-19 pandemic.

e) Compliance with rules and regulations

The Group carries out its activities reconciling, where possible, the reduction of pollution and the containment of negative impact on the environment.

TXT is committed to creating and spreading a corporate culture of responsible behaviour that safeguards the integrity of the environment in all circumstances.

The company has always operated in full compliance with laws and regulations and has not received any significant monetary or non-monetary sanctions in the three-year period 2020-2022.

Furthermore, during the three-year reporting period, TXT did not record any substantiated complaints regarding privacy breaches and losses of its customers' data.

In line with the principles defined in its Code of Ethics, TXT also acts according to the values of legality, honesty and fairness in the management of tax activities. The Group also believes that the contribution deriving from taxes paid is an important channel through which it can contribute to the development of the countries where it operates. For this reason, TXT pays attention to compliance with tax regulations and therefore acts responsibly in the jurisdictions where it is present.

The Group is oriented towards behaviour to protect corporate assets and create value in the medium to long term and that is why it acts responsibly from a tax perspective.

Tax governance is inspired by the Group Code of Ethics at TXT. The CFO is responsible for the management of tax issues as well as the management and responsibility of compliance with the tax strategy. The internal tax manager function has been implemented since February 2022, which handles due diligence and compliance at

Group level. TXT has not defined a formalised tax strategy at Group level, and individual companies operate in compliance with local tax regulations.

To date, the Group does not have formalised tax governance.

In the different countries/companies, compliance with taxation and related controls is entrusted to professional figures selected specifically country by country. Tax risks are analysed and managed in accordance with the overall Enterprise Risk Management business model.

By establishing company whistleblowing channels, TXT allows to report illegal behaviour or critical issues in the company organisation. The governance structure delegates the management of the reports received to the Supervisory Body.

To date, no requests have been received from stakeholders regarding taxation aspects. In any case, all the corporate departments responsible for compliance on this matter would be ready to implement them.

Relations with tax authorities are based on the principles of correctness and compliance with the different regulations applicable in the countries where TXT operates. It should be noted that the Group does not carry out advocacy activities in tax matters.

f) TXT's commitment to the community

There is increasing talk of companies that are ethical and have a strong sense of social responsibility. The TXT Group promotes the development and well-being of the local community.

During 2022, two editions of the Academy initiative started in previous years were held for the company Assioma: a structured three-month training course dedicated to young graduates or recent graduates from mainly engineering and scientific faculties. The training objective is to bridge the gap between the missing IT skills in curricula, especially for vertical and specialised topics such as Software Quality and Software Test Automation. The aim is also to train young professionals across the board, including through soft skills courses to enrich their professional figures: for this reason, during the Academy course, participants attended seminars led by internal lecturers on Effective Communication, Team Working and Customer Management.

TXT Group does not support political parties in any way and its relations with the institutions are based on compliance with all applicable rules and regulations.

Finally, no measures have been applied to implement agreements of international and supranational organisations on social and staff-related matters, since the policies already implemented by the Group and described in this document are considered adequate by virtue of the activities carried out by the Group in the countries where it operates.

In the three-year period 2020-2022, the TXT Group was not involved in any lawsuits related to anti-competitive behaviour.

g) Certifications

TXT has received some very prestigious and crucial certifications in the course of its activities, such as:

- SPICE certification at level 2: a demonstration of the excellence of TXT's work in the production of products and services related to the car industry;
- ISO 9001:2015 certification for the implementation of a quality management system;
- UNI EN 9100:2018 certification for aerospace component suppliers;
- ISO 27001:2017 certification for cyber security.

As part of the certified management systems in place, the various structures involved are required to prepare a report for management in order to account for the main impacts, performance and objectives related to the scope.

6 APPENDIX

a) Methodological note

The content of the Non-Financial Statement 2022 refers to the fiscal year 2022 (1 January 2022 to 31 December 2022, in accordance with the reporting period of the Annual Financial Report published on approved by the Board of Directors on 9 March 2023), and has been defined in accordance with the following sources:

- Directive 2014/95/EU
- Italian Legislative Decree no. 254 of 30 December 2016 and subsequent integrations
- Consob Regulations for the implementation of Italian Legislative Decree no. 254 of 30 December 2016, on the disclosure of non-financial information (Resolution no. 20267 of 18 January 2018)
- GRI Standards (www.globalreporting.org)

Reporting standards adopted

To prepare its Non-Financial Statement, TXT has adopted the GRI Sustainability Reporting Standards (hereinafter also referred to as GRI Standards), published by the GRI - Global Reporting Initiative in 2016 and updated in 2021. In particular, the document is drawn up according to the "In accordance" option of the GRI Standards.

