



EXPLANATORY REPORT OF THE BOARD OF DIRECTORS ON THE AGENDA ITEMS OF THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF SECO S.P.A. CALLED FOR APRIL 29, 2024

Point 3 on the Agenda

- 3. *Appointment of the Board of Directors;***
- 3.1 *Establishment of the number of members of the Board of Directors;***
- 3.2 *Establishment of the duration of the mandate of the Board of Directors;***
- 3.3 *Appointment of Board of Directors members;***
- 3.4 *Appointment of the Chairperson of the Board of Directors;***
- 3.5 *Determination of Board of Directors members' remuneration.***

Dear Shareholders,

the approval of the financial statements for the year ended December 31, 2023, concludes the term of office of the Board of Directors of your company (the "**Company**" or "**SECO**"), appointed by the Shareholders' Meeting on March 1, 2021, based on the provisions of the By-Laws in effect on the date of the appointment and therefore prior to the trading commencement date (the "**Trading Commencement Date**") on the regulated market Euronext Milan, STAR segment ("**Euronext STAR Milan**"), organized and managed by Borsa Italiana S.p.A. ("**Borsa Italiana**"), without the application of slate voting. Therefore, it is necessary to appoint the new Board, determining the number of members and the term of office.

In this regard, please note the following in particular.

Composition and establishment of the duration of the mandate of the Board of Directors

In this regard, it should be recalled that, pursuant to Article 15 of the By-Laws in force, the Board of Directors of your Company may consist of no fewer than 5 (five) and no more than 11 (eleven) Directors. The Shareholders' Meeting shall determine the number of members of the Board of Directors from time to time and before appointment, within the above limits. The Directors, who must meet the requirements of eligibility, professionalism and honorability provided for by law, including regulations *pro tempore* in force applicable to the Company, are appointed for a period of 3 (three) fiscal years, or for the period, however not exceeding 3 (three) fiscal years, established by the Shareholders' Meeting at the time of appointment, and are eligible for re-election.

The Directors remain in office until the date of the Shareholders' Meeting called to approve the financial statements for their final year of office, subject to the conditions of discontinuation and lapse established by law and the By-Laws.

Pursuant to Article 15.2 of SECO's By-Laws, a minimum number of Directors not less than that established by the *pro tempore* regulations in force, must meet the independence requirements prescribed by the provisions, including regulatory provisions, applicable from time to time (the "**Independence Requirements**") and thus meet the independence requirements established by Article 148, paragraph 3, of Legislative Decree No. 58/1988, as subsequently amended and supplemented (the "**CFA**") and Article 2, Recommendation 7 of the Corporate Governance Code approved by the Corporate Governance Committee (the "**Corporate Governance Code**"). In this regard, please note that your Company's shares are admitted to trading on the Euronext STAR Milan and that SECO is therefore subject to the provisions for issuers holding STAR status prescribed by the Regulations of the markets organized and managed by Borsa Italiana (the "**Stock Exchange Regulation**") and related instructions (the "**Stock Exchange Instruction Regulations**"). Specifically, according to Article IA.2.10.6 of the Stock Exchange Instruction Regulation, Boards of Directors consisting of up to eight members must contain at least two Independent Directors and Boards of Directors consisting of nine to 14 members must contain at least three Independent Directors.

¹ See Article 2.2.3, paragraph 3, letter m) of the Regulations of the markets organized and managed by Borsa Italiana S.p.A. applicable to issuers holding STAR status.

In this regard we also note that the Board of Directors, with the support of the Appointments and Remuneration Committee, has defined the quantitative and qualitative criteria for assessing the significance of relationships (including financial ones) that could compromise the independence of its members, as specified in the "Policy for the identification of qualitative and quantitative criteria for assessing the significance of situations that may compromise the independence of Directors provided for in Article 2, Recommendation No. 7 (c) and (d) of the Corporate Governance Code" adopted by the Board of Directors on March 11, 2024 and published on SECO's website (www.seco.com/it).

Directors leave office in the cases provided by law. The lapse of a Director's Independence Requirements does not cause his or her disqualification if the requirements continue to be met by a minimum number of Directors who, according to the applicable regulation *pro tempore*, must possess such Independence Requirements.