The following table compares the reporting areas of the Decree in relation to the Standards used in this document.

Applications of Italian Legislative Decree 254/2016	GRI standards
Environment	GRI 302-1: <i>Energy consumption within the organisation.</i> GRI 305-1: <i>Direct (Scope 1) GHG emissions.</i> GRI 305-2: <i>Energy indirect (Scope 2) GHG emissions.</i>
Social	GRI 206-1: <i>Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices.</i> GRI 207-4: <i>Country-by-country reporting.</i> GRI 415-1: <i>Political contributions.</i> GRI 418-1: <i>Substantiated complaints concerning breaches of customer privacy and losses of customer data</i>
Work Practices	GRI 401-1: <i>New employee hires and employee turnover.</i> GRI 401-2: <i>Benefits provided to full-time employees that are not provided to temporary or part-time employees.</i> GRI 403-1: <i>Occupational health and safety management system</i> GRI 403-2: <i>Hazard identification, risk assessment, and incident investigation</i> GRI 403-3: <i>Occupational health services</i> GRI 403-4: <i>Worker participation, consultation, and communication on occupational health and safety</i> GRI 403-5: <i>Worker training on occupational health and safety</i>

	<p>GRI 403-6: Promotion of worker health</p> <p>GRI 403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships</p> <p>GRI 403-9: Work-related injuries</p> <p>GRI 404-1: Average hours of training per year per employee.</p> <p>GRI 405-1: Diversity of governance bodies and employees.</p>
Respect for human rights	GRI 406-1: Incidents of discrimination and corrective actions taken.
Combating active and passive corruption	GRI 205-3: Confirmed incidents of corruption and actions taken.

The list of relevant aspects and their boundary are instead shown in the table below:

Material aspects for TXT	GRI standards	BOUNDARY		
		Internal	External	Limitations
Anti-corruption	<i>GRI 205: Anti-corruption 2016 (205-3)</i>	TXT Group		
Anti-competitive behaviours	<i>GRI 206: Anti-competitive Behaviour 2016 (206-1)</i>	TXT Group		
Taxes	<i>GRI 207: Taxes (207-4)</i>	TXT Group		
Energy	<i>GRI 302: Energy 2016 (302-1)</i>	TXT Group		
Emissions	<i>GRI 305: Emissions 2016 (305-1, 305-2)</i>	TXT Group		
Employment	<i>GRI 401: Employment 2016 (401-1, 401-2)</i>	TXT Group		
Occupational health and safety	<i>GRI 403: Occupational Health and Safety 2018 (403-9)</i>	TXT Group	External collaborators working at Group offices	
Training and education	<i>GRI 404: Training and Education 2016 (404-1)</i>	TXT Group		
Respect for diversity and equal opportunities	<i>GRI 405: Diversity and Equal Opportunity 2016 (405-1)</i>	TXT Group		
Non-discriminatory behaviours	<i>GRI 406: Non-discrimination 2016 (406-1)</i>	TXT Group		
Political contributions	<i>GRI 415: Public Policy 2016 (415-1)</i>	TXT Group		
Customer privacy	<i>GRI 418: Customer Privacy 2016 (418-1)</i>	TXT Group		

Reporting process

TXT has established an "Internal procedure for the preparation of the Non-Financial Statement pursuant to Italian Legislative Decree no. 254/16".

The contacts for the drafting, application and updating of the Non-Financial Statement procedure are:

- Policy owner: Manager responsible for preparing corporate accounting documents
- Policy administrator: Head of Control & Governance

The Policy administrator guarantees the timely updating of the procedure and its dissemination; the Policy owner guarantees the annual approval process of the same as described above.

A conservative estimate was used for energy consumption and business travel if the precise data were not available, which led to the choice of the scenarios associated with less positive environmental performance by the company.

The conversion factors used to calculate energy consumption for the year 2022 are as follows:

- the conversion factor used for natural gas is 0.0394 GJ/sm³ as provided by Snam's public source ([converter \(snam.it\)](https://www.snam.it));
- the conversion factors used for diesel and petrol come from the Defra database (UK Department for Environment, Food and Rural Affairs), which is updated annually, and from the table of national standard parameters published annually by the Ministry for the Environment, Land and Sea and updated in December 2022.

The greenhouse gas emissions (GHG emissions) for the year 2022 were calculated as follows:

Greenhouse gas emissions = activity data * corresponding emission factor.

The emission factors used to calculate GHG emissions for Scope 1 are as follows:

- the emission factor used for natural gas comes from the table of national standard parameters published annually by the Ministry for the Environment, Land and Sea and updated in December 2022;

-
- the emission factors for diesel and petrol come from the Defra database, which is updated annually, and from the national standard parameter table published annually by the Ministry for the Environment, Land and Sea and updated in December 2022.

The emission factors used for the calculation of Scope 2 GHG emissions for the year 2022 are as follows:

- the emission factor used for electricity purchased from the national electricity grid according to the location-based methodology comes from Terna International Comparisons, 2019 edition;
- the emission factor used for electricity purchased from the national electricity grid according to the Market-based methodology comes from AIB – European Residual Mixes, edition 2021;
- the emission factor used for district heating comes from the Defra (UK Department for Environment, Food and Rural Affairs) database, which is updated annually.

The emission factor used for the calculation of Scope 3 GHG emissions for the year 2022 for business travel by air or land (train or car) comes from the Defra (UK Department for Environment, Food and Rural Affairs) database, which is updated annually.

For certain data relating to individuals and with irrelevant percentages, estimates were used which were based on the total data of the Group. There are no "restatements" of the information provided in previous years, nor variations in relevant reporting aspects.

The Non-Financial Statement is drawn up on an annual basis. The previous edition of the document relating to the 2021 reporting year was approved in March 2022.

This document was approved by the Board of Directors of TXT e-solutions S.p.A. on 9 March 2023.

The 2022 Non-Financial Statement is subject to verification of compliance by Crowe Bompani S.p.A. in accordance with the provisions of Italian Legislative Decree 254/2016, Article 3, paragraph 10.

Reporting Principles

TXT has adopted the following general principles laid down by the "GRI 1 – Foundation" Standard:

-
- a. *Accuracy*: information is reported in a correct and sufficiently detailed manner so that the organisation's impacts can be assessed.
 - b. *Balance*: positive and negative impacts are presented objectively and fairly.
 - c. *Clarity*: information is presented in an understandable and accessible manner.
 - d. *Comparability*: information is selected and reported in a consistent manner to enable an analysis of changes in the organisation's impacts over time and to compare them with those of other organisations.
 - e. *Completeness*: the information provided is sufficient to enable an assessment of the organisation's impacts during the reporting period.
 - f. *Sustainability context*: information on the organisation's impacts is reported in the broader context of sustainable development.
 - g. *Timeliness*: the Non-Financial Statement is drawn up on a regular basis so that the information is available in time for data users to make decisions.
 - h. *Verifiability*: data must be collected, recorded, compiled and analysed so that the quality of the reported information can be assessed.

Criteria for inclusion or exclusion of information from the Non-Financial Statement

Through the materiality analysis commented on above, TXT has identified the relevant aspects to be included in the Non-Financial Statement, taking into account their relevance in terms of their relative impacts.

TXT has identified the relevant aspects (§ 1.g Materiality analysis) to be included in the Non-Financial Statement, weighing them also in relation to:

- Type and complexity of its business;
- Markets served;
- Compliance with national and international standards and regulations;
- Presence of information in other sections of the Annual Financial Report, with particular regard to economic performance.

b) Content Index

Declaration of use	TX e-solutions S.p.A. submitted a report in accordance with GRI Standards for the period 01.01.2022–31.12.2022
GRI 1 used	GRI 1 – Fundamental Principles – Version 2021
Relevant GRI Sector Standards	N/A