The composition of the Board of Directors must also comply with the gender balance regulations set forth in Article 147-ter, paragraph 1-ter of the CFA and by the other provisions in force, taking into account that - as provided for by Law No. 160 of December 27, 2019 (Article 1, paragraph 304) - in the event of renewal after the trading commencement date on a regulated market, the criterion that ensures at least one-fifth of the elected Directors are of the under-represented gender shall apply. Therefore, since this is the first renewal of the Board following the Trading Commencement Date, at least one-fifth of the Directors elected must belong to the under-represented gender².

Mechanism to appoint the Board of Directors on the basis of slate voting

Pursuant to Article 16 of the By-Laws, the appointment of the Board of Directors will take place using slates submitted in the manner set forth below, in which the candidates must be listed sequentially and in compliance with the *pro tempore* regulations in force regarding Directors meeting the Independence Requirements and Gender Balance.

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

Each candidate may run on one slate only, on penalty of ineligibility. Candidates who (notwithstanding any other reason for ineligibility) do not hold the requirements established by law or the By-Laws, or other provisions concerning their respective offices, may not be included on the slate of candidates.

We also note that Shareholders presenting a "Minority Slate" should comply with the recommendations of Consob under Communication No. DEM/9017893 of February 26, 2009.

² We note that the composition of the Board of Directors in office at the date of this Report already complies with the rules on gender balance (in accordance with the provisions for newly listed companies). However, since this application took place on a voluntary basis, in accordance with the provisions of Consob Communication DIE No. 0061499 of 18.07.2013, the latter will not be taken into account for the purposes of calculating the six consecutive terms provided as the period of application of the rules on gender balance.

Slates may be submitted by the current Board of Directors and shareholders who, alone or together with others, at the time of submitting the slate, collectively hold shares representing at least the minimum percentage of the share capital with voting rights at the Shareholders' Meeting established by Consob pursuant to the Issuers' Regulation issued by Consob in Resolution No. 11971 of 1999, as subsequently amended and supplemented. In this regard, it should be noted that by Executive Resolution No. 92 of the Head of the Corporate Governance Division dated January 31, 2024, Consob set the shareholding required for the submission of slates for the election of the Company's Board at 2.5%.

Slates must be received by the Company in one of the following ways:

- delivery by certified electronic mail to seco.corporate@pec by Thursday, April 4, 2024, together with a copy of a valid identity document of the those presenting the slate, or
- delivery to the Company's registered office in Arezzo, Via Achille Grandi, No. 20, to the kinf attention of the Lawyer Alessandro Guido, on working days, by 6:00 pm, on Thursday, April 4, 2024.

The slates shall be accompanied by: **(i)** information concerning the identity of the shareholders submitting the slates, with an indication of the total percentage of the shareholding with voting rights at the Shareholders' Meeting; **(ii)** a statement by shareholders other than those who hold, including jointly, a controlling interest or a relative majority, certifying the absence of any connection, even indirect, with the latter, pursuant to applicable law and regulations; **(iii)** exhaustive information on the personal and professional characteristics of the candidates, with an indication of their eligibility for the role of Independent Director, in addition to a declaration by those candidates certifying that they are in possession of the requisites provided for by the law and other applicable regulations and by these By-Laws, including those of good standing, professionalism, and - where required - independence, and their acceptance of the nomination and of the position, if elected; **(iv)** any other or differing statement, information and/or document provided for by the applicable law or regulations.

Ownership of the shareholding required to submit the slate shall be attested by the intermediary authorized to maintain accounts sending to the Company the notice provided for in Article 43 of Consob and Bank of Italy's consolidated regulation on post-trading of August 13, 2018 ("*Regulations on central counterparties, central depositories and centralized management activities*") including after the slate has been filed, provided that it is at least twenty-one days before the date set for the Shareholders' Meeting on single call, i.e., by April 8, 2024. The ownership of the holding is established considering the shares which have been registered in favor of the shareholders on the day on which the slates are filed with the Company.

Each slate that presents a number of candidates equal to or greater than three must also include candidates belonging to both genders, so that the under-represented gender makes up at least the proportion of Board of Directors members established by the *pro*

tempore regulations in force relating to gender balance and thus ensure, as mentioned above, that the under-represented gender obtains at least one-fifth of the Directors, rounded up to the highest unit.

Slates presented in violation of the above rule are considered void. However, lack of documentation relating to individual candidates on a slate does not imply the automatic exclusion of the entire slate, but only of those candidates who do not meet the requirements.

The slates shall also be subject to the other means of publication in accordance with legislation and regulations in force. In particular, at least twenty-one days before the date of the Shareholders' Meeting (i.e., April 8, 2024) the slates are made available to the public at the registered office, on the Company's website (www.seco.com) and by the other means established by Consob.