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
General Disclosures					
GRI 2: General Disclosures 2021	2-1 Organisational details	1.b Introduction – Page 3 1.c The year in brief – Page 4			
	2-2 Entities included in the organisation's sustainability reporting	1.e Reporting scope – Page 5			
	2-3 Reporting period, frequency and contact point	6.a Methodological note – Page 33 6.b Content index – Page 41			
	2-4 Restatements of information	6.a Methodological note – Page 33			
	2-5 External assurance	6.a Methodological note – Page 33 Report of the Independent Auditors – Pages 42-45			
	2-6 Activities, value chain and other business relationships	1.c The year in brief – Page 4 1.d Corporate information – Page 4 1.g Materiality Analysis – Page 7-8			
	2-7 Employees	5.a People as TXT resources – Page 20-25			
	2-8 Workers who are not employees	5.a People as TXT resources – Page 20-25			
	2-9 Governance structure and composition	3.a The business model – Pages 16-17 3.b Corporate bodies – Page 17			
	2-10 Nomination and selection of the highest governance body	3.a The business model – Pages 16-17			
	2-11 Chair of the highest governance body	3.a The business model – Pages 16-17			
	2-12 Role of the highest governance body in overseeing the management of impacts	3.a The business model – Pages 16-17			
	2-13 Delegation of responsibility for managing impacts	3.a The business model – Pages 16-17			
	2-14 Role of the highest governance body in sustainability reporting	6.a Methodological note – Page 33			

	2-15 Conflicts of interest	2.d Corruption risk - Page 19			
	2-16 Communication of critical concerns	5.e Compliance with rules and regulations - Page 44			
	2-17 Collective knowledge of the highest governance body	There are no measures taken to improve the collective knowledge, skills and experience of the BoD in relation to sustainable development.			
	2-18 Evaluation of the performance of the highest governance body	5.g Certifications - Page 46			
	2-19 Remuneration policies	3.a The business model - Pages 16-17			
	2-20 Process to determine remuneration	3.a The business model - Pages 16-17			
	2-21 Annual total compensation ratio	3.a The business model - Pages 16-17			
	2-22 Statement on sustainable development strategy	1.a Message from the Chair of the Board of Directors - Page 3			
	2-23 Policy commitments	2.b Environmental risk - Page 2.d Corruption risk - Page 3.a Business Model - Page 3.c Mission and values - Page 17-18			
	2-24 Embedding policy commitments	5 Policies applied and the results achieved - Page 28			
	2-25 Processes to remediate negative impacts	2. Risk Analysis - Page 9, 11-15			
	2-26 Mechanisms for seeking advice and raising concerns	5.e Compliance with rules and regulations - Page 44			
	2-27 Compliance with laws and regulations	5.e Compliance with rules and regulations - Page 31			
	2-28 Membership associations	1.d Corporate information - Page 4			
	2-29 Approach to stakeholder engagement	1.f Stakeholder - Pages 5-6			
	2-30 Collective bargaining agreements	5. Policies applied and the results achieved - Page 20			
Material Topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	1.g Materiality Analysis - Page 7-8			
	3-2 List of material topics	1.g Materiality Analysis - Page 7-8 6.a Methodological note - Page 33			
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	1.g Materiality Analysis - Page 7-8 2. Risk Analysis - Page 9, 11-15 3. The Company model for the management and organisation of activities - Pages 16-19 5. Policies applied and the results achieved - Page 18			

GRI 205: Anti-corruption 2016	205-3: Confirmed incidents of corruption and actions taken	2.d Corruption risk - Page 15			
Anti-competitive behaviours					
GRI 3: Material Topics 2021	3-3 Management of material topics	1.g Materiality Analysis - Page 7-8 2. Risk Analysis - Page 9, 11-15 3. The Company model for the management and organisation of activities - Pages 16-19 5. Policies applied and the results achieved - Page 18			
GRI 206: Anti-competitive behaviour 2016	206-1: Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	4.f TXT's commitment to the community - Page 32			
Taxes					
GRI 3: Material Topics 2021	3-3 Management of material topics	1.g Materiality Analysis - Page 7-8 2. Risk Analysis - Page 9, 11-15 3. The Company model for the management and organisation of activities - Pages 16-19 5. Policies applied and the results achieved - Page 18			
GRI 207: Tax 2019	207-1 Approach to tax	4.e Compliance with rules and regulations - Page 31			
	207-2 Tax governance, control, and risk management	4.e Compliance with rules and regulations - Page 31			
	207-3 Stakeholder engagement and management of concerns related to tax	4.e Compliance with rules and regulations - Page 31			
	207-4: Country-by-country reporting	-	Indicator not fully reported.	Information not available/incomplete	The company does not report the information as required by GRI 207-4, for reasons related to the difficulty in finding some data with the level of detail required for each tax jurisdiction. The Group plans to set up an appropriate data collection system for publication in the coming years.

Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	1.g Materiality Analysis - Page 7-8 2. Risk Analysis - Page 9, 11-15 3. The Company model for the management and organisation of activities - Pages 16-19 5. Policies applied and the results achieved - Page 18			
302: Energy 2016	302-1 Energy consumption within the organization	4.d Energy and Emissions - Page 28			
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	1.g Materiality Analysis - Page 7-8 2. Risk Analysis - Page 9, 11-15 3. The Company model for the management and organisation of activities - Pages 16-19 5. Policies applied and the results achieved - Page 18			
305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	4.d Energy and Emissions - Page 29			
	305-2 Energy indirect (Scope 2) GHG emissions	4.d Energy and Emissions - Page 30			
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	1.g Materiality Analysis - Page 7-8 2. Risk Analysis - Page 9, 11-15 3. The Company model for the management and organisation of activities - Pages 16-19 5. Policies applied and the results achieved - Page 18			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	4.a People as TXT resources - Page 20-23			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.b Diversity and Inclusion - Page 26			
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	1.g Materiality Analysis - Page 7-8 2. Risk Analysis - Page 9, 11-15 3. The Company model for the management and organisation of activities - Pages 16-19 5. Policies applied and the results achieved - Page 18			
GRI 403 Management	GRI 403-1 Occupational health and safety management system	4.c Health and Safety - Pages 26-27			

Approach 2018	GRI 403-2: Hazard identification, risk assessment, and incident investigation	4.c Health and Safety – Pages 26-27			
	GRI 403-3: Occupational health services	4.c Health and Safety – Pages 26-27			
	GRI 403-4: Worker participation, consultation, and communication on occupational health and safety	4.c Health and Safety – Pages 26-27			
	GRI 403-5 Worker training on occupational health and safety	4.c Health and Safety – Pages 26-27			
	GRI 403-6 Promotion of worker health	4.c Health and Safety – Pages 26-27			
	GRI 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.c Health and Safety – Pages 26-27			
	GRI 403-9 Work-related injuries	4.c Health and Safety – Pages 26-27			
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	1.g Materiality Analysis – Page 7-8 2. Risk Analysis – Page 9, 11-15 3. The Company model for the management and organisation of activities – Pages 16-19 5. Policies applied and the results achieved – Page 18			
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	4.a People as TXT resources – Page 24-25			
Respect for diversity and equal opportunities					
GRI 3: Material Topics 2021	3-3 Management of material topics	1.g Materiality Analysis – Page 7-8 2. Risk Analysis – Page 9, 11-15 3. The Company model for the management and organisation of activities – Pages 16-19 5. Policies applied and the results achieved – Page 18			
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	3.b Corporate bodies – Page 17 4.b Diversity and Inclusion – Page 26			
Non-discriminatory behaviours					
GRI 3: Material Topics 2021	3-3 Management of material topics	1.g Materiality Analysis – Page 7-8 2. Risk Analysis – Page 9, 11-15 3. The Company model for the management and organisation of activities – Pages 16-19			

		5. Policies applied and the results achieved - Page 18			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	4.b Diversity and Inclusion - Page 26			
Political contributions					
GRI 3: Material Topics 2021	3-3 Management of material topics	1.g Materiality Analysis - Page 7-8 2. Risk Analysis - Page 9, 11-15 3. The Company model for the management and organisation of activities - Pages 16-19 5. Policies applied and the results achieved - Page 18			
GRI 415: Public policy 2016	415-1 Political contributions	4.f TXT's commitment to the community - Page 32			
Customer Privacy					
GRI 3: Material Topics 2021	3-3 Management of material topics	1.g Materiality Analysis - Page 7-8 2. Risk Analysis - Page 9, 11-15 3. The Company model for the management and organisation of activities - Pages 16-19 5. Policies applied and the results achieved - Page 18			
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.e Compliance with rules and regulations - Page 31			

For any information regarding the 2021 Non-Financial Statement and its contents, please contact infofinance@txtgroup.com.