Those with voting rights may vote on only one slate.

Appointment of the Board of Directors

The Board of Directors shall be elected as illustrated below.

From the slate that obtains the majority of the votes (the "**Majority Slate**"), in the progressive order on the slate, all the Directors are elected, except:

- a) one (1) Director, in the event that only one Minority Slate is submitted, or more than one Minority Slate is submitted but no Minority Slate is validly supported by a number of shares representing at least 5% of the capital entitled to vote at the Shareholders' Meeting. This Director will be drawn from the slate - which has not been presented by the Board of Directors and which is not connected in any way, even indirectly, with those who submitted or voted for the Majority Slate - that obtained at the Shareholders' Meeting the highest number of votes after the Majority Slate, in the person of the first candidate, according to the sequential order in which the candidates are indicated on the slate; or
- b) two (2) Directors, in the event that more than one Minority Slate is submitted and at least one is validly voted for by a number of shares representing at least 5% of the capital entitled to vote at the Shareholders' Meeting. One director will be drawn from each of the first two Minority Slates - excluding any slates presented by the Board of Directors or that are connected in any way, even indirectly, with those who submitted or voted for the Majority Slate - that have obtained the highest number of votes after the Majority Slate, according to the sequential order in which the candidates are indicated on the slates.

In relation to that above, consideration is not taken of the slates which have not obtained at least half of the votes required for the presentation of the slates.

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

If, at the end of the vote, not enough Directors with the Independence Requirements are

elected, the candidate who does not comply with these requirements and who was elected last in numerical order from the slate that obtained the highest number of votes shall be excluded and shall be replaced by the first unelected candidate in numerical order on the same slate who complies with said Independence Requirements.

If necessary, this procedure will be repeated until the number of Directors meeting the Independence Requirements is reached. If, following this replacement procedure, the composition of the Board of Directors makes it impossible to comply with the minimum number of Directors meeting the Independence Requirements, the replacement shall be carried out by means of a motion passed by the Shareholders' Meeting by majority of the votes therein, subject to the presentation of candidates who meet the Independence Requirements.

If, following the voting the elected candidates do not ensure compliance of the composition of the Board of Directors with the rules on gender balance pursuant to Article 147-ter, paragraph 1-ter of the CFA, the candidate of the over-represented gender elected last in numerical order on the slate which obtained the highest number of votes shall be excluded and replaced by the first unelected candidate of the under-represented gender from the same slate, according to the numerical order. This replacement procedure shall continue until the composition of the Board of Directors complies with the *pro tempore* rules on gender balance, it being understood that if - upon completion of this replacement procedure - the composition of the Board of Directors still does not comply with said rules, the replacement shall be made by means of a motion passed by the Shareholders' Meeting with a majority of the votes represented therein, subject to the submission of candidates belonging to the under-represented gender.

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

If only one slate is submitted, the Shareholders' Meeting shall vote on it and, if that slate obtains the majority of votes cast, all members of the Board of Directors shall be taken from this slate, in compliance with the provisions of the By-Laws regarding Directors meeting the independence requirements and gender balance.

If no slate is submitted or if only one slate is submitted and it does not obtain a majority of the votes represented at the Shareholders' Meeting, or if the entire Board of Directors is not to be renewed, or if it is not possible for any reason to appoint the Board of Directors through the slate voting procedure governed by Article 16.8 of the By-Laws, the members of the Board of Directors shall be appointed by the Shareholders' Meeting in the ordinary manner and by a majority of the votes represented therein, without application of the slate voting mechanism, and in any case in such a way as to ensure compliance with the provisions of the By-Laws regarding Directors meeting the Independence Requirements and gender

balance, and without prejudice to the provisions of Articles 16.9 and 16.10 of the By-Laws regarding the replacement of Directors and termination of the Board of Directors.

Appointment of the Chairperson of the Board of Directors

The Shareholders' Meeting is also called to resolve on the appointment of the Chairperson of the Board of Directors, pursuant to Article 17.1 of SECO's By-Laws.

For information on the shareholder guidance issued by SECO's outgoing Board of Directors on the qualitative and quantitative composition deemed optimal, please refer to the following section on Board of Directors guidance.

Orientalions of the Board of Directors

At its meeting held on March 11, 2024, and upon the proposal of the Appointments and Remuneration Committee which met on March 17, 2024 - and taking into account the results of the self-assessment required by the Corporate Governance Code, and considering the well-established corporate governance rules according to which the number of members of the Board must be appropriate to the size and complexity of the Company's organizational structure - your Company's Board of Directors determined a guideline that considers a number of Directors equal to nine to be appropriate, consistent with the provisions of SECO's By-Laws.

It was also suggested that a Board consisting of fewer than the 11 Directors of which it currently consists of might be more suitable considering the challenges to come in the next three years. In any case, the Board of Directors underlines that it has operated excellently with its current size of 11 Directors.

The Board also recommends adequate assessment of the members who meet the independence requirements set forth in Article 148, paragraph 3, of the CFA and the Corporate Governance Code; in this regard, as described above, please note that pursuant to Article 1A.2.10.6 of the Stock Exchange Instruction Regulation, Boards of Directors composed of up to eight members must contain at least two Independent Directors and Boards of Directors composed of nine to 14 members must contain at least three Independent Directors.

The Board also notes that at least one-fifth of the Directors must belong to the under-represented gender (rounded up to the nearest unit) in accordance with current gender balance legislation.

In addition, with regard to diversity policies (Article 123-bis, letter d-bis, CFA), the Board recommends that the new composition, in continuity with the past, adequately represents, in relation to the Company's business, the different components (executive, non-executive, independent) and the professional and managerial skills and experience necessary for good corporate governance. Specifically, also in order to promote understanding of the Company's organization and its activities, in addition to the development of an efficient governance therein, the Board deems it appropriate that, without prejudice to the legal requirement of gender balance: (a) the Board features age diversity among its members; (b) the educational and professional background of the Directors ensures a balanced combination of profiles and experiences suitable to ensure the proper performance of the

functions assigned to it.

The Board also considers it necessary for each candidate, in accordance with the recommendations of the Corporate Governance Code, to ensure adequate time availability for the diligent fulfillment of the duties assigned to them.

The Board of Directors did not deem it necessary to define general criteria regarding the maximum number of Directorships and Statutory Auditor positions in other companies that may be considered compatible with effective performance as a Director of SECO. This is without prejudice to the duty of each Director to assess the compatibility of Directorships and Statutory Auditor positions held in other listed or large companies that may be considered compatible with effective performance as a Director of the Company, taking into account the commitment resulting from the role held, as indicated in Recommendation 15 of the Corporate Governance Code.

Determination of Board of Directors members' remuneration

We note that the Shareholders' Meeting is asked to determine the remuneration of the members of the Board of Directors. In this regard, it should be noted that pursuant to Article 22 of the By-Laws, Directors are entitled to reimbursement of expenses incurred in the performance of their duties and remuneration determined by the Shareholders' Meeting, it being understood that, pursuant to Article 2389, paragraph 3, of the Civil Code, the Shareholders' Meeting may determine an overall amount for the remuneration of all Directors, including those holding special offices, to be divided by the Board of Directors. The remuneration of Directors holding specific offices is determined by the Board of Directors, after hearing the opinion of the Board of Statutory Auditors.

For more information, please refer to the Company's Remuneration Policy.

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We invite:

- Shareholders submitting their own slate of candidates for appointment to the Board of Directors to ensure that these slates are accompanied by all the information necessary to enable shareholders to cast their votes in an informed manner, including an indication of whether the candidates qualify as independent;
- Shareholders submitting a slate containing more than half of the members to be elected to formulate - and to send to the certified e-mail address seco.corporate@pec.it - proposals for the appointment of the Board of Directors (determination of the number of members, duration of the Board of Directors, candidate for the office of the Chairperson of the Board of Directors, in addition to remuneration), well in advance so that such proposals can be published by the Company at the same time as the slates.
- Shareholders who submit a "minority list," to consider the recommendations made by Consob in Notice No. DEM/9017893 of February 26, 2009.

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In light of all of the above, you are invited to deliberate on:

- the establishment of the number of members of the Board of Directors (point 3.1 of the Agenda);
- the establishment of the Board of Directors' term of office (point 3.2 of the Agenda);
- the appointment of Board of Directors members (point 3.3 of the Agenda);
- the appointment of the Chairperson of the Board of Directors (point 3.4 of the Agenda);
- the determination of Board of Directors members' remuneration (point 3.5 of the Agenda).

Arezzo, March 18, 2024

For the Board of Directors

The Chairperson

Daniele Conti